

NEWS FROM THE DOCKS



Louisiana Ports Deliver

ASSOCIATION OF LOUISIANA

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Message from the PAL Office

For weeks we took a deep breath and were afraid to exhale as the Mississippi River continued to rise. We watched the Corps of Engineers open the Bonne Carre Spillway and, for the first time since 1973, they opened the Morganza Spillway. Water was diverted into Lake Pontchartrain and into the Atchafalaya Basin in an effort to keep Baton Rouge and New Orleans safe. Everyone was concerned about areas of the Basin, especially Morgan City. Amazingly, everything worked exactly as intended. Finally crests were met and the water has started to drop. Yesterday, for the first time since May 8th, the level at Baton Rouge fell below 40 feet. All of this has occurred without the catastrophic flooding that had been predicted.

Why? It seems likely that a combination of fortunate events contributed...including a high absorption rate due to drought conditions, waters approaching more slowly than anticipated, winds from favorable directions and a tremendous flood fight led by the Corps of Engineers with the help of many local, state and federal agencies. I think everyone will agree that, for the most part, we dodged the bullet! I am sure there are some who did not fare so well but this could have been a whole lot worse!

During this entire period navigation was impacted minimally. From time to time reaches of the Mississippi River were closed to barge traffic but were reopened as soon as it was determined safe. Again, a lucky happenstance!

In other PAL news, we are nearing completion of an updated edition of Profiles of Louisiana Ports. Hopefully it will be available in the next six weeks.

PAL is also considering a revision of the study by Dr. Tim Ryan on the economic impacts of Louisiana ports. We are negotiating with economists in the academic community to accomplish this task.

Legislative Update

The following information reflects bills that PAL is following during the session.

HB 1: The General Appropriations bill is being considered by the Senate Finance Committee, where all budget agencies must testify and justify their budgets. The bill will likely be reported to the Senate early next week. The last date for final passage is 6 pm June 20th. After that a 2/3 vote to suspend the rules is required for consideration. The session will end at 6 pm June 23rd, and the final 3 days are utilized for conference reports on bills, (when, as traditional stories go, many "snakes" hidden in conference reports on bills roam the halls of the capital). There continue to be substantial differences between the House, Senate and Governor Jindal's administration on the size and use of non-reoccurring revenue and the distribution of appropriations.

HB 2: The Capital Outlay bill was passed by the House and is scheduled for hearings in the Senate Revenue and Fiscal Affairs committee on Monday, June 13th. The bill continues to have a \$19.7 million appropriation for the Port Construction and Development Priority Program. As note above, the committee will have to report the bill to the Senate for final passage by 6 pm June 20th.

SB 159: This bill by Senator Appel extends the Port Investor Tax Credit sunset provision by 2

years to 2017 to compensate for the nearly 18 months delay in promulgating program rules and regulations. The bill passed the Senate 35 to 0, and was reported favorably by the House Ways and Means Committee. It is scheduled for House floor debate on June 14th.

SB 257: This bill by Senator Crowe, which would remove the net revenue provisions (requiring at least \$5 tax revenue return to the state for each \$5 of tax credits for the import/export tax credits) and legislative oversight requirements for the ports infrastructure and import/export tax credits was considered by the Senate Revenue and Fiscal Affairs committee on May 28th but received strong opposition from the members. The Import/Export tax credits rules have not been written by La. Economic Development because it determined that the state would receive \$4.76 return for each \$5 of tax credit. Dr. Jim Richardson working for the Port of New Orleans found a \$5.20 return for each \$5 of tax credits. The bill was rescheduled by Senator Crowe for consideration on Monday, June 6th, with a possibility of offering amendments to satisfy the opposition. However Senator Crowe decided to again defer the bill, and instead, is relying on the ongoing efforts by the Port of New Orleans and PAL to convince the LED and Secretary Moret to accept Dr. Richardson's analysis.

HB 453: This bill by Rep. Walt Leger authorizes ports to use the Design Build process for "production related construction projects" passed the House 85 to 2 and was considered by the Senate Transportation Committee on June 9th. Rep. Leger was well versed in his presentation before the committee. Eric England, President of PAL, Don Brinkman of Port of Lake Charles, Matt Greshman of the Port of New Orleans, and Joe Accardo, PAL's Executive Director, testified. The bill was opposed by the La. Council of Engineers. The bill was supported by committee members, Senators Adley and Shaw, but was opposed by Chairman Joe McPherson, Senators Erdey, Heitmeier, and Mount. The bill was deferred by a 3 to 2 vote with Chairman McPherson not voting. The opposition from the engineers was centered on allegations that the bill was too broadly written, and was not needed by ports to compete. The opposing Senators continued to focus on their poor experiences with the DOTD design build highway projects, and the fear that

there would not be sufficient supervision, as well as the opposition from engineers who argued that they would lose jobs to larger, out-of-state firms.

DOTD Update

Mr. Dennis A. Decker was hired in March of 2011 as the DOTD Assistant Secretary Office of Multimodal Planning.



He is responsible for leading approximately 90 professionals engaged in a wide range of activities including but not limited to: statewide and metropolitan planning; airport, highway, port, and transit project programming and program management; highway safety policy and program development; airport safety inspections; air quality conformity analysis, cartography; monitoring and coordinating navigation projects and freight rail activity, bridge and pavement management systems, public road inventory and traffic monitoring programs, corridor studies; and development of conceptual designs, scopes and budgets for selected projects.

Prior to joining LA DOTD he retired from the Federal Highway Administration in March 2011 after over 31 years of service. His last assignment with FHWA was Team Leader of FHWA's National Review Team from June 2009 until March 2011, where he was responsible for ensuring accountability and transparency of fund expenditures relative to the American Recovery and Reinvestment Act of 2009 (ARRA). Prior to this assignment, he served as the Division Administrator in FHWA's Ohio Division from April 2003 until June 2009 and Assistant Division Administrator in the West Virginia Division from November 1998 until April 2003.

Dennis joined the Federal Highway Administration in 1979 as a Highway Engineer Trainee and has since held a variety of positions in Division, Region and Headquarters Offices of FHWA. Prior to West Virginia, he served as the Director of Engineering in FHWA's Region 5 (Midwest) from 1994 to 1998; he was the District Engineer in the Louisiana Division from 1989 to 1994 and was a Program Manager in the Office of Operations in Headquarters from 1987 to 1989.

He has been recognized with a number of performance and special act awards and has received the USDOT Secretary's Team Award(2011), 2 Administrator's Superior Achievement Awards (1989 and 2000), the FHWA Innovation Award, the FHWA Strive For Excellence Award and AASHTO Trailblazer Award.

Dennis obtained a Bachelor's Degree in Civil Engineering from Georgia Institute of Technology in 1979. Dennis and his wife Cindy have 4 daughters and live in Baton Rouge, LA.

Corporate Member News

Port of Shreveport-Bossier

Shreveport Port Could See Growth
American Press – June 28

With 2,500 acres of property, the Port of Shreveport-Bossier has ample space to continue industrial development for the next decade but not beyond that. And that has Bossier Parish officials wondering if the port would consider looking across the river in Bossier Parish for future space.

"I think the answer is yes," said Robert Vinet, a representative of Burk-Kleinpeter Inc., who is working with the port on a study that will identify available property for future development.

The study is part of a larger master plan project and will evaluate property throughout both parishes. The port owns some property in Bossier Parish, which is geographically on the same side as the port as a result of the river changing course.

"We are not necessarily focused on adjacent property," said Eric England, executive port director. He said the port is looking to find property that will keep with their mission of economic development.

The area south of Red River Marina would be a "perfect fit," Bossier Parish Administrator Bill Altimus said.

The area has already experienced some industrial development and is near an American Electric Power substation that could provide plenty of power to future development, he said.

Mayor Lorenz "Lo" Walker, who previously served as the president of the Port Commission, said he also has envisioned that as the port ran out of space on its main campus, a feasible option could be to look across the river.

He said there wasn't one specific spot he had in mind, but he thought the general area directly across from the port might interest them.

The possibility of the I-69 corridor going through the area is another feature that could attract the port to the Bossier Parish side of the river, said Mac Plummer, the District 12 police juror who serves part of the area directly across from the port.

The preferred I-69 corridor, as it exists today, would go through the port across the Red River and U.S. Highway 71 to connect with I-20.

Port of Lake Providence

Lake Providence is Last Western Bank Port Open

By Greg Hilburn - ghilburn@thenewsstar.com

Lake Providence is the only port on the western bank of the Mississippi River from Helena, Ark., to Baton Rouge that remains operational as the crest begins to roll downhill into Louisiana.

"We built this port to the 10-year floodplain elevations," said Lake Providence port director Wyly Gilfoil. "We're still operating, but in a diminished capacity and at a higher cost."

But Gilfoil is concerned that the port may have capacity problems as the wheat harvest begins. Lake Providence is a major artery for exporting northeastern Louisiana crops.

"I'm not sure how many empties (barges) were delivered before the peak flood," he said.

Johnny Martin of Terral River Service said his company continues to deliver fertilizer from the Lake Providence Port, but the company's operations at the Madison Parish, Pine Bluff, Ark., and Greenville, Miss., ports are shut down.

"We're doing some direct transfers of fertilizer from barge to trucks at Lake Providence, but it's limited," Martin said.

Madison Parish Port director Clyde Thompson said the river flooded his port last week.

It has been just over a year since a tornado ripped through the Madison Parish Port on April 24, 2010, causing major damage to the port.

"I've been here for 21 years and there's never been anything that could touch what has happened to us during the past year," Thompson said. "It's crazy."

Thompson said Terral, Helena Chemical and Bunge are flooded on the unprotected side of the levee, but Complex Chemical, which was almost destroyed by last year's tornado, is located on the protected side of the levee and operational.

"We've moved all the stuff we could to the old Avondale plant on the protected side of the levee," Thompson said. "We'll just have to wait to assess the damage when the water goes down."

Port of New Orleans

Port Receives New Container Gantry Cranes Larger Cranes To Boost Efficiencies At Napoleon Avenue Container Terminal

The Port of New Orleans received two new container gantry cranes today to be installed at the Napoleon Avenue Container Terminal. The cranes completed their 53-day, 15,700-mile journey from South Korea just before noon aboard the M/V Tai An Kou. Korea Logistics Co. Ltd. was in charge of shipping the massive structures.



"This vital investment in our container operations will position the Port of New Orleans as one of the most productive and efficient container ports in the Gulf of Mexico and South Atlantic region," said Port President and CEO Gary LaGrange.

The new cranes have a 65-long-ton lift capacity, 110-foot lift height and a 167-foot outreach, making the cranes the largest in the Port's history. The cranes have the ability to reach containers stacked 18 columns across the width of a ship. The current cranes' capacity is 15 containers wide.

"These cranes will be faster and more efficient and allow the Port to work larger ships and produce quicker turnaround times for our customers," LaGrange said. "Our investment in these cranes will give the Port of New Orleans an edge in a highly competitive environment," said John Fay, chairman of the Board of Commissioners of the Port.

Doosan Heavy Industries & Construction Co. Ltd., based in Seoul, South Korea, built the state-of-the-art cranes at a cost of \$26.5 million. Total cost of the project, including installation, is \$29.5 million, of which \$24.6 million was provided by the Louisiana Legislature during its 2008 Extraordinary Session. The Port provided the remainder of the cost from its capital budget. The crane project will fuel recent surges in container volumes at the Port of New Orleans, LaGrange said. In 2010, the Port moved 427,518 twenty-foot-equivalent units, or TEUs, which is the standard unit measure within a container terminal. And 2011 figures indicate the Port will surpass 2010's figures.

Construction is ongoing to expand the terminal's 594,000-TEU capacity. The \$7.1 million Napoleon Ave. Stage "C" expansion will add acreage to the marshalling yard and create

additional efficiencies in container handling when complete this fall. The new gantry cranes will bring the Port's investment into Phase 2 of the Napoleon Avenue Container Terminal to about \$100 million of the \$250 million project.

Cargo Business News



U.S. infrastructure needs \$2 trillion

The United States will need to invest \$2 trillion in the coming years to upgrade roads, bridges and other related infrastructure necessities in a country that is falling behind the rest of the world with its crumbling transportation system, according to a study conducted by the Urban Land Institute.

The study said the U.S. is behind three emerging countries — Brazil, China and India.

The federal gas tax will need to be increased; tolls will become used more on interstate highways; water bills will rise to pay for pipe and sewer improvements; property and sales taxes will rise; and the private sector will need to play a bigger investment role in infrastructure improvement, according to the study.

Conversely, China is engaged in a \$1 trillion infrastructure plan scheduled for completing within five years. India has almost completed a \$500 billion transportation infrastructure investment, which the country plans to double by 2017. Brazil has plans to invest \$900 billion into energy and transportation projects by 2014.

For the full Washington Post report on the study: www.washingtonpost.com

Legal News



NEW OSHA REGS FOR SHIPYARDS 29 CFR Part 1915 Subpart F

Under the Occupational Safety and Health Act of 1970, employers are statutorily responsible for providing safe workplaces for their employees. The Department of Labor's Occupational Safety and Health Administration's (OSHA), stated role is to ensure these conditions for America's working men and women by setting and enforcing standards, and providing training, education and assistance to employers and employees.

On May 2, 2011 OSHA released a new standard addressing the general working conditions in shipyard employment. The standard revises and consolidates, into a single subpart, existing requirements to reflect advances in industry practices and technology. In addition, this standard provides protection from hazards not addressed by existing shipyard standards, such as motor vehicle safety and the control of hazardous energy.

In 1988, the Shipyards Employment Standard Advisory Committee (SESAC) was established to provide OSHA technical expertise and guidance to OSHA about revising shipyard employment standards. SESAC finalized its recommendations for revisions to 29 CFR 1915, subpart F, in 1993. Those revisions were submitted and approved by the Maritime Advisory Committee on Occupational Safety and Health, in 1995. OSHA published the proposed rule in December 2007, and held public hearings in September and October, 2008 with the public comment period closing February, 2009. According to Dr. David Michaels, Assistant Secretary of Labor for OSHA, "this final rule is the result of collaboration between OSHA and the maritime industry. Shipyard work is dangerous and we believe we have crafted a rule that protects workers while balancing employer's concerns regarding implementation." The new rule is

expected to prevent about 350 serious injuries each year.

Fourteen workplace safety and health categories are addressed in the final rule which updates the shipyard employment standards that had largely gone unchanged since OSHA adopted them in 1972. Such updates included establishing minimal lighting for certain work areas, accounting for employees at the end of job tasks or work shifts and working alone, and adding uniform criteria to ensure shipyard standards have an adequate number of appropriately trained first aid providers. The rule also updates sanitation requirements and provides comprehensive lockout/tags-plus rules. According to data from the Labor Department's Bureau of Labor Statistics Census of Fatal Occupational Injuries, transportation incidents account for nearly twenty percent of all shipyard fatalities. The new rule provision is intended to significantly reduce such incidents in part by requiring the use of seat belts when operating motor vehicles in a shipyard. Other options include dedicated travel lanes, speed limits, crosswalks, street signs, and no-drive times.

The rule becomes effective and enforceable on August 1, 2011. It will be applicable to all shipyard employment at landside facilities. The new standard comprehensively addresses those key hazards relating to general working conditions in shipyards, including the following causes of worker death and injury: slips, trips, and falls; electrocution, and motor vehicle safety. The standard also includes guidance on training and maintenance for those employers currently using automatic external defibrillators in shipyard employment, even though the standard does not require employers to provide AED's. Several provisions were modified from the proposed rule based on comments and testimony provided by shipyards employers, unions and other stake holders.

For example, employees are permitted to use portable lights in dark spaces, not just hand held portable lights. Employers may rely on offsite emergency medical services in lieu of onsite first aid responders when the offsite service is able to reach to work site within five minutes. Lockout/tags – plus will be applied across all servicing operations in shipyard employment including fish processing plants onboard fishing vessels. The rule also includes provisions for

incident investigations, including a requirement that an investigation be initiated within twenty-four hours of each incident that resulted, or could have resulted, in the energization (startup) or release of hazard energy during servicing operations. Hazardous energy was defined to ensure that employers understand that control of hazardous energy applies to any source or type of energy, including mechanical (for example, power transmission apparatus, counterbalances, springs, pressure and gravity), pneumatic, hydraulic, electrical, chemical and thermal that could cause injury to an employee. Hazardous substances were defined as substances that may cause injury, illness, or disease or otherwise harm the employee by reason of being flammable, poisonous, corrosive, oxidizing, irritating or otherwise harmful.

Dr. Michaels, stating that these are new areas of coverage for shipyard workers, noted that OSHA received input from the American Shipbuilding Association, the Shipbuilders Council of America, the United Steel Workers and the United Brotherhood of Carpenters and Joiners. As he said, "we listened to what they told us. And in the end, we have a better, stronger and more practical standard as a result." He also emphasized that it is a performance base standard, one that allows employers options and flexibility to meet the goals.

The final rule, including the preamble discussion and the regulatory text, was published on May 2, 2011, in the Federal Register, and can be found at: http://www.osha.gov/FedReg_osha_pdf/FED20110502.pdf*

In addition, a document containing only the regulatory text is available at: http://www.osha.gov/dts/maritime/standards/general_working_final_reg_textonly.pdf*

To educate employers and employees regarding the new rule, OSHA updated a designated Web page, http://www.osha.gov/dts/maritime/standards/general_working_conditions.html, to include answers to frequently asked questions regarding the final rule. The rule itself also is available at that page.



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Big River Coalition

The navigation channel on the Lower Mississippi River has been neglected during the record stage levels that have impacted much of the Mississippi River Basin. The channel in Southwest Pass at the Head of Passes is reduced to a width of just 200 feet and draft and/or one-way transit restrictions continue to threaten the shipping channel. During this 100-year flood event, the Corps has expertly managed the water levels along the Lower Mississippi River by maintaining the overall integrity of the levees by controlling the flow via use of the Morganza and Bonnet Carre' Spillways. The Corps' actions along the entire Mississippi River have protected lives and property, while keeping the 250 miles of the United States' largest port area from Baton Rouge and New Orleans to the Gulf of Mexico open for international commerce.

Shippers, pilots and other maritime interests that depend on the Mississippi River to keep cargo and commerce flowing are very concerned that the Corps does not have adequate resources on hand to fight the next phase of the high water event—the battle to control the silt that has settled out of the water column in Southwest Pass, the New Orleans Harbor and on the deep-draft Crossings. As the stage levels drop, the sediment that has been accumulating in the navigation channel will obstruct the world's most productive transportation network. The sediment that has been masked by the historical water flows has begun to strangle the shipping channel.

Approximately 60 million cubic yards of sediment (enough to fill the Superdome 13 times) will need to be removed from the shipping channel after this record-breaking river (compared to 36 million cubic yards in a typical year). The Corps' New Orleans District (NOD) presently has inadequate funding to address this

record amount of sediment. Estimates are that the NOD has about \$15 million left to fund dredging from Baton Rouge to the end of Southwest Pass this fiscal year and has been forced to manage dredging as if no additional funding will be received by September 30, 2011. On average the NOD needs \$105 million annually to maintain the navigation channel. The best estimate of the funding shortfall based on the estimated cubic yards of sediment that needs to be removed is \$95 million. The emergency funding would restore and maintain this critical artery of trade at pre-disaster levels and allow vessel traffic to flow unimpeded.

Approximately 400 million tons of international cargoes move through Lower Mississippi River ports annually. The cargo value is estimated to be \$114 billion. The supply chain of waterborne traffic via this superhighway is central to the economy of 40% of the U.S., cargoes of particular importance are agriculture products, energy and manufacturing goods.

- Two-thirds of U.S. grain exports are transported to world markets via the Mississippi River.
- Refineries along the Mississippi River depend on unimpeded navigational access to receive petroleum shipments.
- The river is also a critically important channel for transporting increasing coal exports.
- Imports via the Mississippi include raw materials for manufacturing, such as steel, rubber, copper, aluminum, and lumber-- to reach the U.S. industrial heartland.
- If the maximum draft of the Lower Mississippi River channel is reduced to 40 feet or less, as feared, it will negatively impact coastwise petroleum movements critical to the feed stock and refining process in other Gulf States.

The recovering U.S. economy has started to finally generate optimism with investors and shippers. The country cannot afford to have a crucial piece of our transportation infrastructure handicapped. The NOD acknowledges that for every \$1 spent to maintain the Lower Mississippi River there is a \$35 return to the U.S. economy.

If additional funds are not received over the next two weeks, ships will have to be loaded light to get in and out of the river. This reduces the volume of products that can be exported from the U.S. when in 2010 President Obama set a goal of doubling exports by 2014. The U.S. must be able to position itself as a world leader via trade and will need to maintain fully authorized channel dimensions on all waterways, but surely the Mississippi River must be identified as a top priority.

The threat of the severe transits restrictions looms and the first response could see the loss of up to five feet of draft from 45 feet to 40 feet or less as the stage level drops and the tidal influences ebb out. The present situation is most critical in Southwest Pass where additional funding and hopper dredges are needed now, but the New Orleans Harbor and the Crossings will be in the same grossly deficient state once the stage levels drop below 12 feet or so on the Carrollton Gauge.

The NOD's only hope of maintaining the channel is to promptly receive additional funds and to respond with additional hopper dredges. Unless this occurs soon, the entrance to this economic superhighway will be choked off by the mud carried downriver during this historic flooding event. The time to act has almost run out. The Big River Coalition wants the Corps, Congress and all trading partners to know that failure to respond now will have severe economic impacts and will drive up all costs by unprecedented amounts.

Solution: Congress should pass an emergency supplemental bill to address a number of natural disasters, including the high water fight along the Mississippi River. That emergency supplemental appropriation should include \$95 million to maintain and restore the Mississippi River to its fully authorized channel dimensions of 750 feet wide by 45 feet deep.

The O&M Budget for the Lower Mississippi River for FY 2012 should also take into account that the annual budget needs to be set to at least \$105 million as shown by the average needs of the last five years. Congress already has a funding source to manage the additional needs, namely the full use of the Harbor Maintenance Tax and the estimated annual shortchanging of the navigation industry of approximately \$800 million, as demonstrated by the documented

surplus of more than \$6 billion in the Harbor Maintenance Trust Fund.

Schreiber International Trade, LLC

CARBO CERAMICS ANNOUNCES \$17 MILLION INVESTMENT IN NEW IBERIA

On May 31 Gov. Bobby Jindal and CARBO Ceramics Inc. CEO Gary Kolstad announced CARBO will invest \$17 million in an expansion of its Airport Industrial Park facility in New Iberia, creating 40 new jobs and retaining 75 existing jobs. The new jobs at CARBO's facility will average about \$50,000 a year, plus benefits, and the company plans to complete hiring and a renovation of its facilities in the fourth quarter of this year. CARBO is adding a second production line to an Iberia Parish facility that has been in operation since 1978. CARBO manufactures proppant used by oil production companies to boost the output of oil and gas wells. (Summarized from a May 31, 2011 *Louisiana Economic Development Update*)

MARK YOUR CALENDARS

July 7, 2011 PAL Monthly Meeting, 10 AM, Best Western Richmond Suites, Baton Rouge, LA

August 4, 2011 PAL Monthly Meeting, 10 AM, Best Western Richmond Suites, Baton Rouge, LA

