

WISCONSIN COMMERCIAL PORTS ASSOCIATION

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DATE: December 6, 2016
TO: Members of the Assembly Transportation Committee
RE: Testimony Submitted in Support of the Importance of Continued Funding for Harbor Assistance Program (HAP)

Thank you for the opportunity to comment on the Wisconsin Harbor Assistance Program. This program is important to the State's economy, the business and industry that rely on marine access and shipping, and it is important to our port and harbor communities. Realizing the economic opportunity at these intermodal connections, a multiagency effort including WisDOT, WEDC, WisDNR, DOA-Coastal Management, DATCP, and UW-Madison has been underway since 2013 to increase the freight and economic activity at our ports. The work has resulted in a Wisconsin Commercial Port Strategic Plan and, more recently, a freight corridor and market feasibility analysis that demonstrates that marine freight corridors can provide Wisconsin business and industry a lower cost shipping option. In our work with the ports, the HAP program was repeatedly cited as critical to the continued growth and success at our port and harbor communities. My comments in support of the program briefly address the history and significance of the HAP program, the future of HAP, and why it is now more important than ever.

History and Significance of HAP

Wisconsin is geographically and economically blessed to have commercially navigable waterways on three sides of our state. Our ports serve as centers for shipbuilding, commercial fishing, ferrying services and the efficient transport of marine freight.

Each year, Wisconsin ports handle over 30 million tons of cargo valued at over \$2.4 billion. This includes agricultural commodities destined for international markets, coal for power plants, iron ore and wood pulp, cement and road salt.

In 2014, businesses at Wisconsin's commercial ports supported 9,550 jobs, and generated over \$1.6 billion in economic output and nearly \$462 million in personal income from wages and salaries.ⁱ And, in a 2011 UW Seagrant study, Wisconsin port activity generated \$67 million in local and state taxes and \$112 million in federal taxesⁱⁱ.



In 1979, Wisconsin's Legislature created the Harbor Assistance Program (HAP) to assist harbor communities along the Great Lakes and Mississippi River in maintaining and improving waterborne commerce. Port projects typically include dock reconstruction, mooring structure replacement, dredging, and the construction of facilities to hold dredged material. Based on a 2015 analysis by the University of Wisconsin, 73% of the HAP projects supported freight movement, 13% supported ferry operations, 12% supported shipbuilding and 8% supported commercial fishingⁱⁱⁱ.

There are 29 ports in the state that are potentially eligible for funding through the HAP.

Since 1980, 100 HAP matching grants, totaling \$123.7 million, have been awarded to ports and harbors to keep commerce moving in Wisconsin. Current funding for FY 2015-2017 is at \$13.2M in bonding and \$1.3 million in segregated funding. In the August 2016 grant cycle, there were \$16.8M in applications for the remaining \$5M in funding.

In order to be eligible for grant funding, a project must have been identified in the community's current Three-Year Harbor Development Plan. To that end, there are currently 11 communities that have submitted statements of intent and identified 51 projects totaling nearly \$107M. Over \$40M of these identified projects are considered as a high priority. There is clearly a need to support these port and community resources that provide an economic backbone to the 29 Wisconsin port and harbor communities.

Example of the Importance of HAP

While project needs vary by port or harbor, this example at F.J. Robers Intermodal Terminal at La Crosse provides a good example of the need for HAP.

F.J. Robers experienced a dock wall failure on 220 feet of a 500-foot dock wall that was built in 1992. This last year, operators were literally able to put a hand shovel through a previously 2-inch-thick dock wall.



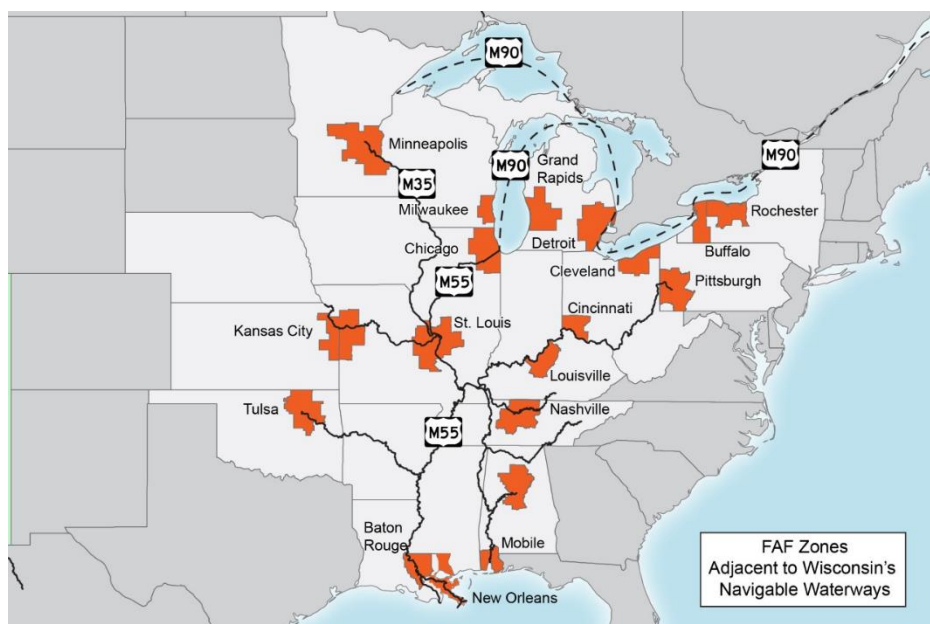
Work underway to repair dock wall failure at F.J. Robers in La Crosse.

Importantly, just this past season, over 650,000 tons of commodities moved across this intermodal dock including grain, feed ingredients, road salt, coal and fertilizer. Consider if this facility were to be out of service and trucks were responsible to move the loads, with each truck load limited to about 25 tons of product. Complete dock failure at this facility would put an additional 26,000 trucks on the State's highways every year. This example does not even take into consideration the jobs and other economic benefits this facility brings to the La Crosse area.

Simply put, the future of shipbuilding, the future of the ports and harbors that support logistics and recreation across the state, and the future of our communities are all at stake if we cannot keep our marine infrastructure in working order.

The Future Requires HAP

Based on USDOT estimates, freight tonnage moving across the US is expected to increase by nearly 40% over the next 20 years. With our highways already congested and carrying approximately 70% of all freight tonnage, and with rail consumed with long-haul energy and container loads, we will need our ports and harbors to accommodate the anticipated freight and economic development. Currently, just less than 5% of the total freight tonnage moves on the water in Wisconsin. However, USDOT has initiated the Marine Highway program designed to establish marine freight corridors parallel to major interstate highway facilities. The program is intended to move some of the containerized and roll on-roll off freight from the Nation's highways to parallel waterways to reduce congestion, reduce truck emissions and increase safety. The Marine Highway program recognizes the critical role of ports and waterways in moving freight and is a major step towards developing a multimodal freight system. Federal and state agencies now look to the waterways and our ports to absorb some of this on increasing freight load. In Wisconsin, we have access to, and are participating on, Marine Highway efforts on M35, along the upper Mississippi River, as well as looking at several variations of Great Lakes Marine Highway M90. These Marine Highway corridors are shown in the graphic below. With modern ports and harbors, these corridors provide access to nearly all major Mid-American metropolitan areas as well as act as gateways to the Gulf and to the East Coast and European markets.



Further, recent federal transportation legislation, the FAST act, now includes the ability for states to make investment to support marine transportation. Our ports and waterways are entering a renaissance period where the value and significance of moving freight on our waterways is of critical importance.

We cannot keep building more lanes of highway to accommodate 40% more freight. We do not have the space, the money, nor do we want to deal with the increased truck traffic levels and air quality issues. Our ports offer a low cost alternative to moving the increasing loads of freight. With the increased maritime logistics activity, we will also see increased employment and community development at our port and harbor communities. All of this facilitated by the Harbor Assistance Program. It is that important.

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ⁱ <http://wisconsin.gov/Documents/travel/water/ports-report.pdf>

ⁱⁱ http://aqua.wisc.edu/publications/PDFs/WI_GL_PortsEconomicPunch.pdf

ⁱⁱⁱ http://www.wistrans.org/cfire/documents/WCPDI_FinalProjectReport.pdf