



**Testimony of  
James H.I. Weakley  
President, Lake Carriers' Association**

**Hearing on  
Water Resources Development Act of 2010:  
Legislative and Policy Proposals to Benefit the Economy,  
Create Jobs, Protect Public Safety,  
And Maintain America's Water Resources Infrastructure**

**Senate Committee on Environment and Public Works**

**Wednesday, November 17, 2010  
406 Dirksen Senate Building**

Thank you for the opportunity to testify today. I am Jim Weakley and I am representing Lake Carriers' Association, Great Lakes Maritime Task Force, and Realize America's Maritime Promise, a national coalition. I will be focusing on government trust, jobs and marine transportation. All are vital to America's future.

## **WHO I REPRESENT**

Lake Carriers' Association ("LCA") represents 18 American companies that operate 55 U.S.-flag vessels on the Great Lakes. Founded in 1880, LCA is one of the oldest trade associations in the United States. In a typical year, our members haul upwards of 100,000,000 tons of cargo on the Lakes. Those cargos are the raw materials that drive our economy – iron ore and fluxstone for steel production, coal for power generation, limestone and cement for the construction industry....

Great Lakes Maritime Task Force ("GLMTF") is the largest labor/management coalition ever to promote shipping on the Great Lakes and Seaway, America's Fourth Sea Coast. Since its founding in 1992, GLMTF has grown to almost 90 members and represents shipowners and operators, shoreside and shipboard labor, shipyards, terminal operators, public port authorities, cargo shippers, dredgers and other marine service providers....

Realize America's Maritime Promise ("RAMP") is a national coalition of more than 150 shipping companies, shippers, labor organizations, dredging contractors, ports and other waterway users that have come together in an effort to address the inherent unfairness of a system that collects revenues but does not use them for their intended purpose: DREDGING.

## **TESTIMONY**

Ships enable domestic and global trade. Unfortunately, our waterways, the very arteries of coastal infrastructure, barely survive the diet of neglect. Nature is filling our ports with sediment faster than Man is removing it.

Members of this committee, Senators Crapo, Klobuchar, Vitter and Voinovich, have taken the first step to end the national dredging crisis by cosponsoring S.3213. Thank you. Restoring the trust in the Harbor Maintenance Trust Fund benefits all four of our Nation's coasts. California importers, Oklahoma ranchers, Idaho and Oregon farmers and Pennsylvania exporters depend on efficient waterborne transportation to receive goods, move products to market, and expand their horizons.

Marine transportation moves a ton of cargo farther while producing fewer emissions than other modes. Our Nation's ports handle 2.5 billion tons of domestic and international cargo annually, and imports and exports worth more than \$5.5 billion per day. Ports employed over 13.3 million Americans, 9 percent of the total workforce; and those jobs paid \$649 billion in 2007. \$1 billion in exports creates 15,000 new jobs. Our ports keep America "open for business."

We do it by employing economies of scale – one "laker" can carry as much as 2,800 trucks – and the laws of physics – requiring less horsepower to move a ton of cargo. If semis were as efficient, they would only need a lawnmower engine.

A lack of dredging forces "light loading." For every inch of draft lost, lakers forfeit as much as 270 tons of cargo. For each inch silted in, American lakers leave 8,000 tons of Minnesota ore in Duluth, enough to manufacture 6,000 cars. We leave enough Montana or Wyoming coal behind to produce 3 hours of Detroit's electricity, or abandon enough stone for 24 homes.

Tragically, lost draft is measured in feet. The impacts are system wide. This inefficiency makes American products more expensive and exports jobs. Dunkirk's port closed in 2005. More will follow. Similar problems exist on our other coasts. A Corps study estimated 30 percent of the 95,550 vessel calls at U.S. ports were limited by inadequate channels.

Tributaries to the Great Lakes naturally deposit more than 3.3 million cubic yards of sediment per year; however, only once in the past decade has an Administration proposed spending enough money to remove it. An annual investment of \$82 million by industry via the Fund and \$6 million from the Treasury into Great Lakes navigation results in the transportation rate savings of \$3.6 billion. The investment of \$1 from the trust fund results in a payback of \$41, and \$1 from the taxpayers returns \$590.

Established in 1986, the Harbor Maintenance Trust Fund collects the tax on cargo value. Industry payments exceed Fund expenditures. In 2009, it collected \$1.3 billion; however, only \$808 million was expended. Most harbors were left high and dry. Annually, we contribute hundreds of millions to this "trust gap." The Fund's surplus is \$5.1 billion.

S.3213 is the solution. Modeled after legislative fixes for air and highway trust funds, it balances annual Fund revenues and expenditures. Basing future expenditures on future revenues, the bill doesn't "score" or violate the "pay-as-you-go" rule. Fewer "earmarks" for ports currently abandoned by the Administration should be required in future budgets.

Based on AIR-21 results, the "top line" of the Corps' budget should increase. If in place for 2010, harbor maintenance would have increased by hundreds of millions, a mere 2 percent of the total Energy and Water appropriations.

I respectfully urge you to pass WRDA and incorporate the Harbor Maintenance Act. We are on the verge of a national navigation heart attack. We need to revive our dying infrastructure with the angioplasty of dredging and maintain it with a healthy maintenance diet.

It is a matter of Trust.



**James H. I. Weakley**



*President, Lake Carriers' Association*  
*President, Great Lakes Maritime Task Force*  
*Member, Restore America's Maritime Promise*

# **WRDA & Harbor Maintenance Act S. 3213**

**Senate Environment & Public Works Hearing**

**Nov 17, 2010**

# S.3213 Restores Trust

- Harbor Maintenance Act:
  - Requires annual amount **appropriated** from HMTF to **match** projected annual **revenue** into HMTF
  - Modeled on AIR - 21
  - Should not “score” – **CBO has scored it as \$0**
  - Should **not** violate “**pay-as-you go**” rule
  - Should increase ACOE’s “top line” – Highway/Air
  - Insulated from inflation – value based tax
  - Increases HMTF spending – **2% of Energy & Water Appropriations**
  - **Reduces** need for “**earmarks!**”

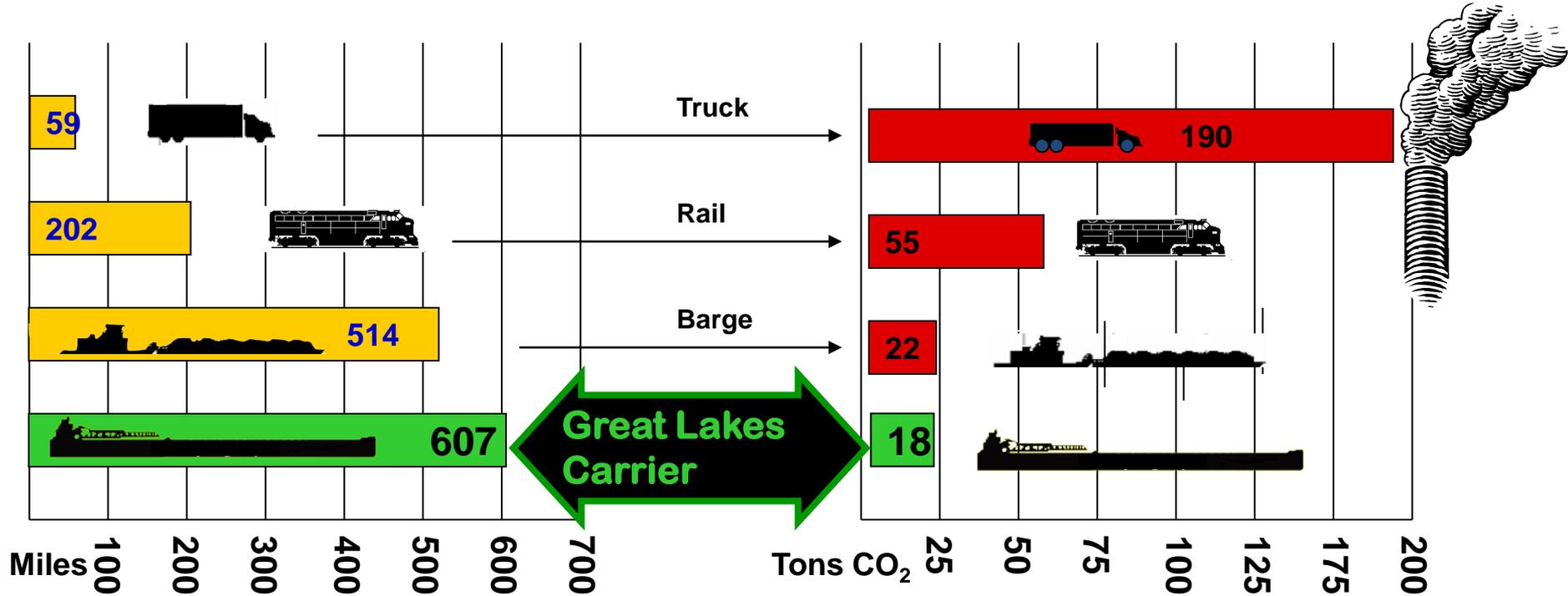
# WATERBORNE TRANSPORTATION IS ...

**👍 Safer 👍 More Fuel-Efficient 👍 Fewer Emissions**

## THAN RAIL OR TRUCK TRANSPORTATION

**Miles 1 Ton of Cargo Carried Per Gallon of Fuel <sup>1</sup>**

**Tons of CO<sub>2</sub> Produced to Transport 1,000 Tons of Cargo 1,000 Miles <sup>2</sup>**



1. Source: USDOT Maritime Administration and Minnesota Department of Transportation

2. Assumes US DOE Fuel and Energy Emission Coefficient of 22.38 lbs of CO<sub>2</sub> per gallon (No.1,2,4 Fuel Oils and Diesel) for GL Carrier

# LAND-BASED MODES OF TRANSPORTATION DON'T STACK UP TO SHIPS!

**70,000**  
Net Tons

**1**

Vessel

**47**

Barges

**700**

Railroad Cars

**2,800**

25-Ton Trucks



**HP**  
Per Ton

**.2 - .3**

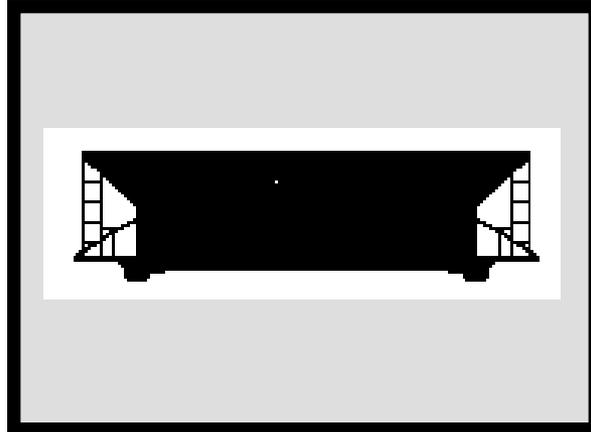
**Vessel**

**1**

**Railroad Cars**

**12 - 20**

**Trucks**



# VESSEL HP/TON EQUIVALENT

*A lawnmower could move a truck.*



# Tons Per Inch Immersion

## Impact of Dredging on Per-Trip Carrying Capacity Major Great Lakes Vessel Classes

<b>Major Great Lakes Vessel Classes</b>	<b>Vessel Length (feet)</b>	<b>Per-Trip Carrying Capacity</b>	<b>Capacity Per Inch Of Draft*</b>
	<b>1,000</b>	<b>69,664</b>	<b>267</b>
	<b>806</b>	<b>34,720</b>	<b>146</b>
	<b>767</b>	<b>28,336</b>	<b>127</b>
	<b>730</b>	<b>27,558</b>	<b>115</b>
	<b>635</b>	<b>22,064</b>	<b>107</b>
	<b>501</b>	<b>13,776</b>	<b>71</b>

\*Capacity per inch of draft reflects the incremental tonnage carried at normal loaded draft.

# EVEN 1 INCH HURTS

When inadequate dredging forces the 63 U.S.-Flag Lakers enrolled in Lake Carriers' Association to reduce their draft by **just 1 inch**, the fleet forfeits more than 8,000 tons of cargo each trip.

## **8,000 TONS IS ENOUGH ...**

IRON ORE.....to produce steel for .....6,000 Automobiles

COAL.....to provide .....3 Hours of Electricity  
for Greater Detroit

LIMESTONE.....to build.....24 Homes

Let's do the math .... **just one** of the 13 1,000-foot vessels:

**8,000 LOST TONS/TRIP X 50 TRIPS/YEAR = 400,000 LOST TONS/YEAR**

Our region and our national economy cannot afford this inefficiency !

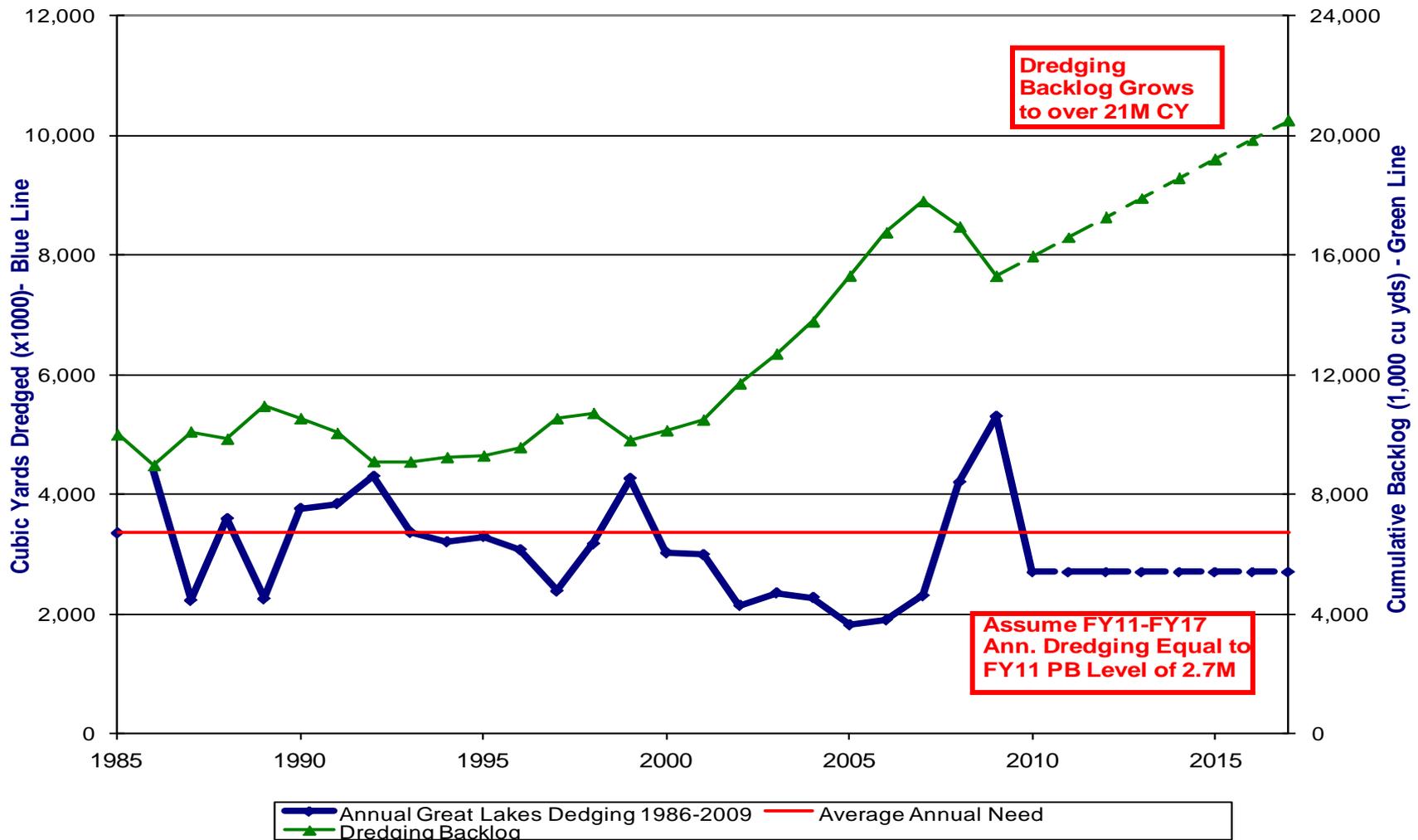
# INADEQUATE DREDGING SYSTEM-WIDE

## Lost Inches, Lost Efficiencies



**THIS MAP IS BUT A SAMPLING OF THE LAKES. VIRTUALLY EVERY PORT NEEDS DREDGING.**

# Backlog Growth Under Constrained Dredging Funding



**Averages 1995-2009**  
**President's Proposed Budget**  
**Nav Only in \$ Millions**

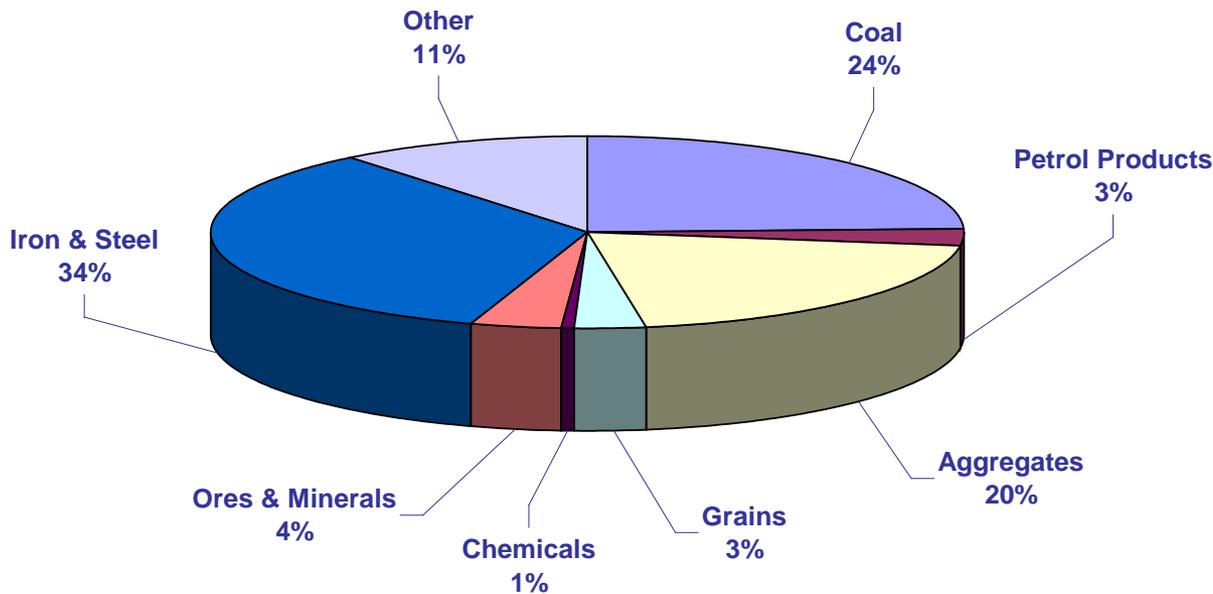
<u>Total Funding</u>	<u>Great Lakes</u>
OM	\$ 82.00
CG	\$ 6.10
<b>Total</b>	<b>\$ 88.10</b>
<u>Taxpayer Funded*</u>	
OM	\$ -
CG	\$ 6.10
<b>Total Cost to Taxpayers</b>	<b>\$ 6.10</b>

*\* IWTF pays 50% of CG on Rivers and HMTF pays 100% of OM at "Coastal Ports."  
The rest is Taxpayer (General Treasury Funded).*

# Great Lakes Navigation – A Great Investment

\$90 Mil for dredging

= \$3.6+ Bil in lower  
transport costs



**Averages 1995-2009  
President's Proposed Budget  
Navigation Only**

**Great Lakes**

**TRANSPORATION RATE SAVINGS** *(Benefit)*

**\$3.6 Billion**

**AVERAGE TONS**

176.5 Million

**INVESTMENT**

Total / Ton

\$ 0.50

Taxpayer / Ton

\$ 0.03

**RETURN BENEFIT/COST -- PER DOLLAR**

Return on Investment

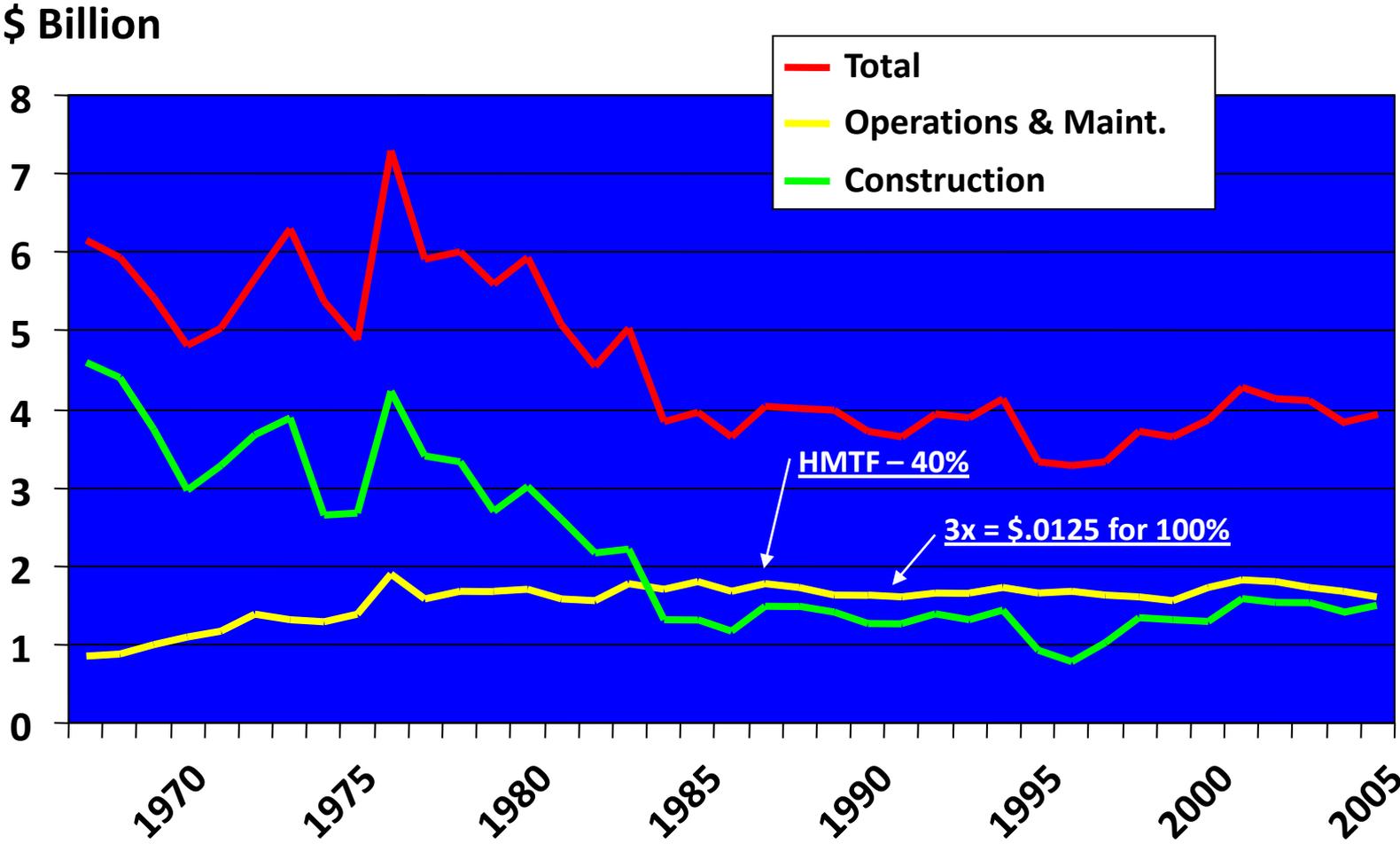
\$ 40.86

Return on Taxpayer Investment

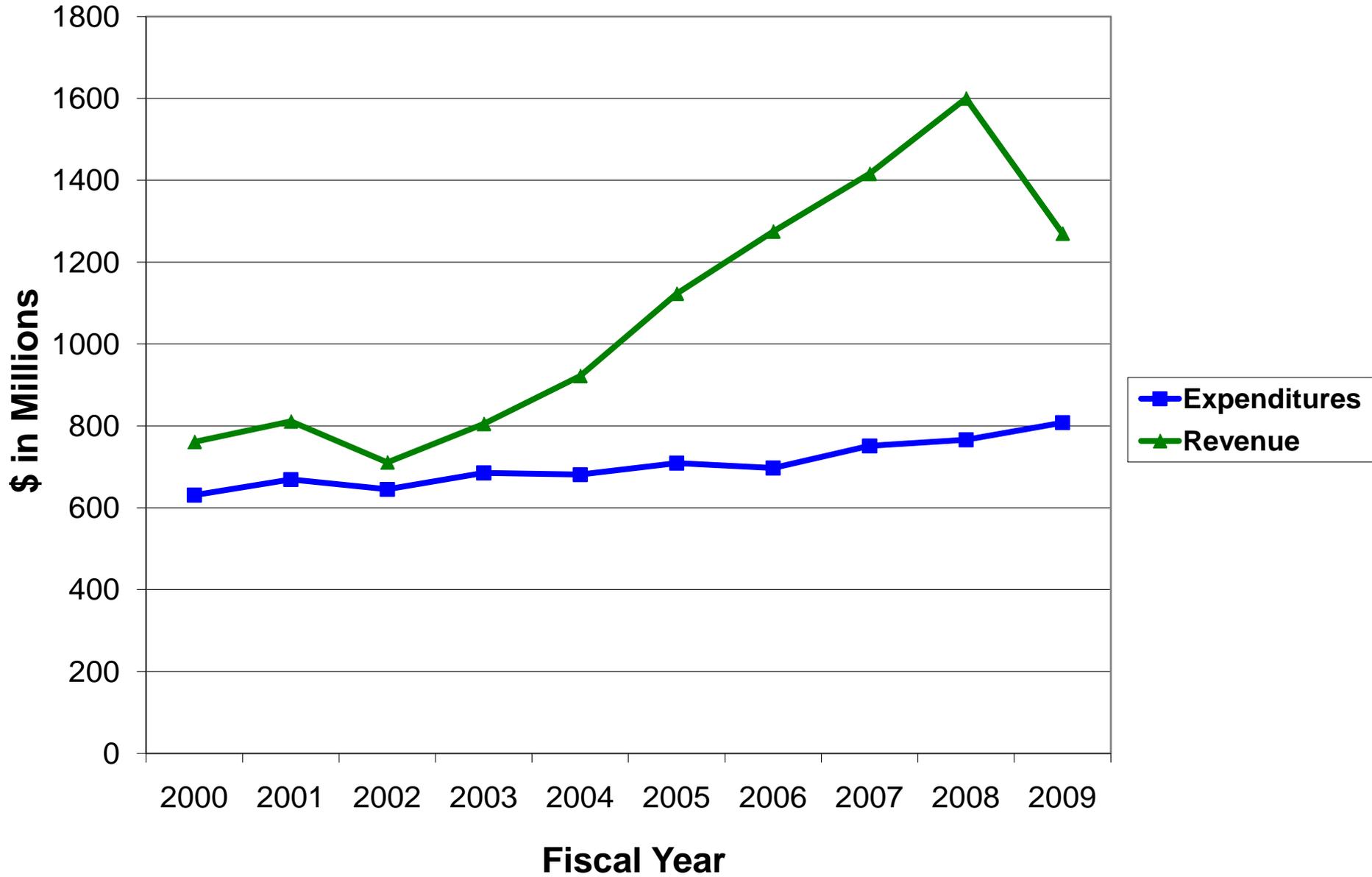
\$ 590.16

# Corps' Civil Works Appropriations

## Constant (FY 96) \$ Billions



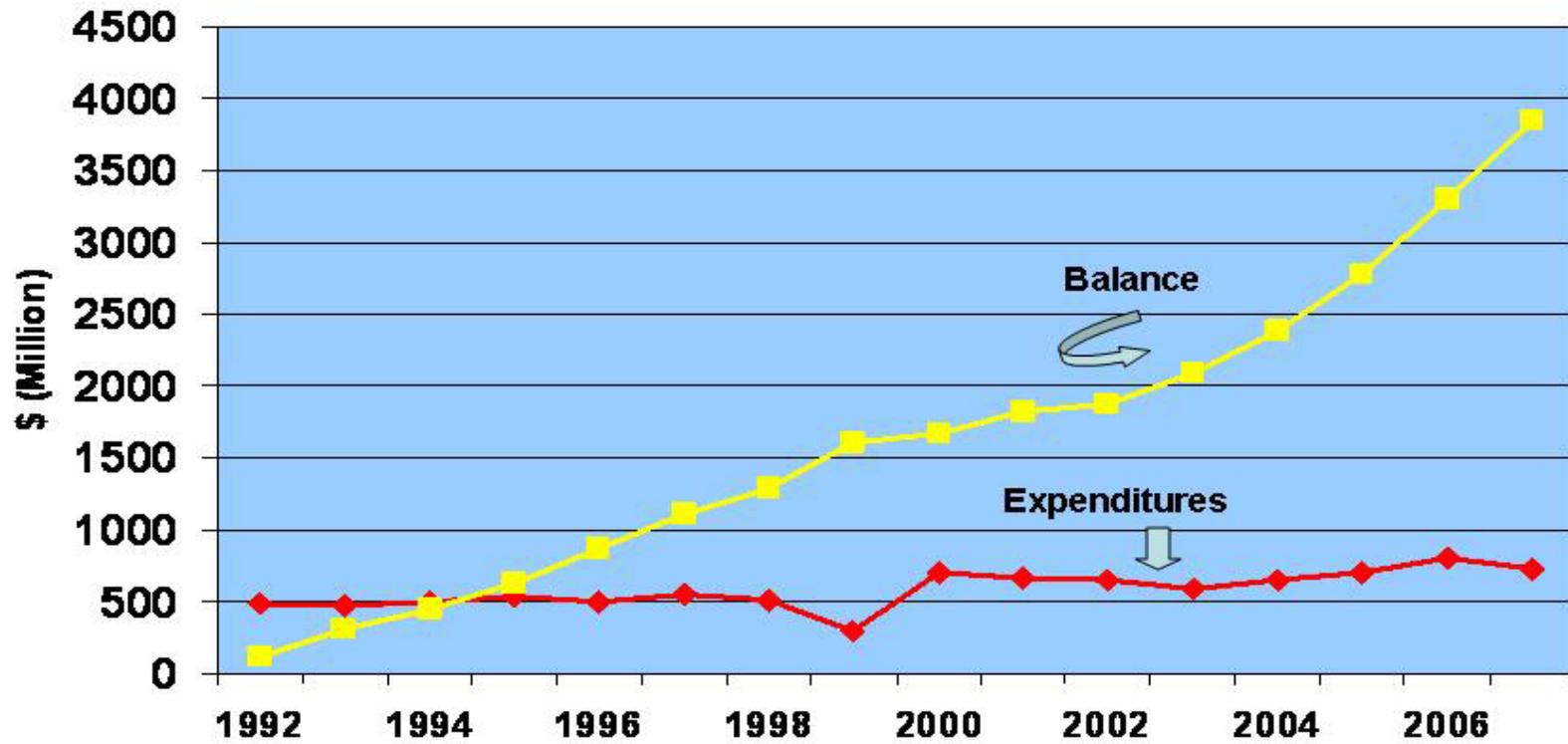
# Harbor Maintenance Trust Fund



# TRUST GAP



## Harbor Maintenance Trust Fund Expenditures and Balance, 1992-2007



*Projected for 2007 Based on Conf Rpt.*

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