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Steve Alley, Chairman

Tennessee-Tombigbee Waterway Development Council

NEWSLETTER

December 2007

Authority Elects Officers for 2008



Left to right: Mr. Ken Wheeler, Mr. Joe Barker, Ms. Martha Stokes and Mr. Bill Cleveland

Members of the Tenn-Tom Waterway Development Authority recently elected Tennessee **Governor Phil Bredesen** as its Chairman for 2008. Other officers include **Mr. Joe Barker** of Jackson, TN as Vice-Chairman and **Mr. Bill Cleveland** of Tupelo, MS as its treasurer. They succeed the current officers of the waterway compact; **Governor Ernie Fletcher**, Chairman; **Ken Wheeler** of Paducah, KY, Vice-Chairman; and **Martha Stokes** of Carrollton, AL, treasurer.

Federal Funding.

The Congress is making little progress toward enacting appropriations for federal agencies for the current fiscal year. The President with one exception has vetoed those bills that have been passed so far. As a result the Corps of Engineers continues to operate under the authority of a Continuing Resolution (CR) that effectively holds funding to last year's level. This means that new

initiatives such as building the much-needed mooring cells on the waterway near Columbus to accommodate increased barge traffic are not permitted until an appropriation bill is finally enacted and approved by the President.

The present CR will expire on December 15 and conventional wisdom is that the Congress will have likely passed all the other individual bills by then or it will fold all remaining ones into an omnibus appropriations bill. Some in Washington, however, do not believe that will be the case. Instead, they believe the Congress, with everything now in gridlock with the Administration, will likely pass another CR in December to keep the government operating on cruise control until next February or March at which time either another CR would be passed to fund the agencies, including the Corps, for the remainder of the year or an omnibus appropriations bill would be enacted. The worst part of that scenario for the Tenn-Tom is as long as the Corps operates under a CR, there will be no funds available for the mooring cells.

Meetings were held in October in Washington with officials at OMB and at the Corps headquarters as well as with some congressional interests to explain the funding needs for the Tenn-Tom and other related projects such as Kentucky Lock for FY 2009. The President’s budget request for that year is now being prepared by OMB and will be presented to the Congress next February. Those project needs are shown in the table below.

<i>Projects</i>	<i>FY 2007 Amount</i>	<i>FY 2008 Estimate (1)</i>	<i>FY 2009 Request</i>
<i>Tennessee-Tombigbee</i>			
<i>1. O & M</i>	<i>22.6</i>	<i>26.8</i>	<i>25.0</i>
<i>2. Wildlife Mitigation</i>	<i>1.5</i>	<i>2.0</i>	<i>2.0</i>
<i>Tennessee River</i>			
<i>3. O & M</i>	<i>19.3</i>	<i>22.3</i>	<i>23.0</i>
<i>4. Chickamauga Lock</i>	<i>24.0</i>	<i>35.2</i>	<i>46.0</i>
<i>5. Kentucky Lock</i>	<i>20.1</i>	<i>47.0</i>	<i>65.6</i>

(1) Senate Appropriations Committee

Securing adequate funding for these waterway projects is one of the Authority’s most important responsibilities. As federal funding becomes even more restrictive in the coming years, this challenge will become even more difficult to accomplish in the coming years.

Impact Study

Much of the information now cited in regards to Tenn-Tom’s economic benefits such as private investments induced and jobs generated, come from a research project the Authority funded in 1995. It is important that this research be updated since there

have been so much new industrial development that has occurred since the last study was completed. Dr. Don Hines and his staff at Troy University who conducted the earlier study have contracted with the Authority to conduct a new updated impact study.

To keep costs down, Authority staff will provide data on new and expanded industrial development that will be needed by the university to conduct its research. The study will focus on new jobs created by the Tenn-Tom, increases in personal income, taxes, etc. as well as some anecdotal information on transportation costs savings and the impact of so-called water compelled rail rates. The Authority members approved the new study at its recent board meeting and have asked for a proposal from Troy University for a similar study of the economic impacts of the waterway's recreation and tourism activities.

More and more emphasis is being placed each year on performance based budgeting that help determine the relative funding priorities for individual waterways. It is therefore important that those metrics be developed that needed to better describe the public values of the Tenn-Tom. This study will help much toward that end.

Authority's 50th Anniversary

Here's some history trivia concerning the Tenn-Tom Authority. Alabama approved the waterway compact in August 1957 followed by Mississippi's approval in May 1958. Later that year on August 14, President Eisenhower signed into law ratification of the then two-state waterway compact. Tennessee later joined the Authority in February 1959 and Kentucky became a member in March 1962. Therefore, 2008 will mark the 50th anniversary of the congressional approval of this interstate compact. This anniversary will offer many opportunities to promote the waterway, including the findings of the new Troy University impact study as well as the accomplishments of the Authority. It is the only interstate compact ever approved by the Congress to promote the development of a waterway and it's economic and trade potential. Other States have tried to replicate the Authority but all failed.

Oral History

As part of the Tenn-Tom Transportation Museum project, the staff has obtained a grant to conduct an oral history of the waterway. This project has been divided into three segments: *Keeping the Dream Alive*, (1950's until Nixon approved funds for construction); *Realizing the Dream* (the congressional battles and lawsuits during the 1970's and 1980's that had to be overcome to complete the waterway); and *Building The Waterway*, (including its unique design and projects features).

Nearly 50 people who played key roles in the evolution of the waterway have been identified and so far over 30 have been interviewed on videotape. The involvement of some of these individuals began as early as the 1950's and others started during the 1970's and 80's until the waterway was completed and opened for business in 1985. The segments will be produced for airing on public TV and local cable networks as well as for use at the museum. The project is expected to be completed by early spring. If additional funding can be found, a fourth segment focusing on the development of the waterway and its benefits will be conducted later.

Water Resources Development Act (WRDA)

After 7 years of delays, the Congress finally enacted a Water Resources Development Act (WRDA) this fall only to have the President veto the bill because of its excessive costs for authorization of many new projects not traditionally the kind conducted by the Corps. Much of the costs are for environmental restoration and water supply projects. However, both the House and Senate overwhelmingly overrode the President's veto and WRDA became law on November 8.

While the price tag for the bill exceeds \$23 Billion it includes very little if any projects or new programs that will benefit the Tenn-Tom region. Some refer to this legislation as the Good, the Bad, and the Ugly bill. It contains authorization of the much needed improvements of the upper Mississippi and Illinois Waterway systems (the Good part), it includes as stated earlier billions of dollars for new projects that will later compete with waterways like the Tenn-Tom and other traditional projects, such as flood control, for scarce Corps funding- (the bad part of the bill). Under current budget priorities these so-called "green projects" will rank much higher for funding than other Corps projects. The ugly part of the bill and likely its worst features are the more rigorous policies and guidelines enacted for formulating and authorizing new water resources projects. For example, all new projects costing \$45 million or more will be subjected to an independent peer review. These so-called reforms that will drive up costs and delay development with no commensurate benefits for water resources projects and their public worth or value. Simply put, even with its good features, WRDA on balance is a very bad bill, as time will later prove.

Other Waterway Activities

SeverCorr held its official dedication ceremony on October 23 although the plant has been making steel since late summer. Attending the ceremony were Governor Barbour, president of KCS Railroad and the president of Severstal, the Russian steel maker that is a major investor in SeverCorr. It was announced at the ceremony that the \$880-million plant would be expanded by investing an additional \$500 million. This will increase its steel production from 1.5 million tons annually to 3.5 million tons. The barge terminal to receive steel scrap for the plant is well under way and should be in operation by the end of the year. Some steel is also now being shipped to Houston by barge from the county port. (See photo on next page.)

The annual Rural Tourism Conference was recently held in Tuscaloosa, AL with over 150 participants attending. This conference has grown in popularity each year since the first one was held in at Joe Wheeler State Park in Rogersville, AL in 2002. The Authority staff handles all the administrative details associated with this meeting.

An Intermodal Transport Symposium was initially scheduled to be held in Tupelo in December but has been postponed until next year when the new Administrator is on board. This would be the 4th such conference sponsored by the Tenn-Tom Council to promote increased use of waterways to transport freight, including container-on barge shipments.

SeverCorr Ships First Coils by Barge



SeverCorr shipped its first coils of steel via the Columbus Port and the Tenn-Tom Waterway recently. Seventeen rail cars transported 50 30-ton coils to the Lowndes County port where Logistic Services, the port's cargo contractor, transferred the coils to a single barge operated by Parker Towing Company of Tuscaloosa, AL for the trip to customers in Houston, TX.

Roll Form Group (U. S.) Hold Grand Opening at Yellow Creek Port



Roll Form Group, the newest component in the growing northeast Mississippi steel industry, celebrated its grand opening in October at Yellow Creek Port.

Roll Form Group joins several steel processing companies, including FerrouSouth, Dynasteel and Skyline, who have already established an important presence at the Port.

Roll Form made a \$22 million investment and will employ 80 – 100 people by next year.

Proposed Alternative Fuel Projects

Southland Renewable Fuel of Paducah, KY has announced it will build a 60 million gallon per year biodiesel manufacturing plant, making a \$60 million investment in the first phase of the project. The plant will be comprised of local investors and farmers will use a “waterless wash” process that will emit no air emissions from the facilities. It will also process six million gallons of pharmaceutical-grade glycerin annually. Raw materials and crops will be purchased from farmers in the region.

The University of Tennessee will also build a \$40 million “grassoline” plant to create ethanol from switchgrass and other plants. The demonstration scale facility will be built and operated by the university in partnership with cellulosic biofuels pioneer Mascoma Corp. in Monroe County, southwest of Knoxville. The U. S. Department of Energy awarded the Oak Ridge National Laboratory \$125 million to build a bioenergy science center to address fundamental science and technological challenges.

News About Members

Greg Deakle has been named Executive Director – Itawamba County Development Council and Port Authority. Greg was formerly the deputy director with Hancock County, MS Port & Harbor Commission.

Stephen Surles, former President and CEO of the Monroe County, MS Chamber, has been named Executive Director of Union County Development Association in New Albany, MS.

Stephen has held the Monroe County position for 4 years. “It was a difficult decision to leave. The main difference is what you’re selling. In Monroe County, It’s the Tenn-Tom, and now in Union County, the focus will be shifting to Toyota and Toyota suppliers and taking advantage of those opportunities,” said Surles.

Charlie Haun, Chairman of the WTWA has announced that **Sheldon Morgan**, President of WTWA will retire effective December 31, 2007. Sheldon has been active with WTWA since the mid-sixties, having served as president in 1977, and named chairman in 1980, an office he held for ten years. He has served as President of WTWA for 13 years.



Larry Merrihew will succeed Sheldon beginning January 1, 2008. To assure a smooth transition Sheldon will assist Larry through the annual meeting in May 2008.

Larry has served on the Board and as Treasurer of WTWA. He retired from Regions bank in Mobile in August. During his career at the bank, he was active in industrial recruitment, internationally and in the United States with the Mobile Area Chamber of Commerce and the Alabama Development Office. He is past president of the Economic Developers Association of Alabama and organized the Baldwin County Economic Development Alliance in the Mobile Bay Region.

The Warrior Tombigbee Waterway Association is a three hundred member organization headquartered in Mobile, Alabama. Its mission is to maintain optimum navigation capability for shippers and operators using the 467 mile Black Warrior Tombigbee System flowing from the Birmingham Area to the Port of Mobile. The waterway carries some 22 million tons annually of products from mines, manufacturers, processors and forests.

Martha Segars was awarded the Volunteer of the Year award by the Tishomingo County Development Foundation for her work in planning and promoting Tishomingo County. Martha is a member of the Tenn-Tom Waterway Authority Board, appointed by **Governor Haley Barbour**.

Neel-Schaffer Engineers was named by the Mississippi Business Journal as one of “Fast 40”, Mississippi’s Fastest Growing Companies for 2006-2007. **Joey Hudnall** of Columbus represents Neel-Schaffer on the Council.



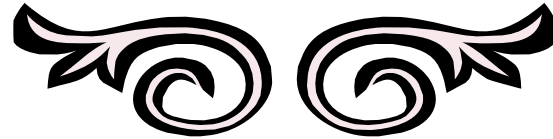
The National Waterways Conference, Inc. (NWC) held its 46th annual meeting in Mobile, AL on November 7-9. It was the first time this national trade association had ever met in Alabama. By all accounts, it was a very informative and well-attended meeting. Some Council members who participated in the program included **Ken Canter**, Executive Director of the Paducah/McCracken County Port Authority and Council Secretary; and, **Butch Brown**, Executive Director of the Mississippi DOT, who spoke about a river port’s and state’s role, respectively, for moving freight. **Ron Coles**, Vice-President of Hanson Professional Services and a former chairman of the Council moderated the panel.

Another former Council chairman, **Tim Parker**, President of Parker Towing and Chairman of the Alabama State Port Authority, moderated a very interesting session comprised of three speakers who were much involved in the site selection process for the \$3.7 billion ThyssenKrupp steel mill now under construction north of Mobile. These speakers described the importance of transportation assets in the corporate decision making for investments of this kind. Also speaking at the meeting were former **U.S. Congressman Sonny Callahan**, who welcomed the attendees to Mobile and **Neal Wade**, Director of Alabama Development Office, who represented **Governor Bob Riley**.

Several Council members were elected to important positions at the association’s annual membership meeting. **Fred Rickert**, Vice President of Copper Marine and Timberlands was reelected First Vice-President. **Brian Frennea**, Director of Special Projects, Logistic Services, Inc was elected an office for the first time as a Vice-President. Also reelected was **Bill Satterfield**, Senior Partner of Balch & Bingham LLP, as Secretary and General Counsel. Council members that will serve on the Executive Committee are: **Sharon Kvak**, Supply Chain Manager, Garick Corp.; **Mark Hommrich**, President of Volunteer Barge Co.; **Terah Huckabee**, Vice-President, Parker Towing Co.; **Ron Coles**; and **Howard Hawthorne**, Executive Director of the Port of Victoria, TX. **Jerry Sailors**, Executive Director of the Coosa-Alabama River Improvement Association will also serve as a member of the Executive Committee.

Elected to three-year terms expiring in 2010 on the board of directors were: **Bill Satterfield**; **Jerry Sailors**; and **Mike McQuillen**, President of DiMatter and Associates. **Billy Houston**, Executive Director of the Tri-Rivers Waterway Association will also serve on the board. These newly elected directors will join other board members whose term expire in 2008 and 2009.

Gary LaGrange, President and CEO of the Port of New Orleans, will serve as Chairman of the Board succeeding **Scott Robinson**, Director of the Muskogee, OK City-County Port Authority. NWC is the premier national trade association that promotes a better understanding of the public values or worth of the nation's inland waterway system. Next year's meeting will be held in New Orleans on November 5-7 at the Hilton Riverside Hotel.



Sympathy



Captain Robert Engram passed away on November 6. Captain Engram was a long time supporter of ports and waterways, including the Tenn-Tom. He will be sorely missed.

Welcome New Members

Mr. Dave Barton

Mississippi Road Builders Association
Jackson, MS

Mr. Howard Hawthorne

Port of Victoria
Victoria, TX

Mr. Michael McQuillan

DiMatter & Associates
Sugar Land, TX

Mr. Wayne Sterling

Greater Paducah Economic Development Council
Paducah, KY

FORTHCOMING EVENTS

January 13 – 17, 2008 • Transportation Research Board, Washington, D. C. Registration: www.TRB.org

February 21 – 22, 2008 • Coosa Alabama River Improvement Association annual meeting. St. James Hotel in Selma, AL Contact: Jerry Sailors (334)165-5744 email cariainc@bellsouth.net

March 12 – 13, 2008 • National Waterways Conference Legislative Summit, Holiday Inn on the Hill, 415 NW Jersey Avenue, NW, Washington, D. C. Phone: (800) 638-1116. Contact: NWC (703) 243-4090 or email connie@waerways.org

*April 9 – 11, 2008 • IRPT Annual Conference, Hotel Monteleone, New Orleans, LA Contact: admin@irpt.net
Hotel reservations (504) 681-4414*

April 15 – 16, 2008 • MWRRI/MWRA/USCG/MEQ Water Resources meeting. Hilton Jackson. Contact: kbrasher@df.msstate.edu

May 1 – 2, 2008 • Warrior-Tombigbee Waterway Association annual meeting, Mobile, AL. For more information contact (251) 431-9053 or wariortom@aol.com

August 26 – 28, 2008 • Tennessee-Tombigbee Waterway Development Opportunities Conference, Marriott's Grand Hotel, Point Clear, AL. For more information contact: Agnes Zaiontz (662) 328-3286 or azaiontz@tenntom.org