**Port of Pittsburgh Commission**

**Report, March 13, 2013**

**“A CAN KICKED TOO FAR”**

**“Failure to Fix Part One” - The sequestration problem**

Colonel Bernie Lindstrom, District Engineer of the US Army Corps of Engineers – Pittsburgh District, advised the Port of Pittsburgh Commission, March 8, 2013, that the full impacts of the proposed “Sequester”, if it comes to pass, will have serious impacts on commercial river operations.

The District is already starting from behind with “40 critical vacancies frozen, including 15 that impact the locks and dams” Lindstrom said. With sequestration, the District would not only deal with an additional 5% budget cut, but, because it is part of the Department of Defense, employees would suffer a 20% mandatory civilian furlough (nearly all District employees are civilian). Most of the already limited maintenance would be suspended, lock operation hours would be further restricted and big repair projects, such as fixing the already unstable lock walls at Montgomery, Elizabeth and Charleroi would simply not take place this year.

**“Failure to Fix Part Two” – The on-going maintenance problem**

Because of inadequate current maintenance funding and no clear strategy to recapitalize going forward, General Peabody, USACE - Mississippi River Division, told the Inland Waterway Conference attendees in Louisville in early March that “if we do not get serious about listening to each other, this system will fail”. He said that we were already long been in the “fix as fail’ mode and added, the next step, if nothing positive happens, is a “fail to fix” strategy. He specifically said that Olmsted Lock and Dam was in the process of “active failure”. This was all prior to discussion about sequestration.

**“Failure to Fix Part Three” – Inability to recapitalize our waterway assets**

Work to complete the Mon River improvements at Elizabeth and Charleroi has come to a nearly complete stop now that the “Stimulus” money is exhausted. Congress has added no significant new money in fiscal years 2009, 2010, 2011, 2012, 2013 and not much is expected in 2014. The project, originally scheduled to be completed in 2004, is now scheduled sometime between 2027 and 2034, with betting on the later date. Funding, as currently structured in for the Inland Waterway Trust Fund, is inadequate to address the ballooning cost of just one project, Olmsted. Therefore, projects like Elizabeth and Charleroi, even though they rank number two on the User Board priority, will be delayed indefinitely. Faced with declining maintenance money, the ability of the Corps to stretch out the life of locks and dams over a hundred years old, is increasingly unlikely. The Inland Waterway User Board had worked with Corps staff to develop a 20 Year Capital Development Plan that called for higher User Fees along with more federal investment. The last two administrations have instead proposed a “lockage fee” that would be particularly harmful to upper rivers with more locks, like Pittsburgh. Without a resolution, little work can go forward.

**Is There Hope Part One - Senator Casey introduces RIVER Act**

U.S. Senator Bob Casey (D-PA), has introduced the RIVER Act, Reinvesting in Vital Economic Rivers and Waterways Act of 2013. “This legislation is about increasing investments in our waterways and reforming the current process to reduce waste and limit cost overruns,” said the Senator. The bill is intended to make our waterways more effective and efficient, to increase the federal government’s investment in the region’s waterways and to increase overall investment through the creation of an additional revenue stream financed by users. The bill also contains a number of reforms to the way waterways’ projects are managed to ensure cost overruns are reduced.

Key features of the River Act include:

* **Process reforms to help ensure that cost and project schedules are met;**
* **Development of a 20 Year Capital Plan;**
* **An increase in commercial towing user fees from 20 cents to 29 cents/gallon; and**
* **An overall increase in waterway investments to ensure more-timely project completions.**

**Is There Hope Part Two – Chairman Shuster calls WRDA Priority #1**

U.S. Rep. Bill Shuster, whose district now includes important parts of the Monongahela River and who was recently named Chairman of the House Transportation and Infrastructure Committee, has said his #1 priority is passage of a “Water Resources and Development Act” (WRDA). WRDA is the vehicle that authorizes the lock and dam projects. It could be the vehicle to fix the funding stream for our waterway infrastructure. A House resolution “Waterways Are Vital for Economy, Energy, Efficiency and Environment” (WAVE-4) was introduced in the House last session and is expected to be reintroduced again this session. WAVE-4 could be a House companion bill to the Senate RIVER Act.

**Is There Hope Part Three – Emerging Technologies**

The Port of Pittsburgh Commission (PPC) has been working with industry and with the Corps to develop new technologies. The Corps has been developing digital facility identifiers, electronic navigation charts, and electronic reporting formats. The PPC is developing a “Wireless Waterway” network that will be able to push out the data that the Corps provides and, at the same time, offer towing companies and terminals virtual private networks to manage their own information. On its own initiative, the PPC has already started construction on an Interoperability Test Bed (ITB) covering the three locks of the Pittsburgh pool and will extend network coverage over 5 to 6 more locks by June, 2013. The PPC is pursuing both grant and revenue opportunities to expand the coverage. It has the potential to remove tremendous inefficiencies in the waterway-intermodal supply chain connections. Just as we are undertaking these initiatives to increase the efficiency of the system through non-structural improvements, it is imperative that the infrastructure also be maintained.

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