

Waterways

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River infrastructure, a story too big to ignore

UMWA members and others who understand the vital economic role of river infrastructure have long hoped that it will not take a lengthy shutdown on the Mississippi to finally bring focused national attention to its acute needs.

And there is evidence that the condition of the system's locks and dams has become a story too big to

ignore. That's why a late October [StarTribune story](#)



Above: The Corps of Engineers takes advantage of Winter system shutdown to make badly needed repairs on an aging system.

and its pressure on the system showed up in newspapers across the nation.

After being picked up by the *Associated Press* (AP), versions of the story appeared in print and online publications such as Massachusetts' *Greenfield Register*, the *World News Network* and the [Washington Times](#).

The AP version lead paragraph says, "A difficult Mississippi River shipping season has put

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on the record fall harvest

River Stewards Luncheon coming up Dec. 4

UMWA members are reminded to sign up for the 2014 River Stewards Luncheon, put on by the St. Paul Riverfront Corporation and the Mississippi River Fund. Among this year's co-hosts is 2013 honoree Upper River Services.

The Dec. 4, 2014, event will be held at 11:30 a.m. at the James J. Hill

Center at 80 West Fourth Street in St. Paul. You can Register and pay online at www.riverstewards2014.ventbrite.com or call 651-293-6860. Registration deadline is Nov. 26.

This year's honorees are Peter Gove, Urban Boatbuilders and Shanai Matteson and Colin Kloecker, who were winners of the Emerging

Leader Award.

The Saint Paul Riverfront Corporation is a private, non-profit organization that works to stimulate economic and community development. The River Fund is the non-profit partner of the Mississippi National River & Recreation Area. Both groups work to make the river corridor a better, healthier place.

From the Executive Director...

Hope we're on the same page

Earlier this year we commented on a study released by The Horinko Group on the issue of Public-Private Partnerships (P3). Prepared for the U.S. Soybean Export Council, the report described the lock and dam infrastructure crisis as being at a crossroads with only two options. 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 consists of a public-private partnership that, if implemented on a pilot basis, might lead to a workable alternative. THG's report discussed in a concise and logical manner, how P3s could rescue an inland waterway system which, for several years running, earned a barely-above-passing rating by the American Society of Civil Engineers.

A more likely approach

At about the same time, a Soy Transportation Coalition news release proffered that under a P3 arrangement, the private sector would not be eager to invest in the construction of new lock and dam facilities. The more likely approach, according to the report, would be to commit private investments to proper maintenance of existing sites. Therefore, said its executive director, the Soy Transportation Coalition continues to argue that "a predictably good inland waterway system is better than a hypothetically great one."

Reasoning that investments for the private sector must be attractive, the soybean group argues that the cost of one lock construction project at just under \$400 million is approximately equal to the cost of nine major rehabilitation projects at about \$40 million each. The group therefore concurs that a P3 projects focused on maintenance is more realistic than one premised on new construction. The Horinko study offers several possible P3 project sites on the Upper Mississippi and Illinois rivers. Two sites on the Illinois

(Peoria and LaGrange) might be appealing as they are entirely within the state of Illinois, perhaps resulting in a more streamlined and efficient administrative process. Four sites on the Mississippi (Locks 24, 25, 26 and 27) may be appealing due to their high volume of barge traffic along with comparatively lower maintenance required in the immediate future.

In any case, the U.S. government would retain ownership; the COE would retain oversight, while private parties could participate in funding, O&M and replacement or major rehabilitation of the facility.

Three key areas

Three key areas need to be defined: (1) Congress must agree, a.k.a. will Congress agree to dual federal/non-federal responsibility for a national asset; (2) a revenue stream from the asset to the P3 lessee must be identified, a.k.a. what is the cost to barge line and shipper to transit a lock; and (3) an adequate rate of return as well as the amount of a debt service charge for investors must be determined. Not mentioned in the discussion so far is the 800-pound gorilla: what happens if a P3 faces the dreaded black-Friday?

Concluding the discussion of the Horinko report, the Soy Transportation Coalition said it hopes this P3 analysis can play a constructive role in this important discussion of project financing alternatives. We add our hopes for the P3's constructive role as well.

Traditional ally: the 2014 Farm Bill

Another study, this one mandated by the 2014 Farm Bill requires a study/report to be jointly prepared by USDA and US-DOT that will update similar reports ordered in previous farm bills. As a rule, farm bills mandate a study on the transportation needs of agriculture, as well as how well those needs are being met.

A major difference from previous versions is that the 2014 Farm Bill demands

"a predictably good inland waterway system is better than a hypothetically great one...."

something new – a report on the condition of infrastructure along U.S. waterways as well as the benefits to be derived through upgrades and repairs of locks and dams.

In speaking out for the farm sector through Section 6206 (it covers the joint report indicated above), Congress has rightfully highlighted the national value of an efficient waterway transportation system for all commodities and all origin-destination points.

The USDA announced in May their portion of the Section 6206 study is already underway. Hopefully, it will reinforce the need for a strong and sustainable waterway system.

Low-volume locks

Yet another menacing gorilla in the room might be COE policy on how to deal the 50 or so low-

tonnage locks that are candidates for closure or reduced levels of service as they do not meet the 1,000 commercial lockages per year benchmark. We are aware that the closure of USAF will result in reduced hours of service at the three Minneapolis locks (Upper and Lower St. Anthony and LD 1). On a larger scale, expectations are that the dollar savings will be retained within the District making the cut in service, but it's possible Headquarters may decide to spread it around system-wide. While both have merit and sound reasoning, if a District is forced to share, where is the incentive to be proactive in reducing District costs?

Into a future matrix

The three above ideas to maintain and manage a waterway system will most probably find their way

into a future waterway matrix; in the meanwhile we believe Congress should continue to focus on the operative phrases “system reliability”, and what “Congress has already authorized”.

UMWA files at MHS

Interested in UMWA's origins? The Minnesota Historical Society (MHS) has 7 boxes and 4 oversized volumes of UMWA materials which cover the years 1932 to 1960.

MHS says the files include correspondence, memos, reports, brochures and clippings which detail the beginnings of the organization and the effort to build the 9-foot channel.

“...the 2014 Farm Bill demands something new – a report on the condition of infrastructure along U.S. waterways...”

Other items of interest:

- Barges are carrying many loads that used to go on diesel trucks in some European countries. A Hungarian photographer recently went out to take a look at [what's being moved by barge these days](#) and found some surprises. Among the cargoes and items visible on the barges were loads of gravel or sand, a small playground and a woman on a deck chair.
- Infrastructure repairs have [an excellent return on investment \(ROI\)](#). An Informa Economics study, sponsored by Illinois Soybean Association checkoff dollars shows that for every dollar invested the return averages \$10.24 • .
- An unusual partnership with an agency of the World Bank is [enabling infrastructure repair](#) and building to move ahead in Sao Paulo, Brazil's most populous state. Government officials say the projects funded will make Sao Paulo's transport infrastructure more reliable, safe and resilient. natural disasters.
- Shipments of [Bakken crude oil from North Dakota to California](#) by barge have overtaken those made by train, demonstrating that California's isolated refiners are using the best and most economical way to take advantage of the country's shale oil boom.

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a sharper focus on the need to update the river's Depression-era infrastructure.”

“Just how valuable — and vulnerable — that system is was made clear last summer when barge traffic was shut down for nearly three weeks starting in late July,” the *StarTribune* article said.

Writer Jim Anderson went on to point out that the summer’s three-week shutdown had an immediate and direct impact on road projects on Highway 65 and I94 when bulk deliveries of cement were delayed.

Fred Corrigan, execu-

tive director of the Aggregate and Ready Mix Association of Minnesota was quoted in the *StarTribune* and across the country as calling the problems, “An Upper Midwest issue.”

Upper River Services President Lee Nelson and Rick Calhoun, marine and terminal division president for Cargill, were also quoted extensively about the fragility of the lock and dam system and the impact of this year’s problems.

Senator Amy Klobuchar complimented the waterway industry for its support of higher fuel taxes as a way to generate funding for the repairs.

Klobuchar said, It’s not every day you have a group

of people saying they want an increase in their fees. They’re saying, ‘Yes, it gives us a higher fee, but it gives us the money we need for these upgrades.’ ”

Although it was repaired in half the estimated time, [a recent complete shutdown of the Chickamauga Lock and Dam](#) on the Tennessee River graphically demonstrated the impact that a closure can have. The 360 foot-long lock is vital to the area and [its closure forced an immediate layoff](#) of workers at one shipyard and some nervousness at several Knoxville, Tenn., businesses including a zinc mining operation.

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