

Summary Minutes
Inland Waterways Users Board Meeting No. 57
March 27, 2008
Baton Rouge, Louisiana

Inland Waterways Users Board Meeting No. 57 was called to order by Mr. Mark Pointon, Executive Secretary of the Inland Waterways Users Board (the Board), at 9:00 A.M. Mr. Pointon made introductory remarks, and then turned the microphone over to Mr. Royce Wilken (American River Transportation Company), Chairman of the Inland Waterways Users Board, for welcoming remarks.

Mr. Wilken thanked the New Orleans District for their hospitality and the extremely informative tour of the Port Allen and the Bayou Sorrel Locks the previous day. Mr. Wilken then offered Colonel Alvin Lee, the Corps of Engineers New Orleans District Commander, the opportunity to make welcoming remarks. Colonel Lee welcomed the Inland Waterways Users Board members and other participants to the New Orleans District and the Baton Rouge area. Colonel Lee discussed the activities of the New Orleans District with respect to the reconstruction activities associated with the Hurricane Protection project in the New Orleans area as well as the significance and contributions of the Inner Harbor Navigation Canal Lock and the Gulf Intracoastal Waterway to the transportation of commodities in the Gulf Coast region of the nation.

Major General (MG) Don Riley, the Director of Civil Works for the Corps of Engineers (the Corps) and Executive Director of the Board, opened the meeting by thanking the New Orleans District and local community for hosting the meeting. MG Riley indicated that this would be his last Board meeting in his role as Director of Civil Works, since he will be assuming the position of Deputy Commanding General of the Corps the week of March 31. In his remarks MG Riley recognized the value of the contributions of the Board in assisting the Corps in conducting its work and its contributions to the nation.

MG Riley welcomed the Federal Observers who were in attendance at the meeting. In attendance were the Honorable John P. Woodley, Jr., Assistant Secretary of the Army for Civil Works, Mr. Alan Bunn of the National Oceanic and Atmospheric Administration (NOAA), Mr. James J. Murphy of the Maritime Administration (MARAD), and Mr. Nick Marathon of the Department of Agriculture (USDA). Each of the Federal observers offered brief introductory remarks. Mr. Bunn thanked the Board for the opportunity to attend the meeting and indicated that NOAA has been a long time partner of the Users Board and appreciated the opportunity to discuss the Real Time Current Velocity (RTCV) system, the Physical Oceanographic Real Time System (PORTS) and Automated Information System (AIS), all of which have been developed through the long standing cooperative efforts of multiple federal agencies including the Corps, NOAA, and the U.S. Coast Guard among others. Mr. Murphy of the Maritime Administration thanked the Board for the opportunity to attend the meeting and expressed warm regards from the Administrator of the Maritime Administration, Mr. Sean Connaughton, and

indicated the strong collaboration between the Board, the Corps, MARAD and the navigation industry. Mr. Marathon thanked the Board for the opportunity to attend the meeting and the tour of the Port Allen and the Bayou Sorrel locks and indicated the importance of the inland waterway system to the agriculture industry, in both the delivery of grain to domestic markets as well as to deep draft coastal ports for shipments to export markets.

Secretary Woodley's remarks included a discussion of the proposed Fiscal Year (FY) 2009 Corps of Engineers budget. Due to the demands of constrained domestic spending levels the proposed FY 2009 budget has a reduced budget request for construction activities on the inland waterway system, but an increased level of funding for operation and maintenance (O&M). Secretary Woodley also indicated that there is a separate budget request for funding to provide for 100 year hurricane protection for the New Orleans area.

Board Chairman Royce Wilken thanked the New Orleans District for the very informative tour the previous day, thanked MG Riley for his contributions to the activities of the Board and for his contributions to the nation, and congratulated MG Riley on his next assignment.

MG Riley thanked Chairman Wilken for his kind remarks and noted that the Corps appreciated all the hard work that the Board members do and indicated that the Corps will finalize its comparative analysis report of inland waterway construction projects in time for the Summer meeting of the Board.

Chairman Wilken then asked for a motion to approve the minutes from Inland Waterways Users Board meeting No. 56, held on November 2, 2007, in Quincy, Illinois. The minutes were approved unanimously.

Mr. Kenneth E. Lichtman of the Corps Institute for Water Resources (IWR) presented a report on the status and an analysis of the Inland Waterways Trust Fund (IWTF). In terms of the status report, the IWTF ended FY 2007 (October 1 – September 30) at \$209.4 million, a decline of 21.8% from the end of year balance for FY 2006. Through the end of September 2007 IWTF revenues totaled \$91.1 million, an increase of \$10.3 million (12.7%) from the same period of 2006. Interest earned on assets in the trust fund totaled \$10.4 million for FY 2007, an increase of \$1.0 million over the FY 2006 total. Total receipts (revenues plus interest earned) were \$101.5 for the entire fiscal year. Transfers to the Corps during FY 2007 were \$159.8 million, compared to \$175.1 million during FY 2006. The balance of the IWTF declined 21.8% to \$209.4 million at the end of September 2007. For the first four months of FY 2008 (October through January), trust fund revenues and interest earned totaled \$27.1 million, including \$24.5 million in receipts and \$2.6 million in interest earned. Reported transfers to the Corps during the first four months of FY 2008 totaled \$64.5 million, leaving a balance of \$172.0 million as of January 31, 2008. The U.S. Department of the Treasury reports that the balance of \$172.0 million includes \$58.2 million in transfer authority for the Corps to cover

outstanding contract obligations. This leaves an effective balance of \$113.8 million as of January 31, 2008 available for new obligations.

Mr. Lichtman then gave a report on the Assessment of Alternative Assumptions of Outlays and Revenues of the Inland Waterways Trust Fund. The Trust Fund Analysis has been updated to reflect FY 2008 appropriations and the President's FY 2009 budget request. The budget request notes that an increase in revenues for the Trust Fund will be needed in order to support the funding levels being requested. At present, under the scenarios presented in the current analysis without an increase in revenues, the IWTF is expected to be depleted during FY 2009.

Board member Matt Woodruff asked about the reporting of Trust Fund balances in the Status Report of the Trust Fund and the Assessment of Alternative Assumptions of Outlays and Revenues for the Inland Waterways Trust Fund, and asked if there is a way that they be reported consistently across the two reports.

Board member Stephen Little asked about the transfer authority of \$58.2 million and what that transfer authority means in terms of implications for the Corps activities.

Chairman Wilken asked about the status of the reconciliation report from the Department of the Treasury with respect to the level of revenues in the Trust Fund.

Ms. Mary Anne Schmid from the Corps Headquarters, Programs Integration Division, presented the most recent financial data on Inland Waterways Trust Fund projects and studies. She stated that while Major Rehabs are budgeted in O&M, they continue to be appropriated funds in the Construction account. Since project capability numbers are currently being updated in the Corps system, she only provided the latest data for the IWTF Construction and IWTF Major Rehab projects. She pointed out to the Board that \$38.8 million of the \$42.3 million allocated to Emsworth this FY would be IWTF dollars. Emsworth was named in the FY 2008 Act which resulted in the need to "catch up" on cost-sharing of total project costs to date. If Illinois Waterway, Lockport Pool Rehab is named in FY 2009, the same "catch up" would apply. Questions concerning the funding of the Illinois Waterway, Lockport pool Rehab project and the Emsworth Lock and Dam project on the Ohio River were raised by Board members. Questions centered around the criteria for funding these project under the auspices of the Inland Waterways Trust Fund and their relationship to the Corps' Dam Safety Program. In answer to one of the Board's questions concerning what constitutes project costs she stated that it includes Feasibility as well as PED and Construction. Correct reply is that only PED and Construction are included in total project cost.

After Ms. Schmid's presentation, the Board members turned to a discussion of the Board's Annual Report to Congress. Among the issues discussed by the Board members were the escalating cost of constructing projects, the lengthening of construction schedules, the benefits received by the nation due to the use of the inland waterway system, the comparative analysis of projects that were completed in a short period of time and on budget versus projects whose project costs and scheduling have exceeded original

estimates, technical corrections to the list of projects, references to external reports on the impact of proposed lockage fees on the shipment of agricultural products, and recommendations for changing the cost sharing arrangement from a current 50-50 share between the General Treasury and the Inland Waterways Trust Fund to a 75-25 share between the General Treasury and the Trust Fund for the cost shared projects.

A motion was made to approve the report subject to the incorporation of comments and revisions made during the meeting and Board members would revise the text of the report following the meeting.

The motion was unanimously approved by the Board.

Mr. Dennis Webb of the Corps Engineer Research and Development Center (ERDC) gave a presentation on the Real Time Current Velocity (RTCV) research work that it being conducted at ERDC and now being applied in the field. Mr. Webb also discussed the research work associated with the Coastal and River Information Services (CRIS) initiative. Chairman Wilken was very appreciative of the work that ERDC was doing and asked about the use of “virtual buoys.” Mr. Webb indicated that at the last Inland Waterways Conference (an annual joint Corps – Coast Guard meeting), there was discussion of virtual buoys.

Mr. Steve Jones of the Corps Mississippi Valley Division gave a presentation of the status of the Inner Harbor Navigation Canal (IHNC) Lock project and the closure of the Mississippi River Gulf Outlet (MRGO) project. Mr. Jones stated the Revised Environmental Impact Statement (REIS) will be completed in December 2008. He indicated that the IHNC Lock will undergo a repair and dewatering activity during August and September 2008, starting August 1 for 60 days, and Baptiste Collette dredging would be done by the end of June. He stated the MRGO deauthorization study was completed.

Mr. Robert Davinroy of the Corps St. Louis District gave a report on the status of the Impact of the Mississippi River Regulating Works from mile 0 to mile 195 (the middle Mississippi). Mr. Davinroy pointed out that since the placement of regulating works at strategic locations in the river, accidents have gone down and the amount of material needing to be dredged has gone down.

After Mr. Davinroy’s presentation, Board Chairman Wilken asked if there was anyone in attendance at the meeting who wanted to make a public comment. Mr. Raymond Bulter of the Gulf Intracoastal Waterway Association offered remarks on the importance of the Inner Harbor Navigation Canal Lock, that the lock is approaching 80 years in age, characterized it as a “gracefully aging lady” and the number of deep draft vessels using the lock has increased from 4 to 16 per month. The lock is vital to the transportation of petroleum, petroleum products and chemicals throughout the Gulf Coast region.

In his concluding remarks General Riley thanked the staff of the New Orleans District for the fine job they did with respect to the field tour and in support of the Board meeting and thanked the Board members for their fine work.

Chairman Wilken thanked everyone for a fine tour of the locks the day before and for a successful meeting. He also thanked MG Riley again for his service and called him a "Great American."

Chairman Wilken closed the meeting at 12:10 P.M.