

Capitol Currents

June 8, 2017



Very Strong FY2017 Appropriations; FY2018 Budget Request Not So Much

“OMB Director Mick Mulvaney described the Administration’s FY2018 budget as a ‘Taxpayer First Budget.’ ‘This is I think the first time in a long time that an administration has written a budget through the eyes of the people who are actually paying the taxes,’ he said.”

FY2017 APPROPRIATIONS FUNDING ROBUST

WCI hailed the May 4 passage of the Consolidated Appropriations Act of 2017 (P.L. 115-31) which funds the Corps of Engineers Civil Works Program and other federal agencies for the remainder of Fiscal Year 2017. Funding for the Civil Works Program totals \$6.038 billion, a slight (0.8%) increase above the FY 16 funding level, but almost a 31% increase above the Obama Administration requested level.

The bill appropriates \$109 million from the Inland Waterways Trust Fund (IWTF), \$75.25 million more than the budget request, plus sufficient matching funds to support continued efficient construction of Olmsted and other priority lock and dam modernization projects.

The bill also provides \$3.149 billion for the Corps’ O&M account, the fourth consecutive year of record-level funding, including at least \$46.5 million more in O&M funds than the President-Obama-requested \$631 million for inland navigation and \$1.3 billion for activities funded by the Harbor Maintenance Trust Fund, which hits the Water Resources Development Act (WRDA)-required target.

It also provides \$362 million, a \$17 million increase from the FY16 level, for Mississippi River & Tributaries projects.



Mick Mulvaney
Photo courtesy of CNN

FY17 CORPS’ WORK PLAN ANNOUNCED

On May 24, the Corps released its FY17 work plan for funding allocations made available by Congress in the Consolidated Appropriations Act. The Construction account received \$409 million, representing full-use of revenues into the Inland Waterways Trust Fund toward Olmsted (\$250 million); Lower Mon 2, 3, 4 (\$82 million vs. \$58.9 million in FY16’s plan); Kentucky Lock (\$39 million vs. \$45.4 million in FY16); Chickamauga Lock (\$37 million vs. \$29.9 million in FY16); and \$1 million to close out work at Emsworth Lock.

The Investigations account allocated \$5.25 million for Pre-Construction Engineering

Design (PED) work for the Upper Ohio Navigation program, and funds for an additional economic analysis the Office of Management & Budget ordered. Additionally, \$700,000 will go toward the Brazos River/Colorado Locks study; \$200,000 to complete PED for the High Island to Brazos River project; and \$100,000 to complete PED for the Gulf Intracoastal Waterway Matagorda Bay project.

WCI President/CEO Mike Toohey said, “We are disappointed the Administration did not allocate PED funding for the Navigation & Ecosystem Sustainability Program (NESP). We continue

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(202) 765-2166

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Very Strong FY2017 Appropriations; FY2018 Budget Request Not So Much

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to press Congress to appropriate at least \$10 million in PED funding ahead.”

DISAPPOINTMENT INCLUDED IN FY18 BUDGET REQUEST

The Trump Administration released its FY 2018 budget request to Congress on May 23, offering a mixed bag for funding the Corps of Engineers. The President proposed \$5.02 billion for the Corps, which represents a \$382 million increase above President Obama’s FY17 request, but more than \$1 billion below the \$6.038 billion appropriated by Congress last fiscal year.

More than a billion dollars (\$1.02 billion) was set aside for the Construction account but that level is \$50 million below President Obama’s request and \$736 million less than Congress appropriated in FY17. There was a substantial



cut to \$86 million for General Investigations, of \$35 million below FY17 appropriated levels, and a \$109 reduction from the FY17 levels for the for Mississippi River & Tributaries at \$253 million for FY18.

Only \$965 million is requested from the Harbor Maintenance Trust Fund (HMTF), far below the target of \$1.3 billion.

The budget bright spot was the highest-ever request of \$3.1 billion for the Operations and Maintenance (O&M) account, well

above the \$2.705 billion Obama Administration request.

An Office of Management and Budget (OMB) recycled proposal for a 10-year, \$1.037 billion user fee to be paid by commercial operators on the inland waterways was again offered in the budget. The proposed increase would generate an amount roughly equal to what is collected from the current fuel tax, suggesting an effective doubling of the recently-enacted 29-cents-per-gallon tax. Past similar proposals have been rejected by Congress and are not supported by industry.

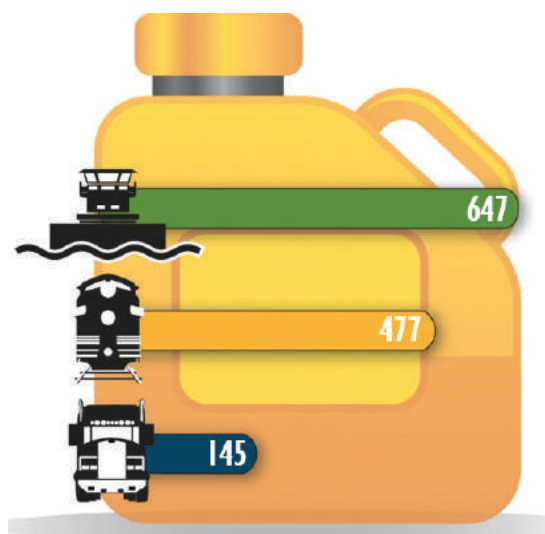
Despite the obvious needs for full-use of IWTF revenues, the Trump budget constitutes bare use of the receipts. For inland capital projects, the budget requests funding only for the Olmsted project, with the IWTF share being \$26.25 million out of the \$105 million the budget documents estimate will come in 2018 from the current 29-cents-per-gallon diesel fuel tax. This budget request also proposes to generate \$108 million in new revenue from the recycled user fee proposal previously floated by other Administrations. In FY18 this is estimated to be \$213 million in IWTF income, but none of this current/new revenue will be spent beyond the Olmsted request in this budget request. This leads to a ballooning balance in the IWTF up to \$243 million, roughly a 400% increase, by the end of FY 2018. ♦



All Aboard: Members of the Inland Waterways Users Board (IWUB) dine on the Amherst Madison’s M/V Laura J as part of its 82nd meeting, held May 16-17 in Charleston, WV. On May 16, the Board toured Greenup Locks & Dam and Winfield Locks and Dam. A new 1,200-foot lock was added at Winfield in 1997, but the 80-year-old dam will need major rehabilitation work ahead.

Updated Study Highlights Barge Efficiencies, Impacts

Today's towboat can transport one ton of freight 647 miles per gallon of fuel. A modern locomotive would move that same ton of freight 477 miles per gallon of fuel, and a truck would move it 145 miles. That means barges have an energy efficiency more than 4 times that of trucks.



The National Waterways Foundation (NWF) has commissioned the update of a national study comparing selected societal, environmental, and safety impacts of utilizing inland river barge transportation to highway and rail transportation. Titled, *A Modal Comparison of Domestic Freight Transportation Effects on the General Public: 2001-2014* (January 2017), the study was conducted by the Texas Transportation Institute's Center for Port and Waterways at Texas A&M University. This study was originally conducted and peer reviewed in 2009, and then updated in 2014 and again in 2017, when five-year data sets were available. It was released in late March 2017. Read it [here](#). ♦

AG SECRETARY LAUDS LOCKS

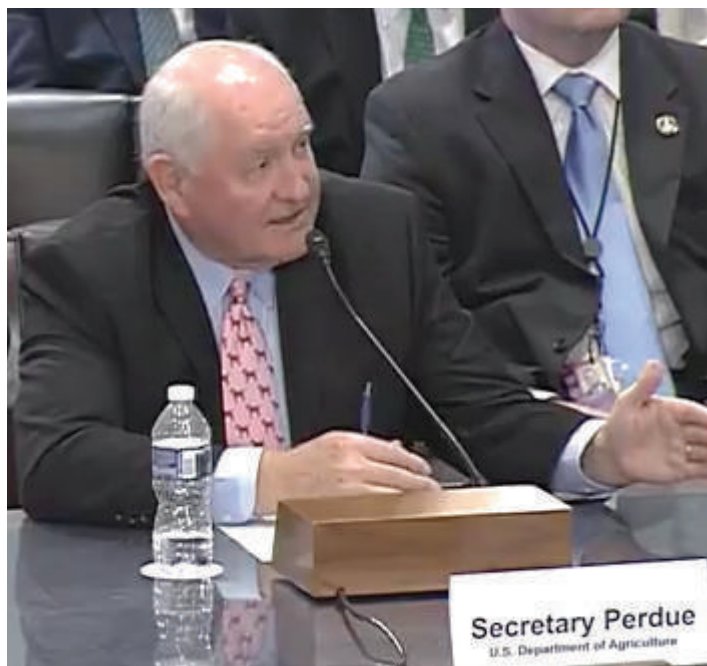
U.S. Secretary of Agriculture Sonny Perdue visited WCI member Consolidated Grain and Barge (CGB) Company's Riverside loading facility on May 11 to announce the creation of an Undersecretary for Trade and Foreign Agricultural Affairs position. WCI member Ingram Barge Company also participated in a briefing with Secretary Perdue just before the event.

On May 17, Secretary Perdue testified before a House Agriculture Committee hearing on the role of farming on rural economies. During the hearing, Rep. Cheri Bustos (D-IL) asked him about locks and dams. Secretary Perdue answered, "I was at the White House yesterday for an infrastructure meeting... the inland waterways are at the top of their list over their contribution to the economy... the waterways are a vital resource for a world economy." ♦



Photo by WOSU Radio.

Left: U.S. Secretary of Agriculture Sonny Perdue visited looks at a grain barge on the Ohio River in Cincinnati. Right: Waterways are a top contributor to the economy, Secretary Perdue said.





Member Spotlight: Yazoo River Towing

One of WCI's newest members is Yazoo River Towing (YRT), situated on the Yazoo River in Vicksburg, Mississippi. The company has been serving the inland waterways for more than 35 years. The company was started by J.O. Smith, Jr. after working for his father-in-law's marine business, originally established in 1936. J.O., Jr. had a unique manner which was the catalyst that gained YRT's reputation for getting things done. He brought his sons Jinx, J.O. III and Patrick into the business at early ages. One year after the accidental drowning of his son, Jinx, J.O., Jr. passed away in 2006, leaving J.O. III and Patrick to continue the family enterprise.

Yazoo River Towing is one of several marine companies owned and operated by the Smith

Family. It is currently operated, since 2006, by Patrick Smith, a licensed pilot, and the fourth generation of the family's interest in the marine industry. While YRT currently operates throughout most of the inland waterways of the United States, it carved its niche by running on smaller rivers that proved to be more challenging than the larger operators working on the Yazoo and White rivers, for example. The most recent addition to YRT's fleet will arrive in August 2017 when sister company Big River Shipbuilders wraps up a complete rebuild of the old *R H Huffman* to be named the *Jackson Platte*, equipped with a 3,600 hp engine.

Having been operating on the river system for more than three decades, YRT has a good view point of our aging waterway infrastructure and the needs of the future. "We have been involved with, and have had to bear the expense, of the delays, inefficiencies and issues resulting from this aging system. WCI has our full support as the industry leader in the fight to maintain, recondition and repair the infrastructure we rely on to feed our families and make our industry competitive. Having excellent knowledge of the needs the marine transportation industry has along with thoughtful attention and execution to the projects that keep us moving forward, WCI is an excellent voice for our industry," Patrick Smith said. ♦



While Yazoo River Towing operates primarily on smaller rivers, it runs throughout the inland system.



Bridge Over Troubled Water: High water and flooding around St. Louis in April and May caused problems for barge operators, shippers and residents. Shown here, waters flood the Current River Bridge in Doniphan, Missouri in early May. Photo by Missouri State Highway Patrol as seen in WorkBoat Magazine.

Calcasieu Lock Efficiency to be Improved

By Office of Public Affairs, U.S. Army Corps of Engineers New Orleans District

The U.S. Army Corps of Engineers has begun preconstruction and engineering designs to improve performance and efficiency of the Calcasieu Lock in southwest Louisiana. The existing lock was constructed in 1950 to facilitate navigation and prevent saltwater intrusion from the Calcasieu River into the agriculturally important Mermentau River Basin. Located approximately 10 miles south of Lake Charles, LA, the lock is the 10th busiest in the Nation and is a vital conduit for the transportation of petrochemical products along the Gulf Intracoastal Waterway (GIWW). Between 13,000 and 15,000 vessels pass through the lock each year.

Although the lock is structurally sound, navigation has experienced increased congestion and navigation delays because of the structure. The primary reason for these delays is the need to operate the structure for drainage of the Mermentau Basin. The impact to navigation is especially prevalent during high water events when the structure is used to relieve flooding in the area. During drainage events, the lock is closed to navigation because water velocities through the structure create

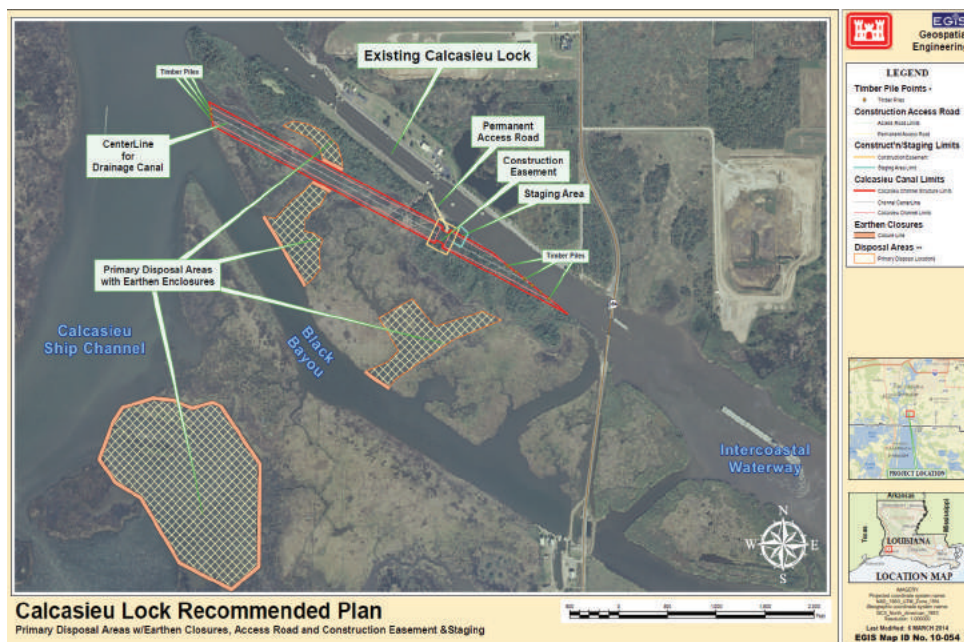
unsafe conditions for navigation. The Corps of Engineers estimates that the navigation delays result in approximately \$1 to \$3 million in damages to the Nation each year.

Because of the importance of the Calcasieu Lock to both the GIWW, one of the Nation's most critical navigation systems, and the Mermentau Basin water management system, the Corps undertook a study to improve the GIWW by maximizing the efficiency of the lock while continuing to provide water management and salinity control benefits to the Mermentau Basin. To accomplish this goal, USACE had to identify the best approach for reducing drainage event induced delays at the Calcasieu Lock while minimizing impacts to the surrounding area that was in the Nation's best interest.

Based on the findings of the feasibility study, Congress authorized a plan to construct a 75-foot-wide gated structure and drainage canal south of the existing lock. This plan will alleviate navigation hazards and delays by creating a drainage conduit separate from the lock structure. Operation of the gate would only occur during high water drainage events so that saltwater intrusion into the basin is inhibited. This approach allows the existing lock to remain in place and continue to service barge traffic.

Construction of the gate and drainage canal and associated mitigation is estimated to cost approximately \$17 million and will be cost shared 50/50 with the Inland Waterway Trust Fund. Preconstruction and engineering designs are scheduled to be completed in 2018.

For more information on the Calcasieu Lock, please visit the U.S Army Corps of Engineers, New Orleans District Web page at <http://www.mvn.usace.army.mil/About/Projects/Calcasieu-Lock>. ♦



Calcasieu Lock's recommended plan is meant to improve the GIWW by maximizing efficiency of the lock while continuing to provide water management and salinity control benefits to the Mermentau Basin.

WCI HOLDS 2017 WASHINGTON MEETINGS

On March 20, WCI kicked off its 2017 Washington, DC meetings that included its Board of Directors meeting, an opening lunch address by Lieutenant General Todd T. Semonite, Commanding General and Chief of Engineers, U.S. Army Corps of Engineers; the 2017 Waterways Seminar with the keynote address by Brigadier General Mark Toy, Commander of the Corps' Great Lakes and Ohio River Division (LRD); a Congressional staff panel; addresses by Rep. Garret Graves (R-LA); Rep. Rodney Davis (R-IL); and Rep. Darin LaHood (R-IL); and

a presentation on invasive species by David Hamilton, Senior Policy Director, The Nature Conservancy. On March 21, WCI's members visited more than 85 Congressional offices, as well as meeting with Secretary of Transportation Elaine Chao, followed by the 16th annual Leadership Service Award reception and dinner. March 22 concluded with meetings of the National Waterways Foundation Trustees and WCI membership committee. ♦



Photo 1: Mark McManus, General President, United Association, stands with Chief of Engineers LTG Todd Semonite; WCI Chairman Tim Parker; and LRD Commander BG Mark Toy. **Photo 2:** Congressman Darin LaHood (R-IL) tells WCI's members and guests that "the waterways are vital in my state, especially for all the soybeans that move from Illinois.

There are fewer and fewer members of Congress who understand rural districts and the issues that affect them, and that includes locks and dams and agriculture. We must continue to talk to them and educate them."

Photo 3: At WCI's opening reception (left to right), Dru Buntin, formerly with the Upper Mississippi River Basin Association, catches up with Jim Free (Smith Free); Teri Goodman (City of Dubuque, IA); and Dan Mecklenborg (Ingram Barge Company).



WCI HOLDS 2017 WASHINGTON MEETINGS



Photo 1: WCI's 2017 Waterways Seminar included a Congressional Professional Staff Panel of (left to right) Jen Armstrong, Senate Appropriations Committee; Susan Bodine, Chief Counsel, Senate Environment & Public Works Committee; and Ryan Seiger, Minority Staff Director, Water Resources and Environment Subcommittee, House Transportation & Infrastructure Committee. It was moderated by Tracy Zea, WCI Director of Government Relations. **Photo 2:** At the WCI Leadership Service Award reception, Andre Richard (Gulf South Marine Transportation)(left) and Zach Hughbanks (Thrustmaster of Texas) (right) enjoy a laugh. **Photo 3:** Capitol Currents editor Deb Calhoun (WCI) (left) chats with WCI Treasurer Cherrie Felder (right) at the reception. **Photo 4:** At the award dinner, David Dale, Programs Director for the Great Lakes & Ohio River Division of the Corps of Engineers (left) received the 2017 Waterways Counsel Award, presented by Marty Hettel (right), a member of WCI's Executive Committee, and Chairman of the Inland Waterways Users Board.

WCI HOLDS 2017 WASHINGTON MEETINGS



Photo 1: (left to right): AWO's Jennifer Carpenter stands with Spencer Murphy (Canal Barge Company); AWO Director of Public Affairs Ben Lerner; and the newly engaged Chris Blanchard (Cooper T. Smith).

Photo 2: (left to right): WCI President Mike Toohey stands with Deputy Commanding General for Civil and Emergency Operations Major General Donald E. (Ed) Jackson, Jr.; Chairman Parker, David Dale, BG Mark Toy and Marty Hettel. **Photo 3:** After receiving the 16th Annual WCI Leadership Service Award on March 21, Congressman Bob Gibbs (R-OH) stands proudly with members of the Ohio Corn & Wheat Growers Association. **Photo 4:** Jim Tarmann (left), Illinois Corn Corners Association, catches up with Tadd Nicholson, (center) Ohio Corn & Wheat Growers Association; and WCI's Vice President Midwest Region Paul Rohde (right).



Sustainability Column: Living Lands & Waters

This Capitol Currents' sustainability column looks at an organization that has been cleaning up for nearly two decades. Founded in 1998 by Chad Pregracke, Living Lands & Waters (LL&W), is a 501(c)(3) environmental organization whose mission is to help protect, preserve and restore the natural environment of the nation's major rivers and watersheds; expand awareness of environmental issues and responsibility encompassing the river; and to create a desire and an opportunity for stewardship and responsibility for a cleaner river environment.



LL&W will celebrate its 20th year in operation cleaning America's rivers and beautifying the lands around them. With a staff and fleet of equipment, but with many volunteers, LL&W has worked on 23 rivers across 20 states, collecting nearly 10 million pounds of garbage from the river! The group has hosted 1,009 river cleanups, and in the process educated more than 10,000 students and teachers who

have attended LL&W's educational workshops. Planting trees through the organization's MillionTrees Program is an important part of LL&W's work, and to date, 1,001,778 trees have been distributed or planted.

Founder Pregracke's vision for his organization began as a kid growing up near East Moline, IL, spending time by the Mississippi and Illinois Rivers. During his summer breaks, Chad worked as a commercial shell diver for the cultured pearl industry, a commercial fisherman, and barge-hand. When working away from home, he camped on the islands and shorelines of the rivers and began to realize how neglected the rivers were, with unsightly and toxic accumulation of trash along their riverbanks. He alerted government agencies and officials about the issue, but the problem only worsened. This great need, fueled by Chad's passion and determination led to the creation, of Living Lands & Waters.

His vision, charisma, non-stop work ethic and natural leadership have garnered him an abundance of awards and honors. Most notably, Chad was the recipient of the Jefferson Award for Public Service, America's version of the Nobel Prize, in June 2002. He accepted this award in the United States Supreme Court in Washington, D.C. with other award recipients Rudolph Giuliani, Bill and Melinda Gates, and Lilly Tartikoff. In 2013, he was named CNN Hero of the Year for his efforts. ♦



TOP: LL&W volunteers get to work. BOTTOM: A young Chad amidst his collection of river trash. Photos courtesy of LL&W.

Trump Talks, Visits Waterways

In its media statement, WCI applauded President Trump's visit to the heartland that will surely bring heightened attention to the

On June 7, President Trump travelled to Cincinnati to address the importance of rebuilding America and its inland waterways infrastructure in a speech from the banks of the Ohio River. The event was attended by a number of WCI's member companies including Ingram Barge Company, which provided a towboat and coal tow for the backdrop of the speech, Marathon Petroleum, CF Industries, Bunge, C&B Marine, Nucor Steel, and the building trades.

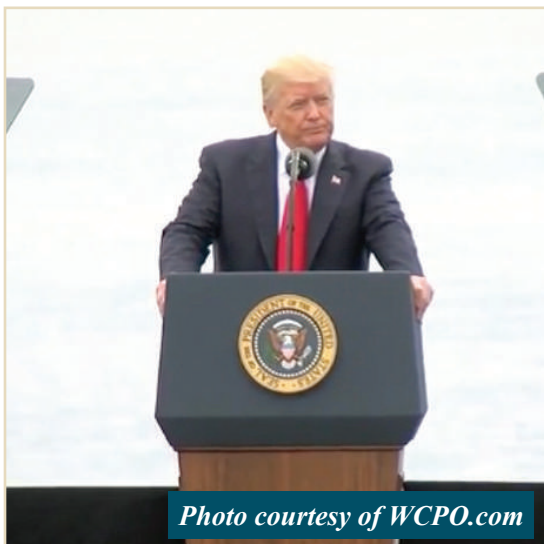


Photo courtesy of WCPO.com

inland waterways system's investment needs. Not since President Franklin D. Roosevelt's 1930s New Deal to build our locks and dams, or President Dwight D. Eisenhower's 1950s plan to construct the National Defense and Interstate Highway system has Presidential leadership been so demonstrated. It was once again today by emphasizing the importance of the inland waterways transportation system and this critical national infrastructure with the backdrop of the river itself. As President Trump said, the nation will rebuild Rivers, along with Roadways, Runways and Railways.

We stand ready and committed, and look forward, to working with the Administration to craft proposals that work equitably for the inland waterways, a critical part of the transportation supply chain and conduit to American exports for the waterways. ♦



At a reception for journalists at the end of April, President Donald Trump said, "What China's done is incredible... We're like a Third World nation," regarding U.S. transportation... "Our roads are crumbling," he said.

-- *The Washington Examiner*
May 1, 2017



Watch your Step!: An example of the state of the nation's infrastructure in disrepair is seen here at Lock and Dam 15 on the Mississippi River near Davenport, Iowa. This lock guidewall has moved 17 inches horizontally and 14 inches vertically, compromising the overall integrity of the wall. On May 19, the Corps proactively collapsed parts of this approach wall to avoid an emergency situation.

Capitol Currents is published by



Deb Calhoun
Editor

Michael J. Toohey
Publisher

499 S. Capitol Street, SW
Suite 401
Washington, DC 20003
202.765.2166

www.waterwayscouncil.org

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