

Testimony  
The Honorable Jeff Bullock  
Secretary of State of Delaware  
Chairman of the Diamond State Port Corporation  
Before the  
U.S. Senate Environmental and Public Works Committee  
Wednesday, May 9, 2018

Chairman Barrasso, Ranking Member Carper, and Members of the Committee, thank you for the opportunity to testify before you and provide remarks on “America’s Water Infrastructure Act of 2018” and the importance this bill has on the nation, the northeast region and Delaware.

I am Jeff Bullock, Secretary of State of Delaware and the Chairman of the Diamond State Port Corporation (DSPC). Diamond State Port Corporation, a corporate entity of the State of Delaware, was established in 1923 and owns and operates the Port of Wilmington.

The existing Port is an aging Port that has experienced significant changes over the last 90 years. Delaware’s legislature established the DSPC with the power to conduct its own business affairs. In 1995, the DSPC purchased the Port from the City of Wilmington, partly to help provide funding streams to keep the Port operating in an increasingly competitive environment.

The Port, situated on 308 acres of land at the confluence of the Christina and Delaware Rivers, is the first major port cargo vessels encounter on the Delaware River. The Port is situated within a Foreign Trade Zone and includes seven ship berths for general cargo, one petroleum berth, one floating berth for bulk juice and one multipurpose Autoberth; 800,000 sf. cold storage in 6 warehouses, one of the largest in US; and 250,000 sf. dry warehouse with covered rail service.

The Port of Wilmington is a full-service deep-water port and marine terminal handling about 400 vessels annually with an annual import/export cargo tonnage of more than 6 million tons. Today, Delaware's port is the busiest terminal on the Delaware River.

Cargo handling equipment includes: a 100-ton mobile harbor crane and four multi-purpose gantry cranes. All cranes are capable of high speed container operations and the handling of breakbulk, bulk and heavy lift cargoes.

Dry storage facilities include: nearly 33 acres of open space used for RoRo, containers, steel, wind energy components, and lumber as well as 250,000 sf of dry warehouse space.

Temperature controlled facilities include: 6 separate warehouses aggregating approximately 800,000 sf of chilled and freezer storage space. This makes Wilmington one of the nation's largest dock side cold storage facilities.

Currently, we are in the process of a planned expansion at the Port of Wilmington to provide more storage capacity for existing and future commercial businesses, which is why the America's Water Infrastructure Act of 2018 is such an important piece of legislation for Delaware, but I would expand that by saying it is important for the nation as a whole.

Maintaining maritime infrastructure - such as public ports is essential to the nation's economic future. Delaware and the Corp of Engineers have a good working relationship and recently hosted Assistant Secretary of the Army RD James to show him first hand the plans for the Port expansion. The relationship between the Port of Wilmington and the US Army Corps of Engineers is vital to the success of the expansion. I would be remiss, however, if I did not say that they have always been a terrific partner prior to the expansion.

The Corps of Engineers is critical to our region supporting ports in New York, New Jersey, Philadelphia, and Baltimore in addition to Delaware. These ports are economic drivers for our regions and ensuring these ports are modernized and well maintained are critical to our ability to deliver the goods that our region and the nation need, as well as helping U.S. companies export to world markets. The Corps' work also supports the many private terminals including the chemical and oil terminals on the Delaware River that both import and export this vital cargo. These ports also provide important jobs for the region.

The cargo at these ports are diversified, some handling fruits and vegetables, vehicles, wind energy components and steel like Wilmington, with others focusing on general cargo, bulk and break-bulk cargo. This diversity is important to serve the variety of cargo needed for both imports and exports. Water transportation continues to be the most cost effective and environmentally clean mode of transportation. By having a diversity of ports, we can have cargo closer to distribution centers and make sure our roads are not jammed with cargo coming from only one port and then transported to and from our region. As a top agricultural and farming state, Delaware farmers also rely on ports to help them be successful.

We are in the midst of a rapidly changing global marketplace and ensuring the Corps is running efficiently is critical. Ports are strong partners with the Corps of Engineers to ensure we can meet the trading needs of our country and keep the flow of commerce going.

WRDA is an opportunity to look at process improvements as well as make transformational changes in how our nation provides resources to our seaports. Our regional ports also work closely with the American Association of Port Authorities (AAPA) and support the recommended changes in Corps processes that will make navigational projects move more efficiently and support a stronger partnership. We hope you will give these recommendations due consideration in this bill.

This includes the recent industry agreement to support guaranteed use of annual Harbor Maintenance Tax (HMT) revenues to establish a sustainable funding sources for harbor maintenance. As you know, the federal government imposes the HMT to maintain our system of ports and this year's WRDA is an opportunity to fix a broken system by guaranteeing full use of annual HMT revenues, ensuring tax fairness and resulting in the long-term sustainability of our nation's harbor maintenance needs. Enacting this solution will help not only the ports in our region, but ports throughout the U.S. Enacting a long-term funding solution for port maintenance is good for ports, and good for the nation. Having just completed an historic deepening project for the Delaware River, it is critical that we have adequate resources to maintain it in the future.

The amount of freight moved in the United States is projected to grow beyond expectations by the year 2045. It has been estimated that by the year 2037, the U.S. will export more than 52 million shipping containers through U.S. seaports each year. If the infrastructure of our ports and the Army Corps of Engineers is not prepared and adequately funded we will fail to be prepared for the growing demand of the safe and efficient movement of freight.

Before closing, I would like to applaud the Chairman and Ranking Member on the provision included in this legislation which highlights transparency and accountability in cost sharing for water resource projects. The foundation to building a project or conducting a feasibility study should always be done in good faith, with the provisions set forth in Sec 1004, local communities and states are now able to see the balance sheets of their respective projects. Furthermore, any unused monies from a project that comes in under budget will be credited back to the non-Federal sponsor. For states and local communities who continue to work under tight budgets year after year, this is a win.

Another provision in the bill we would like to compliment the committee on is Sec 1012, extended community assistance to disadvantaged communities. Properly identifying

and understanding a disadvantaged community greatly improves efforts to engage with community members. Engagement requires the investment of both time and money. This provision will lessen the burden of matching the cost sharing by allowing the Secretary the ability to reduce the minimum non-Federal cost sharing requirement of 45 percent as well as not imposing a requirement on a project serving in a disadvantaged community, should that be warranted.

The Army Corps of Engineers is a valued partner in managing states waters and beaches through navigation, environmental restoration, flood control and other projects. Without this legislation the partnership that so many across the country sees as vital to their respected economic growth is stymied.

Lastly, I would like to quote some statistics from the American Association of Port Authorities about what's at stake if we don't have a supported & funded US Army Corps of Engineers

- 23M American jobs supported by US seaports
- \$6B value of goods handled by seaports each weekday
- \$312B a year in tax revenue generated by port activity
- \$4.6T value of economic activity related to seaports annually

Thank you, again, for inviting me to testify before you today. I am happy to answer any questions you may have.

