

Waterways

A publication of the Upper Mississippi Waterway Association

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As winter wanes...

Questions surface on U.S. Infrastructure capacity

It's been a record setting winter with nearly 80 inches of snow in many parts of the Upper Mississippi watershed and now, according to NOAA, there's a 40 to 50 percent chance of a flood that will exceed 1965 levels. However, forecasters say the actual levels will depend on the weather: ideal conditions would be a series of melting and freezing periods so snowmelt drains slowly. Worst case would be higher than normal temperatures and heavy rains.

As they do every year, UMWA members are watching the river and getting ready for the shipping season, which will come much later than the 10-year average of March 20. Among the reasons for that, thick ice on sections of Lake Pepin and construction work at Lock and Dam 3, expected to keep it closed until at least March 28.

Other impediments

But agricultural interests are concerned with other impediments to river shipments, including the aging infrastructure on the upper river. Commodity groups note a growing demand for exports, particularly in China and other importing countries.

For example, U.S. Department of Agriculture (USDA) figures show that the recent spot basis bid or premium for soybeans delivered in March at New Orleans and other Gulf ports, was 63 to 64 cents a bushel over May futures. Analysts say that's because continued rains in Brazil have delayed harvest there and U.S. farmers seem to be holding back their old crop beans.



Above: Midwest farmers need reliable, affordable waterborne bulk transportation to reach export customers.

Recently, Mike Steenhoek, executive director of the Soy Transportation Coalition weighed in on the situation, saying, "The good news is we have all of this product and all of this demand, but if we don't have the ability to move all that we produce, we're really hamstringing ourselves. You can increase demand and increase supply, but you still have to work to get that supply to the demand."

Funding needed

Steenhoek says most of the plans for improvements remain on the drawing board because federal funds,

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From the Executive Director . . .

Note from Russell Eichman: Following is content of a letter from UMWA president Mark Caspers to Minnesota Representatives Chip Cravaack and Tim Walz, of the House T&I Subcommittee on Water Resources and Environment, and the House Transportation & Infrastructure Committee, respectively. In listing its “oversight plans” for the 112th Congress, as required by law, the Subcommittee would review “efforts to improve the efficiency and effectiveness of the Army Corps of Engineers and management and mission of the civil works program.”

As members of the House Transportation and Infrastructure Committee, and as representatives of agricultural and business constituents in Minnesota, we would like you to consider the necessity and importance of efficient waterway transportation infrastructure to Minnesota’s economy and environmental resources as you proceed with your work on the oversight of the U.S. Army Corps of Engineers’ civil works program.

We recently learned that in listing its oversight plans for the 112th Congress, the House Transportation and Infrastructure Committee and its Subcommittee on Water Resources and Environment would review efforts to improve the efficiency and effectiveness of the Army Corps of Engineers and the management and mission of the civil works program, including the selection, planning and implementation of water resources projects.

Waterway transport is important to the state. Minnesota ports on both the Mississippi river and Lake Superior allow commodities and agricultural products to reach domestic and international markets at world-competitive prices. A 2010 Minnesota Department of Transportation report states that total freight tonnage to and from the state’s river and lake ports was 71.9 million tons which compares favorably to the most recent five-year average and reflects a commodity value of \$2.1 billion via river transport and \$6.6 billion via lake vessel.

Following more than 15 years of studies and public debate that produced more than 600 reports, the

national argument for the necessity of 1200-foot locks and environmental restoration projects on the Mississippi and Illinois rivers was finally addressed and authorized in Title VIII of the Water Resources Development Act (WRDA) of 2007.

As a multi-purpose system, the Upper Mississippi River System provides economic and environmental benefits to the nation. As expressed by Steven L. Stockton, Director of Civil Works, U.S. Army Corps of Engineers (2008) “The stakeholders of the Upper Mississippi and Illinois Waterway systems have expressed their desire to seek a balance among economic, ecological and social conditions to ensure the waterway system continues to be a nationally treasured ecological and historical resource as well as an efficient national transportation system. . . .The authorized dual-purpose integrated project will provide significant benefits to the Nation and represents a course of action which best serves the overall public interest.” This dual-purpose project is known as the Navigation and Ecosystem Sustainability Program (NESP).

As authorized by NESP, 50 percent of the cost of navigation improvement construction will be paid from general funds of the U.S. Treasury and 50 percent from the Inland Waterways Trust Fund, financed by a tax on towboat fuel. The federal share of ecosystem restoration projects will range from 100 percent to 65 percent with cost-sharing by non-federal sponsors.

In all likelihood, there will not be any appropriations for NESP projects until Congress acts on the inland waterways capital development initiative: a plan to prioritize projects, improve the project delivery system and develop a capital strategy that balances reliability with affordability, with a view to ensure that future improvements can be completed on time and within budget. The likely legislative vehicle to consider this long-delayed plan is an upcoming WRDA bill that has yet to move through numerous House and Senate committees and subcommittees.

Minnesota’s other valuable waterway, the Great Lakes, affords deep-draft vessel economies-of-scale to shipments of bulk commodities including 35 million

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often contained in “earmarks” are politically difficult these days.

The American Association of Port Authorities agrees. Spokesman Aaron Ellis, recently said, “We have been questioning whether there is the capacity on the transportation system as well, both waterway and surface, to be able to handle all of that additional traffic efficiently and cost competitively. We need to improve America's transportation infrastructure and put more priority on freight movement if we want to be more competitive and be a global player on the export side.”

Export records

And, as UMWA Executive Director Russ Eichman noted in a recent memo to members, “In its January World Agricultural Supply Demand Estimates report, USDA estimated that 2010/11 soybean exports will be a record 1.59 billion bushels. The record soybean exports are driven by a higher global import demand and a record sales pace, especially to China, the world’s largest consumer of soybeans.”

More river Stats released

In last month’s *Waterways*, we reported on the river tonnage figures from last year. Recently, the St. Paul District of the Corps of Engineers reported on the number of times the gates at the various locks and dams in the district opened and closed and for whom. The results make interesting reading.

For example, the Corps says that 5,743 vessels and 7,178,790 tons of cargo passed through Lock and Dam 2 at Hastings, Minn. The figures show that 740 of the vessels were commercial, 4,920 were recreational and 83 other lockages were for “other” such as government watercraft.

At the Upper St. Anthony Falls Lock and Dam, 4,033 vessels went through the gates and 663,935 tons of cargo were logged. Of the total, 1,471 vessels were commercial, and 2,450 were recreational, with the remainder in the “other” category.

The numbers continue to build downstream and at Lock and Dam 10, the last in the St. Paul District, 5,470 vessels and 13,914,432 tons of cargo passed through. The lockmaster recorded 1,238 commercial vessels and 4,140 recreational vessels.

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tons of taconite to domestic steel mills; 20 million tons of western coal to domestic utilities and 3 million tons of grain, annually, for export.

As you well know, industries on the Great Lakes depend on the Army Corps of Engineers to dredge harbors and connecting river channels to depths of 28 feet to allow maximum shipload tonnages. In the past few years the Corps has not received enough funding from the Harbor Trust Fund to maintain adequate channel depths. This has limited ship drafts which reduces the efficiency of the System and raises the cost of shipping. Waterway transport, using either inland rivers or the Great Lakes is the most fuel efficient mode of transportation, emitting significantly fewer airborne pollutants than land based modes – an environmentally friendly alternative to highway congestion and gridlock.

There are several problematic issues relating to this oversight plan. One is the White House proposal of a five-year freeze on discretionary spending and the President’s FY 2012 civil works funding at a low \$4.6 billion; another is the Administration’s proposal to reform the way federal navigation activities are funded, including expanding authorized uses of the Harbor Maintenance Trust Fund and increasing the revenue available in the Inland Waterways Trust Fund.

Civil Works projects are fundamental to the nation’s flood protection, economic vitality, and environmental restoration – national assets reflecting the nation’s strength of character and commitment to economic growth that cannot be allowed to wither, not even as Congress and the Administration seek a way out of the current cash flow mess.

We recognize and appreciate the difficult task your committees face in these oversight efforts and offer our assistance to you and your staff in the event there are questions relating to water transport via the Mississippi River System or the Great Lakes.