

Minutes
Inland Waterways Users Board Meeting No. 89
Embassy Suites by Hilton Hotel, Windsor Room
Two Convention Center Plaza
St. Charles, Missouri 63303
November 29, 2018

[Note: The following minutes of the Inland Waterways Users Board meeting No. 89 were approved and adopted as final at Inland Waterways Users Board meeting No. 90 held on February 28, 2019 at the Texas A&M University – Galveston Campus (Aggies Special Events Center), located at 200 Seawolf Parkway, Galveston, Texas 77554.]

The following proceedings are of the 89th Meeting of the Inland Waterways Users Board held on November 29, 2018, commencing at 8:00 a.m. at the Embassy Suites by Hilton Hotel, Windsor Room, Two Convention Center Plaza, in the City of St. Charles, State of Missouri, 63303, 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. DAVID A. EARL, Marathon Petroleum Company

MR. MIKE FEWELL, Dow Chemical Company

MR. ROBERT J. INNIS, LafargeHolcim, Inc.

MR. DAVID KONZ, Tidewater Barge Lines

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

MR. MICHAEL J. MONAHAN, Campbell Transportation Company

MR. TIMOTHY M. PARKER, III, Parker Towing Company

MR. CHARLES M. "MATT" RICKETTS, Crouse Corporation

MR. WILLIAM M. WOODRUFF, Kirby Corporation

Board member, MR. DANIEL P. MECKLENBORG, Ingram Barge Company did not attend the Board meeting. MR. ANDREW BROWN, Ingram Barge Company, attended the Board meeting in place of MR. MECKLENBORG.

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:

MS. DEANA Y. FUNDERBURK, Deputy Assistant Secretary of the Army for Policy and Legislation, Office of the Assistant Secretary of the Army for Civil Works, Headquarters, Department of the Army, Washington, D.C.

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

MR. WILLIAM K. PAAPE, Director, Office of Maritime and Intermodal Outreach with the Office of Ports and Waterways, Maritime Administration, U.S. Department of Transportation, Washington, D.C.

A representative of the Office of Coast Survey, National Oceanic and Atmospheric Administration (NOAA), U.S. Department of Commerce, Silver Spring, MD was not present at the meeting.

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 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.

MR. THOMAS P. SMITH, Chief of Operations and Regulatory Division, Headquarters, U.S. Army Corps of Engineers, Washington, D.C. representing Major General (MG) SCOTT A. SPELLMON, Deputy Commanding General for Civil and Emergency Operations, U.S. Army Corps of Engineers, Washington, D.C.

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, Virginia.

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.

COLONEL BRYAN K. SIZEMORE, District Engineer and Commander, St. Louis District, U.S. Corps of Engineers, St. Louis, MO.

MR. THOMAS P. SMITH, Chief of Operations and Regulatory Division, Headquarters, U.S. Army Corps of Engineers, Washington, D.C. representing Major General (MG) SCOTT A.

SPELLMON, Deputy Commanding General for Civil and Emergency Operations, U.S. Army Corps of Engineers, Washington, D.C.

MS. JANNINE MILLER, Senior Advisor to the Secretary of Agriculture on Rural Issues, U.S. Department of Agriculture, Washington, D.C.

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

MR. KAREEM EL-NAGGAR, Acting Chief, Navigation Branch, Operations and Regulatory Division, Headquarters, U.S. Army Corps of Engineers, Washington, D.C.

MR. JOSEPH W. ALDRIDGE, Program Manager, Program Integration Division, Headquarters, U.S. Army Corps of Engineers, Washington, D.C.

MR. STEPHEN G. DURRETT, Regional Business Director, Great Lakes and Ohio River Division, U.S. Army Corps of Engineers, Cincinnati, OH.

MR. DEWEY W. RISSLER, Olmsted Locks and Dams Project Manager, U.S. Army Corps of Engineers, Louisville District, Louisville, KY.

MR. STEPHEN R. FRITZ, Mega Projects Program Manager, U.S. Corps of Engineers, Pittsburgh District, Pittsburgh, PA.

MR. ADAM C. WALKER, Project Manager, Chickamauga Lock Project, U.S. Army Corps of Engineers, Nashville District, Nashville, TN.

MR. DON B. GETTY, Project Manager, Kentucky Lock Project, U.S. Army Corps of Engineers, Nashville District, Nashville, TN.

In response to questions raised during the proceedings, additional information was provided by the following individuals:

COLONEL STEVEN M. SATTINGER, District Engineer and Commander, Rock Island District, U.S. Army Corps of Engineers, Rock Island, IL.

MR. STEPHEN G. DURRETT, Regional Business Director, Great Lakes and Ohio River Division, U.S. Army Corps of Engineers, Cincinnati, OH.

MR. DEWEY W. RISSLER, Olmsted Locks and Dams Project Manager, U.S. Army Corps of Engineers, Louisville District, Louisville, KY.

MR. DON B. GETTY, Project Manager, Kentucky Lock Project, U.S. Army Corps of Engineers, Nashville District, Nashville, TN.

There were no public comments offered during the public comment period of the meeting and no written public comments were submitted for the record prior to the meeting.

PROCEEDINGS

MR. MARK R. POINTON: Good morning and welcome to St. Charles, Missouri everybody. I have already asked you to take your seats, so without further ado, I am going to start the meeting. My name is Mark Pointon. I am the current Designated Federal Officer for the Inland Waterways Users Board.

This is the 89th meeting of the Inland Waterways Users Board being held today in St. Charles, Missouri. We were here almost exactly three years ago, even in this same hotel [Inland Waterways Users Board Meeting No. 77 was held on December 2, 2015 in St. Charles, Missouri]. I understand it was a pretty good tour yesterday of LaGrange Lock and Dam. I understand it was a little chilly, but that is okay. I think the primary message of the need to repair and rehabilitate that structure was conveyed.

Before we start the meeting, I am obligated to read for the record that the Users Board was created pursuant to Section 302 of the Water Resources Development Act of 1986. It provides the Secretary of the Army and the Congress with recommendations of 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” meeting, and as such, it is open to the public. As you can tell by the great attendance for this morning’s meeting, there is a great deal of interest in the issues that affect the inland waterways system and the activities of the Inland Waterways Users Board here in the St. Louis and the areas adjacent to the Mississippi, Missouri and Illinois rivers.

The U. S. Army Corps of Engineers is the sponsor of the Board and provides for the Executive Director and the Designated Federal Officer and for the normal activities of the Board.

Currently no one has requested to make a public comment, and we had no written statements submitted for the record, so if anybody wishes to make a public comment, you can see me during the break or drop me a note and we can fit you in at the end of the meeting. We do have a period at the end of the meeting specifically to receive public comments. This morning’s proceedings are being recorded, and a transcript will be available after the meeting.

Without further ado, Colonel Bryan Sizemore is here. He is the District Commander of the St. Louis District of the Army Corps of Engineers, which is serving as our host district for this morning’s meeting. Sir.

COLONEL BRYAN K. SIZEMORE: Good morning, ladies and gentlemen. As Mr. Pointon said I am Colonel Bryan Sizemore, Commander of the St. Louis District within the Mississippi Valley Division of the Army Corps of Engineers.

I would like to welcome you to the St. Louis district. Before I say anything further, what I would like to do is, if you are a member of the St. Louis District and you have assisted in putting this meeting together, please stand up, and we would like to give you a round of applause for making this come together. Lou [Mr. Louis Dell'Orco, Chief of Operations for the St. Louis District, who led the team which organized the meeting], team, please stand and be recognized.

[Applause.]

COLONEL SIZEMORE: You would be surprised how much effort goes into putting these events together. It is not just two Captains sitting out at the registration desk and Colonels who don't do much other than judge PowerPoint.

The St. Louis District is strategically located at the crossroads of three major river systems, the Illinois, the Mississippi and the Missouri, at the heart of the Mississippi Valley Division, what we like to call the Gateway to Excellence.

We are responsible for 28,000 square miles of land, equally divided between the states of Illinois and Missouri, and we are the stewards of 300 miles of the middle Mississippi River, the lower 80 miles of the Illinois River, and the entire Kaskaskia River.

Team St. Louis provides engineering water resource solutions to improve safety, energize the economy, and sustain the environment. Simply put, we protect people from water, we protect water from people, and we make water useful.

It is good to have you here. If you need anything from the team, please let us know. We will be about. Thank you.

MR. POINTON: Thank you, sir. I am going to turn the mic over to Mr. Tom Smith now. He is representing Major General Spellmon during this morning's meeting. Sir.

MR. THOMAS P. SMITH: Good morning. Thanks, Mark. As Mark as indicated, this morning I am representing the Executive Director of the Users Board, Major General Scott Spellmon, our Deputy Commanding General, who this morning is testifying before Congress on hurricane response related issues. Based on some calendar challenges in the past couple years, the Deputy Commanding General's participation in these meetings has been intermittent.

I spoke with to him on Tuesday before I left Washington, and he said to pass on his regrets and he indicated that he would certainly rather be here speaking with you, and he gave me some thoughts to share with you. Maybe they will come up at the right time as part of our discussions this morning.

I too would like to acknowledge, Colonel Sizemore, your St. Louis District team -- thank you-- and also the Rock Island District team for the excellent job they did in

supporting this morning's meeting and yesterday's tour of the LaGrange Lock and Dam project site.

In just a moment I am going to give the Federal observers in attendance at this morning's meeting an opportunity to make brief introductory comments, and then we have a special guest from Department of Agriculture who will give the Board and others in attendance a presentation on a project underway at the Department of Agriculture.

To begin with opening remarks from our invited Federal observers, I will first turn to Ms. Deana Funderburk from our Secretary's office, the Assistant Secretary of the Army for Civil Works [ASA-CW]. Ms. Deana Funderburk.

MS. DEANA Y. FUNDERBURK: Thank you so much, Tom. I appreciate the introduction, and thank you to the Chairman and the Board, Mr. Hettel, and other members of the Board for inviting me to today's meeting and to Mr. Pointon and his team for coordinating this meeting. I greatly appreciate it. Thank you to the St. Louis District for hosting this meeting, and to the Rock Island District for the briefings yesterday and the tour of LaGrange Lock and Dam.

As Tom mentioned, I am Deana Funderburk. I serve as the Deputy Assistant Secretary of the Army for Policy and Legislation in the Office of the Assistant Secretary of the Army for Civil Works in Washington, D.C. I have been on the job about eight months and this is my first time attending a meeting of the Inland Waterways Users Board.

Although I have learned a great deal about the U.S. Army Corps of Engineers Civil Works program, I have much more to learn. Previously I worked on Capitol Hill for over 10 years and have been at the Department of Defense for the last eight-plus years.

While not new to the world of policy and legislation, I am fairly new to the Civil Works portfolio, and I look forward to hearing about the interests, issues, concerns, and initiatives that you are putting forward, and will take those back to Washington.

Knowledge of these issues and concerns will help inform our work at the ASA's office, whether it is policy, legislative, budget, or project-related. I look forward to this morning's meeting and the technical presentations and the associated discussion. I look forward to learning from you and carrying back your interests and initiatives. Thank you again for the invitation to be in attendance at this morning's meeting.

MR. SMITH: Thank, Deana. From MARAD [U.S. Maritime Administration], we have Mr. Bill Paape who has joined us this morning. Thank you sir.

MR. WILLIAM K. PAAPE: Thank you Mr. Smith. I greatly appreciate the opportunity to attend this morning's meeting of the Inland Waterways Users Board. Good morning. I am Bill Paape. I serve as the Director of the Office of Maritime and Intermodal Outreach in the Office of Ports and Waterways for the Maritime Administration. I am glad to

see many of you again and to be back at a meeting of the Inland Waterways Users Board, and look forward to this morning's meeting. Thank you.

MR. SMITH: Thank you, Mr. Paape. Usually NOAA, the Office of Coast Survey, would have a representative at a meeting of the Inland Waterways Users Board but unfortunately they are not represented at today's meeting.

Next I want to just give the opportunity to our Federal observer from the Department of Agriculture, Mr. Nick Marathon an opportunity to make a few brief remarks and then he will introduce Ms. Jannine Miller, who will make a brief presentation on a topic that I think the members of the Users Board will find of great interest. Mr. Marathon.

MR. NICHOLAS MARATHON: Thank you Mr. Smith. Chairman Hettel, Board members, other Federal observers and other attendees. On behalf of the U.S. Department of Agriculture's Agricultural Marketing Service, Transportation and Marketing Program, it is a pleasure to be here today. I would like to thank the Rock Island District for hosting the tour of the LaGrange Lock and Dam yesterday, and thank the St. Louis District for hosting this morning's meeting of the Inland Waterways Users Board.

The LaGrange Lock and Dam is an important part of the agricultural transportation system of the nation. About 11 percent of the nation's corn exports move through LaGrange Lock and Dam and about five percent of the nation's soybean exports move through LaGrange Lock and Dam, thus it is a very important part of the nation's agricultural transportation system.

I would like to thank the Users Board for the opportunity to have Ms. Jannine Miller appear before today's meeting of the Users Board to talk about a project that I think all the Board members will find very important and informative. Thank you again for the opportunity to attend today's meeting.

MR. SMITH: Thanks, Mr. Marathon. Ms. Miller, representing the Secretary of Agriculture's office will walk us through something that I think the Users Board will find interesting. Ms. Miller, you can take it from there. We have your slides up, and please tell us a little bit about yourself first so we have the context for this morning's presentation.

MS. JANNINE MILLER: Fantastic. Good morning, everyone. I hope you can hear me okay. Do I need to speak into the microphone for purposes of recording?

Good morning. Thank you the opportunity to be in attendance at today's meeting and briefly talk about a project we have underway at the Department of Agriculture. Thank you for inviting me, and thank you for your service, whether it is in the military or as civilians supporting the federal government.

I know it is difficult to take time away from your businesses and your other activities and responsibilities, but it is absolutely vital to have the type of input and feedback and

engagement that you offer to the federal government through this advisory board, so thank you.

My name is Jannine Miller. I am with Secretary Sonny Perdue's office in the U.S. Department of Agriculture. I previously worked for Governor Sonny Perdue in the state of Georgia, and was very excited to have the opportunity to come up to Washington and serve in the federal government under his leadership.

Secretary Perdue is truly a unique Secretary of Agriculture, who himself is a veteran, is also formerly a veterinarian, as well as a farmer, a small businessman, and previous owner of a trucking company. Secretary Perdue understands the full spectrum of the work that needs to be done at the Department of Agriculture to support the nation's rural economy and prosperity that we know is vital to the entire nation's future.

My background also includes transportation policy, finance, and strategic planning. This is some of my favorite work I get to do at the Department of Agriculture, with Nick and the other folks in the Agricultural Marketing Service's Transportation and Marketing Service Division, and I am delighted to be here today.

I will get started here. I have a few slides to show you that has some basic information with a few some charts and graphs. We at USDA understand how important the nation's waterways network is to the agriculture industry and we strongly support the work of the Inland Waterways Users Board, and have been a proud partner for many years, dating back even prior to 1991, when our current office, the Agricultural Marketing Service came on to serve as the USDA's Federal observer to the Users Board.

But why are we, the U.S. Department of Agriculture, involved in this activity? Why do the actions of this Board matter to the U.S. Department of Agriculture? It's not only understanding the policy, as Nick gave a couple of data points about the locks and dams that you toured yesterday, we also are mandated by a Federal statute to be involved in this space. In fact, the laws were made and evolved over time. We are prescribed by law to assist in improving transportation services and facilities. It is literally in law.

We are very glad that that gives us the entree to be a part of the work that is done here with the Inland Waterways Users Board but also with the Army Corps of Engineers and other modes of transportation, including rail with the Surface Transportation Board and with the U.S. Department of Transportation, on behalf of agricultural shippers.

In the waterways space, these are some statistics and facts that you may have seen in other reports or other venues, but it is important to lay down the foundation here that nearly 20 percent of what is transported on the inland waterways system is related to agriculture, food, and farm commodities, and this is by tons.

You can see the volume of what might be an average snapshot, going through locks and dams throughout the United States and how it compares to other commodities that float. You can see, 18 percent there, and that is measured in tons. This slide shows the importance

of farm and food products moved by barge, 37 percent of the total amount of ton-miles is moved by barge.

Our goods, agriculture goods, are basically traveling essentially a little bit more than double worth their weight. We talk about the distance that our agricultural commodities are moving. It is a significant portion by barge versus the other commodities.

And what are those agricultural commodities? Generally they tend to be in the grain space -- corn, soybean, and wheat. Of course, corn is the largest, but we also do have pretty significant activities here. One of the other services of the transportation office at USDA does is it publishes a weekly Grain Transportation Report that is posted to the USDA website, and Nick can make sure you have that link [<https://www.ams.usda.gov/services/transportation-analysis/gtr>].

Every week there is a detailed rollout of data about the grain that is transported, volumes, pricing, both by barge but also by rail and truck, and it has a much more in depth analysis of this data, and I think it would probably be very helpful for those of you who work in transportation services and logistics services to get a glimpse at the other modes of transportation and how they are performing and potentially competing.

I want to advance a little bit to the discussion about agricultural exports, and you can see from the slide that soybeans being our largest export by value, but there are other very important agricultural exports that underpin our entire economy. In fact, the production you see on this slide is supported by more than a million jobs throughout the nation.

A recent study done by USDA's Economic Research Service showed if we were able to increase demand for U.S. agricultural exports by 10 percent, we would increase the value of our exports by nearly \$10 billion.

Although we are in a little bit of a different scenario as it relates to trade and exports, when the course does correct there we will see a lot more activity, a lot more jobs, a lot more value of exports occurring, supporting more than 40,000 jobs.

Something to think about as you are looking to make the case for additional investment in the nation's waterways or changes in the way the federal investment portfolio works, there is a very important set of data that already exists around the importance of agricultural exports, and I will show you that data point here, and why that matters for barge.

With respect to export grains -- this is a five-year average. Of those grains that were being exported, nearly half of them were moved to coastal ports of export by barge. This is percentage by mode, for those three key grains that are exported.

Barge is vitally important for the competitiveness of our grain products throughout the world. In fact, many other countries that are producers of these particular grains, soybeans in particular, have been and are continuing to invest in their infrastructure to try to gain a competitive edge over the pricing that we as U.S. producers can offer to the world.

I am going to switch now to the domestic view of that same modal split. Because so much of the domestic market is moved by truck, the barge proportion comes down significantly for overall movement of agricultural products.

But barge being just six percent there is actually quite an important number. That six percent figure, were that to diminish to zero, we would probably shut down access to entire export markets in some ways because of the value that barge transportation provides and the competitiveness of pricing and service in the marketplace. That six percent share of the market helps keep truck pricing and rail pricing in check. It is absolutely vital to the success of the agricultural industry to maintain its competitiveness and access to export markets across the globe.

Back to exports for just a moment. From a geographic standpoint, the top left there is all grain exports, and the other three are a breakdown of soybeans, corn, and wheat by the export zone or region, with the Mississippi River, of course being the most important.

I know that you are thinking about various ways to look at the focus areas. I thought this might be of interest to you, especially where wheat is predominantly transported out of the Pacific Northwest.

That is a little bit about why the agricultural industry cares so much about barge transportation, historically and current data. What I want to display for you now is the work we are currently doing with Army Corps of Engineers, and thanks to Tom [Smith] and his team back in Washington. We have concluded that there is far too little data and research out there to really marry up these notions and these data points into something that is a compelling narrative.

USDA is leading in very close collaboration with the Army Corps of Engineers supplying data and perspective, because we want to help make the case of the vital importance of infrastructure, especially waterways infrastructure, for U.S. competitiveness in exports, and of course the strategic importance of them for the nation's overall economy.

We have just embarked upon this research project, and what the team is working on is developing 10-year and 25-year forecasts looking forward on different levels of investment types. These were developed in conjunction with the Army Corps of Engineers staff on what are the best three scenarios to evaluate.

We are going to compare each of those different investment scenarios based on the number of jobs that are created, growth in exports, changes in GDP and so on, and showing the different comparison of the performance of the various scenarios versus the current investment trends, improved, unconstrained investments, or if we absolutely did nothing.

This is a study and research is underway. We don't know how this is going to turn out, and so we will be reporting back to you with those results.

The research effort is examining various geographic areas. The projects that we are looking at are in the St. Louis, Rock Island, and St. Paul Districts in the Mississippi Valley Division, the Louisville District in the Great Lakes and Ohio River Division, and the Memphis, Vicksburg, and New Orleans District, also in the Mississippi Valley Division. We are going to do a state-level economic analysis for each of the 12 states that are indicated here [Arkansas, Iowa, Illinois, Indiana, Kentucky, Louisiana, Minnesota, Missouri, Mississippi, Ohio, Tennessee and Wisconsin]. We think that this will create a more identifiable set of outputs and outcomes for legislators at the federal level and potentially even at the state level as well.

We are in the midst of this work right now. The study got underway a couple of months ago, and we have a couple months to go before the data folks are turning the crank on the model and the findings and bringing the right perspective in the real world into the findings, and we are hoping to be done with this analysis in the spring and bring these findings to you once they study is completed.

As we go about the study, if there are any questions that you have about this work, we would love to take your input and feedback, whether you have it today or in the future, and we would do so through the discussion today as well as future through Tom [Smith] and his team at the Corps of Engineers.

MR. DAVID KONZ: Good morning. Dave Konz with Tidewater Barge Lines out of the Pacific Northwest [PNW], and thanks for the slide on the exports of agricultural commodities out of that region of the country.

Just one comment on the project. We would love to have the PNW be included in the scope of that study. I mean, as you can see in the slide, it is certainly not as big of a slice of the pie as the Mississippi River, but it is not insignificant.

As you know, all the things you are talking about here to tell the story of the value to the nation is stuff that we would love to have as we engage our legislators and just in general, because 100 percent agree with you there is not enough data out there to tell that good story. Thank you.

MS. MILLER: We were surprised that this information did not already exist, that is why we wanted to embark on this research effort. To your point, Mr. Konz, I want to clarify why we didn't include the PNW in this analysis, but that does not preclude us from looking at it going forward.

What we were focusing on in this analysis is simply related to corn and soybeans. Where the PNW is predominantly in the wheat export market, so to speak. That was the rationale for that in this analysis, and we will definitely put that into the pipeline for the future.

MR. MICHAEL J. MONAHAN: This is Mike Monahan with Campbell Transportation Company. I too want to thank you, well done on the presentation, but also the focus on marine transportation and the importance of agricultural exports.

With respect to the timing of your study, you say you are working closely with the Corps [U.S. Army Corps of Engineers]. The Corps also received funding to do an economic update of the NESP project [the Navigation and Ecosystem Sustainability Program “NESP”, formerly known as the Upper Mississippi and Illinois Waterway System, authorized by Title VIII of Public Law 110-114, the Water Resources Development Act of 2007, dated November 8, 2007]. Are you participating in that study as well?

MS. MILLER: Myself individually, I am not, but Nick [Mr. Marathon] might be able to address your question.

MR. MARATHON: We are -- well, that is part of the project, but -- was there funding for NESP or for PED [Pre-construction Engineering and Design] money?

MR. MONAHAN: There was a million dollars for an economic update -- I believe they are looking at evaluating the BCRs [Benefit to Cost Ratios] that were discussed on the bus ride to LaGrange Lock and Dam yesterday. I am wondering if there is any coordination of the value and the analysis that you are doing and coordinating your analysis with this economic update so we are not left-hand, right-hand.

MR. SMITH: Let me offer a comment, Ms. Miller -- or did you have something to add?

MR. MARATHON: Yes sir -- this is Nick Marathon. On that recent money for NESP, was that just announced last week?

MR. MONAHAN: I am not sure when it was announced. I am going by the information we received yesterday.

MR. MARATHON: Okay. Well, I mean, the committee has not met for a while, but if that is the case, we will certainly look at it.

MR. SMITH: This is Tom Smith. I think that your question allows us to highlight what this project is and what it is not. The Office of the Secretary of Agriculture, and Ms. Miller went to Mr. Fisher [Mr. Ryan Fisher, Deputy Assistant Secretary of the Army for Civil Works] from the Assistant Secretary of the Army for Civil Works office and the Corps and indicated that they wanted to do something quick that could enable a discussion about the value of the inland waterways system to agriculture. They scoped out this study in a way that they could do it quick, and they are really pulling data from us and insight-- it is the beginning of the effort, but it is going to be quick, whereas the NESP effort, which would have to go through OMB [Office of Management and Budget] scoring and other things for budgeting -- it is a different enough issue. But certainly there will be partnership in how our economic data is used for that.

Maybe you could also highlight again, Jannine, about what this effort is and what it is not, because I do not want to give the impression that this study is going to be a budgetable document. It is simply going to be a perspective.

MS. MILLER: That is correct. The work that we are doing is very ad hoc. It has not been Congressionally-mandated or funded specifically for the purpose of specific advice on project prioritization or funding of a particular project. It is a general, very quick perspective on the interaction and the need for agriculture to have improvements in the waterways system.

We are looking for this study to be hopefully helpful to Congress as they begin to think about hopefully the infrastructure package going forward in the next Congress, but it would be a general advisement sort of document.

That is why we are coordinating the Army Corps of Engineers, because we do not want to do anything that would be misaligned with their data, their expert knowledge, and want to make sure that this analysis is dovetailing, aligning, and certainly not conflicting with any of the reports and findings that they are doing currently or mandated to do going forward.

MR. WILLIAM M. WOODRUFF: This is Matt Woodruff. One question. I think it is clear, but I want to make sure for the record that it is. This will look at GDP and other impacts solely arising from the agricultural use of the waterways and will not attempt to look at other commodities and the value that the use of the waterways brings through the transport of those commodities; is that correct?

MS. MILLER: Yes sir, that is correct. As the Department of Agriculture, that is our mission. Not that the movement of other commodities on the waterways are not important, certainly, but we are simply staying within our mission area.

CHAIRMAN HETTEL: Jannine, Marty Hettel here. Thanks for your presentation. I found two numbers in there that are particularly interesting. You stated 47 percent of all grain exports move by barge but yet only six percent of the ton-miles are by barge. I think that verifies the fact that inland waterways shipping mode is the most environmentally friendly means of transporting agricultural products in this country. Is that correct?

MS. MILLER: There are many different rationale, many different underpinnings to that statement. I can say from an economic impact and an environmental impact perspective, it is most efficient because the equivalent of a 15-barge tow is 1,000 trucks, and that is equivalent to about three lanes of trucks just back to back to back for all of that distance of mileage that the waterways handles. A 15-barge tow versus 1,000 trucks -- that certainly has less impact in many, many ways.

CHAIRMAN HETTEL: Okay. Thank you.

MR. POINTON: Are there any additional questions or comments to be directed to Ms. Miller? Thank you, ma'am. Very interesting presentation. We greatly appreciate it.

MS. MILLER: Thank you.

MR. POINTON: Next on the program, we are going to move to Chairman Hettel for his opening remarks. Sir.

CHAIRMAN HETTEL: Thanks, Mark, and I will be brief. Good morning everyone and welcome to our Inland Waterways Users Board Meeting No. 89 here in St. Charles, Missouri.

The Board would certainly like to thank the Rock Island and St. Louis Districts for their logistical planning for our site visit to LaGrange Lock yesterday along with the planning for our meeting today. The Board would also like to thank the Waterways Journal for sponsoring our coffee service this morning at today's meeting.

This is our final meeting for calendar year 2018, and our goal this year was to hold the meetings in the cities where we visited our priority projects. With our site visit to LaGrange Lock yesterday, we have completed tours of all the Board's priority projects.

Looking forward to our 2019 meetings and speaking with the Board's Vice Chairman [Mr. William M. Woodruff], we would like to hold our next meeting, Meeting No. 90 in Houston with a site visit to the Colorado Locks in late February, and then Meeting No. 91 in New Orleans with a site visit to the IHNC [Inner Harbor Navigation Canal] and Bayou Sorrel Locks in late May.

As far as meetings No. 92 and No. 93 are concerned, I am going to leave that planning and the dates of those meetings up to the incoming Chairman of the Users Board and of course the new Users Board members, as six of our terms expire on May 27, 2019.

MR. POINTON: Yes sir.

CHAIRMAN HETTEL: While we are on the topic of future events, I also want to get on the record to remind the Corps and the Users Board and the industry that WRRDA 2014 [Section 2002(d) of Public Law 113-121, the Water Resources Reform and Development Act of 2014, signed into law June 10m 2014] stipulated every five years the Corps prepare a Capital Investment Strategy, and everyone will remember in 2010 we did the Capital Development Plan, and we developed another Capital Investment Strategy in 2015, and the Capital Investment Strategy is due in 2020, which from my involvement in the 2015 Capital Investment Strategy, it is a pretty long time frame to get that completed, so it most likely needs to start sometime in 2019 to have it available by 2020.

Speaking of new board members, Mark [Mr. Pointon], I hope this process is well underway, and certainly look forward to having the new Board members being sworn in prior to Meeting No. 92, wherever they decide to have it.

MR. POINTON: The process is well underway. I cannot speak for how it is going to be handled by the Department of the Army and the Department of Defense, as it goes to them.

CHAIRMAN HETTEL: Understood. The goal of this morning's meeting is to receive clarification on priority projects, which we will be referencing in our 2018 Annual Report to Congress and the Office of the Assistant Secretary of the Army for Civil Works.

It is important that the Users Board and the Corps of Engineers are on the same page when the Board authors our recommendations in our Annual Report. We have a new Congress coming into session I believe with over 100 new members, so there is a lot of education to be done on the Hill as to the importance of maintaining and modernizing the nation's inland waterways system, so it is important that we are all on the same page.

Those of you who will be presenting today have already received the questions I have, so we look forward to a candid, collaborative, and clarifying conversation on the topics being presented today.

That will conclude my brief opening remarks, and I will look to other Users Board members who may wish to make any opening remarks. Hearing none, that will conclude my remarks. Thank you.

MR. POINTON: All right. Thanks, Mr. Chairman. Hearing no additional opening remarks, next on the program is the approval of the minutes from the previous Board meeting, Meeting No. 88, which was held in Paducah, Kentucky on August 28, 2018. A transcript of that meeting was sent out to you electronically, and a hard copy was included in the information notebooks which was sent out about a week ago. Can I get a motion from a Board member to approve those minutes?

CHAIRMAN HETTEL: So moved.

MR. POINTON: All right, moved by Chairman Hettel. Do I have a second?

MR. DAVID A. EARL: Second.

MR. POINTON: Second from Mr. Earl. All in favor say aye.

BOARD MEMBERS: Aye (unanimous).

MR. POINTON: Any nays? Hearing none, the minutes from Users Board Meeting No. 88 are approved unanimously. Thank you.

Next on the program is Mr. Kareem El-Naggar. Mr. El-Naggar comes to Headquarters from the Great Lakes and Ohio River Division [LRD]. Mr. El-Naggar is currently serving as the Acting Navigation Business Line Manager at Headquarters and he

will discuss our funding in FY (Fiscal Year) 2019 and some of the details that we received in the FY 2019 Work Plan. Mr. El-Naggar.

MR. KAREEM EL-NAGGAR: Thank you, Mark. Good morning Mr. Smith, Chairman Hettel, other Board members and other attendees. As Mark said, my permanent job is at the Great Lakes and Ohio River Division. I am the Deputy Chief of Operations and the Navigation Business Line manager for LRD. I am on a temporary assignment at USACE Headquarters for about four months. I have been at Headquarters for about a month, filling in for Jeff McKee's job as Navigation Business Line Manager at Headquarters.

If you have any questions today, I will attempt to answer those. I might reach out for some help from some of the other folks in the room. I promise that if I can't answer a question, I will write it down and get you an answer shortly.

This is a standard statement of the Corps of Engineers navigation mission. This is our core navigation mission: "To provide safe, reliable, efficient, effective, and environmentally sustainable waterborne transportation systems for the movement of commerce, national security needs, and recreation." I am sure you have all seen this slide before. This is a standard mission statement for the Corps of Engineers.

We have both a coastal navigation mission and an inland navigation mission within the Corps. This slide shows you what our assets are, both on the coastal and the inland slide. The pictures at the bottom of the slide show that we have quite a diverse mission set on both the coastal side and the inland side of the program. Olmsted Locks and Dam is our newest wicket dam which was dedicated this past August, and that is a picture of the wicket dam in the far right bottom corner of the slide.

We are typically on a three-year budget cycle, and this slide shows where we are currently. We finished up the FY 2018 program and are currently executing our FY 2019 program, which began on October 1. We received our FY 2019 Work Plan last week, and I have a couple of slides to show you with some highlights from the FY 2019 Work Plan.

We are defending the FY 2020 program, and we received the pass back from the Office of Management and Budget [OMB] earlier this week, and we are currently working on the reclama to the pass back, and we are currently very early in the stages of developing FY 2021, and putting together the program development guidance for that.

The Districts are currently doing their OCAs, their Operational Condition Assessments, to evaluate each of their specific projects. The Districts will start putting together their program. That will go up to the Divisions for consolidation, and then that will go up to USACE Headquarters later in 2019.

As far as our national priorities for budgeting, this slide covers all of our business lines: provide for the national defense; reduce the deficit; create jobs, and so on. This is pretty standard for our national priorities. Navigation, as you can imagine, plays a key role in each of these priorities.

Specifically for navigation, the priorities for budgeting, the budget is performance-based. I have not gone through a budget cycle at Headquarters as of yet, but I can tell you for LRD, the Great Lakes and Ohio River Division, bullet Number 3, “emphasizing operation and maintenance of infrastructure to address critical needs and provide a reliable and resilient system” is of tremendous importance.

We have a very detailed way that we put together our budget in LRD. We try to hit the highest priority projects. We cut across all of our Districts, as far as doing operation and maintenance [O&M], we don't specifically say each of our districts is going to get a certain amount of money; we go across all of our projects and we could potentially be working our O&M program in one district.

I didn't want to inundate you with a whole lot of numbers. I have a few slides that summarize our budget. This is the President's budget requests over the past nine or 10 years, broken up by coastal, inland, and so on.

Our total navigation, the President's Budget request was \$1.9 billion. The Civil Works total budget request was \$4.7 billion, and navigation was 40 percent of that Civil Works total.

CHAIRMAN HETTEL: Kareem. Marty Hettel here. While I realize this is the President's Budget request, the appropriations approved by Congress and ultimately received by the Corps is significantly higher than the President's Budget request. Could you supply or whomever will be in your position when the next Board meeting is held, the FY 2019 appropriations for this breakdown?

MR. EL-NAGGAR: Yes sir, I can show that in a future slide.

CHAIRMAN HETTEL: Oh, you have that on a slide?

MR. EL-NAGGAR: Yes sir.

CHAIRMAN HETTEL: It wasn't in our read ahead presentations. And a second question, when you are referring to coastal and inland, is the Gulf Intracoastal Waterway considered coastal or inland?

MR. POINTON: It is defined as an inland waterway.

CHAIRMAN HETTEL: Okay, thank you.

MR. POINTON: The Atlantic Intracoastal Waterway and the Gulf Intracoastal Waterway are considered inland waterways.

CHAIRMAN HETTEL: All right. Thank you.

MR. EL-NAGGAR: I apologize for not including that slide in the slide deck that you received in advance of the meeting. We received the Work Plan late last week, and I gave it to Mark, so it wasn't in the original slide deck.

This slide shows you the Civil Works investment trend. You can see that our budget amount has stayed relatively steady over the past years, but the blue line shows our appropriated amount of funds has steadily increased over the past few years. The FY 2019 appropriations amount is \$6.99 billion.

This is the total navigation budget by account. Our Investigations program has stayed relatively steady. Construction has gone down, but we received quite a bit in the appropriations, in the Work Plan. The Operation and Maintenance program has stayed pretty steady as well as the MR&T, the Mississippi River and Tributaries, account, for a total navigation budget of \$1.9 billion.

This is specifically for inland navigation what was included in the President's Budget request. Investigations has also stayed steady here. As I said, the construction budget increased quite a bit in the Work Plan and the O&M budget has stayed fairly steady over the years.

Mr. Hettel, during the last Users Board meeting you had some questions on the coastal navigation budget, so I included this slide in today's presentation so that you could see where we are on the coastal side. We have a very robust coastal navigation program.

I am still learning that. At LRD we have a very small coastal program on the Great Lakes. I realized just how small it was when our total dredging budget on the Great Lakes was equal to about one project on the coastal side. Our total coastal navigation budget is approximately \$1 billion.

CHAIRMAN HETTEL: Kareem, Marty here. This may be upcoming in the rest of your presentation, but if it isn't, could you supply both coastal and inland on the appropriations total also at our next meeting?

MR. EL-NAGGAR: Yes sir.

CHAIRMAN HETTEL: If you don't have it here. Thank you.

MR. EL-NAGGAR: Yes sir, I will make sure and do that.

These are our funding pots that were used to develop the FY 2019 Work Plan, and I think many of you have seen this. The General Navigation O&M had \$24 million. As you can see, the Deep Draft Harbors and Channels had \$475 million. Inland Waterways had \$40 million. I will highlight some of the inland projects on the next slide, the specifics for both Construction and for O&M.

From the Work Plan, here is our Construction appropriations and money drawn from the Inland Waterways Trust Fund [IWTF]. Five projects. Illinois Waterway – LaGrange Lock and Dam, \$28.8 million. We are going to be closing out Olmsted Lock and Dam and this was what we got, \$15 million total for the new motor vessel that we spoke of earlier.

Kentucky Lock, \$21.8 million. The Lower Monongahela River Locks and Dams 2, 3 and 4 project \$44.5 million and Chickamauga Lock, \$76.2 million. The specifics for each of these projects will be discussed in greater detail later on today by each of the project managers during their updates on the status of the various projects.

CHAIRMAN HETTEL: Kareem, does this include General Treasury funds and Trust Fund dollars?

MR. EL-NAGGAR: Yes sir.

CHAIRMAN HETTEL: And this is over the President's Budget request?

MR. EL-NAGGAR: Correct.

MR. HETTEL: Because I thought the Lower Mon [Monongahela River Locks and Dams 2, 3 and 4] project received \$89 million in the FY 2019 Work Plan.

MR. EL-NAGGAR: Eighty-nine million dollars is the two added together.

MR. POINTON: Right. The \$44.5 million for the General Treasury and the \$44.5 million from the Inland Waterways Trust Fund comes to your \$89 million.

CHAIRMAN HETTEL: Right, so the Lower Mon is only General Treasury up here at the \$44.5 million, because Chickamauga received \$89.7 million, and you are referencing \$76.2 million.

MR. POINTON: That is simply the Federal share. The numbers in parentheses are the Trust Fund share.

CHAIRMAN HETTEL: Okay.

MR. POINTON: The total for the two added together.

CHAIRMAN HETTEL: I see. They are both together. All right. I follow you. Thank you.

MR. EL-NAGGAR: I separated those out because there are different cost share amounts.

CHAIRMAN HETTEL: I understand now.

MR. EL-NAGGAR: Okay.

CHAIRMAN HETTEL: I didn't understand the term "TF." Usually I look for "IWTF."

MR. EL-NAGGAR: I didn't put all of the O&M projects that we got in the Work Plan, but I did try to highlight some of the larger ones and the ones that I thought you would be interested in. I do have a hard copy of the Work Plan, and if you have specific questions on what we funded in the Work Plan and what they are for, speak to me after this presentation and I will let you know. But these are the larger Work Plan items that we got.

We do have a lot of challenges in the navigation program: constrained funding, increased cost of doing business, aging infrastructure -- I am sure you saw that yesterday during your tour of LaGrange Lock and Dam -- and environmental issues.

This is our concluding navigation message that we like to deliver as a take away for our audience. Navigation funding is essential for the Nation's global trade and maintaining global competitiveness. America's Marine Transportation System infrastructure must become a National priority in order to get adequate funding. A national commitment is needed to shipping, global trade, and navigation infrastructure. Navigation funding is key to supporting the national economy, jobs, and exports.

I want to thank you for the work you have done in working with the Corps and helping the Corps get this message out. Subject to your questions that concludes my presentation. Thank you.

MR. POINTON: Do any of the Board members have any questions for Kareem?

MR. EL-NAGGAR: Okay. Thank you very much.

MR. MONAHAN: Kareem, this is Mike Monahan with Campbell Transportation. I do have one question. Mr. Chairman, you may have already addressed this. If so, then I apologize for the redundancy.

But for our priority projects moving forward, we look at efficient funding for the projects. But can we also get a full capability amount versus efficient funding for FY 2020 and beyond, that if the funding were made available what we could really execute, understanding that there may be differences between the full capability amount and the efficient amount?

MR. EL-NAGGAR: Yes sir, we can get you those numbers for you.

MR. POINTON: Yes, Mr. Durrett is here from the Great Lakes and Ohio River Division, and he will talk about that a little bit later on in the program. I hope I am not putting words into his mouth. But I don't see how that would be a problem. Matt?

MR. CHARLES "MATT" RICKETTS: Matt Ricketts with Crouse. Kareem, you might not be the right person to address this question, so if not, I can wait until later. With the Work Plan funding that you show, the \$57.5 million for LaGrange Lock and Dam, does that amount fund that project to completion?

MR. EL-NAGGAR: I don't believe so but I will defer to Mr. Pointon.

MR. POINTON: Yes, Matt. With the \$10 million the project received in the 2018 Work Plan that is the remaining amount needed to fully fund that major rehabilitation activity at LaGrange Lock.

MR. EL-NAGGAR: That is correct. The work that is scheduled to take place in 2023 is for two other projects.

MR. RICKETTS: At our last Users Board meeting, we talked about a little bit with respect to LaGrange about the structure of the contract that they were using, and it being a "Continuing Contract" versus a "Base Contract with Options." Is that contract completed? Has that contract been awarded?

MR. EL-NAGGAR: I will let the Commander of the Rock Island District answer that question.

MR. RICKETTS: Okay.

COLONEL STEVEN M. SATTINGER: That contract was awarded in November.

MR. RICKETTS: The contract was awarded?

COLONEL SATTINGER: The Continuing Contract, not Base with Options.

MR. RICKETTS: And the award amount was for how much?

COLONEL SATTINGER: It was for \$117.4 million.

MR. RICKETTS: Okay.

COLONEL SATTINGER: That includes the Construction and the O&M all in one contract.

MR. RICKETTS: And the major maintenance?

COLONEL SATTINGER: And the major maintenance -- we agreed those were all part of the same contract; correct.

MR. RICKETTS: Okay. Is that the same amount that we were talking about in our Paducah meeting [Board Meeting No. 88]? Because I had a figure of \$90 million in my head.

COLONEL SATTINGER: The cost went up since the Paducah meeting. Most of the increase was on the O&M side. There was a small increase in requirements for construction funding. That is covered, as Kareem said.

MR. RICKETTS: And the \$57.5 million plus the \$10 million we already --

COLONEL SATTINGER: Correct.

MR. RICKETTS: -- had in FY 2018 fully covers us for the construction side of it?

COLONEL SATTINGER: (Nodding "yes.")

MR. RICKETTS: Thank you.

MR. POINTON: Thank you, Matt. And thank you, Colonel. Let the record show that was Colonel Steven Sattinger, he is the Commander and District Engineer of the Rock Island district. Is that correct, sir?

COLONEL SATTINGER: Yes sir, that is correct. Thank you.

MR. WOODRUFF: This is Matt Woodruff. I have another question where I think I know the answer; I just want to be sure. When we are talking about the funds to complete the Olmsted project that is inclusive of the funds to decommission Locks and Dams 52 and 53?

MR. EL-NAGGAR: That is correct, sir.

MR. WOODRUFF: Okay, thank you.

MR. EL-NAGGAR: Okay. Thank you very much.

MR. POINTON: Thanks again, Kareem. Next on the program I want to call on Mr. Joe Aldridge. He is the Inland Waterways Trust Fund account manager from our USACE Headquarters Program Integration Division. He will give us a status report on the Inland Waterways Trust Fund and some select project updates. Mr. Aldridge.

MR. JOSEPH W. ALDRIDGE: Thank you Mr. Pointon. Good morning, Mr. Smith, Chairman Hettel, other Board members, Ms. Funderburk, other Federal observers and other attendees. As Mark has already indicated my name is Joe Aldridge and I am the Inland Waterway Trust Fund account manager at the Headquarters, USACE, and I will give a financial update for the Inland Waterways Trust Fund and address the financial status of selected inland waterways projects as well. The project-specific information for four of these projects will be more thoroughly covered by the project managers later during their project status updates.

I reorganized the format of these slides to try to clarify the unobligated funds and the committed funds versus those funds that are still carried at the U.S. Treasury and the carryover funds into FY 2019.

On the very first top block, as of 30 September 2018 we had a beginning carryover balance from FY 2017 into FY 2018 of \$63,395,863. Over the course of FY 2018, the Treasury reported that the IRS (Internal Revenue Service) collected \$115,002,687 in tax revenue, fuel tax receipts, and interest earned on funds in the Trust Fund of \$1.808 million, for an estimated total of \$180,206,854.

Moving down to the next block are the total transfers as of 30 September 2018. The U.S. Treasury transferred, based on the USACE's request, \$49,273,204 to USACE. Those funds were the funds that were obligated on projects in FY 2018.

We had a committal of \$180,250,000 of committed funds on projects that were authorized in FY 2018. However, due to the late receipt of funds, all that could not be committed or obligated, so that is why you only see the \$49 million figure.

The year-end Treasury report states that they have carried \$130,933,650 over into FY 2019. Of that, we still have \$97,622,729 that are still committed to those FY 2018 authorized projects, so I have subtracted that amount out of the carried in amount. Therefore we have a total available balance that we can commit to new requirements of \$33,310,921. I hope that clarifies things. Yes, Mr. Chairman.

CHAIRMAN HETTEL: Well, clarifies but begs for questions, Joe. The \$97 million you say unobligated, that is actually obligated, correct?

MR. ALDRIDGE: Well, it is unobligated. It only becomes obligated whenever we do contracts.

CHAIRMAN HETTEL: Okay. We are finished with FY 2018?

MR. ALDRIDGE: Correct.

CHAIRMAN HETTEL: The Corps should have performed all the work that they got for efficient funding in FY 2018, so how did the Corps pay for all that work with their contractors if they haven't received \$97 million yet?

MR. ALDRIDGE: Right now we have unobligated dollars on these projects. These contracts are still out there. They are still being negotiated or still on the street or whatever status it was in as of 30 September. That money had not been obligated on a particular contract for those projects. But that doesn't take away that that money hasn't been committed to those projects.

CHAIRMAN HETTEL: Due simply to not awarding contracts; is that correct? There is \$97 million out there that the Corps --

MR. ALDRIDGE: Still needs to obligate.

CHAIRMAN HETTEL: -- has to award contracts in 2018 but haven't yet?

MR. ALDRIDGE: I am not sure I understand your question. Can you please repeat it?

CHAIRMAN HETTEL: Okay. You show the \$97.6 million as unobligated for 2018 projects, correct?

MR. ALDRIDGE: Correct.

CHAIRMAN HETTEL: You stated that that is for contracts that are being negotiated; is that what you stated?

MR. ALDRIDGE: Negotiated. Just haven't been executed yet.

CHAIRMAN HETTEL: Haven't been awarded yet?

MR. ALDRIDGE: Correct.

CHAIRMAN HETTEL: Okay. My question is if there's \$97 million out there on contracts that have not been awarded yet, I thought we were funding on an annual basis to the Corps monies for the projects that they could physically spend and complete during that --

MR. ALDRIDGE: That is correct. However, we did not receive the funds until close to the end of the year. Without receiving the funds, we didn't have time to execute the contracts before the end of the year. That doesn't take away the fact that those projects still need those dollars.

CHAIRMAN HETTEL: But the contractor can't do the work without the contract being executed.

MR. ALDRIDGE: That is correct sir.

CHAIRMAN HETTEL: Is there contract work that is to be awarded that hasn't been executed in 2018? My point is, is there \$97 million out there that needs to be awarded on contracts?

Again, I thought our funding on a fiscal-year basis was for the Corps to spend -- back to Mr. Monahan's question -- efficiently for their capabilities on that project. Maybe you could give us some idea of this \$97 million, how much of that remains to be obligated toward the Olmsted Locks and Dam project, the Lower Mon project, Chickamauga and Kentucky?

MR. ALDRIDGE: Hopefully the project managers can.

MR. DURRETT: Marty, maybe I can provide some answers on that \$97 million figure. We made an award in early October or in October of the stilling basin on Lower Mon of about \$23 million. I forgot the exact number. So that amount would come out of that \$97 million figure.

Some of that other money, labor money, that we have on contracts that we have already obligated that we are holding onto -- because one of our budget requirements is when we award a contract and that contract is going to take two years to execute, we are required to budget for all the S&A [Supervision and Administration] and EDC [Engineering and Design during Construction] -- so that is labor money that we keep on our books.

It is coming off of the Headquarters' books, which is what he is keeping and it comes onto my books in the District that we have to monitor and track those funds -- and there is some contingency money in there as well.

You can knock \$23 million basically off that \$97 million, right now. We made an award in October. The rest of that is not 100 percent tied up into, but most of it may be tied toward contingencies, EDC, and S&A, engineering and monitoring of existing contracts that we have awarded that we are required to keep on board to cover the life of that contract.

On October 1, in LRD you are looking at something that is around the order of about \$35 million to \$40 million that we are keeping on our books for the three Districts in LRD to monitor and finish execution of contracts that we have had available.

When you are looking at these things, you are looking at it from a different perspective. This is Headquarters' perspective. You pull data out of the Division would be different than if you pull data out of the District office. I hope that explains some of the numbers.

CHAIRMAN HETTEL: Well, which raises the point I was making, Steve, is the assumption was the efficient funding that the Corps gets on an annual basis is spent, and that contract is executed, and at the end of FY 2018 that money is spent. What you are telling me here is you are using FY 2018 monies for actual work that won't be performed until out-years; is that correct?

MR. DURRETT: We are required to use the money, yes. It is FY 2018 money that we keep to execute an FY 2018 contract, for labor and =contingencies. We may not get to see the execution of that money until FY 2019 -- depending on the length of the contract.

CHAIRMAN HETTEL: It sounds like we are funding the actual physical work up front, which is I don't want to say efficient funding but prefunding for work that is going to be done in 2019 and 2020?

MR. DURRETT: Yeah, based upon our budget guidance, that is correct. We are looking at how to do that a little bit more efficiently so that we do not request the full time

frame of money up front. This goes back to the presentation I made at the last Users Board meeting – we have not come to a conclusion on that yet.

But how do we do this a little differently and vary our Budget EC [Engineer Circular] guidance and not ask for all of that money up front for the next two years, maybe we only ask for the next year so that we are covered for the next budget cycle, and then we can always replenish whatever we use, or if we realize we don't need that contingency, we never ask for it in the first place. We are still working through that, and I am hoping to have that at the next Users Board meeting. You will see some proposals for doing it differently for the FY 2021 Work Plan.

CHAIRMAN HETTEL: Okay. Well, I just wanted to verify that. Thank you.

MR. POINTON: Again, for the record, that was Mr. Steve Durrett, who is the Regional Program Director for the Great Lakes and Ohio River Division, for our court reporter. This is a little bit unusual in that we have had two comments provided from the audience. Can I ask, if this happens again during this meeting, can we grab a mic so that we can record it for the transcript of the meeting?

Thank you Mr. Durrett and thank you Colonel Sattinger. I am not questioning their responses; we just want to get their responses accurately recorded for the record.

MR. DURRETT: Got it.

MR. ALDRIDGE: This slide shows the Inland Waterways Trust Fund revenues for Fiscal Years 2014 to 2018 compared side by side. The IRS has collected \$116,810,991 in revenue and taxes in FY 2018.

CHAIRMAN. HETTEL: Joe, Marty here.

MR. ALDRIDGE: Yes sir.

CHAIRMAN HETTEL: To make a comment here, not any questions concerning your slide. I believe it is the IRS that estimates the amount of deposits into the Trust Fund on an annual basis?

MR. POINTON: The Treasury Department actually does that projection.

CHAIRMAN HETTEL: The Treasury Department. Okay. We have asked several times at these Users Board meetings to have somebody come here to explain how they come up with that estimate. Here we are three consecutive years where the actual tax receipts deposited into the Trust Fund are significantly higher than what the estimates are from the Treasury Department.

We would like to understand how these estimates are developed, because Congress then only plans for \$106 million of Trust Fund dollars, when here we have almost \$117 million in FY 2018 that was deposited into the Trust Fund.

MR. POINTON: Yes sir.

CHAIRMAN HETTEL: We are not being able to utilize these tax dollars, is the point I am making. It would really be helpful if we could understand how the Treasury Department estimates fuel tax receipts, and maybe educate them on a better way to make an estimate of the tax receipts deposited into the Trust Fund.

MR. POINTON: I am not going to make a commitment for Joe, but I will commit that we will try as best we can to get a representative from the Treasury Department to attend the next Users Board meeting. If we need to elevate it a little bit, I am sure the Assistant Secretary's office or Major General Spellmon will be more than willing to assist us to get the appropriate representative to come and give us a briefing on how they do those projections.

CHAIRMAN HETTEL: Thank you, Mark.

MR. ALDRIDGE: This slide is a more close-up view of the last three months of each fiscal year from 2014 to 2018. It covers July, August, and September. You can see the revenues collected over those five years and how they compare. We are only fully comparing FY 2018, FY 2017, and FY 2016, because FY 2015 was a partial year of the 20 cents per gallon versus 29 cents per gallon tax collected, and in FY 2014 the tax rate was 20 cent per gallon, per the notes at the bottom of the slide.

This slide shows the President's Budget and allocations received for the FY 2019 execution year and the five previous years for the six projects listed. You can see on the slide that the Olmsted Locks and Dam project was the only project that was included in the President's FY 2019 Budget request, and all the other projects simply received FY 2019 Work Plan allocation money. For the Olmsted project, they requested \$35 million in the FY 2019 budget and they received an additional \$15 million in the FY 2019 Work Plan, for a total of \$50 million. You can see the amounts of money allocated to the various projects in the FY 2019 Work Plan.

Going into the project specific financial updates. For Mississippi Valley Division, I will talk about the Inner Harbor Navigation Canal Lock Replacement project and the LaGrange Lock Major Rehabilitation project.

Inner Harbor Navigation Canal Lock Replacement project. The only changes since the last Users Board meeting are shown in the box titled "Current Status of the Project" in the lower right of the slide. The changes are noted in red text. The District is in the process of balancing the cost share between the Construction General account and the Inland Waterways Trust Fund account. The District does not yet have a date as to the fiscal closeout of the project. Also the District continues to work on the Lock Replacement General Reevaluation Report. The scheduled completion date of that report is December 2019.

CHAIRMAN HETTEL: Marty here. This slide certainly piqued my interest when I read the text in the box titled "Current Status of the Project." And I quote, "In the process of balancing the cost share between CG [Construction General] and IWTF [Inland Waterway Trust Fund], preliminary estimates show a refund will be due to the IWTF." Do you have an estimate of the amount of money that would be returned to the Trust Fund and when that process will be completed?

MR. ALDRIDGE: I don't have those numbers.

CHAIRMAN HETTEL: Where would we get those numbers, or who is producing those numbers?

MR. ALDRIDGE: The Mississippi Valley Division is the office who provides that information to me.

CHAIRMAN HETTEL: Okay, thank you.

MR. ALDRIDGE: On the LaGrange Lock and Dam Major Rehabilitation project, as Mr. Pointon indicated earlier, we allocated \$10 million to the project in FY 2018 and \$57.5 million in the FY 2019 Work Plan that fully funded this project. As Colonel Sattinger indicated earlier a contract was awarded on November 9, 2018.

MR. SMITH: Joe, this is Tom Smith. Let me make a comment on this, because I think Mr. Ricketts brought up this issue of the Continuing Contract and we had a long discussion on this at the last Users Board meeting.

The Administration, in the FY 2019 Work Plan has fully funded the project. The benefit of the Continuing Contract that we talked about a lot at the last meeting is that the District did not have to wait until that money was there to award the contract. They went ahead and awarded the contract within the last month because they had that Continuing Contract authority.

I am trying to connect the two thoughts here, because you brought up Continuing Contracts. The Continuing Contract at this point is somewhat OBE [overcome by events], but by having the Continuing Contracting authority, they were able to award the contract before the Appropriations had committed the money to us.

I bring it up because you had brought that up, and I didn't think we were going to have a detailed discussion at today's meeting. There was still great value in having a Continuing Contract provision. Otherwise we would have not been able to award that contract until the Work Plan came out and it all washed back through to the District level to award the contract.

MR. RICKETTS: This is Matt Ricketts. At the last Users Board meeting I was trying to make sure that I understood the dynamics of executing a Continuing Contract without having certainty that you had the funding.

And if you did execute the Continuing Contract, and Congress did not appropriate the proper amount of funds, then what were the costs of getting out of the contract -- as I understood it, the difference between a Continuing Contract versus a contract with a base contract plus options is when you do a Continuing Contract, you are basically committed to doing the project. If you have to get out of that type of contract, there can be costly ramifications to doing so, back to appeasing the contractor, whoever you decided to go with.

I think my second question concerning the LaGrange Lock project -- just to wrap up my comments on the Continuing Contract at the LaGrange Lock, is with the increase in the costs on the operation and maintenance side of that project, because it seems we are tying them together. Is the operations and maintenance portion of the project fully funded as well in the FY 2019 Work Plan?

COLONEL SATTINGER: No sir, it is not.

MR. SMITH: There are some pieces of O&M that are not funded. Is that correct?

COLONEL SATTINGER: That is correct sir.

MR. RICKETTS: On the O&M side, there will be funding needed in FY 2020?

MR. SMITH: In FY 2020 the project will be competing for money in the President's Budget and then FY 2020 Work Plan money.

MR. RICKETTS: On the operation and maintenance side?

MR. SMITH: That is correct. On some packages on the operation and maintenance side.

MR. RICKETTS: Okay, thank you.

MR. SMITH: I hate to go back into that whole discussion, but there was value in the Continuing Contract Authority because it enabled the District to move forward even though we, the Army and OMB, were in a dialogue about what was going to be funded by OMB or the Administration, which chose to fully fund LaGrange. It is not really a relevant discussion now, other than to say that it was still a very powerful tool and that was why it was so hard to get approval for.

MR. ALDRIDGE: The LaGrange Lock schedule is still being determined concerning the project completion and capitalized cost closeout. Hopefully by the next Users Board meeting we will have that information.

We move to the Great Lakes and Ohio River Division. As I mentioned earlier, the Olmsted, Lower Mon, Kentucky Lock, and Chickamauga Lock projects will all be covered in greater detail by the project managers during their project status updates. This is simply a financial overview on each project.

First up is Olmsted. Olmsted received \$35 million in the FY 2019 budget and a \$15 million allocation from the FY 2019 Work Plan, for a total of \$50 million. Again, the Olmsted project is fully funded.

CHAIRMAN HETTEL: Joe, Marty here. A question for you. In your box titled "Funding Overview" in the lower left-hand corner of your slide, it states "902 limit of \$3.559 billion" for Olmsted. Isn't that the most recent Post Authorization Change Report [PACR], which is \$3.099 billion?

MR. ALDRIDGE: I don't know. I've got --

MR. DEWEY W. RISSLER: The 902 limit is higher than the PACR number.

CHAIRMAN HETTEL: I have just never seen that \$3.559 billion number before, I don't believe. I would have to look back and --

MR. ALDRIDGE: I don't think this is a change from a previous project update so to me it means that figure has been reported before. I tried to keep all the data that is there. I show any changes or new information in red text.

CHAIRMAN HETTEL: Okay. One more question here, Joe. TPC -- is that "Total Project Cost," "Remaining TPC?"

MR. ALDRIDGE: That is correct. That is an estimated total project cost. It would be different than your Total Project Cost for efficient funding. I think there is more to be discussed --

CHAIRMAN HETTEL: Maybe Mr. Rissler can answer this when he gives his presentation. On the Olmsted presentation, the Total Estimated Price is different than the Total Project Cost, your TPC here. Explain to us the difference in the Total Estimated Price and what you are stating is the Total Project Cost.

MR. ALDRIDGE: I am not the project manager, but what I would say is that when we move through the funding cycle of this, there was no Continuing Contract Authority on this, so it is a high risk as to if you are going to get what you need to efficiently fund or the capability funding for that project each year. It is a higher risk; therefore, there is a percentage added to the project cost.

When you get to the efficient funding stream, what they are looking at is the assumption that you are going to receive everything on time and the exact amount of money you need and you can execute at a more efficient and effective rate.

CHAIRMAN HETTEL: Your total allocations to date of \$2.790 billion relates a lot closer to the Total Estimated Price in the Olmsted presentation of \$2.782 billion. My question is, this remaining almost \$77 million you show as the "Remaining TPC Balance," has that already been funded to Olmsted?

MR. ALDRIDGE: The only thing that has been funded is what it shows, total allocations to date -- \$2.790 billion. That is what we think has fully funded that project, and we don't think there's going to be anything extra. If you remember from the last Users Board meeting or maybe the Board meeting before that, we had fully funded it at the budgeted amount of \$35 million, and then there was an additional requirement that came up.

CHAIRMAN HETTEL: No, I understand that.

MR. ALDRIDGE: The total project cost is just an estimate. They had risk factors that they added in because of uncertain funding streams. When you look at the efficient funding, you are looking at the assumption that you are going to receive all these funds and that when you get to the end there isn't going to be any rock that you uncover and find something underneath it.

CHAIRMAN HETTEL: I am just wondering why we are even looking at that \$76.9 million figure in here under "Remaining TPC Balance" if it is not going to be needed. When I look at this, it makes me think we need \$11.5 million from the Trust Fund to finish that project.

MR. ALDRIDGE: This is just a number. There are no dollars associated with that number. That \$76 million that is remaining, it is just a number. If we are done, we are done and it closes out, and then the District does an adjustment at closeout of the total project cost, and that will come down to whatever that number is, \$2.782 billion, I think it was.

MR. DURRETT: Hey, Marty, if I can help here. I don't know if I'm going to help or not. I guess your concern is that \$76.92 million on the "Remaining Total Project Cost" means there are still uncertainties.

We got washed out a lot this year with high water at Olmsted. If we have another very wet water season next year, that \$50 million that we think we got this year to complete this project will not be enough. We will have to come back and ask for more money, even though we think we have completion funding. There are still rocks out there we still may turn over and find things, so that is kind of planning money.

Our goal is not to use any of that \$76.92 million, but we don't want to show zero and come back and tell you, "Oh, we need another \$10 million more." That is kind of unforeseen site conditions or contingencies -- I hate to call it contingencies, because our anticipation is we are not going to use that money.

But from a programming standpoint, until we are communicating well with the Congress and everyone else knows, there is still some potential out there at Olmsted that we will need more than what we got -- even though we have been funded through completion for Olmsted.

Dewey [Mr. Rissler] may talk some of this about when we talks about Olmsted -- we lost four months of low water season in 2018. The contractor thought he was going to have seven months of good low water to do solid work. He lost four months.

He was doing some minor work, but he didn't do any solid work in 2018. We lost four months. That is the first time that happened to us in about five or six years on the Olmsted project. There are a lot of things that can happen still, so we are not saying we are not 100 percent confident we are going to finish with what we got, but we are driving hard to complete with what we got today.

CHAIRMAN HETTEL: Thanks, Steve.

MR. DURRETT: I don't know if that helps.

CHAIRMAN HETTEL: Here is what may help me. Is that \$76.922 million that you say you may need -- I think the only thing left to do on the project, high-dollar work at Olmsted, is the demolition of Locks and Dams 52 and 53; is that correct?

MR. DURRETT: Dewey [Mr. Rissler] can get into the details of what is high-dollar. But if we lose a lot of the construction season again in 2019, that contractor could be still onboard waiting into 2020.

Right now we are going to extend WGA's [Washington Group – Alberici] contract for about four or five months to get into next year's low water season so that he can finish activities that are currently on his books to get done that he could not get to because of velocities and/or elevations of the Ohio River at Olmsted. And those things need to get done.

We looked at the possibility of just cancelling his contract and going out and procuring those activities under a new contract, but why would we do that when he has the equipment, he has the people that are skilled and trained and been doing it for the last umpteen years, and we go hire a new contractor that comes in and brings in divers that never worked in those conditions before.

We believe the cost would be significantly higher than trying to keep our contractor on board and extending his contract from about March into June or July -- I can't remember the date -- but we are going to extend his contract. That is costing us money, but we still think we can do that for what we currently are getting with the \$50 million we got in the work plan and the budget of FY 2019.

We are working hard still to drive to get the job done for the dollars we have, but if anybody can tell me what Mother Nature is going to do, I will gladly listen to you and we can plan accordingly, but no one planned on what we had this year.

You all are as well aware of that as we are that when it comes up, it costs you more money to push your tow up river when your velocities are three times what they should be. We had that same conditions with Olmsted. The velocities are too high, we can't put divers in the water, we can't do work. There is some work we cannot do.

We are making progress still today with high water, demolishing Locks 52 and 53, but it is not as efficient as it would have been if we had had low water conditions. It is costing us more than what we thought it would have cost us, but we are still making some progress and we believe good progress that we are keeping the contractor working down at Olmsted.

CHAIRMAN HETTEL: I just don't see that much left to do physically at Olmsted, is all. I don't know that --

MR. DURRETT: You are looking at programmatic --

CHAIRMAN HETTEL: I understand.

MR. DURRETT: Again, depending on where you view dollars, this is programmatic dollars versus when you get to the region, it is more project, and at the District level, it is definitely project dollars on what they need to drive. Their numbers are harder than my numbers, and Headquarters' numbers are a little softer than that.

A lot of this is communication. We have gotten into a lot of trouble saying we are going to complete something and we have come back and asked people for another \$15 million, and now all of a sudden we are over what we said we were going to complete for.

We like to go in with keeping some contingencies and keeping some fluff in the estimates. I don't think we are going to need the \$76 million, but I can't promise you I won't need that \$76 million.

CHAIRMAN HETTEL: Well, maybe we can get the questions answered then when Dewey [Mr. Rissler] gives his presentation. I don't want to take up the whole meeting on this. Thank you.

MR. POINTON: For the record, that was Steve Durrett from the Division, and the previous speaker was Mr. Dewey Rissler, who's the Project Manager for the Olmsted project. He will be on the program a little bit later to talk specifics about the Olmsted Locks and Dam project.

MR. ALDRIDGE: This is the update since the last Users Board meeting of the schedule changes at the Olmsted project. The changes are noted in red text.

The Lower Monongahela River Locks and Dams 2, 3, and 4 project. The Lower Mon project received an allocation in FY 2019 of \$89 million, and that brings the total remaining balance down to \$220 million. I know that, Chairman Hettel, based on your earlier request, that that is a difference of about \$135 million from the total project cost. Again, hopefully the project manager can address that, and we will get that settled.

There has been one change to the project schedule concerning the Charleroi Dam stilling basin. Again, that will be discussed during the project manager's presentation.

The Kentucky Lock Addition project on the Tennessee River project. Kentucky Lock received an allocation in FY 2019 of \$43,600,000. You will notice in the box titled "Funding Overview" in the lower left corner of the slide, the figures are in red text where they have updated the Engineering and Design cost and Supervision and Administration cost. The current status on the right-hand side of the slide -- the downstream cofferdam construction is 40 percent complete. In the box titled "Next Steps," the District has a Certified Total Project Cost estimate being completed by 1 January 2019, and the District is going to progress on the downstream monolith Plans and Specifications to 30 percent by the summer of 2019.

There are no changes to report on the Kentucky Lock project schedule slide.

Chickamauga Lock. As discussed earlier, the Chickamauga Lock project received a onetime cost share change for FY 2019 of 85 percent from the Construction General fund and 15 percent from the Inland Waterways Trust Fund. Chickamauga was allocated \$89,700,000 in the FY 2019 allocation. Of that \$89.7 million, as mentioned earlier, \$13.455 million is from the Inland Waterways Trust Fund. The changes in the funding overview, the current status of the project and the next steps in the project will all be discussed by the project manager.

There were no changes to the Chickamauga Lock project schedule slide.

The Emsworth Locks and Dam project on the Ohio River. The only change is in the box titled "Current Status," where the District is reporting that the emergency bulkheads work was completed.

The Emsworth Locks and Dam project schedule. There were no changes to the project schedule.

Unless there are any questions, that concludes my presentation this morning. Thank you.

MR. POINTON: Any there any other questions for Joe?

MR. ALDRIDGE: Thank you.

MR. POINTON: All right. Thanks, Joe. Next up on the program, Mr. Durrett is going to make a presentation after ably answering a bunch of questions earlier in the meeting. He is going to talk about the efficient funding for the Trust Fund projects.

MR. DURRETT: Thank you, and welcome everybody. My name is Steve Durrett. I am the Program Director at the Great Lakes and Ohio River Division. I have been in the position officially for about six months now. However, I have been doing it unofficially for probably close to nine to 12 months.

I only have one slide to talk to you, and this is going to get changed before the next Users Board meeting probably some, with the recent release of the work plan for FY 2019.

We have not had a chance to update this slide to take into account what we actually received in the FY 2019 Work Plan. For some of these projects you may not see any adjustments, but I believe you are going to see adjustments in a lot of these projects in the out-years at the next Users Board meeting, based upon some of what we are going to talk about -- what I talked about earlier, looking at contingencies and our budget requirements, our Budget EC (Engineer Circular) guidance that they tell the Districts and the MSCs [Major Subordinate Commands, USACE Division offices] to follow, versus what we probably can do a little differently and take some risks where appropriate and not ask for this full funding up front that is used for a period of two or three years on some of the contracts that we award that have a life of two or three years. We are going to work on some details of how we deal with that.

The portion of the slide in orange is what was contained in the FY 2019 Work Plan. The project managers will get into the details of what those are. This is efficient funding, so this is a matter of keeping our contracts going at what we believe when we awarded them is an effective and good pace for a contractor.

Again, I want to emphasize that there are a lot of differences in terminology between efficient funding and capability funding.

Efficient funding is what we establish, for example at Chickamauga -- some of these projects have a lot of options. We have base contracts with options in them. The project engineers in the Corps, with our experience, with our construction folks, we come up with a plan on how we believe a contractor can build a project, and we break it into pieces.

Now, if you fully fund a contractor and you give them a billion dollars and tell them to go to work, they probably can get it done much faster than what we come up with efficient funding, because we are assuming a lot of things.

Contractor A may do it with a certain way, and Contractor B may have totally different means and methods of constructing something. Those are the things we take out of their hands somewhat when we come up and break these things into options.

We take a lot of means and methods away from contractors when we establish options, but it is kind of the nature of the environment that we work in. We try to release some of that by asking for capability funding, and typically our capability funding will be higher than efficient funding.

Chickamauga would be an example of that this year. Our capability funding on Chickamauga was about \$23 million higher than what we asked for, what we got in efficient funding. We believe we could have freed the contractor up and given him some more options that could have been awarded. We could have gained some efficiencies with the project and --- not necessarily, but potentially have moved it a little bit to the left.

But you have to free up a contractor and let him go and let his experience and means and methods work if you really want to deliver a lot of these projects in an efficient manner. That is not what we have been doing, but this is the breakout that we are showing of what we need. These will change. We believe our numbers in FY 2020 will probably change for these projects.

In the FY 2019 Work Plan, even though I talked to you about how do we do the Budget EC and look at contingencies across the region, our FY 2019 numbers were already submitted and we were not going to be able to influence the FY 2019 numbers, so I did not rush the team to try to come up with how we were going to deal with FY 2020.

Our goal was to start doing that now, work between now and the next Users Board meeting, and I will have a proposal to show you. My plan would be to show you what is existing, how do we do it today, versus how we may do it relative to the three projects that LRD has some control over, Lower Mon, Kentucky, and Chickamauga.

I am not 100 percent sure, but I believe we will be able to show some number adjustments that will move some of this, that may fix -- as we show today, FY 2021 shows the Trust Fund going -- just using these numbers -- shows the Trust Fund going in the hole by \$4 million.

I think we can have some impact on that. Now, I am not saying we are going to get a \$20 million balance in the Trust Fund, and I am not talking big money, but I think we can show some adjustments of about \$10 million to \$15 million is my guess, without doing any analysis at all.

If I come back to the next Users Board meeting and tell you it is only \$8 million, please nobody beat up on me, because it is just my guess that I think we can come up with some efficiencies here in our funding that can help stretch these dollars a little bit more and help minimize some of the impact we are seeing with the Trust Fund balance at the end of the day.

I am going to end there and just open it up if anyone has any questions from the Board.

MR. MONAHAN: This is Mike Monahan. Thank you for committing to providing us with the full capability for the priority projects. With that, as I look at the slide, something that jumps out at me is that our remaining priority projects are all on the back end and around, what, 2024 we are going to be bringing them to conclusion.

My question is what your next steps are looking forward for the projects -- in our 30th Annual Report, I think it was Page 7, where we have projects awaiting construction and projects for major rehabilitation. Could we also take a look at that same difference between full capability and efficient funding on those numbers?

With that, I would like to understand -- and maybe the data is already available -- is from a risk of failure perspective on future projects awaiting construction and major rehabilitation projects, can we get an assessment of what the risk of failure is for those projects as we evaluate -- I think, Mr. Chairman, you mentioned we probably need to freshen up the Capital Investment Strategy.

CHAIRMAN HETTEL: Yes indeed.

MR. MONAHAN: With that, I would think we would need to understand where the risk of failure is on these remaining projects, and I would also like to understand the benefit to cost ratio as we know it, whatever the latest studies are for each of these projects.

At least in my own mind as we look forward to the future, and I am going to be an optimist that under the new Congress that infrastructure will be addressed, and when it is addressed we can all debate how the funding will come about, but I am also going to be an optimist that the inland waterways will receive the funding we need. If so, we need to be prepared to address this, and I would just like to understand these data points. Thank you.

CHAIRMAN HETTEL: Mike, Marty here. I think that is exactly what our Capital Investment Strategy would produce. As you well know, our recommendations are based on risk of failure and benefit to the nation.

I know you weren't around for the 2015 Capital Investment Strategy, but there were three different levels of funding in there. I will forward the finished product from when we completed that prior to when it went to OMB, and you can look at how there are different funding streams that can put these projects forward.

Now, we have more projects to put into the Capital Investment Strategy. We have the Upper Ohio Navigation study that has been authorized, we have the Three Rivers study that has been authorized. We have to look at the whole suite of projects, again, based on risk of failure and value to the nation, and lay out where we think our Trust Fund dollars should be spent once we complete these legacy projects. I believe the Capital Investment Strategy process will show us that.

MR. WOODRUFF: This is Matt Woodruff. I go back with this Board probably about as long as anyone sitting around the table at this point. Starting in 2009, 2010, when we

initially did the Capital Development Plan, we put an extraordinary amount of time into looking at each and every project out to the end of the authorized list and even beyond that to projects that were anticipated but not yet authorized, and we tried to look at the risk of failure, the consequences of failure, and the value that those projects provided to come up with a matrix of how we would prioritize projects.

However when you do that process, you are merely taking a snapshot as of that point in time, and we said that that was something that would require an annual review, and probably every five years or so a really thorough sort of zero-based study to say are we in the right place.

What concerns me -- and I am not going to be around this table much longer -- is that the process we set in motion some years ago seems to be working, and we are looking at completing the projects, which is great. But I am worried about the lead time for the next tranche of projects.

And if we are not putting the PED money into new projects, we could run up against a wall where we have got our projects that are currently under construction completed, money building up in the Trust Fund, and no place to spend it because we don't have another project in line that can accept those dollars and start executing.

I think the next Users Board should really focus on this and start looking now at what the next projects should be, and then start strongly advocating for the PED money for those projects so that we can have them ready to go.

In 2009 when we had the stimulus money, there was this shovel-ready component to things. We weren't shovel-ready in all cases and able to execute on some of those dollars that became available. We need to make sure that before the next infrastructure plan comes along that we are in a position to execute on those dollars and don't get left behind.

CHAIRMAN HETTEL: Very valid points, Vice Chairman Woodruff -- especially when we have heard that the Pre-construction Engineering and Design could take upwards of three years. As you stated, we don't want to be sitting around depositing money in our Trust Fund and not be able to build projects because we are waiting on Pre-construction Engineering and Design to be completed. I certainly agree with you.

MR. SMITH: On behalf of the Corps of Engineers, just a comment, because I think we are all having these discussions. This epiphany that the work of the Users Board, the work of those who interact with Congress, the President's Budget, have all put us at a tipping point where we can actually see completion of these projects in the next few years. We are sitting at a point where we certainly have some reasonable data on what is probably next, but is it all ready to begin construction -- ready, shovel-ready, whatever the terms are. Quite frankly, it is not all where it needs to be.

Chairman Hettel and I have talked. We were talking about this both inside the Corps of Engineers, outside of these scheduled Users Board meetings, and I agree. We need it to

keep it up front in these meetings and certainly begin to be talking about it in a little bit more granular way.

I think conceptually we all realize that we have great success on our hands, but also that we need to be a forward-looking group. The execution is down at the District level, maybe arguably the Division level, but this Board and our Headquarters and the Assistant Secretary's office, we have to be looking out toward the future. We will let LaGrange Lock and Dam get taken care of by the Rock Island District, and Olmsted Locks and Dam get taken care of by the Louisville District, and we have got to be there.

I am acknowledging all that you have said, and also share that this is a concern of General Spellmon's that he has shared with me as well. We will take it on and there will probably be a few interactions even before the next User Board meeting. It is that important.

MR. MONAHAN: Tom, this is Mike Monahan. Part and parcel of that, I noticed on today's agenda there is not an update on the status of the Upper Ohio Navigation study for Emsworth, Montgomery, and Dashiields Locks and Dams. Can we get an update on the status of those projects also at the next Users Board meeting?

MR. SMITH: Yes, we can certainly add that to the agenda. One other comment, though, maybe playing off not your comment necessarily Mike [Monahan], but Mr. Woodruff's, is all the data you referred to or maybe all of you are talking about -- risk and value and projects -- our data has only gotten better.

Kareem, when he made some comments, talked about the process that LRD uses. We continue to improve that, and on an annual basis it is really the platform for which our annual budgets are built. I think we really institutionally have a pretty good handle on our systems and the risk, value, and the condition, and we use that every year.

Now, we need to sharpen our edge when it comes to our messaging and advancing the cause for the benefit of receiving funding, but I do want to make clear that I think when Kareem made reference to the kind of detailed process that, for example, LRD goes through and Headquarters, it tries to be a performance-based budget that is based on the condition of specific projects, the risks that those projects -- economic and life and safety, if there are any -- that would be the result of their failure.

MR. WOODRUFF: This is Matt Woodruff again. I know Kareem was doing a lot of work several years ago, and I don't mean to say this in a pejorative sense, kind of building the black box that all the data goes into and answers come out of. I think that having that objective analysis and weighing of different factors to instruct project prioritization is very important.

It may just be because I don't have the capacity to understand. I never really had a good understanding of what all the gears and levers inside that box were, what the weighing was of the various factors, because I think that is something that requires an informed judgment of a group like this advisory board to say we understand these are the data streams

coming in, we understand this is the answer coming out, but we need to understand how we are weighing that, how we are giving more consideration to one factor over another factor, and the like.

And once we get that objective output from the analysis, then I think it should come back to a group like this to add some human judgment to it, to say, well, we see that this is what the raw numbers say, but over time I think we've tweaked a few things here and there where we've seen some subjective factors that needed to be weighed in as well.

MR. SMITH: It may be worthwhile, Matt, for us to give a presentation on how we do our performance-based budgeting now. I don't know the last time the Board has seen that. It is always a time demand considering the limited amount of time we have available at these meetings, but we can at least share with you an overview of the process that I think is very consistent with what you are asking for, although there is a point at which it is no longer the Users Board making those final choices; it does become an agency decision.

MR. DURRETT: Like Kareem said, we develop a performance-based budget, and we do a lot of analysis and we have this black box, but still it is just a data point. We still have experts that sit around a table and look at the output and say "Does this make sense," and we make adjustments.

It is not strictly an analytical analysis that does performance-based budget. It may spit out that way and then we start going – this project moves up two, this one is dropped down seven, and we move things around -- at our Division, anyway. That is how we do it.

We do our OCA, and we do that stuff, and we get our performance list, and then we have some experts sit around a table from all our Districts and they start making those minor adjustments up and down.

Now, no project moves from Number 3 to Number 86, but things move around, because you just can't come up with all the parameters. You still need to use some professional judgment and experienced people sitting around a table that look at the data and then make real decisions on where projects belong.

We do not just go strictly by the numbers. I want to emphasize that point. It sounds like we do, it really gets us a good starting point of where the ranking is, but it is not the final ranking that we use in LRD.

MR. SMITH: It may be, though, and I will talk with Mark [Pointon] as we prepare the agenda for the next meeting, that a little bit more of how we build the budget -- 15 minutes of it might help the Board understand that process -- like I said, at some point, though, it is ultimately the agency's decision. The agency does rely on its data and has to make a recommendation to the Administration.

MR. WOODRUFF: This is Matt Woodruff again. I appreciate the professional judgment that comes from the Corps, and I am glad to know that it is not just merely taking

the data stream but you are incorporating that professional judgment, because I think that is invaluable.

But I think there is also a certain amount of judgment sitting around this table that comes from different perspectives, from the industry perspective, and I think what Congress intended when they created this Users Board was to also get input from the users, shippers, and from the carriers to inform those ultimate decisions.

I think that is how we can provide ultimately the greatest value to the nation from the time that we spend in the Users Board, is to participate in looking at the information that you have developed, the expert judgment of the Corps, and then supplement it with the judgment of this group, and hopefully make the best recommendations to the policy makers in the administration and Congress for what the future course of construction should be for the inland waterways system.

MR. SMITH: Okay.

MR. POINTON: Are there any other questions for either Steve or Tom?

MR. DURRETT: Chairman Hettel does.

MR. HETTEL: Just a couple of comments here, Steve, on your slide up on the screen. At our March meeting, Meeting No. 86 [Board Meeting No. 86 was held on March 1, 2018 in Chattanooga, Tennessee], we received efficient funding numbers, and those numbers when I compare them to the numbers from this meeting, the Olmsted project shows an increased cost of \$15 million. I see that in the work plan.

The Lower Mon's efficient funding numbers increased by \$36.5 million. Kentucky Lock's efficient funding numbers decreased by \$16 million, and Chickamauga Lock's efficient funding numbers decreased by \$2 million. Maybe you can look at where those differentials came from and send us an email or something and let us know the reasons for the changes in efficient funding requirements.

MR. DURRETT: Okay. These efficient funding numbers, we are updating these basically every quarter. Based upon where our progress in construction is moving, we are constantly making adjustments to -- we didn't have any modifications at Chickamauga -- and I got all this contingency money, so therefore I know I am not going to need any money in the out years, so I start reducing those values as we move forward.

This is really a current working estimate until we submit it. When we submit our budget for FY 2020 -- that was already submitted, that is done -- then we will start playing the games with FY 2021 and FY 2022 as we move forward. These numbers will always change.

CHAIRMAN HETTEL: Understood.

MR. DURRETT: They are going to go up or go down based upon whatever the parameter is that is hitting it at the time.

CHAIRMAN HETTEL: I can appreciate that. I would just ask if there is any explanation for the increase. That is all.

MR. DURRETT: Okay. All right. You would like to see the explanation from quarter to quarter as we present?

CHAIRMAN HETTEL: Well, from the last time you presented efficient funding numbers to the current set of efficient funding numbers. That is all.

MR. DURRETT: Okay.

CHAIRMAN HETTEL: Thanks.

MR. DURRETT: No problem. Thank you.

MR. POINTON: Thank you, Steve. Ready to take a break, Marty?

CHAIRMAN HETTEL: Yeah, let's go ahead and take a break.

MR. POINTON: Okay, my watch says that it is about 9:40 right now, so let's take about a half-hour break, so we will reconvene in about 30 minutes.

[A recess was then taken.]

MR. POINTON: All right everyone, please take your seats. We are going to reconvene the meeting. Next on the program we are going to move on to an update on the status of the Olmsted Locks and Dam project. Mr. Dewey Rissler, who is the project manager for the Olmsted will be delivering the project update. Please proceed when you are ready sir.

MR. RISSLER: Thank you, Mark. Good morning, Chairman Hettel, Mr. Smith, Board members. My name is Dewey Rissler. I am the Project Manager for the Locks and Dam 52 and 53 replacement project, commonly referred to as the Olmsted project.

The picture on this cover slide is of the construction site. This was taken about two years ago, but it is the best overall picture we have of the overall project site. You can see in the upper portion of the picture is the Kentucky shoreline, and you see the four river dikes that have been completed there. In the lower portion of the picture you can see the two 1,200-foot lock chambers and the approach walls and then the tainter gates of the dam adjacent to the locks.

Our bottom line up front slide. Our bottom line message hasn't changed a whole lot over the past few months. We are showing the actual operational milestone date of 6 September 2018. That was when we locked the first boats through the Olmsted Lock project.

That was a month earlier than what we had anticipated, but due to the deteriorating condition of Lock and Dam 52, we had to pull that operational date forward.

Our total estimated price for the project is \$2.782 billion, versus the \$3.1 billion that was originally authorized in the PACR. Our keys to the successful delivery of the project are shown there. They are (1) the receipt of efficient funding for the project and (2) being able to take advantage of favorable river conditions during the low water season and being able to work outside of the contractual low water season of the river which is June 15 to November 30, 2019.

This is a brief overview of what has transpired since the last Users Board meeting. The Lockmaster's office and the Lock Maintenance buildings were completed on September 28, 2019 and they are being occupied by our operations personnel at the project site.

With respect to the left boat abutment, all of the isolation piles, the piles themselves, have been installed. We have some bracing that needs to be installed on those areas and some grouting to take place there. In addition, we have a permanent anchorage for the wicket lifter that needs to be installed.

CHAIRMAN HETTEL: Dewey, Marty here. May I ask you a question?

MR. RISSLER: Yes, sir.

CHAIRMAN HETTEL: The curtains on the lock walls, the floating lock walls – have those been installed as well?

MR. RISSLER: Yes, sir. Those have been installed.

CHAIRMAN HETTEL: Good. Good. Thank you.

MR. RISSLER: Just a few photographs taken at the project site. Again, we are progressing with the demolition of Lock and Dam 53, what we call the Phase 1 demolition, which includes the lock chambers and the removal of the wickets and the first pier out into the navigable pass area of the river. We are progressing with that work currently with our dam contractor, WGA.

The photo in the upper right-hand corner, the photo dated 25 October 2018 shows some of the site restoration work that we have been able to do at the project site. We have been able to restore about 50 acres of our almost 200-acre construction site.

The photo in the lower left corner shows the catamaran barge – we have sold that. We disassembled that. We were anticipating that to be shipped out, but due to the high water the shipper can't get it under some of the bridges, so that is still on site. And finally the photograph in the lower right corner show a depiction of some of the pressure grouting that we have to do along the upper cutoff wall along the dam.

This is our financial slide and you will see a lot of items in red, indicating those items that have been changed since the last Users Board meeting. What I did on this slide, I had been showing a lot of rounding on these numbers, so I went back and dug out all of the actual numbers, and you will see some of these changed a little bit, but these are all the actual numbers.

The total project cost, the \$2.867 billion figure, that is the cost figure from our 2018 certified cost estimate that was developed by the folks out at the Corps' Center for Cost Estimating located at our Walla Walla District office. That project cost estimate does contain contingencies. If you look below the box with the information on the annual allocations and the FY 2019 budget information, there was a \$30,000 reallocation of funds from the Olmsted project to the Soo Locks project. You can see in the notes there that the remaining balance includes the FY 2019 budget allocation and a reprogramming of \$30,000 from the Olmsted project to the Soo Locks project on 6 April 2018.

I prepared this slide prior to the FY 2019 Work Plan funding being announced and that is why we are showing total allocations to date of \$2.775 billion instead of the \$2.790 billion reported by Mr. Aldridge during his presentation earlier.

CHAIRMAN HETTEL: Dewey, Marty here. Should we be using this slide and not Joe's slide? Where Joe's slide showed the \$2.790 billion figure for total allocations to date.

MR. RISSLER: Well, when I get back to the office I will update this slide with the work plan money, Marty.

CHAIRMAN HETTEL: We discussed this when we saw some reprogramming of monies to the Fargo-Moorhead flood control project, the reprogramming of \$30,000. This isn't a big number, I understand, with these big numbers we are talking about, but is that Trust Fund money going to be reimbursed back to the project, or what?

MR. RISSLER: I will have to check on that and see if Trust Fund money was included in that reprogramming or if that was all CG [Construction General] funds.

MR. POINTON: I believe it was all CG funding. It was not Trust Fund dollars that were reprogrammed. Is that correct?

MR. DURRETT: That is correct.

CHAIRMAN HETTEL: Okay. Thank you.

MR. RISSLER: Correct. As you can see, the Trust Fund dollar figure did not change on that line.

In the lower right hand corner of the slide, you can see the box titled "Next Steps". We need to complete the grouting along the sheet pile cutoff wall and complete the finish details on the isolation piles installation.

Also we have to award the Lock and Dam 53 Marine Phase II, what we are calling the Phase 2 demolition, which is the Kentucky portion of the Lock 53 dam. We received a proposal for that work before the end of the fiscal year, but it was significantly higher than our government estimate, therefore we initiated some discussion with the contractor as to why his cost proposal was so high, so on and so forth, thus we have not yet awarded that portion of the work as of yet. We continue to work with him on that.

In addition, we still have to do the Locks and Dams 53 and 52 landside demolition, property disposal, and some historical mitigation work that we have to do.

CHAIRMAN HETTEL: Dewey, question on that. The Lock 52 Lockmasters building -- I don't think I have ever been to the Lock 53 Lockmaster's building. All those buildings at Lock on 52 are going to be demolished?

MR. RISSLER: Yes, sir, that is the plan as of right now.

CHAIRMAN HETTEL: Okay.

MR. RISSLER: Are there any other questions on this slide? This is our project schedule. As you can see, some of the changes that we made there. On the first item, the dam, we put in the date, 6 September 2018, under project benefits, as that was the date when we first locked a boat through the project.

Under the item "Wicket Lifter" the date of the capitalized cost close out. This capitalized cost is when we fiscally close out contracts and our backup wicket lifter. We are going back to the original crane manufacturer for the crane of the backup wicket lifter, and that is what caused this date to be pushed out, because we won't close that contract out until we get that additional crane from them.

CHAIRMAN HETTEL: Dewey, this is Marty. That is interesting. You have awarded the contract to build the --

MR. RISSLER: The barge.

CHAIRMAN HETTEL: -- the extra wicket lifter barge --

MR. RISSLER: Yes, sir.

CHAIRMAN HETTEL: -- but not all the apparatus that need to go on the barge?

MR. RISSLER: That is correct. That was the way we did the first one. We awarded the barge and then the crane separately.

CHAIRMAN HETTEL: Did the original design and everything for Olmsted include two wicket lifter barges, or was that added at a later date?

MR. RISSLER: It was added at a later date.

CHAIRMAN HETTEL: Okay.

MR. RISSLER: Yes. Once it was discovered that that wicket lifter, even though we have spare parts for the wicket lifter, is the single point of failure for the operation of this facility, we felt it was prudent to get the backup wicket lifter barge.

CHAIRMAN HETTEL: The Lock and Dam 52 or 53 wicket lifters couldn't do the job at Olmsted?

MR. RISSLER: No, sir.

CHAIRMAN HETTEL: Okay. Thanks.

MR. RISSLER: Again, we updated the buildings and grounds project benefits when our operations folks moved into buildings and actualized the contract award for the demolition of Lock and Dam 52.

For the working spend plan, at the last Users Board meeting there was a request that I show how we were planning to use the \$35 million for FY 2019, so we put this slide together showing what contracts we anticipated awarding in FY 2019 and FY 2020, and the S&A and EDC portions of that.

Some of the items, the contract work that we have yet to do is included in that amount -- for example we still have WGA. We have not fully funded their contract yet, so we have work there, again, the Lock and Dam 53 demolition Phase 2, the landside demolitions we talked about earlier, and the remaining portion of the backup wicket lifter. A lot of those items go into this spending plan.

CHAIRMAN HETTEL: Dewey, this is Marty. These are the projected costs for the contracts; in other words, these contracts haven't gone out to bid yet? These costs are subject to change, is that correct?

MR. RISSLER: Yes sir, these costs could change, yes sir.

CHAIRMAN HETTEL: Okay. Thank you.

MR. RISSLER: This is our "Olmsted Project Time and Cost Scorecard" slide. Not a lot has changed on this slide. We continue to execute the project under budget and ahead of schedule. In the lower right hand corner of the slide you can see our major activities schedule. We have actualized all of those. One area that I have not updated yet on this slide is the section on the upper right quadrant under "Schedule," where it says "Dam Operational" where the slide says "October 2018" it will be changed to "September 2018."

This slide shows our cost trend lines. The top graph at the top of the slide is the total project cost based on the certified cost estimates that we get from the Center of Expertise for Cost Engineering at the Walla Walla District. They come out and they do an actual estimate in the even numbered years, so the last one we received in 2018 is the certified cost number.

In odd years, which will be next year – 2019 – the project cost is updated locally within the Louisville District. The total estimated price shown in the graph in the bottom portion of the slide is our trend line of what we are seeing through the execution of the contract and is where we plan to end up with everything at the end of project.

Olmsted finishing strong - the first bullet there “Equipment Disposition.” I believe we have provided the spreadsheets for the equipment that we have both disposed of and what we are planning to dispose of. At present, we have received back about \$3.4 million on the sale of that equipment. Those sales receipts – I have included that money received in the figures that we have on hand to execute some of these contracts.

CHAIRMAN HETTEL: Dewey, Marty again.

MR. RISSLER: Yes, sir.

CHAIRMAN HETTEL: While we are on this, let's talk about the additional \$15 million that was supplied in the FY 2019 Work Plan. I know you and I spoke about this earlier this morning, and for the benefit of the rest of the Board members, that \$15 million is not for the wicket lifter barge; that is for construction of a vessel to move the wicket lifter barge; is that correct?

MR. RISSLER: That is correct. Yes, sir.

CHAIRMAN HETTEL: Is that bid process underway, or do you have to do the Pre-construction Engineering and Design of the vessel yet.

MR. RISSLER: We have to do the engineering and design on that vessel. Our plan right now is, we are working with the Corps Marine Design Center in Philadelphia to develop performance specifications so that we can get to an award quicker for that vessel.

CHAIRMAN HETTEL: Okay. The \$3.4 million in assets that you have sold can't be deducted from the \$15 million of added funds -- for the vessel, because you've already in essence reduced the funds to complete the project; is that a correct statement?

MR. RISSLER: If we go back a few slides to the slide titled “Working Spend Plan,” what I did here, this \$109 million total figure, to finish everything up at the project, we carried over money from FY 2018 into FY 2019, and at that time it was \$35 million to that, come up with about \$111 million. Now, the monies that we carried over included the \$3.4 million.

CHAIRMAN HETTEL: To simplify that, this number would have been \$112.6 million because you've already reduced that by the \$3.4 million in the assets you sold; is that correct?

MR. RISSLER: Well, these are future contracts, and what I carried over was just funds that were available. Right now without the work plan money, this was showing that we would have about \$2 million left or available, because I was going to have about \$111 million available to execute this work.

CHAIRMAN HETTEL: And the remaining assets you have to dispose of, is there an estimated price on these sheets?

MR. RISSLER: No, sir.

CHAIRMAN HETTEL: You won't know until--

MR. RISSLER: Right.

CHAIRMAN HETTEL: -- you actually dispose of them?

MR. RISSLER: Correct. Because we estimate a number, and through the GSA [the General Services Administration] bidding process and everything it comes in 20 percent of that, if that much.

CHAIRMAN HETTEL: Okay. Thanks.

MR. RICKETTS: Excuse me. Question here, Matt Ricketts with Crouse. The \$15 million of additional money needed at Olmsted, I think what Chairman Hettel said to build a vessel to move the wicket lifter.

MR. RISSLER: Yes, sir.

MR. RICKETTS: What kind of vessel was that?

MR. RISSLER: It's a Z-Drive towboat.

MR. RICKETTS: What size?

MR. RISSLER: It is 2,000 horsepower.

MR. RICKETTS: The entire \$15 million is for the building of that vessel?

MR. RISSLER: Right, between that vessel, the building of that vessel, and the rental of a Z-Drive boat that we have out there to move the wicket lifter around now.

MR. RICKETTS: Okay. Does that funding include the ongoing rental of the Z-Drive that's out there now?

MR. RISSLER: Yes.

MR. RICKETTS: In perpetuity?

MR. RISSLER: No, until the new boat is completed.

MR. RICKETTS: Okay. So the new boat you are building will replace the charter boat that you have right now?

MR. RISSLER: Yes, sir.

MR. RICKETTS: Do you know the cost of the new boat that you are building, what percent of the \$15 million it is?

MR. RISSLER: Right now we are estimating somewhere \$10 million to \$12 million.

MR. RICKETTS: Okay. Thank you.

MR. RISSLER: Returning to the "Finishing Strong" slide, the next item you see is our out-year marine work packages, again, we are in discussions with the contractor regarding the Lock and Dam 53 Phase 2 demolition work. We are continuing the procurement of the backup wicket lifter. Like I said, we have to finish the crane acquisition there. We have already awarded the demolition of Lock and Dam 52.

Moving down to the next item on the slide the item titled "Functional Transition." Again, we locked our first boats through on the 6th of September 2018. We do have or have recognized some impacts for this low water season, as Steve Durrett identified earlier. Items remaining to be completed include one isolation joint, install a permanent wicket lifter anchor and spall/bleed hole repair.

We have had high water pretty much continuously after the ribbon cutting event that occurred this past August, and between that and the barge allision that we had earlier in the year has kept us from getting a lot of the work completed that we had planned -- for example, finishing up the isolation piles and that kind of stuff.

We are assessing what that impact is, and we are working hard to be able to complete all that work within the funding that we have requested.

This is a picture of the catamaran barge. Unfortunately, I thought it was going to be leaving, so I had it leaving the site here, but it is still there. If you notice in this picture, the lock walls are under water. High water has really hampered us.

And this is a picture of the project with the tainter gates down and the wickets are up. The project is operational.

Subject to any additional questions or comments, that will conclude for presentation this morning. Thank you.

MR. POINTON: Are there any other questions for Dewey?

MR. RISSLER: Thank you.

MR. POINTON: Thank you Dewey. Moving on. We will now get an update on the Lower Monongahela River Locks and Dams 2, 3 and 4 project from Mr. Steve Fritz from our Pittsburgh District. And Steve, you will also briefly address the status of the Emsworth project, is that correct?

MR. STEPHEN R. FRITZ: I can if you would like me to. I will do the update of the Emsworth Dam major rehabilitation project right up front.

MR. POINTON: Yeah, just to close that project out so we can stop reporting on Emsworth.

MR. FRITZ: Okay. Emsworth, I think has about \$541,000 left on the project. The bulkhead painting was completed and the District is working on balancing the cost share right now.

If I recall correctly, there were a couple of years in there that the Emsworth project did not receive IWTF funds, so the cost share is a little bit more complicated than just a straight 50-50.

We will work that out, and if there is money due back to the Trust Fund it will be refunded to the Trust Fund. If there are no questions on Emsworth project, I will continue on to the Lower Mon update.

Chairman Hettel, Mr. Smith, Board members, again, my name is Steve Fritz. I am with the Pittsburgh District. I am the Program Manager for the Mega Projects in the Pittsburgh District. I used to be the project manager for the Lower Mon project.

Our bottom line up front slide. All the changes from last Users Board meeting I show in red simply to make them stand out a little bit more. April 2023 is now our early project operational date, where we receive 90 percent of project benefits. We reported March of 2023 last year but we have had several high water events that have slowed us down a little bit, and we can't control the weather, so that pushed the operational start date another month into the future.

The total estimated price on the project is \$1.1 billion, and that includes what I call reasonable contingency. We know the prices of some of the contracts that we have already

awarded, and the options on those, and we include reasonable contingency on that, and that takes to us that price of \$1.1 billion. I think that is about where we are going to end up for the total cost of the project.

With all contingencies, the total project cost is about \$1.2 billion. We have about \$110 million in the project cost estimate that we think we are going to come in under that \$1.2 billion cost figure shown.

Option Number 3 of the River Chamber Completion [RCC] contract was awarded in FY 2018 on September 27, 2018. We also awarded a task order for dredging, Task Order Number 2, on September 27, 2018 with work plan funding.

The Charleroi Stilling Basin was planned to be awarded in FY 2018, but due to a mistake in the bid it took us a little bit longer to get that contract awarded. That was awarded on 30 October 2018.

When Mr. Aldridge was talking about some of that carryover, part of that carryover was probably associated with that Stilling Basin contract award. We awarded that contract for \$22.3 million.

It is obvious from this slide that, and you will see from the other slides, that this slide was not updated after the FY 2019 Work Plan was released. The slide says we requested \$89 million in the FY 2019 Work Plan. We got the full \$89 million and that sets us up really well for FY 2020, FY 2021, and FY 2022.

We weren't in the FY 2019 President's Budget request and it is looking like we will not in the FY 2020 budget request either, so there is still the potential for cost growth to get us to that higher \$1.23 billion cost figure. There is still the potential to get to that number, but if we continue on that efficient funding stream we should be coming in at that \$1.1 billion figure or right around that cost figure.

River Chamber Completion contract Option Number 4. We expect to award that option with funds we received in the FY 2019 Work Plan, as well as Task Order Number 3 for the dredging contract. The dredging, we are not exactly sure that that dredging is going to be need to be completed. It depends on how much over-depth the contractor is taking out now. It is a quantity-based contract.

If the dredging contractor doesn't – and it is hard to get right to the exact elevation -- we have an over-depth of one foot, but it is limited every year by how much they can excavate. It is a volume calculation.

We may get to the end of Task Order Number 2 of the dredging contract and have to award Task Order Number 3 if they haven't excavated the whole channel, but there is a possibility the channel could be excavated to the right elevation, or there is a possibility that we don't have to execute all of Task Order Number 3. I can talk about that if you would like,

but that will be determined as we move through the dredging done under Task Order Number 2.

Lower Mon project overview - there is not really much change on this slide. This shows the components of the project which everyone is pretty much familiar with. If there are no questions, I will move on to the next slide.

Lower Mon project schedule - the only change to the project schedule concerns the schedule associated with the Stilling Basin contract. We originally had the Stilling Basin contract ending with a three-year period of performance that would have ended in 2021, but due to many questions from the contractors during the solicitation process and the realization that this work will be performed entirely in the downstream pool -- where the pool fluctuates quite a bit, we re-evaluated the length of the period of performance for that contract, and instead of a three-year period, we decided on allowing for a four-year period for the construction of the stilling basin. That is not expected to impact the overall schedule of the project. We still expect to see the benefits for the project to be realized in early 2023.

Lower Mon – Charleroi ongoing and pending construction plan. I know this is a busy slide with lots of information displayed. There is a lot of stuff on the slide, but I think one thing I want to highlight and point out is with the award of the River Chamber Completion contract Option 3, all of the middle wall is now under construction or under contract.

When I say under contract, there is additional work, Option 4 and Option 5 associated with the river chamber completion, but we have awarded the base contract, we have awarded Option 1, Option 2, and Option 3, plus the downstream work at monoliths M-22 to M-27.

We have funding to build that entire middle wall and that is a major milestone in the project. As long as we keep getting the funding, we are going to finish the river chamber. All this work here, shown in yellow on the slide that is River Chamber Completion Option 4. That is scheduled to be awarded this year, with this year's money.

That option is about a \$58 million to \$60 million piece of work. That money is not all going to be spent this year. We have to finish the middle wall first. I want to make sure that you understand we are not spending that money right now; we are obligating it for the work to be completed in the future.

You will notice some changes to the percentages of work completed in the column on the far right of the slide. The 66 percent completion rate for the M-22 to M-27 monoliths, which went up one percent from the last report. The 88 percent completion rate for the River Chamber Completion base contract has stayed the same now I think for the last two Users Boards meetings.

I found a mistake in our computation of that percentage completed for that but there is not a lot of work left on that base contract. The contractor has to wait for periods of time before they can make other concrete placements, so that 88 is going to creep up slowly over time.

The percentage completion rate for the River Chamber Completion Option 1, that stands at 14 percent. I think it was at 12 percent in the last report. The percentage completion rate for River Chamber Completion (RCC) Option Number 2 – was at seven percent, now it is at eight percent. You can see Option Number 3 was awarded at the end of September of this year.

That extends the overall River Chamber Completion contract into late 2020. When RCC Option Number 3 is completed and the M-22 to M-27 contract work is done, then we can start working Option Number 4, the items shown in yellow on the slide.

You might ask why are we going to award Option 4 of the River Chamber Completion contract so soon when the work isn't going to be done? Well, we worry about the funding aspect of that. We have a limited window of time in which we can award that option and you can see on the slide it is shown as March of 2020 when that option expires.

If we were to get into a CRA [Continuing Resolution Authority] situation next year, or if we were in one this year and/or next year, there is a chance we wouldn't be able to award that option, and then we would have to re-solicit that work again. We are getting that money put on the project now.

The Stilling Basin, I have already talked about that. We just awarded it last month. That was about a month later than when we originally scheduled to award it. If there are no questions, I will move on to the next slide.

These are a couple of photographs of the construction site. The photograph on the left show what happened when we have a high water event. You can see we got high water in the M-16 coffer box and it filled our contractor's work area with debris, and that has happened I think about four or five times over the past year-and-a-half.

That complicates construction, it takes extra time, it takes extra money for the contractor to clean out all that debris, and as time goes on there may be slight increases that are tied in to the \$1.1 billion project cost. They are also tied in to the \$1.2 billion project cost. But again, we use that reasonable estimate for contingency as opposed to the full contingency amount. You may be able to make out in the photo the contractor is actually driving some piling in the coffer box. That is a pile head.

The photograph on the right shows the contractor doing some airlifting in coffer box M-23. We have airlifting ongoing in the M-22 to M-27 work area. The airlifting is used to excavate bottom material out of the coffer boxes.

Another photograph showing the entire Charleroi project area. I think this picture is pretty important because it shows you what we have going on out at the project site. This is the River Chamber Completion contract, and actually I probably should have extended this oval a little bit further down here, because that is the overlap of those two contractors.

This is one contractor and this is another contractor, and they are trying to work side-by-side in a very constrained work area. Our resident engineer is constantly meeting with both contractors to try to mitigate any issues before they become issues. We have done a pretty good job with that.

We did have some concerns about working RCC Option Number 3, which would be right in this particular area, because the M-22 to M-27 contractor needs that work area to finish their work. We are now directing the contractor to approach that from a different work area that we believe it may cost a little bit of money but it is a lot less significant than if we would have to delay one contractor or the other.

The Lower Mon financials slide. Chairman Hettel, I put this slide up for you. In the top left-hand corner, it shows the current project cost estimate as \$1.23 billion. That is what we estimate the project is going to cost with full contingencies. With reasonable contingencies, that project cost estimate could be reduced to \$1.1 billion.

Without including the FY 2019 Work Plan funds received in there, the slide shows that we need about \$309 million, almost \$310 million to complete the project. But as I am going to show you in a future slide, our glide path to completing the project says that we need \$111 million in future years to bring this project to fruition. That is over a period between FY 2020 through 2022. I will show you that slide in a minute.

CHAIRMAN HETTEL: Steve, Marty here. Just a comment on this slide, and an Atta boy to you. Joe's slide includes the \$89 million?

MR. FRITZ: Yes, sir.

CHAIRMAN HETTEL: Yours does not.

MR. FRITZ: No sir.

CHAIRMAN HETTEL: And when I look at the two of them, they balance.

MR. FRITZ: Wow, how about that.

CHAIRMAN HETTEL: Good job.

MR. FRITZ: Joe and I didn't even talk about that in advance, so that's pretty good. Thanks, Joe.

If there are no questions -- well, this slide also includes we had reprogrammed \$1.7 million to the Kentucky Lock project so they could award an option on their contract. We didn't think we needed that amount of money and they could use the money to better use. We thought it was within a tolerable risk from a contingency standpoint to go ahead and let that money go. I do not believe we are going to be re-requesting that funding in the future.

CHAIRMAN HETTEL: However, that should reduce the request from the Trust Fund and the Construction General account for the Kentucky Lock project; is that correct?

MR. FRITZ: I'm sorry, can you repeat your question?

CHAIRMAN HETTEL: That reprogramming of the \$1.7 million from the Lower Mon project to the Kentucky Lock project, that should reduce the Construction General and Inland Waterway Trust Fund monies needed for the Kentucky Lock project?

MR. FRITZ: I do believe so. Yes, sir. Don? Yeah, Don Getty [Mr. Don B. Getty, Project Manager, Kentucky Lock project] agrees with that.

The only change on this slide concerns the awarding of the Stilling Basin contract and I discussed that. We had to re-evaluate the period of performance for that contract and we moved the completion date from 2021 to 2022. If there are no questions on that slide, I will move on to the next slide.

The Lower Monongahela River time and cost scorecard slide. Our earned value metrics, for this meeting, I chose to use the "Contingency Included" figures. The slide shows we have a Cost Performance Index of 1.04, which is slightly above 1, which means we are under budget for the project. That is reflected in the \$1.1 billion cost figure, so we still anticipate that we are going to be under the \$1.2 billion cost figure.

One thing that I should point out with respect to the Cost Performance Index is the way that we calculate that number, it is based on past performance. If a contractor is doing poorly, this formula assumes that they are going to do poorly through the rest of their contract. If a contractor is doing well, it assumes that they are going to do well during the rest of the contract. The Cost Performance Index figure really is only dependent on a snapshot in time.

What we do or what we have done is we've taken all the work that we have in the future and we've looked at the contingencies for that work and we've done kind of a bottoms-up approach at looking at what it's going to cost us to get to project completion, and that brings us in at that \$1.1 billion number.

It just so happens that the 1.1 calculated by the CPI and the \$1.1 billion from the bottoms up estimate are pretty close to each other. They are not exact, but they are pretty close.

I am going to continue to show yellow on the schedule in the upper right quadrant because we are not funded through the budget process, we are only funded through work plan, and I thank the Users Board for their continued support on getting us funding for that, because we do want to get the project done.

In the bottom right-hand quadrant of the slide, the major activity schedule shows that we have made some awards. We plan to award Option 4 of the River Chamber Completion

contract this fiscal year, and Dredging Task Order Number 3, as I discussed earlier, we will determine if we have to award all of that task order or if we don't have to award any of it.

If we don't have to award all of that task order, then of course money would come off the project and it would go back to the Treasury and the Trust Fund, in the appropriate cost share. If there are no questions on this slide I will go to the next slide.

This is the Lower Mon's efficient funding profile slide. We received \$89 million in the FY 2019 Work Plan. In FY 2020, we are looking at needing \$59 million, and then \$15 million in FY 2021, and \$37 million in FY 2022, and then zero from that point forward.

The total over on the right side of the slide shows \$200 million. If we subtract off the \$89 million that we received in the work plan this fiscal year, it tells me we need \$111 million to wrap up the project.

Yes, sir, Marty?

CHAIRMAN HETTEL: Steve, I just to make sure I understand -- the \$111 million includes funding the items on Slide 4 your remaining project features not shown on that slide, those being the Dredging Award Task Order 3, Pool Clearing, Lock and Dam 3 removal, and relocations, is that correct?

MR. FRITZ: Yes, sir. The \$111 million includes the whole enchilada.

CHAIRMAN HETTEL: Okay. Okay, thank you.

MR. FRITZ: Project completion. Project completion to realize 90 percent of the project benefits. This does not include any of the land chamber construction or the Port Perry railroad bridge, which we are very glad that is all behind us. If there are no questions on this slide, I will move on to the next slide.

This slide shows some more pictures of the project. The photo in the upper left of the slide shows our concrete batch plant. The photo in the lower left shows the work going on in the M-22 to M-27 contract area. This is on the downstream end of the project area. The photo on the right side of the slide shows the work that is going on at the upstream end of the River Chamber Completion contract. As I said earlier, it is a very congested work area. We do our best to make sure that the contractors are working together to stay out of each other's way.

Subject to your questions, that completes my presentation.

MR. MONAHAN: Steve, this is Mike Monahan. No further questions, but once again well done on your presentation. And Tom [Smith] and Marty [Hettel], for your benefit, Steve is very proactive in reaching out to me to make sure I am posted on the status of the project between Users Board meetings, and that kind of working relationship is much appreciated from my perspective.

And one other comment, and Ms. Funderburk may also find this of importance, when we look at this process and you see the efficient funding side of it, I think the hidden message is if we had full capability, there are additional contingency funds that could come out of these projects.

Part of our frustration, or my frustration, is the President's budget every year zeroes out these projects, then we have to go back to Congress. If there is anything that can be done to convince OMB and the President to fully fund the projects that are authorized and we are reviewing through the Users Board that would absolutely be accretive to the nation and beneficial.

This is just a prime example of that, and appreciate any help and assistance you can give us with respect to the legislative process. Thank you.

MR. FRITZ: Mike, thank you. Like you said, it is a two-way street with the communication. I appreciate the guidance and the willingness to discuss this stuff. Thank you.

MR. POINTON: Thanks, Steve. Next up on the agenda is Mr. Adam Walker who will be giving us an update on the status of the Chickamauga Lock project on the Tennessee River. Mr. Walker is the project manager for the Chickamauga Lock project in the Nashville District.

MR. ADAM C. WALKER: Thank you, Mark. Good morning and thank you for the opportunity to give you an update on the status of the Chickamauga Lock Replacement project. Mr. Smith, Chairman Hettel, Board members. As Mr. Pointon said my name is Adam Walker and I am the project manager of the Chickamauga Lock Replacement project in the Nashville District.

This is our bottom line up front slide. I will be talking primarily about our two active construction contracts we have underway, the Lock Excavation contract which is nearing completion and the Lock Chamber Construction contract. With respect to the Lock Excavation contract we are running a little bit behind, about two months behind schedule according to the latest contractor updated schedule, but it should not at this point in time impact our follow-on work with the Lock Chamber Construction contract.

The Lock Chamber Construction contract had an estimated entry date into the cofferdam of February 2019, and we are not there yet. We are tracking closely on the lock excavation completion date, and I will talk about that more as we move on in the presentation.

With respect to the Lock Chamber Construction contract we are proceeding well on it, and we are continuing to add options to that contract as funding becomes available. I will go through that in more detail as well.

The third bullet on the slide shows the reauthorization of the Chickamauga Lock Replacement project. There was language included in the America's Water Infrastructure Act of 2018 that reauthorized the Chickamauga project at a new authorized cost of the \$757.7 million which generates a new 902 limit for us, so that was great news for the project as well [The Chickamauga Lock Replacement project was reauthorized by Section 1401(6) of Public Law 115-270, America's Water Infrastructure Act of 2018, signed into law on October 23, 2018. Title I of Public Law 115-270 is cited as the Water Resources Development Act [WRDA] of 2018.]

This is the Chickamauga Lock project overview slide. This slide shows all the previous work that was done at the project site, the current work underway, and the future work planned for the overall project. The boxes shown in gray are the completed works including the highway relocations, the cofferdam itself, and the pre-fabricated items, such as the miter gates, the culvert valves and the approach wall concrete beams that are currently stored at other TVA projects, waiting to be installed. The two yellow boxes show the active contracts, those being the lock excavation contract and the lock chamber construction contract. I will talk about those in a bit more detail in just a second. Then the final two boxes shown in red are the Approach Walls and Decommissioning contract, which will be the last large contract on the project after the lock chamber contract is completed and we look to awarding in fiscal year 2021 and the Site Restoration contract which we look to awarding in fiscal year 2023.

These are a few photos of the Lock Excavation contract as of October 2018. The photograph on the left shows the progress that the contractor has made from the existing lock looking downstream; the photograph on the right side, also looking downstream, but from about the midpoint of the construction site looking down on the construction site. You can see the footprint of the foundation beginning to take shape. That is where the new concrete will be placed during the lock chamber construction contract.

The Lock Excavation contract has a value of \$34.9 million as of today, and the scheduled completion date according to the contract is November 6, 2018.

The contractor is behind schedule by about a month-and-a-half, two months, according to his latest schedule and we anticipate the real substantial completion date of the contract to be done in the December 20 time frame, and then full mobilization out of the cofferdam just after the New Year, around January 4, 2019.

As I mentioned, there should not be an impact on the project as we see today with the follow-on contract, the Lock Chamber Construction contract, because the contractor was not planning on getting into the work area until February 2019.

CHAIRMAN HETTEL: Adam, this is Marty. Are there any additional costs associated with the contractor being behind schedule?

MR. WALKER: No sir, we already have our government staff on site. They are managing both of these contracts, so we wouldn't be adding any additional personnel. The

contractor has submitted a few requests for equitable adjustments. That includes some time extension, but it wouldn't cover all the way to the estimated completion date. But no, we don't anticipate any additional dollars being tied into this.

CHAIRMAN HETTEL: Okay.

MR. WALKER: The Lock Chamber Construction contract. I have shown this graphic in the past to help identify what the contract options include. With the FY 2018 monies we received, we were able to exercise four options, those being Options 1, 2, and 3, and then 5.

As you see in the top left corner, Option 1 is for the concrete conveyor system, and I will show a graphic here in just a second of what that consists of. Options 2 and 3 are finalizing the foundation to prepare the concrete placements. Option 5 is actually the first concrete placement on the job, and the dark purple on the river side upstream, that would be the lowest elevation that would receive concrete, and that is under contract already.

In the bottom right corner of the slide, you can see the overall contract value is \$240 million. That includes the base contract and all the 13 options. As it sits today with the base and the four options in play, we stand at \$96 million awarded, and the contract completion date is January 2020. As we award more options, we extend out that contract completion date.

With the FY 2019 Work Plan funds that we have been talking about that would get us at least through Option 8, which as you can see gives that contractor full access to the entire footprint of the new chamber, bringing it up to different elevations, depending on whether you are looking at the land wall or the river wall.

The next piece of the contract, which is what we would have included in our capability number that I will talk about in a second, would be Option 9. That was the key point that we were anticipating possibly getting to with that capability number, which as Mr. Durrett mentioned earlier would give the contractor full flexibility to re-sequence his concrete placements all the way up to the top of the lock chamber for all the mass concrete.

There would have been the great benefit associated with that, allowing him to expedite his work according to his plan as opposed to what we had assumed in our option breakouts. If there are no questions on this slide, I will move on to the next slide.

This slide shows a few photos of the concrete batch plant that is primarily in the base contract. There has not been a lot of changes on the project as far as what it looks like. The contractor is really focusing on doing the batch testing of the concrete so that he can verify that this new batch plant is fully calibrated and capable of producing the concrete mix designs that we have in our contract. That is a long process and that is what they are doing currently.

This photo is a preliminary plan of the concrete conveyor system that was included in Option 1, the concrete conveyor system, which was exercised last summer. This is not the

official submittal from the contractor, but this is what he shared with us at this point to give us an idea on what his preliminary idea is.

The idea is that the concrete batch plant is located here. The outline in orange indicates where the contractor would have an elevated fixed conveyor system that would bring concrete from here to these different towers here for final placement.

The purple circles or radiuses here indicate the swing radiuses of the moveable portions of that concrete conveyor system. You see it covers the entire footprint of the lock chamber, so the contractor would be able to place concrete directly wherever they need to.

My primary reason for bringing this item up at today's meeting is this area here is the possibility of interaction that might happen between our contractor and the navigating public, because here at the existing lock you see we actually cross over the downstream approach channel. But we don't anticipate having any real interactions between the conveyance of concrete and the users of the lock.

There will be a basin or a catch pan underneath the full length of the conveyor system to catch any overflow, so we don't anticipate there being any interaction, but that would be the only point of possible interaction between the navigating public, because this lock is obviously still actively being used.

That is the plan that we have received from the contractor. The FY 2018 Work Plan options that were exercised, and the contractor just submitted us a new baseline schedule for how they are going to sequence that work last week and we are evaluating that schedule to see exactly how they are going to execute that work.

As the 2019 Work Plan monies are received, we will be exercising more options and the contractor will be going back and reconfiguring their schedule again.

The Chickamauga Lock financial slide. This slide is the same one that Mr. Aldridge showed earlier, with the exception that Mr. Aldridge's slide included the FY 2019 allocation, which is not shown on this slide. If you are comparing the two slides, you would use Mr. Aldridge's slide for the remaining balance of \$336 million.

One of the things I will highlight, though, is this cost figure in the top right of the slide, the \$757.666 million figure, that is the new authorized project cost that was included in the new reauthorization language that was in the 2018 WRDA bill, the \$757.7 million, and the associated 902 limit, based on a 20 percent increase above the reauthorized cost, is now \$909 million, 902 limit for the project.

CHAIRMAN HETTEL: Adam, this is Marty. Giving credit where credit is due. I did reconcile your slide against Joe's slide, and they both – just as in Steve's [Fritz] situation, they were both the same, so fine job.

MR. WALKER: That is good news. To highlight a few of the activities that are currently happening on the project. You can see in the box titled “Current Status of the Project “ on the lower right of the slide, the Assistant Secretary's office reviewed and approved the PACR and submitted it to OMB for their review on October 12.

You can see the America's Water Infrastructure Act of 2018 included language reauthorizing the project. That bill was signed into law October 23. There is still a pending OMB review of the PACR, and to date we have not received any feedback from OMB on the PACR, and that a lingering loose end as far as tying up the activity associated with the PACR.

In the box on the bottom right of the slide titled “Next Steps” our next steps are primarily finishing up on the Lock Excavation contract and getting the contractor out of the hole, so to speak. The blasting operations have been completed. There are only about 12,000 cubic yards of rock left to pull out, so he is really simply cleaning up the job site and getting it into a proper condition to be transitioned to the next contractor.

Also, among the next steps, the Lock Chamber Construction contractor will be exercising those options with the FY 2019 Work Plan funds.

Mr. Aldridge already showed this slide. There are no changes to the project schedule. We are still tracking September 2023 as our best guess for when the new lock would be brought online.

During the last Users Board meeting there was a lot of discussion or questions as to how we would actually utilize those FY 2018 Work Plan dollars, so this slide hopefully will simplify understanding our efforts. We received \$76.5 million in the FY 2018 Work Plan and we ended up exercising Options 1, 2, 3 and 5 of the Lock Chamber Construction contract, which accounted for \$66.5 million of actual contract value.

The remaining \$10 million, from the slide, you see how it was split up: \$6.3 million went toward for contract administration and \$3.7 million went toward contingencies. You can see we are carrying a relatively small amount of contingencies for the amount of work that we actually have ongoing at the project site.

CHAIRMAN HETTEL: Adam, Marty here. I can't let this go. You referenced the FY 2018 allocation. The 2019 -- okay. This isn't the \$76.5 million. Okay. So 2019 is the \$89.7 million. I apologize. I follow you now.

MR. WALKER: Okay.

CHAIRMAN HETTEL: It is a question on the next slide.

MR. WALKER: Okay. The last point on this slide is, and I will simply highlight this -- bottom line, the project actually carried over \$9.3 million of unobligated monies from FY 2018 into FY 2019.

This slide was prepared prior to that release of the FY 2019 Work Plan, so these were the two data points that we were targeting, though, as our funding items, which correlates with what Mr. Monahan was saying earlier about efficient funding versus capability funding.

Our efficient funding number was \$77.7 million, and our plan for that money would have been to exercise through Option 8 of the Lock Chamber Construction contract. Our capability funding number was \$117.7 million, with the only difference being we would go ahead and award Option 9 as well.

Again, there is no contractual means for expediting the contract end date with awarding Option 9, but what it does do to the project is allow the contractor to re-sequence his work to how he sees best. That would have had a great benefit in reducing the risk of any type of schedule delay or contract completion delay, which ultimately can impact our online operational date for the new lock.

That was going to be the real benefit from getting all the way up to that capability number. As you have heard, we received \$89.7 million in the FY 19 Work Plan funding, which is somewhere between these two numbers. Right now our plan is to go ahead and exercise through Option 8 once those funds are available, and then we will evaluate as a District and Division as to what the best use of those remaining dollars would be -- the \$12 million difference between the \$77.7 million efficient funding number and the \$87.7 million in the Work Plan.

CHAIRMAN HETTEL: Adam, Marty here. Here is my question. You show FY 2019 as \$77.7 million, the FY 2019 Work Plan has \$89.7 million, \$12 million extra. Your out-years, FYs 2020, 2021, 2022, 2023, and 2024 dovetail with Mr. Durrett's efficient funding numbers. Will that additional \$12 million you received in FY 2019 reduce the FY 2020 by \$12 million?

MR. WALKER: That is a likely possibility, and that is part of the analysis that Mr. Durrett has indicated we would be evaluating over the next few weeks and before the next Users Board meeting. But yes, there is a definite possibility that our FY 2020 number could come down.

CHAIRMAN HETTEL: Great. Thank you.

MR. WALKER: Next slide. The Chickamauga Lock Time and Cost Scorecard slide. We have expended through the end of September 2018, \$240 million on the project, which is about 32 percent of the overall project being completed.

We have re-baselined since we got the reauthorization, so as Mr. Fritz was just talking about, our planned, earned, and actual expenditures are all equal, because we have re-baselined, and essentially the Cost Performance Index ratio that he referred to was 1.0, which makes sense since we reset the clock, so to speak.

The one thing I do want to highlight on this slide is the schedule quadrant in the upper right of the slide. I failed to update this baseline data for the project completion and lock operational dates. The based date for project completion of May 2028 should now read January of 2027, with the new baseline data, and the lock operational baseline date should be changed from November 2027 to October 2025. That is essentially taking into account the updated contingency analysis that was done with that latest Total Project Cost update.

In the lower right hand quadrant of the slide, you can see the Major Activities Schedule, again, showing the actual date for the Office of the Assistant Secretary of the Army's review of the PACR, that being October 12, 2018. We don't have a firm date on when the OMB review of the PACR will be completed, but based on guidance from our Headquarters staff they estimate that approval to be completed sometime around January 16, 2019 as a good target to put on the slide. As I mentioned, to date we have not received any feedback from OMB on that, so we are in a "wait and see" mode.

I have already talked some about the Lock Excavation contract completion date. Again, the scheduled completion date was November 6. We are beyond that date. There have been some requests submitted that include time. We haven't been able to fully evaluate those to see if we agree that there is merit, but there is a potential that that scheduled date would be pushed back if we do concur with the contractor's assessment, but ultimately we don't believe it will give them enough time to make themselves whole. Again, it is likely they will be leaving the project site first part of January as things sit today.

And the last item under the Major Activity Schedule, the Lock Chamber Construction contract completion currently has a January 2020 completion date with what has been exercised to date. That date will be pushed out as we exercise more options.

The Chickamauga Lock Project schedule: this slide includes much of the same data that Mr. Aldridge's slide showed, again, but for documentation purposes it includes reference to the reauthorization of the Chickamauga project which occurred on October 23 with the signing of the America's Water Infrastructure Act of 2018, Public Law 115-270.

In summary, we talked about nearing completion on the lock excavation contract. We feel it is critical to continue funding of the lock chamber construction contract to make sure we can exercise all the remaining options and get that work completed, and then we talked about the Post-Authorization Change Report and the reauthorization of the project.

Subject to any additional questions that you may have, that concludes my presentation this morning. Thank you.

MR. POINTON: Any questions for Mr. Walker?

CHAIRMAN HETTEL: I love your optimism on that last bullet point.

MR. WALKER: Appreciate that.

MR. POINTON: Thanks, Adam. Now we go to Mr. Don Getty. Mr. Getty is the project manager for the Kentucky Lock project from the Nashville District and he will be giving us an update on the status of the Kentucky Lock project.

MR. DON B. GETTY: Good morning, Mr. Smith, Chairman Hettel, other Users Board member and special guests. My name is Don Getty. I work for the Nashville district. I am the project manager for the Kentucky Lock project, and it is my pleasure to give you a quick update on the Kentucky Lock project since our last Users Board meeting this past August.

Our bottom line up front slide. There are four keys points on the bottom line up front slide. The downstream cofferdam construction is progressing well. I will go into that in more detail later. Our other ongoing contract, our Site, Demolition and Utilities contract is also going well. We have experienced about a 10 percent growth in total cost, and I will explain some of that as well in my presentation.

Number three, we awarded our next big construction contract, our Downstream Lock Excavation contract on September 26. We received some great bids, and the contract came in \$28 million below budget, and I will explain that a little bit later as well.

We had a lot going on concerning the cost estimating and economic update, and I will talk about that a little bit later, and we are about to get a whole new total project cost update. In a little over a month we should have that project cost update, and in the months following that we should be receiving an economic update and a Post-Authorization Change Report for exceeding our 902 cost limit.

The Kentucky Lock Project overview slide: the only significant change on this slide you can see is the change indicated by the yellow box, the award of the Downstream Lock Excavation contract, to represent that we did get an award on the contract in the amount of \$54.8 million and we awarded that before the end of the fiscal year, on September 26.

You can see in the bottom right-hand side of the slide, we have obligated about \$534 million to the project. We have been allocated about \$550 million. We carried over about \$15 million into Fiscal Year 2019. We have expended about \$460 million on the project to date.

This is the most recent aerial photograph we have of the project site and you can see the downstream cofferdam. We are looking at the downstream approach channel where we are building the downstream cofferdam. You can see here, these are our first two shells of the downstream cofferdam.

When the Users Board was at the project site in August we had one shell in place, and now we have three, and you will see some pictures of that later in my presentation. This is our more traditional sheet pile cells coming out and we are making good progress on it. The contract cost still stands at \$65.7 million, below our award amount, because of our value engineering change proposal that happened on the project.

These are some additional photos showing our progress on the downstream cofferdam construction. The photo in the upper left, we are placing these three-foot-by-three-foot-by-three-foot sandbags that seal the bottom of one of these boxes or shells before we put concrete in it. This particular shell had about 200 of those sandbags that were placed, and there are divers in the water, and it is a very diver-intensive process, and it is very involved.

The photo in the upper right of the slide is showing the casting of one of these shells. These shells are about 45 feet wide, 55 feet long, and 33 feet tall. This is our first shell to cast all that 33 feet in height entirely in one lift, which is very difficult to do, but it is very time-efficient, and we are saving about three weeks per shell by doing one lift instead of three lifts, which is what we did with the first two shells. That has gone extremely well.

The photo in the bottom left shows the setting of our third shell. This was back on October 26. We set that shell Friday night. Unfortunately, by Saturday morning, the next day, the shell had moved an inch, and it moved about another inch-and-a-half on Saturday. Our tolerance is a half an inch, so it was out of tolerance, so we had to reset that shell a week later.

The only thing that would cause this shell to move are water velocities, and that either would be through a lock discharge or by passing vessels. We closed the lock for four days, and when we reset that shell to keep those water velocities off of the shell until we could devise a means to keep that shell stable with vessels passing by it.

We coordinated with the navigation industry on that four-day closure. We said it was going to be four to six days, and we actually did it in less than four days, which was good. The contractor is still well under his allowed days to close the lock, but our goal is to close the lock for just one day when we place a shell.

We have seven more shells to go, so hopefully only seven more days of closure associated with the shell setting. We are very close to having a final plan on keeping these shells in place before we put concrete in them so that we only have to set them one time. We hope to set our fourth shell in about two weeks, so that will be a test for that.

The picture on the bottom right of the slide shows the three shells. We are looking downstream, and you can see the tremie concrete, these shells have been filled, these shells are basically stay-in-place forms, and we place that concrete underwater – that is tremie concrete -- then we can pump it out. You are looking at concrete that was placed underwater, and are pumping it out -- now we will place concrete in the dry now and bring those on up.

We had a significant change in our lockage procedures after we set the third shell, and this is a picture of what we call our tabletop exercise. It is basically a map or plan view of the downstream approach.

To put you in perspective – it is hard to see -- these are our three shells that are in place. This is a 15-barge tow coming by. This is our helper boat. We have a helper boat on

24/7 there. The contractor is required to have it. Here is our push boat here, and some of our floating plant -- and showing the constricted nature of this approach area and work area.

We have been working on safety plans and how we are going to operate this helper boat for two years now, working with four port captains and the Coast Guard, and this was planned, and it actually came into being that when we hit the third shell and we could not operate that helper boat as efficiently.

The helper boat had been pushing from the side and would be able to keep the towboats off our work area, but with this third shell it constricted it such that it had to move to the head of the tow, so instead of a 15-barge tow taking a double lockage, it now takes a triple lockage. We are locking the helper boat out as a light boat.

This is making lockages at Kentucky Lock less efficient. Up until this point actually we had increased efficiency with this helper boat downstream of the cofferdam, but now we are decreasing the efficiency of lockages. That was planned all along, we knew this was coming, but we can expect this to be like that for the next year-and-a-half. The result is we are going to have less efficient lockages, and our delay times are going to go up at Kentucky as a result.

CHAIRMAN HETTEL: Don, Marty here. A question on that.

MR. GETTY: Yes, sir.

CHAIRMAN HETTEL: Is that helper tug charging expenses to the tow going through?

MR. GETTY: Negative. When we put out the Downstream Cofferdam contract, we had a requirement in there for a helper boat. We set up a pay item. We pay the contractor by the month to have that helper boat out there 24/7. We worked with port captains to specify what size helper boat, and we had a minimum 1,200 horsepower and certain criteria on it, and that is what he has out there.

CHAIRMAN HETTEL: And does this not also affect southbound lockages?

MR. GETTY: It does affect southbound lockages.

CHAIRMAN HETTEL: Are southbound lockages a triple too now?

MR. GETTY: They are, yes. When the helper boat goes up light, he comes back down light -- he has to get back down the downstream approach. Unless the tow configuration is such that he can lock down with a down-bound.

CHAIRMAN HETTEL: No, I understand.

MR. GETTY: Yeah.

CHAIRMAN HETTEL: So a 15-barge tow coming down, you put your first nine barges in, then the helper boat pulls them out of the lock chamber to keep them off your construction --

MR. GETTY: Correct.

CHAIRMAN HETTEL: -- so southbound lockages are not being triple locked.

MR. GETTY: Except when we have -- we are doing one-up, one-down; we send the helper boat up light and he has to come back down light. That is essentially a triple lockage for the down-bound.

CHAIRMAN HETTEL: If you have a southbound tow waiting in turn --

MR. GETTY: Correct. For one-up, one-down procedure -- yes, sir.

These are a few photos of some of the activity at the project site. These are some pictures of our small Site Demolition and Utilities contract. It is a \$4.1 million contract, but I has a lot chocked into it. We are relocating a lot of site utilities.

These were actually here in August, but these are 36 conduits we are relocating and controls and electrical for the lock, sewer, raw water, and compressed air. A lot of relocation. We are building some temporary bridges across the new lock to carry these utilities, and we are also having the contractor demolish part of the Operations building that was added back in the 1970s that was on piles.

This is the contractor where we are having about 10 percent cost growth, so we are looking at about \$400,000 in cost increases on this contract. A lot of it is due to this building -- the as-built didn't accurately reflect what was there.

We found a lot of stuff that we are having to rehabilitate. We had a concrete wall that is not shown here that had some damage to it that we are having to repair. We found asbestos in two of our utility manholes. It is just a lot of things when you are working around existing structures that we couldn't foresee ahead of time.

Not a significant amount of dollars. Ten percent is probably on the upper end of what we would like to see in a contract, but we think that is the end of it now. This contractor is supposed to finish in February and he is pretty close to being finished now.

CHAIRMAN HETTEL: Don, going back to your previous slide, I have a question back on the helper boat.

MR. GETTY: Yes, sir.

CHAIRMAN HETTEL: And it pertains to the LPMS [Lock Performance Monitoring System] system reporting of these lockages?

MR. GETTY: Yes, sir.

CHAIRMAN HETTEL: When this helper tug has to lock down light boat, are your lock operators logging that in the LPMS?

MR. GETTY: They are, yes. Yes.

CHAIRMAN HETTEL: Because that is going to distort your lockage times.

MR. GETTY: It is not going to -- yeah -- well, it will reflect the true actual times, though. That is what is being experienced --

CHAIRMAN HETTEL: I understand you will reflect the lockage time, but when you look at the overall lockage time, that is going to reduce your lockage times because you are going to show a vessel going through in 30 minutes with no barges.

MR. GETTY: So --

CHAIRMAN HETTEL: Do you have to log that vessel through?

MR. GETTY: It is my understanding we have to. Every movement of that lock is logged into LPMS --

CHAIRMAN HETTEL: Well, it is going to distort your lockage times.

MR. GETTY: Yeah. Right. So --

CHAIRMAN HETTEL: Your average locking times.

MR. GETTY: Right. We will see that for next year-and-a-half. That is not captured in our current economic update. Now, if we do another one I guess it would be, but it would not reflect it in our benefit/cost ratio computation.

CHAIRMAN HETTEL: Just wanted to let you know that is going to distort --

MR. GETTY: Right. I don't see any way around that, unless we manipulate -- I guess we could manipulate the data if we ever did economic analysis on it.

CHAIRMAN HETTEL: Okay.

MR. GETTY: Next slide. Some information on our Downstream Lock Excavation contract which we awarded on September 26. Moving on to our last contract that we just awarded, our Downstream Lock Excavation contract. Very similar scope to what

Chickamauga is doing. We are trying to excavate most of the rock and getting ready for concrete placement. We received six bids on this contract. The low bid was \$54.8 million, and we were able to exercise seven of the 12 options last fiscal year.

Mr. Fritz, as he pointed out, helped us exercise the seventh option with that \$1.7 million that was reprogrammed from the Lower Mon project to the Kentucky Lock project, so many thanks to Pittsburgh, and it worked out extremely well. Steve, I think it worked out so well, I think that you need to start sending more money to Kentucky Lock on a regular basis.

I want to give you a flavor for the bids on this contract. We received six bids. They were all very good. I want to make two points here. I am showing the Independent Government Estimate [IGE] of \$60.5 million, which is \$6 million higher than the low bid, and I told you at the beginning of this update that this contract came in \$28 million below our budget. It came in \$28 million below our budget estimate, which is not the same thing as our Independent Government Estimate.

If you recall, we have a lot of different cost estimates in the Corps of Engineers. The IGE is something we develop for a contract, right before a bid opening, we are required to do that, but the only reason we do that is to make sure that we get reasonable bids, and we are not allowed to award a contract that is greater than 25 percent over that IGE, and that is why we develop it.

I would advocate that for this advisory board which is most concerned with our budget-level project cost estimating, i.e., the \$1.25 billion project cost associated with this project. For the purposes of that \$1.25 billion project cost estimate we had a cost estimate that was \$28 million greater than this contract award, that is why I said that \$28 million.

The second point I would make is don't expect us to award many contracts in the future with that big a cost decrease from our budget, even though our budget cost estimate is conservative by definition.

A big reason the lowest bid on the contract came in \$28 million less is because we had more geotechnical, more geologic information than we did two years ago when we developed that \$1.25 billion project cost estimate, and we were able to change our design and result and take some of this underground work out of this contract and not have to need it, so we reduced the scope of the contract somewhat as a result. That is a major reason for that \$28 million decrease.

That is not to say when we get down in the rock we won't have geologic concerns that we don't know about, because we know that and that is why we have high contingencies, but we had very good results on the bid opening.

This is a similar slide to what Adam showed on Chickamauga Lock, showing our efficient and capability funding for Fiscal Year 2019. Again, we developed this slide before the FY 2019 Work Plan funding came out. Kentucky Lock got its full capability funding of

\$43.6 million for FY 2019 which allows us to exercise all five remaining options for the Downstream Lock Excavation contract, so that contract will be fully funded after we exercise all the options this year.

CHAIRMAN HETTEL: Don, Marty here.

MR. GETTY: Yes, sir.

CHAIRMAN HETTEL: I am going to ask you the same question I asked Adam on his slide. Your efficient funding numbers in the out years are based upon receiving \$28.5 million in FY 2019, when you actually received \$43.6 million plus \$1.7 million in reprogrammed funds from the Pittsburgh District in FY 2018, so you got \$16.8 million more in funding than you expected. Will that reduce these out-year figures by \$16.8 million?

MR. GETTY: Yes, sir, I feel confident most of that will come out of the FY 2020 figure, if not all of it.

CHAIRMAN HETTEL: Out of FY 2020?

MR. GETTY: Fiscal Year 2020, yes, sir.

CHAIRMAN HETTEL: Because the Board needs to make our funding recommendations in our Annual Report for FY 2020 funding, so would it be your expectation to be the \$90.3 million minus the \$16.8 million, what we recommend?

MR. GETTY: Yes, sir. I feel confident that is what the number is going to be. I don't know any reason why it would not be.

CHAIRMAN HETTEL. Okay. Thanks.

MR. GETTY: Yes, sir. I do want to talk a little bit about the difference between efficient funding and capability funding, try to address Mr. Monahan's point on this. I think the idea is if we fund a project at a higher level, we are going to get something in return. That is not necessarily the case in the short-term, especially for contracts we have already awarded.

In this case, Kentucky Lock theoretically is not going to gain any schedule or cost benefits by receiving \$43.6 million in funding versus \$28.5 million in funding. That is because we have a firm-fixed-price contract that says the contractor is going to give us this product on this date for this price.

That is not going to change as a result of exercising all five options, but it is very similar to what Adam said, that it is going to open up this contractor for a more efficient work plan, it is going to reduce his schedule risk, and we may get a product earlier as a result. There is no guarantee of that, but there is the possibility. In the near-term we don't necessarily gain from capability funding.

Now, for future contracts when we have capability funding, we certainly can work that into the contract and benefit from it. For the near-term there may not be any benefit by capability funding. I simply wanted to point that out.

The Kentucky Lock financials slide: very similar slide to the slide showed by Joe Aldridge. I did not include the FY 2019 Work Plan funding, of course -- and I bet you my numbers don't add up because I am not sure I included this \$1.7 million received in the reprogramming as part of the Remaining TPC balance.

CHAIRMAN HETTEL: I think you are on to me, Don, because that slide is not in our report.

MR. GETTY: I want to be in the Adam Walker and Steve Fritz club, but I guess I am going to have to work a little bit longer. Okay. Let's move on from that slide.

The Kentucky Lock time and cost scorecard: the only point I am going to make, in the upper left-hand corner you will see a yellow light, and that is because we are supposed to compare our baseline expenditures versus our actual expenditures.

We are spending less than our planned expenditures, which isn't necessarily good, but in this case it is good. That is going to get worse, because we have awarded contracts that are less than what are in this baseline. This is going to turn red at some point, and I think that is a good thing in this case, until and if we re-baseline. I simply wanted to point that out, so that is probably a good thing.

One other thing -- I think, Chairman Hettel, you had asked a question about this estimate at completion versus what we actually had in our total project cost estimate, and in this case our estimate at completion does not include any future contingencies in it. We haven't used any contingencies, so all of the contingencies are out of that estimate at completion.

The only change I show on this slide is our actual award date -- from the last Users Board meeting -- is the award date of September 2018 for the Downstream Lock Excavation contract. I should have changed this date. We are going to submit our project cost estimate to the Cost Engineering Center of Expertise in Walla Walla, in the next week or so and we are hoping to get that certified by mid-January, and that will be made public, and our \$1.25 billion project cost estimate will change as a result of that. By the next Users Board meeting, our future funding slides and our efficient funding will change as a result of that updated project cost estimate.

CHAIRMAN HETTEL: And I am sure they will go down, right Don?

MR. GETTY: They better go down. There is no guarantee of that. We do these very involved contingencies analysis, risk-based contingencies, and it goes into a true crystal ball

formulation, so no telling what comes out of that, but more than likely the cost estimate will go down. Especially after we award the contract where the bid was --

CHAIRMAN HETTEL: It's kind of like that black box --

MR. GETTY: Twenty-eight million dollars (\$28 million) below the original budgeted estimate.

CHAIRMAN HETTEL: It is like that black box Vice Chairman Woodruff was mentioning.

MR. GETTY: Right. Last slide: Kentucky Lock – Summary and Challenges. Things are going well. Our Downstream Cofferdam contract has the biggest risk, I think, because we are working below water and have this karstic geology to deal with, and there is Mother Nature, like you heard on Olmsted, it is affecting us, our tailwater elevations. We are affected just like Olmsted.

I have already mentioned that unfortunately we are reducing efficiency of the lockage because of downstream cofferdam, but things are looking up. Traffic levels are very healthy at the Kentucky - Barkley system. Mr. Earl's company [Users Board member David Earl, Marathon Petroleum Company] is really helping that out. His company is shipping a lot of petroleum products through there. But there is a wide diversity of commodities moving through the lock, and that is going to show up in our economic update.

Subject to your questions that concludes my presentation. Thank you.

MR. POINTON: Are there any other questions for Don?

MR. GETTY: Thank you.

MR. POINTON: Thanks, Don. Always a pleasure to have you here. We will move on to the public comment period now. No one has indicated -- as I stated before, we did not receive any written comments for the record, and no one has indicated they wish to make a public comment. This is your last 15 seconds to make a comment if you want to at this point.

CHAIRMAN. HETTEL: Let me just take an opportunity here, because I don't know if these folks know they could make a public comment. I just want to recognize the importance of work that our Board does by mentioning the staff of Congressmen that have been with us.

Yesterday Bryan Nichols from Representative Sam Graves's staff was on the lock tour with us. Today in the room we have Jennifer Hoskins from Senator Roy Blunt's office; Robin Cromer from Senator Tammy Duckworth's office; and Philip Lasseigne -- I hope I pronounced that right -- from Representative Rodney Davis's office is also here today.

We appreciate them attending today's meeting, and if any of them would like to make a public comment to offer right now, if they want.

CHAIRMAN HETTEL: Everybody good? Well, thank you for being here. We appreciate it.

MR. POINTON: Thanks, Marty. Well, we are going to move on to the closing comments here. I am going to move to Mr. Tom Smith first to make some closing comments for the Executive Director.

MR. SMITH: Thanks, Mark. Tom Smith here, and once again on behalf of General Spellmon, these forums are invaluable. I mean, they force us to sharpen our pencils and make us scream a little bit, because no matter how much energy we put into it we realize that the passion of the Board representing all the communities and constituencies they represent is a high mark to achieve, but we will stay after it.

I know Mark and I will go back and compare notes. We had some suggestions in here that maybe we ought to be shifting a little bit in some agenda items. We will talk about that and share that with the Chairman about what we ought to do for those. But just appreciative of this forum and the District and the teams that come out and help make it such a powerful experience. I will cede my time now to Chairman Hettel.

CHAIRMAN HETTEL: Well, thanks, Tom. Just briefly to summarize, I appreciate all the collaborative -- as I mentioned at the beginning, candid, collaborative, and clarifying discussions today.

We got a lot of good information today that will be included in our Annual Report. We will start that work here in December, Mark, probably not sometime until January until it's done, but we've got a new Congress coming in anyhow --

MR. POINTON: Yes, sir.

CHAIRMAN HETTEL: I am sure they will have their hands full in the meantime. I appreciate all the presenters here today and appreciate the good conversation. I will leave it open to any other Board members for their comments.

MR. POINTON: Any other members wish to make any closing comments?

MR. MONAHAN: Marty, this is Mike. We received three handouts on the bus yesterday on NESP, and will those be part of the formal record for the meeting today?

MR. POINTON: Yes sir, they will be included as attachments to the transcript of today's meeting.

MR. MONAHAN: Oh, okay. Thank you. Secondly, for the FY 2020 Work Plan, do we know what the total funding number is for PED that we need to request and ask for in the FY 2020 Work Plan for projects?

CHAIRMAN HETTEL: Mike, I will have to go back and look, but I think that number was included in one of the handouts from yesterday's presentation. For some reason, \$32 million comes to my mind, but I would have to look through the handouts. I believe there are some numbers in there that was given to us yesterday.

MR. MONAHAN: Okay. I just once again would like to emphasize the importance of that number in the work plan as we look forward and we are bringing our key projects to a closure that we are currently focused on.

Three or four years sounds like a long time, but it is not, and the PED money is -- I believe it is very important for this Board to be able to look at the results of the Pre-construction Engineering and Design analyses. Thank you.

MR. POINTON: Thank you, Mike.

MR. EARL: Mr. Pointon, quick question. I know when we started the meeting, you alluded to a February meeting in Houston. Do you have any tentative date for that so we can all start planning?

MR. POINTON: No sir, I will go ahead and push that out pretty shortly about getting availability of General Spellmon and all the Board members so that we can start getting that on people's calendars.

MR. EARL: Okay.

CHAIRMAN HETTEL: Usually we try to do somewhere between February 1 and the end of the month.

MR. POINTON: Yeah, I would say it's going to be the back end of the month.

MR. MIKE FEWELL: Mark.

MR. POINTON: Yes, Mike?

MR. FEWELL: Mike Fewell with Dow Chemical. When we were talking about future work plans, I want to make sure we keep Brazos River Floodgates and Colorado River Locks high on that priority list.

MR. POINTON: Thank you.

CHAIRMAN HETTEL: That is a valid point, Mr. Fewell. Actually we had a one-pager in our handouts that wasn't discussed today.

MR. POINTON: Yep.

CHAIRMAN HETTEL: Just to put it on the record, the project's first cost estimate looks like Brazos River Floodgates at \$151 million and Colorado River Locks at \$240 million, with a BCR of 2.87. I am not going to verify what those numbers mean here because I am not the presenter, but we did receive a handout, so maybe when we are in Houston -- we also received a handout on Calcasieu for the sluice gates, so maybe when we are in Houston in February we can have somebody at the meeting, because it will be close to the area to run through these items.

MR. POINTON: I can actually answer those questions. Those are due-outs from -- I believe Dan Mecklenborg asked about the magnitude of cost for the Brazos River Floodgates and the Colorado River Locks project, which is why we provided you those as they were provided from the folks in the Galveston District. Of course, we will have them on the agenda at the next meeting since we will be in their area of responsibility.

I talked to the New Orleans district folks on the Calcasieu Lock, and they are doing simulations and design, and in essence the ongoing work there right now on the chamber wall will be completed in June 2019, and they will be done with the design of the new chamber -- actually it's the sluice gates and the side channel there also in June 2019. There is not much opportunity to prosecute both those work at the same time to minimize closures on that -- or impacts on the traffic at that lock.

CHAIRMAN HETTEL: Well, that is something definitely happy to hear, June 2019, of finishing at Calcasieu, because it was tentatively scheduled for December of 2019.

MR. POINTON: I am just relaying to you what telling you what the district told me.

CHAIRMAN HETTEL: I am glad we could confirm that with the District, and I'm sure us shippers over there on the west canal will be happy for that. Thanks, Mark.

MR. POINTON: And if you want a presentation on the status of that project on the program at the next meeting, I am sure we can get somebody from the New Orleans District to give a presentation.

CHAIRMAN HETTEL: Yeah.

MR. POINTON: I would like to thank the St. Louis district staff. They were very helpful. There was a little more coordination involved with this meeting and yesterday's tour of LaGrange Lock since Rock Island was sponsoring the tour yesterday, and today's meeting was hosted by the St. Louis District. All in all everything worked out great.

A little extra work on our part, but Lou Dell'Orco and his people here in the Operations community in St. Louis were fabulous to work with -- Adam Ramseyer and Andy Schimpf-- it was great, my own personal thanks to you all for all the help. I sleep a lot easier

at night when I know you guys have got all the stuff covered, so I appreciate that. With that, can we have a motion to adjourn today's meeting?

CHAIRMAN HETTEL: So moved.

MR. POINTON: Marty. Can we have a second?

MR. G. SCOTT LEININGER: Second.

MR. POINTON: Scott. All in favor?

BOARD MEMBERS: Aye (unanimous).

MR. POINTON: Any nays? Meeting is adjourned. Thank you all. Safe travels.

The meeting adjourned at 11:35 a.m.

CERTIFICATE

I, JUDE ARNDT, a Certified Shorthand Reporter, do hereby certify that the foregoing is a true and accurate transcript of the proceedings as taken stenographically by and before me at the time, place and on the date hereinbefore set forth.

I DO FURTHER CERTIFY that I am neither a relative nor employee nor attorney nor counsel of any of the parties to this action, and that I am neither a relative nor employee of such attorney or counsel, and that I am not financially interested in this action.

JUDE ARNDT, CSR, RPR
CSR No. 084-004847