

Testimony of:

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Keeping America Moving: Hearing to Review National Strategies for Efficient Freight Movement

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Washington, DC

Mr. Chairman, Members of the Committee,

Thank you for the opportunity to testify today on the important topic of freight mobility. I am Glenn Vanselow, Executive Director of the Pacific Northwest Waterways Association. PNWA is a non-partisan, non-profit association that represents freight mobility interests, including port authorities, towboat companies, steamship operators, shippers of cargo, agricultural producers, forest products manufacturers and other transportation interests in Washington, Oregon, Idaho and northern California.

Our nation's economy relies on a safe, efficient and cost-effective transportation system. That system includes road, rail, water and air. My colleagues on the panel are addressing trucking and rail. I will focus on navigation. But I do so while noting that efficient water transportation requires efficient landside transportation as well. For international and domestic trade, intermodal connections are critically important. A bottleneck in any one link reduces the strength of the supply chain connecting producers with their domestic and foreign markets.

ECONOMIC BENEFITS OF NAVIGATION

Annually, more than 2.5 billion tons of cargo move by water within, to and from the United States. Nearly 1.6 billion of those tons move in international trade, with a value of over \$2 trillion. Waterborne international trade generates over \$21 billion annually in U.S. Customs revenue to the U.S. Treasury. The total direct and indirect economic impact of waterborne commerce is 8.4 million jobs, and over \$300 billion in personal income.

In my region, the Pacific Northwest, our ports ship nearly 90 million tons of cargo worth over \$60 billion. The Columbia River is the nation's number one gateway for the export of wheat and barley, and the third largest grain gateway in the world. The Ports of Seattle and Tacoma are the third largest gateway for containerized cargo in the country.

ENVIRONMENTAL BENEFITS OF NAVIGATION

A typical barge can carry 1,500 tons on the Mississippi River System and 3,500 tons on the Columbia Snake River System. That compares with 100 tons per rail car and 29 tons per truck.

The modal comparison for the Mississippi River System in Figure 1 is from a 2008 U.S. Maritime Administration (MARAD) study completed at the Texas Transportation Institute at Texas A&M:

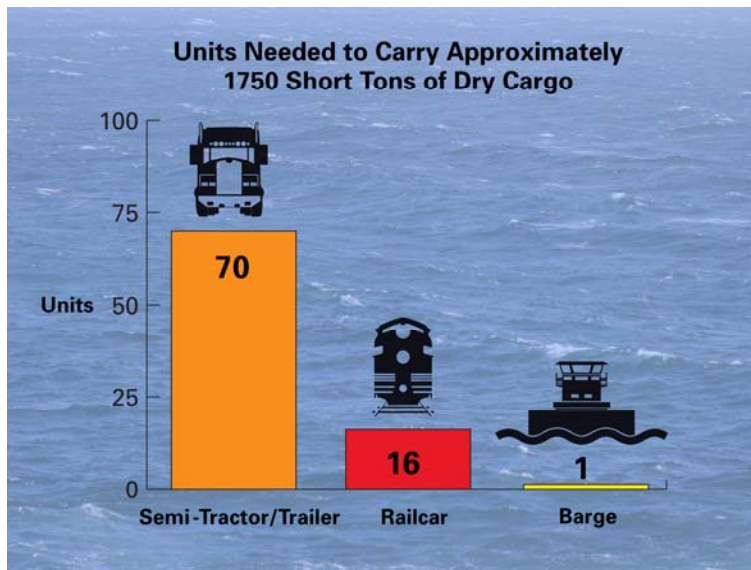


Figure 1

In Figure 2, PNWA prepared the same comparison for the Columbia Snake River System.

Freight Comparison of Barges, Trains and Trucks on the CSRS

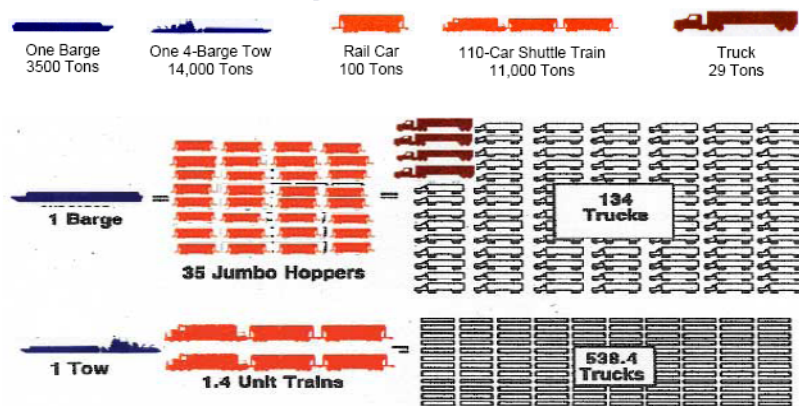


Figure 2

For the Columbia Snake River System, delivering cargo to load a typical grain ship with 55,000 tons of wheat would require 4 barge tows, 550 rail cars, or 1,900 trucks.

The differences in carrying capacity translate into differences in energy efficiency. Below is a chart showing the relative energy efficiencies of truck, rail and barge transportation on the Mississippi River System, courtesy of the MARAD/Texas Transportation Institute study.

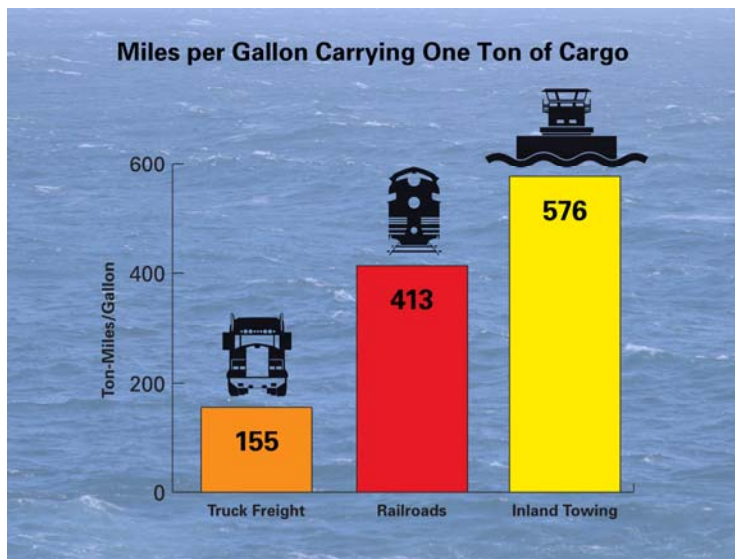


Figure 3

The chart shows ton-miles per gallon, or how many miles a ton of cargo can be carried on one gallon of fuel. Fuel efficiencies are improving for all three modes, yet navigation continues to move more cargo, more miles, for every gallon of fuel.

The fuel savings translate into proportionate navigation benefits for the environment, with fewer emissions of hydrocarbons, carbon monoxide, nitrous oxide and particulate matter. Figure 5 is a table from the 2008 MARAD study showing a comparison of emissions.

Emissions in Grams per Ton Mile

	HC	CO	NO _x	PM
Inland Towing	0.01737	0.04621	0.46907	0.01164
Eastern Railroad	0.02419	0.06434	0.65312	0.01624
Western Railroad	0.0243	0.06445	0.65423	0.01621
Truck	0.020	0.136	0.732	0.018

Figure 4

NAVIGATION FUNDING

Since 1789, the federal government has exerted control over navigation channels and channel improvements. In 1824, Congress delegated authority over the nation's navigation system to the US Army Corps of Engineers. Operations and maintenance and new construction of navigation projects are funded annually in the Energy and Water Development Appropriations Bill. Since 1978 there has been a user fee on the nation's inland waterways, the Inland Waterways User Fee. In 1986, Congress established a user fee for deep draft coastal ports and harbors, the Harbor Maintenance Tax.

Each year, a total of \$1.5 billion is collected from the inland and deep draft user fees. That is in addition to the \$21 billion in Customs duties that are collected. Despite the collection of these fees, navigation needs are not being met. There is a significant backlog of maintenance and new construction.

The Harbor Maintenance Tax was established to collect fees to provide 100 percent of the cost of operations and maintenance, primarily dredging, of the nation's deep draft and coastal ports and harbors. Approximately \$1.4 billion is collected each year and symbolically placed in the Harbor Maintenance Trust Fund, but only about \$900 million is expended. Currently, the surplus of collections over expenditures is over \$4 billion. The GAO reports that the surplus is expected to grow to \$8 billion by 2011. Rather than being used for their intended purpose, at least \$500 million of these user fees is instead used to balance the federal budget.

The Inland Waterways Fuel Tax was created to collect fees to provide for 50 percent of the cost of new construction and rehabilitation of locks on the nation's inland waterways. It collects 20 cents per gallon of fuel used by towboats on the inland waterways. Each year it collects about \$100 million, but that has decreased to about \$80 million as towboats have become more fuel efficient. The Inland Waterways Trust Fund had a surplus for many years, but now, expenditures are projected to surpass collections in 2009. The Administration has proposed instituting a new inland waterway tax which would replace the fuel tax with a lockage fee for each barge. The proposal would increase the user tax approximately four-fold for barging on the Columbia and Snake Rivers.

PNWA opposes this new tax. Currently, the combined government navigation user tax collections are far ahead of expenditures. That is expected not only to continue, but to grow for the foreseeable future.

Despite collections far exceeding expenditures, the Administration does not propose sufficient funding to maintain the existing navigation system or to meet future needs. For decades, during both Republican and Democratic administrations, we have had to look to Congress for increases over and above the inadequate Administration budget proposals.

As an example of how this affects the Pacific Northwest, I have attached a copy of PNWA's appropriations request for FY2009. We track 32 navigation projects from Humboldt Bay in California, up the Oregon Coast, along the entire length of the Columbia Snake River System in Oregon, Washington and Idaho, to the Ports of Seattle and Tacoma and the northern reaches of the Puget Sound in Washington. Of those 32 navigation projects, 29 are in need of additional funding. In other words, the Administration's budget proposal provides adequate funding for only three of our region's 32 navigation projects.

Additional funding is needed in all categories...general investigations, new construction and routine operations and maintenance. Here are a few examples.

On the Columbia Snake River System, Congressional adds are needed to maintain authorized channel depth throughout the Columbia and Lower Willamette project.

Two of our eight locks need Congressional adds for routine operations and maintenance. Five need adds for major maintenance and repairs. One needs additional funding for dredging to maintain authorized channel depth.

Oregon's coastal ports need funds added for routine dredging to maintain their navigation channels and for jetty repairs.

In Puget Sound, the Lake Washington Ship Canal needs a Congressional add to meet Endangered Species Act requirements. More funding is needed for the Elliott Bay Seawall study in Seattle.

In California, Humboldt Bay needs funding to complete a long term sediment management feasibility study.

Congress has responded in past years. Those hard fought increases have been important, and very much appreciated, but they have not been sufficient to prevent navigation infrastructure from further deteriorating. We encourage Congress to reinvigorate our nation's navigation infrastructure by funding navigation at levels that match the overall collection of user taxes. That is what is necessary to meet our nation's vital economic needs. That would equate to an annual increase of \$500 million nationally.

Unfortunately, having money in a federal trust fund does not mean that the money is actually available to be spent for its designated purpose. That is wrong. User fees were instituted to meet a specific funding need. The funds collected from navigation user fees must be spent to meet navigation needs. Congress has the authority to make this happen. We urge Congress to exercise that authority.

We appreciate your past and continued recognition of the ways our nation's transportation infrastructure provides a foundation for a robust American economy. We look forward to working with you to ensure that our transportation infrastructure is capable of meeting our nation's needs.

Thank you for this opportunity to testify. I am happy to answer any questions you may have.

(Attachment: PNWA FY2009 Energy and Water Appropriations Requests)



PNWA FY2009 Energy and Water Appropriations requests

Deep Draft Navigation

More than 60 million tons of cargo, worth \$36 billion, moves in international trade across the docks of Oregon and Washington ports. The Puget Sound and Columbia River gateways are some of the largest in the country for: containers; wheat, barley and corn exports; and automobile imports. PNWA supports continued investment in the development and maintenance of the federal navigation projects that support this important economic activity.

Construction (CG)	FY2008	President's FY2009 Budget Level	Support Additional Funds	Total Request for FY2009
Columbia River Channel Improvement Project	14,760,000	36,000,000	0	36,000,000
John Day Major Rehab Study (funding is located in dam safety program)	1,000,000	2,000,000	0	2,000,000
Mt. St. Helens sediment control	9,247,000	1,410,000		6,410,000
Evaluate fish passage alternatives, dredge to maintain flood control			5,000,000	
Lower Columbia River ecosystem restoration	1,688,000	1,500,000		3,080,000
Water Resources Education Ctr. site, plan/design Sandy River Delta site, plan Vancouver Lake site			1,580,000	
Lake Washington Ship Canal seismic analysis	0	0	450,000	450,000
Humboldt Bay Long-Term Sediment Management feasibility study	107,000	0	500,000	500,000
General Investigations (GI)	FY2008	President's FY2009 Budget Level	Support Additional Funds	Total Request for FY2009
Elliott Bay Seawall study (Port of Seattle)	590,000	0	1,025,000	1,025,000
Lake Washington Ship Canal restoration study	369,000	0	650,000	650,000



PNWA FY2009 Energy and Water Appropriations requests

Deep Draft Navigation (continued)

We are pleased to note that the following critical infrastructure item was included in the President's budget:

- \$675K for plans and specs for the Columbia River jetties major rehab (funding is part of the "Columbia River at the Mouth" account)

Operations & Maintenance (O&M)	FY2008	* President's FY2009 Budget Level	Support Additional Funds	Total Request for FY2009
Columbia River at the Mouth (MCR)	14,583,000	14,873,000		15,273,000
South jetty beneficial use site study			400,000	
Columbia & Lower Willamette River below Vancouver & Portland (C&LW)	23,461,000	24,973,000		27,469,000
Maintenance dredging on C&WL, at Westport Slough (\$810K) and the Old Mouth of the Cowlitz (\$450K), major maintenance report for pile dikes			2,496,000	
Columbia River between Vancouver & the Dalles	448,000	640,000		814,000
Additional maintenance dredging			174,000	
Coos Bay (Port of Coos Bay)	5,609,000	4,769,000		10,852,000
Additional maintenance dredging, North Jetty interim repair, jetty major maintenance report,			6,083,000	
Yaquina Bay & Harbor (Port of Newport)	1,247,000	1,482,000		1,972,000
Maintenance dredging, engineering analysis of north jetty extension			490,000	
Lake Washington Ship Canal	5,506,000	7,554,000		8,154,000
Design for modification to diffuser well (for improved passage of ESA-listed fish)			600,000	
Humboldt Harbor & Bay (Port of Humboldt Bay)	5,181,000	5,144,000		5,600,000
Additional maintenance dredging			456,000	

* The President's budget only specifies funding for O&M on a regional basis. These project amounts were obtained from the U.S. Army Corps of Engineers.



PNWA FY2009 Energy and Water Appropriations requests

Columbia Snake River System Inland Navigation

Barging on the Columbia Snake River system carries 10-12 million tons of cargo worth \$1.5-2 billion annually. Barging feeds 50% of the wheat exports and 25% of the containers handled at the Lower Columbia ports. It is the lowest cost, most fuel efficient, and cleanest mode of cargo transportation. Ongoing support of this inland waterway is critical to the health of the regional economy and the success of our deep draft ports.

We are pleased to note that the following critical infrastructure needs were included in the President's budget:

- \$1.56M for the Lower Monumental downstream lock gate plans & specifications
- \$1M for pintle bearings and \$3M for tainter valves at The Dalles
- \$2.5M for tainter valves at John Day
- \$6.7M for the Programmatic Sediment Management Plan for the Lower Snake River

Operations & Maintenance (O&M)	FY2008	* President's FY2009 Budget Level	Support Additional Funds	Total Request for FY2009
Bonneville Lock & Dam	14,040,000	11,701,000		12,472,000
Routine O&M activities			771,000	
The Dalles Lock & Dam	3,680,000	7,696,000		8,370,000
Routine O&M activities, replace navlock control system			674,000	
John Day Lock & Dam	4,336,000	7,049,000		11,646,000
Design and contract for navlock lift gates friction drum crack repair (\$3.5M), rehab spillway crane, rebuild turbine pumps			4,597,000	
McNary Lock & Dam	5,283,000	1,251,000		5,509,000
Derrick crane rehabs (\$1.1M), dredge Ice Harbor Cut, tainter valve and hydraulic system design, waterstop repair			3,216,000	
Engineering/design for replacement of electrical and mechanical equipment in major maintenance report; funding for miter gate actuating arm repair			992,000	
Repair floating mooring bits			50,000	
Ice Harbor Lock & Dam	3,748,000	1,735,000		3,060,000
Planning, engineering and design phase for the replacement of the upstream gate and operating machinery per major maintenance report			700,000	
Repair leaks in the floating guide wall and rehabilitate the upstream navlock gate controls			625,000	
Lower Monumental Lock & Dam	2,962,000	5,241,500	0	5,241,500
Little Goose Lock & Dam	1,357,000	1,550,000		4,000,000
Navlock waterstop repair, downstream gate pintle parts (\$1.5M), and plans/specs for major maintenance report			2,400,000	
Repair floating mooring bits			50,000	
Lower Granite Lock & Dam	3,649,000	5,486,000		7,801,000
Repair waterstops in navlock between monolith 3 and 5; repair upstream tainter gate; fund major maintenance report activities			1,215,000	
Dredge federal nav channel near Port of Clarkston (\$1.1M)			1,100,000	

Note: Items in gray represent priority needs on the inland Columbia Snake River System

* The President's budget only specifies funding for O&M on a regional basis. These project amounts were obtained from the U.S. Army Corps of Engineers.



PNWA FY2009 Energy and Water Appropriations requests

PNWA Member Shallow Draft Commercial and Recreational Ports

PNWA supports full funding for these critical projects. These ports, home to fishing fleets, marinas and significant commercial and recreational facilities, are critical to the economic survival of their communities. Many have small populations, and the ports provide employment for a significant proportion of community.

Operations & Maintenance (O&M)	FY2008	* President's FY2009 Budget Level	** Support Additional Funds	Total Request for FY2009
OREGON				
Tillamook Bay & Bar (Port of Garibaldi)	1,850,000	35,000		4,932,000
Jetty repair, major maintenance report, plans & specs; maintenance dredging			4,897,000	
Yaquina River (Port of Toledo)	580,000	0	632,000	632,000
Siuslaw River (Port of Siuslaw)	691,000	583,000		2,650,000
Dredging, ocean disposal site evaluation, north & south jetties major maintenance report			2,067,000	
Umpqua River (Port of Umpqua)	1,370,000	635,000	784,000	1,419,000
Rogue River (Port of Gold Beach)	427,000	587,000		1,271,000
Dredging, evaluate north & south jetties			684,000	
Chetco River (Port of Brookings Harbor)	409,000	574,000	448,000	1,022,000
WASHINGTON				
Swinomish Channel (Port of Skagit County)	467,000	0	691,000	691,000
Columbia River at Baker Bay (Port of Ilwaco)	598,000	3,000	840,000	843,000
Columbia River b/t Chinook & Sand Island (Port of Chinook)	229,000	6,000	699,000	705,000

* The President's budget only specifies funding for O&M on a regional basis. These project amounts were obtained from the U.S. Army Corps of Engineers.

** Unless otherwise specified, additional requested funds are for maintenance dredging needs.