Minutes
INLAND WATERWAYS USERS BOARD MEETING NO. 53
RENAISSANCE PITTSBURGH HOTEL
PITTSBURGH, PA
NOVEMBER 17, 2006

The following proceedings are of the Inland Waterways Users Board Meeting held on the 17th Day of November, 2006 at the Renaissance Pittsburgh Hotel, Pittsburgh, PA, Mr. Gerald Brown presiding. Inland Waterways Users Board (Board) members present:

Mr. Gerald Brown, Cargill Marine and Terminal, Inc.

Mr. Jerry Grossnickle, Bernert Barge Lines

Mr. Charles A. Haun, Parker Towing Company, Inc.

Mr. Gerald Jenkins, Ursa Farmers Cooperative

Mr. Mark Knoy, Memco Barge Line

Mr. W. Scott Noble, Ingram Barge Company

Mr. Deane Orr, Console Energy

Mr. Looman Stingo, Holcim (US), Inc.

Mr. W. Norbert Whitlock, American Commercial Barge Line

Mr. Royce Wilken, American River Transportation Company

Also present were the official Federal Observers, designated by their respective agencies as representatives:

Mr. John P. Woodley, Jr., Assistant Secretary of the Army (Civil Works)

Mr. Nicholas Marathon, U.S. Department of Agriculture

Mr. Patrick Carlton, U.S. Department of Transportation, Maritime Administration

Official representatives of the Federal Government for conduct of the meeting and Administrative support of the Inland Waterways Users Board were the U.S. Army Corps of Engineers officials as follows:

Major General Don T. Riley, Executive Director, Inland Waterways Users Board, and Director of Civil Works, U.S. Army Corps of Engineers.

Mr. Mark Pointon, Executive Secretary, Inland Waterways Users Board, Headquarters, U.S. Army Corps of Engineers

Ms. Anne Sudar, Executive Assistant, Inland Waterways Users Board, Institute for Water Resources, U.S. Army Corps of Engineers

Staff support provided by the U.S. Army Corps of Engineers was as follows:

Mr. David V. Grier, Institute for Water Resources, U.S. Army Corps of Engineers
Mr. Leonard Henry, Headquarters, U.S. Army Corps of Engineers

Program speakers in order of appearance were as follows:

Mr. David V. Grier, Institute for Water Resources, U.S. Army Corps of Engineers
Mr. Leonard Henry, Headquarters, U.S. Army Corps of Engineers
Mr. Gary Loss, U.S. Army Corps of Engineers
BG Berwick, U.S. Army Corps of Engineers
Mr. Curt Meeder, U.S. Army Corps of Engineers
Ms. Jeanine Hoey, U.S. Army Corps of Engineers

A list of meeting participants and a list of current Board Members, Federal Observers, and U.S. Army Corps of Engineers support staff are included as Appendices A and B, respectively. See Appendices C through E for materials from presentations at the meeting.

MR. POINTON: Good morning, everybody. I would like to welcome you to the Inland Waterways Users Board here in Pittsburgh. I know most of you were on the tour with us yesterday. I hope you all enjoyed that informative trip that we took.

My name is Mark Pointon. I am the Executive Secretary of this Board. Before we start the meeting, I am obligated to read for the record: The Users Board was created pursuant to Section 302 of the Water Resources Development Act of 1986, WRDA86. It provides the Secretary of the Army and the Congress with recommendations, funding levels and priorities for inland navigation projects.

The Board is subject to the rules and regulations of the Federal Advisory Committee Act. The U.S. Army Corps of Engineers is the sponsor of the Board and provides for the executive director, the executive secretary and support for the Board.

This is a Sunshine meeting, and as such, it's open to the public. The proceedings are being recorded and the transcript of this meeting will be available shortly after the meeting. Mr. Chairman, you have the floor.

MR. BROWN: I will immediately turn it to General Riley.

GENERAL RILEY: Good morning. I'm General Riley, Director of Civil Works for the Corps but also Executive Director of the Inland Waterways Users Board and want to welcome certainly all of the Board members and any other participants here this morning.

We were notified this morning that this is the 20th anniversary of the founding of the Board and this WRDA 1986, November 17, twenty years ago. Chairman Gerald Brown, I think we may have arranged that perfectly for you. It's his farewell meeting in his chairmanship. I do want to thank Chairman Brown for all of his service, not just for the Board, for the nation in many, many other ways and things that you've done over the years. You've made a difference and we really do appreciate that.

Also, I would like to thank Mr. Looman Stingo and Mr. Mark Knoy for their service. This is their last board meeting in their tour on this Board and we really appreciate the work that they've done, their insights and all the pushing and prodding they've given the Corps over the years to make some very significant changes and very, very helpful. That will carry us a long way. So thank you for your service.

Also, I would like to welcome our Federal Observers. Mr. Nick Marathon from the Department of Agriculture. Nick, it's great to have you.

MR. MARATHON: Thank you, General.

GENERAL RILEY: And also Patrick Carlton from the Maritime Administration.

MR. CARLTON: Thank you, General.

GENERAL RILEY: And, of course, the Secretary, Honorable John Paul Woodley, our Assistant Secretary of the Army for Civil Works. I would like to ask the Federal Observers if you would like to make any comments. Nick, would you like to?

MR. MARATHON: My name is Nick Marathon. As a representative of the Agricultural Marketing Service, I would like to say that U.S.D.A. appreciates the importance of the inland waterways to agriculture. The waterways are especially important this year as the nation's soybean crop is on track to be the biggest ever. And the corn crop is expected to be the third biggest. With barge transportation expected to handle about half of all grain and oil seed exports, we look forward to the inland waterways helping U.S. agriculture. We appreciate the work of this Board and look toward assisting this group in any way possible. We also continue our activities with the committee on marine transportation system and look forward to the ongoing activities associated with that group. Thank you, General.

GENERAL RILEY: Thank you, Nick. Patrick?

MR. CARLTON: Thank you, general. I'm here today on behalf of Maggie Blum, our Associate Administrator for Ports and Inland Marine Activities. I'm here as an observer, as you all know. I will pay attention and take back the message to Maggie on what transpires here today. And thank you for allowing me to be a part of it.

MR. RILEY: Secretary Woodley?

MR. WOODLEY: Thank you, General Riley. And I want to take the opportunity to congratulate the Board on the 20th anniversary of the WRDA of 1986 that established this Board and established the framework for funding important resources of inland waterways infrastructure. Since that time, the Board has played a very, very important role as advisor to the Secretary of the Army and the Congress on inland waterways priorities and needs. And I anticipate that that role will do nothing but increase and expand in its significance during the next 20 years of work on the nation's waterways.

So, we are about to enter into an extremely interesting time with new leadership in our congressional committees that brings fresh perspectives to their roles. And so never before, I think, has Congress been more in need of the wisdom and deliberations of the Board.

And I know that, speaking on behalf of myself and the Secretary, that we are always grateful to you for insights that you bring and for the wisdom that emanates from the deliberations of this body. So it's great to be with you once again. I make every effort to attend your meetings wherever they are, partly because you have them in such delightful venues, but mainly because every time I come, I learn so much about the business of the Corps of Engineers and the inland waterways. And for that, I'm especially grateful to you and also want to join with General Riley in expressing our appreciation to members who are rotating off the Board.

I assure you I fully expect we will keep in touch. As some members can say, it's hard to say that I was ever permanently removed from service on the Inland Waterways Users Board. Because many, many of us have served and then stand aside for a few terms or a few years, sometimes a very few years, and then get called on once again to join these deliberations. So thank you very much for your service.

GENERAL RILEY: Let me thank the Pittsburgh District for the great tour we had yesterday. Montgomery and Emsworth and along the river. It was excellent. We saw some fascinating work ongoing. Some as a result of accidents, unfortunately, but work that's very, very necessary. And some dramatic examples of the infrastructure that we have and its condition. So thanks for a very well done day.

Also, let me just give you a very brief update on where we are on asset management. We have Dr. Sandra Knight. Dr. Knight is one of my personal heroes. She took this on for the Corps and came up to Washington to help us get this off the ground. Our ratings for OMB were in the red. She's got that moved up now. OMB grades us on how well we manage our assets. We've got several billion dollars worth of assets. That does not include the land with eleven million acres, about the size of Vermont and New Hampshire that we manage as well.

We need to get our complete inventories. The Districts have their inventories, but we don't have a good Corps-wide system in place. And we need to know the true condition of all those assets and then be able to look at where we should invest our money and where we should divest any assets. That's a major objective of OMB. Not only to prioritize where the resources should be going, but identify any low-use facilities that we should not hold onto any longer.

There are three major goals of the asset management initiative. It's got to do with the right size inventory, the right performance and right investments. When I talk about the right size inventory, again, it goes back to the idea of where you invest and where you divest. Looking at mission critical assets, one of the most critical activities and assets we need to really accomplish our mission.

Secondly, the right size performance. What we want here is to across the Corps have the common standards of reliability to establish that standard very clearly and get everybody up to that standard of reliability.

And thirdly, the right investments. And that's informing our investments on risk-based decisions. Like we saw yesterday and we talked a little bit about risk, measuring risk and the common definition of risk across the Corps. We've done that very, very well when it comes to large dam structures. We have risk assessment. We've looked across the portfolios, the portfolio risk assessment. We haven't completed the inventory of all of them, but we've completed at least the top 20 percent, the worst ones, in the worst condition, and we have ranked those in order across the portfolio where the funds should be going to repair those. It's a very successful program.

Just on the status of where we are, we're identifying the condition assessment methodology gaps. We're taking a look at our system, where the gaps are. We're improving the quality of asset inventory. We're establishing a software program that we're fielding across the Corps and we're populating the fields in that.

Right now, there are different requirements. I think OMB requires about 29 or so different fields to be populated for each asset. The Department of Defense has about 200 for each asset. So we have some work to do to satisfy those requirements.

Standard maintenance management tool across the Corps. Right now, previous to this, we've had each district doing their management. So we'll standardize that across the Corps, with an integrated framework for managing all of the Corps' assets that we're putting into place. That initiative and asset management, you will see will bring a great deal of improvement to the Corps management, as well as knowledge and visibility of the assets that we have, and the standards and their reliability and status of the maintenance that we have across the board.

So as a result of our tour yesterday, you got an idea of some of the aging infrastructure, but we have it around the Corps and it's in a bad state. Those that were built in the early 1900s are all at that state or they need some work. So we do have difficult choices to be made. We'll hear this morning about the trust fund status and what kind of resources we have remaining in that.

And so we'll have some work to do and we certainly need your advice. We have a very, very strong case for investing in navigation and we need your input, how we can go about doing that better. I appreciate the Board and all that you do and thanks for your many efforts. Again, thanks to the Pittsburgh District and Lakes and Rivers Division for hosting us yesterday. Chairman Brown?

MR. BROWN: Good morning. I'm Gerry Brown. I'm Chairman of the Inland Waterways Users Board for about three more hours. A couple of things. First off, I too want to acknowledge the Pittsburgh District for the outstanding way they put this all together for us. Especially, Karen Auer. I know she did 90 percent of the organizing and leg work. Also a very nice reception last evening aboard the tour boat. I want to thank Jim McCarville for putting that together for us. So my thanks for that.

I have a few housekeeping things and then we'll move right along. First off, if anyone wants, we have a public comment period at the end of this thing. Anyone who wishes to speak, would you advise Mark to my left here your desire to do so, so we can plan if we need to. So we can plan the time accordingly. If you could do that some time during the morning, I would be grateful.

The other thing, for the stenographer's sake, we need members here at the table, when you do have a question or something, would you introduce yourself so she can properly identify you for the meeting minutes.

And then finally, I also too want to thank our Federal Observers for joining us. It's always good to see you. I want to thank you Secretary Woodley for joining us. He's been awfully good about that and I thank you for that, sir. I think his comments and presence are always welcome. Final housekeeping thing, I do ask that if you've got a cell phone, either turn it off or make it buzz. We would like to avoid the ringing, if we can.

And yes, I also want to thank Peter for sponsoring both the cruise yesterday and the dinner last evening. Thank you very much. And I guess that's it. As I just said, my term is just about up and if I have to leave a legacy, it will be a heavy gavel. So let's get on with it. With that, I guess we go to the approval of the Minutes of the Board meeting No. 52 in Paducah. Do I hear a motion to approve? Who here has a motion to approve?

MR. STINGO: So moved.

MR. ORR: Second.

MR. BROWN: That was Looman Stingo and Deane Orr over there, the motion and second. And with that, we're going to get right onto the status of the Inland Waterways Trust Fund with David Grier.

MR. GRIER: Thank you, Mr. Chairman. My name is David Grier with the Corps' Institute for Water Resources. The Inland Waterways Trust Fund status report should be in tab 3 of your notebooks. I have some extra copies here if anyone doesn't have a copy and needs one. The status report is as of the end of September and so it's the full fiscal year of '06. The treasury statement indicates that we began the year fiscal year '06 with $334.7 million in the trust fund. And revenues are reported at $80.8 million. This is down from $91.3 million in '05. So a $10.5 million decline or 11.5 percent. Interest earnings were $9.4 million for total receipts of $90.2 million.

Transfers to the Corps were $175.1 million, which I would note is the highest level on record for transfers to the Corps to support ongoing inland waterway construction. That leaves an end balance of $249.8 million. And that's a decline of 25 percent from end balance in '05. As I noted, the transfers to the Corps of $175.1 million are the highest on record. The end balance $249.8 million is the lowest ending balance for the trust fund since 1995.

The revenues of $80.8 million are the lowest since 1993 when the tax rate was still 17 cents per gallon. I don't really know why revenues declined so significantly. Just to speculate, some possible reasons might include that higher fuel prices were an incentive for very efficient operations on the systems. Mergers and reduced barge fleet size also promoted efficiency on the inland waterways. There also appears to be a higher percentage of back hauls, so there's fewer empty moves happening so more tons are being moved per gallon of fuel. And the long haul movements of grain, which are a traditional source of high inland waterways trust fund revenues, continue to remain weak.

Overall commerce appears to be down about 4.6 percent, based on estimates from our waterway commerce statistics center. There are some graphs as part of the trust fund status report that indicate what traffic has been doing for total traffic and for major commodity groups. And you can see in those graphs petroleum in particular has been down and farm and food products continue

to be at reduced level from averages of prior years. Any questions on the status report before I move to Inland Waterway Trust Fund analysis?

Okay. I'll move ahead then. My apologies, the trust fund analysis in your notebook has been superseded. I have put a new copy in front of each of you. You should find them on the table. I made some corrections to the analysis from what's in your notebooks. Mainly, updating some project costs, just to make sure everything was consistent and correct. So, again, my apologies for superseding the one in your notebooks with this new copy.

I would call your attention to tables 1(a) and 1 (b). The first scenario analyzed in the analysis is to look at the impacts of our baseline funding modified to reflect what's in the House report and the funding levels proposed for '07 in the House report. And that would continue funding at several projects that are omitted from the President's budget request for '07, but have been included in both the House and Senate reports. These include Kentucky, Inner Harbor and JT Myers. Was everyone able to find a copy of this?

Table 1 (a) indicates which projects would be funded. The assumption is that those three projects would not be funded after '07, based on the President's budget request. Following that scenario, table 1 (b) shows you the cash flow impacts of that baseline funding with those three projects included for '07, but not thereafter. Under that assumption, in 2007, transfers for ongoing construction, you can see the estimated outlays there in table 1(b) would be $207.4 million, which would be the highest level on record. This impacts the trust fund balance bringing it down to just over $100 million in 09 before it begins to grow again.

MR. KNOY: Mark Knoy. I got a question on this example. Two questions. One on the recent ruling on the injunction on Inner Harbor. We're still showing for '07 the $75 million?

MR. GRIER: Those are total trust fund draws to date, including FY '07, based on the House report.

MR. KNOY: How many dollars would be in here for '07 for Inner Harbor?

MR. GRIER: It should be in Mr. Henry's -- '07 from the House would be $18 million.

MR. KNOY: Secondly, because this just goes on throughout all of these examples, what basis will the revenues rebound, you know, 18 percent between '06 and '07 and then the future growth even beyond '07, whether this is a one-time reduction or -- What makes you think we are going to come back up to those levels?

MR. GRIER: The assumption for '07 and beyond is based on historical ones. The revenue assumption is that 2006 was an anomaly. I don't know if that's a valid assumption. It would certainly be reasonable to run some scenarios for you with a reduced assumption for the revenues in the future. The $94 million is based on what we showed in the President's budget request, as the out year expectations for the trust fund. It was just being consistent with the President's budget request. Certainly, for the next Board meeting I could rerun all the scenarios with an assumption for reduced revenues in the future as well as the current year.

MR. KNOY: Just over the last three years, it's running about $90 million. And because we're so tight on balances here, I just wondered if we shouldn't do that.

MR. GRIER: Understood. I'll make a note of that and for the next Board meeting, I'll have reduced revenue assumptions for '07 and beyond. Tables 2 (a) and 2 (b) are just the same baseline scenario. Again, this time just reflecting what the Senate report shows as outlays for '07, and beyond that, consistent with the President's budget request. And 2 (a) shows you what's in that list of projects. Two (b) shows you the cash flow assumptions that result from that. And the '07 transfers would be $186.1 million, which was down a little bit from what would happen under the House version. So we'll have to see what comes out of the committee on that. The impact of that is the balance would come down to $119.2 in '09 and then begin to recover.

Three(a) and 3 (b) show what's in the overall capability program and looking out into the future of potential projects being added to the list. And this would be if we tried to build everything at a capability rate. Three (b) shows you the trust fund impacts of that. By 2008, we would go into a deficit situation and that deficit would exceed $1 billion by 2017.

Three (c) and 3 (d) modify that capability program so that projects are only started at a rate consistent with funds being available in the trust fund. And you can see projects like the proposed additional chambers on the Upper Mississippi could be started about the 2015 time frame, and other projects could follow thereafter through 2020. And then projects on the Ohio Mainstem Study could be started in 2025 and proceed thereafter.

Table 3 (d) shows you the cash flow impacts of that scenario and the trust fund would come down to minimum level of $2.3 million in 2011 and also less than $1 million in 2016. And again, these are based on the revenue assumptions that we just discussed, so this could be further impacted by a reduction in the revenue assumptions for the next analysis.

The other table I want to call to your attention to is table 4, which is an attempt to look at the ongoing projects if they are held to average funding levels of the most recent three years, including what's proposed for FY '07. If that were to be the case, in particular, that implies reduced funding levels far below capability at Lower Mon, which would only average $33.5 million from this period. Kentucky at $22.2 million, Inner Harbor at $15.7 million. If those funding levels were to continue in the future, Lower Mon would not be completed until 2018, Kentucky would not be completed until 2027, and Inner Harbor would not be completed until 2038.

Again, I would note that that's just based on the most recent three years of average funding for those projects and is probably unrealistic in terms of being able to award contracts at those funding levels. This is for illustrative purposes, for the Board's information. Any questions on the rest of the trust fund analysis?

MR. NOBLE: Scott Noble. On table 3 (c), as you spread these out as they can be funded, what is the basis for the selection for when they come online? Does that have to do with cost benefit analysis?

MR. GRIER: I simply attempted to look at the sequencing that's in the capability program provided by headquarters, and then for projects that aren't in there yet. Just based on what they are showing in the study, such as the Ohio Mainstem study of what is possibly in the queue and then when they feasibly can be started. So there's no intent of prioritization here. It's mostly when the funding becomes available, and based on proposed schedules emerging from the studies that are ongoing.

MR. ORR: This is Dean Orr. I have a real concern about the drop in revenue to $80 million. That doesn't make any sense to me. We're in a tremendous market. Anybody that owns a boat, it's

running. Mergers and back hauls and all that aside, there's always been a lot of back hauls and mergers. That's the nature of the business. That's too big a number to let it slip. We need to find some way to validate that or not. One way or the other, we got to go back and do more analysis on that to make sure that -- There's something wrong there. It's not an anomaly. There's something that's not right.

MR. GRIER: I agree, sir. And I will try to do some further research on possible reasons for that. The Corps is not in the loop in terms of the revenue collection process. It's done by Treasury and reported by Treasury. We can pursue some contacts there to have them try and investigate it, I guess. Or come up with some --

MR. ORR: Whatever it's going to take. That's, in my opinion, that's a very, very questionable number.

MR. GRIER: Okay, sir, we'll see what we can do to research that further. Any other questions?

(No response.)

MR. GRIER: Thank you.

MR. BROWN: Thanks, David. Len Henry, you are up.

MR. HENRY: Thank you, Mr. Chairman. Good morning, Board members. The first thing we're going to discuss here is the table you all have in front of you. On the top, you'll see three horizontal bars representing FY '07, FY '08 and FY '09 program, with a fourth line along the bottom showing the fiscal year and the calendar year. About 40 percent of the way across the table you see a vertical row of plus signs, and this row indicates where we are on the timeline in the month of November. And it crosses the FY '07 program in the execution phase indicating we're just beginning to execute the FY '07 program. In the second line, it crosses in defense of the FY '08 program, showing that we're defending the FY '08 program to Congress right now. If you look at the third line, you'll see, we're going to begin to develop the FY '09 program in about two or three months. Does anybody have any questions on this table?

You also have a second table that shows the Corps program. The first page, you have your internal investigation studies. And if you look in the text of the table, you see you have the FY '07 budget, the House markup, the Senate markup. And since we don't have conference yet, there's no conference column. And we have an FY '07 capability column. This FY '07 capability column is different this year than in years past in that it represents the amount that we need for the projects and studies that the amount that we need to obligate the work that we're doing. Specifically, if we have a contract, if there's a contract involved, generally, that contract runs over several years. We are required to fully fund the contract and obligate monies that are going to be spent in FY '08 and '09 and on out. That's how we're presenting capability this year.

Now, for the general investigations phase, most of the expenditure requirements are identical to the obligation requirements. There's not much impact. It's when you get the construction phase that this impact becomes significant. On the first page, the first group is studies potentially leading to inland waterways projects. The second group is the later on PED potentially leading to inland waterway trust fund projects. And the PED potentially leading to non-inland

waterway trust fund projects is on the second page. And there's totals on the bottom summing up the general investigations account work.

Flipping to the third page, you move into construction general. And the first group of projects shown there for construction general are the regular inland waterway trust fund construction projects. And looking at the table, you'll see that we have budgeted some 326 million dollars worth of regular trust fund projects in the President's budget. The House has marked us up to 356 million. The Senate's marked at 319, and we have expressed a capability for 446 million. A lot of that capability is, again, to obligate full-funded contracts for these projects.

The second group of projects is the inland waterway trust fund major rehab projects. The administration proposed these inland waterway major rehab projects. They proposed those for funding in the O & M account. That's why the FY '07 budget column is zero. We're looking at construction general again. The House and Senate didn't agree to this and you see their numbers in the table. The House has put a mark in of 17 million and the Senate has put a mark in of 15 million. And we have a capability code, although it looks like it's wrong, of some 60 million.

If you flip over two pages, you'll see the inland waterways major rehab projects. Under O & M, you'll see that the President's budget amount is displayed under the O & M account where it was proposed. So if you want to look at those projects, you need to flip back and forth between the two pages. Does everybody understand that?

If you flip to page 4 on the top, we have the Inland Waterways Users Board expense. Underneath that we have a non-inland waterway trust fund construction projects displayed. The administration proposed moving Missouri River fish and wildlife to O & M and Columbia River fish mitigation to O & M. That's why, when you've seen these in the past, they're not there today. This is why.

Flipping to page 5, again we have the O & M inland waterways mayor rehab projects. Flipping over to page 6, we have the O & M projects that are on the inland waterways system and fuel tax projects. If you look at the FY '07 budget column, you'll see that I included dollar amounts alongside each of these projects. In the administration's proposal, they group these things into regions and river basins and put in the lump sum amount. But for your benefit, I went in there and put in the numbers that were used that add up to these amounts. We also have a House and a Senate mark. And since they went along with the proposal to group them, and they didn't object, so I just carried the numbers across. You also have the capability column shown on there for these individual items. I guess that concludes it. Does anybody have any questions?

MR. KNOY: Mark Knoy. On page 6, are those projects by division trust fund projects?

MR. HENRY: No, in O & M -- physically located on the inland waterway. The taxed part of the inland waterway system.

MR. KNOY: O & M. Thanks.

MR. WHITLOCK: Norb Whitlock. Question, would you discuss for the Board members here the impact that how you are treating the continuing resolution and as it relates to funding the construction general projects currently?

MR. HENRY: Okay. I think you're talking about the continuing resolution's impact on continuing contracts and its impact on the trust fund projects, which are the big projects in the Corps. Section

108 of the FY '06 Energy and Water Appropriations Act, that section has language in there that says that the Corps cannot modify an existing continuing contract at a different rate than the rate provided in the FY '06 Appropriations Act. That determines the rate. And the CRA is an extension of Section 108. It allows the provisions in 108 to effectively roll over into FY '07. And as a consequence of that, we can't modify the existing continuing contract at a rate different than the rate that's current.

And the CRA itself has redefined a new current rate. A current rate of obligation. And that rate, our lawyers tell us, is equal to 1/365 of the total rate for that project. So when we have a CRA of 48 days, we got 48 divided by 365, times the amount designated for that project for FY '07. And that represents the legal limit of an amount that can be applied towards the continuing contract.

If you have a lump-sum contract, it's a different set of rules. Because Section 108 only pertains to continuing contracts. So, for example, making the case of Olmsted, where all the money is going towards continuing contracts, then all they can use is 48/365ths of the amount proposed in FY '08. Is that clear?

MR. WHITLOCK: Let me back up. It's like 48 over 365 of the amount that is in the budget request for '07 or the amount that is appropriated for '06?

MR. HENRY: '07. That's FY '07.

MR. BROWN: Any other questions of Len?

(No response.)

MR. BROWN: Okay. Thank you, sir.

MR. HENRY: Let me say one more thing in case anybody missed it. The 48 days is through November 17th. We are about to get another CRA. I think it's going to go through December 8. We may have more. So if things are tight now, they are only going to get tighter as we go along.

MR. BROWN: Thank you, sir. Next up is Roger Less to talk about the Lockport Pool rehabilitation.

MR. LESS: Good morning. I am Roger Less, Chief of the Design Branch in Rock Island District. First off, I would like to thank the Users Board for inviting Rock Island district to your meeting again to present on the Lockport Pool project. And also a thank you to the Pittsburgh District and everybody for the excellent tour that was put on yesterday. I thoroughly enjoyed that.

As many of you may remember, Lockport Pool Chicago Sanitary and Ship Canal was presented by Gary Loss of the Rock Island district at your July meeting this past summer in Paducah, Kentucky. I don't have the luxury of having been at that meeting and knowing who all was in attendance at that meeting. So I'm kind of taking a middle-of-the-river approach here and hit on some of the highlights without being too redundant of what Gary presented, and then present some information I think will be of interest to the Board that Gary did not present this summer.

We are a little bit ahead of time, so if there are any questions, maybe we can back up if you need more detail once I breeze through the particular slides that I have here. I love aerial photography. This is a Google image taken from about 30 miles up. I remember when I was

younger, one of the NASA astronauts commented that one of the few man-made features that they could see from outer space was the Great Wall of China.

This here is a look at the Chicago Metropolitan area. What shows up here from up in space, we can clearly see the man-made feature of the Chicago Ship and Sanitary Canal heading from downtown Chicago heading out towards the Illinois River, across the countryside of the suburbs of Chicago. What I can't see on there is one of the world's tallest building the Sears Tower in downtown Chicago. So we do have a man-made feature here that we're talking about that shows up very well.

Zeroing in at a little lower altitude, looking at the downtown area, you'll see the north branch and the south branch of the Chicago River. You may ask, why the Chicago Sanitary and Ship Canal? In 1885, there was an outbreak of water borne disease in the Chicago area. At that time and still to this day, the city of Chicago and surrounding areas draw their water supply from Lake Michigan.

In 1885, their contaminated, untreated sewage also flowed down the Chicago River north branch, south branch and out into Lake Michigan. Not a very good mix there. We got contaminated sewer going into the same place they are drawing out the fresh drinking water supply. They had an outbreak. They decided they needed to do something about that. So the Metropolitan Water Reclamation district of greater Chicago was formed. The primary purpose was diverting the contaminated effluent flows out of Lake Michigan watershed.

Just a quick look here to get kind of set a map for everyone here. We're looking there at the Illinois Waterway that connects into the upper Mississippi River at Grafton, Illinois, and heads up toward Lake Michigan. From an authorization standpoint, the Illinois Waterway runs up to downstream of the Lockport lock. Above that is the ship canal and then also the Cal-Sag Channel that goes around southern Chicago through the O'Brian lock into Lake Michigan also.

You'll see on the lower right hand of that slide is a line chart showing historical tonnage through the Lockport lock. You'll see in the last decade or so to the right hand of that chart that the historical tonnage on an annual basis has leveled off between 17 and 18 million tons per year. Looking in just a little bit closer then at that Chicago-Metro area of the ship canal, as we diverted flows from Lake Michigan to the watershed of the Des Plaines River that flows into the Illinois River, is primarily a cut canal, cutting through the high parts of the watershed that connects the divide between the two.

It runs for about 30 miles through the suburbs of Chicago. It's when it enters the Des Plaines River valley in this lower reach right here that we're calling the Lockport pool, about three miles, it becomes a perched canal. That may be a term that's unfamiliar to most in the room here. But a perched canal is a canal where the water levels in the canal are higher than the adjacent developed properties to the right and left of the canal.

Just a quick sketch here to give you an idea of what that looks like. On the right is an aerial view looking upstream on the lower three miles of the ship canal and then to the left is just a quick sketch that shows that the pool levels within that canal embankment, actually 40 foot is referenced there, but they run 38 feet higher than the adjacent Des Plaines River.

And then on the Lockport side, we have the Deep Run Creek that runs through there and then you're into the city of Lockport, just off to the right then. That is what we are referring to as a perched canal. It's not unusual for the people that live in Lockport and Joliet to see ships going by and looking up at them.

General Riley made mention of the screening for portfolio risk analysis, SPRA, in his opening comments. I'm a big fan of this effort that's came out of headquarters in the last two years.

It has a dam safety focus to it. What the SPRA analysis does, it puts out some national teams that put together a common set of criteria to do a national ranking on our dam safety problems that the Corps of Engineers has. Dams are both flood control and navigation dams that they are looking at, and it gives us an idea from the priority standpoint where best the nation can buy down our risk on dam safety problems with limited resources.

In July of 2005, the national cadre for SPRA came out to Rock Island district and dug into our information on the Lockport Pool project. It is a dam safety concern out there. We showed the 38 foot head that's adjacent to the cities of Lockport and then down into the city of Joliet, Illinois.

What that national team found here was that for all five load cases they are required to look at, are right descending approach dike -- we'll take a closer look at that -- was found to be inadequate. Also, the left descending bank concrete canal wall was found to be inadequate for all five load cases.

At that time in 2005, it was the highest ranking Army Corps of Engineers navigation dam for risk. The subsequent 2006 analysis found two more higher ranking dams that have some significant economic consequences associated with them that has bumped Lockport down to number three on a Nationwide basis at this point.

There is a high economic loss associated with it if we were to lose pool on the Lockport Pool project. And then also from the dam safety standpoint, there is some loss of life potential out there.

I won't spend too much time on the slide. The approach dike, the right descending bank extends for approximately just a short mile upstream from the terminus end of the dam at the powerhouse. There was a 1924 pool raise of about five to six feet that was undertaken by the metropolitan water reclamation district of Chicago. A lot of the six foot pool raise that was done at that time is causing our problems that we have had essentially ever since with that.

We have excessive pitting and seepage through that embankment. And to the lower right you'll see one of the sink holes that formed in recent years that we have to go in and fill and patch on a periodic basis.

Jumping over to the opposite side looking at the actual working wall or vertical concrete guide wall that runs all the way up into downtown Chicago. That lower three miles where we have that perched canal condition, 399 monoliths there. Sixty of them have barge check posts in it. That site also acts as a high head dam protecting the city of Lockport from the canal levels. We do have a serious concern on the structural stability and integrity of that wall. We'll take a closer look at that also.

As a part of dam activity safety analyses that we've done on the Lockport pool, it's preparing an emergency action plan. And part of emergency action plans is to prepare a dam breach analysis and map downstream inundation areas. What we're looking at here is downstream of the Lockport Pool in the next navigation pool formed by the Brandon Road lock and dam in Joliet, Illinois.

You'll see the pool is here to the left of what we're calling the Joliet flood wall. If we were to have a catastrophic breach upstream at Lockport on that pool, the area that's to the right of that flood wall could potentially be compromised and inundated by flows. That does represent downtown Joliet, Illinois, and there's a population of several thousand people that live in that inundation area.

Just a quick summary of some of the catastrophic failure consequences out there. If we were to have a catastrophic type event occur from the failure of either the canal wall or the approach dike, we would have loss of pool clear into downtown Chicago. Those of you that are

familiar with the Chicago River in downtown Chicago, that would probably turn into a mud flats through downtown Chicago if we were to lose pool down here at Lockport. We could potentially have some canal wall failures throughout the ship canal and the Cal-Sag. A lot of these embankments are in a deteriorated condition and the water pressure that's within the canal is holding them up. And if we were to have a sudden draw down throughout that whole canal, we could have some sloughing and failing of those walls. In those reaches, the canal's not perched. So we don't have any type of catastrophic failure there, other than just a localized failure of the walls.

We would have some, perhaps, damage to commercial and recreational vessels that were located in those upstream pools. We could have, perhaps, some bulk commodity spillage into the canal waters. At the very least, some of the cargo that was contained on barges and vessels in the ship canal could be stranded on the bottom of the river for a while until we got pool waters restored.

We would have a loss of dissipation of effluent flows into the ship canal. We could have potential loss of navigation of up to four months or longer. Loss of hydropower production for the same corresponding period.

And then from the dam safety standpoint, the last two bullets there, potential loss of life in the downstream and adjacent areas in Lockport and Joliet and also perhaps a potential for any people that are on vessels located in those navigation pools if we were to have a sudden drop in pool.

Just a quick history on the ship canal. Turn of the century -- have to rephrase that a little but. Turn of the nineteenth century, so about 105 years ago, construction. It's amazing what they accomplished with the equipment and tools that they had at that time.

We mentioned earlier the 1924 pool raise. It's given us kind of a conglomeration of design out there. And the walls and the embankment were raised to a higher elevation. We'll take a closer look at what problems that has led to us here as far as what we need to look at fixing out there.

A quick authorization history. Rivers and Harbors Act of 1930 authorized the Department of Army through the Army Corps of Engineers to assume responsibility for completing the uncompleted project that the state of Illinois had started consisting of the Illinois waterway. Then authorized the government to take over the operation and maintenance of that waterway. Later in 1982 and 1983, during that whole 50 years from the 1930s up to the '80s, the upstream portion, the ship canal part, was always very vague who had responsibilities for that. Was it the federal government or was it the Metropolitan Water Reclamation District of Chicago?

What these two public laws did was basically better clarify that the federal government, through the Corps of Engineers, had navigation responsibility on the ship canal and the second public law dealt with the controlling structures and locks at the Chicago River and to Lake Michigan. Those two public laws were put into a memorandum of agreement between the Department of Army, MWRD, to kind of hammer out exactly what the responsibilities were.

On the lower five bullets there, basically said what the Department of Army agreed to maintain down in the Lockport pool region that we're talking about this morning. It was the controlling works, it was the Lockport locks, it was the approach embankment, it was the water retaining features of the powerhouse and the concrete canal guide wall. Basically, if it's anything that held back water, the Army Corps of Engineers had the responsibility. If it was anything that dealt with hydropower or flood control or moved some type of gates, it was MWRD's responsibility.

Just a listing of some of the rehab and repair projects that have taken place since 1980. Probably a thing to note there, 1980, the responsibility for operation and maintenance transferred

from the Chicago district to the Rock Island District of Army Corps of Engineers. We've had a variety of rehabs on the Lockport lock itself there. No work is proposed at this point in time on the Lockport lock as part of the Lockport pool project. Since Rock Island District took over the project in 1980, we've been fighting a variety of these sink holes and sloughing on the approach dike. And after about five or six years of chronic sink hole problems, we knew we had a long-term reliability problem out there. During the 1990s, we sought dam safety funding to do a long-term corrective fix on the approach dike. Never did get the funding to do that. Basically, we got funding to do band-aid repairs always.

In approximately 2000, headquarters directed the district to prepare a major rehab evaluation report under the Corps' major rehab program. That RER on the Lockport pool was submitted by the district in March of 2004 and approved by headquarters in November 2004. It addressed five features on that lower Lockport Pool. The bottom bullet of the slide there, the first three under construction general trust fund. This is based on that we're still in the CG arena for funding. I understand that may or may not switch over to, as Mr. Henry talked about, to O & M funding for part of the major rehab funding. So it's kind of where the money comes from here. For what we're presenting here, it will still be in the CG program.

The RER recommended CG trust fund cost sharing for work to be done on the controlling works, the concrete canal wall and the approach dike, and then regular O & M funding non-cost shared for some maintenance work on the powerhouse and embankment clearing.

There's kind of a highlighting the features that we're looking at. We're going to take a quick look at the approach dike. We're going to take a look at the canal wall and then we're going to take a look at the controlling works, which is up around the bend. On that approach dike embankment, kind of a quick listing of a lot of the sink holes that we've been dealing with since 1990.

Take a closer look. The core wall is at this elevation and you'll see permit pool levels are higher than that now. That is part of the 1924 pool raise that put permanent pool above the design elevations that's internal to that approach dike. We have seepage over the top of that core wall. We have seepage through cracks in that core wall and we have seepage underneath through the fractured bedrock. It's a very pervious leaking dike. We do continuous monitoring through seepage wears out there to make sure that our seepage is not getting out of hand.

Our proposed fix, as identified in 2004 RER, is a concrete cut off wall that would be installed under slurry trench technology. Estimated cost on that is 24 million dollars -- 23.6 million.

What's happened since Gary Loss presented this to the Users Board in July, we have completed an August 2006 value engineering study that was done by the National Corps Center of Expertise For Value Engineering. And they pulled in some nationwide experts from a structural geologic and geotechnical standpoint to look at our project here. That team concurred with the findings in the RER, it concurred with the SPRA findings from dam safety that some type of dike improvement must be done out there to restore some reliability.

They did identify a new emerging technology that's coming over from Europe. We are meeting with that contractor in December to see that its applications here substantially cuts down the amount of material handling that we would have to do versus conventional slurry track construction. And there's a potential cost savings of about 20 percent that we may realize. We're still looking at that. We can't say it's for sure yet, but it looks very promising for us.

Jumping over to the left bank, the concrete canal wall, the lower 22 feet of that wall is made of a lime cement. It's not our conventional modern-day concrete. Strengths on it is less than a thousand PSI. It's kind of a soil cement is what it is. On top of that is the 1924 concrete. It's a

pretty competent concrete, 4,000 PSI, once you get down through the weathered and deteriorated surface concrete.

Our biggest concern here is on this upper horizontal concrete. It forms a concrete dead man anchor that kind of holds this top chunk of concrete in place on that kind of balanced or perched on top of that lower concrete. No construction bond between the two, so it's kind of anchored in place with this anchored dead man up top. Again, we're looking at three miles of wall that runs up here on that left descending bank to the right of the photo.

Our proposed fix on that is on the vertical surfaces, we would have precast concrete panels put in place. On the horizontal surface we would put new resteel, new concrete in and a new concrete anchor dead man there to told that top chunk in place from collapsing into the canal. And then rock anchors would be put in to further add to our factors of safety on keeping that wall stable.

The fix on that is 87 million for 399 monoliths. Our costs get very high there because we would be doing it under full pool conditions and maintaining navigation throughout.

The VE study that I alluded to earlier, I also looked at this wall and they identified some cost saving measures that the district is actively looking at at this point in time. What they revolve around is a decreased amount of deteriorated concrete removal. When we're in a locked chamber, we have to maintain that 110 foot width. We're out in the canal here, perhaps, we can encroach into the canal a foot or two and not remove so much deteriorated concrete. That would be some significant cost savings associated with that.

And the other thing that we're looking at is only putting these anchors in at the check post monoliths and just redoing our dead man a little bit for the non-check post monoliths at some significant savings. We're looking at potentially several million dollars worth of savings there. Unfortunately, I can't quantify those savings for you today. Our structural engineers are actively looking at those VE proposals to see how valid they are and what reduced measures we can do from a cost standpoint and still have a viable project.

Just a quick look here. What we're looking at is this deteriorated concrete here. The photo doesn't do it much justice. It's pretty much rubblized. In a lot of locations you can get down with your bear hands, dig down to the resteel, which is highly corroded resteel. Once we lose that anchor, there's not a whole lot holding that last 15 foot chunk of concrete on top of that wall.

Jumping upstream to the controlling works, 1890s construction. MWRD operates it to release flood waters out of the canal when it rains over the metropolitan Chicago area. They will draw down the pool five to ten feet to better facilitate getting water out of Chicago quicker. Since we took over maintenance responsibilities in 1984 with the MOA, basically, the Corps has done nothing up there for maintenance and work up there is long overdue.

MWRD has some plans for upgrading what parts of that they are responsible for. They would like to get going on that. Likewise, work that we're responsible for, the Army Corps overlaps with that and there is some savings from a de-watering standpoint if we get those two contracts together that we could jointly partner on our work there and each side would realize some cost savings.

Just a quick look at some of the deteriorated features up there. We have concrete that's weathered. We have brick tuck pointing work on the structure. This is a structure that's about 105 years old now and we got some fairly significant erosion going on on the embankments. The work we're proposing here is about 4 million dollars worth of repairs. I'm not going to say too much on the powerhouse. MWRD operates that. It generates about two million dollars worth of hydroelectric electricity annually for MWRD. We do have, we, meaning the Corps, do have some pool retention responsibilities in there. The work that we're proposing to do is fairly minor in there.

About a million and a half dollars worth of work. And we identified that for regular O & M funding work with no cost sharing with the trust fund.

Likewise, embankment clearing. We inherited a jungle out there on those embankments. Trees, levies, trees on dam embankments just do not go together very well. It's very hard, very difficult to inspect the embankments out there. We have a request in for about 1.8 million dollars worth of O & M funding, non-cost shared with the trust fund to do some tree clearing on the embankments.

Cost information. The cost information I'm presenting here is from the 2004 RER report. It is 2004 dollar basis. It does not include the VE savings that we discussed a little bit earlier. We'll look at the major rehab column here. That would be the column that is proposed to be cost shared with the trust fund. Concrete canal wall 87 million; approach dike 24 million; controlling works .4 million for a total of 112 million dollars.

As far as justifying that work with a benefit cost ratio, in our rehab evaluation reports, we are required to do a risk analysis through an event tree. What we do with event trees is identify a variety of physical consequences that could happen out there. Physical consequences of failure. What that typically relates to is closure days or loss of use of the canal. We put that in across an array of minor and major catastrophic consequences. The thing to focus on here is from the catastrophic end. There's those 120-day or four-month closures that we were talking about earlier in the presentation for the approach dike and the canal wall if we were to have some type of catastrophic failure.

What does that event tree roll into once we roll up the economics on that? Contained in the 2004 RER at the top there is our benefit allocation that we had for the project. That's based over a 25 year economic period. And what we are capturing there is costs avoided for doing the project. That represents our benefit side of the project. And without going into the numbers here, you can look at those quickly and compare between navigation and hydropower and drop down to the pie chart there. From a benefit standpoint for the Lockport pool project for that 112 million dollars worth of work that we're proposing out there, 98 percent of the benefits are attributed to navigation and only two percent are attributed to the hydropower.

What is not captured in those benefits is any recreation associated with, perhaps, the cruise boats that cruise through the Chicago River and downtown Chicago. The canal would continue to operate for discharged effluent sewage water from Chicago into the Illinois River. You would have the flow assimilation in the canal, but they would still be able to pass out to the controlling works. Likewise, the flood control portion would continue to function. It just would not have the pool in there. They just passed flood waters down the canal and divert it out the controlling works before we got down to the breached wall or breached canal section.

From a benefit cost standpoint, a break out there, the approach dike 1.2; canal wall .44; the controlling works a much more robust 5.4 benefit cost. For an overall of 1.4 on the project.

The last slide I'll put up there is a memorandum that the Assistant Secretary of the Army for Civil Works put out in early July 2006 this summer. To pick up in the middle of the excerpt from that memo it says, the Lockport pool major rehabilitation project is to be cost shared 50/50 between the general fund of the treasury and the Inland Waterway Trust Fund. That is the latest guidance that we in Rock Island have gotten from the ASA on this project.

And with that, I'll just have one last slide here on funding on where we're at. FY '06, in late July, Rock Island district received $500,000 of wedge funding under the dam safety seepage and stability program to get started on some advance engineering. It's what we use to fund our VE studies that we've done on that and some of our additional detailed exploratory work that we're

doing from a geotechnical standpoint. We've been promised 1.5 million of wedge funding in FY '07. That's somewhat being held up a little bit with the continuing resolution and we're sorting through that, how much of that we'll get here over the next several months. That would be for some continued engineering.

FY '08 would be put into then the construction general trust fund. Normal budget cycle. We are in the FY '08 budget for request of 20.5 million dollars. Our capability is around 22 million dollars. That would be primarily used to fully fund a construction contract on the concrete cutoff wall for the approach dike.

FY '09 budget preparation is underway. What we anticipate there is a contract for rehab construction on the canal wall. And we anticipate that we would do a series of stage construction over there so we wouldn't have a full 80 million type contract fully funded there, by looking at four or five contracts spread out four or five years. So we're looking at probably in the need of about ten to twenty million per year for the next four years over that, starting in FY '09. Again, that represents a capability for us. That concludes my presentation. With that, I'll turn that back over to the chairman for any questions, comments or discussions that the User Board would like to entertain. Thank you very much.

MR. WHITLOCK: Norb Whitlock. The question where you were showing the benefits, navigation, some 125 million. That one. Hydropower 1.9. If you said that the power plant had a benefit on an annual basis of two million and we're looking at 25 years, wouldn't that be 50 million?

MR. LESS: It's annualized here.

MR. WHITLOCK: These are annualized numbers and not 25 year savings numbers? You're saying that navigation benefits, 124 million per year.

MR. LESS: I wish I had my comps here to help with that. It's a roll up of that 25 year period. And then it's put into a first cost type scenario. So if you compare -- the best way to look at this, if you look at the -- like, let's take a look at the approach dike at 7.7 million of benefits from a 25 year rollup of costs avoided, and divide that by the 24 million dollar cost to do the project. That's roughly what gives you the 1.2 benefit to cost ratio there. So it's a combination of a 25 year economic time period that we're looking at that's rolled up into a first cost.

MR. BROWN: Any other questions of Roger?

MR. GROSSNICKLE: Jerry Grossnickle. I have a question for you. On the same chart, did you attempt to do an analysis of mid, perhaps, NED analysis, economic analysis, of the other purposes of this project?

MR. LESS: The other purposes would be the sanitary purposes and flood control purposes. We had some correspondence with MWRD and Chicago district as far as flood control benefits. And the feedback that we got from them was that if we were to lose pool through a breach at the lower end of the canal, they could continue to operate their sanitary purposes of that canal and they could continue to operate their flood control purposes of that canal with diversions put in the canal while we did our fixes and divert it at the controlling works upstream of where our breach would be at.

So from that standpoint, the multi-purposes associated with sanitary and flood control would continue to operate even if we had a breach condition down at the lower end of the pool. We didn't go in and capture benefits associated with that as part of our 2004 rehab evaluation report.

MR. RILEY: Let me just comment. It seems to me that we ought to be able to capture costs associated with breach of some sort that of course turns into a benefit of the project. So it's one of our risks in reliability pieces that they need to add in to our calculations to really portray a much more accurate picture of what's going on here.

MR. BROWN: Anything else for Roger?

(No response.)

MR. BROWN: Thank you very much. Thank you. According to our agenda, we're to take a break now. We will. But being the reputation that I have a heavy gavel, we'll cut it in half. So you have 15 minutes. Let's reconvene at about 10:30-10:35. Thank you.

(Recess.)

MR. BROWN: Okay. Before I ask General Berwick to speak, Norb had a question he wanted to ask Roger Less. Roger, are you here?

MR. LESS: Yes.

MR. WHITLOCK: Norb Whitlock. Roger, question. When I look at your cross section of the canal wall there and I see the addition that was put on there back some years ago, the question that I have is, was that addition to raise the canal wall, was that put on for navigation purposes or was it put on to have a higher head for hydropower production?

MR. LESS: I was asked that question at break and, unfortunately, I don't have a great answer on that. We've asked that historical question ourselves for MWRD and have not gotten a thorough response back from the people there now. So it's just not documented very well. What our understanding of it is, is that it was done for a variety of reasons. The pool raised the water levels up in downtown Chicago to a more acceptable level that we know them to be at today when we're up there. It also better balanced water levels in that canal versus Lake Michigan historic water levels. It made flow regulation in and out of Lake Michigan much more simplified. Of course, it helped out with extra five feet of hydropower benefits.

Of note, hydropower, when they built the powerhouse was envisioned to be much more than it is. There were eight bays put in that historically, and even today only two operate. And that's because not a lot of flow actually comes down that canal due to international agreements on Lake Michigan flow diversions. In the 1890s they would pull a lot of water out of Lake Michigan to generate hydropower. And that was quickly put to a stop. They could not do that.

MR. BROWN: Thank you. Okay. Next on the agenda is General Berwick. He'll talk about the regional and navigation update.

GENERAL BERWICK: Thank you, Mr. Chairman. It's an absolute delight to be here. Let me begin with a just a couple observations. First, I note that I am in the most unusual position and that is ahead of schedule. I assure you that I will do my level best to keep it that way. Second, I would like to say I am absolutely delighted to be here with such great friends of the Corps of Engineers and of the Ohio River Valley and the Maritime Inland Navigation Industry.

I apologize for missing dinner last night. I did not plan on the traffic in downtown Pittsburgh as a consequence of the backyard brawl that was the taking place over at the stadium. But I understand that I did miss a great dinner indeed. The final piece of housekeeping is I do want to add my congratulations to our Pittsburgh district for the work they have put into this conference. And I am going to single out Karen Auer for --If you would please stand up.

(Applause.)

GENERAL BERWICK: She has done nothing short of a phenomenal job in pulling all of this together and I am deeply grateful. If we could go to the next slide, please. These are the things that I will be talking about. I would note that I intend to keep my comments at the regional overview level. Because I will be followed by Curt Meeder, who will talk about the Upper Ohio Navigation Feasibility Study. And then by Jeanine Hoey, who will talk about the Lower Mon project.

If you would go to the next one, please. I want to talk to you just very briefly about some of the activities that we have ongoing. And the first is the Ohio River Mainstem Study, which is approaching its final stages. We have been in communication with our headquarters, as well as our stakeholders to try to bring that to closure. Two very important points about that. The first is, what that study really tells us is that it pays to take care of what we have. And it is a very, very strong voice for maintenance and operations in the most systematic way that we can to take care of our navigation infrastructure.

The second thing is, it did identify on the upper Ohio, Emsworth, Dashields and Montgomery as being key projects, very ripe for recapitalization. As a result, we did spin off the Upper Ohio study, which I will allow Curt to discuss in just a few minutes. The other comment that I would make is, and you saw great evidence of that yesterday when you went out to visit Montgomery, is that our regional fleets are a key asset in maintaining this river system. And we are taking ever greater steps to operate more and more as a region so that isn't the case that one district has to take care of its reach of the river on its own.

Point of fact, and I'll discuss this in a little bit more detail in just a few minutes. Every one of the major maintenance operations that we've undertaken this year has involved assets from more than one district. That sounds like, well, of course, that's common sense. But for us, there's always a challenge with moving money. There is always a challenge with coordinating the schedules so that you can maintain progress across the Board, as well as taking care of the specific emergency. And the team and the Great Lakes and Ohio River division has done a spectacular job of pulling together so that we could get those things accomplished.

We do have a great deal of attention focused on improving reliability and reducing risk on our system. And I'll talk in just a few minutes about some of the things that we're doing there. But that last bullet is something that has become absolutely the case. Operating in crisis has become a matter of routine. At some level we've become fairly good at it, but it is something that we would like to work our way out of.

Just a very brief word about navigation asset management. That is one of the things that we are trying to do to improve the quality of the work that we get out of our very limited resources. You see photographs of the team from the Pittsburgh District which is undertaking this in the lead for the Great Lakes and Ohio River Division and working very closely with Sandra Knight out of our headquarters. What we are going to do as sort of the next step is what we are calling the beta test of asset management, which will be undertaken here just in the next couple of weeks. It involves ten projects and it does extend beyond the Great Lakes and Ohio River Division because it also includes projects on the Upper Mississippi under the Rock Island District.

Yet another thing that we are doing to try to improve reliability and reduce risk is we recently published a maintenance standard. In essence, this is sort of an operating manual for our system that lays out standards for undertaking inspection, for undertaking various elements of routine, preventative maintenance so that we don't have as much breakdown maintenance. And really, its underlying purpose is twofold. First, to minimize the number of unscheduled outages that we have; and second, to try to reduce the impact of those outages. It includes with it some metrics that will help us understand when we don't have enough money to do everything that is laid out in the maintenance standard, what is the most critical next step that we should take to try to make sure that we are always operating in the way that would be consistent with the priorities. We did get great comments from industry as we were putting this together. We are optimistic that it will help us to do a better job of serving that industry.

This is an example of one of those situations that we have that involved more than one district. We had issues at both Greenup and Meldahl and, of course, those are adjacent projects on the center part of the Ohio River. They both belong to the Huntington district, but we involved Pittsburgh very, very heavily. Especially the work at Greenup and we were able to coordinate the activities of the two fleets to, in essence, get these two jobs done together in a period of six weeks, when otherwise, it would have probably taken us nine weeks to get that work done. We understand that that saved industry perhaps as much as six million dollars.

Just a quick update on where we are on the Canelton emergency gate repair. Again, an issue that developed unexpectedly. So, again, it's breakdown maintenance for us. But the bottom line on this is that we hoped to have the main chamber back in service before Thanksgiving. So that's a fairly rapid repair for us. We are shipping one set of sheaves out today, with the other set following shortly. And as I said, we hope to have the main chamber back in service before Thanksgiving.

Yet some additional emergency repairs, this time at the Wilson lock. I'm sure that we're all familiar with the incident whereby a xylene barge got wedged underneath the upstream gate. And when, of course, we opened the valves, that caused that gate to be lifted and jammed in the opening. It's going to be a very expensive repair. And it's just another example of the kind of pressure that is placed on our operation and maintenance budget when we have these kinds of incidents occur.

We've taken a careful look at how and why this happened. We made some operational changes that we hope will help to preclude recurrence. One of the interesting things that I found out is that this was at least the second such incident during the history of the operation of this lock. We have determined that some changes are necessary both internal and as we work with industry to try to prevent a recurrence. As you see there on the bottom, we hope to have this one complete before mid-December.

I'm not going to belabor this point because I know many of you got to see the exact nature of the circumstances and what we're doing to recover. But I would again underscore, this is another

opportunity where we had close cooperation up and down the Ohio River from all our districts. The gravity dams that we're using to close off the openings were provided by the local district and were absolutely essential to our plan to quickly recover from this incident.

The only thing I think I would say in addition to that is, we are operating in a very resource constrained environment. I have responsibility for two major basins and there is no question that what I'm doing is allocating shortage. What we want to do is to try to do the very best we can to ensure that we allocated those shortages in a way that makes the most sense from the perspective of industry. We're doing a number of things to try to help us do that. I mentioned a couple. The asset management process as well as the maintenance standard.

The other thing I would say that we are doing to try to do that is emphasizing operating those projects as a system and working as a region so that we don't suboptimize.

And then the last thing we are doing is working on our five-year development plans, which we hope will lay out with greater clarity the needs for each of these systems and will help us be clear about the priorities that we are establishing. And with that, I'm going to stop the regional overview. I will be delighted to take questions at the moment. If you think of something later, you see my contact information there. I would certainly welcome any dialogue with the members of the Users Board. So with that, questions?

MR. KNOY: I just have one comment, General. In reviewing the Ohio River Mainstem Study and your comment about the six million dollar savings. I think the cost savings are always understated as far as users and customers during these closures, because such a small percentage of people track the additional cost or lost opportunity. Even in the study I mentioned that several times. It's grossly understated the value that we receive when the system is operating.

GENERAL BERWICK: I agree with you at some level. I hope it's not grossly. Although, I can see that it may well be. We do operate under very tight constraints in terms of the savings that we are able to claim, especially in the study like the ORMSS study. And I guess the one thing I can say is, I am absolutely confident that no one will ever come back and challenge us on those figures and say that we've overstated it. I know that those numbers are conservative. Thank you. Any others?

(No response.)

GENERAL BERWICK: Mr. Chairman, it would appear I have kept my promise. I will turn it over to Curt Meeder, who will talk to us just a little bit about the Upper Ohio study.

MR. BROWN: Thank you very much, General. As he says, next is Mr. Curt Meeder.

MR. MEEDER: Thank you very much, sir. It's my pleasure to provide on behalf of the Great Lakes and Ohio River Division a status report on the Upper Ohio Navigation Feasibility Study to the Inland Waterways Users Board this morning. You'll note on my opening slide here we have the acronym EDM. Obviously stands for Emsworth, Dashields and Montgomery. And for most of us in the room, we did have the opportunity to see both Emsworth and Montgomery yesterday.

My briefing outline, these are the five topic areas I'll cover briefly in this presentation. You're going to hear some key points up front from me so you'll understand what my major themes are right from the beginning.

A little bit of information on study background and current study status, future milestones schedule and study issues that we're grappling with at this time. The key points up front. The Upper Ohio navigation study is indeed a major undertaking. Some of the key drivers are, as you heard abundantly, the deteriorating condition of the Emsworth, Dashields and Montgomery locks and dams are driving the study. This is not extraordinarily a capacity constrained part of the upper Ohio River system, but in terms of the age and the size and the condition of these facilities, it's a key driver.

We're very concerned. We don't want to repeat the experience that we're currently living on the current Lower Mon project 2, 3 and 4. You'll hear more. You've heard some from Jeanine Hoey on that project already and you'll hear a bit more here in a few minutes.

In essence, we're already late because we're having to spend significant sums of money to keep up with operating facilities that are increasingly problematic in operation while the newer upgraded facilities are brought online on very elongated schedules. And so, you know, if you understand where we're at on Lower Mon currently, you can anticipate ten, fifteen, twenty years we're going to be facing the same kinds of situations at Emsworth, Dashields and Montgomery.

The third point, this is very much a regional study. The three facilities here are in the Pittsburgh district area of responsibility and indeed the key team members leading the work groups are in Pittsburgh. But there is an extraordinary reliance on technical expertise and resources from throughout the Great Lakes and Ohio River Division.

Next, we need a best strategy for fast track funding and execution. The conditions are urgent. So it's important that we deliver a decision document with a recommendation for federal reinvestment as quickly as possible.

And finally, we have to have, in order to deliver on an accelerated schedule, we've got to have vertical and external teaming of both the interchange and coordination that we're going to have outside the Corps of Engineers as we conduct this study, as well as the participation and contributions by those at our division and headquarters level as we conduct this study.

Next, a little bit on study background. Just a few comments here. On the Ohio River Main Stem Study, you received a briefing on this study at your last meeting in Paducah. So I want to establish once again, briefly, what our connection is between the Upper Ohio study, what we're just initiating here and it's linkage to the ORMSS study. And I briefly have a few points on the study schedule and budget.

Originally, this Upper Ohio Study, the intent was that we would prepare an interim report under the Ohio River Main Stem Study. What we discovered after -- and we did have two interim reports. They were for Greenup and JT Myers locks and dams. And we have recommendations as interim reports under ORMSS in the year 2000. At that point, the Corps of Engineers made a commitment to resource agencies not to prepare any further interim reports until a system investment plan was completed to prioritize needs for the entire Ohio River system. Resource agencies were concerned with cumulative environmental assessments for the entire system. They were concerned that if we continued to spin out single interim reports on single facilities, we wouldn't capture the important issues related to cumulative effects on the system.

So where we are at now and we have a draft system investment plan submitted at Corps headquarters earlier this year. As already mentioned, EDM is already the top priority coming out of the Ohio River study. So we are now at a point where we can move out smartly, given certain qualifications that I'll cover shortly with this feasibility report for the Upper Ohio.

A little background on the study funding. The Upper Ohio feasibility study has been lightly funded and it began in fiscal year 2003 as Congressional add. Work to date has been limited to

developing the project management plan and the baseline data collection and analysis while completion of the ORMSS system investment plan that I just discussed was pursued.

The Upper Ohio study you'll note for FY '07 is not in the President's budget. It is in both the House and the Senate appropriations. And so we're highly confident we will receive an appropriation this fiscal year. But at the present time, under the continuing resolution authority, we are without fresh funding for the study.

Next, I want to capture for you just a few points on accomplishments to date through FY '06, our work plan for FY '07 and our re-evaluation of study schedule and funding requirements. Our accomplishments to date include engineering reliability analyses of lock and dam components at Emsworth, Dashields and Montgomery. As a result of that work, the lift gates at Montgomery dam that we were able to observe 2, 5 and 6 yesterday, they were confirmed this past summer to be critically unreliable. So we have some very short term work to do to rectify that condition.

We conducted last month environmental scoping meetings for public and the resource agencies, and thereby meeting an early study milestone in a timely manner. Those were hosted here in the Pittsburgh area. Then finally, we initiated through fiscal year 2006 transportation costs analyses with the support of the Tennessee Valley Authority and the Corps and the navigation center of expertise in Huntington.

What we anticipate being on our plate this fiscal year, work plan includes engineering analysis of the future without project alternatives to sustain operations at the existing EDM facilities. This will establish the basis for formulation and evaluation of future with project alternative improvements. The formulation, the basis for comparison, future with project conditions is a very essential part of developing recommendations in the feasibility study.

The economics work will include traffic, rate and capacity analyses and environmental baseline studies are planned for execution FY '07.

We recently updated the project management plan for the Upper Ohio earlier this year and showed a study completion date of 2012 based on anticipated level of funding and work required to satisfy feasibility report requirements. We had a video teleconference with our Corps headquarters last month and that project management plan was briefed. Guidance coming out of that video teleconference was to limit the study schedule to three years and to identify areas of risk in completing reporting requirements within such a tightly constrained schedule.

As a result, we reworked the schedule. We have a timeline to complete a feasibility report by 2010. It will require timely and uninterrupted appropriations on the order of 10 million dollars over the next three years to achieve this target.

So the circumstance that we find ourselves in currently, we are not in the budget, therefore, we are having to idle down while we wait for the Congressional appropriations process to be completed. We can't maintain a greatly accelerated schedule if that's the circumstance that we encounter in the future.

Also, very importantly, it will also require up front agreement from the vertical and external review teams, an acceptable formulation of alternatives and the evaluation tools and methods to be applied in developing a recommended plan. So we can't deliver on a hugely accelerated three-year schedule if we haven't entered a review and comment and back and forth process. We got to have everyone on board right up front with early agreement on these essential components of the study.

What would the accelerated milestone schedule be under such a three-year schedule? We would be scheduling with a higher authority and with the interested stakeholders feasibility scoping meeting as early as December 2007, just a year from now. An alternative formulation briefing which is an essential element where we kind of synthesize the alternatives and reach agreement on

what the likely recommended plan will be in the final feasibility report. We need to deliver on that by 2009. We have to schedule our new review and approval process at the Washington level, civil works review board, in June of 2010. And without any issues outstanding, we have to then immediately deliver Chief of Engineers report by September 2010. All of this assumes extremely smooth goings as a result of no outstanding issues as we go along in the process.

Some sensitive issues. I made mention of the fact that we wanted to identify areas of risk if we, indeed, deliver on this accelerated three-year schedule. Some of those are related to the new planning guidance that has been issued as of last year. These involve issues such as external peer review and planning model certification. We are still in the early phases of understanding what those requirements are and how they can effectively and efficiently be satisfied. So we are going to need some assistance from those above us, as well as at the project delivery team level to ensure what we have to do up front to satisfy those kinds of requirements.

Finally, again, a risk assessment is being prepared by the project delivery team in consultation with technical and policy reviewers at all levels of the Corps to identify potentially sensitive areas in our engineering, economic and environmental analyses to determine whether technical and policy requirements can, in fact, reasonably be satisfied in the completion of this feasibility report on a greatly accelerated schedule. We have some early challenging issues right up front that we'll have to satisfy.

Finally, in conclusion, it's clear, long-term reinvestment in the Upper Ohio River locks and dams is a critically urgent priority to sustain the annual transportation savings estimated at more than 170 million dollars for just this portion of the inland navigation system, EDM. Why are we doing this? Why is it so urgent? Well, we have a revenue stream based on traffic and rate savings on the order of 70 million dollars a year each and every year. So that's the kind of return on investment that we're talking about here.

Then we need a prompt completion of this feasibility report with a recommended plan for the best long-term reinvestment strategy. It's essential that we deliver on that as quickly as possible. That concludes my comments. So I thank you very much for your attention and your support in addressing these critical requirements. If you have questions, I would be happy to try to respond with the assistance of others in the room as well.

MR. BROWN: Any questions of Curt here?

(No response.)

MR. BROWN: Thank you very much. Very much appreciated. Almost finally here, Jeanine Hoey is going to speak on the Lower Mon 2, 3 and 4 replacement project.

MS. HOEY: Good morning and thank you. Yesterday on the boat, I talked a lot about the condition of the three facilities that are included in this project, and talked about the challenges that we face in completing the project. Today I'm just really going to go through a status briefing. What we've done, what we've accomplished and what we're working on right now and what still needs to be done.

A few of these slides are repeats, just for those who were not on the boat yesterday. So I'm going to orient you to the project location and the description of the project. The facilities are located within 50 miles of the Point in Pittsburgh. Lock and dam 2 is now known as Braddock locks and dams. You may hear them interchangeably used. Lock and dam 4 is now being called

Charleroi locks and dams and the project was authorized by the Water Resources Development Act of 1992.

The scope of the project includes replacing lock and dam 2, which has already been completed with Braddock locks and dams. That facility was put into operation in July of 2004, removing lock and dam 3 and replacing the locks at lock and dam 4 with two twin 84-by-720 foot lock chambers and that work has started and is in progress. With the removal of lock and dam 3, we have to account for the 8.2 foot lift of that dam. So between dam 3 and dam 4, the pool will be lowered 3.2 feet. That's about 20 miles of river. Between dam 2 and dam 3, the pool will be raised five feet. That's approximately 13 miles of the river. That will also include relocations in both pools, in pool 2 and pool 3.

This shows some of the relocation work that has already been completed. Under Section 111 of the River and Harbors Act of 1958, the project will fund those relocations for publicly owned municipalities. There's about 20 different public entities that we are paying for those relocations.

The rest of the relocations are of privately owned facilities and it is at the owner's cost that those facilities have to be relocated. This shows some of the relocations that were accomplished in pool 2. Right now, we are focusing on finishing those pool 2 relocations, because once they are done, we can actually raise the pool between Braddock and Elizabeth the full five feet because Braddock dam has been completed and will alleviate some of the loads on lock and dam 3.

In pool 3, we have to do a lot of pipeline lowerings. Most of that work has been completed in anticipation of the dredging that needs to be done and the pool lowering of 3.2 feet. Finally, under relocations, we have to relocate the Norfolk Southern Fort Perry Bridge. The required clearance on the Monongahela River is 42 and a half feet. Once we raise the pool, this bridge will only have a 40.6 foot clearance, so we need to adjust that.

We have completed conceptual designs for this report with Norfolk Southern. We have a meeting scheduled for next week to go over those designs. We established the Corps' baseline condition. The alternatives that Norfolk Southern is considering is probably not going to be the baseline condition and that's going to establish the cost sharing apportionment that will be used to pay for the relocation of the bridge.

The Braddock dam, the last time the Inland Waterways Users Board met here in Pittsburgh, the group went out to Leetsdale to take a look at the construction going on there with the segments being constructed there. That work has been completed. The segments were floated to an outfitting pier in Duquesne.

This shows the path that those segments took from Leetsdale through Dashields, through Emsworth, past the Point in Pittsburgh, through Braddock lock and dam into that outfitting pier in Duquesne about a 7 and-a-half-mile trip from the casting facility.

Yesterday when we got on the boat, we were about halfway between Leetsdale and Neville Island, when we got on the boat in the middle there, right there, to take our trip yesterday. The segments were moored at that outfitting pier and portions were added. We couldn't complete those completely at Leetsdale because the draft of those segments would not have allowed us to float them in place. So we added some portions at the outfitting pier and then they were floated in place and sunk. The construction was completed using conventional construction and Braddock dam was dedicated May 27, 2004, and the project placed into operation in July of 2004.

While Braddock was going on, we were actually working at Charleroi. We had a site development contract awarded in 2002. That work is physically complete. That work included a new operations building, new bridge and access roads and some new parking lots. We also took

the river chamber out of commission under the river chamber demolition contract. That was awarded in September of 2003. That work is also physically complete.

That basically took all the chamber floor, the miter gates. There were struts constructed when the dam was constructed in the 1960s. All that was taken out of the middle of the river wall to prepare it for construction. The middle wall, the new middle wall will be constructed in the middle of the existing river chamber. So that was preparing the river chamber for construction of the new locks.

Next, the locks have actually begun construction with the first contract being awarded in September of 2004. The river wall notice to proceed was issued in May of 2005. We're right in the middle of constructing that new river wall. And the rest of the locks will be constructed under several separate contracts. Those contracts shown here, the new river wall is shown in the bright yellow. That's the work that's ongoing right now. The next contract will be the new middle wall, followed by completing the new river chamber and the upper and lower guard walls.

You can see the start and completion dates right now. In order for us to complete this project at the optimum schedule, which right now is 2016, we really have to combine the upper and lower guard walls with either the new river chamber or the new middle wall. The river chamber is really just the miter gates, the filling and emptying systems which goes down through the center of the chamber, those types of things, to complete the river chamber. So if we want to complete this in an optimum time frame of 2016, we need to combine the upper and lower guard walls with one of those other two contracts. And then the last contract would be finishing up the land wall.

This slide kind of shows you how we got to where we are. The original feasibility report had us having the project completed in 2004. The red bar shows when Braddock dam was originally scheduled to be completed. The blue shows the removal of lock and dam 3, and green shows completion of the Charleroi locks.

We migrated from the feasibility report when we had some funding issues with Braddock dam. We split that up into several contracts. That increased the project duration to 2008. Further funding constraints and then issues which we developed a detailed construction schedule on how long it would actually take to construct the Charleroi locks and dam as one contract.

And we talked a little bit yesterday about the footprint and working in the same footprint didn't allow a lot of simultaneous construction. And once we put that detailed construction schedule together, the schedule moved out to 2013. With the funding constraints that happened in 2003, that one contract that we were going to construct Charleroi under, we broke that up into the five contracts I showed on the previous slide. And the current completion date is 2019. You can see right now the current efficient schedule we could complete it in 2016 with sufficient funding.

The next step, as I said, we're focusing on pool 2 relocation so we can raise the pool as soon as possible and take some of the load off of lock and dam 3. We are focusing on completing the river chamber at Charleroi as soon as possible. We have to complete pool 2 relocations, complete a river chamber at Charleroi and do the dredging in order to take out lock and dam 3. We will also be closely monitoring lock and dam 3 and lock 4 condition while all this is going on.

One thing I don't have on there that is probably of particular interest is through the end of December, we are actually going through a detail project cost estimate and updating the costs. The extended schedule, the separate contracts are going to increase the cost of this project and we should have some numbers by the end of December on what that is going to be. But I suspect it's not going to be good. Questions?

MR. WHITLOCK: Norb Whitlock. Jeanine, have you taken an opportunity to look at your dam construction in terms of the actual costs versus whether or not there would be a savings that was anticipated by constructing in the wet versus traditional coffer dam?

MS. HOEY: We have not. I think one of the things that we decided when we decided to it in the wet versus in the dry was that would be kind of a hard comparison to make, unless we actually went forward and bid both contracts at the same time to see what the cost would have been at the same time. I don't know that a comparison has been made. That's something we can look into and see if our cost engineering people can look at that.

MR. BROWN: Anymore questions of Jeanine?

(No response.)

MR. BROWN: Thank you very, very much. The gavel is heavier than I thought it was here. Okay. No one has contacted Mark about any public comments. But I'll make the announcement that if anyone does, please step forward. I have a few closing comments. First, General Riley?

GENERAL RILEY: I want to once again thank the district and division for hosting this and the presentations from all the presenters as well as the tour yesterday. Very, very well done. And thanks again to the Board, and especially leadership, Mr. Chairman, and for your many years of leadership to the Board and the industry and the great partnership that we have with the industry makes a difference.

You can see that we have plenty of challenges on our plate and it can't be business as usual. I know we said that before, but it can't be. The resources are constrained, but the needs are great. And so we've got to figure out a different way of doing business so we get the best for the funds that we have and hopefully, justify even additional funding for the great needs that we have. And we got to do a much better job of that in our procedures and we'll need your help and advice. And through the workshops that we run through the industry, we'll certainly need the Board's participation and company. So thank you very much again.

MR. BROWN: Okay. Thank you, General. Looman Stingo wanted to say a few words.

MR. STINGO: Thank you, Mr. Chairman. It's been a real privilege and honor to serve with all of you on the Inland Waterways Users Board. I know that I've learned a lot more than I contributed during my tenure. But I don't leave without taking away a deeper understanding and appreciation of our great inland waterways and their needs and the exceptional work that is done by the U.S. Army Corps of Engineers. Thank you for allowing me to serve. I appreciate it.

MR. BROWN: Thanks, Looman. I'm going to make a few comments. I normally don't, but being I'm leaving and I'm chairman, I will. I must confess, I've really and truly enjoyed the last ten or twelve years being involved with the Corps. Like Looman says, you learn so darn much in the process and it's just been excellent.

And I will say this, for the Board members, I think I can speak for the Board members, we are all business executives and we're used to, let's say, making a decision in the morning and seeing

something happen that afternoon. And it doesn't quite work that way with these public projects and so forth. It's been challenging from that standpoint.

I want to single out this Board, I worked with several, because it changes its flavor every year with the people coming and going. This has been by far the best board I've ever worked with. I will tell you, if I were looking for a committee to do something of two of three members, all eleven volunteer. I don't know what to do. They've been very active in trying to get things done.

I did want to thank personally Secretary Woodley. He's just been wonderful about attending these meetings and getting involved. He is, in the entire time I've known him and since he's been appointed, he has only missed one meeting and he had a note from his mom for that one. He's been tireless and a good advocate for the Board. Also, I want to thank General Riley. He's been an outstanding clear thinker, and gets things done. Most recently, I know he's been an honest broker trying to solve some of the problems out on the Missouri River and doing quite well at it, thank you. And for the Board, he's really promoted a lot of dialogue and better communications with the Board. Since he came on board, we've been doing a lot of the different things to just get things sorted out and get things done better and quicker.

I want to thank Mark, Anne and Dave and Len. These are the staff people that tirelessly support the Board and have done an outstanding job in helping me. I must confess, in my time in serving with the Corps of Engineers, I've just been amazed at the dedication and professionalism of the people involved. Really very impressive. I come from a background of not being impressed by government. These people changed my mind a great deal.

Finally, one of the big things that's done by this group is, we create an annual report every year. We've changed the flavor of the annual report considerably over the years. It is now pretty hard hitting. We try not to pull any punches. If you haven't seen it, I urge you to read the last one. We'll have another one coming out next spring. My only fervent hope is that it doesn't end up on the bottom of too many congressmen's bird cages because it's really worth reading. And on behalf of myself and the Board, we're pretty proud of it. With that, I'll quit. And I am hereby adjourning this meeting. Thank you all.

(Meeting concluded at 11:23 a.m.)