

# The Paducah Sun



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Time is money, and river shippers are running out of patience with a broken system of replacing the nation's antiquated locks and dams. Typical locks are more than 70 years old — 20 years beyond their designed lifespan — and 600 feet long, requiring the average barge tow to break in half to pass. That doubles locking time at roughly \$500 an hour in fuel, labor and other expenses. Delays range from many hours to many days, depending on river conditions and whether an auxiliary locking chamber exists. New 1,200-foot locking systems under construction on the Tennessee River at Gilbertsville and on the Ohio River at Olmsted, Ill., would eliminate delays. At Olmsted alone, shippers would save \$500 million annually in fuel, labor and related shipping costs, according to U.S. Army Corps of Engineers estimates.

Olmsted is the corps' top priority because it will replace Locks and Dams 52 and 53, completed in 1929, along the nation's busiest stretch of river commerce. The old locks are routinely closed for maintenance, which led to 66 tows backed up in shallow water in late-summer 2006. Another lengthy repair is planned in August.

An extended shutdown of both chambers at 52 would cost the industry more than \$1 billion in having to divert materials to overland freight, said Col. Keith Landry, commander of the corps' Louisville District, including Olmsted.

Much of the freight is coal bound for the 17 power plants in the district that supply 20 percent of the nation's electricity. With the number of locking delays on the Ohio doubling since the 1990s, the corps must fix the problem of languishing lock construction, Landry said. "If I screw that up, that's a

pretty big hiccup in the economy,” he said.

### **Funding woes**

Congress authorized Olmsted in 1988 for \$775 million, and the cost — which shippers and the government share equally — now exceeds \$2 billion, with \$835.5 million to go. Construction began in 1993 and completion has slipped from 2005 to 2019 under current funding, based on a shipping-industry study.

“Before we put additional money toward these projects, we want to make sure that this whole business problem is fixed,” said Steve Little, president of Paducah’s Crouse Corp., whose 35 towboats and 1,000 barges haul more than 30 million tons of cargo annually on the rivers. Little is chairman of the Inland Waterways Users Board, representing barge companies that pay a 20-cent-per-gallon tax on diesel fuel. The tax has generated about \$85 million annually in recent years, covering the industry’s half of the funding stream for lock-and-dam projects.

The other half comes from the federal general fund, and congressional allocations vary from year to year. “What’s hurting us now is that year-by-year funding,” Landry said. “It adds too much uncertainty, and you pay for that.” Soaring costs and delays are draining the Inland Waterways Users Trust Fund, according to an 18-month study by 50 key corps and river industry officials. At the end of February, the balance had slipped to \$75.9 million, with \$35.6 million of that amount already obligated for ongoing project construction.

By comparison, annual funding for Olmsted alone is about \$110 million, and ongoing construction projects nationwide require about \$3.8 billion to complete. Current funding levels would mean not completing the work until 2035 to 2040.

The study found that lock-and-dam work authorized in the mid-1980s was completed within an average 6.3 years with an average 32.5 percent increase over authorized costs. Average completion time has exploded to more than 17 years, and costs have more than doubled projections.

### **Proposed fix**

Shippers on April 13 approved a plan to increase the tax by 6 to 9 cents a gallon — equivalent to at least \$110 million annually — if the government

agrees to a series of steps to streamline lock-and-dam work and make it more cost-efficient. Little said the group sent the report on to Assistant Secretary of the Army Thomas Lamont.

More than 200 river companies and business groups endorsed the proposal. They include Paducah-based Crouse, Marquette Transportation, AEP River Operations, Ingram Barge Co., as well as Paducah Area and Kentucky chambers of commerce.

Little, who presented the plan April 15 before Congress, said the corps can implement some of the recommendations without legislation. Others require congressional action that House and Senate committees are starting to consider, he said.

“Congressional response has been very favorable,” Little said. “Handicapping the chances of success in this politically charged election year is tough to do.”

He said a Paducah chamber delegation will push for legislation June 15-16 during its annual lobbying trip to Capitol Hill. The 20-year, \$7.6 billion plan basically prioritizes work with Olmsted at the top and ensures an average annual investment of \$380 million — enough to solve the year-by-year funding problem, Little said. All but \$60 million would support 11 new and ongoing construction projects, also including Kentucky Lock, both through 2019.

Little said a long list of recommendations includes more highly scrutinized cost estimates, not starting new projects until existing ones are finished, and capping shippers’ cost share at 50 percent of the estimated expense of a project. Barge companies’ increased funding hinges on all the recommendations being accepted, he said. “If the corps misses an estimate, it’s on them and not us.”

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Olmsted Locks and Dam

Projected cost: \$2.9 billion

Projected completion: locks finished; dam, 2019 or beyond

Contractor: Washington Group International & Alberici Constructors

Jobs: 450 now, peaking at 724

U.S. economic impact: \$288 million

Source: Corps of Engineers, Inland Marine Transportation System Business Model Final Report

### Shipping industry plan

-- \$7.6 billion, 20-year inland waterway Capital Investment Program with average annual investment of \$380 million — \$110 million from the Inland Waterways Users Trust Fund and \$270 million from general revenues.

-- Continued 50 percent cost sharing by the industry and government for new locks and major rehabilitation projects costing more than \$100 million.

-- Revised 100 percent federal funding for dam construction and major rehabilitation, and for small lock rehabilitation projects.

-- Project-by-project cost-sharing cap to protect shippers from unreasonable cost escalation and project delays, and produce more reliable cost estimates.

-- A 30-45 percent increase, or 6-9 cents per gallon, in shippers' diesel fuel tax to 26-29 cents per gallon. The current 20-cent tax generates about \$85 million annually.

-- About \$320 million in annual funding for 11 new and ongoing construction projects, including Olmsted and Kentucky, both through 2019.

Source: Inland Marine Transportation System Business Model Final Report