

**Summary Minutes**  
**Inland Waterways Users Board Meeting No. 75**  
**May 14, 2015**  
**San Luis Resort and Conference Center**  
**5222 Seawall Boulevard**  
**Galveston, Texas**

Inland Waterways Users Board Meeting No. 75 was called to order by Mr. Mark R. Pointon, Designated Federal Officer (DFO) of the Inland Waterways Users Board (the Board) at 9:00 a.m. The meeting was attended by approximately 43 participants, including Board Chairman Martin T. Hettel, Vice Chairman Matthew Woodruff, and Board members Messrs. Charles Haun, Jr., Mark Knoy, Scott Leininger, Robert McCoy, Daniel Mecklenborg, and Michael Somales. Board members Mr. David Choate and Mr. Bruce Reed did not attend the meeting and did not send a substitute to the meeting.

Mr. Pointon provided opening remarks then invited Colonel Richard P. Pannell, USACE Galveston District Commander, to provide welcoming remarks on behalf of the district.

Following Colonel Pannell'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 introductory remarks.

MG Peabody began his remarks by thanking the Southwestern Division and the Galveston District for hosting the Board meeting and the tour of the Brazos River Floodgates on the preceding day and the Corps' project partners and stakeholders along the Texas Gulf Intracoastal Waterway including the Gulf Intracoastal Canal Association (GICA), the Texas Department of Transportation (TxDOT) and the Texas General Land Office (GLO).

MG Peabody's remarks focused on the following areas: (1) the Corps' efforts to implement the provisions of the Water Resources Reform and Development Act of 2014; (2) a review of Congressional action on the Corps Fiscal Year (FY) 2016 Civil Works appropriations; and (3) the transition from the Inland Marine Transportation System (IMTS) Capital Projects Business Model (CPBM) to a more holistic Capital Investment Strategy.

MG Peabody indicated that the Corps has continued its efforts to implement provisions of the Water Resources Reform and Development Act of 2014 ("WRRDA 2014") [Public Law 113-121, dated June 10, 2014]. The Corps is in the process of developing implementation guidance for the various sections of the law. Information on the implementation guidance developed to date can be found on the Corps of Engineers homepage:

<http://www.usace.army.mil/Missions/CivilWorks/ProjectPlanning/LegislativeLinks/wrrda2014.aspx>.

MG Peabody noted that this past December the Congress passed and the President signed into law the "Achieving a Better Life Experience Act of 2014" (also referred to as the "ABLE Act of

2014”, Public Law 113-295, signed into law December 19, 2014) which includes a provision to increase the fuel tax on marine diesel fuel from \$0.20 per gallon to \$0.29 per gallon, effective April 1, 2015 (Section 205 of Title II of Public Law 113-295).

With respect to Congressional action on the Corps FY 2016 Civil Works appropriations, MG Peabody indicated that the House of Representatives passed its version the FY 2016 Energy and Water Development Appropriations bill [H.R. 2028] on May 1, 2015. The House bill would appropriate \$5.6 billion for the Corps Civil Works program, an increase of \$865 million over the President’s recommended funding contained in his FY 2016 Budget released on February 2, 2015.

The House approved bill included \$340 million for inland waterways related construction activities, including \$180 million for the Olmsted Locks and Dam project on the Ohio River and \$52 million for the Lower Monongahela River Locks and Dams 2, 3, and 4 project, and \$108 million in a funding pot for projects to be determined at a later date.

MG Peabody indicated that the Senate still has to finish its legislative action on the FY 2016 Energy and Water Appropriations and then the two chambers have to reach an agreement on a final FY 2016 Energy and Water Appropriations bill.

MG Peabody discussed the efforts of the Corps to transition from the [Capital Projects Business Model](#) (a 2010 document which identified specific improvement projects over a 20 year time period) to a more holistic Capital Investment Strategy (CIS) which is designed to apply a life cycle portfolio approach to overseeing investments in the inland marine transportation system and which would establish a framework to guide future Corps of Engineers decision making concerning infrastructure investments.

MG Peabody concluded his remarks by saying that he felt the most compelling issue going forward into the future is to address the question of what type of inland waterways system the nation needs in the future, not just 20 years in the future, but 50 and 100 years in the future, to continue to grow, expand and improve and to provide the services and value that it delivers to the nation.

At the conclusion of his remarks, MG Peabody invited the Federal Observers in attendance at the meeting to offer opening remarks.

Mr. Nicholas Marathon of the U.S. Department of Agriculture (USDA) thanked the Board for the opportunity to attend and observe the meeting of the Board and extended the greetings of Mr. Arthur L. Neal, Deputy Administrator of the Agricultural Marketing Service’s Transportation and Marketing Program. Mr. Marathon indicated that the USDA has begun a project to measure the benefits to U.S. agriculture that could be derived from waterway improvements. The project was directed by Section 6206 of the Agricultural Act of 2014 (the 2014 Farm Bill, Public Law 113-79). The project will update the 2010 USDA report entitled “[Study of Rural Transportation Issues](#)”.

Mr. Brian Hill, Director of the Western Gulf Gateway Office of the Maritime Administration (MARAD) of the U.S. Department of Transportation offered his thanks for the opportunity to attend the Board meeting and looked forward to the discussion of issues impacting the inland waterways system, its important role in the movement of commodities and its contributions to the nation's economy. Mr. Hill indicated that MARAD has recently partnered with the American Waterways Operators (AWO) to conduct a study of the economic impact of the barge and towing industry. Mr. Hill said that he would inform the Board when the results of that study become available.

Mr. Alan Bunn, Navigation Manager of the Office of Coast Survey's Western Gulf of Mexico Office of the National Oceanic and Atmospheric Administration (NOAA) thanked the Board for the opportunity to attend and participate in today's meeting and extended the greetings of Admiral Gerd Glang, Director of the NOAA Office of Coast Survey. Mr. Bunn indicated that the Office of Coast Survey has been working closely with the Corps of Engineers and the U.S. Coast Guard in preparation for the 2015 hurricane season. He said that the Office of Coast Survey, the Corps, the Coast Guard and the Gulf Intracoastal Canal Association (GICA) will convene a joint hurricane task force meeting in New Orleans in the near future to discuss emergency plans and response activities during the upcoming hurricane season in the Gulf Coast region.

Ms. Marie Therese Dominguez, the Principal Deputy Assistant Secretary of the Army for Civil Works, said that given the vital role the inland waterways system plays in the nation's transportation system and its contributions to the national economy and national security, the Assistant Secretary's office is working very hard to meet the June 10 date to deliver the Capital Investment Strategy to Congress. Ms. Dominguez indicated that the Assistant Secretary's office is also working very closely with the Office of the Secretary of Defense to complete the reappointment process of the Board members to ensure the continuity of the Board's activities.

Next Board Chairman Mr. Martin T. Hettel provided his introductory remarks. He began his remarks by thanking the Galveston District for hosting the Board meeting, and remarked that in calendar year 2013 the Brazos River Floodgates facility, which the Board members and the other participants visited the preceding day, allowed for the transit of 23.5 million tons of cargo on approximately 18,500 barges. This is a reflection of the true nature of the inland waterways system in that commodities such as liquid bulk, crude petroleum, petroleum products or chemical products which originate in the Texas Gulf Coast region are used in other regions of the country.

Chairman Hettel, in keeping with the goal of the Board to hold meetings throughout the various regions of the inland waterways system said that the next meeting of the Board (Meeting No. 76) will be held in Nashville, Tennessee in August. This would allow the Board members the opportunity to visit the Chickamauga Lock and Dam in Chattanooga.

Chairman Hettel said that he recently attended a site visit to the LaGrange Lock and Dam on the Illinois Waterway and pointed out the deteriorating condition of that lock. Chairman Hettel suggested convening the fall Board meeting at a location in the Upper Mississippi River – Illinois Waterway region to have the opportunity to visit the LaGrange Lock and Dam.

After Chairman Hettel concluded his remarks, Mr. Pointon next called for a motion to approve the minutes of Board Meeting No. 74, held on February 25, 2015, in Birmingham, Alabama. Board member Mr. Robert McCoy made a motion to approve the minutes of Meeting No. 74 and Board member Mr. Michael Somales seconded the motion. The Board members then voted unanimously to approve the minutes of Meeting No. 74.

Following the approval of the minutes from Meeting No. 74, Mr. Pointon provided an update on the Corps' efforts to address the issue of recording of the time of arrival of vessels at locks and the lockage times as recorded in the Corps' Lock Performance Monitoring System [LPMS] and the characterization of vessel delay times. Mr. Pointon indicated that the Corps will standardize the procedure used to determine when vessels arrive at a lock and how to compute vessel delay times at locks.

In the subsequent discussion following Mr. Pointon's presentation, Chairman Hettel and other Board members (Mr. Somales, Mr. Knoy and Mr. Woodruff) indicated that in their view a vessel's delay time should be recorded as beginning when a vessel stops and joins the queue of vessels waiting their turn to lock through a lock and the vessel captain calls into the lock operator to indicate their availability to begin the locking procedure.

Following Mr. Pointon's presentation, Mr. Jeff McKee, Chief of the Navigation Branch at Corps Headquarters provided an update on Corps procedures for communicating with the navigation industry on scheduled and unscheduled closures at Corps locks or open river maintenance activities which necessitates the closure of a portion of a waterway. Mr. McKee indicated that the Corps has developed a website which serves as a repository of Corps Notices to Navigation Interests (NTNI). The website's address is <http://ntnoinotices.usace.army.mil>. In addition, Mr. McKee indicated that the Corps is developing a standardized operating procedure to disseminating advanced notice to navigation stakeholders of upcoming lock closures and waterways closures and District offices' procedures for communicating and coordinating actions necessitating the closure of locks or restricting movement on waterways with the navigation industry users and stakeholders (such as the River Industry Executive Task Force, also known as "RIETF") prior to closures at facilities or waterways.

Mr. McKee then provided the Board an update on the status of the Inland Waterways Trust Fund (IWTF) and the status of the inland waterways projects either under construction or being rehabilitated. As of the beginning of FY 2015 (October 1, 2014) the beginning balance in the IWTF was \$24.66 million. During the period from October 1, 2014 to March 31, 2015, \$40.16 million was collected in fuel tax revenues and deposited into the IWTF. Interest earned on deposits in the IWTF was \$4,950. Total funds available in the IWTF as of March 31, 2015 were \$64.98 million.

Mr. McKee then provided an update on the status of inland waterways projects including the Lockport Pool Major Rehabilitation on the Illinois Waterway; the Inner Harbor Navigation Canal (IHNC) Lock replacement project on the Gulf Intracoastal Waterway (GIWW) in New Orleans, Louisiana; the Locks and Dam 27 Major Rehabilitation on the Mississippi River; the Emsworth Locks and Dam project on the Ohio River; the Kentucky Lock project on the Tennessee River; and the Chickamauga Lock and Dam project on the Tennessee River.

Of note regarding the Lockport Pool Major Rehabilitation, it is expected that the repair of the forebay wall will be completed by the end of FY 2016. The project has been fully funded and it is not anticipated that the project will draw any more funds from the IWTF.

The New Orleans District continues its efforts to re-evaluate the IHNC Lock project and develop a shallow draft alternative to the existing project. Corps Headquarters allocated funding in the FY 2015 work plan to initiate the General Reevaluation Report (GRR) for IHNC Lock and the GRR is scheduled to be completed in December 2017.

With respect to the Mississippi River Locks and Dam 27 Major Rehabilitation, this project was completed in January of 2013 and the Corps is in the process of closing out the remaining contracts and completing the Operation and Maintenance manuals.

For the Emsworth Locks and Dam Major Rehabilitation project on the Ohio River physical completion of all construction activities will occur at the end of December 2015 and the project will be fiscally closed out during FY 2016.

With respect to the Kentucky Lock and Dam project, \$14 million has been allocated to the project during FY 2015 and work continues on the upstream lock monoliths.

For the Chickamauga Lock and Dam project, no funds have been allocated to the project during FY 2015. However the Nashville District is performing an update of the economic benefits associated with the project and it is anticipated that the analysis will be completed this summer.

Following Mr. McKee's presentation, Mr. David Dale, Programs Director of the Great Lakes and Ohio River Division (LRD), provided the Board an update on the status of two ongoing construction projects in LRD: the Lower Monongahela River Locks and Dams 2, 3, and 4 Replacement project and the Olmsted Locks and Dam project on the Ohio River.

With respect to the Lower Monongahela project, Mr. Dale indicated that at present it is anticipated that construction of the riverward lock chamber at Lock and Dam 4 (Charleroi, PA) will be completed in 2023. Completion of the riverward lock chamber will generate approximately 90% of the benefits associated with the project. Currently construction will continue on the riverward lock chamber, however construction of the landward lock chamber at Charleroi will be deferred until sometime in the 2050 time period, and the raising of the Port Perry Railroad Bridge will not be implemented at this time. The cost of completing the project with the riverward lock chamber currently under construction, but without constructing neither the landside chamber nor the relocation of the Port Perry Railroad Bridge is \$1.22 billion.

With respect to the Olmsted project, Mr. Dale indicated that construction is progressing quite well at the project site and indicated that all of the shells for the tainter gate portion of the dam are set in place and that work is progressing on the navigable pass portion of the dam. The first of five tainter gates has been delivered to the project site and installation has been completed. For the navigable pass portion of the dam, the first two of 12 navigable pass shells have been set. It is anticipated that all 12 navigable pass shells will be set by the end of the low water

construction season in 2017, one year ahead of the original schedule. During the upcoming low water construction season (from 15 June to 30 November 2015) work will continue on the placement of three navigable pass shells, four paving blocks, and the installation of the second of five tainter gates on the dam (currently scheduled to be delivered to the site in early July)

Mr. Dale indicated that if construction progresses on schedule at the project site and if there are no unforeseen difficulties, the Olmsted project should be completed at a total estimated cost of \$2.903 billion or less. There is an estimated \$196 million in contingencies to allow for unanticipated problems, however, the level of funds set aside for contingencies should go down as more work is accomplished. Mr. Dale indicated that the Great Lakes and Ohio River Division and the Louisville District are carefully reviewing the contractor's project cost estimates to ensure that any cost increases are justified and reasonable.

Mr. Dale indicated that at the current pace of construction, and with no unforeseen problems associated with bad weather, river or other environmental conditions, it is expected that the dam portion of the project will be operational by October 2018.

Mr. Dale indicated that even after the completion of the navigable pass portion of the Olmsted project, currently scheduled to be completed in October 2018, there still remains work to remove the physical features at Ohio River Locks and Dams 52 and 53. Mr. Dale indicated that the Corps is continuing to investigate the options available to remove those locks and dams. The Corps continues to engage the U.S. Coast Guard and the navigation industry so as to determine a best path forward with respect to removal of the locks and dams.

After Mr. Dale, Ms. Jasmine Smith, the New Orleans District Project Manager of the IHNC General Reevaluation Report (GRR), provided an update on the status of the IHNC project. Ms. Smith indicated that the GRR for the IHNC project is designed to take three years, with the goal of identifying a recommended plan of improvement for a replacement lock by March of 2016 and the entire study to be completed by December 2017. Ms. Smith indicated that the new lock will be located north of the Claiborne Avenue Bridge (as opposed to its current location between the St. Claude Bridge and the Claiborne Avenue Bridge). Ms. Smith indicated that the New Orleans District is examining alternative dimensions of the replacement lock, with the length of the lock ranging from 900 to 1,200 feet, the width ranging from 75 to 110 feet, and the sill depth ranging from 16.5 to 22 feet.

After Ms. Smith's presentation, Mr. Steve Jones, the Navigation Business Line Manager for the Mississippi Valley Division (MVD) provided an estimate of the cost of operating the navigation structures of the Hurricane and Storm Surge Damage Reduction (HSSDR) project in the New Orleans area. Mr. Jones indicated that the cost of operating the navigation structures on the INHC Surge Barrier were estimated to be \$1.05 million, the cost of operating the navigation structures on the Western Closure Complex (WCC) were estimated to be \$2.2 million, and the cost of operating the navigation structures at the Harvey Canal Hurricane Structure were estimated to be \$550,000 for a total of \$3.8 million annually. This would represent the Federal government's 65 percent share of the total cost of \$5.8 million of operating those structures.

Ms. Jeanine Hoey, Chief of Programs at the Pittsburgh District then provided an update on the IMTS Capital Investment Strategy (CIS). Ms. Hoey described the current preliminary results of the effort to identify future capital investments (new construction and major rehabilitation) over a 20-year time horizon (out to the year 2035) under three different funding scenarios: one titled “Budget” scenario which would reflect the funding available in the annual President’s Budget request; a second scenario titled “Annual Appropriations” scenario, which reflects the funding levels that is typically appropriated by Congress through annual Energy and Water Development Appropriations Acts; and the third scenario titled “Maximized IWTF Program” which reflects utilization of the financial resources available in the IWTF to the maximum extent possible.

Under the “Budget” scenario, a total of \$4.6 billion would be expended on inland waterways construction and major rehabilitation projects over the next 20 years. Eight construction projects would be completed, two construction projects would remain under construction, four major rehabilitation projects would be completed and two remain under construction.

Under the “Annual Appropriations” scenario, a total of \$5.0 billion would be expended on inland waterways construction and major rehabilitation projects over the next 20 years. Eight construction projects would be completed, two construction projects would remain under construction, seven major rehabilitation projects would be completed and one would remain under construction.

Under the “Maximized IWTF Program” scenario, a total of \$5.2 billion would be expended on inland waterways construction and major rehabilitation projects over the next 20 years. Nine construction projects would be completed, one construction projects would remain under construction, and eight major rehabilitation projects would be completed.

After Ms. Hoey completed her presentation, Mr. Pointon opened the public comment period of the meeting. There was one commenter, Mr. James Stark from the Gulf Intracoastal Canal Association (GICA).

Mr. Stark said that GICA was very pleased to see the Board hold their meeting in Galveston and have an opportunity to see the Brazos River Floodgates. Mr. Stark indicated that the Texas Department of Transportation will be working closely with GICA and the Corps to investigate improvements to the Brazos River Floodgates. The Corps, GICA and the TxDOT will be holding a sidebar meeting at the upcoming GICA annual meeting in New Orleans, Louisiana in August to receive industry input before the study is officially started.

Mr. Stark also indicated that given the significance of the Gulf Intracoastal Waterway (GIWW) to the supply of petrochemical and chemical feedstocks to multiple industries throughout the inland waterways system (Mr. Stark quoted figures of 70 million tons of cargo valued at \$40 billion move on the Texas portion of the GIWW), it is imperative that adequate levels of operation and maintenance funding be a major focus of the Corps, not simply new construction and major rehabilitations. Mr. Stark quoted a figure of \$50 million in maintenance requirements being needed in the Gulf Coast region, as opposed to the anticipated level of funding of \$20 to \$23 million.

Mr. Stark also indicated his appreciation for the understanding by the Corps of the navigation industry's desire for the Corps to assume a greater share of the responsibility for the operation and maintenance of the hurricane and storm damage reduction structures in the New Orleans area.

Mr. Pointon adjourned the meeting at 1:00 p.m.