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US Army Corps of Engineers



MANAGEMENT OF OUR INLAND MARINE TRANSPORTATION SYSTEM

Building a Partnership

Inland Waterways Users Board

November 18, 2008

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Programs Integration Division



TOPICS

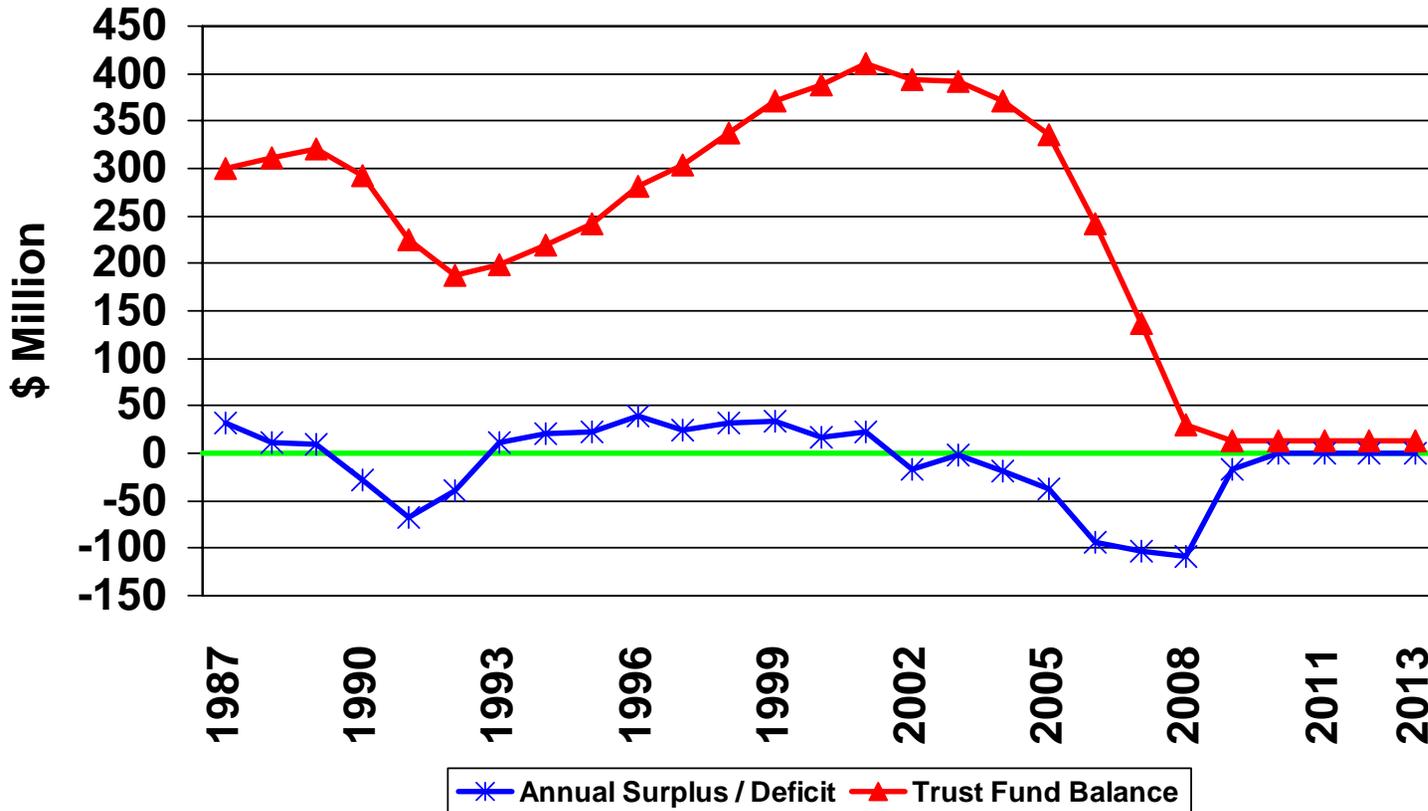
- Where We Are
- Path Forward
- Next Steps

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Where We Are

IWTF History / Projection FY 1987 - 2013



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ACCOMPLISHMENTS SINCE 2002

Project	Accomplishment
* Ohio River - Emsworth L&D, PA	Initiate and continue construction of rehab items since 2006
* Miss. River - L&D 3, MN	Ongoing Rehab activities
* Miss. River - L&D 11, IA	Ongoing Scour Protection and Lock Rehab
* Miss. River - L&D 12, IA	Complete
* Miss. River - L&D 19, IA	Ongoing Lock Concrete Rehab
Kana. River - London L&D, WV	Complete
Kana. River - Marmet L&D, WV	Substantially complete
Kana. River - Winfield L&D, WV	Complete
Ohio River - Robert C Byrd L&D, WV	Substantially complete
Ohio River - McAlpine L&D, KY	Substantially complete
Ohio River - Olmsted L&D, IL	Twin Locks substantially complete in 2005, Initiate and continue Dam Construction since 2004
Tenn. River - Chickamauga L&D, TN	Initiate and continue Cofferdam construction since 2006
Tenn. River - Kentucky L&D, KY	Initiate and continue work on Highway and Bridges since 2002
Mon. River - L&D 2,3,& 4, PA	Construct Charleroi L&D since 2002
Inner Harbor Navigation Canal Lock, LA	Continue demolitions and relocations
** III WW - Lockport L&D, IL	Initiate and continue construction of Approach Dike and Control Works since 2007

* Rehab Projects

** Lockport has not been cost shared by the IWTF to date

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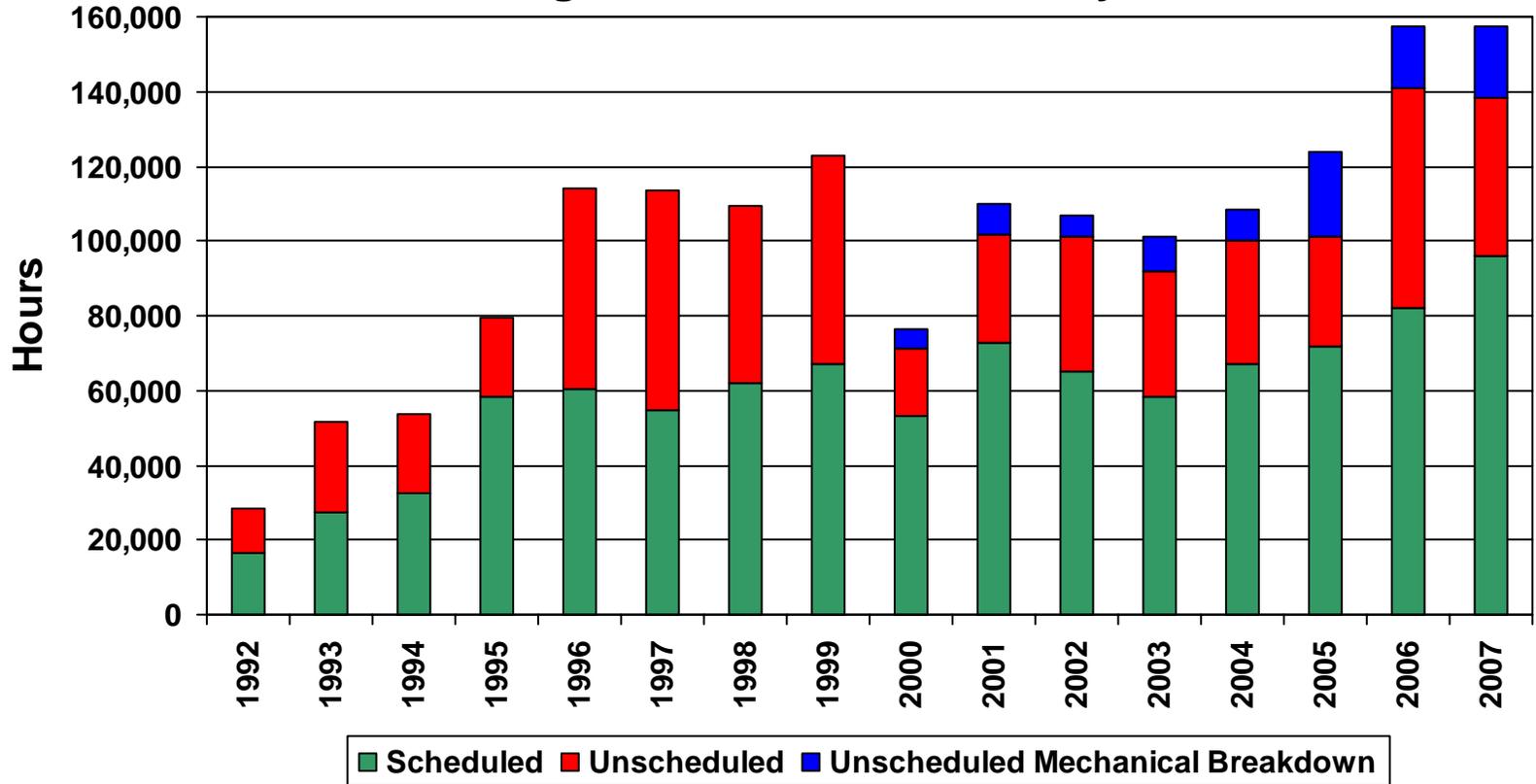


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Where We Are

Waterway System Performance Navigation Lock Unavailability



Unscheduled Mechanical Breakdown refers to Budget Performance Indicators for mechanical breakdowns that have resulted in navigation lock unavailability for more than 24 hours. Goal is to reduce breakdowns to 5,000 hours per year over the next 5 years to get back to the levels of 2000 to 2002.

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CASH FLOW ANALYSIS

EXISTING REPLACEMENT AND EXPANSION COMMITMENTS

(EXISTING FINANCIAL COMMITMENTS ONLY. REPLACEMENT AND EXPANSION PROJECTS ONLY)

	FY08	FY09	FY10
Gross Carry-In	137M	28M	14M
Revenues	92M	85M	85M
Available	229M	113M	99M
Distributions	(201M)	(99M)	(70M)
Gross Carry-Out	28M	14M	29M
Reserve / Contingency	(14M)	(14M)	(14M)
Available Balance	14M	0M	15M

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PROGRAM MANAGEMENT OF WATERWAYS CONSTRUCTION PROGRAM, FY 2009-2010

- Provide Funds from IWTF to Projects Just-in-Time
 - Avoid IWTF overdraft
 - Use funds as needed for priority work
 - Funds held back remain reserved for the projects for which the funds were appropriated
- Address High-Risk, High-Consequence Situations
- Pursue High-Payoff Work, including Near-Term Completions

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FY 2009 – 2010: PROGRAMMATIC CONCLUSIONS

- IWTF largely drawn down: **Revenues = Work Allowances**
 - just-in-time funding
- The cost sharing exemption for Rehabilitations in FY 2009 avoids contract terminations in FY 2009 and enables progress on Replacement and Expansion projects
- Revenues in FY 2010 will be sufficient to fund only existing continuing contracts and the highest risk Rehabilitation work
- Management of Risk becomes increasingly difficult if Rehabs are returned to cost-shared status in future Appropriations Acts

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EXISTING IWTF FINANCIAL COMMITMENTS REPLACEMENT AND EXPANSION PROJECTS

Project	Continuing Contract	FY 09 Budget (50% share)	Estimated Requirement for FY09 Funds (50% share)	Projected Requirement for FY10 Funds (50% share)
Chickamauga Lock, TN	Cofferdam Construction	19M	10M	2M
Kentucky Lock & Dam, KY	Bridge Superstructure	11M	9M	2M
L&D 2,3,& 4, Mon. River, PA	Charleroi River Wall	5M	8M	3M
Marmet L&D, WV	Lock Replacement	1M	1M	0M
McAlpine L&D, KY	1200' Lock & Access Bridge	3M	1M	0M
Olmsted L&D, IL	Dam Construction	52M	49M	59M
Other Obligations including Labor		26M ^{1/}	21M ^{2/}	4M ^{2/}
Totals		117M	99M	70M

^{1/} For budgeted work

^{2/} For existing commitments. Figures are tentative and are being updated.

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EXISTING IWTF FINANCIAL COMMITMENTS

FY 2009 REHABILITATION PROJECTS ^{1/}

Rehabilitation Contracts		Estimated Requirement for FY09 Funds (100% share) ^{3/}
Emsworth L&D, PA	Main Channel Scour Protection	24M
Markland L&D, KY	Miter Gates	10M
L&D 3, Mississippi River, MN	Land purchase Mitigation	2M
L&D 11, Mississippi River, IA	Option 1, Stage IIIA Dam Work	4M
L&D 27, Mississippi River, IL	Lock Lighting and Bulkhead Sill Anchors	2M
Lockport L&D, IL ^{2/}	Site Prep and Wall Construction	23M
Labor & Miscellaneous		12M
Totals		77M

^{1/} Rehabilitation projects are assumed to be funded 100% by the General fund in FY 2009

^{2/} Lockport has not been cost shared by the IWTF to date

^{3/} Figures are tentative and are being updated

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PATH FORWARD

UNCERTAINTIES

- Project or feature failure could impact decisions
- FY09 Economic stimulus legislation
- FY 2010 cost sharing treatment of rehab projects
- Increased IWTF revenues
- Other Revenue Solution

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Where We Want To Be



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PATH FORWARD

FY2009-2010

- Just-In-Time IWTF management & project funding
- Continual Improvement in Project Management
 - Funds management
 - Progress reporting at IWUB Meetings
 - Apply formal risk management-esp rehabs
 - Risk-based cost and schedule estimates-new projects
- USACE / Industry Program Management Team
- Long-term [20-30 year] Capital Plan

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How We Propose To Get There

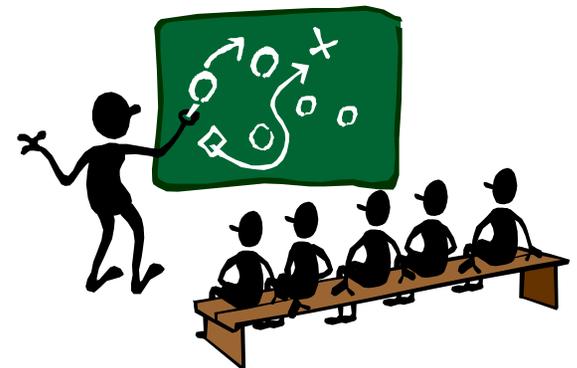
Relative Risk Ranking Matrix

		Probability / Condition				
		F	D	C	B	A
Consequence / Economic Impact	1	Extreme Risk	Extreme Risk	High Risk	High Risk	Moderate Risk
	2	Extreme Risk	High Risk	High Risk	Moderate Risk	Low Risk
	3	High Risk	High Risk	Moderate Risk	Low Risk	Low Risk
	4	High Risk	Moderate Risk	Low Risk	Low Risk	Negligible Risk
	5	Moderate Risk	Low Risk	Low Risk	Negligible Risk	Negligible Risk

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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 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

- **Project Manager: Jeanine Hoey**
- **IWUB: TBD**
- **HQ USACE:**
 - **Operations: Jim Walker, Jeff McKee**
 - **Programs: Mark Pointon, Mary Anne Schmid**
 - **Planning: Rich Worthington**
 - **Asset Management: Jose Sanchez**
- **Cost Engineer: Mike Jacobs**
- **Divisions:**
 - **LRD: Bill Harder**
 - **MVD: Steve Jones**
 - **NWD: Eric Braun**
 - **SAD: Wynne Fuller**
 - **SWD: Glenn Profitt**
- **IWR: David Grier**
- **ERDC: John Hite**

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Milestones

- **IWUB Meeting #59 - 18 November 2008: Establish Inland Marine Transportation System (IMTS) Investment Strategy Team and Charter**
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- **IWUB Meeting #60:** Project Management Plan
 - Goals and Expectations
 - Communication Strategy
 - Detailed Schedule
 - **IWUB Meeting #61:** Asset management process, establish national criteria, cost engineering confidence levels and timing
 - **IWUB Meeting #62:** Apply process, establish acceptable risk levels, develop preliminary priority list, draft outline for investment plan





Milestones (Cont)

- **IWUB Meeting #63:** Cost Analysis of top priorities, at current levels, with major rehab considerations, increased revenues, etc.
- **IWUB Meeting #64:** Approval of IMTS Investment Strategy
 - Process
 - Implementation guidance
 - Revenue requirements
 - Recommendations on implementing legislation, if appropriate

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PATH FORWARD

2010 and Beyond

- **Long-term Capital Plan**
- **Long-term Revenue Plan Matched to Capital Plan**
- **Legislation**

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