Federal Transportation Infrastructure Investments
and Implications for Agriculture

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AMS Transportation Mission

Provide Insight on Ag Transportation for Stakeholders & USDA Policymakers through:

• Market Reports
• Economic Analysis
• Regulatory Representation
• Transportation Disruption Reports (internal)
• Outreach to Stakeholders
Transportation Services Division

Transportation Analysis and Market Reports:

- U.S. Grain
- Other Commodities
- Brazil & Mexico Grain Analysis
- Modal Share Analysis
- Commodity Profiles
- Rail Studies
- Study of Rural Transportation Issues
- STB Filings
- Co-op Research Agreements
- Data

http://www.ams.usda.gov/agtransportation
Agricultural and total freight moving on U.S. National Highway System, 2012

Why is Transportation Important to Agriculture?

Soybean production by county, bio-diesel plants, export ports, high protein animal units (HPAU) by State and the transportation system, 2013.
U.S. Agricultural Trade

Source: U.S. Census International Trade Data

[Diagram showing U.S. agricultural trade trends from 1990 to 2015, with lines for Trade Balance, Exports, and Imports.]

Source: U.S. Census International Trade Data
DOT’s Beyond Traffic: 2045 Report

- Bottlenecks severely limit performance and capacity of the highway system, delaying large numbers of truck freight shipments.

- All freight modes face capacity constraints and rising maintenance costs.

- Freight volume projected to rise by 40 percent (18 b. tons in 2015, 25.3 b. tons in 2045)

- Population increase of 70 million people (320 mil to 390 mil)
$836 billion backlog of unmet capital investment needs for highways and bridges.

Next two decades will require another $142.5 billion from State, federal and local to address the backlog and expected needs.

In 2012, $105.2 billion spent on infrastructure, 36 percent less than needed to improve highways and bridges.
2016 Failure to Act Report
American Society of Civil Engineers (ASCE)

• Ten-Year Investment Gap (2016-2025) of $1.1 trillion for highways, bridges, commuter rail and transit.

• Results in $2.2 trillion in lost sales, exports, $1.2 trillion less GDP, and 1.1 million less jobs by 2025.

• Agriculture is the largest commodity sector using trucks, accounting for 24 percent of all commodities moved and 37 percent of total ton miles in 2012.
MAP-21 (enacted in 2012)
Moving Ahead for Progress in the 21st Century

• Greater emphasis on freight movements than past authorizations.

• Created a specific Freight Program (23 USC 167) requiring DOT to develop a National Freight Network and a National Freight Strategic Plan.

• Encouraged States to develop State Freight Plans and State Freight Advisory Committees.

• Focused mostly on highways, not larger multimodal freight network.
FAST Act (enacted in 2015)
Fixing America’s Surface Transportation Act

- **Builds on MAP-21** – dedicated funding for freight projects, $10.8 billion over 5 years.

- **National Highway Freight Program** -
  - $6.3 billion formula funding for State DOTs for 5 years (10% for multimodal)
  - Multimodal Freight Program that requires a National Multimodal Freight Policy.

- **Build America Bureau** - innovative financing
  - FASTLANE Grant Program - $4.5 billion over 5 years.
FAST Act (2015)

- National Multimodal Freight Program (49 USC 70101-103; 201-203)
  - National Multimodal Freight Policy

- National Freight Strategic Plan
- State Freight Plans & State Freight Advisory Committees
- National Multimodal Freight Network

- National Highway Freight Program (23 USC 167)
  - National Highway Freight Network
  - Freight Formula Funding

- FASTLANE Program

- Build America Bureau
National Multimodal Freight Policy (49 U.S.C. 70101)

• Ensures the Nation’s transportation Network keeps the U.S. competitive in the global economy.

• Goals –
  o Innovations (competitiveness, congestion, productivity)
  o Safety, State of Good Repair, Resiliency, Lower Costs, Use of Technology, Efficiency, Reliability
  o Better Movements (across rural & urban, between rural & urban, gateways)
  o Multi-State Planning, Environmental, State & Local.
National Freight Strategic Plan (NFSP)

In 2015, DOT released draft National Strategic Plan identifying 6 major trends and challenges:

- Growth in Freight Tonnage
- Underinvestment in the Freight System
- Difficulty in Planning/Implementing Freight Projects
- Continued Focus on Safety/Security/Resiliency
- Increased Global Economic Competition
- Development and Use of New Technologies

Per the FAST Act, DOT is developing a Final NFSP to be released by December 2017
National Multimodal Freight Network

Four Basic Purposes:

• Assisting States in strategically directing resources to improve performance of freight movements (e.g. moving grain and ethanol efficiently).

• Inform freight transportation planning.

• Assisting with prioritizations of Federal investments of routes/corridors that are nationally significant for freight movement.

• Assisting and supporting Federal investments to meet the goals of the National Multimodal Freight Policy and the National Highway Freight Program.
DOT Established Interim Network in 2016

- **Includes**: Highways, Rail, Ports, Waterways, Great Lakes, Airports, Intermodal, and Short Line Rail

- **Example of Ag Project the Network May Identify**: ADM 100 car train to near dock at Port of Oakland; Cargo transloaded into containers for export to Asia.
  - Canadian ports handled prior shipments.
  - Facility used CA State Funds (TCIF) and Federal TIGER grant funds.
  - Shows importance of intermodal connectivity for container export of ag products and need to upgrade ports to compete with Canada & Mexico.
Considerations in Final Network

- Freight Movements O/Ds – to/from/within
- Volume, value, tonnage, strategic importance
- Global and domestic supply chains
- Economic factors, including balance of trade
- Access to border crossings, ports, facilities, agriculture, manufacturing, pipelines, distribution centers
- Access to energy (including biofuels)
- Links to intermodal, multimodal connections
- Choke points, congestion, impediments
- Important corridors for State, Local, multi-State, MPOs
State Freight Plans & Advisory Committees

State Freight Plans:

• Per FAST Act, States must develop State Freight Plans to receive highway formula funding.
• Must be completed by December 4, 2017.
• Used to help prioritize infrastructure investments.

State Advisory Committees (MAP-21 encouraged):

• Helps develop State Freight Plans.
• Advise on priorities, projects, issues & funding needs.
• Coordinate regional needs.
• Promotes public-private info sharing.
National Highway Freight Program (23 U.S.C. 167)

National Highway Freight Network (NHFN):

• Invests in infrastructure aimed at:
  o Improving the movement of freight on NHFN
  o Strengthening economic competitiveness
  o Reducing congestion
  o Reducing cost; increasing productivity; improving reliability

• **Formula Funding** ($6.3 billion formula funding for State DOTs for 5 years; 10% for multimodal)

• **Critical Rural and Urban Freight Corridors**
National Highway Freight Network (23 U.S.C. 167)

Directs Federal resources toward improved performance and includes 4 Subsystems:

- **Primary Highway Freight System (PHFS)** – 41,518 miles
- **Other Interstates (not PHFS)** – another 9,511 miles
- **Critical Rural Freight Corridors** – Designated by States; includes ports, agricultural, mining, energy, intermodal. Greater of 150 miles or 20% of PHFS in the State.
- **Critical Urban Freight Corridors** – Designated by States and MPOs; includes public roads in urban areas connecting the Interstate Highways to important facilities.
MARAD’s Strong Ports Program

• Helps manage TIGER and FASTLANE grants awarded to ports by DOT.

• Currently, $720 million in grants with 56 port projects.

• Supports ports to increase capacity and efficiency in handling cargo.

• Helps plan, engage with stakeholders, operational and capital financing and project management.

• **Example:** $11 million FASTLANE grant for $19.5 million Coos Bay Rail Line Tunnel Rehab Project in Oregon, a port which handles exports of forest products.
Marine Highway Program

• Projects extend surface transportation by commercially integrating complementary marine service options.

• Used to reducing landside corridors congestion or mitigate environmental challenges.

• Currently includes 24 all-water marine highway routes.

• **Example:** IL Container on Barge Shuttle; awarded $713,000 for demo project to connect with UP and BNSF rail shuttle access for grain exports.

• **Example:** James River Container Expansion Project – Port of VA – expands “64 Express” container on barge service between Hampton Roads and Richmond, VA, which is already removing 15,000 truck trips per year.
## Build America Bureau

### Bureau Leadership

<table>
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<th>Outreach and Project Development</th>
<th>Credit Programs</th>
<th>FASTLANE Grants</th>
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<td>• Builds upon the single point-of-contact approach established by BATIC</td>
<td>• Combines TIFIA, RRIF, and PABs</td>
<td>• Administers application process for FASTLANE grants</td>
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<td>• Conducts pro-active outreach</td>
<td>• Administers application process for TIFIA, RRIF, and PABs</td>
<td>• Provides guidance on FASTLANE application process</td>
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<td>• Conducts intake and screening to define project support needs</td>
<td>• Performs underwriting and negotiations for loans</td>
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<td>• Provides projects with technical assistance and modal coordination</td>
<td>• Manages portfolio of active loans</td>
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<td>• Supports pre-application activities</td>
<td>• Manages risks of loan portfolio</td>
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<td>• Consolidates and disseminates best practices</td>
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Infrastructure Finance

- **Transportation Infrastructure Finance and Innovation Act (TIFIA)** – direct loans, loan guarantees, standby lines of credit.

- **Private Activity Bonds (PABs)** – tax exempt bonds; by Nov 2016 $6.5 billion in bonds issued.

- **TIGER Grants** – Since 2009, $5.1 billion awarded to 421 projects in 50 States, Territories and Tribes.

- **FASTLANE Grants** – Funds critical freight and highway projects; $4.5 billion FY 2016-2020, including $850 million in FY 2017. DOT awarded $760 million in grants to 18 projects in 15 States in 2016.
Importance to Agriculture of TIFIA Loans

**Example:** $325 million direct loan Long Beach, CA to help finance $1.3 billion replacement of the Gerald Desmond Bridge

- Ports of LA/LB are important for containerized ag exports crossing the bridge to be exported.
- Bridge is a National Highway System intermodal connector route and part of the National Highway Freight Network.
How PABs Are Important to Agriculture

**Example:** CenterPoint Intermodal Center, in Joilet, IL, to improve infrastructure for containerized export of grain.

- Issued $325 million in tax exempt bonds, with ability to borrow up to $300 million more.

- Facility is a logistics center and inland port 40 miles southwest of Chicago, which includes UP and BNSF facilities.

- Provides ag exporters with access to double-stack container trains to ports for companies like Cargill, Delong, and Georgia Pacific.
TIGER Grants – Examples of Ag

• **Example:** $6 million in 2010 TIGER funding, matched with $14.8 million, to an intermodal freight transportation hub in southwestern Illinois. Combines barge, rail and truck for moving liquid and dry bulk ag products via Mississippi River without a lock.

• **Example:** $16 million in 2011 TIGER funding, matched with $5 million for track restoration of MRC branch line in SD, which takes 7,200 truckloads of grain off rural roads and onto Dakota Southern Railroad.

• **Example:** $12.7 million in 2014 TIGER grants, matched with $17.3 million, restoring 42 miles of MRC branch line in SD, from Chamberlain to Presho, leads to build of $32 million Liberty Grain, east of Kimball.
FASTLANE (23 U.S.C. 117) Nationally Significant Freight & Highway Projects Program

• Established by the FAST Act
• $4.5 billion over 5 years in FASTLANE grants
  o At least 25% of funding for rural projects.
  o 1st Round - DOT awarded 18 projects totaling $760 million.
  o 90% of funding is for major projects with costs in excess of $100 million.
  o Only $500 million across all five rounds may be awarded to freight rail, port, or intermodal. The rest must be awarded to highway projects.
FASTLANE Grants – Ag Example

Example in Iowa: $25.6 million grant to Iowa DOT to assist with the development of a $46.5 million full service multimodal facility in Cedar Rapids, IA.

- The facility will lower transportation costs through greater efficiencies
- It will help farmers and small businesses transport more goods and grow their businesses.

Example in Idaho: $5.1 million FASTLANE grant for the $8.5 million U.S. 95 North Corridor Access Improvement Project, which serves agricultural areas.
Wrap Up

• Transportation is vitally important for agriculture.

• New Federal laws and funding are explicitly targeted for freight, and some of that is specifically set aside for rural interests, including agriculture.

• States play a key role in developing funding priorities.

• Federal authorities for transportation infrastructure are important for agricultural and rural areas.

• Agricultural stakeholders need to pay attention and be involved; the sector’s competitiveness depends on it.
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