

U.S. Senator Maria Cantwell

**Q&A With Witnesses at Hearing entitled "Driving the Road to Recovery: Rebuilding America's
Transportation Infrastructure"**

**Witnesses: The Honorable John D. Porcari, Former Deputy Secretary of Transportation; Managing
Partner, 3P Enterprises**

Mr. Douglas Hooker, Executive Director, Atlanta Regional Commission

The Honorable Toby Barker, Mayor, City of Hattiesburg, MS

Mr. Mark McAndrews, Director, Port of Pascagoula

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Cantwell: I heard all the witnesses, I believe, say that more investment in INFRA, and helping us to move product, and reduce congestion, is key. You may have said it, you know, each differently but I'd like to have a kind of global discussion about this, if we could. Mr. Porcari, the context is obviously, we do want more money for INFRA. We definitely feel that, again, this notion that the United States is growing and making things, but the big "aha" moment here is that the world market has just exploded really with the growth of the middle class around the globe. So, we have a lot more to ship, and we're feeling that. We're feeling the congestion and pains of that we were able, with the INFRA project to get the Lander Street project in Seattle, kind of like a last mile, if you will, between I-5 and the Port of Seattle, so big success. So, now as we look at this and I listened to what Mayor Barker explained, that very project is an example. So do you increase INFRA, do you go back to the CRISI and look at grade crossings and put them, you know on more steroids? What do we do, because I feel like there are these big projects like Lander and in mega projects, and we're getting some of them done, but I would say probably not enough of them done. And then we have other regional projects that are also just, you know, the community is just left to deal with the congestion, or not allowing elected officials to get to an important event. But, you know, there are these examples of projects, both enormous economic impact to a region, and then these projects that are just the level of congestion. So, what do we do when looking at the surface bill to get this right? Mr. Porcari and Mayor Barker and Mr. McAndrews, if we got him back.

The Hon. Porcari: Thank you Madam Chair, that really is the key question. And the short answer is we need to do all of the above and do it in a targeted way. You mentioned INFRA in CRISI grants. Those are very helpful. I think you can make a strong argument for broadening the eligibility for some of those grants, providing more technical assistance, as Senator Wicker has indicated. Because that's essential for many jurisdictions, you're not born knowing this and being able to have some technical assistance, getting there, is an important part of it. I had mentioned projects of national significance, but there's a whole cohort of projects, dozens and dozens of them, just below that level on goods movement for example, inland intermodal container transfer facilities, inland waterway projects, just to name two categories that, from a benefit cost point of view, are very effective investments for federal dollars. In particular, when they're matched by private and local dollars. If we're going to take a systems approach

to goods movement, and I know that you've worked hard to do that, both in your home state and nationally, we really need to look at the seams in the system, in particular, where the shortcomings are and make sure that competitive grant programs address those. That's an argument, in my opinion, for both more funding for those band programs and broader eligibility to meet the particular needs of those projects.

Cantwell: Since I know you're familiar, where would you put the West Seattle Bridge in that. So, do we need funding for mega projects, or are those more dollars for INFRA-related because clearly, that's clearly, a huge economic part of our delivery system.

The Hon. Porcari: In the Seattle example, I think you'd make a strong case that that's a project of national significance, regional national significance, given it's a larger impact on the region. In my testimony, I mentioned that these projects are all in a specific place, but tend to have national and regional import, and that's certainly true in that case.

Cantwell: So, do that. Make sure that we're funding those because they also have a big economic impact to the nation, and then increase INFRA based on similar formula that we have today. Is that what you're saying?

The Hon. Porcari: That's right and I would specifically say on INFRA, that for freight projects, because of the cost effectiveness, should not be capped in terms of how they can participate. One other element I would mention that goes back to the original TIGER grants, is a rule set aside to make sure that there are rural projects coming through the pipeline, getting that technical assistance is important as well.

Cantwell: Thank you. If I could, the Mayor, to ask you the same question. How are you looking at this? The Ranking Member is letting me go over my time here so I can get an answer, thank you.

The Hon. Barker: Thank you Madam Chair. As you recall, as Mr. Porcari said, I think it's an all the above type thing. I think you have to have a balanced approach that tackles those problems of national regional significance but also allows a community to shape its own destiny and future. I think INFRA, BUILD, CRISI, those are all good grants, but you work several years to get one. And what happens is, we had this long standing transportation challenge, but we have a dozen other ones that are waiting behind it and you have to get creative on how you possibly can tackle two or three within the next decade. And really a overall, further deepened, commitment to infrastructure that was spread across INFRA, CRISI, BUILD, even down to some of your TAP-type programs. Those direct allocations to cities and counties and MPO is very important. I would also just echo the thought that there needs to be set aside for all communities to be eligible, and I go back to this potential rule. It's before OMB right now, which would change the definition of a metropolitan statistical area, that would take 144 cities, out of those 390 plus

metropolitan areas we have nationwide right now and, and so does that does that affect eligibility for transportation grants if definitions are tied to the definition in the state.

Cantwell: Thank you. Well, we do want to follow up and just to clarify. So you're supporting more dollars for INFRA but you think we need to do more on at grade crossings as well, and projects.

The Hon. Barker: I think there are a lot of cities with a lot of challenges and any avenue that we can take to get there to solve those challenges, in whatever form it takes, is welcomed.

Cantwell: Thank you.

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Second Round of Questioning

Cantwell: I want to follow up on the funding of mega projects and INFRA and these port competitiveness issues. I wanted to ask the witnesses on this mega project funding concept. I'm assuming states have had the same dilemma right? States have had projects that have been huge significant impacts to their state budget. In our state, we used to call them "Cat C" projects, Category C projects. At times you have to take action to eliminate your backlog, literally, eliminate and get those projects done, otherwise they dwarf the whole transportation funding. So, what have we seen in innovative ways to deal with this same dilemma? Mr. Porcari?

The Hon. Porcari: Madam Chair, one of the ways is states are making better use of the loan funds that are out there. And those are limited tools, but with TIFIA and RRIF, in particular, you can use them as a project finance tool. One of the realities of the big projects is we don't fund projects anymore, we finance them. So, you need to structure a finance program for them. Another one is, in select cases, for the right project profile, public-private partnerships can be very useful. On a personal level, I did one with our container terminal at the Port of Baltimore. There are a number of examples around the country on the aviation side for example where public-private partnerships have worked well. They can also work well with freight in cargo projects, again, in particular, at ports.

Cantwell: So, tell me more on that. Are you saying that that's a way for us to get more mileage now.

The Hon. Porcari: Yes, it's a way to get more mileage. A couple of things, that is you know the TIFIA and RRIF programs are both 35 year loans, maybe a more appropriate way to think about it is if you're building a 75 or 85 year facility, maybe the loan term should be 75% of the lifespan of that facility. So, it would go beyond 35 years in that example. That would significantly help jurisdictions that use those loan programs, again where appropriate, you can't do that if it's a 20 year facility.

Cantwell: Well I mean a lot of states have transportation benefit districts and other things that they use to make regional improvements, make sense for the region, get buy in from individuals in that in that community. So how would you suggest that we look at the mega projects this way? What percentage of the mega projects do you think might benefit from this, or broadening the INFRA functionality?

The Hon. Porcari: Both of them. Broadening the functionality and, if you establish a category of nationally significant projects, and separately fund it, having the loan programs more flexible, as I described, would be an additional way to help move those projects forward. You need to have a federal funding component. But even financing the local share of it, whether it's 50% or whatever, with a more flexible loan program, where appropriate, would be very helpful. The other short term, finance aid might be the jurisdictions that have existing TIFIA and RRIF loans, refinancing those at today's interest rates can open up headroom in a capital program. So, if they have a significant TIFIA portfolio, a refi of those TIFIA loans can help them.

Cantwell: Anybody else on this point. Mayor?

The Hon. Barker: I'll just say that the problem that faces all cities is we have become a maintenance only type setup, whether it's roads or bridges or water and sewer. And all of the external pressures that you put on municipalities and counties to take care of those things, there's very little left over to try and

tackle big issues. And so, anything that's out there, whether it's INFRA or BUILD or CRISI helps. I think that the local governments should have skin in the game. For us, we had we were paying off some debt and so we use that existing debt service millage and we maxed that out under the current millage rates to take out more, that would match our CRISI and BUILD grants. If we had an opportunity to go after an INFRA grant, the 40%, non-INFRA funding match is challenge for smaller communities and you really have to kind of either find a creative way to fill that gap or collaborate with the state DOT to try and put an application in. But again, you're dealing with areas that have become more focused on maintenance. And we can go after maybe one or two long standing challenges, or game-changing projects that could induce more growth, but there may be a dozen opportunities out there that you just don't have the resources to do.

Cantwell: And the project you mentioned earlier, what was the non-INFRA funding, the 40%, where did that come from?

The Hon. Barker: That was the challenge for us, with INFRA, was trying to come up that 40%, non-federal.

Cantwell: But the project you mentioned earlier that, like on the third try actually did get INFRA funding, where did you come up with that?

The Hon. Barker: That was our BUILD and CRISI grants, on the third try. We took out bonds ourselves to fill that funding gap, because we were paying off some other debt, and we wanted to target our municipal borrowing toward long term projects, as opposed to just paving streets. So that's what we use as our match for both CRISI and BUILD.

Cantwell: So, Mr. Porcari, what about that example? What would you do there?

The Hon. Porcari: In that specific example, I think looking at capacity to come up with a local share makes a difference. And there may be jurisdictions that may be based on size, for example where the local match might appropriately be lower or different then it would be for other projects.

Cantwell: But bonding capacity?

The Hon. Porcari: Bonding capacity, the Build America Bonds program I thought was very successful, as an additional funding source. You heard from your fellow senators today that there's a lot of interest in that and having opportunities on both non-taxable and taxable debt financing at the local level would be very helpful.

Cantwell: Well, to me this is, we know what the issue is: we have a ton of infrastructure investment we need to make. So, then the question is what are the tools that we can give ourselves that can drive down the cost of making that investment? And, seems to me, that some additions or restructuring of some of these programs might give us the ability to finance more projects in a more timely fashion and drive down the overall cost. Am I getting this right?

The Hon. Porcari: I believe that's right. And as I mentioned before, in general terms, the larger the project, the more likely it is to be financed, as opposed to funded on a cash flow basis, so it becomes more and more important for those nationally and regionally significant projects.

Cantwell: Thank you. Thank you. Well, I don't know if we have any other members. Looks like we have no takers at this moment, but we will leave the record open for a period of time here. Any senators who want to submit questions for the record have two weeks to do so. And we ask obviously people to get back to us on those questions. So again, thank you to all the panelists for joining us, both here and virtually. A lot of illuminating information for the next steps of infrastructure investment. With that, we're adjourned. Thank you.