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UPPER MISSISSIPPI RIVER
ILLINOIS WATERWAY SYSTEM NAVIGATION STUDY
QUESTION AND ANSWER FORUM

July 28, 1999

Illinois Central College Lecture Hall
East Peoria, Illinois

1 MR. WIEDMAN: If you'll find a spot
2 we'll get started in the question and answer session.

3 First of all, I wanted to thank you for
4 getting involved in the small groups. Obviously,
5 there's a lot of issues that got generated.

6 It's a lot easier to have six groups
7 going. It's 12 times as much information that one
8 person gets in a larger meetings. I know certainly
9 got lost a couple of times heading to the group.

10 We're gonna leave this open the rest of
11 the evening and even after we close if you want to go
12 around and see what some of the other groups
13 generated.

14 The question and answer is an
15 opportunity. I know a lot of questions got identified
16 in the small groups and Gary has pulled some sample
17 questions from each of the groups that he'll have some
18 of the appropriate research managers answer and we'll
19 probably do six or seven of those and then I'd like to
20 just open it up for questions.

21 Please keep in mind, at this stage,
22 it's getting more information an answer, a technical
23 question or operational question, not a rhetorical

1 question which is really a statement of your opinion.
2 That comes in the next part. We'll have plenty of
3 time for you to make one or two comments or statements
4 or prepared statements.

5 We do have a court reporter now so the
6 one disadvantage to that is the microphones on the
7 sides aisle. It's hard for her to hear if you're in
8 your seat, so we're gonna ask you to come to either
9 side. And if someone's at the one mic, you may want
10 to come to the other. We'll just go that way.

11 Again, I might encourage you, there is
12 not only a tear-out comment sheet in the newsletter
13 you have, but the yellow sheet as well. Please fill
14 those out when you leave, whenever you choose to
15 leave, and leave those on the table outside.

16 And I might take a moment to announce I
17 know Bob's been passing out -- Bob from the University
18 of Illinois Extension -- I may as well give you your
19 20 seconds right now. You can use that mic there if
20 you want.

21 BOB FROM THE UNIVERSITY OF ILLINOIS:
22 Thank you very much. I'd like to take a couple
23 minutes. It's great to see the interest out here

1 associated with the Illinois River System. We do have
2 a governor's conference October 5, 6 and 7 here in
3 Peoria.

4 Many topics that came out in our
5 sub-group are going to be addressed at this
6 conference. The U.S. Army Corps of Engineers is one
7 of those agencies sponsoring this group. If you have
8 an interest, we have some additional brochures as well
9 as at the head table.

10 Conferences are held every two years.
11 We hope we'll see you there. If you have questions,
12 get in touch with me. Heartland Resources is the
13 cosponsor out here for the local arrangements and
14 their phone number is in here.

15 MR. WIEDMAN: Thanks, Bob. Okay.
16 Gary, I'll turn it over to you to review several
17 questions that have come out of the group.

18 MR. LOSS: What we've been doing is
19 taking a couple questions from each of the discussion
20 groups. We tried to pick some representative
21 questions of all the groups. So I'm gonna ask
22 economics to go first tonight.

23 Rich, if you could go through a couple

1 of those questions that have come out.

2 RICH FROM ECONOMICS: Question here
3 is specifically who pays for the project and
4 specifically who benefits.

5 All of the measures that we see here
6 are shared. The cost of these measures are shared.
7 Fifty percent of the costs of any of these
8 improvements would come from the general treasury of
9 the United States.

10 Fifty percent of the costs would come
11 from the Inland Waterways Trust Fund. That trust fund
12 is financed buy a fuel tax that's applied to the
13 diesel that the towboats burn to operate on the river.
14 So it's a 50-50 share between these two sources.

15 The second part of the question is
16 specifically who benefits. The primary benefits that
17 were identified earlier tonight are transportation
18 savings. Now, those savings are shared between a
19 number of people including farmers as well as
20 shippers.

21 Now, our analysis has not attempted to
22 specifically identify what the distribution of the
23 benefits would be between various groups. When we do

1 our analysis, it's from this national perspective.

2 You've heard the term NED or National
3 Economic Development. We're trying to measure
4 efficiency gains to the nation's overall interest.
5 From that perspective, the specific group that may
6 actually benefit isn't the orientation that this NED
7 look takes. The benefit would be the same for this
8 benefit cost analysis regardless of where the benefits
9 actually would go.

10 The next question is how will future
11 scenarios change the course projected figures such as
12 major increases or decreases in ag production, new
13 kinds of transportation, etc.?

14 We do sensitivity analysis on all of
15 the key economic parameters that go into constructing
16 the numbers that you saw earlier tonight amount.
17 Specifically, we would include variation in our
18 estimates of what future traffic might be. We would
19 look at differences in what we refer to as the
20 willingness of movements to pay for more
21 transportation. We would look at things like future
22 rail rates and how those may change over time.

23 So we would run these very same

1 consideration in Peoria; one is the one you looked at
2 which is the lock land 1200 foot. And the other one
3 is the 600-foot extension downstream of the existing
4 lock. So those are the two still under consideration
5 there.

6 The other question -- there's actually
7 three here -- involving around maintaining the
8 existing lock, what we call rehab.

9 The question one had to do with need
10 for rehab on other locks on both rivers. What we've
11 done in the study and something the Corps has really
12 initiated, really concentrated their effort on,
13 identifying what are the major rehab future costs on
14 the Upper Miss. Illinois Waterway System. And when we
15 talk major rehab, we're talking about some major work
16 such as replacing gates, resurfacing lock walls and
17 things of that type.

18 And right now, I think if a major rehab
19 program exceeds something over \$9,000,000, that is a
20 cost shared program, meaning the Inland Waterway Trust
21 Fund shares in that cost 50-50.

22 Now, normally O & M items come strictly
23 out of the federal program. But we are looking at all

1 of the locks and looking at the future rehab costs and
2 we've done a lot of analysis and evaluating the
3 existing structures to try to determine what the life
4 expectancy will end or what the life expectancy is of
5 the other various components such as the gates, the
6 machinery. And so we included that in this study and
7 created an investment schedule to take care of the
8 major rehab.

9 We'll also -- if we go in and extend
10 the lock, we will perform the major rehab on the
11 existing lock at that time. So the 1200-foot lock, if
12 that were the option, would basically be put back and
13 the 1200-foot lock would be in top shape. And I think
14 we'd be looking at probably a major rehab program on
15 that new facility about 35 or 40 years out.

16 MR. LOSS: Thank you. Question from up
17 on the Chicago Board of Trade and how that impacts the
18 Illinois River. I'm going to ask Paul to briefly
19 explain how that works and the changes in 2000.

20 PAUL FROM ARMY CORPS OF ENGINEERS:
21 Before the Chicago Board of Trade proposed that rule
22 change, they talked extensively to us about that and
23 what the delays were in the system and future of the

1 system so they have factored that into their
2 decision-making process.

3 I think a lot of you know that a lot
4 the futures contracts are not actually delivered. So
5 what they have tried to do is change their delivery
6 points to real delivery points. Very few of those
7 contracts are actually delivered at Chicago anymore.
8 The grain is shipped from the other ports. So that is
9 important to the Illinois waterway, but it is not a
10 really significant issue to this decision-making
11 process that we're doing right now.

12 MR. LOSS: That's the shortest answer
13 Paul has ever had in his life. Thank you.

14 Dave Tipple, could you answer question
15 about the opposition acts.

16 MR. TIPPLE: Sure. The question is
17 the Water Resources Development Act of 2000, what is
18 the authorized lock construction and the implications
19 of this.

20 I think you -- I need to bring out
21 several points. There's been several different
22 languages out there; one from '99 that calls for the
23 Corps to possibly start preconstruction design on

1 1200-foot locks at a few of the sites we're talking
2 about tonight. And there's also another piece that's
3 been termed the Explore Facilitation Act that includes
4 that preconstruction design but goes one step further
5 and actually authorizes construction as well. And I
6 don't know the stage where that one is at.

7 However, typically what Congress does
8 is they wait to see what comes out of the Corps
9 feasibility study like what we're doing right now
10 before they authorize, and it has been discussed in
11 regards to the Water Resources Development Act of 2000
12 knowing that the study tract right now is to have a
13 draft report available for public review in the summer
14 of 2000 with the Water Resource Development Act likely
15 going to Congress in the August-September time frame,
16 so possibly having what is called a contingent
17 authorization.

18 At that time, the Corps with Congress
19 authorizing contingent on what the Corps report says,
20 will have some additional discussions. But there is a
21 possibility of more of some of this preconstruction
22 design to be initiated next year.

23 MR. LOSS: Thank you. To carry on with

1 that, the report of '99 in the last few days has seen
2 the revival back in Congress again and the chances
3 look better than they did a month ago. As Dave said,
4 the language would have possibly again design work as
5 we understand it even though we're not finished with
6 the feasibility study yet.

7 A question with that is the trust fund.
8 We've heard that mentioned. Will that have adequate
9 revenue to complete the project.

10 At the present time, the trust fund has
11 more money in it than is being taken out. Each year
12 the surplus keeps getting bigger and bigger. The Ohio
13 River has a number of projects they're seeking
14 authorization for. We've got our study. If they all
15 get going and everybody wants this all to happen, it
16 could run out. I'm not sure what year that is. It
17 depends on how this whole thing works out.

18 I know Dynamo pushes works on project
19 in the Ohio river. They're pushing for additional
20 authorization for more trust fund dollars.

21 It's a real world thing and Congress
22 decides how those things are handled, how these
23 improvements will be funded. And ultimately it's up

1 to Congress to decide those things. So the trust fund
2 is there to build these improvements. It's been
3 observed that the Upper Miss, the Illinois Water
4 System hasn't got as much back as has gone in.

5 Our study -- we're trying to come up
6 with what the proposals should be and improvements
7 should be so Congress can decide.

8 The last one is environmental area,
9 Rich.

10 RICH FROM THE ARMY CORPS OF ENGINEERS:

11 There were a number of, I guess, interrelated
12 questions and many of them had to do with
13 sedimentation issues. The ones specifically here how
14 much do current Illinois River locks and dams reduce
15 the silt carrying capacity.

16 If I understand, I guess I would refer
17 to the studies that we've done specifically for the
18 navigation study didn't look at how much, I guess,
19 looked at this question. The impact study that Gary
20 referred to in his presentation does give us some idea
21 of how sedimentation rates have changed over time
22 historically and since the lock and dam system went
23 in. I can't cite specific figures and I guess I

1 couldn't say even that study would be so specific to
2 say how that capacity has been changed specifically to
3 locks and dams.

4 But there is comparative data over time
5 on that question. And a follow-up to that is what is
6 the cost of mitigation for that.

7 I don't know the answer to that at all.
8 I guess what I would also refer to, in terms of
9 sediment studies that were done, to look at the
10 incremental increases in navigation traffic, those
11 sediment studies will come in, Mississippi and
12 Illinois will identify what we're calling hot spots;
13 in other words, waters that are particularly
14 susceptible to increase sedimentation due to barge
15 traffic. We'll identify those areas and then look at
16 those to kind of keep an eye on in the future. We
17 will continue to monitor those, see if that increase
18 in sedimentation actually takes place and then those
19 areas will become subject of discussion on potential
20 mitigation measures to prevent further sedimentation
21 in those areas.

22 MR. LOSS: Thank you. Just to wrap up
23 this part of it, we have a lot of work to do. We

1 don't have all the answers yet. We have a lot of work
2 to do with the national resource agencies as we try to
3 put these things together. We have a lot of meetings
4 coming up in the next few months. We have a good
5 start on that tonight.

6 We encourage you to keep track of what
7 is going on as best you can. We're working with all
8 the state DNRs. Your representatives are telling us
9 things they're interested in. We're trying to listen
10 to what is going on and your concerns, all the stuff
11 you put up on the butcher paper, has helped us to
12 identify those things.

13 MR. WIEDMAN: I'd like to open up the
14 meeting to questions requesting information or
15 something you may not have gotten an answer to so far.
16 Again, to facilitate that and so we can record it, if
17 you can move to the side aisles, either one of the
18 mics.

19 AUDIENCE MEMBER: My name is Joyce
20 Blumenshein and I had a question that our group -- I
21 heard something about an internal Army Corps of
22 Engineers study last year that was a cost benefit of
23 analysis of money put in to increasing locks and dam

1 sizes and the benefits to farmers.

2 Can somebody address that and tell me
3 because I thought the results showed there was no real
4 good cost benefit analysis to the mills to be put into
5 the locks and dams.

6 MR. LOSS: I think the study last year
7 -- what I'm thinking of was our release last November
8 related to the navigation study. Is that what you're
9 referring to?

10 Because we talked about cost and
11 benefits there, and at that time we were looking for
12 economic information. It was critical to our deciding
13 if the farmers are going to ship the grain, what
14 choices do they have, all those kinds of things. So
15 we had some initial releases as to how the model was
16 working and we talked about what alternatives might be
17 there, when we might start construction, things like
18 that.

19 Basically that was the forerunner of
20 the presentation that you heard tonight and what our
21 economic studies have shown. The best information we
22 have -- and we have got these -- are the alternatives
23 we are proposing.

1 I don't know if that answers your
2 question or not. I'm not sure exactly which study
3 you're referring to.

4 Rich, you're not aware of an O & M
5 study looking at cost?

6 The Corps spends about \$115,000,000 a
7 year operating and maintaining the Upper Mississippi
8 River-Illinois Water System, and our calculations and
9 benefits from that is about six times that much. So
10 we think there is quite a return on that investment
11 for the O & M dollars investment. That's sort of an
12 answer to your question. If you get some references,
13 we will be glad to pursue that.

14 AUDIENCE MEMBER: My name is Mike
15 Plat. My questions primarily had to do with the
16 Peoria-LaGrange locks because they are the only pass
17 over locks in the whole system.

18 I guess my question is does the Corps
19 of Engineers have data back to when the locks and dams
20 were first constructed that indicates what percentage
21 of the year those locks operated as pass through, and
22 is it possible that the public could see that on some
23 sort of diagram so we could see over time?

1 My gut feeling is that pass through
2 lock has probably increased over the years. My
3 further perception is that as the hydraulics of the
4 Illinois River change as waterways fill up with mud
5 and we have slow downs and increased flood heights
6 flood frequently that we could also see pass throughs
7 over time continue to go up in the future.

8 MR. WIEDMAN: So is the data
9 available?

10 AUDIENCE MEMBER: Is the data
11 available? How does that interrelate to hydraulic
12 conditions on the Illinois River and what does that
13 mean for the possibility of do we even need new lock
14 constructions at Peoria and LaGrange because of the
15 change in hydraulic stations 20 to 30 years down the
16 road?

17 MR. LOSS: The Peoria folks know. He
18 knows the Illinois River. We do have the data that
19 goes all the way back and Angie tells me it has
20 increased. What is the cause is hard to say. It's
21 related to the flow. Those gates go up. When the
22 flow gets down below a certain point, it flows back
23 up. It could be a lot of causes, but the data is

1 available. She would be glad to share it.

2 The analysis as far as the cause, I'm
3 not sure. We don't have all the answers for that.

4 AUDIENCE MEMBER: I guess the second
5 part of the question is when we talk about barge rates
6 on the Illinois for about four months this year we had
7 the winkets down. When the winkets are down, do the
8 barge rates decrease?

9 MR. LOSS: By barge rates, you're
10 talking --

11 AUDIENCE MEMBER: Shipping rates on
12 the river. What I'm asking you is if the barge
13 companies are figuring their cost for shipping that
14 they don't have to go through a lock in Peoria and
15 LaGrange, are they reducing their cost that they're
16 charging to the customer to charge to ship freight?

17 MR. LOSS: Rich, do you have a notion
18 on that?

19 RICH FROM THE ARMY CORPS OF ENGINEERS:
20 My sense of that probably is that it's not varying
21 with each operation of those winket gates because to
22 some extent it's unpredictable as to exactly when that
23 would happen and then when it would revert to the

1 other conditions.

2 However, I suspect that when rates are
3 set, it's with some longer term notion as to
4 percentage of time that winkets up or down would
5 prevail.

6 MR. WIEDMAN: Another question.

7 AUDIENCE MEMBER: I was looking at
8 this right here and I've heard throughout the meeting
9 some people refer to it as the Illinois River and
10 which it should be and I was wondering who and when
11 and why they changed it to the Illinois Waterway
12 System.

13 It's offending that you guys call it a
14 waterway because I see a river; maybe some of you see
15 a waterway. I was wondering do you know when it was
16 changed from Illinois River to the Illinois Waterway?

17 MR. LOSS: I'm gonna take a stab at
18 that. Angie will probably correct me again. Illinois
19 Waterway is language that Congress used back in the
20 1930s when they said the Corps of Engineers should
21 take over this stretch of river and operate the locks
22 and dams there. The late 30s is, I believe, when that
23 happened. And I believe the language that was used at

1 that time was they called it the Illinois Waterway as
2 a transportation system.

3 And when we get authorization is when
4 we get the language down, money down, it's called the
5 Illinois Waterway. Recognize, the natural river is
6 the Illinois River. It starts at Kankakee. There's,
7 you know, it's made up of the Des Plaines River.
8 There's a lot of water bodies, natural rivers, that
9 make up that Illinois Waterway.

10 So, hopefully, you don't take offense
11 at that. It's sort of a label that's used for that
12 navigation system. We recognize it's a river. It's
13 an environmental system.

14 AUDIENCE MEMBER: I just see a river.
15 And it seems like it's not talked about as a river but
16 a waterway system. And what is the best way to go
17 about changing it?

18 MR. LOSS: Rich says talk to your
19 congressman, which is an easy answer.

20 AUDIENCE MEMBER: That's fine.

21 MR. LOSS: Good observation.

22 MR. WIEDMAN: Another question? Let me
23 ask: How many of you want some time, some air time,

1 to make an actual statement and get it into the
2 record? It gives me an idea of how much time to
3 allocate to each person.

4 How many of you want to make a
5 statement or some observation? Well, it seems
6 appropriate to move into that section right now. And
7 by the numbers we have here, you each get five
8 minutes. And if somebody is up here, you may want to
9 facilitate things by standing and waiting your turn
10 over here. There's no sign-up, so whoever would like
11 to start first, come on up.

12 Let me encourage you to make sure the
13 Corps gets a copy of it because that's part of the
14 information. And while we have a court reporting of
15 it, it's also helpful to have a hard copy.
16 Statements.

17 AUDIENCE MEMBER: Good evening and
18 thank you for this opportunity. My name is John
19 Kendra, and I'm the President of Illinois River
20 Carriers Association. And that groups represents the
21 barge lines that operate on the river, also the
22 fleeting operators that pull the barges on the various
23 ports up and down the Illinois River.

1 We think that the eighth or the H
2 selection on this group of alternatives is what we
3 support because that provides two 1200-foot chamber
4 locks at LaGrange and Peoria; one at each location,
5 and would be the best for the Illinois constituents
6 that are the water shot of the Illinois River.

7 We think that this is actually a very
8 good start, this H proposal, but I think that it's
9 kind of short sided. I would like to see 1200-foot
10 chambers at Starved Rock all the way up to Lockport
11 Lock, which is just outside of Chicago. I don't know
12 why we stop here at Peoria and it doesn't go all the
13 way up.

14 I think that the Illinois River is a
15 very valuable asset to our country and that allows
16 both import and export to take place. And as a result
17 of that, it's an excellent opportunity for us here in
18 this room to benefit from it.

19 And our economy has grown. And if you
20 look around and say we want to shut down the river,
21 that may be more extreme, but we don't want to improve
22 the river or make any modernizations, we can't grow;
23 we're not going to meet consumer needs that are out

1 there. And as a result we're going to get stagnant in
2 our personal wealth as an individual and as a country
3 will not grow, and I think that, as a country, our
4 economy will decrease.

5 So my statement is that we are in
6 support of proposition H, alternative H, and that is a
7 good start. Thank you.

8 MR. WIEDMAN: Thank you.

9 AUDIENCE MEMBER: Good evening. My
10 name is Luke Moore, and I'm representing Western
11 Kentucky Navigation, a barge line located in Paducah,
12 Kentucky. I drove up from Kentucky to be with you
13 folks here tonight. This will be the one meeting that
14 my company will go to because of the cost and expense
15 of time coming up as far as Peoria. I want to thank
16 you for this opportunity to speak to you all tonight.

17 What I want to say is as an operator on
18 the Illinois River, our company operates 16 towing
19 vessels on the Illinois. We employ approximately 260
20 people, many of which are residents here in Illinois.
21 I, myself, am a Beardstown resident now transplanted
22 down south, to you all up here, way down south.

23 What I wanted to say is as operator of

1 a barge line, I'm committed to my customer. My
2 biggest customer on the Illinois is the farmers of
3 Illinois. My company carries primarily chemicals. A
4 lots of these chemicals are used in the manufacture of
5 fertilizer for the farmers of Illinois to produce
6 more, taller, stronger crops. We also transport those
7 finished products south.

8 It's very important that we keep our
9 costs as efficient as possible. My company, on a
10 daily basis, questions our efficiency and how we can
11 best serve our customers, the farmers, so we can help
12 them meet their bottom line because if I don't do it
13 cheap enough, somebody else will. If my barge line
14 doesn't move it, they go to a truck or train. There's
15 a lot of competition in the barge line business.

16 I also want to tell you my company has
17 taken such severe steps as recently as last year, we
18 have taken personnel from our boats to keep our costs
19 down. This was against my better judgment. I did not
20 want to do it. I fought it for ten years but I lost
21 this argument because our costs continue to escalate,
22 yet the Illinois River does not support the extra work
23 which we provide for our customers.

1 I want to say in the quest for
2 efficiency, we looked at our fuel consumption, fuel
3 monitoring equipment for our engines to be more
4 actually conservative. We're also training our
5 employees more than ever. But it's that important to
6 me that we provide the state of Illinois and our
7 customers in the state of Illinois a safe and
8 efficient operation.

9 I also want to say that we have been
10 working with the Corps of Engineers this past year in
11 looking at the efficiency. Rich, from the Corps of
12 Engineers, and I have co-teamed an action team early
13 this year where we gather mariners and lockmen alike
14 to talk about how can we best get to the locks.

15 I brought a copy of this report and I'd
16 like to give this to Gary so he can see the evidence
17 to what Rick and I have done plus about 100 other
18 people to see what we can do to make this a better,
19 efficient system.

20 This report shows again and again at
21 this meeting there's only so much we can do with a
22 600-foot chamber. We get to the locks and we wait and
23 wait and wait. This is killing us. It's killing our

1 costs. I can't take any more people off. I can't
2 squeeze any more fuel of my boats. I'm at the bottom
3 line. I'm asking not just the citizens of Illinois,
4 we're asking everyone to reinvest in our business.
5 Let me give this to Gary.

6 MR. WIEDMAN: Thank you. Other
7 comments or thoughts that you have as a result of this
8 evening and what you've heard or seen or prepared
9 statements? It's an opportunity. We want to make
10 sure we hear from everyone that wants to get it in the
11 record.

12 AUDIENCE MEMBER: I'm a farmer from
13 southern Illinois and we farm right outside the city
14 of Belleville across from St. Louis. I am a member of
15 the Illinois Corn Growers Association Board of
16 Directors. I will say that the Illinois Corn Growers
17 supports alternative H as the most efficient
18 alternative that we've seen.

19 I want to share a couple things with
20 you. I did some math on this subsidy issue because it
21 keeps coming up all the time, subsidizing the barges.
22 We don't subsidize rails or trucks.

23 On the operation and maintenance budget

1 it costs the American family 42 cents a year. That's
2 \$1.68 for a family. And if we look at \$1.6 billion to
3 improve these things divided over 15 years, that's an
4 additional 39 cents a year per family. I think we can
5 afford that.

6 The benefits from that are untold and
7 they surge throughout the economy. But the fact of
8 the matter is that I have two teenagers and my family
9 goes through about 1500 gallons of gas a year for the
10 farming and family. Because of the river system, that
11 means I make \$150 a year. That well offsets that
12 \$2.50 that I put in to subsidize the river system.

13 Today we're in a global economy. We
14 have to continue to move forward. We have to compete.
15 I was in South America about a year ago in December
16 and I seen firsthand the improvements those folks are
17 making down there. If we don't keep up -- and I know
18 I have faith in the Corps that we can do this in an
19 environmentally sound method -- if we don't keep up,
20 they're going to put a good portion of our aggregate
21 economy out of business.

22 Agriculture supports about 18 to 20
23 percent of our economy in this nation. Jobs, Case,

1 I-H, due to the slump in the ag economy laid off
2 workers. John Deere -- Caterpillar right here in
3 Peoria is laying everybody off for the month of July
4 -- was that right? No? That was a rumor. But you
5 look at about 5,000 people laid off for an
6 indeterminate period of time and multiply that by
7 salaries and look at the money that did not go back
8 into the economy just because of a downturn in the
9 economy.

10 Sedimentation is not necessarily a
11 navigation issue. The sediment that's in the river
12 system today was put there, and there is no doubt
13 about it, by farming practices, construction, cities,
14 and things like that, over the past couple centuries.
15 But that is over with and the changes being made in
16 today's farming practices that have not completely
17 stopped erosion -- because I don't think you can stop
18 it -- but let's say it slowed it down to the point
19 where it's not near the issue that it used to be --
20 and we make improvements. We continue to invest our
21 check off dollars that they charge me when I sell my
22 grain and other dollars into research.

23 Paul, I have to take issue on the

1 Chicago Board of Trade on the Illinois River. If that
2 river system isn't as efficient as it can get, what
3 happens is it stews the cash price on that river and
4 it's not a matter of bushels -- it's a matter of price
5 -- that you get on the river. And that will
6 definitely impact the entire economy.

7 The other thing is that, you know, I'm
8 a conservationist at heart. I believe in it but I'm
9 wondering if we shouldn't find some way for the EMP
10 money to be matched with the private dollars like we
11 do for the trust funds for the navigation
12 improvements. Thank you.

13 MR. WIEDMAN: Next.

14 AUDIENCE MEMBER: My name is Bill. I
15 work in government affairs for the Grain and Feed
16 Association of Illinois. That's the country
17 elevators, all the elevators that in the state.

18 I have two or three comments I'd like
19 to make. Number one, of course, we support
20 alternative H that was laid out in the alternatives.
21 I, too, believe that it's significant that the Chicago
22 Board of Trade ship at their delivery points from
23 Chicago and Toledo to the Illinois River. And I

1 realize there's lot that can be said about that. We
2 believe that is significant.

3 Also, a recent study showed the demands
4 for barges remains constant even though there are
5 majors changes in barge rates. This low elasticity is
6 a major benefit to the nation and that barge
7 transportation is recognized as the most
8 environmentally friendly, economic, safest means of
9 moving bulk commodities.

10 The fuel tax that's paid by commercial
11 navigation is to be used for improvements on the
12 nation's waterway system. It is our understanding
13 that part of the money in the trust fund has come from
14 the Upper Mississippi River Region which has only
15 received 15 percent of the money for improvements.
16 Realizing we're Illinois folk here tonight, but
17 historically for every dollar invested in the inland
18 waterway system, the nation has received a \$6 benefit.

19 And finally, you know as well as I, I
20 believe, that navigation, flood protection,
21 environmental restoration, water supply and other
22 civil war programs serve the country in countless
23 ways, providing benefits far beyond actual cost to the

1 taxpayer. These programs deserve funding that meets
2 the nation's growing water resource needs. Thank you.

3 MR. WIEDMAN: Thank you, Bill.

4 AUDIENCE MEMBER: I am with MARK
5 2000. It's group of 200 people who have an interest
6 in the future of our economy and nation in 24
7 different states.

8 I'd like to, first of all, say that
9 MARK 2000 members endorse alternate H which are 1200-
10 foot locks 20 through 25 at Peoria and LaGrange;
11 1200-foot guide walls at 14 through 18. And we would
12 not be opposed to any more buoys if it will help with
13 erosion on the -- somebody help me -- on the edge of
14 the river, riverbanks.

15 MARK 2000 would hope that the Corps of
16 Engineers would look more carefully at some of the
17 economics that they've come up with, the annual
18 benefits in particular, and focus in on the Illinois
19 River, the latest elasticities, which we believe to be
20 out of literature that is out there and also with the
21 real world aspects.

22 We would also like them to look very
23 closely at the Chicago Board of Trade issue because,

1 once again, that delivery system will make an impact
2 on what people get for their grain and how much they
3 can sell on the export market and it will make a
4 difference on how things are done.

5 And as one of my, one of the members
6 who is a farmer in Iowa has stated, you don't
7 understand; we're at war. We're at war for the world
8 markets, and if we don't get off our butt and do
9 something, South America is going to take us. And
10 without agricultural underpinnings in the midwest.
11 Everyone is going to suffer because, whether you
12 believe it or not, each and everyone of you has some
13 dollars in your pockets because of agriculture. And
14 everybody in the Midwest does.

15 Also want to have people think about a
16 couple things environmentally. When you consider that
17 our economy will continue to grow -- at least that's
18 the hope -- if there is more agriculture products or
19 other consumer products, how is it going to be moved?

20 Well there's three options. If we
21 don't improve our waterway system either it's not
22 going to move and we're all in trouble or it moves to
23 the rails or the trucks. The increase in air

1 pollution or noise pollution or quality of life will
2 be ever increasing and something that I don't think
3 any of us want to live with. Thank you.

4 MR. WIEDMAN: Other statements,
5 comments, questions?

6 AUDIENCE MEMBER: I represent the
7 Sierra Club Midwest Region, and we have yesterday
8 submitted to General Anderson -- he's the Commanding
9 Officer of the Mississippi Valley Division of the U.S.
10 Army Corps of Engineers -- and we are officially
11 requesting that the Corps of Engineers postpone the
12 August meeting of the Governor's Liaison Committee in
13 light of the fact that the NED plans fail to include
14 the system environmental effects.

15 We're requesting also that
16 decision-making process and the timetable that is
17 presented tonight shows the initial recommended NED
18 plan that is supposed to be forwarded to the division
19 at the end of December be postponed until such time as
20 the system environmental effects are able to be
21 presented to the public and the Governor's Liaison
22 Committee for the decision-making process and have
23 that process be in the light of day rather than

1 postponed.

2 We think that this process that is
3 going on without system environmental effects is a
4 travesty and that if this is truly a decision process
5 that's going to fully explore the length and breadth
6 of the environmental effects as well as the economy,
7 let's move into the political decision-making process
8 this fall. The potential of impact is considerable.

9 A number of groups this evening have
10 endorsed option H on the plan which shows a cost
11 benefits ratio of 1.04 percent to 1. And if we have
12 any kind environmental effects at all, that could
13 easily drop below 1 to 1, which would make it an
14 invalid NED plan.

15 We think this is a hard decision
16 process and that some delays are going to occur and
17 need to occur for this process that has those system
18 environmental costs included. Thank you. And that
19 letter went to General Anderson has gone to
20 headquarters in Washington, D.C., five governors of
21 the upper midwest states, Vice President Gore, and
22 also to the Mississippi River Congressional
23 Delegation.

1 MR. WIEDMAN: Can we have a copy?

2 Thank you.

3 AUDIENCE MEMBER: I'm Joyce. I'm
4 from Peoria Heart of Illinois Sierra Club. We would
5 like to say there is a great concern here that the
6 Illinois River is not being treated as an entire
7 living ecosystem. We haven't heard any real concerns
8 about people who make their living by fishing or
9 getting mussels.

10 We're talking about several aspects of
11 this river system that we'll see, if not a complete
12 failure, a much more limited opportunity with
13 increased barge traffic. And tonight it's obvious
14 that you're lacking many answers about the
15 environmental impact.

16 You don't know what the locks and other
17 things do as far as increasing siltation. We have
18 concerns also about the predictions for future river
19 traffic. Right now, Europeans are not buying many of
20 our products because of concerns of corn and other
21 things. Other countries don't have the money to buy
22 our products. There would be a dramatic change and
23 make these highly questionable.

1 We ask that the proceedings consider
2 the benefit of the river to those citizens who do not
3 want to see it as a barge canal and do not want to see
4 the loss of the value as a river of its own.

5 And we do contend the option H is not
6 appropriate.

7 MR. WIEDMAN: Thank you.

8 AUDIENCE MEMBER: My name is Jerry
9 Coperson. I'm speaking as an interested citizen and I
10 guess I should say that I appreciate the opportunity
11 to come here tonight and see the presentation and have
12 a chance to have some input.

13 It seems to me that, you know, an awful
14 lot of effort has gone into studying the question, and
15 it seems to be some pretty clear indications that
16 there are benefits from the construction from the kind
17 of improvements that you're talking about.

18 And the question for me is about how it
19 gets paid for. And it seems to me that these kinds of
20 major investments like this get paid for in one of two
21 ways. They either get paid for to some extent through
22 a taxing process or they get paid for by consumers in
23 a dynamic market. Eventually the cost gets passed on

1 to the consumer.

2 And I will just tell you that I would,
3 you know, I would much rather pay for these
4 improvements as consumer than as a taxpayer because,
5 as a consumer, I have a choice about what I buy. As a
6 taxpayer, I really don't have that choice. Thank you.

7 MR. WIEDMAN: Thank you very much.
8 We're trying to maximize the opportunity. Please take
9 advantage of it. While we have four other meetings
10 you may want to go to, you're here tonight.

11 AUDIENCE MEMBER: My name is Scott.
12 I have a question. The Army Corps of Engineers has
13 several structural alternatives to meeting the needs
14 of the barge traffic, and what I would like to know
15 were there any other alternatives that were
16 nonstructural to actually perhaps reduce the demands
17 of the barge traffic? And what I use as an example is
18 value added agriculture where agriculture products in
19 the region will be processed here and consumed here
20 and/or perhaps shipped out as a finished product,
21 reducing the need to ship all products out and
22 finished products in.

23 I just want to know if there were any

1 alternatives besides structural to meet these needs.

2 MR. LOSS: I'll try to answer that.

3 Basically we're trying to pass the traffic that comes
4 through the river based on the demand of that traffic.
5 Every farmer, every producer, every whoever it is that
6 wants to use the river, has to make the choice whether
7 they're going to process the grain or send it. It
8 isn't for the Corps to make these decisions.

9 We're trying to predict what is
10 happening. We've looked at nonstructural
11 alternatives. To particularly address your suggestion
12 there, let's process the grain instead of shipping it,
13 that's going to be up to the producer, the farmer,
14 grain elevator, to make those kinds of decisions.

15 Rich, do you want to add any more to
16 that?

17 RICH FROM THE ARMY CORPS OF ENGINEER:

18 No, sir.

19 AUDIENCE MEMBER: Bill Dietrich, Case
20 DMI. Regarding the Europeans and the bioengineered
21 crops, Europeans have no problem with Round Up ready
22 crops, with BT corn. And there's less than one
23 percent of the corn we're growing in 1999 that they

1 don't want and farmers are making arrangements to sell
2 them to local producers of meat, primarily hog farmers
3 in the Midwest. So the bioengineering is not hurting
4 the American farmer as far as exports are concerned.

5 Regarding the value added came up also
6 in our minute meetings, and the bottom line is high
7 oil corn. Customers around the world that are
8 currently buying standard number two corn. If they
9 want to switch to high oil corn, they're still going
10 to buy the same number of bushels. It's no different
11 than Caterpillar saying we need so many thousand tons
12 of steel to build earthmovers and crawlers. We're
13 going to buy a higher-priced product because we're
14 going to have a steel warehouse somehow do some work
15 on it.

16 So, using the local example, excuse me,
17 the high oil corn and these other value added products
18 are just the fact that our customer is buying a higher
19 value product per ton, but he's still going to end up
20 needing the product. And whether we process it
21 partially here and grind the high oil corn, the
22 tonnage is the same as if it's ground on the other
23 end.

1 I don't see anywhere in the agriculture
2 commodity area that you're going to save any tonnage
3 whether it's value added or the current number two
4 corn. It still has the same requirement for food
5 stuff or for livestock which is basically what the
6 farm commodity says.

7 AUDIENCE MEMBER: What I have to say
8 really is I figure I can't say that I'm opposed to the
9 1200-foot locks and everything. I don't think I know
10 enough information about the impacts of it. But I
11 know that the river needs maintenance just like the
12 locks need maintenance.

13 And everything as far as siltation and
14 everything, I've seen it all my life. Grew up on the
15 river; spent a lot of time on the Illinois River, a
16 lot of time on the Mississippi River. And the
17 siltation is directly connected to not necessarily the
18 improvements of the locks but the more barges, the
19 more traffic, the more need for bigger channels and
20 things like that.

21 So I'd like to see a better balance.
22 You know, if there's so much X amount of dollars spent
23 for improving the locks, then there should be X amount

1 of dollars spent for improving the river for the other
2 people not just associated with the barge industry or
3 corn industry or whatever.

4 And I think that's what I came here
5 really to say. Actually, I came here to talk about
6 that waterway deal. It's been bothering me for about
7 a month. It's driving me -- by the time I got here, I
8 was pretty mad but now that I got to say it, I feel
9 much better.

10 But I want to see a better balancing in
11 the whole system as far as -- I can't say that I'm
12 against the 1200-foot locks, but I don't know enough
13 information about it. But I just think that everybody
14 that uses the river has to maybe pay a little bit back
15 to it once in a while.

16 And thanks for the opportunity for
17 letting me come here. And I'll see you in Davenport
18 tomorrow.

19 MR. WIEDMAN: How about Bettendorf?

20 AUDIENCE MEMBER: This is Chad. He's
21 a citizen who, voluntarily over the last three years,
22 has been doing river cleaning operations on the
23 Illinois and Mississippi Rivers. He's spent lots of

1 his own money. He's been in the Illinois area raising
2 funds to support his efforts. He's gotten donations
3 from dozens and dozens of corporations and individual
4 citizens. I think we all owe Chad a round of
5 applause. Chad shows what citizenship really is.

6 (INAUDIBLE DUE TO APPLAUSE)

7 MR. WIEDMAN: Thanks.

8 AUDIENCE MEMBER: I'm a lifelong
9 resident of Peoria and also the Chair of the Heart of
10 Illinois Sierra Club this year. And I've also grown
11 up in Peoria and I've had the benefit of living in
12 river city for my whole life, and I enjoy this river
13 as a natural resource.

14 I've spent a lot of time enjoying this
15 natural resource and what I would hate to see is for
16 us to lose this natural resource. I don't think that
17 the Illinois River is a great big wet expressway. I
18 think there are a lot of us that are enjoying it that
19 are recreation users and a lot of people getting great
20 benefit from this river.

21 And although I have great concern about
22 the grain that is being moved on here and I do have an
23 interest in the economic use of the river, I see a

1 great big picture to this and that is just one aspect
2 of this natural resource that we have.

3 And what I would hate to see is I would
4 hate to see us improve the navigation of the river and
5 then uphilling it. I think we've seen in the
6 eastern-northeastern part of the U.S. where there's no
7 aquatic life. There is a damage that can happen here
8 to the other inhabitants besides the humans of this
9 ecosystem. We're on migrant areas here. We are on
10 reproductive areas here. And increased barge traffic
11 is going to have an impact on human and nonhuman
12 inhabitants. People that live next to the river are
13 not going to like the waves, the diesel fuel coming
14 in. There is a big impact other than just grain
15 movements.

16 We would be interested in seeing as
17 part of our questions, at least in my question anyway,
18 we are asking to see pollution figures across the
19 board on some of different ways of transportation.

20 But we don't feel there has been a
21 significant long-term broad prospective of the
22 ecological impacts, so we would be in favor of the
23 least intrusive alternatives that we were offered.

1 But we were not convinced that any of these
2 alternatives are in the best interest of the
3 ecological concerns of the area. Thank you.

4 MR. WIEDMAN: Thank you.

5 AUDIENCE MEMBER: I did not come
6 prepared to speak tonight. I was hoping other people
7 could come. I guess listening to this, a couple
8 thoughts, general thoughts, I felt the need to share.

9 One of the general setup is one of the
10 options was no action. And I guess my reaction was no
11 action is just not an option in my mind. For the
12 economy and agriculture, we've got to do something.

13 A system was put in place in the 30s
14 and 40s and to think the system is still going to be
15 adequate in 2050 doesn't seem realistic. We have to
16 move forward and improve the system. The farmers have
17 to have a market. We can't keep up if we lose these
18 markets.

19 MR. WIEDMAN: Thank you.

20 AUDIENCE MEMBER: I'm from Illinois
21 Ag Women. I think the assumption of so many people
22 here tonight was that the agriculture is the main
23 recipient of the benefits of our barge system.

1 However, I understand that coal is one of the main
2 users of our barge system, the coal that is brought in
3 to generate our electricity.

4 Now, our nuclear systems have a limited
5 life line. So if you want to pay more for your
6 electricity, let's forget about the barges. And the
7 many other things; the salt from the roads, for
8 insurance, comes on barges.

9 Another thing they talk about barges
10 increasing the turbidity in the water. If you do not
11 have to split those barges into two pieces to go
12 through the locks, then these barges will not be tying
13 up along the edge turning their propellers and all
14 that kind of stuff.

15 We will have much less damage to the
16 environment of our river if these 1200-foot locks are
17 in place. Thank you.

18 MR. WIEDMAN: Thank you.

19 Audience MEMBER: I'm Warren Taylor.
20 I'm with the Grain and Farmers of Central Illinois.
21 And the river system is very much necessary to move
22 the commodities up and down the river, my finished
23 products as well as raw materials. If we don't keep

1 our river system up as well as improving, we're going
2 to lose the markets that we do have.

3 I think it's very important that we
4 work hand in hand and do what we can to upgrade the
5 market but also keep the ecology system in good shape.

6 MR. WIEDMAN: Thank you.

7 AUDIENCE MEMBER: I guess I'm going
8 to have my say on agriculture now. I take a little
9 different perspective on this. Agriculture is
10 changing so fast I think it's almost impossible to be
11 predicting with any degree of accuracy where we're
12 going to be in the year 2015 after some of these
13 alternatives are actually going to be in place.

14 Okay. It's not hard for me to imagine
15 though that cash grain, the cash grain market, is
16 going to go the same direction as cash hogs. I think
17 agriculture will change that much. I looked at the
18 demographics of agriculture and realized that the
19 average farmer is 58 years old. Recruits are not com
20 ing. It's a lousy way to try to earn a living with
21 shifting commodity prices.

22 If you look at the value of the grain
23 we're shipping down the river, about half the value of

1 the grain is federally subsidized. That's not
2 counting the shipping costs that are subsidized. I
3 gotta wonder who we're doing this for.

4 I'm a farmer myself; grew up on the
5 farm. But I have a friend, I got a friend back home
6 who farms 4,000 acres today, and he said that he used
7 to believe that the big farmers were the guys that
8 farmed 15,000 acres. And now he finds out, no, it's
9 people like Monsanto.

10 So we throw this out that we're doing
11 it for the average farmer. I wonder who the average
12 farmer is going to be in 2015. I think there's gonna
13 be a tremendous shift in the way that grain is grown
14 for contract, and I think that I really have a very
15 difficult time imagining that we're going to out
16 compete Brazil anyway.

17 Imagine if I am a country like Japan
18 and I have to import my grain and I have the choice of
19 buying from two markets, the American market which is
20 totally mature, or an emerging market, South America.
21 So I want to make sure that the world is continually
22 flooded with grain. If the price is anywhere close, I
23 will buy from South America any time to make that

1 market mature. And that's the way it's gonna go until
2 Brazil is fully developed and Argentina is fully
3 developed.

4 I don't know whether it's true. I'm
5 not an economics expert. I don't have all the facts,
6 but my personal gut feeling is, in my head, I can't
7 see how -- and this is the problems I have with
8 statements -- that upgrading the navigation system is
9 going to be somehow a tremendous long-term boom to
10 agriculture. It's not going to be there. It's going
11 to be offset by the fact that the grain prices are
12 continually being driven down, lower cost production,
13 lower profit margins. That's the world we're facing.
14 Nobody has to like it but that's the way it is.

15 MR. WIEDMAN: Thank you.

16 AUDIENCE MEMBER: My name is Bill.
17 I'm a representative of the Sierra Club out of the
18 midwest office and I'd like to talk about a tale of
19 two waters. It was the best of times; it was the
20 worst of times.

21 The people in the Upper Mississippi
22 Rivers are told the South Americans are coming. And
23 low and behold the South Americans were told the grain

1 growers are coming.

2 Just one question here. Who do you
3 think is going to own the process and who does own the
4 process of preparing the rivers in South America for
5 grain shippers? Follow the money.

6 MR. WIEDMAN: Thank you. Are we
7 ready to stop, go home where it's cool?

8 We're here if anybody else has any more
9 statements or questions.

10 AUDIENCE MEMBER: Thank you for
11 giving us this opportunity to bring these issues up.
12 I know there is a lot of division and thoughts. Every
13 single one of us would have a slightly different
14 opinion but I really appreciate having the opportunity
15 to express this.

16 MR. WIEDMAN: Thank you. Okay.

17 If that's the case, I guess we're
18 closing down now. Again, if you have prepared papers,
19 you have any other questions that weren't answered,
20 leave them at the station on the way out. Please
21 don't forget your evaluation sheets. Thank you very
22 much for participating.

23

1 STATE OF ILLINOIS)
2) SS
3 COUNTY OF MACON)
4

5 I, Tammy J. Greenfield, a Certified
6 Shorthand Reporter of the State of Illinois, do hereby
7 certify that I reported in shorthand the proceedings
8 had at the meeting aforesaid, and that the foregoing
9 is a true, complete and correct transcript of the
10 proceedings of said meeting as appears from my
11 stenographic notes so taken and transcribed under my
12 personal direction.

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