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**LMR Navigation Critical Situation – USACE Dredging Plan for 2011-Your Help Needed**

The New Orleans District of the U.S. Army Corp of Engineers (USACE) has announced that they are under instructions from their USACE leadership to change their operating procedures for Fiscal Year 2011 beginning October 1, 2010. These new procedures have a great potential to adversely affect the navigation of the Lower Mississippi River (LMR) resulting in operational restrictions placed on vessels.

**Background Information:**

- The average annual LMR Operating and Maintenance (O&M) budget for the New Orleans District has been \$53M.
- Funds required for an “Average River Year” are \$85 Million (includes dredging at Southwest Pass, New Orleans Harbor, Crossings between Baton Rouge and New Orleans & Head of Passes Disposal Area; does not include infrastructure maintenance or South Pass dredging).
- This fiscal year’s (FY2011) President’s Budget for the New Orleans District is \$63 Million (\$10M more than average annual budget; but still \$22M short of the average annual expenditures actually needed to maintain the LMR navigation project authorized depth and width.)

**Historical Operations:** In past years the LMR Operations Manager (Michelle Ulm) for the New Orleans District has obligated dredging funds as needed to keep the Lower Mississippi River operating draft at the authorized project depth of 45’. When the budgeted amount of \$53M ran out; the USACE either:

- (1) Reprogrammed funds from other projects; or
- (2) Congress was asked for emergency supplemental funding.

Monies from either of those two sources were then utilized to maintain the channel at the authorized project depth of 45’ through the end of that fiscal year.

**New Operating Procedures For FY 2011:**

The Commander of the Mississippi River Valley Division, Major General Michael J. Walsh has declared that the Operations Manager for the New Orleans District will “manage the project within the allotted funds throughout the fiscal year”. This means that:

- (1) The budgeted amount of \$63M must be spent evenly over the 4 quarters of the fiscal year, and
- (2) No monies will be reprogrammed within the USACE budget to fund any additional needs of the New Orleans District.

(Note: The possibility of gaining additional emergency Federal Supplemental funding was not discussed as part of General Walsh’s directions to the New Orleans District Staff.)

What this means: The Mississippi River budget must be distributed across the fiscal year based on the average annual hydrograph and dredging needs. This will result in near-immediate channel restrictions lasting (and likely getting worse) throughout the year including:

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## LMR Navigation Critical Concerns

Following is a letter from Sean M. Duffy, Sr., President and CEO of the GULF STATES MARITIME ASSOCIATION to the USACE's Colonel Fleming.



Dear Colonel Fleming:

The Lower Mississippi River (LMR) navigation community was advised by the staff of the Corps' New Orleans District (NOD) at the September 1, 2010 Corps' Forum meeting of a new channel maintenance scheme. During this meeting, members of the navigation community expressed serious concerns over the adoption of a new model to maintain the LMR without prior input from the maritime industry. The directive explained to those in attendance that the Corps made the decision to cease reprogramming funds in order to maintain the Nation's most economically important deep-draft channel. The Corps further explained that, because of this new guidance, the LMR channel would immediately become less reliable.

This change in policy to manage the LMR is in response to inadequate appropriations to the Corps' annual budget. The President's budget for Fiscal Year 2011, in the amount of \$63 million for the NOD to maintain the LMR, is slightly more than in past years but well below the NOD's own estimate of \$85 million to maintain full channel dimensions under normal circumstances. The NOD has been underfunded in the past but, prior to this new management approach, there were two methods used to seek additional funding—either through Congressionally authorized supplemental appropriations or through reprogramming. Reprogramming from other Corps' projects means that those projects are either delayed or terminated because of the lack of funding. This new directive rapidly changed the practices that have kept commerce moving on the LMR. However, neither past methods nor the recent policy change addresses the real problem, which is the improper use of the Harbor Maintenance Tax that is placed in the Harbor Maintenance Trust Fund (HMTF). The HMTF, as of August 31, 2010, has a surplus of **\$5.6 billion**. The HMTF is the funding source intended to be appropriated to the Corps for funding Corps' operations and maintenance on our Nation's waterways. This surplus includes \$772 million that was not appropriated for Corps' projects in 2009. This makes the \$22-million difference between the President's FY 2011 budget and the NOD's estimated amount required to maintain the channel seem minuscule, especially when considering that the interest alone on this account is \$3+ million a month.

According to the Corps' Navigation Data Center statistics for 2008 (the last year available), the deep-draft ports on the LMR were responsible for the movement of 412,552,318 tons of cargo or waterborne commerce. Louisiana is the Nation's largest maritime state, and the LMR is home to 4 of the top 15 tonnage ports in the Nation, which includes the largest port complex and the busiest waterway in the world. As you are well aware, the LMR drains and, therefore connects, 31 states and 2 Canadian provinces. The grain transported from the Midwest to the deep-draft ports along the Mississippi River promotes imports and exports while feeding the world.

The Corps' FY 2011 budgeting program will place the LMR's navigation industry in a compromised position that could ultimately force the pilots to establish draft and transit restrictions while the NOD holds on to funds to be used later in the FY. As of this writing, Southwest Pass (SWP) from Mile 3.5 to Mile 5 Below Head of Passes is already at less than authorized dimensions. This channel is only 500 feet wide, although it is authorized to 750 feet wide. This budget paradigm does not predict the ability to secure a dredge for SWP for another five months (in February 2011). The Crossings above New Orleans are authorized to 500 feet wide, while the new management system outlines that above

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## A Kings Pointer for Kings Point



*RADM Philip Greene, Jr. '78 Named 11th Superintendent of U.S. Merchant Marine Academy*

U.S. Maritime Administrator David T. Matsuda recently announced the selection of Rear Admiral Philip Greene, Jr. USN '78 as 11th Superintendent of the U.S. Merchant Marine Academy at Kings Point. Matsuda addressed the entire Regiment of Midshipmen, faculty and staff on campus. Greene began his term on Monday, August 30, 2010.

Greene, a two-time Outstanding Professional Achievement Award winner at the USMMA, is a Master Mariner and Flag Officer in the U.S. Navy. He has had a distinguished naval career including two ship commands, Post Graduate School, Naval War College, a Department Head tour at the U.S. Naval Academy and obtaining his unlimited masters license.

Greene, who will leave his current position as

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## LMR Navigation Critical Concerns

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Mile 168.3 only half of the channel (or 250 feet) will be maintained. The second most productive refinery in the U.S. is located at Mile 231.6, which is above this reach of the LMR.

A restricted channel will have many negative impacts on this busy waterway, including a real threat to navigational safety, vessel delays (especially if one-way transit restrictions are necessary), and a dramatically increased risk of an environmental disaster in the center of the Nation's most critical deltaic wetlands. A restricted channel will also force navigation representatives to internationally broadcast that the LMR is no longer a predictable channel. The economic ramifications are huge; however, there is no way to ascertain how many vessels will not call the LMR or the U.S. because of these concerns. Vessel cargo orders and port itineraries are often established months in advance, and an unpredictable channel could force decision-makers involved in cargo movements to consider alternate routes. The financial burden of sending a vessel to the LMR and have it arrive during a period of draft restrictions could quickly add \$500,000 or more to a voyage.

The White House directive to double U.S. exports over the next five years seems to contradict this new budget initiative. In order to double exports, the Nation needs to fully maintain authorized channel dimensions across all of our waterways. The total amount collected from the HMTF to repair and maintain the Nation's maritime infrastructure is vital to achieve this Presidential directive. The implementation of the Corps' FY 2011 directive that would reduce vessel access on the Nation's busiest waterway has the potential to negate the desired increase in exports.

The maritime industry along the LMR often has to fight misinformation or unfounded concerns regarding channel stability after the impact of hurricanes or events like the Deepwater Horizon incident. The maritime industry is crucial to the economy of Louisiana, the Nation, and the world. Imposing any draft restriction sends an uncertain message to shippers internationally. Without adequate dredging, a more imminent concern is that the likelihood of an environmental disaster or channel blockage increases. The potential, negative impact to the petroleum industry alone is one worthy of great concern, without mentioning the myriad other cargoes transported by deep-draft vessels along the LMR. The maritime industry respectfully requests an immediate resolution to this situation that will ensure the Nation's economic superhighway is maintained at authorized dimensions. Our long-term goal is to have full funding from the HMTF in order to repair the Nation's maritime infrastructure. However, in order to resolve the current situation, the maritime industry requests supplemental funding and the continuance of reprogramming funds until that goal is satisfied.

The positions discussed in this letter are supported by the Associated Federal Pilots and Docking Masters of Louisiana, the Association of Ship Brokers and Agents, the International Freight Forwarders and Custom Brokers Association of New Orleans, the Louisiana River Pilots Association, the Maritime Navigation Safety Association, the National Association of Maritime Organizations, the Ports Association of Louisiana, the Port of South Louisiana, the Propeller Club Port of New Orleans, and the World Trade Center of New Orleans.

## A Kings Pointer for Kings Point

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Director, Navy Irregular Warfare Office, becomes the third U.S. Merchant Marine Academy graduate to be named Superintendent. He joins RADM Thomas A. King '42 (1980-1987) and RADM Paul L. Krinsky '50 (1987-1993) as the only Kings Point graduates to oversee the institution.

In his capacity at the Navy Irregular Warfare Office, Greene was tasked to develop new plans and strategies to combat the emerging dynamic styles of warfare. Under the newest Defense Department definition, "irregular warfare" considers any "indirect and asymmetric" tactics as well as conventional military and "other capacities" intended to "erode an adversary's power, influence and will."

From 2008-2009, Greene commanded the Combined Joint Task Force-Horn of Africa where he led operations to build regional security capacity and counter extremism in the Horn/East Africa. Prior to this assignment Greene served in Naples, Italy, as director for Policy, Resources & Strategy, U.S. Naval Forces Europe/Africa.

Greene relieves Dr. Shashi N. Kumar, who is serving his second term as Interim Superintendent. Dr. Kumar will resume his full-time duties as the Academy's Academic Dean. The U.S. Maritime Administration has yet to release an official Change of Command date.

## LMR Navigation Critical Situation

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- Channel widths and depths reduced in Southwest Pass and at the river crossings.
- Channel depths reduced at New Orleans Harbor.
- Channel widths and depths reduced at the Port of Baton Rouge.

A Mississippi River White Paper describing the FY 2011 O&M Plan is attached.

Current Actions: All Mississippi River maritime interests are working closely with the Louisiana State River Pilots, Federal Pilots, and Louisiana Port Authorities to find a workable solution to this issue. Meetings with Louisiana Congressional representatives and the USACE leadership are on-going.

These meetings have the goal of:

(1) Gaining the New Orleans District the authority to spend funds as necessary to maintain the full authorized navigation channel project dimensions of:

- Baton Rouge to New Orleans 45' x 500' (Within the Port of New Orleans: 15' to 35' to within 100' of east bank wharves)
- New Orleans to SWP Jetty Channel 45' x 750'
- SWP Jetty and Bar Channel 45' x 600'

(2) Authorizing the reprogramming of USACE funds to provide additional funding to the New Orleans District as needed.

(3) Ensuring preparations are made to request supplemental funding if and when needed.

(4) Ensuring in all future fiscal years that initial adequate funds for all LMR Operational and Maintenance costs as well as all USACE projects are authorized by Congress through the annual budget process.

(5) Pursue a national spending plan of Federal Harbor Maintenance Trust Fund monies as provided for under national laws and authorities.

How you can help!!

Mark your calendars for **Friday, October 1 at 10:00 am** to attend a meeting at the Port of New Orleans. Captain Michael Lorino, President of the Associated Branch (BAR) Pilots; Captain A.J. Gibbs, President of the Crescent River Port Pilots' Association; Captain William "Bud" Watson, President of the New Orleans-Baton Rouge Steamship Pilots Association; and Captain Russel "Rusty" Belsome, Associated Federal Pilots; as well as other key maritime industry officials will be present and available to provide updates of all information available on this subject. This meeting will be attended by USACE New Orleans District staff members as well as representatives from Louisiana Congressional staff representatives. Your attendance is vital in supporting those who are striving to ensure the Mississippi River remains a fully navigable waterway throughout this year and years to come.

Once again: Friday, October 1, 2010, 10:00 am, Port of New Orleans Building.

Reservations are not required but please email Capt. Ron Branch, CAPT. USCG (Ret.) and Executive Vice President - Governmental Affairs of the Mississippi River Maritime Association (MRMA), [rwbranch@earthlink.net](mailto:rwbranch@earthlink.net), if you plan to attend in order that we may get a feel for the expected turnout. Capt. Ron will keep all updated on further developments.

## Wal-Mart Greeter



Charley, a new retiree-greeter at Wal-Mart, just couldn't seem to get to work on time. Every day he was 5, 10, 15 minutes late. But he was a good worker, really tidy, clean-shaven, sharp minded and a real credit to the company and obviously demonstrating their "Older Person Friendly" policies.

One day the boss called him into the office for a talk.

"Charlie, I have to tell you, I like your work ethic, you do a bang up job, but your being late so often is quite bothersome."

"Yes, I know boss, and I am working on it."

"Well good, you are a team player. That's what I like to hear. It's odd though you're coming in late. I know you're retired from the Armed Forces. What did they say if you came in late there?"

"They said, "Good morning Admiral, can I get your coffee, sir?"



## A Message From Your Chairman



You will no doubt notice that there are multiple reminders throughout this E Publication as to the date, time, and location of the meeting which we have scheduled to discuss USACE budget restraints for channel maintenance dredging. "ONCE AGAIN" — 10 am, Friday, October 1st, at the Port of New Orleans Building.

This is by far the most important navigational concern which we have come up against since our Lower River was ravaged by Katrina. Please take the time to read the articles and comments herein, and most certainly make every effort to make it to the meeting. We need your input and we need your total commitment and support to help wake up the Maritime Community as to what might very well be the most shortsighted budget decision to come out of our nation's Capitol in many years.

These are not selfish concerns related merely to the economy of Louisiana and her navigational interests. We are addressing the economy of the entire transportation system of the United States. Please take the time write to your representatives with copies to pertinent local, state, and maritime officials regarding the disastrous effect that a shallower and narrower Mississippi River will have on our country. It is mind boggling that we have decided to hogtie the entire system for a very nominal amount of budget savings.

THINK ABOUT IT — I'LL SEE YOU ON FRIDAY.

## Nucor Corp. Announces One of the Largest Industrial Projects in Greater New Orleans History



Multiphase iron and steel project could create 1,250 jobs and \$3.4 billion in capital investment.

Recently, Gov. Bobby Jindal and Nucor Corp. (NYSE: NUE) Chief Operating Officer John Ferriola joined Louisiana Economic Development Secretary Stephen Moret, St. James Parish President Dale Hymel, Greater New Orleans, Inc. President & CEO Michael Hecht and other local officials to announce what will ultimately be one of the largest industrial projects in Louisiana and Greater New Orleans history. Gov. Jindal joined Nucor to announce after the state's work to win the project for years, the company selected St. James Parish as the location for a multiphase iron and steel project that could create 1,250 new, direct jobs averaging at least \$75,000 per year, plus benefits, as well as \$3.4 billion in capital investment.

Over the past few years, Nucor evaluated several sites in the U.S. and abroad while deciding where to locate the project. "This is a huge win for our state and will ultimately be one of the largest industrial projects in Louisiana history," said Gov. Jindal. "Nucor's decision to come to Louisiana instead of anywhere else in the nation or the world is not just a tremendous victory for Louisianans in that it could create 1,250 new high-paying jobs and \$3.4 billion in capital investment, but it also sends a signal far and wide that Louisiana is the best place for businesses to locate, grow and succeed. We are competing for the best businesses in the world."

"This facility will create good jobs for American workers and, at the same time, it will help Nucor achieve our long-term goal of increasing control over our raw materials supply," said Nucor Chairman, President and CEO Daniel R. DiMicco.

"Nucor's decision to locate a \$3 billion project in St. James is of enormous significance not only for the parish, but for the entire Greater New Orleans region, and beyond," said Hecht. "Not only will it provide hundreds of well-paying jobs, but it provides — along with recent announcements like Globalstar and Blade Dynamics — undeniable confirmation that Greater New Orleans is a world-class location for business."

## U.S. Economy



How bad is the U.S. economy? The economy is so bad that:

CEO's are now playing miniature golf.

A stripper was killed when her audience showered her with rolls of pennies while she danced.

I bought a toaster oven and my free gift with purchase was a bank.

If the bank returns your check marked "Insufficient Funds," you call them and ask if they meant you or them.

McDonald's is selling the 1/4 ounce.

Parents in Beverly Hills fired their nannies and learned their children's names.

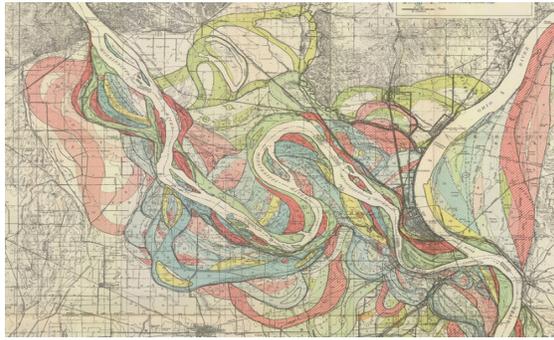
Motel Six won't leave the light on anymore.

## One Man's Vision of Heaven



## Big Muddy

The Mississippi, like all great rivers, is constantly rearranging itself, filling in where it used to be, cutting new watery paths through fields, creating islands. Back in 1944 a cartographer named Harold Fisk decided to draw a map of the Mississippi as it flowed in his day. The white channel is the 1944 river and working backwards from geological maps, he also drew the river as it had been in earlier decades (all those other colored ribbons) and produced a lovely fugue of multiple ghostly Mississippis for the Army Corps of Engineers — all of which allows me to tell you this story.



In his new book *Twain's Feast* Andrew Behrs writes that when Mark Twain was a boy, the river was always changing shape, especially when no one was looking. "It transformed under the stars and in pitch blackness, in gray mist and by the light of a multitude of moons...[it] had a new story to tell every day."

Twain learned to memorize the river, "steering by the constantly revised shape in his head; it was a job few could do at all, and fewer still could do it well." And it was glamorous.

The only men able to maneuver these fragile but imposing craft were the pilots. While his steamboat was underway, a river pilot had authority even over the captain who might set destination, cargo and schedule but was legally bound to defer to the pilot in matters of navigation. A river pilot, Twain thought, was "the only unfettered and entirely independent human being that lived the earth. Kings, by comparison, were underlings."

But then Twain grew up and moved East. He heard, of course, that engineers were trying to tame the river, but he never thought they could.

"One who knows the Mississippi," Twain said, "will promptly aver — not aloud, but to himself — that ten thousand River Commissions, with the mines of the world at their back cannot tame that lawless stream, cannot curb it or confine it, cannot say to it, Go here, or Go there, and make it obey; cannot save a shore which it has sentenced; cannot bar its path with an obstruction which it will not tear down, dance over, and laugh at."

But the engineers pushed and prodded and Twain's wild river began to calm. Returning for a look-see in the 1880's, Andrew Behrs describes how Twain "felt the change in his blood. He saw snag boats pulling the river's teeth and government beacons that made the dark flow into a two-thousand mile torch-light procession." To Twain's eyes so many navigational aids sterilized the river. "This thing," he reflected about the network of lights, "has knocked the romance out of piloting, to a large extent."

And the river too. "Alas," he wrote, "everything was changed...That world which I knew in its blossoming youth is old and bowed and melancholy now; its soft cheeks are leathery and wrinkled, the fire is gone out of its eyes and the spring from its step. It will be dust and ashes when I come again."



Well, the Mississippi is still there, of course, still making terrible mischief, but as Behrs points out in his book, the mud that used to leach out of 28 states and travel all the way to Louisiana is no longer making the full journey.

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## Big Muddy

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"For seven thousand years, residue of Montanan turf, New York mud, Wisconsin sod, and Arkansan clay had built the swamps and wetlands; Illinois' and Iowa's losses were Louisiana's gain. The state was literally built from half of America," he wrote.

But engineering improvements, dams particularly, trapped so much mud and sand, deposits stopped reaching Louisiana.

And so the Delta is now disappearing, "melting away...almost fast enough to be visible to the naked eye — a football field's worth of land vanishes every forty-five minutes".

The land that lies south of this survey is slowly but surely slipping under the sea. So the Mississippi journey our mapmaker Harold Fiske took in 1944 is getting shorter, and shorter and shorter.

Source: NPR's Science Desk correspondent Robert Krulwich

## Critical Meeting October 1, PONO

*The meeting is so vitally important, we are reminding you several times in this newsletter to attend.*

Friday, October 1, 2010, 10 am, Port of New Orleans Building.

Reservations are not required but please email Capt. Ron Branch, [rwbranch@earthlink.net](mailto:rwbranch@earthlink.net), if you plan to attend.