

Minutes
Inland Waterways Users Board
Meeting No. 74
February 25, 2015
Hampton Inn & Suites Birmingham-Downtown-Tutwiler (Ridgely Conference Room)
Birmingham, Alabama

[Note: The following minutes of the Inland Waterways Users Board meeting No. 74 were approved and adopted as final at Inland Waterways Users Board meeting No. 75 held on May 14, 2015 in Galveston, Texas.]

The following proceedings are of the Inland Waterways Users Board meeting held on the 25th of February 2015, commencing at 9:00 a.m., at the Hampton Inn & Suites Birmingham-Downtown-Tutwiler (Ridgely Conference Room), 2021 Park Place, Birmingham, Alabama, Mr. Martin T. Hettel, Chairman of the Inland Waterways Users Board presiding. Inland Waterways Users Board (Board) members present:

CHAIRMAN MARTIN T. HETTEL, American Electric Power (AEP) River Operations, LLC;

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

MR. MARK K. KNOY, American Commercial Lines, Inc.;

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

MR. ROBERT R. McCOY, Amherst Madison, Inc.;

MR. DANIEL P. MECKLENBORG, Ingram Barge Company;

MR. BRUCE REED, Tidewater Barge Lines, Inc.;

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

MR. WILLIAM M. WOODRUFF, Kirby Corporation.

Board member MR. DAVID CHOATE, Bruce Oakley, Inc. did not attend the Board meeting.

Also present at the meeting were the following Federal Observers, designated by their respective agencies, as representatives:

MS. MARIE THERESE DOMINGUEZ, Principal Deputy Assistant Secretary of the Army for Civil Works, Office of the Assistant Secretary of the Army (Civil Works), Washington, D.C.;

MR. JAMES R. MURPHY, Director, Eastern Gulf/Lower Mississippi River Gateway Office, Maritime Administration (MARAD), U.S. Department of Transportation, New Orleans, LA.;

MR. NICHOLAS MARATHON, Transportation Economist, Agricultural Marketing Service, U.S. Department of Agriculture (USDA), Washington, D.C.

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

Official representatives of the Federal government responsible for the conduct of the meeting and administrative support of the Inland Waterways Users Board from the U.S. Army Corps of Engineers was as follows:

MAJOR GENERAL JOHN W. PEABODY, Executive Director, Inland Waterways Users Board and Deputy Commanding General for Civil and Emergency Operations (DCG-CEO), U.S. Army Corps of Engineers;

MS. MINDY M. SIMMONS, Prior Designated Federal Officer (DFO), Inland Waterways Users Board;

MR. MARK R. POINTON, Executive Secretary and Current Designated Federal Officer (DFO), Inland Waterways Users Board;

MR. KENNETH E. LICHTMAN, Executive Assistant and Alternate Designated Federal Officer (ADFO), Inland Waterways Users Board.

Program speakers in scheduled order of appearance were as follows:

COLONEL JON J. CHYTKA, Commander, Mobile District, U.S. Army Corps of Engineers, Mobile, Alabama;

MAJOR GENERAL JOHN W. PEABODY, Executive Director, Inland Waterways Users Board and Deputy Commanding General for Civil and Emergency Operations (DCG-CEO), U.S. Army Corps of Engineers;

MR. PATRICK J. DONOVAN, Chief, Planning Center of Expertise for Inland Navigation, U.S. Army Corps of Engineers, Huntington, West Virginia

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

MR. STEVE JONES, Navigation Business Line Manager, Mississippi Valley Division, U.S. Army Corps of Engineers, Vicksburg, Mississippi;

MR. DAVID F. DALE, Director of Programs, Great Lakes and Ohio River Division, U.S. Army Corps of Engineers, Cincinnati, Ohio;

MR. EDWARD E. BELK, Chief, Operations and Regulatory Division, Headquarters, U.S. Army Corps of Engineers, Washington, D.C.;

MS. JEANINE HOEY, Director of Programs, Pittsburgh District, U.S. Army Corps of Engineers, Pittsburgh, Pennsylvania.

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

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

MR. EDWARD E. BELK, Director of Programs, Mississippi Valley Division, U.S. Army Corps of Engineers, Vicksburg, Mississippi;

MS. JEANINE HOEY, Director of Programs, Pittsburgh District, U.S. Army Corps of Engineers, Pittsburgh, Pennsylvania.

There was one speaker who provided public comments during the public comment portion of the meeting:

MR. W. SPENCER MURPHY, Canal Barge Company.

PROCEEDINGS

MS. MINDY M. SIMMONS: OK, I think we have everybody here so we're going to go ahead and get started. I would like to welcome you all to the 74th meeting of the Inland Waterways Users Board here in Birmingham, Alabama. This is the first time we've held a Board meeting in this city, although we did actually hold a meeting in Gulf Shores, Alabama about 20 years ago [Board Meeting No. 15 held 24 March 1992], so it's been a while.

I'd like to thank the Mobile District and SAD [the South Atlantic Division office of the Corps of Engineers] for their great hospitality here and providing us a great tour.

My name is Mindy Simmons. As most of you know, I have served as the Designated Federal Officer for the Inland Waterways Users Board for a little over a year.

And as I think you are aware, I have accepted a new position in our Headquarters, and this will be my last meeting with you all, at least for the foreseeable future.

I'd like to thank Mr. Mark Pointon for stepping in, in the interim.

MR. MARK R. POINTON: You can thank me later.

MS. SIMMONS: He also has a full day job, too, so I really appreciate him picking that up. I had to drop things pretty quickly because we were right in the middle of the budget development cycle.

I would also like to thank all of the Board members and those of you who often come and support the Board. I really appreciated you sharing your knowledge with me and really appreciate your service to the Board. You guys do amazing things, both in your day jobs, which often turn into night jobs, I know, as well. And I really appreciate the time that you take to serve the Board. It's some great work.

As I looked over the last year, we've really had a pretty exciting year. We went from when I first started, talking about sequestration and a government shutdown. And we've had some pretty significant activity over the last year with WRRDA [the Water Resources Reform and Development Act of 2014, Public Law 113-121, dated June 10, 2014] passing. We now have the Olmsted cost share change [Section 2006(a)(2) of Public Law 113-121]. And we have a fuel tax increase [Section 205 of Title II of Division B of Public Law 113-295, the "Achieving A Better Life Experience Act of 2014" also referred to as the "ABLE Act of 2014", dated December 19, 2014]. And we're now on the cusp of having a revision to the Capital Projects Business Model.

That's a lot of work that you have accomplished in the past 18 months or so. So hats off to you. That's pretty, pretty commendable.

That said it's also kind of sad to be leaving at this time because there is a lot that's going to be going on. I really look forward to watching from the sidelines and seeing how this all unfolds over the next few years with some pretty significant decisions that we have to make.

I am truly honored to have worked with you all. And with that, I will turn it over to Mark Pointon who is going to run the rest of the meeting since he's been working on setting the agenda and getting things going.

Mark.

MR. POINTON: As Mindy said, my name is Mark Pointon, and I was the former Designated Federal Officer and now I am the future Designated Federal Officer for the foreseeable future.

As General Peabody mentioned yesterday, it's like I'm going back in time to grab the song by Huey Lewis and the News from "Back to the Future".

We are required to read for the record the following. The Inland Waterways Users Board was created pursuant to Section 302 of the Water Resources Development Act of 1986. It provides the Secretary of the Army and the Congress with recommendations on funding levels and priorities for modernization of the inland waterways system.

The Board is subject to the rules and regulations of the Federal Advisory Committee Act of 1972, as amended. This is a "Government in the Sunshine" Act meeting, and as such, it is open to the public.

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

If anyone wishes to make a public comment at the end of the meeting, please let me know. We will open up the meeting for that opportunity at the end of the meeting in the public comment period.

These proceedings are being recorded and a transcript will be available shortly after the meeting.

And now I would like to call on Colonel Jon Chytka from Mobile District. He's the Commander of the Mobile District and I would like to thank him and Al Lee and all of his staff. They did an outstanding job with the tour yesterday and for the logistics for this meeting today. They can't control the weather, so you can't hold them responsible for that. Sir.

COLONEL JON J. CHYTKA: Good morning. Thanks Mark. Major General Peabody, Mr. Hettel, Ms. Dominguez, IWUB members, and other distinguished guests. It is truly an honor to be here today to talk with you and give a few opening remarks and welcome you again. I know that many of you were on the tour of the BWT [the Black Warrior Tombigbee Waterway], and I hope that that was valuable for everybody. We are very proud of that waterway. I thought it was remarkable that you guys went to that one specifically because it's the first one that we worked on in the Mobile District.

I also wanted to mention that the Inland Waterways Users Board, although I was familiar with it, I had to do some research on it. And so I read your 2013 Annual Report and I read the minutes from your last meeting, the 73rd meeting held in Baltimore. I learned a whole bunch, and I got a greater appreciation for what this Board does. I want to thank you for what you do for the Nation and for the Mobile District. I know that this is not your day job. I appreciate you providing leadership for the Nation with respect to making recommendations concerning capital investments and physical improvements on the inland waterways system.

I will also say that, Mr. Hettel, I thought that it was very remarkable, and I point to the minutes from the last meeting, Mr. Hettel specifically laid out three goals. And I thought it was remarkable and insightful that he had mentioned as his second goal that the Users Board needed to go to Birmingham and Mobile. And I thought that that was probably because he knew that this was the 200th year of Mobile District's legacy.

We link our legacy all of the way back to -- we say we're born from the War of 1812. And so I thank you for that, sir. And so I get an opportunity to talk a little bit about the District.

If you remember the War of 1812, first off, there were a lot of challenges along the coastline and the coastal defenses were a major consideration. We had the bombardment of Fort McHenry, the burning of Washington, D.C., the Battle of New Orleans and the Battle of Mobile.

Shortly after the War of 1812 was over, we determined that we needed to do some defenses along the coast and make them permanent.

So the seventh Chief of the Corps of Engineers, General Joseph Gardner Swift, who was also one of the first two persons to graduate from West Point, went ahead and penned orders for Second Lieutenant Hipolite Dumas. It's nice to know that my legacy goes all of the way back to a Lieutenant, now I'm a Colonel, but it's amazing what lieutenants can do.

But back in that day, that's the way it was. And on 4 May 1815, that's when we link. That's when the orders were linked, and we really focused on coastal fortifications. And you can see that legacy at Fort Morgan at Mobile Point.

Fast forward 60 years, missions change. The Army Corps of Engineers is asked to do different things. And lo and behold you get the BWT. And so, about 140 years ago, we started working on that. That was my predecessors working on that. You got to see a little bit of that yesterday.

I thought that Larry Merrihew [President of the Warrior-Tombigbee Waterway Association] laid out the history of that waterway very well yesterday during the bus ride to the Holt Lock and Dam.

I kind of wanted to lay out some of that history. We also visited the Oliver Lock and Dam. We took our picture right about here. You saw the old Oliver Lock and Dam over here. That old Oliver Lock and Dam took the place of these three locks. Over the course of time, we determined that the operation and maintenance and capacity and we needed to change.

You can see how those locks looked back at the turn of the 20th century. Pretty ingenious. I thought you would appreciate that as well.

You also got to meet a number of our stakeholders from the waterways that we work with. Great cordial relationships that we have.

Mr. Larry Merrihew from the Warrior-Tombigbee Waterway Association. You met Craig Stepan from the Tenn-Tom [J. Craig Stepan, Administrator of the Tennessee-Tombigbee Waterway Development Authority and the President of the Tennessee-Tombigbee Waterway Development Council]. And we also add, as Wynne Fuller mentioned, four waterways that we work with. Those would be the Apalachicola, Chattahoochee, Flint River system and we also have CARIA, which is the Coosa-Alabama River Improvement Association and just by happenstance, it's their 125th anniversary this year. So we've got some great stakeholders, and we also have the Gulf Intracoastal Waterway. So you met those folks, and you know how important it is for them also.

The only other point I will mention from the reading that I did and again it was from goal two, Mr. Hettel mentioned that it's important to emphasize that the inland waterways operate as a system. In fact, you saw a part of the system. So it's a system of systems, and they work together. In your 2013 Annual Report, you had mentioned that this is extremely important to make America's transportation system competitive.

You mentioned going from what people call the three R's to the four R's. I didn't realize there was such a thing. I thought there always were four R's: roads, railroads, runways, and rivers.

And rivers have always been a vital part of our nation's transportation system. You all know this.

So you've focused on the competitiveness. But as a District Commander, I think it would be nice to focus on the resiliency of the system also. You're a national Board, the resiliency of the system, each piece of that system. I think Don Waldon [Donald Waldron, former Administrator of the Tennessee-Tombigbee Waterway Development Authority] had mentioned it's important.

And I've talked to a number of you about what happened in 1987 with the drought that year and how important the other pieces of that system were for you.

With that, I know, again, that you are extremely busy, and I greatly appreciate you coming down to our area of responsibility. And we are humbled by that and we recognize you for that.

But I also wanted to recognize a great soldier. I know that General Peabody is -- we have a little bit of history, but he's been doing the IWUB for quite a long time. I've been told, and I'm hoping that this is true, that this is not his last IWUB, you will have an opportunity for one more IWUB to celebrate a great soldier, but I will not. I don't think so.

I do have a legacy coin here for you, sir. It goes back all of the way to Colonel Byron Jorns [Commander of the Mobile District from June 2007 to May 2010]. Colonel Jorns, Mobile District coin here. So this is not our bicentennial. It hasn't been coined yet. But as you come up to present your remarks, I would like to present this coin on behalf of the Mobile District and my personal behalf, sir.

MR. POINTON: Thank you, Colonel. And that's a perfect segue into General Peabody's opening remarks. And may I remind everybody to please identify yourself when you speak into the mic. General, I think we all know who you are. But when the dialogue starts, please speak into the mic so the court reporter can properly record your remarks. Thank you.

MAJOR GENERAL JOHN W. PEABODY: Okay. Well, thank you, Colonel Chytka, for reminding me of the soon upcoming unpleasantness. But to quote my favorite Monty Python movie, "I'm not dead yet."

Yes, I will be retiring, but I plan to work all the way through August. I'm not sure when the Users Board meeting is scheduled for late summer. If your schedule aligns with my current service, I will be there; and if it doesn't, I won't.

CHAIRMAN MARTIN T. HETTEL: Sounds like a challenge.

MAJOR GENERAL PEABODY: It's no challenge. It's just reality. We are all term limited.

Okay. Thanks, everyone for coming here today. I particularly want to thank the Mobile District and the South Atlantic Division and all of our local partners and stakeholders.

Chairman Hettel, after I became the Executive Director, talked to me very clearly about his goal to make sure that we look at the entire system of the inland waterways system in all of its entirety, and we do due diligence to our responsibility to get out to all of the pieces and parts of the system, and so I want to commend you, sir, for your leadership in doing that. And I think we are accomplishing that with our meeting here today in Birmingham.

I want to especially thank for their sponsorship of the meeting refreshments as well as the social last night, the Warrior-Tombigbee Waterway Association. Mr. Larry Merrihew, I had great conversations with him yesterday. Thanks to both the outgoing president, Don Walton, of the Tennessee-Tombigbee Waterway Development Council and the incoming president Craig Stepan, thank you both, gentlemen, for helping educate all of us on this remarkable system, and the Alabama State Port Authority as well.

We did have a great tour yesterday of the Black Warrior-Tombigbee Waterway, Oliver and Holt Locks and Dams and an opportunity to go to a historic place in Alabama, the University of Alabama.

And for this Ohio State fan to gloat just a little bit about the victory over a truly great Alabama team and who will continue to be a great team. And I hope we have more opportunities to gloat, although I'm not sure that they will recur. So I'm going to take the opportunity while I have it.

We did have a really excellent meeting in Baltimore right before the holidays [Users Board Meeting No. 73 held on November 18, 2014]. A lot has transpired since then. And we will have some follow up discussions from the meeting in Baltimore.

I think one of the key things that we talked about at that meeting was the Capital Projects Business Model and how we are using that as a platform to transition to a more holistic Capital Investment Strategy.

And I'm going to start using those two terms to distinguish, I think we were talking about the continuation of the Capital Projects Business Model. We are going to use those two terms to distinguish between the Capital Projects Business Model that we, the Corps, supported

the Users Board in developing about four or five years ago. And the Capital Investment Strategy which is the strategy the Corps has embarked upon using the Capital Projects Business Model as the baseline looking forward. The Capital Projects Business Model had a very discreet 20-year approach. The Capital Investment Strategy, at least in theory, does not have a time horizon, although you have to put some kind of time horizon to these things, but it's an approach to look holistically at how we make decisions associated with investment strategies.

So there has been a lot that's happened since that meeting. We continue to have great progress on implementing WRRDA. I'm not going to go into the details of that. But I think we are up to I think 20 provisions that we've got implementing guidance on.

Most important to this body, the cost sharing change for Olmsted [Section 2006(a)(2) of WRRDA 2014, P.L. 113-121], I don't know that we are implementing guidance. We are just implementing it. It now is law, the 85/15 split, 85% Federal and 15% Trust Fund.

Also most notably, the ABLE Act of 2014 was passed in December that increased the fuel tax from 20 cents per gallon to 29 cents per gallon [Section 205 of Title II of Division B of P.L. 113-295]. I believe that goes into effect in April. For this fiscal year, we estimate that will increase revenues to the Inland Waterways Trust Fund by somewhere between I think \$15 to \$18 million. And then we expect somewhere between \$30 to \$35 million per year going forward.

So that's a pretty healthy infusion of revenue into the Trust Fund. And that should on an annual basis. Certainly give us over a \$100 million a year to work with. And I think Mr. McKee will get into some of the details on that.

The Fiscal Year (FY) 15 Appropriations Act [“Consolidated and Further Continuing Appropriations Act, 2015”, Public Law 113-235, dated December 16, 2014] was passed, which was for the second year in a row good news for the Corps and the Civil Works program in that the Congress continues to recognize the importance of this program in that we got a pretty healthy plus up of a little over \$900 million.

In terms of the Civil Works program, we got an additional \$523 million in a funding pot for navigation, \$275 million for the Inland Waterways Trust Fund construction elements, nearly \$66 million from the Inland Waterways Trust Fund, and, of course, provided additional funding for the top three projects; Olmsted, Lower Monongahela, and Kentucky Lock.

Construction continues to progress well on our two largest projects: Olmsted and Lower Monongahela. We are going to get an update on both of those projects later.

And just earlier this month we had the release of the FY16 budget for Civil Works as well as the FY15 work plan.

The FY15 work plan was kind of an initial development. There are still some decisions that the Administration is going through with some of the funds made available to it.

But the budget for FY16 included \$4.732 billion for Civil Works. That's roughly \$150 million above what the President proposed last year. For the inland waterways, that was \$232 million for the Inland Waterways Trust Fund construction, a total of \$234 million.

Of that, \$180 million for Olmsted, \$27 million from the Trust Fund, and \$52 million for Charleroi [Lower Monongahela River, Locks and Dams 2, 3, and 4 project], \$26 million from the Trust Fund, a total of \$53 million from the Trust Fund.

And we will spend a little time later today on the progress of our long-term infrastructure investment strategy, our Capital Investment Strategy as I discussed earlier, led by Kareem El-Naggar. The Capital Investment Strategy team has been very busy over the past three months, and I think we are improving our collaboration and transparency with the Users Board to help make sure that we have the Users Board's perspective incorporated and recommendations to optimize that strategy.

I will throw out kind of a rhetorical question for the Board members. And it really gets to the purpose of the Board. But the question I think we continually have to ask ourselves is "What is it that we want this system to look like "x" or "y" years into the future?"

Personally I believe 20 years was a great way to start, but I don't think it's nearly enough time, because 20 years goes by pretty darn fast. So I'm not sure what the right number of years is, whether it's 30, 50, or 100.

But the longer -- in my view, the longer we can imagine projecting that future out, the better we will do in laying the foundation for future generations to ensure that this system sustains its reliability and the benefits that it delivers for the American people, which I have always believed are huge.

So with that, I would call on our Federal observers to offer any opening remarks. We have four Federal observers in attendance today. First we will go to MARAD. I believe Mr. Murphy, James Murphy, is here from the Eastern Gulf/Lower Mississippi Gateway Office located in New Orleans, Louisiana. Mr. Murphy, we'll ask you to make any comments or observations that you may have, sir.

MR. JAMES R. MURPHY: Thank you very much, General.

I bring greetings from our Maritime Administrator, Mr. Paul "Chip" Jaenichen, and his deputy, Mr. Michael J. Rodriguez. Both of them take a very personal interest in the inland waterways.

I would like to mention a couple of things that might be of interest to the Board and to the Corps. Our agency is working on a National Maritime Strategy. We expect to have that completed before the end of this calendar year. Inland waterways and infrastructure are both foci of that strategy.

We are also working with the American Waterways Operators to publish an economic impact analysis of the barge and towing industry. And we are expecting to have that done in a couple of months.

General, you mentioned something about, for lack of a better term, a “planning horizon.” The U.S. Department of Transportation has just published a report entitled *"Beyond Traffic."* The Department of Transportation is working on a 30-year planning horizon, to the year 2045. Not sure how helpful that is to you, but at least that gives you an indication of what some other folks are doing.

With that, I certainly appreciated the opportunity to take the tour yesterday. It was a terrific learning experience. And I certainly appreciate the chance to be here today to visit with all of you and learn.

Thank you very much, Mr. Chairman and General.

MAJOR GENERAL PEABODY: Thank you, sir. And now we will go to the Department of Agriculture, Mr. Nick Marathon. Sir.

MR. NICHOLAS MARATHON: Thank you, General. I'm here representing Mr. Arthur Neal. He is the Deputy Administrator of the Transportation and Marketing Programs of the USDA's Agricultural Marketing Service.

This year the U.S. saw record corn and soybean production which resulted in some record harvests and during harvest time, we had some record pace of exports. The record pace of exports would not have been possible without the ability of the barge transportation to supply coastal areas with grain exports from the interior production areas.

During the fall of 2014, about 61 percent of exports exited the country through the Mississippi River-Gulf of Mexico region. And this was possible because the barge transportation system.

The increase in the amount of grain shipped highlights the importance of the multi-modal nature of the transportation system that supplies U.S. agriculture. And part of our job is to look at this multi-modal system and we're continuing to look at that.

Again General, I appreciate being here and the tour yesterday and look forward to the rest of the meeting.

MAJOR GENERAL PEABODY: Thank you very much, Mr. Marathon.

I'm not sure if Mr. Magnuson from NOAA is here. Apparently not. We believe he is going to come here a little bit later. And if he is able to arrive, then we will offer him, Mr. Chairman, an opportunity to make remarks at the appropriate point.

In that we have lastly the Principal Deputy for the Assistant Secretary of the Army for Civil Works, representing Ms. Jo-Ellen Darcy, Ms. Marie Therese Dominguez. Ma'am.

MS. MARIE THERESE DOMINGUEZ: Good morning. Thank you, General Peabody. Thank you, Chairman Hettel. It's a pleasure to be here today with the Inland Waterways Users Board.

I was very pleased I could join you yesterday for at least part of the tour. I was able to join you for the second half of the tour yesterday. It was very informative and good to be in this part of the country. I had never actually had the chance to look at the Black Warrior. Hopefully at some point in time we can get up to the Tombigbee. I understand there is a lot of good work going on up there. I know we have had a number of investments, including some interesting work on our energy savings performance contract work and some additional lighting up on the Tombigbee that's being launched. If you haven't had a chance to look at that, I would encourage you to get with some of our good folks who are actually working on it.

I want to say a special thank you to the Mobile District for hosting us and to the South Atlantic Division. I greatly appreciate everyone's efforts. It is a lot of work to put these meetings together, and I do appreciate the commitment and the work of both the Board members and all the staff.

I understand there have been a lot of good discussion to date and a series of meetings between the industry and public with regard to our comprehensive Investment Strategy. The Investment Program Action Team has been out doing a lot of good work and I look forward to the update today.

I also wanted to talk a little bit, Chairman Hettel, I know that you've mentioned in the past our appointment process. The fact that we have got a vacancy and some reappointments that are moving forward, I wanted to reassure you that we are indeed focused on it. I look forward to moving this in a smooth manner and moving forward aggressively. Thank you again.

MAJOR GENERAL PEABODY: Okay. Thank you, ma'am. And with that, I will turn it back to our Executive Secretary, Mr. Pointon.

MR. POINTON: Thank you, sir. Moving along on the agenda. Mr. Hettel, Chairman's remarks, please.

CHAIRMAN HETTEL: Thank you, Mark.

The Board certainly wants to welcome everybody here to our Meeting Number 74 in Birmingham. The Board certainly wants to also extend a thank you to the South Atlantic Division, specifically the Mobile District for its logistical planning and site visits yesterday.

As we saw, the Black Warrior and Tombigbee Waterway ships a variety of products that are derived from, and delivered throughout, the inland waterways system. This just confirms

what the Colonel spoke to, that our inland waterways should be valued as a system and not as individual waterway segments.

Certainly thanks to the Warrior-Tombigbee Association, the Tennessee-Tombigbee Waterway Development Council, and the Alabama State Port Authority for sponsoring the social event last night and the coffee service for today's meeting.

So here we are here in Birmingham. As a result of one of our goals, as the Colonel spoke to last year, was to hold meetings throughout the inland waterways system, to demonstrate the importance of the waterways as a system.

So with that goal in mind, we are looking at holding our meeting Number 75 in the Houston - Galveston area which will include the Gulf Intracoastal Waterway West (GIWW-West), which is Vice Chairman Woodruff's AOR [area of responsibility]. That will be sometime the latter half of May.

Inland Waterways Users Board Meeting No. 76 we are looking at going to Nashville. And speaking with Mr. Pointon yesterday, possibly doing a bus ride up to Chattanooga, or up to Chickamauga and see that facility and maybe hold a meeting in Chickamauga and then take the bus back to Nashville for easy travel.

That will be somewhere around the end of August unless Mr. Pointon and I can make that schedule work to meet Mr. Peabody's schedule. It might be a little bit earlier in August.

MAJOR GENERAL PEABODY: Yes, Mr. Peabody --

CHAIRMAN HETTEL: I guess I should refer to you as General until after August. I apologize.

And then, of course, our Meeting No. 77, we are going to follow up in a convenient location similar to what we did in Baltimore. Most likely not have a tour of any facilities and try to do a fly in and a fly out for a brief meeting to prep ourselves for our Annual Report.

And to follow-up on a couple of the remaining goals to accomplish in 2015. And certainly, Ms. Dominguez, thank you for your update on the reappointments of the current Board members. It would be nice if you could give us an estimated time of completion on that process. May 28th will be on top of us before we realize it.

MS. DOMINGUEZ: I know. That's exactly why we're flagging it.

CHAIRMAN HETTEL: I do understand the announcement for the 11th position for the Board was in the *Federal Register*, and I believe it closed last Friday for applicants for the 11th member of the Board.

So it sounds like we are moving forward on that. We just want to reiterate, Ms. Dominguez that with respect to the reappointment of Board members, our hope is that half of

the members of the Board to be reappointed to two year terms, and the other half of the members be reappointed to three year terms, so we can stagger the appointments going forward and not have a complete turnover in the Board in any given year.

Ms. Simmons, the Board certainly wants to express our sincere thanks to you for being the Designated Federal Officer for the last five meetings we've had. Mindy, you've been responsive to the Board's requirements, coordinating meeting and logistics and planning, and have produced timely documents for the Board to review prior to our meetings. It has been our pleasure working with you, and we wish you the very best in your future endeavors. Thank you again, Mindy.

MS. SIMMONS: Thank you.

CHAIRMAN HETTEL: Well, as the General spoke, 2014 did turn out to be quite a year with the WRRDA legislation that passed in June, along with ABLE Act that increased our users fee, General, by nine cents, certainly has put us on a foundation for improving the reliability, upgrading the efficiency, and increasing the capacity of our inland waterways system.

General, you asked what the Board would like for the inland waterways system to look like, and I think that sums it up right there. In the near term we're looking to increase our reliability and the efficiency of the system. Long term we are looking to increase capacity in the system.

Of course, recommendations from this Board will help steer these improvements to the inland waterways system starting with our first set of recommendations due to Congress on the President's FY16 budget, which is due no later than April 2nd.

So that's going to conclude my remarks as I want to give as much time as possible to the Board members during presentations today in order so that we can absorb as much data as we can prior to making our recommendations to Congress.

So thank you, Mr. Pointon. That will do it.

MR. POINTON: Thank you, Marty. Moving along, next on the agenda we will now move to approve the minutes of Board Meeting No. 73 held in Baltimore, Maryland in November 2014.

Is there any discussion or any comment from the Board members?

(No response.)

Hearing no comments I will ask someone to offer a motion to approve the minutes of meeting 73.

MR. DANIEL P. MECKLENBORG: Yes. So moved.

MR. POINTON: So moved by Dan Mecklenborg. Do I have a second?

MR. WILLIAM M. WOODRUFF: Second, Matt Woodruff.

MR. POINTON: Seconded by Matt Woodruff. Can we have a vote from the members on the motion to approve the minutes from Board Meeting number 73? All in favor say "Aye".

BOARD MEMBERS: Aye.

MR. POINTON: Any nays?

(No response.)

MR. POINTON: Excellent. Motion passes unanimously. The minutes from Board Meeting No. 73 are approved. That went quickly.

Moving along on the agenda, we are now going to do some follow-up activities from Board Meeting No. 73. And we will start off with Mr. Patrick Donovan who is going to talk about some of the Lock Performance Monitoring System (LPMS) data issues that you have been experiencing recently.

MR. PATRICK J. DONOVAN: Good morning. I'm Patrick Donovan, Chief of the Inland Navigation Planning Center of Expertise, located in Huntington, West Virginia.

Thank you for the opportunity to provide these comments as a follow-up to questions from the last Users Board meeting. Any questions before we move forward?

Inland Waterways Users Board members, this is the agenda real quick outlining what we are going to talk about. I will be really succinct in my comments today. I know we have got a lot on the agenda. We want to step through it quickly.

First thing I want to do here is set the stage. The Lock Performance Monitoring System, the LPMS data that we're discussing today, the Corpslock website is operated and maintained by the Institute for Water Resources' Navigation Data Center.

We at the PCXIN-RED, we are a consumer of the data. We use this data in our economic analyses just as the industry uses it. So we are also a consumer of the data. And we use that data in data calls from the Corps, the public, and the industry. So these are the things we engage in as well. We are actively engaged in the data just like you are.

So when we started digging into this, we kind of sat down with the LPMS glossary of navigation terms. And I asked the economic analysis team to look at this and asked how is "arrival time" defined and how is "delay" defined. So we pulled this right out of the glossary of inland navigation terms.

And I know this is fairly simplistic, but we had to set the stage in our analysis to ensure as we went forward addressing Mr. Hettel's question we were calling an apple an apple and an orange an orange. So we wanted to make sure of that. So we did that.

And then we step forward. So we got into some examples of procedural issues. And at Bayou Sorrel, we believe Mr. Hettel was absolutely correct in his observations. When we dug into this data and we went in and looked at the initial assignment of arrival time coming into the lock is when the vessel actually arrives in the geographical area.

What we're discovering, as Mr. Hettel noted, is he can see the vessel arrive on the website, but then the live data is edited to reflect the arrival of a helper vessel. And this changes the queue time. And you see this actually happening on the website. So this is a challenge. And we recognize that. So we will propose some recommendations going forward.

So we said, okay, let's see what else is going on. So we jumped down to the Inner Harbor Navigation Canal, and we had a conversation with the lockmaster. And we were advised by the lockmaster that when a tow calls in, the lockmaster verifies the vessel location with AIS. And then that AIS data is used to place the vessel in the queue, and the tow is marked as arrived.

So we're seeing some things, some ripples in the force here, so there are some consistency issues.

Then we dug into the warehoused LPMS data that is used to propagate this website. And what we found is data correction and procedures need to be implemented prior to the release of the data. We were finding some problems in the datasets as we just did a cursory review of this.

So then we moved forward. We also looked at the misreporting of LPMS data on the website. The website is located in my notes that I have before you.

Roll-up reports, another issue is the reports do not accurately reflect what they state. So there needs to be some further discussion, some quality control on the roll-up reports that are being generated, that industry is seeing.

So these are some of the challenges or some of the problems we identified in our use of the data as well. So these are structural problems we are seeing.

Some of our recommendations going forward -- I said I'd be succinct today -- clarification of interpretation what is meant by the term "ready to lock." We need to clean that up. What is meant by "ready to lock" on the website?

We need a QC [quality control] of the CorpsLocks website of the calculations and methodologies used and the data display on the website. There needs to be some quality control here in place to ensure that the data being represented is truly what the data is.

And then we have to allow the LPMS analysis to request IWR personnel to review and correct erroneous data and records if the district's LPMS POCs are unresponsive.

What we are seeing is this disconnect, we're seeing at the local level. The lockmasters are reporting data differently. And so this is causing a disturbance in how the data is being represented on the website which is causing a conflict in how we're seeing the data, which led to Mr. Hettel's question. So there is a disconnect here.

And then we have to have consistent data entry procedures. Develop a system-wide procedural consistency and reporting of arrival and delay times. Is it AIS? Is it helper boats? What is the consistency in the system so that, when this data hits the website live, it is consistent across the system? So we're getting true representation of queue times for lockages. And this is a procedural consistency we need to do.

And then we really need to look at some training. It all begins with the LPMS data entry operators and the District POCs on LPMS data, so actually getting everybody on a consistent level going forward. So when the data is reported up into the website, it is consistent.

And then revisit data collection and how exceptions to the general rule are handled.

So, Mr. Hettel, there are my responses to your questions, sir, if you have any questions.

CHAIRMAN HETTEL: Yes. Marty Hettel here. Thank you, Patrick. And the reason I brought this up at the meeting is if we are going to do a 20-year Capital Development Plan and revise it every five years, we certainly need to have correct data for estimating shipper - carrier costs involved in it. In my opinion this will certainly effect what you've recorded in the past on shipper - carrier costs.

MR. DONOVAN: Yes, sir.

CHAIRMAN HETTEL: So it is important data. I appreciate you looking into it. One question I have. What would be the time line for getting this corrected? Do you have any idea or --

MR. DONOVAN: That is - once again, sir, we are consumers of the data. And we have presented this as well to IWR. And so then that's a question that we will have to work internally with our partner agency within the Corps and come up with a time line and then hopefully be able to present that in the very near future to you, sir.

CHAIRMAN HETTEL: Okay. Thank you.

MAJOR GENERAL PEABODY: Okay. So, Mr. Hettel, I'm going to take that on right now. One of the things I learned when I was the Senior Engineer Trainer at the National Training Center is when you do an AAR [After Action Report], there are three components. And if you don't address all three components, you are not going to fix the problem.

And the first is to identify what the issue is? I think PJ has done a good job of identifying the issues.

The second is who is going to fix each one of those issues. And the third is when you are going to do it by.

Because if you don't have that fixation of responsibility on whom and a time line to get it done, you tend to get overcome by the urgencies in life and these important things aren't addressed.

So, Mr. Belk, I'm going to ask you and Mr. McKee to briefly address who you have in mind to do this. And then you can follow up specifically with me later to do this.

And I would like to report out to this Board on all six of these items at the next Users Board meeting and say this is our plan for executing the fixes to the concerns that you identified and we researched.

So could you briefly comment, one or both of you?

MR. JEFFREY A. MCKEE: Sir, this is Jeffrey McKee, Chief of Navigation Branch at the Headquarters. Our point of contact at the Institute for Water Resources is Ms. Ginny Pankow. We will be working with Ginny to QC the data, make sure we address these things. And we will have a response by the next Users Board meeting.

MAJOR GENERAL PEABODY: Okay. So who's got the lead within the Corps to fix responsibility?

MR. MCKEE: That is me, sir.

MAJOR GENERAL PEABODY: Okay. Great.

Second, as I understood PJ, we have a need for our industry partners to report in a consistent manner. We just need to tell them what that manner is. Is that basically accurate?

MR. MCKEE: Well, it's not only the industry, but it's also how we do things at our own facilities and how we report it at the locks in terms of the arrival times and what we're using and defining as the arrival time.

MAJOR GENERAL PEABODY: Okay. So, Jeff, what I'd like you to do, then, is prior to the next Board meeting, I would like to see it, but brief out to the Board members at the next Board meeting, our specific plan to address this and our time line for putting in place the institutional procedures and mechanisms to ensure that the data is reasonably consistent across all lock locations and reported, managed, and archived in a consistent manner so that we have data that means the same thing at different points in the system.

MR. MCKEE: Yes, sir.

MAJOR GENERAL PEABODY: Thank you, sir. Appreciate that.

MR. WOODRUFF: Could I interject? This is Matt Woodruff. And the Bayou Sorrel Lock is one of particular interest to the folks I represent on this Board.

And I have some concern because there was information presented to this Board basically that said that there was no justification for, or no longer viewed to be justification for replacing that lock. And that struck those of us in the industry as being very peculiar because of the problems we have there.

And so I think one of the things that's important as we go through this not only is to fix it going forward but understanding how what was done in the past could have improperly influenced decision making and make sure that we correct it and make the correct decisions based on the right data.

I think part of what might be important to the fix, though, is to ensure that there is some industry involvement in the process that you've discussed. For example, there was a discussion of a helper boat at Bayou Sorrel. So you're not really in line at Bayou Sorrel until the helper boat is there. Well, the helper boat is always there. It's the same helper boat that helps every tow that comes through Bayou Sorrel. There's a company that its livelihood is helping people through the Bayou Sorrel Lock.

And so the only reason the helper boat isn't helping the boat that is Number 10 in the queue is right now it's helping the boat that's Number 1 in the queue. So the helper boat will never be there to assist a vessel until it's the vessel Number 1 in the queue and it's ready to go.

Now, I can envision a situation where there is nothing else around. A vessel arrives at a lock. And its helper boat is not there. And so, therefore, it's not ready to lock until a boat comes from some distant point. And maybe under those circumstances, the arrival of the helper boat is relevant. But at Bayou Sorrel, under normal circumstances, I don't think that it is.

And we probably have people in this room and elsewhere in the industry who understands some of those peculiar situations to make sure that what we are capturing truly represents the delays that we are experiencing and it's not an anomaly or an accounting methodology that perhaps makes it look different than it is.

So I would hope that for two things, number 1, that we figure out where we may have been led astray by bad data and fix that; and number 2, have some industry involvement, looking ahead to make sure we are capturing it properly going forward.

Is that something we could work with you on, Mr. McKee?

MR. MCKEE: Yes. We will do that, yes, sir.

MR. WOODRUFF: Okay. Thank you.

MR. POINTON: Are there any more questions related to the LPMS data?

(No response.)

MR. POINTON: We will move on to Mr. McKee who is next on agenda who will provide follow up information with respect to questions from Board members at Meeting 73 concerning lock outages, the coordination process and the communications process for lock outages.

MR. MCKEE: This is Jeffrey McKee, Chief of the Navigation Branch at Headquarters. Mr. Chairman, I apologize for not having this to you in advance, but you will get a copy of this.

In terms of strategic communications for lock outages, we typically have conference calls with stakeholders, information posted on websites, and information is disseminated through periodic meetings and conferences, and regularly scheduled conference calls with a variety of the stakeholders, as you can see shown here.

In terms of the lock closure information, for scheduled closures, we try to provide this information as soon as possible at these meetings and discuss the scheduled closures with stakeholders. I know one of your main concerns is being a part of the decision making process as to the timing of those closures. And I will get to that later in my slides.

Certainly in the Broadcast Notices to Mariners, those go out through the Coast Guard. Personal calls are made by the individual District offices to the different shippers and key stakeholders as well as coordination with the various groups.

In terms of the unscheduled closures, for emergency closures, the Broadcast Notices to Mariners, those go out to the Coast Guard, the personal calls that are made, and then as well as trying to schedule industry calls as soon as possible to advise the industry of those different changes.

In terms of Levels of Service, those are typically coordinated by the Districts through town halls, we've got a requirement that's gone out to the field to at least review on an annual basis, usually during the summertime, what the levels of service are, track what the previous three years lock usage has been, and make any adjustments if need be.

And certainly we have seen some of those changes in recent years with locks on the MKARNS [McClellan-Kerr Arkansas River Navigation System] of going back to 24/7 and locks on the Ouachita-Black Rivers changing because of those levels of service.

Public notices are typically put out to the public, industry meetings as well as state and government notification.

And then in terms of future commitments and our path forward, we are committed to proactively involving the industry and stakeholders well in advance of the schedules in order to try to schedule when these outages will occur to make sure that we are in sync with closures on the individual waterways where we can make for the best efficient use of those waterways, look at your schedules, look and see what makes the most sense from your perspective in terms of shipping commodities.

One of the things we need to do at the local as well as regional and national level is look at who are all the interested stakeholders to make sure that we have got everybody taken into account when we issue these notices and involve the stakeholders in the scheduling in advance.

Kind of already addressed this in terms of the coordination across the IMTS [Inland Marine Transportation System], to minimize impacts, make sure we don't have concurrent closures on traffic routes that are alternate waterways or make sure that we have closures on a single waterway where instead of doing something sequentially and closing the waterway for 60 days, maybe we close two locks concurrently and only close the waterway for 30 days.

So those are the types of things we need to address with you when we sit down in advance, look at working with the industry groups that we've got to focus on future closures and not just react to closures that have occurred in the past from a retrospective perspective.

The other thing we have is a new Corps Notice to Navigation Interests website that we are working on. This is going to be a single website that can be accessed by the public. It's not available as yet. Hope to have it available by our next Board meeting, but it's a single point of entry for all of the Districts to enter navigation notices as well as a single point of access for the public to find out these notices.

And so that's how we are planning to move forward to address your concerns with the lock closures.

Subject to your questions, sir.

CHAIRMAN HETTEL: Thank you, Jeff. Martin Hettel here again. As we had some discussion last night, Jeff, the importance of the industry being involved on the front end of that communication, I guess I'm not sure of your work plan time line, but I would think you folks pretty much know what you need to shut down in Fiscal Year 2016 for repairs.

In order to continue to have a collaborative effort, to have the industry involved on that front end as you spoke to earlier, would give us the opportunity to say this is what works best for industry.

Now, will it result the way industry wants? Maybe, may not. Will it result what you guys have laid out? It may or may not. But at least we are at the table communicating with each other and we are understanding why you can't do it at a certain time and you understand how it affects us. I think that's where we need to get to with your lock closures. So I just wanted to put that comment on the record, and thank you for working on this.

MR. MCKEE: Yes, sir. It needs to be more of a partnership. In terms of what we can do at this point in time, we can certainly schedule based on what is included in the President's budget for FY16. The one thing that we are not sure of is what ultimately will be the appropriations we receive from Congress as exemplified by the FY14 and FY15 plus-ups that we got from the Congress, there was additional work that necessitated additional closures as a result of those additional funding pots that were required.

So depending on when we get the appropriations for FY16, at that point in time when decisions are made, what becomes the FY16 work plan, we will certainly try to get with the industry to schedule any additional closures in Fiscal Year 2016.

MR. WOODRUFF: Mr. McKee, this is Matt Woodruff.

MR. MCKEE: Yes, sir.

MR. WOODRUFF: I know on this Board we talk a lot about locks and lock closures. But there is also channel work and other activities of the Corps that impact navigation – mat sinking and wing dikes and things of that sort in the open stretches of river.

And so I would just hope – I know we've talked about this in terms of lock closures here, that we would be broader than that and ensure that any work that impacts the navigability of the system would be included in that discussion so that, we are not thinking, since the locks are open, that everything is fine when, in fact, there could be a channel issue somewhere that would have similar or greater impact.

MR. MCKEE: Yes, sir. This would apply to any type of closure of either the lock channel or anything in the system, yes.

MR. WOODRUFF: Thank you.

MAJOR GENERAL PEABODY: If I could, Mr. Chairman, General Peabody.

Similar to the last discussion, what I am looking for, Mr. Belk and Mr. McKee, are standards. What are the standards that we need to strive for, for advanced notice for river work, whether it's associated with the channel improvement or a lock or whatever it is.

I'm looking for enterprise standards that we establish. I'm looking for best practices that are already going on in several of the regions. And then I am looking at, what I would like for us to do is document that into a standard, a guidance, an SOP [standard operating procedure] that says this is what we will strive to achieve knowing that the further we get from regular order the more difficult it is for this agency to be responsive to your desires.

Last year we couldn't have gotten a whole lot further out of regular order -- that kind of set the new low for getting away from regular order. This year it was a whole lot better. But

we still haven't had – I can't remember the last time we had an appropriations bill passed by October 1st. And so that definitely complicates our ability to meet your desire.

Having said that, I do think that we have got to set reasonable standards of advanced notice, and a process of collaboration through the appropriate regional navigation entities -- and there are several -- so that we can achieve reasonable advanced notice and reasonable advance understanding of what the plans are. And then, of course, all plans have to react to contact once you cross the line of departure. And we will do that.

So if we could document that and present that at the next Users Board meeting, this recommended standard, I think that would help all us understand what we are trying to achieve and we can get into the details of what is optimal for industry, what's achievable from our perspective, and then move forward toward perfectibility with time.

MR. EDWARD E. BELK: Yes, sir. With that, I think part of our commitment and the Corps' commitment here is predictability and dependability, because the business world turns on predictability. So you need to have visibility.

I think part of the challenge, though, that we we're going to have to work through is it's one thing to have the information on what's going to close and where the impact is going to be. It's one thing to develop that. It's another to communicate it.

And one of my lessons learned as we worked through some issues on the Lower Mississippi River last year with our sinking plan is, the Corps thought we were talking to industry, but we weren't talking to all the industry. And maybe we weren't talking to the universe of folks we needed to be engaged with. So we've got to figure out that engagement strategy to make sure at all levels of industry there is clarity on what's going on.

And I think when I was at MVD [Mississippi Valley Division], we started moving more towards RIETF [River Industry Executive Task Force] as a vehicle but maybe not the only vehicle.

So it's not just going to be developing the information. It's going to be figuring out how to disseminate it and make sure there is understanding at all levels.

The website will help, I think, because that's a common platform with a common level of details. But I think that's a piece we will have to work together.

MR. MECKLENBORG: Yes, Mr. Chairman, Dan Mecklenborg.

I want to commend the Corps for moving in this direction. I do think that the remaining effort that General Peabody describes will be very helpful. And I think that identification in a written form of exactly what the exceptions are is critical and that the process be broader than simply the RIETF interaction.

MR. MARK K. KNOY: General, Mark Knoy with ACL. I also serve on the River Industry Executive Task Force. And we kicked this around at the last RIETF meeting quite a bit. I would just ask that you and your team check in with those Corps attendees because we thought we put an improved communications plan together. It was still being vetted by the team. I know Bill Chapman was there and Ed [Mr. Edward Belk] -- you were there; right?

MR. BELK: I wasn't, but I was tracking the progress.

MR. KNOY: Yeah. There was another gentleman there from Vicksburg.

MR. BELK: Yes, Dennis Norris.

MR. KNOY: Dennis Norris.

MR. BELK: Yes.

MR. KNOY: And we used to have these navigation days immediately following the release of the President's budget. And it was a full-day briefing by the Corps and a full-day briefing by the Coast Guard. And we strongly encourage going back to that because they spent the whole day laying it out by District.

And at least the Admiral of the Eighth District and the Ninth District agreed to move forward on that, again, waiting on some feedback from the Corps and other stakeholders. But I think that would put us in the right direction.

MAJOR GENERAL PEABODY: Yes, sir. I appreciate that and I agree with you. The work that we do at the RIETF I think is one of those regional forums -- kind of a super regional forum that sets the standard or provides a model or a template for us to look at when we look at Corps enterprise standards.

So I appreciate that recommendation. We will take that fully under advisement and look to them as our baseline. Thank you, sir.

MR. MCKEE: This is Jeff McKee. As a last remark on my part, I will work with Mr. Chairman in terms of the coordination and the development of that procedure as well since you are involved with that.

CHAIRMAN HETTEL: Thank you, Jeff. I appreciate that.

MR. WOODRUFF: This is Matt Woodruff. One more comment. And I keep looking at the last bullet, the website.

And certainly that's, I think, a very good thing. But really what we need is a common operating picture. And so how that website is developed, if it's just a repository of navigation notices and it's just purely textual, I'm not sure that's getting us where we really need to be.

But if we had a graphic depiction with a temporal aspect where somebody can look at the map and say, here is everything that is planned, that is information rather than just data.

And so I think one of the keys that I would ask that you spend some time on as you develop that is how you really convey information as opposed to providing data.

MR. MCKEE: Yes, sir. We will look at that as well.

MR. POINTON: Any other questions from the Board for Mr. McKee on this particular issue?

(No response.)

MR. POINTON: We will now move along then to the final two items from the follow-up from the last Board meeting.

And Mr. Steve Jones from the Mississippi Valley Division will address the Inner Harbor Navigation Canal Lock financial history, as well as the NESP [the Navigation and Ecosystem Sustainability Program, formerly referred to as the Upper Mississippi and Illinois Waterway Project, authorized by Title VIII of the Water Resources Development Act of 2007, P.L. 110-114, dated November 9, 2007] -- the Upper Miss funding situation that you requested from the last Board meeting. Steve.

MR. STEVE JONES: General Peabody, Chairman Hettel, Ms. Dominguez, Federal observers, Board members, thank you for this opportunity. I regret I was not able to make the last meeting. I understand there were a couple of items that came up.

I provided you in writing at least what I hoped would answer your questions that you brought about these two projects that Mark referred to, NESP and IHNC.

For the IHNC, my understanding was your biggest question you wanted to know what we had spent money for and what those items were, and provide you a document that itemized those.

I think there was also some concern about whether any of that money would be useful for continuing the project.

Shallow draft, as most of you are aware, we're no longer considering a deep draft lock at the IHNC. We are looking at a shallow draft lock.

We don't know until we really reformulate, exactly what the shallow draft lock will require. But it appears a considerable amount of that work would be that's been done.

You will see in the document that I handed out that we did demolition of the old Coast Guard facility, some other work, obtained that real estate. It is expected that that will be the

same location that will be used and would have had to be done for a shallow draft lock if a deep draft lock had never been in there.

But subject to any questions, that's really all I really have on IHNC.

Any questions on IHNC?

MR. WOODRUFF: This is Matt Woodruff again. Not really so much an IHNC question but one where I don't see where there is another spot on the agenda to ask it. And since you are up here, you are probably the right guy to direct it to.

The surge barriers that also impact us in the region of the IHNC, in the WRRDA bill, there was an authorization for the Corps to assume the O&M [Operation and Maintenance] responsibility. And I don't think that's happened yet. I was wondering if you could tell us where we are on that.

MR. JONES: I would prefer to defer to maybe Mr. Belk.

MR. WOODRUFF: Okay.

MR. JONES: Maybe he will be willing to answer that.

MR. BELK: Thank you, Mr. Jones.

MR. JONES: Nothing like passing it up the ranks.

MR. BELK: No, actually that's a great question, Mr. Woodruff. We did get authority in WRRDA to assume O&M of that structure.

In the FY15 work plan process, while we got authority, we did not get funding, and it did not compete compared to other priorities in the FY15 work plan. And it's not in the FY16 budget either for similar reasons.

So right now it's an authority but it's not budgeted.

MR. WOODRUFF: I guess from our perspective -- and I understand that there are priorities that have to be addressed. But it seems like to me that when Congress says to do something you should at least -- and you say, well, we can't do it because we don't have the money. But then if you are not asking for money, then it's hard for Congress to provide the money under the way things work in Washington right now.

So I would hope or I understand that those decisions are made at varying levels of government and within the Administration, but I think that there was a pretty overwhelming sense of the Congress in passing that WRRDA bill that this was something that needed to be done, and we needed to have a more reliable steward of those resources than what we have now.

And we know where to find you guys, and we know that you guys are dependable and you don't run away when things get tough. And so we would certainly like to see you guys running those.

That's not to say that the folks who are operating them right now are not reliable. We just don't know them to be reliable like we know the Corps of Engineers to be reliable.

MR. BELK: I understand.

MAJOR GENERAL PEABODY: This is General Peabody. I will make a couple of points, if I could.

The first is that, in fact, the Corps, the New Orleans District, has worked very hard in intricate detail with the local sponsors on all of the elements of the Hurricane and Storm Damage Risk Reduction System.

In fact, when we had Hurricane Isaac hit at that time, we still had I think over 500 openings, most of which were temporary that had to be closed.

And, in fact, the local sponsor, the CPRA, the Louisiana Coastal Protection Restoration Authority, and its subordinate elements did the vast majority of that work in close collaboration with the New Orleans District.

It was a synchronized closure dance that was tremendously complex but executed with great specificity.

And to me that generated enormous confidence in the local project sponsor's ability to do their responsibilities as executed in the partnering agreements.

The second point I would make is that in the reality that we live in Washington, regardless of what Congress wants or what the Administration proposes and recommends, the fact is that our O&M requirements continue to burgeon, and the general trend of our funding continues to remain fairly flat, static.

And in this reality, I personally am not motivated to get more requirements laid on to the Corps.

Now, the third point I will make is that Ms. Dominguez and I take your observation very much to heart, and we will communicate that to our boss, Ms. Darcy, when next we see her, I know.

MR. WOODRUFF: Well, we know we can depend on the guys in the green suits. So that's where our comfort level is.

MAJOR GENERAL PEABODY: Okay. Thank you, sir.

CHAIRMAN HETTEL: General, Marty Hettel here. With all due respect, do we know what your O&M of 65 percent of those facilities would cost the Corps?

MR. BELK: We do. We have worked that, as General Peabody described, with the state and the local CPRA, so we do have those numbers.

CHAIRMAN HETTEL: Are you able to relay that to us here at the Board?

MR. BELK: Steve, do you know -- the number \$5 million comes to mind.

MAJOR GENERAL PEABODY: Yeah, it's in the millions. It's in the millions of dollars. I'm not sure of the precise figure. Probably between \$5 and \$10 million. I'm not sure of the exact number.

CHAIRMAN HETTEL: With all due respect, and I guess I'm going to be blunt and speak to the facts.

In FY14 and FY15 I believe the plus-up in the Corps' O&M budget was about \$1.6 billion combined between '14 and '15. But yet we can't find whatever it cost to operate and maintain those two facilities.

I just want to bring that point up. And it's not to point fingers, but we are working very hard to plus up the O&M budget of the Corps. And hopefully we can find somewhere in the O&M dollars to have the best guys we know, which are the guys in the green suits, operate these facilities.

MR. BELK: Great point, Chairman Hettel. And I think I need to be more precise in the Administration's view and treatment of that structure.

It's a budgetary issue, sure, but it's not budgeted because 100 percent Federal funding of O&M is by policy considered a local responsibility.

So it's not policy compliant. That's a little nuance. But that's really the issue that causes it not to be budgetable in addition to the other competing demands on the budget. There is that. But it's a policy issue up front that the Administration has with the proposal in WRRDA.

MAJOR GENERAL PEABODY: The other point I would make is that our current estimate, and it's a very rough order of magnitude estimate, and I would expect as we attempt to get greater fidelity on the system that we are going to see this estimate climb northward.

Our total maintenance backlog estimate across the Corps enterprise is \$3 billion.

So the reality is, when we get plus-ups in funding authority from the Congress for O&M, there are far more requirements than there is money in the plus-ups that we're seeing to attend to.

And the Administration has to make very difficult choices about what those priorities are. And we have just way too many competing priorities for those limited funds.

So we take your concerns very much to heart. We will convey them to the policymakers that make these decisions.

And I will say the last point I would make is the Administration in its guidance has very clearly not closed the door on the possibility that we will fund this in future years. That was very, very clear. It's just that in the current budget year it did not compete.

CHAIRMAN HETTEL: Thank you, General. Steve, I do have a question for you on the Inner Harbor Navigation Canal.

What draft for the facility are you looking at? Are you continuing to look for a 22-foot clearance or a 13-foot? Can you elaborate on that for the new Inner Harbor Navigation Canal Lock or are you not even that far into the process?

MR. JONES: I would say we are not that far in the process basically. It's still being evaluated what will be optimal.

MAJOR GENERAL PEABODY: Steve, and to the Chairman's point, I think everybody knows we are doing a General Re-evaluation Report (GRR) as a result of the change of the sponsors wanting us to go deep draft. The GRR will define the recommended depth. Do we have a time line on that yet, Steve, do you know?

MR. JONES: I don't know it as of today. I can provide it by the next Board meeting.

MAJOR GENERAL PEABODY: Yes. Let's provide a brief review at the next Board meeting on the IHNC GRR and the major parameters that that GRR will look at so that the Board understands and can ask questions and as they may decide to weigh in.

MR. JONES: Yes, sir, we'll do.

MAJOR GENERAL PEABODY: Fair enough, Mr. Chairman.

CHAIRMAN HETTEL: Yes. Thank you.

MAJOR GENERAL PEABODY: Thank you, sir.

MR. JONES: Any other questions on IHNC?

(No response.)

MR. JONES: Okay. The other document I provided you was on NESP. I think the question there -- the biggest concern was whether or not I think actually had to do with when NESP might be subject to any kind of de-authorization.

We did allocate funds in FY14 through a reprogramming to that project. The way I understand the de-authorization process, if a project is unfunded or unexpended for five years, the project could be put on the list which then Congress can either appropriate funds or it could be possibly de-authorized after that.

So basically as you see there, what I put in front of you, that the project is not really subject for any de-authorization to the current process for at least 2019 or something like that.

The other is a breakdown there is what we have spent in PED [Pre-construction Engineering and Design]. There has been some interest before, and I don't recall if that was actually at the last Board meeting or other times, maybe through some of our IPAT efforts, actually the effort that has gone on PED-wise designed specific to locks that partially have PED on them, I identified those dollars in there also for you.

Subject to your questions.

CHAIRMAN HETTEL: Marty Hettel here. Steve, just so I understand what I am reading here, we have spent since 1991 to 2014, \$134 million out of the Investigations account?

MR. JONES: Yes, sir.

CHAIRMAN HETTEL: Okay. Thank you.

MR. JONES: Any other questions?

(No response.)

MR. JONES: Thank you.

MR. POINTON: Thanks, Steve. We are now going to move onto a presentation on the FY15 work plan and the FY16 President's Budget by Mr. Jeff McKee. We've kind of touched on that a little bit already as we've gotten up to this point.

But, Jeff, you are up, sir.

MR. MCKEE: Thank you, Mark. I will start off with our national priorities for budgeting. You can see where the focus of the President's budget is in terms of providing for national defense; focus on reducing the deficit; creating jobs and restoring the economy; improving the resiliency and safety of communities and infrastructure; restoring and protecting the environment; maintaining our global competitiveness; increasing our energy independence; improving the quality of life; and supporting research and innovation that leads to American jobs and industries.

Certainly from a navigation perspective, all of these things come into play throughout the inland system.

In terms of the FY16 budget specifically, not only with the navigation program, but across the board for the Civil Works program, the budget is performance-based. It's focused on the highest performing projects and programs that return a high economic, environmental, and public safety returns to our nation.

Certainly one of the focuses in the FY16 budget was an emphasis on operation and maintenance of our infrastructure. You will see an increase in the overall O&M program in FY16.

Looking at a fiscally prudent investment in our nation's water resources infrastructure, and as General Peabody said, there are a lot of tough decisions that need to be made in terms of keeping the nation on a fiscally prudent path and funding those things that really need to be funded and recognizing that there is going to be a lot of work that will be left on the table unfunded.

In terms of navigation, we focus on the coastal side of the house on those coastal channels and harbors that carry more than 10 million tons of cargo a year and on the inland and intracoastal waterways, those that carry more that 3 billion ton-miles of commerce annually.

In terms of the overall budget that you see here, this is focused on navigation. You can see from 2008 to 2016 a general decrease in the overall navigation program but, again, starting an increase in FY16 for a total of \$1.947 billion for the navigation program, a \$122 million plus-up over our FY15 budgeted levels.

As General Peabody indicated earlier, the total Civil Works program of \$4.732 billion, which was a \$171 million plus-up. And in terms of the overall percentage of the Civil Works budget, navigation comprises about 41 percent of that.

In terms of the split between coastal and inland navigation, you will see a slight drop of about \$18 million to \$973 million for our coastal navigation program. But you will see \$140 million increase in our inland navigation program in FY16 over the FY15 levels.

Specifically by accounts, for the navigation program's Investigations account, an increase of \$3 million in FY16; in the Construction account, an increase of \$44 million to \$321 million. In the O&M account we had an increase of \$76 million to \$1.563 billion. In the MR&T [Mississippi River and Tributaries] account we had a drop of \$1 million to \$38 million, and the overall navigation budget increased in FY16 by \$122 million.

The inland navigation budget for Investigations you see a plus-up of about \$2 million for a total of \$7 million in FY16; for Construction an increase of \$60 million to \$240 million overall. And again, as General Peabody indicated in his opening remarks, was largely due to the change in cost sharing on the Olmsted project.

O&M you see a \$79 million increase up to \$691 million on the inland side. And again, a \$1 million decrease in the MR&T account.

And then again a \$140 million increase to a total inland navigation program in FY16 of \$974 million.

In terms of the FY15 work plan, you will see Investigations for navigation was increased by \$15.3 million. Inland specifically had an increase of \$4 million.

Not all of that in the inland pot or in the rest of the Investigations account has been allocated to date. There's about \$2.2 million of the \$4 million inland funding for Investigations that's been allocated to Calcasieu Lock, about \$750,000; the Gulf Intracoastal Waterway, High Island to Brazos, about \$700,000; and the Inner Harbor Navigation Canal about \$589,000.

And we do have our one new start for the Three Rivers study in Arkansas. Those of you that attended the Users Board meeting in the Little Rock area [Users Board Meeting No. 71, held May 1, 2014] got a brief on what the Little Rock District plans to do to prevent a breakthrough at the confluence of the Arkansas, White and Mississippi Rivers.

In terms of Construction on the inland side of the house, \$112 million additional, \$45 million of which went to Olmsted [to a total of \$205 million], \$49 to Lower Monongahela River [to a total of \$58 million], \$12 million to Kentucky Lock.

And as General Peabody indicated earlier, there is \$6 million that's unallocated at this point in time.

\$6.4 million for the MR&T dredging.

In terms of the overall O&M program, almost \$295 million, specifically \$42 million for inland waterways, all of that money was allocated.

In addition, there was an additional \$19 million allocated out of that first Navigation general pot. And there was also \$10 million additional that was allocated out of the 1 percent holdback that we have. This is directed by Congress the last couple of years. Out of the O&M program, they basically skim one percent off the top of all of the projects that are in the O&M account that we reserve for emergencies. And so \$10 million of that is being used on the Upper Mississippi.

So a total of \$523 million was provided for the Navigation program in the FY15 budget.

You see another split-out here. Investigations there was an increase of \$15 million to \$37 million total in the CRomnibus, or FY15 appropriations. Increase in Construction of \$207 million to \$484 million in FY15 appropriations; in O&M an increase of \$295 million to \$1.782 billion, and an increase of \$6 million in the MR&T account to \$45 million, for a total increase of \$523 million for the Navigation program to a total of \$2.348 billion.

Just some of the details. I have already hit these in terms of increases in Olmsted from \$160 to \$205 million; an increase from \$9 million to \$58 million on the in Lower Monongahela River, Locks and Dams 2, 3, and 4 project; \$12 million for Kentucky Lock; and the \$6 million that's currently unallocated. A total of almost \$69 million coming from the Inland Waterways Trust Fund itself.

I already reviewed the Investigations projects that you see listed here.

And then on O&M, the changes, a total of \$70 million for the waterways. And there was also an additional \$9 million for inland harbors. And then the increase in the MR&T account.

For anybody that's interested, the detailed tables are shown on the website that's shown here on your slides and in your handouts.

For FY16, Olmsted is budgeted at \$180 million, split 85%/15% with the Inland Waterways Trust Fund; Lower Mon Locks and Dams 2, 3, and 4, \$52 million split 50%/50% with the Inland Waterways Trust Fund. Total Inland Waterways Trust Fund share is \$53 million. And \$2 million is also included for the Mel Price deficiency correction.

O&M project specific funding is \$647 million. And then you can see the split-out between the various high commercial-use waterways, how that funding was divided.

And then \$31 million in O&M for MR&T.

Subject to any questions, that concludes my presentation on the FY15 work plan and the FY16 budget for the Navigation program for the Corps of Engineers.

CHAIRMAN HETTEL: Jeff, Marty Hettel here. Thank you for that.

I think not a question but more of a statement here. And I am going to round up here. According to our report, we ended up Fiscal Year 2014 with about \$25 million left in the Trust Fund.

MR. MCKEE: Correct.

CHAIRMAN HETTEL: According to the Fiscal Year 2015 work plan, I calculated about \$32 million left over plus the \$24 million would put us up around \$56 million.

And according to the President's Budget with inflows of \$116 million into the Trust Fund in Fiscal Year 2016, we could end up with \$63 million not spent. That's going to put us at the end of Fiscal Year 2016 about \$120 million sitting in the Trust Fund.

Now, I know we have to go through the appropriation process. We will see what Congress does appropriate for the Corps of Engineers.

But I just wanted to put on the record that, according to left over from 2014, left over from your work plan, and if the President's Budget was ratified as it is, there would still be \$120 million left in the Trust Fund that doubled the match from the General Treasury could allow \$240 million of projects to be built.

So just more of a statement than a question. Thank you.

MR. MCKEE: Understood. I certainly agree with the \$25 million left over. Our numbers are a little bit lower. Our projections for receipts coming into the Inland Waterways Trust Fund, the implementation of the provisions of the ABLE Act in the second half of the year, and the delay in receipts that you typically get, our numbers are a little bit lower.

But, yes, generally we are on the order of \$50 million left in the Trust Fund at the end of FY15 and – and on the order of about \$110 million at the end of FY16, yes, if we do not get any additional appropriations. So we're in the ballpark on that, sir.

CHAIRMAN HETTEL: I understand. And my numbers were just estimates as you are estimating. But I just wanted to put it on the record that we could have \$110 to \$120 million left in the Trust Fund unspent by the end of Fiscal Year 2016.

Thank you.

MR. MECKLENBORG: Mr. Chairman, just one comment or clarification. Jeff, in your presentation, those are the President's budget numbers, are they not, that were arrayed and the shares calculated.

MR. MCKEE: The opening slide, sir --

MR. MECKLENBORG: Yes.

MR. MCKEE: -- Yes, those refer only to the President's budgets.

MR. MECKLENBORG: Okay.

MR. MCKEE: Yes. But the later slides for the FY15 work plan did include that additional \$523 million that we got from the Congress as a plus-up.

MR. MECKLENBORG: Yeah. Thank you very much.

MAJOR GENERAL PEABODY: So if we included appropriations, ARRA funding [the American Reinvestment and Recovery Act of 2009, Public Law 111-5, dated February 17, 2009], and other supplemental appropriations, you'd see a dramatically higher investment in navigation purposes.

One comment I would like to add, Mr. Chairman -- to your remark concerning the level of funds retained in the Inland Waterways Trust Fund, is one of the things that we are working on is for the last several years, we have been cash flowing the funds. And it's been pretty thin gruel. In fact, it's been pretty scary at times. It's got as low as I think \$12 million or even less and that doesn't give us a whole lot of margin for error.

We've been working on the hypothesis that we need about \$50 million, is our comfort level below which we would prefer not to go for a variety of reasons.

One of the things I've asked our staff to do is to look at that assumption and come up with some calculus and some recommendations and some more specific logic of what is the right threshold below which we don't want the Trust Fund to fall either because of potential errors in calculus or because of delays in funding allocations from the U.S. Treasury or what have you.

And that's something that we owe the Board at some future date. I'm not sure when we will be able to do that. But it's some internal deliberations that we're having. I think we need to come to that conclusion, so we're working on that.

But we do know that there is a threshold below which is unwise to go. And we've been, in our estimate, well below that threshold for most of the last several years. Now we are in a much more comfortable position.

We don't disagree with you that once we get above a certain threshold it would be better use of efficient funds to probably execute that. But that's a policy decision for all the reasons that we've already discussed.

MR. MCKEE: Sir, this is Jeff McKee. Just a note, I apologize in advance for not bringing you up to speed with our latest conversations with the industry. I will do the push-ups outside, sir.

But we were on one of the conference calls that we had with the industry, we talked in terms of a number of about \$20 million that both the Board and the Corps were thinking would be an appropriate amount as a minimum threshold to keep in the Inland Waterways Trust Fund.

We still need to go through some more detail, look at it a little bit closer. Once we lay out the schedule, see what some of the dips could potentially be to make sure that we do not go in the negative.

MS. DOMINGUEZ: Jeff, this is Marie Therese Dominguez. Could you just for clarification, if there are monies left over in the Trust Fund, what are the rules in terms of actually spending them? What does it require?

MR. MCKEE: Ma'am, it requires an appropriation by Congress. Congress appropriates the Trust Fund dollars as well as the General Treasury dollars. So we need an appropriation by Congress.

If you look at, for instance, the FY15 work plan, Congress gave us an additional \$112 million because they had reduced the share of the Trust Fund for Olmsted. So we could spend more money. But we need those appropriations from Congress. If the money is there, we do not have the authority to just go out and take that money and spend it.

MS. DOMINGUEZ: Thank you.

CHAIRMAN HETTEL: Marty Hettel here. I guess the point I would like to make is, General, I really appreciate how well you've managed the Trust Fund.

And while we have volunteered to pay nine cents more a gallon in users fee, our goal is certainly not to leave that money sitting there not being used.

And we would love to see you manage it to zero, but we know that's not going to happen. But at least we should be spending what we have already volunteered to increase our funds to – and I get back to what we want out of the system, being a reliable and efficient system. I don't think we can do that if we don't spend the money in the Trust Fund.

MAJOR GENERAL PEABODY: Yes, sir.

CHAIRMAN HETTEL: Thank you.

MR. MCKEE: Any other questions on the FY15 work plan or FY16 budget?

(No response.)

MR. POINTON: All right. We will move on to the next item on the agenda. Jeff is still on the floor, and he will be providing an update on the status of the Inland Waterways Trust Fund and some specific project updates.

David Dale, of course, is here and he will talk about Olmsted and Lower Mon later on in the program.

Jeff.

MR. MCKEE: Thank you, Mr. Pointon.

In terms of the status of the Inland Waterways Trust Fund, you will see on this slide that this is through the 31st of January 2015. As we've recently discussed, there was almost \$25 million, specifically \$24,659,924 left in the Inland Waterways Trust Fund at the end of Fiscal Year 2014 or at the beginning of Fiscal Year 2015. That was in the Trust Fund. There was also an additional \$152,752 in the Corps of Engineers itself that was unallocated.

And so the total available at end of FY14 or at the beginning of FY15 was \$24,812,676.

In terms of activity in FY15, fuel tax revenues were \$24,821,000. There was an additional \$3,078 in interest. And so combined with the beginning balance, there was a total of \$49,484,003 available at the end of January 2015.

In addition, we had a transfer moving that \$152,752 back to the Inland Waterways Trust Fund.

As was discussed a number of Board meetings ago by Mr. Aldridge, instead of drawing the Trust Fund down on a monthly basis as was done in the past, we get the funding allocations up front from the General Treasury appropriations. And then at the end of the fiscal year, the money is moved from the Inland Waterways Trust Fund.

So rather than keep that money sitting at the Corps of Engineers, we moved it back into the Trust Fund so it could earn some interest.

So total activity through January 31, 2015 was \$49,636,755.

Just to portray what's happened over the last several fiscal years, you have a five-year schedule shown here. Very difficult to see the FY15 schedule on this slide. You do see the \$24,824,078 at the end of January 2015. And that is pretty much matched by the 2014 revenues that came in. They are tracking very close together.

So there is, in fact, a black line under that which you will see a little better on the next slide. But you can see the first quarter tracks very closely for all of the fiscal years beginning with 2011 -- with the exception of 2011, which was a little bit less.

On the next slide, you see a blowup of just the first quarter, through December of 2014. And it's still hard to see the 2015 revenues. If you look closely at the very beginning in October, that little black line just below the yellow line, it then gets obscured by the yellow line. And then the red line, when you get to November, you can see just a shade of that black line being obscured by the red line. Black line being just a little bit above it.

And then between November and December, you see the black line drop a little bit below the red line. But basically you see for those fiscal years very close in terms of the revenues.

CHAIRMAN HETTEL: Jeff, may I make this suggestion? Marty Hettel here.

MR. MCKEE: Sure.

CHAIRMAN HETTEL: I believe Joe put these slides together.

MR. MCKEE: Correct.

CHAIRMAN HETTEL: We might get a clearer depiction because of the confusing lines if this was laid out in a bar graph rather than a line graph going forward.

MR. MCKEE: Okay.

CHAIRMAN HETTEL: Just a thought.

MR. MCKEE: We can do that.

CHAIRMAN HETTEL: Okay.

MR. MCKEE: No problem.

In terms of project specific updates, we will go over the Lockport major rehab project, the Inner Harbor Navigation Canal, and the major rehab project at Mississippi River Lock and Dam 27.

For Lockport, no significant changes since the Board meeting in November in Baltimore. Work on the forebay powerhouse wall is ongoing. Completion of construction is still scheduled for Fiscal Year 2016. And this is fully funded through the FY14 work plan. That \$28.8 million that we gave it in FY14 will carry it through this fiscal year and through FY 2016.

Then you can see on this slide that contract for the forebay wall was awarded in 2014. And the completion is at the end of Fiscal Year 2016, on September 30th of 2016.

In terms of the Inner Harbor Navigation Canal, Steve Jones talked about some of this a few minutes ago. We will be working on financially closing out the existing study this spring.

We talked briefly that we have initiated a General Re-evaluation Report. We provided \$589,000 in the FY15 budget.

We will ultimately transition over into a separate sheet at some point in time. The \$589,000 is in the Investigations account at this point in time, and so that is not cost shared with the Inland Waterways Trust Fund. It is strictly General Treasury appropriations.

There is a statement on the left side that says FY15 allocations are 50/50, Construction General and Inland Waterways Trust Fund. That is not correct. Please delete that line. As I just indicated, the work is being funded in the Investigations account. And there is no cost share from the Inland Waterways Trust Fund.

The General Re-evaluation Report will be 100 percent from the General Treasury. At such point in time as we move into the Pre-construction Engineering and Design phase, in Investigations, it would be funded out of the General Treasury. But once and if we do go to construction, the PED cost would be reimbursed 50 percent from the Inland Waterways Trust Fund.

MAJOR GENERAL PEABODY: So the PED costs would be reimbursed?

MR. MCKEE: The PED costs are up front 100 percent General Treasury. But once we get to construction, the 50 percent share does get reimbursed.

MAJOR GENERAL PEABODY: Okay.

CHAIRMAN HETTEL: Jeff, Marty Hettel here.

MR. MCKEE: Yes, sir.

CHAIRMAN HETTEL: Is that the same on any project?

MR. MCKEE: That's the same on any inland waterways project that would draw from the Inland Waterways Trust Fund.

CHAIRMAN HETTEL: All right. So to make that --

MR. MCKEE: To your next question going back to NESP --

CHAIRMAN HETTEL: To the NESP, we've got \$134 million worth of Investigations. If we ever go to construction with that, you are telling me the Trust Fund is responsible for 50 percent of that?

MR. MCKEE: The feasibility study would not be. But any of the PED costs would be.

CHAIRMAN HETTEL: Okay. Thank you.

MAJOR GENERAL PEABODY: Okay. So this is General Peabody. I'm a little confused here. I want to make sure I understand the costs associated with the investigation. That's 100 percent federal.

I thought I heard you say that the cost for Pre-construction Engineering and Design is not funded out of the Trust Fund and then you said for NESP it would be, so I'm a little confused here.

MR. MCKEE: I will start from the beginning. If you go through the planning process, what used to be the Reconnaissance stage, which no longer is based on WRRDA, and the Feasibility studies were all funded out of General Treasury appropriations --

MAJOR GENERAL PEABODY: Right.

MR. MCKEE: there is no subsequent repayment. 100 percent General Treasury.

When you get to the PED costs that are typically funded in the Investigations account, the PED costs are budgeted and funded up front from General Treasury appropriations.

At such time as you move into the construction phase and start getting construction dollars, at that point in time there is the repayment of the 50 percent of the PED cost that is repaid --

MAJOR GENERAL PEABODY: From the Trust Fund.

MR. MCKEE: -- from the Inland Waterways Trust Fund.

MAJOR GENERAL PEABODY: So that would be another reason why we need to have some threshold of monies in the Trust Fund available so that we don't have to delay execution because we are repaying Pre-construction Engineering and Design costs; fair enough?

MR. MCKEE: What we typically do, sir, is we try to repay back as quickly as possible. We do not necessarily need to pay everything back --

MAJOR GENERAL PEABODY: I got it.

MR. MCKEE: -- in the first fiscal year.

MAJOR GENERAL PEABODY: Thank you.

CHAIRMAN HETTEL: Jeff, and, General, to follow up on your question, Marty here, is there a specific law? For example, I will take the PED funding here. We've got \$60 million involved in the NESP project for PED funding. If that project takes 10 years, would it not be feasible to do \$6 million a year or is there some law that restricts you from doing that that states you've got to take 50 percent the first year we start construction?

MR. MCKEE: There is and Mr. Pointon can correct me if I am wrong, but there is nothing in law that specifically says exactly how fast it needs to be paid back.

CHAIRMAN HETTEL: Okay.

MR. MCKEE: But if you go and you look at the 1986 Act [the Water Resources Development Act of 1986, P.L. 99-662, dated November 17, 1986], it clearly says that it includes the Engineering and Design that should be 50/50.

CHAIRMAN HETTEL: Correct. So it feasibly could be spread out over a 10-year project by \$6 million a year.

MR. MCKEE: Over time.

CHAIRMAN HETTEL: Yes.

MR. MCKEE: And certainly that's something we will look at depending on the project and the payback requirements.

CHAIRMAN HETTEL: Sure. Okay. Thank you.

MR. MCKEE: For the (Mississippi River) Lock and Dam 27 major rehabilitation project, construction of this project was completed in May of 2013. No real change other than there was \$2,000 that was reprogrammed out of the project to the Mel Price project in Fiscal Year 2014.

On the lower right-hand corner in red, you see anticipated project closeout. This would be in the fourth quarter rather than the third quarter of Fiscal Year 2015. Other than that, no changes to this project.

Moving on to Great Lakes and in Ohio River Division projects, I am going to skip over the Olmsted Locks and Dam project and Locks and Dams 2, 3, and 4, Lower Monongahela River projects. Mr. David Dale will be coming up after the break and speaking more specifically about these two projects. And he does have the slides that you have got here for the financial updates in his presentation as well. So he will cover both of those projects.

So if you look at the Emsworth Locks and Dam project, changes since the last Board meeting, you will see a transfer of funds between the General Treasury appropriations under the "CG" column where funds were transferred from the Inland Waterways Trust Fund to the Construction General account.

They were actually transferred – and the accounting increased the federal share and decreased the Trust Fund share. Plus there was also a \$2,000 reprogramming that occurred in 2014.

This project will be fiscally complete in Fiscal Year 2016. Construction is currently scheduled to be completed this fiscal year, or is currently completed. Or is delayed?

MS. JEANINE HOEY: It will be completed this year.

MR. MCKEE: It will be completed in FY15. That was Ms. Jeanine Hoey from the Pittsburgh District. So construction will be completed in FY15.

For the Kentucky Lock project, as indicated earlier, we gave Kentucky Lock \$12 million in the FY15 work plan. There was an additional \$2 million that was reprogrammed from the Lower Monongahela project to Kentucky Lock to cover quantity overruns on the contract.

So a total at this point in time of \$14 million has been put on Kentucky Lock in FY15.

In terms of updates on construction, the upstream monolith contract is 80 percent complete. In terms of specific contracts, the one change in construction completion for the upstream miter gate fabrication will be the 30th of June 2015.

For Chickamauga Lock, there was an allocation of holdback funds given to the project in FY14, total of \$1.88 million. The project cost estimate was updated in 2014. We are currently in the process of updating the economics for that project. We expect the economic update to be done around the May/June time frame of 2015.

CHAIRMAN HETTEL: Jeff, Marty Hettel here. If I may ask a question on Chickamauga.

Your remaining balance of \$1.042 billion is based on that project being completed when?

MR. MCKEE: That is based on a significant delay in completion into the 2030s time frame. The cost estimate that is reflected and is \$1.042 billion assumes that Chickamauga Lock would not be started again until the late 2020s.

So if you move that schedule forward, the \$1.042 billion is a fully inflated cost estimate to the midpoint of construction. So it's got escalation into the late 2020s and 2030s. If you bring that back, the total project cost is \$680 million.

So depending on how far you can advance that would depend on what the ultimate cost would ultimately be. Because as you move it forward, it reduces the inflation during construction.

CHAIRMAN HETTEL: And I believe we are going to go through that after the break because we asked for the efficient funding to complete Chickamauga and Kentucky locks.

MR. MCKEE: Yes, that is correct. And Mr. Dale will be addressing that.

CHAIRMAN HETTEL: Okay. Thank you.

MAJOR GENERAL PEABODY: When we go through that, will we look at the projected Trust Fund balances and the availability of funds against the four projects under construction?

MR. MCKEE: I would ask you to hold off on that because that will be addressed as part of the Capital Investment Strategy plan where you will see Jeanine's charts.

MAJOR GENERAL PEABODY: Okay.

MR. MCKEE: Anything other questions on Chickamauga?

MAJOR GENERAL PEABODY: When will the economic update on Chickamauga be completed?

MR. MCKEE: It's the May/June time frame of this year for Chickamauga.

MAJOR GENERAL PEABODY: Okay. I will be looking for Mr. Dale to give me a specific date. And I look forward to scheduling an update to me the day after it's completed.

CHAIRMAN HETTEL: And then passing those findings onto the Board.

MR. MCKEE: Yes, sir. Subject to any questions from the Board or other attendees, are there any questions on the financial report?

(No response.)

MR. POINTON: Are there any questions on the first part of the program from today for Mr. McKee or anyone else who provided some information today?

(No response.)

MR. POINTON: If not, surprisingly we are ahead of schedule. Unbelievable.

We are going to take a break now. And we will start back promptly at 11:15. Thank you.

(Whereupon, a brief recess was taken from 10:50 a.m. until 11:15 a.m.)

MR. POINTON: Can everyone take their seats please. I would like to reconvene the Board meeting. And we've got a couple of wrinkles before we get back to the formal agenda when David Dale will talk about the Olmsted and Lower Mon projects.

One of our federal observers from NOAA has arrived, so we'd like to give him an opportunity to make a welcoming remark, and we also have a brief video clip that Mr. Stockton [Steven Stockton, U.S. Army Corps of Engineers, Director of Civil Works] provided on the inland waterways.

MAJOR GENERAL PEABODY: So, Mr. Magnuson, this is General Peabody. Mr. Magnuson, welcome, sir. Thanks for making it.

MR. GARY MAGNUSON: Absolutely.

MAJOR GENERAL PEABODY: We're glad you're here, and we will give you the opportunity to make any remarks you may like to, sir.

MR. MAGNUSON: Thank you, General. When Mark mentioned I was going to be on the agenda, he said "remark" rather than "remarks" so I'm going to keep it short.

The General and I know each other well. We worked together on the Committee on the Marine Transportation System.

I am here today representing NOAA and Admiral Gerd Glang. He wishes he could be with you today, but he is entertaining our Navigation Managers from around the country, which is very important to our programs and services.

One quick note, I looked through the materials to be ready for this meeting and, again, my apologies for my tardiness. I spent a little time over at the Sheraton, but now I am at the right hotel, but at least I was in the right city.

But I couldn't help notice that with the inland waterways, you talked about George Washington and the importance of moving out and to safeguard and manage our inland waterways and navigable waters. We, too, at NOAA take great pride. But we came a little later with Thomas Jefferson and our Coast Survey.

But both efforts were to support the commerce of our country. So I'm glad to be with you, and I hope to meet most of you in time.

Thank you, General.

MR. POINTON: Thank you, Gary. Glad you could finally make it here.

Now we are going to go to the video clip. So, Anthony, could you run that for us, please.

Thank you.

(Whereupon, an off-the-record simultaneous discussion was held.)

MR. POINTON: All right. Anthony is telling us that it's freezing up when he tries to run it.

So I believe it's about time we move on to David Dale and that we'll get an updated status of the Olmsted project as well as the Lower Monongahela project as you move forward.

Thank you, David.

MR. DAVID F. DALE: Good deal. Good morning, everyone, Ms. Dominguez, Chairman Hettel, General Peabody. Glad to be here once again to talk to you about two exciting projects in the Great Lakes and Ohio River Division.

First of all, my name is David Dale. I'm the Director of Programs in the Great Lakes and Ohio River Division. And as such, I get to be the SES [Senior Executive Service] in charge of these two mega projects that we're working for you guys.

Before I jump into Olmsted, every now and then I like to step back and just kind of look at the big, big picture, the long-term picture.

Navigationally the Ohio River, the first lock and dam, Davis Island Lock and Dam, the first lock and dam built by the Army Corps of Engineers on the Ohio River, opened in 1885, in the Pittsburgh area was very successful. In 1910, the Rivers and Harbors Act was passed so they decided to put a series of locks and dams through the entire Ohio River system. They did that. About 51 of them were completed by about 1929.

We go into World War II. It serves its purpose very well. We have these 51 wooden wicket dams up and down the river. About that time frame they start transitioning to bigger tows, more consumption, need to get more efficient. And they decide to upgrade the system.

So back in the 1950s, they decided they needed to upgrade this Ohio River system that we all use and are talking about. And they started out doing that. And they're working their way through that.

And the significance here tying back to Olmsted is that Olmsted is the finish of that project that was started in the 1950s to upgrade those old wicket dams. So the last two wicket dams are 52 and 53 -- there were 51 of them built.

The bottom line is, when we finish Olmsted, it will be part of a project that started in the 1950s. Pretty monumental effort, someone looked out that far ahead back in the 1940s, let's say in the 1950s when we get started, and ultimately they kind of execute that over time. And here we are today.

So I'm going to talk to you about Olmsted. Next slide, please.

Just real quick. This format is very similar to what you saw last time. So I'm going to move fairly quickly in the interest of time. One of my goals is not to just be on time, but to be a little bit ahead of schedule, so I will carry that through here.

The next slide you see is the financials. Really the significance here, and we talk about a lot of the project details later on is that we pushed the funding up to \$205 million, which was very productive. And I will try to talk to you about what you got for that \$205 million.

Got a question from Mr. Hettel.

CHAIRMAN HETTEL: Yes, David, just for clarification, on Joe's slide for Olmsted, the remaining balance changed from last meeting, I believe that reads negative \$45 million. You're showing a positive \$45 million. Which one is it?

MR. DALE: I'll have to clarify. The remaining balance, and what gets interesting here is the way we project that out on these financial sheets is different than the actual project sheets. I track the project numbers. Let me get back with you and close the loop on that piece.

CHAIRMAN HETTEL: Okay. Thank you.

MR. DALE: Yeah.

MR. MCKEE: This is Jeff McKee. From Joe's [Mr. Joseph Aldridge] perspective, that minus \$45 million is a reduction in the balance to complete because we gave the project the additional \$45 million that was appropriated by Congress, in the FY15 work plan. So that's the change from the last Board meeting.

The last Board meeting only reflected the budget. We had the FY15 appropriations in December. So the \$45 million is a reduction in the balance to complete based on the additional funds we gave it in FY15.

CHAIRMAN HETTEL: So in that aspect, Jeff, David's figure should be a minus \$45 million also; is that right?

MR. MCKEE: I --

CHAIRMAN HETTEL: I understand your thought.

MR. MCKEE: I think so --

CHAIRMAN HETTEL: You've got \$45 million more --

MR. MCKEE: -- the way Joe presented it.

CHAIRMAN HETTEL: Okay. Thanks.

MR. DALE: We will confirm and get back with you, Marty.

CHAIRMAN HETTEL: Thank you, David.

MR. DALE: Just a real quick schedule look here, more for the record, we will talk more about that as we move through, but just an update here, I think everyone has seen this slide before. I'm not going to dwell on it very long.

Just to orient you one more time to the bottom right-hand side is the Illinois shoreline. The upper left-hand side is Kentucky. The locks were completed in 2004, the tainter gates that we have in place, we are working on placing the actual tainter gates themselves, this area is what we call the navigable pass. And then the fixed weir is over here, and this last little bit of a navigable pass is the left boat abutment.

Stuff that's in white is completed. The light yellow is under construction. And the orange are future projects.

This slide is a little tough to read. But what I wanted to portray here is significant in that you've seen these slides individually in the past. And this kind of lays out how we plan to progress the dam completion over time.

The color codes are tied to fiscal years. And this one right here is our 2014 plan, which carries out through the low water season of 2018. Which I think it was two meetings ago we kind of briefed out we would be finished in low water season 2018 and that we would be setting the final two shells in the low water season of 2018.

Based on the additional funding we got, the fact that we got the Nav Pass shell Number 2 set, which was well ahead of its planned schedule which was the first thing we were to do next summer, we got that done in January [2015]. That allows us to pull that back and set the final three shells in 2017.

Now, we are not quite to the point of saying we are going to be operational in 2017 because there is still some uncertainty out there the team is working at.

But those additional dollars did buy back the project schedule and pulled it to the left.

And what that does at a bare minimum it gives us some extra cushion should something happen down the road that we can absorb that. It's kind of a risk mitigation. So we've mitigated some risk.

And that may, if things continue and some other risks don't present themselves, result in pulling this thing to the left a little bit further from an operational date perspective.

But I did want to at least share with you -- and the color codes are still intact. But for that additional money, we did pull execution to the left. We've mitigated some risks.

CHAIRMAN HETTEL: David, Marty here. If I may for a moment. These are really good slides. And it gives me -- I'm a visual type person. It gives me a good idea in where you are at and what you are planning.

Is there a possibility you can give these back to us on full slide presentations --

MR. DALE: Okay.

CHAIRMAN HETTEL: -- for those of us that are -- our eyesight is weakening with our age.

MR. DALE: Will do.

CHAIRMAN HETTEL: Thank you.

MR. DALE: Can do. If you happen to be on site and you see a bunch of guys working out there, and you will, take a moment and tell them thanks, because this is the second year in a row that we have had folks working over Super Bowl Sunday to set that last shell.

So they were out there in the cold and the nasty stuff on Super Bowl Sunday to set that shell. Actually, they set the shell the day before, and then they had to treme it in place. But

they did that. So should you be on site, that's worthwhile, because some people take that Super Bowl stuff serious.

So those were our milestones for the 2014 low water construction season. I won't read those all to you. We completed all of the milestones that we had scheduled. More importantly, we set Nav Pass shell Number 2, which was a stretch goal. It was originally scheduled for next summer, to be the first shell that we set next summer. We got that set in January. I think it was the 29th that we actually set it down.

And that freed up the casting yard for us to do other work in that place. Because those shells, if you remember the casting yard, physically take up space, and we had to have that space before we could start working on other shells.

So that was a significant achievement. The team worked very hard to achieve it.

Just some pictures. Nav Pass Shell 2. This one is of significance. I don't know that we have shown you that one before, but that's the actual tainter gate, tainter gate Number 1 hanging between the two piers, the two upper piers. A big deal.

The other tainter gate, we've got tainter gate Number 2 in fabrication. And we just let the contract for the rest of them on an expedited schedule to try to make sure that we've got tainter gates on site when we need them so that we can push this thing along.

This gives you an outline of our milestones for low water construction season 2015. I'll give you a chance to kind of digest it. Nav Pass shells, paving blocks, tainter gates.

So we will erect tainter gate Number 2 this coming year. We will be doing grout mat out in the Nav Pass and in the lower left boat abutment, and driving foundation piles.

And then we've got a stretch goal for ourselves again to set Nav Pass Shell Number 6 and to drive the left boat abutment foundation piling. Those are things we are looking for.

If we have another good low water season, like we did this year, we feel fairly comfortable we will meet that.

This is a chart, again, you should be very familiar with. Not a whole lot of change there. I'm not going to take you through all of the details on this slide unless there are any questions.

One thing I would like to highlight is down here. If you are like me, you looked at that chart and you say, "Well, wait a minute, what's going on? How come that bar jumped up on us right there?"

And when I dug into it with the team, what's going on is that we've been talking to you about what we are doing to mitigate risk. We get additional dollars, we do some things to mitigate risk.

We bought an extra crane because we recognized we had one piece of equipment that was critical to the execution. Should it go down, it could disrupt the progress, so we bought an extra crane. And we did some of these mitigating actions.

But what we don't do right now is take the risk out of the total project cost. So we carry the risk, even though we've mitigated it.

So that's something we need to adjust between this cycle and next is to get a better representation of the remaining cost of the project. And you should see this drop back down as we pull some risk out of that number.

Next slide. Again, a very similar chart once again that you have seen in the past, our standard S-curve. We're progressing along the green bar. Takes us through operational in 2018 and then completion in 2022 at a number in the \$2.8 billion range, is what we anticipate the completion cost to be when we get finished.

Next slide.

CHAIRMAN HETTEL: David -- on that -- Marty here. On that slide, and I think you know what I'm going to ask here, but I'm going to ask it anyhow.

MR. DALE: Go for it.

CHAIRMAN HETTEL: You show a completion date of March 2022 at \$2.8 billion. You are carrying \$244 million in contingency.

MR. DALE: Yes.

CHAIRMAN HETTEL: Will that lower the total project cost to \$2.6 billion or \$2.55 billion?

MR. DALE: No. No, sir. If you look at this chart, in that yellow is the \$200 million, \$244 million for contingencies associated with the dam and for the out year contracts. So right now we think we are going to hit right there.

If we were to experience some things we were not expecting, you could see that creep up into this space. That's still under the \$3.1 billion that we committed to.

But right now we think the number that we will finish this job at, based on the risk that we see on the table, is that \$2.819 billion.

And did I answer your question for you, Marty? Close?

CHAIRMAN HETTEL: Answered it. Maybe not the answer I wanted, but, yes.

MAJOR GENERAL PEABODY: Yeah. David, let me – General Peabody. Let me follow up.

So as we move forward in time, the risks that drive that contingency amount are either validated or not. In other words, the risks come to pass or they don't. And if they don't come to pass, then that would mean I would think that the contingency amount would start to draw down. But I don't see that portrayed here. Could you address that?

MR. DALE: You've got it right. That's exactly correct. And I think that's a bit of a flaw in our reporting system that we're going to work on correcting for next time.

I was talking to the folks on site -- because in the end right now when you look at those financials, we're projecting out how we spend \$3.1 billion. And we don't think we are going to spend \$3.1 billion. And that begins to affect your planning for other programs. So we need to get that rolled in here so it becomes very clear.

MAJOR GENERAL PEABODY: So do you think you will be able to portray that adjustment to the contingency -- on the ground adjustment to the contingency at the next meeting or not?

MR. DALE: Yes. That's my goal is to at the next meeting I have this broke out. And need to work it through the team.

MAJOR GENERAL PEABODY: Great.

MR. DALE: I have to work with Walla Walla [the Walla Walla District office of the Army Corps of Engineers, which serves as the Center of Expertise for Cost Engineering and Project Cost Estimation]. I need to coordinate a lot of stuff. But my intentions are is that contingency should come down because that's essentially the same contingency we've been carrying since we did the PACR [Post Authorization Change Report].

And the reality is we know we've been funded efficiently. So our exposure is less, therefore the risks are lower. And we haven't reflected that. So we are to the point to do that.

MAJOR GENERAL PEABODY: Thank you.

MR. DALE: Thank you.

CHAIRMAN HETTEL: David, Marty. Another question. With the funding you are going to receive in FY15 of the \$205 million, and I apologize, I didn't have last Users Board's report. I usually bring these with me. I'm not sure why I forgot it.

But anyhow, I think at our last meeting -- was it September of 2018 you projected the dam operational?

MR. DALE: I think it was October, I thought.

CHAIRMAN HETTEL: Okay. Well, regardless with an additional \$25 million over what you thought was your fully efficient funding, my question is, wouldn't that move your dam operational completion date to the left as you like to say?

MR. DALE: Yeah. Let me drop back to this slide. That's what I was trying to communicate in this slide here is that we're not ready to say that we're for sure going to pull that back a year. We're very, very close to that point.

Because what we had planned out there in 2018 was to have to set two shells in 2018 to be complete. That was our plan going into 2014.

We got the additional money. We've pulled some things to the left. Now we believe our plan for 2015 carrying the project out through the end is we will place only three shells, and they will place three shells in 2017.

So I think we are close, but we are not quite there. We are still nervous about pulling it forward a whole year.

CHAIRMAN HETTEL: I understand. I guess our position -- our hope is that more funding creates either less cost or quicker operation of the dam.

MR. DALE: Or it reduces risk of future delays. And that's my comment at this point in time. I'm comfortable with we've reduced the risk. I'm not sure I'm ready to pull the schedule.

CHAIRMAN HETTEL: Yeah, and I'm not comfortable with that "or" statement, but I will leave ours as hopefully additional funding lowers the cost or gets the dam operational sooner. Thank you.

MR. DALE: Thank you. So to get back to where we were. So I wanted to close because we've been talking about Lock and Dam 52 and 53 demolition, which is a requirement of the project. It's in the scope of what was authorized.

Last time we briefed you on the magnitude of the potential savings for not doing that demolition. And I wanted to give you an update on where we are at in that process.

Last time we told you it would probably be about two Users Board meetings before we could bring that to closure.

And the progress we've made is we have engaged further with the Coast Guard. We've engaged more with the navigation industry, you guys, and talked about this.

There are safety concerns we have, that the Coast Guard has expressed with leaving those structures in the water.

To be quite honest, personally I would be pretty comfortable looking to you guys saying, "Hey, you know, you know where it's at. Don't go there." And you wouldn't.

However, you are not the only users on the river system, and this is a potential for loss of life. So we are looking at it very carefully from a safety standpoint.

So I'm not absolutely confident that we will be able to pull this off because of the safety concerns, because we do have a good number of recreational boaters in that area, transiting in the area.

And many of these structures would be just under the water. And if you weren't a really good trained mariner, you may not catch it and you could end up in a bad situation.

So we're still looking at it. We've not ruled it out. Our main focus is safety for the industry and the recreational traffic.

So that's kind of where we are at on that one. Our goal is by the next Users Board meeting to kind of have a position from our perspective on where we are at on this issue.

And as we look to the future, you have seen these all before. It's all consistent. This passing traffic, it's another topic we've talked about. We should go into Fiscal Year 2015 without any planned conditions that would require you to lock through in 2015.

Now, we could experience some unanticipated low water that could drive you through or some scheduling with how we have to set shells that might cause us a problem in conjunction with low water that would force you to lock through. But right now we don't plan on any locking through in 2015. But in 2016 and 2017, we will definitely get there.

Okay. That's all we've got for Olmsted. Any questions on Olmsted?

MR. ROBERT R. MCCOY: Yeah, David, Robert McCoy. What is the approximate value of the equipment purchased on the Olmsted project site using cost shared funds through the Trust Fund roughly?

MR. DALE: Very roughly I think it's about \$100 million.

MR. MCCOY: Okay.

MR. DALE: That's the number that's in my mind.

MR. MCCOY: Upon completion of the project, and I know we've discussed this in general terms at other times, what happens to that equipment after the completion of the project?

MR. DALE: Where we are at right now is the plan is to number one, we want to come up with a way to roll that back into the project so we can offset the cost.

Right now the plan is in the next few years, as we are going to start entering a phase where we don't need things anymore, and the intentions are is to sell them off while the project is still active. And we can roll that savings back into the project and use it.

So the key is to sell off equipment as much as we can as we go so that it gets rolled into the project.

Near the very end when you just, literally you have what's left -- and I don't have a number, is that 50 percent of it or 25 percent? I'm not to that point yet. But eventually we will have to sell that off as excess.

We have a property manager who is helping us try to think through with the Office of Contracting, and others, as to how best do we do that. Is it an auction-type event? We're still in the planning phases for that.

But our real goal is, is to try to get rid of as much equipment as possible while the project is ongoing so we can roll that back in and reduce the overall project cost.

MR. MCCOY: And I would assume 50 percent of that would be refunded to the Trust Fund?

MR. DALE: I believe it will be 15 percent what would be refunded to the Trust Fund because that's the cost share that we got.

Yes.

MR. MCCOY: Well, it was 50 when it was purchased --

MR. DALE: Yeah, but --

MR. MCCOY: -- for the most part; is that correct?

MR. DALE: It was 15 when it was sold. I mean, I understand but --

MAJOR GENERAL PEABODY: That would be a legal question --

MR. DALE: Yeah.

MAJOR GENERAL PEABODY: -- that we have to address and we have no idea what the answer would be at this point.

MR. DALE: Well, we've begun talking to the attorneys, and that's kind of their stance is, yes, the cost share is the cost share is the cost share. Which is a good thing. But there is good and bad with everything. So anyways, that's what we're thinking. We'll pursue it a little bit further.

Any other questions on Olmsted?

(No response.)

MR. DALE: We will go to the Lower Monongahela River, Locks and Dams 2, 3, and 4 project.

Again, very similar agenda. I think everyone is pretty familiar with the project, but just real quick, we've completed the Braddock Lock and Dam. We are working down here at Lock and Dam 4 at Charleroi. Essentially going to replace a river chamber. We will talk more about that in a second.

And then once we have Lock and Dam 4 work done, we will remove Lock and Dam 3, and raise the pool behind Braddock Dam. We'll talk about the Port Perry Bridge because that's all interrelated.

Just some general numbers. We briefed this out last time. Just for clarity, the authorized cost, that was what was authorized a good while ago inflated to completion. You see that \$1.65 billion. Current cost estimate of \$1.66 billion. Fully funded cost to completion \$2.7 billion.

And then ultimately the 902 limit is \$1.7 billion.

Now, if you remember last time, that should cause you some concern just seeing those numbers. But last time we briefed that we had a way ahead that's out there to not do the landside chamber, to defer that. That will allow us to achieve 90 percent of the benefits associated with this project and also keep the project under the 902 limit and bring it to completion.

So we believe we have got a very solid way ahead to avoid any issues with the 902 limit. And that's associated with not doing the landside chamber and still achieving 90 percent of the benefits.

MAJOR GENERAL PEABODY: David, this is General Peabody. What are the primary drivers behind the cost escalation on this project?

MR. DALE: Right down in here under the "Fully Funded Certified Cost" estimate, these two bullets, the limitations on the Trust Fund, the Inland Waterways Trust Fund funding levels in the past and tie that to the Olmsted project schedule, added about \$185 million.

And then the forcing function of pushing the Charleroi land chamber out through the 2050's adds another \$800 million, \$797 million. So those are the two big drivers.

MAJOR GENERAL PEABODY: So the current cost estimate of \$1.7 billion includes the landside chamber?

MR. DALE: No. You are talking about this number here?

MAJOR GENERAL PEABODY: Yes.

MR. DALE: Well, that cost figure is in FY15 dollars. You have to fully inflate it to account for extending construction out to 2050. So you really need to look at this \$2.7 billion. That's with the landside chamber.

MAJOR GENERAL PEABODY: Okay. Let me just ask the question. The Current Cost Estimate in 2015, if we were fully funded today, that's what it would cost to complete the entire authorized project?

MR. DALE: This right here.

MAJOR GENERAL PEABODY: \$1.661 billion.

MR. DALE: Yes.

MAJOR GENERAL PEABODY: Okay. What is the difference between that cost estimate and the Fully Funded Cost Estimate of \$2.7 billion?

MR. DALE: The Fully Funded Cost Estimate figure does not assume that we are fully funded today. And it drags it all the way out through 2050, the completion of the landside chamber in 2050. So there's a lot of cost growth escalation in there associated with that.

MAJOR GENERAL PEABODY: So it's just inflation is what you are saying?

MR. DALE: Yes.

MAJOR GENERAL PEABODY: But that 902 project cost limit is against the 2015 Current Cost Estimate, not against the Fully Funded Cost Estimate completing the project in 2050?

MR. DALE: Yes. But you have to realize and keep in the back of your mind is that 902 limit will change every --

MAJOR GENERAL PEABODY: I get that. I'm just saying there's an apples-to-oranges problem here with the Fully Funded Cost Estimate. I'm just trying to make sure I understand it.

MR. DALE: Yes.

MAJOR GENERAL PEABODY: Okay.

MR. DALE: But the real takeaway here is we got a way ahead to execute this project without hitting the 902 limit. And that's the important point that I wanted to get across with this slide.

MR. MICHAEL T. SOMALES: David, this is Mike Somales. To the General's point, the \$1.661 billion fully funded cost figure completes the project including the landside chamber. And then we add another \$797 million out to 2050 to get the landside chamber if we defer. What is the cost just to get to the 90 percent level?

MR. DALE: \$1.28 billion to \$1.29 billion.

MR. SOMALES: So if we assume we are going to defer that land chamber all the way out, almost to oblivion, and the railroad bridge, the Port Perry railroad bridge, we end up with about a \$1.2 billion project to complete?

MR. DALE: We're going to work on adjusting the slides here to get a little more consistent with the way the Olmsted slides are laid out so we can track the total estimated price. Because I think it's a little confusing here.

MAJOR GENERAL PEABODY: David, this is General Peabody here. Let's add some columns that include, "With landside chamber", "With railroad bridge", "Without the landside chamber" and "Without the railroad bridge", so that we can disaggregate those components and we can make these apples-to-apples comparisons.

MR. DALE: Will do.

MAJOR GENERAL PEABODY: Thank you.

CHAIRMAN HETTEL: David, Marty here. Just to follow up with the General's and Mike's question. Your \$1.661 billion cost figure, I understand that. We could in essence take out the \$432 million that you are projecting for the 2014 cost of the land chamber and then back out the \$83 million to \$112 million for the raising of the Port Perry Railroad Bridge.

So if we do all of that, it comes out to \$1.017 billion for the final project cost; correct? Somewhere in that neighborhood?

MR. DALE: Generally speaking.

CHAIRMAN HETTEL: Okay.

MR. DALE: You have to appreciate its not simple math.

CHAIRMAN HETTEL: I'm a simple person. I'm sorry.

MR. DALE: I am, too, because I asked those same questions. And it's really about how you calculate and how you escalate. But generally speaking, you are right.

CHAIRMAN HETTEL: And if we break that out like the General says, that would certainly be beneficial for us rather than --

MR. DALE: Okay.

MAJOR GENERAL PEABODY: And the answer to your question in constant 2015 dollars is "yes".

MR. DALE: Yes. Okay. Next slide here is to kind of give you an update on the schedule.

The one thing that has changed since our last briefing was we were talking about the contract for the stilling basin. Last report we were planning to award that and have it completed by 2018. We had some modeling that was not as far along as we had hoped it would be. Our plan is to award that in 2017 and have it completed in 2022. Now, the good news is this really is not on the critical path of the project. There is time in there to deal with this.

Other than that, nothing much has changed here.

Completion date for the project is 2023.

Back to Marty -- I think it was Marty's question, 2023 with the Total Estimated Price at completion would be \$1.288 billion without the landside chamber.

Okay.

CHAIRMAN HETTEL: But including the Port Perry Railroad Bridge.

MR. DALE: I believe so, yes. Okay. Got two slides for you here, kind of schedule-related slides. I'm not going dwell a whole lot here. If you would, take a note on this because it's not super clear. But this is the schedule with the Port Perry Bridge included.

We are really heading down a path to not doing the Port Perry Bridge, so I want to jump to the next one and not dwell on this one.

So this slide is without the Port Perry Bridge. It kind of gives you the kind of phased schedule, a bar chart, if you would, of how we plan to progress this. So pretty straightforward. I think I'll let you digest that for just a second.

Okay. And this is when we plan to obligate funds. It wouldn't necessarily be expend the funds. They will stretch out over time. But in the end, a completion in 2023.

Okay. Any questions on that?

(No response.)

MR. DALE: This one gives you a little bit of a visual to kind of help you. And it's not quite as clear as the Olmsted one because this one is a little tougher job. It's a little more compact site. It's not as linear and spread out. So this job is a little more compressed on the site here.

Obviously you have the existing locks here. We have the new lock that we will eventually get in place here.

But as we sequence this, we have the stilling basin area of the dam, the emptying basin for the lock, these monoliths for this wall, M22 through M27, and these are kind of broken out as standalone contracts. So we would award contracts for each one of these different colored items. And that's kind of what we are trying to lay out up here is when we have or when we will. So pending construction items, if you would.

Okay. Now we are going to talk about the land chamber deferment. We've kind of talked about this. I don't know that we need to spend a whole lot of time here. But that's our way ahead. We need to bring that to closure in the form of a decision paper, a memo for record that we are planning to defer that.

And then we get to the next one which is a very similar discussion which has to do with the Port Perry Bridge. We appreciate the Board's decision and recommendation from the last meeting.

We have minutes that are now confirmed that kind of locks that in. We will be working that through the USACE (U.S. Army Corps of Engineers) staff to bring that to closure and sign a memo relative to the way ahead.

And the way ahead, the general intent is to not do the Port Perry Bridge raise.

And if you remember from the last Users Board meeting and I did not include it here. At the last Users Board meeting, we kind of gave you some statistics relative to how many boats that transit that point would be impacted and all of that kind of stuff from the database.

And that's really all I've got on the Lower Mon. Lower Mon is progressing well. 2023 completion. I think we've got a path laid forward relative to the landside chamber not doing it. And we've got a path forward relative to the finalizing the decision on the Port Perry Bridge.

Are there any questions for me on the Lower Mon, Locks and Dams 2, 3, 4 project?

CHAIRMAN HETTEL: Marty here, David. I just want to confirm some of your bullet points.

Existing land chamber will be closed as part of the river chamber construction. Is that during construction or is that after you complete the river chamber?

MR. DALE: After.

CHAIRMAN HETTEL: I guess my question is you are not going to have a total river closure at some point in time.

MR. DALE: That is correct. No. After we complete the river chamber, yes.

CHAIRMAN HETTEL: Okay. And closing the existing land chamber, is there any construction that you have to do with that, or are you going to put cells in the top and lower sides of the chamber or what's the plan, I guess, for the existing land chamber?

MR. DALE: We probably need to think our way through that just a little bit more, Marty, because the plan that we've got assumes we were building the chamber. So we wouldn't put cells in.

But if we're going to go in, and I think we are, going to this long-term deferment, we have to ask ourselves, when would you take that step, because to a certain extent it's nice to have this chamber there as a relief.

The answer is you probably keep it in operation until such time you had some O&M-type issue.

MS. HOEY: Pull chains.

MR. DALE: That's correct.

CHAIRMAN HETTEL: Pull chains, yeah.

MR. DALE: Pull chains.

CHAIRMAN HETTEL: If I remember correctly, it wouldn't be operational for commercial navigation because you couldn't clear the lower sill.

I guess my point is could it be operational for pleasure craft?

MR. DALE: Possibly yes. Yes.

CHAIRMAN HETTEL: Just a thought.

MR. DALE: Yes.

CHAIRMAN HETTEL: My second question is "What does 'staggers maintenance at Charleroi' mean" on your bullet points here?

MR. DALE: Jeanine, you want to touch on that one?

MS. HOEY: I didn't hear the question.

CHAIRMAN HETTEL: Jeanine, David has got a bullet point here that says “Staggers maintenance at Charleroi”, “Staggers maintenance at Charleroi.” What does that mean?

MR. DALE: What slide are you on there, Marty, so I can get to it?

CHAIRMAN HETTEL: Slide Number 9.

MS. HOEY: Jeanine Hoey from Pittsburgh District.

Staggered maintenance would be as if you defer the land chamber and then actually build it. When the river chamber needs to be replaced again, you would have a much newer land chamber at the same time. So you wouldn't have the same two chambers in the same condition at the same time.

MAJOR GENERAL PEABODY: This is General Peabody. So the notion is exactly what we have been talking about, staggering the construction such that you have over a relatively longer period of time, a few decades, 20, 30, 40, 50 years perhaps, such that the reliability of the chambers do not decrease at the same rate and require major rehab or replacement at exactly the same time. This may be a model going forward.

So for example, if we were to move forward with construction of one or more of the NESP projects, then upon completion, we would in fact have chambers at those projects where the current chambers would be reaching the end of their service life or their economic life, at least, at one period of time where you'd have a newer chamber that would be much more reliable for much lengthier period of time.

So in effect, this approach would dramatically reduce the risk of catastrophic failure and increase the reliability of the system, because your chambers in theory being built at very different periods of time would have different reliability quotients associated with them.

CHAIRMAN HETTEL: Less chance of them both being down at the same time.

MAJOR GENERAL PEABODY: Exactly.

CHAIRMAN HETTEL: Gotcha.

MAJOR GENERAL PEABODY: Not zero chance, but a whole lot less.

MR. DALE: Any other questions for me?

MR. KNOY: Mark Knoy with ACL. I just had one on slide 10.

In our Annual Report, we didn't say to defer raising it [the Port Perry Railroad Bridge] until sometime in the future. I think it reads "Not raise the height of Port Perry Railroad Bridge." It didn't talk anything about "in the future." So just a clarification for what it's worth.

MR. DALE: Okay.

MAJOR GENERAL PEABODY: Yeah, Mr. Knoy, this General Peabody. We understand that very clearly.

MR. KNOY: Okay.

MAJOR GENERAL PEABODY: From an authorization standpoint, that doesn't change the authorized purpose of the project. That's a Congressional prerogative and, prospectively a policy decision by the Administration.

MR. KNOY: I understand.

MAJOR GENERAL PEABODY: Okay. Yes, sir. Thank you.

MR. DALE: Very good. Thank you very much. I appreciate all of the questions and support for these two important projects.

Marty, I almost forgot. We provided the Board members two spreadsheets in the read ahead on Chickamauga Lock and Kentucky Lock efficient funding.

It's a little bit confusing because one of them is escalated through completion, the other is not. It's in constant 2015 dollars.

Kentucky has been escalated. Chickamauga has not been escalated. And that's a little bit confusing.

The good news is that Jeanine is going to come up here and talk to you about the way ahead. And she's taken care of the confusion for us. So my apologies for that confusion on our part.

But we gave you the spreadsheet, showed you the breakdown of activities or contracts by fiscal year.

(Whereupon, an off-the-record simultaneous discussion was held.)

MR. DALE: That closes the loop on the question from the last Users Board meeting on what efficient funding looked like.

Keep in mind, these are not time scaled for availability of funding. This assumes efficient funding. And Jeanine will take you through the plan, if you would.

Yes, sir.

CHAIRMAN HETTEL: Marty here, David. And, again, I understand Chickamauga is not inflated and Kentucky is. Is Kentucky inflated through the years of completion on this spreadsheet?

MR. DALE: Yes.

CHAIRMAN HETTEL: Okay. Thank you.

MR. DALE: Okay. Any other questions for me?

(No response.)

MR. DALE: I think the real meat will be in Jeanine's presentation, how that all fits together into a cogent plan.

Thank you very much.

MR. POINTON: If there are no more questions for David, we will move on to an update on the Capital Investment Strategy. And Mr. Eddie Belk will go ahead and initiate that one as the capable successor to Jim Hannon.

MR. BELK: Thanks, Mark. And Mr. Hettel, I appreciate your leadership in bringing the Board meeting here to Birmingham. It's always good to be back in the South again where nobody speaks with an accent.

I also want to thank Mr. Haun for his hospitality and the team on the Black Warrior and Tenn-Tom and Alabama Rivers system. This is the first time I've been here and I've learned a lot, and am very impressed by what I saw. And again, I appreciate the hospitality, Mr. Haun and of our team from Mobile District and from SAD that are here. So we had a very, very good tour yesterday and a good investment of time.

We are going to talk a little bit about, and General Peabody teed this up in his opening remarks, the shift we're making to more of a risk-based approach in partnership with you.

The Corps doesn't do anything by itself. We are in this together with you and those you represent. And so we want to walk you through some of the results of the risk-based approach that we are taking to prioritize our needs across the nation.

This risk-based approach will help inform both new capital investments -- and I know that was a concern I heard at the last Users Board meeting, that we're too fixated on O&M or major rehabilitation. But no, this is going to help with new investments and help us also prioritize concurrently our recapitalization decisions as those are made and required across the system.

So the good news is Jeanine is going to walk you through this. She's kind of the brains of this operation. She's got a good team that's been working it, and really it will do a couple of things.

First, she will give you some initial comparisons of what we're looking at in this risk-based approach as compared to the Capital Projects Business Model from 2010 just to give you a compare and contrast. And then she'll walk you through the implications of the WRRDA language that changed the cost-sharing formula for Olmsted. You heard David [Dale] talk a little about that. And also the implications of the change in the fuel tax, or the users fee as Mr. Hettel called it, what the implications are going forward.

So, Jeanine, I will turn it over to you.

MS. HOEY: Thank you, Eddie. Okay. So as General Peabody mentioned earlier, we are now calling this the Capital Investment Strategy, just to be clear, and not confuse it with -- there have been a couple of names going around: the Investment Program Action Team, the Capital Projects Business Model. We're calling this now the Capital Investment Strategy to relieve some of that confusion.

So what I am going to do is bring you up to date on what we have been doing since the last Users Board meeting. And we've really gotten to the point where we have criteria to prioritize the projects, and we have a draft plan to show you, which based on a couple of the comments we've heard today, will still have to be tweaked a bit.

As far as the criteria, we're really looking at the benefit-to-cost ratio and the remaining benefits-to-remaining costs ratio.

You heard about Chickamauga going through an economic update. We still have to do some economic updates on some of our existing projects to make sure we are comparing apples to apples, because some of these things are based on different time frames, and you really can't look at them equally.

We are going to go through the risk exposure and how we use that to determine the priority of upcoming projects, newer projects, not the existing projects, the benefit-to-cost ratio and the remaining benefits-to-remaining cost ratio are used to prioritize the projects that have already gone through detailed studies, either a feasibility study or major re-evaluation report.

Since the last Users Board meeting, we have had two face-to-face meetings with industry, one on the 29th of January and the other one just last week on the 18th of February. So you will get some late breaking results that don't quite agree with what I have on the slides, but you have some information in front of you that's more recent.

We also did a webinar to update the Division SES'ers and the District DPMs [Directors of Program and Project Management]. We've only done one of those. We know we didn't hit everybody on that webinar, so we will be holding a couple more of those to make sure that everybody is informed with what's going on.

And then we have the implications of the fuel tax increase or the users fee.

And the users fee increased the tax rate on diesel fuel by 45 percent from 20 cents to 29 cents per gallon. I think everybody knows that. We project that will generate about \$30 million to \$35 million in additional tax revenue that will go into the Inland Waterways Trust Fund that could allow up to \$70 million in additional allocations towards Trust Fund cost-shared projects.

But what's the major caveat here is what's shown in red is that we would need an increase in the overall Civil Works budget authority in order to not affect any of the other business lines to be able to use all those funds in the Trust Fund.

Because of that, we did develop two separate programs. One is an “unconstrained” program that assumes the General Treasury dollars are available to match the Inland Waterways Trust Fund without any regard to our budget authority and the other is a “constrained” program that assumes that there will be some issues with having the budget authority to be able to take advantage of all of the funding in the Trust Fund.

What we have done is determine the updated risk informed priorities. We've taken a look at the 2010 Capital Projects Business Model report and compared the results of the 2010 report to what we are showing.

We have a current working draft schedule to show you. Like I said, both the “unconstrained” and the “constrained” version. And we've carried forth some of the key concepts of the original Capital Projects Business Model in that we want to finish what we start.

One of the biggest issues with what we were doing before was we were doling out little bits of money and stretching out projects for great lengths of time. We want to fund projects as efficiently as we can to get them finished and started as soon as possible. And then we are also incorporating that life cycle project management.

So in updating our priorities based on the operational risk exposure. This is where, the difference to me in the original Capital Projects Business Model is we're looking less at a bottom's up development of the program and looking more to of a top down or the risk-based way that we are going to follow this.

When we first did the original Capital Projects Business Model, a data call went out to all of the Districts and we asked them what work do you think needs to be done in the next 20 years. And then we developed the criteria. And then we prioritized the criteria.

What the difference here is, is that we're looking at based on the asset management and the operational risk data that we have, we are looking at where are the most mission critical components in the worst condition that have the highest probability of failure that will cause unscheduled unavailability and cause us the most economic impact.

And by that I am looking at a top-down approach. So using that data, we're looking at that information, but we're also evaluating that. That's the starting point where we look to the Districts to look at that risk and see if we're buying that down through O&M, have we already bought it down through ARRA, is it an O&M action as opposed to a capital investment action, or does it simply not meet the criteria for a capital investment. So does it not meet the criteria for a major rehab or a potential new construction.

So based on that, you see our top 15 after we have kind of sorted that out. This would be where we would look for new projects. And this would be where we would then get the Districts involved to determine what the scope of the project was based on the risk and also is where we are suggesting that we tie industry in a little bit earlier. And I will get to that in a future slide on how we want to tie them in.

The original Capital Projects Business Model recommended that we have industry advisors on all of our projects, and that kind of happened after the project was authorized.

We're going to be recommending that that be brought back a little bit and that the industry representatives be part of this determination of what the project is once we determine that there is an issue with the risk.

So you see here the top 15 projects identified through our risk exposure screening. Based on that, this slide compares the 2010 Capital Projects Business Model report with our working draft plan with a few caveats because this was developed based on a previous version of the plan, so I will tell you what those caveats are.

What's in green remains the same. What's in yellow is still within the plan. It might be in a little bit different location within the plan. What's in red is not in the plan with the exception of Lock and Dam 22 and Lock and Dam 24 on the Upper Mississippi River. They are actually back in the plan. And what's in blue is added. You see GIWW, Brazos River, Matagorda Bay. So that was added under the construction program.

For the major rehab program, same information. Some of these projects have been completed since the 2010. Emsworth while not actually completed physically yet, is completed budget-wise so we don't need additional funding for that.

Some of the other projects in red as you see don't actually make the plan. There are some additional projects, Brandon Road on the Illinois Waterway and Lock and Dam 18 on the Mississippi River.

In addition, based on the latest information that we're showing, Dresden and Starved Rock on the Illinois Waterway also are included in the plan in the "unconstrained" version, I believe.

MAJOR GENERAL PEABODY: Jeanine, this is General Peabody.

MS. HOEY: Yes.

MAJOR GENERAL PEABODY: Could you go back a slide for a second? I want to ask a question. I think it's an important point.

MS. HOEY: Yes, sir.

MAJOR GENERAL PEABODY: So there is the first slide, unless I missed it somewhere earlier, where BCR was included in the slide.

And so what I would like you to do, if you could, is address to the Board members, how BCR plays into this operational risk prioritization.

MS. HOEY: Well, the operational risk prioritization is used to determine if a study needs to be done. Once a study is done, we get the BCR information. So everything that has gone through a detailed study has benefit-to-cost ratio information. And if they've already started construction, they have remaining benefit-to-remaining cost information, which is what we are using to prioritize it.

The total risk exposure that we are using is what we're using to decide what's the next study, either feasibility or major rehab evaluation report.

MAJOR GENERAL PEABODY: So on the slide prior to this, the current top 15 list, that indicates based on current analytics what our risk exposure screening indicates. Some of these projects either have studies completed or are authorized for studies or in some study phase, others not; correct?

MS. HOEY: Correct. Correct. And some of the already authorized projects aren't actually in the top 15.

MAJOR GENERAL PEABODY: Okay. For the Board members, the point I would like to make from this discussion is that risk exposure screening is the way that we in the agency, in the Corps, are coming to a conclusion that is the right approach to make recommendations to policymakers about prioritizing.

We haven't matured this discussion to the point where that is a policy approach that's been sanctioned. And so any decisions that are made associated with this ultimately go back to the Administration and we have to go have discussions with OMB [the Office of Management and Budget]. And currently the coin of the realm tends to be primarily BCR.

We just need to keep that in mind that this is just the agency's analytics at this point. It does not translate to a policy change or approach. And you all need to determine how you want to engage the Administration or the Congress in that regard as you get your head wrapped around this and as you come to some general conclusion as a body of what you want to do about this.

I want to also emphasize that this is a conversation I think that we need to continue to have until all of us are comfortable that we have a relatively high degree of at least understanding, if not concurrence, on this approach.

Go ahead, Jeanine. I just wanted to -- I thought there were some issues in the slides I thought were very important to kind of tease out a little bit.

MS. HOEY: I appreciate that. Thank you, sir.

CHAIRMAN HETTEL: Jeanine, Marty here. General, I certainly concur on the continued collaboration on this project by all means. It's too important not to get it correct.

But as Jeanine is putting up the updated priorities here on the major rehab issues, and correct me if I am wrong, I don't even think there is a study done on Lock and Dam 18 yet.

MS. HOEY: That is correct.

CHAIRMAN HETTEL: While it appears on the list to be in the highest priority, that doesn't necessarily mean that would be the first one we would appropriate dollars to or look to spend Trust Fund dollars on because we don't even have a report on it yet.

MAJOR GENERAL PEABODY: Yes, that's correct. And what I am trying to point out is that our analytics are maturing, not matured, and our analytics are currently ahead of any policy changes or policy approach changes that might be considered by the Administration.

So what I am trying to indicate is that we should not draw conclusions about any Administration positions related to this. This is the engineering technical experts trying to do their best to capture risk as risk is being applied across industry as a state-of-the-art issue.

We will have to have discussions with Ms. Darcy, her staff, OMB, others. I don't think we can anticipate how the Administration may react or change their approach to these kinds of things.

But the point I am trying to make is this is dynamic. And I don't want any of us to assume that anything that we are doing is a foregone conclusion. It's just the analytics that the Corps is currently moving towards that we need your input, advice, and collaboration to help to perfect it to the degree that we can, if that makes sense.

MR. WOODRUFF: General, this is Matt Woodruff. I think I can -- I know the feelings of this Board and probably the larger navigation industry as a whole.

And we recognize that what you are sharing with us and through the process we are going through with Jeanine and others that they've been very open and willing to do scenarios based on our requests.

And I think it's important that we acknowledge for you that we understand when you do an analysis or a "what if" scenario at our request that we're not suggesting that that is the policy of the Administration, nor do we intend to come back and say, because you did a spreadsheet for us at some point at our request with a certain scenario that that is the position of the Administration, that you are somehow obligated to it.

Now, that is not to say we wouldn't suggest it should be the policy of the Administration or the Nation as we go forward. But unless we can have this frank exchange of ideas and the "what if" scenarios, I don't think we stand a chance of determining what the best future policy for the nation would be.

And so we are very grateful for the willingness of the Corps and your team to work with us on these different scenarios as we try to find the best path going forward.

And so I do understand that just because you are doing that doesn't mean you are committing the Administration.

MAJOR GENERAL PEABODY: Thank you.

MR. MCKEE: This is Jeff McKee. Mr. Hettel, in reference to your comments on Lock and Dam 18 on the Mississippi River, using this risk assessment, these are some of the things that would help us determine what studies to do next.

And so things that are done for major rehabs, those studies are done in the O&M account, and those are the next study-type things that we would look to start doing to help inform the future Capital Investment Strategy.

CHAIRMAN HETTEL: I understand. Thank you, Jeff.

MR. WOODRUFF: Could I also throw in -- this is Matt Woodruff again -- the comment made that BCR is the coin of the realm.

When you use BCR as the coin of the realm, you are ignoring all of the other coins of the realm that have already been put into a project. And that's something I think from the industry perspective that we don't think is the right thing to do.

We think the remaining benefit-to-remaining cost ratio is the thing to look at because that takes into account the Treasurer of the nation that's already been invested into some of these projects.

MAJOR GENERAL PEABODY: This is General Peabody. I cannot speak authoritatively on this issue. But remaining benefit-to-remaining cost is a consideration I know.

There are always a host of variables that have certain degrees of intangibility associated with them that policymakers consider when deciding which projects make the cut line for a

particular year's budget recommendations and remaining benefits-to-remaining costs is one. Environmental impacts are another.

There's a whole host of them that are difficult to quantify until you get into the specifics of a project and start teasing it out and understanding the potential policy implications that almost every project has in one fashion or another.

I didn't mean to indicate the coin of the realm -- that BCR is it. It's just tends to be the primary consideration although certainly not exclusive to other variables.

MR. WOODRUFF: And I think you've hit -- this is Matt Woodruff again -- on a very key point that I think this Board recognizes and I am sure the other guys will correct me if I am wrong, is that while we can come up with objective criteria to give us guidance and an idea of where to start looking, there are intangible considerations that have to go into the final decisions. And that's where the professional judgment of the people sitting around this table comes in. That's why I think we have the Users Board is because we take what the objective criteria suggests to us, apply our judgment and our experience to it, and that's why the ultimate recommendation of this Board may not be numerically the same as what comes out of the run of the spreadsheet.

MS. HOEY: And that's exactly what we said in the original Capital Projects Business Model report and what we have said with this.

The objective criteria that we use will give us a 90 percent solution. We would look at other factors that might require something to be moved up or down in the priorities and develop a final program based on that.

MR. BELK: One comment if I might. I think the role of this Board and the Corps and this partnership really should be to figure out what right looks like in terms of priorities based on the total system, risk based.

BCR is a part of that but, as you point out, Mr. Woodruff, there are a lot of variables that we will have to consider when deciding what the right risk-informed priorities are.

But I think what we are talking about is here is where we always end up. We sort of confuse what right looks like from a system standpoint and what budget prioritization looks like. And they could be very different.

To me, our role is figure out what right looks like. The budget policy will be what the budget policy is. We will deal with that in space. But I do think the role of this process and of this effort should be identifying what that right list looks like. We'll do the budget stuff in space.

MS. HOEY: Okay. So moving on to the draft results. What are shown here are not the actual current draft results that we have. What you have in front you -- you should have two sheets that look like that, that are slightly different than what's shown on the screen. That's

what was developed after our meeting last week. And so it's a little more current based on some of our discussions. We're going to have to re-evaluate some of that.

But the first thing that is being shown is the “unconstrained” program. Some of the assumptions that go into that are we did include the assumed balance of \$52 million at the end of Fiscal Year 2015, the beginning of Fiscal Year 2016. We assumed that Inland Waterways Trust Fund receipts are \$116 million per year. We did limit the Trust Fund balance to not go below the \$20 million minimum threshold. And the red line there shows the Trust Fund balance.

So you can see there are only a couple years that it actually comes close to that \$20 million threshold level. The rest of the time it is significantly above the \$20 million minimum level for the remainder of the time.

In the “unconstrained” program, we assumed that there would be General Treasury dollars to match everything.

For the NESP projects, since they have not started construction yet, and this is where we are probably going to have to figure out what we need to do further based on some comments we heard earlier.

I have got PED broken out separately for NESP on your sheets. And the first two projects, LaGrange and Lock and Dam 25, the PED is being done before we hit construction. So I have not counted that into our program and not split that cost with the Inland Waterways Trust Fund.

I split those costs at the start of the construction. Based on the conversation earlier, there are more PED costs than what we have shown here that needs to be distributed, and we'll probably need to make an assumption on how we're going to distribute them and how much those costs are going to be, not just for NESP but probably for the GIWW projects also. So that will change this slightly.

The other thing that will change this slightly is, while I have the correct cost for the GIWW High Island to Brazos River project, I do not have the correct cost for the GIWW, Brazos River to Port O'Connor, Matagorda Bay project. There's about \$10 million extra that's got to be put into that project, that I did not have the correct information. So that will change things slightly on that.

The Lower Mon project does not include the land chamber and does not include the Port Perry Bridge.

In talking to the Nashville District folks, they emphasize that Chickamauga could use \$29 million in FY16 and \$19 million in FY17 to get Chickamauga to a natural stopping point. And then the major concrete production and placement would occur after that. And so if I could work that into that schedule, I would.

In the “unconstrained” program, I was able to do that. So Chickamauga does include some money in FY16 and FY17 to bring it to a good stopping point. But then there is a little bit of a delay where it picks up again. And that's on your sheets.

And there was one other thing. LaGrange. LaGrange, the timing for LaGrange was such that if it received funding in FY17, the closure in FY18 could match up with some O&M closures that would be happening at the same time and have less impact to industry. So if I could fit the LaGrange rehab in FY17 and FY18 that would work out a little bit better. In the “unconstrained” program, I was able to do that.

And you also see that -- Marty, as you had said, LaGrange is actually the first major rehab, because we have a report that's done.

O'Brien Lock and Dam is the second major rehab because we have a report that's done.

And then we start tackling the ones that aren't done.

Everything in the new construction has already had a report. A feasibility report is already authorized, so there are no new projects coming up to the top there.

So that is the “unconstrained” project program right now with a few caveats. This will change again slightly. Unfortunately we will probably move things to the right a little bit as much as we don't like to do that. But that's where we stand right now on the “unconstrained” program.

CHAIRMAN HETTEL: Jeanine, Marty here. One point. You assumed for the Construction General account, was it \$220 million on the “unconstrained” program? Is that correct?

MS. HOEY: No. I assumed there was no constraint on the General Treasury in the “unconstrained” program. I assumed in the “constrained” program there was a \$220 million constraint.

CHAIRMAN HETTEL: Okay. Thank you.

MS. HOEY: Okay. So the difference between the “constrained” program and the “unconstrained” program, for the “constrained” program, I did assume that there was a \$220 million limit on the General Treasury. And I also assumed that the Inland Waterways Trust Fund receipts would be \$110 million per year. And so you see that pushes things out a little bit.

We don't get to Starved Rock under the major rehabs. We don't get as far on the Upper Mississippi projects in the “constrained” program.

We can't accommodate Chickamauga earlier, and we cannot accommodate LaGrange earlier in the “constrained” program.

Now, this identifies where we see that bringing the navigation industry in a little bit earlier. This would be prior to a feasibility report or an authorization.

Once we make the decision that there needs to be a capital investment, we're proposing that we do a little bit of work. We do some economics. We do some engineering. We bring industry in to actually formulate what the project would be.

At this point we would know that there would be issues with the reliability, with the risk exposure. And so it might be that we're combining two projects into one, like a Lower Mon, a two for three kind of project if all of those three projects have some risk exposure, those kinds of things. And we thought it would be a good time at this point to bring industry in.

While we still had the recommendation that an industry representative be involved in the original Capital Projects Business Model report, we're really just reinforcing that concept and saying "let's get them involved -- get you guys involved when we formulate what the project actually should be as opposed to waiting until after the fact."

And subject to your questions, that's all I have to present to you today.

We have a little bit more work to do, but I think we're slowly coming to a program that we can say we think we have incorporated all of the issues. We've incorporated what we want to provide a recommendation.

There will be at least one more iteration of this, if not several more. But I think we've come a long way from where we started at least.

CHAIRMAN HETTEL: Jeanine, Marty here. Again, I can't say thank you for all your and Kareem's hard work on this. I think we are getting really close as you have stated.

I think what would really help us on your "constrained" versus "unconstrained", and I'm going to look at "unconstrained" program. We have Kentucky actually getting some funding in FY16 and completing in 2023, whereas in your "constrained" program it has Kentucky starting in FY19 and not finishing up until 2026.

It would be great for us to have the differential in cost between the "constrained" and "unconstrained" programs, because the cost of Kentucky is going to go up if it starts later and lasts longer.

MS. HOEY: Yeah. And when I send you the actual spreadsheets with the numbers, in the column on the "unconstrained" program, I can actually give you that.

For Kentucky, under the "unconstrained" program, Kentucky, the total remaining costs is \$424.8 million. Under the "constrained" program, Kentucky --. I've got to look that up.

But, yes, there should be a difference. And we should be able to show it pretty easily. We've got the numbers here.

CHAIRMAN HETTEL: And that leads to your comments, General. It would be great to be able to show and say, "Look, we don't want to see the Trust Fund get up to \$200 million in the "constrained" program. And what's it going to cost to finish a project if we get to that point."

Those numbers are pretty -- I am assuming, Jeanine, I know you will get them to us -- could be pretty substantial and why stretch out a project and add additional costs and leave money sitting in the Trust Fund.

MAJOR GENERAL PEABODY: General Peabody here. I think that Jeanine has done a great job of portraying that. We don't know what future President's budgets are going to look like. But we're taking kind of what we got this year as an indicator of what the upper limit is likely to be around. What did you say, \$220 million, Jeanine, I think?

MS. HOEY: That's what we used, \$220 million.

MAJOR GENERAL PEABODY: And because of the temporary impact of the 85/15 cost share with Olmsted, that will definitely drive up over the next -- as Jeanine portrays here, over the next four or five years, the Trust Fund amount to just about \$200 million.

And then in about four or five years, it starts coming down fairly quickly initially and then glides down to the band that we think is about where it should be.

But it takes us about 10 years to get that band, the below \$50 million band.

CHAIRMAN HETTEL: And, Jeanine, is Olmsted in -- if I remember correctly, you're at \$200 million a year for Olmsted in the "unconstrained" program. Is that the same as in your "constrained" program?

MS. HOEY: Yes, I left them the same.

CHAIRMAN HETTEL: Okay.

MS. HOEY: It's \$200 million for FY16 and FY17; \$180 million for FY18 and FY19; and \$120 million for FY20 as a base cost, and then it's inflated.

CHAIRMAN HETTEL: Right. And comparing that, David [David Dale], with what you gave us, that's what we raised the question about. I think your slide had Olmsted completed in 2022, where if we funded the Olmsted project in the "unconstrained" program at \$200 million, the numbers that Jeanine just ran out, we could complete that project by the end of 2020.

MS. HOEY: And this is where the annual update has to happen. While I know we would love to spend that much at Olmsted and get it done, it's really, really dependent on the river conditions.

And we might be able to get \$200 million this year. And while we may plan to do it next year, the river conditions might not support it. So then we would factor that into it and rerun the numbers the following year.

CHAIRMAN HETTEL: Right. So these have no risk incorporated into the analysis, I guess is that is point I'm making.

MS. HOEY: Correct.

CHAIRMAN HETTEL: But if we have good river seasons, shell setting seasons, we could finish the project two years earlier according to what is shown here.

MS. HOEY: Yes. Okay. Thank you.

MR. POINTON: Thanks, Jeanine. It's a pleasure working with you.

Next item on the agenda is the Users Board Annual Report for 2014. And I will defer to Chairman Hettel to initiate that discussion. And if there are any questions you need me to provide the details on, here I am, sir.

CHAIRMAN HETTEL: Thank you, Mark.

Our 2014 report has been completed. I just would like to thank the Board members for your input into this report. I believe we went through 17 or 18 iterations of the Annual Report to get to the final product. And I certainly want to thank everyone for their input into the final Annual Report.

And General, understand that the Annual Report was written in the month of December. We have made a lot of progress on the Capital Development Plan since the month of December. But those were our views in the month of December.

And, Mark, I know it's finished and sent to the printers. Can you tell us who it was distributed to or who it will be distributed to?

MR. POINTON: Sure. We sent it to members of Congress and the Appropriations and Authorizing [House Transportation and Infrastructure, Senate Environment and Public Works] committees in the House and the Senate. Once that was done, we provided it to the Secretary of the Army through the Assistant Secretary's office. It went to senior leaders in the Corps of Engineers. And it is now sent to you and the other Board members and has been posted to the Board's website.

And according to the printer, we were supposed to get them back today. They were supposed to have come back last week, and we were intending to hand them out today at the Board meeting, but the printer had other ideas. So hopefully those will be showing up shortly. But it is posted. If anybody needs a copy, it is on the website.

CHAIRMAN HETTEL: That's it for the Annual Report. I appreciate that, Mark. Thank you. And we'll get those probably distributed if the printer cooperates sometime next week, I assume.

MR. POINTON: Hopefully next week, yes, sir. Mike.

MR. SOMALES: Mike Somales. If I could go back early in the meeting, Matt Woodruff brought up a point about Bayou Sorrel I wanted a little clarity on.

Was the idea they didn't get into the queue until the helper boat had them, is that when they begin their delay as reported?

MR. WOODRUFF: I think that is what the issue is. The essence of the issue is, if you look at the data, it doesn't reflect that there are a lot of delays at Bayou Sorrel. If you look at reality, there are a lot of delays at Bayou Sorrel.

And so the means by which that particular lock was choosing to show someone waiting in line was not consistent with the way those of us waiting in line felt like it was happening.

And it had something to do with they were waiting until the helper boat was alongside a particular tow to say that that tow was ready to lock through, even though it's the same helper boat that essentially helps every tow. And so, the helper boat won't be on a particular tow until it's helped all of the other tows in the line in front of it.

MR. SOMALES: So we could be at the lock in line two days and --

MR. KNOY: Ten deep, yeah.

MR. SOMALES: -- ten deep, but the recorded delay is only when the helper boat gets to you. So are we understating delays?

MR. KNOY: -- shows an hour --

CHAIRMAN HETTEL: Absolutely.

MR. WOODRUFF: Yeah, absolutely. You could be there --

MR. SOMALES: Understating delays.

CHAIRMAN HETTEL: Yes.

MR. WOODRUFF: Yes, we're understating delays significantly because there's a lot more boats in line than the records would reflect.

MR. SOMALES: Thank you for the clarification.

CHAIRMAN HETTEL: And one more note on that, Mike [Somaes] and Eddie [Belk] and Jeff [McKee], the same scenario happens when we have a 1200-foot chamber that is shut down and we lock a double, two cuts at a 600-foot chamber.

While the first cut will include the delay time, the second cut doesn't have any delay time. So you have one cut that very well could be sitting there for 12 hours, the next cut zero hours. And in essence your average is six hours per cut.

I think that's going to skew your data also on your average delay at a facility when a 1200-foot chamber is down.

MR. BELK: Thank you, Mr. Hettel. We'll look at that as well.

MR. WOODRUFF: I have another question if I could go back to Mr. McKee's presentation earlier. And Mr. Mecklenborg asked a question about some of these charts. And I have gone back and looked at the charts that reflect prior years in the President's budget in certain portions of the account.

And then for 2015 in "Inland Navigation" in particular you break out the budgeted amounts. For 2015 you actually showed the appropriated amounts. And I don't suspect that you've got these numbers going back to FY09 of what was actually appropriated with you.

But would it be too difficult for say the next meeting -- it would be helpful for me to know what the reality is looking back, because I don't know that we actually see anywhere in any of the other reports we have how the actual appropriations have been broken down by category over a period of time. And that would be helpful, I think.

MR. MCKEE: Okay. Understood, Matt. I'll see what I can get together. I know I can go back a couple of years. Don't know if I have got everything that far back. But we will get what we can by the next meeting.

MR. WOODRUFF: I think that would be good for us to see. Thank you.

MAJOR GENERAL PEABODY: This is General Peabody. I concur with that, Mr. Woodruff. And I think it would be helpful to show the investment that the Nation has made in navigation from all the variety of sources, some of which have been unique in the last few years. So, thanks.

MR. POINTON: Well, it seems to be where we've opened the floor to any questions you might have lingering. So are there any others out there?

(No response.)

MR. POINTON: General Peabody suggested that we go around the table so that every member – Mark [Knoy], do you have anything else to add? No. Dan [Mecklenborg]? No. Mike [Somaes]?

MR. SOMALES: I'm good. Thank you.

MR. POINTON: Scott [Leininger]? No. Robert [McCoy]? Charlie [Haun]? No. Matt?

MR. WOODRUFF: I've probably asked too many already.

MR. POINTON: Yes. Ma'am?

MS. DOMINGUEZ: I just want to take a quick moment -- Marie Therese Dominguez -- to publicly thank Mindy Simmons for her service.

She's done a great job. I very much appreciate it. And I know you jumped into your new position rather quickly. But I wish you well and thank you again for everything. And I look forward to working with Mark again.

MR. POINTON: It will be my pleasure, ma'am.

Marty, don't mean to skip you.

CHAIRMAN HETTEL: You know me better than that, Mark.

I echo that, too, Mindy. We really appreciate the last five Board meetings that you've helped us with. Your responsiveness has been tremendous. And thank you again. And we truly do wish you the best in your new endeavors.

The last thing I'd like to say is before we turn it over to General Peabody or close out the meeting or public comments is the collaboration I think that this Board has experienced from January of last year to this year, from my time on Board has grown and has gotten a lot moved forward. The collaboration is more open. With all of that, I certainly appreciate your leadership in that, General Peabody. Thank you.

MAJOR GENERAL PEABODY: This is General Peabody. Mr. Doyle [Mr. John Doyle], can I reference our conversation? John Doyle and I were talking during the break. And he observed to me that in his experience – and I'm not sure how many people have got more experience with this Board than John does, probably not many, if any. But he observed in his – I think you said 14 years, John, of attending the Board meetings, he believes that the Board has finally reached the vision that it was set out to achieve. And I don't think any one person can take credit for that. I don't think it's anything that any of us personally did at a particular point in time. But I do think it's a credit to all of the members of the Board going back those many years as well as all of the professionals from the Corps and partner agencies, the Assistant

Secretary's office, the other partner agencies here in challenging ourselves to reach that potential that this Board has.

We are still not where I would like to see us in terms of the information. But I believe that as John observed to me, that the way the Board is conducting itself and the conversations that we're having and how we're challenging ourselves to present information and then challenging some of the details of that information is exactly what we ought to be doing continuously going forward and will really enable this Board to have the impact that it is designed to have on policy-making decisions and on Congressional action as well.

So in that regard, I think we all ought to take some satisfaction, if not personally, certainly corporately for the progress that's been made. And we also need to look to our predecessors and recognize that we are standing on the shoulders of people who have gone before us to help pull us to this point.

I thought that was great compliment, John. And John is known for his candor and frankness, as I think I am to some extent as well. And I take that as a high compliment to everybody involved. So thanks, John, for that observation.

I guess, Mr. Pointon, we have public comments now.

MR. POINTON: And it is time at the end of the meeting for our public comment period. We have one individual who has expressed an interest in making a public comment. That would be Mr. Spencer Murphy from Canal Barge Line.

So, Mr. Murphy, if you would please take the mic. And according to Federal Advisory Committee rules, you have three minutes to deliver your comments.

MR. SPENCER MURPHY: All right.

MR. POINTON: Thank you.

MR. MURPHY: Thank you for the opportunity to speak. I will be as brief as possible.

I want to circle back to a brief discussion that was had on the IHNC Surge Barrier. A comment was made that part of why this has not been put in the work plan for FY15 or FY16 is budgetary considerations which I think Marty addressed very well. Second was a policy consideration within the Corps.

I just would like to say as somebody who has been involved in this issue and who lives behind the Surge Barrier, that policy discussion was had early on. And frankly that discussion is what led to this language being put into WRRDA in the first place.

So I would just like to submit that from an industry standpoint, the policy of the Corps ought to be what is included in this WRRDA provision because I know there has been some question about navigation versus flood, what is local, what is the Corps' responsibility.

And I think that that's why we have this provision that is I think addressed very directly and narrowly the scope of what the Corps ought to be doing here.

And just the reason that's important is not from our flood protection standpoint, but what we are talking about is essentially the same risk of failure or consequences of failure are the same here as they would be at the IHNC Lock.

There is a single point, a choke point here of east-west traffic going to anywhere east of New Orleans. And so if this particular navigation structure fails, for the same reason that if the IHNC Lock fails, there's a whole series of cascading effects that includes Chevron's Pascagoula facility, all of the jet fuel that supplies the Naval Air Stations on the Gulf Coast.

All of that relies on barge transportation coming through not just the IHNC Lock but now the IHNC Surge Barrier.

So as you bring this conversation back to Assistant Secretary Darcy, I just want to make sure that she appreciates the history behind some of these discussions and also what the risk of the consequences are if the Corps does not have the proper O&M in place for this structure.

Thank you very much.

MR. POINTON: Thank you. Matt?

MR. WOODRUFF: I have a question. Matt Woodruff again. And I don't know if Mr. Murphy would correct me if I state this wrong.

But in addition to the one on the east side, there is another one on the west side that is the gateway to both the Harvey Lock and the Algiers Lock, two of the three ways to go west from the Mississippi River.

So not only could you imperil the stuff going east, if these didn't work properly, you're greatly imperiling a far greater quantity of cargo that goes west to Lake Charles, Beaumont, Port Arthur, Houston, and beyond.

MR. MURPHY: Correct.

MR. POINTON: Thanks, Matt. We also received two written statements for the record. Both of them refer back primarily to issues that came up at the Walla Walla meeting of the Users Board last August, and it has to do with the Snake River.

Those comments have been provided to you by those two individuals. They will be included for the record for this meeting.

At that point, if there are no other questions from the Board, and I see no one indicating they have any more questions -- General Peabody.

MAJOR GENERAL PEABODY: I don't have a question but something I'd like to do.

Several of the Board members have gone out of their way to thank all the people that were responsible for putting this together, and I wanted to just recognize -- if I could get Wynne Fuller and Danny Hensley to come forward, please.

These guys were just terrific the last couple of days. I know how much hard work goes into putting together such an involved trip with so many moving parts.

And if nothing else, I wanted to give you a coin just out of my personal thanks from having trod on Alabama's home turf as an Ohio State fan.

But you guys, seriously, the knowledge that you have was evident every second of the entire trip. And what you guys did to make it happen was just tremendous. So I just wanted to thank you on behalf of all of the Corps and the Board members here.

There are a couple of other people I would like to call up. Mindy Simmons and Jeanine Hoey.

Mindy is a biologist. How many people could have ever imagined somebody as adept at navigation issues as Mindy is, is a biologist.

But she had an opportunity to compete for a job that gets her back into her academic foundation, I think her true passion as well, which is all of the environmental purposes that the Corps does. She will be our Business Line Manager for the Environmental Program.

But she's done a tremendous job in a very short period of time, just a little over a year.

And Jeanine Hoey is very well known to the Board members. But Jeanine has been in many ways the intellectual architect behind all of our progress associated working with the Board members on the original Capital Projects Business Model and now transitioning -- using that as a foundational launching pad as it were to transition to a Capital Investment Strategy.

I couldn't feel better about the progress that we collectively have made. And I think we all owe Jeanine a huge thanks for that.

So on behalf of the Corps and the Board members, I would like to present both you ladies with well deserved coins as well.

Okay. Lastly the person that I love to give homework assignments to, Jeff McKee, would you come on up here.

We have a whole host of folks that work just tirelessly literally in the Corps. But I'm telling you, every single day we are just tasking Jeff with something else to take care of. And

he just takes it in stride, and somehow he actually manages to get most of it done even, which always amazes me.

So Jeff, for all you have done to support this body and to advance the navigation program of the Corps, I wanted to give you a coin as well.

Thank you.

MR. POINTON: With that, I would like to personally thank Mindy. I can't even tell you, it's like I had the Batman hot phone. I'd just pick it up and call Mindy. And so we worked real close together. And I appreciate that, working with her. It was actually a real pleasure of mine to work with Mindy the last couple of years. Because before she did the Users Board, I was nagging her in Headquarters anyways.

With that, do we have a motion to adjourn the meeting, gentleman?

MR. MCCOY: So moved, yes.

MR. SOMALES: Second.

MR. POINTON: Motion moved and seconded. All in favor?

(Whereupon, Board members responded in the affirmative.)

MR. POINTON: Any nays?

(No response.)

MR. POINTON: Meeting is adjourned. Thank you.

(Meeting adjourned at 12:52 p.m.)

State of Alabama

County of Jefferson, to wit:

I, DIANA B. WILLIAMS, a Notary Public of the State of Alabama, Jefferson County, do hereby certify that the within-named proceedings took place before me at the time and place herein set out.

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

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

As witness my hand this 25th day of February, 2015.

Diana B. Williams, CCR, CLR
Certificate No: AL-CCR-104

My Commission expires: April 11, 2015