

Capitol Currents

May 24, 2019

House Appropriators Restore Cuts Made in FY20 Budget Request

While the March 11 release of the Trump Administration's FY20 budget proposed a 31% cut to the Corps of Engineers' Civil Works program from FY19 appropriated funding of \$7.0 billion, the House Appropriations Committee restored those cuts May 21 by a vote of 31 to 21 with passage of the FY20 Energy & Water (E&WD) Development, and Related Agencies bill. Overall proposed FY20 funding for the Corps is \$7.36 billion, an increase of \$357 million above FY19's appropriated level and \$2.53 billion above the President's FY20 budget request.

Funding for the Construction account is \$2.34 billion, an increase of \$154 million above FY19's level and \$1.17 billion above FY20's request. At least \$215 million will be made available for priority navigation projects supported by the Inland Waterways Trust Fund. House Appropriations Subcommittee on Energy and Water Development, and Related Agencies Chairwoman Marcy Kaptur (D-OH) offered a Manager's Amendment that was adopted by voice vote. That amendment could include funding to increase the Construction account, with the possibility of also increasing the top-line Corps' funding level, but details were not yet made public at press time.

The Corps' Investigations account funding in the House bill is \$135 million, an increase of \$10 million above FY19 and \$58 million above the FY20 request.

Funding for Operations and Maintenance

(O&M) is \$3.92 billion, an increase of \$183.5 million above FY19 and \$1.99 billion above the Administration request.

Harbor Maintenance Trust Fund appropriations are recommended at \$1.697 billion, \$147 million above the FY19 level, an increase of \$732 million above the request and \$100 million above target set by the Water Resources Reform and Development Act (WRRDA) of 2014.

The House bill provides for six new study starts and six new construction projects, to be selected by the Administration.



Rep. Kaptur

The House bill did not include a new 10-year, \$1.780 billion user fee to be paid by commercial operators on the inland waterways. The proposal was included in the President's FY20 budget request, and was strongly opposed by WCI.

Of the House action, WCI President/CEO Mike Toohey said "For the eighth fiscal year, Congress has come to the defense of the inland waterways system and restored proposed cuts to the Corps' critically important Civil Works mission. We are grateful for House champions Nita Lowey (Appropriations Committee Chair), Kay Granger (Ranking Member), Marcy Kaptur (Subcommittee Chair) and Mike Simpson (Ranking Member), and we applaud their commitment to passing appropriations bills on time." The Senate mark-up of the FY20 E&WD Appropriations bill is expected in June. ♦

"This bill rejects the President's drastic and short-sighted proposed cuts... including a 31% decrease to the Army Corps of Engineers... Instead, this bill increases investments to these important programs to meet our national priorities."

- House Appropriations Subcommittee on Energy and Water Development, and Related Agencies Chairwoman Marcy Kaptur



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Waterways Infrastructure Investment Matters



Kevin Ross, National Corn Growers Association

On April 10, the House Subcommittee on Water Resources and Environment held a hearing on “The Cost of Doing Nothing: Why Full Utilization of the Harbor Maintenance Trust Fund and Investment in Our Nation’s Waterways Matter,” with a number of witnesses representing the inland waterways including WCI Chairman Peter H. Stephaich, Chairman, Campbell Transportation Company, on behalf of WCI; Phyllis Harden, Legislative and Special Projects, Pine Bluff Sand and Gravel Co.; Kirsten Wallace, Executive Director, Upper Mississippi River Basin Association; and Kevin Ross, First Vice President, The National Corn Growers Association.

Below is Mr. Ross’s testimony.

“Thank you, Chairwoman Napolitano and Ranking Member Westerman. I appreciate the opportunity to testify today on behalf of the National Corn Growers Association (NCGA).

NCGA represents nearly 40,000 dues-paying corn farmers and the interests of more than 300,000 farmers who contribute through corn checkoff programs in their states.

My name is Kevin Ross. I am a sixth-generation Iowa farmer, where my wife Sara and I grow corn, soybeans and alfalfa, as well as raise cattle. I am also the First Vice President of NCGA.

My farm sits about 20 miles east of the Missouri River. America’s corn farmers need reliable means of moving our crops to customers, whether it’s to livestock feed yards, grain elevators, the ethanol plant, or ports for export.

Farmers use many modes of transportation, with the inland waterway system being a vital artery of transportation for our products, especially for farmers in the Midwest.

With 12,000 miles of commercially navigable channels and more than 240 lock sites, inland waterways allow our nation’s corn growers to move their products to and from 38 states including Alabama, Illinois, Iowa, Minnesota, Missouri, Ohio, Tennessee, and Wisconsin as well as internationally through the Mississippi, Missouri, Illinois, and Ohio Rivers. Moving our product through the inland waterways

system allows us to transport it in a way that is beneficial to both the economy and the environment.

Given that more than half of corn exports are transported via the inland waterways system, continuing to invest in this system is critically important to our competitiveness and livelihoods.

Much of the physical infrastructure is aging and in need of improvements. For example, commercial navigation locks typically have a design life of 50 years, yet by the end of 2020, 78 percent of U.S. locks will have outlived that designated lifespan. While volumes of grain, ethanol, and by-product exports increase, the efficiency of the locks decrease. Barge tows must split into two because the lock chambers aren’t large enough to accommodate them. Efficiency lags cost money, which flows down to the farmer in the form of lower prices for our corn.

By one estimate, America’s transportation deficiencies will cost U.S. agriculture \$1.3 billion in exports because our current infrastructure system increases the cost of the production process and makes access to markets more expensive.

Continued low commodity prices and consecutive years of declining farm income, coupled with recent trade disruptions and the aging infrastructure system of locks and dams are taking a toll on farmers. The United States is the world’s largest exporter of corn, shipping more than 2 billion bushels overseas last year, but we face tough competition from Brazil and Argentina. The majority of corn exports are shipped through the inland waterway system with 54 percent of corn exports being transported by barge, according to a recent USDA Agricultural Marketing Service report. Transportation efficiencies and costs are a major variable keeping our farmers competitive in overseas markets. Every market counts and we need to be able to compete.

Investing in lock and dam upgrades their operation and maintenance to ensuring an efficient inland waterway system is a major NCGA infrastructure priority. NCGA has identified 25 locks and dams that are in need of upgrades and repairs. We urge special attention to the Navi-

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Waterways Infrastructure Investment Matters

(Continued from page 2)

gation and Ecosystem Sustainability Program (NESP). The 2007 WRDA bill first authorized NESP as a long-term program of navigation improvements and ecological restoration for the Mississippi River System. NESP allows the U.S. Army Corps of Engineers to increase capacity at seven key locations, while also investing in ecosystem improvements along the river systems. The Upper Mississippi River is generally where most grain export originates. Modernizing these seven locks will increase the efficiency of the inland waterways transportation system, which means that the cost of transportation will decrease, and keep farmers like myself competitive in foreign markets.

This program promotes collaboration between agriculture, trade, organized labor and conservation groups to work together to build new locks and dams on the Illinois and Mississippi Rivers, supporting the more than half-million jobs that depend on the inland waterways.

We realize the infrastructure upgrades we seek have a cost. Established Public Private Partnerships on our waterways have been a success story.



WCI Member Pine Bluff Sand and Gravel's Phyllis Harden and WCI Chairman Peter Stephaich prepare to testify on waterways infrastructure investment on April 10.

A strong partnership between the Army Corps of Engineers and commercial operators through the Inland Waterways Trust Fund, allow commercial users of the inland waterway system to contribute substantial revenues for rehabilitation and modernization of the system. The revenues are generated through a tax collected as a levy on fuel used in commercial transportation on the inland waterways at \$.29 cents-per-gallon. These revenues are placed in the Inland Waterways Trust Fund and matched with public funds for capital improvements on infrastructure. This partnership is what helps make the inland waterways system such an efficient and viable way to transport our product to market. While there is success in other toll-based partnerships in transportation programs, there is a significant difference in the waterways system. Unlike the highway program, where users have the choice to use a tolled or un-tolled facility, waterway users would be faced with no choice. The result would be moving product by other modes.

Production agriculture would be negatively impacted as family farmers living upstream would be tolled doubled, once for the fertilizer that they use comes upstream, and then transporting export crops to market on the waterways. Studies have shown that farmers could potentially have to pay approximately \$31.5 cents per-bushel in toll fees, which would force the transportation of grain onto other modes leaving less transportation options for the family farmer, compounding our current road and railway system. We must maintain and invest in the future of our waterways system, amplifying our advantage instead of continuing to watch its slow erosion.

On behalf of the National Corn Growers Association, I am grateful for this subcommittee's support for farmers and the other users of the inland waterway system. We appreciate the opportunity to provide input into today's discussion and stand ready to work with you and serve as a resource for further discussions regarding water transport." ♦



Rep. Peter DeFazio (D-OR)

T&I Big Four Sponsor HMTF Bill

As a result of the April 10 hearing on “The Cost of Doing Nothing: Why Full Utilization of the Harbor Maintenance Trust Fund and Investment in Our Nation’s Waterways Matter,” on April 18, House Transportation & Infrastructure (T&I) Committee Chairman Peter DeFazio and Subcommittee Chairwoman Grace Napolitano, along with T&I Committee Ranking Member Sam Graves (R-MO) and Water Subcommittee Ranking Member Bruce Westerman (R-AR), sent out a draft proposal to ensure full utilization of the Harbor Maintenance Trust Fund (HMTF). The proposal would allow a budget cap adjustment up to the total amount of unallocated resources in the HMTF. Based on Congressional Budget Office (CBO) estimates, over the next decade, this draft proposal could provide for the investment of approximately \$34 billion for the Nation’s coastal and inland harbors.

The Harbor Maintenance Tax (HMT) was enacted by Congress in 1986 to recover

operations and maintenance dredging costs for commercial ports from maritime shippers. The HMT is levied on importers and domestic shippers using coastal or inland ports as a 0.125 percent ad valorem tax on the value of imported cargo. These revenues are deposited into the HMTF within the U.S. Treasury and Congress currently appropriates funds to the Corps from that fund for harbor maintenance dredging.

The HMTF collects far more revenues from shippers than Congress has appropriated to the Corps to maintain U.S. harbors, with a surplus of approximately \$9.3 billion in collected

revenues. Those funds are sufficient to meet the maintenance dredging needs of all Federally-authorized ports.

The measure (H.R. 2440) passed out of the House T&I Committee on May 8, but whether it passes on the floor of the full House is to be determined. ♦



Rep. Grace Napolitano (D-CA)

On May 8, WCI and representatives of the Corps of Engineers toured the **LIUNA!** Ohio Laborers Training Center in Howard, Ohio to learn more about the process to prepare union workers for health and safety skills on the job. ♦



Photo credit: John P. Ondo

WCI President/CEO Mike Toohey (far left), stands with Karl Jefferson, LIUNA Field Coordinator, Ohio Valley and Southern States Region, and Paul Rohde, WCI Vice President-Midwest Region.



KENNETH HARTMAN JR.
ILLINOIS FARMER

On May 13, WCI Board Member Ken Hartman, Jr., appeared in a story on NBC Today about the impact of flooding and the Chinese tariffs on agriculture.

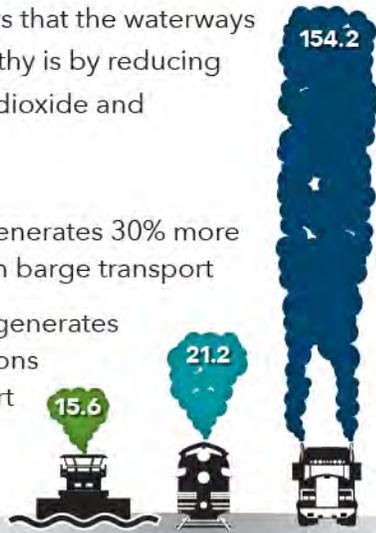


GREENEST WAY TO TOW

Cleaner Air Today is the Foundation for a Brighter Future

One of the many ways that the waterways keep Americans healthy is by reducing emissions of carbon dioxide and other pollutants.

- Railway transport generates 30% more carbon dioxide than barge transport
- Highway transport generates 1000% more emissions than barge transport



Tons of CO₂ per Million Ton-miles

The National Waterways Foundation, which develops intellectual and factual arguments for an efficient, well-funded and secure inland waterways system, has created .jpeg files of graphics from its key research and brochures, in an effort to help further spread inland waterways messaging. Contact Dcalhoun@waterwayscouncil.org to obtain copies of the .jpegs for use in your social media.



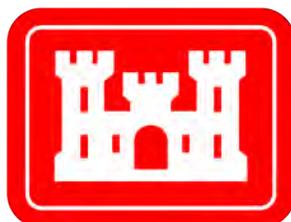
CAP It Off: Participants of National Grain and Feed Association's (NGFA) Committee Apprentice Program (CAP) met with WCI on April 9 in Washington, DC to learn more about our 2019 priorities and the broader strategy that goes into policymaking. Pictured from left to right: Emmalee Koester, Bunge North America Inc., St. Louis, MO; Nick White, CGB Enterprises Inc., Covington, LA; Deb Calhoun, WCI; Andrew Ziller, Scoular, Overland Park, KS; Jared Rohn, Western Grain Marketing, Rushville, IL; and Andrew Spain, Louis Dreyfus Co., Kansas City, MO.



Speaking with Sonny



U.S. Agriculture Secretary Sonny Perdue in his office at USDA on May 8, as he prepares to be interviewed by WCI for a video project on the important connection between the inland waterways and agriculture/agribusiness.



The 10-story gantry crane that helped to construct the Olmsted Locks and Dam, which opened to waterways traffic in August 2018, was demolished on May 4. The crane was used to assemble, move and lift sections of the Olmsted dam. According to the Corps, the Olmsted Dam gantry crane was the largest of its kind in the world.





WCI MEMBER SPOTLIGHT: Ports of Indiana

By Vanta E. Coda II, CEO

I'll save you from asking the question and go straight to the answer. Yes, Indiana has ports. And not just one, but three.

Indiana has two ports on the Ohio River: The Port of Indiana-Mount Vernon and the Port of Indiana-Jeffersonville; and one on Lake Michigan called the Ports of Indiana.

Indiana's three-port system serves the world's most productive industrial and agricultural region and is ideally situated on two major North American freight transportation arteries – the Great Lakes and the Inland Waterways System.

Our ports build exceptional infrastructure to allow companies to share what Indiana does exceedingly well – manufacture and move products essential for modern life and grow and ship food for the world.

We fully participate in global commerce because we offer multimodal connections. We are enhancing and extending our infrastructure and we offer an innovative business model. Combine these essential elements with skilled handlers and experienced management – and it all leads to cost-savings.



The Port of Indiana-Mount Vernon is the state's largest tonnage port and the largest public port closest to the confluence of the Ohio and Mississippi Rivers. Photo courtesy of Frank Oliver.

We mean business in Indiana. The economic impact of Indiana's port facilities includes \$7.8 billion in total economic activity and almost 60,000 jobs. Unprecedented tonnage increases from bulk, breakbulk and specialized cargoes moving through Indiana's ports made 2018 the best year in the organization's history. This was the first time the Ports of Indiana set records in each quarter, and the fifth consecutive year that the Ports of Indiana handled more than 10 million tons of cargo, moving 14.8 million tons of commodities. Key drivers in this record-shattering year included coal shipments (up 58% from 2017), soy products (up 26%), grain (up 17%), and steel (up 4%).

We are preparing for the next decade, and the decade after that, and the decade after that. We have detailed plans over the next several years to invest in our infrastructure so we can continue to offer international connections and competitive advantages, as well as fuel-efficient, cost-effective and eco-friendly shipping solutions to world-class companies.

At the Port of Indiana-Jeffersonville, where steel is the top commodity, we are spending \$20 million to double our cargo-handling capacity by enhancing and expanding the port's infrastructure. Work underway from this TIGER grant will add almost four miles to the port's existing 11-mile unit rail network, including construction of a waterfront intermodal facility that will more than double the capacity of bulk commodities transferred from rail cars to barges. In addition, we are constructing two new waterway rail loops that will dramatically increase operational efficiency.

Strategically located in a top logistics market on the Ohio River inside the Louisville Metropolitan Area, the Port of Indiana-Jeffersonville is home to 27 companies of which 15 are steel-related. Of the total 1,050 acres, 300 are available for development.

The Port of Indiana-Mount Vernon in southwest Indiana has consistently broken its own tonnage records for four consecutive years, recording

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WCI MEMBER SPOTLIGHT: Ports of Indiana

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a 41% increase in 2018 over the previous year. The port handled 61% more coal in 2018 than it did in 2017, and experienced increased shipments in ethanol, soy products and dried distillers grain. With its 1,240 acres and 8,000 feet of riverfront, this port is the state's largest tonnage port and the largest public port closest to the confluence of the Ohio and Mississippi Rivers, offering year-round access to the Gulf of Mexico.

At this port, we've made a capital investment in a new crane – and the floor it sits on – to make the building an asset for generations. This port is poised for significant growth and among its available sites is a 544-acre megasite positioned for a company to live for the next 50-plus years. Additionally, the port offers long-term

sustainable advantages, a favorable business climate, smaller specialized sites, and synergies with port companies.

We create industry logistics campuses of water, rail and road that allow our businesses to function and grow in an eco-system of associated industrial communities. This allows those companies to invest more directly in their businesses and provides Indiana citizens with employment opportunities at globally competitive companies.

The Ports of Indiana is proud to partner with WCI because efficient, modern infrastructure on the inland waterways supports our port and the system at large; and these greater efficiencies create opportunities for everyone. ♦

Ready to Get Crackin'!



On March 7, WCI President/CEO Mike Toohey (center) visited the Shell Ethylene Cracker Plant near Pittsburgh with Stephen Spoljaric, Bechtel (left) and Thorben Schulz, Shell (right).

Sens. Blunt/Durbin and Reps. Bustos/Smith Lead Effort to Fund NESP

On April 4, U.S. Senators Chuck Grassley of Iowa, Dick Durbin of Illinois, along with Roy Blunt of Missouri and Tammy Baldwin of Wisconsin, and Representatives Cheri Bustos of Illinois and Jason Smith of Missouri, led a bipartisan, bicameral letter signed by a total of 51 Members of Congress (10 Senate, 41 House signers) to Senate and House appropriators urging the inclusion of funding

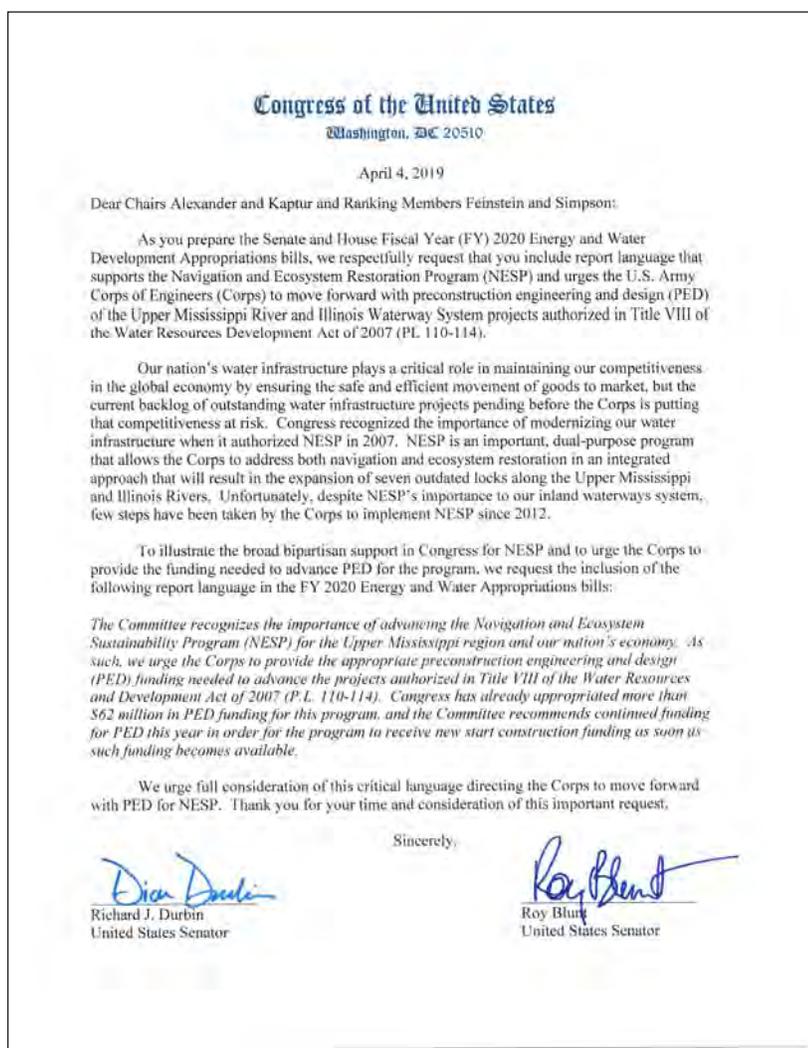
for the Navigation and Ecosystem Restoration Program (NESP) in the FY20 Energy and Water Development Appropriations bills. NESP was authorized in Title VIII of the 2007 Water Resources Development Act (WRDA), and would modernize and expand seven outdated locks and restore ecosystems along the Upper Mississippi and Illinois Rivers. Preconstruction Engineering and Design (PED) funding is needed for the project so the Corps of Engineers can move forward with NESP.

“Our nation’s water infrastructure plays a critical role in maintaining our competitiveness in the global economy by ensuring the safe and efficient movement of goods to market, but the current backlog of outstanding water infrastructure projects pending before the Corps is putting that competitiveness at risk,” the Members wrote. “NESP is an important, dual-purpose program that allows the Corps to address both navigation and ecosystem restoration in an integrated approach that will result in the expansion of seven outdated locks along the Upper Mississippi and Illinois Rivers.”

Inland and intercoastal waterways and ports are vital to the U.S. economy. These waterways serve 38 states throughout the nation as shippers and consumers depend on the ability to move around 600 million tons of cargo valued at \$232 billion annually.

The United States is the world’s largest agricultural exporting country, selling one-third of its product abroad. Agricultural exports account for about one-quarter of farm cash receipts. In 2015, 73 percent of U.S. agricultural exports were carried on U.S. waterways, as well as 65 percent of imports.

The full text of the letter is available [here](#). ♦



In Memoriam: Ray Eckstein

On Saturday, April 20, Ray Eckstein, founder of Marquette Transportation, known today as Marquette Transportation Company LLC, passed away at the age of 93. His beloved wife, Kay, died in June 2017 at the age of 90. The Ecksteins supported a number of worthy causes through their Ray and Kay Eckstein Charitable Trust.

A river industry pioneer, Mr. Eckstein started his career in 1958. This is from Marquette's website, "A History of the River Division":

Now headquartered in the port city of Paducah, Kentucky, Marquette Transportation traces its roots to Cassville, Wisconsin, an old Mississippi River village where horses, not engines, powered the earliest ferries. Soon, the river became a catalyst of change. Towns and cities sprang up along the waterways, ushering in an economic boom with the growing demand for produce, dry goods and commodities.

In 1958, Ray Eckstein, a Cassville native, founded Wisconsin Barge Lines, a switch boat operation that he soon transformed into a bulk commodity carrier. Throughout the 60s, Wisconsin Barge flourished under the helm of Ray Eckstein, whose fleet of tugboats and hopper barges couriered a steady flow of commerce from port to port. When he later sold the company, Ray was asked to stay behind the wheel of the operation, which he did until the late 70s.

In 1978, Ray christened his new transportation company Marquette, which he named for Father Jacques Marquette, a French Jesuit priest who lived among the Great Lakes Indians from 1666 to his death in 1675. Father Marquette is credited with helping Louis Jolliet map the Mississippi River.

Although Marquette Transportation started small, the company thrived as industry demand



for export grain hit record levels. Ray Eckstein invested in more vessels, building his fleet to 12 towboats and 350 barges. But the early 80s pronounced a devastating downturn in the nation's economy. Prime interest rates skyrocketed to 23% and President Jimmy Carter issued a grain embargo against America's

largest consumer of grain—Russia. Suddenly, the river business was reduced dramatically.

Marquette struggled in the midst of this economic storm. To stay afloat, Ray tightened his operation to two towboats and 70 barges and restructured the company.

Marquette was now poised to take a new direction in the industry.

During the 1990s, Marquette welcomed the addition of Ray's son, John, to the company. As CEO, John Eckstein, and his father made dramatic changes that strategically positioned Marquette from a barge operator to a line-haul towboat company that leased its barges to its towing customers. This move, combined with a major investment in the Marquette fleet and a focus on high-quality service, proved to be the company's most successful venture to date.

WCI sends its condolences to the Eckstein family. ♦

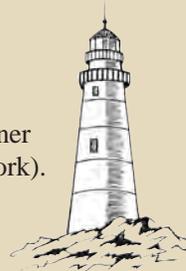




On March 6, the Senate Committee on Commerce, Science, and Transportation held a hearing on “The State of the American Maritime Industry,” with witnesses Austin Golding, President, Golding Barge Line; Tom Allegretti, President, American Waterways Operators; Matthew Paxton, President, Shipbuilders Council of America; and Matt Woodruff, President, American Maritime Partnership. Pictured here (left to right): Mr. Woodruff, Mr. Allegretti and Mr. Golding prep to deliver their testimonies.

Industry Calendar

June 6: Seamen’s Church Institute
42nd Annual Silver Bell Awards Dinner
(Pier Sixty at Chelsea Piers, New York).
Details [here](#).



SAVE THE DATE: August 7-9: Gulf Intracoastal Canal Association 2019 Annual Seminar (Hotel Intercontinental, New Orleans) Visit www.gicaonline.com ♦

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Infrastructure Week 2019



May 13-20 // #BuildForTomorrow

May 13-20 marked Infrastructure Week 2019. WCI held its annual press briefing on May 14 to discuss a variety of issues related to the inland waterways transportation system and lock and dam infrastructure modernization. Fourteen reporters from across the country participated by teleconference.