Testimony Presented on behalf of Phyllis Harden, Pine Bluff Sand and Gravel Co.
Subcommittee on Water Resources and Environment
Transportation and Infrastructure Committee
U.S. House of Representatives
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Chairwoman Napolitano, Ranking Member Westerman, and Members of the Subcommittee, thank you for the opportunity to testify today on the topic of "The Cost of Doing Nothing: Why Full Utilization of the Harbor Maintenance Trust Fund and Investment in our Nation's Waterways Matter." My testimony will focus on the importance of the inland waterways transportation system, the McClellan-Kerr Arkansas River Navigation System, and potential reforms that could benefit inland waterways infrastructure.

The Pine Bluff Sand and Gravel Company is a fourth-generation family-owned business that has been in operation for over 100 years. We are headquartered in Pine Bluff, Arkansas, and have operations in Louisiana, Kentucky, Tennessee, and Alabama. We specialize in crushed stone and riprap delivered by barge on the Mississippi River and its tributaries, marine construction and transportation, commercial sand dredging, and ready-mix concrete and hot mix asphalt. We directly employ around 500 people and generate business that supports many more. I also currently serve as the Vice-Chair of The Pine Bluff-Jefferson County Port Authority and serve on the Board of Directors for Dredging Contractors of America and the National Waterways Conference.

Pine Bluff Sand and Gravel has been in business for over a century in part because of opportunities the nation's inland waterway transportation system provides. When transporting bulk commodities, such as aggregates, the inland waterways presents the most economical and

environmentally friendly form of transportation. In fact, for every single barge of aggregates we ship, this equals 70 trucks that are not on the road. In 2017, there were more than 550 million tons transported on the inland waterways system valued at $220 billion. Of that tonnage, almost 80 million tons were aggregates, which is 14% of the total tonnage moved on the system.

Many people do not realize the importance of the inland waterways system because they are not stuck in traffic with barges, or regularly held up by barges at railroad crossings. But what most people don't realize is that if you are near a navigable waterway, there is good chance that the aggregates used to build key parts of your community were most likely transported via water at some point. In fact, this last year, Nashville, Tennessee's boom in building required four million tons of concrete shipped via the waterway, which equates to 160,000 18-wheeler trucks.

McClellan - Kerr Arkansas River Navigation System (MKARNS)

The McClellan-Kerr Arkansas River Navigation System, or MKARNS, is a 445-mile, 9-foot navigation channel that consists of 18 locks and dams that begins at the confluence of the White and Mississippi rivers and ends near Tulsa, Oklahoma. Construction of this system began in 1957 and was completed in 1971, which, by today's standards, sadly, make these locks some of the newer ones on the nation's inland waterways. Prior to the construction of these locks and dams, this system was not navigable year around, and in fact it was not uncommon to see a nearly dry river bed that one could wade across. There are five major public port facilities, and 62 private ports and terminals that support the movement of the major commodities that are

shipped on the MKARNS. These commodities include coal, petroleum products, fertilizers, grain, sand and gravel, and iron and steel-products. The MKARNS was upgraded to a high-use waterway system in 2018 based on a five-year average of 3.33 billion ton-miles transported.

Pine Bluff Sand and Gravel supports three separate and co-equal priorities on the MKARNS.

First, this Committee was instrumental in authorizing the Chief's Report in America's Water Infrastructure Act of 2018 for navigation improvement at Three Rivers Project, where the White and Arkansas River meet the Mississippi River. The structures currently in place are rapidly deteriorating, and should any of these components fail, the MKARNS would not be a functioning commercial waterway for an extended amount of time. Additionally, like most of the nation's inland waterways system, the authorized project at Three Rivers will provide significant environmental benefits, allowing previously disconnected waterbodies to return to a more natural open water ecosystem.

Our second co-equal priority is funding for the critical maintenance backlog on the MKARNS. While I mentioned earlier in my testimony that MKARNS is one of the newer systems, it is a rapidly aging system exacerbated by long-deferred maintenance. As this system was completed nearly 50 years ago, the maintenance needs of the MKARNS are becoming more acute with each passing year. Defined as a component which has a 50% probability of failure within the next five years, critical maintenance on the MKARNS has long been deferred, and years of neglect has led to a situation where the MKARNS is facing a critical maintenance backlog of approximately $240 million.

Our third co-equal priority, and one that has been a long-sought modification to the MKARNS, is the proposed deepening of the current 9-foot channel to 12-feet of depth. Congress authorized the construction of this project in 2003, and provided funds for the project in 2004. At that time, the Corps of Engineers constructed several project features, and yet since that time, no additional funds have been provided to the Corps to continue the project. We would encourage Federal authorities to resume the project since greater depths will allow an additional 40% per barge to be transported compared to the current channel. This deepening project would also result in a shipper savings of $43.1 million annually.

Modernizing the Inland Waterways Transportation System

My description of the MKARNS as an important navigation asset with aging infrastructure, under-funded projects, and deferred critical maintenance, also applies to other waterways in our country. Fortunately, some steps have been taken to begin to improve important infrastructure features of America's transportation network, but more attention is needed.

In 2015, the inland waterways industry, including Pine Bluff Sand and Gravel, successfully advocated for a 45% increase to the diesel fuel tax deposited into the Inland Waterways Trust Fund (IWTF), which is currently the highest federal fuel tax being paid by any mode of surface transportation. There are numerous beneficiaries of the nation's inland waterways system such as: recreational users, municipal water supply, hydropower, industrial processes and cooling water, flood damage reduction, national security, and other national and regional economic development opportunities. Only the commercial towboat operators pay the tax that is dedicated to support the inland waterways.

This Committee promoted and carried out changes in the Water Resources Reform and Development Act of 2014 that has significantly accelerated project delivery on the inland waterways system. Besides the 45% increase to the diesel fuel tax, a cost-share change at Olmsted Locks and Dam allowed for the Trust Fund to operate over the last six years at about a 25% IWTF/75% general fund split. This cost--share change has also accelerated the operability of Olmsted, allowing for $600 million in annual national economic benefits to be accrued four years ahead of schedule. Olmsted is just one example of how efficient project funding can lead to accelerated and significant economic benefits for the nation. Now that Olmsted is complete, the IWTF is most likely going to return to operating at a 50% IWTF/50% general fund formula for construction projects. If this happens, the current portfolio of at least 15 projects awaiting construction could take almost 40 years to complete. The MKARNS' critical Three Rivers project is one of these projects. Therefore, I am asking the Committee to consider modifying the cost-share for inland waterways construction projects to 25% IWTF/75% general revenue in any potential infrastructure legislation that is moving this Congress.

Freight moved by the inland waterways is the least expensive, most fuel efficient, environmentally friendly mode of transportation. When it is allowed to work efficiently, the economic and environmental benefits to the nation are significant. Improving the funding formula for new and on-going projects and addressing deferred maintenance backlog will pay multiple benefits to the nation in the form of lower transportation costs, more jobs, and less congestion

Thank you for the opportunity to provide Pine Bluff Sand and Gravel's perspective to the Committee today. I look forward to any questions or comments you may have.