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Inland Waterways Users Board Meeting No. 96
Westin Hotel New Orleans
New Orleans, LA

April 20, 2022

Minutes
Inland Waterways Users Board
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Westin Hotel New Orleans
New Orleans, Louisiana

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The following proceedings are of the 96th Meeting of the Inland Waterways Users Board held on the 20th of April 2022, commencing at 9:00 a.m. This is the first meeting of the Inland Waterways Users Board held for 2022. Mr. Spencer Murphy, Chairman of the Inland Waterways Users Board presiding. Inland Waterways Users Board (Board) members present at the meeting included the following:

MR. MARTIN T. HETTEL, Board Member, American Commercial Barge Line LLC (ACBL).

MR. DAMON S. JUDD, Board Vice Chairman, Marquette Transportation Company LLC.

MR. W. SPENCER MURPHY, Board Chairman, Canal Barge Company, Inc. (CBC).

MR. TIMOTHY POWER, Board Member, SCF Marine, Inc.

MR. LANCE RASE, Board Member, CGB Enterprises, Inc.

MR. ROBERT D. RICH, Board Member, Shaver Transportation Company.

MS. CRYSTAL TAYLOR, Board Member, Ingram Barge Company.

MR. JEFF WEBB, Board Member, Cargill, Inc., Cargo Carriers, Cargill Marine & Terminal.

MR. W. MATTHEW WOODRUFF, Board Member, Kirby Corporation.

Board Members not in attendance were MR. DAVID LOOMES of Continental Cement Company and MR. DENNIS OAKLEY of Bruce Oakley, Inc.

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:

The Honorable MR. MICHAEL L. CONNOR, Assistant Secretary of the Army for Civil Works, Headquarters, Department of the Army, Washington, D.C.

MS. HEATHER GILBERT, Policy Advisor, Office of Coast Survey, National Oceanic and Atmospheric Administration (NOAA), U.S. Department of Commerce, Silver Spring, MD.

MR. WILLIAM K. PAAPE, Associate Maritime Administrator, U.S. Department of Transportation, Maritime Administration (MARAD).

MR. MATT CHANG, Transportation Services Division, U.S. Department of Agriculture (USDA).

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:

MAJOR GENERAL (MG) WILLIAM H. GRAHAM, Users Board Executive Director and Deputy Commanding General for Civil and Emergency Operations, Headquarters, U.S. Army Corps of Engineers, Washington, D.C.

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

MR. THOMAS P. SMITH, Chief of Operations and Regulatory Division, Headquarters, U.S. Army Corps of Engineers, Washington, D.C.

MR. STEVEN D. RILEY, Alternate Designated Federal Officers (ADFO), Inland Waterways Users Board, U.S. Army Corps of Engineers, Institute for Water Resources, Alexandria, Virginia.

MR. PAUL D. CLOUSE, Deputy, Navigation Operations Section, Headquarters, U.S. Army Corps of Engineers, Washington, D.C.

MR. DAVID A. FRANTZ, Inland Navigation Program Manager, Navigation Operations, Headquarters, U.S. Army Corps of Engineers, Washington, D.C.

Program speakers in scheduled order of appearance were as follows:

Mr. Mark R. Pointon, U.S. Army Corps of Engineers, Headquarters, Inland Waterways Users Board Designated Federal Officer (DFO) and Executive Secretary, Institute for Water Resources.

MG William H. Graham, U.S. Army Corps of Engineers, Headquarters, Users Board Executive Director and Deputy Commanding General for Civil and Emergency Operations.

Mr. W. Spencer Murphy, Chairman, Inland Waterways Users Board, Canal Barge Company.

Mr. Paul D. Clouse, U.S. Army Corps of Engineers, Headquarters, Navigation Operations Branch, Deputy Chief of Navigation.

Mr. Michael J. Tarpey, U.S. Army Corps of Engineers, Innovations Group.

Ms. Stephanie L. Hall, U.S. Army Corps of Engineers, Nashville District, Deputy District Engineer.

Mr. Stephen R. Fritz, U.S. Army Corps of Engineers, Pittsburgh District, Program Manager for Mega Projects.

COL Stephen F. Murphy, U.S. Army Corps of Engineers, New Orleans District, District Commander.

Mr. Michael L. Connor, Department of the Army, Assistant Secretary of the Army for Civil Works.

Mr. David A. Frantz, U.S. Army Corps of Engineers, Headquarters, Navigation Operations Branch, Inland Navigation Program Manager.

There were three public comments made during the public comment period of the meeting; there were two written public comments submitted for the record prior to the meeting. Public comments were provided by Paul Dittman, Gulf Intracoastal Canal Association; Mary Ann Bucci, Port of Pittsburgh Commission; and Kirsten Wallace, Upper Mississippi River Basin Association.

PROCEEDINGS

MR. MARK POINTON: So, we haven't had a meeting down here and in quite a few years. I think it was 2019, so it's good to be back here. I think we had a fantastic tour yesterday. Kudos go out to Colonel Murphy and his staff for the tour of Bayou Sorrel and for the Inner Harbor Navigation Canal Lock. I have no idea how they managed to control the weather yesterday, but it's about the best it's ever been since I've been down here a number of times, so I appreciate that. Colonel Murphy and his staff did a fantastic job for us yesterday.

I want to welcome everybody to the 96th Meeting, for the third go-round. We actually are holding the 96th Meeting finally of the Inland Waterways Users Board.

Before we get this meeting underway, I'm obliged 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 for the Secretary of the Army and the Congress with recommendations on funding levels and priorities for 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 sunshine in the Government Act meeting and as such it's open to the public, and we have a good crowd here today in the audience. I appreciate that. You never know as we're coming out of COVID, and if you're wearing a mask or not, or however, but we're glad you're all here.

The U.S. Army Corps of Engineers is the sponsor of the Board and provides for the executive director and the Designated Federal Officer (DFO). I am the DFO. Major General Graham is the executive director.

Currently, we have two requests to make public comments and we had two statements for the record that were submitted. They were provided to the Board members. They will be included in the record of this meeting. If anybody else wishes to make a public comment, see me at the break, and we'll see if we can work you in. Appreciate that.

The proceedings of this meeting are being recorded, and we'll have a transcript of the meeting available probably three or four weeks after this meeting, and so it'll be available to the public at that time.

At this point, I'm going to ask General Graham if he can, as the Deputy Commanding General for Civil Works, if he can conduct the Oath of Office for the new members that are here today. Technically, you are not a member until you take the Oath of Office. General Graham is going to clock you in. So, if you all could step up here to the U.S. flag, and I will get out of everybody's way.

MAJOR GENERAL (MG) BUTCH GRAHAM: Okay. So, we all had the oath memorized, but we saw in the President's inauguration a few years back, that's probably one of the best minds we have in this country then. The Chief Justice got the words a little bit backwards, and so we want to make sure we're reading the words to get this right, because it's important what we're doing. When I talked to officers and we swear in the non-commissioned officers, that what we're going to ask you to do is to take an oath of

allegiance, not to king, not to a queen not to a dictator, not to a piece of terrain, or her homeland. We're asking you to swear allegiance to a piece of paper, and the ideas of how a free people ought to be governed that are enshrined. It's kind of important to get right to it.

So, if we could ask you to raise your right hand. I, please state your name.

ALL MEMBERS: (Complied.)

MG GRAHAM: Do solemnly swear.

ALL MEMBERS: Do solemnly swear.

MG GRAHAM: That I will support and defend.

ALL MEMBERS: That I will support and defend.

MG GRAHAM: The Constitution of the United States.

ALL MEMBERS: The Constitution of the United States.

MG GRAHAM: Against all enemies.

ALL MEMBERS: Against all enemies.

MG GRAHAM: Foreign and domestic.

ALL MEMBERS: Foreign and domestic.

MG GRAHAM: That I will bear true faith.

ALL MEMBERS: That I will bear true faith.

MG GRAHAM: And allegiance to the same.

ALL MEMBERS: And allegiance to the same.

MG GRAHAM: That I take this obligation freely.

ALL MEMBERS: That I take this obligation freely.

MG GRAHAM: Without any mental reservation.

ALL MEMBERS: Without any mental reservation.

MG GRAHAM: Or purpose of evasion.

ALL MEMBERS: Or purpose of evasion.

MG GRAHAM: And that I will well and faithfully.

ALL MEMBERS: And that I will well and faithfully.

MG GRAHAM: Discharge the duties of the office I'm about to enter.

ALL MEMBERS: Discharge the duties of the office I'm about to enter.

MG GRAHAM: So help me God.

ALL MEMBERS: So help me God.

MG GRAHAM: All right, good deal. You're clocked in. It's just good to get this body back in operation here.

Bill (William Paape), have you been to all 96 of these boards, these board meetings?

MR. WILLIAM PAAPE: I'm a little excited to be here.

MG GRAHAM: Good deal. So, you can keep us straight.

MR. POINTON: All right, a little housekeeping before I turn it over to General Graham for his opening remarks.

Do you see the mics in front of you? They're toggle on, toggle off. So, green means you're hot, so make sure if you're going to talk, make sure you have your mics on. And also, please identify yourself and your organization for the record so that we can keep track of that during the transcript.

So, without any further ado, I'm going to turn it over to a Major General Butch Graham as the Executive Director for his opening remarks.

MG GRAHAM: So, we'll keep this keep this short. Got Mr. Connor flying in later this morning, providing planes, trains and automobiles work out today. And we'll get him here, ideally for 30 to 45 minutes, and we'll see how our traffic is. So, we're going to kind of be shifting the agenda around, but I want to give you all our industry partners, Board members a chance to kind of give him your thoughts on one of his five priorities, one of the Administration's priorities, which is ensuring that we provide this country with a reliable transportation network. That's a key part of the supply chain.

A lot of things we talked about yesterday during the tour, I think your thoughts, your insights on this piece of the nation's transportation infrastructure that we steward, and certainly with our other federal observers here, kind of viewing this from a larger context. So, I think he would greatly benefit from hearing your thoughts on where we are and where we're going.

So, 96 of these things we've held. I think we said Bill's been to 95 of them. Some of us were talking in the bus yesterday about one of the Corps professionals, a lady by the name of Jeanine Hoey, who helped put the initial capital investment strategy together. And think of some of the veterans who had been around since those days, that was a difficult process. I think there wasn't a lot of trust. And as the saying goes, you lose trust in buckets, and you gain trust back in drips. So, I'm glad they really have this Board reconstituted, because we got to continue to bank those drips of trust on how this partnership is working.

So today, this is an accountability drill of us to you and us on how we collectively in this partnership are managing this unbelievably advantageous natural gift this country was given on phenomenally efficient

way that the land is situated for us to move bulk cargo around. And we could screw this up if we aren't careful.

What you're going to hear throughout today is we've got funds, through no small part of your all's hard work to make sure that the needs are known. We've got funds to make the system better. Certainly, with NESP (Upper Mississippi River – Illinois Waterway Navigation and Ecosystem Sustainability Program) Lock 25 getting funded, that's a great step in a better direction.

And so, when Mr. Connor gets here, we're in that better place, and no small part because of your conversation and sharing your thoughts on where do we need to invest to make the supply chain better?

Okay, so, as today progresses, we're going to talk some difficult subjects on how we're not doing as well at delivering on some of the projects that we've been authorized to build and given the funds to construct. And we want to be honest with you, and transparent as General Spellmon (Lieutenant General Scott A. Spellmon, Chief of Engineers) has asked us to be on where we're at with that, and we'll take any questions that you have.

On the future investments, our goal, particularly with Montgomery, Emsworth and Lock 25, we want to make sure that were efficiently investing those funds wisely to get those key projects up and running, and then take a look at where we need to tweak the Capital Investment Strategy moving forward.

Last thing I got to talk to you all about, I'll tell you, sometimes my experience with this team is, if we aren't careful we can get focused on building big new stuff. And as we saw yesterday from the lockmaster up at Bayou Sorrel (Mr. Brad Blanchard), it's just as important that we focus collectively in this team on we get the "M" right, the maintenance, but we also focus on the "O", the operations, and how we're doing good coordinating on that.

We've had some discussions last night, on how tomorrow is different than what yesterday was, and particularly with some of the challenges that the world is facing, is what we had planned to do yesterday might not be the wise thing to execute tomorrow.

And so, this constant back-and-forth dialogue at the lowest level between the locks and your vessels, out through the districts, divisions, and Headquarters, is absolutely key.

So, thanks, everybody, for the gift of your time today. And I look forward, Mark, to having a great meeting.

MR. POINTON: Thank you, sir.

So, we tweaked the agenda a little bit yesterday afternoon after the tour when we got better clarity on Mr. Connor's schedule. So, I hope everybody grabbed a hard copy of the agenda at the front at the registration desk, because we rejiggered a few agenda items, so that he will be here for some of these presentations that he's interested in, as General Graham alluded to.

All right. These aren't the director's remarks, but I'd like to call on our Federal observers that are here today. Mr. Connor being one of them. So, I'm sure he'll have some comments to share when he arrives later on this morning.

So, to start off, I'd like to call on Ms. Heather Gilbert, who is here from NOAA, the National Oceanic and Atmospheric Administration.

So, ma'am?

MS. HEATHER GILBERT: Thank you.

So, thank you and good morning, General Graham, Chairman Murphy, and members of the Board, fellow Federal observers and staff, and the public. It is good to be back at the IWUB meeting and to be here in person with you all.

For the record, my name is Heather Gilbert, and I am here as a Federal observer to the Board representing the National Oceanic and Atmospheric Administration. Rear Admiral Ben Evans, the Director of the Office of Coast Survey, and a member of the Mississippi River Commission, sends his greetings and regrets that he is unable to attend today. Rear Admiral Evans took the helm of the Office of Coast Survey this past December, succeeding Rear Admiral "Shep" Smith and Rear Admiral "Rick" Brennan.

Since coming aboard, Rear Admiral Evans's areas of emphasis have been completing the transition to a data-focused organization, continuing to increase our relevance and capacity through partnerships and sustaining and building our workforce. These focus areas aligned with NOAA's overall renewed climate, economic and conservation goals, and position the Office of Coast Survey to provide the foundational data which enable the success of these priorities.

NOAA itself is moving full speed ahead and addressing our nation's complex coastal issues. We cannot ignore the very real threat of sea-level rise on our coast. In mid-February, NOAA and our federal agency partners, including the Army Corps of Engineers, released the 2022 Interagency Sea Level Rise Technical Report. This seminal report highlights how important our work is, now more than ever. The public and the private sector is wanting this type of information, and we are working hard to ensure that we are getting our data out there and into the hands of decision makers as quickly as possible. And all of this work is underpinned by our foundational data, such as the National Spatial Reference System and our tidal datums. And this work is the backbone of all of our products and services that support all coastal decision makers.

We are continuing to move forward with transitioning to Electronic Nautical Charts (ENC's) and are on track to complete cancellation of all traditional NOAA paper nautical charts, and related raster products by January 2025. Since we last updated the Board in February 2021, NOAA has canceled 66 charts, with 146 in last edition status, leaving 795 charts to be canceled by January 2025.

NOAA believes that our ENC's are the superior product and are more efficient to support with the most up-to-date information for the mariner. However, we also acknowledge that there are still some needs for printable charts: backup to ECDIS and other forms of electronic navigations for vessels without dual, independent ECDISes and/or for mariners desiring traditional additional redundancy; also, for voyage planning and situational awareness, discretionary tools to augment the ENC; and also importantly training and certification of mariners.

We have developed a NOAA Custom Chart Tool (NCC), and this is designed to produce a printable chart in the form of NOAA ENC database. This output of the system is not an official NOAA chart but is suitable for those secondary purposes. The NCC system is online and under continuous improvement.

Additionally, looking forward for the future of coast survey, the NOAA Precision Marine Navigation (PMN) program, whose goal is to provide the ability of a vessel to safely and efficiently navigate within the U.S. EEZ and operate in close proximity to the seafloor, bridges, narrow channels, and other marine

hazards released their Data Gateway Map Viewer, Marinenavigation.NOAA.gov, allowing users to explore all NOAA's navigation-related data and services. And in the coming year the Precision Marine Navigation program will work on developing additional products for dissemination through the PMN website. And we're focusing this year on developing prototypes for the S-102 High Resolution Bathymetry, and S-104 water level information.

And to wrap up, two weeks ago Rear Admiral Evans participated in his first Mississippi River Commission trip where he had the opportunity to meet some of you in person. And over the course of the week, Rear Admiral Evans saw firsthand how critical the Mississippi River and Tributaries system are to marine transportation, and the economic security of the United States. NOAA's navigation products and services directly enable the system. The Office of Coast Survey will continue to upgrade its offering in areas which is linked to inland waterways to open waters such as the lower Mississippi River.

So, thank you, General, Chairman Murphy, and the Board for this opportunity to provide these remarks at today's meetings, and look for to the rest of the meeting.

That concludes my remarks. Thank you.

MR. POINTON: Thank you, Heather. Now let's move on to Mr. William Paape from the Maritime Administration. He's the Associate Administrator for Ports and Waterways. I believe I got that right.

MR. WILLIAM PAAPE: That's right. And once again, Bill Paape from the Maritime Administration. Thank you, General Graham and on behalf of Secretary Buttigieg and Acting Maritime Administrator Lessley, I'm very pleased to be joining you today.

I'd like to shout out to Colonel Murphy and Team New Orleans for a very informative and well-coordinated tour yesterday. It was very beneficial for me professionally, and I appreciate their efforts in that regard.

I'd also like to acknowledge and shout out to the Gulf Intracoastal Canal Association for their sponsorship of the meeting and appreciate their support.

Yesterday the Department of Transportation (DOT) announced the designation of a new marine highway route, two marine highway designations and one project extension. The route is the M-3 the Kaskaskia River. New projects include the Lake Michigan, M-90 shortcut from Ludington, to Manitowoc, the M-5 Hawaii, Alaska Washington Coastal Connector and the Port of San Diego extension to the port of Umpqua, Oregon.

Additionally, I'd like to acknowledge Bruce Lambert, who is the Director of the Central Gulf and Southern Rivers office for the Maritime Administration who is attending today. Should you have any follow-on questions feel free to reach out to either him or myself.

I recently reviewed the draft Lines of Effort from the Office of the Assistant Secretary for the Army for Civil Works and identified many key areas of alignment in the Department of Transportation's new strategic goals to include the Army's building climate resilient infrastructure and DOT's goal to build more resilient sustainable transportation systems.

Additionally, the Army's investment in science, research and development to deliver enduring water resource solutions aligns perfectly to DOT's transformation strategy to design for the future by investing

in purpose-driven research and innovation to meet the challenges of the present and modernize a transportation system of the future that serves everyone today, and in the decades to come.

Also, the Army's upgrading of waterways and ports to strengthen supply chains economic growth, certainly aligns with the Department of Transportation's economic strength and global competitive strategy to invest in our transportation systems to provide American workers and businesses reliable and efficient access to resources, markets, and good paying jobs. Supply chain disruption is not just an American issue, but rather a complex and multimodal global issue. What is an American issue, however, is our aging transportation infrastructure, including our maritime transportation infrastructure.

The Biden-Harris Supply Chain Task Force has been taking both immediate and long-term actions to strengthen our supply chain, speed up the movement of goods from ships to shelves, and cut supply chain costs. These actions over the last year have brought together the public and private sectors, the state and local governments and port authorities to work to meet the challenges of supply chain disruption.

When President Biden took office, he challenged federal agencies with supply chain-related missions to develop strategies for resilient supply chains to revitalize and rebuild domestic manufacturing capacity, maintain America's competitive edge in research and development and create well-paying jobs.

Over the past year, the federal agencies, including DOT, did just that and published their strategies in February of 2022. The DOT also released a comprehensive report on the nation's supply chains that recommended near- and long-term actions to further enhance fluidity throughout our supply chains.

We identified that inland waterways are operating at a fraction of capacity well known in this room and could assist in easing supply chain and congestion issues affecting other modes and impacting economic growth. By comparison, in 2018, the US moved about 9.4% of freight in ton-miles by water, whereas in 2018, the European Union transported 34.2% of its freight by water.

We're also making historic investments to increase utilization of our nation's inland and near-coastal waterways to move freight. Despite many challenges, we're seeing progress thanks to the Herculean efforts of supply chain workers across the country and the creativity that businesses and labor, our ports have processed record volumes of freight.

To address the challenge in the near-term, we're working to increase cargo throughput at our ports, and at the height of the supply chain crisis last fall, we worked with the Port of Los Angeles and Long Beach to develop a fee structure on ocean carriers to reduce the number of long dwelling containers. This incentive has helped to reduce the number of such containers on dock by more than 50% since last fall and helped ensure goods arrived on time for the holiday season.

We've built unprecedented bridges, almost literally across federal and non-federal agencies, including the Port of Oakland and the Port of Savannah and our government partners to create pop-up container yards connected to the ports to help get agricultural exports out and movements in ports and more quickly. In particular, the Georgia Ports Authority pop-up yards have moved over 20,000 TEUs.

We also are also committed to improving data infrastructure throughout the supply chain and the Biden-Harris Administration launched a new initiative to kickstart this effort.

The Freight Logistics Optimization Works or FLOW Program is an information sharing initiative to pilot key freight information exchanges between parts of the Good Movement Supply Chain data that would benefit all actors currently are not broadly shared across the supply chain and improving data sharing

could significantly improve site supply chain fluidity. Success in this challenging endeavor is contingent not just on government support, but also continued support from the private sector. After all, almost all of the supply chain is controlled by the private sector, and it takes coordination across the public and private entities for information exchange to occur most effectively. All of these actions are moving us towards a simple goal: fewer delays for the American people, lower prices, economic strength and security. That's what that work is all about.

Specific to this effort, the Maritime Administration's responsibility for awarding \$2.25 billion in funding appropriated by the Bipartisan Infrastructure Law to the Port Infrastructure Development Program, roughly the same amount of money that has been invested in all ports by all DOT grant programs since investing in ports began with the 2009 Recovery Act.

On February 23, 2022, Secretary Buttigieg announced the Notice of Funding Opportunity for the first round of funding for the Port Infrastructure Development Program (PID) provided by the Bipartisan Infrastructure Law. This first round totals \$450 million, which along with the appropriations passed by Congress, provides an additional \$234 million for the PID Program, bringing the total amount of funding available this year to over \$680 million for our nation's ports.

Additionally, on March 2, 2022, the Maritime Administration announced the availability of \$25 million in new funding for the America's Marine Highway Program. This funding, which is the largest single appropriation of funding in the program's history, was also made possible by President Biden's Bipartisan Infrastructure Law and the appropriation passed by Congress providing another \$14.8 million for the America's Marine Highway Program, bringing the total amount of funding available to over \$40 million.

The America's Marine Highway Program is intended specifically to expand the use of our inland and near-coastal waterways so we can create jobs, reduce delays and strengthen critical links in our supply chain. Last December through the program, we awarded \$12.6 million in grants to nine marine highway projects across the nation.

The America's Marine Highway Program is thriving, and now includes 52 projects and 28 routes. These routes encompass 41 states, the District of Columbia, and all five U.S. territories. Put simply, President Biden is leading the largest ever federal investment in modernizing our country's ports and our domestic coastwise services and improving both our countries, our supply chain and the lives of the American people who depend on them. This is truly an extraordinary moment.

Thank you again for the opportunity to provide an update, and I look forward to today's meeting.

MR. POINTON: Thanks, Bill. All right. Moving on, from the U.S. Department of Agriculture, the Agricultural Marketing Service, we've got Mr. Matt Chang.

MR. MATT CHANG: General Graham and Board members, good morning. For the record, my name is Matt Chang. I'm representing Ms. Patricia Kovacs, the Deputy Administrator for the Transportation and Marketing Program in the U.S. Department of Agriculture, Agricultural Marketing Service.

I would like to begin my remarks by expressing my gratitude to everyone who makes this meeting happen. Thank you very much for all your hard work and effort. I would like also to thank the New Orleans District of the U.S. Army Corps of Engineers for the very educational and insightful site visit yesterday. Agricultural trade is very important to the U.S. economy. Agriculture export accounts for 20% of total U.S. ag production values, and every dollar spent to create an agricultural export, create \$1.14 cents in total economic activities. So, the inland waterways navigation system is very important to

U.S. agriculture exports. The navigation system provides ag producers a reliable, efficient and environmentally friendly option to move their products from farms to the export market. And that's why we are very excited to witness the \$732 million funding to complete new lock at the Mississippi River Lock No. 25, which is one of the priority projects included in the Corp's 2020 Capital Investment Strategy, and also one of the next authorized construction projects.

We would like to thank the Congress, the Corps, and our stakeholders that make this happen. We are extremely grateful. And we look forward to more support for the Inland Waterways navigation system.

The USDA is actually closely monitoring the current challenge in the U.S. supply chain. In February, USDA published a report titled, "USDA Agri-Food Supply Chain Assessment: Program and Policy Options for Strengthening Resilience." The report was directed by an Executive Order. And if you would like to have the report, please let me know after meeting; I'll send you a direct link to the report.

In this report, USDA included a section to review and policy suggestions for the Inland Waterways System.

We also work very closely with our stakeholders to continue studying and highlighting the economic impact of inland waterways and to create more tools to help our stakeholders to better utilize the information provided by LPMS (the USACE Lock Performance Monitoring System) and the Waterborne Commerce data of the U.S.

Again, I appreciate the opportunity to visit the sites yesterday and the opportunity to attend today's meeting. Thank you.

MR. POINTON: Thanks, Matt. Appreciate it. Glad you're here. Glad we're all back here.

Without further ado, I'm going to turn it over to your new chairman, Spencer Murphy from Canal Barge Company, which happens to actually be located down here and in the Crescent City. So, Spencer?

MR. SPENCER MURPHY (USERS BOARD CHAIRMAN): Thank you. Good morning. I'm Spencer Murphy with Canal Barge Company. Welcome to the 96th Inland Waterways Users Board Meeting and welcome to New Orleans. As Gary LaGrange (of the Port of New Orleans) used to say, "Please spend all your money while you're here."

I would like to thank General Graham and I look forward to seeing Secretary Connor and thank him for being here and attending here today. Thanks to your leadership and your partnership, we are already seeing strong improvements in the Inland Waterways System.

I also want to thank both General Graham and Secretary Connor for their efforts to ensure that this Board was reinstated after the DOD issued a zero-based review of all federal advisory committees.

A special thank you to everyone for the New Orleans District for making yesterday's tours possible. I thought it was a very productive day, visiting both Bayou Sorrel and Inner Harbor Navigation Canal (IHNC) Lock, two critically important projects that helped form the intersection of the first and the third busiest waterways in the country. Also, thank you to them and Iberville Parish for performing a roadside rescue of the Waterways Council staff.

It's been a year and a half since our last official Inland Waterways Users Board meeting, and as you can see on the agenda, we have a lot to cover. Since our last meeting, Congress adjusted the construction and

major rehab cost share formula from 50%/50% to 65%/35% to better reflect the many beneficiaries who do not pay a dedicated user fee. This adjustment should provide an additional billion dollars over the next 10 years for the inland waterways infrastructure modernization.

Also, there's been a once in a generation investment of \$2.5 billion in waterways from the Infrastructure Investment and Jobs Act (IIJA). This money will allow for inland waterways projects to be funded to completion and to other projects to begin construction.

Once again, thank you to Secretary Connor and General Graham for your help to ensure that the Capital Investment Strategy was followed in the Corps IIJA work plans. That strategy forms the backbone of our industry in collaboration with the Corps. And it was very encouraging to see that strategy being implemented.

On top of that, the Fiscal Year 2023 President's Budget funded a legacy project to conclusion with the completion of Chickamauga Lock. We are on our way to finishing our Tier 1 projects and beginning the Tier 2 phase. That Capital Investment Strategy is crucial for the Corps and this Board, and it's one of the most important items on the agenda today, that is the annual update or that plan. We've made a lot of progress in recent months. This industry and the Corps must continue to collaborate and plan for the next generation of construction projects. The Capital Investment Strategy is the best tool we have to organize this massive workload into a prioritized plan that provides the best value to the nation.

Capitalizing on this funding opportunity becomes even more important when you consider the current political and economic climate. For the first time in my professional life, the public is suddenly very interested in supply chains. We're also witnessing massive disruptions in food and energy markets caused by the war in Ukraine. Now more than ever, our ability to move goods on the Inland Waterways System provides a vital role in feeding the world and ensuring domestic energy security.

Our Inland Waterways System is the best in the world, giving the U.S. a strategic advantage on many fronts, but we must continue to modernize the system if we were to keep that advantage. This Board has the opportunity to make a generational impact. And I look forward to working with all of you on this important work.

That concludes my remarks. And I would like to open it up at this time to any other members of the Board who would like to make a comment. Thank you.

MR. POINTON: Let's go to Matt (Woodruff) and then we'll go to Marty (Hettel).

MR. MATT WOODRUFF: You know, as I look around the room, today, I'm starting my third tour on the Inland Waterways Users Board, and the only person who I see sitting around the table who was here at my first Users Board meeting, I think was you, Mark. And so, because of the turnover I think it's important to recognize some of the things that have happened in the last 15 or so years that have made a profound difference on where we are in terms of our inland waterways infrastructure.

General Graham, you mentioned that process to develop an investment strategy, and Jeanine (Hoey), you mentioned her by name, who was absolutely instrumental in that process, and I was one of the industry participants in that process. And just to put it in a little bit of context, in 2009, early 2009, we had new leadership in the White House, in Congress and they said the system was broken, and they came to those of us in industry, and they said, "the system needs to be fixed." And either you fix it, or we'll fix it, and if we fix it, you won't like the solution because there's going to be a fuel tax of \$1-a-gallon that we're just going to impose on you. And so, if you've got a better idea, come up with it. And so, I was trying to

figure out kind of what the dates were, and I found a document from early 2009 that set out of my company's position on what we needed to do. And there were four things that we said that we needed to do: we needed to fix the project delivery system; we needed to dimension the needs of the system; we needed to figure out what it was going to cost; and we needed to decide how to pay for it, and how to allocate the funding.

And that is the essence of what became the Capital Investment Strategy. And we sat down with the Corps, and I think there was actually a great deal of trust. We all knew that the system that we were embarked upon at that time didn't work, where appropriations were being salami-sliced across every Corps district. And the philosophy was that the Corps needed to have, you know, 435 projects ongoing at any given time, and we decided that what we needed to do was change the focus from starting projects, to finishing them, to funding them efficiently. And we worked together and came up with a plan, and we did that.

And you know, 15 years ago, none of us thought that Olmsted would be finished in our lifetime. Olmsted is finished today. Every other project that was ongoing at that time is either finished or funded to completion. We've done a remarkable amount as a board and as a team, working with the Corps, working with Congress. And so, I'm very excited now that we're really turning the corner and now we can say what's next? What does the future look like, and what is the next tranche of projects that we need to undertake to achieve what I think is our mutual goal, which is how do we maintain a safe and efficient system that can move America's cargo today and tomorrow?

And as our nation's emphasis on different parts of the transportation puzzle changes and we're talking about decarbonization, the inland waterways have a good story to tell. Right now we are the lowest carbon mode of transportation, but we have the potential, and many sitting around this room, their companies are looking at ways to reduce that even further to be cleaner and greener, and how we can continue to step up and raise the bar in terms of efficiency and low carbon solutions to moving cargo.

So, I'm excited to be back. I'm excited to be looking at a new set of projects, and I don't think we would be where we are today if it weren't for the group of folks who've sat around this table over the course of the last 15 years or so and have made it happen. So, I think actually, there has been and continues to be a great deal of trust.

And as long as we work together in an open, transparent and honest way, we can achieve great things. And I look forward to continuing to do that. Thank you.

MR. POINTON: Thanks, Matt. I'm taking it that was a compliment when I'm the only face that you recognize at the table.

Marty?

MR. MARTIN HETTEL: Thank you, Mark. You know, looking back as Mr. Woodruff stated, this is my eighth year, starting my eighth year on the Board, my 29th meeting, while that's not near the 95 meetings that Mr. Paape has been involved with, but certainly my 29th meeting here today. And the importance of this Board is not only to collaborate with the Corps on where our trust fund dollars are spent, but also at some point to hold the Corps accountable on where our trust fund dollars are spent.

So, you folks that have been on this Board know me better. I do ask some tough questions. I always try to give the questions to the people I'm going to ask the day before so we can get an honest answer out of

them. So, I'm just, as Matt said, I'm tickled pink to be back on the Board and back to see this federal advisory committee functioning. Thank you.

MR. POINTON: Thanks, Marty. And Marty and Matt are what I would affectionately call retreats. They're back on the Board again for another go-round.

With that, a little housecleaning here, for the record gentleman, we need to take a vote to approve the minutes of the virtual Board Meeting No. 95, which was held approximately a year and a half ago.

So, I sent the transcript out to you all. You all have received it. Your former vice chairman, Mike Monahan, actually already certified them as the acting chairman at the time. So, can I see a motion to approve the minutes from Board Meeting No. 95?

So moved. Second? Second. Thank you, Tim.

All in favor? (Board Members vote affirmative.) Any nays? (None.) Great.

(Minutes approved unanimously.)

Thank you, gentlemen, and lady. Excuse me. It's an oversight on my part. I'm glad that the General was correcting me.

MG GRAHAM: Might be his last Board meeting.

MR. POINTON: I actually think I'm next up to talk about the Inland Waterways Trust Fund (IWTF), so I'm just going to move up to the podium to give that presentation. So, I think this is a good news story as well, I believe.

So, this slide shows our layout from the Treasury numbers through March 31st. Those are the latest ones that were available. They usually come out about a week or so after the end of the period. So, we won't know for a couple of weeks before we see how April is looking. So, as you scroll through, not quite \$60 million in fuel tax revenues to date; about \$90,000 in interest earned on those investments. Add that to the existing balance, see there's about \$281 million, \$280.9 million available.

The Inland Waterways Trust Fund I would point out again, as we're still kind of coming out of the Continuing Resolution and waiting for a Fiscal Year (FY) 2022 Work Plan to be approved and put in place, that we still show no transfers out of the IWTF as far as the Treasury reporting that is. So, there's going to be something -- that all that money is -- there are some commitments for that \$281 million.

Next slide, again I think this is a good news story as you as you track through. The column on the left, I don't know what color that is, fuchsia? My wife accuses me of being colorblind and I may be demonstrating that here right now. The column right next to it is from FY 2021, and as you can see, we are ahead of FY 2021, where we are right now in FY 2022. We had record revenues into the trust fund in FY 2021, so I think this bodes well for where we're going to end up at the end of the Fiscal Year for 2022.

MR. JEFF WEBB: So, Mark just for a second. As I look at that chart, and you know, we came out of last year, you know, just what the difficulty that we had during October? Where do you think the IWTF balance is going to be at the end of the fiscal year? Because I'm really optimistic about this summer, about what we're going to do for from an industry standpoint.

MR. POINTON: I am too and using these numbers -- and I'm not speaking for the agency or the Treasury or the White House -- I would expect we're going to have a record in FY 2022, as well for revenues into the IWTF. I think will probably exceed \$130 million for the first time.

MR. WEBB: Which would leave the balance in the trust fund at the end of fiscal year at -- what would you predict?

MR. POINTON: I can't answer that yet because I don't know what's going to be coming out -- what's going to be obligated coming out of the trust fund. So, what is going to be appropriated and how that's going to get executed before September 30th, obligated on contracts, I don't know that yet, so I can't answer that at the moment.

MR. WEBB: Okay.

MR. POINTON: I can probably get back to you -- I'll get that back to you all with that, where I think we're going once I have a better idea of what's going to be in the FY 2022 Work Plan.

CHAIRMAN MURPHY: So, Mark, just to that point, since you know, it shows zero transfers, which as you said, is not going to be the case for very long.

MR. POINTON: Right.

MR. WEBB: And I know there'll be a public release, but will you please send to the Board once there is data available as to which funds are allocated where -- so that we have that as soon as possible.

MR. POINTON: Yeah. And a "due out" from our December Industry Day meeting, we calculated what was already unobligated commitments against that of \$89 million. So, we know at least \$89 million is a bogey against that \$280 million right now. So, we can do a little projection as to where we think the revenue is going to go and what we think is going to be committed against it. I can do that for you.

MR. WEBB: Thank you.

MR. POINTON: I think I just gave myself a due out. So, this is kind of a variation of a theme. So, this shows January, February, March. Again, good news, it shows that we're ahead in 2022 of where we were in the record setting year of 2021 as far as revenue goes.

This has not been updated yet. So, this goes through FY 2021. I don't have numbers that I can show you for FY 2022 yet until they are approved by the Administration and released to the public. We'll update this, hopefully as soon as we know and this is again, a commitment I can send out to you I want to know the FY 2022 numbers I can push that out to you with the projects and the allocations that they're receiving.

Any questions on that? All right. I think I've got one more -- a couple more slides. I'm not going to get into any project presentations today. We're going to have a bunch of presentations following on here for the Three Rivers on the McClellan-Kerr Arkansas River Nav System, the Gulf Intracoastal Waterway Colorado River Locks and Brazos River Floodgates. Those are the ones coming out of SWD.

These are for the Mississippi Valley Division. As mentioned before Mississippi River 25, which is part of the NESP, Inner Harbor Navigation Canal Lock and Bayou Sorrel. We'll get a brief recap of, if you will, from what we heard yesterday on those project tours.

And I think the Great Lakes and Ohio River Division we've got our tried and true, our standards, Chickamauga. Kentucky, the Monongahela River 2, 3, 4 Lock Replacements and the Upper Ohio, Montgomery Lock. I think there's probably a little bit of information on Emsworth since it did receive a little money in IJA, I believe. I think maybe Steve Fritz will probably just briefly talk about Emsworth just a bit.

And I believe that's it. Any questions? Anybody?

All right. Thank you for your time today. Glad you're all here. I believe Paul Clouse is next up. He's going to talk about the funding that's available for navigation. And there's a number of mechanisms or vehicles that we've gotten some funding from. So, Paul is going to touch on quite a few of them. So, thanks.

Paul?

MR. PAUL CLOUSE: All right. Thanks, Mark. Appreciate that. Good morning. General Graham, Chairman Murphy, new Board members. I love this, having everybody together again. And, of course, our Federal observers.

I'm Paul Clouse. I'm the Deputy Chief of Navigation at Headquarters, and also serve as the National Business Line Manager for Navigation. This morning, I'm going to give you a kind of a high-level overview of our funding summaries. And as Mark alluded to, the different funding streams that have been coming our way.

I made some changes on how the financial information is visually displayed based on some feedback from the Users Board and also senior leaders, and I want to expand on this as I get to them.

The next slide is a little refresher on our budget process, where we are in the process here. Let's see. Good. At any given time, the Corps is within three areas of our budget development process. We're either executing it, which is what we're doing here in FY 2022; for the FY 2023 program, defending it, and we're developing the FY 2024 program.

I want to point out a couple of significant events, which everybody is aware of. First, is the Disaster Relief Supplemental Appropriations Act, also known as DRSAA. And second was the Infrastructure and Investment Jobs Act, also known as IJA.

These two acts provided a historic amount of appropriations to our Navigation Business Line. The development and defense process for DRSAA and IJA was very similar to our work plan development, where we focus on specific work. And the timelines were greatly compressed, with the Users Board on the Capital Investment Strategy, I'm sensing a theme here on this Capital Investment Strategy. We were uniquely positioned to receive these appropriations. We had a plan and we worked it and it was pretty seamless, and I really appreciate the Users Board, and of course, our navigation team throughout the nation working this. It was tremendously helpful.

The Corps is currently prosecuting work for the Fiscal Year 2022, DRSAA, and IJA. And after defending the FY 2023 President's Budget request: the President's Budget was released last month.

Lastly, the development of the Fiscal Year 2024 President's Budget recommendations are currently ongoing. And these will be sent up to Headquarters from the divisions, I believe at the end of April here.

And that first week of May is when Headquarters will begin the development of the FY 2024 budget, taking all the input from around the country.

Displayed on this slide is one of the new graphs for communicating the navigation budget and appropriations trends; consolidated the total appropriations, not just the President's Budget by fiscal year to get a better overall sense of funding for both inland and coastal. And I always tell people that inland waterways are the arteries that feed the coastal ports. The numbers on here include in our Investigations account, Construction, Operation and Maintenance (O&M), and the Mississippi River and Tributaries (MR&T) accounts. The totals on the graph do not include Remaining Items or Joint costs.

Directing your attention to the bar contents up here, the color coding -- and mark my wife also says I am colorblind too -- directing your attention to the amounts in the Conference, that's in the darker blue. That's what Congress directly appropriates to our projects. And let's see, the funding pot allocations are in orange; and 1% emergency funds are in gray. You really can't see that, it's a very small portion. Supplemental funds are in yellow. The IJA funds are shown in light blue, and the President's Budget proposal is in green. And you know, please note that in Fiscal Year 2022, the work plan is still in development, so the final allocations are yet to be determined and not included on this graph.

Next, I want to direct your attention to Fiscal Year 2022, where you can visually see the impact of IJA, just in a visual sense here for both inland and coastal. Additionally, see the Fiscal Year 2023 President's Budget is the largest recommendation to date, underscoring the importance of the nation's marine transportation system. And overall have really good reason to be optimistic going forward.

This slide, this is our Investigations account. We're going to unpack this a little bit here. First, I want you to see there's a side-by-side comparison of both our inland and coastal. Inland is in the orange color here, and coastal is on our blue. And you can see these trends are definitely working up. And I've also included here on the very far end here the IJA numbers and the President's Budget on the end. In the Investigations account, I do want to highlight here, direct your attention to the Fiscal Year 2021, there's a very large Investigations amount, and a lot of this was for our PED work, our Preconstruction Engineering and Design, for the Upper Ohio projects and for NESP.

The next slide, here's our Construction funding trends. You'll see the Construction account is very similar to the Investigations were inland is in orange and coastal is in blue. So, with this, I'm going to draw your attention again to FY 2022, a very, very large appropriation. It was two and a half billion dollars for construction. And again, thanks to having that Capital Investment Strategy in place. It made my job a lot easier to do. This was, you know, a historic appropriations for inland and will immediately address several lock construction projects and a major rehab project without using any funds from the Inland Waterways Trust Fund.

Since we're in Construction, I do want to point this out here, I wanted to discuss a little bit about earmarks and how the Inland Waterways Trust Fund may be impacted. And in the House, earmarks are called Community Project Funding, and in the Senate earmarks are referred to as Congressionally Directed Spending.

It is important to note -- and I definitely want to emphasize this here -- that unless otherwise provided in the Act or bill language, any earmark involving inland waterways construction will be cost shared with the Inland Waterways Trust Fund. So that's -- just want to make sure you're completely aware of that. So, if a senator or congressman puts an earmark involving inland construction, and there is no language saying it is 100% Federal, it will be cost shared with the IWTF.

Next slide has O&M funding trends, you know, they're similar to the previous two charts, inland orange; coastal blue. Drawing your attention to the Fiscal Year 2023 budget here on the end. And let's see, for that FY 2023 budget, the number there is larger -- which is just the President's Budget -- the number proposed is larger than any single year appropriation and work plan combined. This President's Budget number does not include any work plan. So, I'm pretty optimistic on that going forward. And these additional funds will allow us to perform more maintenance, preventative maintenance, to increase our asset life and reduce downtime.

So, this is my final slide. This shows all the funding pots that were available in the FY 2022 Appropriations Act for navigation. There were I think five or six of them. We had an O&M navigation which can be used for anything navigation-related. The second one was for Deep-Draft. Of course, that's for our coastal ports. Donor and Energy Transfer Ports, that's pursuant to the U.S. Code. Inland Waterways, a little over \$34 million, and it can be used on any inland waterway projects. And the Small, Remote, and Subsistence, which includes low use waterways such as the Missouri (River), the Ouachita-Black (Waterway), the Red (River), so it includes those. We also have some MR&T dredging for \$5 million that was directed, and a little over \$89 million in Construction that can be used on any construction project in the navigation business line, not necessarily inland.

So, with that, pending any question, that concludes my presentation.

CHAIRMAN MURPHY: I have a quick question.

MR. POINTON: Go ahead.

CHAIRMAN MURPHY: Last we heard I believe there was about \$113 million leftover from the IJA provided for the inland waterways. Do we have an update on what's happening with those funds?

MR. CLOUSE: I think they're just sitting right now, and we need to get a good idea, get some more fidelity on where to place those. And I am tracking on that number there, and I can circle back with you there, chairman.

MG GRAHAM: Thank you. Let me address some of that as we go. Given the cost of labor, commodities, everything going up, we're trying not to put all the money on the table right now because we know that some of the costs, what we think things are going to cost today probably isn't going to be what it's going to cost tomorrow. So, we're trying to wisely have some flexibility in there to make sure -- I think as Matt perfectly stated earlier -- that we finish what we start. And so, if we have a little bit of reserve sitting there, whatever the right budgetary term is that doesn't get me in trouble with folks, that that's what we want to do. That just is prudent. We're constantly gauging. We want to put that money to work, but we also want to make sure that we aren't walking off a plank. Does that make sense?

CHAIRMAN MURPHY: Thank you, General. That does make sense. I think our request is that we are just transparent about how much is being held as a reserve and how much is obligated just so that we're all working from the same set of numbers as to what's available and what's being spent. Thank you.

MR. WOODRUFF: This is Matt Woodruff. Question with respect to, in particular to the last bullet there where it says that some of that construction money can be used on any construction work in the navigation business line. Is that subject to that project having been awarded a new start or --

MR. CLOUSE: Yes, it has to be an ongoing project, we were not granted any new starts in the FY 2022 Appropriations Act.

MR. WOODRUFF: All right. Thank you.

MG GRAHAM: Okay, Matt, since you got the mic, let me ask you a question. Your perspective is very helpful, and it goes back to the point Paul brought up of earmarks and whatever the official term for them are, coming back and how that might push us back to the future of starting 434 projects, and you know, putting a million dollars on each of them. And we're going to get Steve Fritz up here in a little bit to talk some of the madness that we've had to deliver Lower Mon. But from the Board members, be interested in your thoughts on how we don't go back to 434 projects inefficiently funded, spread out; we maintain the rigor and the discipline to stay within that framework that you spoke to of the Capital Investment Strategy. How do we prevent going back to 434 projects?

MR. WOODRUFF: I think there's several steps to that. And my view is that the Constitution does give Congress the responsibility to decide how the federal budget is being spent. So, I think while there were abuses of the earmark process, in the past, where each member was able to just decide where money was being spent, I think that the new process for community project funding or congressionally directed funding is a little bit different. Instead of giving a pot of money to each member of Congress and saying, spend it as you wish, as I appreciate it, what they're saying is, members of Congress, come to the Appropriations Committee, and say, "This is where I think money should be spent" in an open and transparent process, so that Congress can decide where money should be spent.

That being the case, I think it becomes incumbent upon this Board and all the advocates out there to maintain discipline, and to tell the committee's that we don't want 435 different projects being inefficiently funded. What we want is projects finished that deliver value to the nation. And if we all work together and maintain a capital investment strategy that prioritizes projects based on their value to the nation, based on the factors that Congress has specified, which do include geographic diversity of projects as a consideration. I think if we're using objective criteria to select and prioritize a project, supplemented with the expert judgment of the people around this table, then we will have a defensible set of projects that we can go to Congress and say, this is the way we think you should do it to best provide benefit to your constituents. And it may be that the best thing for your constituents isn't to put a tiny amount of money in one place, ad infinitum, but to put all the money in some other place, so that project can get finished, and then your project next year or the year after that can be efficiently funded.

That being said, you know, we're looking at a system and we're just talking about new starts. And one of the things that concerns me is, we have funded to completion virtually everything that has a new start. If we don't get new starts, we will not be able to obligate the Inland Waterways Trust Fund dollars in FY 2023 and beyond. The President's Budget for all of its good news in terms of O&M for FY 2023 is remarkably deficient in terms of construction funding. And we won't be able to spend the money in the trust fund that should be spent in FY 2023, unless we either get new starts or congressionally-directed funding, which will be the equivalent of authorizing a new start, or if we use some of the money from the infrastructure plan, which is the equivalent of a new start. So actually, I'm looking forward to some of that congressionally-directed funding in FY 2023 so that we can get the ability to put work plan dollars in FY 2023 towards some of these projects that need to be built. The last thing we need to do is start building up a big balance in the IWTF and it is not being spent on needed projects.

MR. CLOUSE: And Mr. Woodruff, if I may, with IJJA, we did get a new start for NESP. And that is programmatically an umbrella that's going to include of course Mississippi River Lock 25, LaGrange, Mississippi River Lock 24, Peoria. And as well for the Upper Ohio, which also includes three different locks. So, I think we do have a lot of ongoing projects right now that those funds could be used for.

MR. WOODRUFF: And I don't question that, but what we don't have is a new start on the GIWW Brazos River. We don't have funding on Bayou Sorrel Lock. We don't have funding for Inner Harbor Navigation Canal Lock, and so there's other things that we need to be able to allocate dollars to besides those projects to meet the goals of Congress in terms of their direction for how the money should be allocated, and to be able to keep the Capital Investment Strategy moving forward.

CHAIRMAN MURPHY: General, may I add one thing in response to your question? I think this process that we're going through this year to take an annual look at the CIS is critically important to what Matt described, more important than ever, because it will help create alignment. And when we see, as the industry, the ability to work collaboratively with the Corps on setting priorities, and then when we see those priorities funded, as laid out, it allows us to all rally around that list. And I think it's critical. We all know, you know, the five-year process is a very heavy lift, so I'm not necessarily saying that every year we have to go through that same level of scrutiny, but I think maintaining the best practice of having a list that we as an industry can advocate around as a list is crucially important to avoiding, you know, getting pulled in too many different direction around these projects. Thank you, sir.

MR. POINTON: Thanks Spencer. All right, moving on. Now we're going to move on to the next item on the agenda. It's a, I guess it's an introduction to you all on our Remote Lock Operations and the assessments that the Corps has been conducting. We've got Mike Tarpey here. So, Mike, have a go at it.

MR. MICHAEL TARPEY: Good morning, General Graham, Chairman Murphy, new Board members and Federal observers, I am Michael Tarpey with the Corps of Engineers Inland Navigation Design Center (INDC), and I am the Technical Lead supporting Headquarters Navigation Branch on the Remote Lock Operation Assessment. David Frantz, who is here today is the program manager for this Headquarters initiative.

The purpose of today's briefing is to inform the Board and stakeholders about the Corps ongoing work to assess the feasibility of remote lock operations. The Corps is in the early stages of assessing the viability of remotely operating its locks.

Recent world events have reminded us that the nation's transportation system and supply chain is vulnerable to the risks of disruption. Implementing remote lock operations has the potential to modernize the Inland Marine Transportation System (IMTS) and enhance system reliability to ensure the continued movement of cargo and commerce on the inland waterways. This specific work started in the summer of 2021 as a response to the pandemic but has long since been on the Users Board's radar. The scope is to assess the implementation of remote lock operations in order to improve the resilience and maintain continuity of operation on the Inland Marine Transportation System.

Communication and feedback will be sought throughout the process from the inland navigation community as well as federal, state and industry partners. The products will be a framework report and implementation plan, which will examine the economic and technical feasibility for transitioning to remote lock operations. These products will analyze the viability cost and potential operation and maintenance cost savings for implementing remote lock operations. This information will be the basis for developing the business case to be used during the budgetary request with the Administration. This work is focused only on remote lock operations at this time. We recognize that the remote dam gate operations is an important part of any future implementation scenarios.

We are examining all the critical parts of the enterprise strategy for remote lock operations, but five items are the highest priority. First, assessing and mitigating risk. Shifting from local to remote operation

represents an operational change. All operational changes will include a risk assessment and identification measures to avoid, minimize, and mitigate identified risks.

Second, ensuring safety. This effort will include a thorough examination of all safety risks and mitigating measures associated with remote lock operations.

Third, ensuring cybersecurity. It is critical that we ensure this remote lock operations are secure and reliable.

Fourth, priority that we have is engaging our stakeholders and workforce. Remote lock operations will affect our workforce and our commercial and recreational users. We need your help in communicating to these groups and getting their information and feedback back to us.

Lastly, and probably most importantly, is the value to the nation. A sound business case evaluation will document the value to the nation, identify those locks that are best suited for remote lock operations, as we recognize that not all locks are currently designed to support rural lock operations.

This slide shows the timeline and deliverables. As I mentioned, we started in the summer of 2021. And this slide provides you an overview of our products and our timeline. The first product is a Framework Report which will provide a high-level conceptual framework of how USACE remote lock operations would look, is intended to educate and inform the organization what remote lock operations is and what it is not, in order to describe the business case, technical and operational requirements, risks costs, cybersecurity requirements, telecommunication requirements and next steps. The team intends, I'm sure that we will include, as I say, the good, the bad and the ugly, to inform decision makers at all levels.

The end product is an Implementation Plan, which will build upon the framework's importance, present alternatives with expected benefits, challenges, costs, etc. and a proposed recommended course of action and timelines. We're exploring a full range of scenarios. We will explore a full range of scenarios from continuing our current operations to fully implementing remote lock operations.

All this work will be built upon this solid foundation of internal and external communications. Moving forward in this process, we have targeted engagements with various stakeholder groups in the later part of this summer and next year.

This slide is the Business Case. Up front we recognize that there are numerous direct and indirect benefits, challenges, and opportunities in implementing remote lock operation technology in USACE. The business case is structured to determine if a remote lock operation technology can add value to the nation.

Some key takeaways that we have been identified to date. You know, remote operations is a proven technology that we see in many industries and is used overseas that can improve the resilience, ensure the continuity of operations, has been documented in other countries and industries. Since we're developing an enterprise approach, we will have common designs and components to ensure that we meet the Chief's commonality objective. We recognize there could be a reduced labor cost savings associated which can be offset by increased equipment and maintenance costs. We recognize that there are challenges associated with remote lock operation technology such as cybersecurity and telecommunication internet conductivity.

Because many of our sites, as you know, are in remote locations, it's going to be a challenge to ensure that we have the appropriate bandwidth to ensure that remote lock operations can successfully work.

Depending on the implementation scenario there will be workforce changes that will require additional investigations and decisions in the future.

Some takeaways. The last column identifies the key takeaways we have identified to date. It does improve the resilience and continuity of operation. The proven technology exists. We recognize that the internal and external communications will be essential. We're looking at implementing remote operation and applying the lessons learned from remote operations and other business lines and other federal agencies, other industries as well.

Talking about strategic communications, we're launching this effort. We recognize that there's a need for robust internal and external communications. Our communication strategy will be conducted in a deliberate fashion, starting within USACE and then our federal partners, and then stakeholder's. We're aware and focused on the importance of this communication strategy. And as I previously mentioned, we're planning to engage with all key participants, this summer and in the coming year.

Operational scenarios. The team is developing three main concepts, for their operations. First, you're going to see local operations, which is the majority of our current portfolio where we lock boats with somebody on the wall. Second, we have some select sites that we refer to as "closed campus" where the lock is operated from a control tower. And the third is that future operations potential of a command center, where the boats could be locked from, say, a nearby lock, it could be a mile away, or 100 miles away or 500 miles away. In all the concepts, the intent is to maintain onsite control for standby operations.

This is the operational scenarios continued. First, we have local operations, which is one scenario, closed campus, and then the command center in various alternatives that we're looking at. As we move through this journey, we're going to assume we'll be looking at those multi business line scenarios, you know, navigation, flood risk management, dam operations and hydropower.

First and foremost, there's a commitment from the organization to focus on people, the Corps workforce that make safe locking a reality every day. The command is committed to there will be no reductions in force, if there was any implementation of remote lock operations.

Second, we'll be seeking the cooperation and involvement of all USACE employees and stakeholders, which is imperative in this effort. As we are beginning this assessment, we have no information at this time on any workforce impacts. After this work concludes and leadership decides on an implementation plan, there'll be a need for additional staffing studies to inform in the planning of any workforce changes.

This slide has key takeaways. In conclusion, I want to stress several key points. First, as I mentioned several times, transparent communication internally and externally is essential. This assessment is ongoing. No decision has been made, and a strong business case will be needed to justify any investment.

Second, maintaining reliable and safe lockages for commercial and recreational traffic is critical.

And lastly, any system that would be implemented we would ensure the physical and cybersecurity has been critical.

This concludes my presentation. Are there any questions, please?

MG GRAHAM: I'm sure there are a few. Thank you for that. We wanted to ask Michael to bring this to the Board because we've got to evolve. I was down, I think on the Tenn-Tom system (Tennessee-

Tombigbee Waterway) last summer, and they just had one of the lock operators get COVID. And so, they were trying to figure out, wow, what are we doing here? They were trying to figure out how to sanitize the control room. And much like you with your boats and your crews, we're all trying to figure this thing out. There are some efficiencies, a whole bunch of efficiencies to make a more reliable system that we need to think through here. So, it's a great opportunity.

We know the technology's solid. We can figure this thing out, and then we can explore and understand the what-if scenarios. We still got to maintain these facilities if some weather condition hits or whatever. Maintenance folks revert back to being lock operators and they're there, but we want to do this hand-in-glove with you all, okay?

You're going to talk to the pilots?

MR. TARPEY: As we move forward, part of this communication plan, when we reach out to stakeholders, you know the pilots, commercial users, recreational users is critical. So, we're going to be talking to everybody possible to get the right feedback we need to make a smart decision.

MG GRAHAM: I'm sorry, pilot projects.

MR. TARPEY: Ah, pilot projects. No, I wasn't going to talk about our pilot projects yet, because we're not that far along, sir.

MG GRAHAM: Okay. We're going to push him hard to identify some places that look at the totality of the portfolio. I think Mary Ann (Bucci) is here somewhere. Where are you hiding, Mary Ann? Yes, she's in the back. Okay, great.

So, I'm thinking of being at Emsworth (Lock and Dam) after the Fourth of July celebration, and there's a whole bunch of rec boaters going through and thinking, how do I automate that chaos? And the answer is, we might not be able to tell. So that's the steps that we want to think our way through with you all.

So, I'm going to stop talking. Let me turn it over to Tom Smith for just a minute, and then get your thoughts. Tom?

MR. THOMAS SMITH: So, thanks, General Graham. Tom Smith from Headquarters, Chief of Operations. So, thanks, Michael, for laying it out. This is the beginning of a process. I would say that General Graham, I think you were using the word "pilot". What you might hear about is assessment. We're sending out a team to go to a cross section of our locks that represents some different environmental conditions, we work, like the northwest. Some are primarily recreation; some are real large places. I'm assuming Michael probably has the list on a backup slide. You will hear in the near future that we have a team of technical experts going to different locations in the nation so that we can come back with a fully informed idea how we could reconfigure the operation of the lock, the technical apparatus, the safety measures, the cameras. So, you'll hear that. May happen in -- I know they are all from a diverse geographical region.

But I think there's a lot of excitement here, because it will provide us, you know, the key that Michael, in the beginning, talked about is resiliency. Continuity of operations, which is really the primary approach here is, we need the ability to operate in many different conditions. And this should be a major step forward. So, hopefully we can gain your support and informed knowledge about the concerns you would have so that we can incorporate those in as we move forward.

Thanks.

MR. DAMON JUDD: I'll jump in. It's Damon Judd from Marquette. I absolutely applaud, you know, the look at technology. And we've got to be willing to try things to move forward. The one thing that does strike me and the team at my company is just, every lockmaster we engage with is incredible. And I think we saw two great examples of that yesterday, and the local knowledge of not only the system, but also the equipment and all the things that they are doing that are as much art as they are science, in terms of keeping our infrastructure in the state is operational. I just think it's critical that there's a very structured approach to how and where you try this. And we saw and heard yesterday, you know, even one small failure can ripple through the system and compound itself very quickly. And as we think about the environment we're in right now, where supply chain security is so critical, and the world is relying on the U.S. to move goods, I just think, as excited as I am about technology, we need to be very eyes-wide-open around how we mitigate risk and have a major approach so that we don't disrupt trade at a very important time. Thank you.

MG GRAHAM: Absolutely, Damon. Know that, just as you're thinking through all those what-if scenarios, ice or fog, somebody hitting something, acknowledge all of those. Somebody, the crew still is going to have to be out there maintaining it to the standard we're maintaining it today. So, they will still understand the machinery, how it works. And think the thoughts are, if they've got to go and take the maintenance folks and go back to being onsite lock operators, we'll have the ability working with our team to figure out how to do that. But just as you're thinking through that, going back to Mr. Smith's point, we want to come up with a way to build redundancy into this. That's kind of the whole point, to do just what you asked, which is a more resilient system. You know, it can take a punch or two, and continue to serve you well.

Marty?

MR. HETTEL: Thanks, General. Marty Hettel here. Mike, on your key takeaways, we're all looking at ways to improve technology for us to be safer, more efficient in operations. On your key takeaways I think the third bullet points is the most important. And that's maintaining a reliable, efficient, safe lockages, not only for your lockmasters, but for our professional mariners. What we don't need this to do, number one, is create an unsafe environment. And number two, extend the transit time to get through a lock. I think those are the two most important key takeaways in your presentation today. And keep those in mind. And we're happy to work with you and look forward for ways for technology to make this all better. Thank you.

CHAIRMAN MURPHY: General, I have a question. Spencer Murphy here. I understand there may already be some examples of this in the world, maybe in Europe. Have you reached out to them to kind of assess how's that going and learn from their progress?

MR. TARPEY: Yes, we are. We're talking with our European counterparts, others in other industries like the Canadian St. Lawrence Seaway has gone to remote operations. Looking at other business lines like hydropower inside of USACE, other industries, try to benchmark all those lessons learned that we can incorporate into this, so that when we make a full assessment, we make an informed decision, as the Army Corps of Engineers.

CHAIRMAN MURPHY: And then just a quick follow up. As part of your work so far, do we have any estimates of cost, you know, how much it would cost to transition one of these locks from a current operations to a remote operation.

MR. TARPEY: We're in the process of building that, that information. So, there'll be different costs, you know, new construction versus when we're converting an existing site. And so that'll be part of that implementation plan. That's where, as mentioned today, we're going to take look at a number of sites this summer, we're going to validate this framework going out to a number of different sites, and start building some conceptual level cost estimates; what it would take there that we can apply to the portfolio.

MR. WOODRUFF: This is Matt Woodruff. I know several years ago, we started looking at some of the lesser used locks and started going to scheduling and daylight only. And if I were picking the spot for a pilot project, I would probably look at a lock that doesn't have 24-hour operations now, and how you could keep the people there during the day because, as a recreational boater as well, I know that recreational boaters generally don't move at night. So, if you have your people there during the day, that pretty much solves your recreational boat issue.

And so, during the nighttime, you're going to be dealing with professional mariners. And the perfect place from my perspective would be a place where we would otherwise be waiting until the crew showed up the next morning and having the ability to get through and not hold up a tow and incur costs and delay commerce. That would be the win-win solution. Those also tend, because they are lower use locks, it would be a way to ease into the process, pick up the lessons learned that could then be moved to other higher use structures in the system. And that way, we're actually, by doing this, increasing efficiency, increasing throughput, minimizing delays instead of potentially increasing.

MG GRAHAM: And improving the value we provide to the nation because we can do more with these facilities. So that's exactly right. Tom, you wanted to add something to that?

MR. SMITH: Tom Smith. So, you know Matt, you're bringing up a great discussion that we've had internally, which is, "is a remote capability going to be best used at places where we have lower use recreational vessels, and we can't really keep them open now, or is the primary purpose of our remote operations to give us better resilience at our most important locks?" This is a discussion we'll have to have based on the costs.

We had a tremendous fear, along with industry in March of 2020, about how we were going to keep all our locks operating because we had messages like we all went through about, well, if somebody breathes or says they had COVID, you got to get out of the lock house; you can't go back in for two weeks or something, right? So, we actually accelerated a capability to tether the lock operation from outside the lock house. And we develop that; we have that now. It's going to help us in maintenance and other things, but you bring up a real decision that, you know, we'll present the leadership after getting more informed on the cost, informed on where we think the greatest need is; should we be adding the capability, not always using it, but adding the capability at our most important locks, or is it where we just put capability at places that we don't use as much and don't get to service? And I think those are decisions we'll have to make because there will be a cost to just putting the capability in.

MR. WOODRUFF: This is Matt Woodruff. I think my initial answer to that is test it at a low-use facility and implemented once it's proven, wherever it makes sense for the maximum redundancy and ability to keep the system moving. But I wouldn't take my most important lock and use it as the guinea pig.

MG GRAHAM: We're not going to start with Olmsted, so no.

MR. TARPEY: But I think when you talk to some of the engineers out there it is, well, what is the hard infrastructure you need? The PLC controls that we've all tried to put in place to ensure that we don't have

operator error is one of the key components. And once that's in place, and we're kind of operating the lock by wire anyways, whether you're in the control room, you're tethered outside the control room or you are off campus, okay, you're running the place by wire anyways. I think the other hard part of infrastructure is floating mooring bits because then you don't have somebody up on the wall handling the lines. If we're breaking up tows, that's certainly something else that would have to be put into the equation, and that's probably in that facility. The answer is no.

But lots of things to work out here and just appreciate the Board's willingness to partner with us on this, work with your professional mariners out there, and see how we can move to a better place.

MR. POINTON: All right, Michael, thank you. Thank you, Mike. Thank you, General Graham.

(To the audience) Public comments are provided at the end of the meeting at the public comment period, so please see me at the break and I will acknowledge you. Thank you.

We're moving on the agenda. Now we're moving on to the Chickamauga Lock presentation by Ms. Stephanie Hall. I believe she is the Deputy District Engineer from National District. Stephanie?

MS. STEPHANIE HALL: Good morning. General Graham, new Board members, Federal observers, and guests. I am here to discuss Chickamauga Lock. (Microphone activated.) It'd help if I turned it on. Sorry.

The project scope includes construction of a new 110-foot by 600-foot navigation lock to replace the existing lock that is suffering structural instabilities. Based on expenditures through 12 December 2021, the project is 45% Complete.

This slide depicts the major construction contracts for completing this work. The green block indicates completed contracts ranging from road relocations completed in 2007, to a cofferdam construction and lock excavation work completed in 2012 and 2019, respectively. The yellow blocks represent the two current contracts that I will talk about more in the next couple of slides. And the gray block shows the two remaining follow-on contracts that include the downstream approach walls, decommissioning activities, and final site restoration. Timeline for the award of the follow-on contracts is subject to site availability after the lock chamber contract is complete.

Work on the \$245 million lock chamber contract continues through FY 2022. These photos were taken from the pedestrian bridge used to access the cofferdam work area looking upstream and downstream. There's a lot of activity ongoing within the cofferdam and progress is being made.

The contract is approximately 40% complete. However, the contractor is experiencing delays. We are about minus 316 days behind schedule for the 2022 schedule update. And we are experiencing slower than anticipated concrete placement rates. Most concrete placements in 2021 averaged around 3,500 cubic yards a month. That average needs to be more around 8,000 cubic yards monthly to hold the schedule.

Concrete placement in March of 2022 reached 9,500 cubic yards, a drastic increase compared to the previous months. The team is not expecting this increased production rate to be sustained at that monthly level yet, but we are pleased with March's more changes improvements and expect improvements to be ongoing.

The contractor submitted a certified claim on 30 November 2021, covering a variety of topics mostly notable COVID-19 related impacts. Review of the claim is underway with the contracting officer's final decision plan to be provided on 11 June of 2022.

The next slide shows work on the \$61 million Upstream Approach Wall Contract that was awarded 9 September 2021, to C.J. Mahan Construction Company. This contract was kicked off in FY 2022. The graphic shows the contract scope highlighted in blue. The contractor will be working upstream of the dam drilling and constructing reinforced concrete piers in the water, then transporting previously fabricated 110-foot long concrete pro 12 beams that are currently stored at the next project upstream to the site and setting them into place. The Notice to Proceed with mobilization was issued on 14th of February 2022. Initial Marine Base mobilization efforts in March and April were hampered by high water on the Ohio River, but the floating plant is expected to arrive in early May of 2022.

However, land-based equipment began arriving to the site in early April and have already begun preparing the site for erection under the contractor-owned concrete batching facility. The scope of this contract can be executed independent of the ongoing Lock Chamber Contract. Work is planned for completion in January of 2024.

This schedule slide is similar to those shared in previous Users Board meetings. This chart includes updates from the Upstream Approach Wall contract that was awarded in September of 2021. The follow-on contracts and project benefit dates are listed as TBD due to the uncertainty of the lock chamber contract completion. After the lock chamber claim review is completed in June of 2022, and we update the total project cost and schedule estimate this fall, we will have a clearer picture of how the follow-on work can be sequenced. It is apparent that the previously reported online date of April 2024 will not be achieved.

The approach wall and decommissioning contract gains access to the cofferdam work area which will be upon completion of the lock chamber contract. So, the new online date as early can be six months after the award of that contract. The contract is anticipated to have a 24-month duration.

I have one more comment to make on this slide. So, where we have "construction completion", I'd like to add the word "contract construction completion." That's our current contractual requirements.

Sorry. This funding slide is similar to those previously briefed at prior Board meetings and it shows the breakout of funding types allocated to the project in recent years. The project has not been identified to receive any allocation in FY 2022. However, it was included in the recently released FY 2023 President's Budget for \$39.3 million, which matches the remaining TPC (Total Project Cost). Balance shown in the table based on the most recent total project cost and schedule update certified on June 9th of 2020.

The most pressing project challenges are the slower than anticipated production rates and resolution of the certified claim on the lock chamber contract. The completion date for the lock chamber contract is driven by concrete placement rates, which the contractor is attempting to increase, but has not been able to sustain to date. As discussed, delays in contract will impact the new lock online date and plan toward timelines for follow-on contracts. The district is working to resolve these issues and chart a path forward as quickly as possible.

That was the last slide. So, pending any questions that is the completion of my presentation today.

MR. POINTON: Jeff, I think you have a question for Stephanie.

MR. WEBB: Yeah, just with all the challenges, you know, we've been talking about this for a while, it seems like the last time we met we were talking about challenges and COVID and inflation. I mean, how much more money -- do we have any idea -- you have \$39 million left to go in 2023? I mean, are we close on that? When we start talking about Inland Waterways Trust Fund and matching funds, we start talking about new starts, and we're in this sort of scenario; we may not have as much money left as we think in the trust fund.

More expensive, right? Yeah. Most of the contracts, yes.

MS. HALL: So, the risk to this one for additional funds is very low, at this time. The project total cost to complete analysis that we are starting this summer, we'll have that confirmation in the fall. But at this time, we do not expect to require more funding on this project, subject to that evaluation. But at this time, our assessment -- and we've looked into it -- does not look probable that we will need more money.

MG GRAHAM: Okay. So cost, quality and schedule, we pay, Stephanie, deliver all three. What you just heard here is, cost since most of the contracts are less, we'll certainly be fair to the contractor, and we'll work that through the fair processes that we've got. And if we owe them money, we owe them money, and certainly be fair with them, but not expecting costs to go up tremendously. And quality, that's going to be a given. We're going to ensure that that happens. Time might -- as she just briefed on -- when we're actually going to get this done with the contractor struggling to maintain concrete production might be what gets extended. And so, it'd be interesting to hear from the Board on how it impacts your industries at Chickamauga, the bottleneck that that may or may not create at the kind of the beginning of the Tennessee River system.

Are you hearing from your industries, your companies on tremendous challenges with any of the supply chains that use that piece of the system? Being asked if anybody has.

Okay, hearing none. I mean, the good news is it's where it's at, right? And the tonnage going through there is relatively low. It's great to hear that we got our costs under control, because in this environment that could easily slip away, and contractors could just literally walk away. We're talking about big time inflation here. So, right, great to hear.

She's got other briefs we'll get to, we'll get to Kentucky Lock, but we are on this one. So, Stephanie, thank you.

MS. HALL: You're welcome.

MG GRAHAM: Oh, more questions.

MR. HETTEL: If I may, Marty Hettel here. Stephanie, it's good to hear. And we've seen this at Chickamauga awarding these contracts and options keeps the price where it should be. I think that's a great example, as we move into these new projects that are fully funded, to look at what we did at Chickamauga even though it's going to be delayed, and that's good, you know, as soon as this lock is operational, the more efficient we'll be. We talked about saving a barge day here and a barge day there; being able to lock eight barges at a time through this chamber versus one at the existing chamber will make us much more efficient. Even though it's a low tonnage lock, that will still help us reduce barge days during loading. So, a great example on how to do this, how these options are awarded on contracts, and we should certainly look close as we move forward with these other projects on the successes of Chickamauga.

MR. WOODRUFF: This is Matt Woodruff. Quick question. And I've been away from the Board for a couple of years, but when we were last at that lock for the Users Board, I recall that one of the risks was in the excavation, and that because of the stone there that there could be issues in terms of the time and cost of getting the excavation.

Is all the excavation complete now and we're just putting concrete back in. So that risk has been abated?

MS. HALL: That risk has been abated; that contract is finished. The contractor now is struggling. That took on that work.

MR. WOODRUFF: Okay, good. Thank you.

MR. POINTON: All right. General, back to the schedule. Sorry. Spencer Murphy.

CHAIRMAN MURPHY: Did I hear correctly that we'll have a better sense of the updated schedule by this summer; is that correct?

MS. HALL: We start the process this summer. We will have the cost and schedule risk analysis and total cost to complete, my fault. The reason we delayed the start of that activity was to further inform that analysis by the ongoing claim. So, we felt it important to delay that start by about four or five months to provide that information so that when we came back and provided that information to industry and everybody, it was as good an answer as we could get in terms of what we've got in the market that we've got.

MR. POINTON: Thank you. So, reading your mind, Spencer, it won't be on the agenda for the next meeting, but the one in the fall or winter timeframe, like two meetings from now. It's a bad thing I can read your mind now.

Sorry. Thank you, Stephanie.

Next, we've got Steve Fritz. He's one of the usual suspects. He's here to talk to us about the Monongahela River Locks 2-3-4 Replacement project. He's going to be joining us little bit later to talk about the Upper Ohio and Montgomery Lock. So, Steve, all yours.

MR. STEPHEN FRITZ: They gave me a new gadget so hope I can work it directly from here. I developed a little bit of a cough this morning, so I'll try to make it through this, and it's only when I'm talking. General Graham, Mr. Murphy, Board members, Federal observers. I want to thank you for letting me present again on the Lower Monongahela.

Most of you are familiar with the Lower Mon project scope from past briefings but I'm going to go through it briefly with you just to represent some key points. The Lower Mon is a condition-driven project, basically a two for three replacement project of three of the locks and dams on the lower part of the Monongahela River in southwestern Pennsylvania. So, we will be removing Lock and Dam No. 3. So, it includes Braddock, the Lock and Dam No. 3 at Elizabeth and then Charleroi. The major work efforts include a new gated dam at Braddock, which was completed in 2004. We're authorized to build 284 x 720-foot-long navigation lock chambers at Charleroi. We're extending the Charleroi stilling basin to prevent a hazard as a DSAC-rated dam (Dam Safety Action Classification). I said Lock and Dam No. 3 will be removed. With Lock and Dam No. 3 removed, we have some pool changes that are going to occur. So, we have some short side facility relocations that have to happen. And we also have to secure a

navigation channel by some dredging. So, if there's no questions on the scope, I'll move on to the next slide.

Some work that's finishing up here or has already finished in FY 2022. We're completing two major work efforts. The Charleroi dam stilling basin will be completed ahead of schedule. I think we were scheduled to complete that in November and it's looking like we'll wrap that up in August. And as I said, that will remove a DSAC 2 dam from our portfolio once it's reassessed. The Pool 3 dredging which secures that navigation channel, we finished that work in March of this past year.

No other work to be done in FY 2022. Out at Charleroi, the contractor continues to make really good progress working within the dewatered chamber. The old river wall is now completely removed. Nearly all of the alluvium has been excavated from inside the chamber. The contractor is currently working on the bulkhead sill and the miter sill at the upstream end. They made a concrete placement there in the last week and a half. I don't know the exact date. So that's moving well. The anchoring of the existing sub wall, which was a remnant of the 1964 rehabilitation, that's all been anchored and that work is completed there. And that's now incorporated into the new river wall. They're installing facing on the monoliths inside the chamber. And they're working on finishing inside the control tower.

So, we talked a little bit about remote lock operations here. So that control tower is going to give us a kind of a test case, if you will, for on campus remote operations there at Charleroi. So that helps us in that regard as well.

If there's no questions on the work in FY 2022, I can move on to the next slide.

The project schedule, over 90% of the project benefits will occur when tows no longer have to process through Lock and Dam No. 3. At the last Users Board meeting, I reported that that date was in June of 2024. This slide shows August of 2024. We had a little bit of a slip, but just in the past two weeks, we pulled that back a few more weeks, so now we're in July of 2024. The contractor and the Corps are working on a proposal that's going to pull that schedule back maybe another three months, so we're pulling that to the left a little bit more. That's yet to be seen if we're going to come to fruition with all that, but we have a pretty solid assessment that it's going to help us move that to the left. There remains some significant amount of work that has to happen inside the de-watered chamber. That includes removal of that alluvium I talked about. We have to finish the wall facings and those wall facings are on the critical path right now.

On the upstream and downstream sills both have to be completed and we have to put in the filling and emptying system inside that the water chamber. The stilling basin, as I said, is going to wrap up this summer. We've completed or we're going to complete the plans and specs for removal of Lock and Dam No. 3 this year.

Now the challenge there is we have to closely monitor when we put that contract on the street because that so very much aligned with an operational chamber at Charleroi. The perfect timing would be that chambers operational and we've blown up Lock and Dam No. 3 and then we're able to start passing boats without actually locked through, if you will.

We expect about six remaining activities to physically complete the work at the Lower Mon. That includes lock and dam removal, relocations, and those are associated with that pool change when we remove Lock and Dam No. 3, fish habitat to account for our Environmental Impact Statement commitments that we made. The higher pools are impacting a crossover at Braddock. We need to put an elevator in, replace the elevator in Charleroi so that we have a reliable way for our lock operators to get

up to that new control tower. And then since we've deferred the work at the Charleroi Land Chamber, we want to make a more permanent closure of that facility so that it doesn't become just a bathtub out there.

If there's no questions, I can move on to the next slide.

Yes, Mr. Hettel?

MR. HETTEL: Steve, Marty here. Just a question. You referenced the dredging completed in March of this year. And with this project not becoming operational for another two years, do you expect any siltation to fill in where you've already dredged?

MR. FRITZ: And that is a risk that we've identified as a potential. We are monitoring that. The Monongahela River has historically been not very big at sedimentation, except for where you have tributaries come in. So, we don't expect there's going to be an issue there, but there could be, so we have a monitoring plan in place.

MR. HETTEL: Right. And then you're also starting Lock and Dam No. 3 removal, completing the summer of 2025. I guess that's the dam and the lock?

MR. FRITZ: That's the dam, yes.

MR. HETTEL: You're going to remove the dam first, and it'll take longer to remove the lock, correct?

MR. FRITZ: That's correct. So that operational date is when the dam is removed sufficiently enough so that tows can go through the open breach in the dam and not have to pass through the lock.

MR. HETTEL: So, you've got two things done: finish Charleroi and remove the portion of the dam so that we can achieve the benefits of Charleroi and at the same time, once you remove the dam, coordinating those two.

MR. FRITZ: That's right. Those two things have to happen very much in close timing to each other, so we get that those benefits at that time.

MR. HETTEL: Thank you.

MR. FRITZ: You're welcome. Any other questions on that? If not, I'll move to the Cost and Funding Overview.

There's not really any change to this particular slide from the last report. In 2020, the project received completion funding. That was one of the ones that Mr. Woodruff had referred to earlier. We got \$111 million to complete the project, and that still remains about \$100 million below where our cost estimate is for the project and when we did a baseline back in 2014. I'm not anticipating the need for additional funding.

However, there are significant efforts that still remain with the work that we have going on. And my biggest concern right now -- we've kind of talked about it a little bit already here -- is inflation with this work that we have to do yet, you know, we have to price that work, and then we have to get the work completed. So, we have a concern about that.

Yes, Mr. Hettel?

MR. HETTEL: Yeah. Steve, Marty, here again. It'd be great to see you finish this project \$100 million under your projected costs. Let's just put a hypothetical in and say that happens, does that funding go back to the IWTF, Mark? Or does that get reallocated up in the Pittsburgh District for either Emsworth, Dashields and Montgomery, how would that work?

MR. POINTON: It would be neither. The funds haven't been allocated to the project yet, because they're not required yet to prosecute any work. Is that correct, Steve?

MR. FRITZ: Yeah. So, if we achieve that work for the \$1.1 billion, that we've already been allocated. If there's more money that, if there's money that's available from the money that we've already been allocated, that would have to go through the USACE reprogramming process to go back to other inland waterways projects within the enterprise portfolio.

MR. HETTEL: Okay. So, it's not a return of funds to the trust fund, and then allocated to other eligible IWTF projects?

MR. POINTON: Absolutely. If what Steve said does not occur, and the money does get returned to the Headquarters account or the account, that money would get returned back to the trust fund as it was allocated out to the project.

MR. FRITZ: That's correct, Mark, go through reprogramming, and ideally, you'd just use the Capital Investment Strategy, and that money would go to the next higher priority.

MR. POINTON: That's not my call, but that would be what I would think would happen.

MR. HETTEL: So, it's certainly encouraging that we're talking about the possibility of you finishing this project less than what you estimate the cost to be. And just so we understand what happens with that allocated money, where it goes once you've had Steve successful in finishing this project, less than what he thought it would be. Thank you.

MG GRAHAM: Now you're on the hook, Steve.

MR. POINTON: Steve's been on the hook for like 20 years, so he's used to that.

MR. FRITZ: I can retire today.

So, getting back to the funding overview. And I guess there's nothing else I have on that unless there's other questions on this slide, we can go to the next slide.

Issues and challenges. These aren't really in any particular order, but I really do want to focus on the three at the top, and we've kind of hit a little bit of them already. The timing of the removal of Lock and Dam No. 3. That's not only when Charleroi gets done, but we can't be removing Lock and Dam 3 when we're in a high water situation, or historically high water situation. So, we're meeting with industry in that area and talking about different scenarios, we can make that happen in typical high water event seasons, if you would.

So, there's a lot of coordination that has to happen there. And our goal is again, when we blow up the dam at Lock and Dam No. 3, we can start moving traffic through there without towing and Charleroi is already done at that point.

The next thing is working in the river. There's always that concern of high water events. So right now we have the No. 3 river chamber dewatered, so they're in a giant cofferdam, if you will, inside the lockwalls. And when the river comes up, if there's a threat, that river is going to overtop those lockwalls, the contractor removes their equipment so that if it does flood, they don't lose their equipment. If it doesn't flood, they might only lose two or three days. If it does flood, they're going to lose a lot more time, and that's gonna cost us some money. Because they would have to re-dewater the chamber, they would have to remove all the debris that was in there, and then there's always a probability that things that are in the chamber that have already been completed may have to be reworked because of that flooding event. So that's a big risk that we have to concern ourselves with.

And then the last risk I want to talk about is the market uncertainty. There's so much going on with the IJA with inflation right now that these pieces of work that we have to price in the future -- and that's where I talked about that we're \$100 million below what the project estimate is -- but we may have to tap into that, but we don't have an answer for that yet. We continue to watch that trend of those escalation factors as they're going up. I don't anticipate we're gonna need more money, but there's always a possibility we could come back based on the bidding environment. And I believe that concludes my presentation.

Yes. Mr. Hettel?

MR. HETTEL: Steve, Marty here. I apologize, but can you go back to your cost and funding overview? I had a question I meant to ask. Under the title Current Project Estimate, one \$1.23 billion, parentheses \$2.76 billion, you stayed here, total project costs May 2018, 90% of benefits from \$1.22 to \$1.23 billion. Total project cost increase from \$2.73 to \$2.76 billion. So, the total cost includes Braddock; that's the \$2.73 billion?

MR. FRITZ: So, the \$1.23 billion includes all the work that's already been completed for the project, Braddock; the dredging; some of the relocations we've already done; some of the dikes that were built the guardwalls at Braddock; so that \$1.23 billion includes everything up through and including removal of Lock and Dam No. 3 and the completion of the river chamber. The only thing that's in addition, when we moved the \$2.7 billion number is the addition of the Charleroi land chamber which doesn't provide much, it just provides a pittance of benefit.

MR. HETTEL: So, the \$2.76 billion references the additional chamber at Charleroi and whatever \$90 million it was a raised at Port Perry Railroad Bridge, that's the difference between the two of them?

MR. FRITZ: The Port Perry Bridge number is not in the \$2.7 billion. We've officially removed that from the project; coordination with the industry, the railroad itself, and the U.S. Coast Guard. The railroad wasn't as much cooperative as you all were, and the Coast Guard.

MR. HETTEL: So, and do I take the \$2.76 minus the \$1.23 billion, and that says it would be \$1.53 billion to add another chamber at Charleroi?

MR. FRITZ: That's about right. And that depends, that's mostly escalation cost. So moving into 2050, is when that chamber would be done, so that's escalation due to inflation, and management of the project in the future.

MR. HETTEL: I understand. Sounds like we need to build these other projects first before we build that second chamber at Charleroi. Thank you.

MR. FRITZ: Again, not my call, but I'll take that under advisement. So, if there's no other questions on the project, that's all I have for you. And I appreciate being able to brief to the Board again. Thank you.

MR. POINTON: Thanks, Steve. I think we've probably exhausted all of our questions for Steve as we were going through the presentation. We're at the point in the agenda, we're about 10 minutes behind. We're going to take a break right now, 15 or 20 minutes, and hopefully in the interim while we're breaking, Mr. Connor will arrive. And so we'll reconvene when Mr. Connor is here on site.

So, let's take a coffee break, everyone, or any other kind of break. *(Thereupon, a break was had in the meeting after which the following proceedings resumed.)*

MG GRAHAM: All right, Mark. Okay, so I'm going to pull a little bit of an audible here. Colonel Murphy's here, and you are all wondering where we're at in the CEMUS process. So as Mr. Connor gets a cup of coffee and gets settled in, we'll bring Colonel Murphy up and give you an update on some of the decisions he's making, what his timeline looks like.

Colonel Murphy, your next.

COLONEL STEPHEN MURPHY: All right, sir, thanks. I know last night, the social, spent a lot of time talking about this, so I'm happy to bring this to you because I will tell you that in two and a half years, I've had a lot of permit decisions come through the New Orleans District. I've never had as much Congressional interest as I've had in the CEMUS dock application. Right now, I think we are at 44 members of Congress contact me and asking what the status is.

So, before I start, I have pulled that decision to my authority. Normally, that would be something that's permitted at the Regulatory level, but I have pulled that given the seriousness of it. That's my second point. I fully recognize the seriousness of this permit, and not just because of the Congressional interest. I mean, if you look at this, the nation's busiest waterway, just supply chain issues that I'm sure you've already been discussing this morning; the importance of what's going on in Europe and the impact it has on our markets.

So, I fully get that, and that is my number one priority in looking at this permit is the safety of navigation in the public interest on a federal waterway.

Just a couple things, sir, if you just give me three minutes, I'll cover this.

MG GRAHAM: Three minutes.

COLONEL MURPHY: So, what you've got to understand about this permit -- so this is an after-the-fact permit application for modifications made to the CEMUS dock, you know, South of Highway 190 Bridge. Following damaged: You know, the dock hasn't been used for a while. CEMUS came in; they made repairs. Repairs were actually to the dock. They moved one of the dolphins in closer to the shore. So, one of CEMUS arguments is they've made it safer, the dolphin closest to the bridge. They reinforced the south dolphin, and it's for three earthen ramps. This is not a reevaluation of whether the CEMUS dock should exist on the Mississippi River. So, I want to be clear that clear. This permit decision that I'm making is not yea or nay on CEMUS is a dock that should or should not exist, this is a permit review of an after-the-fact permit on their modifications to the dock.

Am I looking at the other things? Absolutely, in light of the interest. I'm looking to make a decision as soon as I can. I've gotten fascinating -- well, not fascinating -- a lot of feedback from industry from Lomar, Mensa, AWO (American Waterways Operators, Inc.). I'm constantly on the phone with Lynn Munch (of AWO). She's actually representing you guys very well, representing the navigation interests. But I'm looking to make a permanent decision in about the next 30 days. And what's the challenge of that?

This is an extremely contentious permit decision. There are significant safety concerns, but if you look at this -- I just put this out for you. The Corps of Engineers, authorized by Congress, recently funded, is deepening the Mississippi River to 50 feet. And that channel, the deep draft channel, ends at the dock, which is CEMUS's argument. And Congress has authorized the deep draft channel to this point, and I have a permit from 1947 where the federal government says I can have a dock.

So, you have a deep draft channel, essentially meeting up with the shallow draft channel at a very challenging point in the river. There have been changing conditions. We got more powerful tugs. We got larger tows. The West Bank is accreted to the west, so there's a shallow -- so I'm looking at all of that.

MG GRAHAM: Coordination with the Coast Guard?

COLONEL MURPHY: Yes. Thank you, sir. So, that's my third point. Captain Watson, who just changed out on -- I think it was Friday -- he and I had been in helicopters together looking at that. I was on the CEMUS dock just last week, personally, physically watching traffic pass. The Coast Guard and I could not be more closely aligned on this. I'm fully tracking all the input on, hey, are you going to require a Navigational Safety Risk Assessment? Again, completely in sync with the Coast Guard, but one thing to keep in mind, and I'll just close on this.

As I look at this, the Corps of Engineers will get sued regardless of my decision on the after-the-fact permit. Navigation, you know, has basically told there is no compromise. CEMUS same as I said, there are no conditions that we will consider, so somebody is going to be unhappy, regardless of whatever my permanent decision is.

But there are 80,000 plus trips that pass that dock southbound every year, 80,000. There are 46 total accidents recorded that we got from the Coast Guard since 1990 -- I think it's 1991. The percentage of accidents at that dock is .000543. So, all that to say is, I'm looking at all aspects of this nation's busiest waterway, deep draft, shallow draft important to the economy. You know, hey, what's the percentage of accidents? Were the accidents looks like? Were they at the bridge? Were they at the dock? Did the dock contribute with it? So, all that to say, looking at it, I have appreciated your input. And right now I am in the final stages of putting my decision together. And really, you can anticipate this, early May. As soon as I have a decision, I will start to communicate it.

And, sir, I will end there.

MG GRAHAM: Three minutes.

COLONEL MURPHY: Is that three?

MG GRAHAM: No. Not even close. So, open and, transparent. If you have a bit of information, I appreciated talking to many of you, with Tracy the other day. If you have some information that you believe Colonel Murphy doesn't have, send him an email. I've queried him. I've queried General Holland, and I believe that the information you passed on to me -- and I certainly appreciate that -- that that

information is known by the decision maker right now, and that's Colonel Murphy. If you believe you have any other information that he would need to know, to make an informed permit decision, please pass that along to him.

Okay, Steve, thanks for that. And we could talk on that topic for a while, but we're going to get back to -- we only have Mr. Connor here for a short period of time.

What we'd like to do is start with our Federal observers. And we're going to start with Matt and we're just kind of going to go clockwise and introduce who you are, who you work for, and what your role here is. So that -- bring Mr. Connor up to speed.

MR. CHANG: My name is Matt Chang. I'm here representing our Deputy Administrator, Ms. Patricia Kovac for the Agricultural Marketing Service of the U.S. Department of Agriculture. And I'm here representing, of course the farmers and agriculture sector's interest, and thank you.

MR. PAAPE: Yes, sir, Bill Paape. I'm the Associate Administrator for Ports and Waterways in the Maritime Administration. I work for Acting Maritime Administrator, Lucinda Lessley, and our primary mission is to advocate for the maritime industry.

MS. GILBERT: Good morning, sir, Heather Gilbert. I'm here on behalf of Rear Admiral Ben Evans, who is the Director of the Coast Survey within the National Ocean Service within the National Oceanic and Atmospheric Administration (NOAA). And we're here just to kind of maintain alignment between NOAA and Coast Guard and industry.

MS. CRYSTAL TAYLOR: Crystal Taylor with Ingram Barge Company, and I'm a Board member.

MR. LANCE RASE: Good morning. My name is Lance Rase, representing Consolidated Grain and Barge. My purpose on this Board is as a shipper. Our primary business is buying grain direct from the American farmer, putting it on the Inland Waterways System, and a majority of it comes to the New Orleans area for export.

MR. WOODRUFF: My name is Matt Woodruff. I'm a Board member. I represent Kirby Corporation. Kirby is the nation's largest operator of tank barges, and so we move petroleum, petrochemical, agricultural and other commodities that are in liquid form throughout the Inland Waterways System.

MR. ROBERT RICH: Morning, sir. We're glad you're able to make it here to the Inland Waterways Users Board meeting. I'm Rob Rich from Shaver Transportation Company, one of the tug and barge lines on the Columbia-Snake River System. I'm a Board member and representing that neck of the woods in our country.

MR. JUDD: Good morning, Damon Judd representing Marquette Transportation. We're an operator of towboats, really across the system. We run 135 vessels in support of customers who have barges that need transportation.

CHAIRMAN MURPHY: Spencer Murphy with Canal Barge Company. We're an operator. We move both liquid and dry cargo throughout the entire system. And I'm the chairman of the Users Board.

MR. WEBB: Good morning. It's good to see you again. Jeff Webb with Cargill. We've got extensive operations in the agricultural piece of our business. We target export grain from up north and we've got three elevators -- two elevators down here in the U.S. Gulf. We've got a subsidiaries; we've got four fleets

and so we're charged with moving products in and out of this great nation, and appreciate your time this morning.

MR. HETTEL: Mr. Secretary, Marty Hettel. Good to see you again. As I stated earlier, I work for American Commercial Barge Lines. We operate about 3,200 barges and somewhere around 180 tow boats, moving about 60 million tons annually throughout the Inland Waterways System, and one of the major contributors to the trust fund. We contribute -- we pay in -- about \$17 or \$18 million a year annually in the trust fund. So, thanks for being here. Appreciate you with your tight schedule and making it in to see us.

Thank you.

MR. TIMOTHY POWELL: Thank you. Tim Powell with SCF part of SEACOR Holdings and Board representative. Pleasure to be here. We're a fully integrated inland towboat and barge operator with fleets and terminals and interested in future development and commerce along the inland waterways and coastline.

So, thank you.

THE HONORABLE MICHAEL L. CONNOR: Is now when I give my half an hour speech?

MG GRAHAM: After Colonel Murphy, I'm not sure.

MR. CONNOR: Oh, that's right, it's just a three-minute speech.

Hello, everybody. Thanks for your patience with my schedule, which got a little crazy, but in a good way.

Yesterday, I guess starting Sunday through yesterday, so I apologize for not being able to be here yesterday. But I think overall in the issues that we care about, it was probably a very good thing.

Let me first say officially, congratulations to the reconstituted Board. I think when we last met -- that was of course not an official meeting of the Inland Waterways Users Board -- but it was a good collection of inland waterways users. And from that standpoint, I very much appreciated the opportunity. Because I think it was very powerful and meaningful to meet with a number of you back in December at the start of my tenure. And I'll tell you kind of how I think that's played out.

But I think since that time, with great influence on my schedule as to what I should be learning and understanding about the Corps of Engineers, and that understanding coming from General Graham directing a lot of my travel activity started with the inland waterways users.

Most recently on inland waterways, I attended a day and a half of the Mississippi River Commission (MRC), where there was a lot of focus and attention in meeting with inland waterway users, including bulk Marathon Oil, understanding their refinery operation and its use of the Inland Waterways System and then ADM (Archer-Daniels-Midland Company) and understanding the agricultural aspects of that which was adding to that base of knowledge. So, in some respects I characterize it this way to another group a couple of weeks ago -- it's been all inland waterways and all ports all the time. That's been a lot of what I've been doing, including -- I was going to say in my talking point was that I've been to nine ports, both Atlantic, Gulf, Caribbean, as well as Pacific. But I added a port visit yesterday in which I was just a bit player, but that was good because the primary player was the President. And so, I added Portsmouth, New Hampshire and had a lot of good discussion. And the President had a lot of good discussion with

folks up there about the importance of the investments that we're making in our ports, and in our waterways systems and building capacity, adding capability and how that investment is not only going to safer operations, but also accrues to costs advantages, and ultimately, from the President's perspective, accruing benefits to everyday Americans as they take advantage of hopefully a more efficient way of delivering goods, and hopefully, incrementally lowering prices, which is particularly important at this point in time.

And that's a good segue to what I wanted to talk a little bit about, and I'm just going to move on here and then hopefully we can have a Q&A session, if that works, and have a little bit of informal conversation.

But I think, you know, part of what you want to do coming into a position like that is set your priorities, which for a person, for me as a representative of the Administration, and who works for the President, take his priorities and integrate them with the mission of the organization that you oversee. And that's what I've certainly tried to do. And that's initially why I wanted to have a role with the Army Corps of Engineers, because I saw many, many ways, even prior to getting confirmed, as I was even going through the interest phase of seeing how, from my perspective, the Army Corps of Engineers could further a lot of the President's priorities. And whatever I thought, it's been expanded upon, since that time. And about a month ago, after I'd been in this position for about 100 days, I laid out those priorities, articulating for the Corps and for folks to kind of understand at a high level, what it is that I would certainly want to accomplish using their capabilities over the next several years.

But I just wanted to highlight those with you because they start with the subject at hand, upgrading the nation's ports and waterways, to strengthen supply chains and build economic growth. That's what struck me. Having a sense of that before I came into this position, but quite frankly, that meeting that we had my first trip out of DC, after being on the job a couple of weeks, and spending time with all of you, it was like, wow, this is this is a great place to make investments.

Congress had already taken care of that, at least in the providing of the resources that we had not yet allocated but seeing how we could further that very high priority of the President. So, it starts with upgrading nation's ports and waterways. Building infrastructure, I'll just go through the other priorities, because I think they there are aspects of what it is that you all do in carrying out your work that also play into those other priorities. So, building innovative, climate-resilient infrastructure to protect communities, within this country.

On the climate resilient side, obviously people think immediately of the coastal protections, as well as the inland flood risk management projects that the Corps does. But resilience takes a lot of forms, including in my mind, as I've come into this more and more, the opportunity to do our part to reduce greenhouse gas emissions. And that's certainly another aspect of what you all do, is the opportunity in our Inland Waterways System or even on the oceans, the building capacity to take bigger, larger vessels and more efficiently deliver larger amount of products at a lower cost, and quite frankly, lower set of emissions, whether it's because you have bigger vessels on the ocean, or because you can do this on the Inland Waterways System versus trucks or rails. And I see a lot of opportunity.

And obviously, I'm just talking off your all's talking points with respect to that. And Jeff cornered me for a good part of a bus ride, for an hour, hour and a half, which I very much welcome because it was a great discussion along those lines. And I appreciated that.

Modernizing the Civil Works program to better serve disadvantaged communities, some of the investments that we've made in the IIA where we see saw opportunities to do port investments or inland

waterway investments. There was a disadvantaged communities discussion as part of that decision to make allocations.

And the last to invest in science and R&D (Research and Development) to deliver and during water resource solutions. I think a lot of the work that we're doing with respect to the beneficial use of dredge material. And General Spellmon's directive to the Corps to expand that and his support for R&D to look for more opportunities to expand that are two areas that I completely, totally support.

I had an interesting discussion with the President yesterday about that, as always going through, you know, the investments that we had made at Portsmouth, and the President was pretty well briefed, and he had retained a lot of that and so we were talking about deepening, I mean, we weren't deepening that port, but we had a discussion about that, and widening. I went on for about a minute or two and he said, "I know all that. tell me something I don't know."

So, did you know that we were beneficially using the dredge material from the project that we just completed? "Oh, tell me more about that." So, it was a good discussion with the President about that aspect of it.

So once again, I think, you know, the work that you're doing, the work that you do with the Corps in the future, in investing in those next set of opportunities is important.

And then finally strengthening our communications and our partnerships. And there's no better example than here. I know that I'm stepping into a situation where the Corps has worked very hard for the last couple of years to have very transparent communications, which is helped when we're making investments, regarding operating and maintaining, and sometimes doing major rehabilitations in the integration of those schedules and working with all of you, just to kind of help schedule those events. I heard a lot about that during my first trip, but now we're doing that on a higher level, and we're doing major construction activity. So, we're going to have to continue that very good lines of communications as we move forward with all of these big projects.

I'm very loquacious today, so I'm wondering how long to go on with some of these points, but I'll try and wrap it up quickly so we can have more interaction.

The budget, you saw that we rolled out \$6.6 billion. Once again, I'll just highlight that over \$3 billion of that, between Construction, O&M, the trust funds is dedicated to the navigation portfolio, so 47% of that budget. I think that highlights the importance that this particular aspect of the Corps' mission as a priority as we allocate resources. I think, you know, we're making better progress with respect to the Harbor Maintenance Trust Fund (HMTF), allocated \$1.7 billion in the budget. That's at least larger than the \$1.6 billion in the FY 2022 budget. I know that there's expectations that it should be much higher, but at least it's moving in the right direction. Only allocated \$14 million in the budget from the Inland Waterways Trust Fund, and I think that's mostly, you know, the reality is that we got \$2.5 billion to allocate with the IJA. So, the intention is certainly not in future budget cycles to allocate only -- what is that 10% I think of the expected availability in the trust fund itself, something along those lines? So, we'll get back to what it is that I think all of you are making your payments and investments into. But we did have a little bit of a bump with respect to work within this trust fund in this particular year, next year's budget cycles.

So, you know, I think everybody sees in the Administration, as we've talked it through, the reasons why these investments are important, the demand that exists, the capabilities that we need to keep in our inland waterways and in the Inland Waterways System, just because, from a competitive standpoint, if we don't make these investments, other countries will be making those investments.

And so, we've got aging infrastructure. We've got to take care of that, and we've got expanded capability that we need to invest in. I think that's really taking root with respect to the Administration as a whole.

The opportunity, as I mentioned before, I think, particularly in the Inland Waterways System -- well, I guess both -- there's just more opportunity to move more cargo through these systems, if we can do the capability expansions that are necessary, and we can build in the reliability into the system so that those with products can know that they can move these products through those waterways.

And then finally, efficiency. It's good for business, as I talked about before. The President had really focused on that, you know, anything that incrementally drives down costs can ultimately benefit consumers, and it's good for the environment with respect to greenhouse gas emissions and reductions.

So, we see that as a reason to continue to invest even after IIJA. Hopefully, we'll have success and future budget cycles over the next several years.

Lastly, now we'll just move from my perspective to the next set of challenges, getting resources. Then, it's how do we manage these budgets in a time of increasing materials, increasing energy costs, and increasing labor costs? You all know that as well as I do; you're struggling with the same things, but we do want to try and do whatever we can to try and continue to refine these projects, to try and stay within these budgets. There's good understanding in Congress of what's happening out there with respect to cost estimates, particularly in this climate, whether or not we can maintain working within the budgets that we've highlighted for a lot of these projects. I think there's certainly an expectation that we will do our part to do everything possible to stay within it, but we're having good discussions with members of Congress about the realities that they're seeing, not just with respect to infrastructure investments that we're making, but you know, their constituents are having these same issues. And so hopefully, we will keep having very productive conversations about how to help each other address these issues, so that we can get these projects implemented.

We're going to continue to strengthen our relationships as we make these investments, as I mentioned before, not just with the users, but with our partners, the dredging community. Because I think that's also a very important area where we've made very good inroads my understanding, as of late, and we need to, particularly, I think in this area of the Corps portfolio, we can't be successful without you all, and without the other, you know, contractors that we rely on.

And you can't be successful without us doing our part. It's really struck me as nobody's waiting around for the federal government to solve their problems, but we do that in a partnership, and we do that together. And we understand that. We're going to continue to focus on that. We need to secure our own capabilities within the Corps, from an equipment standpoint. And we've had some success in this last budget cycle of being able to use the tool that the Corps has in place to replace important infrastructure in equipment like dredges that we have in our portfolio.

And we also have, you know, General Graham, General Spellmon, we talk constantly about the enterprise approach to the workforce and how districts support each other so that we can get our work done as efficiently as possible.

And then finally, we're going to continue to innovate the beneficiaries -- the discussion was a highlight of that, and other places that we can innovate. And that will help us in the execution and investment implementation phase that we're all embarking on, even though as I know -- I wouldn't suggest this -- but

I know you will continue to advocate with your representatives on Capitol Hill that maybe additional investments are warranted. So, I certainly respect your need and your desire to do that.

Enough for me. Thanks, everybody.

MG GRAHAM: Okay, so I'm going to play point guard a little bit, get some discussion going. And perhaps we'll frame this with what the question the President asked you, which is, what don't I know? So, you just heard, just kind of went through how he's learned in this piece of the Corps portfolio. And I'm going to start with some of our seasoned Federal observers.

The broader subject is, how this portion of the nation's supply chain can best be used. Things we need to work on now things we need to work on in, in a tomorrow that might be different than we've got today.

So, Bill, if I could, unless Heather wants to go first? Heather? (Indicating negatively.)

Okay, she says no, how about you Matt, you okay if I start with Bill? Okay. That was a vocal non-verbal.

MR. PAAPE: You know, one of the things we have introduced since we've reconstituted and come together in person, the discussion of how to leverage the opportunity of supply chain discussions, which has elevated the profile of the infrastructure needs to include the Inland Waterways System to secure either increased funding or better ability to use that funding where they the Board would recommend that those funds be allocated.

MG GRAHAM: So, from your vantage point, how do you see the national discussion on supply chain issues as an opportunity that we could collaborate across departments for a joint solution, or joint resourcing for infrastructure needs?

MR. CONNOR: I think, to talk about supply chains and the complexity of supply chains, sometimes it's hard for folks to focus on individual things that can be done to help alleviate those supply chains issues.

So, I'm not sure, I think because of the pressures that were put on the discussions as we were making the allocations of the \$2.5 billion from IJA for the Inland Waterways System, you know, those members of Congress who are directly interacting with folks who are using the Inland Waterways System probably do understand the importance and how relates to the largest supply chain. I'm not sure as you get out into other areas who are delivering product to that Inland Waterways System, they are focused on that as much. So, I think, just like with me and education process, there's more opportunity, there's more efficiencies, we can make these investments; they'll have long term benefits. And that educational process needs to be made among key decision makers, and obviously, all members of Congress are key decision makers.

And I think that's important. We have a tool with respect to the Inland Waterways Trust Fund, that I think we just need to continue. And you all do this all the time, but expanding that knowledge base to, here's more investments that are necessary to make, make use of that fund. And granted, that trust fund is building up because we've had other mechanisms to make those investments, but it's important to continue those investments. So, we have a tool. So, there's education a tool.

And then another thing I'll just say, one other aspect of the discussion I had with the President yesterday that he was interested in that I hadn't expected, I was looking for things to make interesting points while I had his attention. And one of them was we did the benefit-to-cost analysis on that widening project at

Portsmouth about six years ago, and it was three to one benefit-to-cost. We updated that, I think two years ago, and it was five to one. So, there is just increasing value and benefits to making these investments that we're seeing. And so, these are the gifts that can keep on giving, and people understand that. And understanding that I think can build support.

Now, I also think we haven't done a great job of reaching out to leadership and other agencies. I mean, USDA is a perfect one, and I know Secretary Vilsack from our prior gig during the Obama Administration, I know he's focused on it at that point in time. But we need to make that connection again and have some alliances with transportation and commerce and make the case and keep this at a high level. And so, coming up, you know through the organization itself, as well as the outreach from other agencies, we need to do a better job of that.

MR. CHANG: Thank you. I think one of the biggest concerns for the agriculture sector or for ag producers is the Inland Waterways navigation system. We heavily rely on those locks to move products to the producers to the export market. And then oftentimes, of course we noticed not only the climate change issue, but also there's the aging of the waterways system itself. This becomes a constant concern of farmers, who are always worried about what if locks are not available. So, we're looking. My question, I think is how the administrators, new Administration's seeing this question about the aging locks issue, and how they plan or the potential plan to support more investment.

In addition to the resilience is the weather issue also, the resiliency of our transportation system itself.

Thank you.

MR. CONNOR: I think the plan is the bipartisan infrastructure law and the resources provided to address the issue that you're discussing. And I think, having the discussions and being part of that, and I'm very fortunate that I was able to come in at the time I was and be part of that discussion.

You know, I think everybody in the room probably understands that as good as NESP seems, as an important project, it had been of high concern for any number of reasons. But given supply chain issues, given the resources that I think the President was very focused on from the beginning that we need to make investments in our infrastructure, and then we'd get \$2.5 billion. And then we start making decisions and we start hearing all these issues about whether we should fund this or that, and at the end of the day, quite frankly, I think we made some very good decisions to get some projects moving that had been unfunded for quite a while.

And I think we all view that as understanding the importance of this whole system that we have, and can we get to 1,200-foot locks? And can we ensure that the ones that we have that are 600-foot that are in very good shape. And there's obviously more investments to be made, but you can see we're going through the whole system now and we're picking up those projects that had issues here and there. But those issues, sometimes you don't see the forest for the trees, and we wanted to see the forest.

So, I think we need to build on those investments to make the whole system. And I know that there'll be continuing, there are folks who have two views of the Capital Investment Strategy that, you know, as a tool for Congress to override the Administration, or there's some in the Administration who say, "this is a great tool, so we can work with Congress to make the right investments."

So, I'm certainly very interested in seeing the next iteration of that strategy, because the whole system needs to be upgraded. But I think we've got a good start right now, to address the issue that you mentioned.

MR. CHANG: Thank you.

MS. GILBERT: So more of I guess a statement than a question, but what you were saying about the partnerships, and that's how I was looking at know, his role on the many different boards, on the Inland Waterways Users Board is, you know, we know as a data-centric agency, and we collect so much data. And so that has been a big thing we've been working at this year is establishing better partnerships with both agencies and industry, or the private sector. So, there's ways that we can help, because within the supply chain itself, NOAA is not a direct player, aside from making sure we have accurate charts, so ships can get in and out of channels and at sea. But there's ways that we can make sure you get the data you need, and any planning you're doing going forward with the infrastructure, like with infrastructure planning, project planning. So, it's more of that we are wanting to share our data with all partners, however we can do that and work with you all. To do that, we're here to help.

MR. CONNOR: Absolutely, and I had a chance to be with the Admiral last week or week before. It's all running together, but we had very good discussion about this, and from his words, really appreciated the opportunity to spend time out on the river. And so, I think the partnership will only get stronger from there on out. I appreciate that.

Can I just mention one other thing next, because I think it's important: NESP is navigation infrastructure and environment, and we're a little lopsided right now. We did make a significant investment on the environmental side of NESP. So, I just point that out to say we need to continue to make that investment in tandem on the environmental side, as well as the infrastructure side. And I think you all understand that, but just so you know, constantly part of our thinking also.

MG GRAHAM: Sure. So, I'm going to bring in Matt Woodruff to this, he's with Kirby. Now, what I learned last night is that Matt lives south of Addicks and Barker, I think actually east of Addicks and Barker kind of near Buffalo Bayou, but not on the bayou, and helped out tremendously when (Hurricane) Harvey came ashore him and his wife.

So, he doesn't live in the floodplain, although I think most of Houston is in a floodplain. So, in Harris County.

So, Matt has been on this Board before, and has a wealth of experiences on crafting the initial tranche of the Capital Investment Strategy. Matt?

MR. WOODRUFF: Well, thank you. A few things that I want to follow up on your comments. And I think I'm going to start large. You mentioned supply chain, and then I'm going to focus in perhaps a little bit more narrowly.

In terms of making sure that we have the most reliable and efficient supply chain for America, we need to tell the shippers that they can have the confidence that the inland waterways will be reliable and efficient. And so, by signaling from the Administration that the Administration, the nation is committed to a future system of inland waterways that is reliable and efficient, will give those shippers the confidence they need to build their resilient supply chains around the inland waterways. So, I think that what's been done over the course of the past year is very important in that regard, the historic generational investments that we're making, but we need to make that clear signal that we're committed as a nation to our inland waterways.

Things that are driving supply chain decisions today are different than several years ago, decarbonization being one of them. And as you recognize right now, today, inland waterways transportation is the lowest form of carbon emissions of surface transportation.

But I think it's also important to recognize that many of the companies around this room are very focused on decarbonization beyond here, we're not simply resting on our laurels, that we're the cleanest and the greenest. We're working for ways to further reduce that. When people talk about a circular economy, I think the Inland Waterways System is a great example of that; that we have long-life assets that still can be modified and are frequently modified. If you look at how the efficiency, the per ton-mile of our industry has increased over the course of the past 10 years, that's not just because we're building new boats, but because we're taking the boats we have and putting new engines in them that are cleaner and more efficient. And we'll continue to do that as we explore alternative means of propulsion and fuel that can further reduce the carbon footprint of our industry.

So, I think that is an important part to recognize as part of the selling point for the Inland Waterways System of the future.

I want to follow up on something that General Graham asked before you arrived, and that is, how do we ensure that we maintain efficient construction schedules in an era of Congressionally Directed funding or Community funding, depending on which side of Capitol Hill you're speaking to? And I hate using this term, but I think we have to face a paradigm shift.

For the past 10 or so years, we've been in an environment where the prerogative lay within the Administration to decide how the money was going to be spent. If a project was in the President's Budget, it could be funded. If Congress didn't fund it, they could give funding in a work plan, which then the Administration could decide how to divide that money. I think we have to face the reality that Congress may decide going forward from FY 2023 onward, that they will decide which projects get funded, and in what amount. And there may not be a work plan in the future.

So, to ensure that continued efficiency of funding, I think falls upon this group sitting around the table, because our challenge is to provide openness, transparency, and accuracy in terms of what are the priorities, why are those priorities, our priorities? And what are the capabilities that the Corps can direct towards those priorities so that we can hope that with the proper facts, Congress can make the right decisions, and the project allocations that come out of Congress would be no different than if we made them sitting around this table. And so, I think that that's what becomes incumbent upon us is to make sure that we're providing good information, so they can make good decisions. You know, there's that old PPPP planning, you know, Poor Planning Produces Poor results. And so, I think, in the case of this, that poor data will result in poor appropriations. And so, we need to make sure that we're giving them all the tools they need to make the right decisions, should they choose to make them.

And so, I don't see it as the Capital Investment Strategy may be a tool for one thing or the other. The Capital Investment Strategy should just be the facts, and then whoever the decision maker is, they'll have the facts to be able to make the right decisions.

MG GRAHAM: Absolutely, great, great points. Okay. So, one of the other topics that Mr. Connor has been discussing with the Corps is how to capture all the benefits that accrue to the nation for the work that the Corps does. And during the tour yesterday some of the members of the Board were talking about, are we doing that? Can we do that better? And so, we'd like to bring in some folks to kind of share their thoughts on how we're doing that, because we've had some opportunities as we look at all the benefit categories under the principles, requirements, and guidance broadly, but the navigation work and how we

view the nation's investments in this system. We've got to make sure that we leave no stone unturned. So, it's what you just talked to, for NESP there is part of the environment. So, when we start with anything, any thoughts that you might have on capturing all the benefits from the presentations up in St. Louis?

MR. CONNOR: I think collectively, and it goes back to Matt's point earlier, look, we've been very successful at delivering projects, and spending funds wisely. And I think the key is we have to prioritize what we spend. We have to figure out how we handle the environment that we're in, have very tight labor, rising inflation, difficult supply chains, and still bring projects in on budget, and deliver the benefit to all users, whether it's recreational, barge lines, municipalities, whatever. And I think it's the balance of collecting those items and delivering the product on time, on budget, and funding the projects that need to be funded in the priority that they should be funded.

MG GRAHAM: Yeah, when I think of a great example of tangible outcomes is the deepening project here in New Orleans. During the flooding, this is a great example, during the flooding period two years ago, we had vessels go out of the port here as low as 38 feet. Right now, and we just talked about it yesterday, we had one go out at 49 feet, and 48 feet are real common.

CHAIRMAN MURPHY: We're investing in our capabilities. We're spending over \$200 million in our two elevators down here so we can load bigger boats, deeper drafts. Our ocean transportation folks, the longer that we keep the draft at 48 plus feet, the industry will trade based on those economics and will have a lower carbon footprint. In the end, the cost to deliver our goods to Asia and the other parts of the world are going to go down. Absolutely. So that's just tangible. That's what's happened here in the last year basically, is what we're able to do is get significant outcomes on deeper draft vessels.

To the question of "how do we properly capture the benefits", we heard a lot about that yesterday at Bayou Sorrel as an example. I think many on the Board would argue that the Corps' mechanism for doing BCRs (benefit-to-cost ratios), it does not come close to capturing the true benefits of some of these projects.

You know, in the case of Bayou Sorrel, it is both a flood protection project and a navigation project. As a flood protection project, it's BCR, is like any other part of the MR&T (Mississippi River & Tributaries), it's huge. The navigation BCR has floated up and down due to some reasons that we don't need to bore you with right now. But there's no question that the district and the users and the citizens of Louisiana would look at that project as completely worthwhile from a flood protection standpoint, and from a navigation standpoint. But because of the accounting of how we do these two pots of money, we're getting neither flood protection nor navigation. So, finding a way to capture those holistic benefits in a way that, you know, we always say down here. In our experience after *Katrina*, the Corps has several missions: Navigation, flood protection, ecosystem services, you can call it a navigation project, but it's going to have flood protection implications, it's going to have ecosystem implications. So instead of arguing over which pot of money we need to spend on this project, you need to look at \$1 hits all three of those missions. And I think there's a way forward that captures more of those benefits, you know, at Bayou Sorrel. It is a necessary project from a resilience standpoint.

And you know, listen to your priorities, all of them lined up with things we've been talking about as a group in the last few days. Bayou Sorrel is absolutely vital to create an energy supply chain, and it is necessary because of the GIWW route, for example, often during a storm, will be completely cut off.

So, without Bayou Sorrel, the entire energy complex from this part of the world, cannot bring goods to the rest of America. That's not just an energy security problem, that's a national supply chain problem. You also talking about underserved communities. You know, our second project we looked at yesterday was

the IHNC (inner Harbor Navigation Canal) Lock here in New Orleans, which by happenstance was ahead of its time in terms of having a dedicated pot of funds attached to the project, dedicated solely to addressing issues inside the community that says, "Hey, look, this is a major construction problem." That project is going to happen in your neighborhood, how are we going to mitigate that for you both in terms of traffic, and in ways to make this project help the community for the long term? So, I think we're aligned around a lot of those things.

But if I could make one wish for you to work with the Corps on, it would be to try to capture those benefits in a more holistic way because that is -- we have run into that several times over the years with the BCR. We all agree it doesn't capture all, it's not capturing all the benefits, but we can't quite get past it.

MR. CONNOR: Once again, great, great points. And I almost feel I'm on the softball field, because there was a nice setup. And all kidding aside, it's because I think you've hit on the exact things that we're trying to work on in this next phase. I mean, first phase works, then what do we do with all these resources? How do we highlight the way it moves forward with the Administration's priorities? And I think we've done that now. It's how do we institutionalize some changes that will help us be successful in that effort overall, because it's economic, and it's social, and its environmental. And so just a couple of things.

One, I greatly appreciate what you just said about disadvantaged communities. So right now, I think the Corps is almost somewhat on a leading edge, because we're making investments today based on projects that have been long designed. And the question I constantly get asked is, how is this furthering the President's commitment to environmental justice and desire to, take advantage for disadvantaged communities? And so, we're doing a lot of things to reach out to those communities and do projects with them, hopefully, in the future, specifically, whether it's flood risk, that's a lot of what we have been talking about, or the water supply function that we have, et cetera. But in the meantime, we're making a lot of investment decisions now. And so, we've kind of had to do a deep dive real quickly, and from our own quick analysis, figure out how any number of these projects across the portfolio are benefiting disadvantaged communities, and you can find those.

And so, the more you all can help us tell that story, it's going to continue, I can guarantee through this President's tenure, a constant level of discussion, every allocation cycle, every budget cycle, we're going to be having that discussion. So, it's just great. You all know these things better than I do, or anybody else in Washington, DC. So that would be important aspect.

On the overall benefits question, though, you know, my predecessor, Mr. James, issued a memo directing the Corps to look at a comprehensive, more comprehensive set of benefits as it looks at projects and investigates projects. Excellent piece of work. And I had a discussion with him a couple of weeks ago, where I told him, you know, this is not a change-of-administrations thing, this is like, you did a really good thing, and I want to build upon what you did.

And so, I'm going to probably reissue that here in the next couple of months, but that's kind of inside baseball. "Here, Corps, make sure you're looking at the array of benefits as we investigate, study and design, new projects." And I think they're obviously very receptive to that. We have to understand the importance of that, but there's also what's the return on investment for our good work in this area? It tends to be, well, that's nice, but it doesn't fit into the specific formula for national economic cost benefit, then we're doing a lot of work for nothing. So, we want to study that, and we want to do the groundwork. And then we want to change how we make decisions about how to make those investments.

So, the next step is we've got a directive from Congress now to fund the Corps -- implement the latest procedures, requirements and guidelines, how we analyze these benefits, and then how we make

decisions and recommendations on where the project should be authorized. And, of course, budget allocation decisions.

And it's my job I feel to move forward with a set of decision-making criteria that go through a rule-making process that will institutionalize how we will do that. And once again, we're probably many months out before that, I'll publish it in the Federal Register, and we'll have that process underway. But we're going to need a lot of input from folks like you who understand the need to look at those benefits and evaluate projects a little differently, not to game the system but to capture the real benefits out there, and so we can highlight the value of these projects. So, appreciate your comments.

MR. JUDD: Sir, kind of the theme of benefits, I guess one thing I wanted to highlight from my lens. This is a big change even back from when we had the opportunity to spend some time with you at the end of last year. But the reality is, as a result of the war in the Ukraine, there's a global impact occurring in commodity markets. And I think, we as a board, or at least we as an industry, have always viewed the Inland Waterways System as the envy of the world, in all the things it does to enhance competitiveness of American agricultural and manufacturing. And we see that in terms of the users.

But I think we are feeling as operators in the system, the world is going to be looking to the U.S. to support our allies as it relates to food production and energy production. And this system is absolutely core to that. We cannot play that role in the world without an efficient Inland Waterways System that's reliable. And I just think that there's a strategic national interest here, that again, I do not come here with a military background, but just as I see what we hear from our customers, and what we see in trading patterns around the world that are emerging as a result of the disruption that's occurring around the world, as a result of the war, it is a different environment today than it was in December. And I think the U.S.'s role and our industry's role as a fundamental, you know, channel of imports and exports to support our partners and support communities, as you think about food and food supply. You know, the U.S. has the ability to fertilize a crop and export a crop and do that efficiently is impactful to communities on a global basis. And I just wanted to, I guess, provide that perspective in terms of what we're hearing in the system and what we're seeing in terms of demands on our production as operators.

MR. CONNOR: Great points. Two things that I would just say. I say sometimes it's dangerous for folks like me to get certain anecdotes and think they know what's going on. But I'll give you my anecdotes and just see how much they ring true with what you're experiencing out there.

So, when we were doing Mississippi River Commission, one of the discussions we had was in the use of the Inland Waterways System is it's a two way system, you know, exports, these valuable agricultural assets, and then the opportunity to turn around those around, barge up fertilizer, important part of the process and get value going both ways.

And then, last week, I had to take a day off and go to -- we had a death in my wife's side of the family and I was in Elsie, Nebraska with the long-standing farming and ranching communities. It's not a sad death, it was a 95 years-old patriarch of the family farm situation. But I'm having this discussion with his grandson who now runs the operation. And he's, you know, what's going on? What are the issues you're facing? Well, he's got no shortage of markets, although he'd prefer to have local markets so he didn't have to pay for the shipping, but he says, "fertilizers are going to kill me over the next couple years." And I'm not quite sure how to take that into account, you know, right now, et cetera.

So just interesting how that all tied together within like a 10-day period. And my sense is, there's huge opportunity, but there are things that are happening worldwide are creating challenges. So, I just mentioned that because those things are helpful to understand as we talk about the need to make these

investments and there's opportunities, but you all are constantly facing challenges. That's good for folks like us to know and be able to communicate to others as part of the process.

MG GRAHAM: Rich, if I could bring you in from the Columbia-Snake River portion of the system, because we always kind of key on the Gulf Intracoastal or the Mississippi River, but another key system in terms of the discussion topics, Ukraine changed stuff, certainly a huge bread basket in the Pacific Northwest and a key artery to move commodities that the world might be counting on us more tomorrow than they did yesterday, given what Damon just said. So, what don't we know about that system?

MR. RICH: Well, I got the mic here. Good. The not only is it a critical system, of course, every one of our systems is critical, but on a map it looks small because it's up in the Pacific Northwest, but 10% of all U.S. wheat that's exported from the United States, 10% comes down the Snake River. The Snake River, of course connects to the Columbia River and we see multiple uses of the dams out there, and you've got people on staff that can fill you in well in that area. But that being said, those Snake River dams on that system that we have out there, not only is an integrated system, but that is what is providing food to the Pacific Rim. And so often when we look at wheat, people that aren't in the industry will look at well, we use wheat internally in our country. Well, of course we do. We do a lot of milling and such, but this is export wheat. And that's the primary commodity that moves on that system out there. So rather than an education on the critical value of the system, I'm going to key for just a quick moment on the Snake River dams.

The Corps of Engineers has done an incredible job of maintaining those dams out there. We work hard in our industry at getting the message out. But activist-wise, there's pressure on that. And when I look at the swirled situation that we're dealing with what I'm looking at how the discussion has changed in just six short months here at this table, how can there possibly be a way to do without just one navigation lock on any of our systems at this time in our country's history. So, the primary point would be that we have an enormous amount of product that goes out of that system, plus we have fertilizer that goes up river. And there isn't a pipeline that runs from the refineries in the Puget Sound to the inland Northwest. It's barged up the Columbia-Snake River system. I call it the "Cascade Pipeline" but it's actually by barge.

All that being said, the critical nature of maintaining that and having that system intact for the exporting of wheat, to the agricultural folks over here, can't be, can't be overstated. Yes, there are important environmental opportunities to be investigated at navigation locks. There's always a way to increase science's knowledge of how fish transport and function in that system. But when it comes to feeding people and national security, there's no greater time for the Columbia-Snake River System than right now to be a positive focus rather than to be a thorn for anybody.

MG GRAHAM: Can you mention again what goes up the system, Rich?

MR. RICH: The upstream on the Columbia-Snake River System is refined petroleum. So, diesel jet fuel and the lighter gasoline. Fertilizer goes upriver. Wood chips and fertilizer -- wood chips and saw dust, of all things go upriver as well as downriver. Different types of wood creating different types of needs of paper mills. And also solid waste. I knew it as garbage when I was young, but solid waste in containers comes out of the Clark County area which is just across from Portland, Oregon, and is barged upriver.

So again, the primary commodity though, out of the Columbia-Snake River System is the down streaming of grain products. You bet.

MG GRAHAM: Thank you. Marty?

MR. HETTEL: Thank you, General. I'm going to be a little selfish here in my comments, Mr. Secretary. All of the efficiencies and discussions we have on the Inland Waterways System are certainly true. And the BCR concerns. But I'm going to talk about the safety of our professional mariners.

As a former deckhand myself, you've been to (Mississippi River) Lock 25, you've seen what it takes to move a double lock, to lock a double through Lock 25 versus a single lockage at Mel Price Lock.

One of the benefits that we sometimes don't receive, and all of us -- I think I counted seven of us Board members here have professional mariners -- is the additional safety of a 1,200-foot chamber to our professional mariners. How can you put a cost on an injury, for a benefit-cost ratio if somebody gets injured doing a double locking?

So, I can't stress that enough. And again, I'm all for the efficiency. Boy, when we get these 1,200-foot chambers built on the Upper Mississippi River, and as we progress this whole inland waterways infrastructure, remember, we're making it even safer for our professional mariners.

Thank you.

MS. TAYLOR: I'll certainly be echoing a few comments that have already been made. I know Spencer spoke to the importance of considering the system-wide implications when we think about benefits. I know you mentioned expanding how benefits are determined. I'm a CFO so obviously I like the numbers, but what I can say, that even in my end of the world, my world, there's a story beyond the numbers and figuring out how you get that incorporated and can change the way you are relying solely on numbers to determine the benefit will be a big help, I think.

MR. CONNOR: I think that's a great point. As a policymaker, I like some discretion in there a little bit.

MG GRAHAM: Okay. So, thanks, Board members and Federal observers, thanks for kind of laying that out, just to have that discussion. And I know poor Mark's over here going bananas, because I've completely destroyed his well-crafted agenda.

So, I think we've got you for about another 10 minutes?

MR. POINTON: 45 minutes.

MG GRAHAM: Okay, so what we'd like to do -- well, let me finish that thought. I wanted to get those thoughts on the table because that's very helpful. The importance of this system. Sometimes we can get to death via PowerPoint in these Board meetings and we don't get to the thinking.

And so, thank you, everybody, for putting some thoughts on the table. I know, it's always sometimes nervous when the court reporter's back there typing away, it's like, "oh, man should I lay this all out?" But I think if we don't, then we do a disservice to the purpose behind being here. So, thanks for that candor that you all shared with us here today. And I would note, since this is on the record, that was the briefest comment I've ever hear by Marty, in the history of the Board. How many of these -- this is No. 96 in the world of Users Boards, and it was the absolute shortest.

MR. CONNOR: If I can, I just make sure it's up to you, what I just said. And I mean, this sincerely, I like to think that I know what I don't know. And so, I'm just kind of putting out what I've learned and how I'm trying to use that information as part of the decision-making processes that we have, but if I'm off base on anything, please, I am not offended at all. And it's an ongoing educational experience, so I just

want to put that out there. Everything I've heard has been valuable to date and I have no doubt that I only know what I need to know. Thanks.

MG GRAHAM: So, sir, with the time you got left, we're going to suddenly get back onto a little bit of the agenda piece. And we're going to talk what you heard today is one of the secret sauces that this entity has put together, that, as you mentioned, in your opening comments, have helped frame where the federal investment should be, which is the Capital Investment Strategy. It's not a budget document. Hopefully, that's getting typed. It's not a budget document. But it is a common view of this partnership on what is important. And it helps anchor in frame us.

And I'll just say this: for kind of the rest of the Corps programs what we're asking the team to do is to be opportunistic, to be flexible and nimble. So that when these black swan or black elephant events happen, and funding opportunities open up, that we can take advantage of them. And I think as you heard when the funding opportunities came available with the Infrastructure Investment and Jobs Act, that having that framework pre-cooked allowed us to be nimble and rapid. And when that window of opportunity opened up, we were able to dive through collectively. And that was long time coming to get us to this point, as Matt can attest to.

So, we're going to talk the Capital Investment Strategy right now. And it's a five-year document, but it's a living document. I'm stalling for time for you David. So, you ready?

MR. DAVID FRANTZ: Yep. Thank you. Kind of hard to follow after such a great discussion. Really appreciate that. Thank you, everybody.

Good morning, Secretary Connor, General Graham, Chairman Murphy, Board members and Federal observers. I'm David Frantz. I serve as the Inland Navigation Program Manager for the Corps, and today I wanted to brief view on our initial efforts to update the 2020 Capital Investment Strategy or CIS Report.

As you may recall, the 2020 CIS report was prepared under authorizations of WRDA 1986, as amended by WRRDA 2014, which authorized the Secretary of the Army in conjunction with the Inland Waterways Users Board to provide an update every five years to the Inland and Intracoastal Waterways 20-Year Capital Investment Strategy Report, or as we call it, the CIS.

One of the recommendations of the 2020 CIS report was to conduct an annual review to ensure that the data and the analysis remain current to provide reliable and accurate information to the decision makers. That is the effort that we are discussing today. And for transparency purposes, as I was finalizing the slides, made some tweaks. So, these may be slightly different than any of the "read ahead" versions that folks have looked at and reviewed.

There have been several developments since the 2020 report was transmitted to Congress. I'll highlight them here and then show how they fit into the report in upcoming slides. And just for reference, a lot of this information has been discussed throughout the morning.

First, the WRDA of 2020 changed the cost share ratio from 50% General Treasury and 50% Inland Waterways Trust Fund, to a 65% and 35% split for FY 2021 through FY 2031. And it provided for new project start authorizations.

New project authorization for the Brazos River Floodgates and the Colorado River Locks and authorized a new construction limit for Kentucky Lock. The FY 2021 Work Plan authorized the new start for the Upper Ohio River Project and provided funding to Montgomery Lock and Dam. The FY 2022

appropriations act authorized a new start for the McClellan-Kerr Arkansas River Navigation System (MKARNS) Three River Project.

There was a new study that was authorized for deepening of the Tennessee-Tombigbee Waterway and the Black Warrior-Tombigbee River, and it provided additional funding for the Upper Ohio River Project and it provided money for NESP.

The Infrastructure Investment and Jobs Act (IIJA) and the IIJA addendum provided a new start for Mississippi River Lock 25 as part of NESP; a major rehab at T.J. O'Brien on the Illinois Waterway; and it also provided additional funding for Montgomery, Emsworth, Kentucky, and the MKARNS 12-foot deepening.

And then the FY 2023 President's Budget provided additional funds for Chickamauga Lock.

All right, on this slide, it's just kind of a review of the process and the filtering criteria used to develop the 2020 report. This update will focus on the categories kind of shown in the upper left. And we'll talk about which projects have moved between categories. Please note that we are not planning on changing any of the criteria or the filters from the 2020 update cycle. But we have started taking under consideration and listening to comments for how we can improve the 2025 update.

All right. These are the categories from the two tables from the 2020 CIS report. If you look at Category 1 for ongoing construction, you can see that since 2020, projects highlighted in blue have moved from Category 2, which was authorized and waiting construction starts or funding.

In addition, the remaining six projects for NESP for that are currently listed in Category 2 have received their construction starts but are still waiting on funding. Taken together, this means that 12 of those projects that were in Tier 2 have moved up to Tier 1 and are now in ongoing construction. This leaves only Brazos River and Colorado River as the only projects in Category 2 which are authorized awaiting a new start.

So really, this is a remarkable feat over two years. So, we've taken all of those projects that were at the starting line, and we've gotten them across the starting line and into the construction phase.

This table here on slide 6, this shows as potential, or this was ongoing studies. And you can see that there are a number of projects, again highlighted in blue, that have moved up from Category 4, which was projects to study that have now received funding and studies are underway.

Also want to note that there are a couple projects such as the Calcasieu Lock study which was removed from the list because the study was completed and closed due to the lack of benefits, and no further actions are planned. On the GIWW Port O'Connor to Corpus Christi Bay, that study was removed from the list since the study was closed and no further actions are planned.

And the Tennessee-Tombigbee project is a brand-new study that is added to this list that was not part of the original 2020 report.

Finally, we have Category 4, which is a list of potential projects identified by the districts that should be considered for future studies to determine if they warrant advancement toward future authorizations and construction funding.

And also want to note that the Corps is taking steps to update our major maintenance and major rehab screening process to help validate which projects meet the threshold for major rehabilitation.

And I also wanted to note, as we've discussed earlier, that Bayou Sorrel will require a new start, and it was determined that it cannot be considered as a resumption. So currently, unfortunately, this is the only project that has slid down from Category 3, an ongoing study, down to Category 4, where a new study is required.

Actions to Date and Next steps. The Corps has met with industry representatives in late March and again in early April to discuss the recent changes based on appropriations received since completion of the 2020 CIS report and discuss the best ways to capture these data and incorporate into the CIS update.

Currently, the Board, this group is in agreement with the moving of the projects from between categories, so we're good with that. The next step is that the Corps will send out a data request to the MSCs (Major Subordinate Commands) and the districts to capture the current total project cost and the projected timeframe for completing the construction. We'll then use that information to develop a new baseline scenario that you're all familiar with that was in the original report that reflects the construction sequencing based on funding inputs from appropriation and the trust funds. And we'll present that information and that new scenario layout for the Board's consideration in our next meeting to be held later this summer.

And pending any questions, that's what I wanted to present for where we are with the update to the 2020 CIS report for the 2022 update.

CHAIRMAN MURPHY: Spencer Murphy here, not really a related question, just a comment and which is two parts. One, this is a great document. I saw some of the work going into it, and I think the Corps did a great job of capturing the changes that have happened since the 2020 CIS report, and also the changes that have happened during the gap where we did not have an authorized Users Board to provide official input. So, I really appreciate the work that went into it.

Second, I would just like to say, thank you to Secretary Connor and General Graham. To see as I mentioned in my opening remarks -- Mr. Connor, you weren't here -- but to see the IJJA work plan come out and see that the Corps was following the Capital Investment Strategy was just very heartening for us.

General Graham earlier said that trust is lost in buckets and gained in drips. I think we gained a bucket of trust when we saw that this \$2.5 billion was being, not just put directly into the system, but being done in a way that matches almost identically the priorities that we set out in the Capital Investment Strategy. So, I just want to say thank you very much for that, and it's very encouraging to see this document kind of continued to be a disciplining agent for all of us and making sure that we are hitting the nation's priorities in a way that we all agree they should be addressed. So, thank you.

MG GRAHAM: Can you put that back up? David, can you back up to Cat 3 maybe. Ongoing -- nope. So, let's go to Cat 4, go to Category 4.

I'm going to use buckets of trust. And I'm going to try like heck not to spill a bucket at any point and time, so I appreciate that.

We're going to bank on that when we bring Kentucky Lock up, so, Steph -- Stephanie, get ready. But yeah, we might want a ladle or two of trust anyhow.

Let's go back. Stop right there.

So, usually I'm not concerned about running out of things to do, but I think as we've talked about and I think one of the slides, Mark, that you had, you know, here's our investments every year, and all of a sudden, boom, big giant bar chart. And so, appreciate the fact that even the team have been nimble to update this. Because that's where we went, for the Corps team to be nimble, to see us. There's an old Army saying is, "you want to fight the fight, not fight the plan", right?

So, we've got these wonderful investment opportunities, and we're adjusting as we go, which is delightful to see. So, but I'm a little concerned, because it takes us a long time to get new studies up running and going.

And I know, we've got some big investments out there with the broad programmatic authority on NESP and the broad programmatic authority on Upper Ohio. But to the Board members out there, where's our seed corn: I'm staring at Matt over here and the agriculture folks. Do we need to move faster at this, Matt?

MR. POINTON: Yes, sir. Okay.

MR. WOODRUFF: Matt Woodruff. Especially the top one on the list right there. And for perspective, we thought this Bayou Sorrel replacement was dealt with in 2007, when it was authorized for replacement. And I won't recount why it's fallen to where it is today. But this is of critical importance to the industry. We can't afford to waste a day in getting that study done so that it can find its place in line in Category 2, and then Category 1, so that we can get that critical piece of infrastructure replaced. And so, at the appropriate time in the meeting, it's my view that this Board should consider a motion to recommend to the Corps to the Congress, that that study be funded without delay.

MR. POINTON: I think this is the appropriate time.

MR. WOODRUFF: I've move that the Inland Waterways Users Board recommend to the Administration and Congress that the study of the replacement of the Bayou Sorrel Lock be funded without delay.

MR. POINTON: There's a motion on the floor by Matt Woodruff. Seconded by Lance Rase. All in favor?

ALL MEMBERS Aye.

MR. POINTON: All right. Any nays? Seeing none, the motion passes unanimously, Matt.

MR GRAHAM: I wrote down work Colonel Murphy harder, Matt. Just so you know, that's what I wrote down there.

Thanks. Thanks for that. What else is missing, up here, from your all's point of view? And Federal observers chime in if you – this is one team here. Anything else? Sir, please?

Yeah, go ahead.

CHAIRMAN MURPHY: If you notice, other than by Bayou Sorrel, it says it's a list of potential major rehabs. And while those are certainly trust fund-eligible projects, we also want to make sure we don't turn this program into solely a program of major rehab projects, because there's plenty of opportunities we

believe for new construction and want to make sure that as we head towards 2025, that we're looking at recreating this backlog of new projects that we think are worth prioritizing.

MG GRAHAM: No more questions? Everybody's good? Okay. All right, thanks. All right, time check, Mark?

MR. POINTON: Three minutes. Perfect, sir.

MR. CONNOR: I've talked long enough. So, I'll just say thank you very much for the opportunity again, to have a really productive exchange of thoughts, ideas, priorities, from your perspective, very valuable to me, so I appreciate your time, as always.

MG GRAHAM: Okay. Steph (Stephanie Hall), bring your commander up here with you. Joe, you're coming up too. Actually, Joe (LTC Joseph Sahl), you get to come and sit right next me. All right. So, we're gonna turn this back. We're going to talk Kentucky Lock right now. And it's not news that we like to hear: cost, quality and schedule. Joe gets paid to deliver all three for you. And we're having some challenges here on Kentucky, which Steph is going to outline for you. But if you're looking for somebody to blame on this, look towards me, and Tom Smith, because what we're supposed to do at Headquarters is set the conditions for the districts to excel. And we clearly aren't doing that as well as we need to be doing that.

So, I was at Kentucky, with some of the old members of the Board about two years ago and got briefed from the PM slide deck. I always keep these slide decks when I go out, and so when we heard that the costs are gonna go up because of a contract that they just awarded there -- had that happen. We just had a certified cost estimate out there. And I'm going through the slide, and there was a date on the slide. And there were two little asterisks on that PowerPoint slide that I missed. And I read the footnote. What that footnote said, and Steph, correct me if I got this wrong, but the PowerPoint slide said we're going to finish this piece, I think it said 2025, and then the two little stars said got you to the bottom of the slide and the bottom slide it said, Yeah, but when we did the cost estimate and schedule estimate 80% confidence, which is our standard, says sometime you're going to finish it around 2028.

Okay, I'm not exactly saying the words I used at that time. It's like, huh? So, we knew then, but we had -- my words -- an overly optimistic delivery team. Okay. We asked folks to be aggressive, but we asked folks to not be unrealistic. And so, in this case, we had the right tools. It said, yep, probably going to take to 2028 and the team that was delivered at the time -- there's a different team on board right now -- thought they could do better than that, and we didn't catch it. And that's my responsibility.

All right, so that's the first point. My second point here on Kentucky is, when we work with our contracting partners, the folks who build this stuff, we have partnerships with them as well.

Now, before we put a contract out, we put some draft solicitations out and we talked to the construction community to gauge better what they think of when we put this contract out there, how much do you think it's going to cost? What are the engineering challenges? How long do you think it's going to take? And the contracting term for that are discussions. Okay, so we had some discussions with the folks who were interested in that next phase on Kentucky, and we learned some stuff. During those discussions, we learned that the contractors kind of saw the market in the valley and as they did a whole look to check to see the challenges that that contractor had, is having. And they -- my words -- priced those risks and those higher cost challenges with labor, COVID environment, they priced those into the information that they shared with us during discussions. And that's a good thing. Because that means we'll set the contract correctly for it to be successful. All right.

So, I think the district did the right thing, and awarded a proper contract that's realistic, that the contractor can deliver it. Here's where I screwed up on this is, we didn't communicate that fast enough to you all and clearly enough.

We acknowledge we've got to do that better. The market changed and we realized that our project delivery team was being a little bit too optimistic in what we were telling you; how long it was going to take and how much it was going to cost. So, we're here to account for that.

MS. HALL: Thank you, sir. Good afternoon, General Graham, Mr. Chairman, and other distinguished Board members and Federal observers. Stephanie Hall again, I'm going to brief you today on Kentucky Lock.

Do I control this? Yeah, I do. Okay. Green means go. I'm sorry.

All right. So, a little bit of history. These are the current completed contracts. Construction commenced in July of 1998 with TVA (Tennessee Valley Authority) relocation of their high voltage transmission towers, followed by a highway and railroad relocation that moved those facilities on the top of the dam to their current downstream locations. Separate construction contracts have been completed to build the upstream cofferdam, upstream monoliths, miter gates site, demolitions, utilities relocations, and the downstream cofferdam. So, this is everything that's been completed to date.

Okay, the next slide. The downstream lock excavation was awarded on 26 September of 2018, for \$54.8 million. The estimated completion date is July of 2022. And they're on schedule.

Downstream lock model of contract was awarded 30 September of 2021 for a base amount of \$167 million with a total contract amount of \$380 million. That would be inclusive of all eight options.

Kentucky Lock received \$465 million in IJA funding in FY 2022, which allowed us to fully fund the contract and award the remaining eight options on 30 March of 2022. The current contract completion date for this contract is May of 2027.

All right, so future contract activities include construction and design of the upstream and downstream approach walls; construction of maintenance and operations buildings; electrical and mechanical work; and two bridges that cross the new lock chamber.

The East Bank Side Development should be the last contract that we'll have to award.

Okay, this slide is just a summary of this project. Bottom line, there are two active construction contracts that are ongoing. The Downstream Excavation is estimated to complete this summer and as I said is on track, and the downstream model of contract completion is May of 2027.

A little bit about each of the ongoing contracts. We're going to start with the one that we just awarded. The contracts were completing all rock anchoring, grout curtain, pipe pile, and dewatering activities. The rock excavation and blasting continue to progress downstream apart. Approximately 233,000 cubic yards have been excavated to date. The downstream excavation contractor will be finished this July, allowing the downstream monolith contractor to access the pit.

This is the Downstream Lock Monolith Plan. The Downstream Lock Monolith base, again, was awarded 30 September for \$167 million. We just recently awarded the eight options. Each of those options are

different increments of concrete. So, the base was the batch plant, miter gates, final rock excavation and 36,000 cubic yards of concrete. If I were to go over all the follow-on options, for example would be, for option one was for 24,000 cubic yards of concrete for the downstream monolith. And those other options read similar to that. It's different cubic yards of concrete.

So, this chart shows the timeline for the project's construction contracts. Completed work is green; ongoing work is yellow. Future contracts are in gray. Also shown along the horizontal axis is annual allocation amounts, so you can see how the funds were utilized.

What we have on the far right is a bar that demonstrates the potential online date based on the current duration of the base contract. We are looking at the future contracts for utilities, electrical, mechanical and bridges finishing up in that 2030 timeline.

All right. So, this is basically just a Cost and Funding Overview. This again shows the project's allocation through now, broken out by type of funds. I think what's important to note is the receipt of \$465 million in IJA funding in FY 2022, was intended to fund to completion. You can see we now have the remaining total project cost listed as to be determined.

The next slide will display this in a more graphical format. It'll help us understand what we see has happened. All right, as you can see, all completed work has been basically done within costs. That's that bottom dark blue category that's labeled on the right. And as we look up to the gray, that is the Downstream Monolith award. And you can see that it was \$158 million above our FY 2020 cost estimate.

So, what are we doing? We have worked on and expanded the VE that is currently ongoing that will look at not just cost -- I'm sorry, Value Engineering study. We're going to look at the design of the future contracts and ensure that our scope is correct and that there aren't opportunities to do it at a more cost-effective way, maintaining quality and impact, but looking, do we have the proper scope and is there anything we can do to properly cost that in a better way to bring the cost down?

In addition to that, a normal VE study usually just looks at cost. We expanded it in the context of, we're looking at schedule as well. We brought in experts from across the Corps in cost and scheduling. And we looked at what we could do with those follow-on contracts to enable us to bring the schedule to the left for the total project completion and for the online date. We have in parallel to that we are also working on the Cost and Schedule Risk Analysis. We should have results from that, by the first part of May. I would like to be able to give you today a date and a dollar. I know we will need more money, and we are being prepared to give you what the new timeline is. But I need to let my team finish their due diligence and we should be able to provide that information in early May.

Sorry, I'm going to go back one, so the red.

Okay, so the other thing that we did in this chart is if you look at the yellow and the blue, which are future contracts, if the impact of the market is scalable to those future contracts, that just gives you a ballpark of where we think we're going. That will be confirmed by the cost and schedule risk analysis. We will also implement any savings and opportunities we can from the Value Engineering study, and we will also look at opportunities to provide a schedule movement to the left. So, this is intended to be scalable and give you an idea, but the firm numbers are forthcoming and we will provide those early May.

So, Kentucky Lock Issues and Challenges. To summarize, the top issue is that the contract duration grew from actually the original amount. The original duration was 48 months. We quickly realized 54 months was reasonable. And then during the process of that acquisition, industry feedback was that the most

reasonably achievable aggressive schedule was 67 months. We also, at the time of award, we awarded that contract at \$158 million above our estimate for FY 2020.

We are looking to provide the total cost to complete, and opportunities will be rolled into that in early May. We will ensure that everybody who has a vested interest in this information will receive it, and we will be willing to answer and have any discussions on any items you'd like to discuss.

So, the path forward, the Corps team is working to integrate the remaining scope and schedule optimization, to support the earliest online date and the most efficient funding. And I have not seen the results of that report, but the feedback I'm getting from my team is there are opportunities. And we don't know yet the magnitude, but I am confident that when we provide a date and a dollar that that we will have done the rigor to provide you a planning and confidence in our results. Questions?

MG GRAHAM: Before I open up for questions, I'm going to bring Mr. Joe Savage up here. Joe, come up to the mic. Joe is now the Program Director for LRD (the Great Lakes and Ohio River Division); most of you know him. And so, he's got senior-level oversight from the Division perspective. Just want to give your thoughts on how we're going to make sure we get better.

MR. JOSEPH SAVAGE: Thanks, sir. Thanks for the opportunity. Joe Savage, Programs Director in the Great Lakes and Ohio River Division. So, we incorporate a three-tiered governance structure with the significant projects in the Corps of Engineers. We designate the mega projects. We use a governance structure that consists of a local team, project delivery team at the district level, led by a project manager, and then a second tier is led by the District Commander, and his right hand in that endeavor is his Deputy District Engineer whom you just heard from, and at the top tier, the third tier is the Senior Project Executive, which is me. And that brings the fullness of the division oversight to this project. And we had that three-tiered governance structure in place up to this point, but as General Graham pointed out, we had some gaps in the oversight and management and most importantly, the communication externally. And that's another part of that three-tiered governance structure is the external communication.

I'll be digging into that and ensuring that moving forward, we've got the sort of transparent communication that both we and you can and should expect.

MG GRAHAM: Okay, questions?

CHAIRMAN MURPHY: General, Spencer Murphy, I just want to make sure, I'm going to say back what I think I just heard, which is sometime in May, meaning, you know, as early as two weeks from now, we will get an updated both cost estimate and timeline that will hopefully, maybe reorder some of these contracts, future contracts, in a way that can be get some of the work done earlier while this Monolith contract goes longer than we had hoped. Right? Is that a fair assessment?

MR. SAVAGE: Yes.

CHAIRMAN MURPHY: Okay. And then from just a dollar standpoint, obviously, we don't have a firm new number, but just looking at the information presented, doing some rough estimating on the graph, it's \$158 million plus is our starting position for the new cost, is that accurate?

MS. HALL: And we're comfortable giving a range back.

MR. SAVAGE: Okay. So, knowns and unknowns, dark blue at the bottom, knowns. The gray, that's the \$158 million above -- the contracts, we know what that is, short of any mods. The known unknowns that

are out there are the yellow, and the top blue. That's the stuff that we still need to get toward. Did I get that right, Steph?

MS. HALL: Yes, sir. And if I could, we were very concerned about where our cost would be. And before I give you a number, I can give you a range of what we think it will fall within. We think the bottom is probably around \$235 million, and the top is around \$355 million -- \$354 million. We think that's our bandwidth. And that's based on this diagram and the scalability of what we see our last contract awarded for.

Right, and looking at that market. I think, although the news is difficult, this contract was advertised and awarded fully in this marketplace. And so, we think the last contract to be awarded is a good indicator of where we'll be on the future. We think we've received that risk. We've informed our engineering, we've informed our estimates, and we've informed our scheduling based on the most recent contract. And so, we're confident we'll be able to provide a better number with a higher confidence, with a good 80% confidence level as we look forward.

MR. WOODRUFF: I have a question as to sequencing of dollars in terms of fiscal years, because I mean, obviously, nobody likes cost overruns, but facts are facts, we deal with facts. And so, what I think is going to be important is to figure out how we put the additional cost that this project is going to require to bring it to completion, in with the other projects that we have in the queue. And so, if you can tell us today, that would be great, but if it's not until May, then that would be good as well as. It's not just how much more is going to cost, but when is it going to cost? Is this in the outyears so that we can maybe get another project in before this money's needed or, you know, how can we sequence this with the other projects, to most efficiently use all the resources available in the IWTF?

MS. HALL: So, upon receipt of the \$465 million in IJA funding, a portion of that was used to award the eight options. So, the current contract is fully funded. We have money on hand within USACE, the remainder of that \$465 million. So, part of our analysis that we will be able to tell you in early May, is first, will we require funding in FY 2023. Where we sit right now, we do not think so, but I cannot confirm that completely today. There's a small potential that that might happen.

What we will provide you is a funding profile that looks out in the future, and that will be tied to our schedule analysis that best provides the most reasonable, but aggressive schedule delivery process on the future contracts. And we will tie that together and provide that to you at the same time.

MR. POINTON: Thank you. Questions, please?

MR. RASE: This is Lance Rase. Sorry, on the overrun of \$235 million or \$355 million or the additional cost, is that above and beyond the \$158 million that's already happened?

MS. HALL: Yes, sir. Yes.

MR. RASE: Okay.

MS. HALL: To be clear, when we were funded at the \$465 million in IJA funding, the expectation was that that would have been funding to completion. So, when I take all the funding, including the IJA, our bandwidth of what we believe we will need additional funding is the band I gave you. That's in addition to the IJA funding we just received. So that's total costs. From what I have now, to total cost, that band of dollars is what we would expect we may need to finish this project to completion.

MR. RASE: Okay, thank you. I was following the same train of thought as where Matt was going on, you know, dollars available. So, thank you for the answer.

MG GRAHAM:(?) So, the \$158 million is kind of in those numbers, right? It's in there? Yeah. So, we thought we had, and certainly Congress thought we had all the money to finish this because that's what we said. Now we know that more likely to finish Kentucky up is going to take somewhere between what you say \$355 million and \$235 million, correct? Somewhere in there. That's the total addition that it'll draw on the trust fund. And we're working to see what those funding opportunities are going to be.

So, it's really, Steph, looking at the chart there, though, when do we need the more additional funding is going to be whenever you are going to award the yellow blocks and the blue block; is that correct?

MS. HALL: That would be correct. What I would add to that is, part of our construction schedule, if we can move some of that forward to better execute the online day, that's part of our analysis. So, we believe we've gotten enough funding on hand to be able to make some of those opportunities happen.

MG GRAHAM: I'm really hesitant right now to say, given where the markets are going, and there's other work that's to draw from that bucket. You use that term again. So, there's lots of straws in it to hedge these costs, increase bets. And I don't have a good feel and the totality of all those drawers on there, potentially. But I wouldn't say that that's likely, but I don't know for sure. Marty?

MR. HETTEL: Yeah, Marty Hettel here. And it's gonna be really critical to know when you're going to need this additional funding, because we're certainly, at least this Board is, I believe most of the members on this Board are hoping we get a new start. I know hope isn't a plan. But for the Brazos River, so we finally fix the problem down at the Brazos Floodgates. If we can get a new start, you know, we could fund that in 2024. Also, and I hate to get in a conflict, but is it more important to fund Brazos, or is it more important to fund Kentucky?

You mentioned needing the funds in 2024, so you're going to award a contract. I take awarding a contract doesn't necessarily mean you're paying the contractor, right? You're going to award the contract and then pay him upon completion? So just remember, there's some flux in there, we'd really like to get Brazos funded and out of the way, and not compete with additional funding from Kentucky, if at all possible.

Thank you.

MS. HALL: We cannot. When we can send you a funding profile, and then you can make decisions based on that.

MR. HETTEL: That's helpful to know.

MR. WOODRUFF: Well, I was just going to revise a little bit my view of what Marty said, and I would love to hear in a few minutes what the FY 2023 capability is at Brazos because it appears to me that we have, with the funds currently available to the pending projects, that we have money in the trust fund that isn't allocated, and it's searching for a project to send it to. And so, I think we could use money in the trust fund on the Brazos in FY 2023 that can't be spent anywhere else. And so, I'm eager to hear what, when we get to the Brazos, what the capability is for that project in FY 2023. Because I think we need to get a new start. And I think since it's a relatively low cost and quick project, we could slide that one in and get that 5 to 1 BCR turned into benefits to the nation while we're waiting for some of these other projects to need more money.

MG GRAHAM: Okay. Mark just reminded me what a horrible job I've done with time management. We're supposed to shut this thing down in about five minutes, because you all have flights, trains, planes, and automobiles.

So, what we're going to do is, is to take that as a do-out. We're going to email that out, that question you just asked, Matt, to get a good feel for Brazos. We brought a bunch of folks in, PM's and whatnot to talk about other projects, but we're not going to get to that. We do need to get to the public comment period here today. So, what I'd like to do is get to the public comment period. And for folks that have transportation flexibility, I'd ask the Corps team -- we'll use that flexibility to the maximum extent possible to stick around after this to answer any direct questions you have. And I'll ask Mark to try to arrange that. Okay, Matt, will that work for you?

MR. WOODRUFF: Yes, but time is of the essence. Congress is making these decisions right now; they need that data. So, we really need to know what that capability is absolutely as soon as possible.

MG GRAHAM: Okay. And so, we'll try to get that out this week. Fair enough?

MR. WOODRUFF: That'd be wonderful. Thank you.

MG GRAHAM: Okay. Tom Smith, can I pin that rose on you? Okay. All right.

MR. POINTON: All right, moving to the public comment period. I think we have two people that have indicated they want to make a public comment. So, Paul Dittman from the Gulf Intracoastal Canal Association (GICA), the president of GICA. You're number one not in the order only, but in our hearts.

MR. PAUL DITTMAN: Thank you. Good afternoon, General Graham, Chairman Spencer Murphy, and Board members. My name is Paul Dittman, president of the Gulf Intracoastal Canal Association, a 117-year old trade association representing over 160 members, operating throughout the 1,200 miles of the Gulf Intracoastal Waterway between Brownsville, Texas and St. Mark's, Florida. The Gulf Intracoastal Canal Association is committed to facilitating commerce by ensuring safe, reliable, and efficient Gulf Coast waterways.

I want to thank the Inland Waterways Users Board for visiting the Bayou Sorrel and Inner Harbor Navigation Canal Locks yesterday. Both of these locks are critical to the continued viability of the Gulf Intracoastal Waterway, which is critical to the nation's economy.

The Port Allen Morgan City Alternate Route supported by the Bayou Sorrel Lock links our nation's petrochemical epicenters in Louisiana and Texas with the rest of the nation through direct access to the Mississippi River system. The link to the Mississippi River facilitated by the Bayou Sorrel Lock is one of the two primary access points to the river, the other being the Algiers Canal supported by the Algiers Lock in New Orleans.

The Port Allen-Morgan City alternate route and GIWW through the Algiers Canal constitute two of the most sensitive strategic lines of communication anywhere in the nation. The importance of the Bayou Sorrel was highlighted last year after *Hurricane Ida* severed the access to the Mississippi River via the Algiers Canal for over 60 days, forcing the vast majority of all inland barges to access the Mississippi River through the Port Allen-Morgan City Alternate Route supported by the Bayou Sorrel Lock. If the Bayou Sorrel Lock failed, our nation's petrochemical epicenters would have been isolated from the Inland Marine Transportation System, creating unprecedented supply chain implications. In addition, post-storm recovery on the local, regional and national level would have been severely impacted.

The Gulf Intracoastal Canal Association strongly recommends the U.S. Army Corps of Engineers reexamine the 2013 Post Authorization Change Study using updated observed delay times and traffic projection data and consider the critical role in maritime transportation resiliency facilitated by the Bayou Sorrel post-storm in one of the nation's most vulnerable hurricane-prone regions. It is not a matter of if but when another major storm impacts South Louisiana, seriously disrupting the more vulnerable and exposed route to the Algiers Canal, requiring the Bayou Sorrel Lock to once again facilitate primary access to the Mississippi River post-storm.

In addition, the Bayou Sorrel Lock, the Inner Harbor Navigation Canal Lock's criticality to the Gulf Intracoastal Waterway cannot be overemphasized as it affords the only viable access from all points east of New Orleans and constitutes a single point of failure.

Since the closure of the Mississippi River Gulf Outlet, shallow draft mariners have only one dependable inland route, the Gulf Intracoastal Waterway that links industries in Texas and Louisiana with Mississippi, Alabama, Florida along the Gulf Intracoastal Waterway as well as a host of other states served by our Inland Marine Transportation system.

Clearly, the 1923 era lock has not kept pace with technologies, technological advances -- excuse me -- in waterborne transportation. Barges and tows are bigger and towboats are more powerful as compared to 1923, and the replacement this lock is long overdue.

The Gulf Intracoastal Canal Association has worked closely with the U.S. Army Corps of Engineers and will continue to work closely with the U.S. Army Corps of Engineers to gain public support by highlighting the tremendous benefits facilitated by the replacement of the antiquated century-old structure to both the maritime industry, non-maritime interests and local interests alike. Thank you.

MR. POINTON: Thank you, Paul. I don't know where Mary Ann Bucci, the Executive Director from the Port of Pittsburgh Commission -- there she is, yeah. There you are, you're hiding in the back there -- She's going make a comment. She also provided a statement for the record that I sent to the Board members. But the podium is yours, ma'am.

MS. MARY ANN BUCCI: Good afternoon, General Graham and the entire Board. My name is Mary Ann Bucci, and I'm executive director of the Port of Pittsburgh Commission, a state agency tasked with promoting the commercial use and development of the inland waterways. While I know the Inland Waterways Users Board is focused on the viability of the inland navigation across the entire system, and not any particular location, I am concerned that no one on the Inland Waterways Users Board is specifically knowledgeable on the Upper Ohio. The Upper Ohio is unique, as many other areas of the system are, and we would like to ensure that someone can voice our concerns and issues from our perspective. Although the feasibility costs are based on efficient concurrent construction at Montgomery, Emsworth, and Dashields, we understand that this may not fiscally possible. We would however, like to see as minimum a gap in the timing of the construction of these facilities as possible. Ideally, some overlap would be -- greatly minimize the cost growth. It's also very important because the closure of any of those locks, shut down the Port of Pittsburgh Commission. Everything else that go up Ohio to hit the Monongahela River and the Allegheny River, so it is very important to the entire district.

And I thank the Board for their time and allowing me to voice our concerns to the Board for the record.

Thank you.

MR. POINTON: Thank you. At this point, I'd like to steal the time that we had scheduled for closing remarks for General Graham and Spencer Murphy.

Oh, we have one more. Okay. All right. Sure.

MS. KIRSTEN WALLACE: Thank you. I am Kirsten Wallace, with the Upper Mississippi River Basin Association. Thank you for allowing me this opportunity to just say something very quick.

I'm here today in person to just reflect on the remarkable action of Congress to finally provide a construction new start for the Navigation and Ecosystem Sustainability Program (NESP), and to fund it in a very significant and a unique way that surprised many of us, but it matches what NESP is, and basically its personality. And I'm just going to back up a second and introduce myself.

So, the Upper Mississippi River Basin Association represents the governors of the states of Illinois, Iowa, Minnesota, Missouri, Minnesota, and Wisconsin. So, we have had a long-standing commitment to working with the Corps, industry, or other stakeholders on NESP and ensuring that the river is a viable route for transportation.

So, I just want to express our appreciation to the Inland Waterways Users Board, to the Corps, to all of those who worked to support that action by Congress. It wasn't off of a whim, it was a result of very hard work from many of you in this room. So, I wanted to just offer that thanks and express that UMRBA maintains its commitment to working with the state's navigation industry, environmental nonprofits, and other river stakeholders that have enjoyed the great working relationships for more than 50 years.

NESP was born through thoughtful and deliberate dialogue and compromise. The program is an incredible achievement for the Upper Miss and our country. It is forward-looking to invest in making the Upper Miss a healthy and resilient ecosystem and navigation system that supports a very large tourism industry as well.

So, looking forward to this partnership to come. Thank you very much.

MR. POINTON: Thank you.

MR. HETTEL: Mark, may I take a moment to make a request on – Mary Ann's statement?

MR. POINTON: Yes, sir.

MR. HETTEL: I think for this Board to better understand the Upper Ohio Navigation Study Lock projects and Dashields and Montgomery, I would like to see -- and I talked with Mr. Fritz about this -- the presentation on Upper Ohio Nav study broken down by facility; Emsworth, Dashields and Montgomery. I think that will give this Board a better understanding on how fast these projects can move, what they're going to cost. We talked about this at our Industry Day meeting, to be able for us to be able to see where these monies are allocated to each one of the locks will help us further Mary Ann's position on understanding the importance of the Upper Ohio Nav study.

So, if we can get those broken down by facility, the sooner the better. Hopefully you can get that out to us.

Steve can get that out to us in the next week or 10 days so we can understand more about the Upper Ohio Nav Study. Thank you.

MR. POINTON: Sir. Can you do that?

(MR. FRITZ affirming he can provide that per side comments.)

MR. POINTON: Thanks, Steve. Damon?

MR. JUDD: One more thing. Reflecting on the public comments as well, just along the same theme of Mr. Woodruff, I'd ask that we add a due-out if possible, to get the funding capacity for LaGrange as well. And really, I think the group A projects as a whole as you think about the theme of the CIS that we've been talking about, it's, I think, critical information for us all to understand. Okay.

MR. WOODRUFF: Just a matter of procedure. This is Matt Woodruff. Is it necessary or important that the Board ratify the proposed changes to the CIS and indicate our concurrence with them?

MR. POINTON: Sorry, go ahead.

MR. SMITH: Tom Smith here. So, we are working with the Board, and we will present the update in August, or at the next Users Board meeting. Today was really just showing the path. So, things that were shown today are just kind of an initial projection from discussion. So, certainly an intent that it meets the intent of the Board, I mean, it doesn't hurt, but I just want to make clear that that was not presented for decision. As long as we're clear on that it will be helpful.

CHAIRMAN MURPHY: Thank you for that clarification. Based on that, what I would say is, if the Board feels as if what they saw matches their expectations in order to maybe lock it down and avoid unexpected changes between now and the next meeting, maybe a motion that expresses the sense of the Board that we approve of the draft update. Is that in order?

MR. WOODRUFF: I think that that would be appropriate.

And I move that the Board adopt a resolution expressing the sense of the Board, that the proposed CIS updates are in line and would receive favorable attention when presented to the Board for an official decision.

MR. POINTON: Do I have a second?

CHAIRMAN MURPHY: I'll second.

MR. POINTON: Second by Spencer Murphy. All in favor, Aye. Any nays? Okay. Unanimous.

You want to say something?

CHAIRMAN MURPHY: Just my only other piece of housekeeping, in addition to the due outs that we just mentioned, just to circle back is to get an update after the FY 2022 Work Plan is announced on the trust fund balance. And also, you know, unobligated dollars. Our first job here is to be a good steward of that trust fund. And obviously, we need to know how much is in the bank account before we can make informed decisions about how to spend the money.

That said, I just want to thank Major General Graham, Secretary Connor, the New Orleans District in particular, who were really terrific hosts for us yesterday. I thought this was a really, really productive

two days for the Board. And anytime we can get straight information right from the source, that's always preferable. So, I'm grateful that we're back in person; we're able to have these discussions to have these tours. A Zoom meeting is fine, but it's a poor substitute for seeing these projects and meeting eye-to-eye with our partners and the Corps.

So, I'm grateful for the opportunity to serve as the Chairman. I'm looking forward to working with all of you. I think we have some great things ahead of us. And I'm looking forward to it. Thank you.

MR. POINTON: Thank you. We did miss some project presentations today because of the anomaly that Mr. Connor was here, so we grabbed him when we had him. And so those presentations were sent out. All the presentations today have been posted on the Users Board website. The PM's for all those projects have been identified, so if you have any questions for them, they are all available. Their contact information is all available.

Do I have a motion to adjourn?

Marty. Second, Spencer. Motion to adjourn. All in favor? Do I need to ask any nays? (Motion approved unanimously.)

Thank you, safe travels everyone.

(Whereupon the meeting was concluded.)

REPORTER'S PAGE

I, Pinkey Ferdinand, Certified Court **Reporter** in and for the State of Louisiana, the officer as defined in Rule 28 of the Federal Rules of Civil Procedure and/or Article 1434 (B) of the Louisiana Code of Civil Procedure, before whom this sworn testimony was taken, do hereby state on the Record; That due to the interaction in the spontaneous discourse of this proceeding, dashes (--) have been used to indicate pauses, changes in thought, and/or talkovers; that same is the proper method for a Court Reporter's transcription or proceeding, and that dashes (--) do not indicate that words or phrases have been left out of this transcript; that any words and/or names which could not be verified through reference material have been denoted with the phrase "spelled phonetically."

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PINKEY FERDINAND, C.C.R.
Certified Court Reporter

Inland Waterways Users Board Meeting No. 96
New Orleans, Louisiana
April 20, 2022
List of Participants

<u>Last Name</u>	<u>First Name</u>	<u>Affiliation</u>
Adams	Astrika	U.S. Small Business Administration, Office of Advocacy
Baggett	Tyler A.	USACE, New Orleans District
Belk	Edward E. Jr.	USACE, Mississippi Valley Division
Bowman	Geoff	Van Scoyoc Associates (for WCI)
Bucci	Ms. Mary Ann	Port of Pittsburgh Commission
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Celano	Joe	Trabus Technologies
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Cheek	John	USACE, Inland Navigation Design Center
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Connor	Michael L.	HQDA, Assistant Secretary of Army for Civil Works
Cutrera	Ms. Cindy	Port of Morgan City
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Dauenhauer	Rob	USACE, Rock Island District
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Dickens	Justin	Crouse Corporation
Dittman	Paul	Gulf Intracoastal Canal Association
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Dunn	Jonathan	American Commercial Barge Line LLC (ACBL)
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Germann	Robert T.	USACE, South Atlantic Division
Gilbert	Ms. Heather	National Oceanic and Atmospheric Administration (NOAA), Office of Coast Survey
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Gollon	Ken	The Walsh Group
Goodall	Andrew	USACE, Rock Island District
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Graham	MG William "Butch"	USACE, Headquarters, Civil Works Executive Office
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Hoey	Jeanine	Private Citizen
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Langel	Zach	USACE, Nashville District
Leitch	Bob	Woolpert
Lichtman	Kenneth E.	Private Citizen
Lovett	David P.	USACE, Rock Island District
McCormack	Frank	The Waterways Journal
McDonald	Ms. Joyce M.	USACE, Southwestern Division
Milner	Travis	Texas Department of Transportation
Mulik	Kranti	U.S. Department of Agriculture (USDA), Transportation Services Div
Murphy	COL Stephen F.	USACE, New Orleans District
Murphy	W. Spencer	Canal Barge Company
Olowolayemo	Surajudeen	U.S. Department of Agriculture (USDA), Transportation Services Div
Olson	Patty	Schimmick Construction
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Paape	William K.	U.S. Dept. of Transportation, Maritime Administration (MARAD)
Pavlosky	Matt	Port of Pittsburgh Commission
Pointon	Mark R.	USACE, Institute for Water Resources
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Ramos-Gines	Orlando	USACE, Galveston District
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Rayaprolu	Sirisha	USACE, South Atlantic Division
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Rodriguez	Federico	Texas Department of Transportation
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Savage	Joseph M.	USACE, Great Lakes and Ohio River Division
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Tarmann	Jim	Illinois Corn Growers Association
Tarpey	Michael J.	USACE, Rock Island District
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Taylor	Jim	MarineNet, LLC
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Zea	Tracy	Waterways Council, Inc. (WCI)
Zuber-Mallison	Carol	Woolpert