

# Policy Session Rappateur Summary

## TRB Executive Committee Policy Session

Topic: Inland Waterway Issues

January 25-26, 2012

# Navigation Trust Funds

## **Inland Waterways Trust Fund**

- 27 named waterways
- Fuel Tax, \$0.20/gal
- 50/50 cost share on New Construction and Major Rehabilitation
- Revenues about \$80M/yr
- \$160M annual construction program
- End of FY11 balance: \$32M

## **Harbor Maintenance Trust Fund**

- Ad valorem tax, 0.125% of cargo value
- 100% reimbursement of HMTF eligible expenditures
- Operations & Maintenance of Nav channels
- Revenues about \$1.5B/yr
- Expenditures ~ \$750M/yr
- End of FY11 balance: \$6.1B

# Inland Waterways Trust Fund

- Fuel tax lacked a cost index clause
- With this clause the \$0.20/gal would be \$0.30 in 2011
- This would increase revenues from \$80M to \$120M per year
- 50/50 cost share would result in \$240M construction program rather than the present \$160M program.
- Capital Projects Business Model provides additional information on proposed projects, prioritization and Corps process improvements

# Harbor Maintenance Trust Fund

- Key issue is *reimbursement* of of HMTF eligible expenses
- Corps has a budget ceiling and must balance needs across 7 Civil Works mission areas.
- Corps civil works budget is about \$4.6B, which limits what can be budgeted for coastal navigation O&M.
- Congress appropriates and Corps expends the funds then Treasury reimburses the HMTF eligible expenses.
- Users are pursuing Realize Americas Maritime Promise to align the funding process with Highway and Aviation Trust Funds.

# Overview of the Inland Waterway System (Gerald E. Galloway, Jr.)

- “The silent transport”
- Corps - 12,000 miles of inland waterways, 191 locks
- 50% of those locks are over 50 years old
- “challenge of change”
- Lack of national vision – water, rail, and highways working in concert

# The Economics of Inland Waterways (Wesley W. Wilson)

- Link between the price of transport and the modal choice
- Shippers believe that an inland navigation system is essential to keep rail prices down
- Growing congestion on the system and, ultimately, higher costs for the consumer

# A Cast Study: The Port of Pittsburg (James R. McCarville)

- Not all inland ports are the same!
  - Creates “navigation jobs” and “non-navigation jobs”
  - Yields different rate of benefits to be attracted to inland waterway systems
- Prone to shut-downs due to lock repairs or lock failure
- Shut-downs result in lost economic opportunity
- Objective is to protect and sustain the wealth that has been created

# A Barge Operator's Perspective (Richard Calhoun)

- Items move from “areas of excess supply” to “areas of deficit”
- Congestion and capacity on the highways will cause the costs for goods and services to increase
- Barge “return on investment,” yields \$14/tons savings
- Not a good time for the investment in Corps of Engineers annual appropriations to be declining
- Industry is willing to raise taxes 30-45%, but cant get Congress on-board!
- We need a comprehensive transportation strategy for America.

# Basic Observations: Key Factors Affecting Inland Waterways

- Locks and dams are in a serious state of decline
- Inland waterways system viability affects pricing
- Prioritization of projects won't work – Funding Needed
- Funding dilemma is similar to the other modes – including user support for increased taxes
- Congress is not inclined to raise taxes
- There is no national comprehensive transportation strategy or vision

# Ideas for Research on This Topic

- Compare rail (mid-1970s) and aviation (PFCs in Chicago) to waterways and see if there are compatibilities/lessons learned that can be applied to waterways issues.
- Failing freight infrastructure: What are the national impacts of a severe restriction in modal choice due to inadequate infrastructure?
- Congressional and Administration Champions: Who should lead the charge to invest in inland waterways infrastructure before a catastrophic failure occurs?

# Ideas for Research on This Topic (Continued)

- What is the appropriate long-term “fix” for the inland waterway system and how do user groups effectively support/promote this vision?
- Understanding the inland waterways taxation structure – where does the funding come from, where does it go, and is it even close to meeting the system needs?
- Taking a more comprehensive look at inland waterways cargo to access not only the tonnage of goods moved, but also the value of the goods moved.

## Ideas for Research on This Topic (Continued)

- Is the current planning process sufficient for the inland waterway system? Does it consider pricing and economic impacts associated with competition from other modes?
- Performing a comprehensive review of intermodal operations and maintenance costs for waterways, rail, and highway freight options: Are their interrelationships that should be better understood?

# Ideas for Research on This Topic (Continued – This is the last one!)

- Evaluation of the Corps of Engineers Benefit/Cost ratio for inland waterway projects: Are there benefits that aren't properly credited to the calculation?

Questions?