

BIG RIVER COALITION



Mississippi River Navigation Economics WRRDA and Sediment Recycling

Western Dredging Association
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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. 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



WORLD PORT RANKINGS 2012

By Metric Tons

Port and Country		Metric Tons
#1	Shanghai, China	644,759
#2	Singapore, Singapore	538,012
#3	Tianjin, China	477,000
#4	Rotterdam, Netherlands	441,527
#5	Guangzhou, China	438,000
#6	LMR Ports Complex LA US	407,953

Louisiana Waterborne Economics

- ❖ In 2009 the 5 Gulf States generated \$2.4 trillion towards the U.S. Gross Domestic Product that level would rank these states as #7 in the world.
- ❖ The world population is predicted to grow **from 6.9 billion in 2010 to 8.3 billion in 2030** and to **9.1 billion in 2050**. By 2030, food demand is predicted to increase by 50% (70% by 2050). 65% of U.S. grain exports utilize the LMR.
- ❖ Louisiana waterways transport 25 percent of waterborne commerce in the United States.
- ❖ Louisiana industries with global and national trade impact:
 - Direct Spending of \$57.2 billion
 - Economic Output of \$108.4 billion
 - State Taxes of \$1.4 billion
 - Local Taxes of \$1.1 billion
- ❖ One in five jobs in Louisiana are directly linked to navigation:
 - 396,300 jobs with an estimated \$19.5 billion in earnings

Water Resources and Development Act of 1986

Three Key Provisions from WRDA 1986:

- ❖ The Harbor Maintenance Tax and Harbor Maintenance Trust Fund were created in the WRDA 1986 legislation.
- ❖ The Mississippi River deep-draft ship channel (Baton Rouge to the Gulf of Mexico) was federally authorized to a depth of 55 feet.
- ❖ WRDA 1986 also established a threshold of 45 feet for the maintenance responsibility of the federal government. Channel maintenance for deep-draft waterways deeper than 45 feet would be done at a shared responsibility between the federal government and the non-federal sponsor (50%-50% cost share).

What is the Harbor Maintenance Trust Fund?

- ❖ The Harbor Maintenance Trust Fund was authorized in the Water Resources and Development Act (WRDA) of 1986 as a tax on channel users to fund operations and maintenance costs on commercial waterways.
 - ❖
 - ❖ It is an ad valorem tax equal to .125% on the declared value of imported commercial and domestic cargo and on passenger vessel tickets. (\$1.25 per \$1,000). Originally designed to pay for 40% of the Corps Operations and Maintenance (O&M) Budget at an ad valorem rate of .04% it was increased in 1990 to recover 100% of O&M expenditures.
 - ❖
 - ❖ There is a surplus of Trust Fund monies of over \$8.5 billion that has been misallocated and most likely used for projects unrelated to harbor maintenance and this must be fixed. **The Corps acknowledges that our 59 busiest ports have authorized dimensions less than 35% of the time. \$8.5 billion surplus, \$1.8 billion this year alone.**
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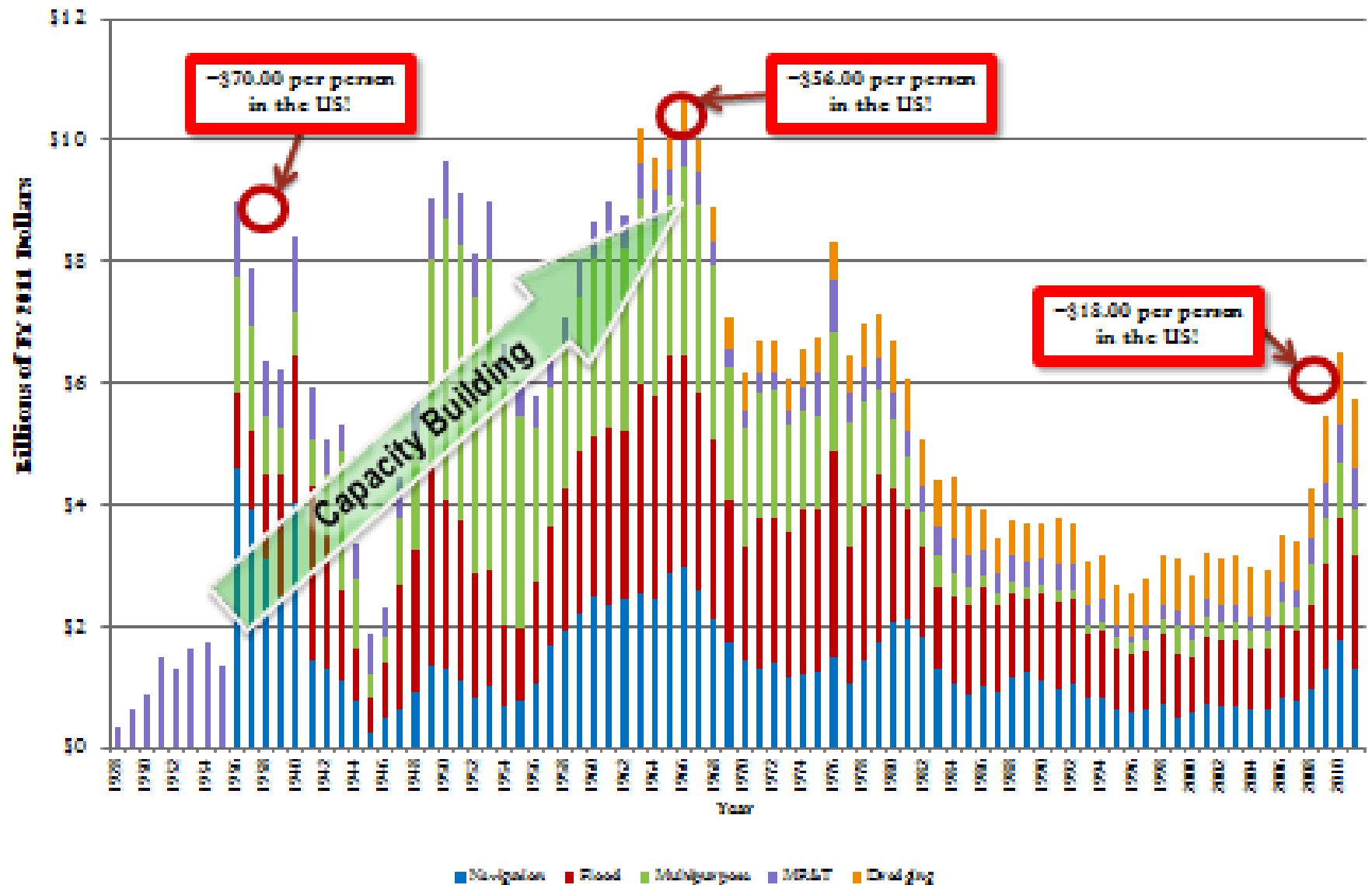
Lower Mississippi River Dredging Issues Comparison of Our Failing Infrastructure

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)**

Historical Investments in Corps Projects 1928 to 2011 The U.S. ranks at #143 in the world, with Greece at #144 Based on GDP Fixed Investments



Legislative Remedies in 2014

❖ **Water Resources Reform and Development Act of 2014** **H.R. 3080**

The Water Resources Reform and Development Act of 2014 (WRRDA 2014) passed the U.S. Senate on Thursday, May 22, 2014 by a lop-sided vote of 91-7 after passing the U.S. Congress on Tuesday, May 20, 2014 with an overwhelming majority of 412-4 (A cumulative total of 503-11). H.R. 3080 now requires the signature of President Obama to fully ratify this historic legislation into a Public Law from the 113th Congress.

There are two main areas of concern for navigation interests related to improvements to the Inland Users Trust Fund and the Harbor Maintenance Trust Fund as listed under Title II---Navigation Subtitle A---Inland Waterways and Subtitle B---Port and Harbor Maintenance.

Legislative Remedies in 2014

Water Resources Reform and Development Act of 2014 H.R. 3080

- ❖ **There are key improvements in WRDA 2014 that will be made to the Harbor Maintenance Trust Fund mechanism, the first is related to increased allocations from the Harbor Maintenance Trust Fund with full access to the funds slated to begin in Fiscal Year 2025. The second raises the threshold for full federal channel maintenance from 45 feet to 50 feet (Section 2102. Operation and Maintenance of Harbor Projects (b) Operation and Maintenance---Section 101(b)(1) of the WRDA 1986 (33 U.S.C. 2211 (b)(1) is amended by striking “45 feet” and inserting “50 feet”).**
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WRRDA 2014

Incremental Increases HMTF Allocations

WRRDA (H.R 3080):

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 74% of the total HMT from FY 17.

In Fiscal Year 2019 the allocations shall be 77% of the total HMT from FY 18.

In Fiscal Year 2020 the allocations shall be 80% of the total HMT from FY 19.

In Fiscal Year 2021 the allocations shall be 83% of the total HMT from FY 20.

In Fiscal Year 2022 the allocations shall be 87% of the total HMT from FY 21.

In Fiscal Year 2023 the allocations shall be 91% of the total HMT from FY 22.

In Fiscal Year 2024 the allocations shall be 95% of the total HMT from FY 23.

In Fiscal Year 2025 and each subsequent FY the allocations shall be 100% of the total received from the HMT the previous FY.

Hit the HMT Target!



The House passed its FY 2015 E&WD bill in July, with \$1.166 billion for Harbor Maintenance Tax (HMT) work. The Senate's subcommittee report has \$1.06 billion for HMT. Industry continues to advocate for the House to preserve their amount and for the Senate to provide the additional \$100 million. Bullseye vs BS

WRRDA Sec. 2106 Funds Distribution

Example: \$50 M appropriated

Energy Transfer Port distribution:

6 states would receive funds: \$25 M / 6 states = \$4.16 M per state

Hitting the HMT Target

If appropriations hit the target each year from Fiscal Year 2015 thru 2018, then Section 2106 is authorized to be extended to FY 2022 (Sec 2106 (e)(3))

ENERGY TRANSFER PORTS, \$25 M

1. Ports in Louisiana \$4.16 M
 - (1) Port of South Louisiana \$0.83 M
 - (2) New Orleans, LA \$0.83 M
 - (3) Baton Rouge, LA \$0.83 M
 - (4) Plaquemines Parish, LA \$0.83 M
 - (5) Lake Charles, LA \$0.83 M
2. Ports in Texas \$4.16 M
 - (1) Houston, TX \$1.04 M
 - (2) Beaumont, TX \$1.04 M
 - (3) Corpus Christi, TX \$1.04 M
 - (4) Texas City, TX \$1.04 M
3. New York/New Jersey \$4.16 M
4. Mobile, AL \$4.16 M
5. Norfolk Harbor, VA \$4.16 M
6. Baltimore, MD \$4.16 M

SEDIMENT RECYCLING



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Harbor Maintenance Tax Project Expenditures

“Inadequate Funding Leads to Inadequate Channels”

- ❖ As a our channels have been neglected the surplus in the Harbor Maintenance Trust Fund continues to grow.

TAXATION WITHOUT CHANNELIZATION

- ❖ The HMT’s intended purposes include: channel maintenance dredging, dredge placement areas, coastal jetties and groins, breakwaters and the federal cost share of beneficial use of dredged material.
- ❖ The Associated Branch Pilots of the Port of New Orleans (Bar Pilots) with assistance from the Big River Coalition and support of the USACE’s Mississippi Valley New Orleans staff have worked to beneficially use dredged material in the area of Southwest Pass. The number of cubic yards removed by cutterhead dredges equates to the approximation of 3,500 acres over the last five years, 1,500 acres this year.

“Sediment Recycling”



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A SDAV owned small business



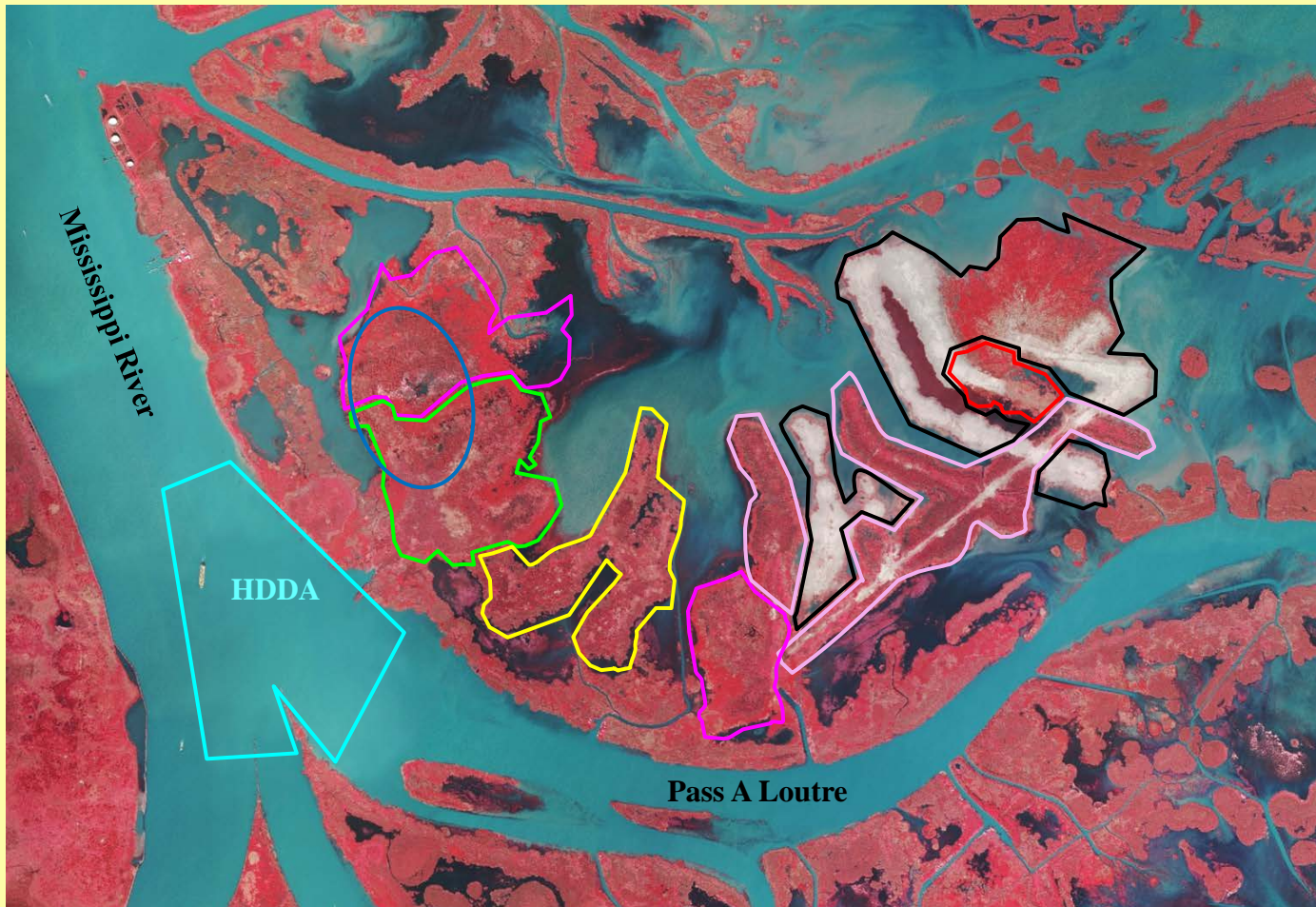
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Beneficial Use of Dredged Material

HDDA Dredging - Delta National Wildlife Refuge Placement



FY 98 – 197 Acres

FY 04 – 274 Acres

FY 07 – 340 Acres

FY 08 – 388 Acres

FY 10 – 466 Acres

FY 11 – 70 Acres

FY 13 – 865 Acres

**Total Acres
Created 2,600**



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Any Questions?

