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United States Department of Agriculture



Agricultural Marketing Service

Federal Transportation Infrastructure Investments and Implications for Agriculture

National Council of Farmer Cooperatives 88th Annual Meeting
Gov't Affairs Conference
Fort Lauderdale, FL, February 15, 2017

Bruce Blanton
Transportation Services
USDA/AMS

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

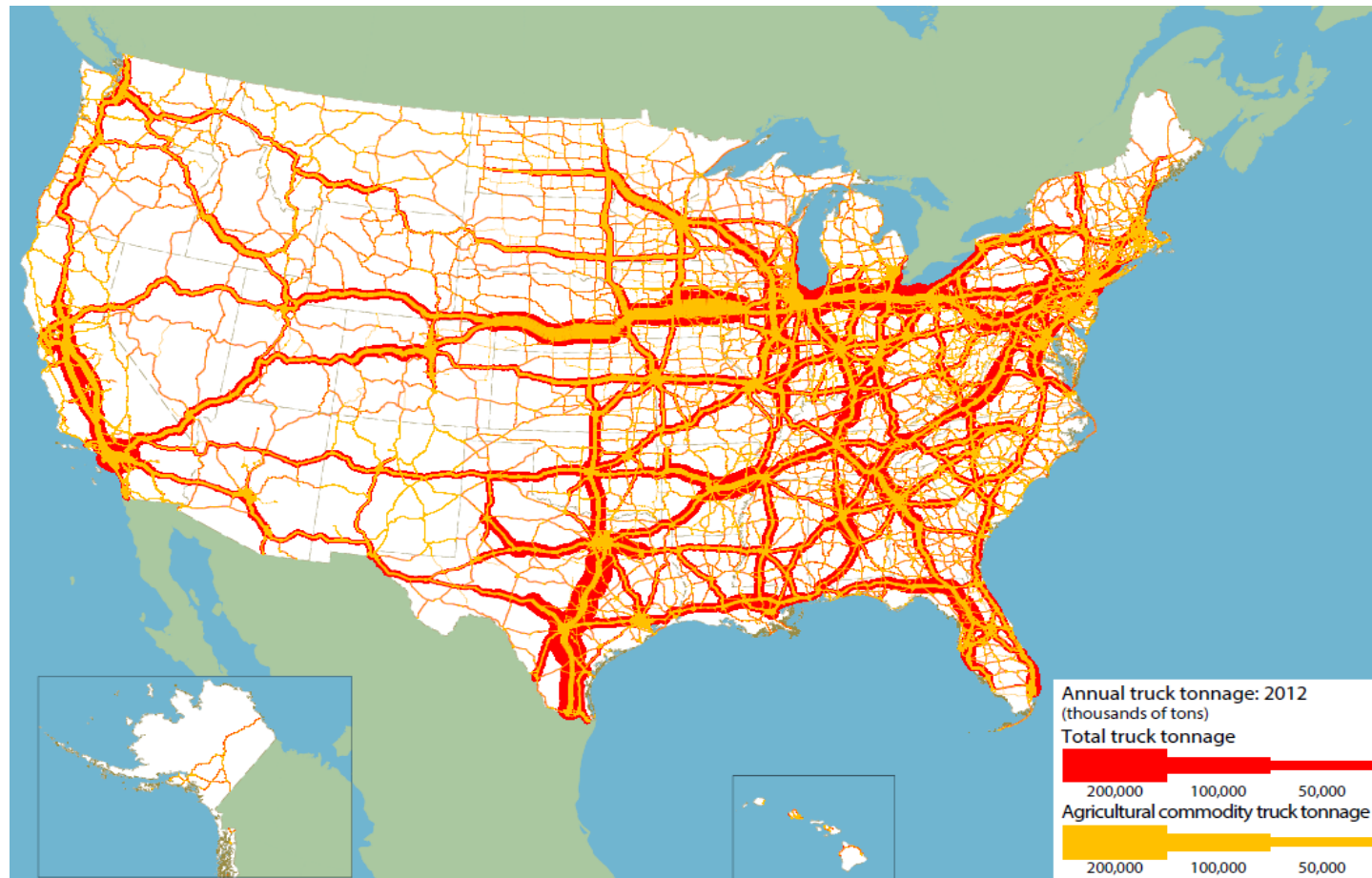
Transportation Services Division

The screenshot displays the USDA Agricultural Marketing Service website. The header includes the USDA logo, the text "United States Department of Agriculture Agricultural Marketing Service", and navigation links for "About AMS", "News & Announcements", "Careers", and "Contact Us". A search bar is present with a "Search" button. Below the header is a navigation menu with categories: "Market News", "Rules & Regulations", "Grades & Standards", "Services", "Resources", and "Selling Food to USDA". The "Services" category is selected. The main content area features a large image of a grain elevator and a barge on a river. The title "Transportation Research & Analysis" is prominently displayed. Below the title, there is a paragraph describing the Transportation Services Division (TSD) as the definitive source for economic analysis of agricultural transportation. A "Reports of Interest" section lists two reports: "10-2015: Constrained Market Pricing and Revenue Adequacy: Regulatory Implications for Shippers and Class 1 U.S. Freight Railroads (Summary) (pdf)" and "06-2015: Transportation of U.S. Grains: A Modal Share Analysis, 1978-2013 Update (pdf)". There are also three smaller featured reports: "SPOTLIGHT ON: Transportation of U.S. Grains: A Modal Share Analysis", "Study of Rural Transportation Issues", and "Grain Transportation Report". A sidebar on the left contains a "Transportation Research & Analysis" section with a list of sub-topics including Overview, Grain Transportation, Containers, Ports and Non-Grain Agricultural Products, International Transportation Analysis, Agricultural Transportation Research and Information Center, Regulatory Representation, Data, Contacts, Reports, Grain Transportation Report, Ocean Shipping Container Availability Report, Agricultural Refrigerated Truck Quarterly, A Reliable Waterway System Is Important to Agriculture, Brazil Soybean Transportation, Soybean Transportation Guide: Brazil, and Mexico Transport Cost Indicator Reports.

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

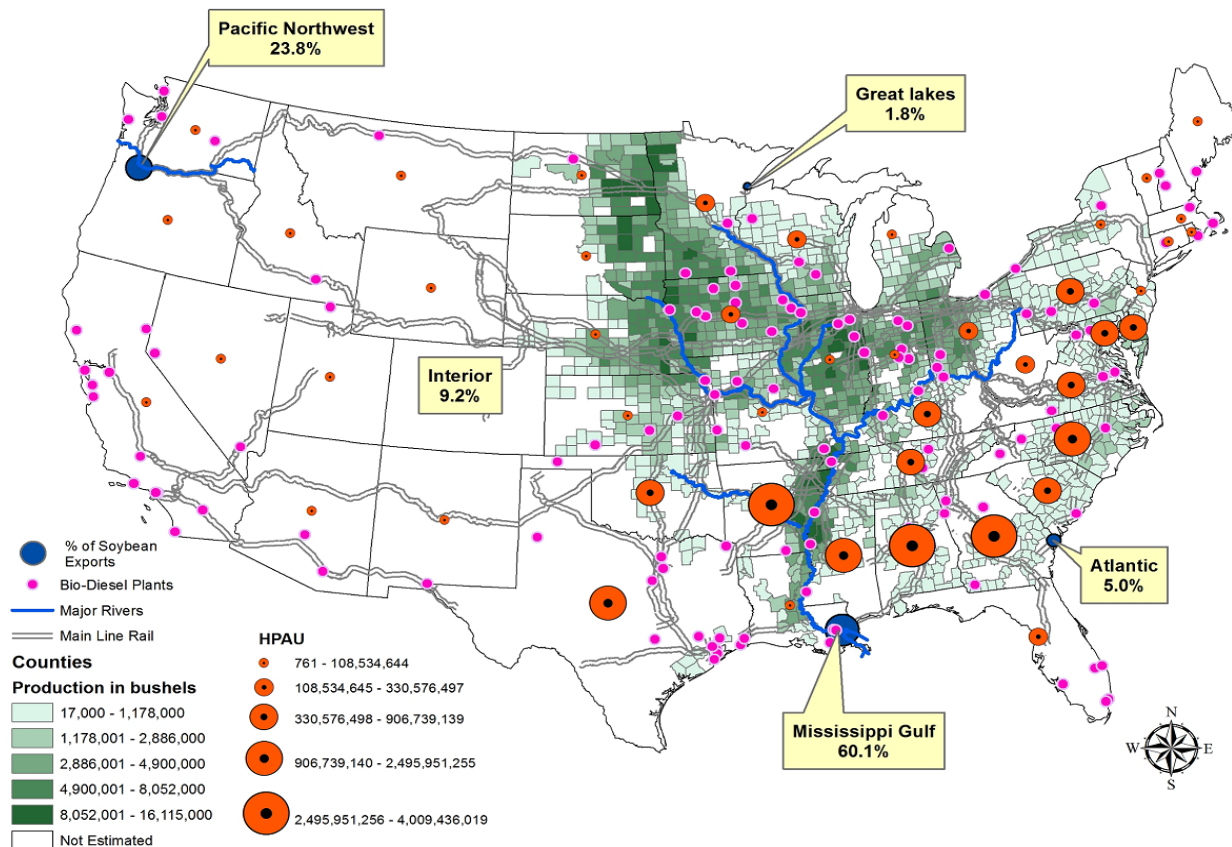
Agricultural and total freight moving on U.S. National Highway System, 2012



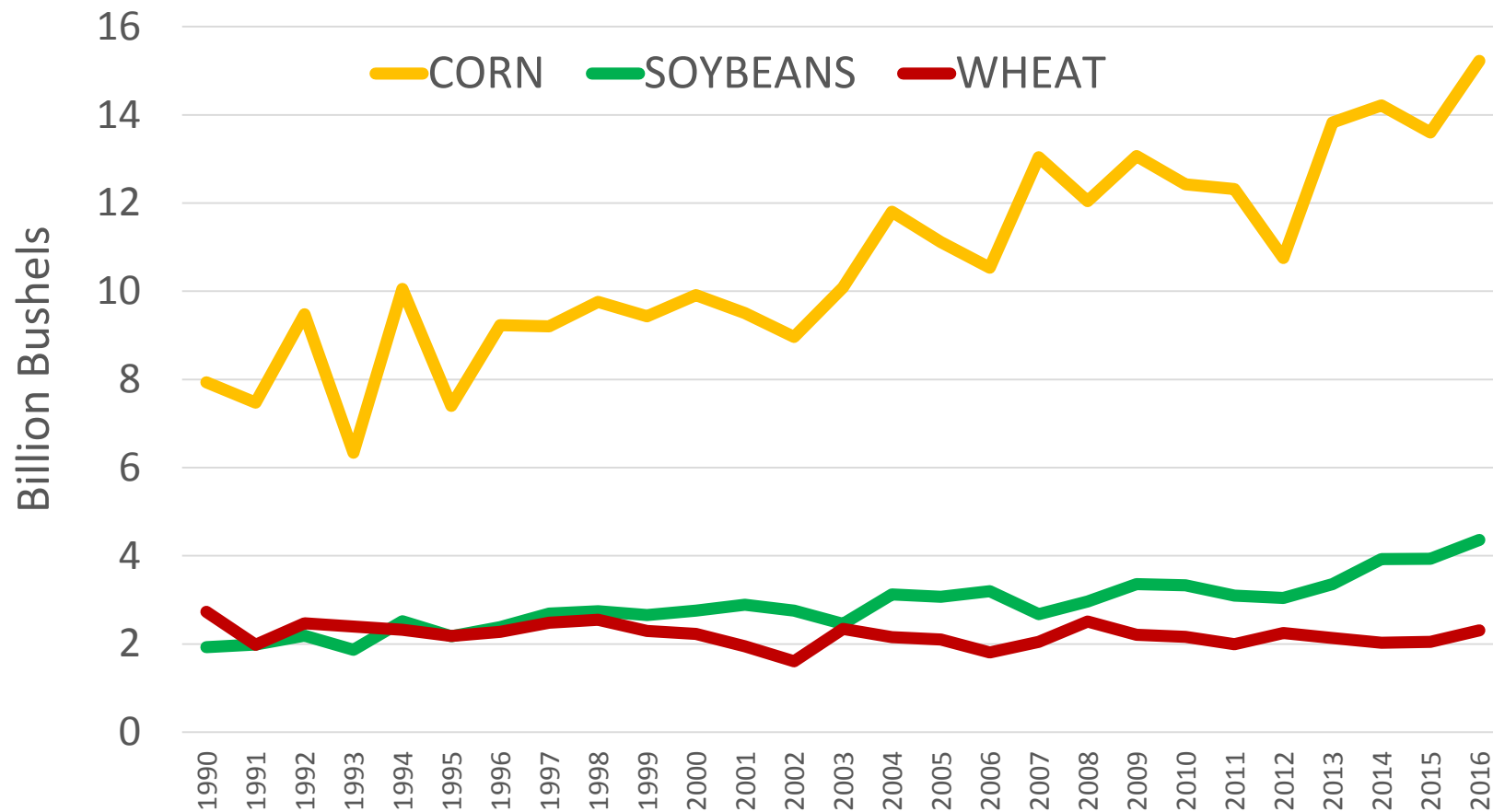
Source: U.S. Department of Transportation, Bureau of Transportation Statistics and Federal Highway Administration, Freight Analysis Framework, version 4.2, 2016.

Why is Transportation Important to Agriculture?

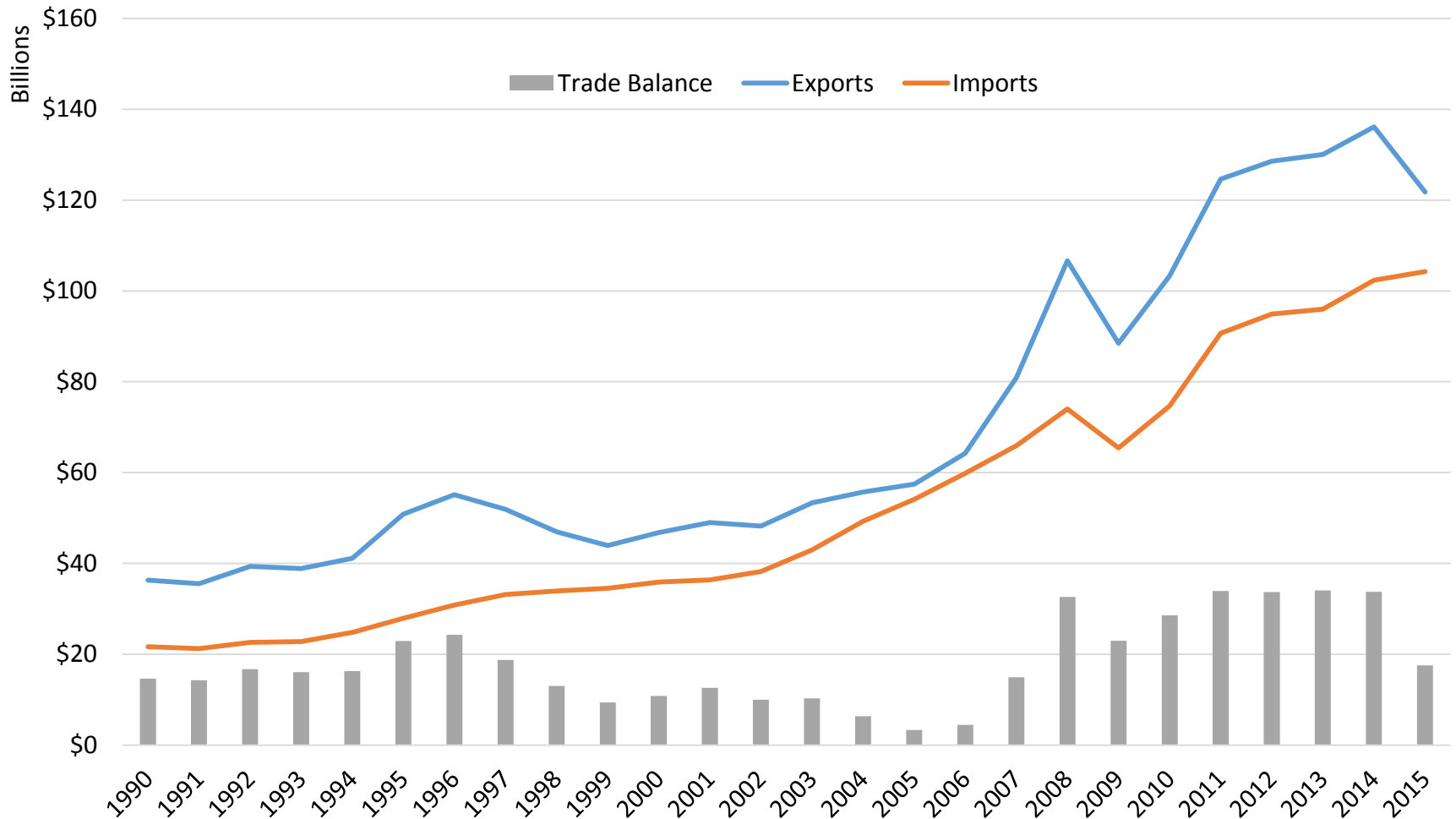
Soybean production by county, bio-diesel plants, export ports, high protein animal units (HPAU) by State and the transportation system, 2013.



Corn, Soybean and Wheat Production



U.S. Agricultural Trade



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)

DOT's Conditions & Performance Report (2015)

- \$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

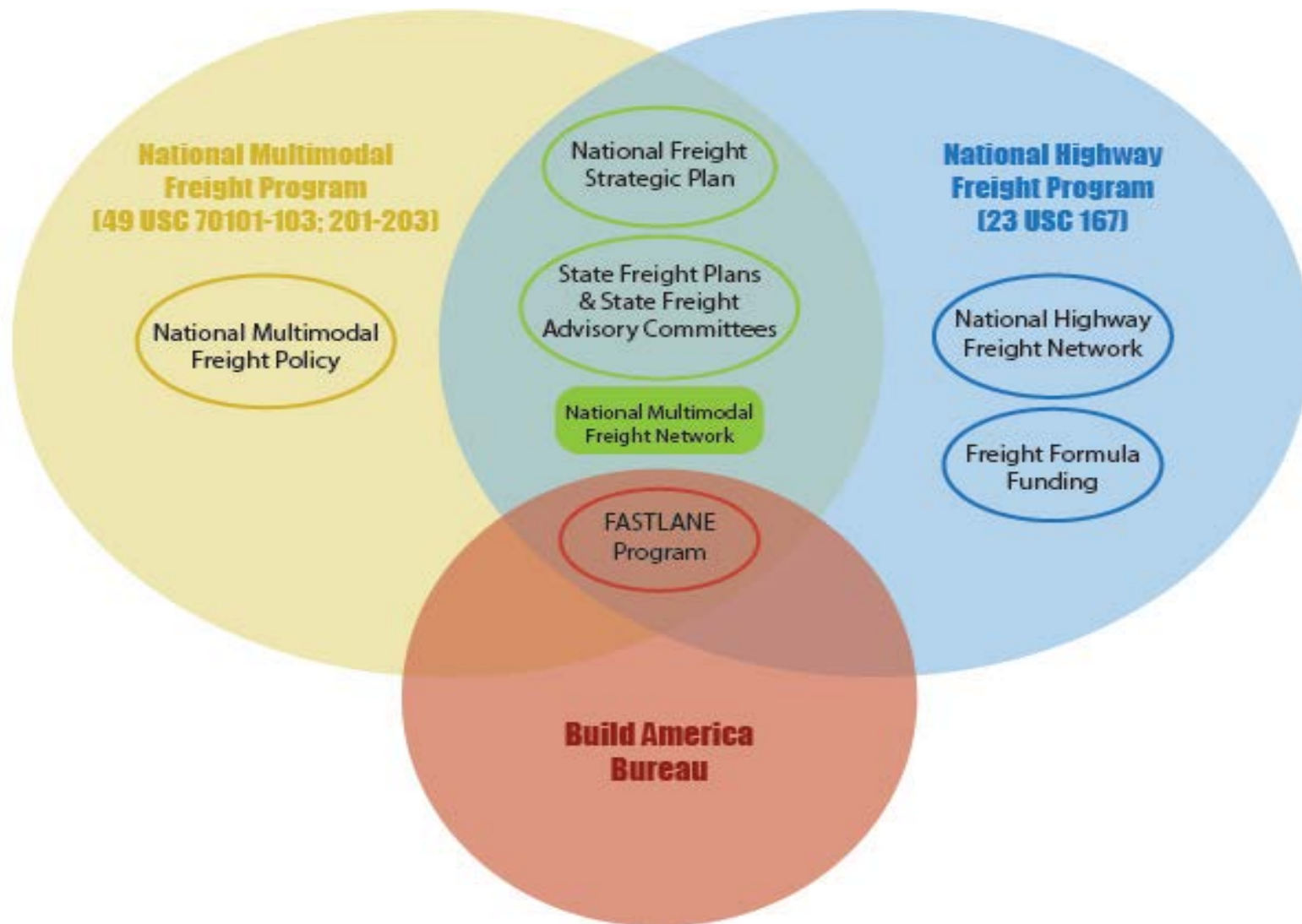
- Greater emphasis on freight movements than past authorizations.
- Created a specific Freight Program (23 USC 167) requiring DOT to develop a National Freight Network and a National Freight Strategic Plan.
- Encouraged States to develop State Freight Plans and State Freight Advisory Committees.
- Focused 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 Policy (49 U.S.C. 70101)

- Ensures the Nation's transportation Network keeps the U.S. competitive in the global economy.
- Goals –
 - Innovations (competitiveness, congestion, productivity)
 - Safety, State of Good Repair, Resiliency, Lower Costs, Use of Technology, Efficiency, Reliability
 - Better Movements (across rural & urban, between rural & urban, gateways)
 - 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:
 - Improving the movement of freight on NHFN
 - Strengthening economic competitiveness
 - Reducing congestion
 - 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

Outreach and Project Development

- Builds upon the single point-of-contact approach established by BATIC
- Conducts pro-active outreach
- Conducts intake and screening to define project support needs
- Provides projects with technical assistance and modal coordination
- Supports pre-application activities
- Consolidates and disseminates best practices

Credit Programs

- Combines TIFIA, RRIF, and PABs
- Administers application process for TIFIA, RRIF, and PABs
- Performs underwriting and negotiations for loans
- Manages portfolio of active loans
- Manages risks of loan portfolio

FASTLANE Grants

- Administers application process for FASTLANE grants
- Provides guidance on FASTLANE application process

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
 - At least 25% of funding for rural projects.
 - 1st Round - DOT awarded 18 projects totaling \$760 million.
 - 90% of funding is for major projects with costs in excess of \$100 million.
 - 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.



Agricultural Marketing Service

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