

**INLAND WATERWAYS USERS BOARD
23rd ANNUAL REPORT
TO THE
SECRETARY OF THE ARMY
AND THE
UNITED STATES CONGRESS
WITH APPENDIXES**

AUGUST 2009

"Prompted by these observations, I could not help taking a more contemplative and extensive view of the vast inland navigation of these United States, from maps and the information of others; and could not but be struck with the immense diffusion and importance of it, and with the goodness of that Providence, which has dealt her favors to us so profuse a hand. Would to God we may have wisdom enough to improve them."

George Washington
From his letter to the Chevalier de Chastellux
ca 1783

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Inland Waterways Users Board
23rd Annual Report
August 2009

The Inland Waterways Users Board (the Board) is a Federal advisory committee established by Congress under Section 302 of the Water Resources Development Act of 1986 (WRDA of 1986), Public Law 99-662 dated November 17, 1986, to make recommendations on construction and rehabilitation projects on the inland waterways of the United States. This is the annual report for 2009.

Excerpts from President Barack Obama's Memorandum for the Heads of Executive Departments and Agencies, January 21, 2009.

Government should be participatory. Public engagement enhances the Government's effectiveness and improves the quality of its decisions. Knowledge is widely dispersed in society, and public officials benefit from having access to that dispersed knowledge. Executive departments and agencies should offer Americans increased opportunities to participate in policymaking and to provide their Government with the benefits of their collective expertise and information. Executive departments and agencies should also solicit public input on how we can increase and improve opportunities for public participation in Government.

Government should be collaborative. Collaboration actively engages Americans in the work of their Government. Executive departments and agencies should use innovative tools, methods, and systems to cooperate among themselves, across all levels of Government, and with nonprofit organizations, businesses, and individuals in the private sector. Executive departments and agencies should solicit public feedback to assess and improve their level of collaboration and to identify new opportunities for cooperation.

The Inland Waterways Users Board is currently working with representatives of the U. S. Army Corps of Engineers (the Corps) in an intensive ongoing effort to identify ways to improve the Corps project delivery model. This working group is known as the Inland Marine Transportation System Investment Strategy Team (IMTS Team). Broadly speaking, the IMTS Team will seek to:

- 1) Identify ways to improve the project delivery system (more reliable estimates, better contracting practices, improved project management, etc) in order to ensure that future projects can be completed on time and within budget;
- 2) Develop a list of long-term capital needs for the inland navigation system, including an objective methodology to prioritize those needs;
- 3) Develop reliable estimates for the costs of those system needs; and

- 4) Develop and jointly recommend a strategy to help ensure that those funding requirements can be met with reasonable certainty and efficiency.

It is the Board's expectation that the IMTS Team's final consensus-based recommendations will reflect the team's best thinking, unencumbered by any existing Corps policies or practices nor constrained by current or past Administration positions.

Broken Business Model

The comprehensive review by the IMTS Team is necessitated because the present business model is broken. As highlighted in previous Board reports and elsewhere:

- The design life of our locks and dams is generally 50 years. The majority of our locks have exceeded that – many are more than 70 years old.
- The United States Maritime Administration projects dramatic growth of domestic freight volumes, which will compound the congestion problems on the nation's already overcrowded highway system.
- Enormous project cost overruns and delays in project schedules have greatly strained the Inland Waterways Trust Fund balance. Meanwhile, the benefits foregone (by virtue of not having the use of completed projects) continue to escalate.
- Project completion delays result, (at least in part) from a Federal budgeting and appropriations model that provides funding in annual and often-insufficient increments rather than a more reliable multi-year funding mechanism that would provide the certainty needed to more efficiently contract and build these capital projects.
- In the not-too-distant past, projects (such as those authorized by the Water Resources Development Act of 1986, P.L. 99-662) were completed within an average of 6.3 years and with an average increase of 32.5% of authorized costs; compared to the present day projects under construction that are more than double authorized amounts and require more than 17 years to complete.
- Another truly startling example of the contrast between today's project delivery performance and yesteryear's, is McAlpine Locks and Dam (Louisville, KY). The recently dedicated 1200' lock chamber took 10 years to complete. The virtually identical lock chamber sitting next to it was constructed in just 3 years (1958-1961).

Inland Navigation Stakeholders Call For A Review (The Selected Case Studies)

In June 2007, the inland navigation stakeholders requested the Corps undertake a review and comparison of the cost escalation and schedule delays associated with three of the then-current cost-shared inland navigation construction projects (Marmet Locks and Dam, Lower

Monongahela Locks and Dams 2, 3, and 4 and Olmsted Locks and Dam). The Corps agreed to conduct such a review and completed and delivered the Selected Case Studies to the Board in July 2008. The study revealed a number of principal reasons to help explain the enormous cost escalation. They include delay-caused inflation, government design changes, design omissions, re-estimates and differing site conditions encountered during construction. The Corps estimates the non-inflationary reasons account for about 61% of the cost growth on the Lower Monongahela project and about 69% of the cost growth on the Olmsted project. The Corps agrees that these findings highlight the need for process improvements in engineering, construction and project management. The Board notes that in general, the private sector spends far less time studying and building potential projects and completes their evaluation process with a far more accurate assessment of the scope of work, site conditions and project cost. While the Board is mindful that the Corps faces constraints and limitations not found in the private sector, to the extent these constraints and limitations are costing the nation money without providing offsetting value, they should be eliminated.

There is an inherent inequity in a process where two “partners” split project costs based on one partner’s estimate, yet the other partner pays half of the escalating costs if the estimate proves faulty. This inequitable arrangement provides no incentive to develop accurate cost estimates. In fact, it may encourage lower estimates that improve project cost benefit ratios, which in turn may cause one partner (in this case those paying the inland waterway fuel tax, not to mention the general taxpayer) to proceed with projects that might otherwise have not advanced if a more accurate cost estimate had been available.

The Selected Case Studies report also concluded that “less than optimal funding” accounted for about 32% of the cost growth for two projects (Lower Monongahela and Olmsted). While the Board applauds the Corps for its review, we believe that their estimated cost increases (while dramatic) nevertheless understate the total cost of these increases. The Corps report identifies the increases in terms of 2007 constant dollars. However, if the projects had been completed earlier, as estimated, then the total construction costs would have been much lower because the cost of construction materials was much cheaper. There were certainly ample Inland Waterways Trust Fund dollars available in the mid-to-late 1990’s and early 2000’s. Earlier completion of Olmsted and the Lower Monongahela projects would have produced significant construction cost savings in addition to the fact that the nation would have benefited from the transportation cost savings that were originally projected to be provided by the finished projects.

ARRA Funding: Welcome, but Short-Term, Band-Aid

President Obama signed into law the American Recovery and Reinvestment Act of 2009 on February 17th. The stated intent of the legislation was to stimulate recovery of the U. S. economy.

For the Corps Civil Works Program, the Act included \$4.6 billion in funding. Of that, \$2.0 billion is for construction projects and \$2.075 billion is for operations and maintenance activities nationwide. Appropriations are also included for the Mississippi River and Tributaries (MR&T)

account and other accounts. Within the construction project category, at least \$403.1 million is allocated to inland waterway system lock and dam modernization projects. Significantly, the ARRA funding provided for the inland waterway lock and dam construction and major rehabilitation projects does not require cost-sharing from the Inland Waterways Trust Fund.

The Board took an active role in expressing its strong belief to Congress and to the Corps that the inland navigation system's projects deserved to be considered as high priorities as decisions were being made regarding the development of stimulus legislation and the subsequent allocation of funds (see attached letters in Appendix 3). The Board is heartened by the ARRA funding that is already allocated for inland construction projects. Although much more spending could be justified, this is a significant sum that will further some much needed work. We commend the Corps for their successful efforts within the Administration to demonstrate the urgent need for these funds. We urge the Corps to continue to expedite the expenditure of these funds in such a fashion that will advance the completion dates of the projects.

The Path Forward

During the July 2008 Board Meeting Number 58 in Walla Walla, Washington, the Corps reported on the findings contained in the Selected Case Studies report. The Corps acknowledged shortcomings in a number of their current processes and the need for improvements. Mr. Gary Loew (Chief, Programs Integration Division, Corps Civil Works Directorate), also recommended the Board should be more directly involved in the development of an improved project delivery model. Thus, the IMTS Team was formed and it began the present effort.

The Board wishes to commend the Corps for its candor in acknowledging that changes are needed, as well as for its vision to initiate the collaborative effort of the IMTS Team to develop a long term, comprehensive, consensus-based strategy to better prioritize, manage and fund the capital construction needs of our nation's inland navigation system.

While the Board is acutely aware that the present low balance in the Inland Waterways Trust Fund has slowed down needed work on projects, we are also certain that the failure of our present project delivery model is not solely caused by a lack of sufficient Inland Waterways Trust Fund dollars. Essential systemic and policy changes must be addressed as we move forward. Some of these needed changes will require shifts in the way government (Executive Branch and Congress) operates. We will not resolve today's project delivery problems by merely increasing the industry's tax burden. If all we do is raise the industry's taxes, then we are destined to repeat today's mistakes, albeit perhaps at a faster, more expensive pace. We are also very mindful of the fact that history has shown that available trust fund balances have not always translated into greater investments in desperately needed projects. In the recent past, projects have languished while the trust fund balances increased. Even today, the balance continues to grow in the Harbor Maintenance Trust Fund which was established to pay for maintenance of port and harbor channels, even though many needed harbor maintenance projects remain unfunded. This suggests to the Board that merely raising more revenue is not the answer, unless it is coupled with dramatic process change at all levels of government.

Unfortunately, the constructive efforts which began with the initiation of the Selected Case Studies and then followed by the IMTS Team efforts have been complicated by the distraction of the Administration's ill-conceived lockage fee proposal. This concept is devoid of any persuasive basis in rational economic theory. Further, it contradicts a basic tenet held for the past 200 years by nation's waterways policy, which has long recognized that the benefits of the entire system are not just local in nature, but inure to the nation as a whole.

The Board could point out more shortcomings of the lockage fee concept. However, to do so might have the unintended effect of suggesting that it is an idea worthy of serious consideration. It is not.

The Board is quite mindful of the stressed economic situation faced by many of the carriers on the inland waterways who are the payers of the taxes supporting the Inland Waterways Trust Fund. The economic downturn has impacted virtually all carriers to some degree, many to a profound degree. Many companies have boats and barges tied up and employees laid off due to the worst national economic conditions in seven decades. Doubling or tripling their tax burden, however the tax is assessed, is not a good way to ensure the survival of these companies and preserve the employment of their remaining workforces. Compared to rail and truck, inland marine transportation is the most fuel efficient, clean and greenhouse gas friendly way to move the nation's cargo. We should be looking for ways to incentivize more shippers to take advantage of our existing waterways capacity rather than considering an inequitable tax regime that will drive cargo to less efficient modes.

Collectively, the inland barge industry is a small industry whose ability to pay for the nation's lock and dam system is limited. Much of the industry is privately held, making financial comparisons difficult, but an extrapolation of the operating revenues of the publicly traded barge lines suggest that overall industry operating revenue is but a small fraction of the \$54.6 billion that the American Association of Railroads reported for America's Class I railroads in 2007. A question policymakers must address is whether it even makes sense to expect this industry to fund half the cost of new construction and major rehabilitation projects on our nation's inland waterways, much less bear half the price of the cost overruns resulting from inefficient construction and funding practices on the part of the government. While our inland waterways certainly benefit navigation and it is fitting for navigation to contribute to their future, there are a host of non-navigation beneficiaries who benefit from the existence of this infrastructure. Funding decisions must recognize the reality of the industry's small size and limited resources and appreciate the significant economic and social benefits that accrue to the nation because of barge transportation.

Recommendations

The Board strongly urges the development of a long term public policy that truly recognizes the importance of our navigation system and adopts an investment policy that reflects that vision. A comprehensive approach is urgently needed to outline the compelling national interest in the

funding and construction of our most environmentally friendly and economically efficient mode of transportation. The Board believes that the efforts of the IMTS Team offer the best path to this goal and that the Congress and the Administration should support the work of this team and take no action until the team has had a reasonable opportunity to complete its work and make its recommendations.

As Congress and the Administration (as well as the IMTS Team) continue to reflect on how best to fashion a workable policy that furthers these national goals, the Board respectfully offers the following observations and ideas for consideration.

- Congress must provide adequate, uninterrupted funding for waterways projects to eliminate the inefficiencies of start-and-stop construction that result from the current “annual” appropriation method which often provides less-than-optimal amounts for individual projects and is generally punctuated with continuing resolutions and other uncertainties. Once we decide to commence a project, we cannot hope to complete it in on time or on budget if adequate funding is not assured.
- There must be continual improvement to the Corps project delivery model. The focus should be on productive project management through full and efficient funding.
- Projects currently under construction or almost ready to begin construction will require approximately \$7.0 billion to complete. If one assumes current Inland Waterways Trust Fund projected revenue levels, plus the current matching federal appropriation levels, it will take more than 40 years to complete these projects.
- In order to adequately address these capital needs, we must take a more creative approach. Similarly, the Corps must take creative steps to efficiently manage the construction process – on time and within budget.
- By even the most generous of interpretations, construction costs and schedule delays for some of the navigation projects (principally Olmsted and Lower Monongahela) are staggering. To date, 50 percent of these excessive costs have been borne by the industry. That is enough. Going forward for both ongoing and future projects, the Inland Waterways Trust Fund cost shared project share should be limited to 50 percent of the projects’ original Congressionally authorized amount. This will provide an incentive for accurate cost estimating.
- In recognition of the multiple non-commercial navigational beneficiaries of the inland waterways system and the many benefits of barge transportation, the allocation of costs between the inland towing industry and the Federal government should be adjusted. For example, the dam portion of project costs should be excluded from the Inland Waterways Trust Fund cost sharing formula. Also, Inland Waterways Trust Fund cost sharing of lock and dam major rehabilitation projects provides a financial incentive to defer maintenance to the point a “major rehabilitation” is required for continued operation of a

facility. The decision to allow Inland Waterways Trust Fund contributions for major rehabilitation projects should be rescinded.

- Policymakers should re-evaluate current cost sharing requirements. Is it sensible to rely upon one very small industry to match dollar-for-dollar the Federal government’s capital investment in our Nation’s inland waterways infrastructure, given the vast environmental and societal benefits provided by the inland waterways system?

Because this annual report is being issued as Congress progresses towards a conference on the FY 2010 Energy and Water Development Appropriations bill, the recommendations contained in Table 1 were formulated with a view towards the status of Congress’ action to date. These recommendations also reflect the Board’s recognition that significant funding is being provided through FY 2010 for inland waterways modernization projects pursuant to the ARRA funding.

Table 1. Inland Waterways Users Board Priority Projects

Name	Recommended Funding FY 2010 (\$million)	States Directly Impacted	Economic Impact To Each State
PRIORITY CONSTRUCTION and MAJOR REHABILITATION PROJECTS			
Olmsted Locks and Dam, Illinois and Kentucky (Const)	\$109.79	LA, KY, OH, WV, IL, IN, PA, TN, MO, AR, TX, MS, AL, FL, IA, OK, MN, WI, KS, NE	90 million tons, valued at \$18.8 billion serving 20 states
Monongahela River Locks and Dams 2, 3, and 4, Pennsylvania (Const)	\$6.21	PA, WV, OH, KY, IN, IL, MO, TN, LA, AR, MS, AL, TX, OK, IA	20 million tons valued at \$1.6 billion serving 15 states
Kentucky Locks and Dam, Kentucky (Const)	\$1.0	TN, KY, IL, LA, WV, PA, IN, OH, MO, AL, MS, AR, IA, TX, MN, WI, OK, FL, NE, KS	32 million tons valued at \$4.5 billion serving 20 states
Markland Locks and Dam, Kentucky (Major Rehab)	\$1.0	KY, LA, OH, WV, IL, IN, PA, TN, MO, AR, TX, MS, AL, FL, IA, OK, MN, WI	53 million tons valued at \$13.2 billion serving 18 states
Emsworth Locks and Dam, Ohio River, Pennsylvania (Dam Safety Static Instability)	\$25.0	PA, WV, OH, KY, IN, IL, MO, TN, LA, AR, MS, AL, TX, OK, IA	21 million tons valued at \$2.3 billion serving at least 15 states

Name	Recommended Funding FY 2010 (\$million)	States Directly Impacted	Economic Impact To Each State
Inner Harbor Navigation Canal Lock, Louisiana (Const)	\$0.0	LA, MS, AL, FL, TX, AR, TN, MO, KY, IL, IN, OH, WV, PA, IA, MN	13 million tons valued at over \$8.4 billion for 16 states
Chickamauga Lock and Dam, Tennessee River, Tennessee (Const)	\$15.0	TN, KY, AL, IN, WV, PA, LA, AR, TX, MO, IL, OK	1 million tons valued at \$373 million serving 12 states
Lower Monumental Lock, Lower Snake River, Washington (Const)	\$6.74	WA, OR, ID, MT, ND	3.3 million tons valued at \$880 million serving 5 states
John T. Myers Locks and Dam, Ohio River, Indiana and Kentucky (Const)	\$0.0	TN, KY, IL, LA, WV, PA, IN, OH, MO, AL, MS, AR, IA, TX, MN, WI, OK, FL	70 million tons valued at \$15.5 billion serving 18 states
PRIORITY PED PROJECTS and STUDIES			
Upper Mississippi River and Illinois Waterway Navigation, Illinois, Iowa, Minnesota, Missouri, and Wisconsin (NESP) (PED)	\$9.0	LA, MO, IL, IA, MN, WI, KY, AL, TN, TX, WV, IN, PA, OH, MS, AR, KS, NE	117 million tons valued at \$27 billion serving 18 states
Greenup Locks and Dam, Ohio River, Kentucky and Ohio (PED)	\$1.0	TN, KY, IL, LA, WV, PA, IN, OH, MO, AL, MS, AR, IA, TX, MN, WI, OK, FL	60 million tons valued at \$13.5 billion serving 18 states
Bayou Sorrel Lock, Intracoastal Waterway, Louisiana (PED)	\$1.24	TX, LA, MS, AR, OK, TN, KY, MO, IL, IN, OH, WV, PA, IA, MN	23 million tons valued at \$15.7 billion serving at least 15 states
Calcasieu Lock, Intracoastal Waterway, Louisiana (Study)	\$1.0	TX, LA, MS, AL, FL, AR, OK, TN, KY, MO, IL, IN, OH, WV, PA, IA, MN	38 million tons valued at \$30.6 billion serving at least 17 states
Upper Ohio River Navigation, PA (Study)	\$1.7	PA, WV, OH, KY, IN, IL, MO, TN, LA, AR, MS, AL, TX, OK, IA	21 million tons valued at \$2.3 billion serving at least 15 states

Name	Recommended Funding FY 2010 (\$million)	States Directly Impacted	Economic Impact To Each State
Gulf Intracoastal Waterway (GIWW) High Island Realignment, Texas (Study)	\$0.2	TX	28.5 million tons valued at \$25.3 billion
Total for All Projects	\$178.88		

Acknowledgements

The Inland Waterways Users Board wishes to express its sincere appreciation to Major General Merdith “Bo” Temple, the U.S. Army Corps of Engineers Deputy Commanding General for Civil Works and Emergency Operations, and Executive Director to the Board, Mr. Mark R. Pointon from the Corps Directorate of Civil Works, the Executive Secretary to the Board, and Messrs. Kenneth E. Lichtman and David V. Grier from the Corps Institute for Water Resources for all the support they provide. Also, the Corps’ division and district staffs and the staffs at Corps Headquarters and the Institute for Water Resources have provided thorough and timely information for the Board’s use and have always tried to best answer the Board’s tough questions.

Appendix A

History

The Inland Waterways Fuel Tax was established to support inland waterway infrastructure development and rehabilitation. Commercial users are required to pay this tax on fuel consumed in inland waterway transportation. Revenues from the tax are deposited in the Inland Waterways Trust Fund and fund 50% of the cost of inland navigation projects each year as authorized. The amount of tax paid by commercial users is \$.20 per gallon of fuel. This tax rate generates approximately \$85 million in contributions annually to the Inland Waterways Trust Fund.

Reflecting the concept of “Users Pay, Users Say”, the Water Resources Development Act of 1986 (Public Law 99-662) (“WRDA ‘86”) established the Inland Waterways Users Board (the “Board”), a federal advisory committee, to give commercial users a strong voice in the investment decision-making they were supporting with their cost-sharing tax payments. The principal responsibility of the Board is to recommend to the Congress, the Secretary of the Army and the U.S. Army Corps of Engineers the prioritization of new and replacement inland navigation construction and major rehabilitation projects.

Appendix B

List of the Fuel Taxed Inland and Intracoastal Waterways and System Map

Statutory Definitions of Inland and Intracoastal Fuel Taxed Waterways of the United States

SOURCES: Public Law 95-502, October 21, 1978, and Public Law 99-662, November 17, 1986.

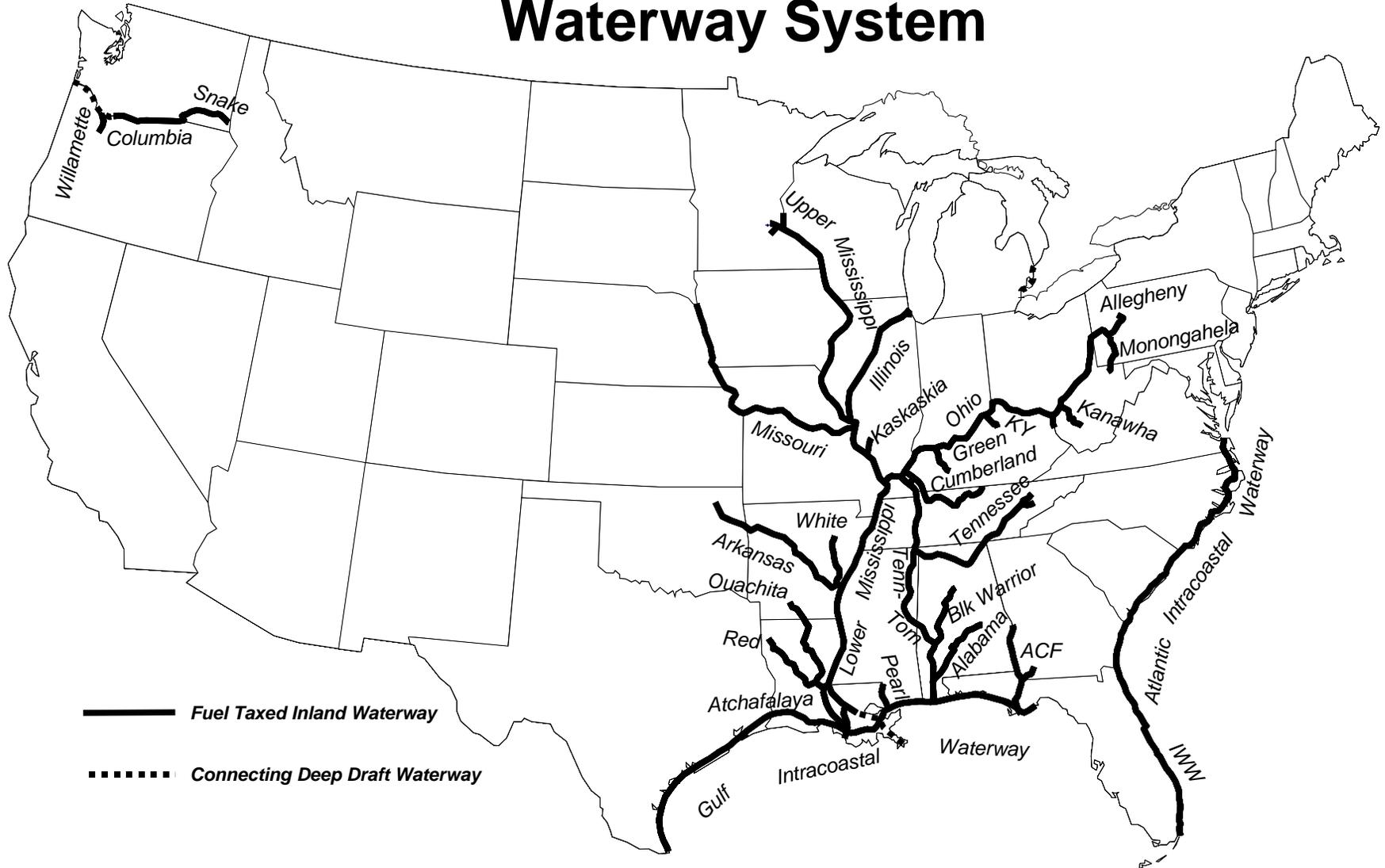
1. Alabama-Coosa Rivers: From junction with the Tombigbee River at river mile (hereinafter referred to as RM) 0 to junction with Coosa River at RM 314.
2. Allegheny River: From confluence with the Monongahela River to form the Ohio River at RM 0 to the head of the existing project at East Brady, Pennsylvania, RM 72.
3. Apalachicola-Chattahoochee and Flint Rivers (ACF): Apalachicola River from mouth at Apalachicola Bay (intersection with the Gulf Intracoastal Waterway) RM 0 to junction with Chattahoochee and Flint Rivers at RM 107.8. Chattahoochee River from junction with Apalachicola and Flint Rivers at RM 0 to Columbus, Georgia at RM 155 and Flint River, from junction with Apalachicola and Chattahoochee Rivers at RM 0 to Bainbridge, Georgia, at RM 28.
4. Arkansas River (McClellan-Kerr Arkansas River Navigation System): From junction with Mississippi River at RM 0 to Port of Catoosa, Oklahoma, at RM 448.2.
5. Atchafalaya River: From RM 0 at its intersection with the Gulf Intracoastal Waterway at Morgan City, Louisiana, upstream to junction with Red River at RM 116.8.
6. Atlantic Intracoastal Waterway: Two inland waterway routes approximately paralleling the Atlantic coast between Norfolk, Virginia, and Miami, Florida, for 1,192 miles via both the Albemarle and Chesapeake Canal and Great Dismal Swamp Canal routes.
7. Black Warrior-Tombigbee-Mobile Rivers: Black Warrior River System from RM 2.9, Mobile River (at Chickasaw Creek) to confluence with Tombigbee River at RM 45. Tombigbee River (to Demopolis at RM 215.4) to port of Birmingham, RM's 374-411 and upstream to head of navigation on Mulberry Fork (RM 429.6), Locust Fork (RM 407.8), and Sipsey Fork (RM 430.4).
8. Columbia River (Columbia-Snake Rivers Inland Waterways): From the Dalles at RM 191.5 to Pasco, Washington (McNary Pool), at RM 330, Snake River from RM 0 at the mouth to RM 231.5 at Johnson Bar Landing, Idaho

9. Cumberland River: Junction with Ohio River at RM 0 to head of navigation, upstream to Carthage, Tennessee, at RM 313.5.
10. Green and Barren Rivers: Green River from junction with the Ohio River at RM 0 to head of navigation at RM 149.1.
11. Gulf Intracoastal Waterway: From St. Mark's River, Florida, to Brownsville, Texas, 1,134.5 miles.
12. Illinois Waterway (Calumet-Sag Channel): From the junction of the Illinois River with the Mississippi River RM 0 to Chicago Harbor at Lake Michigan, approximately RM 350.
13. Kanawha River: From junction with Ohio River at RM 0 to RM 90.6 at Deepwater, West Virginia.
14. Kaskaskia River: From junction with Mississippi River at RM 0 to RM 36.2 at Fayetteville, Illinois.
15. Kentucky River: From junction with Ohio River at RM 0 to confluence of Middle and North Forks at RM 258.6.
16. Lower Mississippi River: From Baton Rouge, Louisiana, RM 233.9 to Cairo, Illinois, RM 953.8.
17. Upper Mississippi River: From Cairo, Illinois, RM 953.8 to Minneapolis, Minnesota, RM 1,811.4.
18. Missouri River: From junction with Mississippi River at RM 0 to Sioux City, Iowa, at RM 734.8.
19. Monongahela River: From junction with Allegheny River to form the Ohio River at RM 0 to junction of the Tygart and West Fork Rivers, Fairmont, West Virginia, at RM 128.7.
20. Ohio River: From junction with the Mississippi River at RM 0 to junction of the Allegheny and Monongahela Rivers at Pittsburgh, Pennsylvania, at RM 981.
21. Ouachita-Black Rivers: From the mouth of the Black River at its junction with the Red River at RM 0 to RM 351 at Camden, Arkansas.
22. Pearl River: From junction of West Pearl River with the Rigolets at RM 0 to Bogalusa, Louisiana, RM 58.
23. Red River: From RM 0 to the mouth of Cypress Bayou at RM 236.
24. Tennessee River: From junction with Ohio River at RM 0 to confluence with Holstein and French Rivers at RM 652.
25. White River: From RM 9.8 to RM 255 at Newport, Arkansas.

26. Willamette River: From RM 21 upstream of Portland, Oregon, to Harrisburg, Oregon, at RM 194.

27. Tennessee-Tombigbee Waterway: From its confluence with the Tennessee River to the Warrior River at Demopolis, Tennessee

The Fuel-Taxed Inland and Intracoastal Waterway System



Appendix C

Letters from the Board to Senator James M. Inhofe and Mr. Gary A. Loew



INLAND WATERWAYS USERS BOARD

Washington, D.C. 20314-1000 (CECW-P)

November 1, 2008

The Honorable James M. Inhofe
Ranking Member
Environment & Public Works
United States Senate
Washington, D. C. 20505-6256

Dear Ranking Member Inhofe:

I am writing as acting Chairman of the Inland Waterways Users Board, a 9 member independent federal advisory committee appointed by the Secretary of the Army. **The message I bring to you today is that now is the time to invest in America's inland navigation infrastructure.**

The Waterways Users Board prioritizes major lock and dam projects for construction on the inland waterways of the United States. Fortunately for the citizens of the United States our predecessors had the courage and foresight to support the original construction of locks and dams. The return to the country has far exceeded expectations. The bottom line is this has been a good investment.

The challenge to Board members is to prioritize projects for construction that yield the greatest return to the citizens of the United States of America. By nature these projects are massive construction projects. Many projects are replacing older structures that have outlived their originally engineered design lifetime of 50 years. Many factors are considered when prioritizing, such as economic return, critical failure consequences, environmental concerns, safety to the public and the navigation industry, pre-engineering and design time, and construction time, to name a few.

There are 257 navigation lock chambers at 212 sites that are operated by the federal government. Fortunately, depending on the criteria chosen, there are 16 to 18 projects authorized by Congress and vetted by the Corps of Engineers that only await an appropriation to begin or continue the construction process. For example, lock studies have been completed and authorization has occurred for the construction of modernized locks on the Upper Mississippi and Illinois Rivers. There are many other existing lock and dam modernization projects already underway waiting in the appropriations queue to be completed.

The May 2008 Inland Waterways Users Board 22nd Annual Report To The Secretary of the ARMY and the United States Congress the Board stated:

A Federal Advisory Committee Established by the Water Resources Development Act of 1986



INLAND WATERWAYS USERS BOARD

Washington, D.C. 20314-1000 (CECW-P)

“Although issues, such as trust funds and lock and dam construction, are not attractive they can be influential in economic recovery. Jobs are being created as a result of the projects being adequately funded. Investment means jobs and stimulates an economy.”

Congress and the Administration recognize the importance of the inland waterways transportation system and the need to sustain and increase the reliability of this system, now and for our future. In its FY2009 budget request, the Administration asked Congress to fund 14 inland waterway system lock and dam modernization projects, including major rehabilitation projects, throughout the Nation. In the individual FY 2009 Energy and Water Development Appropriations bills that were approved by the House and Senate Appropriations Committees, but were not considered on the floor of either chamber prior to the pre-election recess, funding for all the Administration-requested lock and dam modernization projects was supported by either the House or Senate Appropriations Committees. Two additional modernization projects were added in one or the other Committee marks, bringing the total of Congressionally-supported lock and dam modernization projects to 16.

Estimates for expenditures on these 16 lock and dam modernization projects could productively and quickly use approximately \$1-\$1.5 billion above previously-anticipated FY2009 appropriations levels to expedite job-creating construction work associated with the projects. In addition another \$500 million above previously-anticipated FY2009 appropriations levels can be utilized immediately towards operations & maintenance (“O&M”) work throughout the system. The total economic stimulus amount: \$1.5-\$2.0 billion for inland navigation. The full \$1.5-\$2.0 billion amount of stimulus finding needed for both lock and dam modernization and O&M should be provided in the economic stimulus bill at full federal expense to expedite this important inland waterway navigation system job-creating work.

We respectfully request that stimulus spending in the amount of \$1.5-\$2.0 billion for inland waterways infrastructure projects immediately be appropriated at full federal expense in the economic stimulus bill to generate tens of thousands of jobs along our nation’s river system.



INLAND WATERWAYS USERS BOARD

Washington, D.C. 20314-1000 (CECW-P)

Inland Waterways Users Board Members
2008

Members:

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American River Transportation Company
Decatur, Illinois

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Minneapolis, Minnesota

Mr. Stephen D. Little
Crouse Corporation
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Ursa Farmers Cooperative
Ursa, Illinois

Mr. Daniel T. Martin
Ingram Barge Company
Nashville, Tennessee

Mr. Tim Parker
Parker Towing Company,
Tuscaloosa, Alabama

A Federal Advisory Committee Established by the Water Resources Development Act of 1986



INLAND WATERWAYS USERS BOARD

Washington, D.C. 20314-1000 (CECW-P)

February 24, 2009

Mr. Gary A Loew
Chief, Program Integration Division
Directorate of Civil Works
U.S. Army Corps of Engineers
441 G Street, N.W.
Room 3I92
Washington, DC 20314-1000

Dear Gary:

Thank you for your presentation to the Users Board on Friday in Vicksburg, MS. We appreciate all of your hard work during the development of the stimulus legislation and your candor throughout the process. The stimulus money that has been allocated to the Corps of Engineers program represents a great opportunity to address some of the construction backlog that faces the inland navigation system. We believe that notwithstanding the five criteria enumerated in the conference report (and alluded to in your presentation), the legislation also directs the Corps to "maximize national benefits without regard to the business line..." It is our strongly held belief that the legislation provides the Corps of Engineers with ample authority to address the needs of our Inland Navigation System and the Corps of Engineers should seize that opportunity.

The Users Board stands ready to accept the invitation we heard in Vicksburg to participate in the review of these projects as the Corps determines its final allocation of resources. We interpret this invitation as a signal that the Corps is ready to work with the Users Board in a substantive and not just perfunctory manner.

Very truly yours,

cc: General Temple

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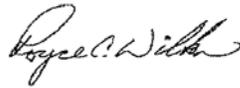
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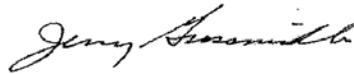


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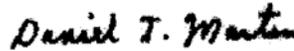
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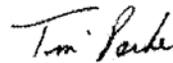
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