

Waterways

A publication of the Upper Mississippi Waterway Association

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June 2010

“Building Strong” means...

Busy summer for the Corps

The final clue on the June 2, 2010, edition of the TV show *Jeopardy* was, “This military organization has the motto ‘Building Strong.’” The correct answer, as UMWA members know, is “the Army Corps of Engineers.”

And the St. Paul District of the Corps is busy building this summer. On June 1, 2010, work started on the major improvements at Lock and Dam 3, near Red Wing, Minn., on the Wisconsin side. As Edward Kraemer and Sons begin work on navigation improvements and Wisconsin side embankments, the Corps is reminding commercial and recreational users to be cautious when operating in the area. Under current operating conditions, an out draft current tends to pull towboats and barges toward the gated part of the dam. During the work, there will be crane barges and other construction equipment operating in the area.

You can log onto <http://lockanddam3project.com> for updates and advisories. The web site has graphic representations of the navigation and embankment work to help in understanding the project.

Pool 8 work awarded

The Corps has also awarded a contract to J.F. Brennan Company of LaCrosse, Wis., for construction of Phase III (final phase) on the Pool 8 Island habitat restoration project on the Mississippi. The project will restore lost habitat in the pool by rebuilding islands that have been eroded or have disappeared.



Above: The Dredge Thompson shown above in a COE photo in its prime, is looking for a new, permanent home.

Looking for a home

The Corps is also looking for a final and appropriate disposition for the Dredge William A. Thompson which is currently moored opposite Lock and Dam 5 in Fountain City, Wis. The Maritime Art Museum in Winona, Minn., decided it did not have the resources to get the dredge ready for visitors and to maintain it.

The museum did construct a concrete pad as the start of a permanent mooring for the Thompson. According to a team from the St. Paul District’s history working group, options include selling the vessel for parts, lease or sale to a preservation organization or maybe even a purchase by a private company as a bed and breakfast attraction.

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From the Executive Director . . .

“Taxpayer-funded navigation system shortchanges Minnesota agriculture.”

That’s what a May 25, 2010 posting to *StarTribune.com* declares. “Farmers don’t export . . . it’s the grain companies that almost always reap the profits from this trade. So why, then, are we spending taxpayer dollars on navigation?”

The posting goes on to charge federal policy with keeping Midwest agriculture less innovative than it should be and that the farm bill drives prices down and reduces the financial risk of growing commodity crops such as corn, soybeans and wheat.

This, the posting continues, encourages farmers to grow these crops and grain buyers to trade and process them – at the expense of other crop opportunities that would benefit the region.

The posting further asserts that, under the current model, exports of regional commodity crops often simply become the low-cost feed for a Taiwan poultry operation – thereby creating an investment in the Far East rather than a job-creating industry in the Midwest.

Federal water expenditures are not subsidies.

Proponents of the navigation industry, according to the posting, are not satisfied with their current \$100 million annual ‘subsidy’ for operation and maintenance of the locks, and want yet another ‘subsidy’ for construction and expansion of locks on the Mississippi River.

The author concludes by urging readers to tell Congress to take a pass on proposals to expand navigation infrastructure because if federal funds “...aren’t going to support the Minnesota economy, at least they shouldn’t work against it.”

Not quite accurate.

The above quoted \$100 million for maintenance of the locked portion of the Mississippi River is not a subsidy. Whether the amount is \$100 million or some other number is immaterial at this point. What is relevant to this discussion is to understand that maintenance dollars are federally appropriated funds that allow the Corps of Engineers to maintain the congressionally authorized 9-foot channel. Clearly, this is not a subsidy.

As to the construction of larger locks on the Mississippi River, they were authorized by Congress in

WRDA 2007, along with expansive authorization to restore the ecosystem of the Upper Mississippi River. Consequently, those who deride congressional authorizations for navigation projects must also be prepared to defame ecosystem restoration, since they are similar authorization-peas in the same pod.

Water transport is value added.

Unfortunately, the *StarTribune* posting completely overlooks the economic and ecological benefits that federal investments in the navigation channel system brings to the entire nation, including Minnesota. For example, Minnesota Department of Transportation numbers reflect that the running average of river freight into and out of the state over the last 5-year period is 11.3 million tons per year; this includes both agricultural and non-agricultural freight. Of this amount Mn/DOT estimates that roughly 60% of Minnesota’s agricultural exports move via the river.

According to the Minnesota Department of Agriculture, the dollar value of the state’s agricultural exports for 2008 (latest year available) was a record-setting \$5.5 billion. Of that amount, according to the agency, corn, soybeans and wheat alone accounted for 72% of all agricultural exports, or \$3.9 billion.

Using Mn/DOT’s estimate that 60% of Minnesota’s agricultural products move down the river to export markets, river transportation makes possible a \$2.3 billion contribution to the state’s economy. This shows clearly that federal navigation projects do not detract to the value of Minnesota agriculture; indeed, it enhances that value.

Water transport has a smallest footprint.

In addition to enhancing the economy, federal navigation projects also reduce harmful emissions by facilitating the movement of products on the river, unseen as opposed to adding to already congested rail and highway system gridlock.

Numerous studies, including one in 2009 by the Texas Transportation Institute show that for every ton of emissions produced by towboats, rail produces 40% more and trucks 370% more. This is not intended to be anti-rail or –truck rhetoric; we’re merely stating a fact: that all modes of transport produce emissions, but that waterway transport produce far less. And here’s another truism: if a product does not move via barge, it

Eexc. Dir. to 3

Corps from 1

The team says the vessel will be advertised and promoted to prospective caretakers or buyers through the General Services Administration (GSA). There will also be an effort to raise public awareness of the engineering and historical significance of the Thompson.

Exec. Dir. from 2

will move by rail or truck.

Iowa State University study.

At the heart of the *Star Tribune* article is a March 2010 study conducted by the Leopold Center for Sustainable Agriculture at Iowa State University.

Their 67-page analysis estimates the potential impact to the Midwest region that would result from farmers growing fruits and vegetables for local consumption in place of corn and soybeans for export.

Briefly, the study covers a 6-state region: Illinois, Indiana, Iowa, Michigan, Minnesota and Wisconsin; and includes 28 produce items – from apricots to watermelon.

According to its author, the purpose of the research was to determine the potential economic value that *might* accrue to farmers if they increased production of agricultural produce for local consumption in markets with populations in excess of 250,000; the total population of all such markets in the 6-state region is just over 35 million. The scheme also assumes the creation of an extensive farmer-owned growth, distribution, marketing and sales mechanism.

According to the study

Just over 270,000 acres would be needed to grow additional fruits/vegetables.

- These acres would displace acres used to grow corn/soybeans.
- Value of fruit/veggie production is stated as \$882.4 million at farm gate; \$3.3 billion at retail.
- Total labor income from fruit/veggies is 6.68 times higher than the value of corn/soybeans it replaced. (\$395 million for fruit/veggies, \$59 million for corn/soybeans).
- Total value (land, labor, ripple effect) of fruit/veggie production is \$2.536 billion. Jobs required: 9,302.

- Total value (land, labor, ripple effect) of corn/soybeans production is \$703 million. Jobs required: 2,578.
- Per-job value of fruit/veggie workforce: \$272,629 (9,302 jobs).
- Per-job value of corn/soybean workforce displaced: \$272,692 (2,578 jobs).

Taking study numbers at face value, it seems ironic that the per-job value added by the 9,302 jobs needed to grow the additional fruit/veggie crop is within a few dollars of the corn/soybean jobs lost; \$64 to be exact.

Conclusion.

The study, while detailed and interesting includes a revealing limitation – it states that the report includes a set of successive assumptions that, when extended, add more ‘ifs’ to the equation, making the results more tenuous. Some who have read the report express it another way: it is more blue-sky than field-ready, and cannot be used as a model for national or regional agricultural policy.

Other river related items:

◀ UMWA appreciatively notes that Minnesota Senators Al Franken and Amy Klobuchar signed the “Dear Colleague” letter to Senators Barbara Boxer and James Inhofe encouraging them to include the Inland Waterways Capital Investment Plan in the 2010 Water Resources Development Act (WRDA). Boxer and Inhofe head the Senate Environment and Public Works Committee.

◀ Minn. Gov. Tim Pawlenty and St. Paul Mayor Chris Coleman have written to the CEO of Ford Motor Company asking for a meeting on local and state incentives to reinvest in the Highland Park Ford Plant. Ford has said the plant will close, but Ranger truck sales are on the rise, which might save the plant. The St. Paul Port Authority says they would consider an agreement to purchase the plant and acreage and lease it back to Ford as a way of providing upfront reinvestment dollars.