

April 4, 2006 Freight Goal Group

Special Meeting with Warren McCrimmon, Seaport Director, Toledo-Lucas County Port Authority

Security of Port

(Also see handout)

- Ships coming up St Lawrence Seaway—gives opportunity for inspections over 3 days
- Have sophisticated camera detection system being installed (\$1 million) at Port Authority's Shipyard and General Cargo facilities, programmable to detect specific events, e.g., someone setting down a package
- Great Lakes have longest and most ignored coastline in terms of federal resources
- Ships are turned away from US waters if a manifest is not provided pre-loading of cargo at its origin

Dredging

- Shipping channel 17 miles – 7 miles in Maumee River, plus 10 in Lake. Channel needs dredging
- Maumee River: silts in yearly, 1.3 cubic yards/year; but only 850,000 cubic yards/year is dredged at cost of \$4 million/year (actually closer to \$3 m after “overhead”).
- Pursuing federal earmark via Rep Marcy Kaptur for \$10 million/year for 2-3 years, followed by some years at \$5 million/year to catch up/stabilize. (New York got \$2.3 billion.)
- Channel should be 500 feet wide by 29 feet deep. Some places in lake have narrowed to 100 feet wide and have lost significant depth.
- Ships have 26 foot draft – if hit bottom, kills their international reputation and they lose business
- Approaches (distance between shipping channel and docks) are dredged by companies. At Andersons, have to do “clam bucket dredging.” Others do more efficient hydraulic dredging.
- Disposing of dredged material problematic: [Ohio??] Environmental Protection Agency has classified it as hazardous.
- Port is experimenting with combining it with other materials (pit ash from petroleum coke??)—but land application not yet approved

Truck Connections to Port

- Can do Michigan loads all the way into Port
- Worked out a reasonable detour during I-280 bridge construction
- Some want to allow heavy haul from Toledo to Cleveland; unlikely Cleveland ports would support that
- Reviewed truck route map

Rail Connections to Port

- Toledo well-served by multiple modes overall
- Not enough rail going into any one terminal; thus rail monopoly allows charging customers steep rates to connect to other railroads (ex, \$300 /car). General Cargo docks, coal and ore docks – CSX only.

- In other ports, behind-the-scenes reciprocal deals between railroads eliminate these charges; not happening in Toledo.
- Some ports create a Port-owned railroad, which all railroad companies have to use (minimal charge). Some west Coast ports appropriated the rails.
- Comment from Jim Crammond: if a railroad owns the tracks, it is right that a second railroad company has to pay to use them
- Solution?: In Ohio, can eminent domain be exercised on railroads? If not, change Ohio law to allow appropriation?
- Solution?: Get railroads to change their minds and work together more
- Solution?: Motivate railroads via their customers? Via promise of public investment? (Concerted effort, 10+ years)
- Lack of multiple rail carriers a big, big problem at general cargo facility – have lost business because of lack of NS and CN access
- Note: CN has direct line from Chicago; two east-west continental routes; north-south route to Mexico. Innovative and actively progressing.

Opportunities to Expand Use of Great Lakes/Toledo Water Shipping

- Regional producers have been ignored – but now they [the water shipping companies?] know about regional product producers, which are an opportunity to expand
- Short sea shipping – makes sense in adding overall freight shipping capacity
- International trade likely to double by 2010
- Federal Maritime Administration: McCrimmon wants them to support use of Great Lakes for more shipping because we can solve their problems if we can convince them:
 - less environmental impact
 - 50% underutilized, lack of congestion
 - more security potential
- 50%, but per cent is dropping, of international ships can come through Seaway
- Newer smaller ships, faster/specialized, can use it
- Current/growing products to ship by water: forest (wood), sugar, petcoke (by-product of petroleum refining process), iron ore (from Quebec/points east rather than from the west); aluminum. Our port is biggest aluminum and ___?___ distribution center.
- Thinks unrealistic that Seaway will be widened
- Ethanol is eating up corn, giving long-term contracts and paying double the money than what farmers would get for feed use. Thus expects we will need to import corn from Brazil—so we need to visit Brazil right now to build that future shipping business.
- Need to solve dredging problem – without adequate channel, ships can't reach full capacity, kills profit margin
- Need to expand shipping season (currently closes 2 ½ months)—well worth the trouble:
 - Political issue (east coast ports against it)
 - Environmental issue (argument is that breaking up ice in winter damages fish habitat; Warren doesn't believe it has been proven – need environmental study to answer questions)
 - Funds needed to build ice dams to protect dams and other Seaway infrastructure