

Great Lakes Dredging

CRISIS

Rallying a Region for the National Good

James H.I. Weakley

Lake Carriers' Association

Great Lakes Maritime Task Force

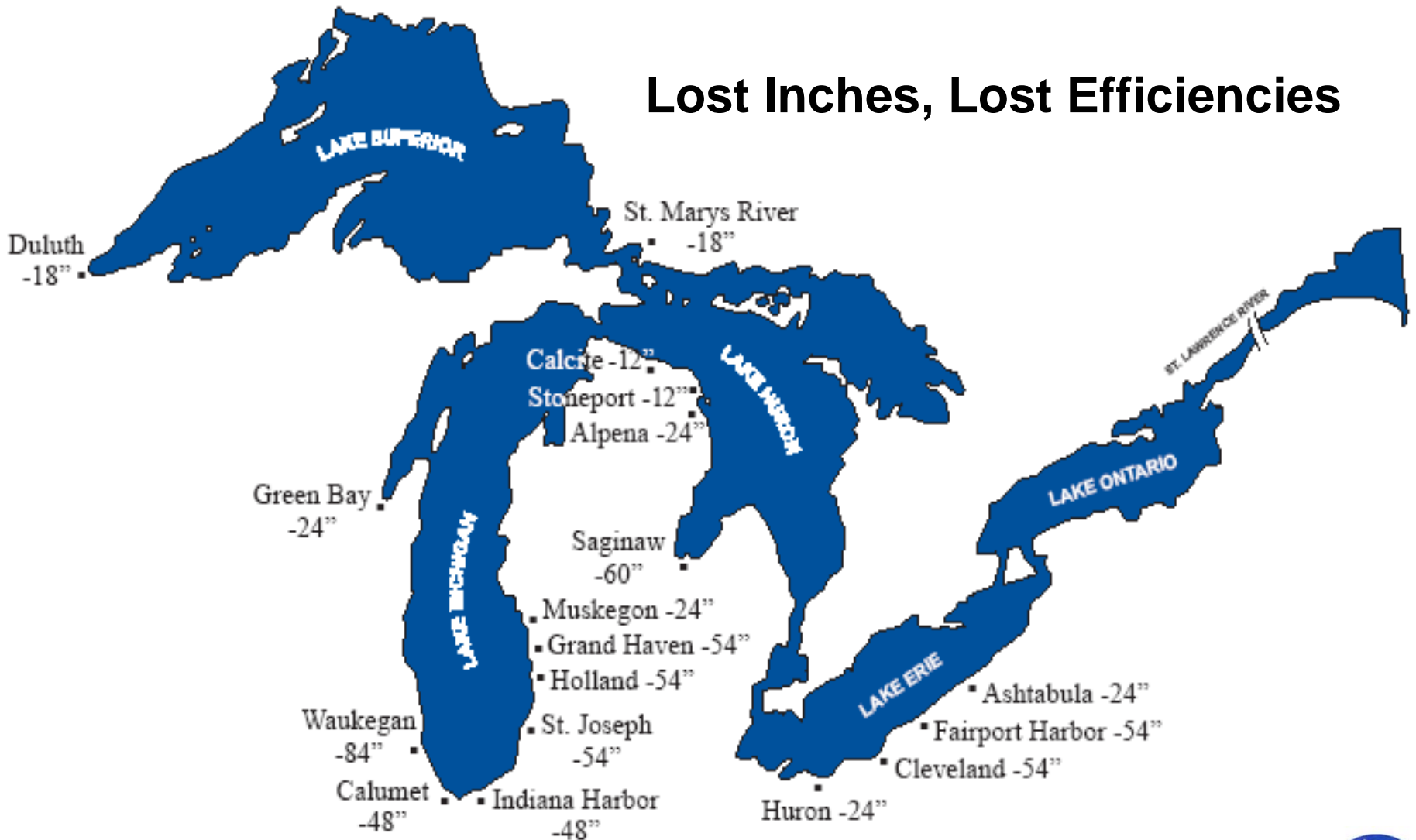
RAMP (Restore America's Maritime Promise)

Michigan Small Harbors Coalition

September 30, Bay City, MI

PROBLEM IS SYSTEM-WIDE

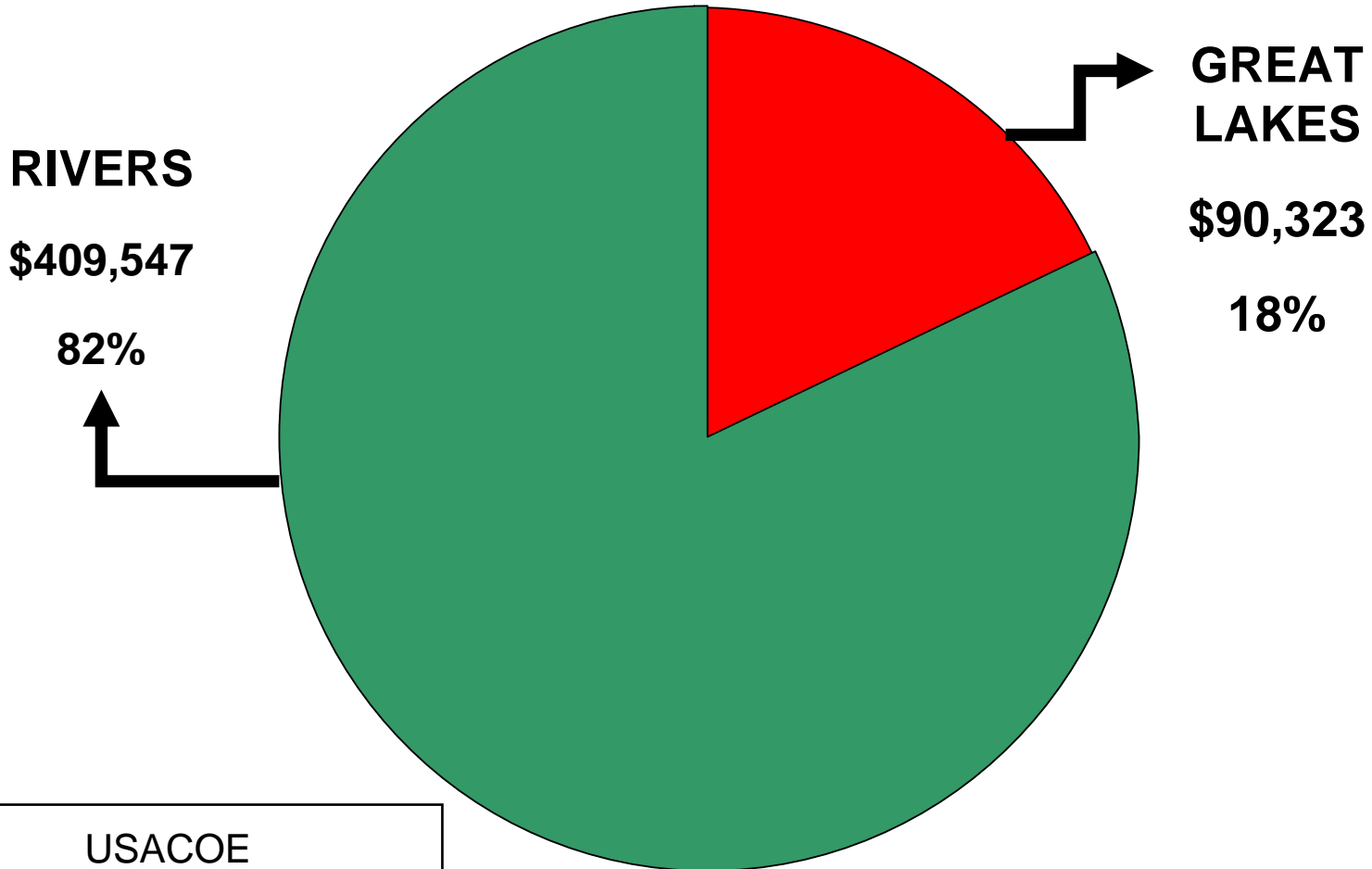
Lost Inches, Lost Efficiencies



Great Lakes **\$hortchanged**

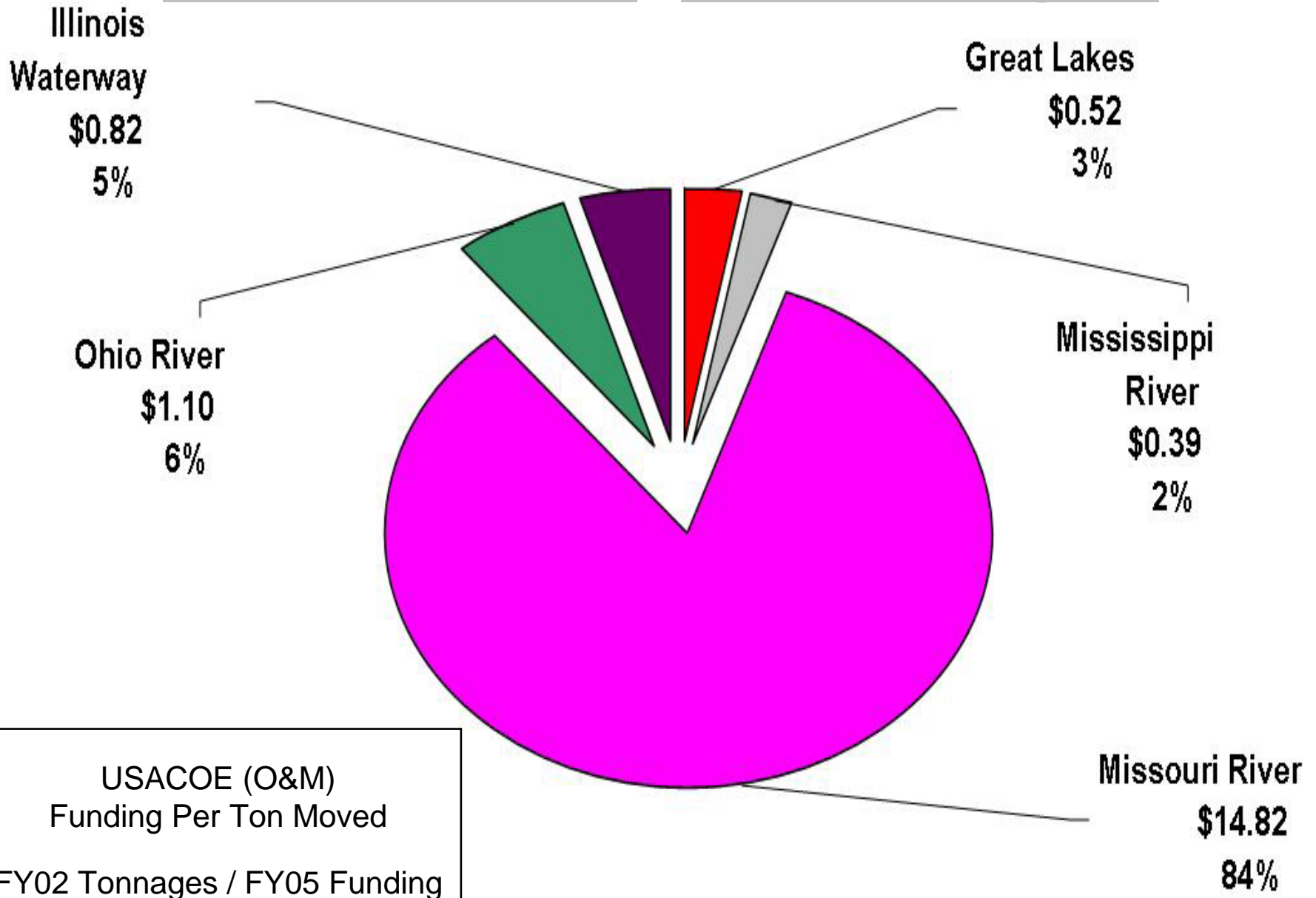
- ④ Corps' budget for dredging nation's waterways has been inadequate for decades.
- ④ Great Lakes fare worse than other waterways. Corps needs more than \$200 million to clear back log.
- ④ We need to revise Corps' funding metrics.
- ④ Great Lakes is a “**Hybrid System**”
 - Domestic and International

Great Lakes \$hortchanged

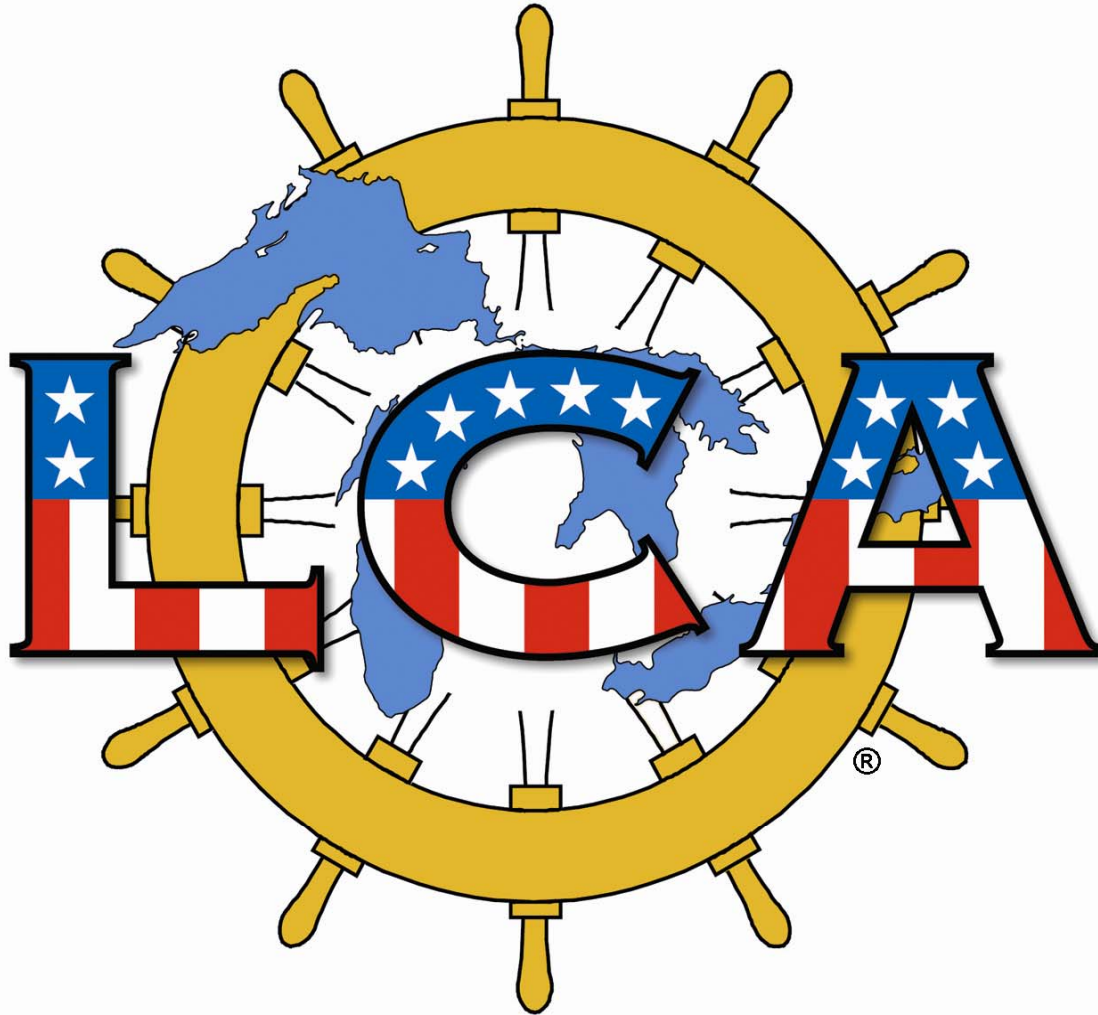


USACOE
Great Lakes & Ohio Rivers Division
FY 05 Conference
Report Funding (CG)

Great Lakes Shortchanged









Lake Carriers' Association



The Greatest Ships on the Great Lakes

Impact of Dredging on Per-Trip Carrying Capacity

Major Great Lakes Vessel Classes	Vessel Length (feet)	Per-Trip Carrying Capacity	Capacity Per Inch Of Draft*
	1,000	69,664	267
	806	34,720	146
	767	28,336	127
	730	27,558	115
	635	22,064	107
	501	13,776	71

*Capacity per inch of draft reflects the incremental tonnage carried at normal loaded draft.



EVERY INCH COUNTS !

When inadequate dredging forces the 63 U.S.-Flag Lakers enrolled in Lake Carriers' Association to reduce their draft by just 1 inch, the fleet forfeits more than 8,000 tons of cargo each trip.

8,000 TONS IS ENOUGH ...

IRON OREto produce steel for6,000 Automobiles

COALto provide3 Hours of Electricity
for Greater Detroit

LIMESTONEto build24 Homes

Let's do the math just one of the 13 1,000-foot vessels:

8,000 LOST TONS/TRIP X 50 TRIPS/YEAR = 400,000 LOST TONS/YEAR

Our region and our national economy cannot afford this inefficiency !

***G*REAT *L*AKES *M*ARITIME *T*ASK *F*ORCE**



**Promoting Great Lakes Shipping
Since 1992**

GREAT LAKES



DREDGING CRISIS



GREAT LAKES MARITIME TASK FORCE



GLMTF

- ④ Founded in 1992 in Toledo, Ohio.
- ④ 22 charter members; now 63 strong.
- ④ First major Labor/Management coalition to represent Great Lakes maritime industry.
- ④ Represents shipowners, maritime unions, shippers, port authorities, dredgers....

GLMTF Membership

Operating Members

Categorized by Marine Interest Group (MIG):

- 12 Vessel Operators - Management
- 9 **Vessel Operators - Union**
- 7 Terminal Operators - Management
- 4 **Terminal Operators - Union**
- 3 Shipyards – Management & **Labor**
- 5 Marine Construction Companies - Management
- 5 Marine Service Providers - Management & **Labor**
- 6 Shippers - Management
- 10 Port Authorities - Management
- 2 Associate Members

CORE PRINCIPLES

- ④ Jones Act
- ④ Expand Great Lakes Shipping:
 - ④ Domestic, U.S./Canada and International
- ④ Support major customers on issues such as illegal dumping of foreign steel, etc.

APPROPRIATIONS BILLS

Ⓢ President's Budget Request

- Ⓢ February 5, 2008 – Released to the Public
- Ⓢ Individual Member “Requests”
- Ⓢ Committee Deadline for Members – February 15, 2008
 - Ⓢ 10 Days to:
 - Ⓢ Analyze
 - Ⓢ Write Letters & Fill Out Forms
 - Ⓢ Convince Members to Request More Money for Projects

Ⓢ Convince Committee Staffers & Chairman

- Ⓢ Write Letters
- Ⓢ Participate in “Political Process”
– Meetings, Press, “Events”...
- Ⓢ Testify at Hearings
- Ⓢ Hope & Pray


CORPS FY 06/07 BUDGET

Operations & Maintenance

 Great Lakes – \$ 74,066,000

 Ohio River – \$261,185,000

Construction & General

 Great Lakes – \$ 28,000,000

 Ohio River – \$334,945,000

FY08 BUDGET TURNS A CORNER

- ④ Administration Proposed \$106.6 Million for Great Lakes Dredging
- ④ Great Lakes Delegation Added \$31.8 Million to Bring Total to \$138.4 Million (\$74 Million in FY 06/07)
- ④ Increase of 30% Over Proposed Budget (\$104 Million)
- ④ Highest Yearly Total in Recent Memory

GREAT LAKES DREDGING NEEDS

- **18 Million Cubic Yards of Dredging Backlog**
- **\$230 Million Needed to Eliminate Backlog**
- **Must Dredge 3.3 Million Cubic Yards Annually to Keep Up with Shoaling**

GOV'T GIVETH ... AND TAKETH

- ④ Proposed Budget for FY09
O&M Only \$89.3 Million
- ④ Cut of \$49 Million, or 35%
- ④ Must Again Rally Great Lakes Delegation
- ④ Need to Spend a Minimum of \$170 Million
a Year, Otherwise We Backslide

ACOE EXPENSES & REVENUES

General Investigations (GI)

- General Treasury (GT) – Rivers and “Coastal”

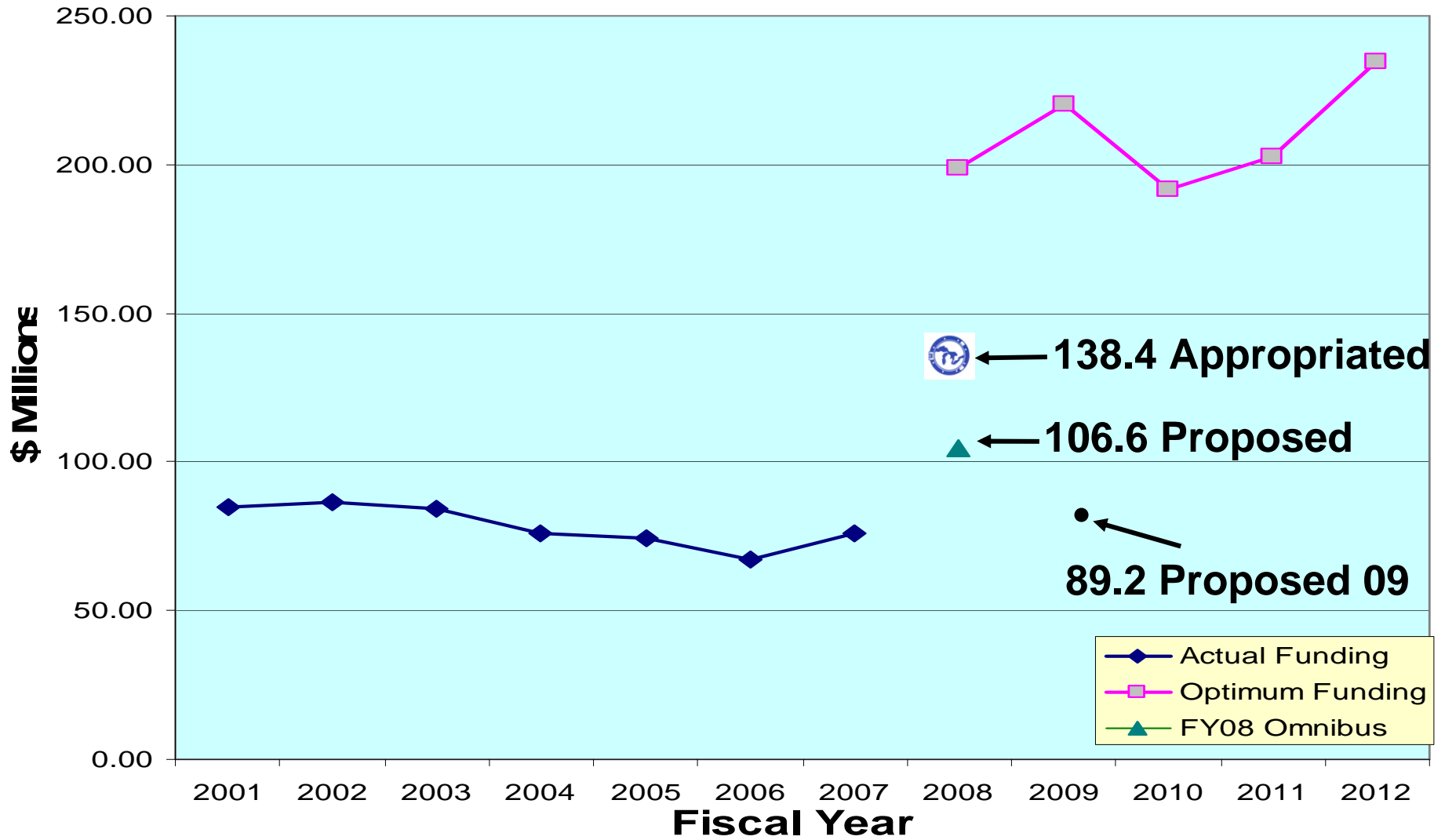
Operations & Maintenance (O&M)

- GT – Rivers
- HMTF – “Coastal” – Includes Great Lakes

Construction & General

- GT – 50% Inland Rivers Trust Fund & 50% GT
- GT – Coastal & Great Lakes

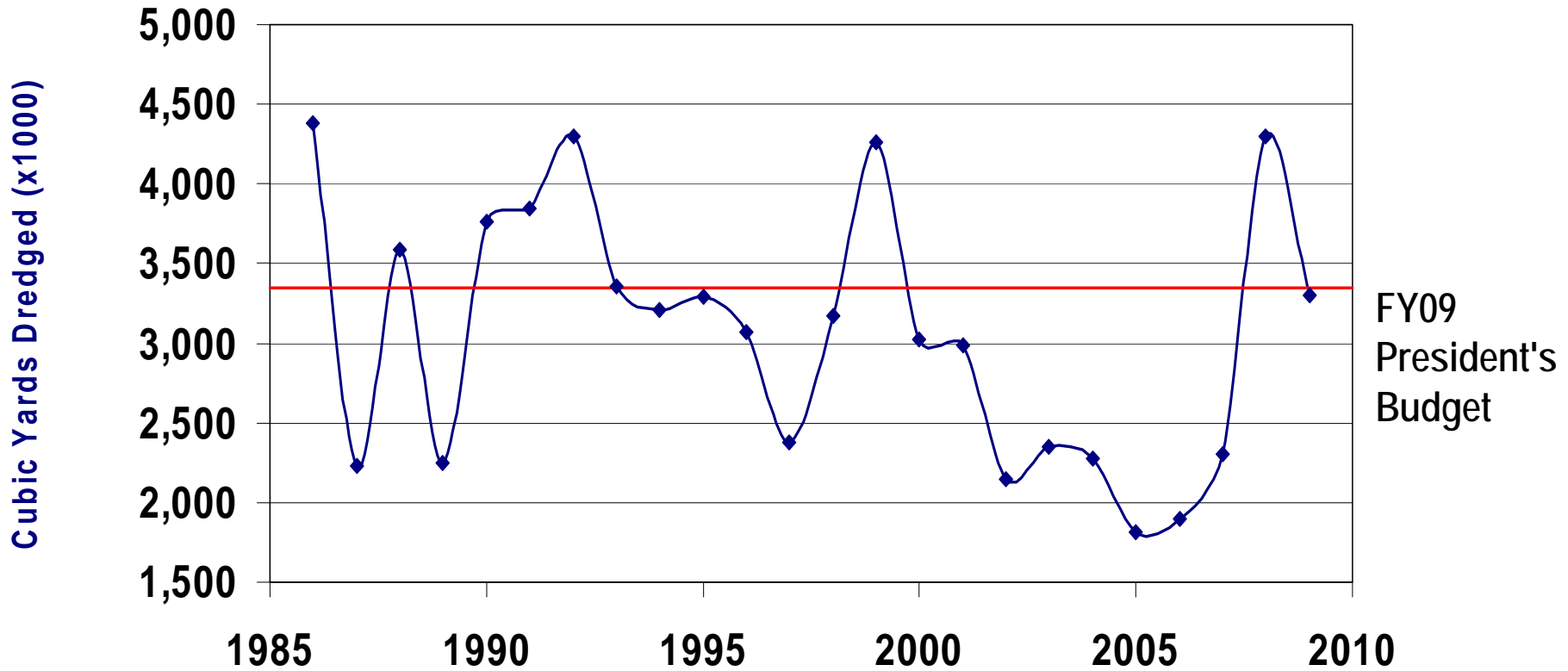
GREAT LAKES O&M FUNDING





Great Lakes Dredging Trends

Annual Great Lakes Dredging 1986-2008



ACOE EXPENSES & REVENUES

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CORPS FY09 BUDGET

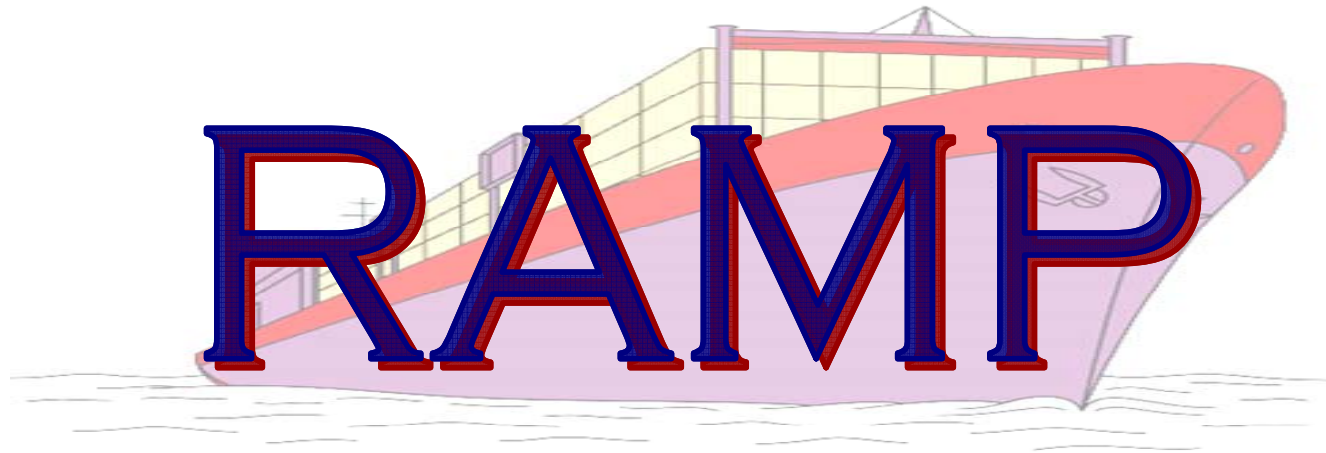
Administration Proposed

 \$ 89,286,000

Congress Will Fund - ?????

 Unfunded Navigation Need..... \$ 119,296,000

 Dredging Backlog..... \$ 215,000,000



Realize America's Maritime Promise
Harbor Maintenance Trust Fund Fairness Coalition

BARRY HOLLIDAY
Chairman

Harbor Maintenance Trust Fund

What is the Harbor Maintenance Trust Fund (HMTF)?

- An ad valorem tax equal to .125% on the declared value of imported commercial cargo and on passenger vessel tickets.
- The Harbor Maintenance Trust Fund was authorized in the Water Resources Development Act of 1986, P.L. 99-662, as a tax on channel users to pay for operations and maintenance costs on commercial waterways.
- This tax is collected by Customs on behalf of the Corps of Engineers.
- Last year this tax generated \$1.416 billion, yet only \$751 million was used for its intended purpose. The remaining \$665 million was deposited into the General Treasury to offset the deficit.
- Currently, there is a \$55 million shortfall of funds needed to perform critical dredging on the Lower Mississippi River. Lake Charles, Louisiana; Mobile, Alabama; and other Gulf ports often need supplemental funding. Supplemental funding is often appropriated after hurricanes.

Harbor Maintenance Trust Fund

- The HMTF has been mislabeled over the years because the tax collected goes into the General Treasury. It is NOT dedicated or credited to maintenance dredging activities as it was intended.
- The tax collections are accounted for in an HMTF “account,” and a certain amount of that is applied to the Corps’ budget every year--typically around \$700 to \$800 million—no matter how much tax is collected. The HMTF currently has a “balance” of over \$4.7 billion, and collections range from \$1.3 to \$1.5 billion per year.
- Monies collected under the Harbor Maintenance Tax should be used for their intended purpose--maintenance dredging of our nation’s ports and harbors.
- The Corps’ budget has remained stagnant while dredging costs continue to increase.

RAMP Coalition Members

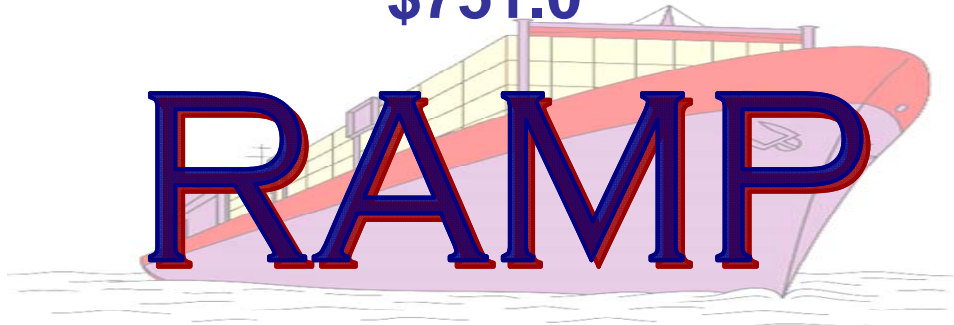
- AGP Grain,Ltd
- AK Steel
- American Great Lakes Ports Assn.
- American Maritime Officers Service
- American Maritime Officers, AFL-CIO
- American Shipbuilding Association
- American Steamship Company
- ArcelorMittal Steel
- Associated Branch Pilots of the Port of New Orleans (Bar Pilots)
- Associated Federal Pilots and Docking Masters of Louisiana
- Associated General Contractors
- Association of Ship Brokers and Agents (ASBA)
- B+B Dredging Company
- Bay Planning Coalition
- Bay Shipbuilding Company
- Brown County Port & Solid Waste Dept.
- Calcasieu River Waterway Harbor Safety Committee
- Carmeuse Lime, Inc.
- Central Dock Company
- Central Marine Logistics, Inc.
- Chetco (Brookings Harbor), OR
- Chicago Port Council
- City of Depoe Bay
- City of Superior Planning Department
- Cleveland-Cliffs Inc
- Cleveland-Cuyahoga County Port Authority
- California Marine Affairs and Navigation Conference
- CMS Energy
- CN
- Coquille (Brandon), OR
- Corus
- Crescent River Port Pilots Association
- CSX Transportation, Toledo Docks
- Detroit Edison
- Detroit/Wayne County Port Authority – Detroit Durocher Marine
- District No. 1-PCD, MEBA, AFL-CIO
- Dock 63 Inc.
- Dredging Contractors of America
- Duluth Seaway Port Authority
- Edw. C. Levy Co.
- Erie Shipbuilding, LLC
- Faulkner, Muskovitz & Phillips, LLP
- Flats Oxbow Association
- Fox River Dock Co., Inc.
- Fraser Shipyards
- Gateway Trade Center, Inc.
- Grand River Navigation Company, Inc.
- Great Lakes District Council, ILA, AFL-CIO
- Great Lakes Fleet, Inc. / Key Lakes, Inc.
- Great Lakes Maritime Task Force (Membership by State and City)
- Gulf Ports Association of the Americas
- Gulf States Maritime Association (GSMA)
- Hallett Dock Company
- Hannah Marine Company
- ILA - Lake Erie Coal & Ore Dock Council
- ILA – Local 1317
- ILA – Local 1768
- Illinois International Port District
- Int'l Brotherhood of Boilermakers

RAMP Coalition Members

- Int'l Organization of Masters, Mates & Pilots
- International Ship Masters' Association
- International Union of Operating Engineers
- Jaxport
- K&L Gates
- Lafarge North America
- Lake Carriers' Association
- Lake Charles Harbor and Terminal District
- Lake Charles Pilots
- Lake Michigan Carferry Service, Inc.
- Lakes Pilots Association
- Lorain Port Authority
- Luedtke Engineering Company
- Marine Tech, LLC
- Maritime Exchange for the Delaware River and Bay
- Maritime Navigation Safety Association (MNSA)
- MCM Marine, Inc
- Michigan Maritime Trades Port Council, MTD, AFL-CIO
- Midwest Energy Resources Company
- Midwest Terminals of Toledo, International, Inc.
- Mike Hooks Inc
- Mobile Bar Pilots Association
- National Association of Maritime Organizations (NAMO)
- New Orleans Board of Trade
- New Orleans-Baton Rouge Steamship Pilots Association
- Norfolk Southern Corp (coal docks in Sandusky & Ashtabula, OH)
- NSA Agencies, Inc.
- Odum Hydrographic Systems
- Orion Marine Group
- Osborne Concrete & Stone Co.
- Pere Marquette Shipping Company
- Pickands Mather Lake Services Company, Inc.
- Pacific Coast Council of Customs Brokers & Freight Forwarders
- Pacific Northwest Waterways Association
- Port of Astoria, OR
- Port of Coos Bay
- Port of the Dalles
- Port of Garibaldi
- Port of Gold Beach
- Port Orford, OR
- Port of Oswego Authority
- Port of Siuslaw, OR
- Port of Toledo, OR
- Ports of Indiana
- Propeller Club of New Orleans
- Rogue (Gold Beach), OR
- Ryba Marine Construction Co
- Sargent Companies
- Seafarers International Union
- Soo Marine Supply, Inc.
- Steele Associates Marine Consultants LLC
- St. Lawrence Seaway Pilots' Association
- Subaqueous Services LLC
- The Dutra Group
- The Interlake Steamship Company
- The Pearce Group
- The Port of Milwaukee
- Toledo Port Council, MTD, AFL-CIO
- Toledo-Lucas County Port Authority
- Transportation Institute
- United Steelworkers, District 1, AFL-CIO-CLC
- United Steelworkers, Local 5000
- US Steel Corp.
- Weeks Marine
- Western Great Lakes Pilots' Association
- West Gulf Maritime Association
- Wheeling & Lake Erie Railway Co.
- Wirt Stone Docks
- World Trade Center of New Orleans

COMPARISON OF HMTF REVENUES TO EXPENDITURES

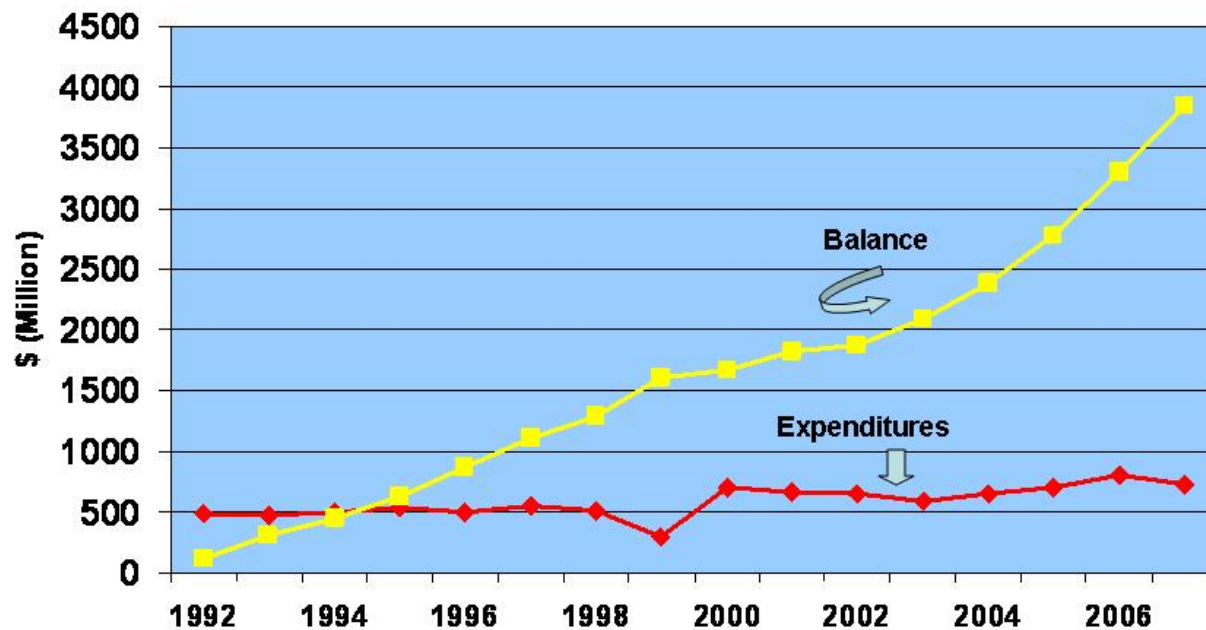
FISCAL YEAR	EXPENDITURES (millions)	REVENUES (millions)
FY 2000	\$631.2	\$760.6
FY 2001	\$669.4	\$810.8
FY 2002	\$645.2	\$710.8
FY 2003	\$685.1	\$804.5
FY 2004	\$681.4	\$922.4
FY 2005	\$708.8	\$1,123.0
FY 2006	\$697.2	\$1,275.0
FY 2007	\$751.0	\$1,416.0



The Reality



Harbor Maintenance Trust Fund Expenditures and Balance, 1992-2007



Projected for 2007 Based on Conf Rpt.

FEDERAL NAVIGATION PROJECT IMPACTS

- **SHIPS LIGHT LOADED**
 - Tons Not Moved!
- **MORE OFFSHORE LIGHTERING OF OIL**
 - Just Another Cost Factor
- **CHANNELS ARE NOT AT PROJECT DEPTH**
- **US COMPETITION IN WORLD MARKETS CHALLENGED**

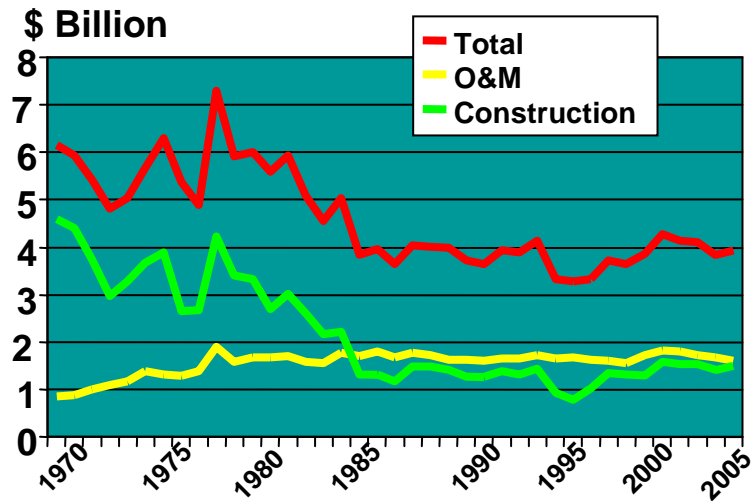
RAIDS ON THE HMTF

- **“Trade Corridors”**
 - To fund intermodal connections
- **Highway Trust Fund (bankrupt)**
- **Inland Waterways Trust Fund (bankrupt) – funds 50% of construction on river system (50% from Gen. Treasury)**

RAIDS ON THE HMTF

- “HR 3722 – HMTF to fund geological structures, breakwalls, sand replenishment, environmental mitigation, or environmental remediation
- Inland Waterways Maintenance (currently funded by General Treasury)

HMTF FAIRNESS COALITION



“Despite the economic slowdown, container traffic growth within the next 5 years will push many ports to their full capacity limits.....”



**10,000 to 15,000 TEU
Mega Ships are being
built now**

**Taxed for \$1.4 billion
last year, YET....**

**FY 2009 Budget is only
\$729 million!**

**“In FY 2006, the 59 largest U.S. PORTS
had only 50% of channel width,
35% of the time, and in FY 2007,
it was only 32% of the time!”**

Realize America's Maritime Promise

What We Have Done

- **Gathering coalition members – the list continues to grow – more than 100 organizations**
- **Prepared information papers**
- **Met with Senate and House members and staff**
- **Testified before T&I Subcommittee**
- **Prepared Draft Legislation**

What's Next?

- Continue to recruit new members
- Continue to meet with Members of Congress
 - Ways and Means, Budget, Finance, Appropriations
- Evaluate the best way forward
 - Draft legislation



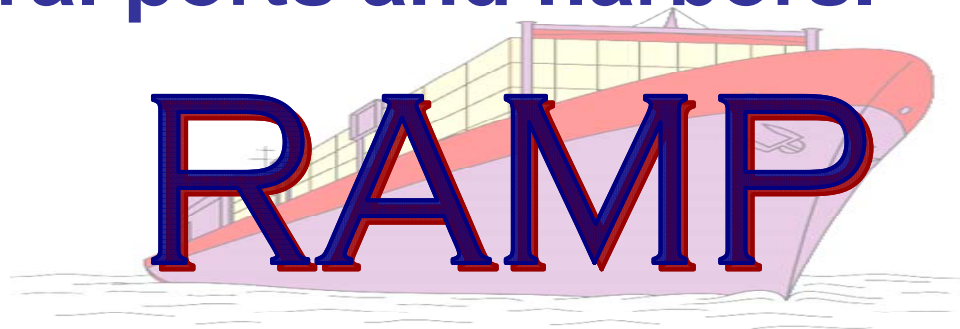
RAMP

WAITING FOR DREDGING \$\$ -- HOW LONG?



OUR GOAL

- **Simple – Seek Legislation that will result in full access to annual revenues from Harbor Maintenance Trust Fund Tax, to be used for their intended purpose- operation and maintenance of Federal ports and harbors.**



WWW.RAMPHMTF.ORG

MYSTERY OF THE UNIVERSE

- 2003 RECLAMA
- Nationwide – 12%
- Great Lakes – 20%

5 year search for the answer!

Revealed.....

Good

vs.

Evil

- *All it takes is...*

DECAY!

UNEMPLOYMENT!

COLLAPSE!

- *All it takes is...*

Lake Carriers' Association



The Greatest Ships on the Great Lakes