

Ohio Locks and Dams Forum Recap

***Presented by Ohio Soy2020 and the Ohio Ag Transportation Coalition
August 28, 2012***

Rick Calhoun, Cargill Cargo Carriers

- Waterway transportation positively impacts our nation's economy
 - Hauls more than 60% of the nation's grain exports; Cargill utilizes 130 barges moving over 20 different types of commodities
 - Barges move about 14% of our nation's intercity freight, which is valued at \$170.5 billion, for only 3% of the nation's total freight transportation costs
 - Approximately 30,000 American jobs are associated with every \$1 billion invested in navigation projects
- Waterway transportation alleviates congestion, is more fuel efficient, and is safer than rail and road
 - The capacity of 1 barge = 16 rail cars = 70 trucks
 - Barges can move 616 tons of cargo per gallon of fuel, compared to 478 tons on rail and 150 via truck
 - Each barge-related fatality = 18.1 rail-related fatalities = 132 truck-related fatalities
- Waterway infrastructure is aging – resulting in frequent closures, decreased performance and costly delays
 - 60% of operational locks in the U.S. are 50 or more years old, but none were designed to last 50 years; nearly one-third of Ohio's 1,597 dams are in need of rehabilitation to meet safety standards
 - Needed infrastructure repairs are outpacing operation and maintenance capabilities and funding
 - Some delays at locks last over 5 hours
- Inland Waterways Trust Fund (IWTF)
 - Funded by \$0.20/gallon diesel tax for commercial vessels, which is used as a 50-50 cost-share with the government for new infrastructure projects and major rehab
 - Year-end balances have been steadily declining since 2002; the Trust and government match generates \$160-200 million/year, but yearly needs are near \$380 million
- Lack of funding is the number one issue threatening waterway transportation
 - Under the current system, 6 new projects are estimated to be completed in the next 20 years, with no new starts until after 2040
 - WAVE4 Act, proposed new legislation, will increase the fuel tax, improve the delivery system, install cost-share cap for new construction, realign IWTF, and fund new projects
 - WAVE4 Act is pending in the legislature

David Dale, U.S. Army Corps of Engineers

- Olmsted Lock and Dam: new construction project near the confluence of the Ohio and Mississippi Rivers in Illinois
 - Has the highest traffic among all points along the inland navigation system – estimated 110 million tons of cargo pass through this portion of the Ohio River
 - Construction process currently involves building portions of the lock on shore while preparing the river bottom
 - Funded by Congress in 1985 for \$775 million over 7 years, but adjusted authorization is now for \$1.6 billion through 2024, although \$1.4 billion has already been spent
- Cash flow constraints have forced re-allocation of necessary funds to other, more critical waterway projects
 - If funding amounts do not increase, Corps will have to stop fixing infrastructure to finish current projects
- Interruption of waterway system will have dramatic, negative effects on the agricultural industry and American economy
 - 13 million tons of agricultural goods leave the Ohio Valley via waterway transport and 11 million tons end up passing into the Gulf of Mexico
 - Waterway system also allows efficient transport of coal and fuel resulting in reduced energy costs

Scott Strickland, Consolidated Grain and Barge

- Soybean exports
 - 65% of the soybeans produced in the U.S. are consumed locally, while the rest are exported; 55% of soybean exports exit through the central Gulf
 - Ohio soybeans constitute 11% of the nation's soybean exports
- Other countries' infrastructure investments are enhancing their abilities to export soybeans
 - Brazil's production is mainly in the south making transportation to the north difficult, but the country is investing in railroads and barges for more efficient transportation
- Drought is negatively effecting soybean transportation
 - Barges are hauling less product to decrease drafts because of reduced river depths (usually haul 60-65,000 bushels, now about 50,000 bushels); results in loading more barges to carry the same product, increased costs and decreased efficiency
 - Typically, cargo takes 15-17 days to reach the Gulf from Cincinnati, but transportation times have expanded to as much as 1 month as many barges wait at Cairo, IL at the confluence of the Ohio and Mississippi Rivers

Eric Thomas, Central Ohio River Business Association (CORBA)

- Private-private relationships are key to increase awareness of and advocate river issues
 - Since it is difficult to find a large tract of land to establish a large port/harbor in Cincinnati, a unified message among often competitors is required to grow and revitalize waterway transportation
 - Little information is available on doing business on the river, but CORBA is working on a marketing strategy
- Ohio Valley region has a plethora of rich transportation resources
 - Cincinnati-area has water, rail, road and air transportation infrastructure available and is situated near over half of the nation's population within a day's drive
 - Cincinnati harbor encompasses 26 miles, according to the Corps; process has been initiated to expand harbor into Indiana to over 200 miles, which would make it one of the top 12 harbors in the country based off of tonnage
- Waterways transportation barriers
 - Locks and dams on the Ohio River are only operating at about 30% capacity, but more reliable and predictable locks and dams are necessary to increase capacity
 - Businesses face difficulty of obtaining proper permits and obstacles of close residential complexes to locate their businesses near the river

Group De-Brief

- **What can we do after we leave to induce action from the stimulating conversations and speakers we have had today?**
 - Develop "state champions" through a grassroots effort to serve as ambassadors for waterways transportation
 - Hold project decision-makers and implementers more accountable for project management and completing projects on-time and within their budgets
 - Educate the government on high-level impacts of the river and if the river is disrupted
 - Communicate the safety and efficiency of waterways, and the benefits they generate for commerce and power generation
 - Increase public awareness through marketing and advertising efforts (e.g. CSX's television ads) because they do not understand how it relates to their daily lives
 - Unify public and private entities so they can collaborate and speak as one voice because the agricultural community has been telling this story for nearly 3 years with few results