Environmental and Industry Listening Sessions

To assist in the report preparation of the *U.S. Port and Inland Waterways Modernization Strategy: Options for the Future*, the U.S. Army Corps of Engineers (USACE) held several listening sessions for industry and environmental groups and agencies. Below is a summary of all four listening sessions followed by more detailed comments made at each session. Comments that have no specific response will be answered in the near future by the Study team. We hope to have captured all comments accurately. Please feel free to provide any additional comments and/or clarifications to portandwaterways@usace.army.mil.

**Summary of Comments and Questions**

- **March 8 Galveston Listening Session (Galveston, TX)**
- **March 13 Environmental Listening Session (IWR-Alexandria, VA)**
- **March 14 Norfolk Listening Session (Norfolk, VA)**
- **March 15 Industry Listening Session (IWR- Alexandria, VA)**

**Summary of Comments and Questions**

*Environmental Concerns*

- Report should address project impacts on the environment (such as increased carbon dioxide, salt water intrusion)
- Discuss the affects of climate change (and sea level rise) and storm surge on port deepening projects.
- Incorporate Adaptive Management when possible.
- Report should consider impacts to the North Atlantic Whales, ESA issues in general, commercial fishing and crabbing in the Chesapeake Bay
- Discuss how environmental improvements can be accomplished concurrently with port improvements.

*Industry Concerns*

- Report should stress the importance of the ports (e.g. one barge load of fuel takes 180 tanker trucks off the highway)
- Questions and concerns were raised about the Harbor Maintenance Trust Fund
- Concern over current Civil Work project time lines and what delays cost the industry. Need to streamline peer review
- Staying competitive with worldwide ports
Importance of maintaining port depths and keeping public harbors dredged, not just the channels.

How does the Corps' stopping its operation of operating some of the locks fit in the modernization plan?

How will sea level rise be factored in?

Concern over how and when projects will be selected for funding and role of this report in that selection. Will there be a cost-benefit discussion and who can participate

How will channel maintenance be addressed?

How will report address surface transport and intermodal transport?

Stated concern that the report not target certain ports and to be inclusive of all affected waterways and ports (e.g. Great Lakes, inland waterways, New Orleans, GIWW)

Will the report address what is needed to streamline the Regulatory review for port modernization work?

For inland waterways, will the report look at lock expansion or nonstructural strategies?

Other (Report, Coordination, and Outreach)

What is the purpose of the report? What will it accomplish?

What is the schedule for completion of the report and when are comments? Concern with short suspense to review this report.

In preparation of the report recommend use of existing but relative (not outdated) studies, reports, and EIS.

What outreach has the Corps conducted? Increased coordination and collaboration should be done with other agencies while reducing the duplication of efforts.

Need for a National Transportation Strategy. What could be the role of the Committee on Marine Transportation System?
• GIWW links all ports together and is important for petro chemical industry. GIWW keeps trucks off the road. One barge load of fuel takes 180 tanker trucks off the highway.

• Harbor Maintenance trust fund needs to be more fully utilized. New starts for the Corps are taking way too long. Studies can take a decade or more.

• We are well behind Asian ports in our infrastructure and the resulting “dwell time” of ships - how fast we can move ships in and out of ports. This is a function of both the labor at the dock and the rail and highway infrastructure that supports the freight movement. Port of Freeport has been investing in equipment, labor, modernized technology, unmanned drivers and lasers to (un)load.

• Port of Beaumont port – a non-containerized port – 4th in the nation in tonnage, with 20 miles of public wharves, private terminals for petrochemicals, LNG and 2 military ports. “If you’ve seen 1 port you’ve seen 1 port” – all ports are unique. They are pushing the limit of the 40 ft channel transporting bulk and break bulk, grain, aggregate, potash, & military cargo w/ expansion plans to go even larger. They have current plans for expansion because of a forecasted growth in trade. They’re being aggressive in rail and highway growth, working with state and local governments via grants and private public partnerships of various kinds. Navigation channels are not adequate in depth and width. There are bottleneck in surface transportation and bottlenecks in studies and funding. Conventional ships will also benefit from the widening of the Panama Canal. While the current authorized depth is 40 ft, shovel-ready project to 48’ is ready. “The Future of our port, our region depends on modernization.”

• Port of Houston Comments – Houston, one of fastest growing cities in US and is expected to continue to have strong population growth in the next 20 years. Favorable location in Gulf, lowest supply cost chain, PH received 5 million TEUs in past 10 years but now received 2 million TEUS in just last year. In 2010, Houston Ship channel went from 40’ to 45’, a $750 million project; 2nd largest petrochemical. Further modernization is already planned. The Harbor modernization program includes improvements at Bayport and Barbara’s cut where they are currently limited by a 40 ft channel. Because deepening needs can’t be met through the federal improvement process, the shifting and deepening of the federal channel will be met 100% by the Port of Houston. PAH is committing $391 million by 2014. Permit applications have been submitted. Additional $245 million expected to be spent by 2016. In addition there is a liquid
bulk terminal that will be improved at a cost of $800 million” “Need for deeper drafts is critical and the economic benefits are real”

- Houston Ship Channel and the Panama Canal have lots of similarities – same length, same age, same volume of traffic. Panama is spending $6 billion to modernize its infrastructure… How about the U.S…They encourage this study and look forward to study recommendations.

- It’s really important to maintain depth. For Port of Houston, $386 million impact for each foot of lost draft. Studied the cost of additional deepening - 1.3 billion to go to 48 feet; 1.75 Billion to go to 50 feet. Channels would have to be deepened dozens of miles into the gulf. Exxon Mobil sends hundreds of tankers in Port of Houston and $800 million in capital investments. They light load 20,000 barrels to the US because of the 45 ft channel depth.

- McClellan Kerr Waterway – Arkansas and Oklahoma have the product and just needs to have the means to ship them. They want to be able to ship fully loaded barges to external markets – to do that they need to have the existing 9 ft channel upgraded to the 12 feet that is authorized. Arkansas #1 rice exports, #10 in soybeans; Port of Catoosa ships to Israel. But they ship less-than-fully-loaded barges. If Port of Tulsa could start loading barges to 11.5 feet, they could get significantly more product to export markets.

- Need to streamline peer review as the studies take so long

- Need to consider East-West intermodal development – north south transport as a competitor with East West.

- Dredging issues will constrain export. Need to keep public harbors dredged, not just the channels.

- GIWW is imperative to keep the freight traffic moving.

- Will you be looking at preserving the “as-is” condition as well as improving?

- Studies need to be streamlined. Anything that can be identified in terms of streamlining will be vital. Good that there is a systematic look at modernization – it is vital to the economy.

- Will study incorporate discussion of how sea level rise will affect development?
• Lots of money is needed simply to maintain current depth.

• Is the nation, is Texas, ready for the 2014 opening of the new set of locks in the Panama Canal? Yes and No. Yes we’re ready in terms of studies, but no, construction has not started – do we have the will to make investments? We need to open our minds to alternative financing. Who is developing the National Transportation Strategy? We can Deeping channels and concurrently make environmental improvements (e.g. Bird Island)

• Only so many Federal dollars to go around – Value to the nation is being lost

• The longer that construction takes, the more maintenance dredging costs. Fully funded up front allows benefits earlier, significantly reduces costs. Texas City, a shovel-ready project when ARRA was passed; USACE awarded a design-build -40 to -45’ and the deepening took 18 months instead of 7 years. This fully-funded project paid up front, allowing significant cost savings and allowed the benefits to accrue earlier.

• Cheniere LNG – Suggestion – somehow maintain current information on channel depth and dimensions surveys. Too often charted depths do not correspond with actual depths. Cross sections should be easily accessible to users.

March 13 Environmental Listening Session (IWR)

The following comments were raised and will be considered:

• There are on-going efforts to deepen ports and they have also been holding public meetings for public comments – recommend that we look at that feedback as well as their Environmental Impact Statements b/c there is a lot of good info there. Also noted that salt water intrusion was not mentioned; unintended consequences like storm surge, cascading impacts into inland waterway system. Concern over the secondary effects of continued deepening waterways.

• We should underscore the importance of Adaptive Management; this would be more easily accommodated in some places better than others.

• Comment on underscoring the importance of addressing salt water intrusion.

• Consider Sea Level Rise especially on inland waterways and potential impacts on navigation infrastructure from river stage and flooding.
Recommend we underscore or factor the above outdated EISs into the evaluation, keep them timely. Also recommends we reach out to EPA.

At what point are environmental impact statements (EIS) considered ‘outdated’? For example, there is one EIS dated around 2005 for a project which they are using for a project with is just now going forward with even though the EIS is that old. Some are even older, 10+ years.

What are we doing to coordinate with other agencies such as the US Coast Guard and EPA? There is a ‘goods movement working group and the USCG is about to finalize a report about ballast waters.

Will we consider impacts on the North Atlantic Whales in considering the routes ships take coming into and out of ports? The report will address the impacts to the North Atlantic Whales.

Will you address Carbon Dioxide? System effects vs. local effects; system reduction, i.e. route efficiency less emissions.

Are we considering the impacts to commercial fishing and crabbing in the Chesapeake Bay with larger vessels coming into ports? We are considering impacts on commercial fishing and other water resources uses in general.

Will we address channel maintenance? The environmental impacts associated with maintenance dredging will be considered.

Will we get into recommending what projects should or should not be funded or authorized? This report will not recommend what projects should or should not be funded or authorized.

The following concerns were not addressed during this environmental listening session and should be raised during the industry listening session:

Will we recommend total capacity needed for post-panamax ships on the east coast? He is on a stakeholder group for Savannah Harbor and commented on the length of the study, then there was no follow-up after it was built to show benefits to how much it really cost. Recommend better info on actual costs and benefits for future planning. Can we make procedural recommendations?

How will this report accommodate surface transport?

For ports like Norfolk which are already deep and can serve post-panamax ships, how will they be included/addressed?
• Factoring in costs of dredging because of future demands and cost of projects? Environmental impacts of dredging will be considered but as for the economic costs, this concern should be raised at the industry listening sessions.

• Are we looking at USACE studies on upper Mississippi? Do we have a process in place for considering it? This session is considering environmental aspects. This should be raised during the industry listening session.

• Ports on the Great Lakes do not want to be neglected in this study; they also have big dredging problems. How much will be focused on them? They have population growth and economic development issues too.

• What is going on with New Orleans port relative to the report?

• Baltimore port will not be ready by 2014, but they have been making a lot of progress in recent years and are close, so can the report also cover ports that in 5-10 yrs will be ready?

March 14 Industry Listening Session (Norfolk)

• Are we coordinating with other federal agencies and utilizing ongoing studies? (Response provided: We are scheduled to meet AAPA and are open to attend other groups and conferences as well such as the National Waterways Conference. We are working with MARAD and have reached out to a number of federal agencies)

• Recommend reviewing the USCG’s existing Atlantic Coast Port Route study.

• How are we reaching out to individual ports? What outreach have we conducted? (Response: Given our short suspense, we are reaching out through multiple press releases, conferences, emails to those with additional list servs, and continual updates on our webpage.)

• Would we utilize existing study showing how important the ports are? (Response: Yes, please send any study for us to review.)

• What is time table for submitting comments? (Response: We would like comments by the end of month but sooner is better since our first draft is due the first week in April.)

• Will there be anything in our report that will address the time it takes to implement the planning process, specifically port deepening study projects? We
deal now with international travel and the global markets, where other countries complete their studies and deepening projects quicker than us. Civil works projects are notably slow.

- What is happening to O&M budget and the Corps locks? Corps has stopped operating locks. This seems to be contradicting the goal of increasing getting goods in and out. We are looking at all options. Agrees, reducing the time that a canal is opened cannot be conducive to increase trade. We have backlogs in O&M budgets to keep things going. This challenge will be reflected in report.

- Is the Harbor Maintenance Trust Funds which is collected by shippers for maintenance actually used for maintenance? Who decides what to do with that trust fund? Also, why did all the government stimulus fund money go to bridge and highway work instead of to the ports?

- What will the study look like? (Response: It is not going to pick winners/losers but will provide Congress options to move forward by surveying those drivers and critical needs for modernization. It will include the future needs for ports and waterways, possible environmental impacts, cost, and financial options for modernization)

- Will the report include specific actions or policies that Congress must do? (Response: the study team will include existing roadblocks and where action from Congress may be warranted)

- Will the study include a cost benefit analysis looked at in the study with scenarios? (Response: No. The study will not include any cost benefit analysis.

- Coordination Concerns. There are a lot of different groups working on marine transportation systems. A lot of groups but little action. Concern that MARAD is not talking to Corps. DOT not talking to Rail. Everyone is doing their own study to satisfy their own agency goal. For example, Congress directed Corps to perform this study with little time to coordinate with others.

There is a disconnect between inland waterway improvements and sea ports. Efficiencies are different. Investments rarely connect. Are we optimizing seaport infrastructures already in place? Intermodal transportation is part of an ongoing MARAD study but we do not know how it will happen. MARAD study section of report will look at strategy but we don't know what is in their study.
There is an effort to coordinate all groups. The Committee on Marine Transportation System is a cabinet Interagency committee that is working with the Corps and MARAD and the industry to bring together info to better improve how projects are done and studied. It is about return on investment with OMB. It is a coordinating body trying to pull together analytical studies. It has been in process since 2004 and we should encourage some action to come out of this committee.

**March 15 Industry Listening Session (IWR- Alexandria, VA)**

- When can we see the report to be able to comment?

- Concern with using older reports for this study given that many of those older reports are already outdated.

- Will the study pick winners and losers? Will the study predict cargo and its volume port by port?

- Will you look at all ports or those less than 50 feet? What port will you be looking at? Deep ports? Will the report address the need of those ports needing to be deepened? Will you look at first and last ports of call?

- Since exports are heavier than imports. Will you evaluate the % of vessels, containers and number of vessels on order and capacity?

- Will the study address any proposed Regulatory streamlining of deepening projects?

- Will the report include relative cost at various ports? (Response: Background efforts done to support the report will have historical observation of construction and environmental cost. This data may appear in aggregate in the report. There will be no examination of individual port projects.)

- In port capacity analysis, are you looking into stimulation of what happens to port performance measures once the port is deepened? (e.g. Delays due to queuing up effect) recommend future deepening study for modeling effort? Importance of secondary affects should be considered. Wait times will change due to the slowness of larger vessels.

- What standard is used for port capacity?
• As MARAD team member working with us, are we looking for west and east coast port comparisons? Cost reductions for grain. Are we looking at Cost reduction for containers along with cost-benefit analysis?

• What is the time line for the report? (Response: Draft is due April 2; final is due by June 20, 2012)

• We are concerned that there will only be a finite period of time to review the report. (Response: We will try to post as early as we can.)

• Most of discussion has been on seaports, what about a one focus on inland waterway issues?

• Are you going to have a regional level comparison? Will you include a commentary on the size vessels?

• Will the report address what door (location/port) the product start and ends… container. Congress should know this. Awareness of origin and destinations to generate congress support for port modernization.

• Observation: Jax port is already receiving post pananax vessel but not fully loaded.

• For inland waterways, will they look at lock expansion or nonstructural strategies?

• What coordination has been done with MARAD? (Response: MARAD conducted short shipping studies and two listening studies in Sep. 2011. They are still reviewing comments and should be posting their comments by spring.)

• Are you looking at environmental benefits (e.g. beneficial use of dredged material.)

• What is the externality cost; i.e. what does the public pay for it?

• The resulting larger vessels are not only because of Panama Canal. This is about Post Pan Vessels and we should look beyond the Panama Canal.
• Given the Panama Canal fee structure, US should be concerned about US, not Panama? Benefit of deepening channels and using bigger vessels to reduce transportation cost will benefit many.

• A lot of folks in freight industry would observe weaknesses in considering only global economic benefits. We should rethink national benefits. Factories can go off shore. What is it costing now to maintain current infrastructure? What is the baseline used? What have we been spending? Where should we be and what is the financial commitment for the future? These are some of the huge challenges.

• Concern with industry’s short suspense to review this report, that industry will not be heard. (Response: We are confident that this report will reflect the concerns of the industry.)

• Paul Pollinger prepared statement: Barge Hub and Spoke Model:

   Congress has asked the study authors to consider the costs associated with deepening and widening deep-draft coastal harbors. A primary goal of this listening session is to determine specific ideas that might be overlooked. The following idea should be seriously considered:

   A shipping hub can be created at NOLA at much less cost both financially and environmentally than deep dredging or building more deep water ports. Using a hub and spoke concept, brown/blue water barges/ATBs can connect NOLA to Tampa, Kingston, and Veracruz cost effectively and efficiently. Additional spokes can connect to Minneapolis, Chicago and Cincinnati. Door to door costs for connecting US container exports to the rest of the world will be lower for US manufacturing and agriculture.

   The hub and spoke model will raise the quality and efficiency of inland river ports in cities all along the Illinois, Upper Mississippi, and Ohio Rivers. Putting in or upgrading cranes to accommodate barge shipments will be of great benefit to many ports and businesses throughout the inland river regions.

   Man-made ports and short distance shuttles are super expensive and may not address all requirements. For example, in the lower Mississippi, discussions about how to accommodate new large size vessels has resulted in proposals for wasteful funding of floating or infill based port sites. The cost of these ports, starting at an uncapped $300 million, don’t even include the probable subsidization of container movement forever. Here again, an alternative solution could be a relatively inexpensive brown/blue water barge network that could be quickly activated to the benefit of all.
A “due diligence” study of all proposed options including the brown/blue water barge hub and spoke concept is absolutely necessary. Due diligence could also address the issue from the point of view of the shipper and include public externality payments because those two entities ultimately pay for the service. Eliminating the cost of continued dredging at coastal ports and raising the efficiency and quality of inland ports are externality savings that would be a compelling argument for a barge hub and spoke concept.

Paul Pollinger (Paul Pollinger is owner of a brown/blue water barge hull patent. The barge, called the Mod1Hull, was designed by a highly qualified Naval architect to accommodate both blue and brown water shipping. Mr. Pollinger has a degree in Industrial Management from the Carnegie Institute of Technology and is qualified as a military heavy transport pilot. He has 20 years of experience in manufacturing and was in commercial real estate for 15 years. His container on barge data has been published and can be provided on request.)

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