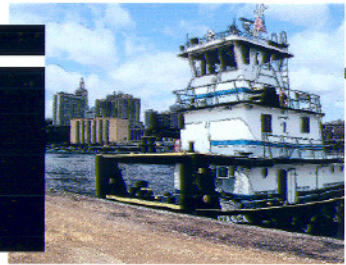


WATERWAYS

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WRDA on hold, push continues

Proposed amendments and leadership's desire to avoid a prolonged floor fight have put off consideration of a Water Resources Development Act (WRDA) until early next year in the U.S. Senate.

Missouri Senator Jim Talent is among those who expressed concern over the delay, telling reporters that farmers in his state were hit hard this fall by higher transportation costs that would have been eased by new locks called for in the bill.

No 'lite' version

The National Waterways Conference and its President Worth Hager will push for consideration as early as possible next year and the conference is urging its members and other industry and environmental interests to write to their senators urging early consideration and passage.

After a recent leadership meeting, the group decided that not to push for what they called, "WRDA lite." A letter was sent to Majority Leader Senator Bill Frist and Missouri Senator Kit Bond urging that they set a date for floor time for WRDA in the January to March time frame. Hager says the group wants it to take place in late February or early March.

Sen. Coleman 'gets it'

One Senator who obviously "gets it" is Minnesota's Norm Coleman. As he opened a hearing by the Committee on

Agriculture, Nutrition and Forestry last month, he said, "The transportation and energy challenges we've faced this year have hit our farmers particularly hard.

He also went on to say that, "Our transportation system is the lifeblood of agriculture. U.S. agriculture is highly dependent on the effectiveness of our integrated agriculture transportation system, and poor transportation directly adds cost to farmers' bottom lines. Truck, rail, and river must be able to work together to compete with each other and keep the price of transportation down. Congress recently passed a Highway Bill to address our many surface transportation needs, but we have yet to pass the Water Resources and Development Act, known as WRDA, to authorize crucial funding for our water infrastructure. Improving our river navigation will not only lower the cost of doing business for producers, but it will mean less highway congestion and lower air emissions.

Highlighted importance

"Hurricane Katrina certainly highlighted the importance of river transportation to farmers, which was devastating to the agriculture transportation system in and around the Mississippi gulf region. Overall, this area is responsible for about 60 to 70 percent of U.S. raw grain exports, and it is estimated that one in four acres of U.S. production is destined for export channels - 60 percent of which goes through New Orleans to the Gulf.

"Hurricane Katrina resulted in the extended closure of the Ports of New Orleans and South Louisiana, and still, we are only operating at two-thirds capacity. This tells me two things: first, USDA needs to continue working hard to mitigate the barge backlog and second, Congress needs to pass WRDA. Rail and truck transport have been critical for agriculture during this time of interrupted river traffic, but clearly, agriculture is heavily dependent on our rivers and we cannot expect to compete with the rest of the world using locks over 70 years old, as we have on the Upper Mississippi River System."

'Normal' months off

And a recent Kiplinger report shows that although things have improved, a return to normal barge volume on the Mississippi River is months away. Close to 200 barges are still unavailable because they are filled with damaged cargo or, in some cases, well away from the river channel on dry land.

The report does say however that in the last week in November, volume had rebounded to 700,000 tons, or about 80% of year-ago tonnage. That volume is despite a slump in grain exports.



Executive Director's Report...

Finally, after 12 years, the Navigation and Ecosystem Sustainability Program (the renamed Navigation Study) is in the hands of Congress. Our challenge in 2006 is to convince the majority of that body of 535 members of the merit and necessity of a very expensive program to improve both the ecosystem and the navigation infrastructure of the Mississippi River.

EARLIER, SOME wanted to detach from WRDA, already agreed-upon language calling for extensive environmental restoration of the Gulf coast region and send it forward as part of a new and larger Gulf coast restoration emergency supplemental package promised by the Administration in the wake of hurricanes Katrina and Rita.

In other words, WRDA's critical environmental programs would have been stripped and added to the President's emergency supplemental package. The balance of WRDA (commercial navigation) would have been ignored and left to suffer whatever fate the corps-bashing gods may have decreed. However, mature heads prevailed, and to assure that NESP does not get lost in the confusion of rebuilding NOLA, the navigation industry did two things.

First, it urged leaders of the House and Senate to immediately schedule a vote on the President's emergency funding proposal to rebuild Gulf coast areas affected by the hurricanes. This urgent need for additional funds is crucial because, under current Congressional directives, the Corps is required to have money in hand before they can go forward with contracts for rebuilding.

AND ANYONE who has seen the lingering destruction and infrastructure damage in the Big Easy is appalled at what little progress has been made to reinstate such basic services as water and electricity.

Recalling that Venezuela several weeks ago came to the aid of folks in Northeastern U.S. with

hard-to-obtain and expensive heating oil, it's surprising that President Hugo Chavez has not offered to rescue New Orleans in a veiled bid to advance his agenda in the Americas.

Secondly, the industry urged Senate leaders to come to an agreement to get the WRDA bill on the floor of the Senate before they leave for the holidays; hopefully to be voted on sometime during January-March.

Given the start of a new year, we again remind our members to press state Congressional Delegation to support legislation that recognizes the Mississippi River as both a nationally significant ecosystem and a nationally significant commercial navigation system as so eloquently declared by Congress two decades ago.

ON A SEPARATE matter, we appear to be closer to resolving the issue of disposal sites for material dredged from private slips on the Minnesota River. After almost a decade of talks, the Corps' non-federal sponsor, the Lower Minnesota River Watershed District, has agreed to introduce in the 2006 Minnesota legislature, a bill to give the District necessary authority to provide sites for both COE and private dredge material as well as authority to issue and sell bonds to purchase more land as needed.

While the District currently has authority to acquire and maintain a dredge material site for its own use and the use of the Corps, it has no authority to acquire and maintain a site for the benefit of private users; i.e. private dredging companies. The proposed legislation would give them that expanded authority. So far, the reasoning is sound, however, here is where it gets a bit foggy.

TO LEGALLY ACCEPT private dredge material, the District proposes to charge commercial dredgers a special fee to dump on District property. The District argues that if it does not charge a non-property owner a fee it will open itself to criticism for spending special tax assessments on the dredge site for the benefit of private commercial dredging companies.

One can counter-argue that the beneficiary of the dredge site is not the commercial dredging company, but the commercial property owners whose slips need dredging.

One can also argue that if the dredging company is forced to pay this special fee, it will simply be a part of doing business and passed back to the customer - who in this case is the property owner whose property taxes already pay to purchase and maintain the site in the first place - forcing him to pay twice for the same benefit.

River close noted in *Strib*

As noted by the Nov. 30, edition of the *Minneapolis StarTribune*, this year's shipping season on the Upper Mississippi River closed later than normal.

Reporter Dan Wascoe quoted UMWA President Lee J. Nelson of Upper River Services and Dick Lambert, director of ports and waterways for the Minnesota Department of Transportation in his story.

Wascoe said that the two downbound tows on Nov. 30, "will close the latest shipping season in at least a decade." He also noted that the season got off to a late start with the first tow arriving St. Paul March 28.

Lambert told Wascoe that, "last year's unusual reversal - more upstream than downstream cargo - could be repeated when this season's final numbers are in.

The millions of tons of corn piled on the ground at Midwest grain elevators are a powerful reminder of the importance of the river system to farmers and the U.S. Although there are other factors at work, such as high fuel costs and a bumper crop, the lack of river shipping means on-ground storage even at elevators without river access.

As reported in last month's *Waterways*, that's why the U.S. Department of Agriculture has been spending millions to get barges in the New Orleans emptied and headed back upriver.

USDA is predicting that the corn piles will be reduced or eliminated by the end of January.