

INLAND WATERWAYS USERS BOARD

36th ANNUAL REPORT

**To the SECRETARY OF THE ARMY
And the UNITED STATES CONGRESS**

December 2024



**First barge through the new lock at John P. Murtha Locks and Dam,
Monongahela River, Pennsylvania**

Inland Waterways Users Board

36th Annual Report

To the SECRETARY OF THE ARMY and the UNITED STATES CONGRESS

January 2025

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Canal Barge Company
Mr. Spencer Murphy
New Orleans, Louisiana

Vice Chairman

Marquette Transportation Company
Mr. Damon Judd
Paducah, Kentucky

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Nashville, Tennessee

Kirby Corporation
Mr. Matt Woodruff
Houston, Texas

Shaver Transportation Company
Mr. Robert D. Rich
Portland, Oregon

Inland Waterways Board Members Project Representation Assignments

<u>IWTF Inland Waterways Project</u>	<u>Designated Representation</u>	<u>Organization</u>
Monongahela River L&Ds 2-3-4 Replacements (Charleroi)	Martin Hettel	American Commercial Barge Line (ACBL)
Chickamauga Lock	Crystal Taylor	Ingram Barge Co.
Kentucky Lock Addition	Damon Judd	Marquette Transportation
MKARNS: Three Rivers and Channel Deepening	Lance Rase	CGB, Inc.
Upper Ohio River (Montgomery, Emsworth, and Dashields Locks and Dams)	Martin Hettel	American Commercial Barge Line (ACBL)
NESP- Upper Miss & Illinois Waterway: Mississippi Lock #25 and LaGrange Lock	Jeff Webb	Cargill
GIWW: Brazos River Floodgates and Colorado River Locks	Matt Woodruff	Kirby Corporation
GIWW: Inner Harbor Navigation Canal Lock and Bayou Sorrel Lock	Spencer Murphy	Canal Barge Co.

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Introduction

The Inland Waterways Users Board (the “Board”, IWUB) is a Federal advisory committee established in 1986 to make recommendations to the Congress and Secretary of the Army on the priorities and investment from the Inland Waterways Trust Fund (IWTF). The partnership between industry, represented by the 11-member Board, and the Corps is unique within the Civil Works Program and is critical to the effective prioritization of the projects that deliver the greatest value to the Nation. As the non-Federal partner, the Board provides important perspectives on the current and future transportation needs of the system and other operational and market considerations.

In addition to industry’s advisory role through the Board, industry provides important funding for inland waterways projects through the IWTF. The IWTF provides a 25 percent cost-share match for construction and major rehabilitation projects on the fuel-taxed inland waterways system and sources its revenue from a 29 cent per gallon fuel tax paid by industrial users of the system. This tax was increased 45% through the Achieving a Better Life Experience (ABLE) Act of 2014 and represents the highest rate of tax levied on any form of surface transportation. While only commercial users of the system pay into the IWTF, there are many non-navigation beneficiaries of the lock and dam infrastructure constructed, operated, and maintained by the U.S. Army Corps of Engineers (Corps). Inland waterway hydropower provides carbon-free electricity, materials dredged from federal navigation channels are beneficially used to create healthy marine habitats, the safety of communities are protected and billions of dollars in flood damage are prevented, and water levels managed for navigation at Corps reservoirs support water supply and recreational opportunities, to illustrate just some of these other beneficiaries.

The cornerstone of the industry / Corps partnership is the Capital Investment Strategy (CIS), a statutorily required report provided to Congress which outlines a 20-year strategy for capital investments on the inland and intracoastal waterways. As required by statute, major updates to the CIS are made every five years. However, the Board and Corps have adopted the practice of targeting a review of the CIS annually. In 2024, the Corps and industry completed the work required to issue the most recent five-year update to the CIS. This report was formally approved by the Board at its December 2024 meeting. The draft of this report currently sits with OMB and the Board has recommended that this report is issued to Congress promptly in January 2025.

The creation of the CIS process was one of the recommendations made in a 2010 Inland Marine Transportation Systems (IMTS) Capital Projects Business Model report. This report was aimed at addressing the pervasive issue of lock and dam construction projects materially exceeding their originally authorized cost and schedule expectations. At the time of the 2010 study, severe cost over runs and delays on the Olmsted Locks and Dam project monopolized the resources of the IWTF and essentially starved all other ongoing projects. Thanks to industry advocacy and congressional support, many of the 2010 recommendations were implemented with the enactment of the Water Resources Reform and Development Act of 2014 and the ABLE Act of

2014. Following these reforms, Olmstead became operational in 2018, and Congress has focused on providing the efficient funding requirements outlined by the Corps for the Kentucky Lock and Chickamauga Lock projects.

Unfortunately, as we enter calendar 2025, many of the Corps' inland waterway projects are experiencing significant delays and cost overruns that are reminiscent of the challenges that existed in 2010. Most noticeably, in the last several months the Corps has indicated that both the Chickamauga Lock and Kentucky Lock projects will require funding well in excess of their most recent certified cost estimates and will face further delays in construction. The Board believes many of the recommendations outlined in the 2010 IMTS report remain valid today. In 2025, the Board expects to focus on these recommendations and to work with the Corps, Congress and the Administration to explore other opportunities to improve the efficiency and effectiveness of the Corps engineering, estimating and construction processes for inland waterways projects. The Board was pleased to hear a commitment from Corps leadership at its December 2024 meeting to explore the same.

In addition to further cost overruns and project delays, 2024 brought other stark realities to light on the age, risks of catastrophic failure and vast needs of our Nation's inland waterways infrastructure. In 2024, unplanned lock closures at Demopolis in Alabama and the Inner Harbor Navigation Canal in Louisiana completely shut off waterborne commerce to key shipping arteries on America's inland waterways. Additional unplanned closures and critical failures at Holt Lock and Wilson Lock and Dam have curtailed traffic flow to a point that facilities that rely on river transportation have shuttered production or reduced operations. These experiences serve as a warning of the age of America's inland waterways system and the need for continued funding, including sufficient O&M resources. With 80% of America's inland waterways locks and dams exceeding their 50-year design life, identifying critical unfunded maintenance needs, and providing the resources to address those needs is imperative. 2024 also presented the third consecutive year with record low water on the Mississippi River, emphasizing the need for continued proactive dredging by the Corps to support a commercially navigable channel. While the Corps is authorized to maintain the Lower Mississippi River at a 12' navigation channel, in the 1944 Flood Control Act, from Cairo, Il. to Baton Rouge, LA, the Corps only maintains a 9' Navigation Channel.

America's inland waterways system is the envy of the world and creates significant economic advantages for our Nation. These advantages will quickly disappear if the recapitalization and maintenance of the core infrastructure that enables navigation of these waterways does not remain a priority.

Recommendations for prioritization of construction and major rehabilitation projects are the principal responsibility of the Board. Accordingly, the Board wishes to convey to Congress, the Corps, and the Secretary of the Army the following recommendations:

Inland Waterways Users Board Recommendations for Fiscal Year (FY) 2025

- **Congress should appropriate ALL estimated receipts going into the Inland Waterways Trust Fund (IWTF), including any remaining excess balances from previous years.** The Board continues to emphasize the IWTF should not maintain a balance above that which is required by the Anti-Deficiency Act (\$20 million). The Corps has reported an available end-of-year balance of \$288.4 million, which is sufficient to fund the known FY 2025 capabilities provided to Congress of \$423 million. For FY 2025, the Board recommends that, at a minimum, \$218 million should be provided to Kentucky Lock (Tennessee River), and \$205 million to Montgomery Lock on the Upper Ohio River. The Board understands the Corps and Congress are continuing to work on FY 2025 appropriations and capabilities for FY 2026 are under development. The Board recommends that all FY 2026 capabilities that can be supported by the IWTF should be funded for ongoing construction projects.
- **Congress should increase the level of funding for the Operation and Maintenance (O&M) activities on the Nation's inland waterways system, to address the critical backlog of routine work.** We recommend Congress and the Corps address the shortfalls in funding to avoid unnecessary delays in planned and unplanned maintenance activities. The infrastructure failures seen across the system in 2024 portent the need to address risk with a combined recapitalization and maintenance approach. The ability to address unexpected emergencies caused by low-water events like those seen over the last three years relies on access to sufficient funding regardless of timing within the fiscal year. The risks of navigation disruptions from low water or other acts of nature exist throughout each year. Whether it be critical harvest seasons, hurricane season or at the end of the fiscal year when access to funding is more limited, accessible financial resources are needed to enable the Corps to support the reliability of the system.
- **The Corps should work in partnership with the Texas Department of Transportation (TXDOT) to accelerate construction for the Brazos River Floodgate project.** With limited federal resources available for the recapitalization of locks and dams, opportunities to accelerate economic returns should be prioritized. The State of Texas recognizes the critical economic importance of an efficient and reliable inland waterways system and is offering to direct \$140 million to accelerate the Brazos River Floodgate project. The Administration should work in partnership with TXDOT and remove bureaucratic hurdles so that removal of the Brazos West Gate can proceed without delay.
- **The Corps should continue proactive dredging and embrace a federal water management plan to reduce shutdown time due to low water conditions on the inland waterways system.** For the third consecutive year, the Mississippi River and its tributaries experienced historically low water levels. As in 2022 and 2023, drought conditions and warm fall temperatures contributed to lows on the Mississippi River over a 350-mile stretch from Cairo, Illinois to Helena, Arkansas. These events occurred at a

time when moving agricultural products on the river is critical, when farmers rely on the inland system to get crops to market. As a major component of the global food and energy supply chains, the consequence of low water is widespread. The shallower depths and narrower widths of the channel significantly restrict commerce, requiring lighter loading of barges and smaller tow configurations. The Corps should continue to communicate with industry stakeholders and apply lessons learned from these events to proactively shift assets and adapt to fast changing conditions. Further, the Corps should work with its federal partners across the entire Mississippi River basin to ensure that excess water is impounded (or released) on a systematic basis to prevent large swings in river levels.

- **Congress should provide sufficient Investigations funding for the Bayou Sorrel Lock and the Inner Harbor Navigation Canal.** The Bayou Sorrel Lock project represents a critical navigation point currently at risk of being compromised in a major storm or through wear and tear due to its age. This multi-purpose project not only enables navigation on a key route that connects the Gulf Intracoastal Canal to the Mississippi River but also provides critical flood protection benefits at a low point in the East Atchafalaya Basin. While the project received \$800,000 in FY 2024, no specific funding was recommended in the House or Senate FY 2025 bills, nor included in a President's Budget request. The Bayou Sorrel Lock project has a capability in FY 2025 of \$1,000,000.

The Inner Harbor Navigation Canal (IHNC) lock provides a critical linkage between the portion of the Gulf-Intracoastal Waterway (GIWW) that extends east of New Orleans (including Lake Pontchartrain) and the Mississippi River /western segment of the Gulf Intracoastal Waterway. Originally completed over 100 years ago, this is the oldest major lock in the system and is outdated and inefficient, with average transit times of more than 16 hours according to the Corps. These delays are a result of the existing lock's limited capacity compared to the volume of traffic and the size of the tows that use the lock. Given its considerable age, the costs and time needed to maintain the lock continues to increase, further exacerbating these delays by creating closures and restrictions. Replacing the lock is necessary to improve efficiency and facilitate reliable passage of waterborne traffic utilizing the GIWW. Significant preconstruction, engineering, and design (PED) remains incomplete thereby stalling project initiation. Further, similar to Bayou Sorrel, the IHNC lock is not just a navigational structure but is also part of the Mississippi River and Tributaries (MR&T) levee system – arguably the most impactful flood protection system in the Nation. Congress should provide sufficient resources in the Investigations account to ensure PED funds are available to upgrade Bayou Sorrel Lock and IHNC.

- **Due to recent cost overruns and schedule delays at Kentucky Lock and Chickamauga Lock, Congress should increase oversight over MEGA construction projects on the inland waterways system.** Over the last two decades, the Kentucky

Lock and Chickamauga Lock projects have experienced repeated cost overruns and schedule delays. At Kentucky, the Corps recently identified a design issue that did not fully address constructability issues that further impact the project's timeline and overall cost. During its final meeting of 2024, the Board was briefed that both projects will need additional funding despite previously being "funded to completion," and the Corps is working to update total project costs and schedule for when the projects become operational. The Board is frustrated as both projects were supposed to be nearing completion and were already 300% above their original authorized cost before these recent developments. Given the complex nature and history of construction projects on the inland waterways system, Congress should increase oversight to hold the Corps accountable and mitigate additional cost overruns and schedule delays.

- **Congress should follow regular order and enact the Energy and Water Development and Related Agencies Appropriations Act before the end of the fiscal year on September 30.** When annual funding legislation is not completed before the start of a fiscal year, the Corps must rely on temporary funding through one or more Continuing Resolutions (CR). Under a short-term CR, project managers and contractors cannot plan for efficient construction sequences, often causing them to pause operations until full year funding is available, leading to negative cost and schedule impacts. Since during a CR an Administration operates under a "least of" rule, a CR is particularly damaging to inland waterways construction. During a temporary CR, a project can only receive the lesser of the amount included in the President's Budget, the House bill, or the Senate bill. For example, since the FY 2025 President's Budget request did not include any funding for IWTF cost-shared projects, no funding will be made available during the temporary CR period. Continuing Resolutions not only delay construction timelines and increase costs but may also result in workforce layoffs due to the inability to execute contracts. Efficient funding is essential to complete these projects and to deliver the benefits they will create for the Nation.
- **Congress should engage the Administration to avoid disruption to the operation and continuity of the Inland Waterways Users Board.** The Inland Waterways User Board ensures a transparent federal process and supports a "Users Pay, Users Say" system to give industry users a voice in significant policy decisions and how their industry taxes are invested. The 2021 "zero-based review" of the IWUB and other Department of Defense advisory committees that temporarily disbanded the Board came at a particularly critical time. Industry was unable to provide input when IJA funding decisions were being made, and Congress was returning to directed funding in project allocations after a 10-year hiatus. Current and future Administrations should ensure the continuity of the IWUB mission without disruption. The 2021 reset also altered the staggered nature of IWUB board terms – as further described below, the Board urges the Administration and Congress to find a solution that prevents a supermajority of the Board from rolling off the Board simultaneously at the end of their current terms.

- **The Corps should provide a three-to-five-year capability outlook to Congress and the Board.** Reliable cost estimates that identify out-year funding schedules are essential to understanding current and future funding requirements within the Inland Waterways construction program. A complete outlook of future funding needs for each project is a crucial tool in making investment recommendations and decisions that optimize project completion and minimize risk to the entire program. Congress needs accurate out-year funding requirements when determining how much funding to appropriate to various programs and how those decisions impact the need for future funding. Communicating this information to the Board and to Congress ensures a common understanding and expectation of funding needs, promotes trust, ensures transparency, and provides greater certainty to important stakeholders.
- **Congress should prioritize capital investment over major rehabilitation.** The Board continues to be concerned with the number of major rehabilitations proposed to be funded by the Corps, particularly after completion of major maintenance activities. It is our understanding that major maintenance extends the life of these facilities by at least a decade. With greater needs for already limited resources, investments should first focus on projects identified and prioritized in the CIS. The CIS holistically considers program-wide investment decisions including recent upgrades and actions that sustain longer-term operations while maximizing IWTF investment for the overall program. Major maintenance is an important part of keeping the system reliable to users. When planned effectively and coordinated closely with industry, the negative effects of closures can be mitigated and minimized. Proceeding with a major rehabilitation at a facility that just underwent major maintenance is an inefficient use of scarce resources.
- **Congress should only fund PED for projects prepared for construction within five years.** The Corps should prioritize resources on delivering the ongoing construction program to ensure costs remain on budget and all opportunities are exhausted to reach operational dates as quickly as possible to deliver value to the Nation. Understanding the Corps is executing its mission with fewer employees than it had 10 years ago despite a tripling of overall funding for the Civil Works mission over the last decade, limited resources must focus on overcoming any challenges in completing these projects efficiently. There was an important lesson learned from the unanticipated program-wide cost overruns identified after allocation of IJJA funding is that relying on outdated cost estimates and designs based on assumptions made many years prior comes with extreme risk. Investment decisions for PED should only be made for projects with construction that is reasonably expected to start within five years. The current practice of funding PED for projects that will not start within that five-year window is impractical given the current funding challenges. Stale project designs create risks and require significant re-work, indicating that the process of completing these designs too early is wasting scarce financial and engineering resources.

- **Congress should advocate that the unintentional double funding provided to the MKARNS Three Rivers project be reallocated to the Kentucky Lock project to contribute to efficiently funding this project to completion.** In April 2023, the Board unanimously passed a motion recommending the Corps and the Administration reallocate funding from the 12-foot channel to complete the Three Rivers project. Ten months later, on February 27, 2024, the Administration reallocated \$82.9 million to Three Rivers. Neither the reallocation nor its timing was communicated to Congressional appropriators who concurrently finalized negotiations on the Fiscal Year (FY) 2024 Energy and Water Development bill that included \$103.17 million in Community Project Funding for Three Rivers as requested by the House of Representatives. As a result, the project was unintentionally double funded which has created excess funding on the project. The Board passed a motion during its 102nd meeting on April 11, 2024, requesting the extra \$82.9 million be reallocated to the Kentucky Lock project in FY 2025 to contribute to efficiently funding this project to completion as the project is entering its 29th year.

Inland Waterways Users Board in 2024

Membership

Established by Section 302 of the Water Resources Development Act of 1986 (Public Law 99-662), the Inland Waterways Users Board consists of eleven members representing a balanced mix of industry interests from six geographic regions of the fuel taxed inland waterways system. Member organizations nominate a representative to serve on the Board on a two-year term basis. During the first 2024 Board meeting held on April 11, three new appointed members were sworn in: Justin Dickens with Crounse Corporation, Richard Kreider with Campbell Transportation Company, and Jeffrey Wilson of Holcim (U.S.).

The Board strongly urges Congress and the Administration to amend current terms as follows to ensure that the term of every Board member does not expire at the same time: four members should have their terms extended by an additional two (2) years, four members should be extended by an additional year, and three members should have their terms expire as currently scheduled. The Board is also open to other solutions that would prevent all of the Board's members from rolling off at once, which would create a significant gap in the knowledge base that exists in the partnership between the Corps and the Board on the key projects that are underway.

Meetings

The Water Resources Reform and Development Act of 2014 (WRRDA) amended the original 1986 authorization to require the Board meet not less than semi-annually and requires the Secretary of the Army to communicate the status of inland waterways project activities not less

than once each quarter. Continuing its commitment to hold regular Board meetings, the Corps held the following three meetings in 2024:

- Meeting No. 102 on 11 April 2024 in Springfield, Virginia
- Meeting No. 103 on 01 August 2024 in St. Charles, Missouri
- Meeting No. 104 on 13 December 2024 in Arlington, Virginia

As the Corps makes progress on the ongoing construction projects and executes record-level appropriations and IIJA funding, the Board continues to recommend at least three meetings annually.

Infrastructure Investment and Jobs Act (IIJA)

In 2024, all funding provided by IIJA was allocated by the Corps in three spend plans. The first spend plan released on February 27, 2024, reallocated \$82,950,000 from the MKARNS 12-foot channel project to the MKARNS Three Rivers project, providing the opportunity to fund one of the IIJA projects to completion and return economic benefits to the Nation. This was consistent with a motion passed by the Board during its 99th meeting in Pittsburgh which recommended the Corps, and the Administration strongly consider this reallocation given the interdependence of the two projects since the success of deepening the MKARNS relies on completion of the Three Rivers project.

The second spend plan released on May 13, 2024, had a significant impact on the overall amount of IIJA funding provided to the inland waterways' construction program and on the availability of IWTF funding for future use. In the FY 2024 Energy and Water Development appropriations bill, Congressional appropriators re-designated unallocated IIJA funding to offset FY 2024 spending. In doing so, Congress provided the Corps flexibility to determine which projects in the bill would receive an allocation from the re-designated IIJA dollars. In the FY 2024 work plan, the Corps opted to fund all four inland waterways projects from IIJA. Since the terms and conditions of IIJA carried forward, no cost share was required from the IWTF, making nearly \$160 million in IWTF funding available for future use to address recent cost escalations. It also increased the total amount of funding allocated from IIJA to the inland waterways' construction program to \$2.9 billion.

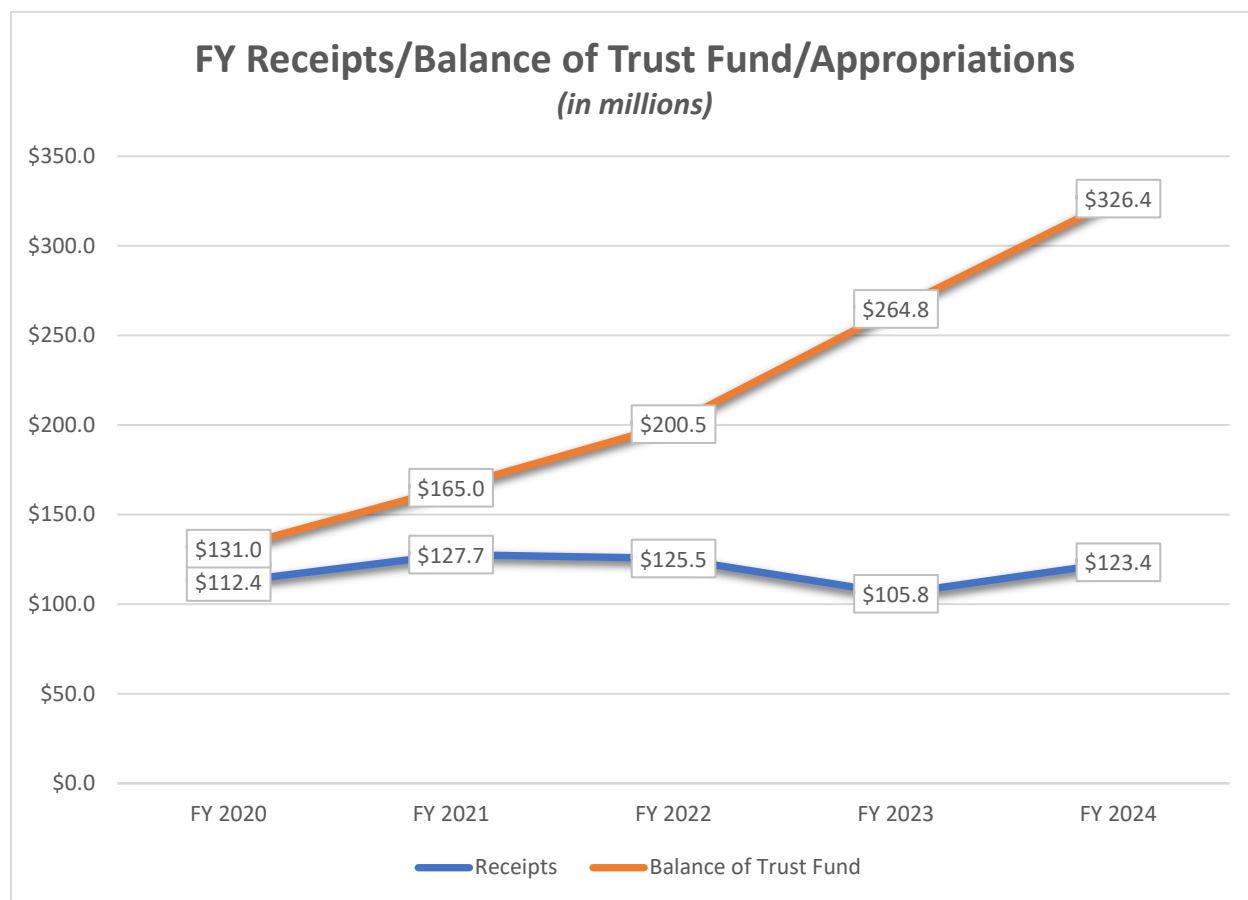
The third spend plan released on September 18, 2024, allocated \$103.4 million to the Montgomery Lock and Dam project including \$35 million reallocated from the Emsworth Lock project, also on the Upper Ohio River. This is consistent with the motion passed by the Board during its 102nd meeting on April 11, 2024, to move the remaining funding from Emsworth to advance another project.

Inland Waterways Trust Fund

FY 2024 revenues deposited into the Inland Waterways Trust Fund (IWTF) increased by 16% from FY 2023. According to the Treasury Department, \$123.4 million was collected from

industry through the fuel tax in FY 2024. The FY 2020-2024 five-year average for revenues collected is \$109.2 million, including record collections of \$127.7 million in 2021.

The balance of the IWTF, as shown in the chart below, has increased over the last few years due to low appropriations for IWTF cost shared projects in FY 2023 and the redesignation of IJA funding that resulted in no cost share requirement from the IWTF for inland waterways construction projects funded in the FY 2024 Corps work plan.



End of Year Balance

The end-of-year reported balance from the Treasury is \$332.2 million, with an available balance for FY 2025 of \$267.33 million above the minimum required balance of \$20 million. Together with the matching funds from the General Treasury, the IWTF FY 2024 end-of-year balance would support over \$1 billion in spending, which is more than sufficient to fund the \$423 million in capabilities expressed by the Corps in FY 2025. The Board believes the Corps should request, and Congress should provide, all receipts collected and draw down the balance in the IWTF for IWTF-eligible work. It is imperative that Congress recognize that costs for these projects continue to grow each year funding is not provided, leading to inefficient funding scenarios and

longer construction timelines. These delays inherently reduce the spending power of the IWTF and delay the delivery of benefits to the Nation.

Operation and Maintenance

Congress provided \$5.553 billion for O&M activities in FY 2024 with \$1.183 billion allocated to inland waterways O&M. The FY 2025 President's budget request recommended \$4.3 billion for O&M, including \$965 million for inland waterways O&M. The House Energy and Water Appropriations bill, which passed through Committee on July 9, 2024, outlined \$5.714 billion for O&M, including \$1.03 billion for inland O&M. The Senate Appropriations Committee passed its version on August 1, 2024, and included \$5.849 billion for O&M, including \$1.06 billion for inland O&M.

Infrastructure Failures and Unscheduled Closures

Most of our Nation's lock and dam infrastructure on the inland waterways system was constructed in the early 20th century. Given the age of infrastructure throughout the system, maintenance needs continue to outpace the availability of the funding needed to repair or recapitalize the system. This has led to a significant increase in the risk of critical infrastructure failures. Given that 80% of inland waterways locks and dams have exceeded their 50-year design life, the failures seen across the system in 2024 are alarming but not completely unexpected.

On January 16, 2024, the Demopolis Lock on the Tombigbee River in Alabama experienced a failure of the upper miter sill, shutting down the lock for four months and causing millions of dollars in economic loss. When the 110-year-old lock on the Inner Harbor Navigation Canal closed to navigation on March 30, 2024, due to cracks in the steel and broken welds, there was no way to go east of New Orleans on the inland system with Demopolis also down. Other failures in 2024 at Holt Lock, Port Allen Lock, and Wilson Lock, have emphasized the need to couple recapitalization with carefully planned rehabilitation and major maintenance to mitigate similar occurrences. The Wilson Lock and Dam on the Tennessee River faces two issues- replacement of the guide-wall that is the responsibility of the Tennessee Valley Association and a lock failure due to cracking the lock gates that is the responsibility of the Corps.

Fiscal Year 2025 in Review

FY 2025 Administration Budget Request

Despite the capabilities presented by the Corps for FY 2025, the President's Budget request failed to include any funding for inland waterways construction, continuing the trend of severe underinvestment in IWTF eligible projects in the President's Budget. This is particularly disappointing given the large carryover balance in the IWTF and the recent cost overruns on ongoing projects with known capabilities in FY 2025.

Appropriations

The FY 2025 appropriations process is ongoing. Congress has enacted two continuing resolutions (CR) to avoid a government shutdown with the latest CR extending appropriations for the Corps until March 14, 2025. Under the “least of” rule applied by the Administration during allocation of short-term CR funding, inland waterway construction projects would be ineligible for funding because no IWTF cost-shared projects were included in the Administration’s budget. The Board is optimistic Congress will reach agreement on fully funding inland waterways capabilities as reflected in the Senate Energy and Water Development bill that passed through Committee on August 1, 2024.

FY 2025 Capabilities

The Corps provided total capability for ongoing projects in FY 2025 of \$423 million. These capabilities include \$218 million for Kentucky Lock on the Tennessee River and \$205 million for Montgomery Lock on the Upper Ohio. Receiving updated capabilities as soon as possible ensures the Board can fulfill its mission to provide recommendations for Congress to plan and appropriate sufficient funding. Understanding that changes can occur throughout the year for several reasons, communicating these changes on an ongoing basis is critical not only to respond in the short term, but also to allow for successful long-term planning as the budget and appropriations cycles can be uncertain. Given the additional cost overruns and continued schedule delays, the Board is eager to receive updated certified cost information on the Kentucky Lock.

Water Resources Development Act of 2024

The Board continues its support for biennial Water Resources Development Acts (WRDA). The Board is very pleased with the enactment of WRDA 2024 by Congress in December 2024. The law signed by President Biden on January 4, 2024, included Section 1126, a critical provision for modernization of the inland waterways system that permanently adjusts the IWTF cost share requirement from 35% to 25%. With an annual revenue of \$123 million, as collected in FY 2024, a 25% IWTF cost share would make nearly \$500 million available for appropriation in an annual Energy and Water Development Appropriations bill. That is an additional \$1.4 billion over a ten-year period compared to the previous statutory cost share of 35%, enough to fund more than one MEGA project each year and complete ongoing construction projects within 5-7 years.

2025 Capital Investment Strategy Updates

Construction projects and project-related activities of the most recent CIS are listed in the following tables. The current five-year update of the CIS was developed in coordination with the

Board in 2024 and is expected to be published to Congress in early 2025. The Board strongly supports the use of the CIS as the best tool to prioritize inland waterways projects that deliver the best value to the Nation.

Category 1- Ongoing Construction Projects

Project	Waterway	State	Remaining Cost (\$M) After FY 2024
Chickamauga Lock	Tennessee River	TN	TBD _A
Kentucky Lock & Dam	Tennessee River	KY	TBD _A
Locks & Dams 2, 3, and 4 Monongahela River Navigation Project	Monongahela River	PA	TBD _A
NESP LaGrange Lock	Illinois Waterway	IL	TBD _A
NESP Lock 25	Mississippi River	MO; IL	\$1,531.0 _B
NESP Mooring Cells	Mississippi & Illinois	Various	Funded to Completion
Three Rivers	MKARNS	AR	Funded to Completion
Upper Ohio Montgomery Lock	Ohio River	PA	\$675M _B

Notes:

- A. Cost and schedule update is currently ongoing.
 B. Cost is based on information presented at Users Board Meeting #104 on December 13, 2024.

Category 2- Future Design Projects

Project	Waterway	State(s)
Colorado River Locks	GIWW	TX
NESP Lock 20	Mississippi River	IL; MO
NESP Lock 21	Mississippi River	IL; MO
NESP Lock 22	Mississippi River	IL; MO
NESP Lock 24	Mississippi River	IL; MO
NESP Peoria Lock	Illinois Waterway	MO
Upper Ohio Dashields	Ohio River	PA
Winfield L&D Major Rehabilitation	Kanawha River	WV

Summary

The Board looks forward to working with the Corps in 2025 to ensure the IWTF is managed in a transparent and efficient manner that contributes to the completion of these important inland

waterways' projects. We look forward to working with the Corps to execute priority projects that deliver the best value to the Nation while balancing system reliability and resiliency needs. We urge the Corps to seek, and request that Congress appropriate, full and efficient funding from the IWTF to achieve this purpose that is vital to the nation's economy. The Board appreciates Corps leadership's commitment to explore opportunities to improve the efficiency and effectiveness of the construction and maintenance programs for America's critical inland waterways infrastructure and looks forward to working with the Corps, Congress and the Administration on these efforts.

Acknowledgements

The Inland Waterways Users Board wants to thank the U.S. Army Corps of Engineers for the support the Corps provides to the Board throughout the year. The Board wants to thank Former Assistant Secretary of the Army for Civil Works Michael Connor and Lieutenant General (LTG) William "Butch" Graham for their active involvement with the Board in 2024. The Board was pleased to welcome Major General Jason Kelly as Board's Executive Director in December 2024 as the Deputy Commanding General for Civil and Emergency Operations and looks forward to working with him and his team going forward. Finally, the Board also expresses its appreciation to Mr. Paul Clouse, the Designated Federal Officer for the Board, and to the various Corps division and district staff, Corps Headquarters staff, and Corps Institute for Water Resources staff who all have provided thorough and timely information throughout the year.

Appendix A- History

The Inland Waterways Fuel Tax was established to support inland waterways infrastructure development and rehabilitation. Commercial users are required to pay this tax on fuel consumed in inland waterways transportation. Revenues from the tax are deposited in the Inland Waterways Trust Fund and since WRDA 2024 generally fund 25% of the cost of inland navigation projects each year as authorized. From the beginning of 1995 through March 31, 2015, the amount of tax paid by commercial users was \$.20 per gallon of fuel, which in recent years generated approximately \$80 to \$85 million in contributions annually to the Inland Waterways Trust Fund. With the President's December 2014 signing of Public Law 113-295, the diesel fuel tax rate increased to \$.29 per gallon effective April 1, 2015, generating additional revenues for 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 1986) 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 are 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. Specifically, Section 302 of WRDA 86 tasked the Board as follows:

"The Users Board shall meet at least semi-annually to develop and make recommendations to the Secretary regarding construction and rehabilitation priorities and spending levels on the commercial navigational features and components of the inland waterways and inland harbors of the United States for the following fiscal years. Any advice or recommendation made by the Users Board to the Secretary shall reflect the independent judgment of the Users Board. The Users Board shall, by December 31, 1987, and annually thereafter file such recommendations with the Secretary and with the Congress."

The Water Resources Reform and Development Act (Public Law 113-121) which, among other things, modified WRDA 1986's Section 302 to amend and increase the responsibilities of the Users Board. And Section 2002 of WRRDA replaced subsection (b) of the 1986 Act's Section 302, and further clarifies the role of the Users Board in a new subsection (f) of Section 302.

Appendix B- Fuel Taxed Waterways

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, Alabama.

The Fuel-Taxed Inland and Intracoastal Waterway System

