



2017 Rail Supply Chain Summit

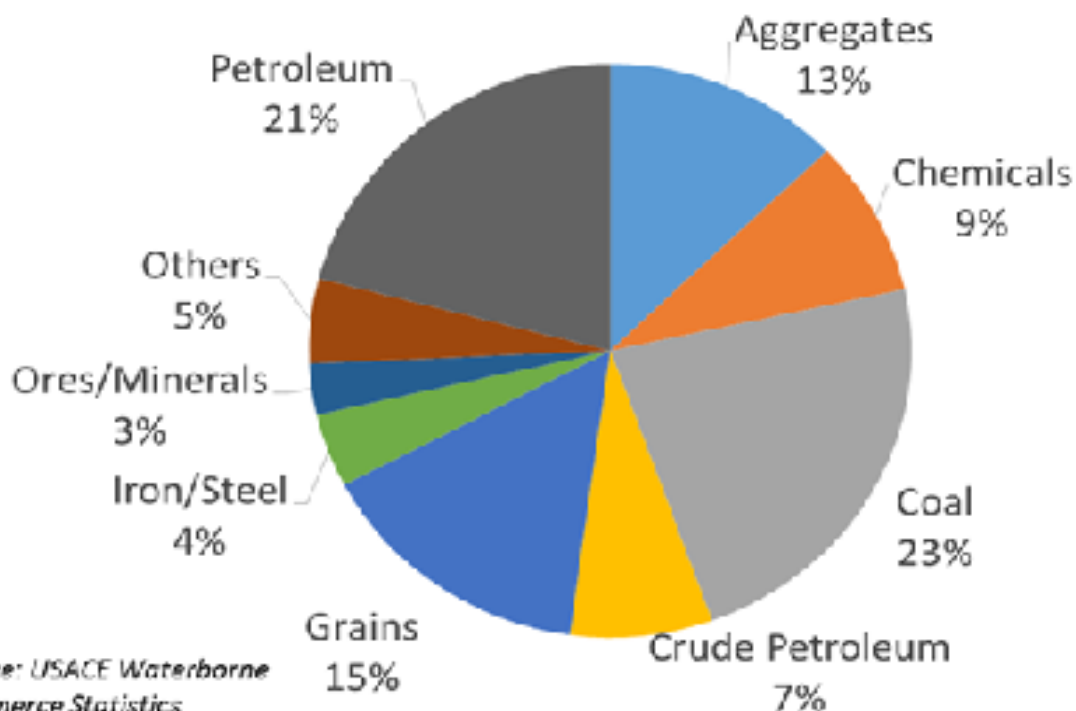
Mike Toohey,
President/CEO

June 14, 2017

What's Moving? Inland Waterways Commodities (2015)

575.7 Million Tons, \$229 Billion Value

2015 US Inland Waterways Commodities






Source: USACE Waterborne
Commerce Statistics

OUTPUT LOSSES

But if there was a complete loss of the waterways for shipping without ANY advanced notice to users (a way to measure impacts)

Region	Year 1 (2012 Billion)	Year 10 (2012 Billion)
Ohio River	-\$10.724,000	-\$16.755,000
Upper Mississippi River	-\$12.180,000	-\$18.571,000
Lower Mississippi River	-\$19.909,000	-\$25.427,000
GIWW	-\$48.775,000	-\$63.080,000
Pacific Northwest	-\$0.935,000	-\$1.525,000
Rest of US	-\$31.629,000	-\$6.600,000
Total	-\$124.152,000	-\$131.958,000
	10 year	
Present value	-\$1.063 Trillion	

Snapshot of the Cost of Transporting Soybeans*

IOWA to CHINA	Mode of Transportation	BRAZIL to CHINA
\$8.38	 TRUCK	\$76.94
+		+
\$25.51	 BARGE	N/A
+		+
\$27.77	 SHIP	\$20.00
\$61.66	TOTAL COST (per metric ton)	\$96.94

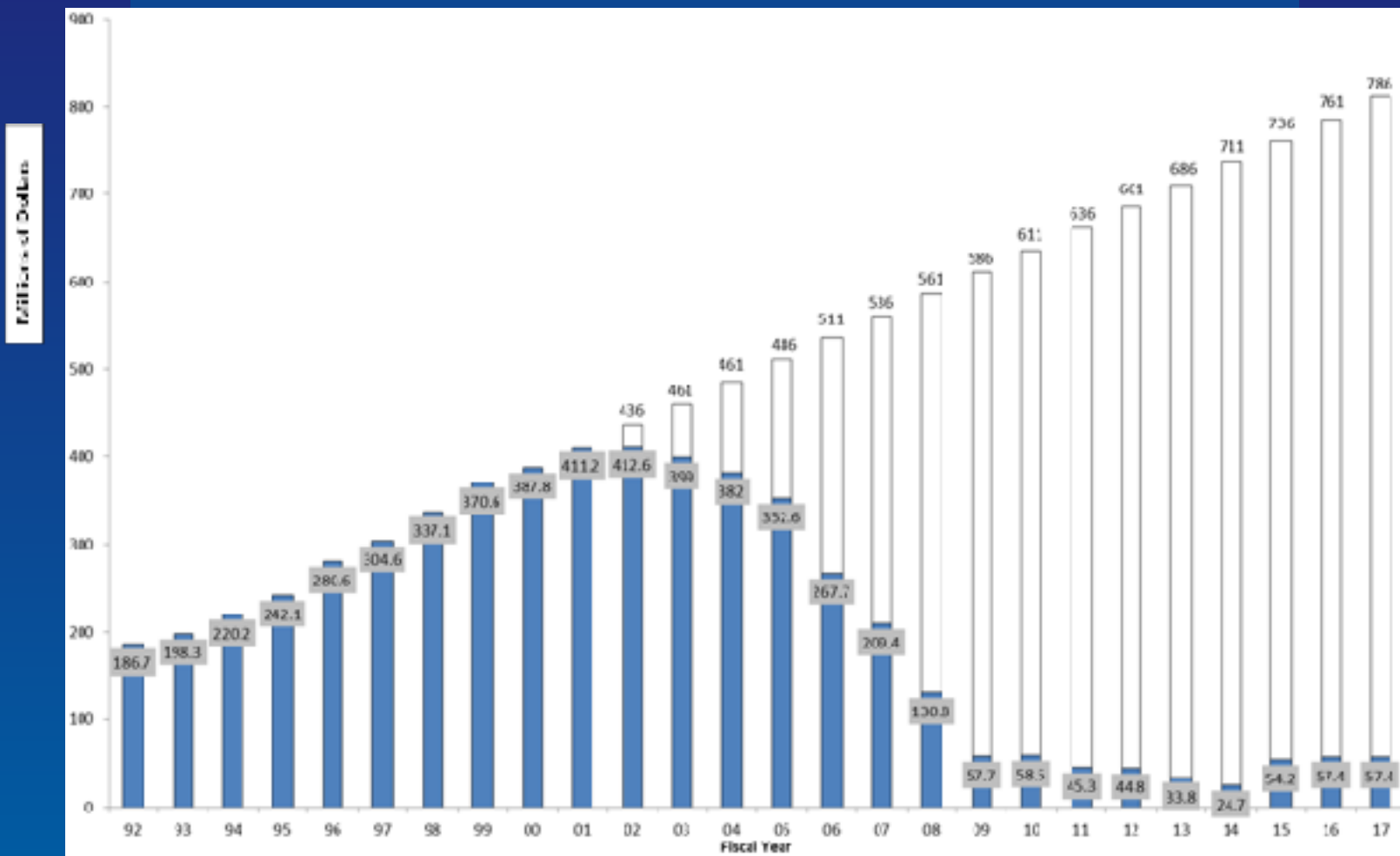


Our Challenge: Aging Infrastructure

- **239 navigation lock chambers at 193 sites**
- **Average age of locks = 59.1 years**
- **Chambers in operation over 50 years old = 139**
- **58% of locks are past their design life expectancy**

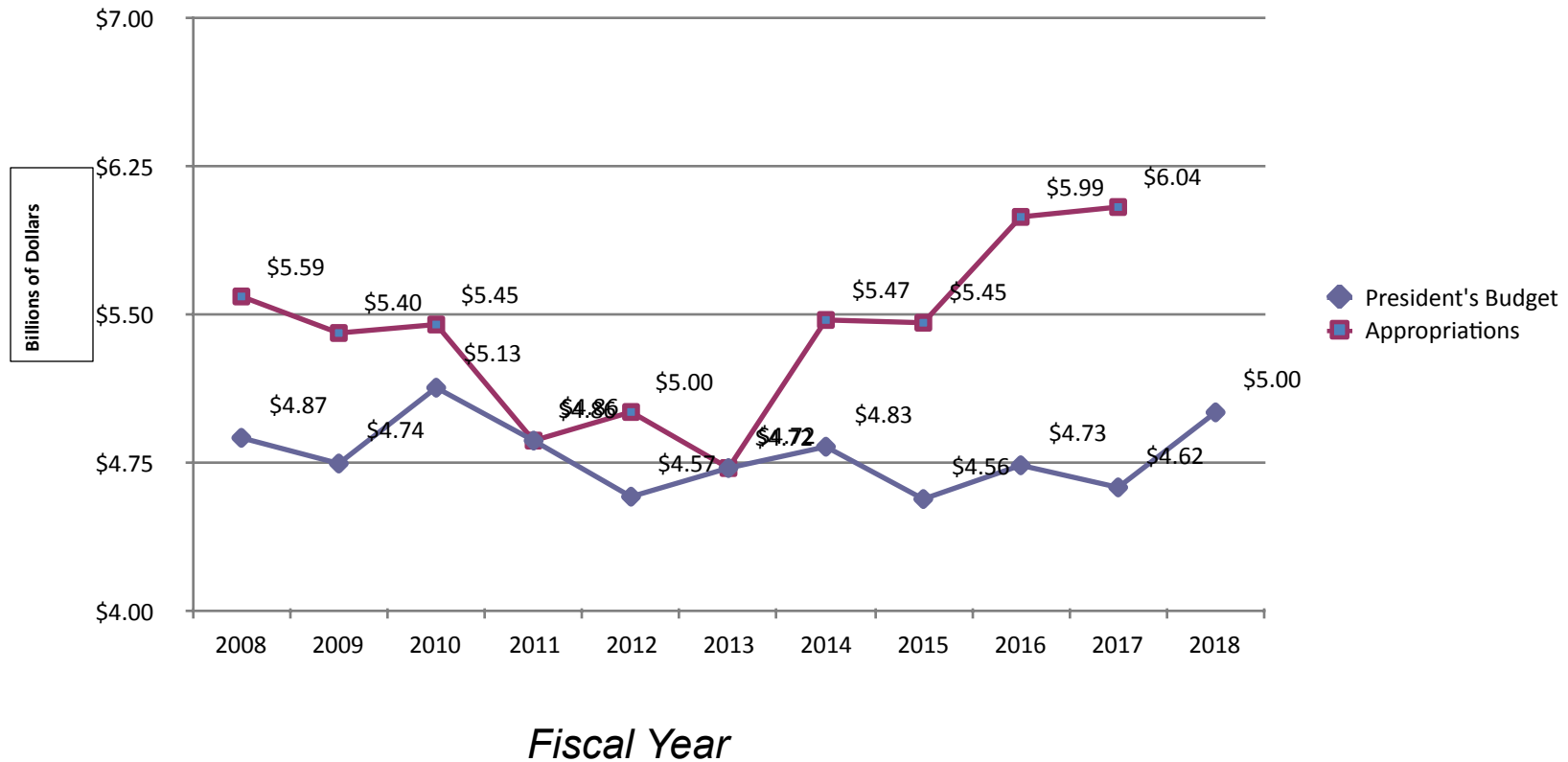


Inland Waterways Trust Fund 1992-2017

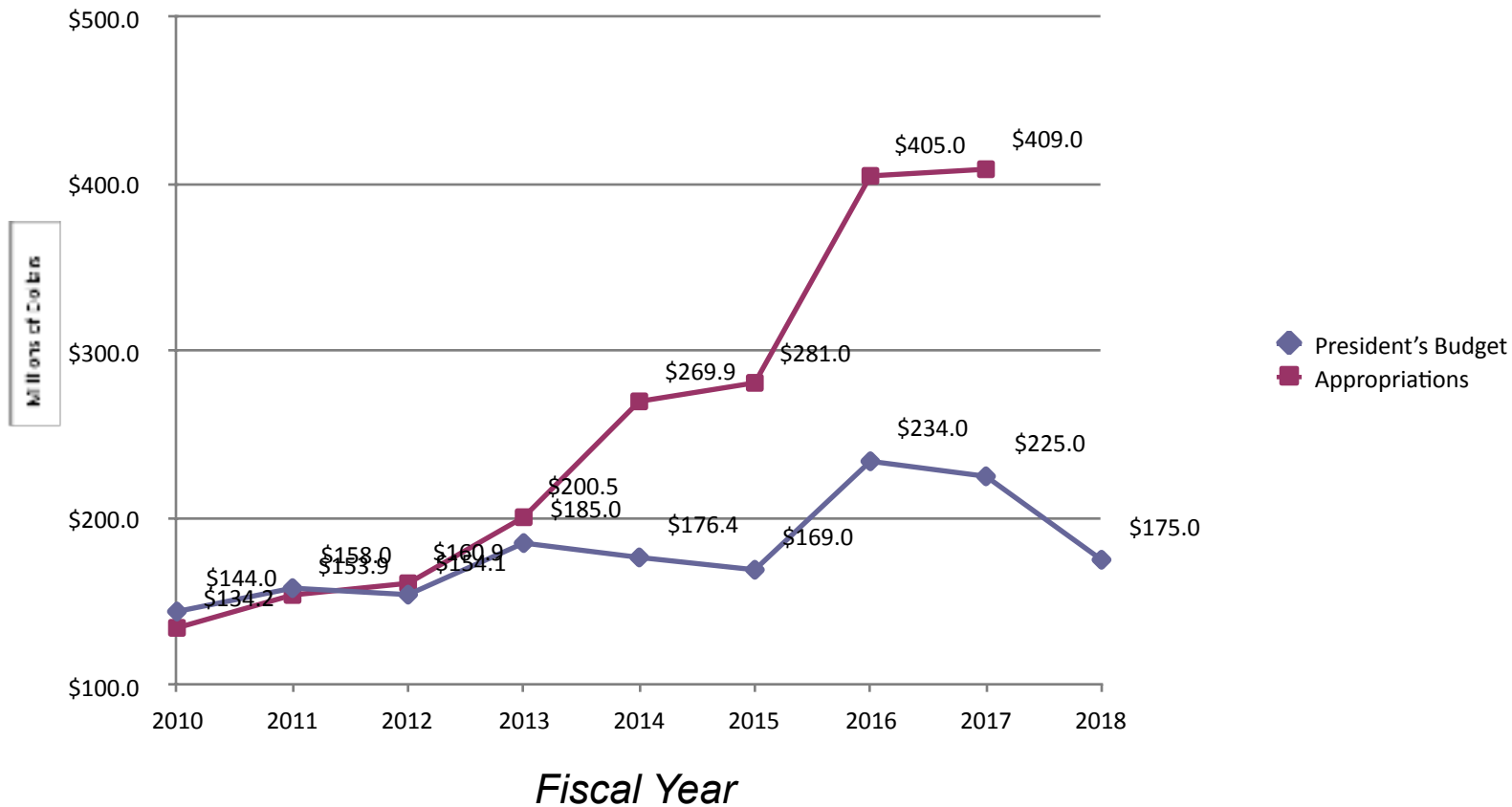


↓
\$750 million
||

Army Corps – Civil Works Total Annual Funding

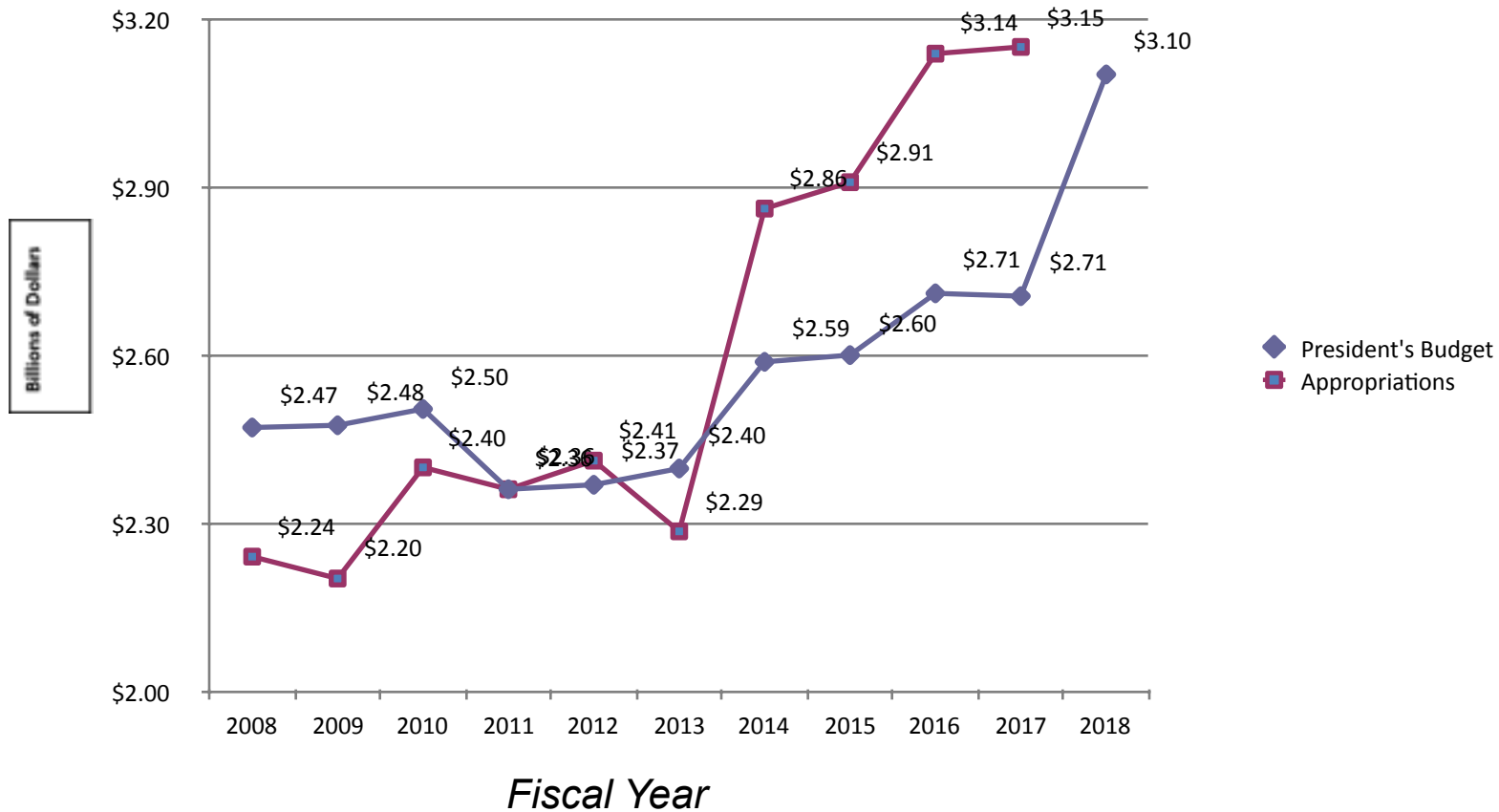


Annual Funding for Inland Waterways Trust Fund Projects



WATERWAYS
COUNCIL, INC.

Annual Funding for Operations and Maintenance





FY 2017 Corps Work Plan

- **Olmsted Lock and Dam** will receive \$250 million (was \$268 million in FY16);
- **Lower Mon 2, 3, 4** will receive \$82 million (up from \$58.9 million in FY16);
- **Kentucky Lock** will receive \$39 million (was \$45.4 in FY16);
- **Chickamauga Lock** will receive \$37 million (was \$29.9 million in FY16);
- **Emsworth** (Major Rehab) will receive \$1 million (\$0 in FY 16).

- \$5.525 million for PED work on the **Upper Ohio Navigation program** (includes funds for an OMB-ordered additional economic analysis)
- \$700,000 additional funding for the **Brazos River/Colorado Locks** study
- \$200,000 additional funding to complete PED for the **High Island to Brazos River** project
- \$100,000 to complete PED for the **Gulf Intracoastal Waterway Matagorda Bay** project

- No funding for **NESP**



FY 2018 President's Budget

- \$5.02 billion for the Corps' Civil Works program...\$382 million above President Obama's FY17 request, but more than \$1 billion below the \$6.038 billion appropriated by Congress. Only second time in the last decade that \$5 billion or above has been requested for the Corps.
- \$1.02 billion for the Construction account; \$50 million below President Obama's request and \$736 million less than Congress appropriated in FY '17;
- Bare-Use of IWTF revenues;
- \$965 million be appropriated from the Harbor Maintenance Trust Fund (HMTF), below the \$1.3 billion WRRDA-target;
- \$253 million for Mississippi River & Tributaries; down \$109 million from FY '17 levels;
- **BRIGHT SPOT:** Highest-ever request of \$3.1 billion for the O&M account; vs. the \$2.705 billion of President Obama.



FY 2018 President's Budget

THAT OLD SWAMP TALK

- 10-year, \$1.037 billion 'user fee' to be paid by commercial operators that is equal to the current fuel tax, suggesting roughly the equivalent of a 29-cent/gallon diesel tax increase, essentially doubling of the (April 2015) existing tax. President Obama proposed a 10-year, \$1.1 billion user fee in each of his budgets, which was rejected each year by Congress.
- How can this Administration, in good faith, ask commercial users to double their support for the inland waterways when the Administration proposes to utilize only 12.3% of the revenues for the purposes for which the tax is raised?
- WCI calls on Congress to again reject this onerous tax increase. The industry voluntarily raised its fuel tax by 45% in 2014 and the Obama Administration -- and now the Trump Administration -- propose not to spend those funds. Effectively doubling the tax on diesel fuel while not spending the monies on infrastructure investments for which the tax is imposed is the worst example of Swamp Behavior.

MODERNIZE AMERICA'S WATERWAYS AND RESTORE ITS RIVER ECOSYSTEMS



Both can be achieved by implementing the Congressionally authorized Navigation and Ecosystem Sustainability Program (NESP). An unprecedented, dual-purpose vision, NESP directs the U.S. Army Corps of Engineers to improve river navigation efficiency while enhancing the rivers' ecosystems.



NESP facilitates a healthier economy for the Upper Mississippi River and Illinois Waterway by constructing seven 1,200-foot navigation locks and other navigation efficiency improvements. It also includes a comprehensive ecosystem restoration and monitoring program to rejuvenate backwaters and side channels, modify dam operations to create vegetated margins and to construct islands that support riverine and riparian habitat for a healthier river.

NESP is a Win-Win: 1930s locks can be modernized to transport America's expected export growth, and aquatic ecosystems can be restored and strengthened.

House and Senate Appropriations Committees: \$10 million of Pre-Engineering Design (PED) funding in FY 2016 will move this WKDA 2007-authorized program forward!

Support NESP Now for Efficient, Ecologically Sound Waterways!



WCI Infrastructure Proposal



- \$8.7 billion over 10 years
- Inland Waterways Trust Fund revenue combined with special infrastructure general revenues (most likely from repatriation)
- Temporary cost-share change to 25% Trust Fund, 75% infrastructure initiative funds
- 24 Inland Waterways Modernization Projects funded in 10 years vs. 20+



WATERWAYS
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“NO!” to Tolls & Lockage Fees

- Commercial operators: only captive payer
- Disadvantages areas/consumers where locks are more concentrated
- Toll-based P3s don't work in every sector
- Tax monies collected are not being spent as it is
- Congress has long opposed lockage fees



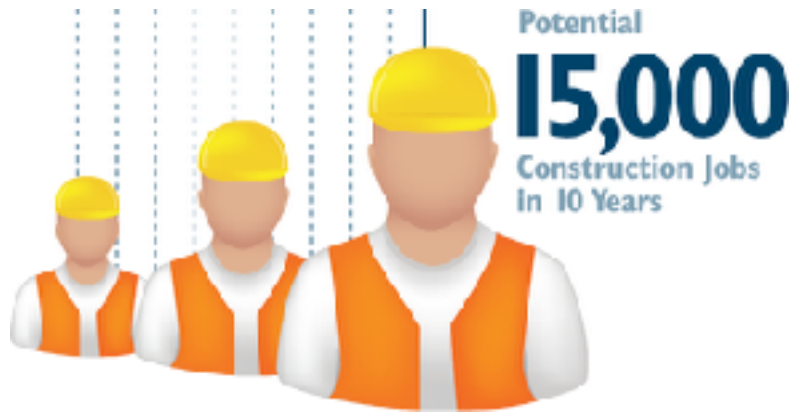
Stakeholder United Against Tolls

Opposition Letter Signed by 75

• U.S. manufacturers, farmers, wholesalers, retailers, importers and exporters, ports, shipyards, labor, national and regional organizations, State agencies, and transportation and logistics providers who say **NO** to tolls or lockage fees on the inland waterways transportation system...

AEP River Transportation > Alabama State Port Authority > Amherst Madison, Inc. > American Commercial Barge Line > American Iron and Steel Institute > American Petroleum Institute > AWO > Archer Daniels Midland Company > Blessey Marine Services, Inc. > Brownsville Marine Products, LLC > Bunge North America > C&B Marine > Campbell Transportation Company, Inc. > Canal Barge Company > Cargill > Caterpillar, Inc. > CF Industries > CGB Enterprises, Inc. > Channel Shipyard Company > Chicago Regional Council of Carpenters > CHS, Inc. > Coalition of Alabama Waterways Association > Cooper T. Smith > Crouse Corporation > Deloach Marine Services, LLC > FirstEnergy Corp. > Golding Barge Line, Inc. > Gulf Intracoastal Canal Association > Hunter Marine > Illinois Corn Growers Association > Illinois Marine Towing > Indiana Corn Growers Association > Indiana Soybean Alliance > Ingram Barge Company > **Iowa Corn Growers Association** > JB Marine Services, Inc. > Kentucky Corn Growers Association > Kirby Corporation > LaFargeHolcim > Louisville Gas and Electric Company and Kentucky Utilities > Marquette Transportation Company, LLC > McNational, Inc. > Michigan Corn Growers Association > Minnesota Corn Growers Association > Missouri Corn Growers Association > Mulzer Crushed Stone, Inc. > Murray American Transportation, Inc. > National Association of Manufacturers > National Association of State Departments of Agriculture > National Corn Growers Association > National Council of Farm Cooperatives > National Grain and Feed Association > National Oilseed Processors Association > Ohio Corn & Wheat Growers Association > Parker Towing Company, Inc. > Pine Bluff Sand & Gravel Company > Port of New Orleans > Port of Pittsburgh Commission > Southern Towing Company > St. Louis - Kansas City Carpenters Regional Council > Tennessee River Valley Association > Tennessee-Cumberland Waterways Council > Tennessee-Tombigbee Waterway Development Council > The Fertilizer Institute > Trinity Marine Products, Inc. > Turn Services > United Association > Upper Mississippi Waterway Association > Upper River Services, LLC > Valero > Warrior Tombigbee Waterway Association > Waterways Association of Pittsburgh > WCI > Wepfer Marine, Inc. > Wisconsin Corn Growers Association

If we accelerated investments...



New Jobs in a Healthy Economy

If new investment could be made to the inland navigation system on an accelerated, 10-year modernization plan, **10,000 to 15,000 new jobs** with an **annual economic value of about \$800 million** just in the construction sector alone, could become available.

In the second decade, navigation improvements could result in **10,000 new jobs each year**, with a total income of **\$740 million** in the first year (navigation effects) to over **\$1 billion** by year 20.



Questions?