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

54 harbors – coastal, inland, Great Lakes - handled over 10 million tons each in 2004...
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

**Share by Tons, 2004**

- **Coal**: 28%
- **Petro & Petro Prod**: 24%
- **Chemicals**: 9%
- **Crude Materials**: 20%
- **Primary Manufactured**: 5%
- **Food & Farm Prod**: 13%
- **Manufactured**: 1%
- **All Others**: 0%
Inland Waterway Commodities
Share by Ton-Mile, 2004

- Farm Products: 28%
- Primary Manufactured: 8%
- Raw Materials: 19%
- Chemicals: 11%
- Petroleum: 14%
- Coal: 20%
- Other: 0%

Total: 284 Billion Ton-Miles
(415 billion tonne-km)
River Traffic Growth

Total Internal Domestic Commodity Volume by 5-year Segment

<table>
<thead>
<tr>
<th>5-Year Segment</th>
<th>Billion Tons</th>
<th>% Change</th>
<th>Billion Tonmiles</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-94</td>
<td>2,944</td>
<td></td>
<td>1,459</td>
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<tr>
<td>1995-99</td>
<td>2,990</td>
<td>1.6%</td>
<td>1,497</td>
<td>2.6%</td>
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<td>2000-04</td>
<td>2,990</td>
<td>0.0%</td>
<td>1,453</td>
<td>-2.9%</td>
</tr>
<tr>
<td>2005-09</td>
<td>3,050</td>
<td>2.0%</td>
<td>1,462</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

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:

- Truck: 70 miles
- Rail: 420 miles
- Barge: 530 miles
For Continued Success in the 21st Century ...

- Modernization and maintenance is essential to achieve the full benefits of waterborne transportation
Major Navigation Projects Underway Cost-Shared with Trust Fund

L&D 3 Rehab
L&D 11 Rehab
L&D 19 Rehab
L&D 24 Rehab
Emsworth Dam Rehab
Lower Mon 2-4
Marmet
McAlpine
Olmsted
Kentucky
Chickamauga
Inner Harbor

New Construction
Major Rehabilitation
Olmsted Locks and Dam, replaces L/Ds 52 and 53, Ohio River
Lower Monongahela River 2, 3 & 4

L/D 2

L/D 3

L/D 4

Braddock L/D

REMOVE

Charleroi L/D
McAlpine Lock, Ohio River, 110’ x 1,200’ replacing auxiliary chambers

Scheduled Completion 2008
Preliminary Digital Photographic Rendering
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*

<table>
<thead>
<tr>
<th>Location</th>
<th>Efficient Funding Years</th>
<th>Constrained Funding Additional Years</th>
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</thead>
<tbody>
<tr>
<td>Chickamauga Lock</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>Kentucky Lock</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>McAlpine Lock</td>
<td>4 2</td>
<td></td>
</tr>
<tr>
<td>Lower Mon 2,3,4</td>
<td>10 7</td>
<td></td>
</tr>
<tr>
<td>Marmet Lock</td>
<td>6 5</td>
<td></td>
</tr>
<tr>
<td>Olmsted Lock &amp; Dam</td>
<td>8 5</td>
<td></td>
</tr>
</tbody>
</table>

* 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

Olmsted Marmet Lower Mon 2,3,4 McAlpine Kentucky Chickamauga

$3,624 $323 $1,301 $418 $459 $31

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


Millions of Dollars

Spent Appropriated

FY2003: 250 Spent, 203 Appropriated
FY2004: 270 Spent, 231 Appropriated
FY2005: 331 Spent, 252 Appropriated
FY2006: 379 Spent, 367 Appropriated
Inland Waterways Trust Fund
Year-End Balances 1992 - 2007

* = Estimate
Harbor Maintenance Trust Fund
End of Year Balances 2001 - 2007

Federal Fiscal Year

End of Year Balances

2001: 1.777
2002: 1.854
2003: 2.001
2004: 2.299
2005: 2.695
2006: 3.277*
2007: 3.962*

* = Estimate
Aging Infrastructure

- Frequent closures for repairs
- Decreased performance
- Costly delays

Crumbling lock wall, Lower Mon 3, opened in 1907

Concrete deterioration at Chickamauga

Leaking miter gates, Upper Miss Lock 19
Aging Lock Inventory*

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

Dewatering and repairs of Inner Harbor Lock, New Orleans, which opened in 1923 for steamboats.
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
Lock and/or Dam Requiring Major Emergency Repair

Awaiting Adequate Funding (new or continuing)

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

O&M funding remains flat even as project portfolio grows and ages...

Current $ and 1996 Constant $, Fuel-Taxed Waterways Only
Aging Infrastructure + O&M Backlog = Increasing “Downtime” at Locks

Navigation Lock Unavailability – 1991 to 2005
Total Hours – Scheduled vs. Unscheduled without ice

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<tr>
<td>Hours</td>
<td>20,000</td>
<td>40,000</td>
<td>60,000</td>
<td>80,000</td>
<td>100,000</td>
<td>120,000</td>
<td>140,000</td>
<td>160,000</td>
<td>180,000</td>
<td>200,000</td>
<td>220,000</td>
<td>240,000</td>
<td>260,000</td>
<td>280,000</td>
<td>300,000</td>
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</tbody>
</table>

- **Scheduled**
- ** Unscheduled
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

<table>
<thead>
<tr>
<th>Location</th>
<th>FY 2006 President’s Budget Request</th>
<th>FY 2006 House</th>
<th>FY 2006 Senate</th>
<th>FY 2006 Conference</th>
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</thead>
<tbody>
<tr>
<td>Ohio River, OH</td>
<td>$914,000</td>
<td>$914,000</td>
<td>$914,000</td>
<td>$914,000</td>
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<tr>
<td>Chickasawga L&amp;D, TN</td>
<td>0</td>
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<td>10,000,000</td>
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<tr>
<td>Inner Harbor Navigation Canal, LA</td>
<td>0</td>
<td>11,000,000</td>
<td>12,000,000</td>
<td>11,200,000</td>
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<tr>
<td>Kentucky Locks, Tennessee River, KY</td>
<td>0</td>
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<td>22,000,000</td>
<td>21,000,000</td>
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<tr>
<td>Kanawha L&amp;D, Kanawha River, WV</td>
<td>58,800,000</td>
<td>68,600,000</td>
<td>73,000,000</td>
<td>73,500,000</td>
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<tr>
<td>Medina L&amp;D, Ohio River, IN</td>
<td>70,000,000</td>
<td>70,000,000</td>
<td>70,000,000</td>
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<tr>
<td>Locks &amp; Dams 2, 3, &amp; 4, Monongahela River, PA</td>
<td>50,800,000</td>
<td>50,800,000</td>
<td>50,800,000</td>
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<tr>
<td>J. T. Myers L&amp;D, Ohio River, IN</td>
<td>0</td>
<td>700,000</td>
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<td>Goshen L&amp;D, Ohio River, IL</td>
<td>90,000,000</td>
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<td>90,000,000</td>
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<td>Winfield L&amp;D, Kanawha River, WV</td>
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<tr>
<td>Undesignated</td>
<td>41,674,000</td>
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<td><strong>Total</strong></td>
<td><strong>$969,000,000</strong></td>
<td><strong>$966,025,000</strong></td>
<td><strong>$977,944,000</strong></td>
<td><strong>$979,069,000</strong></td>
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</table>

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

<table>
<thead>
<tr>
<th></th>
<th>FY 2006 Budget Request</th>
<th>FY 2006 House</th>
<th>FY 2006 Senate</th>
<th>FY 2006 Conference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Erosion dams, Ohio River, PA</td>
<td>$146,000,000</td>
<td>$133,000,000</td>
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<td>1,673,000,000</td>
<td>1,673,000,000</td>
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<tr>
<td>L&amp;D 3 Upper Miss, IA &amp; WI</td>
<td>124,000,000</td>
<td>95,300,000</td>
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<td>L&amp;D 11 Upper Miss, IA</td>
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<td>L&amp;D 12 Upper Miss, IA</td>
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<tr>
<td>L&amp;D 13 Upper Miss, IA</td>
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<td>145,000,000</td>
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<td>L&amp;D 14 Upper Miss, IA</td>
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<td>165,000,000</td>
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<td>165,000,000</td>
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<tr>
<td>L&amp;D 15 Upper Miss, IA</td>
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<td>140,000,000</td>
<td>140,000,000</td>
<td>140,000,000</td>
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<tr>
<td>L&amp;D 16 Upper Miss, IA</td>
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<td>140,000,000</td>
<td>140,000,000</td>
<td>140,000,000</td>
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<tr>
<td>L&amp;D 17 Upper Miss, IL &amp; MO</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>1,000,000</td>
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<tr>
<td>Subtotal (this page)</td>
<td>$969,000,000</td>
<td>$956,000,000</td>
<td>$977,944,000</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$969,000,000</strong></td>
<td><strong>$956,000,000</strong></td>
<td><strong>$977,944,000</strong></td>
<td><strong>$979,069,000</strong></td>
</tr>
</tbody>
</table>
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
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

<table>
<thead>
<tr>
<th>Year</th>
<th>Appropriated</th>
<th>Spent</th>
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<td>FY2003</td>
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<td>FY2004</td>
<td>270</td>
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<td>FY2005</td>
<td>331</td>
<td>252</td>
</tr>
<tr>
<td>FY2006</td>
<td>379</td>
<td>367</td>
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</table>

**Millions of Dollars**