

April 29, 2020

Dear Members of Congress,

We the undersigned call on our congressional delegation, and New Jersey and New York leaders, to support the ports of New York and New Jersey in this time of COVID-19 crisis and to build back better as we emerge from this challenge. The frontline workers of our ports have been working tirelessly through this trying time to ensure that our food, vital medical supplies delivered to hospitals, and other goods move along the supply chain to our homes.

Many have paid with illness and even their lives. We must honor their sacrifice and work to safeguard our port now and for the future. What follows are actionable proposals to help our port through this crisis and to make sure vitally important infrastructure investments are made to equip our nation's ports for the 21st century.

While the Port Authority of NY/NJ and its tenants continue to operate so that essential people and goods get where they need to go, they are facing precipitous drops in cargo volumes. The Port of New York and New Jersey has announced significant reductions in container volume for March and April as a result of blank sailings, many of them due to reduced factory production as the Chinese government implemented measures to deal with COVID-19.

We need to plan ahead. Demand will return but we need federal support to bridge the gap in the meantime. Especially, because the ports are essential to keeping the supply chains open to ensure goods and supplies keep flowing throughout the region.

The drop in volume, upwards of a 30% reduction this Spring, has implications for smaller supporting businesses - marine services, shipyards, tugs and others - assisting the container terminals who will be hard hit.

Maritime businesses are not only ensuring food, supplies and raw materials are getting to their destination, but these organization are doing so while making sure that workers can obtain supplies and personal protection equipment.

We echo the request made by the International Longshoreman's Association (ILA) calling on Congress to secure PPE for the ILA workforce so that these dedicated workers can perform their jobs at the utmost level of efficiency and safety.

Long Term Strategies for Ports' Economic Recovery

In the longer term, the pandemic illustrates where infrastructure gaps exist in our maritime sector and how to ensure this sector can continue to play a vital role in the preparedness and resilience in our supply chain.



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Taking a broader view, we call on Congress to help rebuild deteriorating infrastructure in the Port of New York and New Jersey as part of a major infrastructure stimulus package. The following scenarios illustrate specific programs and just some of the infrastructure needs that are critical for the region:

Resilience and Adaptation:

Protection of coastal communities and the working waterfront has been taken for granted during a prolonged period of climate stability. Ultimately, our port infrastructure must be upgraded to prepare for a future of climate change. Our ports are an unsung economic boon, directly and indirectly providing countless jobs for Americans and need to be managed for risk.

Our federal government is the ultimate risk manager, and the threats are rising along with sea level rises and debt increases. The benefits-to-cost ratio for flood protection is 7-to-1; annual flood damage prevented through Corps of Engineers projects is estimated at \$22.3 billion.

Our maritime and waterfront infrastructure is at the frontlines, and represent millions of jobs across the country, businesses, and government assets that are at risk (e.g. our ports, naval and coast guard infrastructure, marine laboratories, etc.).

To support coastal adaptation and resilience projects at our region's ports:

- Congress must pass the Water Resources Development Act (WRDA) now with sufficient funding to address new projects and the backlog in U.S. Army Corps of Engineers port, waterway, flood protection, and other water infrastructure. This will also ensure resilience for transportation systems along New York/New Jersey coast as sea-levels rise. Our jobs, businesses, trade, and economic competitiveness depend on it.
- According to the U.S. Army Corps of Engineers, navigation channels at our nation's busiest 59 ports are available less than 35 percent of the time—and the conditions of our midsize and emerging harbors are far worse. As part of WRDA, we call for reforms to the Harbor Maintenance Trust Fund. The trust fund has \$9.3 billion in unspent collections as of the end of FY 2019. The Army Corps of Engineers, in recent years, received only 48 cents per dollar of Harbor Maintenance Trust Fund revenues. We call for spending targets that would move toward using the trust fund fully for harbor maintenance. The American Society of Civil Engineers estimates that our nation's ports and harbors will need additional investment of \$15.8 billion between now and 2020 just to meet the demands of larger and heavier ships that will use the Panama Canal.

Cold Storage:

Refrigerated storage has become an integral part of the supply chain when it comes to transporting and storing temperature-sensitive products. Proximity to population centers,

population growth, changing consumer preferences and consumer spending are the primary drivers for cold storage facilities.

The New York-New Jersey area has the second-largest industrial warehouse inventory for dry space in the United States, but only the 10th-largest inventory for cold storage, at about 5.7 million square feet, according to CBRE.

What does that mean in the event of a crisis? Shippers and logistics providers looking for cold space can't expect to find ready-made warehouses around the port and will have to work with developers to create new space or retool dry warehouses, or ship produce elsewhere. For example, currently, there is no available cold storage warehouse in Brooklyn. Fresh produce shipped to the Red Hook Terminals from Ecuador is taken by truck 100 miles out of New York City to a special facility to ripen, then trucked back when ready.

To support storage capacity for fresh produce and food in the NY-NJ region:

- We call for greater public investment in the U.S. Maritime Administration (MARAD) discretionary grant program through the new Port Infrastructure Development Program. The Further Consolidated Appropriations Act of 2020 made available \$225 million for the Port Infrastructure Development Program, but more significant investments and grants will be required to improve port facilities at or near coastal seaports. We call for a \$300m annual investment for deep-draft coastal ports.

Marine Highway:

Under the jurisdiction of United States Maritime Administration, America's Marine Highways (AMH) Program receives several million dollars annually to support various designated maritime expressways. The benefits of using our marine waterways -- such as reducing landside congestion, reducing system wear and tear; and bringing resilience to our transportation system -- create public benefits and incentivize shippers to use these critical transportation channels.

Moreover, new working piers and smaller ports create waterfront access that is imperative for evacuation and recovery, as we have seen during 9/11 and Hurricane Sandy, and helps reduce emergency response times.

The need to have the infrastructure in place to secure particular areas like the island of Manhattan is unquestionable, and the functional capacity of waterfront areas for the movement of large equipment and cargo should be viewed in tandem with growing initiatives to make the City more resilient.

These infrastructure projects would also serve to bolster job creation, the U.S. shipbuilding industry and the U.S. Merchant Marine as demand increased for U.S. port-to-port conveyance.

To support our region's critical water transportation channels:

- We call for greater annual investment in MARAD's America's Marine Highway Program with a greater focus on creating functional capacity of waterfront areas that are currently without working piers. The FY20 spending bill signed by the president in December, MARAD's AMH Program received \$9.775 million in funding, which was nearly \$3 million more than it had received for FY19. However, the House funding level stood at \$15m and we encourage that level of investment in the coming fiscal year.

A proactive path forward in the near and long-term is key to a thriving region, equity, environmental and human health, and fiscal responsibility for generations to come.

Sincerely,

Roland Lewis



CEO and President
Waterfront Alliance

Michael Stamatis



President
Red Hook Terminals

To:

Senator Charles E. Schumer
Senator Kristen E. Gillibrand
Representative Lee Zeldin
Representative Peter King
Representative Thomas Suozzi
Representative Kathleen M. Rice
Representative Gregory Meeks
Representative Grace Meng
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