

# **“The Transportation Challenges, Value, Needs and Opportunities for the Port of Pittsburgh Commission”**

**Presented to the Senate Transportation Committee, by**

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Chairman, Legislative Committee of the Waterways Association of Pittsburgh**

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Thank you Senator Rafferty and members of the Pennsylvania Senate Transportation Committee.

Chairman McNees has laid out the economic impact that a healthy waterways has on the economy of southwestern Pennsylvania. I would like to focus on why that system is no longer healthy, the challenges it presents for the waterway industry and why it is important that the Commonwealth continue to support our efforts to restore reliability now and for future generations.

Specifically, our 17 sets of locks and dams (more locks than any other district in the nation) were built from 1907 to 1938 and are in deplorable condition. The PA section of the American Society of Civil Engineers, generously gave them a D+ average in 2010, and they have declined since with inadequate investment in modernization and maintenance. The Corps is already ceasing lockages on certain Upper Allegheny River locks, impacting recreational boaters.

Let me illustrate some of the problems.

1. The maintenance budget for the US Army Corps of Engineers has remained flat for decades while the locks and dams age and decay. Reliability of navigation can no longer be taken for granted. In the last decade, the number **unscheduled** lock outages, have had a ten-fold increase. This is particularly bad for industry that has not had the opportunity to stockpile or make alternate transportation arrangements.
2. Due to unreliable federal funding for major rehabilitation projects, such as the Lower Monongahela Improvement Project for Braddock, Elizabeth and Charleroi, PA, that project has gone from a ten-year, \$750 million project to a forty-year, \$1.7 billion project, with little or no funding in the current federal budget.

3. The Trust Fund that the towing industry pays into (with a 20 cent a gallon diesel towing tax to cover 50% of the major rehab costs) is only enough to support one project at Olmsted. The Lower Mon is the second project, but, at this rate, it is not expected to be completed until 2032.
4. The towing industry has proposed that the tax on itself be increased up to 45%. Taken all together, that industry is only about the size of one Class I Railroad. It cannot pay all of the expenses for this system, but it is willing to put skin in the game and increase the cost to itself.
5. WAVE-4 (Waterways Are Vital to the Economy, Efficiency, Energy and Environment) legislation has been introduced in the US House of Representatives that proposes such a tax and a companion piece to increase the federal share as well as taking the dams off of the navigation Trust Fund, since there are other beneficiaries (reliable drinking water, fire-fighting water, hydropower, recreation and industrial cooling water). A separate bill is expected to be introduced in the Senate in the Lame Duck session. We would certainly appreciate the support from the Senate Transportation Committee when this bill comes up.

Most importantly, we appreciate the support that the Commonwealth provides to the Port of Pittsburgh Commission to help solicit new traffic, but also to help see that our voice is heard in Washington.

While Chairman McNees has given you an overview of the Port of Pittsburgh Commission, I would like to focus on two important projects that we need continued Commonwealth support for, that have serious implications for Commonwealth transportation policies. They relate to maintaining and modernizing the navigation structural and non-structural improvements, upon which so much of the economy of southwestern PA depends.

The first is our effort to secure federal funding to maintain and modernize our 17 sets of locks and dams, more locks than any other district in the nation. With few exceptions, they were built from 1907 to 1938 and are in deplorable condition. The PA section of the American Society of Civil Engineers, generously gave them a D+ average in 2010, and they have declined since with inadequate investment in modernization and maintenance. The Corps is already ceasing lockages on certain Upper Allegheny River locks, impacting recreational boaters. The maintenance budget for the US Army Corps of Engineers continues to decline as the structures get older and are more in need of maintenance. In the past decade we have seen a tenfold increase in the number of unscheduled outages at our locks. In an industry where time (and reliability) really is money, Pennsylvania is at an increasing disadvantage.

Failures at this stage may not be only for the short term. A major failure on any river would not only impact navigation, but recreation, industrial cooling water and drinking water as well. Along with a lack of adequate maintenance, they are not undertaking major rehabilitation either.

The Lower Monongahela Improvement project was started as a ten-year, \$750 million project in 1994. It was to be completed in 2004, but has never received sufficient funding. After 17 years and \$500 million, we are now looking at a 40-year construction project exceeding \$1.2 billion in costs. Each year that the completion is delayed, the risk of a major failure increases.

Just last week I attended a workshop by the Corps of Engineers that said a major failure at this project would divert about 25 million tons of traffic off of the river. That equates to one million truck trips and 250 million loaded truck miles, much of that over PA roads, and possibly an equal number of backhaul trips. Trains would not be available to

pick up this cargo and trucks, if they are available at all, would be at a much higher “crisis” rate.

The user cost share for this project is 50% and it is provided by the commercial towing industry through a 20-cent a gallon diesel tax. The PPC, working with national coalitions of inland ports, shippers and carriers, has got the industry to agree to a 45% increase in that tax, but the proposal has not resonated sufficiently in either Congress or with the Administration, which would also have to increase its contribution, reflecting the multiple beneficiaries of these improvements.

We do not need Commonwealth funding for this project, but we do depend upon continued Commonwealth support for the Port of Pittsburgh Commission and PennPORTS to carry on this fight.

Not everything is bad news, however, our traffic has seen a 24% increase in the last half of 2010 and demand is high for coal shipments, even some coal exports are moving on the rivers. Future cargoes include a significant Marcellus Shale potential cargo, including frac sand, pipe and even spent water via barge.

The third, and final point that I wish to call to your attention is what we see as a real non-structural opportunity to improve the waterways through advanced communication technologies, similar to the highway intelligent transportations system. We have worked closely with industry, the Corps, Coast Guard and Carnegie Mellon University to develop what we call a wireless broadband network for the waterways. The PPC has even been granted US Patent #7,280,914 B2, for SmartLock, a virtual locking guide and a future part of the Wireless Waterway. In the near future, we believe we are in line for significant federal Port Security Grant money and possibly USDOT’s TIGER Grant/National Infrastructure Bank fund to expand this concept in what might become a revenue generating enterprise.

We are very interested in maintaining the close working relationships that we have with DCED and PennDOT and would hope to be eligible for any Public-Private-Partnership legislation that may pass. I hope that we can continue to be an important part of the Commonwealth’s transportation strategy and that this Commission will support our efforts to bring additional outside money into Pennsylvania.