



Good Afternoon Chairman and members of the Committee. My Name is Steve Engemann and I am here representing the marine industry as President of Hermann Sand & Gravel, Inc. located in Hermann, Missouri, about an hour and a half west of St. Louis, along the Missouri River. We are a small family business founded in 1978 owned by my mother, Melba, my brother, Tim and myself. We operate two sand and gravel plants, one in Hermann, MO and the other in Jefferson City, Missouri and employ 10 people. We have recently grown our business by leasing a tow line vessel which employs 7 people. We pay above average wages and although the economy has stretched our budget we continue to offer 100% of employer paid health care coverage. While other businesses in our area have closed, we continue to research new avenues of revenue to maintain security for our business and our employees.

Today I have been asked to speak about the impediments of regulation on the small businesses of the marine industry. I can assure you that these regulations and federal policies have constricted my business and if left unchecked, will ultimately be the demise of my business and many others that serve the Missouri River and beyond.

Let me begin by communicating which governmental agencies regulate our business. These agencies include the U.S. Coast Guard (USCG), U.S. Army Corp of Engineers (Corps) U.S. Dept. of Labor's Mine Safety & Health Administration (MSHA), Department of Transportation (DOT) U.S. Fish & Wildlife Service and the Missouri Department of Natural Resources (DNR).

We have been trying to get our dredging permits renewed since I believe 2000. We have spent \$185,952.00 in the last 5 years for EIS and litigation pending to restore our permits to their original tonnage.

There have been numerous meetings, trips, seminars, conferences I have attended so that I can press the issue of WHY AND HOW we are to continue in business with these restrictions on our permits, not only for myself but also the other dredgers that occupy stretches of the Missouri.

The condition that hurts us the most is 300,000 tons per 5 mile. This limits the amount of sand that we can dredge in a reach. We are permitted to dredge 120,000 tons at each location and we compete with a company that can dredge over two million tons of sand. Once the 300,000 ton limit is reached we must travel up river to the next source for quality sand which is 7 miles from our plant. We do not have the equipment to efficiently go that far. Our company can't justify investing in sand equipment with that small of a permit. We need an exemption and stay with small equipment or a larger permit so we can invest. I have hired former USGS researchers/consultants to do a study with regard to

the river and the effects of dredging on sediment and streambed conditions. I personally paid for this study and the effects are dramatically in favor of the dredgers and not the Corps.

After our dredging permits were limited in 2008 we started looking for other work that we could do with our crew and equipment. We were lucky to have a clay mine that was close to our facility looking for barge transportation. In 2009 we shipped 22,000 tons of clay on hopper barges. We are estimating this year to be 60,000 tons.

We also had the opportunity to lease a line haul boat this year and operate it on the MO River. So far this year we have moved 100,000 tons of freight to and from 3 main terminals biggest user Agriservice of Brunswick MO, Gavilon, in Neb. City and my own dock at Hermann. That is 67 barges or about 4000 truckloads. We also moved a transformer tow to Brownville NE which was valued at 11 million that came from overseas. This is not counting any sand. This is new business for our company.

MSHA will fine our operation for everything that they find incorrect without even giving us a chance to correct the issue. I am certainly all for safety for those involved and I am more than happy to make changes to our equipment or fix any unsafe equipment that they see without a fine. I believe you should be fined if you are negligent and don't fix things that inspector finds.

The Coast Guard is now making our vessels go thru inspections on a regular basis. I agree with the need for a safe vessel but it seems that they have lost the desire to mark the channel with navigational aids. It is important that we have a safe channel to operate in. The Coast Guard can shut my vessel down for not being 100% compliant but if I run aground because the Coast Guard has not marked the channel or the Corps doesn't maintain a proper channel that supports a 9 draft that's ok? The Coast Guard and the Corps receives revenue regardless if I move any tonnage on the river and yet I have no input into this governing agency nor the guidelines they have in place. I believe the industry should be able to audit these agencies just as they audit us. It should be a joint effort to ensure that businesses like ours can continue to succeed while understanding why we need the regulations they put into place. This would be possible if mutual respect and open lines of communication existed between us.

While I have been working full-time defending the permits to dredge sand, I am fighting a parallel battle of explaining to the Corps the river navigation patterns and challenges we face just to travel up and down the river.

A lack of support from Corps, Coast Guard, the constant fight of water between states and all the studies and wasteful spending from the US Fish and Wildlife because of the endangered species act have forced terminals and business to ship their goods by other less efficient modes.

The rivers and particularly the Missouri River could give great relief to the highways of Missouri and beyond. The MO River is a world highway that allows our small company to compete globally. There are numerous benefits to successful barge traffic including the fact that each barge load of goods relieves 64 semi-truck loads off the interstate highways and empty barges with lots of capacity are available right now in the St. Louis harbor.

There IS freight to move on the MO River, there are WILLING AND HUNGRY Terminals who want to ship product up and down the river. There are business like mine who depend on the livelihood of the river to ensure we can leave the business as a legacy for our children and grand children. The only obstacle standing between small business and successful revenue is the government. The Corp of Engineers needs to let the industry dictate how and where they wish to spend their budget and the navigational aids to assist us in doing our job, need to be under commercial contract.

It amazes me the amount of waste that goes on with the way navigational aids are managed on the MO River. You have the Corps that makes the channel and inspects the channel, but the Corps can't mark channel. The USCG marks the channel, but they don't inspect the channel. We need to work together to use the government assets to best serve the public to get the most reliable and longest shipping season available.

In conclusion, there has to be a plan that can satisfy both the small business owners as well as the Corp of Engineers. However, most importantly Congress MUST pass a budget. This is YOUR responsibility to the public. No governmental agency can provide any assistance to the public if they don't know how much money they will be allotted. We must find a common ground and allow small businesses to thrive instead of failing completely. Our goal is that we move enough river commerce to be a fully funded river and dredge sand to supply our ready mix customers throughout the state of Missouri.

All of the while, I am supposed to be running a business, piloting a boat, managing and maintaining my fleet and I spend hours a day trying to work with the same governing body that it seems is trying to put me out of business. I am not expecting handouts. I am not looking for a grant, I want the Government to provide the service and stick with the plan that our forefathers laid out. We are German, we are persistent, we are determined and we want to leave this business to our children as our father did for us. We just want to provide a safe, secure, honest living for ourselves and for our employees.

Respectfully,
Hermann Sand & Gravel, Inc



Steven W. Engemann
President