

**MINUTES  
INLAND WATERWAYS USERS BOARD**

**MINUTES OF MEETING: July 19, 2002**

**PURPOSE:** To hear briefings on navigation projects administered by the U. S. Army Corps of Engineers, Rock Island District.

**LOCATION:** The meeting was held on July 19, 2002, in Lisle, IL, at the Hilton Lisle/Naperville Hotel, 3003 Corporate West Drive (1-630-505-0900). The meeting was announced in the Federal Register for June 21, 2002 (Vol. 67, No. 120, page 42241).

**PARTICIPANTS: Members, Federal Observers, and Federal Support Staff:** Mr. Daniel P. Mecklenborg, Chair; Mr. Lester E. Sutton, Vice Chair; MG Robert H. Griffin, Executive Director; Members Gerald W. Brown, Larry R. Daily, Mark K. Knoy, Timothy M. Parker, Jr., Michael R. Rayphole, George H., Shaver, Looman F. Stingo, and Ronald G. Stovash; Federal Observers Brian Link, U.S. Department of Commerce - NOAA, and Nicholas Marathon, U.S. Department of Agriculture – AMS; Mr. Norman T. Edwards, Executive Secretary and Designated Federal Official; and Mr. Mark R. Pinton, Executive Assistant. The Attendance Sheet (Attachment A) lists all attendees and their affiliations.

**SUMMARY:** Mr. Norman T. Edwards opened the meeting at 8:00 a.m. by explaining the Board's origin and purpose, that it is subject to the Federal Advisory Committee Act, that this was a Sunshine meeting open to the public, and that the proceedings were being recorded. Mr. Edwards also announced that a notice of a call for nominations for membership on the Inland Waterways Users Board was placed in the Federal Register of July 19, 2002.

BG Edwin J. Arnold, Mississippi Valley Division Commander, welcomed the Board.

COL William J. Bayles, Rock Island District Commander and the meeting host, next welcomed the Board.

Chairman Daniel P. Mecklenborg presented opening remarks, which focused on the Board's appreciation for the host's efforts to make their stay both educational and productive.

Executive Director Robert H. Griffin followed with opening remarks oriented to provide a status of Corps activities of interest to the Board:

1. Delaware River – The Government Accounting Office (GAO) reviewed benefits, costs, and environmental aspects of this project beginning in July of 2001. Based on their exit briefing, 22 Apr 02, the Corps suspended PCA and any activities that could lead to Construction. The GAO then released their report on 10 June 2002. The Philadelphia District is currently doing a re-analysis, which

is due by 30 August 2002. The Corps also initiated a project pause on 30 April 2002 which affected 164 projects that were authorized but not yet under construction. A check was accomplished for current economic analysis, the validity of formulation decisions, and the rigor of the review process. As a result, 80 projects were cleared to proceed and 76 were already being re-evaluated at districts or divisions. Therefore, only 8 were identified as needing a re-look (5 In CA, 1 each in TX, DE., and NJ). This exercise has resulted in the Corps re-instituting a planner journeyman curriculum to remedy gaps in expertise.

2. Oklahoma Bridge Barge incident -- At approximately 0830 hours 26 May 2002, a towboat with empty petroleum barges traveling upstream on the Arkansas River hit a pier of a bridge carrying the I-40 highway over the river in Oklahoma. Apparently the vessel captain had a seizure and lost consciousness at the wheel. Numerous cars, trucks and at least one horse trailer dropped 75 feet into the river when two adjacent bridge spans collapsed. There were 14 confirmed fatalities and at least 5 injured. The Tulsa District was engaged at the scene and through the opening of their emergency operations center. At the height of the recovery and reconstruction effort, Tulsa District had 26 personnel on site (sonar equipment on a District survey boat to locate vehicles, a tug and barge crane to recover vehicles and bodies). On 29 May, the recovery effort was changed to salvage and reconstruction. For this the District provided both technical assistance & navigation system equipment (i.e., a spud barge) as requested, and monitored the salvage operation until the system reopened. The Coast Guard declared the area safe and reopened the system at approximately 0730 hours on 12 June 2002. The Oklahoma Department of Transportation is coordinating both present and future activities and has indicated that the bridge may be back in operation in the November to December 2002 timeframe at a cost of \$15 million. The National Transportation Safety Board is the lead Federal agency. A causal investigation is underway.
3. FY03 Appropriations – The President has three priorities: winning the war on terrorism, homeland security and economic security. The Corps has a vital role to play in all three, but since these roles are not as direct as some agencies, we have come in for some belt tightening. The President's total request is for \$4.29 Billion and focuses on continuing and completing budgeted work already underway rather than initiating new work. Olmsted receives full funding of \$77 Million, with \$17.5 M for the Missouri River Fish & Wildlife Mitigation project, 120 Million (an increase of \$31.5 Million) to continue the New York - New Jersey Harbor deepening project, and \$65 Million for the recurring costs of physical security at critical Corps facilities such as locks and dams. The amounts for 169 authorized projects and continuing authorities programs were constrained to a level about 50% of what is needed to maintain optimum completion dates. The House Subcommittee has marked up an appropriation of \$4.760 Billion, (\$470 Million above the budget request. It is noted that for the past 6 years that the Congress has added an average of \$500 Million to the President's budget request. Still needed is House full committee and floor action, action by the

Senate, action by the Conference committee, final passage, and action by the President.

*AT THIS POINT, POWER WAS LOST IN THE HOTEL. A TWENTY MINUTE BREAK WAS TAKEN AND THE MEETING RESUMED WITHOUT BENEFIT OF SLIDES. BRIEFERS PRESENTED EXECUTIVE SUMMARIES OF THEIR PRESENTATIONS TO THE MEMBERS. IT WAS NOTED THAT ALL SLIDE PRESENTATIONS WERE INCLUDED ON A CD ROM DISC MADE AVAILABLE AT EACH MEMBER'S TABLE LOCATION.*

4. WRDA 2002 – The Army's bill has been with OMB since 30 May 2002. Congress is proceeding on its own. The Senate had been planning to introduce its bill this week and mark it up next week. Prospects are uncertain due to Corps reform. The Minority and Majority are at odds over whether to require the benefit-to-cost ratio to be greater than 1.5 in order to recommend projects. A significant number of committee members and other Senators could block floor action. The House had made substantial Progress toward mark up but have postponed action until September 2002. The Reform Proposal receiving most attention is the Smith-McCain-Feingold Bill (S. 1789). It would direct Independent review of Corps proposals, Water Resources Council prioritization of authorized projects, require the Secretary of the Army to recommend only projects with a benefit-to-cost ratio of 1.5 or greater, revision of the Principles & Guidelines (P&G), and Increase non-Federal cost sharing. The Corps position is that reform is necessary but that it should be done in the context of a discussion of our Nation's overall priorities, that perhaps P&G, written in 1983, could stand updating, that independent review is worthwhile if done both within the context of the Chief's Report process and within time and cost constraints. The Outlook is for a late markup and Senate reform controversy and limited legislative days are large hurdles to passage.
5. O&M Backlog – The President's FY03 budget for O&M (\$1.979 billion) reflects a critical backlog of 884 million. In addition, Corps has identified over \$1 billion of unfunded work that needs to be addressed, but is not as time-sensitive as the critical backlog. We've put together a disk showing the unfunded requirements and you will find a copy among your handouts. We have requested an Emergency Supplemental Appropriation of about \$50 Million, mainly for dredging, and the outlook looks good for receiving it.

David Grier provided both a status and an analysis of the Inland Waterways Trust Fund. The Fund had FY 2001 revenues of \$112.7 million which set a record by exceeding the previous high of \$108.4 million achieved in 1996. The current balance is \$410.9 Million. In regard to commodity activities, FY02 indicated a 5.2% decline in coal; a 21.2% gain in grain; a 1.1% decline in petroleum & chemical products; and a 4.9% decline in all other categories.). Overall, there was a total decline of 0.1%.

Mr. Grier then reviewed the outlook for the Inland Waterways Trust Fund. Under Baseline funding all ongoing construction projects are continued, with funding constrained by budget ceiling limitations, lengthening schedules. The stretched program for ongoing construction, higher revenues in FY01, and the lack of new starts other than major rehab of L&D 11, results in the Trust Fund balance growing to a projected \$491 million by the end of FY 2003. The balance then falls to \$239 million by the end of FY 2009 because higher outlays are programmed in the out-years for ongoing construction. It then increases to \$516 million by end of FY 2012 with completion of all ongoing projects.

The second scenario presented looked at the impact to the fund if ongoing projects were funded at full Capability levels. All ongoing projects could be funded at Capability levels without depleting the Trust Fund, although the balance would be drawn down from \$459 million at the end of 2002 to less than \$84 million by 2009. However, initiating construction of a 400' replacement lock at Chickamauga in 2004 would result in a deficit in the Trust Fund in 2008 (-\$12 million) and 2009 (-\$68 million). This deficit could be avoided with a modified Capability program that would accommodate Chickamauga by stretching out-year funding at two ongoing projects – Kentucky and Marmet – and postponing additional new projects until there are sufficient revenues to support construction. In the analysis Capability funding for Kentucky and Marmet was reduced by 55% each year from 2007 through 2009, resulting in an additional year of construction at each project. Both projects would be completed in 2010, the same year as under the Baseline Scenario. Chickamauga would also be completed by 2010 – the target year to prevent a lock failure at that project. There would also be sufficient funds by 2010 to begin other projects in the Capability program. By 2011 a number of potentially larger projects could be initiated. Based on the Board's priorities, it would be possible to initiate lock improvements at Upper Miss locks 25, 24, 22, 21 and 20, plus Peoria and LaGrange on the Illinois.

Mr. Grier then addressed a request made by the Board at its previous meeting for estimates of Inland Waterways Trust Fund revenues generated by river of origin and destination. In effect, the Board was asking to see all Trust Fund revenues attributed to an origin or a destination river segment. Although the Tennessee Valley Authority (TVA) has developed a model to estimate Trust Fund revenues based on trip miles and vessel horsepower for each waterway segment on which a move takes place, and then to attribute those revenues to each waterway traversed, in its current format it cannot distinguish between inbound, outbound and through movements. So, at this time, it is not possible to develop the revenue estimates requested. Funds, however, are being provided to TVA to attempt to reprogram the model to accommodate the Board's request. In the interim, TVA provided estimates of IWTF revenues generated by entire movements that depend on a particular waterway – that is, the revenues generated for an entire trip length. This necessarily results in double-counting of revenues across multiple waterways, but does begin to address the key concept sought by the Board and provides some perspective on the role of individual waterways in generating IWTF revenues for commerce moving throughout the system. Estimates were developed for four principal waterways, based on revenues generated by total vessel trips passing in,

out or through each waterway or group of waterways: Lower Mississippi: \$53.7 million; Upper Mississippi: \$52.5 million; Ohio River and Tribs: \$34.0 million; and Tennessee River: \$7.8 million. These estimates provide the only available data that approximates the Board's request.

Mr. Grier next addressed another request from the last meeting by Vice-Chairman Les Sutton, for estimates of values for commodities shipped on the inland waterways. In particular, the Board is concerned that present data collection techniques focus on ton and ton-miles without regard to the value of the cargo shipped, its dependence on water transportation, or its economic impacts. He presented a table of estimates of values for inland and intracoastal waterway cargoes by state of origin for 1999, developed by TVA, based on surveys of individual movements that are then aggregated for commodity groups. These estimates indicate that over \$112 Billion in cargo was shipped by waterway from 29 states in 1999. This includes about 100 million tons of "coastwise" commerce moving on open water that also traversed an inland or intracoastal waterway. The highest value cargo was petroleum fuels, at \$55 billion, followed by "all other" (which includes manufactured products) at \$17 billion and chemicals at \$15 billion. The challenge in using cargo values as a parameter for waterway use is that there will be pronounced swings depending on market conditions from one year to the next. Attempts are being made by TVA and the Corps to improve estimates for commodity values at a more discrete level of analysis, including separation of "internal" and "coastwise" commerce.

Mr. Len Henry provided a status of FY 2002 and 2003 funding for inland navigation projects and studies. He indicated that we are currently executing work at a phenomenal rate but, because there are always unknown delays, are unlikely to run out of construction-general money this year.

Mr. Greg Ruff presented a status of the Upper Mississippi and Illinois Rivers Navigation Study. An interim report is scheduled for completion by next week. Theme of the study is one of collaboration rather than coordination. We are now using a range of plausible scenarios to bracket the most likely future. An NED analysis will be developed using all five scenarios, after which we will then look at the optimum alternatives across all of the scenarios. The interim report will not have recommendations, because investigations are not complete, but will be a blueprint for the feasibility report. The report is scheduled to be sent to Congress in July to give both the Congress and the Administration an opportunity to comment. The remainder of the study schedule is expected to meet requirements for inclusion in a WRDA 2004 (Summer of 2004). Mr. Nick Marathon, Alternate Federal Observer for the U.S. Department of Agriculture, made a statement in support of moving forward with improvements. Member Larry Daily indicated that he wants to make sure that the Corps has the funding to proceed. Vice Chair Les Sutton remarked that the House mark-up has wording for PED authority.

Mr. Paul Holcombe presented a status of Major Rehabilitation Projects in the Rock Island District.

Mr. Brian Kleber provided the status of the Lock and Dam No. 27 Major Rehabilitation Project. This site is the lowest lock on the system. All traffic entering and leaving the Upper Mississippi River must pass through this lock (80 million tons per year; \$12 Billion per year). The facility is forty nine years old and all of the machinery is original. Rehabilitation will cost almost \$39 Million over a 6 year period and will entail a 60 day (or two 30 day) closure. The report was completed on 19 March 2002 and approval is required by 1 August to be eligible for inclusion in the President's FY 2004 budget.

*AT THIS POINT POWER WAS RESTORED AND THE MEETING  
CONTINUED WITHOUT PAUSE.*

Ms. Beth Cottone presented the status of the Inner Harbor Navigation Canal, which currently has a benefit-cost-ratio of 2.2. **The project is currently facing a budget shortfall. An additional \$11 million is needed to complete real estate acquisitions. At least \$30 million is needed in the '03 budget, but only \$9 million was included in the Administration's budget request.**

Mr. Don Wadleigh presented the status of the Chicago Lock major rehabilitation project. This lock is not a part of the fuel taxed inland waterway. The Chicago Lock is one of the busiest locks and has been in service since 1938. It is designed to let Great Lakes traffic into the port of Chicago. The facility is located in Lake Michigan and is subject to wave action. They were ready to begin construction in FY 2002, however there were no new starts and none are presented in the FY 2003 budget request.

Mr. Wadleigh also presented a status of the Great Lakes Navigation Study. The Detroit District is the lead, with both Chicago and Buffalo Districts involved. The reconnaissance report is currently at Corps Headquarters. They believe that there is a need to enlarge both the St. Lawrence Seaway and Welland Canal so that they may accommodate Panamax sized vessels. The report also considers the potential for a container port in Chicago that could place that traffic on the Illinois River. MG Griffin indicated that this Study could become the strategic plan for the Great Lakes.

**PUBLIC COMMENTS:** Mr. Christopher Brescia, Executive Director, MARC 2000, made a statement. Wants the IWUB to start thinking strategically about what funding mechanisms could be developed to fund environmental work on the system. Need a national water policy to establish national consensus. Worried that process is so long that the Corps will have to redo the study before it goes to construction.

There were no additional public speakers.

**CLOSING COMMENTS:** The Chairman noted that the Board, in an effort to become more timely and effective within the political process, had submitted the Annual Report in the first half of May rather than the September – October timeframe. That experience has made the clear that the optimum time to make the Annual Report available is by no

later than March 15<sup>th</sup>. To meet this deadline, the Chairman intends to assign the prioritization committee at the Fall meeting to enable them to begin work during the Winter months. He then intends to convene a half-day meeting before mid February of the next year for the purpose of voting on priorities. Following this, the Annual Report could be ready for distribution by mid-March.

The Chairman announced that the next meeting will be in Houston, TX, during early November.

The Executive Director again thanked the Rock Island District for their great work.

**ADJOURNMENT:** With a Motion from Member Daily, a Second from Member Knoy, and unanimous consent of the remaining Members, the Chairman adjourned the meeting at 11:00 a.m.

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In conjunction with Board Meeting No. 42, a briefing on the Illinois Waterway's O'Brien and Lockport Locks and Dams, with a river oriented tour, was provided for Board Members and invited guests by the Rock Island and District on July 18th, 2002.

Mr. Norman T. Edwards  
Designated Federal Official

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Mr. Daniel P. Mecklenborg  
Chair

ENCLOSURE