NATIONAL ASSOCIATION OF
Manufacturers

June 7, 2017

Dear Senator:

On behalf of the National Association of Manufacturers (NAM), the largest industrial trade association and the voice for 12 million men and women who make things in America, I write to you to urge you to make investing in our nation's infrastructure a top priority. President Trump has rightly made $1 trillion in infrastructure investment a key part of his agenda.

Last year, the NAM shared with you our infrastructure blueprint, *Building to Win,* and urged for bipartisan action to revolutionize the infrastructure that makes the American dream possible. For too long, our nation has relied on the transportation, water and energy infrastructure we inherited from previous generations—weakening our economy, threatening our communities and putting the safety of our families at risk. A targeted, substantial investment in modernizing our nation's infrastructure would create jobs, boost economic growth, save lives and help secure America's mantle of economic leadership in the world. As modern manufacturing evolves and becomes even more productive, manufacturers rely on complex supply chains and just-in-time principles where parts are ordered, made and delivered, sometimes within hours. Manufacturers' ability to compete and grow depends on a superior infrastructure system that is second to none.

There is no excuse for delay. Manufacturers believe the nation must undertake an infrastructure effort that seeks to modernize our aging systems, puts to work private sector capital to increase efficiencies and deliver results, prioritizes and expands public investment and makes a long-term public commitment to infrastructure not witnessed since the era of President Eisenhower. The infrastructure investments of the 1950s and 1960s brought tremendous economic benefits, improved productivity and competitiveness and allowed manufacturing to grow and put people to work in solid middle class jobs.

Deregulation and private sector ingenuity have succeeded in making transportation as efficient as possible. The private freight rail network is the best in the world, the shipping container was invented in the United States, anyone can fly on moment's notice to a customer and trucking is so competitive that any business—new or established—can ship products overnight. All these elements of innovation and service must continue, but the backbone that supports American commerce is broken and there is no shortage of evidence to prove this point. The impact of aging infrastructure and deteriorating bridges has disrupted manufacturing supply chains and increased the cost of making things in America. The recent issuance of another D+ grade for American infrastructure only reinforces the call for infrastructure revitalization[i]. Insufficient infrastructure jeopardizes U.S. manufacturers' ability to compete in the global marketplace—and it's infrastructure that gives a competitive advantage to other countries at the expense of the American worker.

That's why *Building to Win* is important—it's a significant key to unlocking the potential of our people and our economy. It is the kind of bold action that manufacturers expect Congress to pursue. It outlines the types of infrastructure that need to be modernized and good governance measures to improve the delivery of these projects. However, any infrastructure proposal policymakers undertake must also address long-term challenges to include persistent transportation funding uncertainty and regulatory improvements. This is an ideal opportunity to refresh outdated revenue sources and regulations as well as developing a more reliable, user-based funding stream to keep building roads, bridges, transit systems and highways far into the future.

Governance improvements to effectively deliver better infrastructure are critical to the success of any infrastructure effort. Manufacturers suggest the following three initiatives to pursue in tandem:

- An independent commission to evaluate priorities and revenue options;
- Expedited environmental reviews; and
- New options to fund and finance infrastructure to go beyond routine maintenance.

Many of the priorities from *Building to Win* are included in this letter. A targeted infrastructure investment is critical to growth, economic competitiveness, productivity, job creation and quality of life. Manufacturers believe an infrastructure package should include infrastructure projects that address the following system-wide needs of the U.S. transportation and infrastructure networks:

- **Address imminent challenges by repairing and upgrading America's bridges and tunnels.** There have been many successful public-private partnerships that have focused on bridge improvements, even some in rural areas. However, private financing and public-private partnerships alone will not be able to address all of the bridges that manufacturers have listed below, let alone the nation's 55,000 structurally deficient bridges and more functionally obsolete bridges. Many of the bridges that are priorities for manufacturers are located at either a federal or state border, where states must collaborate and agree on funding parity and design approach. Absent federal leadership, decades of delay continue to plague these projects. The communities that surround these key transportation links and the manufacturing jobs that rely on critical interstate commerce are diminished by insufficient bridge and tunnel infrastructure. The Constitution enumerates federal authority for Congress to regulate interstate commerce. The federal government has a responsibility to lead the rebuilding of these gaps in interstate commerce.

- **Relieve highway bottlenecks and repair roadway systems.** It is completely unacceptable that 65 percent of major roads in the United States are rated "less than good condition."[ii] That takes a toll on manufacturers' production operations through unreliable delivery times and increased fleet maintenance costs. Like a hidden tax, U.S. businesses pay $27 billion in additional freight costs every year because of poor road conditions. Additionally, traffic congestions costs both time and money, and it slows productivity.[iii] In fact, $49.6 billion in congestion costs were added to freight moved by trucks.[iv] Manufacturers believe federal and executive branch leadership are needed to address bottlenecks in both rural and metropolitan areas that will improve the system-wide movement of freight throughout this country. Manufacturers need federal policymakers to address the long-term solvency of the Highway Trust Fund.

- **Spend the $9 billion balance in the Harbor Maintenance Trust Fund to deepen ports and harbors.** Port congestion exacerbates first-and last-mile delays in freight movements, driving up the costs of goods on store shelves and in supply chains. At the same time, most American ports do not have the depth necessary to accommodate the much larger Post Panamax ships, which makes harbor dredging projects even more necessary. Manufacturers and other shippers pay fees into a dedicated Harbor Maintenance Trust Fund (HMTF) to ensure port maintenance projects like dredging can be completed. However, Congressional budget and appropriations rules have allowed the HMTF to accumulate a balance in order to offset other federal spending. Instead of sitting idle, these funds should be spent on projects that improve port productivity and that align with the purpose for which the fees were originally collected.

- **Take an expedited approach to upgrade aging locks and dams.** Approximately 25 percent of the nation's freight value is shipped on the 12,000-mile inland waterway system, passing through 192 lock sites that connect the heartland and Pacific Northwest to global markets. Unfortunately, instead of conducting maintenance work to prevent failures, our nation's locks are frequently only fixed when they fail. This strategy is failing manufacturers and other industries.

- **Eliminate the maintenance backlog and expand the reach of transit and passenger rail into more communities.** The Mass Transit Account is an important tool for consistent funding for transit systems. New investments should help transit agencies repair and replace aging fleets and help ensure that transit systems remain a safe and reliable transportation option for all passengers, including manufacturers and their employees.

- **Quickly develop a plan to accelerate the implementation of NextGen air traffic management technology and upgrade runways and airports to world-class standards.** Planes transport time-sensitive and high-value cargo both inside the United States and around the world. Unfortunately our air traffic control infrastructure has been buckling under antiquated system that cause delays, congestion and wasted fuel. Implementation of NextGen—a long-term initiative to transform the current radar-based air transportation system into one that uses satellite navigation, automated aircraft position reporting and digital communications—has been too slow. At the same time, U.S. airports need upgraded standards. From 2017 to 2021, the nation's airports will require $19.1 billion in capital improvements, with 30 percent of those costs needed just to maintain a state of good repair and 63 percent needed for new capacity[v] to accommodate a 31 percent increase in passengers and a 100 percent increase in cargo activity.[vi] User-based revenue sources such as the Passenger Facility Charge (PFC) should be uncapped to responsibly pay for infrastructure improvements.

- **Incentivize continued record levels of private capital reinvestment into railroad infrastructure and enhance intermodal facilities and grade crossings.** The U.S. freight rail system differs from other infrastructure sectors because it is almost entirely privately owned and operated. However, there is a critical role for the federal government to invest in grade crossing and intermodal facilities to ensure that public infrastructure does not undermine efficiencies in U.S. rail networks.

- **Promote new pipeline investments and continue to update existing energy infrastructure.** The nation's network of pipelines will need to keep pace with the renaissance of domestic energy production that has unlocked vast amounts of oil, natural gas and natural gas liquid in inland states that need to be safely and efficiently transported for beneficial use, such as in manufacturing sectors that use these fuels as feedstocks. For example, outside of Pittsburgh, one chemical company is building a transformative petrochemicals complex that will invest billions of dollars into the local economy and employ 6,000 construction workers during the build. The 600 well-paying, full-time jobs here will rely on a vast pipeline network, but when pipeline approvals, such as those for Keystone or the Dakota Access Pipeline, get caught up in red tape, it jeopardizes this economic development.

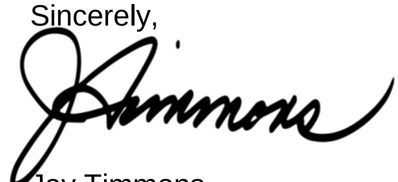
- **Upgrade and modernize drinking and wastewater infrastructure.** Our aging pipes and wastewater systems are failing in dramatic, and increasing, fashion. Without major investment, breakdowns in water supply, treatment and wastewater capacity are projected to cost manufacturers and other businesses $7.5 trillion in lost sales and $4.1 trillion in lost GDP from 2011 to 2040.[vii] Federal leadership is required to improve our water infrastructure crisis. The NAM has long supported innovative financing tools such as lifting the state volume cap on private activity bonds and increasing opportunities to advance public-private partnerships in the drinking and wastewater sector. However, we also have a unique opportunity to address shortcomings in state revolving funds if these programs are to be to be vehicles for distributing federal funds.

- **Remove obstacles to expanded development of broadband infrastructure.** Unfortunately, numerous outdated local laws and regulations are inhibiting the deployment of current and next generation broad infrastructure projects. Additionally, local laws, processes, and siting requirements unnecessarily slow down or prevent manufacturers' ability to deploy this infrastructure by making it difficult to get the necessary approvals to continue to build out and invest in our modern infrastructure system. To address these challenges the federal government should intervene to ensure that manufacturers are able to reap the benefits of next generation wireless broadband networks without delay. Additionally, federal decision makers should continue to work in partnership with the private sector and states to deploy broadband in hard to serve areas. Doing so will help stimulate the economy by encouraging private investment in digital infrastructure.

Building a 21st century infrastructure system could transform not just manufacturing but also our entire economy. It would empower us to build a country that lifts people up and leaves no one behind. Great nations build and invest in great infrastructure over the long term. Advancing a pro-manufacturing, comprehensive infrastructure initiative will undoubtedly boost growth and economic activity. This will require bipartisan compromise and cooperation from all members of the House and Senate.

For decades, our nation's leaders have neglected to make the forward-looking investments in infrastructure we desperately need. Jobs, lives and our country's future is a stake. Manufacturers are counting on you to ensure America's infrastructure improves today—and is the best in the world.

Sincerely,



Jay Timmons
President and CEO
National Association of Manufacturers

Cc: The Honorable Donald J. Trump, President of the United States of America

[i] American Society of Civil Engineers. Failure to Act: Closing the Infrastructure Investment Gap for America's Economic Future. 2016. Retrieved from http://www.infrastructurereportcard.org/wp-content/uploads/2016/05/ ASCE-Failure-to-Act-Report-for-Web-5.23.16.pdf; figure is for all surface transportation modes, which include commuter rail and transit.

[ii] National Economic Council and the President's Council of Economic Advisers. An Economic Analysis of Transportation Infrastructure Investment. July 2014. Retrieved from https://www.whitehouse.gov/sites/default/files/docs/economic_analysis_of_ transportation_investments.pdf.

[iii] Ibid.

[iv] American Transportation Research Institute. Estimating the Cost of Congestion to the Trucking Industry. April 2016. Retrieved from http://atri-online.org/wp-content/uploads/2016/04/ATRICost-of-Congestion-4-16.pdf.

[v] Airports Council International. "Airport Infrastructure Needs." March 2017. http://aci-na.org/sites/default/files/2017infrastructureneedsstudy-web.pdf.

[vi] Federal Aviation Administration. "Calendar Year 2015 Revenue Enplanements at Commercial Service Airports." June 17, 2016. Retrieved from http://www.faa.gov/airports/ planning_capacity/passenger_allcargo_stats/passenger/ media/preliminary-cy15-commercial-service-enplanements.pdf.

[vii] EDR Group and LIFT Model. University of Maryland. INFORUM Group. 2011.