

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE & SMALL BUSINE

Held in Room 423-S, at the Statehouse at 10:00 a.m. a. m./p. m.,
on Wednesday, February 4, 1981, 19 .

All members were present except: Sen. Ross Doyen (Excused)
Sen. Don Montgomery (Excused)

The next meeting of the Committee will be held at 10:00 a.m. a. m./p. m.,
on Thursday, February 5, 1981, 19 .

These minutes of the meeting held on Wednesday, February 4, 1981, 19 were
considered, corrected and approved.


Chairman

The conferees appearing before the Committee were:

Randy Moody, Director, Missouri River Marketing Office
Lincoln, Nebraska
James A. McPherson, Executive Vice President
Mo-Ark Association

Senator Kerr called the meeting to order. Senator Arasmith moved, Senator Allen seconded, that the minutes of the February 3, 1981, meeting be approved. Motion carried.

Senator Kerr called on Randy Moody, Director, Missouri River Marketing Office, who presented a portfolio relative to promoting the Missouri River Compact which was signed into law on March 7, 1980, by the Governor of Nebraska. He pointed out the advantages of a regional approach as being "four states have more clout than one. Four states working in a coordinated effort certainly would be more effective in protecting the water, attracting new industry and business investment to the region, in working with the Federal government and in improving relations with each other." (See Attachment A to original minutes.) He quoted therefrom at length.

Iowa did pass a resolution last year to adopt the Compact but the Governor did not sign it. He feels such a Compact will be passed in Iowa this year. He stated private industry should be made aware of the advantages of developing along the river. Nebraska has a task force representing ten different state agencies who are working on certain goals, certain objectives, etc. emphasizing river traffic, with each agency working on a specific goal. Their project is subsidized by a federal grant of \$225,000 over two years--they have four employees. He would like to see the Governors of the four states sign the Missouri River Compact so the states could cooperate and accept commitments agreed upon by each state. He stated if a river is available for traffic, rail and truck rates thereto are lower. In answer to Senator Thiessen's question as to what portion of the estimated 20 million tons of cargo to be moved during a season would come from Kansas, Mr. Moody did not know; but he did mention perhaps 40% would come from Kansas City and 25% from Omaha.

In answer to Senator Reilly's question as to how often the river would have to be dredged after initially done by the Corps of Engineers, Mr. Moody stated it depends on the river and the shifting bottom of the river.

(MORE)

CONTINUATION SHEET -2-

Minutes of the SENATE Committee on Wednesday, February 4, 1981

In answer to Senator Gannon's question as to what agency would be responsible to carry out the Compact, Mr. Moody said his office would represent the State of Nebraska and it would be up to each state to designate their lead agency.

Answering Senator Kerr's question as to what sort of commitments would our state be making should we pass the Compact and the Governor sign it, providing all four states pass it, Mr. Moody indicated it would be up to the Governors of the states to work out details and designate what agency would assume responsibility to cooperate with the other states, and what commitments each state is willing to make.

Senator Gannon inquired relative to the wording of the Compact on lines 43 and 44. Mr. Moody stated all such Compacts have to be uniform; and answering further Senator Gannon's questions, he indicated the Compact as written contains no language relative to a state getting out of the Compact.

Senator Kerr called on Mr. James McPherson, who as Executive Vice President, represented the Mo-Ark Association, a private, non-profit association of Missouri River shippers and operators. He mentioned to his knowledge the Corps of Engineers has yet to dredge any place on the Missouri River. Each year there are two or three areas which continue to be problems and stated as an independent Association they have very little impact on the Corps of Engineers to dredge the river. (See Attachment B to original minutes containing his remarks.) They feel the adoption of the Missouri River Compact by the four states would be very beneficial.

Senator Kerr informed the committee that tomorrow, Thursday, February 5, several interested persons relative to the Missouri River Compact, Senate Bill 31, will be heard.

Meeting adjourned.

The Case for a Missouri River Compact

by

Randy Moody, Director
Missouri River Marketing Office
State of Nebraska

The Missouri River Marketing Office is an agency of the State of Nebraska created to accomplish four goals:

- 1) Increase Barge traffic on the Missouri River;
- 2) Promote economic development along the river;
- 3) Encourage intermodal cooperation in the transportation of commodities;
and
- 4) Increase the awareness of potential shippers and the general public of the advantages of Missouri River navigation.

To achieve those goals, the Missouri River Marketing Office, which is funded by the Old West Regional Commission (Nebraska, South Dakota, North Dakota, Montana and Wyoming) until June 30, 1982 at a level of \$225,000, developed a comprehensive marketing plan assigning specific objectives to ten state agencies which have been formed into a Task Force on Increased Use of the Missouri River. Each agency has certain duties to perform by a specified date to help the MRMO achieve its four goals. The agencies working together in Nebraska are the Departments of Agriculture, Banking, Economic Development, Environmental Control, Roads, Water Resources, the Nebraska Energy Office, the Natural Resources Commission, the Policy Research Office and the Public Service Commission.

The impetus for this coordinated approach to increasing Missouri River traffic stems from a European marketing trip taken by Governor Charles Thone in the fall of 1979. While there, he observed the tremendous amount of commerce being moved on the Rhine River. Noting that many of the characteristics of the Rhine and the Missouri were similar, he became concerned about the lack of use of the Missouri for navigation.

For example, if you stand at one spot near the Rhine, you can see one tow go by every three minutes. If you stand at one spot on the Missouri, you'll see one tow every three days. Average annual tonnage on the Missouri is about 3 million. The potential, according to the Army Corps of Engineers, is 20 million tons per 8-month shipping season.

The MRMO was formed in the aftermath of a highly successful shippers' conference in Omaha in March 1980 which drew in excess of 200 people. The MRMO has been in business since July 1980. We recently finished a series of seven "Barge Into a New Market" meetings in our State designed to bring potential river shippers together with barge line representatives. More than 300 persons attended those meetings and we're in the process of the all-important "follow-up" work to insure the interest isn't lost.

With the tremendous transportation problems that are chronic in our part of the country, it's a crime that the Missouri has not been more fully utilized--not only to ship out grain, but to bring in raw products for manufacturing.

In Nebraska, interest in the Missouri River has not been confined to the Executive Branch. Several members of our Unicameral Legislature--especially Senators

Dick Maresh, Cal Carsten, Elroy Hefner and former Senator Walter George--have long advocated increased river use.

During the 1980 Legislative Session, the Unicameral unanimously passed LB 759 directing the Governor to enter into a compact with Iowa, Missouri and Kansas "to develop the Missouri River for more barge traffic and to promote the use of barges on the Missouri River". It was signed into law on March 7, 1980.

We in Nebraska feel it is especially important that efforts to increase the use of the Missouri River be approached at a regional level. One or two states cannot make it work.

The four compact states either contain or border on the entire 735 mile length of the navigable portion of the Missouri River. The potential for unified effort to increase the river's use is virtually unlimited.

What are the advantages of a regional approach? The answers are obvious. Four states have more clout than one. Four states working in a coordinated effort certainly would be more effective in protecting the water, attracting new industry and business investment to the region, in working with the Federal government and in improving relations with each other.

In coming years there are going to be increased demands for use of Missouri River water, particularly from upriver states. Right now plans are being made for increased irrigation and increased consumptive uses of Missouri River water in the Dakotas, Montana and Wyoming. These uses have legal priority over navigation. How are we going to insure that we get our fair share of the water? By banding together in the compact. This not only will be to the advantage of navigation, but also to fish and wildlife interests--which, by the way, have no legal priority either.

Currently, the Corps of Engineers is formulating a plan to spend millions of dollars on fish and wildlife migration along the Missouri River. This plan will be sent to the Congress for action. Don't you believe that the compact states--speaking together--would have more influence on the final version of that plan than each state separately going its own way?

River users and barge line operators constantly complain about the physical barriers to Missouri navigation--sharp bends, less than a 9-foot draft, swift currents and other shipping hazards. Working with the Corps and the Congress as members of a compact, it should be much easier to convince someone to do something about these problems.

Awareness. That's what a compact will bring to state government and the general public. As a region, we need to make everyone aware of the potential of the Missouri River as a Highway of Commerce.

There's something especially appealing from a political standpoint about four states working together on a project like the Missouri River. We constantly hear cries of "Federal intervention," "get the Feds off our backs," and "we can do it better ourselves." Through the compact, we have the perfect opportunity to show how we can do it better ourselves. Don't get us wrong. We're not advocating that the states take over responsibility for operation and maintenance of the river or that we fund future construction. What we are advocating through the compact is that the four states, working together, fill a huge void by acting as advocates for its use. Private enterprise. That's what it's all about. We can

work together to encourage more barge lines to operate on the river, to attract industry that might go to Cleveland or Pittsburgh or Chicago to locate along the river, to point out to the railroads the advantages of working with the barge companies, and to educate potential shippers about the cost and energy savings than can be realized by river use.

What is going to be the cost of the compact to each state? We think it will be minimal. We're talking not of money, but of emphasis. The Nebraska agencies participating in our task force will accomplish many of their objectives by performing their normal functions. For example, our Department of Economic Development has an Industrial Development Division that looks for new businesses to locate in Nebraska. As one of its goals in the MRMO marketing plan, it will emphasize to new prospects the advantages of locating along the Missouri River. Our Department of Banking will be informing the banks and savings and loan associations in our State about the advantages of investing in river-related activities and promoting international trade. We believe that with this type of commitment by each state, private enterprise will be attracted to the river for investment, construction and transportation purposes.

The compact legislation as approved in Nebraska is very general. We know that the wording in Article I, "...to take necessary steps to develop the Missouri River and its banks..." may have caused some heartburn. But, be assured we're trying to encourage private enterprise to do the developing. Of course if the compact states wish to create economic incentives for riverfront investments or development, through legislative means, they are free to do so.

We would like to see the following scenario for the compact legislation: that the States of Iowa, Missouri and Kansas approve a bill and the respective Governors sign it into law as soon as possible. Then representatives of the four States could sit down to work out the details of the compact and determine the commitment by each State for the promotion of the Missouri River. No state would be forced to do something it did not want to do. Some may want to commit money, others manpower, others may suggest joint programs or individual goals. This is the most exciting part of this effort. We can foresee a competition among the states to create the most effective and imaginative activities to implement their part of the compact. Since the MRMO is already operating with a marketing plan in effect, we would be available to give suggestions or help to the other States.

If the details of the compact could be worked out without delay, it just might be possible for the four Governors to sign the compact--perhaps on a barge in the middle of the River at Rulo--before shipping begins in April. What better way to kick off the 1981 navigation season than with a commitment by the four States to help increase the use of the Missouri River?

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LS/T5/B1-3

RATES

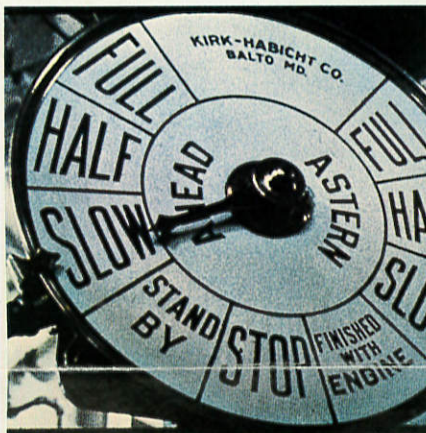
The barge industry is basically a non-regulated, free-enterprise operation. Rates for shipping most products from one point to another are not set by the federal government but are subject to negotiation between the shipper and the barge or towing company. Contracts for the 8-month Missouri River shipping season usually are signed during the preceding winter months while the river is closed. However, spot contracts can be negotiated and signed almost anytime during the shipping season.

BARGE FACTS

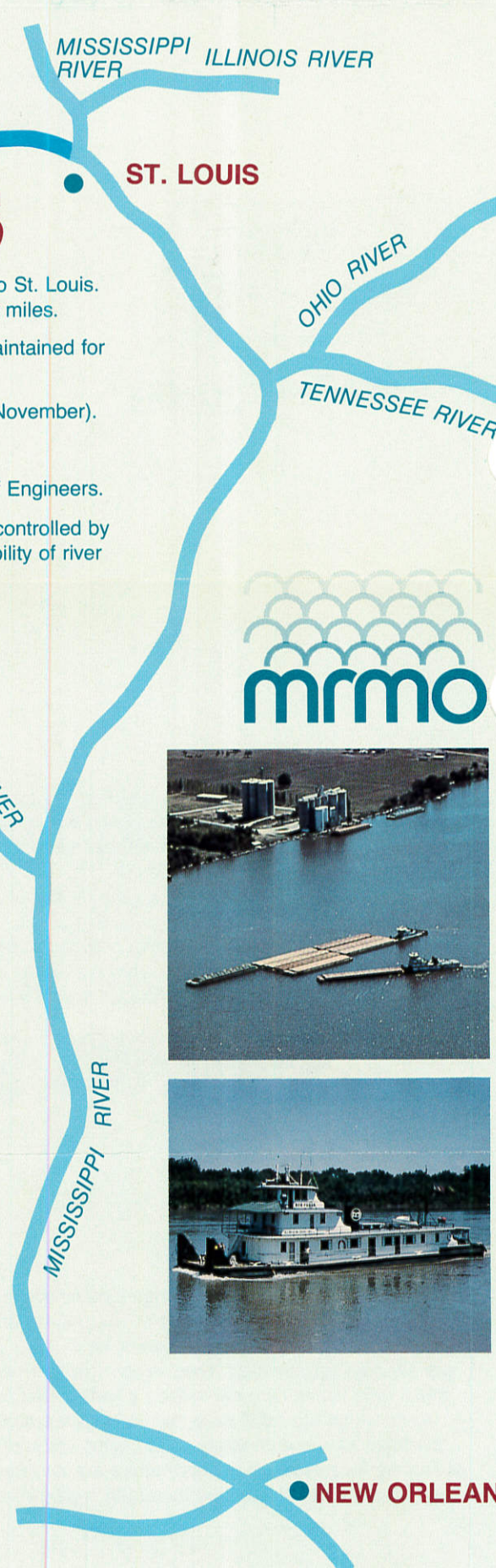
- Most barges hold about 1,300 tons; up to 3,000 tons for liquids.
- One hopper barge is equal to 13 100-ton rail cars or more than 50 trucks carrying 26 tons each.
- One ton equals approximately 35 bushels of grain, depending on the product.
- A "tow" describes a towboat and its barges.



MISSOURI RIVER FACTS



- 735 navigable miles, from Sioux City to St. Louis. The full length of the Missouri is 2,073 miles.
- 9 foot deep, 300 foot wide channel maintained for navigation.
- 8-month shipping season (April thru November).
- Free flowing river; no locks or dams.
- Maintained by the U.S. Army Corps of Engineers.
- Water released from upstream dams controlled by the Corps of Engineers maintains stability of river flow during the navigation season.



RIVER UNDERUSED

It is estimated that as much as 20 million tons of cargo could be moved on the Missouri River during the annual shipping season. But the average tonnage in the past few years has been around 3 million.

MRMO

Up to now, the lack of information about the Missouri and the lack of awareness of the potential savings for shippers using barges has limited the growth of barge traffic on the "mighty Missouri."

Now, the Missouri River Marketing Office (MRMO) is here to assist you in locating the resources and the information you need to start putting barge transportation into your plans.

The Missouri River Marketing Office is an agency of the State of Nebraska funded by a grant from the Old West Regional Commission. The purpose of the office is to increase barge traffic on the Missouri River, promote coordinated use of all transportation modes in the Old West Region, encourage industrial and agricultural use of the river and make available information about Missouri River use and development.



RANDY MOODY MRMO Director

"The Missouri River has played an integral part in the development of the Old West Region. Its future potential for the movement of commerce is virtually unlimited. It's your river. You paid the bill to make it navigable. Now, it's up to you to get a return on your tax investment."

Questions? Call Randy Moody at 402/471-3111
P.O. Box 94666, Lincoln, Nebraska 68509.



NEW ORLEANS

BARGE IT ON THE MISSOURI RIVER

If you haven't considered barge transportation for your product you're overlooking an important cost savings.

Compared to traditional ways of moving commerce, water transportation is cheaper, more environmentally sound, more energy efficient...it is a renewable resource. And barge traffic on the Missouri River is better now than ever before.

With a cost of nearly one-half billion dollars, 735 miles of the Missouri River — from Sioux City, Iowa to St. Louis, Missouri have been made navigable by the U.S. Army Corps of Engineers. Terminal and storage facilities and barge lines provide access to domestic and foreign markets through use of the Missouri River.

Two-way barge traffic, upstream and downstream activity, is the key to profit for the barge industry and therefore the key to lower transportation costs on the Missouri River for shippers. Exports of grains and other Old West products return more dollars to the region only if barges are full moving both ways on the Missouri River. Just as other transportation modes are inefficient if they must travel empty, so are barges. Moving cargo up the river is as important as moving cargo down and can be as cost efficient for the shipper and the receiver.



\$\$\$ SAVINGS

The U.S. Army Corps of Engineers estimates that on the average about \$5 per ton can be saved by shipping on the Missouri River compared to other modes of transportation. Savings of \$16.3 million in 1980 will be realized by those who ship their products on the Missouri River.

Transportation costs are going up and up with continual erosion of profits. Using the Missouri to ship your goods or to receive goods can mean more money at the bottom line.

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South Sioux City, Nebraska 68776
402/494-5800

P.O. Box 94666
Lincoln, Nebraska 68509
402/471-3111

1313 Farnam on the Mall
Omaha, Nebraska 68102
402/554-2199

Contact the Missouri River Marketing Office at:



FOR MORE INFORMATION

BARGE INTO A NEW MARKET

Check the Missouri...The NEW Renewable

Statement by: James A. McPherson
Executive Vice President
Mo-Ark Association

Senate Agriculture and Small Business Committees

February 4, 1981

Mr. Chairman:

Thank you for your invitation to appear here today to urge favorable consideration of the Missouri River Compact Bill.

Mo-Ark Association sponsors the Missouri River Shippers and Operators Committee, a group composed of companies that operate on the Missouri River and companies which ship their products via barge.

At the present time, except for this committee and Mo-Ark Association, there are no other groups representing these river interest in the lower Missouri River Basin. Nor is there any other group advocating the solutions of problems common throughout this region.

We therefore recommend approval of the Compact for the following reasons:

First, Missouri River navigation provides additional and much need carrying capacity for bulk commodities. Most of these bulk commodities are in three agriculturally oriented groups of grains, food products and ag chemicals.

In fact, during the past ten years, between 16 and 17 percent of the farm products in the lower Missouri River Basin were moved by barge, between 6 and 12 percent of the food and kindred products and between 17 and 22 percent of the agricultural chemicals. The average distance of each movement was 1,746 miles.

For farmers able to ship by barge, their savings have been 5 to 7 cents per bushel as compared to the lowest cost alternative modes.

The establishment of the Missouri River Compact would appear to be of great advantage to increasing farm incomes in the four states involved.

Second, programs now being addressed on a state wide basis could be expanded to a regional basis among the compact states. For example, the Iowa Department of Transportation has established a program of rail-truck- barge combined freight rates. The shipper need pay only one bill at a set rate, therefore saving money and time.

Another example, is the Missouri River Marketing Office established by the State of Nebraska to assist shippers to transport commodities by barge.

The Missouri River Compact could be the mechanism to make these two state programs regional.

Third, the four state representatives could act together on such problems as unreliable channel depths, attracting business and Missouri River promotional programs.

The purposes as stated in Article I of the compact should all be considered on a regional basis rather than individually by each state.

SENATE

AGRICULTURE AND SMALL BUSINESS COMMITTEE

DATE February 4, 1981

PLACE Room 423-S

TIME 10:00 am

GUEST LIST

NAME

ADDRESS

ORGANIZATION

John D. Miller	Topeka	Committee of Ks Farm Organizations
Lancee Neubauer	Topeka	KWRB
Susan Swartz		KDDT
Ron Colbert	Newton	U.I.U.
John Ruff	Topeka	KAWB
John Blythe	Manhattan	Ks. Farm Bureau
Chris Walker	Mayetta	Natl Farmers Org.
Bill Anderson	Mission	Water Dist #1, Johnson County
Armed Smith	Hawiland, Ks.	AAM
Virvian Smith	Homeland, Ks.	AAM
Synda Ryan	Topeka	AAM
Leroy Jones	Overland Park	BLE
Pat Hubbell	TOPEKA	Kansas Railroad Assn.