



**WATERWAYS**  
COUNCIL, INC.

***The national public policy  
organization advocating a  
modern and well-maintained  
system of ports and inland  
waterways***



# America's Waterways - A Great Success Story -

- Attracts billions of dollars of investment in landside plants and equipment
  - Two recent examples:
    - Holcim(US): \$500 million--cement production facility under construction on Mississippi River in Missouri
    - American Electric Power: \$1 billion--Ohio coal gasification power plant
- Creates and supports millions of family-wage jobs



# **America's Waterways - A Great Success Story -**

- **A Critical Energy Supply Line**
- **Helps to Keep U.S. Industries Competitive in a Global Market**
- **Facilitates exports**
- **Is environmentally superior, reduces pollution, saves fuel**

# U.S. Ports: Vital to Trade ...and to Our National Economy

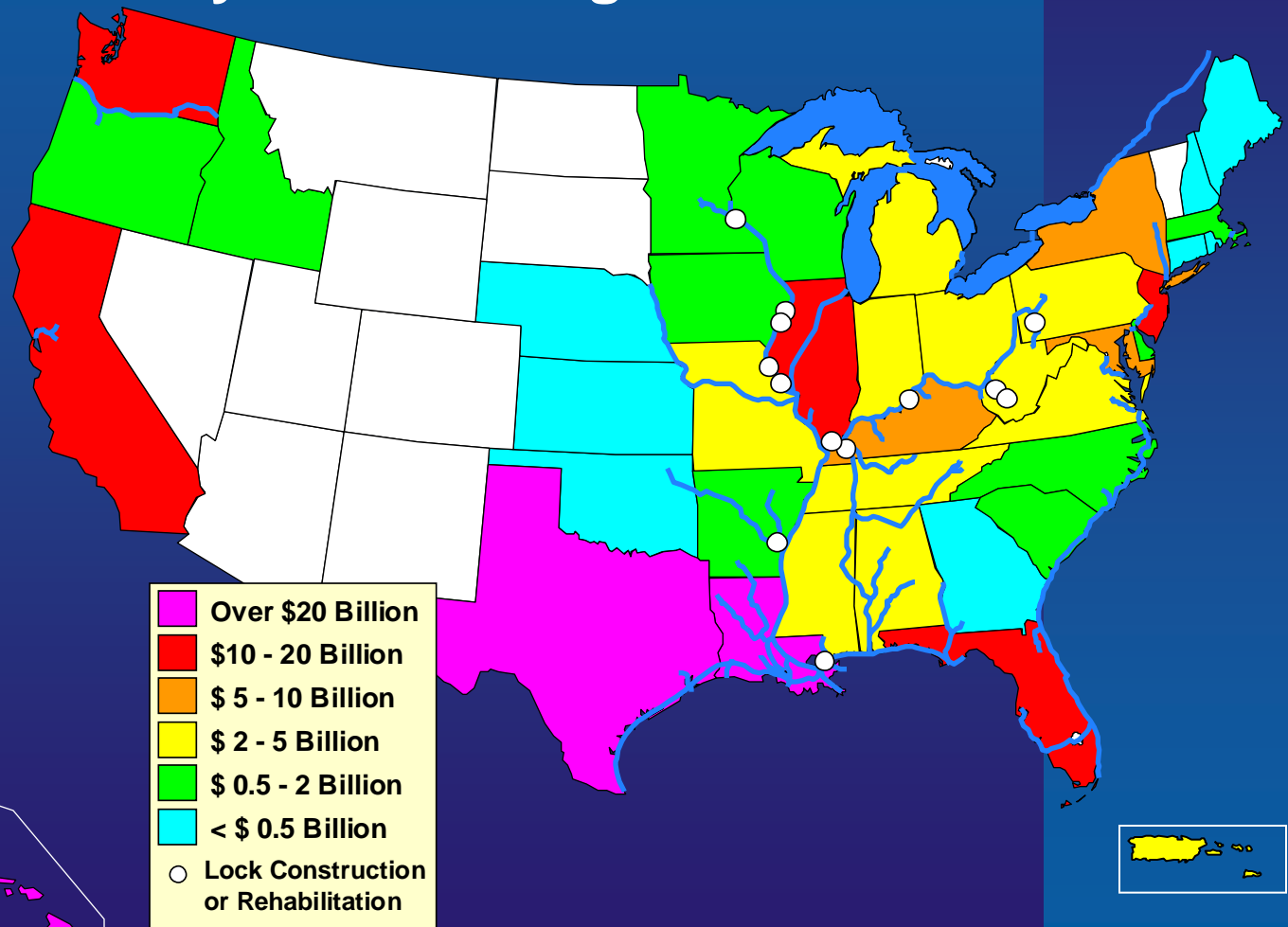


# Value of U.S. Domestic Waterborne Trade

by State of Origin

- More than \$312 billion in domestic cargo
- More than 1.2 billion tons
- Shipped from 40 states plus territories

*Based on 2001 data developed by TVA and USACE.*

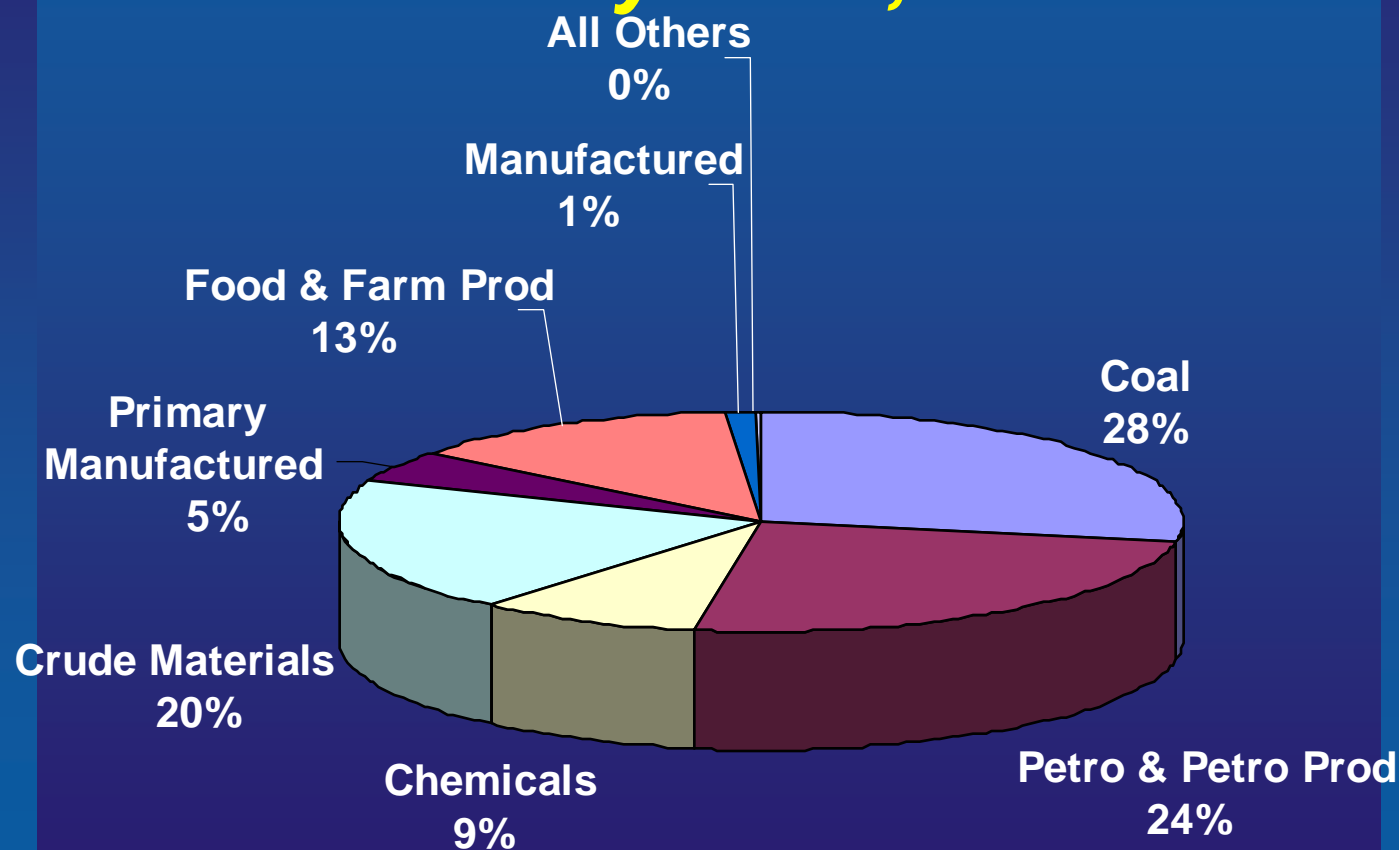






# Inland Waterway Commodities

## *Share by Tons, 2004*

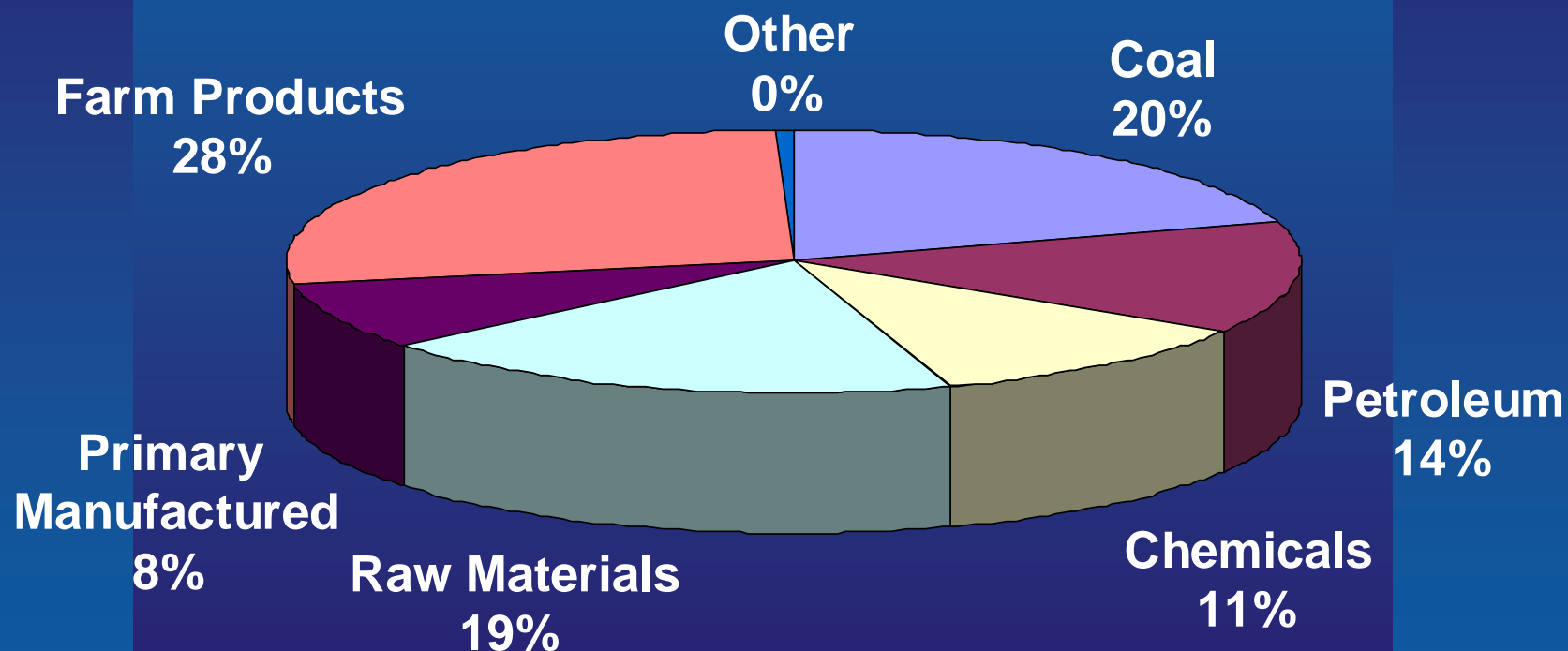


**Total 2004 Volume: 626 Million Tons**



# Inland Waterway Commodities

## *Share by Ton-Mile, 2004*



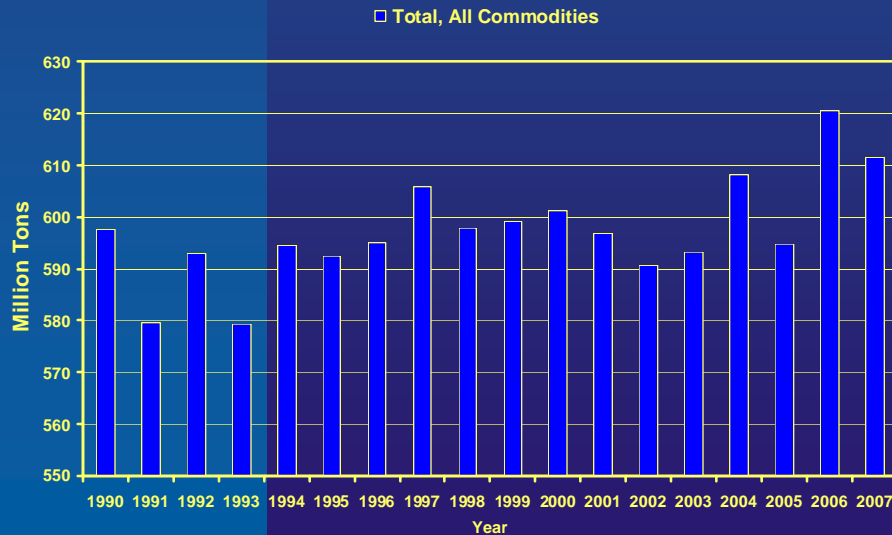
**Total: 284 Billion Ton-Miles**  
(415 billion tonne-km)

# River Traffic Growth

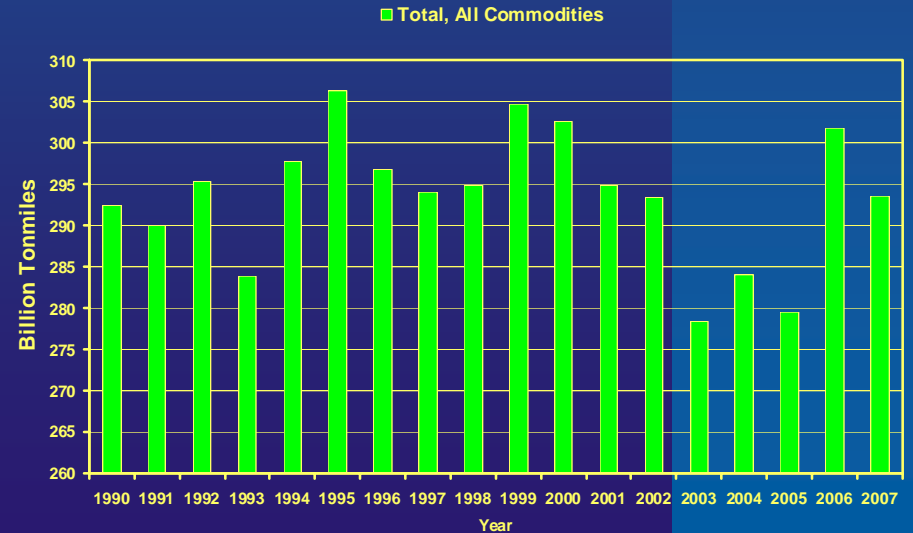
## Total Internal Domestic Commodity Volume by 5-year Segment

| 5-Year Segment | Billion Tons | % Change | Billion Tonmiles | % Change |
|----------------|--------------|----------|------------------|----------|
| 1990-94        | 2,944        |          | 1,459            |          |
| 1995-99        | 2,990        | 1.6%     | 1,497            | 2.6%     |
| 2000-04        | 2,990        | 0.0%     | 1,453            | -2.9%    |
| 2005-09        | 3,050        | 2.0%     | 1,462            | 0.6%     |

Domestic Barge Traffic Tons



Domestic Barge Traffic Tonmiles

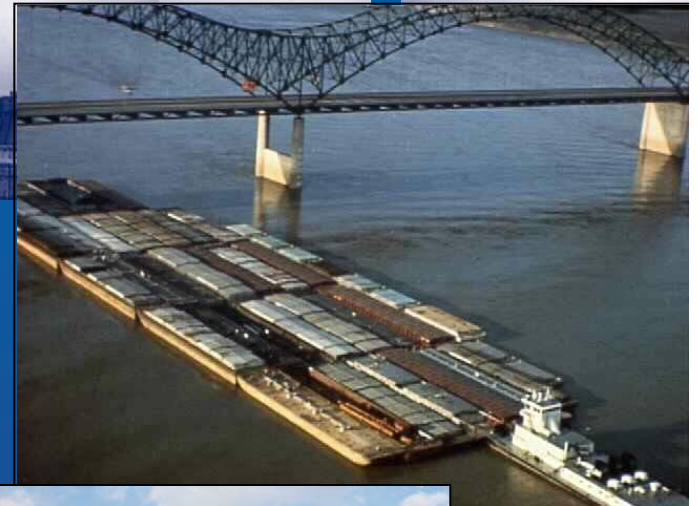
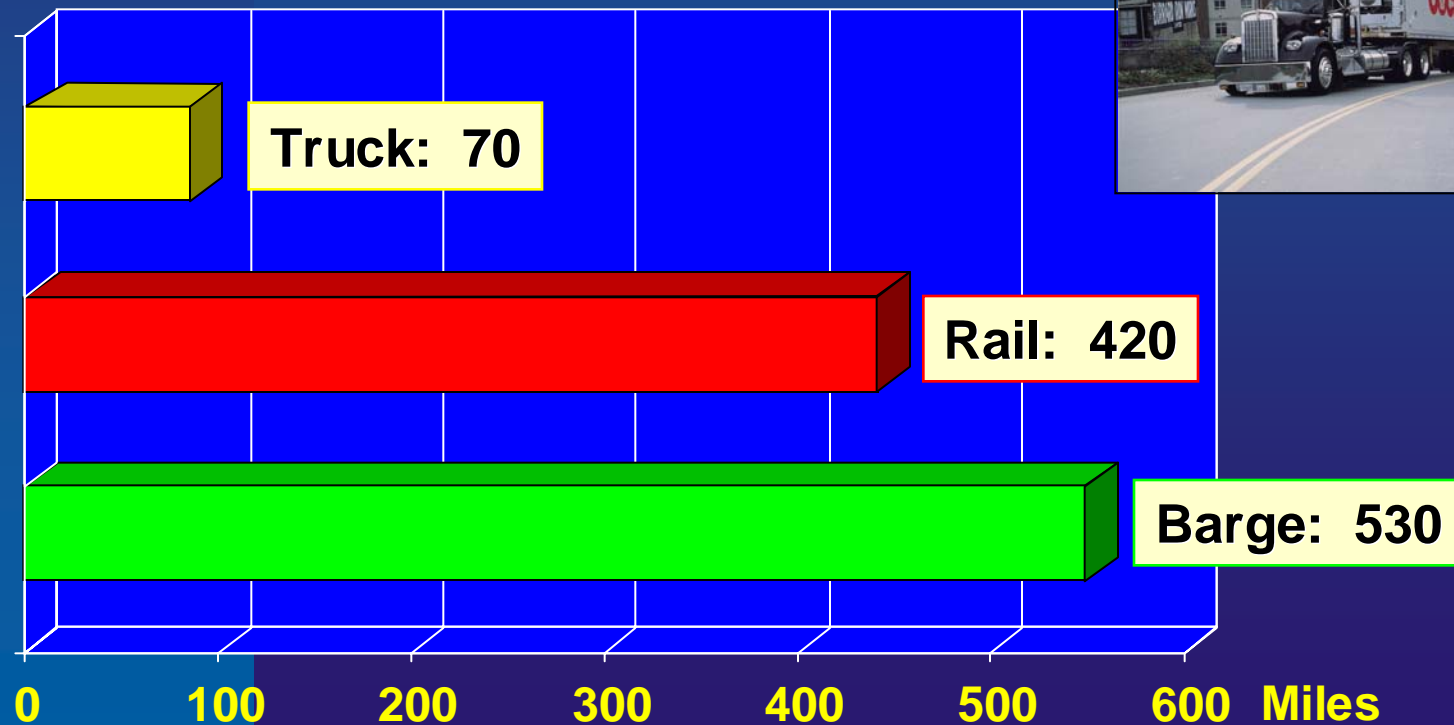




# Water Transportation Conserves Fuel

Barge transportation is the most fuel efficient method of moving the raw materials needed by the nation.

How far one gallon of fuel moves one ton of freight, average by mode...





## **For Continued Success in the 21<sup>st</sup> Century ...**

- **Modernization and maintenance is essential to achieve the full benefits of waterborne transportation**



# Major Navigation Projects Underway Cost-Shared with Trust Fund





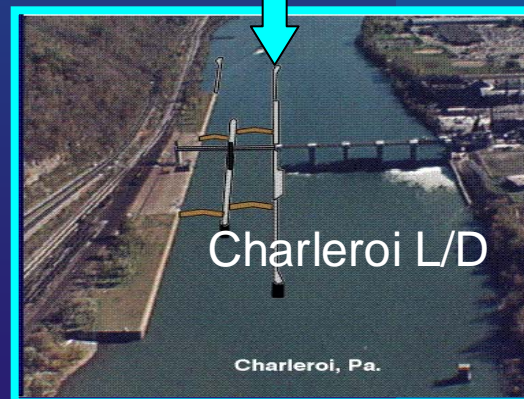
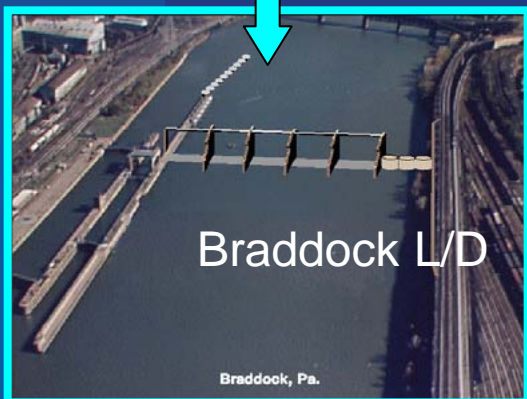
# Olmsted Locks and Dam, *replaces L/Ds 52 and 53, Ohio River*







## Lower Monongahela River 2, 3 & 4







## **McAlpine Lock, Ohio River, 110' x 1,200' replacing auxiliary chambers**







# **Marmet Lock, *Kanawha River,* 110' x 800' lock addition**







# Kentucky Lock Addition, *Tennessee River, 110' x 1,200 lock*







# **Inner Harbor Navigation Canal Lock Replacement, *Mississippi River to Gulf Outlet***



***View of the existing Inner Harbor Navigation Canal Lock in the New Orleans Industrial Canal, looking south toward the Mississippi River.***



# Major Rehabilitations at Five Upper Mississippi River locations

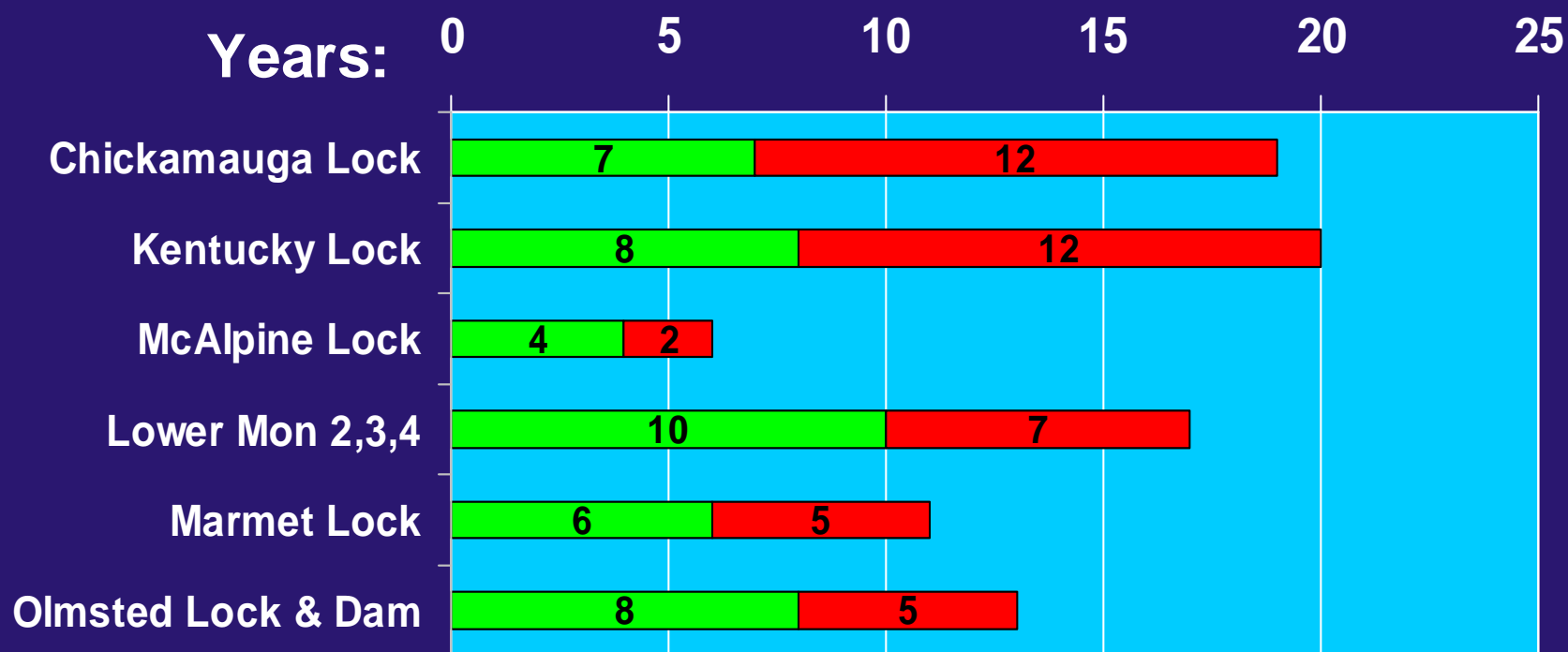
- **L&D 3**
- **L&D 11**
- **L&D 19**
- **L&D 24**
- **L&D 27** (pictured)







## Years to Complete: Efficient vs. Constrained Funding\*



■ Efficient Funding Years to Complete (FY04 Base)

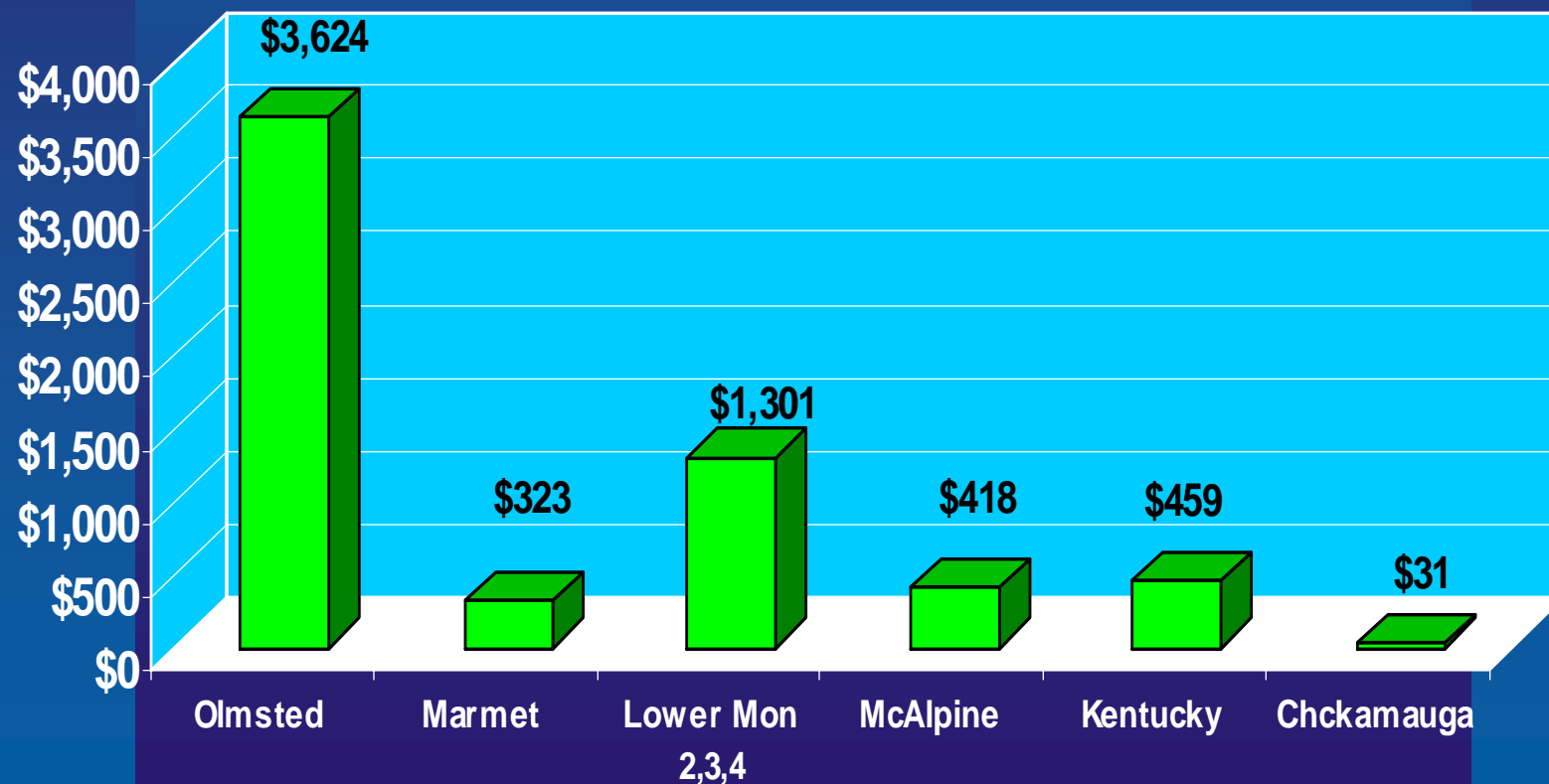
■ Constrained Funding Additional Years to Complete



# Benefits Foregone Efficient vs. Constrained Funding

Benefits Foregone (\$Millions)

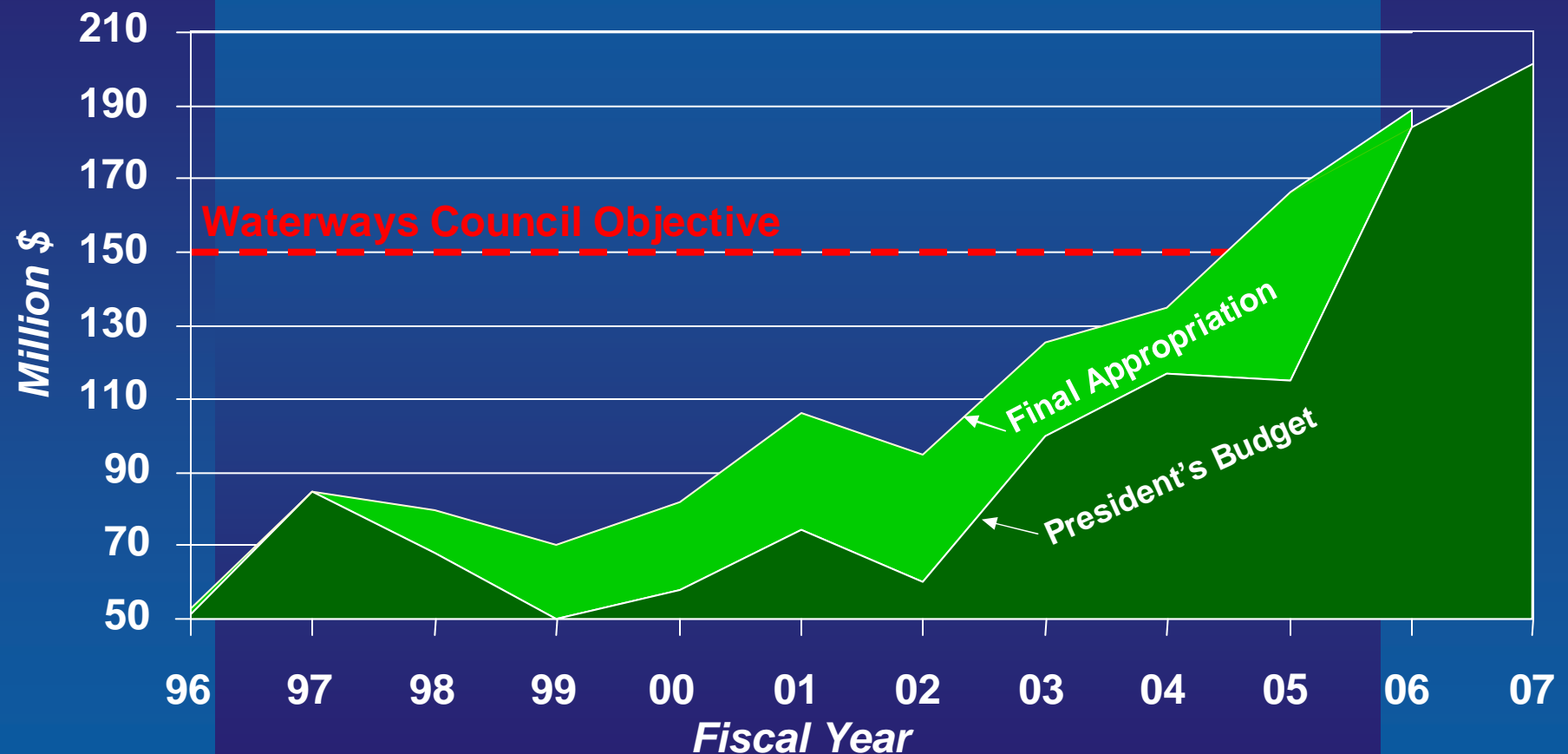
**Total \$6,157,000,000**



Source: US Army Corps of Engineers



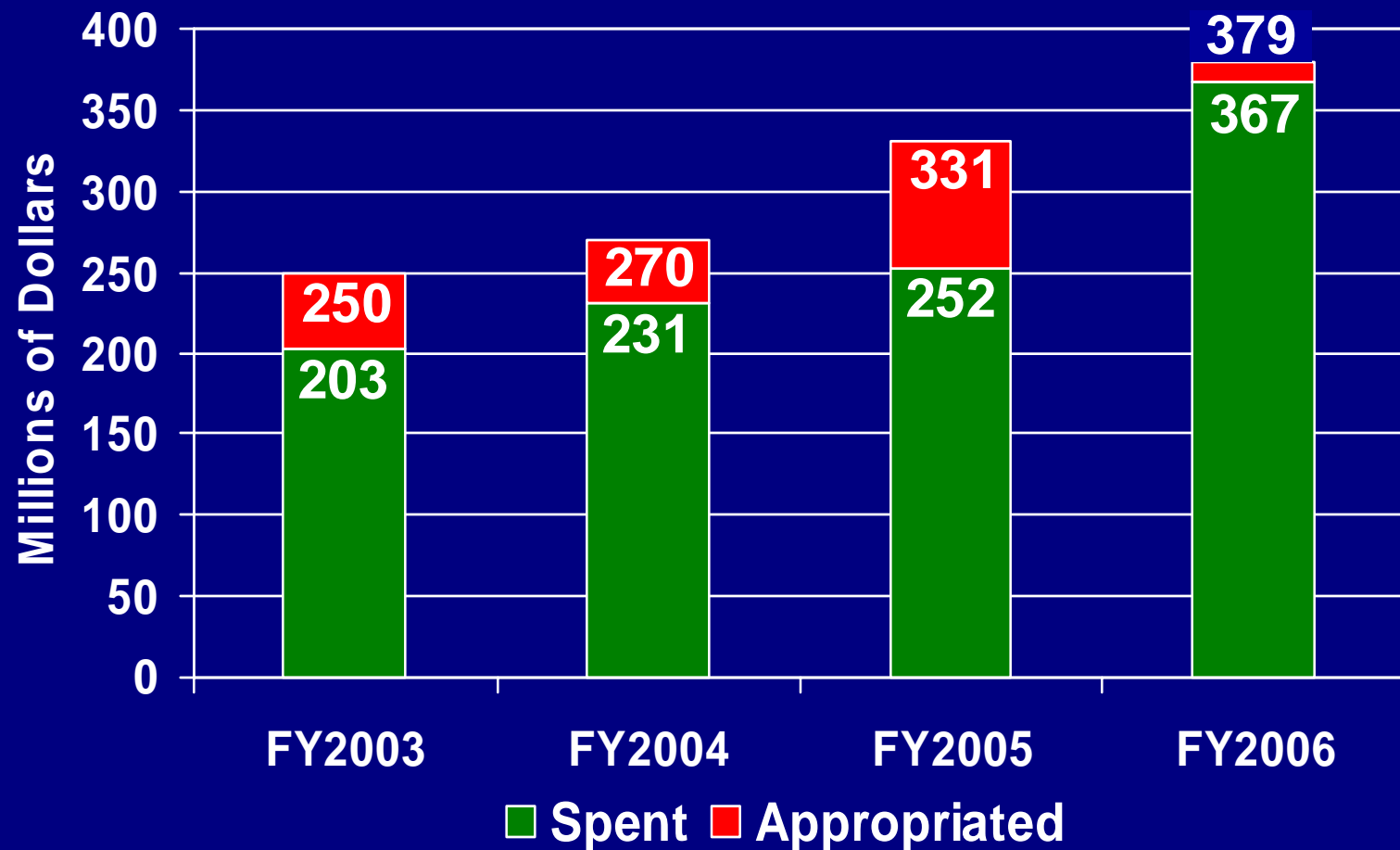
# Construction and Major Rehabilitation Funding



Monies from 20¢/gallon fuel tax gathering in Inland Waterways Trust Fund  
and matched equally with monies from Federal Treasury.  
Actual funding is double this amount.

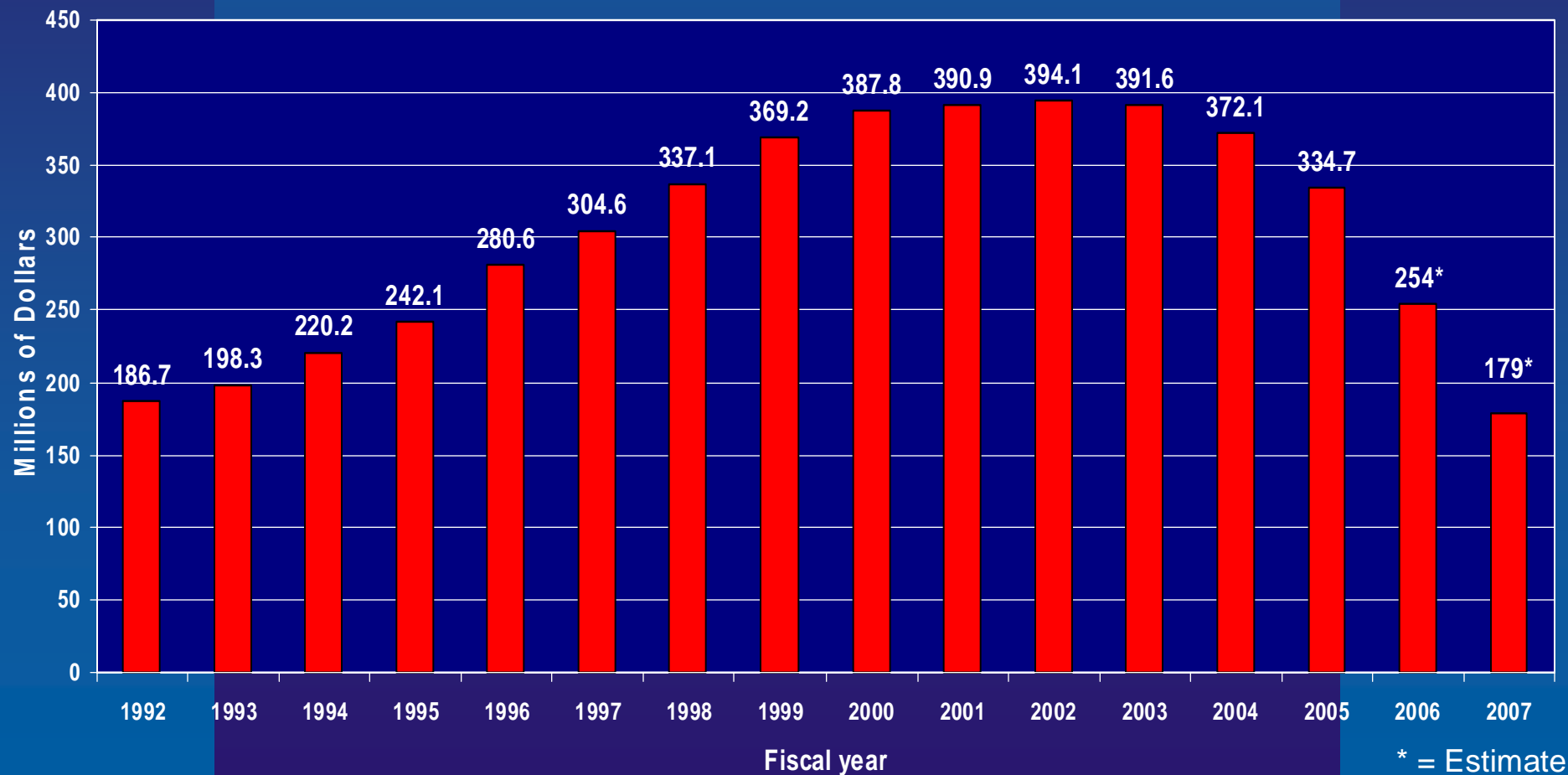


# Appropriations vs. Corps Expenditures IWTF Supported Project Construction





# Inland Waterways Trust Fund Year-End Balances 1992 - 2007

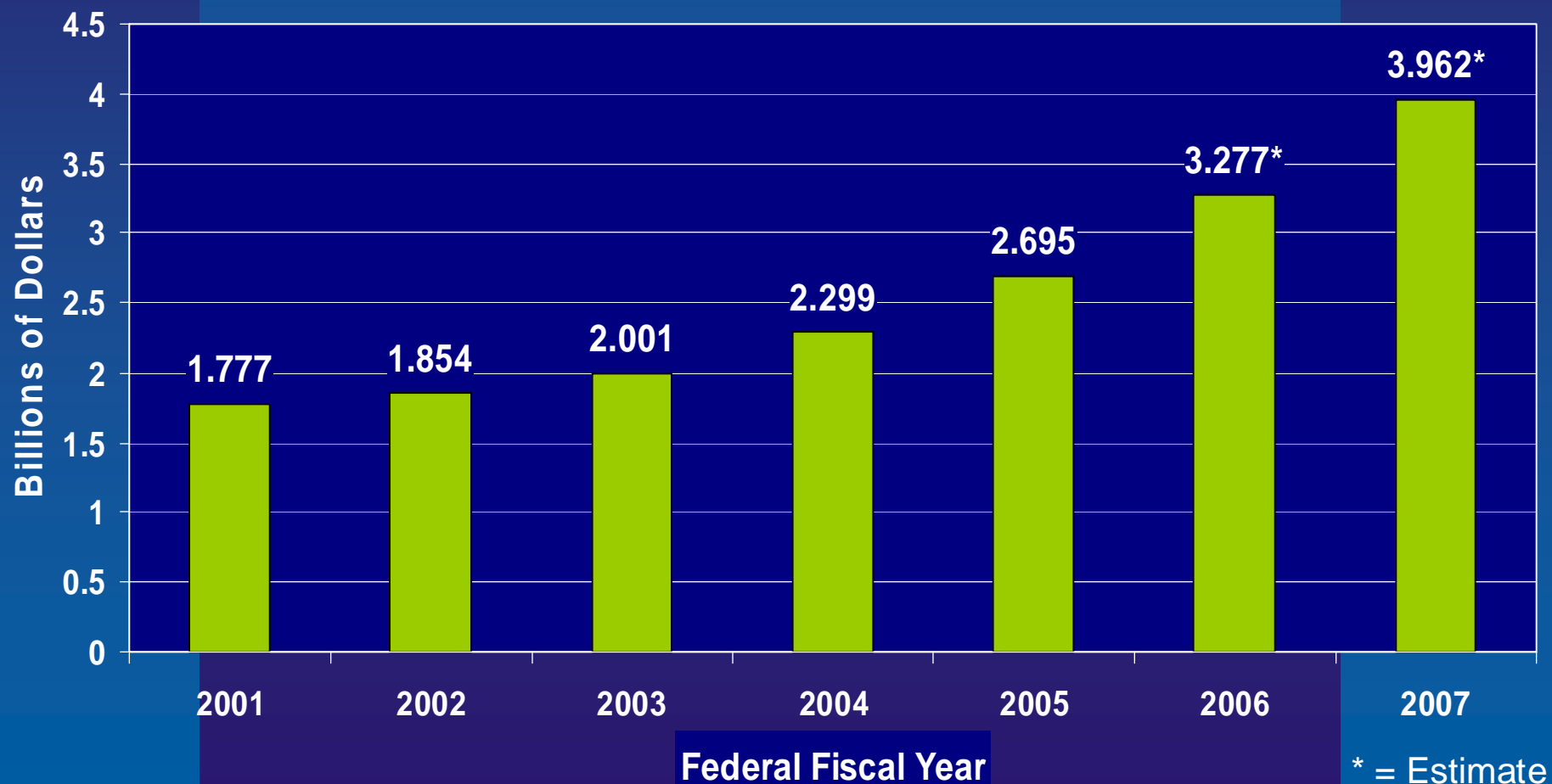






# Harbor Maintenance Trust Fund

## End of Year Balances 2001 - 2007



# Aging Infrastructure

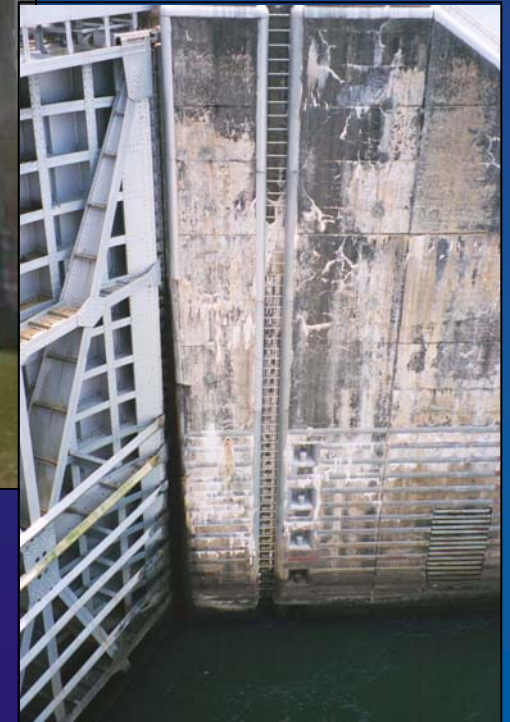
- Frequent closures for repairs
- Decreased performance
- Costly delays

*Crumbling lock wall,  
Lower Mon 3, opened  
in 1907*



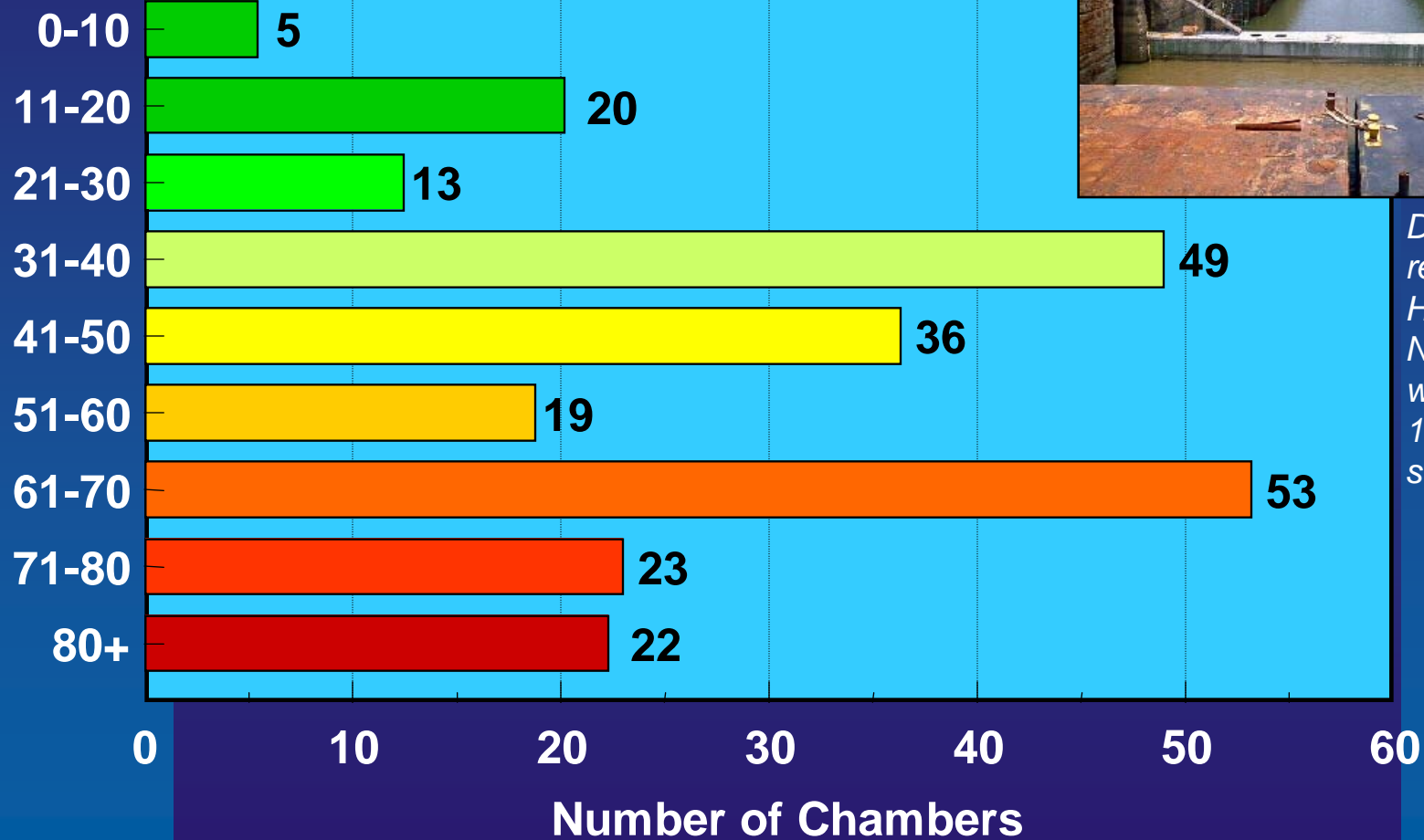
*Leaking miter gates,  
Upper Miss Lock 19*

*Concrete deterioration  
at Chickamauga*



# Aging Lock Inventory\*

Age in 2004 (Years)



*Dewatering and repairs of Inner Harbor Lock, New Orleans, which opened in 1923 for steamboats.*

\*Includes all operational deep and shallow draft Corps and TVA navigation locks.





## *Concerns about Reliability*



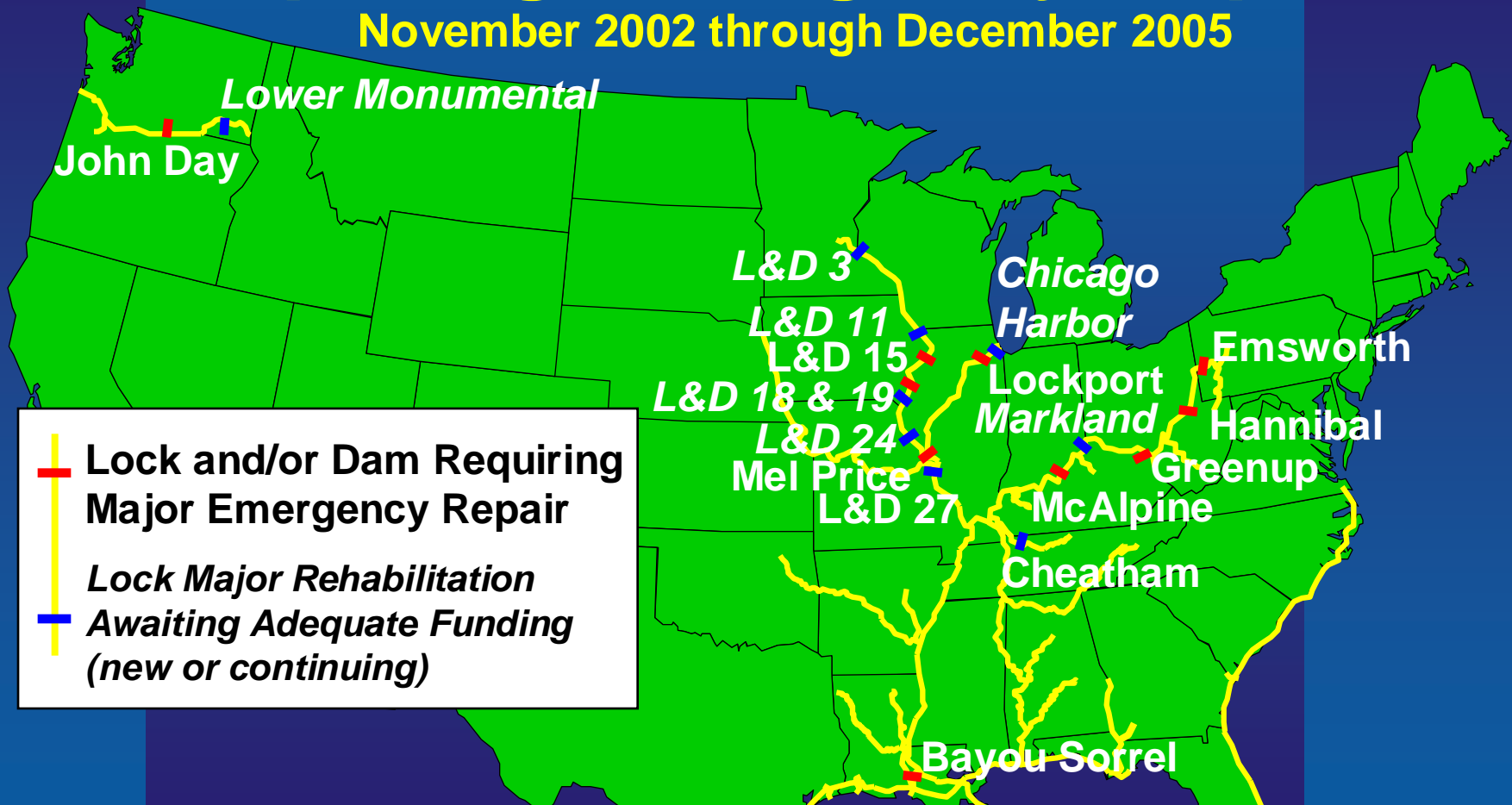
- *Greenup L&D, Fall 2003*  
Unscheduled repairs to main chamber took eight weeks, forcing use of auxiliary chamber

- *McAlpine L&D, Summer 2004*  
Two-week closure severed navigation on Ohio River at Louisville/Jeffersonville

- *Similar situations on Mississippi, Columbia, Ohio, Monongahela, and Tennessee Rivers*

# Major Locks and Dams Requiring Emergency Repairs

November 2002 through December 2005



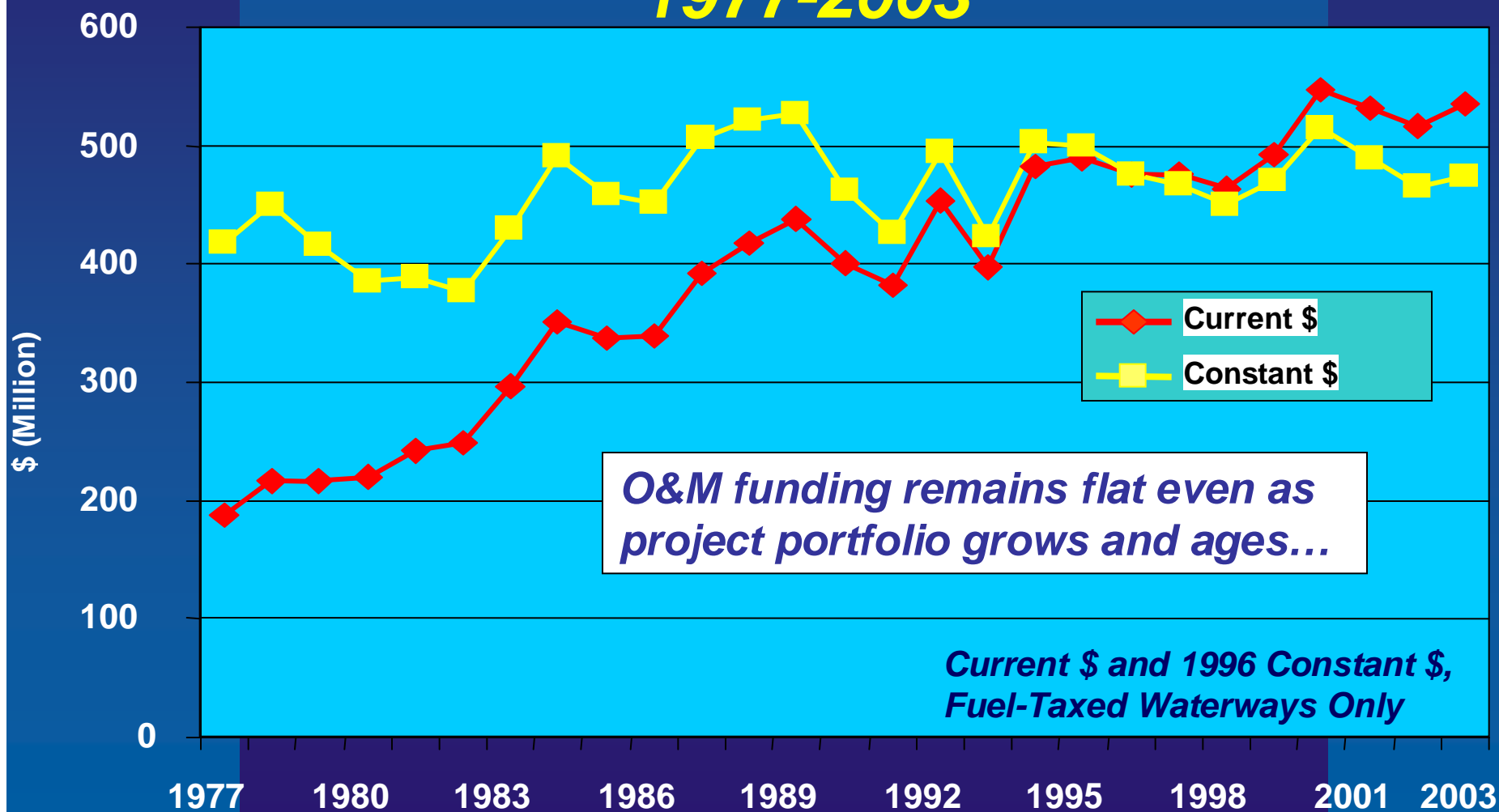
***Tight funding means maintenance and repair on a “fix-as-fail” basis.  
Meanwhile the list of major rehabilitations waiting for funding grows...***





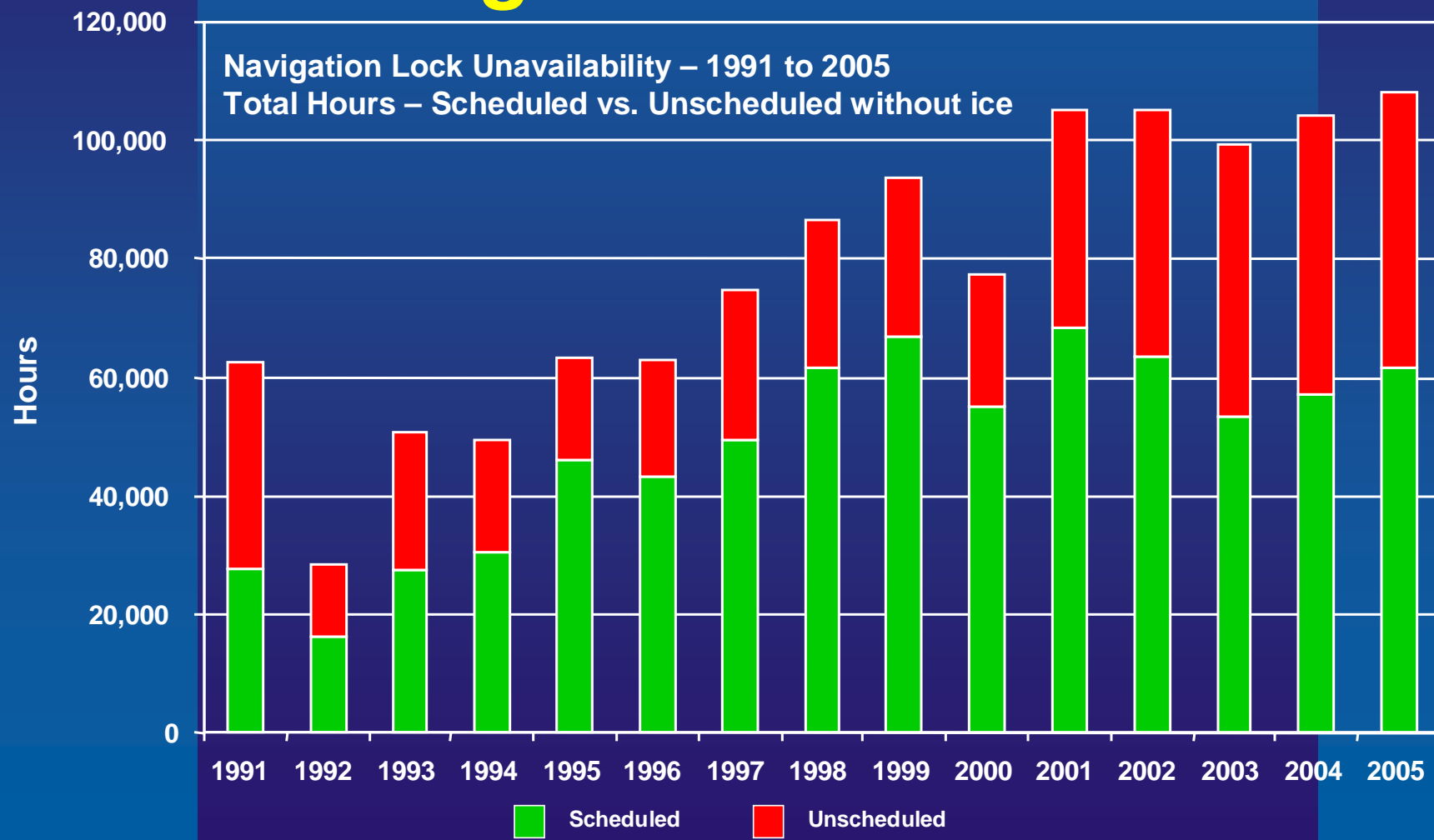
# *Inland Waterway O&M Trends*

## *1977-2003*





# ***Aging Infrastructure + O&M Backlog = Increasing “Downtime” at Locks***





# **Waterways Council, Inc.**

- **Strategic Vision Focuses on Inland Waterway and Port Infrastructure**
- **Select Priorities and Projects**
- **Recognize the Need to Lobby and Communicate Nationally**



## **Mission:**

**... to be the national unifying association of America's numerous ports and inland navigation infrastructure interests ... serving as the definitive spokesperson for the inland waterway system.**



## **Mission:**

**... to ensure an optimal level of federal support and funding for the planning, construction, operation, and maintenance of America's inland navigation and coastal port system.**



## **2006 Objectives**

- **Support President's FY 2007 budget request of \$385 million for IWTF-financed projects on inland waterways**
- **Authorize Lock and Dam Modernization Projects on the Upper Mississippi and Illinois Rivers, Bayou Sorrel on GIWW**
- **Continue to Address Operations and Maintenance Needs on the System, \$100 million Increase Annually**





# FY06 Appropriations

President's budget, House/Senate Conference funding – both at *highest* levels in history



## FY 2006 Funding of America's Lock and Dam Modernization Projects

|   | FY 2006<br>President's<br>Budget Request | FY 2006<br>House     | FY 2006<br>Senate    | FY 2006<br>Conference |
|---|--|----------------------|----------------------|-----------------------|
| <b>Construction</b>                             |  |                      |                      |                       |
| Robert C. Byrd LID<br>Ohio River, OH/WV         | \$914,000                                | \$914,000            | \$914,000            | \$914,000             |
| Chickamauga LID, TN                             | 0  | 10,000,000           | 10,000,000           | 10,000,000            |
| Inner Harbor Navigation<br>Canal, LA            | 0  | 9,038,000            | 15,000,000           | 11,250,000            |
| Kentucky Lock Addition<br>Tennessee River, KY   | 0  | 21,750,000           | 32,000,000           | 23,000,000            |
| Mammet L&D<br>Kanawha River, WV                 | 68,830,000                               | 68,830,000           | 73,500,000           | 73,500,000            |
| McAlpine L&D<br>Ohio River, IN/KY               | 70,000,000                               | 70,000,000           | 85,000,000           | 70,000,000            |
| Locks & Dams 2, 3, & 4<br>Monongahela River, PA | 50,800,000                               | 50,800,000           | 48,000,000           | 50,800,000            |
| J. T. Myers LID<br>Ohio River, IN/KY            | 0  | 700,000              | 0                    | 700,000               |
| Olinsted L&D<br>Ohio River, IL/KY               | 90,000,000                               | 90,000,000           | 85,000,000           | 90,000,000            |
| Winfield L&D<br>Kanawha River, WV               | 2,400,000                                | - 0 -                | 2,400,000            | 2,400,000             |
| Undesignated                                    | 41,874,000                               |                      |                      | --                    |
| <b>Major Rehabilitation</b>                     |  |                      |                      |                       |
| Emsworth Dam, Ohio River, PA                    | 15,000,000                               | 15,000,000           | 15,000,000           | 15,000,000            |
| L&D 3 Upper Miss., MN                           | 0  | 0                    | 2,000,000            | 1,500,000             |
| L&D 11 Upper Miss., IA & WI                     | 7,580,000                                | 7,202,000            | 7,580,000            | 7,580,000             |
| L&D 19 Upper Miss., IA                          | 17,502,000                               | 17,502,000           | 17,500,000           | 17,502,000            |
| L&D 24 Upper Miss., IL & MO                     | 4,300,000                                | 4,300,000            | 4,300,000            | 4,300,000             |
| Mel Price L&D, IL & MO                          |  |                      | 750,000              | 583,000               |
| L&D 27 Upper Miss., IL & MO                     |  |                      | 1,000,000            | 0                     |
| <b>Subtotal (this page)</b>                     | <b>\$369,000,000</b>                     | <b>\$368,038,000</b> | <b>\$377,944,000</b> | <b>\$379,000,000</b>  |

|                        | FY 2006<br>President's<br>Budget Request | FY 2006<br>House     | FY 2006<br>Senate    | FY 2006<br>Conference |
|------------------------|--|----------------------|----------------------|-----------------------|
| <b>Locks</b>           |  |                      |                      |                       |
| A                      | 700,000                                  | 700,000              | 450,000              | 200,000               |
| Locks & Dams (Ohio R.) | 0  | 0                    | 2,550,000            | 1,275,000             |
| Item Study             | 0  | 0                    | 0                    | 0                     |
| Illinois               | 0  | 0                    | 20,000,000           | 10,000,000            |
|                        | --                                       | --                   | --                   | 0                     |
| L, LA                  | 1,500,000                                | 1,500,000            | 1,500,000            | 1,250,000             |
| E                      | 0  | 0                    | 450,000              | 225,000               |
| <b>Totals</b>          | <b>\$371,200,000</b>                     | <b>\$368,238,000</b> | <b>\$402,894,000</b> | <b>\$391,950,000</b>  |

### U.S. Army Corps of Engineers Civil Works Program Fiscal Year 2006 Appropriations:

|               | FY 2005<br>Enacted   | FY 2006<br>Request   | FY 2006<br>House     | FY 2006<br>Senate    | FY 2006<br>Conference  |
|---------------|----------------------|----------------------|----------------------|----------------------|------------------------|
| <b>Locks</b>  | \$144,500,000        | 95,000,000           | \$100,000,000        | \$100,000,000        | \$164,000,000          |
|               | 1,796,089,000        | 1,837,000,000        | 1,900,000,000        | 2,086,664,000        | 2,372,000,000          |
|               | 1,959,101,000        | 1,979,000,000        | 2,000,000,000        | 2,100,000,000        | 1,969,000,000          |
|               | 324,500,000          | 270,000,000          | 290,000,000          | 433,336,000          | 400,000,000            |
|               | 145,000,000          | 160,000,000          | 160,000,000          | 150,000,000          | 160,000,000            |
|               | 167,000,000          | 162,000,000          | 152,021,000          | 165,000,000          | 154,000,000            |
|               | 165,000,000          | 140,000,000          | 140,000,000          | 140,000,000          | 140,000,000            |
|               |                      |                      | 4,000,000            | 0                    | 4,000,000              |
|               |                      | 70,000,000           |                      | 43,000,000           | 0                      |
| <b>Totals</b> | <b>4,781,190,000</b> | <b>4,513,000,000</b> | <b>4,746,021,000</b> | <b>5,293,000,000</b> | <b>\$5,383,000,000</b> |

|               | FY 2001<br>Enacted   | FY 2002<br>Enacted   | FY 2003<br>Enacted   | FY 2004<br>Enacted   |
|---------------|----------------------|----------------------|----------------------|----------------------|
| <b>Locks</b>  | \$160,038,000        | \$154,350,000        | \$134,141,000        | \$116,949,000        |
|               | 1,695,699,000        | 1,715,951,000        | 1,744,598,000        | 1,722,319,000        |
|               | 1,901,959,000        | 1,874,903,000        | 1,966,556,000        | 1,967,925,000        |
|               | 347,731,000          | 345,992,000          | 342,334,000          | 334,222,000          |
|               | 125,000,000          | 127,000,000          | 138,096,000          | 140,000,000          |
|               | 152,000,000          | 153,000,000          | 154,143,000          | 160,000,000          |
|               | 140,000,000          | 140,000,000          | 144,057,000          | 140,000,000          |
|               |                      |                      | 14,002,000           |                      |
| <b>Totals</b> | <b>4,522,427,000</b> | <b>4,511,896,000</b> | <b>4,638,827,000</b> | <b>4,571,415,000</b> |



## **2006 Water Resources Development Act**

- House and Senate approved different versions, both include Bayou Sorrel, 5 Upper Miss and 2 Illinois River locks
- Awaiting Conference Committee action now



# **In 2005, WCI began an "O&M Initiative" with the Corps...**

## **Objective #1**

**Improve the Industry's understanding of the Corps' decision- making process for the funding of O&M navigation projects, and for competing uses of O&M dollars**

## **Objective #2**

**Create an ongoing process with the Corps to inventory, value and prioritize O&M navigation projects**



# **WCI O&M Initiative...**

## **Objective #3**

**Obtain additional resources necessary for anticipated O&M funding shortfalls without imposition of user fees**

## **Objective #4**

**Create a venue to improve Corps/Industry communication about the scheduling and work plans for O&M projects**





# Restatement of the Approach

- Corps and WCI develop a consensus list of O & M priority projects
- Corps addresses critical maintenance needs now and seeks additional funding in the next budget cycle
- WCI actively advocates for closing funding gaps for priority projects



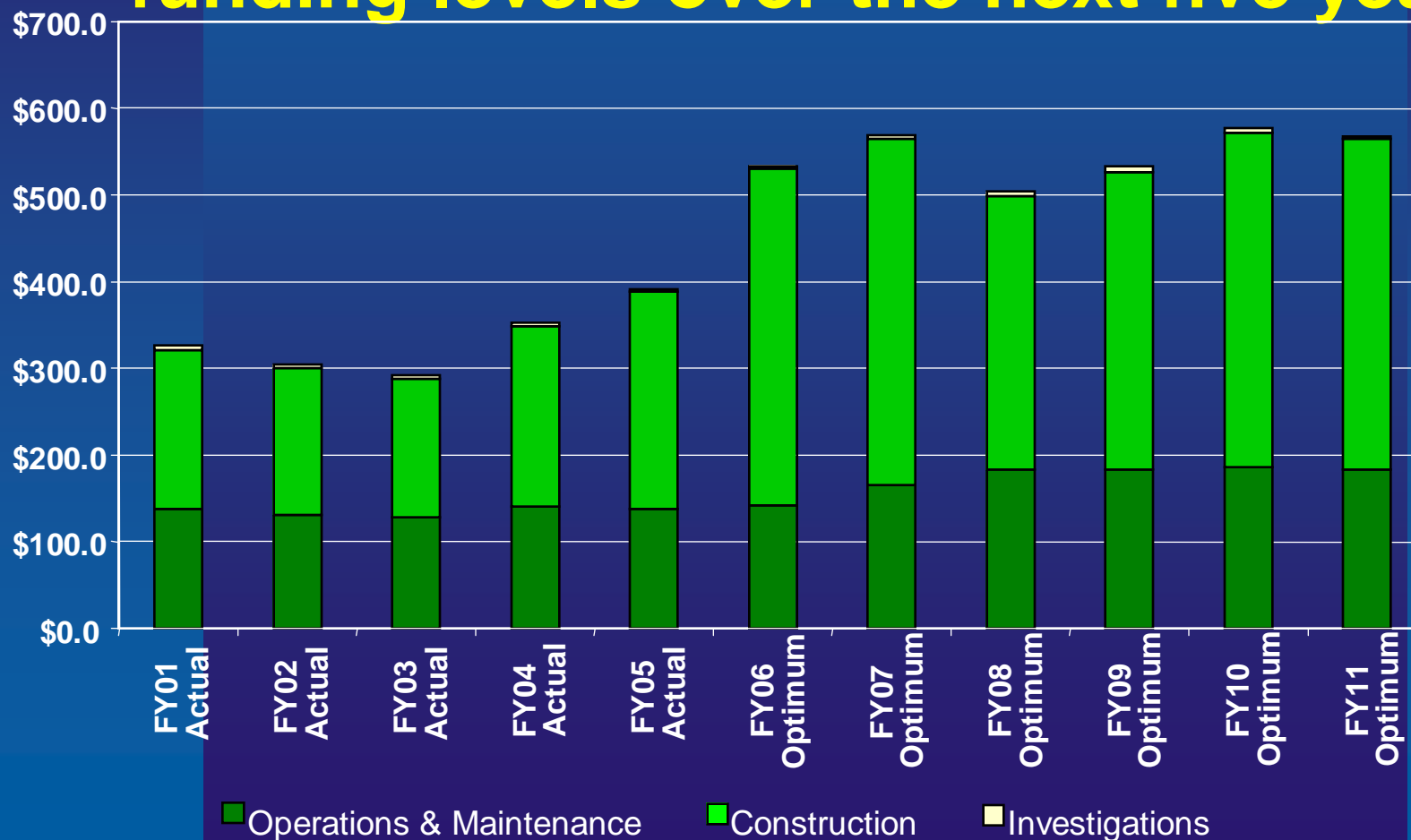
**We were also encouraged by the  
publication of the Great Lakes and  
Ohio River Divisions'**

*“Five Year Development  
Perspective”*

**which addresses needed funds from FY06  
through FY11**



# The Great Lakes and Ohio River Division has developed a Reliability Model to optimize funding levels over the next five years







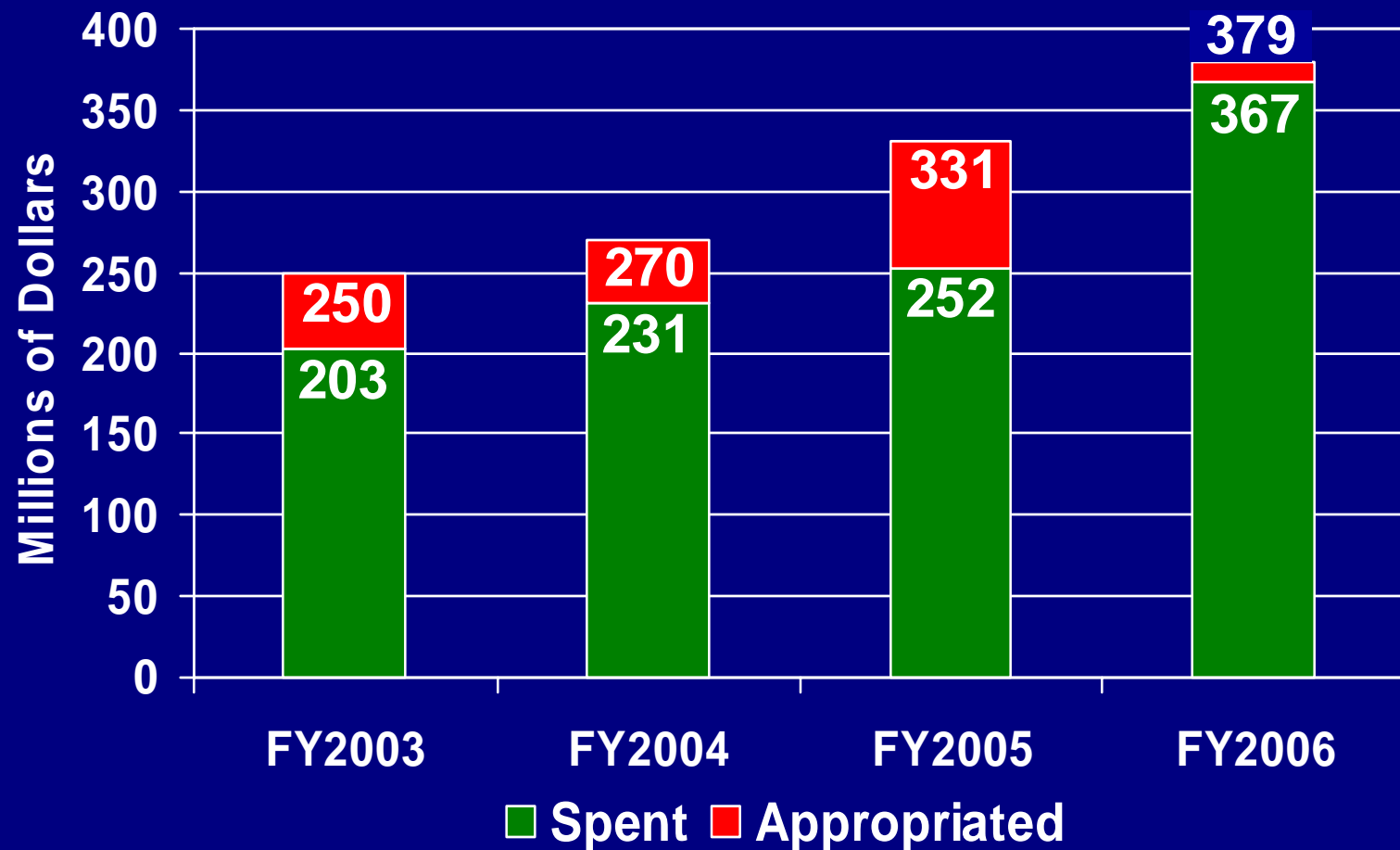
# How is Corps doing today?

## Improvements and Successes

- Implemented FY06 legislative reforms
  - Savings and Slippage
  - Reprogramming
  - Continuing contracts
  - Accurate, timely reports
- Improved Five Year Development Plan (FYDP)
  - Agreement with OMB & Congress on content of FY07 FYDP Corps' wide



# Appropriations vs. Corps Expenditures IWTF Supported Project Construction





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