

Red River Valley Association
P.O. Box 709
Shreveport, LA 71162

April 18, 2018

MG Richard G. Kaiser
President, Mississippi River Commission
P.O. Box 80
Vicksburg, MS 39181

RE: RRVA Comments to the Mississippi River Commission, April 18, 2018

Dear MG Kaiser:

I want to thank you and the Commissioners for the opportunity to submit a statement before the Mississippi River Commission. We appreciate your visit to the Caddo-Bossier Port and Lock 5 on April 4, 2018 and the opportunity to present to you our Waterway successes and challenges. As the newest navigation system it takes time to develop industry, so we hope you realize the great efforts being made to ensure success.

The communities and industries want to express our deepest appreciation for the Commission conducting your low water inspection trip on the J. Bennett Johnston Waterway (Red River) in August 2017. It was extremely important for the leadership in the Red River Valley to interact with the Commission and we believe it was very successful.

Our statement will include the following issues:

- a. Civil Works Appropriations
- b. Red River Flood Events and Impacts
- c. IMTS Lock Operations
- d. 12 foot Channel Authorization Process
- e. Water Compelled Rates and Waterway Metrics
- f. Line Item Appropriations (Earmarks)

We appreciate your attention to our issues and look forward to providing you with updates in the future. Please contact me if you have any questions or would like more information, (318) 221-5233, rrva@rrva.org.

Sincerely,

Richard Brontoli
Executive Director

Red River Valley Association
Statement to the Mississippi River Commission
April 18, 2018

I want to thank the Commission for the opportunity to submit his statement on behalf of the navigation interests on the J. Bennett Johnston Waterway. We have an RRVA Navigation Committee and local sponsor, Red River Waterway Commission (RRWC), who have worked hard to ensure our Waterway is safe, efficient and reliable. The comments presented concern the lack of Administration support for the Corps of Engineers, 2018 Red River flood event, our initiative for an authorized 12 foot channel and the lack of a post project evaluation to demonstrate the success of Corps navigation projects.

Appropriations: The President's FY 2018 budget request, for the civil works program, was \$5.0 B and Congress enacted \$6.8 B for FY 2018. It is obvious the intent of Congress is to fund civil works, waterway projects; however, the President's FY 2019 budget request is only \$4.8 B, a 29% reduction. It is apparent that the Administration may talk about infrastructure projects, but the fourth R, rivers, is not included with the other Rs; roads, rail and runways.

The President's FY 2018 budget, for the J. Bennett Johnston Waterway O&M, had \$12,288,000, \$3,574,000 more than the FY 2017 Budget request. This is the first budget to meet the basic needs, \$11,500,000, for our waterway since FY 2010. The President's FY 2019 Budget has \$11,881,000; \$407,000 less than the FY 2018 Budget request; however, this is adequate to meet the basic annual need.

There are no funds in the Construction General (CG) Account for the Waterway. The construction features of the J. Bennett Johnston Waterway project are only 93% complete. In FY 2017 additional funds of \$5,965,000 were added for mitigation. Meeting the project mitigation requirements is important, but so are the navigation structures. Mitigation funds do not advance the projects needed for efficient and safe navigation.

There is also the issue of Continuing Resolutions. When appropriation bills are not enacted until well into the fiscal year, the Corps of Engineers has a difficult time awarding contracts and executing their program. This makes for a very inefficient civil works program.

We encourage the MRC and our delegation support an Energy & Water Appropriation Bill be completed and enacted by 1 October 2018; the Corps of Engineer budget be at a minimum level of \$7.0 billion; and that the appropriation bill continue to have the 'additional funding' provisions for the GI, CG, and O&M accounts.

Flood Events & Impacts: It is important to note that the Red River experienced a series of five major flood events from May 2015 through April 2016. From February 2018 to present the Red River is experiencing another major flood event. The 2018 high river levels closed three locks to navigation, with Lock 5 closed to navigation for over two weeks.

The Red River is one of the most high silt carrying rivers in the United States, so when the flood waters subside there will be major silting. Dredging will be required at all lock & dam approaches and below Lock 1, where levels are controlled by the Mississippi River. We want to commend the Vicksburg District for having funds available and initiated an emergency dredge contract. This action had a dredge at Lock 1 before losing the navigation channel.

The major floods of 2015, 2016 and 2018, as well as time, have degraded dikes and revetments. Many have degraded to a point of losing their effectiveness in maintaining a 9 foot channel, thus requiring additional dredge funds each year. Some degraded dikes are identified as critical and if not repaired, could result in losing the navigation channel in another major flood. Most repairs can be accomplished with O&M funds through a "Channel Improvement" program, similar to what is accomplished annually on the Mississippi River. An annual \$5 million channel improvement program would upgrade our dike and revetment system and over time reduce the level of funding required for annual maintenance dredging.

IMTS Lock Operations: After an analysis by the Vicksburg staff, Col Derosier decided to allow our five locks to remain operating 24/7/365 for CY 2018. We know there will be a re-evaluation each year and we must show positive trends. Since 1995, when Locks and Dams 4 & 5 were completed, our public ports, State of Louisiana, Red River Waterway Commission, communities and private industries have invested over \$2.8 billion. This is more than the federal investment of \$1.9 billion, a testament to the public and private efforts to make the Waterway a success. As a young Waterway it takes time for economic and industrial development. We want to express our appreciation to Col. Derosier and his staff for considering this and providing the Red River communities the opportunity to succeed.

12 foot Channel Authorization Initiative: Currently the J. Bennett Johnston Waterway is authorized and maintained for a 9-foot channel. The RRVA Navigation Committee has made great efforts to make this Waterway safe and reliable. Now it is time to make it efficient. The project local sponsor, Red River Waterway Commission (RRWC), is requesting a modification to the J. Bennett Johnston Waterway to deepen the authorized channel from 9 feet to 12 feet and this Association is in full support of this initiative.

The RRWC and RRVA submitted, to the Corps of Engineers, a request and justification for a project modification for consideration for a 12 foot channel, including community letters of support. The Corps of Engineers did include this proposal in the March 2017 Annual Report to Congress. Congress now has the responsibility to move this initiative by authorizing it in the next WRDA Bill, which is expected in 2018.

Following are the reasons and justifications why we should pursue authorization for a 12' channel.

- **Competition:** As long as rail rates drop to meet waterborne rates, industry cannot be expected to change the way they conduct business if they are experiencing the benefits. We must continue to do what is necessary to reduce waterborne rates.
- **Authorization of Adjacent Systems:** **ALL** major Waterways south of Cairo, Illinois, are currently authorized for a 12 foot channel, **except our Waterway**. Waterways authorized to 12' include: Mississippi River, Arkansas River, Atchafalaya River and Gulf Intracoastal Waterway. Barges destined for our Waterway must be special loaded to 9 foot, creating a great inefficiency for industry and shippers.
- **Current Channel Depths:** It is estimated that the controlling depth of the Waterway is currently at or exceeds 12 feet for over 90% of the 210-mile system.
- **Lock Capability:** Each of the five locks on the Waterway is capable of passing 12-foot draft vessels.
- **Additional Cargo Capacity:** As a 'rule of thumb' one barge carries 1,500 tons of cargo, loaded at 9'. Loading a barge to 12 feet provides an additional 3', 1/3 more capacity, or 500 tons per barge. A typical tow for this Waterway pushes 6 barges. Loading to 12 feet increases the tonnage for a 6-barge tow from 9,000 tons to 12,000 tons; therefore, a 6 barge tow would be carrying the same capacity as 8 barges. The same tow and crew would be used keeping the cost the same, providing a lower cost per ton.
- **Ecosystem Benefits:** Positive impacts due to 'notched' dikes, fish habitat and Least Tern habitat restoration could be included in this project.

We are certain that the benefits outweigh the costs for our Waterway to be maintained at 12 feet. Minimum maintenance dredging and navigation structures would be required. The savings per ton will enable the public ports to market the Waterway and be competitive to recruit new industries. To compete and realize the full potential, the Waterway must be authorized at 12 feet.

Water Compelled Rates and Metrics: I would like to comment on water compelled rates and waterway metrics. Over the past years the Corps of Engineers has used various metrics, on what a successful waterway is; 'trip ton-miles', 'ton-miles', and 'tons'. These metrics are unrealistic and meaningless in determining the benefits of a waterways.

The primary justification for navigation projects was the National Economic Benefit (NED) of reduced transportation rates. During the feasibility study commodities were identified that could move by barge. A comparison was then made of the rate by water transportation to the existing mode; rail and truck. If there was a

reduced rate per ton then that rate differential was applied to the tons moved, which was applied to the 'benefits' of the project. If there are no savings then no benefits are realized. What is important to realize is that the magnitude of the benefit is the reduced transportation savings, not the number of tons moved.

We know that upon the completion of Locks 4 & 5 the rail rates dropped to be competitive with barge rates, which is known as 'water compelled rates'. Why would a company change the way they do business if they realize lower transportation costs? Does anyone in the Administration understand that waterborne transportation is the only competition to long haul rail? If our waterway is forced to close, rail rates will increase. Our waterways are the only leverage industries have in negotiating rates with railroads. The tons NOT moving by water, but realizing a rate savings, are NOT captured as a benefit to our waterways. This tonnage was used to justify our navigation project, yet ignored after the project is operational.

If waterways are threatened or closed then railroads will have a monopoly and transportation rates will increase for all industries. Cargos will shift back to highways, putting more trucks on our already congested highways. Reducing reliability of waterways has a negative impact on transportation costs, highway congestion, higher fuel consumption and increased air pollution, issues the Administration state they want to minimize.

As stated earlier, the metrics of only tons moving on the waterway is unrealistic. It does not reflect the true benefits of our waterway. Using these metrics to determine 'high' and 'low' use waterways may be the Corps' way to determine where to apply budget cuts, but it is sending the message that our waterways are failures! Since navigation projects are 100% federal, it is the Corps that has failed.

Every change in metrics and added mandate does nothing more than contribute to the demise of our waterway tributary system. Every change has had a negative impact and creates a downward spiral in economic growth.

We strongly recommend the Corps conduct a post project evaluation of their navigable waterways. Since navigation is a federal project the Corps has a responsibility to assist us in demonstrating the true benefits and success of our waterways. The RRVA volunteers to assist the Corps in conducting a post project evaluation on the J. Bennett Johnston Waterway.

No Earmark Policy: Congress shares in the blame for the dire situation of our waterways. With the no 'earmark' policy our delegation is unable to provide additional funding for specific projects. I emphasize this because the Administration, which includes the Corps of Engineers, can provide adequate O&M funding if they choose to. Congress has set the level of O&M funding for the Corps of Engineers, but it is the Administration's decision as to which projects get funded and at what level. The budget process and metrics used were developed by the Administration, not Congress.

For many projects there is a local sponsor with cost sharing responsibility. Those who have contributed, in most cases, millions of dollars to the process, must have the ability to have a voice for their projects to get funded. That voice is through their Congressional delegation. We do not believe that civil works projects are earmarks and projects that have been vetted through an authorization process should be redefined. It is the responsibility of Congress to appropriate funding. Congress should determine what projects get funded and at what level, but they have chosen not to. We constantly remind our delegation that the appropriation process and setting of priorities is their responsibility.

The main issue for industry is reliability of the Waterway. Costs, associated with delays and reduced drafts, will be passed on to industries making them consider alternate modes of transportation. New industries will reconsider locating on our Waterway if reliable navigation and transportation costs are uncertain. Ultimately the costs will be passed on to consumers having a negative impact nationwide.

We want to thank the Mississippi River Commission for having these public meetings to receive input on serious policy issues such as these. Please contact the Association if you have questions, comments or require our assistance in any way: Mr. Richard Brontoli, Executive Director, (318) 221-5233, rrva@rrva.org.