

NATIONAL WATERWAYS ALLIANCE

Suite 200 | 1130 17th Street, Northwest | Washington, DC 20036-4676 | (202) 296-4415 | Fax (202) 835-3861

COPY- TO SENATE BUDGET COMMITTEE MEMBERS February 27, 2004

Senator Don Nickles
Chairman, Committee on the Budget
U.S. Senate
133 Senate Hart Office Building
Washington, DC 20510-3602

Dear Chairman Nickles:

An adequately funded and well-maintained water resources infrastructure is crucial to America's economic and environmental well-being. Our citizens depend on first-class ports and waterways, life-saving flood control, and abundant water supplies as well as shore protection, water recreation, environmental restoration, and hydropower production. Unfortunately, the pending Federal budget for FY 2005 is inadequate to meet the growing needs in each of these vital civil works programs. In 2003, the Corps expended \$4.905 billion -- which means OMB's budget request of \$4.215 billion will not only delay or terminate projects, it will cost U.S. taxpayers millions of dollars in benefits-foregone and higher transportation bills. In 1986, in constant dollars, the Corps program was at a \$6.6 billion level, and the Corps mission has since expanded. We're not moving ahead, we're falling far behind.

Each year, the marine transportation system moves \$1 trillion of domestic and international freight, including some 280 million tons of coal, over 85 percent of which is used to generate electricity, and more than 60 percent of the Nation's grain exports. In the process, navigation infrastructure underpins the employment of more than 13 million of our citizens. Ocean-going ships move more than 95 percent of U.S. overseas trade by weight and 75 percent by value, and international trade is projected to at least double by 2020. Goods imported through U.S. seaports pay approximately \$17 billion a year in Customs duties — money that goes directly into the U.S. Treasury. Deep-draft coastal and Great Lakes channels, which are constructed and maintained by the Army Corps of Engineers in partnership with state and local port authorities and the dredging industry, are vital components of the Nation's transportation infrastructure. As other nations rush to modernize their transportation facilities, the United States must not fall behind.

Flooding is still the most common and costly natural disaster in America. Millions of our residents, particularly in the Lower Mississippi Valley, rely on a vast network of levees and upstream reservoirs to protect their homes and businesses. All across the Nation, flood control projects prevent an estimated \$16 billion in flood damages annually. In fact, for every \$1



An alliance of waterway related businesses in aluminum, building materials, cement, chemical, coal, grain and feed, fertilizer, iron and steel, paper and wood products, petroleum, and other industries; port authorities; labor unions; water carriers; river valley and industry associations; banks; utilities; agricultural and electric power cooperatives; flood control and coastal protection proponents; dredging and waterway service firms; shipyards and repair facilities, and terminals, serving millions of customers, clients and consumers. Visit our website: www.waterways.org.

invested in flood control projects, almost \$6 in potential damages is prevented. Likewise, shore protection projects help to limit the impact of natural disasters such as hurricanes along our fragile coastlines.

Since 1824, the Congress has charged the Corps of Engineers with the responsibility of making wise and prudent navigation improvements. Flood control became a national priority following the disastrous Ohio and Mississippi River floods of the 1920s and 1930s. Later, water supply and water recreation were added as Corps missions. As a matter of fact, more Americans visit the thousands of Corps-operated recreation sites every year than all of the national parks. Many projects are multipurpose — the Corps is now the country's largest operator of hydroelectric plants that return dollars to the treasury through the production and marketing of hydropower —largely an incidental benefit of structures whose primary purpose is navigation or flood control. More recently, the Corps has begun a far-sighted program of environmental restoration. Clearly, these missions are in the national interest, as Congress has repeatedly affirmed.

The current FY 2005 budget proposal clearly indicates that on-going construction projects will have to be stretched out, slowed down or terminated. We have been told that the Corps of Engineers will be able to continue work on replacement locks and dams, port improvements and flood control projects at only about 60 percent of its capability. Such unnecessary delays in construction schedules mean that projects cost more and that the realization of project benefits is delayed, effectively costing the Nation hundreds of millions of dollars. Also, over half our locks and dams have exceeded their life expectancy. Maintenance bills for all of our rivers are increasing geometrically, with unscheduled outages becoming more commonplace — disastrously affecting the reliability of our transportation network — when just a \$1 investment in O&M can return an average of \$14.10 in transportation savings.

One of the President's budgetary priorities is strengthening the economy. Fully funding the projects on our Nation's waterways offers a unique opportunity to take advantage of the high productivity level of our nation's contractors, thus providing needed economic job growth, as well as enhancing the transportation network for international trade. At the same time, it provides the shippers of America's building blocks — steel, coal, fertilizer, sand and gravel, cement, salt, petroleum, chemicals, etc. — a safe, cheap and eco-friendly transportation alternative. Our infrastructure is literally crumbling before our eyes due to insufficient funding. But, with proper investment, our waterways have the potential to help grow our economy, help ease our nation's growing congestion problem, and provide a finer quality of life.

In considering the water development portion of Function 300 of the FY 2005 Budget Resolution, we respectfully urge you to provide the necessary funding to keep America's water resources infrastructure functioning as a major contributor to the Nation's wealth and prosperity.

Sincerely,

Agricultural Retailers Association
Agriculture Ocean Transportation Coalition
Alabama State Port Authority

Alexandria (Louisiana) Regional Port Authority
American Association of Port Authorities
American Council of Engineering Companies
American Farm Bureau Federation
American Great Lakes Ports Association
American Shore and Beach Preservation Association
American Soybean Association
American Waterways Operators
Arkansas Basin Development Association
Arkansas-Oklahoma Port Operators Association
Arkansas Waterways Association
Arkansas Waterways Commission
Associated General Contractors
Atlantic Intracoastal Waterway Association
Bay Planning Coalition (California)
Board of Mississippi Levee Commissioners
Boat Owners Association of The United States (BoatU.S.)
Boaters Are Voters
Brunswick Beaches Consortium (North Carolina)
Buffalo-Putnam Port District (West Virginia)
Caddo-Bossier Parishes (Louisiana) Port Commission
California Marine Affairs and Navigation Conference
Town of Caswell Beach (North Carolina)
Columbiana County Port Authority
Coosa-Alabama River Improvement Association
Dredging Contractors of America
The Fertilizer Institute
Fire Island Association (New York)
Galveston County Office of Emergency Management (Texas)
Great Harbor of Depoe Bay (Oregon)
Greater Lafourche Port Commission
Greenville Port Commission
Gulf Intracoastal Canal Association
Hampton Roads Maritime Association
Helena-West Helena Port Authority
Town of Holden Beach (North Carolina)
Howland Hook Container Terminal
Independent Liquid Terminals Association
Inland Rivers, Ports & Terminals, Inc.
Interstate Council on Water Policy
Florida Inland Navigation District
Kaskaskia Regional Port District
Lake Carriers' Association
The Little River Drainage District (Missouri)
Little Rock (Arkansas) Port Authority
Long Island Coastal Alliance (New York)

MARC 2000

Martin County (Florida)
Minnesota Farm Bureau
Minnesota Grain and Feed Association
Mississippi Valley Flood Control Association
Mississippi Water Resources Association
Missouri Levee and Drainage District Association
Missouri Farm Bureau
MO-ARK Association
Natchez-Adams County (Mississippi) Port Authority
National Association of Flood and Stormwater Management Agencies
National Association of Wheat Growers
National Corn Growers Association
National Grain and Feed Association
National Grain Trade Council
National Grange
National Harbor Association
National Industrial Transportation League
National Oilseed Processor Association
National Waterways Conference, Inc.
Nation'sPort
New Madrid County Port Authority (Missouri)
New Madrid County Industrial Development Authority
North Carolina State Ports Authority
National Mining Association
National Rural Electric Cooperative Association
Town of Ocean Isle Beach (North Carolina)
Ohio Council of Port Authorities
Oklahoma Department of Transportation, Waterways Branch
Oregon Economic and Community Development Department
Quachita River Valley Association
Pacific Coast Council of Customs Brokers and Freight Forwarders Associations
Pacific Northwest Waterways Association
Pemiscot County Port Authority
Port Authority of New York and New Jersey
Port of Astoria (Oregon)
Port of Bandon (Oregon)
Port of Brookings Harbor (Oregon)
Port of Coos Bay (Oregon)
Port of Gold Beach (Oregon)
Port of Hood River (Oregon)
Port of Lake Charles (Louisiana)
Port of Memphis (Tennessee)
Port of Morrow (Oregon)
Port of Muskogee (Oklahoma)
Port of New Orleans
Port of Newport (Oregon)

Port of Oakland (California)
Port Orford (Oregon)
Port of Pasco (Washington)
Port of Pittsburgh Commission (Pennsylvania)
Port of Portland (Oregon)
Port of Redwood City (California)
Port of Reepsport (Oregon)
Port of Siuslaw (Oregon)
Port of South Louisiana
Port of St. Helens (Oregon)
Port of The Dalles (Oregon)
Port of Umatilla (Oregon)
Port of Umpqua (Oregon)
Port of Vancouver USA (Washington)
Port of Victoria (Texas)
Portland Cement Association
Ports of Indiana
The Propeller Club of the United States
Red River Valley Association
Red River Waterway Commission
River Navigation Coalition
Rosedale-Bolivar County Port Commission
Salt Institute
Shipbuilders Council of America
South Carolina State Port Authority
Southern Illinois Builders Association
Steamship Association of Louisiana
Tennessee River Valley Association
Tennessee-Tombigbee Waterway Development Authority
Tennessee-Tombigbee Waterway Development Council
Transportation, Elevator & Grain Merchants Association
Tri-City (Illinois) Regional Port Authority
Tri Rivers Waterway Development Association
Tulsa Port of Catoosa (Oklahoma)
U.S. Chamber of Commerce
U.S. Wheat Associates
Upper Mississippi, Illinois and Missouri Rivers Association
Upper Mississippi Waterway Association
Upper Monongahela River Association, Inc.
United States Great Lakes Shipping Association
City of Venice (Florida)
Walton County (Florida)
Warren County (Mississippi) Port Commission
Warrior-Tombigbee Waterway Association
Waterways Council, Inc.
West St. Mary (Louisiana) Port Harbor and Terminal District
Wheat Export Trade Education Committee