

# Canal Barge Company, Inc.

Meeting your specialized  
marine transportation & bulk  
liquid storage needs since 1933.



Liquid Cargo Services

Deck Cargo &  
Project Transportation  
Services



Dry Cargo Services

Canal Terminal Company  
Bulk Liquid Storage Services  
Chicago Area



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# Marine Transportation Infrastructure Issues

Merritt Lane, President/CEO

Canal Barge Company

Transportation Center of  
Northwestern University

Business Advisory Council Meeting

Thursday, April 12, 2007



# CBC Today

One of the largest & most diverse privately owned, independent marine transportation companies in the U.S.

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- One of the largest inland liquid carriers for hire
- Long haul contract carrier on the inland waterways
- World-class manager of third-party marine assets
- Mid-sized dry cargo carrier
- Asphalt and chemical terminal operator with state-of-the art facility near Joliet, IL
- 2<sup>nd</sup> largest deck barge fleet for hire
- Inland, offshore and international project carrier



# Canal Barge Company, Inc.

- Built our business by forming successful **long-term relationships** with customers, suppliers and employees for 70+ years.
  - Founded in 1933 with one barge
  - Family-owned and professionally managed
- Concentrate on areas where **specialized knowledge, equipment, focus, and people** make a difference.



# Canal Barge Company Profile

March 2007

<b>People</b>	<b>390 non-union</b>
<b>Barges</b>	<b>614</b>
Tank barges	172
Deck barges	157
Hopper barges	285
<b>Inland Towboats</b>	<b>16</b>



# Examples of what we transport:

- Lube oil and antifreeze to distribution centers for automotive industry;
- Chemicals to manufacturing facilities;
- Asphalt to road pavers;
- Petroleum coke for fuel sources;
- Coal to power plants;
- Limestone used as construction aggregate;
- Major components to heavy industrial manufacturers, refiners and utilities; and
- Military equipment for training.



# Bulk Liquid Storage Services

- 60+ acre multimodal facility near Joliet, IL located at mile 281 on the Illinois Waterway System
  - Less than 2 miles away from Interstates 55 and 80
  - 3 rail sidings served by CSXT with rail car storage capacity
- 3rd party bulk liquid storage facilities
  - 160,000 barrels of chemical storage capacity
  - 105,000 barrels of asphalt storage capacity
  - 150,000 barrels of oil storage capacity



CANAL TERMINAL  
c o m p a n y

A division of Canal Barge Company, Inc.

# Tugboat, Towboat, and Barge Industry



- Largest single segment of U.S. domestic fleet
  - 4,000 tugboats & towboats
  - 27,000 dry, liquid, & general cargo barges
  - 33,000 vessel crewmembers
  - Geographically & operationally diverse

# America's Navigable Waterways



**COMMERCIALLY NAVIGABLE  
INLAND WATERWAYS  
OF THE  
UNITED STATES**

CONTROLLING DEPTHS

9 FEET OR MORE

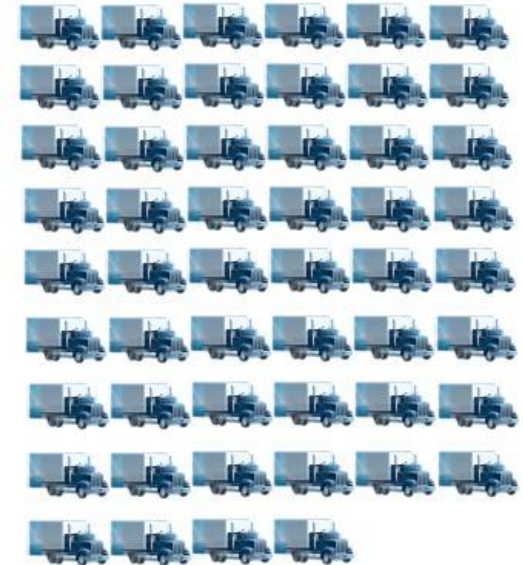
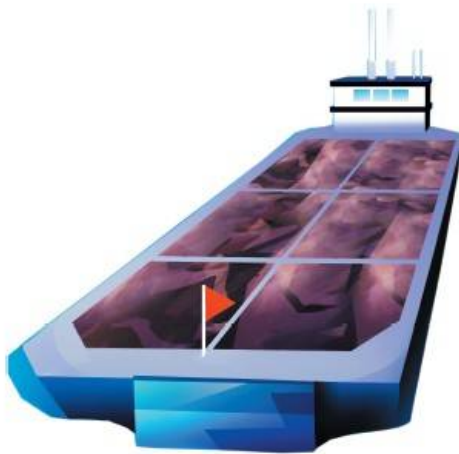
UNDER 9 FEET

PROPOSED EXTENSIONS

Map reproduced courtesy of  
The AMERICAN WATERWAYS OPERATORS, Inc.



# Barges reduce traffic congestion in urban areas



1 Barge



15 Rail Cars



58 Trucks

# Value of U.S. Maritime Transportation System

- Annually contributes \$1+ trillion to U.S. GDP
  - 800+ millions tons of cargo each year
- 95%+ foreign commerce through U.S. seaports
- 15% of nation's goods carried on inland waterways for 2% of freight cost (20% of domestic ton-miles)
  - 20% of U.S. coal
  - 30% of petroleum products
  - 60% of U.S. grain exports
  - Water transportation is safe and environmentally effective (low congestion, fewer spills and emissions, less noise, fuel efficient)



# Need for Modernization & Investment

- U.S. Department of Transportation (DOT) forecasts 60% growth in U.S. population in the next 50 years, resulting in GDP four times greater than today
  - Tremendous implications for surface transportation congestion
- DOT estimates that waterborne commerce will more than double by 2025
- Inland waterways system has substantial capacity to support growth
- Other countries are wisely investing in developing their waterways systems



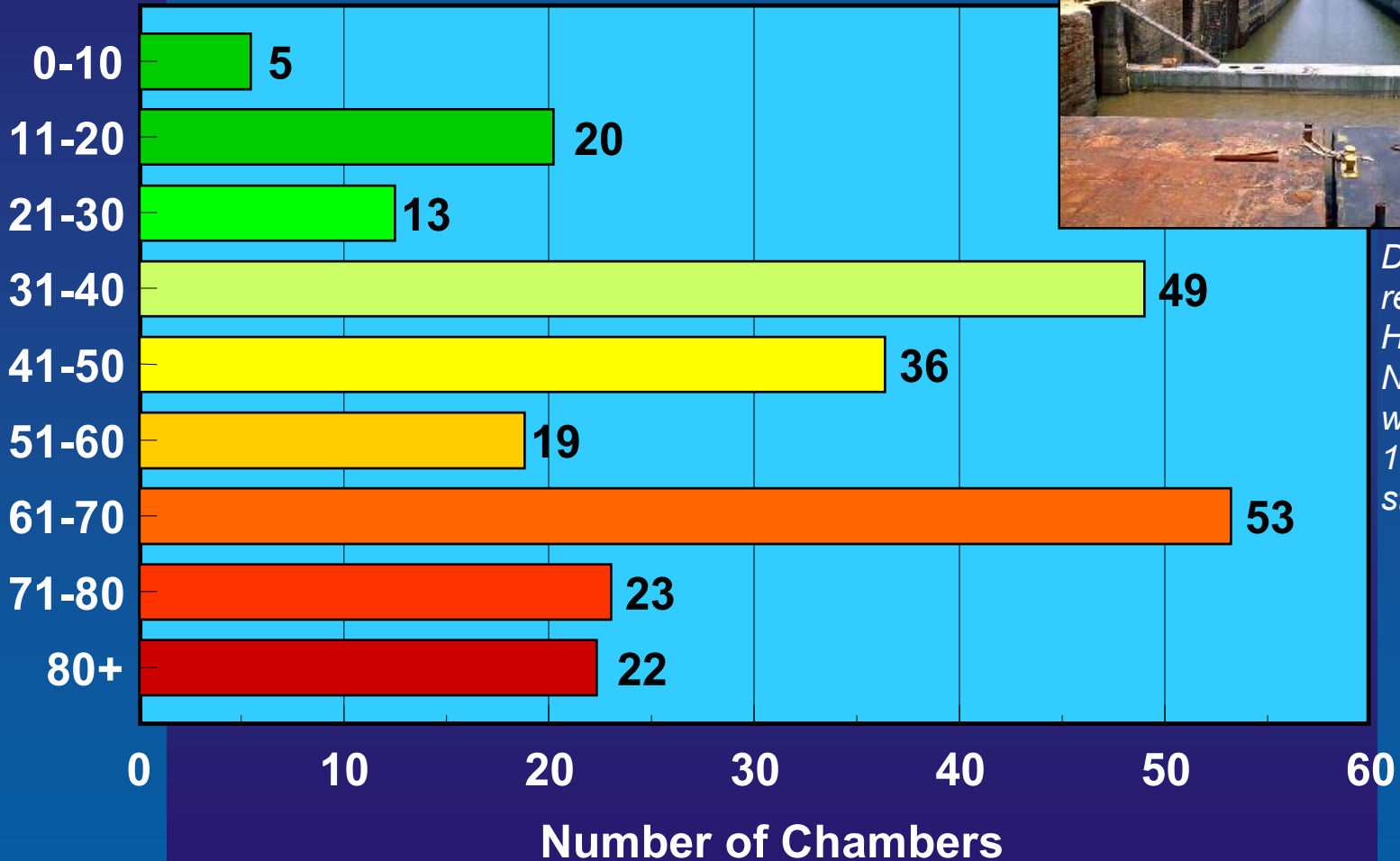
# Navigation Locks



- U.S. Army Corps of Engineers oversee U.S. navigation locks & dams
  - 235 total in U.S.
  - Over 150 of these on inland waterways & Gulf Coast
- Over 50% near or past 50-year design life
- Many key waterways still have 600' lock chambers
- Federal funding not keeping up with infrastructure needs

# Aging Lock Inventory\*

Age in 2004 (Years)



*Dewatering and repairs of Inner Harbor Lock, New Orleans, which opened in 1923 for steamboats.*

\*Includes all operational deep and shallow draft Corps and TVA navigation locks.

# Aging Infrastructure

- Frequent closures for repairs
- Decreased performance
- Costly delays

*Crumbling lock wall, Lower Mon 3, opened in 1907*



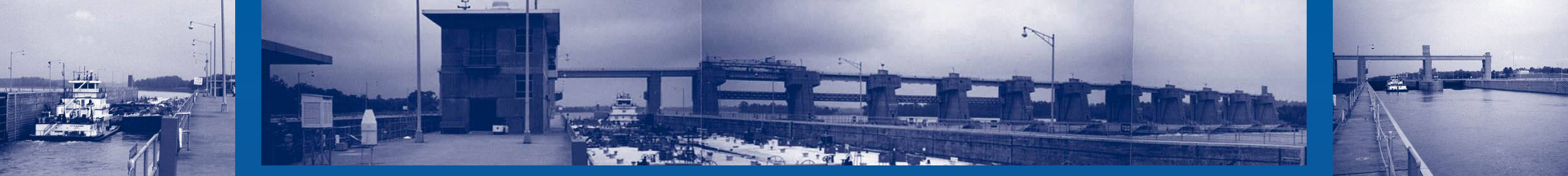
*Leaking miter gates, Upper Miss Lock 19*

*Concrete deterioration at Chickamauga*



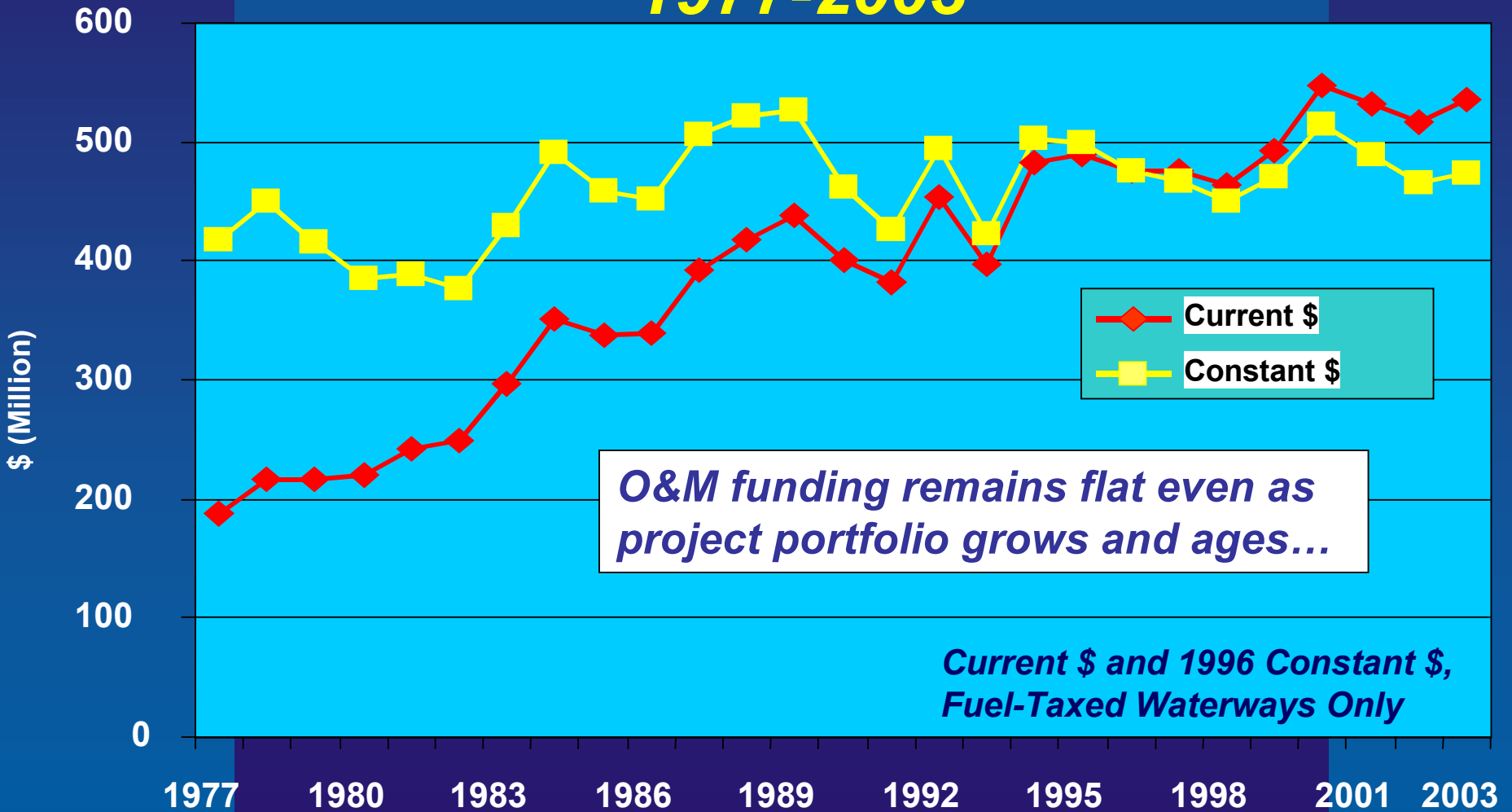
# Deferral of Operations & Maintenance Costs

- Through much of 1990s, critical operations & maintenance projects were deferred on the aging waterways infrastructure
- “Fix-as-Fail” Policy
  - Led to an average of 30 unscheduled lock closures per year
- Funding for O&M flat for two decades



# *Inland Waterway O&M Trends*

## *1977-2003*

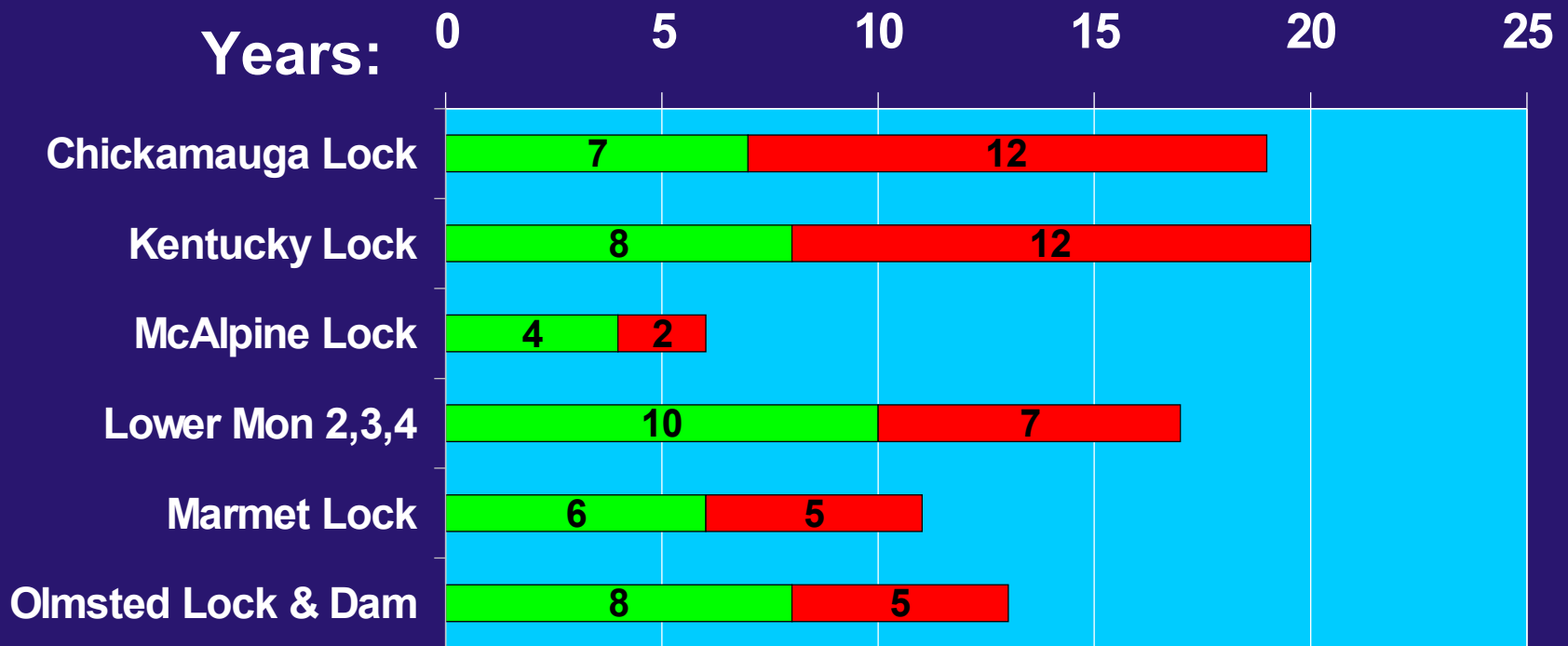




# Aging Infrastructure

- Despite authorization of many priority new starts or rehabilitation projects, funding is “sprinkled” and “stop-gap” rather than “full and efficient”
- This results in project delays – increasing costs and deferring benefits

# Years to Complete: Efficient vs. Constrained Funding\*

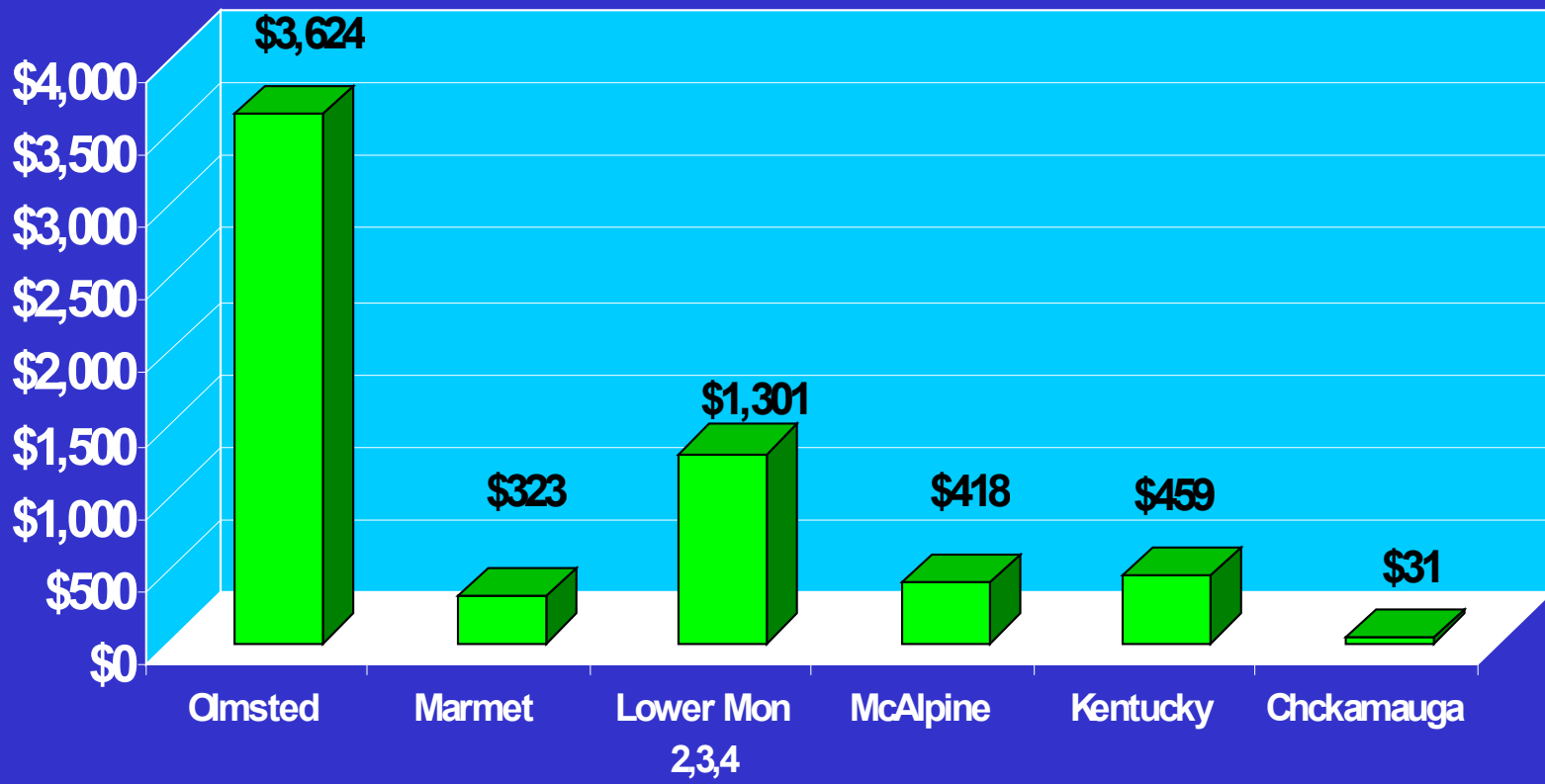


■ Efficient Funding Years to Complete (FY04 Base)

■ Constrained Funding Additional Years to Complete

# Benefits Foregone: Efficient vs. Constrained Funding

Total \$6,157,000,000



# Inland Waterways Trust Fund

- Barge & towing industry pays \$100+ million per year in fuel taxes since 1986
  - 20¢ per gallon diesel fuel tax
  - Supports construction & rehabilitation of locks & dams
- Industry pays 50% of lock replacements; U.S. government pays 50%
- Inland Waterways User Board recommends priority projects
- In recent years, government had not kept up with expenditures, and balance in Trust Fund increased



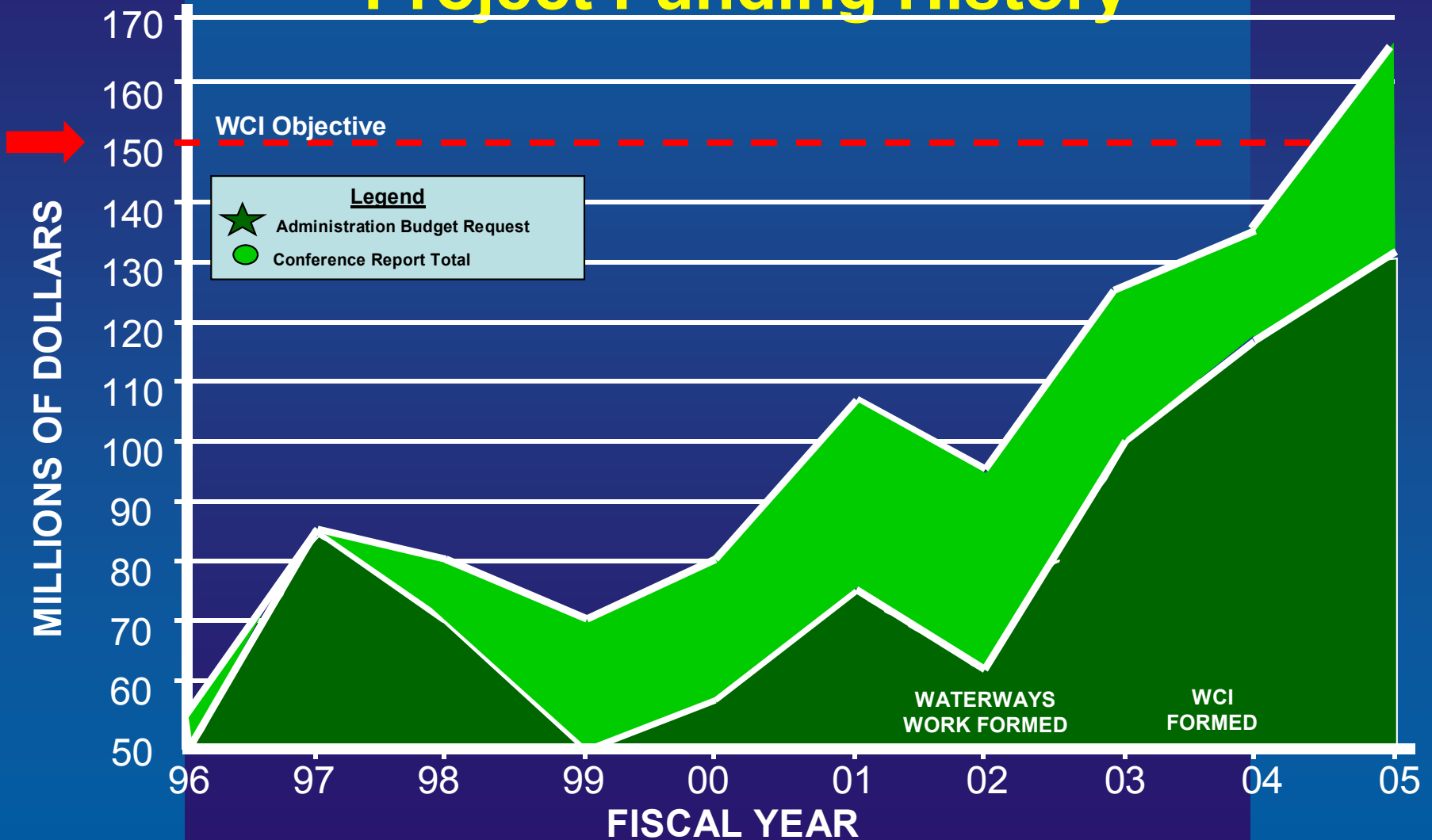
# Waterways Council, Inc.



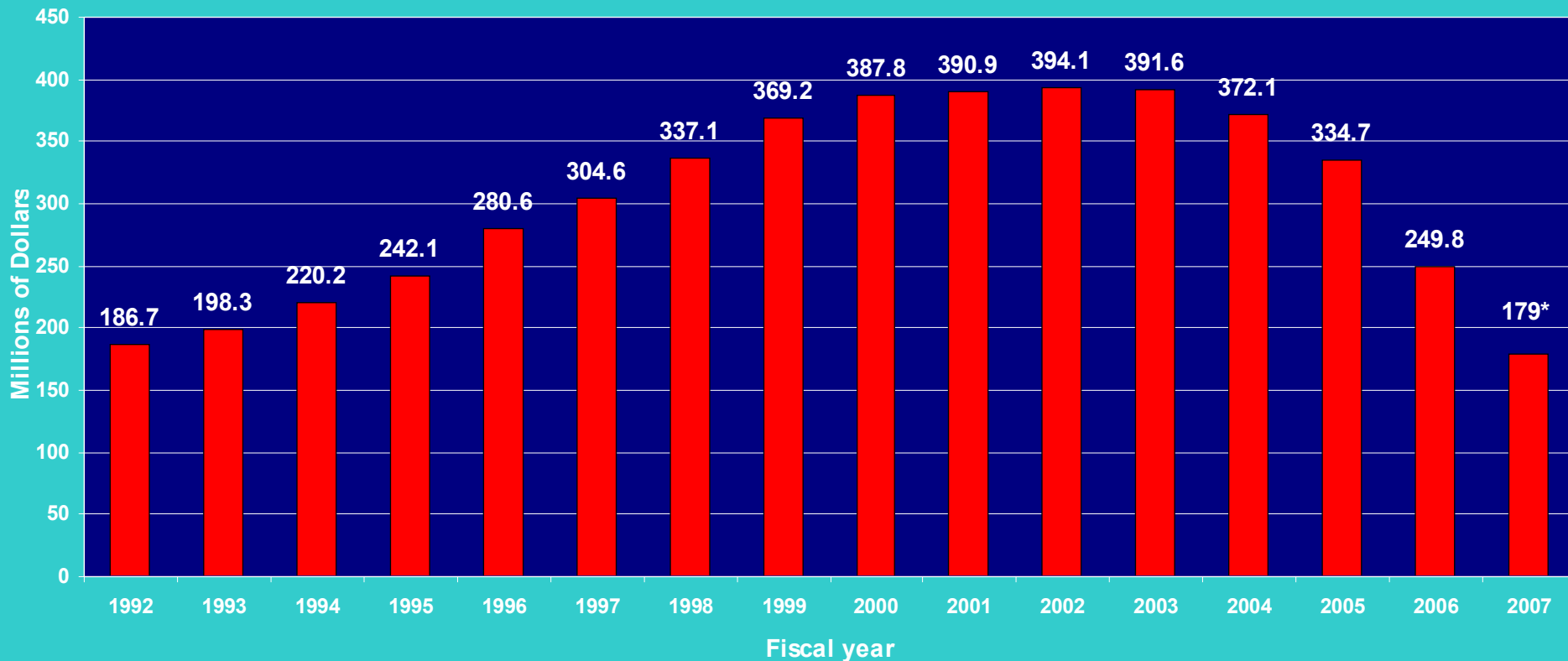
- Advocating increased funding of waterways infrastructure through **Waterways Council, Inc.**
- Shippers, carriers, port authorities, and other interested parties
- Advocate the benefits of waterborne transportation and the need for government investment
  - Targeted investment in priority projects at full, efficient funding levels
- For additional information, please visit [www.waterwayscouncil.org](http://www.waterwayscouncil.org)



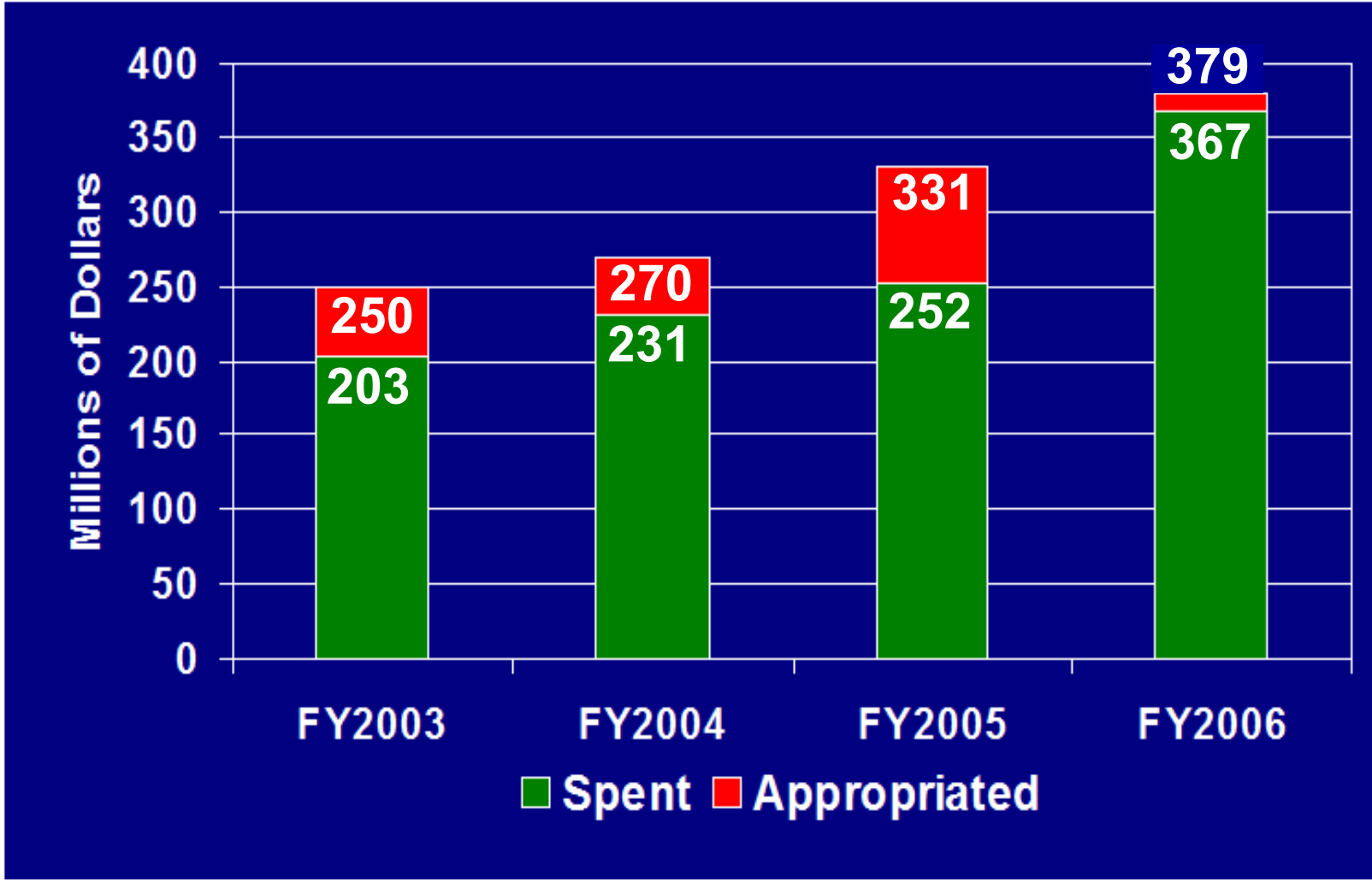
# Inland Waterways Trust Fund Project Funding History



# Inland Waterways Trust Fund Year-End Balances 1992 - 2007



# Appropriations vs. Corps Expenditures: IWTF-Supported Project Construction





# Value to the Nation

- A key part of the U.S. transportation system with significant capacity to support growth.
- Essential to our nation's economy, environment, and quality of life.
- Federal government must focus on full, efficient funding of priority projects to:
  - Modernize the waterways system
  - Manage the inland waterways as a “system”
  - Increase funding for operations and maintenance



**THANK YOU!**

