

Waterways

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PO Box 7006

St., Paul, MN 55107

e-mail: umwa@umwa.net

<http://www.umwa.net>

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WRRDA bill finally comes out of conference

UMWA isn't planning any lavish celebrations, but would like the public to know that May 12-16 is [Infrastructure Week](#), an effort to bring attention to the critical condition of much of the country's water and surface infrastructure.

It's probably an unintended coincidence that conferees have completed work on a compromise Water Resources Reform and Development Act

(WRRDA) and will [unveil the finished product](#) during Infrastructure Week.

Announcement of the agreement came late last week and didn't receive a lot of attention amid the other national and international stories. But some things are known – for example, the final bill is “WRRDA,” keeping the House title that includes the word “Reform.”

House way on projects

A staffer who worked for the conference committee says that WRRDA will also keep the House's way of authorizing projects rather than the Senate's. That means that specific projects will be listed for authorization

rather than approval of projects in a report from the chief of the Army Corps of Engineers.

WRRDA authorizes \$8.2 billion for ports and waterways in the U.S. A joint statement from the Senate Environment and Public Works Committee and the House Transportation Committee says that the bill, “maintains ports and navigation routes for commerce and movement of goods, provides flood control and restores ecosystems.

Alternative funding?

Members of the Soybean Transportation Coalition are optimistic. Executive Director Mike Steenhoek told [Feedstuffs magazine](#) that he thinks the final bill will tell the Corps of Engineers to look at alternative funding methods, including public-private partnerships.

The U.S. House is in recess for the week, but the

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(Below) The laker James L. Oberstar sounded a special salute to the late lawmaker while entering Duluth harbor on May 8. Photo from the COE Visitor Center webcam.



From the Executive Director...

A Wake Up Call

A recent report by [The Horinko Group](#) (THG) offers interesting information and insight to Public-Private Partnerships or P3s as THG calls them. Prepared for the U.S. Soybean Export Council, the report describes the existing crisis with respect to the U. S. Army Corps of Engineers' lock and dam infrastructure as being at a crossroads and that going forward, two paths exist. Path one is to continue the underfunded current fix-as-fail repair strategy that has led to unscheduled lock closures and extensive deferred maintenance that threaten system reliability.

The second path consists of a public-private partnership that, if implemented on one or two pilot projects, could develop into a workable alternative. THG's report discusses in a concise and logical manner, how P3s could rescue an inland waterway system which earned a D- (barely above passing) rating by the American Society of Civil Engineers.

Six Candidate Projects

THG describes a public-private partnership as generally consisting of a contract between a public sector agency, such as the Corps, and a private sector entity to deliver a public service. It further outlines two possible P3 projects, one involving two locks and dams on the lower Illinois River (Peoria and LaGrange) and a second project on the Upper Mississippi River (Locks 24, 25, Melvin Price and 27). These pilot projects, suggests THG, could be developed separately or in combination.

Corps Maintains Oversight

According to THG, under such programs, the private side of the P3 could participate in the funding, operation, maintenance and replacement or major rehabilitation of a given lock and dam while that facility is still owned by the Federal Government. The project asset could be leased to a non-federal entity under a long-term arrangement, but would remain the property of the Federal Government and under

Corps oversight. The Corps would inspect, monitor and enforce compliance of the non-federal partner and would continue to perform non-navigation functions such as flood control, environmental remediation and maintain safe recreational access. Tapping private capital and expertise, says the THG report, could significantly promote a more efficient and reliable river transport system to the benefit of carriers and shippers.

P3s No Stranger in U.S.

So far the P3 program offered by THG is rather straight forward and follows the principles of a number of PPPs (as they are alternatively called) already in effect in the U.S. such as a P3 between the National Institutes of Health, other federal agencies and the various private entities in the medical diagnostic and device industries. Other U.S. P3s include Indiana public roadways and portions of the Illinois toll road system. P3s are also found in state lotteries, the information technology industry, public schools and the U.S. Forrest Service. On the flip-side, federal officials recently rejected P3s for Louisiana hospitals while the Colorado legislature recently approved a bill to more closely monitor P3s.

There are several stumbling blocks between visualizing and implementing proposed P3 projects, however, that rest upon key assumptions: 1) Congressional authorization for the Corps to enter required long-term leases; 2) Congressional approval for a sufficient revenue stream from the leased asset for the P3 lease; and 3) an adequate rate of return for private sector investors and debit service coverage, according to THG.

Revealing Footnotes

While the THG paper is an ambitious read for its 119 pages, it also light and airy enough to contain interesting nuggets of information, not only in footnotes, but also in general text to spur readers on. For example, in addition to stating the familiar

“If implemented on one or two pilot projects, could develop into a workable alternative...”

facts such as the cargo carrying capacity and lower exhaust emission advantages of barge, it also recites lesser-known or re-freshed facts;

*Nationwide, a barge must travel 30 percent further than a rail car from one point of origin to the same final destination, the so-called circuitry factor;

*Because a unit train has greater fuel efficiency than the average train, a unit train may be significantly more efficient than a flotilla of barges;

*Barges account for only 4-5 percent of the annual commercial tonnage shipped, which accounts for 630 million tons of freight valued at more than \$180 billion (2010);

*Barge cargo moves at an annual savings of more than \$14 per ton compared to alternative overland transport modes, resulting in savings of more than \$9.2 billion annually (2010).

Billions Needed – Priority Conflicts

Looking ahead, THG estimates that inland marine infrastructure through 2033 will need a yearly average of some \$900 million, or about \$18 billion in total capital needs. In addition, eliminating unscheduled delays at locks will require more than \$13 billion over the next seven years; about a quarter would be needed to fund construction of new locks and dams

and three-quarters would fund major rehab of current facilities.

Of the six locks considered by THG study, the most pressing major rehab projects are La Grange L&D and Dam 25 – unfortunately neither is considered to have the highest Inland Marine Transportation System priority. As a result of chronic underfunding and fiscal limitations throughout the IMTS, the Corps has adopted a “fix-as-fail” approach to maintaining facilities, which imposes additional costs on carriers and ultimately on shippers. Unscheduled delays in service in FY2011 resulted in 23,100 hours of closure exceeding 24 hours; more than double what they were two years earlier; however this decreased to 16,500 hours in FY 2012. Clearly, according to THG, “These trends indicate the system’s unreliability and adversely impact the confidence of inland waterway users and shippers.”

Something Must Change

Looking to the future says THG, without some type of capital infusion, closures along with scheduled and unscheduled delays will become more commonplace. “The degraded conditions send a signal to shippers to investigate alternatives.”

If that isn’t a shot-across-the-bow, we don’t know what is.

“The degraded conditions send a signal to shippers to investigate alternatives...”

Other river related items:

- The online [Slate magazine](#) is showing Internet visitors an 1866 map of the Mississippi River from Lake Itasca to the Gulf of Mexico. The 11-foot long original was sold to steamboat passengers to help them identify landmarks along the river. It could be unrolled and rolled back into its case with a crank.
- Opposition is growing to a [proposed EPA – Army Corps of Engineers rule change](#). The two agencies want to redefine waters that are covered by the 1972 Clean Water Act. The two now have control over “navigable waters,” but want the wording changed to give the jurisdiction over “Waters of the United States.”
- The Lower Minnesota River Watershed District (LMRWD) says it will be a [win-win situation](#) if Savage, Minn., will allow more trucks to haul away material dredged from the Minnesota River. The district says it has a potential buyer and allowing more trucks in to haul the material away for other uses would avoid an estimated \$4.3 million in costs for LMRWD to have the material moved.

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Senate may vote on WRRDA.

Like a one-way street

At last week's [Tri-State Development summit in Hannibal, Mo.](#), state leaders said that the biggest challenges in Iowa, Missouri and Illinois involve the Mississippi River Lock and Dam system.

Col. Mark Deschenes, District Engineer for the Corps of Engineers, told the group that the current system is vulnerable to a complete shutdown if only one chamber at one lock goes down.

He said the system now is like a one-way street and, "If our lock goes down, that's it. You're done, there's no

detour. We haven't been able to find any detours and we're not going to, but if we had two chambers and one goes down, we would have the ability to continue to pass traffic."

Iowa Governor Terry Brandstad told the forum, "This is a critical issue for this whole region and we want to see more attention given to the Mississippi River. They have done something on the Ohio River and other places, but we think it's overdue and needs to be addressed.

The Development Summit is held every year at Hannibal-LaGrande University in Hannibal, Mo.

River efficiency

How efficient and important is the Mississippi-Illinois Waterway System? So efficient that when soybean prices fall to a certain level, it becomes economical for inland processing companies to move Brazilian soybeans up the Mississippi River. [Reuters News Service](#) says it's been almost twenty years since that happened.

Sources told *Reuters* that one Indiana processor paid 30 to 35 cents over Chicago Board of Trade soybean futures price for 10 barges scheduled to arrive in May or Early June. That is still about 25 cents below bids from soybean processors who don't have river access.

Upper Mississippi Waterway Assoc.
PO Box 7006
St. Paul, MN 55107

Address label here