

MINUTES
Inland Waterways Users Board Meeting No. 81
The Conference Center at the Maritime Institute
North Academic Building, Classroom #2
692 Maritime Boulevard
Linthicum Heights, Maryland 21090
December 13, 2016

[Note: The following minutes of the Inland Waterways Users Board meeting No. 81 were approved and adopted as final at Inland Waterways Users Board meeting No. 82 held on February 24, 2017 at the Port of Lake Charles (Louisiana) located at 1611 West Sallier Street, Lake Charles, LA 70601.]

The following proceedings are of the 81st meeting of the Inland Waterways Users Board held on the 13th day of December 2016, commencing at 9:00 o'clock a.m. at the Conference Center at the Maritime Institute, North Academic Building, Classroom #2, 692 Maritime Boulevard, Linthicum Heights, Maryland 21090, Mr. Martin T. Hettel, Chairman of the Inland Waterways Users Board presiding. Inland Waterways Users Board (Board) members present at the meeting included the following:

CHAIRMAN MARTIN T. HETTEL, American Commercial Barge Line, LLC.

MR. CHARLES A. HAUN, JR., Parker Towing Company, Inc.

MR. ROBERT J. INNIS, LafargeHolcim, Inc.

MR. JEFFERY A. KEIFER, American Electric Power (AEP), River Transportation Division

MR. G. SCOTT LEININGER, CGB Enterprises, Inc.

MR. ROBERT R. MCCOY, Amherst Madison, Inc.

MR. DANIEL P. MECKLENBORG, Ingram Barge Company

MR. MICHAEL T. SOMALES, Murray American Transportation, Inc.

Board members MR. DAVID CHOATE, Bruce Oakley, Inc.; MR. BRUCE REED, Tidewater Barge Lines; and MR. WILLIAM M. WOODRUFF, Kirby Corporation did not attend the meeting. MR. JAMES F. FARLEY, Kirby Corporation attended the meeting in place of MR. WOODRUFF.

Also present at the meeting were the following individuals serving as observers of the activities of the Inland Waterways Users Board, designated by their respective Federal agencies as representatives:

MR. DOUGLAS W. LAMONT, Deputy Assistant Secretary of the Army (Project Planning and Review), Office of the Assistant Secretary of the Army for Civil Works (ASA (CW)), Washington, D.C.

MS. LAUREN K. BRAND, Associate Administrator for Intermodal Systems Development, Maritime Administration (MARAD), U.S. Department of Transportation, Washington, D.C.

MR. NICHOLAS MARATHON, Economic Analyst, Transportation and Marketing Division, Agricultural Marketing Service, U.S. Department of Agriculture (USDA-AMS/TMD), Washington, D.C.

MR. GARY MAGNUSON, Senior Policy Advisor, National Oceanic and Atmospheric Administration (NOAA), U.S. Department of Commerce, Silver Spring, MD.

Official representatives of the Federal government responsible for the conduct of the meeting and providing administrative support to the Inland Waterways Users Board from the U.S. Army Corps of Engineers (USACE) were as follows:

MAJOR GENERAL DONALD E. JACKSON, Executive Director of the Inland Waterways Users Board and Deputy Commanding General for Civil and Emergency Operations (DCG-CEO), U.S. Army Corps of Engineers, Washington, D.C.

MR. MARK R. POINTON, Executive Secretary and Designated Federal Officer (DFO), Inland Waterways Users Board, U.S. Army Corps of Engineers, Institute for Water Resources, Alexandria, VA.

MR. KENNETH E. LICHTMAN, Executive Assistant and Alternate Designated Federal Officer (ADFO), Inland Waterways Users Board, U.S. Army Corps of Engineers, Institute for Water Resources, Alexandria, VA.

Program speakers in scheduled order of appearance were as follows:

MR. MARK R. POINTON, Executive Secretary and Designated Federal Officer (DFO), Inland Waterways Users Board, U.S. Army Corps of Engineers, Institute for Water Resources, Alexandria, VA.

MAJOR GENERAL DONALD E. JACKSON, Executive Director of the Inland Waterways Users Board and Deputy Commanding General for Civil and Emergency Operations (DCG-CEO), U.S. Army Corps of Engineers, Washington, D.C.

MR. MARTIN T. HETTEL, Chairman, Inland Waterways Users Board.

MR. BRUCE BLANTON, Director, Transportation Services Division, Transportation and Marketing Program, Agricultural Marketing Service, U.S. Department of Agriculture.

MR. JEFFREY A. MCKEE, Chief, Navigation Branch, Operations and Regulatory Division, Headquarters, U.S. Army Corps of Engineers, Washington, D.C.

MR. JOSEPH W. ALDRIDGE, Inland Waterways Trust Fund Account Manager, Programs Integration Division, Headquarters, U.S. Army Corps of Engineers, Washington, D.C.

DR. MARK F. SUDOL, Director, Navigation Data and Decision Support Center, Institute for Water Resources, U.S. Army Corps of Engineers, Alexandria, VA.

MS. SUSAN B. HUGHES, Deputy for Planning Community of Practice, Headquarters, U.S. Army Corps of Engineers, Washington, D.C.

MR. MICHAEL E. BRADEN, Chief, Olmsted Division, Louisville District, U.S. Army Corps of Engineers, Louisville, KY.

MS. JEANINE HOEY, Chief Engineering and Construction Division, Pittsburgh District, U.S. Army Corps of Engineers, Pittsburgh, PA.

Other individuals who provided additional information in response to questions raised by Board members during the meeting included the following:

MS. JEANINE HOEY, Chief Engineering and Construction Division, Pittsburgh District, U.S. Army Corps of Engineers, Pittsburgh, PA.

There were two individuals who provided comments during the public comment portion of the meeting:

MS. HELEN BROHL, Executive Director, Committee on the Marine Transportation System, U.S. Department of Transportation, Washington, D.C.

MR. JOHN S. DOYLE, JR., Jones Walker LLP.

PROCEEDINGS

MR. MARK POINTON: Good morning. My name is Mark Pointon. I am the Designated Federal Officer [DFO] for the Inland Waterways Users Board. I would like to welcome you to the Baltimore area -- it's actually Linthicum Heights -- for the 81st meeting of the Inland Waterways Users Board [the Board]. We were here a couple years ago, in November of 2014 [Inland Waterways Users Board meeting number 73 was held at the Conference Center at the Maritime Institute in Linthicum Heights, Maryland on 18 November 2014.]. We were supposed to be in this room but we ended up across the hall when they kicked us out of the room but I am glad to see we got the right room this time.

Before we start the meeting, I am obliged to read for the record that the Inland Waterways Users Board was created pursuant to Section 302 of the Water Resources Development Act of 1986. The Board provides the Secretary of the Army and the Congress with recommendations on funding levels and priorities for the modernization of the inland waterways system. The Board is subject to the rules and regulations of the Federal Advisory Committee Act of 1972, as amended. This is a “Government in the Sunshine Act” meeting, and as such it is open to the public.

The Corps of Engineers is the sponsor of the Board and provides for the Executive Director, the Designated Federal Officer, and for all the normal activities of this body. At this point in time, we have had no requests to make any public comments. We have had no written comments provided for the record either. If anybody wishes to make a public comment at the end of the meeting, come see me at the break and let me know that you have an interest in making a public comment and we will get you in during the appropriate time at the end of the meeting. These proceedings are being recorded and a transcript of the meeting will be available after the meeting.

Unfortunately, Colonel Edward Chamberlayne [Colonel Edward P. Chamberlayne, Commander and District Engineer, U.S. Army Corps of Engineers, Baltimore, MD] from the Baltimore District was not available to attend today’s meeting nor were any of his deputies, so we won’t have anybody from the Baltimore District provide welcoming comments for the Baltimore District, so I am going to turn the microphone over to Major General Don Jackson.

MAJOR GENERAL DONALD E. JACKSON: Thanks, Mark. Good morning, everybody, and happy holidays.

It is two weeks until Christmas so I hope you are checking your shopping list and making sure that you got everything done. Hopefully, you were more nice than naughty this year. That is to be determined, I guess, for some of you more so than others.

On behalf of General Butch Graham [Brigadier General William H. Graham, Commander and Division Engineer, U.S. Army Corps of Engineers, North Atlantic Division] from the North Atlantic Division and Colonel Ed Chamberlayne from the Baltimore District, I want to welcome you to the Baltimore District and the North Atlantic Division Area of Responsibility here certainly to this wonderful facility and thank you guys for travelling so far to come here today to be a part of today’s meeting.

I always want to make a special thanks to the members of the Board, a special recognition to Mr. Chairman, to you, and the other members of the Board for what you do on a daily basis and then for being willing to be a part of this advisory body to help us make good decisions, well informed decisions as to how we invest in our inland waterways transportation system. Thank you for that.

I also want to thank Ms. Susan Whittington, our Chief of Operations and Regulatory from the Headquarters for being here with us today and a very, very special guest, a welcome to

Mr. Doug Lamont from the Office of the Assistant Secretary of the Army for Civil Works. Doug will be the interim Assistant Secretary of the Army for Civil Works beginning on the 20th of January.

It is very important for him to be at today's meeting, to get to know you and for him to understand the representation that you provide the inland waterways system. Doug, I really appreciate you being here and joining us today and I will give you an opportunity to make some opening remarks in just a minute.

There are a couple other folks that I would like to recognize who are in attendance at today's meeting. Mr. Bruce Blanton from the U.S. Department of Agriculture, thank you, Bruce, for being here. Mr. Blanton is going to talk to us a little bit about the strategic vision of the Department of Agriculture. I look forward to that.

Ms. Helen Brohl from the Committee on the Marine Transportation System is joining us today. Helen, thanks for being here.

And I think I saw Amy Larson [President of the National Waterways Conference] in the back of the room. Amy, thank you for joining us today. It is great to have you here with us as well.

These individuals are all great leaders for our inland waterways transportation system and our Marine Transportation System in general.

We have a great agenda today. I think we are going to see a little bit of a mix. I have been probably to six or seven of these meetings and the agendas have looked eerily the same. What I have challenged our guys to do is mix it up a little bit.

We obviously want to talk about the old, familiar topics that are near and dear to each of you and the reason for which this Board was formed, and we will certainly cover those, but we are also going to talk about some different things today.

We are also going to get a chance to see the strategic vision and ideas of the U.S. Department of Agriculture that Bruce [Blanton] is going to talk about. One of my mentors, Sue Hughes, will be here. I thought I saw Sue in the back of the room, in the "Amen Pew" back there. Sue is going to talk to us a little bit about the Corps' planning process and some of the steps that we go through, which is a mystery to many people, but she is going to make it simple and help you understand the very, very complicated world we live in when it comes to developing feasibility studies.

The idea that we have talked about in the executive committee is to try to continue to stay on topic with the important agenda items but also mix it up and bring in some strategic items and strategic topics to help make sure we share some good situational awareness with the Users Board.

Since our last User Board meeting [Users Board meeting number 80 held on the 5th of October 2016 in Tinley Park, Illinois] obviously there have been some significant changes in our world, the political landscape in particular. We will be seeing a new Administration coming in January with a renewed emphasis on infrastructure investment. We will wait to see how that plays out but certainly a lot of the probing that we have already gotten in the Army Corps, we obviously are forbidden to talk with the transition teams as part of the Department of Defense at this point but there is a lot of interest I think that has been expressed to us concerning infrastructure investment so there is great promise.

There is a lot of interest in the use of private financing to finance some of the infrastructure development that is out there, so we will continue to participate in that once we are able but certainly there is a great deal of interest and optimism out there.

Many of you know this past weekend Congress passed a Continuing Resolution [Public Law 114-254, the “Further Continuing and Security Assistance Appropriations Act, 2017”, passed by the House of Representatives on the 8th of December 2016, passed by the Senate on the 9th of December 2016, and signed by the President into law on the 12th of December 2016]. It funds the government through the 28th of April 2017. The law places some limitations on us. Obviously we cannot develop our work plans and a lot of other things so we are going to be somewhat constrained for some period of time depending on how that plays out.

One of the things that was helpful to the Corps was \$1.2 billion in supplemental appropriations that was a part of the Continuing Resolution which gives us a large amount of funding to go after many of the long-term challenges that we faced, post-storm damages that have not been repaired over the years that will enable us to do that so we are looking forward to getting after that.

Also the Water Resources Development bill, I can never remember what “WIIN” stands for [Public Law 114-322, the “Water Infrastructure Improvements for the Nation Act” or the “WIIN Act”, passed by the House of Representatives on the 8th of December 2016, passed by the Senate on the 10th of December 2016, and signed by the President into law on the 16th of December 2016] but I am sure Jeff McKee knows but it authorizes 30 projects, eight Post-Authorization Change Reports, directs over \$10 billion in project dispositions and deauthorizations, and a lot of other things.

The most important thing for me and the Army Corps was passage of WRDA [the Water Resources Development Act], is it gets us back hopefully on a two-year cycle for authorization which is important for us to keep our program fresh and allow us to quickly go after the requirements that we have based on the authorizations and the missions that the Corps has.

And of course, most importantly, Clemson won the ACC championship game so now it is on to the Fiesta Bowl on the 31st of December against the Ohio State Buckeyes.

MR. MICHAEL T. SOMALES: "The" Ohio State Buckeyes.

MAJOR GENERAL JACKSON: Say again.

MR. SOMALES: "The" Ohio State Buckeyes.

MAJOR GENERAL JACKSON: "The" Ohio State Buckeyes. Thanks, Mike. I knew I would get corrected so I am glad that somebody is keeping track of all these words today.

I am very optimistic about the future and Chairman Hettel and I had a good conversation yesterday before this meeting about how we all need to be focused on what the priorities are for our nation.

We need to pull together all the different groups that are represented that do such a great job in advocating for the Marine Transportation System on Capitol Hill and otherwise and get everybody on the same sheet of music so that we are all speaking the same language when we get asked the question, "Where can we help you?"

I think that is an important thing that this Board does for us every day and certainly as we move into the future something that I am going to rely heavily on you. As is our tradition I am going to offer our Federal observers the opportunity to make some opening comments. I will begin with Mr. Nick Marathon from the U.S. Department of Agriculture.

MR. NICHOLAS MARATHON: Thank you, General Jackson. For today's meeting I would like to defer my opening remarks because we will be having a presentation later and I think the presentation will cover my comments this morning. Thank you for the opportunity to make opening remarks but I will defer to Mr. Blanton's presentation.

MAJOR GENERAL JACKSON: Great, Nick. Thank you and Mr. Blanton for attending today's meeting and we look forward to hearing Mr. Blanton's presentation. Let us move on to Mr. Gary Magnuson from NOAA.

MR. GARY MAGNUSON: Thank you very much General Jackson. Since you offered some remarks about the success of the Clemson Tigers winning the ACC football championship game and now take on Ohio State in the Fiesta Bowl, I have to add that since our last Users Board meeting was held in the Chicago area, the Cleveland Indians were the American League champions and the Chicago Cubs won a thrilling seven-game series to win the World Series.

Good morning and welcome to Baltimore. My name is Gary Magnuson. I am the NOAA Federal observer to the Inland Waterways Users Board. Chairman Hettel, members of the Board, General Jackson and fellow Federal observers, staff and guests, as I said before, I am the Federal observer to the Board representing the National Oceanic and Atmospheric Administration and specifically Rear Admiral Shep Smith, Director of NOAA's Office of Coast Survey and the National Hydrographer.

In the time allowed me, I will briefly cover two items: 1) the continued progress on inland waterway water level forecasts; and 2) inland waterway surveying and charting.

As I mentioned at previous Board meetings, NOAA is committed to seeking out new opportunities to more efficiently fulfill its historic surveying and charting mission. New technologies are an essential component of this effort and NOAA believes it is on the cusp of a new era for delivering the accurate navigation products and services required to meet the needs of users of an increasingly complex marine transportation environment, including inland waterways users such as yourselves.

In line with your interest in improved inland waterway water level forecasts and predictions, which Chairman Hettel brought to my attention a few meetings ago, I would like to bring to your attention this morning an emerging NOAA navigational product, the Operational Forecast System, or “OFS” [<https://tidesandcurrents.noaa.gov/models.html>].

For decades, NOAA's Tide Tables -- I'm sure you have seen them in newspapers and the like -- provided the best estimate for expected water levels and currents. However, the tide tables are not able to predict changes due to wind, atmospheric pressure and river flow, which are often significant at times.

The Operational Forecast System is a coastal network of hydrodynamic models that provides users with an operational now-cast and forecast guidance on parameters such as water levels, water temperatures, salinity and currents. The OFS consists of state-of-the-art numerical hydrodynamic models driven by real-time data and meteorological, oceanographic and/or river flow rate forecasts. OFS has primarily been implemented in critical ports and harbors -- and this is the key point I want to share with you at this morning's meeting -- but I have been informed that there are plans to eventually couple these coastal models with river forecast models, such as the Mississippi River, and that the Mississippi River may be one of the first rivers to be covered by the OFS. I look to my colleagues from NOAA to report on the continued development and implementation of the OFS at the next Board meeting.

On the matter that I brought to your attention at the last two Board meetings concerning the National Weather Service's efforts to provide water level forecasts, I am pleased to report that the National Water Model (NWM) Version 1.0 continues to run operationally without interruption since its August deployment. The model output is being evaluated by the National Weather Service's River Forecast Centers and Office of Water Prediction (OWP) in Tuscaloosa, Alabama.

These two entities are actively working on the first update of the National Water Model (Version 1.1) and is planning for an April 2017 deployment. The model is currently undergoing a 30-day performance evaluation that began December 5 and will end January 3. In the course of the evaluation, there may be some additional items identified for work. These possible model enhancements will include changes to the forecast cycling, parameter updates to reduce biases, corrections to stream connectivity, and a number of science and system updates. This is all in line with efforts to go from water flows to water levels.

I won't go into too many details but the point I want to share with you this morning is that the National Water Model is taking information that the National Weather Service has

through NOAA and other entities going from predicting water flows to water levels. There is a big difference between water flows and water levels.

For those who are particularly interested in the development of the National Water Model and what it may mean for more accurate and reliable inland waterways water level forecasts and prediction, the official point of contact at the NOAA Office of Water Prediction is Mr. Edward Clark, who has been named the Deputy Director of the Office of Water Prediction. Mr. Clark will also hold the title of Director of the National Water Center located in Tuscaloosa, Alabama.

Turning to the subject of inland waterways surveying and charting. Moving towards achieving NOAA's goal of having all of our chart coverage be seamless, including those areas where NOAA charts intersect with Corps of Engineers surveys of federally maintained channels, NOAA and the Corps continue to work together to tie datums together. For example, through the Corps' e-Hydro initiative, transfer of survey data to NOAA continues to progress. This will result in providing the most accurate navigational information for inland waterways users.

This progress may be of particular value to Inland Waterways Users Board members and other users of the inland waterways system when navigation is not always possible in channel areas and near inland port access areas, such as the southern Mississippi River where NOAA has the responsibility to provide accurate navigation charts and guidance.

In closing, Chairman Hettel and General Jackson, as I announced at the last Users Board meeting, Rear Admiral Shep Smith is now the new Director of the Office of Coast Survey and the Nation's Hydrographer, and in this capacity is the formal designated NOAA observer to the Users Board. I have been fortunate to have the opportunity to represent NOAA as the federal observer for the past four or five Board meetings.

I also announced at the last Board meeting that this meeting will be my last meeting representing NOAA and Rear Admiral Smith as I will be retiring and ending my public service career later this month.

It has been a delight to meet many of you, many of you which I know on a first-name basis and so pleased with that, and it has been my honor to support your commendable mission. Taking over for me and attending today's meeting is Acting Deputy Hydrographer Ms. Rachel Medley -- Rachel, please stand up -- and NOAA Department of Defense liaison, Lieutenant Matt Forney.

No -- I don't see too many smiles -- no, it doesn't take two persons to replace me. We are extremely fortunate that we have such expertise at NOAA that we want to contribute the best we can. Both Rachel and Matt are interested in working closely with you as I have been and still am. If possible during the break, please make an effort to meet them.

Again, Chairman Hettel and General Jackson, thank you once again for this opportunity to be part of this Board and participate in its important and valuable work, and I wish the

members of the Users Board and the Corps of Engineers continued success in working together in the future.

MAJOR GENERAL JACKSON: Gary, thank you so much and on behalf the Board I just want to say a huge thank you to you and for your leadership and your many, many years of dedicated federal service. We are a better nation, we are a better federal family and certainly a better Board because of the contributions that you have made and because of your leadership and just your strength of personality. Thanks so much and may God bless you in your retirement journey, which I know will probably be busier than you when you were working.

MR. MAGNUSON: I am being to get that feeling, sir.

MAJOR GENERAL JACKSON: You are more than welcome but thanks so much.

MR. MAGNUSON: Thank you, General. Thank you for your kind words.

MAJOR GENERAL JACKSON: I don't think we have a representative from MARAD in attendance yet. When they arrive we will give them an opportunity to provide opening remarks. Let me now turn to the federal observer from the Office of the Secretary of the Army for Civil Works. It is my honor and privilege to introduce Mr. Doug Lamont, Deputy Assistant Secretary of the Army for Project Planning and Review. Doug, I would like to offer the floor for some opening comments before I turn it over to the Chairman.

MR. DOUGLAS W. LAMONT: Thank you, General Jackson. Good morning, everyone. Ms. Darcy [Ms. Jo-Ellen Darcy], our Assistant Secretary of the Army for Civil Works, asked me to extend her regrets that she could not be here today but also her warmest regards to all of you and the great work that you do. I am the Deputy Assistant Secretary of the Army for Project Planning and Review. I have been on the job for 12 years now. This is my first opportunity to sit in on the Inland Waterways Users Board, and as General Jackson indicated, I will be warming the seat for our new ASA [Assistant Secretary of the Army] designee once they are confirmed or our Principal Deputy Assistant Secretary, whichever one arrives first.

It is a privilege for me to be here today. This has been an interesting week, as General Jackson has noted. With a Continuing Resolution being passed, and hopefully we will have the new Water Resources Development bill, called the "WIIN" bill, the "Water Infrastructure Improvements for the Nation" bill signed into law. I think that was purposefully named that way and we are anxious to see that signed into law and hopefully that will be a great impetus for further work. Again, it is a great privilege for me to be here today with you and meet you and thank you for the opportunity, sir.

MAJOR GENERAL JACKSON: Thank you so much Doug. And welcome again. Mr. Chairman that concludes my opening remarks.

CHAIRMAN MARTIN T. HETTEL: Thank you, General. Let me start off with Gary [Magnuson]. Congratulations on retirement. I know you will enjoy your retirement and once

again, we appreciate everything you have done in support of the activities of the Users Board and the inland waterways community. From all of the members of the Users Board, congratulations and thank you.

MR. MAGNUSON: Thank you sir.

CHAIRMAN HETTEL: Good morning, everybody, to the Maritime Institute for Inland Waterways Users Board meeting number 81. Let me first start off with the Board acknowledging Ms. Mary Ann Bucci and the Port of Pittsburgh Commission for sponsoring our coffee service and pastries this is morning. While we did not have any site visits associated with today's meeting, the previous three Board meetings held in calendar year 2016 were very informative to the Board. I would like to take just a moment to refresh everyone's memories on our previous Board meetings held during 2016.

We started off 2016 with our first meeting, meeting Number 78 in Pittsburgh, Pennsylvania with site visits to Montgomery and Charleroi Locks [Users Board meeting number 78 was held on April 1, 2016, preceded the previous day with site visits to Montgomery Locks and Dam located at River Mile 31.7 of the Ohio River and Charleroi Locks and Dam (also referred to as Lock and Dam number 4 on the Monongahela River) located at River Mile 41.5 of the Monongahela River].

We were privileged to have in attendance at the Board meeting the senior Senator from the state of Pennsylvania, the Honorable Robert Patrick "Bob" Casey. In his remarks before the Board and others in attendance at the meeting, Senator Casey stressed the importance of moving these vitally important construction projects to completion.

Also in attendance at this meeting for the first time, at least during my tenure on the Board, we had a representative from the Office of Management and Budget [OMB], Ms. Erin Burke, who attended the site visits and the meeting. The Board would certainly like to see more participation from OMB at our meetings, which in my estimation reflects not only the collaboration of the Board and the Corps of Engineers but the accomplishments that the Corps is achieving on these projects, which ultimately adds value to the nation.

Users Board meeting Number 79 was held in Paducah, Kentucky, with site visits to Olmsted and Kentucky Locks [Users Board meeting number 79 was held on July 1, 2016, preceded the previous day with site visits to Olmsted Locks and Dam Project located at mile point 964.4 on the Ohio River and the Kentucky Lock Addition Project located at mile point 22.4 on the Tennessee River]. At our social event at the River Discovery Center, General Jackson was bestowed the honor of being awarded a "Duke of Paducah," thanks to Paducah Mayor Gayle Kaler.

Users Board meeting Number 80 was held in Tinley Park, Illinois, preceded the previous day with a very informative visit to the fish barriers in Romeoville, the Brandon Road Lock and Dam, and the Lockport Lock and Power Station [Users Board meeting number 80 was held on October 5, 2016, preceded the previous day with site visits to the Chicago Sanitary and Ship Canal Dispersal Barrier in Romeoville, IL, the Brandon Road Lock and Dam on the

Des Plaines river two miles southwest of Joliet, IL, near Rockdale, IL, and the Lockport Lock and Power Station on the Chicago Sanitary and Ship Canal in Lockport, IL].

We were privileged to have in attendance at the project site visit and briefing at the Brandon Road Lock and Dam, the Lieutenant Governor from the State of Illinois, the Honorable Ms. Evelyn Sanguinetti.

As you can see, the importance of our Board meetings are relative to federal, state, and local officials, as we continue to pursue the recapitalization of our inland waterways infrastructure as I stated earlier, which ultimately adds value to the nation.

Today at Users Board meeting number 81, we will receive important information we will include in our Annual Report to Congress and to the Assistant Secretary of the Army for Civil Works.

Looking forward to calendar year 2017, I would like to talk a little bit about where we would like to hold our meetings and when.

We would like to start with Users Board meeting Number 82 around the end of February, the first half of March, where we can go to Lake Charles, Louisiana and see the proposed Calcasieu Lock improvement project [located on the Gulf Intracoastal Waterway, 237.6 miles west of the Harvey Lock] which was authorized in the just passed Water Resources Development Act of 2016 [Section 1401 of Public Law 114-322].

Users Board meeting Number 83, we would like to have in the middle of May before the terms of this Board expires, which is May 27th, and we would like to go to the Charleston, West Virginia area and look at Winfield Locks and Dam [located at river mile 31.1 of the Kanawha River] and Greenup Locks and Dam [located at river mile 341.1 of the Ohio River below the point in Pittsburgh], because I believe they have a problem.

The following two meetings, would be with our new members of the Board, hopefully five of us are still on the Board, and we have five new members coming on to the Board. We would like to go out to the Pacific Northwest in mid-August and introduce the new members that have not seen it, the magnificent Columbia-Snake River System.

And finally, to wrap up our schedule of meetings in calendar year 2017, we would like to convene our last visit, our last meeting, during the first part of December 2017, in Vicksburg, Mississippi and tour the facilities at the Engineering Research and Development Center [ERDC]. I have not yet had the opportunity to visit ERDC and I think it would be quite educational and informative to the members of the Board to learn of the research capabilities of the Corps' world class research facility.

As I stated previously stated, we expect to have our first two meetings of the calendar year with the current Board membership and the last two meetings of the calendar year with what I hope is five new Board members that are seated today. Hopefully, we will get an

extension as our charter states is possible and then the last two meetings with the new configuration of the Board.

That will conclude my opening remarks. We have a lot of presentations to go through today. I am sure there will be lots of questions so that will end my brief remarks. I would like to take a minute and see if any of the other Board members have any opening comments.

(NO RESPONSE FROM OTHER BOARD MEMBERS)

Everybody good? Okay.

Mark, I would ask -- and I talked with Jeff [McKee] about this -- while Jeff's presentation on the Fiscal Year 2017 funding of the Corps of Engineers has not changed since our last Users Board meeting, hopefully we can talk about the major and significant points and provisions were included in the Continuing Resolution, and how they affect the major construction projects underway. Thank you for your time, General. I am looking forward to the rest of the meeting and the presentations and associated discussions.

MR. POINTON: Thank you, Mr. Chairman. Just as a reminder, we have a few less microphones around the table than we typically have at our meetings, so I would ask anybody who is speaking at the table to please speak into the microphone and be very careful as you pass them around. Next on the agenda, I would like to call on Mr. Bruce Blanton from the U.S. Department of Agriculture for his presentation on the U.S. Department of Agriculture, Agricultural Marketing Service. If you would please step up to the podium sir, your presentation is ready to go. Thank you, sir.

MR. BRUCE BLANTON: Thank you. It is a pleasure to be here today to talk to you a little bit about USDA's Agricultural Marketing Service [AMS] and how the transportation group at USDA does its work and implications for the strategic vision.

Before I get into my presentation, though, I do want to recognize a few of the people from USDA that are here at today's meeting. You have already met Nick Marathon, who sits on the Board and represents USDA and has been attending Users Board meetings for a very long time. Also in attendance at today's meeting are Ms. Karla Whalen, Associate Deputy Administrator for the Transportation and Marketing Program and Mr. Matt Chang, a fairly new member of the staff of our Division and who covers barge and inland waterways issues.

Next slide. Waterways issues are very important to American agriculture. The AMS, an agency of the U.S. Department of Agriculture, has represented the USDA on the Inland Waterways Users Board since 1991. Prior to that, USDA had a departmental Office of Transportation, and it was the USDA's Office of Transportation that represented the agency on the Inland Waterways Users Board. In 1991, USDA dissolved the Office of Transportation at the departmental level, committee or office, if you will, and the Department narrowed down, scaled down their functions and placed those remaining functions in the Agricultural Marketing Service.

Next slide. To give you a bit of context of where the AMS fits within the larger Department of Agriculture, at the very top of the organization is the Office of the Secretary of Agriculture, which is a cabinet level position. For transportation related issues the agency has delegated responsibilities to the Under Secretary for Marketing and Regulatory Programs [MRP]. That Under Secretary supervises three agencies: the Agricultural Marketing Service [AMS], the Animal Plant Health Inspection Service [APHIS], and the Grain Inspections, Packers and Stockyards Administration [GIPSA].

Under AMS there is the Transportation and Marketing Program [TMP] and underneath the TMP is the Transportation Services Division [TSD]. I am the Director of the Transportation Services Division. The reason that I want you to know this is that the decisions regarding policy and budget are formulated at the very top up here. We are way down here. There are a lot of, sometimes a lot of things that have to occur to get things arranged the way we need. I just want to make sure you understand and follow how we are organized and where we fit within the overall organization.

Next slide. I thought I would take a few minutes and talk to you about the mission of the Agricultural Marketing Service. The main mission of our agency is to facilitate the orderly marketing of agricultural products. We do that through a variety of methods. For example, by grades and standards. If products are graded then you know U.S. number 2 yellow corn is always the same. The standards as to how the product is produced, we are saying that brings some uniformity to the market and that makes the market more orderly.

We also have a market news function. AMS has market reporters all over the country, observing markets, what is going on at auctions, and so on. We report daily on agricultural produce prices, what is going on in the marketplace. By that information being transmitted to the market in a uniform, transparent way, it facilitates orderly marketing.

We also have regulatory responsibilities for making sure that the promotion programs that have been authorized by the Congress, for example and you have probably seen some of them, the "Got Milk" promotional ads and the "Beef, it's what's for dinner" promotional ads, those types of promotional programs are producer-funded. AMS has the responsibility to make sure that those producer funds are used properly.

AMS also has responsibility for the National Organic Program.

And the last item on the slide is "Transportation and Marketing." Our office does transportation services, and I'll talk about that on the next slide. We do some direct marketing for farmers markets and that sort of thing. And finally we have grants programs to facilitate marketing.

Next slide. The AMS Transportation Services Division. What is the mission of the AMS Transportation Services Division? We provide insight on agricultural transportation for our stakeholders and for government policymakers. We do that through market reports, economic analyses, regulatory representation -- and attending today's meeting would be an example of that -- preparing internal transportation disruption reports for USDA decision

makers, for example, when there is a hurricane, when there is a port strike, when there is a flood, or an event that significantly affects the ability of the transportation system to deliver agricultural products. We go into transportation disruption mode and do daily reporting for agency staff inside the USDA so the policymakers know what is going on and can make appropriate decisions.

CHAIRMAN HETTEL: Mr. Blanton, may I ask a question concerning your transportation disruption reports?

MR. BLANTON: Yes sir.

CHAIRMAN HETTEL: Do you track a lock failure or a river closure?

MR. BLANTON: We would.

CHAIRMAN HETTEL: Okay, but that's not --

MR. BLANTON: We would provide, when we would do that, we would provide that to the policy people above us.

CHAIRMAN HETTEL: Okay.

MR. BLANTON: We need to do that. They need that information for several reasons. If it is a very serious event, one like what you are talking about, they would have to be talking to the White House, they would probably be dealing with the press on a daily basis, they would be having to respond to stakeholders, and potentially developing possible solutions for mitigating the impacts of the event.

For example, when Hurricane Katrina hit the Gulf Coast, we moved into this mode, and USDA actually developed through authority that we had through the Commodity Credit Corporation Charter Act an indemnification program for barges. There were sunken barges. There were lost barges. There lost product that was in barges. Basically the basis inverted, prices were not going out in the countryside what they were supposed to do, and so USDA stepped in. It was our group along with other agencies in USDA that moved into that emergency mode to deal with those kind of events, but those are internal information products, not provided to the public.

CHAIRMAN HETTEL: Thank you. I just wanted to make sure you were tracking rivers closures and lock closures. I appreciate it. Thank you.

MR. BLANTON: You are welcome. Next slide. "Regulatory Representation." We have authority under the Agricultural Adjustment Act of 1938, the Agricultural Marketing Act of 1946, and the Agreement on the International Carriage of Perishable Foodstuffs to represent the interests of agricultural shippers in federal transportation proceedings. This authority is delegated by the Secretary of Agriculture to the Undersecretary of Agriculture for Marketing

and Regulatory Programs, and the Undersecretary's office that relies on my division to provide that analytical support.

Next slide. This is my division's website [<http://www.ams.usda.gov/agtransportation>]. I hope that you have a chance to go to our website and see all the things that we do. We provide transportation analysis and market reports for U.S. grain and other commodities. Because agriculture is an internationally traded commodity across many countries and in many markets, we follow Brazil quite closely because they are major competitors to us in soybeans production and exports and we follow what is going on in Mexico because they are very close to us and they are a big agricultural customer.

We conduct modal share analysis and conduct updates of modal share, how much of agricultural products is moved by barge, by truck and by rail. We conduct commodity profiles. We are occasionally asked by Congress to do studies on the movement of agricultural products by rail transportation. We have a requirement -- and I will talk a little bit about this later but we completed a study in 2010 for Congress on rural transportation issues and have a requirement to update that study, which we are currently in the middle of right now. I think Nick [Marathon] has talked to you about it several times. We do Surface Transportation Board filings. We have cooperative research agreements, we have some discretionary money, which allows us fund research agreements with some transportation universities for them to conduct research and we provide data.

Next slide. "2015 Barge Tonnage by Commodity Group." As I said at the beginning of my presentation, the inland waterways system is very important to the movement of agricultural products. About 16 percent of the total amount of cargo moved by barges on the inland waterways system is comprised of the farm and food products. About 9 percent of total amount of cargo moved by barges is comprised of chemical products, which includes agricultural fertilizers, which is a key ingredient for agricultural production. Those two commodity groups, farm and food products and chemicals make up one quarter of the commodity tonnage moved by barges on the inland waterways system.

Next slide. "Corn, Soybean and Wheat Production." The slide shows corn, soybean and wheat production for the period from 1990 to 2016. With respect to this slide, if you look at crop production, the production of corn over time has risen and we think it will continue to rise. The agricultural sector is not going to stop. There have been tremendous investments put into plant genetics, and through the university system, research to continually increase the productivity of agricultural products. Those investments and that research has meant that agricultural production has gone up over time. We already produce much more agricultural crops in this country than we can consume. That means our agricultural exports are going to continue to increase. With increased agricultural production and exports in the future that means the demand on the nation's transportation system is going to continue to increase.

Next slide. "U.S. Agricultural Trade." This slide shows the dollar amount of U.S. agricultural imports, exports and the balance of agricultural trade. I draw your attention to the rate of increase that has occurred over time. Again, the projections of future exports are they

will going to continue to grow. And the implication future exports will place demands on the nation's transportation system, it is very important to the transportation system.

Next slide. "Percent by Mode of Export Grains." As you can see on this slide, the role that barge transportation with respect to the export of grains is very significant. If agricultural trade is going to continue to grow, and barge transportation is a huge component of getting that product to the destination markets, it is extremely important.

Next slide. This slide shows the results of one of our cooperative research agreements with the University of Tennessee, titled "Economic Impact Analysis of Inland Waterways Disruption on the Transport of Corn and Soybeans" I think Nick [Marathon] may have provided you with a briefing on the status of this research effort at a previous Users Board meeting. The research and study has been completed and available. You can find the study on our website at the following link:

<https://www.ams.usda.gov/sites/default/files/media/EconomicImpactsAnalysisInlandWaterwaysSummary.pdf>. You can also find it on the University of Tennessee website. The idea behind the study was to see what the impacts would be if there was an unplanned lock closure. The University of Tennessee researchers studied two scenarios, a closure of three months' duration right at harvest time and then a scenario if a closure lasted for an entire year. The closures had dramatic impacts. I would suggest we don't have time today to go into the details of the study but I would suggest you look at it. It has gotten a lot of attention in the press recently.

Next slide. "Farm Bill Study." This study was required by the 2014 Farm Bill [Section 6206 entitled "Study of Rural Transportation Issues" of the Agricultural Act of 2014, Public Law 113-79, enacted February 7, 2014]. The Department did a similar study in 2010. The Congress liked the 2010 study so much they asked us to update the 2010 study. We have completed the update. It is currently in the review process with the U.S. Department of Transportation. After that review is completed, we will clear the report at the USDA and then the report goes OMB for full interagency review. We do not know exactly when that will happen but a lot of people find this study very useful if they want to know more detailed information about transportation and as it impacts the issues that are relevant to agriculture.

Yes sir.

MAJOR GENERAL JACKSON: Can you elaborate more on what the study is looking at in terms of "Infrastructure Planning and Finance" that you reference at the last bullet on your slide.

MR. BLANTON: Absolutely. That is a new item that we added to this study. We did not look at that issue in the first study. In this study, and as many people in this room know, historically transportation planning and funding really wasn't about freight. There wasn't an explicit connection, if you will, but with MAP-21 [the "Moving Ahead for Progress in the 21st Century Act", Public Law 112-141, signed into law on July 6, 2012] and the FAST Act [the "Fixing America's Surface Transportation" Act, Public Law 114-94, signed into law on December 4, 2015], there now are specific authorities and specific things that the Department of Transportation needs to do with the transportation system aimed at freight. A lot of people,

especially in the agricultural sector, don't know that much about those new authorities. What we have done with the Department of Transportation is really explore those things and where do they connect to agriculture. In that review there is some content and discussion concerning the inland waterway system and harbors.

Next slide. "Stakeholder Outreach." Our office also has a responsibility to do stakeholder outreach. Each year we do Agricultural Shippers workshops. We conduct these workshops in cooperation with the Agricultural Transportation Coalition. The main work that we do with is in collaboration with agricultural exporters. We go to six to seven different locations. We collaborate on what is going on with shipping of ocean products.

Also in recent times, about every two or three years, we have held an Agricultural Transportation Summit in cooperation with the National Grain and Feed Association and the Soybean Transportation Coalition. We may hold a Transportation Summit in 2017, but it may get pushed into 2018 because of the transition, but the idea of the Transportation Summit is for all the agricultural stakeholders to get together with transportation providers, government officials and academia and have discussions about what are the issues and challenges facing the agricultural industry, how these issues affect agriculture and how issues and challenges might be able to be addressed.

Next slide. "Strategic Vision." The U.S Department of Agriculture's main role is to be the voice for American agriculture. It is important to understand, the Department does not have any real jurisdiction over the funding for the inland waterways or the policies. Our role is to be the voice for agriculture. Like many of the, I assume all the Federal observers, we must adhere to the policies of the White House and the Administration. And at times that can put us in a difficult position between what our stakeholders want and what the policy of the government is.

I can say that because of our stakeholders and our other Federal observers, you can help us as we strive to be the voice for American agriculture. You need to understand that typically the decisions on this are made at fairly high levels. And so you have to, we, strategies have to be developed for how you are going to connect with them to get the policy to be the right one for what you want.

We are here to help but as I showed early on in the presentation, the decisions are made way up here and we are way down here. It is a complex problem. It is an interesting one. It is an important one. We are here to help. I hope what I have said today is of some value. Yes sir.

MAJOR GENERAL JACKSON: I am going to ask more questions than Chairman Hettel today, actually. That is my goal. First of all, Bruce, thanks for this. This has been very helpful to me personally.

MR. BLANTON: Thank you sir.

MAJOR GENERAL JACKSON: I guess one of the questions that I have is -- and I have discussed this with USDOT a couple of times and the folks at USDOT will tell me that they analyzed all the different modes of transportation. They say repeatedly that rail and

highways are capped and there is no more capacity and the only capacity that remains is the inland waterways system, which is music to my ears obviously.

But as you do your assessment at the Department of Agriculture and as you go through your transition period with your leadership there, recognizing that you said decisions are made high up and obviously we all as government agencies follow the policies of the White House, that is our mission. But how, what will our agriculture say or what are you guys thinking in terms of how you would present what opportunities are out there for U.S. agriculture if not domestically, internationally, and what limitations do you have in achieving full potential because of the limitations you have on reliable transportation.

Therefore, where might waterways infrastructure investments help farmers realize greater economic potential for our nation? I mean, is there inside the Department of Agriculture are there any of these types of discussions? And Nick and I have talked a little bit about this but I just would like your perspective on what, if you are obviously for the waterways, you are a customer who oversees a large segment of the economy, an understanding from your agency's perspective on how you value and prioritize the need for infrastructure investments and how that might and how that might inform what we do here, would be helpful to understand.

MR. BLANTON: Sir, I would offer a couple of thoughts. One is obviously the inland waterways system for some of the reasons that I talked about and others are really important to American agriculture. As we go through the transition and we provide information up the chain, we do everything that we can to communicate that. One of the realities, though, however, is that in USDA's budget with all the formal processes for developing policy and what the numbers are and that kind of thing, there isn't a slot or placeholder for inland waterways because it is not in our budget.

MAJOR GENERAL JACKSON: What I am advocating for is not funding from USDA per se although we always like more funding but it's a prioritization and a realization of the importance that the inland waterways system provides the Department of Agriculture, as you represent the agricultural sector of our economy and that would be a voice for an advocacy or a demand signal for the services that the inland waterways system provides, not necessarily a budgeting line item.

MR. BLANTON: Correct sir. I guess maybe I flipped the two ideas. Frequently in federal policy, budgets help develop policy, if you will, and so there is a huge, a lot of focus and energy in terms of funneling up information on what the policies of a particular department are going to be. It is going to be facilitated and accomplished through the budget. If we don't, the only point I was making is if it is not a line item there, that whole mechanism that occurs, there is no mechanism, if you will, to attack the problem by that route. You have got to do, by necessity then you have to do it in a different way.

It would have to be through the policy development process. My sense is it would be, I think it would be a good thing if the Federal partners could kind of band together, if you will, and have discussions at the higher level and help each other out, where the different players

could come in and maybe we could help facilitate meetings so that we could have conversations to see what kind of policy could be developed.

MAJOR GENERAL JACKSON: Thank you.

MS. LAUREN K. BRAND: This is MARAD. We would go to that meeting.

CHAIRMAN HETTEL: Bruce -- I'm sorry. Go ahead, Dan.

MR. DANIEL P. MECKLENBORG: Bruce, this is Dan Mecklenborg. I just have two comments. One is that I wanted to commend your department on doing the study that dealt with the lock outages. I think that that is actually a document, a study that the National Waterways Foundation is studying and looking at and perhaps expanding to more lock and dam structures in different geographic areas. We appreciate the good work that was done there.

MR. BLANTON: Thank you sir.

MR. MECKLENBORG: I also wanted to just ask the question of whether your office in the USDA has looked at containerization of farm products and movements of that type. I know when talking with the Illinois Soybean Association a year or so ago they were exploring that type of movement and I just wanted to see whether that is an area that the USDA Agricultural Marketing Service has looked at.

MR. BLANTON: We've dabbled in it a little bit at the staff level. We haven't really done any formal research through a transportation university. That is certainly something that we could consider. The issue basically revolves around, it eventually would come to budgetary resources. My little group, we are a baker's dozen. There is me and I have got 12 economists, and our budget is about \$2.5 million. About \$1.7 million is the salaries and expenses and the rest is discretionary. About half of that goes for routine kind of stuff and about half of that is for research.

At the end of the year -- at the end of the day in any given year we have got maybe in the neighborhood of \$300,000 or \$400,000 that we could use for cooperative research and we have to do it, split that among barge and rail and the like. It is certainly something that we can consider.

MR. MECKLENBORG: Agreed. I am just thinking from a marketing standpoint, it is a different way of supplying soybeans and corn and other agricultural products to the world.

MR. BLANTON: Yes sir. I agree, and containerized movements of grain for ocean shipping has been growing.

MR. MECKLENBORG: Thank you.

CHAIRMAN HETTEL: Bruce. Marty Hettel here. On your slide titled "Corn, Soybean and Wheat Production", we have seen in the last 26 years corn production almost

double from 8 billion bushels to approaching 16 billion bushels. We have seen soybean production increase from 2 billion to over 4 billion bushels. Can you tell me, is that a result of increased acreage, it is probably a combination of increased acreage and increased production per acre, or is more of it a result of increased production per acre?

MR. BLANTON: It is yield.

CHAIRMAN HETTEL: Okay. If it is yields, do you do a forecast of future yields per acre? This relates back to the General's comment regarding capacity of rail, truck and river.

MR. BLANTON: A different part of USDA develops forecasts of yields per acre, my group does not, but a different part of USDA does, yes, but they have long-term projections. I think they go out ten years.

CHAIRMAN HETTEL: Is that a public document on forecasted yields?

MR. BLANTON: Absolutely.

MR. MARATHON: This is Nick Marathon. Concerning the forecast, every month the Office of the Chief Economist within the USDA puts that out a "World Agricultural Supply and Demand Estimate" [<https://www.usda.gov/oce/commodity/wasde/index.htm>]. That report forecasts how much China will probably get in soybeans, and we change it every month and we do a ten-year forecast but every month China will get so much soybeans. We do not forecast how much comes from the Pacific Northwest or New Orleans. We would like that information but all the forecast shows is that China will get this much from the U.S. but it could go by rail to Portland or down the river to New Orleans.

CHAIRMAN HETTEL: Let me clarify myself, Nick. What I was asking was, based on your forecast throughout ten years, what you think your yield would be. The reason why I ask that is it would be a very useful document for the capacity on the inland waterways to say corn is going to go to 20 billion bushels, soybeans are going to go to 5 billion in ten years, where is the capacity for shipping that product going to come from; as you know, rail and highway is pretty much full and that would --

MR. MARATHON: Every February, the Office of the Chief Economist prepares a year projection for the next ten years, and publishes a report titled "USDA Agricultural Projections to 20XX" [<https://www.usda.gov/oce/commodity/projections/>]. The report published in February 2016 covers the period out to 2025. I can provide you and the group with that report. The report which will be published in February 2017 will cover the period out to 2026.

CHAIRMAN HETTEL: That would be great. Thank you.

MR. MARATHON: And for the next Users Board meeting we will have the report published in February 2017.

CHAIRMAN HETTEL: Great. That certainly would promote the reason why we need to improve our infrastructure to make sure we can ship farmers' products out.

MR. MARATHON: Yes sir. We will make sure that it happens.

CHAIRMAN HETTEL: Thank you.

MR. ROBERT J. INNIS: Nick, I just one question on your study of the impact of the lock closures on agricultural shipments. Did your economic impact analysis assume that everything could go out by rail or truck then if there was a lock closure? Because that is a very different impact study if it looks at that.

MR. MARATHON: What we did was we looked at one lock closure at Lock 25 on the Mississippi River and one lock closure at LaGrange Lock on the Illinois Waterway, and only one lock closure at a time. We found that shipments on the Illinois Waterway using La Grange Lock could divert to the Ohio River, so there wasn't much of an economic loss. At Lock 25 on the Mississippi River, the closure of Lock 25 for three months or even a year, you would see some diversion of shipments to the Pacific Northwest or just the loss of the export market.

MR. BLANTON: And the study included three potential changes in rail rates.

MR. MARATHON: With each closure, you would ask "Are the railroads going to keep the rates the same?" No. "What will be the impact to shipments if the railroads increase their rates by 5 percent?" and "What will be the impact to shipments if the railroads increase their rates by 15 percent?"

MR. MAGNUSON: Bruce, thank you for your report. I am looking at the Farm Bill study. Besides it being an unfunded mandate which federal agencies get from time to time, I was glad to hear that the Congress is asking for it again. I am going to assume this is the House and Senate Agriculture Committees.

MR. BLANTON: That is correct. Yes. It was in the 2014 Farm Bill.

MR. MAGNUSON: I assume that the House and Senate Agriculture Committees have some degree of interest in this overall issue. My question goes back to my work on the CMTS with Helen [Ms. Helen Brohl, Executive Director of the Committee on the Marine Transportation System] and Pat [Ms. Patricia Mutschler, Deputy Director of the Committee on the Marine Transportation System] who are in the audience today. We are always struggling with the issue of Congressional awareness in transportation, particularly having to do with marine or inland waterways transportation. Bruce, with all your efforts in preparing the Farm Bill study in 2010 and the current update of the 2010 study, do you have a sense whether the Senate and House Agriculture Committees really understands the importance of transportation, particularly the inland waterways system?

MR. BLANTON: I think they do. You can always understand more fully and better but I do think that there is an appreciation that those are important things for the agricultural

industry. They may not have the level of expertise that you would desire or to the level of detail that you would like them to have but I think in terms of, if you would ask them, “Is transportation important for agriculture?”, I think almost all of them would say absolutely.

MR. POINTON: Thank you very much, Bruce.

MR. BLANTON: Thank you.

MR. POINTON: I think we will conclude the questions and answers with Bruce and give Bruce a chance to step away from the podium.

MR. BLANTON: Thank you again for the invitation to speak before this distinguished body. I was glad to be here. I hope my presentation was informative and helpful in gaining a better understanding of the role that the U.S. Department of Agriculture plays in supporting the agricultural sector of the Nation’s economy.

MAJOR GENERAL JACKSON: Bruce, thanks on behalf of the Board, thanks so much for being here. This is, to the members of the Board this is an example of the type of dialogue that I have invited from our Federal family members, which I hope you find informative. It certainly is very informative to me and it helps me as a member of the Federal family understand the intersection points that we have with some of our sister agencies, where I think can be value-added for us as we work issues through the CMTS or other Federal interagency entities where we cover a wide variety of issues on the CMTS. Certainly for me on the inland side it was very helpful.

Bruce, thanks again for being here and I really appreciate your time today.

MR. BLANTON: Thank you sir. Glad to be here.

MAJOR GENERAL JACKSON: I would also like to take this time to recognize Ms. Lauren Brand from MARAD. Lauren, thanks for being here. I don't know if you have any opening remarks or if you just want to save them till the end.

MS. BRAND: I will save them till the end of the meeting.

MAJOR GENERAL JACKSON: Okay.

MS. BRAND: Thank you so much.

MAJOR GENERAL JACKSON: You are welcome. Thank you.

MS. BRAND: It is a pleasure to be here today.

MR. POINTON: Next on the agenda is the approval of the minutes from the last Users Board meeting, meeting Number 80, held October 5th in Tinley Park, Illinois. A copy of those minutes were included in your read ahead materials and you also received a copy of the minutes

as an electronic file a few weeks ago. I would ask the members to offer a motion to approve the minutes of Users Board Meeting Number 80.

CHAIRMAN HETTEL: So moved.

MR. POINTON: Do I have a second?

MR. MECKLENBORG: Second.

MR. POINTON: Thank you. Mr. Hettel moves and Mr. Mecklenborg seconded the motion. Can I see a vote from the members?

BOARD MEMBERS: Aye (unanimous).

MR. POINTON: Any nays? Great. Hearing none, the motion to approve the minutes of Users Board meeting number 80 passes unanimously. Thank you gentlemen.

Next on the agenda is Mr. Jeffrey McKee. Mr. McKee is the Navigation Business Line Manager for the Corps of Engineers in our Operations Division at USACE Headquarters. Mr. McKee is going to be speaking about the next two items on the agenda, the first presentation being an update on the status of the funding for FY 2017 for navigation and funding for the inland waterways.

MR. JEFFREY A. MCKEE: Next slide, please. This slide shows the dates of the President's submission of his FY 2017 budget to the Congress [February 9, 2016]; the dates of the House passage of their Energy and Water Development Appropriations bill [May 26, 2016] and the Senate passage of their Energy and Water Development Appropriations bill [April 14, 2016], and the first FY Continuing Resolution for FY 2017 appropriations enacted at the end of September [Public Law 114-223, enacted September 29, 2016] which gave us funding through the 9th of December 2016. On Friday [December 8, 2016] the Senate passed a bill and we have the FY 2017 Further Continuing and Security Appropriations Act, which provides funding, as Major General Jackson indicated, through the 28th of April 2017.

Next slide. We will be operating under a Continuing Resolution [CR] Authority until that point in time. In addition to providing Continuing Resolution Authority, it also provides Supplemental funding to address emergency situations and to rehabilitate and repair damages at Corps projects caused by natural disasters. The additional funding is not just windfall funding. It must be damages caused by natural disasters.

Next slide, please.

CHAIRMAN HETTEL: Jeff. Are you going to go through the CR here? It looks likes

--

MR. MCKEE: I just have these two slides.

CHAIRMAN HETTEL: Okay.

MR. MCKEE: The rest of my presentation is what was given at the last Users Board meeting. We can discuss what you would like to discuss.

CHAIRMAN HETTEL: Thank you.

MR. MCKEE: First of all, operating under a Continuing Resolution, it is OMB policy that we operate and limit our funding to each project, program or activity to the “least of” what is in the House version of the appropriations bill, the Senate version of the appropriations bill, or in the President's budget request, and as a means to preserve the prerogative of Congress to appropriate funds. There are exceptions. They are very few and far between. If there is an exception, an exception would be if you wanted to put more money than what is in either the House version of the bill, the Senate version of the bill or the President's budget request on a project, you would have to have a source of funds to reconcile that increase in the event funds are not provided for that project in the ultimate, finally agreed to appropriations bill that is signed into law.

It is very difficult to get exceptions. From the standpoint of the inland waterways projects that are currently under construction, the Olmsted Locks and Dam project is the only project included in the President’s budget request in the amount of \$225 million. The Lower Monongahela River, Locks and Dams 2, 3, and 4, Chickamauga Lock, or Kentucky Lock projects do not have any funds set aside in either the President’s budget request, the House version or the Senate version of an appropriations bill. Funds have not been provided to those projects as of yet.

In terms of the Supplemental appropriations, this is how the Supplemental appropriations are broken out for the Corps of Engineers: \$55 million in the Construction account; \$291 million in the Mississippi River and Tributaries account; \$260 million in the Operation and Maintenance account; and, \$420 million in the Flood Control and Coastal Emergencies account. Again, those appropriations are strictly for repairs to projects that were damaged that were incurred as a result of natural events like Hurricane Matthew that hit the East Coast a few months ago. Some of the flooding that we experienced on the inland waterways last year, anything that has not been addressed yet would be eligible for this type of work. That is a general overview of the Continuing Resolution.

CHAIRMAN HETTEL: To your first bullet point, Jeff, on the CR funds, how they are limited, is that an OMB directive?

MR. MCKEE: Yes sir.

CHAIRMAN HETTEL: Is there – is that a public document or anything, is that --

MR. MCKEE: I believe it is but I would have to check.

CHAIRMAN HETTEL: Would you check on that?

MR. MCKEE: Yes sir. Absolutely.

CHAIRMAN HETTEL: I would like to understand that a little bit better. Let me just comment, while a CR is great to keep the government funded and prevent a government shutdown, in my estimation, which is the point we are talking about here Jeff, it is almost forcing a Corps shutdown on the Lower Monongahela Locks and Dams 2, 3, and 4, Chickamauga Lock and Kentucky Lock projects.

You reference here that if you do not get funding for your next two contract options on the Lower Monongahela project, it could extend that project by four years and add an additional \$164 million to the overall cost of the project. The cost of the two contract options are \$47.6 million for Option 1 and \$37.9 million for Option 2 of the River Chamber Completion Contract, for a total of approximately \$85 million to award these next two options. Can you give us a little further details on that contract action?

MR. MCKEE: The capability for the Lower Monongahela Locks and Dams 2, 3, and 4 project in Fiscal Year 2017 is \$84.7 million, the \$85 million that you've referenced. At this point in time work is going to continue. The base contract has been awarded and work will continue on that. What is at risk is the award of Options 1 and 2 for the River Chamber Completion Contract. They are currently scheduled for award in May and June of 2017, respectively. As you stated, the cost of Option 1 is just under \$48 million and the cost of Option 2 is just under \$38 million.

There is about \$30 million in carryover funds on that project. Between the carryover funds and the capability that has been expressed, we would be able to fund Option 1 and Option 2 plus the necessary Engineering and Design [E&D] and Supervision and Administration [S&A] of those contracts.

If funds are not provided to award Option 1 by May 2017, what you will see is a day for day delay in the ultimate project schedule. If you get to the point of 30 September 2017, that Option 1 expires. If Option 1 expires at the end of the month [September 30, 2017] what happens is that option goes away and what is going to happen is, because we already have got two contractors working at the Lower Monongahela project site, we would not want to issue another contract for about four years until work that is ongoing now is complete and we can get back in there and go ahead with the balance of the river chamber contract. That is the impact to the project schedule and that is where the additional \$164 million in project costs comes in.

CHAIRMAN HETTEL: In dollar terms, simple terms, you say you have \$30 million in carryover funds, which means you need an additional \$55 million more to make sure you can exercise Option 1 and Option 2 to keep this project on track to completion, I think in the 2023 timeframe. If you do not get the additional \$55 million it could cost an additional \$164 million in addition to \$55 million to complete the project. Is that a simple statement?

MR. MCKEE: Yes sir.

CHAIRMAN HETTEL: Okay.

MR. MCKEE: The \$164 million are additional costs.

CHAIRMAN HETTEL: Right. I note you mentioned that exceptions are difficult and Jeff, you are in my estimation the type of man that does not back down from a challenge. I would challenge that we get that exception, or an exception somehow started, so we do not delay this project and we don't not only cost the Trust Fund an additional \$82 million, we do not cost the taxpayer an additional \$82 million. I will challenge you on that.

MR. MCKEE: Understood, Mr. Chairman. It is a challenge. The main issue is the reconciliation that we would have to have. If we were to award say the first contract for \$48 million, we would need an additional \$20 to \$25 million for the contract above the carry-in plus whatever we would need for Engineering and Design and Supervision and Administration. We would need to have a source to fund that in the event that we do not get appropriations to fund that. That is the big challenge because the only real source of funds that is out there is the Olmsted Locks and Dam project and I don't think anybody wants to take money away from the Olmsted project if we don't get funds for the Lower Monongahela project.

CHAIRMAN HETTEL: That begs the question, the FY 2016 appropriations had \$405 million in funds to support construction activities at the Trust Fund supported projects?

MR. MCKEE: That is correct sir.

CHAIRMAN HETTEL: If \$225 million goes to the Olmsted project, that leaves \$170 million left over, of which \$85 million is going to come from the Inland Waterways Trust Fund; you have the money, you will have the money in the Trust Fund, it is just a matter of applying it to the Lower Monongahela project, Kentucky Lock and Chickamauga Lock, is it not?

MR. MCKEE: The money would actually be in the Trust Fund.

CHAIRMAN HETTEL: Correct.

MR. MCKEE: However, we rely on the total appropriations from Congress to fund this. We need not only Congress to authorize us to use money out of the Trust Fund, we also need them to provide the General Treasury share of all those projects.

CHAIRMAN HETTEL: Doesn't the Continuing Resolution do that?

MR. MCKEE: No sir, it does not.

CHAIRMAN HETTEL: Because you are funding at FY 2016 levels?

MR. MCKEE: The Continuing Resolution does not give us any money that is in those funding pots that are shown in the House and the Senate markups. Both the House and the

Senate markup shows \$75 million plus or minus for the Inland Waterways Trust Fund revenues. We cannot use those funds. Those are not available to us.

CHAIRMAN HETTEL: Are you telling me it is a matter of Congress saying “Okay, Corps of Engineers, you can utilize these funds on these three projects”, that may or may not be an earmark, or is it an exception that you have to file for to utilize those funds?

MR. MCKEE: We can file for an exception but again, if we file for an exception, which has to be approved by the Office of the Assistant Secretary of the Army and the Office of Management and Budget, we would need a source of funds to reconcile any additional funding put on those projects. The challenge is there is no source of funds out there right now other than a project such as Olmsted Locks and Dam.

CHAIRMAN HETTEL: I am so confused because we are depositing tax receipts into the Inland Waterway Trust Fund every three months. The law states it has got to be spent.

MR. MCKEE: It has got to be money that we have in hand, basically, that can cover that expenditure.

CHAIRMAN HETTEL: Okay. Say you file for an exception. How long does that process take?

MR. MCKEE: If we don't have a reconciliation I am sure it will not go through. One of the requirements is we have a source of funding, and that we do not have one at this point in time.

CHAIRMAN HETTEL: And if you have a source of funding for reconciliation, how long would the process take?

MR. MCKEE: The reconciliation happens after we get an actual appropriation. If we get an appropriation and funds are not available to pay for, let us say, an additional \$25 million that would go towards the Lower Monongahela River Locks and Dams 2, 3, and 4 project, we would need to find some other project out there with \$25 million sitting available that is not being used. That is the challenge. We don't have that. That is what the reconciliation is for.

MR. MECKLENBORG: Jeff, would accessing funds that otherwise would go to Olmsted be an option?

MR. MCKEE: That would be a potential option out there, yes.

MR. MECKLENBORG: When I hear the Chairman describe the scenario that essentially the additional cost that would be incurred through a cessation of construction activity at the Lower Monongahela River Locks and Dams 2, 3, and 4 project, that is really very significant and it is something that although no one disputes that the completion of the Olmsted Locks and Dam project would be a wonderful thing, it is at least in the President's budget. Now with a new President and a new Administration, that is something that remains to be seen, but

would it make more sense to keep the Lower Monongahela River project going and avoid essentially close to \$100 million of additional cost -- how much was it, Mr. Chairman?

MR. MCKEE: It is \$164 million in additional costs.

MR. MECKLENBORG: And half of that cost figure would be derived out of the Inland Waterways Trust Fund.

CHAIRMAN HETTEL: The one thing we do not know, Mr. Mecklenborg, is how much additional cost that would add to the Olmsted project.

MR. MCKEE: Correct.

CHAIRMAN HETTEL: Mr. McKee, what I am going to do is challenge you to continue to fund the Olmsted project as is and find a way to fund the other three projects currently under construction namely the Lower Monongahela River Locks and Dams 2,3 and 4 project, the Kentucky Lock addition project and the Chickamauga Lock project. That is our challenge to you.

MR. MECKLENBORG: I agree. But if that does not happen, what is your fallback plan?

CHAIRMAN HETTEL: I have faith in Mr. McKee that he will find a way to make that happen.

MR. SOMALES: Jeff, if I can ask -- I am trying to follow the discussion here. Essentially under a Continuing Resolution the full funding from the Federal government doesn't come into the Trust Fund for the match, is that what I am to understand? I mean we have agreed to an increase the inland waterways fuel tax, we have the Trust Fund at \$400 million, which is enough, with the match, which is enough to fund these projects. What is the reason why we don't get the Lower Mon money?

MR. MCKEE: Sir, the primary issue is in the absence of appropriations we are operating under during a Continuing Resolution. What we do not know is once Congress ultimately passes an appropriations bill and the President signs it, what that level of funding will be. We are coming into a time where we have got a new Administration. We have got a new Congress. They may live with the existing bills. They may start from scratch.

The levels of funding that are proposed in the current bills are very favorable to funding additional work on the Lower Monongahela River Locks and Dams 2, 3, and 4, Chickamauga Lock and Kentucky Lock projects even though they are not in the President's budget or the House or Senate versions of the appropriations bills specifically. But there are Inland Waterways Trust Fund revenues in the Trust Fund and the matching share of the General Treasury funds would come out of the construction pot that is currently in the House and Senate bills.

However, since we do not know what the ultimate appropriations bill is going to look like with respect to the amount of appropriations, we cannot take away Congress' prerogative to fund programs, projects and activities at whatever level they want to fund them at, therefore we cannot fund some of these projects that used the additional funding that was provided in the FY 2016 Appropriations Act.

We are limited to only those projects, programs or activities that are specifically identified in the House version, Senate version or the President's budget.

CHAIRMAN HETTEL: Jeff, let me touch base on one thing if I may. You keep mentioning appropriations. I am going to pose a hypothetical scenario for you Jeff, that we do not get appropriations and we get another CR to fund the Corps through the end of this fiscal year. Are you telling me there is no way we can get the Trust Fund dollars that are currently in the Trust Fund matched by the government and utilized for these projects?

MR. MCKEE: Sir, at this point in time, that is correct.

CHAIRMAN HETTEL: There is no way we can get that done?

MR. MCKEE: That is correct sir, without finding another construction project somewhere in the country that can provide \$25 million.

CHAIRMAN HETTEL: Are you telling me that if we get another continuing resolution, our current balance in the Trust Fund, which was \$57.35 million at the end of September, and we add another \$105 million in tax receipts to that figure in FY 17, we will be approaching upwards of \$162 million in the Trust Fund by the end of September 2017, the end of the fiscal year, are you saying you cannot utilize those funds to award the contract options for continuing work at the Lower Monongahela River Locks and Dams 2, 3, and 4, Kentucky Lock and Chickamauga Lock projects?

MR. MCKEE: Sir, that is correct, until we get the approval to use those from the Congress.

CHAIRMAN HETTEL: Okay. How can we get that approval?

MR. MCKEE: If Congress passes a typical omnibus appropriations bill, like they did last year to fund FY 2016 activities [Public Law 114-113, the "Consolidated Appropriations Act of 2016", was signed into law on December 18, 2015], if, for instance, they were to conference the House and the Senate versions of their respective appropriations bills, which have all the appropriations in there for the Inland Waterways Trust Fund, the House and Senate versions of their FY 2017 appropriations bill have a section under the Construction Account entitled "Inland Waterways Trust Fund." You can see on slide number 11, the House version of the FY 2017 appropriations bill has \$75.25 million under Inland Waterways Trust Fund. The Senate version of the FY 2017 appropriations has \$75.325 million under Inland Waterways Trust Fund. If the House and Senate were to conference this appropriations bill and the final version of the bill were to come out similar to this, you would see the \$75 million in the final

version of the conference bill to be directed towards Inland Waterways Trust Fund projects. The General Treasury share would come out of the line above titled "Navigation" to pay for these particular projects should the Administration decide to do so.

MR. INNIS: Jeff, one question. What would happen if we operated under a CR for the remainder of the fiscal year?

MR. MCKEE: With respect to the Lower Monongahela River Locks and Dams 2, 3, and 4 project, if we were to operate under a year-long CR, Option 1 would expire. The potential for that is that you would not be able to award that option, which is the next on the list, and you would then basically continue with all the work on the existing base River Chamber contract until that is complete, but we would not award Option 1 nor would we award Option 2.

We would not really want to go back in and advertise a new contract to do the work that is included in Options 1 or 2 for another four years until the contractors that are already working on the Lower Monongahela project are done. When we visited the project site during our field trip [conducted March 31, 2016], you saw that we have two contractors that are working in a very confined area. To advertise another contract now and to try and insert a third contractor in that immediate area and we just feel is an untenable situation.

MR. SOMALES: You could insert a third contractor? I guess the question is right now you have Option 1 on the table if the funding is there?

MR. MCKEE: That is correct sir.

MR. SOMALES: Is that contract already in place -- who does it belong to now? In other words, you got two, you have contractors at the project site there now.

MR. MCKEE: Jeanine [Ms. Jeanine Hoey, Chief Engineering and Construction Division, Pittsburgh District, U.S. Army Corps of Engineers], who is the contractor currently working on the River Chamber Completion contract?

MS. JEANINE HOEY: Trumbull Corporation and Brayman Construction, a Joint Venture.

MR. SOMALES: Is that one of the two contractors that are on site currently?

MR. MCKEE: Yes sir. They are the firm that have Options 1 and 2 already set forth in their contract, already priced out. Option 1 expires at the end of the fiscal year [September 30, 2017] so if Option 1 expires at the end of the fiscal year and we get a year-long CR without having funds from some of other contract to foot the bill for that --

MR. SOMALES: I understand about the funding part of it. What I am asking is if we do, if their contract does expire, this Option 1 or Number 2 expire --

MR. MCKEE: The contract doesn't expire. The options expire.

MR. SOMALES: If options one and two expire --

MR. MCKEE: Yes. Option 2 would expire at the end of FY 18 [September 30, 2018].

MR. SOMALES: Right. We would have, these guys have to exercise their option, and you have to exercise the option in a timely manner, Option 1 by April, Option 2 by the end of the year, with the current contract that is on site, one of two contractors. Brayman, you said it was, I believe?

MS. HOEY: Trumbull Corporation and Brayman Construction.

MR. SOMALES: Okay. Other than that, if those options expire you are saying that you would have to delay the project four years because the concentration of two contractors in that small geographic area – because a third would have an opportunity to bid in?

MR. MCKEE: Absolutely.

MR. SOMALES: Unless you only made the opportunity available to the two contractors that are in there currently, and you cannot do that. Essentially this whole thing goes back to this model that has failed for decades, of inefficient funding for these contracts. I mean I hate to throw mud on it but this contract, Lower Monongahela Locks and Dams 2, 3, and 4, this project should have been completed in 2004, right, is that where we are? I mean, if my memory serves me.

MR. MCKEE: Your memory is better than mine, sir. I don't remember.

MR. SOMALES: You would have to be an elephant to remember when this project was supposed to be done. When first proposed this project was supposed to take ten years to complete and at a total cost of \$800 million and now the projected cost is \$1.7 billion and we are already in 2017 and we will be lucky to be complete the project by the 2020's and the project is at risk of a delay of four more years if we don't get the funding straightened out. And who knows when?

MR. MCKEE: That is the potential.

MR. SOMALES: This is an emotional roller coaster. WRDA gets passed, you are happy, then, the next day, the Congress, the funding, the CR and -- thank you.

MR. MCKEE: Mr. Mecklenborg raised the possibility of taking \$25 million out of the Olmsted project. What we do not know is what the impact of doing that this fiscal year would be on current Olmsted contracts and any potential delays in the Olmsted contracts if that were to happen.

MR. MECKLENBORG: Agreed Jeff. Would that be something that you could analyze between now and the next Users Board meeting?

MR. MCKEE: We could certainly do that, yes sir.

MR. SOMALES: There is something to be said for projects that are delivered on time and under budget. I mean, we sit here and it is a sin. I mean, the taxpayers suffer this, decade over decade over decade of wasteful spending on these projects. It is horrible, all because of not bringing the money to the table. The Congress authorizes this stuff and then we don't fund it correctly and we just beat the budget up for decades. I'm sorry.

MR. MCKEE: The good news is if Congress passes something by the end of April the option is there to award those options.

CHAIRMAN HETTEL: Jeff, are there any carryover funds at the Kentucky Lock project or the Chickamauga Lock project?

MR. MCKEE: Yes sir. But it is a very small amount.

CHAIRMAN HETTEL: How much is that without going into too much detail, a rough estimate?

MR. MCKEE: For the Chickamauga Lock project it is about \$4 million. For the Kentucky Lock project it is about \$1 million.

CHAIRMAN HETTEL: There is not enough carryover money to take funds away from those projects and apply to the Lower Monongahela project?

MR. MCKEE: No sir, there are not enough funds. Those funds are needed for ongoing Engineering and Design and Supervision and Administration for the existing contracts that are ongoing for the Chickamauga Lock and Kentucky Lock projects.

MR. INNIS: Jeff. This situation with the funding. This wouldn't constitute an emergency situation with that need for extra funding that is out there?

MR. MCKEE: No, sir. Unfortunately, this would not be considered an emergency, and is not due to any natural disasters.

MR. INNIS: I realize that.

MR. MCKEE: Good try.

MR. ROBERT R. MCCOY: Jeff, this is Robert McCoy. As I understand it, if you fail to be able to award Option 1, that is an automatic four-year extension on that project to avoid a third, potential third contractor. What contractual alternatives do you have? I am certain, I am guessing, that the contractors would be willing to extend that expiration date. Is that an alternative, to at least mitigate the possibility of a four year delay in the completion of the project?

MR. MCKEE: That is a possibility, I believe, to renegotiate that. It could be an increase in cost. Normally if you do that, depending on what the contractor's situation is, he may or may not be willing to renegotiate, but the possibility is there to renegotiate the bid price for Option 1 and then the time and the ultimate cost. It is likely to cost some additional amount any time you go into renegotiation.

MR. MCCOY: The alternative is they open up the bidding process to other competitors and they could potentially lose the entire option.

MR. MCKEE: That is correct. But that wouldn't happen for a number of years.

MR. MCCOY: I mean, I'm certain --

MR. MCKEE: There are some incentives and --

MR. SOMALES: That means four years.

MR. MCCOY: If it is not extended. But all you do by extending it is you buy yourself more time before the four years kicks in.

MR. POINTON: Okay. That was a passionate dialog. Jeff, hopefully you can move forward with your presentation.

MR. MCKEE: Just one more thing. We are in a similar situation with Kentucky Lock and with Chickamauga Lock in terms of having contract options that, in the case of Kentucky Lock options expire that actually in May. Consideration will be given to renegotiating those but if we do not get funds in FY 2017 and if there is no expectation of funds in FY 2018 [which begins on October 1, 2017], we would look at terminating that contract for convenience. That would lead be a potential two-year delay in completing the Kentucky Lock project and about \$200 million in additional costs and lost benefits.

With respect to the Chickamauga Lock project we have contract options amounting to \$7 million. That is not as much as the contract option for the Kentucky Lock project [which amount to \$25 million]. If the Chickamauga Lock contract option is not awarded, that work can be incorporated into a future contract. They can be done on a separate contract down the road. If we do not get funds in time to meet the contract option expiration date of May 30, 2017 or if we had a year-long CR and could not award the lock chamber contract in FY 2017, that would delay the overall project completion.

Subject to your questions, that concludes my presentation.

CHAIRMAN HETTEL: Jeff, one more question. In your response to the questions which I sent you, your last statement says, *"There are provisions for an exception, but that exception must be approved by the Administration, and the District must have source of funds*

to cover the exception if the project does not receive sufficient funds in a work plan to cover the funds provided to the project during the Continuing Resolution."

What is that exception and how can we get that done?

MR. MCKEE: The exception is what we discussed at the beginning of my remarks. The exception is --

CHAIRMAN HETTEL: And the only way is to take funds away from other projects?

MR. MCKEE: You need to have a source of funds for that reconciliation, so we would need to have identified funds on another construction project. We would need somewhere around, \$20 - \$25 million for the Lower Monongahela River project to award the options and have sufficient funds to cover the Engineering and Design and Supervision and Administration expenses.

MR. SOMALES: For clarity, the exception would bring dollars from another project; it is not the introduction of new federal dollars?

MR. MCKEE: The exception would bring dollars, it would bring new dollars under the Continuing Resolution. The reconciliation and the reason you need to have those funds available is because if we do not get an appropriation that would fund that, let's say the answer is \$25 million, if you don't get an appropriation that funds that \$25 million, then you would have to do a reprogramming from that project that you identified and take that \$25 million from that project or projects and move it into the Lower Monongahela River project to cover it as a reconciliation.

MR. SOMALES: So that is semantics. We are not going to get, it would not be new federal dollars; it would be money from a different project?

MR. MCKEE: If we do not get funds in an appropriation. If we get funds in an appropriation then it would be new federal dollars.

MR. SOMALES: Agreed.

MR. MCKEE: Along with new Trust Fund dollars.

CHAIRMAN HETTEL: Not a question, just a statement. When you talk about transferring funds from one project to cover the Lower Monongahela River project, is that only Inland Waterways Trust Fund projects or could you transfer \$25 million from the Everglades restoration project?

MR. MCKEE: Sir, it can come from any construction project.

CHAIRMAN HETTEL: Any construction project that the Corps has ongoing?

MR. MCKEE: That is correct. Any project that has funds available to it, yes.

CHAIRMAN HETTEL: Okay.

MR. MCKEE: There are some projects that are ongoing that also don't have funds available.

CHAIRMAN HETTEL: Would those dollars be reprogrammed back once we got an appropriations bill to the original project or the following fiscal year?

MR. MCKEE: When we get money in a CR we get new money. We don't do the reprogramming at that point in time.

CHAIRMAN HETTEL: Okay. I understand.

MR. MCKEE: We would only do the reprogramming at the point in time that we find out that we no longer will have funds for that project in a new omnibus appropriations bill. At that point in time we would have to do the reprogramming to cover those costs that were provided in the CR.

CHAIRMAN HETTEL: Are there any other Corps of Engineers construction projects that you can look at for reprogramming \$25 million so we don't cost the taxpayers and the Trust Fund an additional \$164 million other than the Olmsted project?

MR. MCKEE: We can look but I am afraid that would also impact the costs of most, if not all, of those other construction projects.

CHAIRMAN HETTEL: I understand. If you have impact costs of \$16 million versus \$164 million, would it not make sense to reprogram that money?

MR. MCKEE: It depends on which side of the fence you are on, sir.

CHAIRMAN HETTEL: If it were a choice of \$16 million versus \$164 million, I would be on the \$164 million side of the fence.

MR. MCKEE: That is a potential decision that can be made, but of course anytime you do a reprogramming like that you would have to get Congressional approval.

MAJOR GENERAL JACKSON: Mr. Chairman, Jeff brings up a good point and one that I want to highlight. To add another level of complexity to the discussion we have been having, when we go through a reprogramming of funds, Mr. Chairman, one of the challenges that we have is we aren't allowed to do preprogramming over the objections of Congressional members. If we were to take or contemplate moving something out of Senator Rubio's [Senator Marco Rubio from Florida] Everglades Restoration program, he might have a reaction to that that we would have to consider.

As you can see there are more complexities than just something that might appear to be fairly simple at the outset. We will investigate the options available to us. I think there are couple of do-outs from this meeting and Jeff, I think and hopefully Mark [Pointon] will capture those in the notes but a couple of due-outs on some options that we can look at. But the hard reality is what Jeff has described and so we will continue to work it.

CHAIRMAN HETTEL: I agree General, and unfortunately there are more complexities than there is common sense.

Thanks, Jeff.

MR. MCKEE: Thank you, sir.

MR. POINTON: I think we got to the heart of the FY 2017 funding issue for this body. I would ask Jeff to move on to the BCR presentation, the benefit to cost ratio information for ongoing Inland Waterways Trust Fund construction projects which you requested, Mr. Chairman.

MR. MCKEE: Thank you Mark. You have a presentation in front of you. This presentation is a do-out from the last Users Board meeting, where the Chairman requested that we prepare a presentation on the Benefit to Cost Ratios [BCRs] as well as Remaining Benefits to Remaining Costs Ratios [RBRCRs] at the applicable discount interest rate. When we held the last Users Board meeting the applicable discount interest rate was 3.125 percent, but as of the beginning of Fiscal Year 2017 on October 1, 2016, the applicable discount interest rate is 2.875%.

Next slide please. Olmsted Locks and Dam. The current BCR at 7 percent is 3.4 to 1. Olmsted's BCR has been above the Administration's BCR threshold of 2.5 to 1 for budgeting purposes therefore the Olmsted Locks and Dam project has been in the President's budget each year. The Remaining Benefits to Remaining Costs Ratio at 7 percent is 25.5 to 1.

Effective October 1st the current discount interest rate is 2.875 percent. The benefit to cost ratio at 2.875 percent is 6.0 to 1. The Remaining Benefits to Remaining Cost Ratio is 45.3 to 1. Those estimates are based on the latest cost estimate which was prepared in April 2016.

Next slide, please. Lower Monongahela River, Locks and Dams 2, 3, and 4. The current BCR at 7 percent of 1.5 to 1. The Lower Mon's BCR was below the Administration's BCR threshold of 2.5 to 1 for budgeting purposes therefore the Lower Monongahela River project was not included in the President's budget. The Remaining Benefits to Remaining Costs Ratio at 7 percent is 2.2 to 1.

Effective October 1st the current discount interest rate is 2.875 percent. The benefit to cost ratio at 2.875 percent is 2.8 to 1. The Remaining Benefits to Remaining Cost Ratio is 4.4 to 1. Those estimates are based on the latest cost estimate which was prepared in October 2016.

MAJOR GENERAL JACKSON: Jeff, does this information on the Lower Monongahela River project include the two features that are still part of the authorized project that we have talked about potentially taking out or de-authorizing [construction of a landside lock chamber at Charleroi (Lock and Dam 4) and the relocation of the Port Perry Railroad Bridge]?

MR. MCKEE: Yes sir, it does. At this point in time the fully-funded project cost you see there in the middle of the slide is \$2.7 billion, but as Ms. Jeanine Hoey will discuss later, it does not make much of a difference in the BCRs.

MAJOR GENERAL JACKSON: Thank you.

CHAIRMAN HETTEL: Jeff, I am going to beat the expired horse here.

MR. MCKEE: Can't you wait until Jeanine [Hoey] makes her presentation?

CHAIRMAN HETTEL: No, no, because I just enjoy speaking with you, sir. You show on your slide, in the middle of the slide, you show "Current Benefits – Net Annual" at 7 percent, \$162.6 million a year, Net Annual Benefits for the Lower Monongahela project. If we delay that project by four years, and add the additional \$164 million in project costs due to delaying the project because of not being able to award the contract options this spring, we are going to suffer a loss of \$812 million in lost benefits and additional project costs all due to the inability to find \$25 million to award the contract options.

MR. MCKEE: It would be potentially more than that because the \$164 million in additional project costs is based on delays in both River Chamber Completion Options 1 and 2 and the cost of those two options is \$85.5 million.

CHAIRMAN HETTEL: Still four years of delay in the project results in \$650 million in foregone benefits for the lack of finding an additional \$25 million.

MR. MCKEE: You are looking at between the additional project costs and the foregone benefits somewhere between \$600 million and \$800 million.

CHAIRMAN HETTEL: Over a \$25 million lack of funds. One last comment. I assume that delaying the completion of the Lower Monongahela River project by four years and adding an additional \$164 million to the project cost would lower the BCR on the project?

MR. MCKEE: Yes sir, it would.

CHAIRMAN HETTEL: I just needed to make those points to the record.

MR. MCKEE: Unless there was as a significant increase in the benefits that would accrue to the Lower Monongahela project to offset the increase in costs the BCR would go down.

CHAIRMAN HETTEL: (Inaudible).

MR. MCKEE: I understand, sir. Next slide, please. Kentucky Lock. The current BCR at 7 percent of 1.7 to 1. Kentucky Lock's BCR is below the Administration's BCR threshold of 2.5 to 1 for budgeting purposes therefore the Kentucky Lock project was not included in the President's budget. The Remaining Benefits to Remaining Costs Ratio at 7 percent is 3.9 to 1.

Effective October 1st the current discount interest rate is 2.875 percent. The benefit to cost ratio at 2.875 percent is 3.7 to 1. The Remaining Benefits to Remaining Cost Ratio at 2.875 percent is 8.9 to 1. Those estimates are based on the latest cost estimate which was prepared in May 2016.

Next slide. Chickamauga Lock. The current BCR at 7 percent of 0.8 to 1. Chickamauga Lock's BCR is below the Administration's BCR threshold of 2.5 to 1 for budgeting purposes therefore the Chickamauga Lock project was not included in the President's budget. The Remaining Benefits to Remaining Costs Ratio at 7 percent is 1.8 to 1.

Effective October 1st the current discount interest rate is 2.875 percent. The benefit to cost ratio at 2.875 percent is 2.7 to 1. The Remaining Benefits to Remaining Cost Ratio at 2.875 percent is 14.2 to 1. Those estimates are based on the latest cost estimate which was prepared in June 2016.

Those are the Benefit to Cost Ratios at the current discount rate of 2.875 percent. For budgeting purposes the Administration uses 7 percent and they use a threshold at this point in time where for FY 17 they use a BCR of 2.5 to 1. Certainly, if you look at the mix of projects, if you were to do this for all the construction projects you would still see a number of projects that are being funded. If they were also to look at the current discount interest rate and calculate the BCRs, they would also be much higher.

While the BCRs do go up, the relative position of the construction projects that are being funded within a constrained funding environment would not change if you were to keep everything on the same playing field, which is what you would be doing here. The Administration uses a BCR of 7 percent; here you are looking at the new applicable rate when you recalculate the benefit to cost ratios at a discount interest rate of 2.875 percent.

Subject to your questions that concludes my presentation on the benefit to cost ratios for the ongoing Inland Waterways Trust Fund projects currently under construction.

MR. POINTON: Are there any additional questions for Jeff? Just in case anyone was worried, Jeff will not be leaving the room during the break.

Next on the agenda, I would like to call on Mr. Joseph Aldridge who will be giving an update on the financial status of the Inland Waterways Trust Fund and the financial status of the projects supported with funds from the Trust Fund. Mr. Aldridge is the Inland Waterways Trust Fund account manager in the Programs Integration Division at USACE Headquarters. I

would ask you, Mr. Aldridge, since we are a bit behind schedule in the program, to be brief and be on point. Thank you, sir.

CHAIRMAN HETTEL: Joe, before you start, let me just make one comment to Mr. McKee. My frustrations are not directed towards you, Jeff. I hope you realize that.

MR. MCKEE: I am fine. I am, I have no problem taking the heat. I am used to it. I appreciate your enthusiasm and support of the inland waterways program.

CHAIRMAN HETTEL: Well, thank you, Jeff.

MR. POINTON: Okay, Joe. Please continue with your presentation.

MR. JOSEPH W. ALDRIDGE: Thank you Mr. Pointon. Good morning, Chairman Hettel, Major General Jackson, Mr. Lamont, Board members and guests. For those of you who do not know me, I am Joseph Aldridge. I am the USACE Headquarters, Inland Waterway Trust Fund account manager. It is good to be here today to give you an update on the financial status of the Inland Waterways Trust Fund and financial status of projects supported with funds from the Inland Waterways Trust Fund.

Next slide please. I redesigned this slide so that this is just going to be for FY 16 numbers. These numbers, I know the slide says "31 October", the slide should read "30 September."

I will start at the top of the slide. We had an FY 2016 beginning balance in the Inland Waterways Trust Fund of \$54,223,049, which was retained in the U.S. Treasury in the Inland Waterways Trust Fund account. As of 30 September 2016 [the end of fiscal year 2016] the reported total fuel tax revenue collected for FY 2016 was \$110,901,747 of tax revenues and earned interest of \$225,706. This brought the total year revenue to \$111,127,453.

I just want to make sure I say again, this is just a U.S. Treasury estimate. These numbers could be adjusted. Typically the Treasury has up to three months or so after the release of a monthly statement to make adjustments to the numbers reported. When the Treasury Department releases the December 2016 monthly report, which is to be released around January 9th, we will know if there will be an adjustment to the Fiscal Year 2016 figures.

Adding the FY 2016 beginning balance of \$54,223,049 to the fiscal year revenue collected plus the interest figure of \$111,127,453 yields a fiscal year 2016 total available balance of \$165,350,502.

The Inland Waterways Trust Fund amount transferred to the Corps' 8861 account was \$108 million. This left a FY 16 year-end balance of \$57,350,502. This amount is what was carried into FY 17 and is currently retained within the U.S. Treasury's Inland Waterways Trust Fund account.

Not reflected here is what has been collected, the revenues that were collected so far in FY 17 beginning October 1st. For the first two months of FY 2017, October and November, the U.S. Treasury reports that \$13,153,980 were deposited into the Trust Fund. As of November 30, 2016, the amount of fuel tax receipts collected was \$13,128,000 and \$25,980 in interest earned, for a total revenue deposited in the Trust Fund in the first two months of the current fiscal year of \$13,153,980. The total available balance in the Trust Fund as of November 30th is \$70,504,482.

Next slide please. This slide represents the FY 2016 Trust Fund revenues by month compared to the previous five fiscal years [fiscal years 2011 to 2015]. The FY 2016 figures are represented by the red bars and the revenues compared over the five-year cycle side-by-side gives you a better idea of the trend in revenue deposited into the Trust Fund. Now, these are kind of false numbers because last year [fiscal year 2015] the inland waterways fuel tax increased by 9 cents, from 20 cents per gallon to 29 per gallon so really we were collecting 20 cents per gallon for half of FY 15 and 29 cents per gallon for half of FY 2015 [the increase in the fuel tax went into effect on April 1, 2015] and then all of FY 16 the fuel tax rate was the 29 cent per gallon rate.

I also provided the numbers for the year-end revenues for FY 16 at \$111,127,453 against the year-end revenues for FY 15 which was \$97,900,330. That is an increase of \$13,227,123. The FY 16 revenues exceeded the U.S. Treasury projected revenues for FY 16 of \$108 million by over \$3 million. As I stated previously, this is an estimate of revenues collected and is subject to adjustment at a later date.

Next slide please. This slide show the level of Trust Fund revenues during the last quarter of fiscal years 2011 to 2016. It covers the months of July, August, and September of each fiscal year.

Next slide please. This slide shows the requested amount in the President's budget and the eventual total allocation of funds for seven specific inland waterways projects [Olmsted Locks and Dam; Lower Monongahela River Locks and Dams 2, 3, and 4; Emsworth Locks and Dam; Kentucky Lock; Chickamauga Lock; Lockport Pool Major Rehabilitation; and Inner Harbor Navigation Canal Lock] for the period from FY 2012 to FY 2017.

The Olmsted Locks and Dam project was the only inland waterways project that was included in the President's FY 17 budget request. In FY 16 Inland Waterways Trust Fund assets were applied to five projects, the Olmsted Locks and Dam project, the Lower Monongahela River Locks and Dams 2, 3, and 4 project, the Kentucky Lock project, the Chickamauga Lock project and the Lockport Pool Major Rehabilitation project.

I will note that in FY 2016 there was a \$300,000 reprogramming from the Chickamauga Lock project to the Kentucky Lock project as a result of higher than anticipated bids for the Downstream Cofferdam construction contract.

Next slide. Project Updates. I will now move on to the project updates. First up will be projects in the Mississippi Valley Division. There are two projects in the Mississippi Valley

Division that I will report on, the Lockport Pool Major Rehabilitation project and the Inner Harbor Navigation Canal Lock project.

Next slide. Lockport Pool Major Rehabilitation, Illinois Waterway, Illinois. The only change on the slide is in the lower right hand corner of the slide in the box titled “Next Steps.” The physical completion of the project is scheduled for February 2017 and the financial completion of the project is scheduled for September 2017.

Next slide. This slide shows the Schedule of Remaining Work for the Lockport Pool Major Rehabilitation project. The construction is scheduled to be completed on December 31, 2016 and the capitalized cost closeout of the project is scheduled to be September 30, 2017.

Next slide. Inner Harbor Navigation Canal Lock Replacement, Gulf Intracoastal Waterway, Louisiana. In the middle of the slide you will see in the box labeled “Changes”, the TSP, the Tentatively Selected Plan milestone was achieved in October 2016 and the New Orleans is looking at a January 2017 timeframe for submission of a Draft Report.

In the box titled “Next Steps” in the lower right hand corner of the slide the New Orleans District will send a formal funding request letter for the amount owed by the Port of New Orleans in February 2017 to close out the construction project.

Next slide. Schedule of Remaining Work for the Inner Harbor Navigation project. No changes.

Next slide. These are the Great Lakes and Ohio River Division projects. Olmsted Locks and Dam, Lower Monongahela River Locks and Dams 2, 3, and 4, Emsworth Locks and Dam, Kentucky Lock and Chickamauga Lock. Mr. Michael Braden, Chief of the Olmsted Division in the Louisville District, will be substituting for Mr. David Dale [Director of Programs for the Great Lakes and Ohio River Division] today and will be providing an update on the status of the Olmsted Locks and Dam project, the Kentucky Lock project and the Chickamauga Lock project. Ms. Jeanine Hoey will be providing an update on the status of the Lower Monongahela River Locks and Dams 2, 3, and 4 project.

Next slide. Olmsted Locks and Dam, Ohio River, Illinois and Kentucky. As I just indicated Mr. Braden will be giving you an update on the progress at the Olmsted Locks and Dam project.

Next slide. Schedule of Remaining Work for the Olmsted Locks and Dam project.

Next slide. Lower Monongahela River, Locks and Dams 2, 3, and 4. As Mr. McKee previously mentioned, award of Options 1 and 2 of the River Chamber Completion contract this spring is dependent upon receipt of work plan funding.

Next slide. Schedule of Remaining Work for the Lower Monongahela River Locks and Dams 2, 3, and 4 project.

Next slide. Emsworth Locks and Dam, Ohio River, Pennsylvania. The project is currently scheduled to be fiscally physically completed in FY 17.

Next slide. Schedule of Remaining Work for the Emsworth Locks and Dam project. There have been no changes on this slide since the last Users Board meeting.

Next slide. Kentucky Locks and Dam, Tennessee River, Tennessee. As I mentioned earlier, \$300,000 was reprogrammed from the Chickamauga Lock project to the Kentucky Locks project to cover the higher than anticipated bids for the Downstream Cofferdam construction contract.

In the box in the lower left hand corner of the slide, in the box titled “Funding Overview” you will see updated cost figures for Engineering and Design costs and Supervision and Administration costs,

In the box to the right hand side of slide titled “Current Status of the Project” you will see that the Upstream Lock Monolith contract is 99 percent complete and that the culvert bulkhead slots are the last remaining features of the contract to be completed.

A Risk-based Total Project Cost Estimate [TPCE] has been completed and submitted to the U.S. Army Corps of Engineers, Cost Engineering Mandatory Center of Expertise [MCX] at the Walla Walla District in Walla Walla, Washington for certification. It is anticipated that we will receive certification of that cost estimate by December 2016.

Next slide. Schedule of Remaining Work for the Kentucky Locks and Dam project. We have added a new task, Task number 5, entitled “Site, Demolition, and Utilities. This work activity pulls the early required scope items out of the Downstream Lock Excavation contract into a separate contract. This strategy does not change the project's anticipated critical path, its expected completion date nor its efficient funding requirements. However, though this was done for a number of contractual reasons and it significantly increases the probability of an FY 17 award.

Next slide. Chickamauga Lock and Dam, Tennessee River, Tennessee. Again, Mr. Braden will cover this project in more detail later. The Lock Excavation base contract plus two options was awarded on the 26th of September 2016. The Notice to Proceed on the Lock Excavation contract was issued on the 29th of November.

Next slide. Schedule of Remaining Work for the Chickamauga Lock project. Again, Mr. Braden will cover this in more detail later.

Subject to your questions, this concludes my update on the status of the Inland Waterways Trust Fund and status of the inland waterways construction project.

CHAIRMAN HETTEL: Thank you Joe. This question is directed more so to Mr. McKee than yourself. The FY 16 allocation to the Olmsted project was \$268 million. If you are

currently operating under a CR, you mentioned earlier that the President's budget that you can only fund it at \$225 million --

MR. MCKEE: That is correct, \$225 million.

CHAIRMAN HETTEL: -- but if you are operating under a CR from FY 16 funding levels, wouldn't that allow you to spend at the rate of \$268 million?

MR. MCKEE: No sir. We are still bound by the "least of" and we have \$225 million for the Olmsted project in both the House and Senate reports [House of Representatives Report 114-532 and Senate Report 114-236].

CHAIRMAN HETTEL: Jeff, you understand, I had to ask.

MR. MCKEE: I understand.

CHAIRMAN HETTEL: Thank you.

MR. POINTON: Are there any other questions for Joe? There being none, we are a little bit behind in the program. Dr. Sudol is next on the program and it is going to be a live demonstration. Let us take a quick break while Dr. Sudol sets up his computer and gets his presentation on the screen. Let us take about a 15-minute break and be back here at about 11:10 so that we can finish on time. Thank you.

(There was a break in the proceedings from 10:55 to 11:10.)

MR. POINTON: Next on the program is Dr. Mark Sudol. Dr. Sudol is the Director of the Navigation and Civil Works Decision Support Center at the Institute for Water Resources. Dr. Sudol has presented at a number of recent Users Board meetings on the subject of the accounting of vessel delays at locks. Dr. Sudol has pulled together information from a number of sources and he has a demonstration of a real time data system viewer. As a reminder, this is a beta test version thus it is still in the development stage. This is a beta test of our navigation viewer. That is the name we have assigned to this system. The system pulls in data from several different sources of information and puts them all in one viewer. This is a live demonstration from our website. Dr. Sudol, the podium is yours.

DR. MARK F. SUDOL: Good morning, everybody. Chairman Hettel and Board members, General Jackson, Federal observers and guests, I am glad to be here today. As Mark has already said, this will be a live demonstration. I will be running the demonstration from my mouse here. This is not a presentation. This is actually live data. It is a little bit constrained. The projector does not have as much of a display as we would normally use for this type of demonstration, but we are able to display current delays within the system.

I am going to go through the top lines as I change this. This is the current delays at all of the locks and dams -- right now -- and this nationwide. As I was preparing for this demonstration in the back of the room, as the tows goes down the Mississippi River, through

the locks, Lock 22 is red, Lock 24 is red and then Lock 25 was red earlier. What this can do is I can go here and enter "Lock 24" and select it up here and then go in here and here is the information. I apologize for the display. It is a little truncated. This in an older display but I can go here, to "Performance" and get execution or I can go into "Traffic" and get information on traffic, commodities or stoppages.

This display shows the same information as the last display. If I want to go to "Stoppages", I can see when the most recent stoppage was, let me see if I can go over and it is not telling me -- the display is a little bit truncated but it tells me it was on the 11th for a couple hours and then there is another field out here. I apologize for the display that we can't see, so that was the stoppage.

Here you can follow the tows going down the river.

An interesting thing before I go to the next slide, one of the things that Chairman Hettel was asking about is information from LPMS [the Corps of Engineers' Lock Performance Monitoring System]. This is linked to the LPMS data right now so if I go in here and look at this lock here there is one vessel in the queue, the queue over the last 24 hours is 60 minutes, wait time is 600 minutes. There is a delay.

If I go up here to the inland waterways here, this is the old --

CHAIRMAN HETTEL: Dr. Sudol, I am sorry. Would you go back to that previous display for a moment?

DR. SUDOL: Sure.

CHAIRMAN HETTEL: Can you go over and look at the New Cumberland Locks and Dam [located at River Mile 54.4 of the Ohio River below the point in Pittsburgh, Pennsylvania]? I just want to make sure everyone understands the importance of this information and recording vessel delay times accurately.

DR. SUDOL: There are seven vessels in the queue.

CHAIRMAN HETTEL: Correct. What does your system show for stoppage for that lock?

DR. SUDOL: The average queue in the last 24 hours is approximately 4,200 minutes.

CHAIRMAN HETTEL: Correct.

DR. SUDOL: The wait time is 1,000 minutes.

CHAIRMAN HETTEL: Correct.

DR. SUDOL: It will take them a while to get through.

CHAIRMAN HETTEL: Well, that is because the lock is currently shut down.

DR. SUDOL: Correct.

CHAIRMAN HETTEL: I just wanted to do make sure that everyone understands, anything you guys do on this display is very good, but it is critically important to make sure that the right information going into the system.

DR. SUDOL: I am getting to that.

CHAIRMAN HETTEL: Okay.

DR. SUDOL: We will use that as example of the live demonstration. If I go up here --.

MR. MECKLENBORG: Doctor Sudol?

DR. SUDOL: Sir.

MR. MECKLENBORG: Of the 4,000 minutes of time in queue that you record at the New Cumberland locks, is that the total for the 7 vessels in the queue or is that the average per vessel?

DR. SUDOL: That is the total for all the vessels.

MR. MECKLENBORG: Okay, thank you.

DR. SUDOL: Going through.

MR. MECKLENBORG: Okay.

DR. SUDOL: What we have here, these are the “Notices to Navigation Interests.” This is a current notice. Let me see if I can go over here. This gives me the display of the right descending bank or I can get the different lock notices, which ones are closed and actually pull up the notice of its closure.

For example, one of the comments we received the last time we did a demonstration was it would go out here. This is the one that didn't work the last time we demonstrated the system. If I pulled up the notice – it is not letting me because – it is over here on the right. I can pull up the notice and go through the schedule getting back to what you said, Chairman Hettel, we have that in the system. It is connected. It will be live. This is a display as of this morning. We have to pull it in the way it works now every morning but it will be live in about a week.

Whenever the district puts a notice in the system we will see it live here, see the current notice. The one thing we have a problem with right now is when the notices go in, there is no

time when it comes out. We have to put a program notice in there and say it is good through a certain time and when time is up it gets taken down.

CHAIRMAN HETTEL: Or through the duration of the closure, or whatever the case may be.

DR. SUDOL: Correct. We are working this is now, we have fixed this problem and now we are fixing the delay problem. This is live, that is what I am saying we can pull up the different notices. Going back to the delay, these are blue because there is no information coming.

MR. INNIS: Can you go to the Inner Harbor Navigation Canal lock?

DR. SUDOL: OK.

MR. INNIS: There have been delays at that lock. Does the notice change with that or does it stay as the original notice.

DR. SUDOL: It will stay with the original notice. That is one of the things we are fixing right now. If we go over to the Inner Harbor Navigational Canal Lock, it is blue because it is not showing information because it is closed due to the closure for major gate and mechanical replacements and repair operations. If I go to the notice it shows up that it is closed and it has the date. The problem with that is when does it come off the notice; that is the question? We are having to put two dates in there. Right now there is only one date in the notice that goes in and the other date when it comes out is in the file.

We have to find a way to pull that data from the file to shut the notice off or when it is open again. That is one of the things we are working on. Let me step back for a second. When this system goes live, hopefully it goes live for the public in March, these problems will be fixed. We are cleaning up these problems as we go. We are trying to make iterative changes to make sure it is what you need.

CHAIRMAN HETTEL: Dr. Sudol, just to verify, when this system goes live it does not supplant LPMS?

DR. SUDOL: No sir, it will not.

CHAIRMAN HETTEL: Thank you.

DR. SUDOL: This system is pulling information from the LPMS.

CHAIRMAN HETTEL: Great. Thank you.

DR. SUDOL: We are making those links right now so they are live. Back to the LPMS data, we briefed Chairman Hettel on some of the LPMS data, this is the old LPMS data that is available to the public currently. This is going to be supplanted. If you notice here, one of the

questions that was brought up before, we have two different lockages in here. As the tows are broken up we have a start lockage time and delay minutes and everything else. You can see that across the board here.

As we move into the new LPMS display with this new information, now we only have one lockage time and we have the total time the tow is delayed. Notice the delay time has changed. It was, in the original LPMS system it was 60 minutes, and if we go to the new system it is 92 minutes. These things are being changed as we speak. We have another six or eight changes that are due to be completed by February-March of next year to give the Board members and end users better information from LPMS. This is again live every 30 minutes but we are updating it more regularly. This display here is pulling information from LPMS as it is moving.

We can see that, see the delay time and see the information. If we go back up here, if you notice where we were, Lock and Dam 22 on the Mississippi River was red earlier, now it is green because guess the tow has passed through. If I pull it up in LPMS I can pull it up in the display, you will see that tow has passed through. This is live information as we are sitting here speaking.

CHAIRMAN HETTEL: What makes the system change to red, Mark, is it the length of the delay?

DR. SUDOL: Yes sir, if the delay time goes over a certain time limit the display will change color. Currently if the delay time is greater than an hour, the display switches to red.

CHAIRMAN HETTEL: Very good. I see. Thank you.

DR. SUDOL: Again, this will switch live. If that towboat is going down river to Lock 24 and then to Lock 25, when it gets to the lock it will turn red. This is actually live as we are sitting here today. This is one part on the system.

Another part of the system, this part of the system, will be the public version of the system. This is a little different. It has the current operations in here so we can see what is happening, the recent outages, which locks are out of service. For example, yesterday, December 12th, we had an outage at Bayou Sorell, Lock 1. We can pull up these, the different locks.

We have operations at whichever lock you want to see and the system has all the information that we had in some of the other data systems. We can put in there the satellite. Again, the display is not great here but in a normal display that you would see on your computer it would be a lot cleaner and easier to see than up here.

Let me just go through a couple of the operations. This is the current delays during the last two hours. If we go here – and this goes back to what General Jackson wanted to see – a lock being open or available versus closed or unavailable, and planned versus unplanned

outages during the next three months. There you see the locks in red, the ones that are closed, unplanned outages that are closed.

I can also add electronic inland navigation charts, locks and dams, and I will try to move this over a little bit so we can see it and it gives me more information. I can go to ports. We are updating this some more but this is the ports information and I have port information up here on the side. Information on hydropower is up there also. This is the information on notices to mariners. I can pull up the any notices. This would be available to the public.

Mr. Chairman, if you go here you will see you can see where the stoppages are and pull up the Notice to Mariners and display that.

Here are the current vessel positions, this is actually a little bit cool because we get down to what is on the AIS [Automated Information System] signal of the vessel. It takes a little bit of time for it to come up because there are a lot of vessels. I can also bring up the inland navigation electronic charts. I can bring up the inland navigation charts and zoom in. You can see the locations of the various vessels, how many are in transit and how many vessels are tied up. Getting back to what you were saying, how many vessels are delayed, how many are tied up, that type of information.

Lastly we also have budget data integrated into the system. We are building this capability currently. This is a first cut. This is all the budget data for the Operation and Maintenance account included in the 2015 work plan. I can also access the data in the Construction account work plan. I can overlay both of these.

Returning to some of the discussions we have had previously, we can now bring up the entire budget, so that Chairman Hettel, you had a question regarding taking money from somewhere else, we can move it around, and you can see where the money is coming from. This is the construction budget across the entire country.

This is for 2016. We will have it for the President's FY 2017 budget. When we get the final work plan we can have that up here also. This is all public information. You can pull up, instead of the Construction account you can pull up the Operation and Maintenance account budget so you can see what the Operation and Maintenance budget is and then the actual amount and where it comes from. We are building out this capability. This is just a first cut. One of the comments we had which we were trying to fix was the color blue does not really show up very well, it kind of gets lost in a bigger display but we are going to change the color to something a little clearer.

CHAIRMAN HETTEL: Dr. Sudol, back to the location of the vessels and the tracking of the AIS information on the vessels on the waterways and in the ports -- and this pertains to Vice Chairman Matt Woodruff's concerns on the availability of information on the commodities carried by the vessels -- the information that you are displaying on this system does not release any information on the commodities being transported by the vessels, does it?

DR. SUDOL: No sir, it does not.

CHAIRMAN HETTEL: Whatsoever.

DR. SUDOL: No sir.

CHAIRMAN HETTEL: Just the vessel name?

DR. SUDOL: That is correct.

CHAIRMAN HETTEL: Okay.

DR. SUDOL: That information will not be on the public site. The AIS signal information won't be on the public site. The U.S. Coast Guard wanted us to keep that information separate and apart from the information displayed on the public website.

CHAIRMAN HETTEL: Very good.

DR. SUDOL: That information will not be released to the public, correct.

CHAIRMAN HETTEL: Thank you.

DR. SUDOL: Again, this is all live. We can show all this information. We will working with not only members of the Users Board but we are going to try to test this system out with the folks in the Great Lakes and Ohio River Division, to have them use this as one of their systems, to see what they want to show their Division and District Commanders, and working with Mr. Jeff McKee from Headquarters and with the members of the Users Board, to see how do you want the LPMS data to be displayed and shown to support your work.

A couple of other items that I just wanted to mention. The data being displayed here is information that is coming out of a viewer and the viewer is not hard to do. What we are really doing -- and this goes back to why we are asking to talk to some of your information technology folks -- if I go here all of this data is now being organized and developed so that any user in the Corps or anybody else who wants to get in here, this is all the data that we are putting in here and programming. If you build a viewer you can do it very easily.

Getting back to the API [Application Programming Interface] information -- for those of you who do not know what API is, I didn't know it either so I looked it up. It is a set of subroutine definitions, protocols, and tools for building software applications, getting data in and out of systems essentially. The cool thing is all this is being developed so that anybody who pulls the data, we can provide it to whomever. This is all geeky stuff that my folks that are behind the scenes showed me but I wanted to show you that all this information is being developed so that we can build viewers or support anybody.

Lastly, we are building a viewer for General Jackson, and this is a little bit geeky right now but this is the entire Corps budget. You can break it out by category. Again, this is not showing up very well but you can break it out by District office, you can break it out by

Congressional district, you can break it out by state, you can break it out by watershed. Hopefully by March or April of next year, General Jackson can have an iPad type of device, and this information will be loaded on to his device and he can go to each member of Congress, each Senator and each Representative, and General Jackson will be able to pull up what projects are in that particular members of Congress' congressional district, project information, and General Jackson will have that information at his fingertips to go with any project.

We are trying to move into the 21st century. We are trying to build this out so that if someone needs project related information we can get it to you quickly and easily. This goes for the other federal agencies and our private sector partners.

That completes my demonstration. If anyone has any questions I will be more than happy to talk to anyone or to their information technology folks to ensure that we provide the data in the format that you need it in.

CHAIRMAN HETTEL: Just a comment. Dr. Sudol I want to express my appreciation to you and your team for the inclusion of the inland waterways users in the development of this system, Mark. I think you are moving in the right direction. Things never happen as fast as we would like them to but I know, I would rather have them happen correctly than fast. Get the data correct and it is better than having it tomorrow. I would rather have this in a month and have the correct data.

DR. SUDOL: Yes, sir. That is what we are trying to do.

CHAIRMAN HETTEL: Thank you for moving forward on this initiative.

MR. POINTON: Are there any other questions for Dr. Sudol? Hearing none, we will move to the next presentation of the agenda. Thanks again, Mark, very good presentation.

DR. SUDOL: Thank you sir.

MR. POINTON: All right. We are going to switch over to get the other laptop connected to the projector. Next on the program is Ms. Susan Hughes. Ms. Hughes is the Deputy Chief of the Planning Community of Practice at USACE Headquarters. Ms. Hughes' presentation is entitled "Key Timelines and Decisions in the USACE Planning Process." At our last Users Board meeting in Tinley Park, Illinois in early October the Board asked about opportunities or key decision points during the Corps' planning process where stakeholders can get involved in the study process. Ms. Hughes is going to go through the Corps planning process and highlight opportunities where stakeholders can get involved in the planning process before the Corps makes decisions during the planning process. Susan, the microphone is yours.

MS. SUSAN B. HUGHES: Thank you Mark. General Jackson, Chairman Hettel, Board members, Mr. Lamont, other Federal agency representatives, and guests. I greatly appreciate being here and I look forward to the opportunity.

Next slide, please. I want to quickly tell you what I'm going to talk to you about today. First, what is “SMART” planning -- which I believe you are probably familiar with that term -- Specific, Measurable, Accurate, Risk-informed and Timely planning. Second, I will talk a little about our Feasibility Study Planning Process. Third, I will talk a little about key decisions and opportunities for the inland waterway users or the industry's engagement in the study process, and what I really want to focus on is that integration of where our planning process and your involvement would come into play.

Next slide, please. “The Feasibility Study Process and Key Decision Points”. This is the big picture, a general overview of our feasibility study process. First of all, why do we do planning? Why do we do a feasibility study? We plan to solve problems and to recommend solutions for Congressional authorization. That is why we go through this three year arduous process, is to seek Congressional authorization for a project for construction. This process shows you our SMART feasibility study process that is three years, with four phases, four distinct phases, Phase 1- Scoping; Phase 2 – Alternative Evaluation and Analysis; Phase 3 - Feasibility-level Analysis – that is more of the more detailed engineering-level design and benefit analysis; and Phase 4 – Preparation of a Chief's Report.

Those are the four phases of the Feasibility Study Planning process and you see at the bottom of the slide in the numbered circles are the key milestones or decision points in our process.

The first milestone is our “Alternatives Milestone”. That is where we agree as a vertical team on the array of alternatives to be analyzed. When I say our vertical team I am referring to our project delivery team or “PDT”, which is comprised of members from our District office, our Division office who provides quality assurance and our Headquarters staff all coming together to agree on the array of alternatives to be analyzed. But before you decide on the array of alternatives to be analyzed we have to correctly identify the problem we are trying to address. We have to agree that we have identified correctly the problems, needs and opportunities. That is very important and a key milestone before we get started too far down the path and before we get too far in the process of evaluating and analyzing the various alternatives, which is shown as the second step in the Feasibility Study Process.

The second milestone is the Tentatively Selected Plan or “TSP” milestone, shown as the number 2 in the circle on the slide. The Tentatively Selected Plan milestone is where we have screened through various alternatives and we come up with a tentatively recommended plan or our tentatively selected plan. Once we agree internally that the Tentatively Selected Plan is our plan, we would initiate a public review period concurrent with a technical and a policy review. That initiates a review period.

The next milestone, shown on the slide as the number 3 in the circle is the “Agency Decision Milestone.” That is the point in the planning process where we have the agency endorsement of the Tentatively Selected Plan. What we are doing is we are saying we developed a Tentatively Selected Plan, we have gone out and we have done a public review, we have done a policy review and we have done a technical review. At that milestone meeting we are affirming that the Tentatively Selected Plan is the correct plan and we move forward and

that we agree on the level of scope of and complexity for doing a more detailed analysis on that recommended plan.

CHAIRMAN HETTEL: Susan. I have a question for you. From the TSP Milestone to the Agency Decision Milestone, how much opportunity does the public have in providing input into that decision-making process?

MS. HUGHES: Mr. Chairman, that is significant. I will address opportunities for stakeholder involvement in the next couple of slides but I will say that it is significant.

CHAIRMAN HETTEL: Thank you.

MS. HUGHES: The next milestone in the planning process is the Civil Works Review Board, identified by the number 4 in the circle on the slide. The Civil Works Review Board is where General Jackson or the Commander in charge at the time would convene a board and we look at the tentatively selected plan and the final report and we agree that it is ready to go further through a state and agency formal review period. That is what we are doing. When the final report is good we are ready to complete the process and go through a formal state and agency review of the report.

The last milestone, shown on the slide as the number 5 in the circle on the far right of slide, is the Chief's Report. That is where the Chief of Engineers is signing a report saying here are our recommendations and we are now ready to pass that recommendation on to the Office of the Assistant Secretary of the Army, through the Office of Management and Budget and then ultimately on to the Congress. That is the planning process in a nutshell.

Next slide, please. "Stakeholder Involvement." As shown on the slide, stakeholders are defined as any member of the public that might be able to affect, are affected by, or are interested in the results of the USACE planning process. The definition of stakeholder involvement comes out of our Corps of Engineers guidance. What we are trying to describe is you, anyone that is not the Corps of Engineers or our cost-sharing partners. Any public entity that is interested in any way, shape or form in our feasibility study we would consider to be a stakeholder.

And below the definition of stakeholder at the top the slide I borrowed these definitions or descriptions of various levels of stakeholder involvement from the International Association for Public Participation [<http://www.iap2.org/>], to show you the spectrum or the different levels of public involvement and participation in our study process, including "Informing", "Consulting", "Involving", "Collaborating" and "Empowering." I won't read each of the descriptions for each one of these activities but you can see them on the slide.

Typically in a Corps of Engineers feasibility study stakeholder involvement is characterized most often by the activities on the left hand side of the slide, to inform, to consult and to be involved in the planning process. Ultimately when you get to decisions we are maybe outside of the Corps of Engineers implementation we might be more focused on collaboration

and empowerment. If another entity was implementing a project, for instance, we would be really empowering that entity.

The Corps of Engineers leans more towards the first three activities, but the point of this slide, the key point, what I want to show you going forward is that stakeholder involvement is absolutely essential in what we do. We cannot do planning without your input and your involvement because it informs us and helps us make better decisions. If we are looking up old data that we can find without getting the relevant user input, we are not doing planning correctly. Stakeholder involvement is at the heart of the planning process and it needs to be happening throughout the planning process.

Next slide please. I am going to break down the planning process by phase. The first phase of the planning process is the “Scoping” phase. We conduct the Scoping phase of a study typically in the first 90 to 120 days of the process. The key of the Scoping phase of the study process, and the Scoping phase is a fundamental part of the planning process, is to define your problems. You can see the goal of the Scoping phase on the slide and I won’t read it, but the key takeaway is we have got to get problem defined correctly and to get the planning right and develop preliminary alternatives and screening criteria.

Next slide. “Examples of Stakeholder Involvement during Scoping Phase.” You can see on the slide examples of opportunities for input from stakeholders and opportunities for feedback from the Corps. I will show you when you break down the spectrum of stakeholder involvement activities, you can see that there are a significant number of opportunities for both input and feedback from the public or from the stakeholders as we scope our study. This is very important where stakeholders can help us get the process right, get the problem identified, get the objectives and constraints of the study and help us establish what our decision criteria is.

MAJOR GENERAL JACKSON: Susan. Suppose I am a stakeholder and I am interested in this process. How am I going to know this is going on and how am I going to know who I need contact to make use of it?

MS. HUGHES: Thank you sir. The Project Delivery Team in a district office conducting the study should be initiating a scoping meeting or sending out a public notice announcing that the Corps is conducting a study, we are required to do that. We should be doing that. There should ample opportunities to notify the public that we are engaged in this study and asking for the public’s input. Often times there is a formal public scoping meeting that might be held.

If we are doing our job correctly, we are seeking input from who we feel are the key stakeholders and interested parties that might be impacted by a study. If we are doing our job correctly, we are seeking input from stakeholders at these key points because they are helping us. The stakeholders are often times the experts in a particular industry and they are helping us inform what our study objectives and constraints should be, what are our decision criteria should be, how we should screen alternatives, what are the community's concerns and values. That is a very important part. Often times stakeholders might having ideas on what the solution might be so we want to hear those early on in the planning process.

Next slide please. This slide shows the next phase in our planning process which is the “Alternative Evaluation and Analysis” phase, and this phase lasts approximately a year in duration. During this phase is where we are narrowing down the array of alternatives to a Tentatively Selected Plan. What is important to note during the Alternative Evaluation and Analysis phase is we are doing the formulation and the combination of different alternatives and we are comparing them. This is a key part in the study process and it culminates in the identification of the Tentatively Selected Plan.

Next slide. “Examples of Stakeholder Involvement during Alternative Evaluation and Analysis Phase.” This slide shows where there are opportunities for stakeholder engagement during this phase of the planning process. You will see that the number of opportunities is starting to get limited, more limited than in the scoping phase. We feel during this phase the stakeholders help inform very important evaluations, comparisons and selection of alternatives. Stakeholders are helping to inform what the recommended solution will be.

MAJOR GENERAL JACKSON: Is there another notice that lets people know that this opportunity exists?

MS. HUGHES: Yes sir there is.

MAJOR GENERAL JACKSON: The key thing I want to make sure that the folks here understand and appreciate is how they find out about participating in this planning process. I think that is critically important.

MS. HUGHES: Yes sir. Next slide. After we have identified our Tentatively Selected Plan, we release the draft report out for public review and we will notify the public as to the availability of that report. Stakeholders will have a formal opportunity to comment on that draft report. That is what happens after we have completed the plan formulation and evaluation of alternatives. Stakeholders have an opportunity to react to the Tentatively Selected Plan. Before that, stakeholders are still responding to the first notice that we sent out saying we initiated a study.

Stakeholder engagement is really a two-way street. We, the Corps, have to inform stakeholders and stakeholders need to stay engaged. I think that is the key to successful stakeholder engagement, we tell stakeholders and stakeholders tell us they are interested. If stakeholders tell us they are interested we are going to keep them engaged. That is how we can have more effective planning with more stakeholder involvement during that phase of the planning process. To reiterate, stakeholders do have a formal opportunity when the report is completed to look at that.

CHAIRMAN HETTEL: Susan, when the public comment period comes out after you reached your Tentatively Selected Plan, is there a timeframe in which stakeholders can submit comments to the Corps? Does it run 30, 60, 90 days or is it different for each study?

MS. HUGHES: Typically the comment period is open for 30 days.

CHAIRMAN HETTEL: Thirty days?

MS. HUGHES: However, we can extend the comment period.

CHAIRMAN HETTEL: Very good, thank you.

MS. HUGHES: Typically the comment period is open for 30 to 45 days.

CHAIRMAN HETTEL: Do the public comments -- I guess what you are telling me is that the public comment period could change your Tentatively Selected Plan, after you review the public comments?

MS. HUGHES: It could. Yes.

CHAIRMAN HETTEL: Possible or --

MS. HUGHES: I think it can. That is why we have the two-step process. We come up with what we believe is the Tentatively Selected Plan using our evaluation criteria. We have the public comment period and the technical and policy review. That is done concurrently and then after that concurrent review we revisit the Tentatively Selected Plan. What typically happens is in addition to the Tentatively Selected Plan, the plan that the Corps would recommend, we might also identify what is referred to as a "Locally Preferred Plan" for that is an alternative plan of improvement that the local project sponsor, a cost-sharing partner would want to build that is more favorable to them. So we might have two plans, a "Locally Preferred Plan" as well as a Tentatively Selected Plan moving forward.

CHAIRMAN HETTEL: The reason why I bring this subject up, Susan, is at our previous Users Board meeting in October in Tinley Park, Illinois we were briefed on seven different Tentatively Selected Plans for the installation of aquatic nuisance controls at the Brandon Road Lock and Dam [located on the Des Plaines river two miles southwest of Joliet, IL, near Rockdale, IL]. I understand that the Tentatively Selected Plan is due out sometime around the end of February 2017. Just to forewarn you, a 30-day public comment period may need to be extended for that study. To allow enough time for all the people who may be affected by this study to have time to provide input and submit their comments on the plans.

MS. HUGHES: Okay. So warned. Thank you.

CHAIRMAN HETTEL: All right.

MS. HUGHES: Next slide, please. The next phase in our planning process is the Feasibility-Level Analysis. During this phase we are doing additional technical work, more detailed-level design on the one or two plans that we identified as the recommended plan, the Tentatively Selected Plan and the Locally Preferred Plan. We do more detailed engineering and design work, environmental analyses, and benefit and cost evaluation in order to complete our

NEPA [National Environmental Policy Act] process responsibilities and to complete the feasibility level analysis.

Next slide please. “Examples of Stakeholder Involvement during Feasibility Level Analysis Phase.” This slide shows some opportunities where stakeholders might engage in that process. Most of the plan formulation and decision-making about what the recommended plan will contain has already been done at this point in the planning process. During this phase of the process we are just dotting the "I's" and crossing the "T's" to make sure we get the costs identified correctly for our plan. There are fewer opportunities really for input or feedback unless there is input on weights for decision criteria or tradeoffs, how we evaluate the final plan and then of course we already talked about identifying a locally preferred plan.

Next slide please. The next step in the planning process is the Chief's Report. This is really where we are doing the paperwork. We are taking all of the analysis that has been done to date, we have completed the formal state and agency review, we have held our Civil Works Review Board and we are working with Mr. Lamont's office [the Office of the Assistant Secretary of the Army for Civil Works] to develop the Chief's Report and process that report through our system.

Next slide, please. What I want to emphasize here is that the process does not end with the Chief's Report. As you have been talking about the status of construction underway at the various inland waterways projects this morning, when we have completed a Chief's Report, we can initiate the Pre-construction Engineering and Design phase of the project, which is basically the development of detailed Plans and Specifications. We can seek Congressional project authorization. We would need to get Congressional appropriations for project construction and we need to begin construction of the project and ultimately we need to Operate, Maintain, Repair, Replace and Rehabilitate the project on an as needed basis, also known as “OMRR&R” as you see on the slide.

Next slide. In closing, I think the opportunity for a stakeholders’ engagement does not end with the publication of a feasibility study or with a Chief's Report; rather, that process helps shape the recommendation itself and moving forward a stakeholders’ engagement helps us build the project, and without that engagement we are not as effective or successful in accomplishing our mission.

My time is up but I have one more slide. Before I go, what I was hoping to be able to convey to you is that planning is a deliberate process. We do it for a reason, to solve a problem and make a recommendation to Congress. Stakeholders, including the Inland Waterways Users Board, are an integral, important part of that process. Without their input we are not as successful, and that you, the Inland Waterways Users Board, are key stakeholders to us in our inland navigation program.

Subject to your questions, that concludes my presentation.

I will note that my name is misspelled on this slide. There is an “H” missing from my name. There should be an "H" after the "G."

Thank you.

MR. POINTON: Are there any other questions or comments for Susan? If need be we can reach out to her and call on her expertise. Next on the program is Mr. Michael Braden. Mr. Braden is the chief of the Olmsted Division in the Louisville District. Mr. Braden will be giving the Board an update on the status of the construction activity at the Olmsted Locks and Dam project on the Ohio River. Mr. Braden will be presenting on the Olmsted project in place of Mr. David Dale who was unable to join us this morning. Mr. Braden has presented on the status of the Olmsted project before this Board previously and we look forward to receiving his update today. Before Mr. Braden begins his remarks I want to let everyone know that Ms. Jeanine Hoey will be presenting an update on the Lower Monongahela River Locks and Dams 2, 3, and 4 project, as well as the Kentucky Lock and Chickamauga Lock projects, in place of Mr. Dale.

Mike, the podium is yours.

MR. MICHAEL E. BRADEN: Thank you very much. General Jackson, Chairman Hettel, other Board members, Mr. Lamont, Federal agency representatives, and other attendees to today's meeting.

Next slide please. "Agenda". This will be the agenda of my presentation this morning. This will be the order of the presentation of the project status updates.

Next slide. Olmsted – Bottom Line up Front". The bottom line at Olmsted today is the same bottom line we have had for a while now. Progress on the Olmsted project continues to trend very well. We are tracking a project operational date of 2018. That is four years ahead of our performance metric established in the PACR [Post-Authorization Change Report] and the project re-authorization in 2013, and a project completion date of 2022.

We are currently working on some courses of action to accelerate the project completion date.

Current cost, we are under budget. Our Total Estimated Price or "TEP" is more than \$300 million under budget. That is also referred to in cost estimation and project completion terminology as "earned value." That is estimated every month and is based on actual cost estimates to complete the project. Our Total Project Cost Summary or "TPCS" is \$41 million under budget, and that is a number that is updated every two years with our certified cost estimate from the Cost Engineering Mandatory Center of Expertise at the Walla Walla District office. The TPCS includes a contingency reserve. That is why the Total Project Cost Summary is considerably less than the \$300 million that we have as the Total Estimated Price we have currently estimated at project completion.

The keys to our success on the project are simple. We started back, largely as a result of the actions of this Board, back in 2013, and concurrent with our authorized project cost increase, we received efficient funding to date, in line with our capability annual funding

request. We have also planned our work schedule around advantageous river conditions. Rather than being relegated to a low water season to do this “in the wet” dam construction technique, we work whenever the river allows us and generates a return on investment.

Next slide. “Olmsted Project Overview Status.” This slide shows an overview of the project. I will briefly describe the construction contracts which are highlighted in yellow, starting in the center working clockwise.

In the box in the center of the slide titled “Tainter Gates” you can see our tainter gates feature work associated with the dam construction. We have four of the five tainter gates, numbers one through four now complete and erected in place [tainter gate number 3 was installed on August 22nd and tainter gate number 4 was installed on October 19th]. We will receive tainter gate number 5 in June of 2017, and then erect that gate within that low water season [which is continually defined as 15 June to 30 November of a given year].

We also completed installation of our service bridges, Service Bridges numbers 3 and 4. Based upon our progress during this construction season, installation of service bridges 3 and 4 were identified as a late-season stretch goal. They were complete and were successfully installed about ten days ago [service bridge number 3 was installed on December 1st and service bridge number 4 was installed on December 2nd].

Moving to the box at the top of the slide, titled “Navigable Pass” all of the master sheet pile has been completed, all the foundation pile has been completed, and all the paving blocks have been set and completed. Navigable Pass shells numbers 7 through 10 – out of 12 navigable pass shells in total -- are now set and complete, with Navigable Pass shell number 10 being our stretch goal for the season being set on November 10th. Navigable Pass shell number 11 is being prepared and pre-cast operations are underway in our pre-cast yard and is currently scheduled to be set in 2017.

Moving down to the left side of the slide you can see the box titled “Left Boat Abutment.” This was a new feature of work for us in 2016. All of the foundation piles have been completed within that structure. The cofferdam has been completed. The tremie mat which seals the cofferdam have been completed and all of the bracing inside the cofferdam has been completed, and is ready for this high water season.

Next construction season we will come back in 2017, and it will take us about 30 days to un-water it and clean it up, about three months to do the permanent construction within it and then about one month to cut up the cofferdam and facilitate the installation of our last navigable pass shell, Navigable Pass Shell number 12A.

Moving to the bottom left hand corner of the slide, I will point out that the Wicket Lifter barge, which is the key operational piece of equipment to operate this navigable pass dam, the contract for the construction of the Wicket Lifter barge was awarded in July [2016] and the contract for the construction of the crane, two cranes were awarded in September. The delivery of both of those features, they will be integrated at the barge manufacturer, and the Wicket Lifter will be delivered to the project site in December of 2017.

To the right of the box titled “Wicket Lifter” you can see the box titled “River Dikes.” We have a total of 14 river dikes to facilitate the sediment control and navigation through the project. We awarded a SATOC [Single Award Task Order] contract in August of this year [2016]. River Dike number 4, which is immediately upstream of the Left Boat Abutment will start to be installed in January of 2017 pending river elevations. We have had some low river elevations here late in the season. In order to reach the Kentucky bank and begin construction on that dike the contractor needs some better access so the river elevation has to be higher.

The last thing I will point out on this slide is on the right side of the slide about halfway up you will see an orange box titled “Operations Facilities.” We have two remaining Operations Buildings that need to be constructed. The design of both of those structures has now been completed. Those contracts will be advertised this week. We will have a site visit for the contractors December 21st and we will award that contract in second quarter of FY 2017.

Next slide please. “2016 Low Water Season Images.” Here are a few photographs taken of the various activities that were underway during the past construction season.

Photograph number 1 is a photo of tainter gates 1 through 4, looking upstream. In the center of the picture you can see tainter gate number 3. We have the bulkheads installed right there. After the gate goes in we drop the bulkheads into position, seal the installation and the concrete finishing of that bay.

Photograph number 2 shows Navigable Pass shell number 10 making its way down the skidway. The setting of Navigable Pass number shell 10 was our stretch goal during this past construction season, and I can say proudly that the team was able to achieve that goal on November 10th.

Photograph 3 in the lower left hand corner is a photograph celebrating our ten thousandth [10,000] that is a one followed by four zeros, dive at the Olmsted project. We have successfully accomplished 10,000 dives to the bottom of the Ohio River with no incidents. Again this is an achievement that the entire Olmsted project team can be most proud of. Quite the accomplishment. That is our second-shift dive team who were actually on that dive. We dive 24/7, 365 days a year at the project.

Photograph 4 shows Navigable Pass shell number 11 under construction in the pre-cast yard. You can see the rebar being installed on the shell. A comment I will make regarding the construction of Navigable Pass shell number 11, as well as all of the other shells that have been constructed at the project site, is that you will see a group of visitors to the Olmsted project site, as their tour of the project site comes to a conclusion, that this remarkable one-of-a-kind construction method is being brought to a close. We are trying to get as many folks to the project site to see it first hand and take that legacy information away with them to other projects.

In the lower right corner of the slide is Photograph 5, which is a photograph showing the completed Left Boat Abutment cofferdam with the bracing in place.

Next slide. This is our plan to complete the project. In the top middle of the slide you will see a box with all of our milestones for past construction season. All of the milestones were constructed on or ahead of schedule. There was one exception, Tainter Gate 4. We had a two-day slip on that milestone due to high water conditions, but Tainter Gate 4 was successfully set as soon as the river conditions permitted.

You will see the same things that I briefed on the previous slide with the tainter gate section of the dam on the left, along the diagonal in the middle of the slide is the navigable pass portion of the dam and then to the top right of the slide is the left boat abutment. You can see our plan for the remaining work on this project. In the light blue are elements that are scheduled for construction in 2017; in the dark blue are elements that are scheduled for construction in 2018.

Those are hard-scheduled, constrained activities so they are scheduled for a normal low water construction season which extends from June 15 through November 30 of each year. That is not the schedule we work; we schedule those activities and then we opportunistically go out whenever the water lets us and we generate that return on investment.

You will see there are about eight small elements left in the project, two navigable pass shells and the cast-in-place work with the left boat abutment. We fully expect that if we have a low water construction season and river conditions like we did in 2014, 2015 and 2016, to have all these features completed at the end of calendar year 2017. Next slide.

CHAIRMAN HETTEL: Mike. Please go back to your previous slide. Help me understand with the catamaran barge and the strand jack heavy lift system super gantry crane, will you use the catamaran barge for Navigable Pass Shell 12A and then you are done with it or --

MR. BRADEN: Absolutely. The last thing we set with the catamaran barge will be Navigable Pass Shell 12A. We need the catamaran barge for three remaining lifts, Navigable Pass Shell number 11, Navigable Pass Shell number 12A and then there is a small piece at the end of the navigable pass called Right Boat Abutment piece number 2, and we have looked at that and because of hydraulic conditions we have determined that it is best to set that larger piece with the catamaran barge. Everything else will be set with the Ringer crane.

CHAIRMAN HETTEL: And you cannot set Navigable Pass Shell 12A until the Left Boat Abutment is finished and the piling is removed.

MR. BRADEN: Yes, sir. That is absolutely correct.

CHAIRMAN HETTEL: Is there any opportunity to have Navigable Pass shell 12A set before the end of 2017?

MR. BRADEN: Absolutely.

CHAIRMAN HETTEL: Is that your stretch goal?

MR. BRADEN: Our current plan, based upon the production rates we have seen with scheduling these activities, is that we will complete all of these activities by the end of the calendar year 2017. Why that makes sense, besides advancing this project, is we really want to get this project in a state so that when we move into calendar year 2018, when we are still relying on using Lock number 52 during the low water season, that at the start of that low water season, if we had to, we would have Olmsted operational as a backup plan to commencing operations with Lock number 52 in 2018.

CHAIRMAN HETTEL: The placements you have scheduled for in 2018 you are hoping to complete by the end of 2017?

MR. BRADEN: Absolutely. What we will do, we are beginning our strategic planning for low water construction season 2017. What you see there on the slide in the dark blue, Training Wall numbers 6A and 6B, and Navigable Pass shell number 12A will all be stretch goals for 2017, which means we will have them built in the pre-cast yard and ready to go should river conditions allow us to set them.

CHAIRMAN HETTEL: Thank you, Mike.

MR. BRADEN: Next slide. This is the Olmsted project scorecard as of September/October 2016. In the upper left-hand quadrant are the expenditures through September. Are we spending the money being allocated to us? That is one measure of expenditures, which we are. The most important piece of information is on the line below that first line, that figure on the second line next to the word "Earned" which means the "Earned Value", the "Budgeted Cost for Work Performed." The Olmsted project has value of \$3.1 billion and we are earning that value in excess of the cost, once again, supporting that under-budget trajectory.

In the upper right-hand quadrant you see the project schedule, once again tracking our current operational and completion dates against the dates identified in the Post Authorization Change Report. That is a little bit different measurement than what I mentioned earlier because those PACR or baseline dates, they are not risk-informed so they are not the 2022 and 2024 dates I mentioned earlier. Those are simply baseline "without risk" dates.

In the lower left-hand corner quadrant is our budget. Through October you see the PACR budget in red and you see our current Total Estimated Price continues to trend downward, which is a very good thing. I think as of today we are \$308 million under budget.

In the lower right-hand quadrant is a close-up of our six-month monthly activity schedule showing the setting of Navigable Pass shell number 10, the pre-cast yard work for Navigable Pass shell number 11 and the setting of Service Bridge numbers 3 and 4.

Next slide. Subject to your questions that concludes my presentation on the status of the Olmsted Locks and Dam project.

CHAIRMAN HETTEL: Thank you Mike. I have a question concerning your capability funding numbers for the Olmsted Locks and Dam project, the most recent figures we have are as of September 2016, which Mr. Dale sent us. Those figures show in FY 2018, \$175 million; in FY 2019, \$125 million; in FY 2020, \$100 million; in FY 2021, \$75 million; and in FY 2022, \$25 million.

If you are able to bring the Olmsted project \$300 million under budget, do those capability funding numbers disappear?

MR. BRADEN: Yes, sir, they do.

CHAIRMAN HETTEL: Okay.

MR. BRADEN: What happens with those numbers is, what we roll up to now is our last certified cost estimate, which is \$3.06 billion. Given that \$300 million expected credit, what will happen is \$300 million will disappear off those back-end years. What we are projecting right now is that FY 19 will be the first time that you will see orders of magnitude to that programming being able to be taken away from the Olmsted project and applied to other projects because it will follow our next certified cost estimate in 2018. When our next certified estimate comes out in 2018, the cost and schedule experts will certify that that contingency no longer exists and that programmatically it can be freed up for other projects.

CHAIRMAN HETTEL: If you stay on your current schedule would your FY 19 capability funding level drop down to \$25 million?

MR. BRADEN: Sir, I won't quote those specific numbers --

CHAIRMAN HETTEL: Yes.

MR. BRADEN: -- but it drops off dramatically; yes, sir.

CHAIRMAN HETTEL: I wish we could move that project forward to get the \$25 million needed at the Lower Monongahela project. Great job Mike. I appreciate yours and the entire team's efforts in moving the project forward. It is critically important. Keep moving this project to completion. As soon as the dam is operational at Olmsted the less dependent we are on Locks and Dams 52 and 53, as you well know.

MR. BRADEN: Yes sir, we have the formula correct. The money is following the construction rather than the construction following the money. We have two ad hoc documents. Did you want to talk about those today. I think we have a slide on equipment disposition.

CHAIRMAN HETTEL: Have you got a slide you can put up on the screen?

MR. BRADEN: I don't know if we have the earned value slide.

MR. POINTON: No, you have flow chart for disposal of government equipment.

MR. BRADEN: Very good. This is per the request of the Board from the last Board meeting and it pertains to the process for disposing of excess property and equipment.

I will save your valuable time and not brief this entire slide. The key piece of information I want you to take away from this slide is on the left-hand side about midway down the slide, you will see highlighted the box titled "GSAXcess Program." The current hurdle at the Olmsted project is the Government has a "One size fits all" policy. When an agency is done with furniture or computer monitors it turns them over to the GSA [the General Services Administration] and the GSA has a well-established process for disposing of that excess furniture or computer monitors.

However, when an agency has hundreds of millions of dollars in specialized construction equipment, that program does not fit us very well and returns very little value to the Government.

Right now one of our challenges at the Olmsted project is we have over \$100 million in equipment inventory and we are working with our staff at Headquarters to figure out what types of rules of engagement apply and are out there for us to sell that equipment and return it to the project to offset future programming. Right now what we are hearing is that a "One size fits all" policy applies regardless of what type of property you are trying to dispose of.

Ultimately the risk is we have put the property out there and really at the federal, state, local level, or a charity can walk away with very specialized construction equipment which may or may not have value to them.

CHAIRMAN HETTEL: Have you disposed of any excess equipment so far?

MR. BRADEN: We have. We actually worked through the GSA process, having managed it very intently, and we returned about \$400,000 sitting at the Louisville district to be applied to that contract. We have another piece of equipment that is working its way through the process that will generate approximately \$315,000. We are still working our way through this process and we haven't actually finalized the sale because some of this we didn't go through the full process. We have about another \$6-\$7 million of equipment the contractor has notified us he no longer needs that we are waiting on a process that returns value to the federal government.

CHAIRMAN HETTEL: The closer you get to completion of the Olmsted project the more equipment you are going to have to dispose of, is that correct?

MR. BRADEN: Absolutely, yes sir. That is part the issue, and we do not want to see \$100 million worth of equipment disappear with no value to show for it.

CHAIRMAN HETTEL: Agreed. I think you have been on the right track. If we direct those funds back to the project it will be less money that you would have to draw from the Trust Fund and the General Treasury to complete it, is that also correct?

MR. BRADEN: Absolutely, yes sir.

CHAIRMAN HETTEL: Okay.

MS. BRAND: MARAD has a Port Conveyance Program. Have you looked at the potential of seeing if that program can be applied in these circumstances? We have a program at the Maritime Administration called the Port Conveyance Program under which a federal agency can convey surplus property through our agency for future use in other maritime projects. Could we talk after the meeting?

MR. BRADEN: We have that authority now that we can transfer the equipment within the Corps but then we get misaligned with appropriations where we have Construction General funded equipment offsetting Operation and Maintenance expenditures. It gets a little convoluted pretty quickly and it does not help the Construction General account and the Inland Waterways Trust Fund, in that I still, once that equipment goes away, I need to go back for future programming. It does not offset future programming. Our intent is to try and get the money received when disposing of the property applied back to project.

MR. POINTON: Yes, the GSA process does include all federal agencies -- and correct me if I am wrong, Mike – it is basically internal to the Corps, internal to the agency and then it goes to other federal agencies. It would have be vetted through the Corps of Engineers that there was no requirement or need for that plant or equipment before it would go to another federal agency to have an opportunity to take that equipment.

MR. BRADEN: And eventually it would go to state agencies, then local agencies and ultimately to non-profit agencies.

MR. POINTON: Correct.

MAJOR GENERAL JACKSON: Yes, and Ms. Brand to follow up, "Chip" Jaenichen [Paul M. "Chip" Jaenichen, Administrator of the U.S. Maritime Administration] talked to me about this at the last Committee on the Marine Transportation System meeting. Administrator Jaenichen wanted me to come by and give him a lay-down of how we envision this happening in the future. He is very interested in equipment that we have at Olmsted and so there will be more discussions to be had on this subject in the future.

MR. BRADEN: Absolutely.

MS. BRAND: Thank you, sir.

MR. POINTON: Are there any other questions for Mr. Braden. Hearing none, thank you very much Mike, it was a very informative presentation. We greatly appreciate your time and effort. I will now turn to Ms. Jeanine Hoey, who will give an update on the status of construction at the Lower Monongahela River project, the Kentucky Lock project and the Chickamauga Lock project.

MAJOR GENERAL JACKSON: Thank you Mike.

MR. BRADEN: Thank you sir.

MR. POINTON: As I mentioned earlier in the meeting, Ms. Hoey is the Chief of Engineering and Construction in our Pittsburgh District office. Ms. Hoey will give us an update on the Lower Monongahela River, Locks and Dams 2, 3, and 4 project, as well as the Kentucky Lock and Chickamauga Lock projects. First up is the Lower Monongahela project.

CHAIRMAN HETTEL: Just a comment on the lighter side. Gary [Mr. Gary Magnuson], earlier in the meeting you indicated that NOAA was going to be assigning two people to replace you. I think the record should note that we have two people here standing in for Mr. Dale, don't we?

MS. HOEY: I was going to say that but I did not actually want to put that in the record.

MAJOR GENERAL JACKSON: Mr. Chairman that must have been a planted question or comment by Mr. Dale.

CHAIRMAN HETTEL: I know nothing.

MS. HOEY: Good afternoon Chairman Hettel, Major General Jackson, Board members, Mr. Lamont, other Federal agency representatives and guests. My name is Jeanine Hoey and I will be presenting on the status of the three inland waterways fuel taxed projects that Mark just mentioned: Lower Monongahela River Locks and Dams 2, 3, and 4; Kentucky Lock; and Chickamauga Lock. First up, Lower Monongahela River.

Next slide. "Lower Mon – Bottom Line Up Front." The bottom line up front for the Lower Monongahela River project is we are on schedule for a 2023 completion date, pending efficient funding. The current cost of the project, we are on budget at \$1.2 billion. I want to add that that \$1.2 billion Total Estimated Price does not include the landside chamber or the relocation of the Port Perry Railroad Bridge. That is the cost we are working towards and carrying although it is not the official project cost.

One note on our key factors is over the last several months we have been working with the project team to try to move the project to the left, to come up with different alternatives to bring the project in ahead of schedule.

The Lower Monongahela River project is a little hard to do that because, as we discussed already, the nature of the physical site and how linear the construction is there, but we have come up with a couple items that we could do and possibly save up to five months.

I say up to five months, that is the Corps' estimate of the time savings that we could achieve, that would be subject to negotiations with the contractor and how they feel and what kind of negotiations we could have with them to move that completion date forward.

There are about four items that we are going to pursue and we will be pursuing those to try to bring the project to the left. One of them is actually particularly key because it takes away a link between the M22-M27 [lock wall monoliths M22 to M27] contractor and the River Chamber Completion contractor.

If the M22-M27 contract falls behind, it has the potential of delaying the River Chamber Completion contractor significantly. One of those options is to remove that constraint there and I think we will be able to pursue that. That could prevent a project extension in the future because of the two contractors working in that same confined area.

Next slide. “Lower Mon – Project Overview.” This is the project overview. I will not go over this unless somebody needs to be educated on what the scope of the project is.

Next slide. “Lower Mon – Project Schedule.” There have been no changes to the project schedule. We are still holding to the dates you see on the slide.

Next slide. “Lower Mon – Charleroi Ongoing/Pending Construction Plan.” Again, no changes in the slide. This outlines the River Chamber Completion options. We plan on awarding River Chamber Completion Option 1, contingent upon the receipt of funds in May 2017, and awarding River Chamber Completion Option 2, contingent upon the receipt of funds in June 2017.

As has already been stated before, if we cannot award Option 1 by May of this year it will result in a day-for-day delay in the project. If we cannot award Option 2, the delay won't start impacting the project schedule unless we do not award the option by February of 2018. However, if we do not award Option 2 this year it will put Option 2 on the project critical path as opposed to having some float in the project schedule, and then almost everything within the River Chamber Completion contract is put on the critical path.

Next slide. “Charleroi Construction Images.” Here are a couple of photos of recent construction activity at the project site. The photo on the left side of the slide is the M22-M27 contract, where they are working on monolith M22 and the photo on the right side of the slide is the River Chamber Completion base contract showing the installation of the upper whaler in monolith M7.

Next slide. “Lower Monongahela River Project – Time and Cost Scorecard.” This is our time and cost scorecard. Similar to the Olmsted time and cost scorecard you can see our expenditures. We are on schedule for our costs and we are on schedule for the project schedule.

Our budget has remained the same. Our major activities include awarding Option 1 and Option 2 of the River Chamber Completion contract this year.

We have received approval of the Real Estate Plan. Our real estate interests that we have right now expire at the end of 2019, December 31, 2019. The current options that we have in the current contracts all finish before 2019, before, and Option 1 and Option 2 would finish before the end of 2019. Once we get into option 3 we have to have those real interests extended. That is where the concrete batch plan is in a couple of the lay-down areas. We are ahead of schedule to have that done. The real estate plan was approved and we are working on extending those real estate interests.

We are also doing some modelling for the stilling basin contract. That contract is not going to be awarded until 2018 but we have to get the design done so we can do Plans and Specifications for that contract.

And we are working on plans and specifications for the dredging contract. That is the dredging between Elizabeth [Lock and Dam 3] and Charleroi [Lock and Dam 4] which gives us the 9 foot channel that we will need once we lower the pool.

That concludes my presentation on the status of activities at the Lower Monongahela River project. Subject to your questions I will move on to the discussion of the Lower Monongahela River project benefit to cost ratio subject to deferring the relocation of the Port Perry Railroad Bridge and the construction of the landside lock chamber versus cancelling the relocation of the Port Perry Railroad Bridge and the construction of the landside lock chamber.

Next slide. At the Users Board Meeting number 79 held this past July 1st in Paducah, Kentucky we had a question about the Lower Monongahela River benefit to cost ratio, and if we remove the landside lock chamber from the project, would the benefit to cost ratio increase, significantly increase; and I explained at that point that we had delayed the landside lock chamber and eliminating it really does not do a whole lot to the benefit to cost ratio. There was some confusion as to why that would not really make the benefit to cost ratio skyrocket and maybe go above that 2.5-to-1 benefit to cost ratio threshold that we need to be included in the President's budget.

I asked Bill Frechione, our economist in the Pittsburgh District office, to put together a simple example of why that does not happen so that I could understand it. Bill has done that and this presentation goes through that process. The bottom line up front is the biggest issue on comparing the benefit to cost ratios is, the 7 percent annual rate of return is the most important thing that does not allow the benefit to cost ratio to go up higher, and also we assume zero inflation and that has secondary importance on the benefit to cost ratio when we are calculating the benefit to cost ratio, but it does have a small effect on that.

CHAIRMAN HETTEL: Jeanine, if you are assuming a 7 percent rate of return, how can you assume zero inflation cost, inflationary costs, where if you were to build the second lock chamber it would be 30 years from now?

MS. HOEY: That is the policy that we use. I am going to go through the assumptions that we make and why they are there.

CHAIRMAN HETTEL: Is that a Corps policy or an OMB policy?

MS. HOEY: It is a Corps policy of assuming zero inflation.

CHAIRMAN HETTEL: Okay.

MS. HOEY: Next slide. “Economics – Inflation and Rate of Return.” Inflation and the rate of return. Zero inflation means that if we were going to build something it tomorrow it would cost \$500 million and if we were going to build something 30 years from now it still cost \$500 million. We do not inflate the costs.

The annual rate of return of 7 percent means that you need \$92.1 million today to build something in 2045 that costs \$500 million.

Next slide. “Basis for Assumptions.” The basis for that assumption is the zero inflation is Corps policy dating back to the 1950's when the Corps was developing a consistent approach to evaluate the economics of proposed projects and the development of the benefit to cost ratios and that is what we have used ever since. The 7 percent interest rate is an OMB policy and it is intended to reflect the rate of return that they believe is the standard in private industry.

Next slide. “Effect on Economics.” If there is zero inflation it says that it is better to defer an investment if it is possible. The same applies with the 7 percent return on investment. With a 7 percent return on investment it is actually better to defer the investment if possible. At some point we will experience a failure which you want to avoid and you want to replace it before that happens.

Next slide. “Simple Example.” What Bill [Frechione] did was put together a simple example that reflects the Lower Monongahela River project but the numbers are a little easier to understand. They are not the actual Lower Monongahela River numbers. There are three scenarios, one where we replace everything immediately, two lock chambers at the same time, which was what was envisioned in the feasibility report.

The second scenario is we defer one of the lock chambers and construct one lock chamber now and one lock chamber 25 years from now, which is how we are calculating the benefit to cost ratio currently.

The third scenario is where the project as originally conceived had two lock chambers but we are only going to construct one lock chamber and we are going to eliminate the second lock chamber, which is what was thought that maybe the benefit to cost ratio would go significantly higher if we just eliminated that second lock chamber.

Next slide. “Baseline Scenario – build all in 2020.” This is the baseline scenario if everything is all built in 2020, the first cost and just to remind everyone, these numbers are

made up, they are not the actual Lower Monongahela River numbers, for easy math calculations, the river chamber plus all the other work that would have to be done, let us say the first cost is \$1.2 billion and the land chamber only, the first cost is \$500 million for a total cost of \$1.7 billion to be constructed.

The year that is constructed, they are both done in 2020, we always look at the mid-year of construction. The present value factor would be one because we are doing it now and the economic cost is \$1.7 billion and the average annual equivalent economic cost of this would be \$123.2 million. There is an economic factor that is multiplied and in this case it is .072. That is how you get to the \$87.0 million average annual equivalent cost for the river chamber plus all of the other work, and \$36.2 million average annual equivalent cost for the land chamber only. That is the baseline scenario.

Next slide. "Comparison of Three Scenarios." This compares the three scenarios. The results of the baseline scenario are what I showed on the previous slide. If you defer the construction of the land chamber to 2045, in the middle of the slide if you look at the "Land Chamber Only" line where it says "Land Chamber Only", the first cost is \$500 million and it is constructed in 2045 instead of 2020, the Present Value Factor is now 0.184 instead of 1, which makes the Economic Cost \$92.1 million, which is what I said before, you need \$92 million now to construct something valued at \$500 million in 25 years. The average annual equivalent cost is only \$6.7 million.

You can see the significant difference in cost between the \$36.2 million average annual equivalent cost in the baseline scenario where you construct the land chamber now versus the \$6.7 million average annual equivalent cost if you defer it for 25 years.

In the third scenario where you decide to cancel the land chamber, there is not a huge difference in cost between the land chamber where we just zero that out. You are only comparing the \$6.7 million in the average annual equivalent cost in the second scenario to an average annual equivalent cost of zero, rather than the \$36.2 million average annual equivalent cost in the baseline scenario to the \$6.7 million average annual equivalent cost in the second scenario. The deferment of the land chamber is where you get the biggest bang for your buck in the benefit to cost ratio.

Next slide. "Discussion of Results." In the Baseline scenario versus the Defer scenario, the present value of the land chamber drops from \$500 million to \$92.1 million and the annual equivalent cost drops from \$36.2 million to \$6.7 million, a \$29.5 million decrease, and in the Defer scenario versus the Cancel scenario, there is only a decrease of \$6.7 million. The big effect is from the deferral of the land chamber and not from cancellation of the land chamber.

Next slide. "Benefit to Cost Ratios for the Scenarios." If you look at these three scenarios, the Baseline scenario would have a BCR of 1.0. If you defer the land chamber, the BCR increases to 1.4, but if you cancel the land chamber the BCR only increases another 0.1, to a BCR of 1.5.

Next slide. “Sensitivity.” This slide discusses the sensitivity of the results to different factors. If we looked at a discount rate of 3.5 percent instead of 7 percent; if we looked at using fully-funded costs rather than the same first cost, \$500 million today is the same as \$500 million 25 years in the future; and then looking at just the remaining costs instead of the total cost.

Next slide. “BCR Sensitivity – Costs and Discount Rate.” This slide shows the results of that comparison. You saw on the previous slide the benefit to cost ratios of the baseline, deferral and cancellation scenarios. Those benefit to cost ratios were 1.0, 1.4 and 1.5 respectively. Those benefit to cost ratios are shown in the first column on this slide. If you look at it the benefit to cost ratios in the column titled “Fully Funded”, the benefit to cost ratios are 1.0, 1.2 and 1.3 respectively. If we took that \$500 million and fully funded it you see the effect on the benefit to cost ratio that it actually goes down. If we use the remaining cost versus the total cost, the benefit to cost ratio goes up to 1.2, 2.1 and 2.4 respectively, and if we use a 3.5 percent interest rate rather than 7 percent interest rate, the benefit to cost ratio goes up even more to 1.9, 2.7 and 2.6 respectively.

Next slide. “Sensitivity of BCR.” This slide discusses the results presented on the previous slide. The use of a discount interest rate of 7 percent reduces the benefit to cost ratio by about half from the use of a discount interest rate of 3.5 percent. Using the remaining cost rather than the total cost reduces the benefit to cost ratio by about a third and use of fully funded reduces the benefit to cost ratio by a small amount.

Next slide. “Preliminary BCRs for Lower Mon.” In summary, these are the actual Lower Monongahela River project numbers using the real numbers for Lower Mon. At a 2.875 percent interest rate -- you already saw this on a previous slide -- if we construct the river lock chamber now and the other features now and the landside lock chamber in the year 2045 the benefit to cost ratio is 2.8 to 1. That is what we are looking at now, at the 2.875 percent interest rate. At 7 percent interest rate, the benefit to cost ratio is 1.5 to 1. That was on Jeff McKee's original slide. If we cancel the construction of the land chamber only, the benefit to cost ratio, you can see there, is 3.2 to 1. If we cancel the relocation of the Port Perry Railroad Bridge, the benefit to cost ratio, you can see there, is 3.0 to 1. If we cancel both the land chamber and the relocation of the Port Perry Railroad Bridge, the benefit to cost ratio, you can see there, is 3.4 to 1.

In the two columns to the right of the slide are the Remaining Benefit to Remaining Cost ratios based on the remaining costs for all of those items.

Next slide. “Summary.” This last slide is a summary. The effect on the benefit to cost ratio is primarily due to the 7 percent discount rate with the zero percent inflation. Most of the advantages that we see on the benefit to cost ratio is due to deferring the landside chamber. Cancelling the landside chamber won't give us much more of an effect on the benefit to cost ratio.

Subject to your questions that concludes my remarks. Thank you for your attention. Please keep in mind that I am not an economist. I will take your questions back to Bill Frechione.

CHAIRMAN HETTEL: Jeanine, nor am I an economist, which has confused me with all these numbers. Please go back one slide for me. On slide 21, you show there is an increase in the benefit to cost ratio at 2.875 percent from 2.8 to 3.4 with cancellation of the relocation of the Port Perry Railroad Bridge and the additional land chamber, is that correct?

MS. HOEY: Yes sir.

CHAIRMAN HETTEL: An increase, of course, I don't want to go into the OMB side. So what do you -- and again, I know you are not the economist and I know you have to live by the 1950's zero inflation policy, which is, we know is unrealistic. I wonder what the benefit to cost ratio would be if you used an annualized inflation rate to produce that product 25 years later.

MS. HOEY: If we included inflation?

CHAIRMAN HETTEL: Yes.

MS. HOEY: It would be worse. The benefit to cost ratio would be lower. If you go back to slide number 19, the "BCR Sensitivity – costs and discount rate" slide. If you look at the fully-funded number, the first scenario where we construct both lock chambers, the benefit to cost ratio is 1.0 if we do the construction now. If we defer the construction of the landside chamber, the benefit to cost ratio is 1.2. Currently we are carrying a benefit to cost ration of 1.4 to 1 with deferring the landside chamber. The benefit to cost ratio would go down to 1.2 if we fully funded the landside chamber, if we inflated the land chamber work. Actually inflating it harms the benefit to cost ratio.

CHAIRMAN HETTEL: I guess that is why I am not an economist. Thank you.

MR. POINTON: Are there any other questions for Ms. Hoey on the Lower Monongahela River project or the benefit to cost ratio related to the Lower Monongahela project for Jeanine before she moves on to the updates on the Kentucky Lock and and the Chickamauga Lock projects.

MS. HOEY: Thank you, Mark. Next slide. The Kentucky Lock addition project. Bottom Line up front. The existing construction is on schedule. The District awarded the Downstream Cofferdam contract in September 2016 and they are developing a new risk-based Total Project Cost Estimate update. The cost estimate will increase and the current benefit to cost ratio is 1.7 at 7 percent. The benefit to cost ratio will likely decrease. They are just getting underway and I think they are going to be done in the December timeframe with that economic update.

Next slide. “Kentucky Lock Project Overview.” This slide shows the ongoing work. The items in the gray boxes is work that has been completed; the items in the yellow boxes is ongoing work and everything else are remaining items. The Downstream Cofferdam is what the District is focusing on right now. The Downstream Cofferdam contract was awarded as a base contract with six options. The District had sufficient funding to award the base contract with a value of \$42.4 million and the plan right now is to execute all six options in FY 2017, if they get the funding for that.

Next slide. This slide shows a couple of photographs of the construction at the project site. Photograph number 1 shows the Upstream miter gates diagonal tensioning. That photograph was taken in October 2016. Photograph number 2 shows the completed east bank tie-in embankment. That photograph was taken in September 2016. The third photograph is an aerial photograph of the project site taken in September 2016.

Next slide. “Kentucky Lock Project Schedule.” Mr. Aldridge, during his presentation on the status of the Kentucky Lock project, had already mentioned the additional work that the District identified as “Site, Demolition and Utilities.” That is work that the District is pulling forward that they think that they can award in 2017. That award will not affect the current cost of the project, the estimates that they need, their capabilities, and it does not affect the project schedule either but it is work they are pulling forward. The last three items of the project schedule relate to the risk-based Total Project Cost Estimate that they are working on.

Next slide. “Kentucky Lock Project – Time and Cost Scorecard.” This is the Kentucky Lock project time and cost scorecard. Since the District is working on their baseline and nothing has been locked in, they don't have anything to measure it against but their budgeting has been consistent. You can see their major activities schedule in the lower right hand quadrant of the slide. With efficient funding the project could be completed in 2023.

Next slide. “Kentucky Lock – Summary and Challenges.” You can see the project is ramping up design and construction to reflect the Work Plan funding. The District really does need the work plan funding to keep going. Vessel delays at Kentucky lock are, in calendar year 2016, their delays are greater than 13 hours to date. The new risk-based total project cost estimate is likely to increase and the District will need to submit a Post Authorization Change Report as the risk-based total project cost estimate will more than likely be above the Section 902 limit, so they will need to seek reauthorization.

Next slide. That concludes my presentation on the Kentucky Lock addition project. Are there any questions on the Kentucky Lock project which I will transmit back to the District?

CHAIRMAN HETTEL: Jeanine -- and you may or may not be able to answer this question. Concerning the economic update just getting underway, scheduled to be completed by the end of December, or the new risk-based Total Project Cost Estimate, is that using, does that use efficient funding numbers, capability funding numbers?

MS. HOEY: They will, what they will do as part of the risk will be efficient funding and there will probably be some contingency added assuming they won't get efficient funding. The Lower Monongahela River project is in the same situation. Some of our project contingency is in there because of inefficient funding. If there is any kind of assurance that efficient funding will, we would get efficient funding, they can reduce that risk and therefore reduce the cost but until we start really getting efficient funding, we cannot reduce the risk.

CHAIRMAN HETTEL: I understand that. Is it possible in the cost estimate to have both those scenarios, efficient funding versus risk without efficient funding?

MS. HOEY: I can check with them and see if they can do that both ways.

CHAIRMAN HETTEL: I think that would be valuable to show people that without efficient funding how much more it is going to cost. We talked about that to death earlier today. By developing those two sets of cost figures, I think it would be advantageous for the Board to understand the difference between efficient funding and what the risks would be and when they are built in to the cost and how it would escalate the cost and what that cost is. Thank you.

MS. HOEY: Okay, thank you.

MAJOR GENERAL JACKSON: Jeanine, to add on to the Chairman's comment on that, we have had similar discussions on other projects about efficient funding is our standard calculation variable that we use for projects like this. But there could be other scenarios that we look at, as opposed to 100 percent capability, it could be 25 percent, 50 percent, 75 percent or whatever.

I think we would want to have a conversation about there are more probably excursions than just two that we may want to take a look at just to help really truly illustrate, depending how much effort and cost that would require but would welcome a discussion with the Great Lakes and Ohio River Division on how to move forward on that so we can present that in the correct way. I think it would be really helpful to have that in the next several months or so if we move forward on that.

MS. HOEY: Okay. Next slide. "Chickamauga Lock Replacement – Agenda." Bottom Line Up Front and Construction Overview. Construction photos. Project Schedule. And lastly, Challenges.

Next slide. "Bottom Line Up Front." The District is working on an economic update that was approved on 11 October 2016. Mr. McKee had already communicated the new benefit to cost ratio at 7 percent as 0.8 to 1, the remaining benefits to remaining cost ratio is 1.8 to 1 and the new benefit to cost ratio at 3.125 percent is 2.4 to 1 and the remaining benefits to remaining cost ratio is 8.8 to 1.

The critical path construction resumed with the September award of the lock excavation contract and their FY 2017 efficient funding remains at \$37 million and the District is developing plans for a lock chamber contract with an FY 17 award date.

Next slide. A photograph of the project site indicating the various activities either accomplished, underway or planned for the future. The gray items are completed activities; yellow items are ongoing activities; and red items are future activities.

The lock excavation contract was awarded in September 2016. It has a base contract with eight options with a two-year duration. The District was currently able to exercise the base contract and Options two and four in FY 2016 and the District is looking to award the remaining options in FY 2017. The District also plans to award the lock chamber contract for the 110-foot by 600-foot lock in FY 2017, contingent upon the receipt of funding.

Next slide. Here are a few photographs of the construction site. The picture on the left shows the cofferdam that was completed in 2012. The picture on the right shows the cofferdam when it was dewatered in June of 2016. The cofferdam right now is watered again so you cannot see it, but the District awarded a cofferdam stabilization contract in September 2015 and it was dewatered during June of 2016 and the contract has been completed.

Next slide. “Chickamauga Lock Project Schedule.” There have been no changes to the project schedule from the last time.

Next slide. “Chickamauga Lock Project – Time and Cost Scorecard.” Similar to the Kentucky Lock project, there is no baseline to compare expenditures to. The District can complete the project in 2023 with the receipt of efficient funding.

That seems to be a common theme. The Lower Monongahela River project can be completed in 2023; the Chickamauga Lock project can be completed in 2023 and the Kentucky Lock project can be completed in 2023.

You can see the budget in the lower left hand quadrant and the schedule of major activities in the lower right hand quadrant.

Next slide. “Chickamauga Lock Summary and Challenges.” The project is ramping up construction activities and design to reflect Work Plan funding. They are looking for work plan funding. The project schedule has been adjusted to reflect efficient funding. When the District did their project update the Chickamauga project they were beginning to receive efficient funding therefore the risk of efficient funding was lower than it had been although there still is risk for inefficient funding in their update but it is not as great as it was. You can see the benefit to cost ratio information. The current total project cost estimate is above the Section 902 limit and a Post Authorization Change Report will be required for the Chickamauga project.

Subject to your questions, that concludes my update on the Chickamauga Lock project.

CHAIRMAN HETTEL: The economic re-evaluation of the Chickamauga Lock project, I take it that that did not include the "Without Project Condition" where the Corps has to put an estimated \$320 million into the existing lock chamber just to keep it operational?

MS. HOEY: I will have to check on that Mr. Chairman. I don't know.

CHAIRMAN HETTEL: Okay. That's it. Thank you Jeanine.

MS. HOEY: Thank you.

MR. POINTON: Thank you, Jeanine. We are now at a point in the program for the public comment period. I had two individuals indicate they would like to make a public comment. The first one is Ms. Helen Brohl. Ms. Brohl is the Director of the Committee on the Marine Transportation System. Helen, if you could please come up to the podium.

MS. HELEN BROHL: Thank you very much. Chairman Hettel and General Jackson, members of the Users Board, thank you so much for allowing me to take a few minutes to provide the Users Board and the other attendees at today's Users Board meeting with a quick update on the activities of the U.S. Committee on the Marine Transportation System or CMTS. Because of the great shout-outs today I thought, and because it has been a couple of years since I have been able to attend an Users Board meeting, I thought it would be useful to give you a quick update for those folks who are not familiar with CMTS what we do and some of our recent activities and planned future activities.

First, I am Helen Brohl. I am the Executive Director of the CMTS. I have been the Director for 11 years. In my office is Ms. Pat Mutschler. Many of you know Pat because she is with Army Corps of Engineers but also provides staff support to the CMTS and is our Deputy Director. Also with us today is Ms. Catherine Simons. Ms. Simons handles our infrastructure investment work at the CMTS.

The CMTS is a federal inter-departmental, interagency Marine Transportation System policy coordinating committee. We are not a new agency, we do not replace existing agencies, but where there are equities in issues for two or more agencies that perhaps want to work within the larger context of maritime federal agencies we are a forum in which they can do that. One of the outreach things that we do is communicate with federal advisory committees including the Inland Waterways Users Board.

You may not know it but there are 36 federal advisory committees in the government that deal with maritime transportation.

Being able to reach out directly to industry representatives through federal advisory committees is of great benefit to us. We are engaged in many interagency topics and issues. As I mentioned earlier, infrastructure investment, dealing with P3s [public private partnerships]. We prepared, and perhaps some of you have seen, a compendium we developed on maritime funding programs in the federal government that may apply to the Maritime Transportation System.

We have done a lot of analysis on the use of public private partnerships in the federal government -- you may not be surprised -- that the ability of federal agencies and the government to participate in public-private partnerships is different. Agency to agency the capabilities are different; agency to agency, they have different authorities under which they can do that.

We are trying to work through some of those challenges. We are also very much engaged in an interagency agency way on enhanced marine safety information -- you heard a little bit from Mark Sudol at the Institute for Water Resources -- but we are very much engaged in how we present maritime safety information to mariners more jointly.

We know you can get it in yours, mine and ours, capabilities of the different agencies that provide maritime services. We are working very hard to address how we communicate together to present that to the mariner. You may not be surprised that we, that the agencies present that information in different formats and in different ways because their authorities to do so have evolved over time.

One of the challenges we have is that inter-operability, that standardization of the way in which we communicate with each other before we can communicate it directly to you. We are also in a related issue working on harmonization of our waterways. The ability to use the S-100 [the International Hydrographic Organization (IHO), S-100, Universal Hydrographic Data Model] charting standard to move forward in international formats requires that we become more harmonized, that we harmonize our waterways.

The way in which a multitude of agencies may look at different points, GIS [geographic information system] points in the water, and the way they are referred to, again, how we harmonize that throughout a lot of authorized channels.

We are engaged in maritime energy and air emissions conversations, use of alternative fuels, biofuels.

Arctic Marine Transportation System, the Arctic is a hot topic right now, the way in which we are engaging, how we provide the infrastructure, the services in a changing Arctic environment.

We are also engaged in resilience of the Marine Transportation System and research and development. One of the products that should come out real soon is a report on the use of public-private partnerships in the Arctic. But I want to emphasize that it is not just how they are used in the Arctic, it is a great primer about the limitations of what a public private partnership is.

All of you in business understand public private partnerships but our experience is that the concept of public private partnerships is not relatively understood throughout both the federal government and in industry. It is not free money and it is just an alternative financing tool. Even though it is directed to the Arctic, it may be of value to you for general information.

I want to also refer you to our website at www.cmts.gov for a lot of different resources, a list of federal programs and the list of maritime agencies and MTS-related federal agencies that are engaged.

Lastly, I also wanted to mention that at our last CMTS Coordinating Board meeting we had over 25 federal agencies that participated. Major General Jackson represents the Army Corps of Engineers, Admiral Paul Thomas represents the U.S. Coast Guard and Admiral Thomas is currently the Chair of the Coordinating Board in addition to the Maritime Administration, NOAA, Federal Maritime Commission, and the list goes on.

At our last CMTS Coordinating Board meeting we talked about how we best educate and inform this new Administration as well as folks on the Hill. We have new members of Congress, as was mentioned before. We would like to resurrect go an idea that started over ten years ago, the idea of an Industry Fair Day, where we bring federal agencies together with industry, provide a venue for all those 25-year-old staffers to come down, see just how great the maritime transportation system is and the valuable role that the federal agencies bring to it. That is something we have started to talk about.

We welcome ideas and thoughts and we will be sure to get, especially work through, as appropriate, federal advisory committees to make sure that you folks that are smack-dab in the middle of it can participate and we welcome that.

Last but not least, as a proud commissioner of PIANC [the Permanent International Association of Navigation Congresses], I want to make note of the brochures that are outside for our “Smart Rivers” conference. I hope you pick up a brochure. The “Smart Rivers” conference is going to held in Pittsburgh this coming September. The U.S. delegation is hosting the conference and now is the time to get those abstracts in.

Thank you very much for the opportunity to provide this brief rundown of CMTS activities and if there is ever an opportunity that I can provide information in the future as appropriate it would be a pleasure. Thank you.

MR. POINTON: Thank you, Helen. The other commenter during this public comment period is Mr. John Doyle from the Jones Walker law firm.

MR. JOHN S. DOYLE, JR.: Thank you, Mark. Good morning, everybody. I am John Doyle with the Jones Walker law firm. We have the privilege of representing the Waterways Council and a number of other inland waterway interests throughout the country. I would like to comment and actually think with you about the challenge that we have with respect to the need to fund the three priority projects that Chairman Hettel and others discussed with you earlier that are at jeopardy, it would appear, under the Continuing Resolution that we currently have in place and to offer the possibility of a different approach that at least in my way of thinking ought to be successful in producing the funding for those projects during the term of this current Continuing Resolution and it was not discussed earlier.

The challenge I think as I understand it that came out of the discussion this morning is we have got to find a source of funding for the three projects that won't be funded under the current approach, that are the priority projects of the Inland Waterways Users Board and the industry. Those three projects are the Lower Monongahela River Locks and Dams 2, 3, and 4 project, the Kentucky Lock project and the Chickamauga Lock project.

The approach that has been taken in the past, as I understand it, to find that source of funding and the approach that was offered as the approach to deal with the situation this year is to try and find funds from some other project that has been funded and will receive funding under the Continuing Resolution.

The Continuing Resolution, of course, provides funding for the Corps of Engineers and other federal agencies for the period covered by the Continuing Resolution at the same funding level, essentially – there is a very slight decrease overall but at essentially the same funding level that was provided for Fiscal Year 2016. The Continuing Resolution that we have been discussing is the second Continuing Resolution that the federal government will be operating under for the early part of Fiscal Year 2017.

The first Continuing Resolution carried us through December 9th and this last Continuing Resolution that was passed last week will now carry us through April 28, 2017. With the two Continuing Resolutions we have got basically seven months of the 12 months of FY 2017 that have funding provided to the Corps of Engineers.

The other rules of the Continuing Resolution are no new projects can be started under the Continuing Resolution, Mr. McKee, as I understand it.

MR. MCKEE: That is correct sir.

MR. DOYLE: Secondly, in the terms of the Continuing Resolution there is a requirement that the policies and practices that are applicable to FY 2016 funding be continued for FY 2017. Am I correct about that Mr. McKee?

MR. MCKEE: (Shaking head up and down.)

MR. DOYLE: Okay. In FY 2016, what priority projects were funded -- before that, let's discuss how much funding went to Inland Waterway Trust Fund finance supported projects in FY 2016; I believe it was around \$403 million.

MR. MCKEE: It was approximately \$402 - \$403 million.

MR. DOYLE: That was how much Trust Fund financed project construction was funded in FY 2016. Which specific projects received funding? Olmsted Locks and Dam, Kentucky Lock, Lower Monongahela River Locks and Dams 2, 3, and 4, and Chickamauga Lock. It seems to me that that is a very important fact.

What was the FY 2016 funding level for the Corps of Engineers' Civil Works program? Just under \$6 billion; \$5.98 billion I believe is the number, but let's call it \$6 billion for rounding purposes. What does following OMB's rule of the lowest for FY 2017 of the House of Representatives bill, the Senate bill, or the Administration's budget proposal produce? It produces a Civil Works funding level of about \$4.6 billion.

We have an appropriations bill, two appropriations bills for seven months that have funded the Corps of Engineers at a \$6 billion funding level. We have a set of rules with respect to obligating that money that says don't obligate more than \$4.6 billion, seven months' worth of that difference, anyhow.

There is something on the order of \$800 million to \$900 million of appropriated funds that have been appropriated -- this is not a question of not being appropriated -- that have been appropriated already by the Congress for the Corps' Civil Works program that I would suggest we ought to try and look to for purposes of providing that extra funding, Mr. McKee, through the exception process for these projects.

I think the case is overwhelmingly supportive of doing that, as Chairman Hettel and others have pointed out, in terms of the cost avoidance that will result, not to mention the additional savings that will be achieved, any savings from each year that we have advance these projects.

I would offer that for the consideration of the Corps and suggest that it ought to help us get to the end result I think that we ought to see. Thank you.

MR. POINTON: Thank you, Mr. Doyle. Before I turn the microphone over to Major General Jackson for his closing comments, I literally have been finding out this morning from my contact at the Pentagon that the package for nominations for the Users Board are with the Secretary of the Army. They anticipate transmitting that package to the Office of the Secretary of Defense this week or early next week, and that they anticipate that if the standard timeline follows through for the Users Board it will be approved in January. With that being said, your terms will actually follow all the way through till May 28, 2017 and the new Board will actually be seated the day after your current terms expire. That is my understanding from the Pentagon as of this morning.

With that being said let me turn the microphone over to Major General Jackson.

MAJOR GENERAL JACKSON: Thanks you Mark. I appreciate that update on the status of the appointments of the members to the Users Board. To Chairman Hettel and to the other members of the Users Board, again, thanks for being part of this group. Thank you for making the trip to Baltimore.

It is my hope that you have a wonderful holiday season and have time to spend at home with your families to reflect on the blessings in your lives. Thanks for being here and being part of meeting.

I want to thank all of the presenters who have been here today -- especially Jeff McKee, "Iron Man" over there -- but really, really good presentations. Jeff, we call him "Yoda" in the Corps but he is sort of the linchpin of all things navigation for us and he does tremendous work.

Mr. Chairman, I really appreciate your remarks in helping to understand the process, but certainly, Jeff, he does all of our heavy lifting.

Thanks, Mark [Pointon], to you and Ken [Lichtman] for what you did to set this meeting up. I also want to recognize and thank Ms. Cynthia Mitchell from the Baltimore District. I want to say thank you to you and if you have a minute to break away from your duties on your computer I would like to give you a coin and say thank you.

MS. CYNTHIA MITCHELL: Thank you. Thank you, sir.

MAJOR GENERAL JACKSON: Very much appreciate it. Very well done, Cynthia.

(Applause.)

MAJOR GENERAL JACKSON: To the members of the Board, I welcome your thoughts post meeting on some of the variety of speakers and subjects that we have heard about today.

Some of the things that we wanted to help do at today's meeting was to eliminate some of the mysterious Corps processes such as the Corps' planning process, such that folks can understand the process, how, where and when they can be more involved in the process, and where the opportunities for engagement with the Corps exist. Hopefully that was helpful to the members of the Board and we will continue to do more of that to help illuminate and educate you on some of the processes that we have and we are governed by.

Also, I really appreciate the U.S. Department of Agriculture talking about their strategic plan. I will be coming to the Department of Transportation, the Department of Energy, and to other government agencies to help try to talk about some of the same things, hopefully to help us get a really good strategic perspective on all things navigation so that we can have a good framework for understanding the importance of the pieces that we focus on here in this group have on our navigation system. I appreciate all those folks who came to today's meeting.

I know we have several due-outs, Mr. Chairman, and I know that Mark has taken copious notes. Several of those we will try to get back at the conclusion of this meeting and then so we will not wait until the next meeting to try and provide some of that information.

Certainly we will provide some interim updates where we can and we will continue to stay on top of the Board nominations. It is just a matter of process at this point. Mark, once again, I appreciate the update.

Actually, I thought they were already at OSD [the Office of the Secretary of Defense] – that is what I told the Chairman yesterday -- so I obviously had some bad intel but we will keep pushing it.

As is our tradition, again, I want to offer our federal partners the opportunity to make any closing comments. I will start off in the same order that I started earlier today and begin with Mr. Nick Marathon from the USDA. Nick?

MR. MARATHON: Thank you, General. I want to thank you for the invitation that you extended to the Department of Agriculture to present our strategic vision of the inland waterways and its vital importance to the agricultural sector of the economy and its role in facilitating the movement of agricultural products both in the domestic market and to export markets . When I first received your email, at that point we had to develop one. I knew that December 13th would come and it came and went and I appreciate, I think it went well and I hope that it is what you wanted. Thanks again for the opportunity to participate in today's meeting. I look forward to the next meeting.

Chairman Hettel, you mentioned something about corn yields and I am going to look into that because that will help look at some of the forecasting that, especially grain haulers that might need that and bring that to the meeting next time.

CHAIRMAN HETTEL: Thank you.

MR. MARATHON: Thank you Major General Jackson. Thank you Chairman Hettel. Thank you.

MAJOR GENERAL JACKSON: As I transition over to Mr. Magnuson, Gary, thank you so much for your tremendous service representing NOAA so very, very well, and the Board has taken note that it is going to take two people to replace you. With that I turn the microphone over to you for any final comments that you have.

MR. MAGNUSON: General Jackson, no, I need to thank you. It has been a delight and an honor to be with you for a handful of meetings. I have learned much. I am pleased that NOAA is going to continue its commitment of observing and being a bridge to what NOAA has to offer to the inland waterway system and those who use it.

At the break we had a short discussion with my colleagues and Chairman Hettel and Mark [Pointon] about the possibility of NOAA presenting the next strategic report and what things are of navigation-related interest at the next Users Board meeting in Lake Charles, I believe. Thank you all again.

It has been a part of my life's journey and I have got much more to do and it has been great to have met you, and continue your great mission. Thank you.

MAJOR GENERAL JACKSON: Thank you very much, sir. Lauren?

MS. BRAND: Thank you very much. I just wanted to say that our Marine Highway Program at the Maritime Administration is accelerating. We have had some new project designations, some grant awards. If we have a Continuing Resolution there will another round of grants this coming year.

The infrastructure programs are now waiting for the transition teams to see what form they will take in the future, whether there will be a stronger push for low-interest financing or whether there will be tax abatements or credits programs or whether there will be more grants. But the FAST Act [the “Fixing America's Surface Transportation” Act, Public Law 114-94, signed into law on December 4, 2015] will continue and the FASTLANE [“Fostering Advancements in Shipping and Transportation for the Long-term Achievement of National Efficiencies”] grants have closed. They closed this week, I believe. Thursday is the closure for the FASTLANE grants but we did have a FASTLANE grant awarded for an inland waterway project.

I look forward to doing a presentation on that, we are seeing more activity on the inland waterway system and unfortunately Maritime Administrator Jaenichen couldn't be here today. He got called to the State of Indiana but he made me promise that we will continue to support the inland waterways system and we will increase our activity to attract more work and more services on the inland waterways system.

MAJOR GENERAL JACKSON: Thank you very much. Mr. Lamont, I offer you the opportunity to make closing comments if you like.

MR. LAMONT: Thank you, General, and thank you, Chairman Hettel, for opportunity to participate in today's meeting. This is pretty eye-opening to me, in an area that I have really not seen before other than reviewing Chief's Reports for inland waterway projects. The eye-opening feature to me was the challenges amongst the agencies, federal and nonfederal, and also the budget challenges, which are a pretty incredible event.

Mr. McKee, my hat is off to you. You have a very tough job and I look forward to working with you and General Jackson in the future on this. Chairman Hettel, your grasp of the situation and the challenges as we move forward is pretty amazing. Thank you.

MAJOR GENERAL JACKSON: Thank you, sir. As I wrap up my closing comments, I just want to say again, thanks to everybody. Ms. Amy Larson, thank you for being here representing the National Waterways Conference and Helen Brohl, thanks again for making those great comments on the CMTS.

I first became acquainted with the strategic importance of the inland waterways system when I was a student at the Army War College in 2006. I did not know anything about the inland waterways system. I had been a soldier my whole life, Mr. Chairman, and I had never, I did not know much about the inland waterways system.

One of our assignments at the War College was to write a dissertation and I chose to do my dissertation on the strategic value of the inland waterways system because I did not know

anything about it. I wrote that dissertation and I learned a great deal, I received a lot of help from the great folks at IWR [the Institute for Water Resources], and I received a lot of help from Steve Stockton [recently retired Director of Civil Works for the Corps of Engineers]. I probably had a lot of help from "Yoda" [Jeff McKee]. I just didn't know it, but Jeff has helped me ever since. It was very helpful to me in understanding the importance of the inland waterways system because I subsequently went on to command the Little Rock District.

As part of my responsibilities as Commander of the Little Rock District, I had the McClellan-Kerr Arkansas River Navigation System as part of my main effort there. I can remember being at Fort Smith, Arkansas, waking up early one morning and seeing a railroad commercial on the television. I went into a stakeholders meeting, and I said, "Gee whiz, guys, I always see these railroad commercials but I never see anything about the inland waterways."

Of course we all grumbled amongst ourselves a little bit. But just this weekend I was in New Orleans for the Mississippi Valley Flood Control Association meeting and yet again, Mr. Chairman, I woke up and saw a railroad commercial on the television, and just as I was getting ready to grumble, right after that was a waterways commercial, an inland waterways commercial that came on. Very, very, well done, I am not sure who did that but it was very, very well done and I just say let's keep up the momentum.

We have a lot of great opportunities before us. If you take a look at what the new Administration is saying about infrastructure development, there is a lot to be said. I dug deep to find where inland waterways was mentioned. Ports are mentioned. I don't see inland waterways. We need to make sure, and Eddie Belk [Director of Programs at USACE, Headquarters] and I have already been up on the Hill to talk a little bit about that with Senator Alexander's staff [Senator Lamar Alexander from Tennessee] but there is certainly more discussion that needs to had about the inland waterways.

At the CMTS Coordinating Board meeting last week, we talked a little about the new Secretary of Transportation designee, Ms. Elaine Chao. For those of you who are not aware of her background, she comes from a shipping family. She has served on the Federal Maritime Commission. She has served in the Department of Transportation before. She is a huge waterways transportation advocate.

We have some great opportunities before us. The real question we have is will we seize the opportunity or we let it slip through our fingers. I think one of the great values and benefits of this Board is where we bring government and industry together to talk about what the priorities of the nation should be. I encourage us to continue to do that. The months that follow I think will be critical. I think we need to continue to get our message straight and we need to continue to work together so we can all say the same things.

I cannot thank all of you enough for what you do. I cannot thank Amy [Larson] and the folks like National Waterways Conference and the WCI [Waterways Council, Inc.] and all the other advocacy groups that are out there that are fighting for the Marine Transportation System. I just cannot say thanks enough because it is going to take all of us to work together to really take advantage of the opportunities I think that are before us.

I want to again say thank you for the role that this Board plays. Chairman Hettel, I certainly thank you for your tremendous leadership in the short time that I have been involved on the Board and I know the folks on the Board really appreciate all that you do, your tireless efforts and your passion is greatly appreciated. With that, Mr. Chairman, I will conclude my remarks and I turn the microphone over to you. Thank you.

CHAIRMAN HETTEL: General Jackson, thank you for those kind comments although I'm not sure "Yoda" [Jeff McKee] would agree with the Board on my leadership. I am passionate of trying to move our inland waterways infrastructure into the 21st century. I am glad MARAD has some money; Lauren maybe you loan Jeff [McKee] and his group \$25 million to keep the Lower Monongahela River project moving forward. Just kidding. Seriously though, Jeff [McKee], I know you understand where I am coming from and we really need to recapitalize this inland waterways system so that we can handle the tonnage that is going to be coming that cannot be carried on rail and/or truck. As General Jackson stated, I think we have a great opportunity with the new Administration coming in to show the value of this inland waterways system, which ultimately, as I stated in my earlier comments, adds value to the nation.

I will, I think I can commit to the Board here and the fellow Board members that we will do everything we can on the Hill to try to get through this obstacle that has been thrown at us through the Continuing Resolution process. Jeff [McKee], I would ask that we get the same commitment from the Corps that you will explore every avenue and look at everything you can do also, as Mr. Doyle stated in his comments, to try to help us get it through. Maybe between both of us we can solve it or get around this roadblock that has been thrown at us.

Thanks, everybody. Do any of the other Board members have any closing comments?

(No Response)

No? That will conclude my remarks Mr. Pointon.

MR. POINTON: Thank you, Mr. Hettel. Can I ask for a motion to adjourn the meeting?

MR. MCCOY: So moved.

MR. POINTON: Thank you Mr. McCoy. Do I have a second?

MR. SOMALES: Second.

MR. POINTON: Thank you Mr. Somales. Can I have a vote on the motion to adjourn this meeting? All those in favor of the motion, please indicate by saying "Aye".

BOARD MEMBERS: Aye. (Unanimous)

MR. POINTON: Do I hear any "Nays"? Hearing none, the motion passes. This meeting is adjourned. Happy holidays everybody, Merry Christmas. Safe travels and we look forward to seeing you at our next Board meeting, meeting number 82 in 2017.

(Meeting adjourned at 12:54 p.m.)

State of Maryland

Baltimore County, to wit:

I, ROBERT A. SHOCKET, a Notary Public of the State of Maryland, County of Baltimore, do hereby certify that the within-named proceedings personally took place before me at the time and place herein set out.

I further certify that the proceedings were recorded stenographically by me and this transcript is a true record of the proceedings.

I further certify that I am not of counsel to any of the parties, nor in any way interested in the outcome of this action.

As witness my hand this 30th day of December, 2016.

Robert A. Shocket
Notary Public

My Commission Expires:
November 23, 2018