

Highlights of the Inland Waterways Users Board 2008 Report to Congress

The Inland Waterways Users Board (the Board) believes that our nation's model for delivering capital waterway infrastructure projects is broken and in urgent need of repair. For too many years, Congressional appropriations towards construction projects were not anywhere near the U.S. Army Corps of Engineers' stated full and efficient funding levels. During most of the 1990's, the steady growth in the Inland Waterways Trust Fund surplus provided evidence of this problem. In the past few years, Board reports have been generally encouraging that funds were being spent in a more rapid fashion, but despite this increased spending the nation's highest priority projects failed to move forward toward completion at a corresponding accelerated rate. In fact, even the industry's highest priority projects are now expected to take 20 years or more to complete. As a result there is diminishing support for the current Trust Fund cost sharing model or the projects to be funded through it since no benefits will be realized by current system users (and the payers of the fuel tax going into the Trust Fund) until far into the future. The Board can think of no other sector of the private or public sectors where a 20 year cycle for project construction would be tolerated or funded. And especially so for projects that are simply the replacements for locks and dams that were engineered and implemented more than 50 years ago.

The Board believes, however, that the Inland Waterways Trust Fund could be spent more effectively. Under the present system the Corps too often is required to execute the inland waterways construction program in a very inefficient, and occasionally wasteful, manner. The results of funding at less than capability amounts are delays and escalating costs.

Therefore, many of the Board's recommendations this year address changes in funding policies and procedures.

The Inland Waterways Users Board respectfully recommends the following:

- The cost sharing formula for financing inland waterway modernization projects should be revised to 75 percent general revenues and 25 percent revenues from the Inland Waterways Trust Fund, to maintain the improved pace of the past few years in modernizing the nation's inland waterway system, without saddling the commercial towing industry and commercial users of the system with damaging new taxes (under the guise of "user fees" or in any other form). This revised formula should remain in effect at least until it is determined why it takes so much longer and costs so much more today to complete lock and dam modernization projects and implementation of the policy and other changes necessary to remedy this situation.
- Lock and dam construction 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. The Board encourages immediate job creation by fully and efficiently funding these capital projects.
- Conceptually, should dam construction and repair fall under the Trust Fund cost sharing plan? Should the Trust Fund be used for navigation only? The commercial towing industry is the only industry that has benefits that accrue to others, like recreation. The project cost share of this model is disproportionate to the uses on the inland waterways.
- The Board believes that a significant structural change to the project delivery model, including the annual appropriations model, should occur. As stated in past Board reports, the "regularization" of project funding through the Congressional appropriations process needs to occur. **The focus should be on productive project management through full and efficient funding.** Using Continuing Resolutions to bridge

funding cycles are NOT conducive to productive project management.

- Until the project delivery model is proven to work, no action should be taken to "create" more funds for the Inland Waterways Trust Fund by the implementation of Use Taxes, or any other taxes.
- The ongoing assessment of selected inland waterways construction case studies needs to be brought forth as soon as possible to evaluate and improve the project delivery model.
- A reconciliation of the Inland Waterways Trust Fund revenue streams over the past five years needs to be performed quickly. Furthermore, the Board respectfully requests that the Treasury Department investigate whether all operators who should be paying the fuel tax have, in fact, been paying the tax for their operation on fuel taxed waterways. We also ask the Treasury Department to supply information on collections and credit to the Trust Fund on a timelier basis.
- The Corps needs to ensure they have enough engineers to handle a different appropriations environment. This includes bench strength to come into the game and execute a production plan in a timely fashion. The Board requests that the Corps review their engineer capability for complete productive project management.
- As a matter of national transportation policy, our government should be actively encouraging the increased use of our inland waterway system, not promoting a system of funding and investment that will make it less competitive.

Top Priority Capstone Activities:

Lock and Dam No. 19, Mississippi River, *Iowa*
(Major Rehabilitation)

Locks and Dam No. 27, Mississippi River, *Illinois*
(Major Rehabilitation)

McAlpine Locks and Dam, *Kentucky and Indiana*
(Construction)

Olmsted Locks and Dam, *Illinois and Kentucky*
(Construction)

Lock and Dam No. 3, Mississippi River, *Minnesota*
(Major Rehabilitation)

High Priority Projects:

Monongahela River Locks and Dams 2, 3, and 4,
Pennsylvania (Construction)

Marmet Locks and Dam, *West Virginia*
(Construction)

Kentucky Locks and Dam, *Kentucky* (Construction)

Lock and Dam No. 11, Mississippi River, *Iowa and Wisconsin*
(Major Rehabilitation)

Markland Locks and Dam, *Kentucky* (Major Rehabilitation)

Emsworth Locks and Dam, Ohio River,
Pennsylvania, (Dam Safety Static Instability)

Lockport Pool, Illinois Waterway, (Dam Safety Static Instability)

Inner Harbor Navigation Canal Lock, *Louisiana*
(Construction)

Chickamauga Lock and Dam, Tennessee River,
Tennessee (Construction)

John T. Myers Locks and Dam, Ohio River, *Indiana and Kentucky* (Construction)

Lower Monumental Lock, Lower Snake River,
Washington (Construction)

Priority PED Projects and Studies:

1. Upper Mississippi River and Illinois Waterway Navigation Project (PED)
2. Greenup Locks and Dam, Ohio River (PED)
3. Bayou Sorrel Lock, GIWW (PED)
4. Calcasieu Lock, GIWW (Study)
5. Gulf Intracoastal Waterway - Texas, GIWW (PED)
6. John Day L&D, Columbia River (Study)
7. Upper Ohio River Navigation (Study)

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McAlpine Locks and Dam Project, Ohio River
Construction of New Lock.