BIG RIVER COALITION

Lower Mississippi River (LMR) Deepening Project
Western Dredging Association

WEDA
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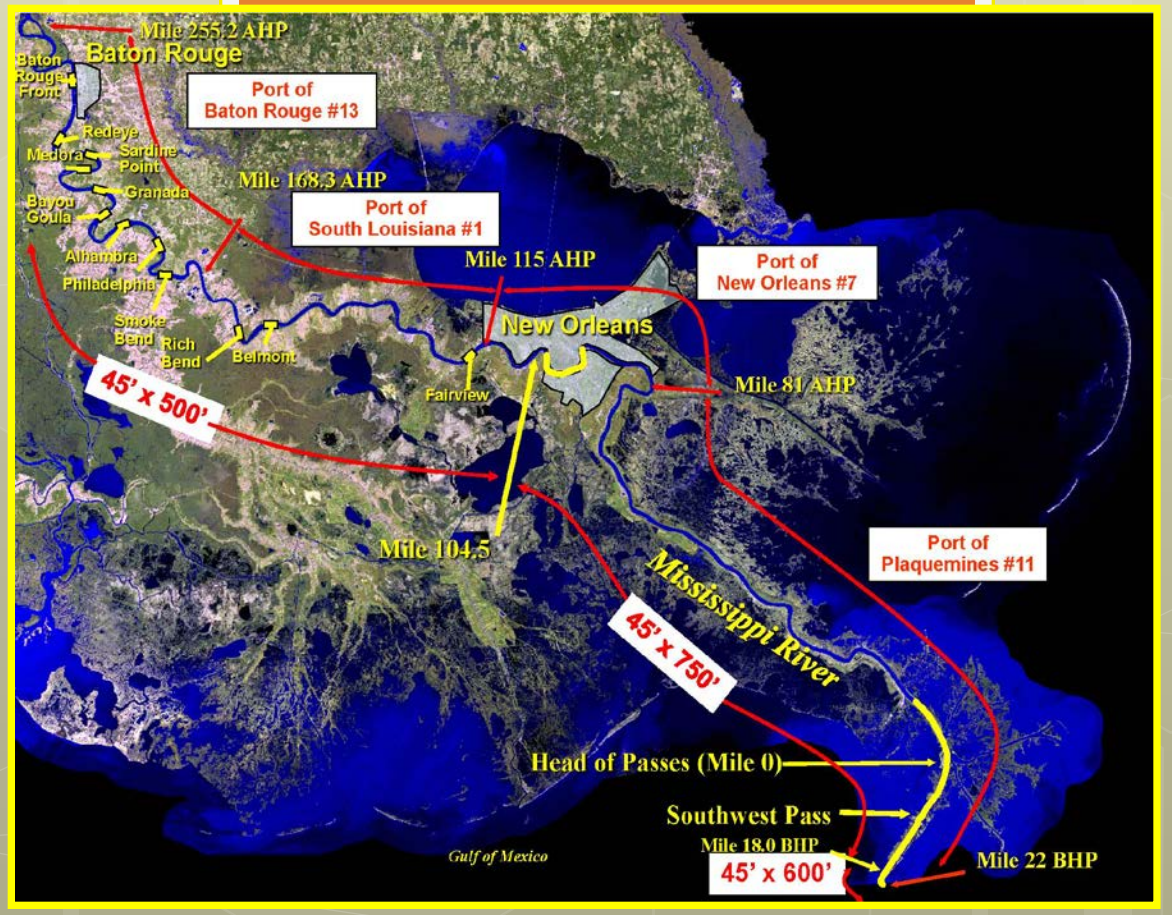
Lower Mississippi River, Baton Rouge to the Gulf of Mexico

- #1 Largest Port Complex in the United States (World)
- Largest Navigation Project in Corps
- U.S. Tonnage Rankings:

#1 - Port of South Louisiana
#7 - Port of New Orleans
#11 - Port of Plaquemines
#13 - Port of Baton Rouge

- Annually expend $131 M on average
- 475M Tons of Cargo/year
- 55 ft channel authorized (WRDA 1986)



Corps' Institute of Water Resources

- "On the export side the ability to employ large bulk vessels is expected to significantly lower the delivery costs of U.S. agricultural exports to Asia and other foreign markets. This could have a significant impact on both the total quantity of U.S. agricultural exports and commodities moving down the Mississippi River for export at New Orleans."

- "To remain competitive in a changing global trade market, the U.S. would need to continue making the justified investments necessary to maintain and improve its navigation transportation infrastructure where it is appropriate and efficient to do so."

- "Informa Economics, Inc. estimates the larger, more efficient Cape class (110-200k DWT) ships reduce the cost of the movement of grains to northeast Asia by an all-water Panama Canal route by $0.31 to $0.35 per bushel of grain."

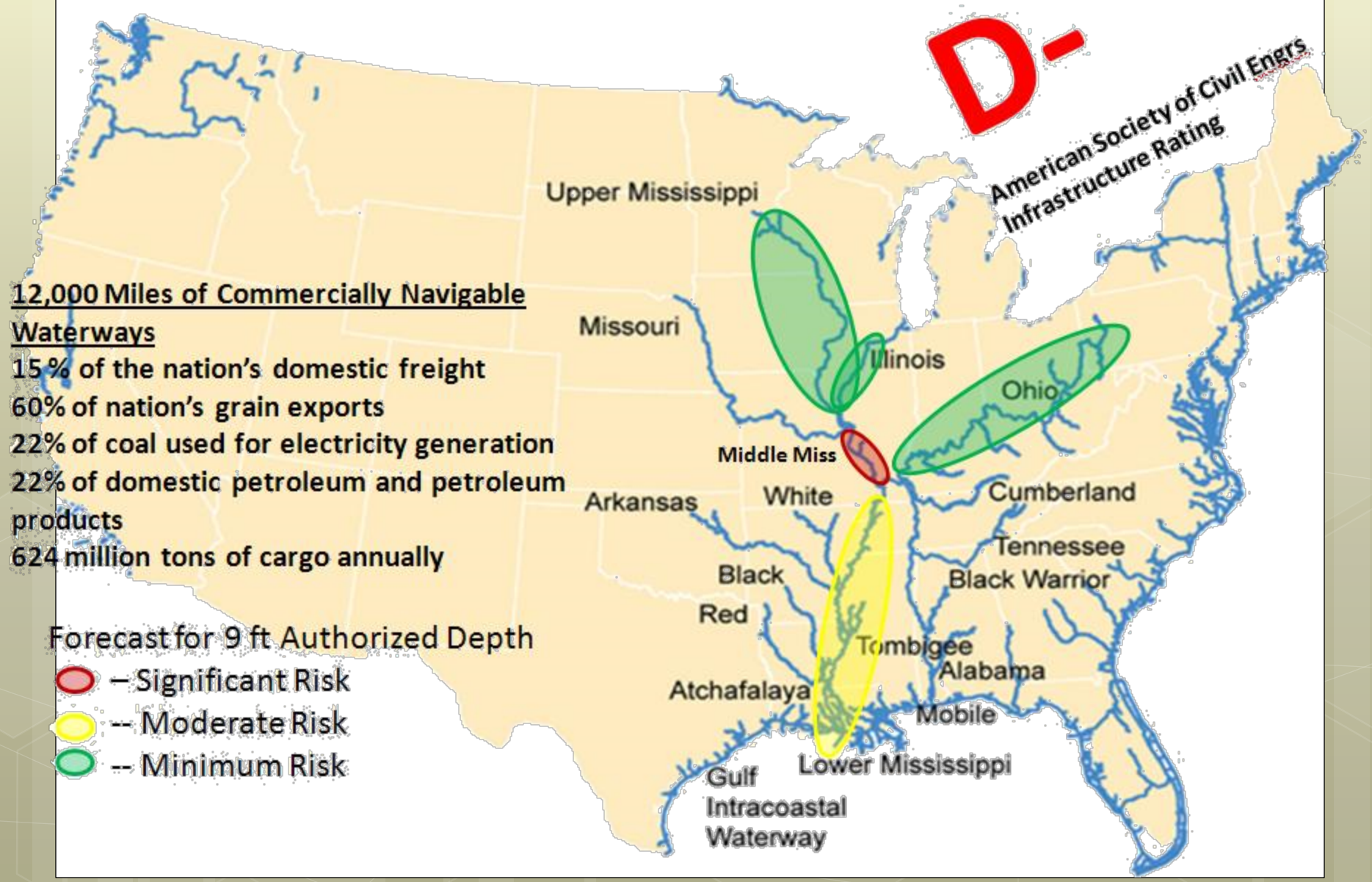
- According to the Corps the LMR ports handle approximately 20% of the nation's waterborne commerce.

- "Along the Southeast and Gulf coast there may be opportunities for economically justified port expansion projects to accommodate post-Panamax vessels. This is indicated by an evaluation of population trends, trade forecasts and an examination of the current port capacities."

- "One-half of the growth in Center Gulf bulk exports is expected to use the Panama Canal and it is projected that the Center Gulf will increase its share of total U.S. exports over the next 10 years. These exports will transit the Mississippi River to the Port of New Orleans."

- "IWR agrees that Port & Inland Waterways Modernization report could have considered deepening Federal channels on the Gulf coast to primarily serve post-Panamax bulk vessels. Such waterway modernization efforts are well within the range of opportunities presented by increasing deployment of post-Panamax sized vessels of all types." IWR Memo to BRC

Inland Waterway Navigation System



Lower Mississippi River Dredging Issues
Comparison of Our Failing Infrastructure

Mode	Assigned Grade
Inland Waterways	D-
Ports	C
Roads	D
Rail	C+
Bridges	C+
*Deep-Draft Waterways	F

The American Society of Civil Engineers 2013 Report Card for America's Infrastructure

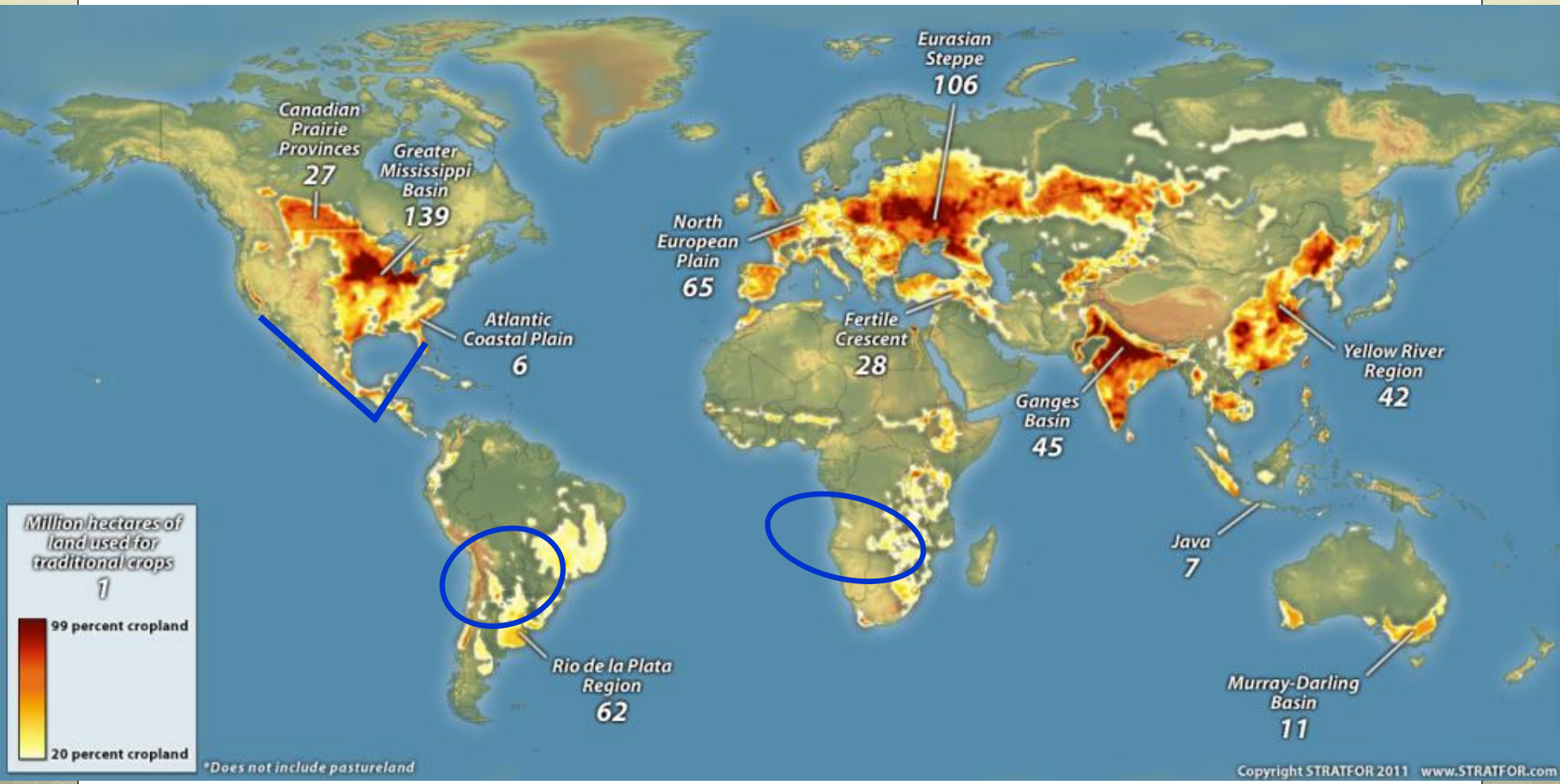
***Nationally, the Corps acknowledges that our 59 busiest ports have authorized dimensions less than 35% of the time. (Inadequate HMTF)**

The President's Export Council

Transportation Infrastructure Letter 3/11/2011

- 60% of all U.S. grain exports are shipped through the mouth of the Mississippi River.
- U.S. ports support, directly and indirectly, more than 13 million American jobs.
- The Lower Mississippi River is in need of reliable funding for dredging in order to maintain a safe depth for navigation and prevent disruptions to ship traffic and the commerce it supports.
- Nevertheless, your Administration should ensure that transportation trust funds are used for infrastructure development, not deficit reduction."(For instance HMTF $8.09 billion surplus)
- U.S. ports are directly responsible for 8.4 million jobs.

Global Agricultural Zones



139 million hectares equals slightly less than 350 million acres

Global Agricultural Zones

The STRATFOR article is a summary reasoning for the compelling need to invest in this nation's water resources infrastructure, particularly the inland waterway system, and our ports and harbors. This article summarizes the geographically-based reasons for the rise and dominance of the United States as "The Inevitable Empire". Most notably, it highlights the primary reasons for that as the nation's extensive navigable waterway system in its interior, and the associated plenitude of natural resources (from agriculture to coal) that this extensively drained interior facilitates for transportation and commerce.

The article posits five main compelling "geographic imperatives" that the United States has (and must) follow to sustain its dominance over its interior and exterior influences:

1. **Dominate the Greater Mississippi Basin;**
2. **Eliminate Land based Threats to the Greater Mississippi River Basin;**
3. Control Ocean Approaches to North America;
4. Control the World's Oceans;
5. Prevent Potential Challengers from Rising

We are a maritime nation, and the ability to leverage our extensive interior navigable waterway system – the most extensive such system in the entire world – is essential to our economic advantages and geopolitical dominance. Further, it is the entire Mississippi Basin watershed that forms the basis for America's successful economic development and geopolitical global supremacy, which is then furthered via our exterior ports, harbors, and sea approaches.

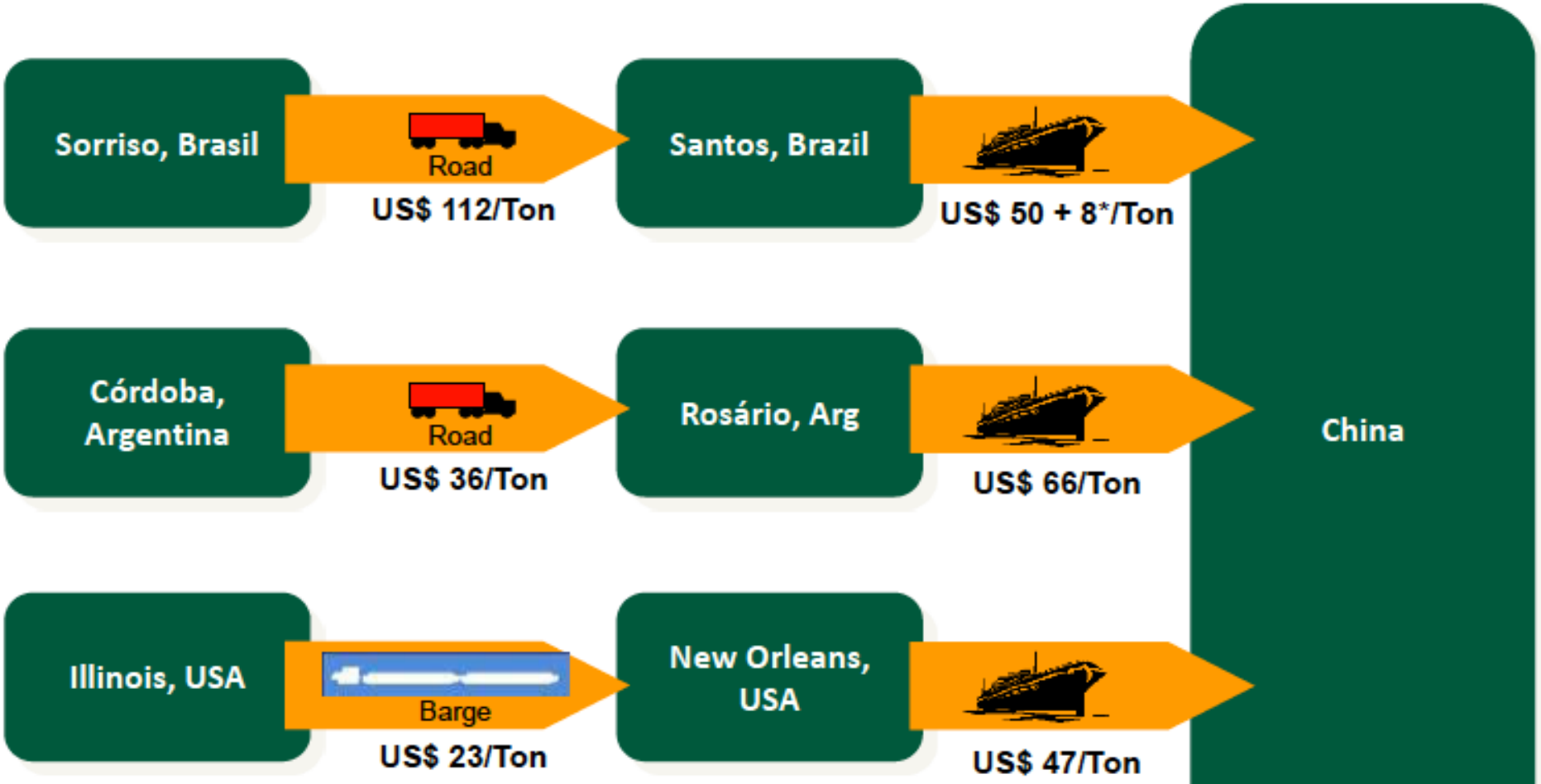
139 million hectares equals slightly less than 350 million acres

Impacts On Additional Cargo Quantities At Three Different Channel Depths

Vessel Draft	Cargo Type	Metric Tons	Bushels	Value
45 Feet	Soybeans	13,475	500,000	$8,000,000
	Corn		530,000	$3,000,000
	Coal			$1,000,000
47 Feet	Soybeans	18,375	675,000	$11,000,000
	Corn		725,000	$4,000,000
	Coal			$1,500,000
50 Feet	Soybeans	25,725	950,000	$15,000,000
	Corn		1,000,000	$5,500,000
	Coal			$2,000,000

The Untied Nations Educational, Scientific and Cultural Organization (UNESCO) predicts that food production needs to rise by 70% world wide by 2050.

Relevant Transportation Cost Comparisons



Transportation Costs Represent Our Competitive Advantage

2013 Legislative Remedies

❖ **Water Resources and Development Act of 2013 (S. 601)**

This comprehensive bipartisan legislation by Chairman Boxer and Ranking Member Vitter passed the full Senate on May 15, 2013. WRDA offers historic proposals with distinct solutions to many of the problems facing maritime waterways and commerce, including fixing the Harbor Maintenance Trust Fund and improvements to the Inland Waterways Trust Fund.

❖ **Water Resources Reform and Development Act of 2013 (H.R. 3080)**

The leadership of the Transportation and Infrastructure Committee, including Chairman Bill Shuster (R-PA), Committee Ranking Member Nick J. Rahall, II (D-WV), Water Resources and Environment Subcommittee Chairman Bob Gibbs (R-OH), and Subcommittee Ranking Member Tim Bishop (D-NY) deserve accolades for the prompt and record vote the full House passed WRRDA by a vote of 417-3.

Water Resources Development Act

- S. 601 includes a practical, commonsense solution to address the revenues and expenditures of the HMTF to ensure our ports and waterways are maintained to their authorized dimensions.

- **S. 601 raises the Corps O&M threshold for 100% of eligible operations and maintenance from the current level of 45-feet to 50-feet. If this item passes the full WRDA text is would mean that the 50%-50% cost share with LDOTD the non-federal sponsor would only be for the deepening costs (Capitol Outlay)**

WRDA vs WRRDA

WRDA S. 601:
In Fiscal Year 2014 the allocations shall be $1,000,000,000.
In Fiscal Year 2015 the allocations shall be $1,100,000,000.
In Fiscal Year 2016 the allocations shall be $1,200,000,000.
In Fiscal Year 2017 the allocations shall be $1,300,000,000.
In Fiscal Year 2018 the allocations shall be $1,400,000,000.
In Fiscal Year 2019 the allocations shall be $1,500,000,000.
In Fiscal Year 2020 and each subsequent FY full revenue from the HMT (100%)

WRRDA (H.R 3080):
In Fiscal Year 2014 the allocations shall be 65% of the total HMT from FY 13.
In Fiscal Year 2015 the allocations shall be 67% of the total HMT from FY 14.
In Fiscal Year 2016 the allocations shall be 69% of the total HMT from FY 15.
In Fiscal Year 2017 the allocations shall be 71% of the total HMT from FY 16.
In Fiscal Year 2018 the allocations shall be 73% of the total HMT from FY 17.
In Fiscal Year 2019 the allocations shall be 75% of the total HMT from FY 18.
In Fiscal Year 2020 and each subsequent FY the allocations shall be 80% of the total received from the HMT the previous FY..

Lower Mississippi River Deepening
50 Feet Phase 1

- Phase 1 of the project would be to deepen from Mile 10 Above Head of Passes just below Venice to the jetties at Southwest Pass. By deepening this lower end of the Lower Mississippi River to 50 feet the deep-draft channel from the Gulf of Mexico to Mile 154 Above Head of Passes (Belmont Crossing/ Oak Alley Area) would be opened to receive the new post-Panamax vessels with deeper drafts.

- Phase 1 deepening to 50 feet is expect to cost approximately $195 million with increased maintenance costs expected be about $60 million per year. The Big River Coalition believes that the dredging of the Phase 1 project would offer opportunities to provide beneficial use of dredged material or sediment recycling to help fight coastal land loss and environmental concerns.

Lower Mississippi River Deepening
50 Feet Phase 2

- Phase 2 of the project would be to deepen the deep-draft channel from Belmont Crossing Mile 154 Above Head of Passes to Baton Rouge at Mile 233.8 Above Head of Passes. By deepening this upper end of the Lower Mississippi River deep-draft channel to 50 feet from the entire length from the Gulf of Mexico to the upper limit of the deep-draft channel at Baton Rouge would be 50 feet deep.

- Phase 2 deepening to 50 feet would cost approximately $105 million with increased maintenance costs expected be about $40 million per year.

- Total cost of the deepening or construction of the LMR channel is estimated to be $300 million but at best this is just a ballpark estimate (+/-). A study of deepening the Sabine Neches waterway to 50 feet was estimated to cost $1 billion but this much smaller channel offered a positive economic return justifying the proposed deepening.

Summary of Increased Tonnage Created by LMR Deepening to 50 Feet

Table S1

Summary of Increase Tonnage and Values Created by Deepening the LMR to 50 Feet

Year	Tonnage	Percent of 2011	Value
2017	7,294,705	2.9%	$4,833,866,349
2018	10,142,278	4.1%	$6,756,754,446
2019	13,275,808	5.3%	$8,849,468,041
2020	17,053,228	6.8%	$11,374,734,656
2021	19,142,248	7.7%	$12,769,877,053
2022	20,186,758	8.1%	$13,467,448,252
2023	22,275,778	8.9%	$14,862,590,648
2024	24,364,798	9.8%	$16,257,733,045

Table S1 From Dr. Tim Ryan's:
"The Economic Impact of Deepening the Mississippi River to 50 Feet"

Summary of Increased Tonnage Created by LMR Deepening to 50 Feet

- At the end of an eight-year period of phasing in the implementation of the usage of the larger post-Panamax ships, the deepening of the Lower Mississippi River to 50 feet will accommodate an increase of 24.36 million tons of cargo, valued at $16.26 billion. (Table S1)
- Based on 2011 cargo movements on the LMR, the following commodities will be impacted by deepening the River to 50 feet: Crude Oil, Pig Iron, Iron Ore, and Gasoline on the import side; Corn, Soybeans, Coal, Crude Oil, Pig Iron and Iron Ore on the export side.
- Once all effects are phased in (2024), American producers, mostly farmers, and consumers will see a direct positive impact of $5.876 billion. The ripple effect, or secondary spending effect, could add another $5.615 billion. The total potential gain to the U.S. economy of the enhanced deepening will be $11.491 billion in increased production and lower gasoline prices once all affects are phased in.

Source Dr. Tim Ryan's:
"The Economic Impact of Deepening the Mississippi River to 50 Feet"

Summary of Increased Tonnage Created by LMR Deepening to 50 Feet

- The total construction costs are estimated to be $300 million with annual maintenance of approximately $90 million a year but the long term financial gain is measured in billions.

- In total the deepening of the Lower Mississippi River to 50 feet will add to the nation's economy by creating 16,991 new jobs as result of the increases in production and $849.5 million in increased income for American workers.

- If total impacts are used over the first eight years of the project the estimated Benefit Cost Ratio is 89.4.

Source of Dr. Tim Ryan's:
"The Economic Impact of Deepening the Mississippi River to 50 Feet"

I Wonder What the Competition Is Doing?
The We Can't Wait Initiative

- The Port of Jacksonville is being deepened to 50 feet.
- The Port of Miami is being deepened to 50 feet.
- The Port of Charleston is being deepened to 50 feet.
- The New York and New Jersey Harbor is being deepened to 50 feet and the Bayonne Bridge is in the process of being raised from 151 feet (Huey P. Long Bridge air draft) to 215 feet at a cost of $1 billion.
- The Port of Savannah is being deepened to 47 feet from 42 feet, the project includes an extensive mitigation plan, which is an integral part of the recommended improvements and are intended to restore, preserve and adaptively manage the surrounding ecosystem, which includes the Savannah National Wildlife Refuge.

President Obama's trip to New Orleans could help push the deepening project Into a Phase 2 Project of the We Can't Wait Initiative.

I Wonder What the Competition Is Doing? Foreign Agricultural Competition

- Brazil already one of the largest exporters of Soybeans, Poultry, Coffee, Sugar, and Orange Juice will invest over $85 billion to repair their infrastructure (roads, railroads and ports) over the next 20 years. The largest part of this internal investment will be over the next 5 years.

- Brazil will invest nearly $26 billion on its railroads over the next 5 years with an additional investment of $16 billion over the next 20 years.

- Brazil will invest $23.5 billion on its roads over the next 5 years with a long-term investment of an additional $8.5 billion over the next 20 years.

- Brazil will invest $14 billion in ports by 2015 and then an additional $10.5 billion in 2016 and 2017.

Any Questions?