

**Testimony Presented on Behalf of Rob Innis, LafargeHolcim
on behalf of Waterways Council, Inc.
Subcommittee on Water Resources and Environment
Transportation and Infrastructure Committee
U.S. House of Representatives
July 10, 2019**

Chairwoman Napolitano, Ranking Member Westerman, and Members of the Subcommittee, thank you for the opportunity to speak today on the topic of “Water Resources Development Acts: Status of Implementation and Assessing Future Needs.” I believe that my comments today will offer an evaluation of policy changes implemented from past Water Resources Development Acts (WRDA) that have proven beneficial to the inland waterways system and its users, and I will also recommend an important policy change for the modernization of our Nation’s inland waterways transportation system.

I currently serve as the Plant Manager of the Sparrows Point slag cement facility in Baltimore, Maryland for LafargeHolcim. LafargeHolcim is the leading global building material and solutions company serving masons, builders, architects, engineers, and major construction companies around the world. We operate in more than 80 countries with over 80,000 employees.

LafargeHolcim produces cement, aggregates, concrete, and specialty construction solutions products used in building projects ranging from affordable housing and small, local projects to the largest, most technically and architecturally challenging infrastructure projects. We currently operate 30 facilities along the river system, and in 2018, moved 9.2 million tons by river. If we were to move this tonnage by truck, it would equate to 368,000 more trucks on our roads. We use nearly all of the 12,000 miles of commercially navigable waterways in the U.S.,

ship on all five of the Great Lakes, load barges out of 10 states, and deliver to 25 states, as well as to Canada. We directly employ over 7,000 people in the United States and supply products to businesses and government that support many more jobs throughout the United States. I am a member of the Board of Directors and Executive Committee of Waterways Council, Inc. (WCI). WCI is the national public policy organization that advocates for a modern and well-maintained system of inland waterways and ports. Recently, I also became Chairman of the Inland Waterways Users Board, and I serve on the Michigan Port Advisory Board.

The Fourth “R”

When thinking about transportation infrastructure, the inland waterways system is often overlooked. In actuality, our Rivers are the fourth “R” of a critical multimodal system of Roads, Rail, and Runways. In 2017, more than 578 million tons valued at \$220 billion were transported on the inland waterways system. Of that tonnage, almost 80 million tons were aggregates, which is 14 percent of the total tonnage moved along the inland waterways system. Some aggregate and cement projects sourced from the river that Americans benefit from include the new terminal complex at Louis Armstrong New Orleans International Airport, Amazon’s Distribution Center in Minneapolis, and the I-90 tollway rebuild from Chicago to Milwaukee.

Recent Successful Policy Changes in WRDAs

After only passing two WRDA bills in 14 years, this Committee, starting in the 113th Congress, made WRDA a priority, passing three bills in six years. I would like to thank this Committee for implementing changes in the Water Resources Reform and Development Act (WRRDA) of 2014 that have significantly accelerated project delivery on the inland waterways system. A cost-

share change at Olmsted Locks and Dam allowed for the Inland Waterways Trust Fund to operate over the last six years at about a 25 percent Trust Fund /75 percent General Fund split. This cost-share change also accelerated the operability of Olmsted, allowing for \$600 million in annual national economic benefits to be accrued four years ahead of schedule.

Also enacted in 2014 and taking effect in 2015, the inland waterways industry supported a 45 percent increase to the diesel fuel tax commercial operators pay that is deposited into the Inland Waterways Trust Fund. This is currently the highest federal fuel tax being paid by any transportation mode.

In the Water Resources Development Act of 2016, Congress changed the cost-share model for funding construction of deep draft ports with depths of 45 to 50 feet from 50 percent non-federal sponsor and 50 percent federal government, to 25 percent non-federal sponsor and 75 percent federal government in order to allow ports to expeditiously expand capacity to become post-panamax-vessel-ready. This was necessary to enable our ports to remain competitive on a global scale.

Inland Projects Authorized in WRDA

In WRDA 2007, this Committee created the Navigation and Ecosystem Sustainability Program (NESP), an innovative effort combining two Army Corps of Engineers – Civil Works’ key missions, navigation and ecosystem restoration. This program was studied for 13 years at a cost of \$74 million. Upon completion of the feasibility study, the Corps of Engineers moved directly to Preconstruction Engineering and Design (PED) for seven years, spending \$62 million before being abruptly halted. In 2016, the Assistant Secretary of the Army – Civil Works ordered more

studies - an Economic Re-evaluation Report (ERR) before PED could continue to move forward. That ERR is set to be completed in August of this year, but it is still discouraging that there was a restudy of a project that has already seen \$136 million and 21 years of time invested.

Waterways users, including my company, would like to see the Corps immediately restart PED following this ERR completion. We foresee construction funding becoming available as soon as FY 2023. However, without PED, NESP won't be ready to receive those funds. We are discouraged by this delay and note that projects recently authorized are already receiving PED.

For example, WRDA 2016 authorized the Upper Ohio Navigation Project for \$2.7 billion. This project has received PED funding the last two fiscal years. Also, WRDA 2018 authorized the Three Rivers project for \$180.3 million, and that project received PED funding last fiscal year.

Modernizing the Inland Waterways Transportation System

The inland waterways system has a portfolio of more than 15 high priority inland navigation projects either under construction or awaiting construction. At the current rate, many of these projects will not even begin construction in the next 20 years. By conforming the cost-share with the Inland Waterways Trust Fund to the same formula that was approved for deep-draft ports in WRDA 2016, this Committee's action would allow for the inland navigation capital program to remain operating at or above a \$400 million level achieved since the cost-share change at Olmsted, and accelerate project delivery on that portfolio of critical inland waterways projects.

As you move forward with WRDA 2020 and any potential infrastructure bill, I encourage you to consider this proposal to adjust the cost-share for construction of inland waterways

infrastructure projects. This important change will help advance our Nation's competitiveness and keep America as the leading and most dependable source of goods and materials. I'm happy to share additional information with Members and your staff.

That concludes my testimony, Madam Chair. Thank you for giving me the opportunity to be here today, and I will be happy to respond to any questions you or the other Committee Members may have.