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Waterways

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Inside this issue:

US Infrastructure - Waiting for Godot?

It was only one sentence in a recent *National Public Radio* report, but it encapsulates the current state of American infrastructure. "No U.S. port can yet handle a ship this size," reporter Jackie Northam declared after riding the Maersk McKinney Moller from the Polish port of Gdansk to Aarhus, Denmark.

Northam said the McKinney Moller is the first of a new class of megaships known as the Triple E which move about double what other megaships can carry and does it more efficiently.

Above: Keeping the aging lock and dam system operating is labor and time intensive and often cold.

China is building

Her report also talked about efforts in Europe to improve ports to handle the next generation of ships and the, "amazing rate" at which the Chinese are building new terminals to handle the bigger ships.

Meanwhile, a U.S. Congressional conference committee continues to debate water resources legislation, which authorizes, but doesn't appropriate, spending for water infrastructure.

The House Water Resources Reform and Development Act (HR 3080) and the Senate Water Resources Development (S 601)) remain behind closed capitol doors while conferees talk about the process which will determine how future projects will be authorized.

Final bill in six weeks?

Waterways Council President Michael Toohey recently told a weekly online newsletter he expects a final bill within six weeks, but finds it hard to project because committee members aren't sharing details of their work.

Mike Steenhoek, executive director of the Soy Transportation Coalition, a group closely watching the bill, says he's heard that the final consensus is that a finished bill won't be out till May or June.

At an online forum at the agriculture.com web site, a towboat captain put the issue in a more ominous perspective. While attending the Inland Waterway Conference in New Orleans, he wrote about the recent Corps' study called "Global Agriculture Zones and the Basis for US Greatness."

He says the study shows that in 1937 Corps civil works spending was .8% of GDP and in 2011 it had dropped to .035%, putting the US 143rd in spending on infrastructure – just ahead of Greece.

"I see how bad our infrastructure is first hand," the Captain says. "Lock 52 on the Ohio River was completed in 1929 with a planned lifespan of 50 years, it is still in use."

He then talks about the 42 tows that were left waiting to transit that lock after an incident last fall. Doing

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From the Executive Director...

Comments on GLMRIS

Earlier this month, we made comments to the Corps' Chicago District regarding their January Great Lakes and Mississippi River Interbasin Study (GLMRIS). The center piece of this study, you will recall, is the separation of the Great Lakes and Mississippi River watersheds at Chicago in an effort to prevent Asian carp from using that waterway to move into the Great Lakes, and to prevent invasive species from making the reverse trip into the Mississippi River. You will also recall that since the Corps was ordered by Congress to put GLMRIS on a fast track, the multi-thousand page report released by the Corps in early January contained no recommendations. Instead, it contained eight alternative evaluations, two of which recommended no or essentially limited federal action and the other six carried a price tag of upwards to almost $18.5 billion with a construction window of between 10 and 25 years.

Our comments were not intended to compare cost or loss estimates provided by the GLMRIS study with any other; but we relied heavily on publically available DePaul University analyses to provide a touch-stone by which to better understand the larger and convoluted GLMRIS issue.

"This preference… is reinforced by the awareness that human actions can cause the spread of Asian carp as readily as with other invasive species..."

Alternative 1 or 2 Okay

In our comments, we stated that our members support either Alternative 1 or 2 (those are the ones that require either no or essentially limited federal action) as either offer immediate, continued and effective controls without the expenditure of billions of dollars with uncertainty of results. This preference, we said, is reinforced by the awareness that human actions can cause the spread of Asian carp as readily as with other invasive species and that this action alone can overrun and make useless any well intended more expensive alternative.

We went on to explain that our comments will discuss two elements that would be affected by lock closure: Economic impact on users of the locks, and the costs of moving commodities via land modes. That's when things got dicey . . .

According to a 2010 study by Chicago's DePaul University, closure of the Chicago River Controlling Works (Chicago Lock) along with the O'Brien Lock will have an estimated annual negative economic impact on industries using these two locks of $1.2 billion. Industries included in this approximation include commercial shipping; recreational boating; commercial cruises and tours; and municipal protection – and include a multiplier to take into account the ripple effect.

. . . And here's where it gets even dicier. In addition to the direct annual spending referred to above, the DePaul Study also includes other elements which would contribute to the economic loss from permanent lock closure, such as pollution, safety risks, pavement fatigue and congestion caused by truck/rail; flood prevention; and property value loss. The net present value of all these costs in this and the above paragraph, over a 20-year planning period at a four percent discount rate is $4.7 billion. That, in itself, is a hefty sum, but there's still more.

Cost advantages

A 2005 Texas Transportation Institute (TTI) review adjusted an earlier Tennessee Valley Authority study that demonstrated the significant cost advantages to barge transportation. Adjusted for inflation, TTI reported an approximate difference of $11/ton would be charged for land transport versus inland waterway. This is a good number to remember when calculating the freight savings offered by barge transport versus truck/rail. It's interesting to note that DePaul acknowledges an argument can be made that this figure is either too high or too low but is nevertheless a minimum number as it does not account for the higher cost of truck transport in congested metro areas. Remember, however, this number is for traffic moving through the Chicago lake front area and may not apply to Memphis, TN, or even Minneapolis, for example. Getting back to the Chicago issue, DePaul stated the $11/ton value provides a reasonable, middle ground estimate. With 7.3 million tons moving through the Chicago and O'Brien locks annually (3-year average 2006-2008), the increase for shippers is approximately $89 million.

The closure of the two Chicago-area locks will also cause problems for customers on the Illinois and Indiana waterway systems as well: Closure will reduce the number of barges available to reload downstream. After a lengthy and convoluted discussion of the cost of moving empty barges, the DePaul Study estimated that at least 750 fewer empty barges would return to the Chicago area for downstream shipments and that several hundred more barges may need to be deadhead from New Orleans to the Chicago lake front customers shipping downstream. According to DePaul, the cost of deadheading 750 barges 600 miles taking just over 4 days at $750 per day (the industry-furnished daily cost of transporting an empty barge), creates a total cost of about $3,125/barge or $2.3 million annually.

According to the DePaul Study, this estimate does not include shipper costs resulting from their separation of barge and repair stations, nor the loss that would be incurred by terminals that have built specialized barge facilities that cannot be easily utilized elsewhere.

Conclusion:

Using DePaul's estimates over a 20-year planning horizon, permanent closure of the Chicago and O'Brien locks would produce an economic loss as follows:

- $4.7 billion, (Chicago-area vessel operators over a 20 year planning horizon), plus
- $46 million (barge repositioning expense), and another
- $1.78 billion (for freight differential between barge and rail/truck).

Please note that the $2.3 million annual cost to reposition empty barges and the $89 million annual cost of higher rail/truck freight have both been multiplied by the 20 year planning horizon (now $46 million and $1.78 billion, respectively), to come up with a total of more than $6.5 billion over the 20-year period. This, according to our reading of the DePaul studies, is their

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Other items of interest:

- UMWA members sadly note the passing of Robert (Bob) Draine. He was known and respected for his river and business skills and also for his many civic and charitable activities.

- A coalition of 59 diverse organizations have signed a letter to Senator John Rockefeller (D-WV), head of the Commerce, Science and Transportation Committee, thanking the leadership for sponsoring a bill to establish a uniform national structure for regulating ballast water and other vessel discharges and urging quick passage of that bill. The groups say a uniform federal standard is needed to replace the complicated patchwork of state and federal regulations no in place.

- If you missed Sunday's controlled demolition of the old Island Station power plant and its 180-foot smokestack, you can watch an online video. Word is developers will buy the property, but there's no word on what might be built on the site.

- The Corps of Engineers isn't planning another ice thickness measurement on Lake Pepin till March 26, largely because of the March12 survey which showed up to 32 inches of ice at mile 767 at the foot of Pepin. The first tow normally breaks through when the ice is about 20 inches or less. The 10-year average for the opening is March 24.

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the math, he says, "I'm sure most of the people reading this didn't hear about the situation at Lock 52, but you bet your azz that if 37,800 semi-trailers were held up somewhere everyone would know about it."

U.S. spending is low

The crumbling river infrastructure was also a central point of discussion at the recent Commodity Classic in San Antonio, Texas.

Talking to a reporter, Garry Niemeyer, first vice-president of the National Corn Growers Association, said the United States spends $2 billion a year on transportation infrastructure improvements, compared to $30 billion in China and $20 billion in Brazil.

"We're not in the game. We have to get back in the game," Niemeyer said.

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estimated total economic loss lock-dependent users would suffer from termination of lock operations in the Chicago Area Waterway System. Other essential issues such as changes in water quality and related issues were not considered in our comments.

UMWA recognizes that the DePaul numbers address commercial navigation losses in today's CAWS environment, whereas GLMRIS numbers estimate impacts based upon six different alternatives over a time frame of a quarter century. Nonetheless, to capture a statement from authors of the DePaul studies, "both offer an insight into the scope of the markets that would be impacted by lock closure".

In closing, we told the Corps, UMWA remains concerned that in light of the high GLMRIS price tag, the uncertainty of results and the extensive damage to water-dependent economies as discussed in the DePaul Study and GLMRIS reports, it would be appropriate for Congress to choose one of the least expensive alternatives. That course of action would offer continued, immediate and effective Asian carp control, as science-based solutions are developed to make available plausible and reasonably-priced ANS controls.

We have also learned that DePaul University's Chaddick Institute for Metropolitan Development is a go-to site for quality studies. Give it a try.

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