

TO: THE HONORABLE RAY LAHOOD, Secretary of Transportation
FROM: DJMP Engine Solutions, LLC
SUBJECT: Meeting Request Concerning Success of the Marine Highway

Dear Secretary LaHood,

The purpose of this letter is to request a meeting with you concerning the Marine Highway as it relates to repowering marine vessels. We believe that a dedicated federal assistance program to help clean up this fleet is **crucial** to an economically competitive and environmentally friendly marine transportation system, and many of our MARAD contacts agree with our position.

Our firm has been attempting a meeting with you since last February. You may have received some of our material, as I began contact with my neighbor Dave LaHood, was recommended to your scheduling office by Matthew LaHood, and some of our documents were forwarded by Matthew to your son Darin. We represent 160 years of multidisciplinary mid-level management retired from Caterpillar. Our expertise is marine engine technology, regulations, and federal grant programs. Our target market is commercial marine fleets.

Here's what we've learned:

1. One 15 container barge vessel (Source: Study in Freight Transportation Solutions; National Waterways Foundation; 2009):
 - Carries the equivalent cargo of two 100 car trains, or 1050 on-highway trucks
 - Moves 52,000 ton-miles of cargo per ton of GHG, compared to 37,000 by rail, or 14,000 by truck
 - Utilizes fuel efficiency of 576 ton-miles per gallon of fuel, compared to 503 by rail, or 155 by truck
 - Related to safety, generates 1 fatality per billion ton-miles, compared to 23 by rail, or 155 by truck
2. Major highway corridor congestion causes 3.7 billion hours of lost time for citizens, wastes 2.3 billion gallons of fuel, costing the nation an estimated \$200B annually. The less cargo transported by waterway, the higher these values climb. (Source America's Ports and Intermodal Transportation System; Great Lakes Marine Research Institute; 2008)
3. Tiger I discretionary funds of \$1.5B allocated only 8% to the port (marine) sector. The outcome of TIGER II shows roughly the same trend.
4. The EPA's Clean Diesel Program has allocated well below 5% of its grant funds to marine engine repowers. Trucks and buses continue to receive significant funding while causing most of the damage that requires high maintenance on the very highways it utilizes.
5. EPA studies and emissions calculators show the cost effectiveness of exhaust clean-up at:
 - \$30-40,000/ton PM for on-highway rework compared to, \$3300/ton PM for marine engine repowers
 - \$4-10,000/ton NOx for on-highway rework compared to, \$200/ton NOx for marine repowers.
6. The majority of EPA air quality non-attainment areas lay on the marine highway.
7. Of all modes of transport, marine is the greenest, safest, lowest public health impact, most fuel efficient, best cost to benefit ratio, and greatest relief to congestion on highway corridors. Repowering vessels creates real interim and permanent jobs with shovel ready projects.

We realize this is preaching to the choir, as the first three items come from DOT sources. Our conclusion is like yours taken from your April 7, 2010 press release:

“For too long, we’ve overlooked the economic and environmental benefits that our waterways and domestic seaports offer as a means of moving freight in this country” said Secretary LaHood, speaking to transportation professionals at the 7th Annual North American Marine Highways and Logistics Conference in Baltimore, MD. “Moving goods on the water has many advantages: It reduces air pollution. It can help reduce gridlock by getting trucks off our busy surface corridors.”

Actions we have taken related to this issue include:

- Met with several of your Maritime Administration staff and supplied a requested white paper summarizing the private sector perspective on the Marine Highway, which has been widely circulated within MARAD and the EPA.
- Developed further contacts with many EPA technical staff, National and Regional Clean Diesel Administrators, MARAD, IDOT Planning Commission, FHWA, CMAQ, and Respiratory Health Ass’n. representatives.
- Had our material forwarded to the North American Marine Highways & Logistics Conference in Baltimore last April.
- Provided material used at the 2010 Clean Diesel Conference in D.C. last month.
- Been published in the Peoria iBi business magazine, Journal Star financial front page, and September feature article in Waterways Journal.
- Applied for DERA, MARAD, & TIGER II grants, several with Steve Jaeger as eligible applicant.
- Worked with other grant applicants and clients in WA, CA, TX, MS, LA, AL, TN, KY, MO, MN, WI, IL, IN, OH, PA, & WV.
- Mailed letters concerning the environmental impact of diesel engines on the Marine Highway on behalf of all our clients to their congressmen/senators.

There is no disagreement that dredging and lock/dam infrastructure funding is needed to maintain an aging marine highway. But we believe that another major problem exists beyond infrastructure. That is the sustainability of a healthy marine fleet for moving existing cargo, or increasing capacity, to relieve traffic congestion. Of the registered vessels we’ve studied, well over 80% of these engines are legally running at EPA unregulated status. Some are over forty years old. Dedicated federal assistance, especially to small fleet owners, to help clean up engines on the Marine Highway is **crucial** to competitive and environmentally friendly marine transportation. Competing with school buses and bike paths for government assistance is just not working.

That being said, we hope this piques your interest for more information. We’d like to meet with you to discuss a superfund to assist in repowering the U.S. marine fleet. While this is our meeting request, Steve Jaeger has been a tremendous and patient ally and we believe would want to join us if that is acceptable. Thanks for giving this your serious consideration and we look forward to hearing from you.

Respectfully and sincerely,

Paul Dicke

Mike Bima

Don Harr

Jim Peugh

Technology Manager

Operations Manager

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Business Manager

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