

Waterways

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First ever ports and waterways plan out

When the Mv. Mary K Cavarra made its downbound lockage at Lock and Dam 2 November 20, it marked the end of one of the shortest and toughest shipping seasons in

recent memory on the Upper River.

Early icing was [the closing parentheses](#) on a season that opened in mid-April

after the Angela K. punched its way through thick ice on Lake Pepin. June floods brought the delays and closures even as demand for barges was increasing due to rail capacity issues. However despite the problems, Corps of Engineers tonnage figures for the season show an increase over the 2013 season.

Difficult season

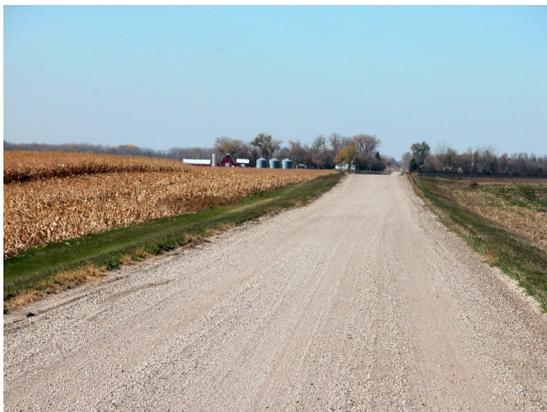
This difficult season makes an appropriate backdrop for the release of the Minnesota Department of Transportation's first ever statewide [plan for the state's ports and waterways](#).

The plan lays out some strategies for the state's [water transportation corridors](#) including the Mississippi and Minnesota Rivers and the Great Lakes port of Duluth. As UMWA has often pointed out, the plan says water transportation is an economic benefit to the state because it is high-capacity, low cost and energy efficient.

Key opportunities

The plan finds no shortage of "Key Opportunities, Challenges, and Strategies" that need attention and/or resources.

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Above: Waterborne transportation's beneficial effect reaches far into rural areas that send corn and other grain to export markets.

West Coast work slow down slowing things here

Things are still slow at West Coast ports and Bob Zelenka, executive director of the Minnesota Feed and Grain Association, says that and the early river closing are causing problems for some of his members.

Some dock workers at western ports have been without a contract since July 1, 2014, and are informally following "work to rule" guidelines which effectively slows

things down.

[Zelenka told AgWeek recently](#), "We certainly didn't get the full use of the river this year that we'd hoped, especially facing the rail problems."

With winter increasing its grip on the northern tier of states, Zelenka says any delays in moving agricultural commodities into and out of the Pacific Northwest are adding to congestion con-

cerns. However he also says that dropping commodity prices have meant that some farmers are putting crops into storage, which means less pressure on the transportation system.

["Movement of grain has been rather slow](#), with farmers waiting for prices to improve," he says. But Zelenka says farmers are also under pressure to sell because, "They have loans to pay."

From the Executive Director...

As a courtesy to out-of-state members, below is an article which appeared in a November issue of the [St Paul Pioneer Press](#).

Last One Standing

St. Paul largely owes its existence to freight shipping on the Mississippi River – Minnesota’s capital city grew up around its bustling Lowertown port.

But the industry has been challenged during the past couple of decades by aging infrastructure, volatile grain markets and competition from railroads and highways.

This year, however, it was Mother Nature that gave them the most trouble. After a late start in the spring and delays caused by summer flooding, the 2014 navigation season on the Upper Mississippi came to an abrupt end Nov. 20. Several days of below-freezing temperatures created difficult conditions.

At its height, during the early 1980’s, the industry supported a handful of harbor service firms plying the stretch of the Mississippi that bisects the Twin Cities. Today, Upper River Services, which operates two St. Paul shipyards, is the lone holdout.

“The industry certainly went through an interesting period in the ’80s and into the ’90s” Upper River Services CEO Lee Nelson said. “And it continues to adapt.”

Barges – each with a carrying capacity equal to 70 semitrailers – every year haul several million tons of bulk commodities, including road salt, fertilizer and cement into Twin Cities terminals.

Shipping companies hire Upper River Services, or URS, to push barges – typically in tows of 12 or 15 – to terminals, where they’re unloaded. Upper River Services also cleans the barges and makes repairs.

They’re then reloaded, usually with grain from Midwestern farms, and sent back downstream to the Gulf of Mexico and the export market.

Turbulent Market

When Upper River Services was formed in 1984, it was one of at least four such firms competing for shippers’ business.

This was a turbulent time for the industry, said Hokan Miller, an Upper River Services dispatcher who got his first job on a towboat nearly 40 years ago.

“The pie seemed to be getting larger every year until about 1983,” Miller said. “I had the impression that everybody was hiring and ex-

panding. ... But then the pie stopped getting larger.”

When Miller began his career in the mid-1970s, St. Paul-based Twin City Barge dominated the industry in this area. The company not only offered harbor services to other shippers, but also manufactured barges and maintained its own fleet.

But barging on the Upper Mississippi was heavily dependent on agricultural commodities. This proved disastrous during the first half of the 1980s when grain prices dropped precipitously.

This instability in the grain market coincided with a quirk in the federal tax code that, for a time, made barges and railroad cars attractive investments as tax shelters. Shipyards began cranking out barges – about 2,500 were built in 1981 alone.

The production of barges had no relationship to demand for barges,” Nelson said. The effect on his industry was devastating.

Beginning in 1982, Twin City Barge faced mounting losses. These totaled \$45 million by 1984, when the company spun off several of its operations, including what would become Upper River Services. It was purchased by Hunter Keith, a Minneapolis investment fund.

Twin Cities Barge soon declared bankruptcy and folded.

Nelson, who joined the Upper River Services in 1986 as a pilot, took over as president about 1991.

URS picked up steam over the next decade. By the year 2000, it was the only harbor service firm operating in the Twin Cities and was handling more than 5,000 barges a season.

But the company’s dependence on corn exports again proved to be a liability when ethanol production ramped up in the mid-2000s.

Rather than being sent south to market, much of the Midwest’s corn crop was diverted to northern ethanol plants. This took a bite out of demand for barge transportation.

This time, the industry adapted by making more efficient use of upstream trips, carrying greater quantities of cement, fertilizer and other commodities in demand in the Twin Cities region.

Although the industry has matured and stabilized in recent years, Nelson said, it still deals with a degree of uncertainty.

One concern is the nation’s aging lock-and-dam system. Most of the U.S. waterways

“But the industry has been challenged during the past couple of decades by aging infrastructure....”

management system was built during the 1930s, designed to maintain a consistent shipping channel depth of nine feet. But the system gradually has fallen into disrepair, and delays prompted by emergency maintenance are on the rise.

Enter Mother Nature

Mother Nature is another factor that affects the bottom line.

Miller said a late spring opening and early closure meant this year's shipping season was one of the shortest in recent memory, lasting less than 7 ½ months. Nelson, the CEO, said. A typical season lasts about nine months.

URS generates all its revenue during this navigation season, and a shorter season means a smaller margin of error.

"It's a challenge", Nelson said. "It can be like walking a tightrope."

To make the most of the time, URS operates around the clock during the navigation season.

Crews on the company's

six towboats – a pilot and two or three deckhands – work in two 12-hour shifts, using floodlights to work at night. A typical rotation is seven days on and two days off, with three days off every third rotation.

Nelson, who rarely sees a day off during the navigation season, easily clears 60 hours a week during this busy time of year.

During a good year, URS will handle roughly 4,000 barges. Nelson estimates this year's total will be below that mark.

During the winter, Nelson's staff of roughly 80 shrinks to less than half that as his towboat crews and pilots are laid off – they earn their entire annual salary during navigation season.

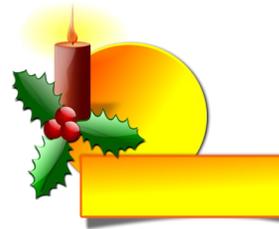
But that doesn't mean there's no work to be done.

At its headquarters on Pig's Eye Lake near St. Paul's southern edge and at its second site across the river from Union Depot in downtown St. Paul, the company's welders and mechanics use the lull to

make repairs and upgrades to boats and equipment.

The Upper Mississippi usually opens to navigation about March 22, and Nelson is optimistic about the 2015 season. Although neither he nor Miller expect a return to the heyday of the late 1970s, both believe barge transportation remains a vital link in the U.S. freight chain.

"I don't see it growing again like it did in the 1970s", Miller said. "But I still see it as an important part of the Twin Cities economy for decades to come."



**Seasons Greetings
from UAWA**

"...I don't see it growing again like it did in the 1970s... But I still see it as an important part of the Twin Cities economy for decades to come..."

Other items of interest:

- The Corps of Engineers has released lockage figures for locks 2 through 10 for the 2014 season and they are surprisingly robust despite a short season and summer floods. At Lock and Dam 2 the Nov. 20 closure was the earliest since 1970. But there were 2,452 lockages at the lock during the 2014 navigation season, compared to 2,574 lockages in the 2013 navigation season.
- You could say that the operators at the city of Winona dock have a lot of sand. In fact early figures show [a 72 percent increase in sand shipped this year](#). "Frac sand" for oil and natural gas production was the top variety and made up about 65 percent of the commodity moved.
- A local reporter paid a heartfelt and touching tribute to [one of the Corps' lock operators](#) recently. In his online blog, Brian Klawitter talked about the relationship he had built over the years with Lock and Dam 3 operator George Mead and says Mead is one of, "the people that when you talk with them, they just stand out as people that truly care about other people."
- Just after *Waterways* went to press last month, the StarTribune ran [an extensive story about a shift in commodities](#) from railroads to rivers and the various economic shifts that went along with that movement. The CHS river terminal in Savage, Minn., was prominently featured in the story.

(Continued from page 1)

Among the items listed are; aging infrastructure, lock and dam maintenance, further development of reverse hauling, containerization and improving intermodal connections.

“The rate of infrastructure improvement on the ports and waterways system has not kept pace with the aging rate of the assets,” the report says. It also points out that, “Compared to other modes of freight transportation, marine transportation carries the most freight per vessel, is the most fuel efficient, and produces the lowest emissions. In terms of cargo capacity, one typical barge, carrying 1,575 tons, is equivalent to about 68 truck trips.”

The plan advocates the

Upper Mississippi be given Marine Highway Connector designation at the federal level.

The report has excellent graphics and supporting statistics, including several excellent commodity flow maps which dramatically demonstrate the economic pulling power of the river.

The report also places heavy emphasis on continued communication of the economic and environmental benefits of water transportation.

The Minnesota plan and its conclusions were paralleled in recent remarks by [The Chief of the U.S. Army Corps of Engineers](#) in a presentation to the Society of American Military Engineers’ Small Business Conference in Kansas City recently

Lt. Gen Thomas Bostick says that the country’s waterway infrastructure is aging rapidly and if the country continues to neglect and underfund them it will be at an economic disadvantage in world commerce.

Bostick says that overall infrastructure in the country will require more than \$3.5 trillion at the current rate of decline and need. The General also says that because waterway infrastructure is often not included in infrastructure discussions, delays and interruptions have more than doubled at inland waterways locks and dams since 2009.

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