

MINUTES OF THE SENATE COMMITTEE ON AGRICULTURE AND SMALL BUSI

Held in Room 423-S, at the Statehouse at 10:00 a.m. a. m./p. m.,

on Thursday, February 5, 1981, 19    .

All members were present except: Sen. Richard Gannon (Excused)  
Sen. Ed Reilly (Excused)

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

These minutes of the meeting held on Thursday, February 5, 1981, 19     were  
considered, corrected and approved.

  
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Chairman

The conferees appearing before the Committee were:

John Crofoot, Kansas Association of Wheat Growers  
Pat Hubbell, Kansas Railroad Association  
Jack A. McGlothlin, United Transportation Union

Senator Kerr called the meeting to order. Senator Doyen moved, Senator Karr seconded, that the minutes of the Wednesday, February 4, 1981 meeting be approved. Motion carried.

John Crofoot, representing the Kansas Association of Wheat Growers, presented testimony recommending favorable consideration of the Missouri River Compact.

The Kansas Railroad Association's spokesman, Pat Hubbell, set out some problems encountered with barge lines in that during slack times there is no trouble getting barges but critical problems arise when there is an increased demand for barges, particularly in the fall. As to energy savings, he said it is hard to estimate since much depends on the river's current. He indicated that it takes much more fuel to operate on the Missouri River than the Mississippi because of currents. He read the following excerpt: "...Brig. Gen. Hugh Robinson, Deputy Director of Civil Works for the Army Corps of Engineers, was quoted in the July 10 Journal of Commerce as stating that Missouri River navigation locks are not feasible. Said Gen. Robinson, 'The Corps has been accused of over estimating the benefits of many of its projects, but even by Corps standards the project would not be worth while...the potential traffic that can be generated on the Missouri River does not justify the costs of construction and operation, or the environmental factors involved.'" Mr. Hubbell distributed Attachment A titled "The going was slow on the Missouri" relative to the low water level of the Missouri River.

Senator Norvell stated in 1945 Congress had mandated the Corps of Engineers to dredge the Missouri River so as to be 9 feet deep and 300 feet wide; since that has not yet been accomplished, is it feasible to now expect that to be accomplished.

Jack McGlothlin, representing the United Transportation Union, felt a more thorough study of this matter should be made before a decision is made to pass the Missouri River Compact. He felt to make this proposal feasible for the state of Kansas there would have to be an extreme increase of shipment by barges. Of the four states, Kansas has the least amount of shoreline. He feels Kansas should await passage of the Compact by the three other states before entering into the Compact. (See his statement Attachment B to the original minutes.)

## CONTINUATION SHEET -2-

Minutes of the SENATE Committee on Thursday, February 5, 1981

Senator Arasmith questioned whether the committee could hear from some of the barge people. Senator Kerr informed the committee the Research Department had contacted and written various people in the three states stating that our committee would be considering the Missouri River Compact. Randy Moody and James McPherson were the two who responded thus far.

Senator Karr cited two problems that have not been answered by proponents of the Company--he questioned the technical ability of the Corps of Engineers to get the job done (dredging of the river to meet the requirements), and questioned if it is feasible to spend tax dollars in Kansas for this project. (See Attachment C by Edmund G. Ahrens, Acting Director of the Budget, relative to the Fiscal Note for Senate Bill No. 31.) Responding to an inquiry as to the wording of the compact in other states, Mr. Hubbell felt they were similar. It was understood that Nebraska had passed the bill, that the Iowa legislature passed the bill in 1980 but that it was not signed by the Governor, and that the bill has been introduced in Missouri.

Senator Kerr announced we would have a telephone discussion hookup with Dr. Neil Harl, Iowa State University, regarding corporate farming law on Tuesday, February 10.

Meeting adjourned.

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Kansas City looms beyond a barge making its way along the Missouri River. In 1980, commercial tonnage moved on the river between Sioux City, Iowa, and the mouth above St.

Louis appears to have dropped 5 to 10 percent from 1979. (file photo)

# The going was slow on the Missouri

## Drought dried up the river and barge operators' business as well

By Steve Woodward

staff writer

From the top of City Hall, a city-gazer can see the area's major arteries of commerce: the interstate highways, the runways of Downtown Airport, the rail lines that traverse North Kansas City and the Missouri River.

Of those, the observer in 1980 would have been hard pressed to find traffic on the river.

"This year was bad," said Jeff Covinsky, planning manager for SCNO Barge Lines Inc., one of the two largest barge lines on the Missouri River.

River shippers during the 1980 navigational season faced two major problems, both of which were caused by dry weather throughout the Midwest, Covinsky said.

First, drought caused the river's level to drop considerably. That meant barges had to be loaded lighter—and more uneconomically—than usual to avoid grounding.

Even without dry weather, the Missouri River is shallow, allowing barges to be loaded to an average draft of only eight feet in 1979, according to figures compiled by the U.S. Army Corps of Engineers.

Second, the dry spell led to drastic cuts in the nation's harvest of grain, which is the major commodity moved by barge.

"Grain is still the lifeline of many companies," Covinsky said, adding, "We're all affected so much more by world political situations."

One such political situation

was the Soviet invasion of Afghanistan, which resulted in President Jimmy Carter's embargo of American grain to the Soviet Union. Industry observers say the embargo cut the amount of grain on the general market and, as a consequence, on the river.

Products that move by river to and through Kansas City include wheat and other grains, chemicals and fertilizers, food, construction materials (stone, clay, cement and lime), non-metallic minerals, petroleum products, coke, machinery and scrap metal. Farm grains constitute by far the largest commodity in tonnage.

Total commercial tonnage moved on the navigable part of the river, between Sioux City, Iowa, and the mouth above St. Louis, appears to have been about 3 million tons in 1980. That is a drop of 5 to 10 percent from 1979 tonnage.

Those figures are preliminary estimates provided by the Missouri River Division of the Corps of Engineers in Omaha, Neb. The estimates will be updated throughout the coming months as the Corps receives annual reports from various river shippers, barge lines and dock operators.

Growth of shipping on the Missouri River has never been meteoric: The river is simply too tough for commercial traffic. Its current is swift, requiring a great deal of fuel to wrestle with it. Its bottom is continually shifting, making navigation treacherous.

The navigation season lasts

only about eight months before ice strangles it. Despite decades of work improving the channel and expenditures of more than \$700 million by the Corps of Engineers, the river continues to be too narrow and shallow to accommodate numerous and heavily laden barges.

Typical Missouri River towboats push from six to nine lightly loaded barges at a time. Typical Mississippi River towboats, in contrast, often push more than 36 fully loaded barges at a time.

All the normal problems associated with the Missouri River have been exacerbated in recent years by the dismal state of the economy.

After dramatic decreases in waterborne freight tonnage since 1977, Kansas City's Midwest Terminal Warehouse Co. reported a slight increase in 1980 in the amount it handled at the city's public dock and at the company's fuel dock on the north bank.

Midwest Terminal handled a record 469,259 tons in 1977; that had fallen to 193,404 tons by 1979. In 1980, the figure had risen to 250,903 tons.

John Madgett, executive vice president of Midwest Terminal, attributed the increase to the appearance in 1980 of two new commodities on the river: ferro-silicon and manganese.

It may be 10 years before Midwest Terminal regains its record tonnage, according to a consultant's report completed in September. The report was written by Sverdrup & Parcel and Associates Inc. of St. Louis for

the Kansas City Port Authority, a public body headed by the mayor and including the six at-large members of the City Council.

Because growth is expected to be slow over the coming decade, the consultant recommended the port authority reject the idea of building a major port facility to replace the public dock.

The port authority should, however, set aside 10 to 20 acres of city-owned land between the A-S-B and the Paseo bridges, on the south bank of the river, the consultant added. Private developers could use that land to build facilities to support whatever shipping growth occurs in the coming years. Those facilities might include warehouses and a dock for loading and storage of liquid freight such as molasses; the current dock cannot handle liquids.

Port development also could occur if private companies construct and operate their own docks, such as Armco Steel's private loading dock.

Nevertheless, the consultant writes, "While past port activity has taken place at the initiative of private developers, the city of Kansas City can actively encourage new development through its Port Authority."

Among the primary steps the port authority can take: setting aside land for river development, issuing revenue bonds for industrial development and distributing information to potential industrial clients through such bodies as the Kansas City Corporation for Industrial Development.

STATEMENT OF JACK A. MCGLOTHLIN

RE: S.B. 31

1981 KANSAS LEGISLATIVE SESSION

Mr. Chairman and members of the committee, I am Jack A. McGlothlin, State Legislative Director, United Transportation Union. I am a duly elected officer and speak for approximately 7,400 railroad operating employees and Transcontinental Trailways bus drivers.

This committee has heard considerable testimony and received a large amount of documentation relative to this proposed compact. I am not an expert in regards to the depth of the river channel necessary to float a large barge. However, the importance of that matter seems to pale, when you compare it with other matters relative to the overall diversified dependence on the Missouri River. The condition of the Missouri River water is such that it is in a constant state of controversy now, due to the unbridled sewage discharge. Pollution from many, many sources - one of which is barge traffic. I have heard persuasive testimony pointing out new and additional river bank industries - with additional pollution of the waters. The protection and safety for personal human consumption in the river's major cities is important.

The main thrust of this proposal, as I understand it, is a voluminous increase in Kansas grain shipments to the river. There they would be transferred to barges where now no such facilities exist. We are listening, intently, to testimony, discussion and even debates in this Legislature as to how financing of our highway system's maintenance and renovation is going to be achieved.

Putting more trucks on the present highway system is surely not the answer. It would appear foolish to expect the Kansas railroads to invest in the additional amount of equipment, rolling stock and port facilities necessary to make this proposal feasible. The railroads would be assisting a short turn-around operation limited in length by weather conditions. At the same time they would jeopardize existing long haul unit grain trains to the Gulf of Mexico.

As a railroad employee, proud of my industry, aware of its problems, as well as its shortcomings, I fail to grasp the reasons which time after time brings matters before this Legislature requesting the expenditure of Kansas tax dollars for the purpose of subsidizing competitive forms of transportation against our most important, reliable and dependable form of transportation, the railroads. The railroads, for example, transport 66% of the nation's bituminous coal, 63% of its food grains and 57% of its cotton. Among manufactured goods, they also handle about 75% of the ton-miles involved in the movement of lumber and wood products, pulp, paper and allied products and transportation equipment.

Mr. Chairman, members of the committee, I am aware that the names of six of the committee's membership are on this bill. However, I urge you to take a long, strong look at all the ramifications and would suggest you see what the Iowa, Missouri, and Nebraska Legislatures do concerning this compact proposal. I believe haste should be made slowly in a matter of this importance.

Thank you for the privilege of appearing before you today and expressing our concerns.

The Honorable Fred A. Kerr, Chairperson  
Committee on Agriculture and Small Business  
Senate Chamber  
Third Floor, Statehouse

Dear Senator Kerr:

SUBJECT: Fiscal Note for Senate Bill No. 31 by  
Senators Warren, et al.

In accordance with K.S.A. 75-3715a, the following fiscal note concerning Senate Bill No. 31 is respectfully submitted to your committee.

Senate Bill No. 31 would enact the Missouri River Compact of Nebraska, Iowa, Missouri and Kansas. The purpose of this compact is to provide for the development and promotion of barge traffic on the Missouri River. It would be the responsibility of the four states to collect and correlate the data necessary for the proper administration of the compact. Rules and regulations to accomplish the purposes of this compact would be adopted by unanimous action. Under the provisions of subject bill, this act would become effective when enacted into law by Nebraska, Iowa and Missouri on or before July 1, 1982.

The Kansas State Board of Agriculture indicated that the direct fiscal impact of Senate Bill No. 31 would be derived from the expenditures for quarterly meetings which would be required to establish and adopt procedures for implementation of the compact including rules and regulations to accomplish the purposes of the compact. Fiscal year 1982 expenditures are estimated to be \$3,470 of State General Funds which would include \$2,970 for contractual services such as travel, subsistence and communications and \$500 for commodities such as office supplies.

The Kansas Water Resources Board stated that Senate Bill No. 31 could have an impact on its expenditures if it provides assistance for the administration of the compact. Since the amount of support, if any, cannot be anticipated, the fiscal impact of such assistance cannot be determined. In addition, the Board indicated that considerable expenditures could be incurred in future years if the compact is to carry out any extensive activities regarding the development of the river and its banks for increased barge traffic. These activities would be based upon a unanimous action of the members of the compact. As a result, an accurate estimate as to the future fiscal impact of Senate Bill No. 31 cannot be determined at this time.

Any expenditures as a result of the passage of Senate Bill No. 31 would be from the State General Fund and in addition to the 1982 Governor's Budget Report.



Edmund G. Ahrens  
Acting Director of the Budget

INTERMODAL POLICY STUDIES GROUP  
Office of the President

July 30, 1980

Joseph Adams, Esq.  
Law Department  
Union Pacific Railroad  
1416 Dodge Street  
Omaha, NE 68179

Dear Joe:

I appreciate the information you have been providing relative efforts of your Governor to promote expansion of Missouri River barge traffic.

I call your attention to the April 5 issue of the Dakota Farmer, a North Dakota publication, in which Dr. Joseph Stanislaw, Dean of Engineering at NDSU, proposed the use of cranes or helicopters to transport grain filled containers over dams to facilitate barge operations absent building of locks. The North Dakota State Legislature, suffering maladies more severe than when I labored in its midst, has proposed spending almost half a million dollars through the Old West Regional Commission to study the concept.

On a more optimistic note, Brig. Gen. Hugh Robinson, Deputy Director of Civil Works for the Army Corps of Engineers, was quoted in the July 10 Journal of Commerce as stating that Missouri River navigation locks are not feasible. Said Gen. Robinson, "The Corps has been accused of over estimating the benefits of many of its projects, but even by Corps standards the project would not be worth while . . . . the potential traffic that can be generated on the Missouri River does not justify the costs of construction and operation, or the environmental factors involved."

Regarding your concern for Bonneville Lock and Dam, the Asst. Sec. of the Army for Civil Works has criticized a Corps feasibility study and ordered that it be redone showing the effects of congestion tolls as a non-structural alternative. We feel we have been instrumental in this regard because of our efforts to convince Corps professional staff of the need for such non-structural alternatives. I have a copy of the letter on its way to me and will forward another copy upon receipt. I suggest that UP (and other roads having interest in this project) put greater emphasis on congestion, lockage, and segment toll alternatives to new construction as we are making progress in this area.

Yours truly,

  
Frank N. Wilner  
Director Waterway Studies

cc: Joseph Feeney      Charles Clay  
Barry Schaefer      Frank Farrell

SENATE

AGRICULTURE AND SMALL BUSINESS COMMITTEE

DATE FEBRUARY 5, 1981 PLACE Room 423-S TIME 10:00 am

GUEST LIST

<u>NAME</u>	<u>ADDRESS</u>	<u>ORGANIZATION</u>
Ron CALBERT	Newton	U. J. U.
J. A. Mc GLOTHLIN	Pillsburg	U. J. U.
Pat Hubbell	Topeka	Kansas Railroad Association
Mike GERMAN	Topeka	Kansas Railroad Association
JEFF Mills	Wic	Wic Chamber of Commerce
TAT HUBBELL	TOPEKA	KANSAS RAILROAD ASSN.
Leroy Jones	Overland Park	BLE
John O. Miller	Topeka	CKFO
Linda Ryan	Topeka	AAM