



Inland Marine Transportation System Investment Strategy Program Management Team

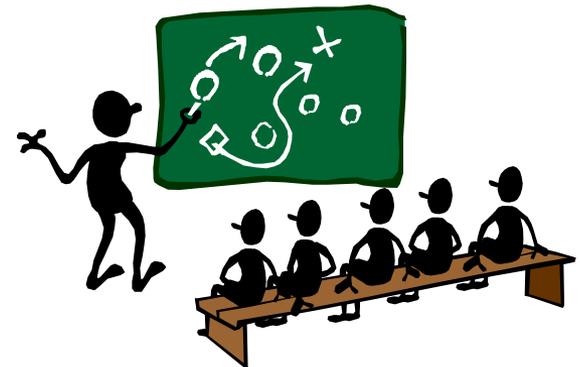
**Inland Waterways Users Board
February 20, 2009
Jeanine Hoey
Program Manager**



TOPICS

- The Capital Projects Business Model for the Inland Marine Transportation System (White Paper)
- Program Management Plan
- Next Steps

- **PROJECT:** Inland Marine Transportation System (IMTS) Investment Strategy
- **CHARTER:** Establish a national investment strategy for the Nation's navigation locks and dams using principles of economic return on investment and risk-based asset management and identify the long term revenue need for insuring continued safe and reliable navigation.



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Program Management Team

- Program Manager: Jeanine Hoey
- IWUB: Royce Wilken (temporary)
- HQ USACE:
 - Operations: Jim Walker, Jeff McKee, Mike Kidby
 - Programs: Mark Pointon, Mary Anne Schmid, Sandy Gore
 - Planning: TBD (vice Worthington)
 - Asset Management: Jose Sanchez
- Cost Engineer: Mike Jacobs
- Divisions:
 - LRD: Bill Harder
 - MVD: Steve Jones
 - NWD: Eric Braun
 - SAD: Wynne Fuller
 - SWD: Glenn Proffitt
- IWR: David Grier
- ERDC: John Hite
- Economists:
 - Wes Walker
 - Keith Hofseth

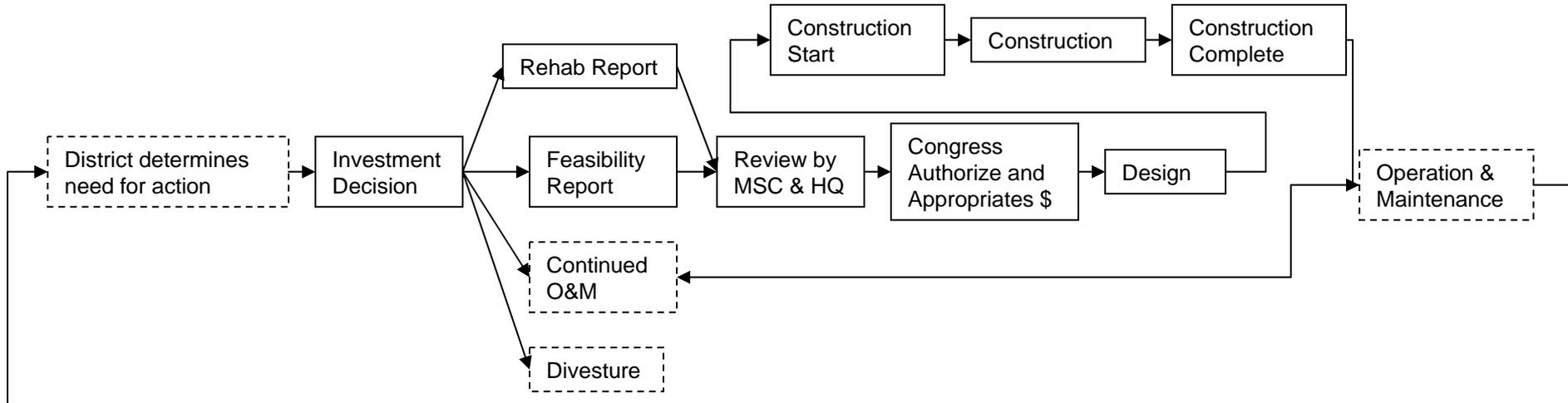




The Capital Project Business Model for Inland Marine Transportation Systems (White Paper)

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Past Capital Projects Business Model (Prior to 2006)



- Districts identified problems
- Evaluations determined whether to do a major rehabilitation or replace the structure
- Investigation funds used for study of construction, expansion, and replacement of projects/Operation and Maintenance (O&M) funds used for rehabilitation studies
- Report reviewed by Divisions and Headquarters independently of other project reports
- Most new starts added by the Congress without being proposed in the Budget
- Annual appropriations
- Emphasis on maximum expenditure of funds within the fiscal year
- Reliance on frequent reprogramming to maximize expenditures on projects

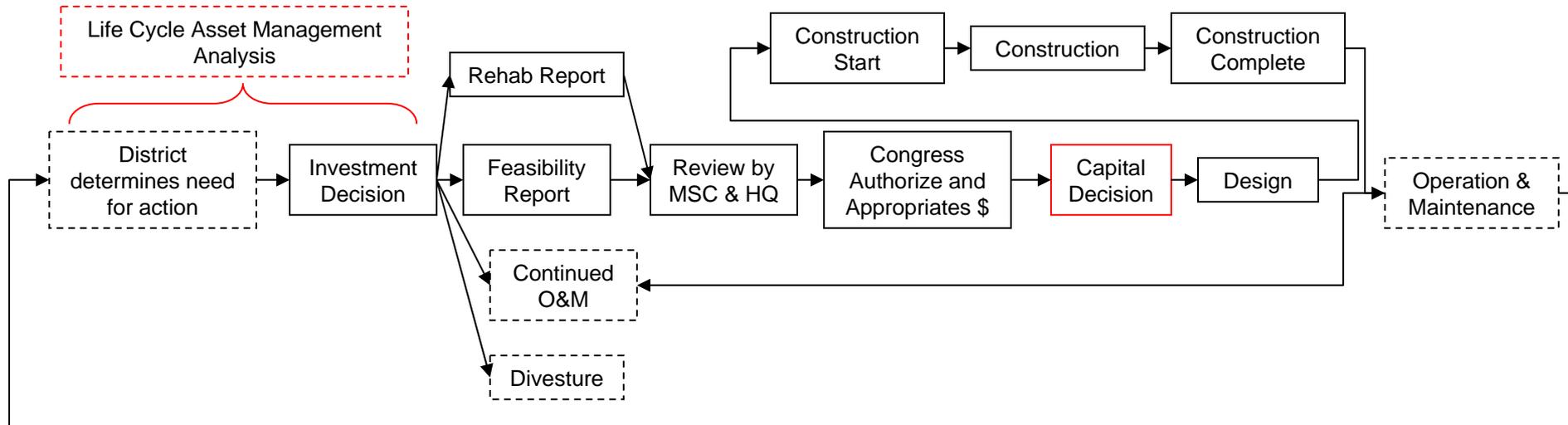
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Current Capital Projects Business Model

- Projects evaluated based on system benefits and minimizing system risk
- Risk-based cost and schedule estimates
- External Peer Review
- Project Management improvements
- Systems or watershed considerations

Future Capital Projects Business Model



- **Goals**

- Timely and efficient planning process guided by a sound IMTS investment plan
- Facilities will be assessed for continued structural, operational and economic viability
- Priorities set to provide best overall return for the program
- Program management
- Investment Plan supported through an appropriate mechanism
- Realistic, achievable, 90% confidence level, risk-based estimates of project costs and schedules at the completion of the Feasibility report.
- Intensive project management to ensure efficient, cost effective, timely completion
- Evaluate actual benefits to confirm feasibility report predictions

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Process Improvements

- Provide an engineering and economic basis for prioritized work
- Fiscally Responsible
- Asset Management
 - Systems approach to condition assessments - national consistency
 - System investment modeling approach
 - Divest projects that do not adequately contribute to system benefits
 - Risk based engineering and economics
- Research and Development Investments
- Realistic construction schedules and cost estimates
- Improve process for investment decisions
- Program/Project Management initiatives
- Prioritization Criteria

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Possible Criteria

- Dam Safety Action Classification (DSAC) Rating
- Human Life Risks
- Other Safety Risks
- Economic Return
 - Benefit to Cost Ratio (BCR)
 - Annual Ton-miles
- Risk and Reliability
- Consequences of Failure
- Operational Problems that Affect navigation Safety or Efficiency
- Legal Requirements
- Environmental Requirements, Benefits
- Capacity of Existing Infrastructure compared with Forecasted Demand

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Possible Criteria

- Other Considerations
 - Funding Availability
 - Inland Waterways Trust Fund balance
 - Total Project Cost
 - Balance to Complete
 - Project Schedule
 - New Start Project
 - Project Underway
 - Project Completing

Inland Marine Transportation System Investment Strategy Program Management Plan

- Scope of work
- Schedule
- Communications
- Draft being finalized for review



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Milestones

- Board Meeting #59 - 18 November 2008: Establish Inland Marine Transportation System (IMTS) Investment Strategy Team and Charter
 - Board Meeting #60: White Paper, Project Management Plan, National Criteria
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- Board Meeting #61: Cost engineering confidence levels and timing, develop preliminary priority list and draft outline of Investment Strategy
 - Board Meeting #62: Presentation of revenue alternatives, draft legislative language and draft Investment Strategy. Discussion and agreement of Investment Plan, revenue requirements and legislative language.



Actions for Board Meeting # 61

- **Long-Term Capital Plan**
 - Efficient construction schedule
 - Not constrained by funding
- **Refine Criteria**
 - Workshop 25 – 27 March
 - Assign weights
 - Board comment on results
- **Apply Criteria to Capital Plan**



PATH FORWARD

- **Long-term Capital Plan**
- **Long-term Revenue Plan Matched to Capital Plan**
- **Pursue Implementation**
- **RESULT: Reliable IMTS**

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U.S. ARMY

US Army Corps of Engineers



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