

Waterways

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Backlog persists as Fall harvest approaches

Inside this issue:

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1

Exec. Director's Report

2

Items of interest

3

Cost of an Ohio lock failure

When Bob Zelenka, Executive Director of the Minnesota Grain and Feed Association addresses the 88th annual UMWA meeting and dinner Sept. 18, he is sure to talk about the challenges faced by the hundreds of cooperative and independent agribusinesses represented by MGFA as they get ready for another harvest.

At STB hearing

Zelenka was among those testifying before an unusual Surface Transportation Board field hearing in Fargo, N.D., recently about

the backlog of 2013 agricultural commodities waiting for rail cars, even as a new crop begins coming in to elevators and terminals.



(Above: River and rail are complimentary as well as competitive modes.

A recent [Des Moines Register](#) story makes it

clear that the rail car shortages are widespread, and says that operations with river access have an advantage.

“The rail congestion has not affected all farmers equally. In Iowa the delays have been most severe in the north and western part of the state, which are the farthest from the barge traffic on the Mississippi River. But the impact has been buffered somewhat because of the state's burgeoning ethanol industry and livestock producers that con-

(Continued on page 4)

Still time to register 88th Annual Meeting on the river

There's still time to register for the 88th annual meeting of the Upper Mississippi Waterway Association. Annual business meeting starts at 5:30 p.m., with reception and then

dinner. Speakers this year include Mark Stutrud, Founder and President of Summit Brewing Company and Bob Zelenka, of the Minnesota Grain and Feed Association. The event will be at the

Lilydale Pool and Yacht Club in St. Paul.

Online registration and payment is available at <http://www.umwa.net/registration-form-html>.

From the Executive Director...

(Editor's note: Elsewhere in this issue of Waterways we talk about the challenges facing commodity shippers as fall harvest approaches. We thought it would be instructive to reprise an Executive Director's column from a couple years ago which details the impact that a single closure on the Upper Mississippi River System would have on the economy. Although inflation may have raised the figures somewhat, it is still a relevant subject.)

“...A failure at Lock 20, would cost grain shippers in Minnesota's 1st and 2nd Districts a total of \$2.4 million...”

Connecting the Dots: Lock Failure and Congressional Districts

At last there's a credible report which connects the dots between closure of a navigation lock and the impact on specific Congressional Districts. Now almost a year old we only recently came upon it while re-searching a possible hook to capture the attention of the Minnesota and Wisconsin delegations that, to the best of our knowledge, have yet to express support for H.R. 4342, the WAVE4 Act.

Prepared for the [United Soybean Board](#) and released by the Texas Transportation Institute (TTI) in late 2011, this report contains several hundred pages of mind-numbing but relevant facts about losses expected to be sustained by grain producers in specific Congressional Districts (CD) in the event of a prolonged lock failure.

The research team's model reflects the dynamics in grain production, consumption and transportation on a quarterly and annual basis. Losses were calculated over four different durations: two weeks; one month; three months and one year by running their model without a lock failure and running it with a lock failure. One-year numbers were obtained by blocking the barge flow at a particular lock during all quarters.

Five Locks Selected

Selected locks include LaGrange Lock on the Illinois River, Locks 20 and 25 on the Upper Mississippi and the Markland

Lock and Lock 52 on the Ohio. All were selected for this study based on their economic importance and physical condition.

Take UMR Lock 20 for example:

A two week failure would cost agricultural producers \$2.82 million.

A one month failure – \$4.88 million.

A three month failure – \$15.44 million.

And a one year failure would cost \$44.03 million.

In addition to these costs, barge companies would lose revenues of between \$5.1 million and \$150.1 million depending on the duration of the lock failure.

Minnesota's 1st and 2nd Congressional Districts

With annualized figures the team then identified specific USDA crop reporting districts – 303 regions were identified for this model – and calculated the loss for affected CDs. Minnesota will be used as an example.

Using a vulnerability ranking, a failure at Lock 20, would cost grain shippers in Minnesota's 1st and 2nd Districts a total of \$2.4 million.

A failure at Lock 25 would produce a loss of \$3.1 million.

A failure at Markland Lock a loss of \$1.6 million.

A failure at Lock 52 on the Ohio River would result in a loss of \$1.6 million.

LaGrange is the only lock that would have no impact on Minnesota.

Results of the ranking system (1 for most vulnerable to 10 for the least), Minnesota ranked 4th most vulnerable for the two UMR locks, 7th for Lock 52 and a surprising 2nd for Markland.

Due to the different patterns of USDA crop reporting districts surrounding each of the five locks, sustained closures would impact CDs in a total of 14 states from North Carolina and Georgia to California and Arizona as well as the major grain producing states between.

Of the 14 states impacted by these closures only three have co-signers to the WAVE4 Act: Illinois, Iowa and Missouri.

For those who seek details, don't try to correlate numbers given to specific CDs as listed above with those in an earlier para-graph reflecting dollars per closed-duration; they don't show a relationship. Apparently each uses a different algorithm.

Lock Failures Affect Other Commodities Too

Moving along to other issues, the report also addresses the effect lock failures have on agricultural inputs and energy prices. Because waterways are important to the movements of inputs such as fertilizers and pesticides which account for 16% of waterway traffic, failures are expensive. According to the report, the cost of fertilizer increases approximately \$8 per ton if alternative transport modes are used instead of waterways. A lock closure during the growing season would increase the price of inputs on the Illinois, Mississippi and Ohio rivers by \$11.75 million, \$49.28 million and \$105.05 million respectively. These are larger increases than those of grain because, according to the report, no lock-specific information is available for input prices.

The report also spends a considerable amount of time on energy pricing which culminates with a showing of the change in coal prices for at least a one-week partial closure at Emsworth Lock and Dam (Ohio River, Pittsburgh). Table 4.7 of the report lists 15 closures between June 1994 and May 2010 and indicates an average price increase since January 1998 of \$2.34 per short ton via the Big Sandy, or \$3,510 per 1500-ton barge.

Despite its bulk, the full report is an interesting read but leaves us to wonder how many congressional staff members are aware of resources that identify specific economic costs for lock closures within their district. Our guess is not many.

Cost of Ohio lock failure

Similar to the pleasant barge tours UMWA has sponsored on the Minnesota and Mississippi Rivers, the Indiana Corn Growers Association and Indiana Soybean Alliance this year hosted [a tour on the Ohio River](#) using a spud barge to transport guests.

Speakers told lawmakers and other guests that the quality of the nation's locks and dams is directly tied to the success of the corn and soybean industries. They told the group that 60 percent of soybean exports from the U.S. passed through Mississippi River ports.

Experts also said that a failure of any one of the locks on the Ohio would cost Indiana growers about two cents a bushel in the basis, or more than \$20 million in a single crop year. The figure for farmers close to river transportation would be a loss of 11 to 14 cents per bushel, but all farmers would be affected.

“The cost of fertilizer increases approximately \$8 per ton if alternative transport modes are used...”

Other river related items...

- The new [St. Croix River bridge](#) has become another example of the carrying capacity of waterborne transportation. Large bridge components are being fabricated in a temporary factory on Grey Cloud Island and are then moved by barge to the construction site. A construction time lapse can be viewed online at <http://www.dot.state.mn.us/stcroixcrossing/>
- “Towboat” has come to have a different meaning for a growing number of recreational boaters on the Mississippi River above Alton, Ill. [Bloch Marine](#) offers boaters what is in effect [a waterborne tow truck](#). The company estimates it has 50 to 60 tow calls during a typical season which runs from March to November.
- A company headed by a former [Delta Queen](#) Steamboat Company executive is trying to put together a \$10 package to rescue the paddle-wheeler which is now a floating restaurant and hotel in Chattanooga, Tenn. The group says the Queen may not last another winter after it was damaged last winter.

(Continued from page 1)

some millions of bushels of corn that don't need to be moved long distances," the paper says.

Other Commodities too

And as a growing number of media stories demonstrate, agricultural commodities are [not the only cargoes facing challenges](#).

Xcel Energy says its Sherco Plant near Monticello, Minn., is currently running below optimal levels of coal supply. Sherco burns three trainloads of coal every day and is served only by the Burlington Northern Santa Fe Railroad.

Where it's available, utilities have been bringing

in more of their coal by water, according to Michael Toohey, of the Waterways Council.

Prairie Business magazine out of Fargo, N.D. also found that some coal plants are using third-party docks to take barge deliveries and then trucking coal in.

Silting slows river

But another set of circumstances has also slowed river traffic this year. After a heavy winter and later than normal thaw, heavy rains kept river levels high for May and June before finally subsiding with heavy silting on several critical stretches of the Upper River.

Two pools – four and

six – were closed in mid-July and reopened around August 7 which has meant [heavier than normal traffic](#) as shippers try to catch up.

Lucy McMartin, Winona's economic development director says that brought traffic to levels not seen since 2002.

More traffic coming

Although it doesn't put a number to it, the U.S. Department of transportation says river cargoes will grow steadily in the next quarter century and says that railroads can expect at least 70 percent more freight business.

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