

WRRDA 2014 Capital Investment Strategy Update – Initial Results

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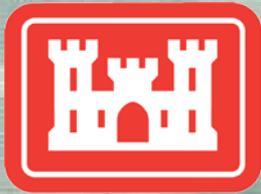
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Key Events Since IWUB Mtg #73

- USACE IMTS team finalized draft criteria and 20 year capital investment strategy
 - ▶ Focus primarily on Benefit/Cost and then Remaining Benefit Remaining Cost
 - ▶ Economic updates for existing Authorized projects
 - ▶ Use Project Operational Risk Exposure to determine priority of project economic updating, or initiation
 - ▶ Recommend new addition to process to engage Industry earlier in Rehab or Modernization decision
- Day long Face-to-Face meeting with Industry and Stakeholders (29 Jan 15)
- Update USACE Division SES's and District DPM's
- Half-Day long Face-to-Face meeting with Industry and Stakeholders (18 Feb 15)

Plus understanding the implications of the fuel tax increase



Implications of Fuel Tax Increase

- Increase tax rate by 45% from \$0.20/gal to \$0.29/gal;
- Restores the "buying power" of the IWTF to ~mid-90's level;
- Increase revenues generated for IWTF by about \$30-35 million (with no diversions);
- Could allow up to \$70 million in allocations for IWTF cost shared projects;
- Allow accelerating schedules of cost shared projects;
- Will not have significant affect until possibly FY16 appropriations or FY17 Budget
- **Would need an increase of the overall Civil Works budget authority by equal amount, to avoid cannibalizing existing navigation functions and other business lines.**



Draft Working Results

- Determining and Updating Risk Informed Priorities
- 2010 Capital Projects Business Model Priorities Compared to Current 2015 Working Draft Priorities
 - Construction
 - Major Rehabilitation
- Current Working Draft Schedule Comparison
 - Unconstrained Funding
 - Constrained Funding
- Key Concepts Incorporated from 2010 CPBM
 - Concept of “Finish What we Start”
 - Efficient Funding as Best We Can
 - Incorporate Life Cycle Asset Management



Updating Study Queue Priority Based on Operational Risk Exposure Screening

Top 15 (as of 17 Feb 15)

Waterway	Project	(as of 17 Feb 15)
Mississippi	Lock No. 18	
Illinois	Lagrange	
Ohio	Greenup Lock and Dam	
Illinois	Brandon Road	
Mississippi	Lock No. 25	
Illinois	Dresden Island	
Illinois	Starved Rock	
Ohio	Montgomery Lock and Dam	
Ohio	John T. Myers Lock and Dam	
Arkansas	Dardanelle	
Ohio	Emsworth Lock and Dam	
Arkansas	Lock Num. 2	
Mississippi	Lock No. 20	
Mississippi	Lock No. 5 (Miss)	
Ohio	Dashiields Lock and Dam	

- Where do we have the most mission critical components, in the worst condition and highest probability of failure, that will cause an unscheduled unavailability, that causes the most economic impact!

NOTE: Over a dozen Projects filtered OUT of this priority screening!!

- ✓ Bought down risk with ARRA
- ✓ Bought down risk with O&M
- ✓ Bought down risk with Dam Safety
- ✓ Buying down risk in current or planned future O&M
- ✓ Simply did not meet criteria for Major Rehab per WRDA 1992



Construction Program - Compare 2010 CPBM and Working Draft 2015 Plan (Constrained)

Division	District	Project	Change?	Reason	New Priority for Study Update
LRD	LRL	OLMSTED LOCKS AND DAM, OHIO RIVER, IL & KY	No		Same
LRD	LRP	LOCKS AND DAMS 2, 3 AND 4, LOCKS - MONONGAHELA RIVER, PA	No		Same
LRD	LRP	LOCKS AND DAMS 2, 3 AND 4, DAMS - MONONGAHELA RIVER, PA	No		Same
LRD	LRN	CHICKAMAUGA LOCK, TN	Yes	BCR = 1.5	4
LRD	LRN	KENTUCKY LOCK ADDITION, TN RIVER, KY	Yes	BCR = 1.8	3
MVD	MVS	LD 25 UPPER MISSISSIPPI	Yes	BCR = 1.3 (and Risk Exposure and consistent with 2010 CPBM NESP)	6
SWD	SWG	GIWW, HIGH ISLAND TO BRAZOS RIVER, TX	Yes	BCR = 2.9	1
MVD	MVR	LAGRANGE - ILLINOIS WATERWAY	Yes	BCR = 1.3 (and Risk Exposure)	5
MVD	MVN	INNER HARBOR NAVIGATION CANAL LOCK, LA	Removed from 2015 20 year plan	Ongoing General Reevaluation Report	-
LRD	LRH	GREENUP LOCKS AND DAM, OHIO RIVER, KY & OH	Removed from 2015 20 year plan	Ongoing General Reevaluation Report	-
MVD	MVR	LD 22 UPPER MISSISSIPPI	Yes	BCR = 1.3 (Risk Exposure and consistent with 2010 CPBM NESP)	7
MVD	MVR	LD 24 UPPER MISSISSIPPI	Yes	BCR = 1.3 (Risk Exposure and consistent with 2010 CPBM NESP and Industry Rec to move PED up)	8
SWD	SWG	GIWW, BRAZOS RIVER to PORT O'CONNOR, MATAGORDA BAY, TX	NEW	BCR = 2.1	2

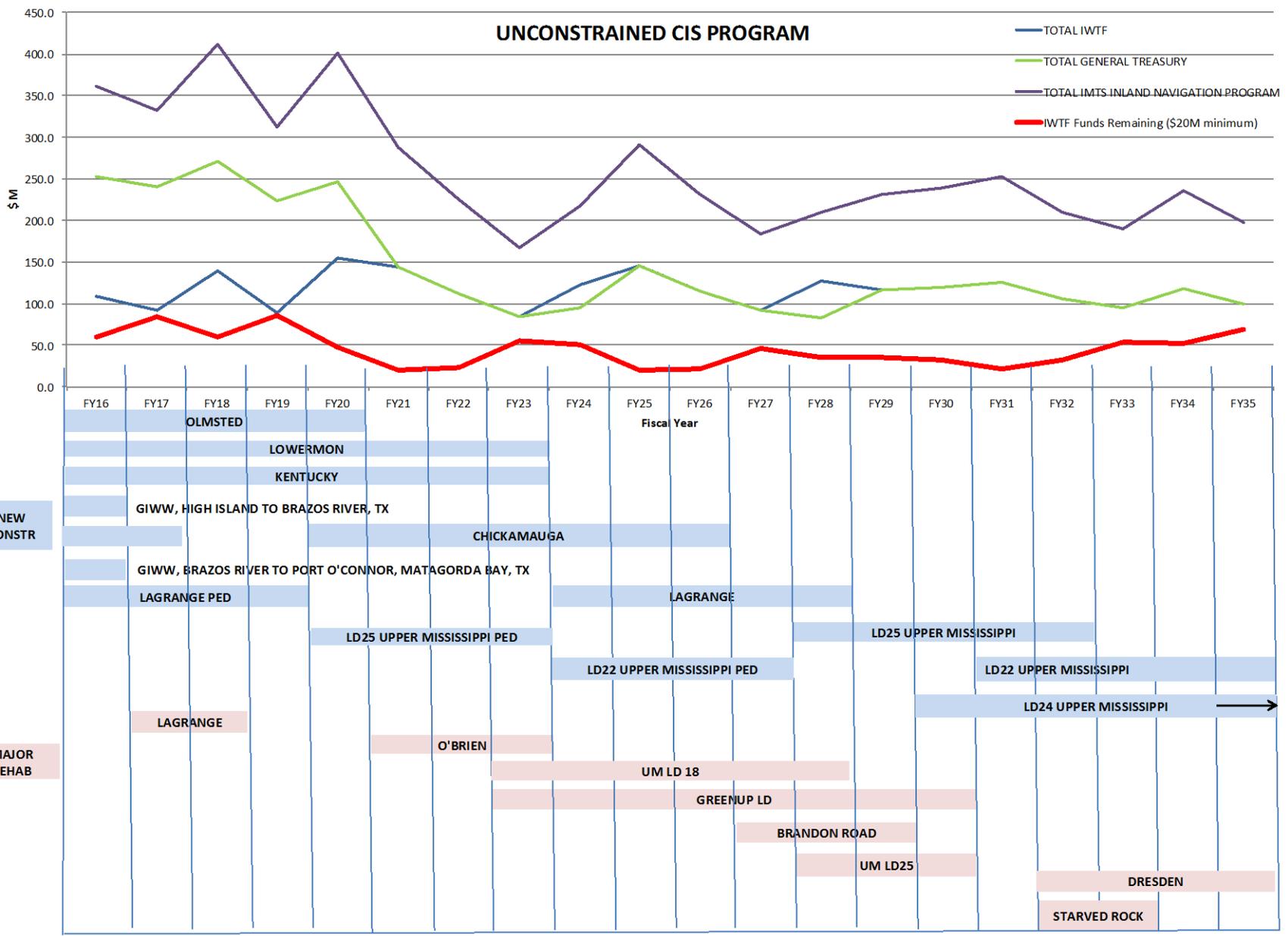


Major Rehabilitation - Compare 2010 CPBM and Working Draft 2015 Plan (Constrained)

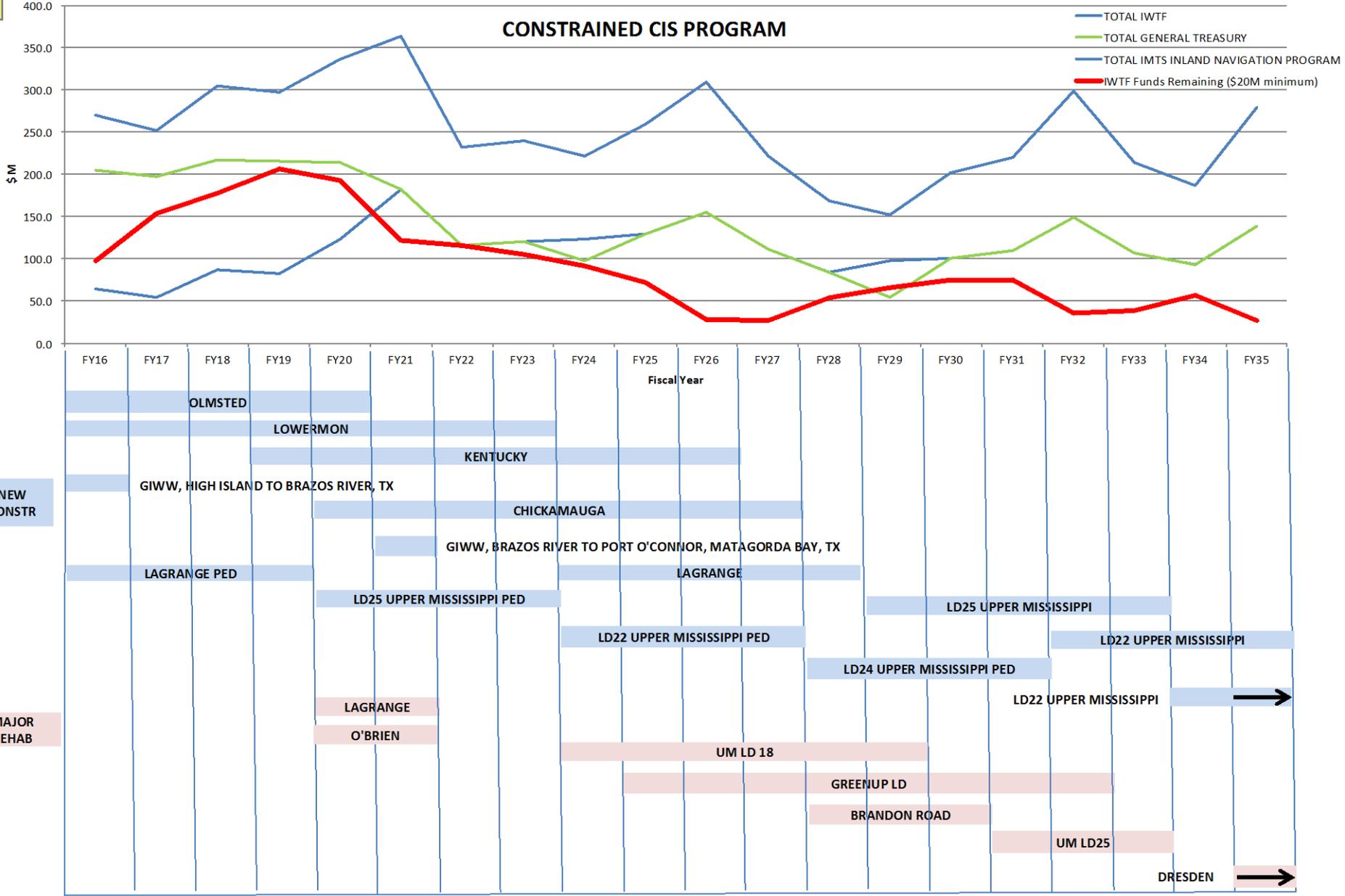
Division	District	Project	Change?	Reason	New Priority for Study Updating
LRD	LRP	EMSWORTH LOCKS AND DAM, OHIO RIVER, PA (Dam Safety)	Yes	Completed	-
LRD	LRL	MARKLAND LOCKS AND DAM, KY & IN (MAJOR REHAB)	Yes	Completed	-
MVD	MVS	LOCK AND DAM 25, MISSISSIPPI RIVER, IL & MO	No		4*
MVD	MVR	LAGRANGE LOCK & DAM, ILLINOIS WATERWAY, IL5	No	Level 2 Update in 2014	Updated
NWD	NWW	LOWER MONUMENTAL LOCK AND DAM, WA	Removed in 2015 Working Draft Plan	Funded by ARRA and O&M	-
MVD	MVR	THOMAS O'BRIEN LOCK & DAM, ILLINOIS WATERWAY	No	Level 2 Update in 2014	Updated
LRD	LRH	GREENUP LOCKS AND DAM, OHIO RIVER, KY & OH	Move Up in 2015 Working Draft Plan	Very High Risk Exposure	2*
LRD	LRL	JOHN T. MYERS LOCKS AND DAM, OHIO RIVER (MAJOR REHAB)	Removed in 2015 Working Draft Plan	High Risk Exposure BUT Does not fit within 20 Year Plan	-
LRD	LRH	GREENUP LOCKS AND DAM, OHIO RIVER, KY & OH3	Move Up in 2015 Working Draft Plan	Very High Risk Exposure	2*
LRD	LRH	MELDAHL LOCKS AND DAM, OHIO RIVER, OH & KY	Removed in 2015 Working Draft Plan	Does not fit within 20 Year Plan	-
LRD	LRP	MONTGOMERY LOCKS AND DAM, OHIO RIVER, DAM SAFETY PROJECT (MAJOR REHAB)	Yes	Working with O&M Funding	-
MVD	MVS	MEL PRICE LOCKS AND DAM, MISSISSIPPI RIVER	Removed in 2015 Working Draft Plan	Does not fit within 20 Year Plan	-
MVD	MVS	LOCK AND DAM 25, MISSISSIPPI RIVER4	No		4*
MVD	MVS	LOCK AND DAM 24, MISSISSIPPI RIVER4	Removed in 2015 Working Draft Plan	High Risk Exposure BUT Does not fit within 20 Year Plan	-
SWD	SWL	NO. 2 LOCK, ARKANSAS RIVER, AR	Removed in 2015 Working Draft Plan	High Risk Exposure BUT Does not fit within 20 Year Plan	-
MVD	MVR	Brandon Road	NEW	Very High Risk Exposure	3
MVD	MVR	Lock and Dam #18	NEW	Very High Risk Exposure	1
MVD	MVR	Dresden Island	NEW	Very High Risk Exposure	5



UNCONSTRAINED CIS PROGRAM



CONSTRAINED CIS PROGRAM



Proposed New Addition to 2010 Capital Investment Strategy Process

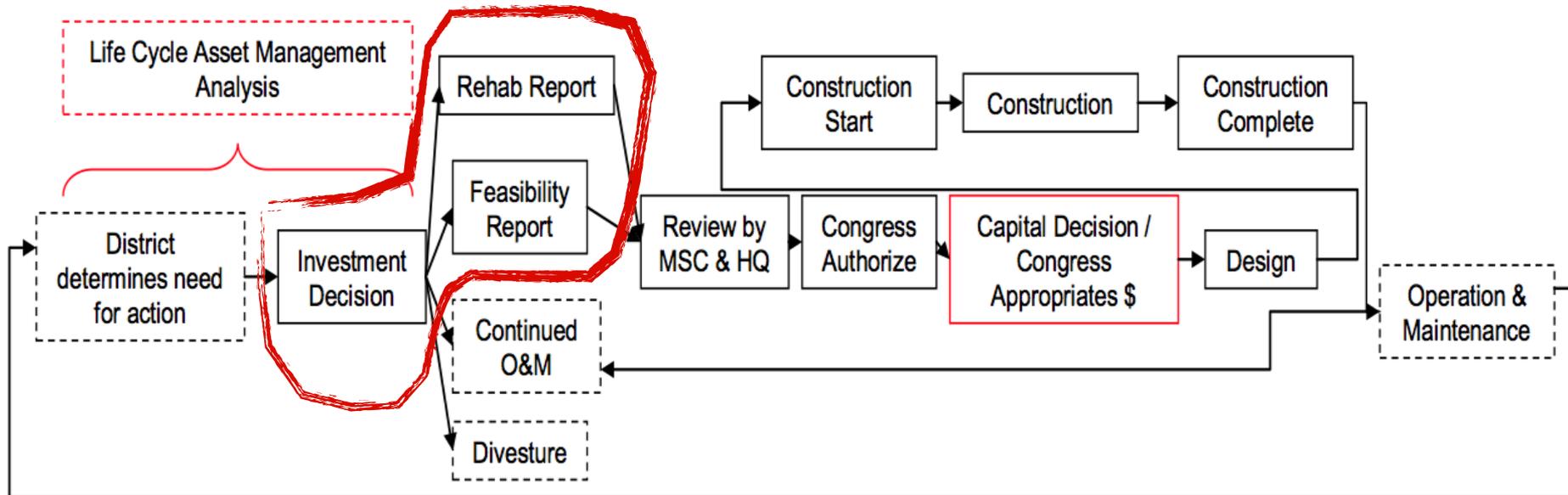
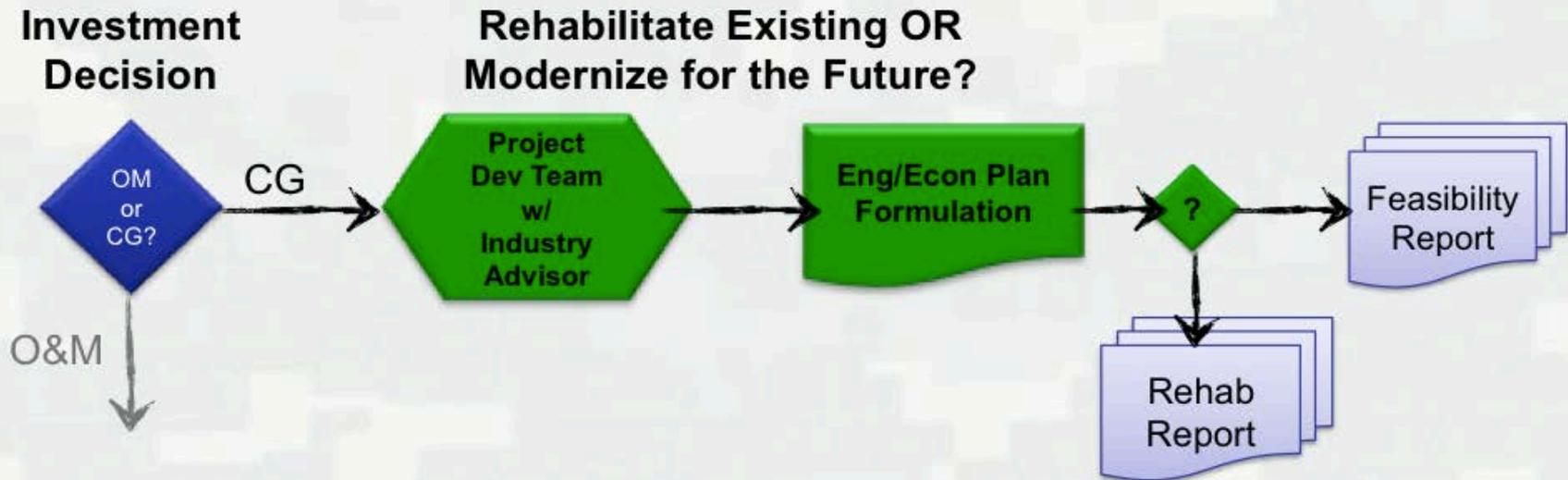


Figure 3-1. Future Capital Projects Business Model



Proposed New Addition to Capital Investment Strategy Process



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Questions?

