

Summary Minutes
Inland Waterways Users Board Meeting No. 70
January 14, 2014
The Westin New Orleans Canal Place Hotel (Terrace Room)
New Orleans, Louisiana

Inland Waterways Users Board Meeting No. 70 was called to order by Ms. Mindy M. Simmons, the Designated Federal Official (DFO) of the Inland Waterways Users Board (the Board) at 9:00 A.M. The meeting included approximately 44 attendees, including Board Chairman Martin T. Hettel, Vice Chairman Matthew Woodruff, Messrs. David Choate, Robert R. McCoy, Charles A. Haun, Jr., Daniel P. Mecklenborg and Michael T. Somales. Also in attendance were Mr. Jeffrey Kindl of American Commercial Lines (for Board member Mark Knoy who was unable to attend the meeting), and Mr. Lance Rase of CGB Enterprises, Inc. (for Scott Leininger who was unable to attend the meeting). Board member Bruce Reed did not attend the meeting and did not send a substitute. Also attending the meeting was former Board member Larry R. Daily (Chairman Emeritus, the immediate past Chairman) who was a non-official participant to the proceedings and did not participate in the discussions during the meeting.

Ms. Simmons made introductory welcoming remarks, and then Colonel Richard Hansen, Commander of the Corps of Engineers (the Corps) New Orleans District, provided welcoming remarks on behalf of the district and the Corps Mississippi Valley Division.

After Colonel Hansen's remarks, Major General (MG) John W. Peabody, Deputy Commanding General for Civil and Emergency Operations for the Corps and the Executive Director of the Board provided his opening remarks.

MG Peabody began his remarks by thanking the Mississippi Valley Division and the New Orleans District for hosting the Board meeting. MG Peabody remarked that the contributions of the Board are very important. MG Peabody indicated that the Board last met in New Orleans three years ago (Board Meeting No. 65) and it was very good to be back in New Orleans to see that progress that has been made on the Hurricane and Storm Damage Risk Reduction System that has been put in place since Hurricane Katrina in 2005 and to see other important features of the inland navigation system in New Orleans (the Inner Harbor Navigation Canal Lock and the Algiers Lock).

MG Peabody welcomed the observers from the other Federal agencies in attendance at the Board meeting, including Ms. Marie Therese Dominguez, Principal Deputy Assistant Secretary of the Army for Civil Works; Mr. James J. Murphy, Director of the Eastern Gulf/Lower Mississippi Gateway office of the Maritime Administration of the U.S. Department of Transportation; and Mr. Tim Osborn, from the National Oceanic and Atmospheric Administration's Office of Coast Survey. Note: No Federal observer from the U.S. Department of Agriculture (USDA) attended the meeting.

MG Peabody began his remarks by indicating that contained within the Fiscal Year (FY) 2014 Continuing Resolution which funded the Federal government through January 15,

2014 (Public Law 113-46), there was a provision (Section 123) which increased the project cost authorization for the Olmsted Locks and Dam project. The issue of cost sharing the Olmsted project was not addressed in the Continuing Resolution, but it may be addressed in the discussions between the Senate and the House in the development of a Water Resources Development Act (WRDA).

MG Peabody said that the Congress filed an Omnibus Appropriations bill the previous evening that would fund the Federal government through the end of the FY 2014. That bill (signed by the President on January 17, 2014 as Public Law 113-76) included funding of the Corps of Engineers' Civil Works program at a level of \$5.467 billion, \$487 million above the FY 2013 enacted level and \$641 million above the FY 2014 President's Budget request. MG Peabody remarked that this increase in funding to the Corps programs indicated the Congress' recognition of the value and importance of the Corps missions. To quote MG Peabody, "While many other agencies are either having the same or lower amounts in their budget, from the budgets requested of the President – the purposes that the Corps delivers are very important."

With respect to a Water Resources Development Act (WRDA), the Senate passed its version of a WRDA (Senate bill 601) on May 15, 2013. The Senate bill includes many of the recommendations concerning project delivery and process improvements that were part of the April 2010 Inland Marine Transportation System Capital Projects Business Model report. The Senate bill also describes additional responsibilities of the Board and the Assistant Secretary of the Army for Civil Works. The bill did not recommend an increase in the inland waterways fuel tax or other new revenue sources for the Inland Waterways Trust Fund (IWTF). The House of Representatives passed its version of a Water Resources Reform and Development (House of Representatives bill 3080) on October 23, 2013.

MG Peabody then discussed the Corps ongoing Civil Works Transformation efforts. MG Peabody indicated that he has had discussions with the senior leaders within the Corps regarding accelerating and actualizing the Civil Works Transformation process.

Lastly, MG Peabody's discussed last year's drought and the impact it had on operations of the inland navigation system and the response by the U.S. Army Corps of Engineers. MG Peabody, as Mississippi Valley Division commander at the time of the drought last year, worked closely with the members of the St. Louis District to successfully execute Phase 1 of the removal of the rock pinnacles along portions of the Mississippi River. He indicated that Phase 2 of the rock pinnacles removal began in December 2013. The result of this effort will be to widen the channel so that tows will be able to pass safely through the areas where the rock pinnacles are present.

MG Peabody then offered an opportunity for the Federal observers to provide remarks.

Mr. Tim Osborn of the Office of Coast Survey with the National Oceanic and Atmospheric Administration (NOAA) began his remarks by thanking MG Peabody and the Corps of Engineers for the opportunity to attend the Board meeting and noted the

close working relationship and coordination between the two agencies. Mr. Osborn indicated that NOAA and the Office of Coast Survey have made new tools available to the other federal and state agencies as well as the general public including new storm warning tools, information regarding river conditions, hurricane and tropical storm forecasts. Mr. Osborn indicated that in the near future NOAA will be releasing a new Mississippi River mile marker weather forecasting tool being developed by the National Weather Service (NWS) that will allow users of the Mississippi River the ability to see the weather forecast on a mile-by-mile basis. Mr. Osborn also indicated that the NOAA and the Office of Coast Survey is increasing the number of coastal observation stations so as to better predict the storm surge associated with storms and measure water levels in real time. Lastly, Mr. Osborn indicated that the NWS office in Slidell, Louisiana will be conducting a workshop on which will provide an opportunity for local government emergency managers, levee district officials, and other federal, state and local officials to learn about the NWS tools concerning forecasting and storm surge modeling and provide an opportunity for the NWS to learn about the operational plans of the local government officials and the needs and operational plans of the navigation community during severe weather events.

Mr. James J. Murphy of the Maritime Administration (MARAD) thanked MG Peabody and the Board for the opportunity to attend the meeting and indicated that Mr. Paul Jaenichen, Acting Administrator of MARAD, and the Maritime Administration have a continued interest in the success of the inland waterways industry, the activities of this Board, and the efforts to modernize the Inland Marine Transportation System. He indicated that the MARAD is about to commence an economic impact analysis of the tug and towboat and barge industry, in association with the American Waterways Operators (AWO). Mr. Murphy also indicated that MARAD has in place a Memorandum of Understanding (MOU) with the Corps of Engineers, and that MARAD looks forward to continuing this successful cooperative partnership. In conclusion, Mr. Murphy indicated that Mr. Anthony Foxx, the new Secretary of Transportation, has as one of his priorities to establish an Office of Infrastructure within the Office of the Secretary. This is a reflection of the importance and significance that Secretary Foxx places on improving the nation's transportation infrastructure.

Ms. Marie Therese Dominguez, Principal Deputy Assistant Secretary of the Army for Civil Works thanked MG Peabody and the Board for the opportunity to attend the meeting and appreciated the opportunity to hear the discussion of the issues affecting the inland waterways system. Ms. Dominguez indicated her appreciation for the work that the Corps and the waterways industry do on a daily basis and also indicated her appreciation for the great significance that the waterways industry contributes to the Nation, both with respect to the national economy and to the nation's security. Ms. Dominguez indicated that she looks forward to continued discussions with the waterways industry to address the various issues facing the industry and the federal government.

At the conclusion of Ms. Dominguez's remarks Mr. Martin Hettel, the Chairman of the Board, offered his opening remarks. Chairman Hettel welcomed MG Peabody to the Board in his new role as the Deputy Commanding General for Civil and Emergency

Operations and as Executive Director of the Board, Ms. Simmons as the newly appointed Designated Federal Officer (DFO) to the Board and the other attendees to the Board meeting. Mr. Hettel indicated that the Board has completed its 2013 Annual Report to Congress and the Secretary of the Army. Mr. Hettel indicated that the Board has established as its goals for the upcoming year the following: (1) to have a more open and collaborative exchange of information between the Board and the Corps of Engineers; (2) to appoint Board members to the four highest priority projects of concern to the Board, those projects being Olmsted Locks and Dam, Locks and Dams 2, 3 and 4 on the Lower Monongahela River, Kentucky Lock and Dam, and Chickamauga Lock; (3) to schedule future meetings of the Board with adequate lead time; (4) to schedule future meetings of the Board at locations that emphasize the other components of the inland waterways system, including the McClellan-Kerr Arkansas River System, the Tennessee-Tombigbee Waterway, and the Black Warrior River; (5) to begin the member selection process with enough lead time to avoid disruptions to the performance of the Board activities; and (6) to appoint an 11th member to the Board as soon as possible. Chairman Hettel said that while the outcome of the negotiations between the Senate and the House of Representatives over a WRDA is not clear at this time, Chairman Hettel feels that the duties and responsibilities of the Board will be expanded in the final agreed-upon WRDA.

Ms. Simmons next called for a motion to approve the minutes of Board Meeting No. 69, held August 13, 2013, in Louisville, Kentucky. Board Member Daniel Mecklenborg made a motion to approve the minutes of the last meeting and Chairman Hettel seconded the motion, after which the Board members unanimously approved the minutes of Board Meeting No. 69.

Ms. Simmons then called upon Mr. Jon Soderberg, from the Programs Integration Division at Corps Headquarters to provide an update on the status of the Inland Waterways Trust Fund (IWTF) and an update on the status of projects on the inland waterways system. Mr. Soderberg reported that the IWTF began FY 2013 (October 1, 2012) with a balance of \$45.9 and a Previous Transfer Authority to the Corps of Engineers (funds previously authorized to be spent by the Corps) in the amount of \$7.3 million. For the entire FY 2013 ending September 30, 2013, fuel tax revenue totaled \$75.1 million and interest earned during the fiscal year of \$43,000, for a combined total revenue of \$75.15 million. During FY 2013, \$87.6 million was transferred from the IWTF to the Corps of Engineers. The balance of the IWTF at the end of FY 2013 was \$33.8 million with previous transfer authority equal to \$6.96 million. Through the first quarter of FY 2014 ending December 31, 2013, fuel tax receipts collected were \$17.6 million. Taking into account previously sequestered funds and across the board rescinded funds from actions taken in FY 2013, the balance in the IWTF at the end of December 2013 was \$48 million and \$2.9 million in previous transfer authority.

Mr. Soderberg reported that in FY 2013, the Olmsted Locks and Dam project drew the most funds from the Inland Waterways Trust Fund, \$71.856 million, followed by the Lower Monongahela River, Locks and Dams 2, 3, and 4 project at \$11.1 million, the

Mississippi River Lock and Dam 27 project at \$474,000 and the Emsworth Locks and Dam project at \$250,000.

Mr. Soderberg then provided an update on the status of inland waterways projects including Olmsted Locks and Dam; Locks and Dams 2, 3, and 4, Monongahela River; Kentucky Lock and Dam; Chickamauga Lock and Dam; Emsworth Locks and Dam; Mississippi River Lock and Dam 27 (Major Rehabilitation); Lockport Pool (Major Rehabilitation), Illinois Waterway; and the Inner Harbor Navigation Canal Lock.

With respect to Olmsted Locks and Dam, Mr. Soderberg said that the FY 2013 allocation for the project was \$143.7 million, evenly divided between the General Treasury and the IWTF (\$71.86 million from each). The President requested \$163 million for the Olmsted project in the FY 2014 budget. With respect to the status of project construction, he indicated that the dam is expected to be operational in the year 2020 and the entire project is expected to be completed in September 2024.

With respect to the Monongahela River Locks and Dams 2, 3 and 4 Replacement project, Mr. Soderberg said the FY 2013 allocation was \$23.7 million, with \$11.1 million coming from the Construction account of the Corps, \$11.1 million coming from the IWTF, and \$1.5 million coming from the American Recovery and Reinvestment Act (ARRA) (Public Law 111-5). The FY 2014 President's Budget requested \$1.96 million for this project. Mr. Soderberg noted that to date the Monongahela Locks and Dams 2, 3 and 4 Replacement project has received \$68.4 million in funding through the ARRA.

With respect to the Kentucky Lock and Dam project, Mr. Soderberg indicated that the FY 2013 allocation was \$44.435 million, with \$43.98 million from the Construction account of the Corps and \$455,000 from ARRA funding. Mr. Soderberg noted that to date the Kentucky Lock and Dam project has received \$88.9 million in funding through ARRA.

With respect to Chickamauga Lock project, the project did not receive funding in FY 2013 and the President did not request funds for the project in the FY 2014 budget. However, Mr. Soderberg did note that to date the Chickamauga Lock project has received \$52.5 million in funding through ARRA.

With respect to Emsworth Locks and Dam, Mr. Soderberg said the FY 2013 allocation was \$5.881 million. The President did not request funds for the Emsworth project in the FY 2014 budget. Mr. Soderberg noted that to date the Emsworth project did receive \$33.56 million through ARRA.

With respect to the Mississippi River Lock and Dam 27 major rehabilitation project, the main lock gate has been installed and is functioning.

With respect to the Lockport major rehabilitation project, the canal wall has been returned to service and the controlling works have been returned to service.

And with respect to the Inner Harbor Navigation Canal Lock project, the project was enjoined on September 9, 2011.

The Board asked questions regarding the changes in the amounts spent and the costs to complete projects from the previous fiscal year to this fiscal year, to be followed up at the next Board meeting.

Mr. Soderberg also updated the pending policy change of the Corps concerning projects that previously had been out of balance with respect to funding from the Inland Waterways Trust Fund and the General Treasury. Mr. Soderberg indicated that the Corps has decided and the Administration has concurred with the decision that if a project was out of balance with respect to funding, that the Corps will not go back and attempt to recoup the additional funds from the IWTF to bring a project into balance. Mr. Soderberg indicated he is working with the Corps district and division offices to identify the amount of IWTF funds that were allocated to bring projects into balance and will have a firm estimate of the funds to be returned to the IWTF at the next Board meeting.

After Mr. Soderberg concluded his presentation, Mr. David F. Dale, Programs Director of the Great Lakes and Ohio River Division, provided the Board an update on the status of Olmsted Locks and Dam.

Mr. Dale stated that construction is proceeding on the tainter gate portion of the dam, with 16 of 18 shells set in place (three during the current construction season) and two pier shells remain to be set in place. Mr. Dale reviewed the accomplishments achieved during the 2013 construction season related to the tainter gate portion of the dam, including the completion of the remaining tainter gate shells, completion of the sheet pile work, completion of the foundation pile work, successfully removing sediment in a cost effective and efficient manner by using the Corps Dredge *Hurley*, laid foundation and drainage stone through part of the navigable pass portion of the dam, and laid grout matting through part of the navigable pass portion of the dam. Mr. Dale also discussed the construction activities planned for the upcoming 2014 construction season, including continued pile driving in the navigable pass portion of the river, sediment removal, laying foundation and drainage stone and group matting along the navigable pass portion of the river, continued work on the tainter gate section of the dam, including the upper piers of the tainter gates, and continued fabrication of a tainter gate and wicket gates.

After Mr. Dale completed his presentation, Mr. James Hannon, Chief of the Operations and Regulatory Division at Corps Headquarters, discussed the efforts underway by the Corps to identify the risk exposure associated with the physical condition of the structures on the inland waterways system. The risk exposure of a structure on the inland waterways system would include an estimate of the risk of failure of a particular structure (or component of a structure) and an estimate of the economic impact associated with that failure. The intent of this effort would be to allow the Corps to make better informed decisions on where to apply resources, both in terms of recapitalization (construction and major rehabilitation) as well as operations and maintenance expenditures. This will lead to more efficient and effective allocation of funds.

During the related discussion, MG Peabody indicated that in addition to the alternatives that Mr. Hannon identified, that is, recapitalization via new construction or major rehabilitation or maintenance activities, there is another option, that being de-authorization or some other means of removing a particular feature from Federal responsibility.

MG Peabody indicated that as officials responsible for making recommendations to the Nation's leaders, the Corps needs to identify alternative means to manage the infrastructure under its responsibility, and not making recommendations as to how to proceed in the future simply prolongs the dilemma facing the Corps. Attempting to stretch limited financial resources across a wider portfolio increases the risk of a catastrophic failure within some part of the system.

Following Mr. Hannon's presentation, Mr. Mark Hammond, of the Inland Navigation Planning Center of Expertise at the Huntington District of the Corps, provided a report on the effort to update the estimates of the benefits and benefit-to-cost ratios (BCR's) of the various inland waterways navigation projects contained within the Inland Marine Transportation System (IMTS) Capital Projects Business Model Report (dated April 2010).

After Mr. Hammond's presentation, Board Chairman Martin Hettel provided the status of the Board's 2013 Annual Report to the Congress and the Secretary of the Army. Mr. Hettel expressed his thanks to the members of the Board for their contributions to the report and the collaborative manner in which the report was developed. The Board then voted unanimously to approve the recommendations of the report, and asked that the Corps finalize and publish the report.

After the Board's motion to approve its Annual Report to Congress, Mr. Jeffrey McKee, Chief of the Navigation Branch in the Operations and Regulatory Division at Corps Headquarters, provided an update on the status of the IMTS Levels of Service initiative.

Mr. McKee indicated that the IMTS Levels of Service initiative would not result in the closure of any locks, but would focus on adjusting the number of hours of operation at locks to better reflect their current pattern of usage. The resulting savings in reduced operating expenses would then be redirected to maintenance issues at the lock, thereby extending the operational life and reliability of the facilities.

Mr. McKee said that "full service" locks are defined as having greater than 1,000 commercial lockages per year, and that there are five categories of usage below "full service" depending upon the number of commercial lockages. Mr. McKee said that there are 54 locks which have less than 1,000 commercial lockages per year.

"Full service" locks would continue to provide 24-hour service, seven day per week, 365 days per year. Below "full service" locks are five categories of service:

- Reduced service – two shifts per day (16 – 20 hours per day, 7 days per week, 365 days a year (two shifts of either 8 or 10 hours);
- Limited service – 8-12 hours per day, 7 days per week, 365 days per year;
- Scheduled service – Set times per day, lockages (including recreational craft) would occur at certain times during the day, for example, 8:00 AM to 4:00 PM;
- Weekend and holiday service – Lockages would occur on weekends and holidays only;
- Service by appointment – Commercial lockages would occur by appointment only.

Mr. McKee said that implementation of the IMTS Levels of Service initiative began in October 2012 (the beginning of FY 2013) on low use river systems (defined as having one billion ton miles or less of traffic per year), continued on January 1, 2013 with implementation of the IMTS Levels of Service initiative on moderate use river systems (defined as having between 1 and 3 billion ton miles of traffic per year), and continued with implementation of the IMTS Levels of Service initiative on high use river systems (defined as having more than 3 billion ton miles of traffic per year) on April 1, 2013.

One exception to the implementation schedule was granted in the case of the Red River, where the locks are operated under contract.

Since the implementation of the IMTS Levels of Service initiative, there have been some adjustments to the level of services provided at various locks. Within the Great Lakes and Ohio River Division, operations at Chickamauga Lock went from two shifts per day to full service operations. Fort Loudoun Lock went from one shift per day to two shifts per day.

Other changes have been made to the operations at the Allegheny River Lock 5, Jonesville and Columbia Locks on the Ouachita River, and five locks on the McClellan Kerr Arkansas River System to better reflect the level of activity at those locks.

Next, Mr. Steve Jones, Navigation Business Line Manager for the Mississippi Valley Division of the Corps, provided an update of the efforts to remove rock pinnacles from portions of the Mississippi River to improve navigation conditions. Mr. Jones indicated that the rock pinnacles are north of Cairo, Illinois, between Mississippi River miles 38 and 46. A contract was awarded in July of 2013 to continue the effort to remove the rock pinnacles. Work began in December and continues during January to remove the material to improve the conditions in the river.

After Mr. Jones concluded his presentation, Ms. Simmons asked if there was anyone wishing to make a public comment. There were no public comments made at the meeting.

In his concluding remarks, Chairman Hettel indicated that he was very encouraged by the engagement of the Board members and the Corps at this meeting and the level of discussions is very positive. Chairman Hettel indicated that he would prepare a list of follow up items for the Board and forward the items to the Corps. Chairman Hettel

thankd MG Peabody for his engagement and leadership and looked forward to future meetings.

In closing, MG Peabody thanked Chairman Hettel and the other Board members for their participation in the meeting, and indicated his absolute commitment to continually work closely with the Board members to address their concerns. MG Peabody indicated that the Corps has an obligation to develop solutions to the challenges which the Corps faces and has a compelling requirement to move forward in executing its missions as efficiently and effectively as possible.

Ms. Simmons adjourned the meeting at 12:55 PM.