

Capitol CURRENTS

October 8, 2004



Maj. Gen. Don T. Riley, the Army Corps of Engineers' new Civil Works Director, mounted the agency's largest-ever hurricane response. Page 4.

Stop-Gap Funding Keeps Waterways at FY2004 Level

UNABLE TO RESOLVE DISPUTES over FY 2005 appropriations for the Army Corps of Engineers' civil works activities -- and most other Federal programs -- Congress has passed a continuing resolution maintaining funding at the current level through November 20. By week's end, Congress expects to recess for the General Elections and then return for a "lame duck" session on November 15, currently scheduled for only five days, just long enough to enact a few high-priority legislative measures and pass an omnibus bill funding all Federal agencies still awaiting their annual appropriations.

Of the 13 appropriations bills keeping the Federal government in operation, Congress has

so far enacted only two -- for the Department of Defense and the District of Columbia, although some hope as many as three more bills may clear before the pending recess.

On June 25, the House of Representatives voted to appropriate \$4.82 billion to fund the civil works program (part of the energy and water development appropriations bill) in FY 2005, which began last week. This compares with the President's request of \$4.12 billion and FY 2004 appropriations -- which are now continuing -- of \$4.58 billion.

The House measure (H.R. 4614) is still pending before a Senate appropriations subcommittee. It hit a snag over funding for the Yucca Mountain nuclear waste depository,

in the home state of Sen. Harry M. Reid (Nevada), the subcommittee's ranking minority member. Because the issue is so highly charged, lawmakers apparently decided to put off a funding decision until after the elections. In the meantime, House and Senate staffers will be working on compromise spending levels for the various Corps missions to include in the omnibus funding package. ♦



Where funding is needed. Workmen position a massive 350-ton bulkhead at the new Olmsted Locks near Paducah. The bulkhead, one of four at the locks, was fabricated at Bainbridge, Ga., and barged to the site. The locks are almost finished but construction of the dam has not yet started.



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(703) 373-2261
www.waterwayscouncil.org

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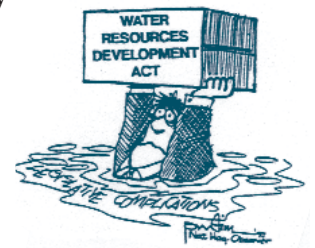
WRDA '04 in Doubt as 108th Congress Winds Down

Time is running out on Congressional authorization to construct seven new locks on the Upper Mississippi and Illinois Rivers, which the Army Corps of Engineers is in the process of formally recommending. The modernization project is included in the Water Resources Development Act (S. 2773) now pending in the U.S. Senate. Lawmakers are hung up on how to deal with a number of controversial provisions approved in a Senate committee. A companion bill (H.R. 2557), providing for independent peer review of large or controversial projects and several other "Corps reforms," passed the House of Representatives by a 412-8 vote a year ago.

While the legislation was in the Senate committee, several environmental provisions were added. Waterways supporters say they go too far in mandating Corps changes. For instance, the Senate bill would set up a

powerful River Stewardship Commission and a new Water Resources Planning Council, eliminate project benefits attributable to any wetlands reduction, and put the Army Inspector General in charge of peer reviews. Sens. Thad Cochran (Mississippi) and Mary Landrieu (Louisiana) have worked out a compromise to bring the measure to the Senate floor, with the expectation that any remaining differences can be worked out in a House-Senate conference.

Congress failed to pass WRDA '02, and WRDA '04 is going down to the wire. ♦



UM Modernization Advances, Missouri Shipping in Jeopardy

Brig. Gen. Robert Crear, Commander of the Mississippi Valley Division, has signed a "record of decision" recommending the construction of five new locks (L&Ds 20-22 and 24-25) and five lock extensions (L&Ds 14-18) on the Upper Mississippi and two new locks on the Illinois River (at LaGrange and Peoria). This paves the way for the Chief of Engineers, Lt. Gen. Carl A. Strock, to issue a final "Chief's report" on the modernization project after a 30-day comment period, which ends next month.

In a surprise move, Sen. Conrad Burns (Montana) added an amendment to the Department of the Interior's appropriations bill, which would halt discharges from the drought-plagued Missouri River reservoirs, stopping navigation on the river and perhaps impeding barge traffic on the middle Mississippi, too. In response, Sens. Christopher S. (Kit) Bond (Missouri) and Tom Harkin (Iowa) amended another spending bill, denying funds to enforce the Burns measure. The dispute will probably not be settled until Congress returns in lame duck session. ♦

Gate Failure Closes Mel Price Lock

On October 3, 2004, the lower miter gates of the auxiliary lock at Melvin Price Locks and Dam on the Upper Mississippi River failed. The Corps of Engineers reported that "the gates were severely damaged and must be removed [either] to be repaired or replaced," and the lock will likely remain out of service for several months. Only after the gates are pulled out of the water will a full assessment determine the cause of failure. If new gates are required, the Corps estimates their fabrication could take up to one year.

The last several years have seen emergency closures for equipment repair or replacement at John Day Lock (Columbia River), Greenup Locks and Dam and McAlpine Lock (Ohio River), Locks and Dam 27 (Mississippi River), Bayou Sorrel Lock (Gulf Intracoastal Waterway), and Lockport Lock (Illinois River). In addition to lock closures, the Emsworth Dam project for the Ohio River is in need of emergency repairs to prevent dam failure.

These emergency repair situations are having major effects on the navigation industry operators, shippers and users, and the general boating public. ♦



Sen. Bond

Container-on-Barge Expands on Inland System

Without much fanfare, container-on-barge service is reaching farther and farther up the mid-continent inland waterways system. In July, Houston-based Osprey Line LLC added a second weekly sailing between New Orleans and Baton Rouge. The carrier also serves Memphis on a regular basis and, starting this month, will add Lemont, Ill., near Chicago, to its schedule. Osprey began moving containers between the Ports of Houston and New Orleans four years ago.

Its new Mississippi River service has moved green coffee beans into Baton Rouge and cotton bales, in containers, downriver from Memphis. In the Pacific Northwest, deck barges transported an estimated 37,500 loaded TEUs (20-ft. equivalent units) on the Columbia-Snake system in 2003. A single jumbo barge can

carry 72 TEUs, taking 36 trucks off busy highways. But we have a long way to go to catch up with Europe, where some 2.3 million TEUs were shipped up and down the Rhine River last year.

In July, the Maritime Administration hosted a New Orleans forum to identify requirements for a successful inland waterway container system and to stimulate public-private partnerships to address system needs. On October 20, the U.S. Section of PIANC will sponsor an afternoon seminar in Baltimore on "Implications for the Navigation Infrastructure," resulting from increased container-on-barge service. Among the speakers will be Joseph H. Pyne of Houston, president of the Kirby Corporation, a part owner of the Osprey Line. ♦

On the Ohio, a Kirby towboat moves a barge loaded with empty containers to North American Stainless LLC at Ghent, Ky., where the containers were loaded with steel coils, barged to Houston, and then shipped to China.



Advance McAlpine Closure Notice Kept Losses Lower

When the Corps of Engineers announced in late May that it was going to have to close the Ohio River to barge traffic to make emergency repairs at what is presently the only operating chamber at the McAlpine lock, WCI engaged Don Matzzie of Linare Consulting in Pittsburgh to assess the economic impact on waterways shippers. With the 10-week notice, many were able to plan ahead, avoiding a major traffic snarl when the lock was shut down on August 9. Some 190 towboat passages were delayed by the lock closure, but when it reopened 10 days later, only nine

upbound and seven downbound tows were waiting.

In a post-closure survey, Dr. Matzzie found one coal company had added costs of \$50,000 or about 90 cents per ton. A chemical firm said the closure caused it to incur added costs of more than \$350,000 and a second company said it was out \$285,000 in adjusted schedules and higher costs for alternate transport modes. River terminals and companies shipping steel also reported losses, but petroleum companies, by switching some movements to pipeline, suffered only minor impacts. ♦

Corps Mobilizes 1,300 in Massive Hurricane Response

In the largest recovery operation of its type ever undertaken, Maj. Gen. Don T. Riley, the Corps' civil works director, sent more than 1,300 technicians and other workers to Florida and South Alabama in the wake of Hurricanes Charley, Frances, Ivan and Jeanne. Millions were left with no power and a limited supply of drinking water, and thousands of homes had damaged roofs. At the request of the Federal Emergency Management Agency, the Corps swung into action, delivering about



1,000 reefer vans of ice and tankers of water and hundreds of emergency generators, organizing debris removal, installing 25,000 roof tarpaulins and delivering 150,000 other self-help tarps in Florida and 30,000 in Alabama.

Storm surges, whipped by hurricane-force winds, badly eroded Florida's scenic beaches and battered homes and condos on barrier islands and along the Atlantic and Gulf Coasts. (In the "continuing resolution" now in effect, Congress at least temporarily bars the Administration from enforcing its proposed policy to stop funding periodic beach renourishment projects.) Ports escaped relatively unscathed although there was a lot of shoaling. Torrential rains flooded rivers and streams throughout the East, particularly Alabama and Georgia but also extending to Pennsylvania and including several Ohio River tributaries and the Delaware River basin.

To help pay for all the hurricane-caused infrastructure damage, the President has sent Congress four requests for supplemental appropriations, the last three of which include a total of \$245 million for the Corps of Engineers for flood control, restoration of navigation channels, and to make repairs. Congress has already approved the first request, which did not contain any Corps funding, and is expected to approve the remainder (possibly with even more than \$245 million in Corps funding) before it recesses for the elections. ♦

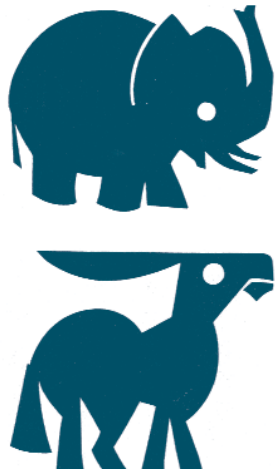
'This Time, Man Defeated Nature'

When Hurricane Frances, hard on the heels of Hurricane Charley, roared across south and central Florida, it dumped as much as 13 inches of rain on the low-lying Everglades region. But "when it came to flooding, man got the better of Mother Nature during Frances, keeping billions of gallons of water out of the peninsula's living rooms," wrote The *Washington Post's* Michael Grunwald, a frequent Corps critic. The area is now home to 7 million people.



"Throughout the region, water managers opened canal gates and cranked up huge pumps to shunt floodwaters from Frances into the giant saucer of Lake Okeechobee [surrounded by a 35-foot-tall dike], into storm basins, and ... into estuaries and marshes," Mr. Grunwald said. It was, he said, a "vivid reminder of the original purpose" of the massive Corps of Engineers-constructed Everglades flood control project, scheduled for an eco-sensitive \$8 billion make-over. "I have got to admit," said an Everglades National Park ecologist, "it's done an incredible job of controlling floods."

The *Washington Post* headlined Mr. Grunwald's Page 1 story, "This Time, Man Defeated Nature." The writer, now on leave from The Post, is working on a book about the Everglades, tentatively entitled "The Swamp." ♦



In the Presidential Campaign, Candidates Pledge Support

President Bush, on the campaign trail in the Pacific Northwest, told a cheering crowd at the Port of Portland that he was submitting a \$15 million budget amendment to begin deepening the lower Columbia River. The long-delayed project would add three feet of navigation depth to the current 40-ft. channel for its 104-mile path from Portland to the Pacific. The President said the improvement project would “enhance the vitality of this river, ... create new export opportunities” and help manufacturers, farmers, and ranchers. He spoke in mid-August.

After traveling hundreds of miles along the Mississippi and Missouri Rivers, Sen. John Kerry sat down under a shade tree on a farm near Kansas City with Bill Lambrecht of *The St. Louis Post-Dispatch*. He wrote that the Democratic contender supported “in concept” the construction of locks at seven dams on the Upper Mississippi and Illinois Rivers. And Sen. Kerry, noting he was a strong environmentalist but also understood commercial needs, told the reporter he would not proceed with a controversial “spring rise” on the Missouri River. ♦

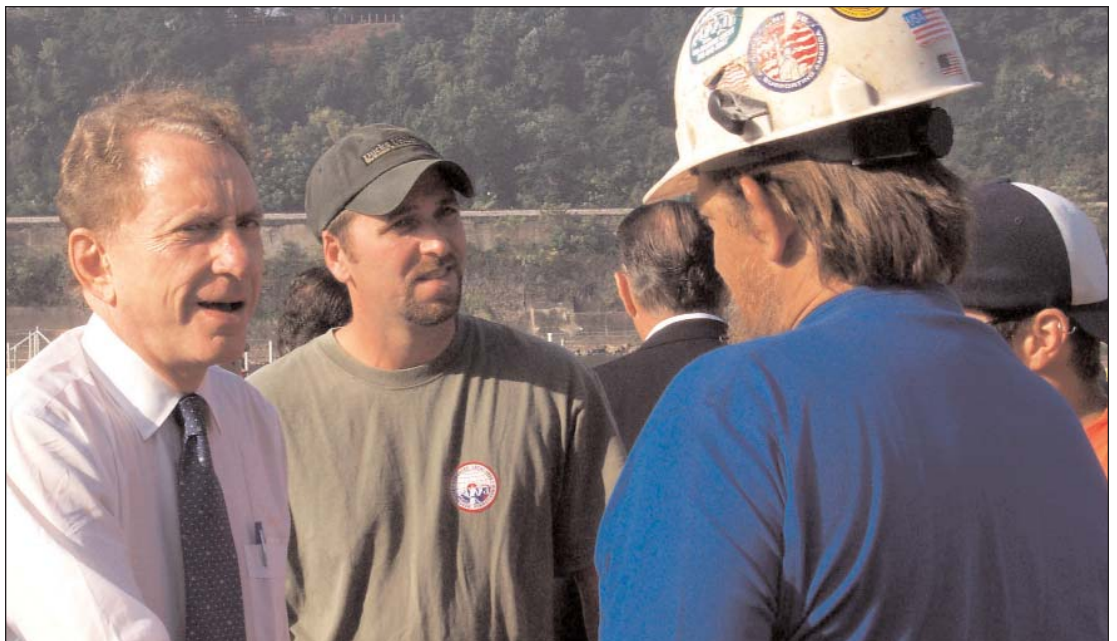


Authorities Reject Breaching of Columbia, Snake Dams

In a “no jeopardy,” draft biological opinion, the National Marine Fisheries Service has ruled out demolition of navigation dams in the Pacific Northwest. For years, environmental groups have been campaigning for removal of four dams on the lower Snake River to save listed salmon. But the Fisheries Service’s northwest regional administrator, Bob Lohn, said “our work shows that you can achieve recovery without removing the dams.” In partnership with the Bonneville Power Administration and Army Corps of Engineers, his agency has proposed performance-based changes in dam operations as well as improving habitat restoration and barging some juvenile salmon past the dams.

Along the East Coast, flooding caused by remnants of recent hurricanes has led to calls for more flood control on some rivers, such as the free-flowing Delaware, which overflowed its banks and caused major damage north of Philadelphia. A Corps of Engineers proposal to build a dam at Tocks Island, creating a 70,000-acre reservoir, touched off decades of fierce debate before the project was dropped in 1992. The Corps already operates five dams on Delaware River tributaries, which officials credited with preventing even worse flooding last month. ♦

Sen. Arlen Specter (Pennsylvania) greets workers at the new Braddock Dam, which replaced Lock 2 on the Monongahela River near Pittsburgh. The lawmaker praised navigation improvements in Western Pennsylvania as “economic generators,” stimulating employment and enhancing investment.



COMMENTARY

Why Should it Take 29 Years to Construct Olmsted?



Last January, the Army Corps of Engineers awarded a \$564 million contract to a joint venture to build the Olmsted Dam across the lower Ohio River. The Olmsted lock-and-dam project was authorized in 1988 and the first construction contract signed in 1992. Now, 12 years later and with almost 100 million tons of commerce transiting this site annually, we respectfully urge the Corps to move as quickly as they can to expedite completion of this important navigation facility as soon as possible.

With appropriate ceremonial fanfare, the groundbreaking for the twin 110-ft. x 1,200-ft. locks was held in 1996. Today the new locks, including miter gates, guide walls, and operating and emergency bulkheads are nearly complete. Almost \$580 million has been invested in the project to date. Now, the joint venture of Washington Group of Boise, Idaho, and Alberici Constructors of St. Louis is mobilizing to construct pre-cast elements of the new dam, which must be in place to make the locks operational.

The basic concern of waterways interests focuses on the time it is taking to build the Olmsted project. WCI Priorities Task Force meetings with the Corps indicate that this project will not be completed until 2017. That's 29 years from project authorization to project completion. And this assumes that at least \$60 million annually is spent on constructing the project, which unfortunately is not a certainty. In FY 2004, the Corps only spent about \$32.5 million here. In the previous three fiscal years, the average annual investment was only \$48 million.

The Olmsted Locks and Dam project is one of the Corps of Engineers' priority civil works projects nationwide. In his budget requests, the President has earmarked about \$75 million annually over the past three fiscal years for Olmsted. But these funds have not materialized.

Part of the problem has been an issue that the Waterways Council, Inc., has been wrestling with: "savings and slippage." It's complicated, but the Congress has been appropriating certain levels for the civil works -- and then reducing the overall amount by as much as 15%. This action has the effect of stretching construction schedules. Another part of the problem is that some monies, in the past, have been reprogrammed away from Olmsted ... for a number of reasons.

All of us -- waterways interests, the Corps of Engineers, others in the Administration and the Congress -- need to be more vigilant, in order to complete Olmsted Locks and Dam within the next decade. And we need to work harder to finish all of the other inland navigation construction projects started in the last century and do so within the next 10 years. It's possible, isn't it?

A handwritten signature in black ink that reads "Mark K. Knoy". The signature is fluid and cursive.

Mark K. Knoy
Chairman, Waterways Council Priorities Task Force
President, MEMCO Barge Line, Inc.

"...we respectfully urge the Corps to move as quickly as they can to expedite completion of this important navigation facility as soon as possible."

Task Force Finds Locks 27 at 'High Risk' for Failure

To help plan smoother, surprise-free operation of the mid-continental inland waterways system, Waterways Council's Priorities Task Force has inaugurated regular meetings of shippers, carriers and other waterways leaders with the Army Corps of Engineers' top operations officials. At a full-day conference last month in Cincinnati, about 20 major maintenance and major rehabilitation priorities were identified on the Upper Mississippi, Illinois and Ohio River systems. On the Upper Miss, the most critical maintenance need was determined to be Locks 27 at St. Louis, which was closed for 19 days last summer. About \$4.4 million is needed now, the task force discovered, to repair or replace gate-lifting chains, open gearing,

reduction gearboxes, drives, and upstream rollers to avoid a "high risk" of failure.

"Concerning new construction and major rehabilitation, we have organized ourselves around each priority project of our association and those identified as priorities of the Inland Waterways Users Board," said Daniel P. Mecklenborg of Nashville, senior vice president and chief legal officer of Ingram Barge Company. Some two dozen WCI members led by Mark K. Knoy of St. Louis, task force chairman and president of MEMCO Barge Line and a dozen senior Corps of Engineers officials attended. Among them were Michael B. White, chief of operations in the Chief of Engineers' office; Michael B. Rogers, programs director of the Mississippi Valley Division; Gerald W. (Jerry) Barnes, programs director of the Great Lakes and Ohio River Division, and their project management and operations teams.

"We need to know from the Corps' senior operations leaders where the real problems are and which lock-and-dam facilities need the most attention," said Mr. Knoy. "Once these sites are identified, we will hopefully be able to take steps to avoid unscheduled shutdowns" as recently experienced at Greenup and McAlpine on the Ohio and Lock 27 on the Upper Mississippi. Tentatively, the next task force meeting is planned for February. ♦

Reviewing priorities are

(left to right) Larry Daily, Alter Barge Line; Cherrie Felder, Channel Shipyard Company; Greg Ruff, Army Corps of Engineers; Mark Knoy, MEMCO Barge Line; Susan Hampton, Army Corps of Engineers; and Chris Brechia, MARC 2000.



Users Board Sets Meeting in St. Louis on December 7

The Inland Waterways Users Board has set its second meeting of the year for December 6-7 in St. Louis. On the first afternoon, members and guests tentatively plan to tour nearby L&D 26, where the miter gate on the auxiliary lock failed last weekend, and Locks 27, which was recently shut down for emergency repairs.

The next day is reserved for the Users Board's meeting, the first since February 19 in Washington, D.C. The board's chairman is Gerald W. Brown of Maple Plain, Minn., who retired in July after 35 years with Cargill, Inc., most recently as president of its subsidiary, Cargill Marine and Terminal (Cargo Carriers).

By the time of the St. Louis meeting, Users Board officials hope the Administration will have filled two board slots that have been

vacant since January. (Three other members' terms have expired but they are eligible to serve an additional two years.) The term of Larry R. Daily of Bettendorf, Iowa, president of Alter Barge Line, Inc., ended last December.

In addition, a Pacific Northwest representative was never seated. Stephen A. Frasher had applied for the appointment while he was president of Tidewater Barge Line of Vancouver, Wash., but he subsequently joined American Commercial Lines LLC of Jeffersonville, Ind., as president and CEO. In April, he left to head a Canadian marine transportation firm. Succeeding him as president and COO of American Commercial Barge Line LLC was W. N. (Norb) Whitlock, who is the Users Board's vice chairman. ♦



Mr. Brown



Mr. Toohey

Plan to Attend WCI's November Annual Meeting

At our Annual Meeting and Symposium scheduled in New Orleans on November 29-30, members of the Waterways Council, Inc., will hear presentations on commodity markets and shipping innovations as well as a post-election review of the political landscape. Examining the market outlook will be J. Brett Harvey of Pittsburgh, president and CEO of ConsolEnergy, Inc., and Rick Browne of St. Paul, senior vice president-grain marketing, CHS Inc. (formerly Cenex Harvest States Cooperatives). Expanded use of river-ocean vessels, containers on barge and other shipping technologies in Europe and other countries will be discussed by Dick de Bruin of the Netherlands Ministry of Transport, Public Works and Management, who has had assignments in Asia, South America and recently at the World Bank in Washington.

On the opening day, WCI members will be able to choose a round of golf or a boat tour of the Inner Harbor lock replacement project. In the evening, Michael J. Toohey of Washington, director of Federal government relations for Ashland Inc., will analyze the impact of the November elections on waterways infrastructure improvements.

Also on the agenda is a meeting of the National Waterways Foundation, the chairman of which is Joseph H. Pyne of Houston, president of Kirby Corporation.

Check www.waterwayscouncil.org for registration information. We have reserved a block of rooms at the Hilton Riverside Hotel at a special single/double room rate of \$149 plus tax. Call the hotel today at (504) 561-0500 to request WCI's reduced rate, which expires on October 29. ♦

MTS Advisory Board Plans Session in mid-November

The exact date is not yet set, but the Marine Transportation System (MTS) National Advisory Council wants to hold its next meeting in Washington in mid-November. The 30-member group, which last met in Chicago on May 3-4, will likely discuss short sea shipping, the SEA-21 initiative and other waterways issues. The council's new executive director is Richard Lolic, acting director of MarAd's Office of Ports and Domestic Shipping. He succeeded Raymond R. Barberesi, who recently retired and formed his own Washington-based consulting company, MTS (Marine Transportation Specialists) Corporation.

John A. Gaughan of Washington, D.C., vice president-government affairs of American Maritime Congress and a former Maritime Administrator (1985-89), chairs the private-sector National Advisory Council. A counterpart group, made up of representatives of some 18 Federal agencies involved in marine transportation, is known as the Interagency Committee on the MTS, now under the jurisdiction of John Jamian, Deputy Maritime Administrator. The committee's previous director was Jeffrey P. High of the U.S. Coast Guard, now a part of the Department of Homeland Security, where he heads its Office of Maritime Domain Awareness. ♦



ON THE HORIZON...

Oct. 13-15, Arkansas Governor's Conference on Waterborne Transportation, North Little Rock... Oct. 13-15, MarAd's Short Sea Shipping Conference, New York... Nov. 3-5, Pacific Northwest Waterways Assn., Portland... Nov. 4-5, MARC 2000, St. Louis... Nov. 13-17, National Industrial Transportation League, San Antonio... **Nov. 29-30, Waterways Council's annual membership meeting, Hilton Riverside Hotel, New Orleans...** Dec. 1-3, International WorkBoat Show, New Orleans ... Dec. 2-4, Mississippi Valley Flood Control Assn., New Orleans... Jan. 9-13, Transportation Research Board, Washington, D.C. ♦



IN THE MAINSTREAM...



Mr. LaGrange

Gary P. LaGrange, president and CEO of the Port of New Orleans, assumed the presidency of the American Assn. of Port Authorities last week. Robert W. Portiss, port director of the Tulsa Port of Catoosa, was re-elected to a second term as the National Waterways Conference's chairman... Peter D. Rabbon of Sacramento, general manager of the California Water Reclamation Board, was named president of the National Assn. of Flood and Stormwater Management Agencies....

The Gulf Intracoastal Canal Assn. has a new president: John S. McClelland, Jr., of Mobile, executive vice president of Midstream Fuel Service LLC... Matthew S. Holzhalt, formerly of Southeastern Louisiana University's small business development center has joined the American Waterways Operators as vice president of the Southern region in New Orleans. He replaces Kenneth R. Wells, now president of the Offshore Marine Service Assn....

The White House by-passed R.L. (Les) Brownlee, Under Secretary of the Army, who has served as Acting Secretary since May 2003, in picking Dr. Francis J. Harvey of Los Gatos, Calif., a retired defense industry engineer and executive, for the post. Moving quickly, the Senate Armed Services Committee held a confirmation hearing Wednesday on Dr. Harvey's nomination... After five years in the position, Wilfred A. (Bill) Jackson of Charleston, the West Virginia Public Port Authority's first full-time director, has retired....

Kenneth J. Szallai, Milwaukee's port director since 1986, has resigned to head Lake Express LLC, which recently launched high-speed ferry service across Lake Michigan... Former Michigan Gov. John Engler took over the top post at the 14,000-member National Assn. of Manufacturers last week, succeeding Jerry J. Jasinowski, president since 1990....

In a six-part series, Miami Slice, Bravo cable TV channel profiled four plastic surgeons, including Leonard M. Hochstein, M.D., son of Anatoly Hochstein, Ph.D., author of *Domestic Water Transport Comparative Review: U.S.A. and Western Europe*, published by the National Waterways Foundation... Lt. Gen. Robert B. Flowers, USA-Ret., former Chief of

Engineers, has joined HNTB, an infrastructure engineering firm, as CEO of its new Federal Services Corporation.

Ailing: Vernon Behrhorst of Lafayette, La., former president and also former executive director of the Gulf Intracoastal Canal Assn. and, more recently, a special representative of the National Rivers Hall of Fame, is confined to a Lafayette nursing home. He has been on dialysis since a transplanted kidney failed earlier this year... **In memoriam:** George H. Shaver, 79, of Portland, Ore., vice chairman and long-time president of Shaver Transportation Co., a member of the WCI Board, and a former Inland Waterways Users Board member... Brock Adams, 77, a former Congressman and Senator from Washington state, who served as U.S. Secretary of Transportation in the Carter Administration. To their families and friends, we extend our condolences. ♦

MarAd Touts Short Sea Shipping

Transportation Secy. Norman Y. Mineta is scheduled to open MarAd's third annual Short Sea Shipping Conference in New York. It's a three-day affair, October 13-15, with two dozen speakers examining transportation planning, market trends, Congressional support and the views of users and labor as well as recent European advances. There, numerous combination river-ocean vessels link Europe's inland waterways with coastal ports and other nearby countries.

At the New York conference, Capt. William G. Schubert, Maritime Administrator, will review his agency's short-sea shipping initiative and encourage the integration of short sea shipping into the U.S. transportation planning process. At the June meeting of MarAd's Heartland Intermodal Partnership, Deirdre S. McGowan of New Orleans, executive secretary of Inland Rivers Ports & Terminals, Inc., complained that "short sea shipping" overlooked inland waterways connections. As a result, Capt. Schubert asked subordinates to begin referring to the initiative as the "National marine highway system." ♦



Mr. Brownlee

WCI's *Capitol Currents* Will Help Keep You Current



We hope you found the inaugural issue of *Capitol Currents* to be enlightening. In this newsletter, we will be tracking developments in Washington and throughout the country affecting inland navigation infrastructure specifically and water resources policies generally. In addition to reporting newsworthy events, we will focus on the people and organizations driving the news.

Harry N. Cook, the president of the National Waterways Conference from 1978 until last year, is the editor of *Capitol Currents*. With more than 40 years of experience in writing about navigation and other water resources issues, he will try to keep our readers better informed by wading through "a sea of information" and putting waterways-related events into perspective. We will be covering the Army Corps of Engineers, Maritime Administration and other Federal and state agencies and many of WCI's activities in some detail. We, of

course, welcome your suggestions and story ideas. Just e-mail Harry at cookh@earthlink.net.

As we expand our distribution list, please share your copy of *Capitol Currents* with friends and associates. Let us know if they wish to receive an e-mail edition.

Waterways Council, Inc., is the national public policy organization advocating a modern and well-maintained national system of ports and inland waterways. WCI is supported by more than 250 barge lines, waterways shippers, port authorities, shipping associations and advocacy groups in all regions of the Nation. ♦

R. Barry Palmer
President and CEO

FYI...

In the fiscal year just ended, preliminary Treasury figures show that the Inland Waterways Trust Fund collected \$91.3 million (\$84.4 million from fuel taxes and \$6.9 million in interest) and transferred \$117.3 million to the Corps of Engineers as matching funds for ongoing construction and major rehabilitation, leaving a trust fund surplus (in equity) of \$365.6 million. Trust fund allocations in FY 2004 were the highest since 1992, when \$122.7 million was expended.

In FY 2004, which ended last week, Harbor Maintenance Trust Fund receipts totaled \$922.4 million, including \$52.7 million in interest, while transfers amounted to \$629.3 million, including \$612 million to the Corps of Engineers to maintain navigation channels, raising the trust fund's surplus to a whopping \$2.37 billion. ♦

BRIEFLY...

The Texas Transportation Institute has found traffic congestion in 85 metropolitan areas in 2003 cost U.S. drivers \$63 billion and wasted 5.7 billion gallons of fuel. TTI researchers did not estimate if increased emphasis on water transport, including container-on-barge and short sea shipping, would alleviate congestion.

The European Commission (EC), working since 2000 to strengthen the competitive position of inland waterways in the European transportation system, has established a new Internet site, http://europa.eu.int/comm/transport/iw/index_en.htm. The EU recently authorized a French proposal to spend about \$18 million a year to modernize its inland fleet (to save energy and reduce pollution) and improve its capacity for carrying specific goods.

Plans to construct large off-shore "wind farms" with hundreds of giant windmills to generate electricity at Nantucket Sound, Mass., and five locations along the New Jersey coast are fanning environmental debate. ♦

Capitol Currents is
published by



R. Barry Palmer, Publisher
bpalmer@vesselalliance.com

Harry N. Cook, Editor
cookh@earthlink.net

801 North Quincy Street
Suite 200
Arlington, VA 22203
(703) 373-2261
www.waterwayscouncil.org