



PORTS-TO-PLAINS ALLIANCE
A CORRIDOR OF NATIONAL SIGNIFICANCE

Ports-to-Plains Alliance Annual Fly-In Washington D.C. April 16-19 2018



*A RURAL CORRIDOR OF NATIONAL SIGNIFICANCE DELIVERING THE FOOD, FUEL,
AND FIBER THAT SECURES THE QUALITY OF LIFE OF AMERICA'S GREAT CITIES*

BACKGROUND

The 2,300-mile Ports-to-Plains Alliance Corridor (the “P-to-P Corridor”) is a rural highway of national significance, extending from Mexico to Canada through nine states in America’s Heartland.

The P-to-P Corridor delivers the food, fuel, and fiber that supports America’s economy and quality of life.



The P-to-P Corridor is part of the National Highway System (NHS), which consists of the Interstate Highway System and over 150,000 miles of other highways important to the nation’s economy, defense, and mobility. The NHS network is made up of about 5 percent of the Nation’s road mileage, yet it carries over 55 percent of the vehicle miles travelled. These are the roads of the highest federal interest; the roads that link rural America with the rest of the United States and to markets in other nations.



Unfortunately, many multi-state rural highway corridors on the NHS -- including the P-to-P Corridor--are two-lane, antiquated highways facing challenges. They carry growing levels of traffic and commerce; lack adequate capacity; fail to provide the needed levels of connectivity to many communities; are not built to adequate standards to accommodate growing agriculture, energy, and freight

travel; have significant deficiencies, lack many desirable safety features; and experience serious traffic crashes at a rate far higher than other highways.

Modernizing this network of roads and bridges is important. The strength of America’s rural economy relies greatly on the quality of the NHS.

Over the years, considerable progress has been made in upgrading the P-to-P Corridor. *Over 46 percent has been upgraded with over \$3.4 billion in Federal and state investment. **Completing the remaining 54 percent is a high priority.***

The connectivity, productivity, economic development and other benefits will not fully accrue until the P-to-P Corridor is completed and a fully functioning corridor on the NHS network.



SUMMARY OF RECOMMENDATIONS

The Alliance urges the Ports-to-Plains Congressional delegation to support the upgrading of the entire P-to-P Corridor and to advocate for transportation policies that will improve rural transportation. **In particular, we respectfully urge Members to work together on a bipartisan basis to take the following actions:**

- **Support Increased Federal Infrastructure Investment**
 - Support the increased infrastructure funding (\$20 billion total) included in the recent budget agreement for Fiscal Years 2018 and 2019.
 - Urge Federal and state officials to prioritize multi-state rural highway corridors
- **Fix the Highway Trust Fund (HTF)**
 - Put the HTF on a sustainable basis by increasing revenues to meet the challenges of the 21st Century.
 - *Sustained investment from the HTF is the key to upgrading the NHS, especially multi-state rural highway corridors.*
- **Pay For Increased Highway Investment With User Fees (Rather Than General Funds)**
 - Support the recommendations of the U.S. Chamber of Commerce and the National Surface Transportation Policy and Revenue Study Commission to raise motor fuel user fees by 25-cents per gallon over a five-year period.
 - *The Alliance will publicly thank, defend and support Members of Congress who make the tough vote to increase HTF user fees.*
- **Support the Administration’s Infrastructure Initiative—But Only If Modified To Remove The Bias Against Rural Highways**
 - Support increased investment in infrastructure
 - *The Administration’s proposal is based on public-private-partnerships (PPPs), which simply do not work on rural highways. As proposed, rural highways would receive very little, if any, of the \$1.5 trillion investment.*
 - Modify the initiative to ensure a level playing field for rural highways, especially multi-state rural highway corridors on the NHS.
- **Support the streamlining provisions in the Administration’s Infrastructure Initiative**
 - Goal: reduce the time for approvals/permitting to 2 years
 - Consider separately from the rest of the Infrastructure Initiative, if necessary.
- **Support Designation of the Ports-to-Plains Alliance Corridor**
 - *IF* Congress decides to direct some infrastructure investment to specific projects, ensure that the P-to-P Corridor is one of the projects designated.
- **Support Interstate 27 Extension Feasibility Study**
 - The Texas Freight Mobility Plan approved in November 2017, identified the Ports-to-Plains Corridor / Extension of Interstate 27 from Lubbock to Laredo as a Strategic Freight Project and recommended a full feasibility study.

A RURAL CORRIDOR OF NATIONAL SIGNIFICANCE

- The 2,300-mile Ports-to-Plains Alliance Corridor extends from Mexico to Canada through nine states in America's Heartland. It is a part of the **NATIONAL HIGHWAY SYSTEM**, which makes up about five percent of the Nation's roads, yet it carries over 55 percent of the vehicle miles travelled.
- It is comprised of three **CONGRESSIONALLY-DESIGNATED HIGH PRIORITY CORRIDORS**: the Ports-to-Plains Trade Corridor (#38) (1,390 miles), the Heartland Expressway (#14) (498 miles), and the Theodore Roosevelt Expressway (#58) (445 miles).
- It is an **ENERGY CORRIDOR** serving America's energy heartland, from traditional resources like oil and gas to renewable resources like wind, solar and biofuels. Development of these resources is critical to our energy security, providing a stable and more affordable power source. The Ports-to-Plains Alliance Corridor serves the, Bakken, Niobrara, Permian Basin, Cline, Eagle Ford, emerging Mexico energy shale plays and the oils sands in Alberta.
- It is an **AGRICULTURAL CORRIDOR** running through four of the top eight farm states. It moves agriculture products from the Ports-to-Plains region to urban domestic markets, and to export markets on the coasts, or on the Canadian and Mexican borders. North America's agricultural heartland produces over \$111 billion of agricultural goods or 28.22% of the U.S. total in 2012. Canada and Mexico are the number one and three top export markets for U.S. farm products in 2015.
- It is an **INTERNATIONAL TRADE CORRIDOR** serving major international border crossings connecting Texas to Mexico and connecting Montana and North Dakota to Canada.
- It is a **CONNECTIVITY AND ECONOMIC DEVELOPMENT CORRIDOR** running through and connecting small towns and rural communities in America's Heartland. To unleash America's economy, create millions of new jobs, and boost economic growth, it is essential to connect these small towns and rural areas to the 21st economy.
- It is a **COST-EFFECTIVE WAY TO REDUCE CONGESTION ON I-25 and I-35**. It runs north-south between two highly congested, north-south interstate highway corridors—Interstate-35 to the east and Interstate-25 to the west. The Ports-to-Plains Alliance Corridor can be a cost-effective part of the solution. Upgrading the corridor to a modern four-lane, divided facility would cost a small fraction of the cost of improvements to I-25 and I-35. Once upgraded, a significant number of trucks are likely to divert to the Ports-to-Plains Corridor rather than sitting in congestion on I-25 or I-35 providing congestion relief on these routes. Results will be improved on-time delivery and decreased transportation costs for goods and services.

DETAILED RECOMMENDATIONS

Support Increased Federal Infrastructure Investment

- The Alliance supports the increased infrastructure funding (\$20 billion total) included in the recent budget agreement for Fiscal Years 2018 and 2019.
- The Alliance urges Congress to dedicate as much of the \$20 billion to the Federal-aid Highway Programs as possible.
- Investments on multi-state rural highway corridors on the NHS (e.g., the P-to-P Corridor) should be prioritized.
- When awarding discretionary grants, USDOT officials should be urged to not use private sector leveraging as a factor in evaluating rural highway projects.
- State officials should be urged to use the increased highway formula funds on the P-to-P Corridor and to apply for discretionary highway grants for P-to-P Corridor projects.

Fix the Highway Trust Fund (HTF)

- Congress should fix the Highway Trust Fund by increasing HTF revenues to meet the challenges of the 21st Century; the preferable mechanism is sustainable user fees rather than general fund infusions.
- *Sustained Federal investment from the HTF in an 80-20 partnership with states is the key to upgrading the NHS, especially multi-state rural highway corridors.*

Pay For Increased Highway Investment

- Use new and/or increased user fees (rather than general funds) to pay for increased highway investment.
- The Ports-to-Plains Alliance supports the recommendations of the National Surface Transportation Policy and Revenue Study Commission, including the recommendation for a 5-cent to 8-cent per year increase in the gas tax for 5 years.
- The Ports-to-Plains Alliance supports the U.S. Chamber of Commerce proposal, endorsed by President Trump, to increase the gas tax by 25 cents per gallon over five years.
- *The Alliance will publicly thank, defend and support Members of Congress who make the tough vote to increase HTF user fees.*

Support the Administration's Infrastructure Initiative—But Only If Modified To Remove the Bias Against Rural Highways

- The Administration's Infrastructure Initiative proposes, among other things, to stimulate \$1.5 trillion in new investment in infrastructure over the next 10 years. It proposes to use \$200 million in Federal grants to incentivize non-federal interests to raise \$1.3 trillion in new resources.
 - As President Trump has indicated, the purpose of the program is to bring private sector money to the table. Private funds will of course have to be repaid with a reasonable rate of return. To be funded, projects would therefore have to be able to generate a revenue stream sufficient to repay the private investment.
 - This is not possible for rural highway projects, like the P-to-P Corridor, which do not have sufficient traffic volumes to support tolling. They are therefore unable to generate sufficient revenues to repay the non-federal interests.
 - Thus, as conceived, the Infrastructure Initiative has a fundamental flaw--it makes it difficult if not impossible for rural highways to participate.

- In an attempt to address rural concerns, the Administration’s proposal carves out \$50 billion of the \$200 billion for rural initiatives. This program is intended to address the unique infrastructure needs of rural America.
 - *The Rural Program:* The program would provide \$50 billion for capital investments.
 - \$40 billion (80 percent) would be distributed to the governors of the states by formula as block grants for projects in rural areas of less than 50,000 population.
 - The remaining \$10 billion (20 percent) would be reserved for Rural Performance Grants. States would apply for these grants based on evaluation criteria established by the federal government.
 - The \$50 billion in Rural Infrastructure program funds would be available for a wide variety of asset classes.
 - Roads and bridges, public transit, rail, airports, and maritime and inland waterway ports
 - Broadband
 - Drinking water, wastewater, stormwater, land revitalization, and Brownfields
 - Power and Electric: Governmental generation, transmission, and distribution
 - Water Resources: flood risk management, water supply, and waterways
 - *The Problem:* The problem with this approach is that it is not clear that it will actually help rural highways, including significant rural highway corridors like the P-to-P Corridor. In fact, it’s quite possible that rural highways may receive very little if any funding under the Rural Program.
 - The Administration draft has not indicated what the federal share will be on the formula grant portion of the program. Will it be 80-20 (same as existing highway law), or will it be no more than 20 percent like the rest of the new infrastructure initiative? A low federal share will hurt projects like rural highways because they cannot generate a revenue stream.
 - The language of the Administration proposal seems to imply that the Administration will try to push states to implement this program in a way that mimics the other new infrastructure initiatives.
 - “States would be incentivized to partner with local and private investments...”
 - Governors must consult with federal agencies in choosing projects.
 - States are encouraged to apply for Rural Performance Grants, but to qualify for a Rural Performance Grant, a state would have to publish a comprehensive rural infrastructure investment plan demonstrating how projects “align with the evaluation criteria for the Infrastructure Incentives Program,” including non-federal investment.
 - In summary, it seems like this program would be to incentivize private investment, which of course must be repaid. This hurts rural highways.
 - Other eligible asset classes have existing revenue streams that can be used to repay private investment, giving them a huge leg up over rural highway corridors. E.g., drinking water, wastewater, electric distribution.
 - Unfortunately, the Administration’s infrastructure initiative, including the rural portion of the Initiative, takes a project-by-project, state-by-state approach rather than a network approach to investment. This hurts multi-state rural highway corridors even though they are a critical part of a national network that should be a high federal priority.

- *The Fix:* There are several ways to improve the Administration's infrastructure proposal.
 - The most straight-forward way is to acknowledge that the proposed Infrastructure Initiative does not work for rural highways and add a direct 80-20 grant program to the proposal that would be targeted to rural highways that cannot generate an adequate revenue stream to repay investment.
 - Clarify (or fix) the Rural Infrastructure Program in the Infrastructure Initiative to:
 - Ensure that Governors have the flexibility to use their formula apportionments to fund rural highway corridors at 80-20, and that the decision to do so will not be used against them in evaluating Rural Performance Grants or other discretionary highway or infrastructure grants.
 - Allow discretionary Rural Performance Grants to be used on rural highways at an 80-20 match.

Support the streamlining provisions in the Administration's Infrastructure Initiative

- Goal: reduce the time for approvals/permitting to 2 years.
- This is an extremely important reform.
- Consider separately from the rest of the Initiative, if necessary.

Support Designation of the Ports-to-Plains Alliance Corridor

- There has been discussion that Congress may possibly direct some of the investment to specific projects, rather than letting Executive Branch officials choose all of the projects to be funded.
- *IF THIS HAPPENS*, we urge that the Ports-to-Plains Alliance Corridor be included and receive a fair share of the congressionally-designated investment.
- This could be accomplished in one of two ways:
 - Individual projects along the Corridor could be identified and included in the Congressionally-designated list (see Letter to Secretary Chao and its attached white paper); OR
 - The entire Corridor could be designated with instructions to the Secretary of Transportation to distribute funding to projects along the corridor in consultation with the states and on a fair and equitable basis.

Support Interstate 27 Extension Feasibility Study

- The Texas Freight Mobility Plan approved in November 2017, identified the Ports-to-Plains Corridor / Extension of Interstate 27 from Lubbock to Laredo as a Strategic Freight Project and recommended a full feasibility study.
- Ports-to-Plains is working with TxDOT on proceeding with a study that will consider the economic impact of an extended I-27 as well traditional transportation metrics such as traffic counts.
- The Alliance encourages support for TxDOT to proceed with the feasibility study.



PORTS-TO-PLAINS

ALLIANCE

Securing the Benefits of Commerce to
North America's Energy & Agricultural Heartland

THE PORTS-TO-PLAINS ALLIANCE: WHO ARE WE?

The Ports-to-Plains Alliance is a grassroots alliance led by mayors, council persons and other local elected leaders, economic development officials, business and other opinion leaders from nine states (Texas, New Mexico, Oklahoma, Colorado, North Dakota, South Dakota, Montana, Nebraska and Wyoming), Alberta and Saskatchewan in Canada, and a developing corridor connecting central Mexico. We are a non-profit and bipartisan advocacy group. Our mission is to advocate for a robust international transportation infrastructure to promote economic security and prosperity throughout North America's energy and agricultural heartland.

Over the past decade and a half, there has been over 3.4 billion in federal and state funding for road improvements in the 2,300-mile Ports-to-Plains region. Today, the Alliance continues to collaborate with our federal and state leaders, partners in Canada and Mexico, and industry partners, to deliver the infrastructure, food, fiber and fuel that secure the quality of life of America's great cities.

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