

Minutes  
Inland Waterways Users Board Meeting No. 82  
Held at the Port of Lake Charles  
1611 West Sallier Street  
Lake Charles, Louisiana 70601  
February 24, 2017

[Note: The following minutes of the Inland Waterways Users Board meeting No. 82 were approved and adopted as final at Inland Waterways Users Board meeting No. 83 held on May 17, 2017 at the Embassy Suites by Hilton Charleston (West Virginia), Grand Ballrooms A and B, located at 300 Court Street, Charleston, West Virginia 25301.]

The following proceedings are of the 82<sup>nd</sup> meeting of the Inland Waterways Users Board held on the 24th day of February 2017, commencing at 9:00 o'clock a.m. in the Boardroom of the Port of Lake Charles, Louisiana, located at 1611 West Sallier Street, Lake Charles, Louisiana 70601, Mr. Martin T. Hettel, Chairman of the Inland Waterways Users Board presiding. Inland Waterways Users Board (Board) members present at the meeting included the following:

CHAIRMAN MARTIN T. HETTEL, American Commercial Barge Line, LLC.

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

MR. ROBERT J. INNIS, LafargeHolcim, Inc.

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

MR. ROBERT R. MCCOY, Amherst Madison, Inc.

MR. DANIEL P. MECKLENBORG, Ingram Barge Company

MR. WILLIAM M. WOODRUFF, Kirby Corporation

Board members MR. DAVID CHOATE, Bruce Oakley, Inc.; MR. JEFFERY A. KEIFER, American Electric Power (AEP), River Transportation Division; MR. BRUCE REED, Tidewater Barge Lines; and MR. MICHAEL T. SOMALES, Murray American Transportation, Inc. did not attend the meeting.

Also present at the meeting were the following individuals serving as observers of the activities of the Inland Waterways Users Board, designated by their respective Federal agencies as representatives:

MR. LET MON LEE, Deputy Assistant Secretary for Policy and Legislation, Office of the Assistant Secretary of the Army for Civil Works (ASA (CW)), Washington, D.C.

MS. BRANDEN LEAY CRIMAN, Director, Inland Waterways Gateway Office, Maritime Administration (MARAD), U.S. Department of Transportation, St. Louis, MO.

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

LT. MATTHEW M. FORNEY, OMAO/DOD Liaison, Office of Coast Survey, 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 providing administrative support to the Inland Waterways Users Board from the U.S. Army Corps of Engineers (USACE) were as follows:

MAJOR GENERAL DONALD E. JACKSON, Executive Director of the Inland Waterways Users Board and Deputy Commanding General for Civil and Emergency Operations (DCG-CEO), U.S. Army Corps of Engineers, Washington, D.C.

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

MR. KENNETH E. LICHTMAN, Executive Assistant and Alternate Designated Federal Officer (ADFO), Inland Waterways Users Board, U.S. Army Corps of Engineers, Institute for Water Resources, Alexandria, VA.

Program speakers in scheduled order of appearance were as follows:

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

MAJOR GENERAL DONALD E. JACKSON, Executive Director of the Inland Waterways Users Board and Deputy Commanding General for Civil and Emergency Operations (DCG-CEO), U.S. Army Corps of Engineers, Washington, D.C.

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

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

DR. MARK F. SUDOL, Director, Navigation Data and Decision Support Center, Institute for Water Resources, U.S. Army Corps of Engineers, Alexandria, VA. (*Presentation delivered via teleconference and computer display.*)

MS. MARTHA M. LUCORE, Senior Project Manager, New Orleans District, U.S. Army Corps of Engineers, New Orleans, LA.

MR. MICHAEL E. BRADEN, Chief, Olmsted Division, Louisville District, U.S. Army Corps of Engineers, Louisville, KY.

MS. JEANINE HOEY, Chief Engineering and Construction Division, Pittsburgh District, U.S. Army Corps of Engineers, Pittsburgh, PA.

There were two individuals who provided comments during the public comment portion of the meeting:

MR. JAMES STARK, President, Gulf Intracoastal Canal Association, Cocoa Beach, FL.

MR. JIM TAYLOR, MarineNet, LLC.

### PROCEEDINGS

MR. MARK POINTON: Good morning. My name is Mark Pointon. I am the Designated Federal Officer [DFO] for the Inland Waterways Users Board [the Board]. I would like to welcome you to the 82<sup>nd</sup> Meeting of the Inland Waterways Users Board here in Lake Charles, Louisiana.

The Chairman of the Users Board, Mr. Martin T. Hettel, has made it a point to go to some of the more unusual places on the inland waterways system that we have not been to before, and the Lake Charles area and this portion of the Gulf Intracoastal Waterway in western Louisiana and in close proximity to Texas, most definitely fills that bill.

We had a great tour yesterday. All the participants on the tour really enjoyed going to see Calcasieu Lock [Calcasieu Lock is located on the Gulf Intracoastal Waterway [GIWW] West, just east of the Calcasieu River, in Cameron Parish, LA, approximately 10 miles south of Lake Charles, LA and 237.6 miles west of Harvey Lock]. It is not your typical type of lock. The weather was fabulous. It is a little bit different than what people have in their mind of what a lock and dam would look like. We also visited the Black Bayou Project which is designed to restore drainage under Louisiana highway 384 at Black Bayou.

I would like to thank Mr. Jim Stark, from the Gulf Intracoastal Canal Association which sponsored last night's social event, thank you Jim. The Port of Lake Charles is this morning's host for our meeting today. This is their board room. I understand it is just recently been opened up just a few months ago, so we are trying to break it in for them. The Board extends it thanks to Mr. Channing Hayden, Director of Navigation at the Port of Lake Charles. Thank you Channing. We appreciate everything you and your staff have done in supporting today's meeting of the Board. Yours and your staff's hospitality and support has been outstanding.

Before we start the meeting, I am obliged to read for the record that the Inland Waterways Users Board was created pursuant to Section 302 of the Water Resources Development Act of 1986. The Board provides the Secretary of the Army and the Congress with recommendations on funding levels and priorities for the modernization of the inland waterways system.

The Board is subject to the rules and regulations of the Federal Advisory Committee Act of 1972, as amended. This is a “Government in the Sunshine Act” meeting, and as such it is open to the public. I see we have a very good attendance at today’s meeting, so I appreciate that.

The Corps of Engineers is the sponsor of the Board and provides for the Executive Director, the Designated Federal Officer, and for all the normal activities of this body. Currently we have one individual who has indicated that they would like to make a public comment at the end of the meeting. That would be Jim Stark from the Gulf Intracoastal Canal Association. Anyone who feels they might want to make a public comment at the end of the meeting, please see me on the break or just drop me a note or something, and we will go ahead and work you in during the public comment period. These proceedings are being recorded, and a transcript will be available after the meeting. We have had no written statements submitted for the record.

The Commander of the New Orleans District, Colonel Michael N. Clancy, was not able to attend today’s Users Board meeting due to a prior commitment engagement, but he has provided me with some brief comments to read on behalf of the New Orleans District, which is the local Corps district office that has provided the outstanding degree of support and coordination of both yesterday’s site visits and this morning’s Board meeting.

On behalf of Colonel Clancy, who regrettably is unable to attend today’s meeting due to a prior commitment, Colonel Clancy would like to welcome everyone to the New Orleans District and thank us for holding the 82<sup>nd</sup> Meeting of the Inland Waterways Users Board at the Port of Lake Charles. Lake Charles is the nation’s 12th busiest port in terms of tonnage and one of five ports in South Louisiana that rank among the nation’s top 15 ports [the other ports being the Port of South Louisiana, the Port of New Orleans, the Port of Baton Rouge and the Port of Plaquemines, Louisiana].

The selection of the Port of Lake Charles as the venue for this meeting of the Inland Waterways Users Board is perfect timing because just over two months ago, the Port of Lake Charles celebrated its 90-year history. The Port of Lake Charles also celebrated the 75th anniversary of the opening of the Calcasieu Ship Channel.

It is always a distinct pleasure to have all of you in the New Orleans District area of responsibility. While the New Orleans District is relatively small in area - about 30,000 square miles - it is one of the most robust navigation missions in the Corps of Engineers with 2,800 miles of navigable channels that include that Mississippi River and the Gulf Intracoastal Waterway.

Keeping the waterways safe and reliable requires a significant dredging program, as well as the operation of 18 locks and control structures, one of which you saw yesterday.

I would like to thank the team members from the Corps of Engineers Headquarters, the Institute for Water Resources, and the New Orleans District for all their outstanding work to organize and undertake the logistics for this particular meeting.

Again, I would thank the Port of Lake Charles for acting as our host for today's meeting. If you have any questions, please feel free to ask any of our New Orleans District Team Members who are in attendance at today's meeting. Thank you, and I hope you have an enjoyable time in the Lake Charles area and have an informative, productive and successful meeting.

Very respectfully, Colonel Michael N. Clancy.

That was a welcoming message from Colonel Clancy, Commander of the New Orleans District. With that, I will turn it over to Major General Jackson to provide his opening remarks.

**MAJOR GENERAL DONALD E. JACKSON:** Thanks, Mark. Welcome, everybody. I am very glad to be here today. Mr. Chairman, members of the Board, as always I very much appreciate the time you spend, the dedication and the passion that you have for inland navigation and the nation's inland waterways system. I greatly appreciate you being here.

Mr. Chairman, especially, I appreciate your leadership and passion in our inland marine transportation system. I can tell you right now, from the Corps' perspective, that leadership, that vision, that passion that you demonstrate every day in the job that you have with us is making a difference. I appreciate that very much.

To all the members of the Board, I apologize for being late. I was detained in Washington, D.C., yesterday, so I did not get here until late last night, so I missed the site visit to Calcasieu Lock.

I want to say thank you to the folks from the Mississippi Valley Division and New Orleans District that are in attendance at today's meeting. I want to thank you guys again for hosting us here in Lake Charles and also for what you do every day to facilitate navigation through your Division and District. I received great reports on how yesterday's site visit went. Great job and it is much appreciated.

As Mr. Pointon said, I just want to thank also the Gulf Intracoastal Canal Association for the social event last night. Again, I really regret missing that. Obviously, that was a good time, I understand. Also, to the Port of Lake Charles, thanks again for opening up your doors today and allowing us to have our meeting in this beautiful facility.

There are a couple of people I would like to recognize. Ms. Susan Whittington. Susan, if you could stand. Ms. Whittington is our Acting Chief of Operations and Regulatory at the Headquarters of the Corps of Engineers in Washington, D.C. Ms. Whittington comes to Headquarters from our South Atlantic Division office, and we are glad that she is where she is right now, making a difference. Thanks, Susan, for being here.

Mr. Michael Toohey from the Waterways Council, thanks for being here today. I think you got in last night late or early this morning too because I know you also were detained in Washington for a couple of key engagements on behalf of our marine transportation system.

We have a full agenda for today's meeting. As you will see, if you had a chance to look at the slides. We will talk a lot about the budget. We will talk a lot about project status and, as always, we will get some words of wisdom from Jeff McKee, so I am looking forward to that.

A lot has happened since we met in Baltimore in December [Inland Waterways Users Board Meeting No. 81 was held December 13, 2016 in Linthicum Heights, Maryland]. As you all know, we have a new Administration - with a big focus on infrastructure, so we will see where that all goes. Obviously, Clemson won the national championship - I had to highlight that.

I was reading the minutes of our last meeting and there was some discussion of the Clemson - Ohio State game the last time, so I closed the chapter in that book and we look forward to the upcoming 2017 season.

Again, we are in the midst of a major transition in Washington, D.C. having a new Administration, as I mentioned - with a new focus on infrastructure. I am not really sure what that means yet, but we are working hard to figure it out. I had a great meeting with Mike Toohey and his team earlier this week with General Semonite [Lieutenant General Todd T. Semonite], our Chief of Engineers, talking about some of the folks that have been appointed inside the Administration including D. J. Gribbin, Special Assistant to the President for Infrastructure Policy.

There has been some discussion of the creation of an infrastructure commission or an infrastructure council to help really look at some of the infrastructure opportunities for our nation. There is a stated priority for passing an infrastructure bill to fund infrastructure but again, there are a lot more details left to be developed and a lot more things to follow up on.

As always, we are going to need everybody in this room to be a voice, a synchronized voice for that effort. There are a lot of leaders here in this room that continue to carry the torch for the Marine Transportation System.

Thank you for what you do and for what you will continue to do as we probe into the Administration to see where we are going to go over the next couple of years.

We want to make sure that rivers are part of the discussion. We hear a lot about roads and rails in discussions as you see things come out in the news. But rivers, we need to make sure that the rivers are part of that discussion as well, so we will keep up the pressure.

The cabinet is not fully formed yet. We do have a Secretary of Transportation, Ms. Elaine Chao, who is an advocate for marine transportation. Secretary Chao comes to the

Department of Transportation with a long history of involvement and familiarity with the marine transportation industry, and we are excited about where she is right now.

I talked to Branden [Ms. Branden Leay Criman, Director, Inland Waterways Gateway Office, Maritime Administration (MARAD), U.S. Department of Transportation, St. Louis, MO] a little while ago about who might be the new Administrator of the Maritime Administration. I am not sure who the new MARAD Administrator will be, that is still but to be determined.

I am not sure who the Assistant Secretary of the Army for Civil Works will be. Those are positions are yet to be filled in the new Administration.

To the members of the Users Board, I greatly appreciate your work in completing the Board's *"29th Annual Report to the Secretary of the Army and the United States Congress."* I know we are going to talk a little bit about that.

As I read through the report I noticed that it reinforces a number of key points that are essential to ensuring a reliable Inland Marine Transportation System for our nation, and it is a report that I think will go a long way in helping to educate and focus our country on the things that we need to be looking at in the years to come.

We will talk a little bit today on where we are on the budget. As you know, we are under a Continuing Resolution which goes through the end of April [Public Law 114-254, the "Fiscal Year (FY) 2017 Further Continuing and Security Assistance Act", provides continuing appropriations through April 28, 2017]. There are some challenges for that, especially the "least of" philosophy that we are being funded to, so there are some challenges that we are working through to continue to work through on that.

We have a meeting on Monday now at the Office of Management and Budget [OMB] with the Chief of Engineers; the Senior Official Performing the Duties of the Assistant Secretary of the Army for Civil Works, Mr. Douglas W. Lamont; and our teams, to start talking about the FY 2018 budget. In the news this week, the Administration announced plans to have a budget submitted by the end of March, so it is a very, very aggressive timeline. I do not know much about what we are going to talk about.

We had a pretty good submission to the Army from the Corps of Engineers, but that was back in September, so I am not really sure what has happened to it since that time, but we will find out on Monday, and we will continue to work that.

As you might be aware, if you are familiar with our budget cycles, the FY 2019 budget will begin its development in the weeks and months to come. There is a lot of work that we will be doing. It is being formed by much of the interaction and collaboration we have had with you, so continue to help hold our feet to the fire and help us understand where things of importance are to you, and we will continue to work that.

We are honored as always to have with us at today's meeting representatives of Federal agencies who serve as Federal observers to the Users Board. As is our tradition, I will give each

of them an opportunity to offer some opening remarks, and then at the end of the meeting, I will offer them an opportunity to make some closing comments as well.

Let me begin first with Mr. Nick Marathon from the U.S. Department of Agriculture, Agricultural Marketing Service. Mr. Marathon.

MR. NICHOLAS MARATHON: Thank you, General Jackson. For the record, I am Nick Marathon, representing the Transportation and Marketing Program within the USDA's Agriculture Marketing Service. I would also like to thank the Users Board and the Army Corps of Engineers for the opportunity to be here today and for the opportunity at the last Users Board meeting in Linthicum Heights, Maryland in December 2016 for the chance for my boss, Mr. Bruce Blanton, to provide the Users Board a presentation on the Agricultural Marketing Service's activities and the importance of transportation, especially the inland waterways system, to the agricultural sector of the nation.

Today is an important day for USDA. It is the second day of the 93rd Annual Agriculture Outlook, and part of the Outlook's topic is "The Future of Agriculture." Since it is ongoing right now, I do not have any presentations, but you can go to <https://www.usda.gov/oce/forum/>, and you will find the presentations today.

We have already released, every February, a 10-year projection of agricultural products, the "*USDA Agricultural Projections to 2026*", <https://www.ers.usda.gov/webdocs/publications/oce20171/oce-2017-1.pdf?v=42788>.

If you go to [www.USDA.gov](http://www.USDA.gov) and look for "*USDA Agricultural Projections to 2026*", you will find it is a 106-page report looking at various aspects of agriculture, production exports and consumption for the next 10 years by year. I hope whoever is interested in agriculture will look at that report and also the presentations made at the Annual Agriculture Outlook.

General Jackson that concludes my remarks. Thank you sir.

MAJOR GENERAL JACKSON: Thank you, Mr. Marathon. Now to the U.S. Department of Transportation, Maritime Administration representative, Ms. Branden Criman.

MS. BRANDEN LEAY CRIMAN: For those of you who I have not met, my name is Branden Criman. I serve as the Director of the Gateway Office for the Inland Waterways. My office is located in St. Louis.

The Inland Waterways Gateway Office area of responsibility includes portions of fifteen States adjacent to the navigable rivers. This area includes from the Headwaters of the Upper Mississippi River in Minnesota to Memphis TN; the Missouri River from North Dakota to its Mouth near St. Louis; the Illinois Waterway from Chicago, IL to its Mouth just above St. Louis, MO; and the Ohio River from its headwaters in Pennsylvania to its Mouth at Cairo, IL.

This is my second opportunity to be here at a meeting of the Inland Waterways Users Board, so thank you.



As you may know, one of our big programs at the Maritime Administration is port infrastructure development. That includes all ports, especially for me at inland waterway ports. We are very much looking forward to the new Administration's infrastructure policy and freight policy; and then we will be working with our ports to learn out to implement that for further development of the port infrastructure.

We are also a part of the team developing the National Freight Strategic Plan. We are working with each of our states within our respective districts. They will be submitting their state Freight Plans. We review them to make sure that maritime assets and the waterways are included in those plans. If they are not, we make comments back to the Federal Highways Administration and recommend that they include that language prior to their final submissions.

You may have heard that we also are working with American Waterway Operators [AWO] on an economic impact study focused on the U.S. tug and barge industry. The report is in the final stages of review and should be released by the AWO very soon. It will include not only the economic impact information but also job numbers that are submitted and verified by the industry.

I also wanted to provide some background information and an update on the Economic Impact of Unplanned Lock Closure Study. The Maritime Administration awarded a cooperative agreement to the National Waterways Foundation to complete a study of the economic consequences of unscheduled closures of a small number of representative navigation locks. The project will create an analytical template that will be applied to additional locks and dams as the circumstances will warrant.

The National Waterways Foundation awarded the study to a team from the University of Tennessee and Vanderbilt University. The delivery of the final report is scheduled for June of this year. The next steps in the study are to complete a study of the Markland and Calcasieu locks. They will also be comparing the methodology to the results of the USDA's analysis of the impacts of the closure of LaGrange Lock and Dam on the Illinois Waterway and Lock and Dam 25 on the Mississippi River [<https://www.ams.usda.gov/sites/default/files/media/EconomicImpactsAnalysisInlandWaterwaysSummary.pdf>] to compare those results. The next report will be in Washington, D.C., from the National Waterways Foundation in March of this year.

Thank you for the opportunity to provide a brief update on some of MARAD's activities and I look forward to the today's meeting.

MAJOR GENERAL JACKSON: Thank Ms. Criman. Now on to NOAA. Lt. Forney.

LIEUTENANT MATTHEW M. FORNEY: Good morning, Major General Jackson, Mr. Hettel, Board members, fellow Federal Observers, staff and guests. For the record my name is Lt. Matthew Forney with the National Oceanic and Atmospheric Administration. I am here as the Federal Observer replacing Mr. Gary Magnuson who was longtime Federal Observer on this

Board. He now is retired, happily sitting somewhere sunnier and hopefully on a beach somewhere; let us hope. Congratulations to Mr. Gary Magnuson.

Specifically, I am here representing Rear Admiral Shep Smith. He is the Director of NOAA's Office of Coast Survey and also the National Hydrographer.

I plan to keep my remarks pretty brief. This is my first meeting as the Federal Observer to the Users Board, and I am anxious to learn how I might be able to bring NOAA a little closer to the table and support the Inland Waterways Users Board and also the Army Corps of Engineers in their mission to provide better navigation.

I have two brief comments: first, NOAA's participation on the Mississippi River Commission, and second, Inland Waterways collaboration.

Earlier this month, it was my pleasure to escort Rear Admiral Smith to Vicksburg, Mississippi where he was officially sworn in as a Commissioner to serve on the Mississippi River Commission. This is a longstanding tradition of having NOAA serve on the Mississippi River Commission. I do believe this even goes back to when NOAA was formally the Coast and Geodetic Survey, dating back to when the Commission was originally formed in 1897.

Admiral Smith is very excited to be a part of the Commission. He is committed to carrying on the tradition and also bringing a scientific and risk-based approach to the many challenges and issues that the Commission faces day-after-day, month-after-month, and year-after-year. We are very excited to bring that scientific background to the Commission.

NOAA continues its commitment to seeking out new technologies to usher in a new era to efficiently deliver accurate navigation products and services required to meet the needs of an increasingly complex marine transportation system, including waterways.

With respect to the subject of inland waterways collaboration, in order to accomplish many of the goals of developing and delivering accurate navigation products and services, we are looking to a high degree of collaboration with our partners at the Army Corps of Engineers, Coast Guard, Navy, National Geospatial Intelligence Agency, among others as well as with other partners and stakeholders.

To continue building this process with the Army Corps of Engineers, we also brought Mississippi River Commission representatives to the National Water Center [located in Tuscaloosa, Alabama] to have that face-to-face interaction and meeting so that way the handshakes are not happening a major flood event and when an emergency is occurring. We can make those introductions before the emergency and find ways that we can better protect life and property before the actual emergency.

Another collaborative effort that is underway is how we ingest the Army Corps of Engineers survey data. E-Hydro has been a great step in making our processes at NOAA more efficient, making us be able to take a survey grid and apply to a chart getting navigation information into a navigator's hands quicker and more efficient. This progress is of particular

interest to the Inland Waterways Users Board, as really it is just making our information to your captains, your operators of tugs, to be able to navigate the waterways.

The southern Mississippi River is the legal responsibility of NOAA as we stand committed to providing the best navigation products possible through sound science and dedication of NOAA employees and its contractors in collaboration with our Federal, state and local partners. NOAA is interested in hearing the feedback from the Inland Waterways Users Board on areas where you see that we can improve our collaboration and make better products and services for you, the navigation industry and other stakeholders.

In closing, I would like to thank you for the opportunity to provide these brief remarks. It is my delight to meet you and an honor to support your commendable mission.

Again, I would like to thank Mr. Gary Magnuson for his years of service and dedication. I know he is leaving big shoes to fill, and I hope, with your support, you are able to help me fill those shoes, and I am here to help you with bringing NOAA's mission to your table and enable to assist you. Thank you.

MAJOR GENERAL JACKSON: Thank you, Lieutenant Forney, we very much appreciate it. And finally, last but not least, my mentor and longtime friend representing the Office of the Assistant Secretary of the Army for Civil Works, the Honorable Mr. Let Mon Lee.

MR. LET MON LEE: Thank you, General Jackson. For the record my name is Let Mon Lee and I am representing Doug Lamont who is serving as the Senior Official Performing the Duties of the Assistant Secretary of the Army for Civil Works, as we await the new Administration to appoint someone to that position.

My name is Let Mon Lee, and yes, I am Chinese, and I know how to build a wall. I am the Deputy Assistant Secretary for Policy and Legislation within the Office of the Assistant Secretary of the Army for Civil Works. I am glad to be here, Mr. Chairman, General Jackson. For a change, General Jackson, I don't have too much to say. I am here to observe and learn and answer any questions if anybody wants to ask me any questions. Thank you, sir.

MAJOR GENERAL JACKSON: Thank you, Let Mon. For those of you who do not know Let Mon, he is a huge power behind the scenes working a lot of issues on behalf of the Inland Waterways Transportation System. Let Mon, we have got a lot of thanks to you over the years for all of your hard dedicated work in making our system what it is today and what it can be for the future, so thank you.

With that, Mr. Pointon, I pass the microphone over to our Chairman, Mr. Martin Hettel.

CHAIRMAN MARTIN T. HETTEL: Thank you, General. Before I start my opening remarks, certainly, congratulations on the National Championship of the Clemson Tigers. I am sure that Board member Charlie Haun wished the other Tigers might have won, but - they're not Tigers, that is right - The Tide.

Good morning and welcome, everybody here at our Inland Waterways Users Board Meeting No. 82 in Lake Charles, Louisiana. The Board would also like to thank Jim Stark and the Gulf Intracoastal Canal Association for sponsoring the social event last night. What a great view and what a great venue for that event to be held. The only regret I had is that I didn't get there 15 minutes earlier to see the sunset, but that was just a spectacular view.

The Board would also like to thank the Port of Lake Charles for the use of their facilities this morning and for sponsoring our coffee service at our meeting today.

The Board also wants to show its appreciation for the Corps' New Orleans District for the site visits yesterday. We realize the logistical coordination that goes into scheduling these types of events, and we appreciate all the planning going into our tour yesterday.

Here we are at our first Board meeting in calendar year 2017 with a new Administration that has consistently stated the importance of rebuilding our nation's infrastructure. The inland waterways locks, ports and channel maintenance must be included in rebuilding our nation's infrastructure. You only have to look at the freight demands to realize that the volume of freight simply cannot move on our nation's highways and railways even if we improve that infrastructure.

Our nation's waterways have the capacity to move additional tonnage now, and that capacity will increase as we improve the efficiency of our locks by building a 21st century waterways system.

Flying into Lake Charles the other day, and while on our site visits and driving around the city here, it is obvious why the Gulf Coast can be described as the country's energy coast. With all of the energy-related facilities here in Lake Charles and throughout the Gulf Coast, it just proves the importance of the Gulf Intracoastal Waterway in assisting our country achieve energy independence.

As an example of the importance for the Gulf Intracoastal Waterway to achieving our country's energy independence, you need to look no further than the "Lock Usage" reports produced by the Corps of Engineers. The Corps' Navigation Data Center's statistics show that Calcasieu Lock has 30,132 barges in 2016 - 17,533 loaded barges and 12,579 empty barges on 13,431 vessels. The 2016 tonnage that passed through Calcasieu Lock totaled 38,689,292 tons. Of that tonnage, 33,386,607 tons, or over 86 percent of the tonnage, was energy-related products. Improvements to our lock facilities, ports and dredging of harbors will certainly help this country achieve that energy independence.

That concludes my brief opening comments, as I know some other members of the Board may have a lot of questions in the meeting. But I would like to take a moment and ask any other Board members if they have any opening comments or any comments on our site visit to Calcasieu Lock yesterday.

**MR. DANIEL P. MECKLENBORG:** This is Dan Mecklenborg, and I was very happy to have the opportunity to tour Calcasieu Lock and the Black Bayou Control Structure yesterday. I

do want to mention that it is, as it was said earlier, a lock structure that is different than we normally encounter on the main stem waterways in the U.S., but I now have a better understanding of the importance of the Calcasieu Lock and the proposed project that is contemplated by the Corps.

However I am left with a couple of questions in relation to the proposed project and the Calcasieu structure in and of itself. There is definitely a great example here of multiple beneficiaries of a particular Corps structure, and while navigation is certainly one of them, the flood control aspects of this project seem to be very, very significant.

The idea that basically this structure is a drainage facility for the agricultural lands where rice production is located was not something I recognized ahead of this, but the proposed project would essentially enhance that ability to drain the area, and so I just raise the question for consideration as to whether this proposed project is one that maybe is not as predominantly a navigation project as one might have first thought. That is more of a question than a statement, but it is one where we would be asked from the Trust Fund standpoint to share the cost of this proposed project.

Certainly there are different variations that also appeared in looking at the presentation that was given - the Black Bayou and its existing channel and the existing control structure and possible modification of that is something that was intriguing to me. I know that has been looked at. Maybe that is another area versus making the new cut.

I just wanted to make those comments and not really reach any conclusions there personally. But, Mr. Chairman or Mr. Woodruff, I know your company uses the Calcasieu Lock in a huge capacity.

**MR. WILLIAM M. WOODRUFF:** This is Matt Woodruff, and I represent the western reaches of the GIWW on this Board, so I want to apologize to the rest of the Board members for my inability to be here yesterday to make that tour because essentially every bit of cargo that leaves Texas or leaves Lake Charles and goes to the rest of the country on the inland waterways system has to through the Calcasieu Lock.

During times when our national petroleum production capacity is stressed, particularly after hurricanes, a lot of attention gets focused on the Calcasieu Lock because it can become a bottleneck.

As I appreciate it, and someone who knows a lot more about hydrology can correct me if I am wrong, the Calcasieu Lock and the Leland Bowman Lock on the other side of the Mermentau Basin really do not facilitate navigation. You could take those locks out, and the barges could get back and forth on the Intracoastal canal system just fine.

They exist as saltwater barriers or as part of a saltwater barrier system. During times of normal or low water, they keep saltwater from incursion into the Mermentau Basin. After a hurricane comes and the levee system has been overtopped and the basin becomes flooded the

locks essentially become the drain plugs to drain the basin. Where that creates an issue is when the lock gates are opened up and the water is draining out, there is a very high current.

I think everyone would agree that right after this region has been stressed with a hurricane is not the time to greatly increase the risk of a catastrophic oil spill, chemical release, fire or something of that nature through trying to push barges through that lock with the gates open and flood waters rushing out.

That is where we see the need for the project that is currently under development -- to find an alternative way to drain those flood waters other than through the lock chamber so that we can keep the commerce of the nation moving, especially after a hurricane when you might have one or more units down at different refineries in the region or the chemical plants.

It then becomes very important - even more important than it is on a daily basis - to be able to ship feedstocks and products by barge between those facilities to try to keep the overall national system running as efficiently as possible. When you start bottlenecking barges at Calcasieu, that system becomes greatly stressed.

Those of you who remember Hurricane Rita (made landfall on September 24, 2005 in extreme southwest Louisiana between Johnson Bayou and Sabine Pass Rita as a Category 3 hurricane with winds of 120 mph and a barometric pressure of 937 millibars) and Hurricane Ike (made landfall on September 13, 2008 on the northern end of Galveston Island in Texas as a Category 2 hurricane with sustained winds of 110 mph and a minimum barometric pressure of 950 millibars) probably remember the very worried times that we as a nation faced in terms of whether we were going to be able to keep that infrastructure up and running. So it is vital - it is essential -- that we get it done right.

I do agree with you, we were reminded repeatedly when we asked, "Can you just pinch the gate closed a little bit to slow down the current so we can get barges through?" and we were denied that. We were told that the primary purpose is not navigation, it is flood control; and navigation will take a secondary priority to the flood control purpose of those projects. So I share your confusion as to why it would be cost-shared just as would a project that is 100 percent navigation.

CHAIRMAN HETTEL: Dan [Mecklenborg] and Mr. Vice Chairman [Mr. Matthew Woodruff], just to make sure I understand your comments, it is not the fact that we do not think that this structure needs to be built, it is just a question whether it is a multi-use structure, is that correct?

MR. WOODRUFF: That is the question I think that Dan raised, and I think it is a good one. If we have a structure that is 100 percent navigation, we cost-share at 50/50. This is project that has navigation as a secondary purpose, yet it appears the plans are to cost-share at 50/50.

CHAIRMAN HETTEL: All right, thank you. Any other Board members for any opening comments? Okay, Mr. Pointon, back to you, sir.

MR. POINTON: Thank you, Mr. Chairman.

All right, next on the agenda - actually, I will turn the microphone back to you, Mr. Chairman. Do you want to go through your recommendations in the Board's Annual Report? That is next on the program. For those in the audience, there are copies of the Annual Report in the back of the room on the table where you signed in, and the report will be posted to the Users Board's website earlier next week, and everyone around the table has a copy of that Annual Report.

In addition, the Annual Report has been transmitted to the Office of the Secretary of the Army through the Office of the Assistant Secretary and to the respective Authorization and Appropriations Committees in both the House and Senate.

CHAIRMAN HETTEL: Thanks Mark. While I have not had the chance to read this, I guess I can make the assumption that it is the same as the document you sent me last week.

MR. POINTON: Absolutely, 1,000 percent; that you sent to me about five times.

CHAIRMAN HETTEL: If, in fact, it is the same document, I would offer a motion that the Inland Waterways Users Board accept our 29<sup>th</sup> Annual Report as written and distributed.

MR. MECKLENBORG: Second.

CHAIRMAN HETTEL: Are there any objections?

(No response)

So be it. We are good. The 29<sup>th</sup> Annual Report has been accepted as written and distributed. Thank you very much Mark.

MR. POINTON: Thank you, sir.

Next on the agenda program will be the approval of the minutes from our last Board meeting, Board Meeting No. 81 which was held the past December in Linthicum Heights, Maryland. A copy of those minutes were sent to you as part of your read-ahead materials, and are also included in your information notebooks in Tab 2. Can I see a motion to approve the minutes from Board Meeting No. 81?

MR. ROBERT R. MCCOY: So moved.

MR. POINTON: Mr. McCoy so moved. Can I have a second?

MR. CHARLES A. HAUN: Second.

MR. POINTON: Mr. Haun seconds. Thank you. All in favor of approving the minutes of Users Board Meeting No. 81 please say "Aye"?

BOARD MEMBERS: Aye. (Unanimous)

MR. POINTON: Any “Nays”? (No response). Outstanding. The minutes from Users Board Meeting No. 81 are approved unanimously. Thank you gentlemen.

At this point in the program I am going to deviate a little bit from our program. General Jackson has twice referred to good news that we need to announce. I kind of let the cat out of the bag a little bit last night with Chairman Hettel. The appointments of the new Board memberships were approved by the Secretary of the Army last week. Those new members that are actually now approved will not go into effect until the terms of the current Board members expire in May. All of the current members of the Board sitting at the table and your colleagues who are current members of the Board but who were unable to attend today’s meeting will be at the next Users Board meeting in May and still serve as Users Board members.

I am going to read for the record the 11 members that were appointed to serve on the Users Board starting on May 28, 2017, and constituting the new Board:

- 1) **American Commercial Barge Lines** - represented by Mr. Hettel. Mr. Hettel will continue to serve on the Users Board;
- 2) **Campbell Transportation Company** - represented by Mr. Michael Monahan;
- 3) **CGB Enterprises** - represented by Mr. Scott Leininger. Mr. Leininger will continue to serve on the Users Board;
- 4) **Crouse Corporation** - represented by Mr. Matthew Ricketts;
- 5) **Dow Chemical Company** - represented by Mr. Michael Fewell;
- 6) **Ingram Barge Company** - represented by Mr. Mecklenborg. Mr. Mecklenborg will continue to serve on the Users Board;
- 7) **Kirby Corporation** - Represented by Mr. Woodruff. Mr. Woodruff will continue to serve on the Users Board;
- 8) **LafargeHolcim** - Represented by Mr. Rob Innis. Mr. Innis will continue to serve on the Users Board;
- 9) **Marathon Petroleum Company** - represented by Mr. David Earl;
- 10) **Parker Towing Company** -represented by Mr. Tim Parker III. Mr. Charles Haun will be leaving the Board after many years of fine service to the Board. Mr. Parker is the President of the company. We will see Mr. Haun at the next meeting of the Board in May, but after that, Tim Parker will be assuming the duties of representing Parker Towing on the Board; and,



11) **Tidewater Barge Lines** - represented by Mr. David Konz. Mr. Bruce Reed is the current representative for Tidewater Barge to the Users Board. He will be replaced by David Konz. Mr. Reed will continue to serve in his position on the Board through the next meeting of the Board and then Mr. Konz will assume those duties. Tidewater Barge will continue on the Board, but Mr. Konz will be represent Tidewater on the Board.

MR. WOODRUFF: Mr. Chairman, could I recognize Mr. Mike Fewell of Dow Chemical, a future member of the Users Board, who is in the audience.

CHAIRMAN HETTEL: Absolutely.

MR. WOODRUFF: Mr. Fewell, welcome to the Board.

CHAIRMAN HETTEL: Mr. Fewell, welcome to the Board. We look forward to you joining us on the Board and look forward to your valuable contributions and insights.

MR. POINTON: With no more comments on the membership appointments, we are moving on in the program to the “Update of the Fiscal Year 2017 funding for Inland Waterways Construction Projects during the Continuing Resolution”, and that presentation will be given by Mr. Jeff McKee from USACE, Headquarters. Thank you, Jeff.

MR. JEFFREY A. MCKEE: Good morning General Jackson, Mr. Chairman, Board members, ladies and gentlemen. Brief update on the FY17 funding for the Inland Waterways projects.

Olmsted Locks and Dams, as you know, is the only project that was included in the President’s Fiscal Year 2017 budget request. That was included for \$225 million. The other three projects that have ongoing construction at this point in time, the Lower Monongahela River Locks and Dams 2, 3 and 4; the Kentucky Lock project; and the Chickamauga Lock project were not included in the President’s budget request.

As we discussed at the last Users Board meeting, the impacts of that are, under a Continuing Resolution under which we are currently operating, the second Continuing Resolution for the current Fiscal Year was passed in December [Public Law 114-254, the “Fiscal Year (FY) 2017 Further Continuing and Security Assistance Act”, signed into law on December 12, 2016] just prior to our last Board meeting and provides funding through the 28th of April as General Jackson indicated earlier.

In order to get funding on those three projects, they need to get an exception to the current Administration position of the “Least Of” rule. We are only able to fund projects that have funding identified in the House or the Senate markups for an FY 17 appropriations bill or in the President’s budget.

In this era of no earmarks, because there were not funds included for those three projects in the FY 17 budget, the House and the Senate could not put funds in their bills. Therefore, there

are zero dollars for those three projects in the House, in the Senate and in the President's budget; therefore, we cannot put Continuing Resolution Authority [CRA] funds onto those projects.

But there is a provision for exceptions. General Jackson sent a letter to the Office of the Assistant Secretary of the Army on the 26th of January 2017, and those three projects along with approximately 40 other projects were sent over requesting an exception to the "Least Of" rule to allow us to put some of the Continuing Resolution Authority funds on those projects.

At the current time, that is currently under discussion between the Office of the Assistant Secretary of the Army and the Office of Management and Budget, and we do not have a response yet. Therefore, at this point in time we are unable to put Continuing Resolution Authority funds onto the Lower Monongahela Locks and Dams 2, 3 and 4 project; the Kentucky Lock project; nor the Chickamauga Lock project.

I do understand at this point in time though, that both the House and the Senate are working to conference FY 2017 Appropriations. Hopefully the additional \$75 million - approximately \$75 million that was included in both the House and the Senate versions of their Appropriations bills for Inland Waterways Trust Fund projects dollars would remain in that conference bill, but again, I do not know for sure at this point in time.

Mr. Chairman.

CHAIRMAN HETTEL: Good morning, Jeff. What was the date of the letter that you said was sent over to the Office of the Assistant Secretary of the Army concerning the requests for that exception to the "Least Of" rule filed? Jeff, was that July, you said, 2016, that the-

MR. MCKEE: No sir. It is January 27, 2017.

CHAIRMAN HETTEL: January of this year. Okay. Thank you.

When I was flying over here and reading through the minutes again on the airplane -- our last Users Board meeting in Baltimore, a very spirited discussion -- and I appreciate your insight on the Lower Monongahela project.

I think I just need to reiterate for this audience here that, without an exception filed or a House and Senate resolution, if this Option No. 1 is not, I guess, exercised by September 30<sup>th</sup> of this year, this project could go on for four more years, and then I think it was \$164 million cost you reported at our last Board meeting?

MR. MCKEE: That is correct sir.

CHAIRMAN HETTEL: And just so that everyone understands, the Corps has \$30 million in carryover funds from FY 2016 for this project?

MR. MCKEE: There are carryover funds for the project, but it is not enough to award the first option which is \$47.4 million.

CHAIRMAN HETTEL: Correct.

MR. MCKEE: We would need roughly \$24-\$25 million additional to award that Option 1 which does expire by the end of September 2017.

CHAIRMAN HETTEL: That \$24-\$25 million, with it being split with the Trust Fund, is that a total of the \$24-\$25 million or are you looking for General Construction account funds of \$12.5 million to cover it?

MR. MCKEE: It is a total of \$24-\$25 million, which would be split 50 percent between General Treasury and 50 percent Inland Waterways Trust Fund.

CHAIRMAN HETTEL: Which we certainly have the revenue in the Trust Fund; we just need the other matching portion from the General Treasury.

MR. MCKEE: What we need, we have sufficient funds at this point in time, but we do not have the authority to put them on that project until we get an exception to the "Least Of" rule or we get an actual appropriation from the Congress.

MAJOR GENERAL JACKSON: And Jeff - Mr. Chairman, if I can interject here for a moment, Jeff, we need that - in order to award the contract that will allow us to do this, we will need the funding by when?

MR. MCKEE: The intent was to award Option 1 in May of this year; that is the schedule. There will be a day-for-day delay beyond that.

MAJOR GENERAL JACKSON: That would allow us to initiate before the end of the fiscal year, by the end of September - initiate the work - or to continue the work? What I am trying to get to, Mr. Chairman, and I think is what you are getting at is we do not want the work to stop on the project and demobilization to occur.

We want the work to be able to continue on the project, and we need to have that money by - or the authority - by enough time to be able to award - or to provide that money by May in order to keep that process moving. Is that correct?

MR. MCKEE: Sir, the issue is, we have a contract that is underway. We have two contracts because if you remember back to the Board meeting where we visited the Lower Monongahela River project [Users Board Meeting No. 78, held on April 1, 2016, preceded the previous day with a site visit to Charleroi Locks and Dam (also referred to as Lock and Dam number 4 on the Monongahela River) located at River Mile 41.5 of the Monongahela River] - we have two contractors working in a very confined area.

The contract for the river chamber has two options to continue work. Option 1 would be in the amount of the \$47 million. The current schedule is to award to that option in May, but that option expires at the end of September, so we have a locked-in price from the contractor when

they bid the entire contract. We awarded the base contract. We have this Option 1, which would expire at the end of September.

There is a second option, Option number 2, for \$37.3 million, but that option does not expire until 30 September 2018. So there is time to award that option.

The issue is, if we do not get funds this fiscal year to award the option, and if we are either unsuccessful in being able to negotiate and getting approval to negotiate sole source of that option in 2018, we would have to forego those options because you already have two contractors working in that area. We could not immediately put out a third contract to potentially get a third contractor working in that area. That is why you have the four-year delay to allow the ongoing work to complete and then bring in a new contractor to pick up work for Options 1 and 2.

MR. WOODRUFF: I guess I understand, and the way I summarize this is, if somebody does not sign a piece of paper or Congress does not finish the appropriations, we are staring at a train wreck that will cost this nation millions of dollars - over \$100 million and delay completion of this project by four years.

What I would like to focus in on, you mentioned that this waiver letter - which is one of the things that can solve this problem - has gone to the Office of the Assistant Secretary of the Army and to OMB. With things in such transition right now, can you identify with particularity the individuals who have the authority, or I would suggest the responsibility, to sign that document so that we can know who it is that is accountable for this?

MR. MCKEE: If Mr. Let Mon Lee can respond to that, I am not sure -

MR. WOODRUFF: I think he knows.

MR. MCKEE: The person in OMB -

MR. LEE: Mr. Woodruff, it is Kelly Colyar who is the Chief of the Water and Power Branch at OMB. We have been working with OMB - our office has been working with OMB on trying to resolve this. I know there are over 42 projects on the list. This is just one of them.

MR. WOODRUFF: That is the individual who, with the stroke of a pen, could solve this problem?

MR. LEE: She does not have to sign anything. All she has to do is nod her head.

MR. WOODRUFF: Okay, thank you sir.

CHAIRMAN HETTEL: Yes, thank you Mr. Lee.

MR. LEE: Now it is on the record so -

CHAIRMAN HETTEL: Thank you. Jeff, you mentioned the carryover funds from FY 2016 for the Lower Monongahela project. Are there any other carryover funds from any other Inland Waterways Trust Fund projects that could be utilized to help solve this problem?

MR. MCKEE: I am not aware of any other carryover funds for other projects that are not already spoken for.

MR. MECKLENBORG: Jeff, concerning the exercise of the option, what I understand you to be saying is that the option can be exercised up until September 30th, although the plan would be to do it in May.

MR. MCKEE: Yes sir. That is the current schedule, yes.

MR. MECKLENBORG: And correct on September?

MR. MCKEE: That option would expire, and so that price would expire with it. What we would need to do is get approval to negotiate with the contractor and, at that point in time, if we were to get approval, then that price could potentially go up — it could stay the same. It is no longer locked in after the 30th of September.

MR. MECKLENBORG: Thank you.

MR. LEE: Mr. Chairman, if I can direct a question to Mr. McKee, sir. If Congress acts on the FY 17, Fiscal Year 17 Appropriations bill, prior to May, or even prior to September, and they add \$75 million onto the work plan, are you okay with OMB signing on?

MR. MCKEE: Two things. First, in terms of being okay without OMB signing off. If Congress acts and passes an Appropriations bill that includes the \$75 million, then it is up to the Administration to submit a work plan to the Congress as to how they would use that additional \$75 million. That \$75 million that was originally included by the House and the Senate in their versions of the Appropriations bills was predicated upon the efficient funding numbers that we gave them for Chickamauga Lock, Kentucky Lock and Lower Monongahela. Ultimately the work plan does require OMB approval before going back to the Congress. But there would no longer be a need for an exception to the “Least Of” rule if we get funding.

CHAIRMAN HETTEL: Let me make sure I understand that. There are actually two dates here that we are up against. One is the end of May where we would like to exercise the option. The deadline is September 30th. I think it is May 28th. Isn't that when you originally planned on exercising the option?

Regardless, if we do not hit the May 28th deadline, there is a day-for-day delay in the project until we would exercise the option, which we really need to exercise it by September 30th when we get into that four-year delay with an additional \$164 million cost.

MR. MCKEE: If you do not have approval to negotiate, and you do not negotiate that option after September — yes, you would incur the four-year delay.

CHAIRMAN HETTEL: In your reference to Congress on giving the appropriation for the extra \$75 million to get into your work plan, is your work plan developed? How much delay is there between saying, "Okay, we want to give you the money," and you establishing that work plan and moving forward?

MR. MCKEE: Congress typically gives us somewhere between 45 days and 60 days to submit a work plan back to Congress. Then there is usually a little bit of a lag for the actual apportionment of the funds from the Office of Management and Budget. But if we know — once we have decided where we are going to allocate the funds, we can work around that because we do have Continuing Resolution Authority funds still available at the Headquarters.

CHAIRMAN HETTEL: So to back up 45 to 60 days from September 30th, Congress needs to give you the authorization to spend the other \$75 million by first to mid-August, right? I guess that is the time frame I am getting at to avoid the worst-case scenario. Okay, thank you.

In this discussion on the Corps limitations directed upon it by OMB under a CR. It is not just the Lower Monongahela project that could face these types of issues. While not as drastic, Kentucky and Chickamauga face similar concerns, is that correct?

MR. MCKEE: That is correct, sir. There are options on the Kentucky Lock project, and there are options on the Chickamauga Lock project. The options for the Kentucky Lock project and the Chickamauga Lock project expire at the end of May of this fiscal year.

The Chickamauga Lock is a small amount - a little over \$7 million. The impacts are negligible in delaying that, again as with once an option expires, we will look to negotiate — get the approval to negotiate sole source with the contractors and try to award those options even after the expiration dates.

On the Kentucky Lock project, if you were to extend and not be able to award those options, then you have some potential delays on that project as well.

CHAIRMAN HETTEL: I am sorry, Jeff. What was the affect that Chickamauga also - could you explain that to me again, please?

MR. MCKEE: Chickamauga has about \$7 million in contract options, but we do not see a delay of that being significant because of the small amount and the options. Those options can easily be included in follow-on contracts for the Chickamauga Lock.

CHAIRMAN HETTEL: You mentioned these options expire at the end of May?

MR. MCKEE: That is correct sir.

CHAIRMAN HETTEL: Then you have to rebid that option, or you think you could work with the contractor to get an extension?

MR. MCKEE: We would take the same approach. We would look for approval to negotiate sole-source for those particular options, try to negotiate with the contractor if we got that approval. If we were successful, then we award them, and we move on as originally planned however long we have delayed.

In the case of the Kentucky lock project, if we are unsuccessful in getting any funds in FY 2017, and we are unsuccessful in getting funds early on in FY 2018, and it will look like we would not get funds in FY 2018, then we would terminate those options, and we would have roughly a two-year delay for Kentucky if we were unable to award those options.

CHAIRMAN HETTEL: We will do our darnedest to see what we can do to help you out, Jeff.

MR. MCKEE: Thank you.

CHAIRMAN HETTEL: I appreciate it, General Jackson, you putting the exceptions in and asking to keep these projects going. I would hate to see additional costs, extension of completion, let alone the possibility of people not continuing to work on these projects.

That answers all my questions. I do not know if any other Board members have any comments.

MR. MCKEE: Just for clarification, the base contracts that have been awarded will continue. That work will go on to complete all the work under the base contracts. We are not going to shut down on these dates that we talked about here for award of the options. Those are just to award those options which is additional work that was bid originally under the contract.

MR. G. SCOTT LEININGER: Mr. Chairman, I would like to add a comment. Scott Leininger, for the record. Representing a company that is involved in adding infrastructure all the time, we are in different times today than we were for the last three or four years. We are seeing a lot of optimism on the part of contractors' bids. I would submit that, if we start to see options expire at this point, and we start to look at rebids, as Mr. Woodruff pointed out earlier, I think we could see some significant increases in those costs. So it is not the same world today as it was before the election. Thank you.

MR. ROBERT J. INNIS: Jeff. Why can't we negotiate before you get approval - like, start the negotiations before you get approval?

MR. MCKEE: Are you talking about for the exception to the "Least Of" rule, or authority to negotiate a sole-source with the contractor?

MR. INNIS: Authority to negotiate.

MR. MCKEE: In our procurement regulations, when we go out with a contract, we go out and lay out all the requirements of that contract. In this case, we have had a base amount of work. We have had options, and everybody was given a fair opportunity to bid on that. The

requirements of those options that are placed in there, and the expiration date on those options are what is bid on by each individual contract.

If we, therefore, after the fact, change those requirements, you potentially get in the situation where - for instance, if we were to extend an option by one year, maybe a contractor did not have the ability to exercise that option at the time frame we wanted it exercised, but if we let him do it a year later when he had equipment available to do it, he could have given us a better bid. We have to be careful as to how we go after things in a sole-source procurement. That is why we want to get approval from our contracting folks before we go ahead and negotiate.

I would assume, and Ms. Jeanine Hoey could correct me if I am wrong, throw a brick at me or something like that, but we could get approval to negotiate if, for some reason, we saw we were not going to get funds in time this year.

MR. INNIS: Thank you.

MR. MCCOY: Jeff, this is Robert McCoy.

MR. MCKEE: Yes, sir.

MR. MCCOY: Is there an option in lieu of negotiating a sole-source contract simply extending the current option that perhaps could expire?

MR. MCKEE: That is essentially what we are talking about doing.

MR. MCCOY: Because that is not a sole-source because it has already been bid.

MR. MCKEE: Well, it becomes a sole-source procurement because that option has expired, and so you are negotiating only with the contractor that you have awarded the base contract to.

MR. MCCOY: So you cannot extend the contract before it expires, is my question.

MR. MCKEE: We would have to get approval to do that.

MR. MCCOY: You would have to get approval?

MR. MCKEE: Right. And then it is a bilateral agreement. Once you get your approval to negotiate that, you work on the extent of time to award that and any change in the costs for that option.

MR. MCCOY: Specific to the Lower Mon project, you are referring to an option for a contractor that is already on site.

MR. MCKEE: That is correct - for all of these.



MR. MCCOY: For all of them.

MR. MCKEE: When we talk about options, they are for contractors that are already on site - have already been awarded a base contract and, in some cases, some of the options. What we are talking about here for Lower Mon, for Kentucky and Chickamauga, are options that have not yet been awarded to the existing contractors.

MR. MCCOY: In reality, for lack of better terminology, you have all the leverage with respect to these contractors in that the other option is to re-bid it. And they have a bird-in-hand with an awarded contract just with an option that has not been exercised.

MR. MCKEE: That is correct. And hopefully when we go into that, we don't get a significant, or any increase, in the cost if we have to go beyond the option expiration date.

MR. MCCOY: Thank you.

MR. WOODRUFF: Mr. Chairman, Matt Woodruff again. Just perhaps some context for Board members and those in the audience who may not know: This has been brought to the attention of members of Congress, and I understand that a letter led by Congressman Bob Gibbs of Ohio, former Chairman of the Water Resources and Environment subcommittee of the Transportation and Infrastructure Committee, he signed the letter along with 24 other members of Congress [Note: a copy of the letter is attached to these minutes as an addendum].

It was sent to the President at the beginning of this month requesting attention to this matter. It is getting some attention in that direction, and hopefully we can get this issue resolved before we lose a lot of time and money.

CHAIRMAN HETTEL: Jeff, I appreciate your explanation on what we could or could not do with the options. I think the primary goal of this Board, and I am sure the Corps would agree with us, is to either get Congress to give you the funding or to get Ms. Colyar to write off on the exceptions so we can keep these projects going.

I do not want to leave out our number one priority project -- that being Olmsted Locks and Dam. I believe the President's FY 2017 budget request had \$225 million for Olmsted where the Corps number is \$250 million. The resolution of this issue could also affect the completion of Olmsted or the schedule at least for the completion of Olmsted.

MR. MCKEE: At the time the President's budget was submitted to Congress just over a year ago for FY 2017, the efficient funding for Olmsted was \$225 million. That was updated this past fall and discussed at prior Board meetings, but we did express that additional \$25 million capability to the Congress for their consideration in developing FY 2017 appropriations. We have not lost sight of that. That certainly would help advance the schedule on Olmsted.

CHAIRMAN HETTEL: It certainly would keep the project on the timeline to finish sooner than what the PACR [Post-Authorization Change Report] wants.

MR. MCKEE: That is correct sir.

CHAIRMAN HETTEL: Again, the resolution of this issue affects all four of our projects. While we have the funding for Olmsted at \$225 million, the \$250 million level would keep that project on schedule to be operational in 2018. I just wanted to make sure everyone understands it is not just the Lower Monongahela River, Kentucky and Chickamauga projects.

MR. MCKEE: That is correct sir. At the last Users Board meeting, Mr. Mecklenborg had asked about the possibility of taking \$25 million from Olmsted and putting it towards the Lower Mon to award that first option. Of course, that certainly has impacts on Olmsted. It would delay a setting of Navigable Pass Shell 12A until the next construction season, as well as not being able to award some of the river dike contracts that are currently planned for award this fiscal year.

There are also potential issues with dragging out the schedule for operations, as well as incurring additional risk at Locks and Dams 52 and 53. Given those factors, we would not recommend moving forward with that.

CHAIRMAN HETTEL: Thank you, Jeff. I think with the efforts that Vice Chairman Woodruff talked about with the 26 co-signers on the letter to the Administration to resolve this problem hopefully we can work with OMB and Ms. Colyar and Congress and get the needed funding to keep these projects on schedule.

We do not want to try, I mean, if we take \$25 million from Olmsted, now their funding is down to \$200 million because the President's budget request is \$225 million. It is not like we are going from \$250 million to \$225 million. Our ultimate goal is to get out of this predicament and keep these projects moving forward to completion as soon as we can and as efficiently as we can so we can work towards our 21st Century inland waterway infrastructure.

Thanks, Jeff.

MR. MCKEE: Thank you, sir.

MR. MECKLENBORG: I would share of the Chairman's desire and preference there to find a way other than moving funds out of Olmsted. It is just that, when you look at the magnitude of the dollars and the amount of the delay, it is something that, in my view, is not an obvious "no" answer. It is just something to think about as we move forward toward the option expiration.

MR. MCKEE: If there are no further questions, I will move on to the financial update. I will be filling in for Mr. Joe Aldridge from our Programs Office at USACE Headquarters. Mr. Aldridge was unable to make this meeting due to some high priority things he is working, having to do with work plans and budgets today.

Next slide. This is the status of the Inland Waterways Trust Fund as of the end of January 2017. The beginning balance in the Inland Waterways Trust Fund at the beginning of

Fiscal Year 2017 on 1 October 2016, was \$57,350,502. Fuel tax revenue deposited in the Trust Fund over the past four months [October 2016 to January 2017] has been \$32,297,000. That is an estimate by Department of the Treasury. That is not based on actual revenues received but an estimate for that time frame, and then interest on investments over that four-month period is \$87,964. Total revenue to date in Fiscal Year 2017 is \$32,384,964. The balance in the Inland Waterways Trust Fund at the end of January 2017 was \$89,735,466.

You will see in the right hand column titled "USACE", there are no dollars. No funds have been transferred to the Corps of Engineers at this point in time which is why there is a balance of almost \$90 million in the Trust Fund.

What has been done over the last number of years, funds were appropriated by Congress, we track the accounts between Construction General and the Inland Waterways Trust Fund, and then at the end of the year, you get the transfers from the Trust Fund based on what we obligate during the fiscal year. That is why the Trust Fund has such a high balance until the end of the fiscal year in September.

CHAIRMAN HETTEL: Jeff, can I clarify one point. Mr. Aldridge states here on the first line, FY 2017 beginning balance. That is also the FY 2016 ending balance - is that correct?

MR. MCKEE: Yes sir, that is correct. The ending balance for Fiscal Year 2016 on 30 September is the same balance reported as the beginning balance for Fiscal Year 2017 on 1 October 2016.

CHAIRMAN HETTEL: So, a year or so back - maybe two - when we put together our Capital Investment Strategy, both industry and the Corps agreed that we want to try to keep that balance around \$20 million on an annual basis for fluctuations, costing and everything else.

We are riding, I just want to make the statement, we are riding at \$37 million over what the Board feels is the correct balance at the end of any fiscal year moving forward with the Trust Fund.

Thanks.

MR. MCKEE: That is correct sir. The reason that balance is there is because: (1) the Water Resources Reform and Development Act of 2014 [Public Law 113-121, the Water Resources Reform and Development Act of 2014, signed into law on 10 June 2014] reduced the Olmsted share of the Inland Waterways Trust Fund from 50 percent down to 15 percent and, of course, the ABLE Act [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] in December 2014 increased the fuel tax from 20 cents per gallon to 29 cents a gallon. More fuel tax revenue coming in to the Trust Fund, less fuel tax revenue for Olmsted going out.

Generally what the Congress has done is looked at what the Treasury projections are for income, and they have tried to match that in their appropriations. In 2016 for instance, and you

will see it on the next slide to two, instead of \$108 million, the actual revenues collected in Fiscal Year 2016 were \$111 million. We are getting a little bit of an increase in revenues above what the projections were. That leads to that increased balance.

CHAIRMAN HETTEL: The reason I wanted to make that point on that \$20 million figure as the balance that the Corps and industry agreed to in the Capital Investment Strategy as being the appropriate balance that should be maintained in the Trust Fund, is you will see in our Annual Report, we are actually requesting more than what we think will come in to the Trust Fund on our fuel usage tax, which means we will spend down part of this balance while we have some \$37 million sitting in the Inland Waterways Trust Fund that we think we can expend and still have enough funds remaining at that \$20 million level to cover any unanticipated expenses. We have actually got another \$37 million, plus the match from the General Treasury. We have \$74 million we can apply to other projects moving forward.

One point that I want to make for the record is that in our Annual Report we are requesting more than what we expect to be inflows to the Trust Fund, and the reason being is we have a high balance. Thank you.

MR. MCKEE: I understand sir. Next slide please. This slide is a graphical representation of the cumulative amount of fuel tax revenue collected by month for the last several fiscal years beginning with Fiscal Year 2012 and continuing through the first four months of Fiscal Year 2017. Fiscal Year 2017 tax revenue collections are shown in that reddish color on the graph there.

You can see through the end of January 2017 the revenues were \$32.385 million. Year to date fuel tax revenues are a little bit behind where we were in the first four months of Fiscal Year 2016 [Fuel tax receipts during the first four months of Fiscal Year 2016 totaled \$36.611 million]. As I indicated earlier, Fiscal Year 2016 fuel tax revenues were a little over \$111 million. At the pace of tax receipts collection, if you project out that \$32.4 million to the end of the fiscal year, you would be at or around \$97.5 million or so. We are under the projected \$106 million that the U.S. Department of the Treasury had at this point in time. But again, the level of tax revenues fluctuate throughout the year. We will see how tax revenues continue to be collected for the balance of the fiscal year.

Next slide please. This slide shows the level of tax revenue in the Trust Fund for the last three months - November, December and January - for Fiscal Years 2012 to 2017. It says "Quarter Comparison" in the title, but it is November through January, and you can see a depiction of what has happened over the last six years for those three months. You can see last year's revenues through January 2016 stood at \$36.6 million compared to \$32.4 million for the current year through January of 2017.

Next slide please. This slide displays a summary of last six fiscal years for the President's Budget and eventual allocations to various inland waterways construction projects. In the column on far right is Fiscal Year 2017. If you are looking in your read ahead information notebooks, for those individuals who cannot see screen, I included the current fiscal year's allocations so far to date for the Olmsted Locks and Dam project, which is \$155 million. That is

under the Continuing Resolution Authority. We certainly would, as we continue through the current fiscal year, allocate up to at least \$225 million for the Olmsted Locks and Dam project, but so far \$155 million has been given to the Olmsted Locks and Dam project to continue work on that project.

As I indicated previously, we did not have funds requested for the Lower Monongahela River project, the Kentucky Lock project or the Chickamauga Lock project in the President's 2017 budget, therefore, no funds have been allocated to those projects.

For the Lockport Pool Major Rehabilitation project on the Illinois Waterway, there was a transfer of \$550,000 out of that project in the December/January timeframe. That was transferred to the Fargo-Moorhead project. The \$550,000 that was transferred to the Fargo-Moorhead project was entirely out of the Construction General account. There were no Inland Waterways Trust Fund dollars transferred to the Fargo-Moorhead project.

The \$275,000 share of Trust Fund assets is sitting at Headquarters, and we will take that into consideration when we request apportionments for Trust Fund dollars. It will just reduce the amount we request.

CHAIRMAN HETTEL: Jeff, a question concerning Olmsted. You say you have \$155 million allocated this fiscal year. I think that, that does, in effect - when you looked at the Trust Fund balance you said no monies have been given to the Corps, it is just the allocated funds you would have expended this fiscal year forward?

MR. MCKEE: That is correct sir. It is lumped as are all Construction, General dollars that are given to the field, but we do track separate accounts. We track as separate Construction, General dollars and separate Inland Waterways Trust Fund dollars. You will see on a slide in a minute on the Olmsted Locks and Dam project where of the \$155 million is split into \$131.75 million derived from the Construction General account and \$23.25 million derived from the Inland Waterways Trust Fund account.

CHAIRMAN HETTEL: Jeff, concerning the Lockport Pool Major Rehabilitation project and the \$550,000 being taken from the Lockport project and being moved to the Fargo-Moorhead project. We talked about this last night. This \$550,000 being allocated from the Lockport Project over to the Fargo-Moorhead Project, the Fargo-Moorhead project is actually a flood control project.

MR. MCKEE: That is correct sir.

CHAIRMAN HETTEL: Your slide certainly reflects the 50/50 split between the Inland Waterways Trust Fund account and the Construction General account. We discussed earlier in the meeting the possibility of possible Fiscal Year 16 carryover funds that could be allocated to the Lower Monongahela River project to get us out of that problem.

First off, Matt [Woodruff] and Dan [Mecklenborg], again I am not a lawyer, but I do not think I have ever seen any language in the Inland Waterways Revenue Act or any further Water

Resources Development Acts or bills that states that Inland Waterway Trust Fund revenues could be used for flood control projects.

My question is, under the OMB directive of not supplying any funds to a project other than the “least of” of the House version of an Appropriations bill, the Senate version of an Appropriations bill, or the President’s Budget Request, was the Fargo-Moorhead project included the President’s Budget Request?

MR. MCKEE: Sir, my understanding was, the project was not in the President’s Budget Request, but the \$550,000 that was reallocated was not from FY 17 funds. It was from carryover FY 16 funds that previously had been put on the Lockport Project. This was a reprogramming. It was not a request for use of Continuing Resolution Authority funding.

CHAIRMAN HETTEL: Yet you are still putting funds to a project that was not in the President’s budget.

MR. MCKEE: We have the authority to do that within our reprogramming authority. The problem we have with the magnitude of the dollars that we have, trying to put additional funds on the Kentucky Lock project, the Chickamauga Lock project or the Lower Monongahela River project is that we do not have a source for those funds to begin with.

CHAIRMAN HETTEL: This \$550,000 came from FY 2016 funding?

MR. MCKEE: It was from prior year funds, that is correct sir. And those were surplus funds to the project. Originally we had given the project funds to remove an access road, and that was not required, so the \$550,000 were surplus funds. The one thing I want to reiterate is no Inland Waterways Trust Fund dollars were given to the Fargo-Moorhead project. They are strictly Construction, General dollars.

The 50 percent that was freed up by that \$550,000 from the Lockport project is residing at Headquarters for the Inland Waterways Trust Fund share.

CHAIRMAN HETTEL: Is it fair to say your FY 2016 allocation for the Lockport Pool Major Rehabilitation project of \$1.7 million should actually be \$275,000 less of the Trust Fund dollars that did not go to the Fargo-Moorhead project? Footnote 10 on your slide states “Reflects \$550,000 reallocated to Fargo Moorhead Metro (Split 50/50 Trust Fund and Regular Funds)”.

MR. MCKEE: I will have Joe [Aldridge] correct that statement the next meeting. What he is referring to on that is, we gave the Lockport project \$1.7 million in FY 16 as part of the work plan - the additional funds that Congress gave us. Of those funds, \$550,000 were in excess of their needs because they did not have to modify the contract to remove an access road.

Those funds that were freed up were freed up on a 50/50 basis. We took \$275,000 in Construction, General dollars and \$275,000 in Inland Waterways Trust Fund dollars from the Lockport Project. We took the \$275,000 from the Inland Waterways Trust Fund and have it

sitting in the bank at Headquarters. We issued funds to Fargo-Moorhead of \$550,000, all Construction, General account dollars.

CHAIRMAN HETTEL: Okay, thank you. Maybe you can clarify my question if you go to your next slide. If you see here, the slide says, "FY 16 Allocation to Lockport -

MR. MCKEE: That is an incorrect statement.

CHAIRMAN HETTEL: I am not going to the FY 17 budget. I am looking at line that says "FY 16 Allocation": \$850,000 Construction General; \$850,000 Inland Waterways Trust Fund, for a total of \$1.7 million. Once you make the adjustment, will both \$850,000 figures be reduced by \$275,000?

MR. MCKEE: That is correct sir.

CHAIRMAN HETTEL: Shouldn't that adjustment also increase our Inland Waterways Trust Fund balance by another \$275,000?

MR. MCKEE: It will not increase the Trust Fund balance because those funds are still sitting at Headquarters. The Trust Fund balance from the first slide that I showed shows what is residing with the Treasury.

CHAIRMAN HETTEL: Okay. But it will reduce the Trust Fund expenditures to some other project.

MR. MCKEE: It will reduce the future draw from the Trust Fund by \$275,000.

CHAIRMAN HETTEL: Can you make note of that to Joe [Aldridge] to make sure that reflects that going forward?

MR. MCKEE: I will have that corrected on the slide.

CHAIRMAN HETTEL: Jeff, please understand it threw me for a loop when I first read this as I discussed with you last night that Trust Fund dollars were reallocated to the Fargo-Moorhead project. It just leaves a question in my mind of what exactly our Trust Fund dollars are used for. Are we actually getting what we think we are out of here, and when something like this shows up, it leaves us suspect to questions such as we just discussed moving forward.

MR. MCKEE: The split really refers to the funds that were taken out of Lockport, not the funds that were given to the Fargo-Moorhead project.

CHAIRMAN HETTEL: I understand. The result of this action is we have \$275,000 credit sitting in the Corps' bank account that, at some point in time, will not draw from the Trust Fund dollars and just let us know when that takes place and what project that credit will be applied to so that we can track it.

MR. MCKEE: Exactly. You will see that sir. We will have that statement corrected on future slides.

CHAIRMAN HETTEL: Again, I appreciate your explanation, Jeff, and the job you do.

MR. MCKEE: Thank you, sir.

CHAIRMAN HETTEL: You understand where I am coming from?

MR. MCKEE: I understand completely. You are doing a great job. You are looking out for the Users Board's and the inland waterways infrastructure's interests. We appreciate your support and your diligence in tracking all of these things down.

The Lockport Pool Major Rehabilitation project is physically completed. We are waiting for some as-builts. That is why the April 2017 date is in red. We expected to get that a little bit sooner, but work was completed in February on that. We expect to fiscally closeout the project by the end of this fiscal year [September 30, 2017].

Next slide. Inner Harbor Navigation Canal [IHNC] Lock Replacement project on the Gulf Intracoastal Waterway in New Orleans. For IHNC, I think most of you are aware, I believe, Mr. Hettel, you were going to submit some comments, and the notice of the draft report on an IHNC Lock was published in the Federal Register on the 6th of January 2017. The public review period ends on 1 March 2017, which is next week, so any comments, I would encourage you to submit those as soon as possible.

CHAIRMAN HETTEL: I am sorry, let me again ask a question on that. The cost of the Tentatively Selected Plan is \$1.165 billion. The cost of the project shown on your slide is \$1.401381 billion. I take it that number on the slide was based on the old project costs?

MR. MCKEE: That is correct sir. That is prior to the latest Tentatively Selected Plan (TSP).

CHAIRMAN HETTEL: I would suggest to Joe that we no longer show that old project number. What is the sense in keeping this data out there, I guess. I know, unfortunately, we spent \$138 million on the old lock and did not get anything for it with the Trust Fund dollars, but maybe we can get a breakdown on the TSP? I do not know why we are carrying - it is just confusing when we are showing a project cost \$1.263 billion, and somebody looks at this and the Tentatively Selected Plan has a project cost of \$1.165 billion.

MR. MCKEE: This slide and project cost is focused on the previous project, the older project.

CHAIRMAN HETTEL: I understand.

MR. MCKEE: We will get this cleaned up and most likely start from scratch on the new project that we are looking at.



CHAIRMAN HETTEL: Thank you.

MR. WOODRUFF: Mr. Chairman, I think we are going to have a presentation just on the Inner Harbor Navigation Canal lock project, so I do have some comments on that project, but I will defer them until after the presentation which focuses on that project.

However, if I could go back, Mr. McKee, and I understand your explanation with respect to the Trust Fund projects on the money that was taken out of Lockport, I have a question as to the Construction, General account funds. We have been very fortunate over the last several years where Congress has put what I have called a pot of money, giving it to the Corps for inland waterways navigation projects and said, "Go use this money for Inland Waterway Navigation."

I want to congratulate the Corps for saving some money on a project. It is good news when you have money left over and do not use money that you think was going to be necessary to go onto one of our projects.

This money from the Construction General account was used on another project that needed it, but it did not happen to be an Inland Waterway Navigation project. Is there some accounting? Is the full pot of money that Congress said to use on inland waterways navigation projects actually going to inland waterway navigation projects, or is what we are seeing here, some of that pot of money going over to be used for a flood control project.

MR. MCKEE: There is authority for the Assistant Secretary of the Army to adjust funding on projects that need it at particular times. We certainly try to minimize movement between Inland Waterways Trust Fund projects and non-Inland Waterways Trust Fund projects, just to keep them separate and to keep the books clean because you have cost-sharing on non-Inland Waterways Trust Fund projects with non-federal sponsors. And you have a share of the Inland Waterways Trust Fund. It just makes it easier to keep them separate.

In fact, with the apportionments that were laid out by OMB, we will have tighter restrictions in the future on moving money around. But we do have the flexibility to move those back. We certainly continue to track expenditures on every single project, whether it is Trust Fund projects or whether it is non-Trust Fund projects - flood control, environmental restoration - whatever the other Civil Works projects are. We do track that.

MR. WOODRUFF: Just to help me understand - so there is a chit somewhere, so half a million dollars is moved out of Inland Waterways Trust Fund and the Construction General Account, and that chit is being kept in some future day - that half million dollars will come back, or is it gone?

MR. MCKEE: Certainly the Trust Fund dollars are still available.

MR. WOODRUFF: No, I appreciate that. I am just talking about the Construction General dollars.

MR. MCKEE: Typically when we reprogram funds, there is no guarantee that those dollars will come back.

MR. WOODRUFF: Okay, thank you.

MR. MCKEE: Okay? If we need something in the future, there is potential to reprogram funds back in, but usually when we move between projects, there is no commitment to repay those particular projects, particularly where they were.

MR. WOODRUFF: So not even just - not just projects, but not even repay a business line.

MR. MCKEE: That is correct.

MR. WOODRUFF: Okay, thank you.

MR. MCKEE: You're welcome. Next slide. I am going to briefly go over some of the information on the next several slides because most of these are going to be addressed either by Mr. Michael Braden who will present an update on the Olmsted Locks and Dam project or Ms. Jeanine Hoey who will present an update on the Lower Monongahela River project, the Kentucky Lock project and the Chickamauga Lock project. So I do not want to duplicate a lot of information that they are going to go present.

The one thing I will say concerning the Olmsted project is the FY 17 budget information, the \$225 million total Budget Request and the current FY 17 allocation that I have added there and the split between what is derived from the Construction General account and what is derived from the Inland Waterways Trust Fund account to total the \$155 million allocated to date through the end of January.

Next slide. Lower Monongahela River Locks and Dams 2, 3 and 4. No changes to the numbers. You do see in the box titled "Next Steps" information on the status of awarding Options 1 and 2 of the River Chamber Completion contract and preparing the Dredging Package for Award provided we get funds in the FY 17 Work Plan.

CHAIRMAN HETTEL: Jeff, if you go back to your Olmsted Locks and Dam project slide for a minute I have a comment on Olmsted. The previous slide showed a Remaining Balance of approximately \$744 million left to complete the project, excluding the FY 17 allocation. That is based on the PACR [Post-Authorization Change Report] figure, is that correct?

MR. MCKEE: Yes sir.

CHAIRMAN HETTEL: I just want to give credit where credit is due to the Louisville District and to Mr. Braden. It is \$744 million left on the Post-Authorization Change Report, and if we continue down the path of the total estimated cost on the project, we are going to save \$330 million.

You subtract the \$225 million from the President's Budget Request - folks, we are down to \$188 million on this project. I do not know that we have ever gotten that close to complete the funding on Olmsted. I just wanted to make that comment that, if we continue down the same path, and we save \$330 million against the Post-Authorization Change Report, and we get the \$225 million requested for this year, we are down to \$188 million to complete this project.

MR. MCKEE: I will let Mr. Braden address that during his presentation. That number sounds to me a little bit low, but it could be accurate, so I will let Mr. Braden address that.

Next slide. Moving on the Emsworth Locks and Dam project on the Ohio River, this is a major rehabilitation project that will be fiscally complete in 2018. Originally we were shooting for fiscal completion in 2017, but the work is essentially done there. There are no additional funding requirements for that project.

Moving on to the Kentucky Locks and Dam project on the Tennessee River. If you look at the top of the slide, the total project cost - you will see an increase from prior years of a new total project cost estimate of \$1.254 billion for that project. We just updated that total project cost. That is a risk-based cost and schedule update with an 80 percent confidence level. We are 80 percent confident that we will come in at or under that \$1.254 billion in the future.

CHAIRMAN HETTEL: Jeff, sometimes we ought to have this conversation back and forth direct. Your increased project cost of \$380 million on the Kentucky Locks project, is that what you are telling us here by this slide?

MR. MCKEE: Yes sir.

CHAIRMAN HETTEL: Yet you still project the project to be completed in March of 2024, seven years from now. That tells me \$380 million divided by seven years, we are going to need an extra \$54 million a year for efficient funding for Kentucky to complete the project in 2024.

I would think if you are adding \$380 million to the total project cost, you either have to have the money coming in to complete it, or it is going to extend the project out further than 2024. Correct me if I am wrong.

MR. MCKEE: Your perceptions are correct, sir. What should have been put on this slide is that the 2024 completion date is predicated upon efficient funding for that project through 2024, and that would require less funding than the \$1.254 billion total project cost that is shown on the slide.

The completion date that is taken into account when they did the certified cost estimate and schedule adjustment - part of that cost increase is, we went from 9 percent contingencies up to 31 percent contingencies.

A large portion of that was for inefficient funding, and the assumptions on that risk-based schedule was, we would not have sufficient funds to complete the project by 2024, and it would take us until 2028 to complete that project. The inflation - escalation of prices and what not - would drive that cost up to \$1.254 billion if it takes us out to 2028 based on the assumptions in the estimate.

We will have a more in-depth briefing on this at the next Users Board meeting, and we will go through all the ins-and-outs. I will have Mr. Aldridge go back and correct this slide in terms of what assumptions were made to complete the project in 2024 and what the assumptions were made to complete the project in 2028.

CHAIRMAN HETTEL: Thanks, Jeff. We get efficient funding numbers on these four projects from the Corps which help us prepare our Annual Report. For our next meeting, could you get the efficient funding numbers for the Kentucky Locks project that would recognize that, so we would have a clearer understanding on where and how this is going to work out at Kentucky?

MR. MCKEE: Yes, sir.

CHAIRMAN HETTEL: Thank you.

MR. MCKEE: The box titled "Next Steps," you see the exercise of the options that we already discussed. We are progressing on the economic update which is looking at the benefit-to-cost ratio now that the cost estimate has gone up to \$1.254 billion. We are also looking at the potential award of the Site, Demolition, and Utilities contract by the end of September assuming we get additional funds during the current fiscal year.

Next slide. The slide shows the schedule of remaining work at the Kentucky Locks project. Again, the dates that are shown on this slide - they refer back to the most efficient funding schedule, and we will get more detail on that at the next Board meeting. As I indicated before, there is an 80 percent confidence level that we will complete the project by 2028, as well as under or at the \$1.254 billion cost estimate.

Next slide. Chickamauga Lock and Dam on the Tennessee River. We have had a recent cost estimate on that, as well as benefit-to-cost ratio. The benefit-to-cost ratio has dropped down to about 0.8 to 1. As a result of that, we are looking at an award of \$7 million in options by the end of May if we get funds in time. If not, we will look to continue to try to negotiate that or include that work in a follow-along contract as discussed before.

Next slide. The slide shows the schedule of remaining work at the Chickamauga Lock project. Again, the dates there are based on efficient funding schedules. Similar to the cost estimate for the Kentucky Locks project - there is an 80 percent confidence level on a certified cost estimate that was done last June for the Chickamauga project.

Subject to your questions that concludes my presentation on the status of the Inland Waterways Trust Fund construction projects, thank you, sir.

MR. WOODRUFF: My comment is not directed to one of the projects that we just received an update on, but one of the projects - or potential projects that we have talked about previously, if you remember - a couple of years ago, we visited the Brazos River Floodgates project on the Gulf Intracoastal Waterway in Texas [a site visit to the Brazos River Floodgates, located at GIWW mile marker 401.2 near Freeport, Texas, was conducted on May 13, 2015, the day prior to Users Board Meeting No. 75, held on May 14, 2015 in Galveston, Texas], and subsequent to that visit, a study has been commenced to look at what might be done there.

After that study was commenced - I think with the assistance of the Texas Department of Transportation - a decision was made to expand the scope of that study and look at the Colorado River Locks [located at GIWW mile marker 441.5 near Matagorda, Texas], and we have had some discussions about that in some of these meetings.

I guess I have not asked the right questions because my constituency users up and down this section of the waterway keep coming back to me and asking me more questions and expressing more concern about the coupling of the Brazos River Floodgates and the Colorado River Locks projects because there is a lot of concern that they are really two separate projects - they just happen to be 20 or 30 miles from one another.

The needs of the Brazos River Floodgates are so much greater than the needs of the Colorado River Locks that we need to have the ability to - even if we are going to study them both - to make sure we have the ability to make separate decisions.

I think in one of our prior meetings, we were told that there would be two separate reports, and so two separate BCR [benefit-to-cost] calculations and that Congress would be given the option through whatever was presented to them to choose to do one, the other or both them. I just want to make sure nothing has changed.

Since I continue to get questions about the decision-making that went into the decision to combine these projects, is there some sort of decision document? Can you help me better understand and give me the tools that I can give to others who keep asking me questions to say, "This is why the Corps of Engineers made this decision", "This is who at the Corps of Engineers made the decision to combine these two projects together," because I am still getting beaten up over this.

MR. MCKEE: I do not have that information in front of me. We will certainly get back to you on that. We can present that at the next Users Board meeting - either a briefing on the project, if that is what you would like, or an update to respond to your questions.

MR. WOODRUFF: I think an update - unless the other Board members would want more. I just think if I could get the documents - I am assuming that is a public document - the decision document - that said let us combine these together - to help me understand so that I can explain to others better why we are looking at these together.

One of the concerns, quite frankly, that has been brought to me is, we felt like the Brazos River Floodgates was a relatively simple project - it could be looked at - there was funding - the state was offering to help substantially with that. We were looking, quite frankly, for something faster than a 3x3x3, and it seems like all the effort that is going into that project right now is effort towards getting an exception to the 3x3x3 Rule to extend the time for study, and it is just dragging on.

If part of the reason that we are now looking at an exemption from the rules that Congress has set for studying projects is because we put two projects together, then maybe it might make sense to separate them back out — make it simpler so that we can keep it on the prescribed schedule as opposed to putting a lot of time and effort into seeking an extension.

MR. MCKEE: We will get back to you on that. My recollection - I do not recall - maybe it was at some of the meetings you had with the locals - but I do not recall this being done as separate documents once they were combined. My understanding was, they would all be in the same report, but you would have the two elements. You would have Colorado River Locks and the Brazos River Floodgates in that one report.

MR. WOODRUFF: Well, I think the thing that is critical - speaking personally but also from all the stakeholders I have spoken to - is having separate BCR's and the ability of Congress to separately authorize and/or appropriate against those projects. If it turns out that one has a very high BCR and needs to be done and may be a very low cost, and the other has a low BCR and a high cost, we don't want to see the project - which we believe to be the Brazos River Floodgates, that is so desperately needed - delayed because it has artificially another project tacked onto it.

What we fear we are seeing right now is the Brazos River project being delayed because we have artificially tacked on the Colorado River project, and now we are being told that we cannot meet the study deadlines even. I would appreciate your looking into it.

MR. MCKEE: Thank you, sir. Are there any other questions from the Board?

(No response)

Thank you.

CHAIRMAN HETTEL: Thanks very much, Jeff.

MR. POINTON: Next on the program - if there are no more questions for Jeff - next on the program, Dr. Mark Sudol is going to be providing an update of his demo of the web viewer for the navigation data. He actually is not physically with us here today. He is going to do a webinar. I believe he is on the phone. The gentleman over there is actually calling up the webinar now. We are going to have a brief presentation and then we will go to a live web demo.

Dr. Sudol, are you there?

DR. MARK F. SUDOL: Yes. Can everybody hear me? It would have helped when I went off of mute. Can everybody hear me?

MR. POINTON: Yes, we can hear you.

DR. SUDOL: Okay, good. Can you see my slides?

MR. POINTON: Your slides are up, Mark.

DR. SUDOL: Okay, good. I will go through the slides very briefly. Good morning, everyone. Good morning, General Jackson, Mr. Hettel and other Board members. I appreciate you letting me do this from home. I apologize. I have gotten another cold or flu from my kids, so it went to bronchitis and other things. I am sitting at home trying to get over this, and I am going through a bout of chills and other things as I am sitting here. But I would like to go through the slides briefly and then go into the live demo and more importantly give you a schedule when we expect all this stuff to be done.

My second slide shows the continued improvements to the LPMS [Lock Performance Monitoring System and WCSC [Waterborne Commerce Statistics Center] data output and visualizations. What we are talking about here is improvements to the LPMS website and looking at data and reports for easier use by the Users Board. What I will do is I will pause briefly if anybody has any questions.

Next thing as we will go through briefly again the live demo of the WISDM 3.0 Navigation Viewer, and we are integrating field input right now. We have some good input from LRD [the Great Lakes and Ohio River Division]. As some of you saw this week, I was asked to briefly speak to some of the members of the stakeholder community with LRD on Tuesday, and we started to get some good comments from that already.

Finally, we have a new contractor onboard, a firm called Socrata, it is different way of looking at data and availability. So I am going to give a live demo of that also that shows how we are building up the data.

Mr. Dale Brown from our Waterborne Commerce Statistics Center is in the audience. At a break, you can ask him for more information on that since I cannot be there, or Mr. Pointon.

Next slide. I really briefly wanted to go through the members of the team. When I was down at LRD giving a brief on the same sort of data, a couple of members of the group came to me and said, "I'm the data guy."

Well, I am not really the data guy. I am kind of one of the team members or the head of the team members, but these are the other members - not all of them but some of the majority of the members - that we work through day-to-day on the team members that do the work behind the scenes from folks at Headquarters: Nancy Blyler; Joel Schlagel; Tim Pangburn who is the head of the GIS Remote Sensing Laboratory at the Corps' Cold Regions Research Laboratory in

Hanover, New Hampshire; Dr. Forrest Vanderbilt and Steve Riley in my office; Ruth Betts in our office.

Courtney Greenley is another person you will be meeting here shortly. She is part of our outreach team. Mr. Pointon. He is the one who keeps us sane in all the data and how we work it; and then Mr. Podany and Mr. Brown who work out of the Waterborne Commerce Statistics Center in New Orleans, who are working hard as General Jackson knows, getting our data up to date and getting new things listed and loaded.

Are there any comments or questions up to this point?

MR. POINTON: Negative.

CHAIRMAN HETTEL: Keep going, Mark [Sudol].

DR. SUDOL: Okay, great.

The next two slides. These are two slides - four or five examples of the Socrata displays. I will leave these up as reference because I am going to quickly go through a live demo with this next.

If you look on Slide 4, what it is an example of is, we can load very large data sets into their software and expand on it and really do some initial analysis. If you go to Slide 5, that is what it is going to look like here. We can get these sorts of displays, and I will show you one briefly at the live demo as soon as we are done with slides and go into that.

Finally, we can build all sorts of slides, and this is our first cut at displaying some of the stoppage breakdown on some of the data we have and all that stuff.

Let me now switch over to the live demo, and I am going to take control of the display in a second once I close some windows out and make sure I can see it.

This is a quick view of the map. Just to remind you of a couple of things: This is live, so we can see the locks, and we can look in here. When we talked to Bill Chapman from LRD, he noticed right away we were missing a couple of locks, and we were shocked because we thought we had them all, but it turned out it was a coding issue with some of the data out of LPMS.

Mr. Hettel, you will be pleased to know we are still finding errors and fixing those as we go. The issues you have been raising probably for a couple of years now, hopefully we are getting to most of those now and cleaning them up and getting more views on the data so we can see this.

The main data is still there, so if we go to Meldahl Locks on the Ohio River, I am going to switch and go to Commodities, and you can see the Commodities Section.



Mr. Hettel, you made comment on Tuesday about public data and how far down it is going to go. We are going to keep to the Level 2 of the commodities. There will not be as much detail out there for the public to see, to have any problems with either security or security of your private data for your company. That is one of our goals in this.

When we move forward with the public version of this system, it is going to look similar to this. It may not have all the data in it, but it will be similar to this and have the information in here. You will be able to see Lock queue, and we will be changing it so when there is a vessel in Lock queue - for example, right now I am showing the Illinois Waterway, LaGrange Lock and Dam. Vessels are in queue - there are three vessels in the queue - we will now list the names of those vessels in order. That will be one of the next changes we are making this month. The names of the vessels in the queue will be listed with their number in queue. So No. 1 vessel in queue - number 2 and number 3 - we will see those shortly. That will be an update to this version. Any questions so far?

MR. POINTON: No.

DR. SUDOL: Okay, great.

Lock status: Same sort of thing. Colors and combos - which ones are open - which ones are closed. Ports and harbors we are adding. As you can see, we are starting to add some of the locks or the ports in the Great Lakes system. We will continue to work on that.

The Notices to Navigation Interests, we are making changes to that so there is a way to shut off the Notice to Navigation Interests when there is an end date. We are fixing those issues.

For the Corps viewer version, the vessels will be displayed. For the public version, we are not sure if they will or will not. We are still working on security of that. But we made it slightly different. As you can see you, when you are at higher level, instead of seeing just a blob of marks, we are seeing congregated numbers so you can see how many are in which area of the river system.

Finally, on the financial reporting system, we cleaned this up from the last briefing and made it much easier to read with the colors much easier broken out. This is the Work Plan from FY 2016.

This is going to be similar to the public version. Obviously you will not have the hydropower portion, and some of the vessels and different aspects here may come out, but for right now, that is what it is going to look like.

The plan, Mr. Hettel, is to get this to you in a beta version hopefully by the end of the month - the deadline we have briefed and promised General Jackson that this would be live by the next Inland Waterways Users Board - so whenever that is in April.

CHAIRMAN HETTEL: Okay, Mark. I have a question for you. Are you there, Dr. Sudol?

DR. SUDOL: Yes, sir.

CHAIRMAN HETTEL: Okay. On this funding slide, that is not General Construction and Trust Fund dollars, that includes O&M [Operation and Maintenance] also, is that correct? Or what type of funding is on this slide?

DR. SUDOL: That is correct sir. Yes, that is a summary of Construction and total O&M expenditures. Now, if you would like to have it broken out to add Trust Fund dollars, we can probably work on that with Mr. Pointon and see if we can break that out also.

CHAIRMAN HETTEL: I think more than anything would be to break out the O&M expenditures from the Construction with Trust Fund dollars.

MR. POINTON: Blue is O&M expenditures.

MR. MCKEE: There is a legend at the lower left-hand corner of the display, the brown is the Construction expenditures and the blue-grey is O&M expenditures.

CHAIRMAN HETTEL: So when you look at the Ohio River, just the numbers I am seeing here are \$124 million for O&M on the Ohio River at \$34 million, \$38 million and \$52 million?

MR. POINTON: Right, because you have three districts.

CHAIRMAN HETTEL: That still seems high though for the O&M.

DR. SUDOL: What it is, is the way the projects are broken out, it is \$34 million for the Ohio Rivers, Locks of Kentucky, Illinois - these are broken out separately. So I think these are by each project. This is probably for Kentucky, and this one is probably for Ohio, and this one is probably for Pennsylvania.

CHAIRMAN HETTEL: I understand.

DR. SUDOL: We will have to check on that, and -

CHAIRMAN HETTEL: But that is probably not all navigation on O&M. I guess what we are looking for is the navigation O&M number. That is the total O&M number.

DR. SUDOL: Correct, and that is one that I will take that as a comment, and we will make those changes.

CHAIRMAN HETTEL: Okay, thanks.

DR. SUDOL: Sir.

MR. INNIS: Mark, quick question. Why would we hide the vessel data? I mean, it is AIS data that you can get fairly easily.

MR. SUDOL: Yes, sir. We have heard two different things. We have heard some people want to see the AIS data on this slide, and we have heard some people are worried about putting the AIS slide here because of the issue it is all the data in place. When we were combining data on commodity types with vessel locations, some folks are worried that it might show certain vessel types going through certain locks at a certain time.

MR. WOODRUFF: This is Matt Woodruff, and I am one of the people who has always had a great deal of security concern about giving anyone the ability to track certain types of cargoes and, in particular, hazardous cargoes, toxic inhalation hazards and things of that sort using publicly available information sitting in a cave in Afghanistan, and so I appreciate your security concern with this, and I appreciate all the good work that you are doing.

I think I know the answer to this question, but mainly for the benefit of others in the room. In addition to having this web-based display of this data, do you also intend to have some sort of data feed in a comma like, a comma delimited format or something like that so that if a user has their own system within their company displays navigational data for their own use, that people can import all this data and put it into their own system to help drive their own common operating picture?

DR. SUDOL: Yes, sir, and I will show you that in a little bit when we get to the data piece.

MR. WOODRUFF: Thank you.

DR. SUDOL: Okay, are there any other questions? This is just an update - it is just a viewer. We are cleaning it up right now and making the requested changes, and we hope to get this out hopefully by the end of March actually, in a beta version for selective folks to start testing.

(No response)

Okay. Next, real briefly, this one - I am going to switch it. This is going to be one more of a dashboard-type notice for some of the Commanders that have been asking something like this.

This display - you can see the weather - I am going to turn off the weather for a second. This is just a little view of it, and on the right in the green, it has the current recent outages, current operations, for example, if you look on the right — last update is 11:54; a vessel (NAME INAUDIBLE) has entered the Montgomery Lock and Dam on Ohio River. A recreation vessel has entered Pike Island Lock and Dam on the Ohio River and a vessel (NAME INAUDIBLE) has entered Robert C. Byrd Lock and Dam on the Ohio River.

This is more of a dashboard-type format that we are working with some of the Commanders to give them the ability to look at a glance and see what is happening. This is built for the entire navigation system, but we are looking at building it out for different Divisions or Districts so they can look at a glance and see all the locks and dams in their area of responsibility. It is a little bit of a different view.

One more thing I would like to show you. This is a handheld that we are just starting to work on right now, and this will be on your I-phone or I-pad. You will be able to pull in here and, for example, I am going to pull up Allegheny River Lock and Dam No. 7. This will be showing up on your I-phone. This would show what is the traffic vessel -- what vessels are in the queue - traffic going up river, down river - scheduled outages in the future and then the map of the lock and where the vessels were stopped or underway in a recent operational graph. We are building it out now. This will be available on your I-phone.

This is in the works right now, to put it up on the cloud. Hopefully again, the idea of this, since you see, it is mostly done to have this operational by the next Inland Waterways Users Board meeting. Once we get it a little further along, we will get it out to folks and have you all test it and look at it.

Are there any questions?

(No response).

Okay, I am going to move on to the last demonstration now. Again, this is a live map of what we are doing with the firm Socrata. Right now it is behind the fire wall. This is the opening view with the tonnage visualization. We are working up a whole page and a view. This should be up and running within the month, likely behind the firewall and only available with limited access, but we can give certain folks access through a password. After logging in with a password, you can get in and see this from whether it be from within the Corps or outside the Corps.

Now if you go down to this first graph, I am going to move slowly. I just hooked on October 20, 2012. I am going to go down a little bit more.

So you see, that is 230 million tons of cargo which transferred through the inland water system in October of 2012.

Now the interesting thing is if I hook that - I select that - I am selecting just that month. Now what it does is, that month, it goes down and says - for example, if I am down here at the District level, you can see how much of that cargo was transferred by which Districts. You can see which of those river systems had most of the cargo. In this case, the Ohio River had - the total was 7.12 billion tons and 866 million tons in the Ohio River for that section of October.

If you go down by lock, you can see which of the locks had which of the cargo for that data in October. And this is, again – I am doing this live. Then you can go follow on down here, and you can see of that total tonnage - 230 million tons - how much was in each lock.

Here are the actual lockages and what we are doing. You can see the commodity codes and all the rest.

Now interestingly, back to the question that someone asked earlier, see the two numbers I am highlighting up here — the export or the API — this allows you to export the data or convert it to an API and use whatever format you would like for your organization.

This display - we can make internal display versions of this. For example, if we want to give the lock operators password-protected access so they can get the data for themselves, and then we can have a public version which has more of a summary of the data, we can do all of that.

All the thanks for this goes to Mr. Dale Brown. He is the person who shepherded the contract through over the last year. But this allows us to parse the data quickly, convert it to an API and make it available to a lot of our other formats.

I apologize, some of the data is still under development. This has only been up and running for less than two weeks. Steve Riley, Forrest Vanderbilt and Dale Brown have been putting data in here and loading large data sets and trying to make sure it is working and working properly. There are still some bugs that we are working out.

For example, General Jackson, when we briefed you, there were something like a million rows of data. Well, we went through and found the duplicative numbers which came out of the coding of data, and we are down to, at this time, 357,839 lockages.

Again, for Mr. Hettel, some of the errors that are showing up in the data feeds are getting exposed through our data going in and looking at it in a slightly different way.

Subject to your questions or comments.

MR. WOODRUFF: This is great work, and we appreciate the energy that you brought to this project. This is something that I think shows the benefit of this Board because this is something that started here with an identification of a problem, and have not only, I think, gone a long way toward solving the problem with the LPMS data and lock delay calculations, but really taking that data and turning it into valuable information for the industry.

MAJOR GENERAL JACKSON: Yes, and to the other members of the Board as well. As we get this thing ready for beta testing, we really need your feedback and input so we can fine-tune this thing to make it something that we continue to use.

It is a great tool - it will be a great tool, I think, but I want to make sure that it produces the information and knowledge that you guys need to be able to operate on the waterways and to certainly to understand what we have going on, and for the Corps - hopefully will assist us in better synchronizing outages and plan work and other types of things along the waterway that will be more beneficial to the marine transportation industry.

Give us your candid feedback/comments, Mark. To you and your team, thanks so much for continuing to press on this and let me know if there is any other assistance that you need. Thanks.

DR. SUDOL: Sir. Like I said earlier, I could not do this all, but the folks that are on our team - really good folks - and, again, it is a mix of folks from Headquarters, ERDC [the Engineer Research and Development Center], even some field, and we got Bill Chapman from LRD helping. We have a very large team.

Again, getting back to what General Jackson said - and we agreed on this 100%, so when the General told us to make sure we did this, we agreed - to make sure it is usable for both the field and for the public because if it is not used, then we have wasted our time.

CHAIRMAN HETTEL: Mr. Sudol, again to dovetail off Vice Chairman Woodruff's comments, we appreciate all the hard work. As a matter of fact, in our acknowledgements in our 2016 Annual Report, we state, "The Board would also like to recognize the professionalism and efforts of Dr. Mark Sudol and the team from the Institute for Water Resources for the work improving the Lock Performance Monitoring System."

So we certainly do thank you, Mark. Of course, I am going to go one step further in the context of what can you do for me now. We know that we have an economic evaluation going on, I believe, at Chickamauga Lock and possibly at Kentucky Lock with additional costs, so the Corps looks at previous data for BCR calculations. My question is, "Are you going to be able to correct the historical data in the LPMS -- you are correcting it moving forward -- what are the chances we can get it corrected in the past so we can get an accurate BCR?"

DR. SUDOL: That is a great question. What I would say is, in the past, we did not have the tools to do that, but now I actually think we do, where we can pull the data, summarize it in those areas that you can identify, make those changes and then get those changed data to the folks in Huntington [the Corps Planning Center of Expertise for Inland Navigation in Huntington, West Virginia] - and see if they can look at it quickly and see if it will make a difference.

We are going to be briefing this with Huntington probably next week and showing them and asking them what they need for these tools. I think it will allow them to parse the data quicker and get to those areas that we are concerned about.

In the past, I think we would have a hard time making those corrections. I think with some of these new tools, we may be able to get to some of that.

CHAIRMAN HETTEL: That is great, Mark. As soon as you can let us know whether or not that is successful, I think that could have an effect on the BCR at Chickamauga, Kentucky and also have an effect on what started this whole process, and that was Bayou Sorrel and, of course, the Brazos River Floodgates. Mark, we appreciate all your work. Thank you.

DR. SUDOL: Thank you, sir, and thanks for the good words, but we still have work to do, and we have to prove some things too that this will all work. Once we get it done, then I will take the congratulations.

MAJOR GENERAL JACKSON: Get rested up, get well and get to work.

DR. SUDOL: Yes, sir.

MR. POINTON: Thanks, Mark.

DR. SUDOL: Yes, sir. Okay. Thank you.

MR. POINTON: Thanks, Mark. I do not see any more questions for you. It is about 11:05. Next on the program will be the IHNC Lock Update, but I am going to deviate from the program a little bit. Let us go ahead and take our break right now. It seems like a good breaking point.

CHAIRMAN HETTEL: One request before we take our break, Mark [Pointon]. Vice Chairman Woodruff mentioned the Congressional letter to the Administration on solving our problems under the CR. I would like to recommend to the Board that, that letter go into the Inland Waterways Users Board minutes for the record.

MR. POINTON: We can do that sir.

CHAIRMAN HETTEL: Thank you.

MR. POINTON: It is about 11:05 now. Can we take a 15-20-minute break and reconvene in about 20 minutes? Thank you.

(SESSION BREAK)

MR. POINTON: All right. We are going to kick it off again. We moved Ms. Marti Lucore to after the break. She is here from the New Orleans District. I do not mean to downplay her abilities, but she is not necessarily the subject matter expert on the Inner Harbor Navigation Canal Lock GRR [General Re-evaluation Report], but she is actually giving this presentation for the New Orleans District. She is pinch-hitting. Without further ado, she is going to give us an update on the IHNC General Re-evaluation Report. Ms. Lucore.

MS. MARTHA M. "MARTI" LUCORE: Thank you. As many of you know, for the IHNC Lock, we were enjoined in court on this project several years ago and were directed to go back and evaluate all reasonable alternatives. That triggered the GRR in January of 2015. What this report did, it looked at alternatives that ranged in depth from 16 feet to 22 feet, width of 75 feet to 110 feet and lengths of 900 feet to 1,200 feet.

The Tentatively Selected Plan that was published in the Draft Report on January 6th is 110 foot wide by 900 feet long by 22 feet in depth. It generated a benefit-to-cost ratio of 4.78,

and that is at the project rate, not the 7 percent. The total project cost, which is not on this slide, is actually \$951.3 million. The \$1.4 billion that was mentioned earlier is actually the old Locally Preferred Plan.

The Public Review period is underway now. Bobby [Mr. Bobby Duplantier, Senior Project Manager, USACE, New Orleans District] could not be here today because he was actually at the public meeting last night in St. Bernard. Unfortunately, the night that we were supposed to have our public meeting in New Orleans last Thursday, the city was hit by an EF-3 tornado, so that public meeting got cancelled, to say the least. The rescheduling of that public meeting, coupled with requests from key stakeholders, we extended the public review period by two weeks. It is no longer March 1st. We do have two more weeks to get comments in for the Public Review.

The big issues that we have aside from getting hit with lawsuits from the Tulane Law Clinic on a regular basis, there is a lot of public opposition. The public meeting last night was not as pleasant as this meeting is. I will leave it at that.

We still are on schedule to have a Chief's report by June 2018. The ADM [Agency Decision Milestone] might be shifted. That is not confirmed or approved yet, but we did have some contracting issues with the IEPR [Independent External Peer Review] that may push that back, but we do not think it will impact the overall project schedule.

That is the short of it for IHNC.

MR. POINTON: Any questions? Yes, Marty.

CHAIRMAN HETTEL: Yes, absolutely. Ms. Lucore, I will reiterate Mr. Pointon's comments. While you may not be the subject matter expert for IHNC, you certainly were the subject matter expert for our tours yesterday, and we appreciate your knowledge on that facility and bringing us up to date on it.

We chatted briefly about a couple of questions. While I think the Tentatively Selected Plan is certainly the way to go for the replacement of this antiquated 94-year-old facility in New Orleans that, for the past two years, the average delay according to the Navigation Data Center has been 20.43 hours on some 26,000 vessels. Needless to say, we need a new facility there.

In the TSP, and we chatted about this, it states, "Prior activities of work that have been completed for the previously-selected deep draft lock replacement project include acquisition of real estate required for project construction except for temporary construction easements." However, it also states there is \$57 million of relocations. I do not know if you can address that here, but maybe we can get it at our next Users Board meeting, if you can?

MS. LUCORE: I was able to get clarity on that. The \$57 million includes your routine utility relocations and so forth, and it includes the temporary bridge at St. Claude. It does not include the full replacement of the new bridge, but it does include \$30-something million for the temporary bridge and the relocation costs.



CHAIRMAN HETTEL: Will that temporary bridge ease the traffic congestion there, you think, rather than the current bridge? I'm sure the final new bridge would.

MS. LUCORE: I do not know enough about the temporary bridge, sorry.

CHAIRMAN HETTEL: One last question for you. Is the 13-year time frame and the \$1.165 billion of total investment; I do not know who to phrase this question without putting both of those things together. Is that \$1.165 billion investment and 13-year time frame restricted by efficient funding or the actual footprint of the lock? Is there any insight you can give us on that?

MS. LUCORE: I could not get an answer on why it was 13 years, and I could not get an answer on the \$1.165 billion. The only fidelity that I was able to get was that the construction cost for the new project would be \$951.3 million. If there were no constraints on funding, it could be built as soon as 8 years, and I asked if the \$951 million was based on a 13-year construction timeframe, and they said yes, but it could be cheaper just because the contingencies would be lower.

CHAIRMAN HETTEL: Maybe that is an estimate. I am going to ask the recommendation of the Board here - this certainly is the way to go to replace a 94-year-old antiquated project. Maybe if we could get that - if the cost would be reduced, and if we could build it in 8 years - what that amount would be.

MS. LUCORE: Okay.

CHAIRMAN HETTEL: I think with this current Administration, they put a value on time and on budget. If we could compress this thing to eight years and show them a savings of "X", it might be worthwhile for us to present that to the current Administration. Thank you.

MS. LUCORE: Thank you.

MR. WOODRUFF: I think it is really important when we are looking at these numbers, and they are all huge numbers, that we do understand what the number represents - if that is a risk-based, inefficient-funding number with increases over time versus what it would cost to do it if we just had the money and went ahead and did it. When we have two different sorts of numbers floating around, it really impairs our ability to make recommendations and to prioritize projects based on what gives us the best bang for the buck.

I am not trying to add work necessarily to the process, but I think for all of our projects, it would be good to have the number that if - what sum of money if handed to the Corps of Engineers today would be necessary to go build this project in the most efficient manner possible. To the extent we do anything less than that by saying, well we do not think we are going to have the money and based on the amount of money we think we are going to have is going to extend out an extra five or six years, and therefore, there is going to be inflation and

other risk-based cost additions. We need to know that too, so that we are not comparing apples and oranges.

With respect to this particular project, I agree, and I have talked to our Operations folks within our companies, and I have talked to folks from other users, and they think that the 900-foot by 110 lock is a sufficient lock for the tows that go through the Inner Harbor. Obviously, you mentioned the extreme delays that people face here, the reliability issues that we have had with that lock and the recent extended closure. This is something that needs to be done.

I know that this Board could adopt a resolution, and I would suggest that we do so, in support of the recommendations in the GRR. I guess my question - that would go under the minutes of this meeting - but I would also think that it would be appropriate that whatever this Board's views are on this project, be a part of the public record that is being considered right now.

I do not know if perhaps there could be an excerpt to the minutes to reflect whatever recommendation this Board chooses to make today assuming the Board chooses to do so, or whether it should be in the form of a separate letter to be put into the record of that proceeding.

I would suggest, and when appropriate, would like to make a motion that this Board endorse the report and recommend that the Chief's report be brought forward just as quickly as possible, and this project be put in the queue along with the other priority projects of this Board for construction as soon as possible.

CHAIRMAN HETTEL: I will certainly second that motion, Vice Chairman Woodruff. Any other comments from the Board.

MR. INNIS: Yes. Quick question. Was the cost evaluated, the added cost, for the lock outage that we had there that was 90 or 120 days, or whatever it was there? I know that we have evaluated the cost on our side for that lock outage during that period of time, but was that taken into account for the BCR?

CHAIRMAN HETTEL: I would not think so because that was so recent while they were working on the GRR.

MS. LUCORE: In plan formulation, that is not something that we consider as far as the current event that happened. When we project the O&M for a 50-year life of a project - on this it is obviously almost doubled its 50-year life - we do take into account routine maintenance and de-watering events. The cost of future de-watering events - not just the fiscal cost but cost to navigation and the industry - are considered as far as the 50-year projection of O&M costs.

MR. INNIS: I am just wondering for the users of the lock if the costs that they incurred due to the outage, is looked at. I know for a fact that we had substantial costs, and we are only talking about a short period of time. If that was to be extended for any reason because of this lock, have we looked at the extrapolation of those costs over a short period time, to look at the actual cost that we can show for that period?

MS. LUCORE: No, it is not a factor for us. It is only the cost of construction and future O&M. That would be considered a past O&M cost, but the cost to the users during future de-watering events is considered in our costs.

MR. INNIS: Okay.

MS. LUCORE: Whether it is a federal cost or not, cost to the industry and cost to the users is a cost that is factored in our benefit to cost ratio, not just the physical dollar outlay.

MR. INNIS: Okay.

CHAIRMAN HETTEL: Any other comments from the Board?

MR. MCCOY: I would like to raise a question, Marty. The deep draft designation of the lock, the 22-foot depth. I am assuming this project is going to be paid by 50 percent Inland Waterways Trust Fund. Is that not a harbor maintenance deep draft issue on the depth of it? I am sure there are pretty good significant costs going from a deep draft issue to what we would consider a normal draft on the inland waterways system.

CHAIRMAN HETTEL: Somebody from the Corps' New Orleans District office might correct me if I am wrong but I think the original replacement plan for the IHNC Lock was a deep draft lock. Is that right?

MS. MARTI LUCORE: I would have to know which year you were talking about because we have -

CHAIRMAN HETTEL: The one we spent \$138 million on. I think, Robert [McCoy], to answer your question, Vice Chairman Woodruff, brought this up on a few meetings back on, what the depth would be for the replacement lock. I believe, and Matt [Woodruff] correct me if I am wrong, a 22-foot depth is something that the Corps does have at other structures on the GIWW? Is that correct?

MR. WOODRUFF: I am not sure that that is correct. In fact, I think it is more like 16 feet. If you think your standard project depth of 12 feet or - I can understand you have a little bit of extra, and you probably have to account for the river going up and down, but it seems like 22 feet is more than what would be necessary for the vessels that use the inland waterways system and the vessels that pay the taxes on the inland waterways system.

It has always been a mystery to me why we have talked about 22 feet for this lock, and it is still a mystery to me why we are talking about 22 feet for this lock. I have just gotten frustrated about asking.

CHAIRMAN HETTEL: I think at least we are moving forward. Again, I am not the engineer on this project. I do not know if it has to do with the depth of the IHNC Canal, and a

22-foot lock sill versus a 16 foot lock sill would mean you would have to build up the foundation of the lock, I do not know. I cannot answer those questions.

MS. LUCORE: I was sitting in on a meeting of one of my projects that this happened to come up. They were discussing talking about factors of safety and the fact that it was connected to the Mississippi River. There were concerns about coming off of the Mississippi River into a 16-foot chamber and that it was a factor of safety issue that brought it down to 22 feet. That is the extent of what I know. They said it was related to a factor of safety.

MR. WOODRUFF: I certainly am not an engineer. If the reason we are doing it is safety or cost savings, then that makes perfect sense. I think that, for my perspective, we want to have the least expensive, safest lock that we can get for a reasonable amount of money. If 22 feet is that, then I am not going to question it. I scratch my head every time I see 22 feet there and something different everywhere else.

But if we are adding extra depth for somebody else who is not paying the taxes, they need to bring the money to the table, in my view.

CHAIRMAN HETTEL: It does not sound like that is why we ended up to 22 feet, is what you are telling us. Right, Ms. Lucore?

MS. LUCORE: That was one of the notes that I was given, that it was 22 feet because of it was a factor of safety. That was the limit of what I know unfortunately.

CHAIRMAN HETTEL: Just so I can understand, if the Mississippi River is low, you want that extra depth over the top of the sill so it may be constructed at 22 feet, but we may only have 16 or 17 feet over the top of the sill when the Mississippi River is at low water conditions. Is that correct, something to that affect?

MAJOR GENERAL JACKSON: Mr. Chairman. This is General Jackson from the Corps. Why don't we take this on as a tasker for information feedback instead of asking a bunch of engineering questions right here. Let us get you an answer that will help you understand why the engineers chose the dimensions that they did for this lock.

CHAIRMAN HETTEL: Agreed. I think that is a great idea.

MAJOR GENERAL JACKSON: I think if that will answer the immediate question, if we can do that, that is a task for the New Orleans District to provide that information. I would like to see that information before it goes to the Board members so I am also enlightened as well. Thank you.

MR. MECKLENBORG: Also if you could include the existing depth of the existing lock, which maybe you know -

MS. LUCORE: 31 feet.

MR. MECKLENBORG: Okay. Thank you.

MS. LUCORE: You also want to know what the cost would be with no inflation if we could go to construction today.

MR. WOODRUFF: Please.

CHAIRMAN HETTEL: If my memory is working correctly here, Vice Chairman Woodruff, has a motion that the Board support the GRR Tentatively Selected Plan (TSP) number 3, for a 900 foot by 110 foot by 22 foot replacement lock for the 94-year old IHNC lock that currently is in use. Do we have a second on that motion? Is that correct, Vice Chairman?

MR. WOODRUFF: With the caveat, I suppose, subject to possible adjustment of the depth based on future information, but otherwise, absolutely.

MR. HAUN: I will second it.

CHAIRMAN HETTEL: Any other comments?

(No response)

All those in favor say, "Aye."

BOARD MEMBERS: Aye. (Unanimously)

CHAIRMAN HETTEL: Opposed?

(No response)

Motion passes. Thank you.

I am sorry, one more question on IHNC. The Vice Chairman wanted to check and see if the Board's recommendations can be put into the record during the public comment period. Is that something you would do from your point of view, Mr. Pointon? And could that be done by the close of the public comment period by March 14th?

MR. POINTON: I do not know. Marti [Lucore], what is the process, the procedure, for submitting statements during the public comment period for the Board to have their recommendations submitted on the IHNC TSP?

MS. LUCORE: It can be done via e-mail. It can be done by you as participants at this public meeting. I will get you the e-mail address and the website so that you can submit comments for the record.

MR. POINTON: Very good, thanks.

CHAIRMAN HETTEL: My question is, is that something that you as the Designated Federal Officer does, or is it something us as the Board members need to do?

MR. POINTON: I believe that is better for you to do it as the Board members since I am part of the agency to which you are submitting the comments for the record.

CHAIRMAN HETTEL: Okay. That makes sense. No conflict of interest that way.

MR. POINTON: Correct.

MR. MECKLENBORG: Is that March 1st?

CHAIRMAN HETTEL: It now is March 14th.

MR. MECKLENBORG: It is now the 14th. Okay.

CHAIRMAN HETTEL: It has been extended to March 14th is what I heard. Is that correct, Ms. Lucore?

MS. LUCORE: Yes sir.

CHAIRMAN HETTEL: Thank you. Sorry to delay you, Mr. Braden.

MR. POINTON: Next on the agenda we will have an update on the Olmsted Locks and Dam project on the Ohio River. Mr. Michael Braden, Chief of the Olmsted Division in the Louisville District will be providing the update. Thanks Mike, please go ahead with your presentation.

MR. MICHAEL E. BRADEN: General Jackson, Chairman Hettel, members of the Board: Good morning. My name is Mike Braden. I am chief of the Olmsted Division. On behalf of David Dale, our Senior Project Executive, I will be presenting the Olmsted project brief this morning.

Just to orient the group once again to Olmsted, if you will look at the picture on the cover slide there, you are slightly upstream of the project looking toward the Illinois Bank on the right hand side of the slide. In the background, you can see the completed twin 1,200-foot locks. In the foreground, to the left of the twin locks you can see the tainter gate section of our dam with four of the five tainter gates erected and sitting on their dogging beams.

This picture was taken in November of 2016, which is the end of our traditional low water season. Construction at Olmsted is predicated on a low water season which runs from June 15<sup>th</sup> to November 30<sup>th</sup> of each year.

Next slide. Bottom line up front, you have seen this slide before. As far as schedule, we are still tracking ahead of schedule. We will get into a little bit more detail on that in some later

slides. We will be operational in 2018, specifically no later than October of 2018 and then the overall project is scheduled to be completed in 2022.

We are under budget. Our current TEP [Total Estimated Price], which is our current working estimate, shows us \$330 million below the PACR [Post-Authorization Change Report] project cost. That PACR cost figure that we are using, Mr. Hettel, is \$3.1 billion.

The Total Project Cost Summary, which is a regional estimate - in odd numbered years, it is a national Walla Walla certified estimate. In even number of years, it was just completed in FY 17. It includes a contingency allowance based upon an 80% certainty. Not to get into the mathematics a whole lot, but that now shows a \$153 million decrease off the PACR cost figure of \$3.1 billion.

So what is driving those metrics? There are two keys. There is a lot that goes into it.

Sir?

CHAIRMAN HETTEL: I'm sorry, Mike. I think this is important to the Board members, not only to recognize the success you are having down there, but to make sure we understand what these numbers are.

At our Baltimore meeting [Users Board Meeting No. 81], the TEP was \$300 million under the PACR project cost figure. Today it is \$330 million, so we gained \$30 million with the new evaluation.

MR. BRADEN: Yes, sir.

CHAIRMAN HETTEL: At our last Board meeting, the Total Project Cost Summary was \$41 million; it is now up to \$153 million.

MR. BRADEN: Yes, sir.

CHAIRMAN HETTEL: That \$153 million is, I believe you said has an 80 percent confidence factor that, that is a savings under the PACR cost figure.

MR. BRADEN: Yes sir. That number actually equates to \$2.947 billion. What that says is that there is an 80 percent confidence level that the project will be completed at that, or lower amount. There is a 20 percent chance it will be higher.

CHAIRMAN HETTEL: The \$330 million then is that or lower amount, correct?

MR. BRADEN: Well the \$330 million is our current working estimate, so it does not include that contingency reserve that comes with the mathematical probability of 80 percent. Right now, at our project delivery team level, our current estimate is that we will come in \$330 million below the PACR cost figure of \$3.1 billion.

CHAIRMAN HETTEL: So the \$153 million is included in the \$330 million. I cannot add them together.

MR. BRADEN: Well, the \$153 million, the reason it is not \$330 million, is it includes this contingency amount of money that is not known to happen. It is for unknowns, unknown costs, schedule delays, that type of thing. What we have seen and I have a slide later on in the presentation to show you, is our current working estimates have been very accurate, and we continue a steady downward trend as we get closer to the end of the project.

CHAIRMAN HETTEL: Thanks for the explanation and keep up the good work. Sorry to interrupt you.

MR. BRADEN: No problem. Under the section of the slide titled “Keys” there are really the two keys driving the decision-making to return these benefits. First, we have had efficient funding which has allowed the project delivery team to effectively plan and execute our annual work plan, especially since our authorization increased in 2013.

And second we have had advantageous river conditions which have allowed us to work outside of the contractual low water season.

Next slide. Here is an overview status update. I will try not to belabor this too much, but everything there in yellow is currently under contract, and it is all the key features to complete the Olmsted Locks and Dam project from an operational perspective.

In the center there, you see a box titled “Tainter Gates.” As I said it before, four of the five Tainter gates are already in place and are erected. Our fifth and last Tainter gate, we have accelerated its delivery to occur during high water season 2017.

What that means is, like all of our products, they were all scheduled to come in during the low water season. Once again, our risk mitigation process. What we looked at is immediately up the stream of the Olmsted project site are Locks and Dams 52 and 53. Obviously we are having some issues with both of those projects. Our Tainter gates gets delivered down the Tennessee-Tombigbee Waterway to the Tennessee River, and then it passes through Locks and Dams 52 and 53. Just like industry, that is a risk to me that, that the Tainter gate is going to be on the wrong side of those projects when I need it.

We talked to the vendor. He gets paid when the gate arrives on site, so he had no problem with accelerating the delivery schedule to send the gate to us earlier, so that we have it on the right side of those projects for the start of our low water season.

Service bridges Number 5 and 6, which will complete all of the service bridges, they are in the Precast Yard right now, and as of today, they are complete.

We also have started construction of Training Walls-1A and 1B in the Precast Yard, and we are now building the bearing walls for Training Walls-6A and 6B.



Moving to the next box up and to the left is the box titled “Navigable Pass.” All of our paving blocks are set and completed. We did complete all of our baseline and stretch goals for last year, so all of the Navigable Pass Shells, through Navigable Pass Shell Number 10, now are set and complete.

We have a total of three lifting frames on the project. We now have been able to disassemble and scrap the Paving Block lifting frame, and we have disassembled and scrapped one of our two Navigable Pass lifting frames.

Navigable Pass 11 is scheduled to be set in early low water season 2017, so that is scheduled for June 15th, no later than date. Navigable Pass 12A, which is the last shell on the project, is our identified low water season 2017 stretch goal, but it will be within that November 30th timeline.

Moving to the left, there is a box on the left side of the slide titled “Left Boat Abutment.” It is actually a feature that we decided, a few years ago, to do with a thin wall cofferdam to save about four-and-a-half months of critical path. That structure is complete. We will unwater it here in early low water season 2017 and go in there and cast and place that feature.

It is interesting that the top of that Cofferdam is built to 315, and even in our high water season, it has not been topped yet. We have had very unusual water conditions this high water season.

Moving to the box in the bottom left-hand corner of the slide titled “Wicket Lifter.” The Wicket Lifter is the device that actually raises and lowers these Navigable Pass wickets in our Navigable Pass portion of the dam. There are two components. The barge is being fabricated by Conrad Shipyard in Morgan City, Louisiana. I stopped by and saw those individuals yesterday; the barge is coming along well. It was awarded last summer.

Then the crane part of that is being fabricated by Appleton Marine Incorporated in Appleton, Wisconsin. When the crane gets finished, it will be shipped down to the Conrad shipyard. They will integrate the entire wicket lifter, and it will be shipped and up to Olmsted no later than December of this year.

Moving to the next box to the right titled “River Dikes”, there are a series of 14 river dikes that go along with the project. We have a SATOC contract with Luhr Brothers, which is a Single Award Task Order Contract.

Dike number 4, which is immediately upstream of the Left Boat Abutment has been constructed and it also provides a breakwater as we close off the dam this year. We just awarded Task Order 2 for remaining Dikes numbers 1, 2 and 3 on the Kentucky bank upstream as well.

The final piece on this is slide, on the right-hand side, you will see a yellow box there titled “Operations Facilities.” We have two buildings left to support this project, a maintenance building and then a Lockmaster’s office. Those were awarded earlier this month on February 2nd for about \$10.3 million to a woman-owned small business named Direct Steel, LLC. They

have a fantastic inventory of projects very similar in size, and they have already been onsite for the Pre-Construction meeting, so that looks to be a very successful endeavor as well.

I will use this as an opportunity. We do have three small marine work packages that we are trying to work. I know it was mentioned earlier about trying to work sole-source actions. They involve some repairs to the miter gates, flushing of the culvert valves, construction of four upstream mooring cells and demolition of 53.

All three of those work packages are within our geographic footprint. Based upon the assets we have onsite, the experience - keep in mind, all of the equipment onsite right now has already been paid for by the government. We are not using it actively to advance the dam. It is in a standby status. The project delivery team believes it is in the best interest of the government to sole-source those packages in this low water season.

Apparently the Federal Acquisition Regulations [FAR] do not have it in the best interest of the government clause. We are working through that with our Office of Counsel and Contracting folks to see what we can do there to make sure that, when the project is delivered next year in 2018, there are no ifs, ands or buts with an old lock and dam sitting immediately upstream of our project, to get into the lock - those types of things.

Yes, sir?

CHAIRMAN HETTEL: Just a comment. This is the first presentation we have had on Olmsted in the three-and-a-half years I have been the chairman of the Users Board and this Board that there is not a future contract to be signed for construction of Olmsted. I understand the demolition of 52 and 53, but I think that is another milestone that we need to recognize.

MR. BRADEN: Just to be transparent, there are about a half a dozen future contracts. We are going to repave the county road before we leave - smaller things - but they do not relate to the operation of Olmsted.

Next slide. Some photographs taken at the project site during the 2017 high water season. In the top left-hand, photograph number 1, you see our Direct Connect Hydraulic Cylinders. They are both Direct Connect Hydraulic Cylinders. They are manufactured in the Netherlands. They are then shipped to their Bethlehem, Pennsylvania facility where they are integrated with our controls package, there they are in Bethlehem when our QA/QC [Quality Assurance/Quality Control] team went up to do the inspection.

Picture 2 shows the Installation of Service Bridges numbers 3 and 4. What we realized is the most cost efficient way to install those bridges are in pairs, so that is how we grouped them in the project. It was very successful in installing them two at a time.

Down in the bottom left-hand corner, Picture 3, you see River Dike No. 4 being installed by Luhr Brothers, and it is now complete.

Picture 4 is a picture of our Precast Yard. You will see two structures in the middle and to the left of the vertical mats and rebar. Those are Training Walls 1A and 1B as they were installing the reinforcement. In the background, you see one of those massive lifting frames underneath our super Gantry crane that is coming in to be set down in the Precast Yard and disassembled and sold for scrap.

Picture 5. Because I am an electrical engineer, I am always going to include a picture of a control cabinet to operate the Tainter gates, also taken at the Bethlehem facility.

Next slide. This is a slide titled “2017 Plan to Complete” we presented at several of the past Inland Waterways Users Board meetings to communicate progress on the project. I will just walk you through the parts and pieces very quickly.

Starting on the right-hand side of the slide where you see the circle and the Number 1, you will see Navigable Pass number 11. It will be the first thing we do this low water season. It will be done no later June 15th.

Then we will move down to the left hand side of the slide, you will see the circle with the number 2, then 3 and 4. Those are smaller elements of the Training Wall. The precast will be complete in our precast yard; the Right Boat Abutment Pieces numbers 2 and 3; Training Walls 1-A and 1-B; and then Training Walls 6-A and 6-B, which is shown in circle number 4.

Training Walls 6-A and 6-B were originally scheduled to be set during Low Water Season 2018. We were able to pull that activity forward to the current low water construction season. We purchased an additional set of bearing walls. There used to be a three month predecessor lag in the activity between setting Training Walls 1-A and 1-B and 6-A and 6-B, so for a small incremental cost, we were able to advance that. We will take all four training walls out to the river at the same time and set them one right after another.

The number 5, towards the middle of the slide, points to the arrow is approximately the time frame when Tainter Gate 5 will be erected in place. Once Tainter Gate 5 goes in, we can come back and set Service Bridges 5 and 6, which is denoted in the circle with the number 6.

The next thing we will do, which will be concurrent with this, over there on the right hand side of the slide, you will see the circle with the number 7. We will be doing that cast-in-place work that entire time concurrently with these other activities. It will finish up later in the season.

Once the Left Boat Abutment is complete, shown in circle number 7, we will come back in, trim a little bit of that cofferdam wall off, and then the last thing we do this construction season is we will set Navigable Pass 12A.

The real takeaway from this brief on this slide, particularly, is nine months from today, we will have a structurally complete dam at Olmsted that can hold pool.

Next slide. Just some metrics. I will not bore the audience with a lot of talk about Earned Value. The key thing from the top left-hand quadrant is the Earned Value. That is at the center data point there. As long as your earned value is greater than your planned expenditures, you are ahead of schedule. As long as your earned value is greater than your actual expenditures, you are under budget. We are both.

In the top right-hand corner is our schedule. I will point out, if you have been tracking this, we did adjust our PACR dates. Our current dates are still the same - completion of March 2022, and operation in October of 2018. We were doing an apples and oranges comparison between cost and schedule. Schedule also has contingency built into it, so what you see now in those PACR dates, are the actual schedule contingency dates to reflect that 80 percent certainty just to make sure that all the data has the same assumptions built into it. We are four years ahead of schedule of what was forecast in the PACR.

Next, the bottom left hand quadrant budget. This is our TEP, total estimated price, trend. It continues to steadily decrease. This is through December. It has improved since that point and time.

Then over in the bottom right hand corner is our major activity schedule that shows you those activities that lead up into those features I briefed on the previous slides.

Next slide. Just to kind of walk through this because we think that we get kind of wrapped around with the cost sometimes and with different data points, there really are three distinct cost data points that we track. The top there is the Total Project Cost Summary, and that includes contingency. On the PACR and in the even number of years - those are certified estimates from Walla Walla [the Corps of Engineers, Center of Expertise for Cost Estimating located at the Walla Walla District, located in Walla Walla, Washington].

In the odd years, those are regional estimates that include a representative from Walla Walla, but they are not officially certified packages.

When Headquarters does their programming, it is always based upon looking at a certified estimate, so you will see from a programming standpoint, Headquarters is tracking \$3.06 billion. That is the latest certified estimate we have.

Next estimate update of a certified estimate will be in the spring of 2018. At that point in time, I think that is when you will see your significant programming decrease in the out years.

The graph on the bottom portion of the slide is our TEP [Total Estimated Price] or, once again, our current working estimate. Our current data point for that is about \$2.767 billion based upon our best estimates of forecast. We look at this number every month. It gets updated as known costs become known to the project delivery team or as known savings are accumulated during actual production.

With that said, before we go to the next slide, two very quick comments for situational awareness. We do have a couple of visitors scheduled to come out to the project site here very

shortly - Ms. Lauren K. Brand who is the Assistant Maritime Administrator, who I think specializes in intermodal transport - will be out on March 1<sup>st</sup>. Then Vice Commandant of the Coast Guard, Admiral Charles D. Michel will be visiting the Olmsted project site on March 6<sup>th</sup> for a project briefing and situational awareness.

Absent that, I am ready to take any questions.

CHAIRMAN HETTEL: I cannot believe I am the only one with a question, Mike.

MR. BRADEN: I would be disappointed if you weren't.

CHAIRMAN HETTEL: Would you go back to slide 7 for me for one moment. You mentioned nine months from today having an operational facility. This reflects October. Just to clarify October.

MR. BRADEN: Yes, sir, and the nuance is, there is a lot of finish work on the project - dive support work where the divers go down, and they are doing patchwork and those types of things. The real key going into this, especially once the 52 and 53 issues became more frequent, is that we want to be able to have a facility at the start of low water season 2018 that we could hold pool and we could lock boats.

I am still going to have construction activities going out there in the meantime, and it becomes a little inefficient if I am holding pool and passing traffic. But if Lock 52 is not passing boats, we certainly are going to put our dam up, and we are going to hold pool, and that is how we are going to pass commercial traffic. So that is what that means.

CHAIRMAN HETTEL: So November 30<sup>th</sup> is actually your estimated date for an operational dam.

MR. BRADEN: On November 30<sup>th</sup>, I will have all the structural pieces. I will have all the concrete, all the Tainter Gates, all the wicket gates will be in place to hold pool. If we need to, we can pass traffic the first day of low water season 2018. That is the plan.

CHAIRMAN HETTEL: Great. You mentioned the wicket lifter barge arriving in December.

MR. BRADEN: Yes, sir.

CHAIRMAN HETTEL: That is a little bit of a flux between operations. Is Conrad working towards having that wicket lifter barge out there --

MR. BRADEN: The hull is halfway done. Once we get a little bit further down the road, we will see if we cannot take delivery of that a little bit earlier. We certainly will accelerate that to the extent we can. We would love to get the wicket barge there early enough that we can put our operations folks out there and get some real practice before Low Water Season 2018.

CHAIRMAN HETTEL: Well, this is so important, Mike, as you stated, getting this dam operational sooner than later is important. We are facing trying to pick up the wickets today at Lock 52?

MR. BRADEN: Yes, sir.

CHAIRMAN HETTEL: That may very well cause a 48-to-72-hour closure, maybe longer, depending on what we find out when you get out there and start picking these wickets up at Lock and Dam 52 when the Corps finds that out. So all the more important this project is to come to completion.

Help me understand, and for the other members of the Board, once Olmsted is operational, and you have the wickets up, and you are controlling the pool, are we going to have enough depth to go across the sill at Lock 52? I heard there may be an issue with that.

MR. BRADEN: There are portions of Lock 52 that are higher than others, so I think with the navigational channel right now that runs over Lock 52, it is at 283.3 feet. The Olmsted pool elevation will be elevation 300 feet, so you will have about 17 feet going over that sill where the navigation channel is. We do not see any issue with that. That does not mean that you will have that elevation all the way across the river at that time, but the defined navigation channel, you will certainly be able to go over the sill at Lock 52 in the Olmsted pool.

CHAIRMAN HETTEL: That answers my question. Thank you.

MR. POINTON: Any more questions for Mike?

MR. INNIS: Is there reason that we would operate Lock 52 in 2018 then?

MR. BRADEN: Is there any reason we would not run it?

MR. INNIS: No, you would.

MR. BRADEN: Now it comes back to an efficiency issue. If Lock and Dam 52 is an operational project, we may operate it early in the season so that we can complete all of the finish work and construction work without having commercial traffic right in our backyard. If it is not operational, we obviously go operational at Olmsted. Right now, it is a contingency plan. On paper what we are looking at is that transition will take place on 1 October 2018. We stop operating Locks and Dams 52 and 53 on September 30<sup>th</sup>, on 1 October we are operating Olmsted.

We want to be able to move that slider to the left based upon operational readiness of Locks and Dams 52 and 53.

MR. INNIS: Okay. Thank you.

MR. POINTON: Thanks very much, Mike. Great presentation.

Next on the program is Ms. Jeanine Hoey from our Pittsburgh District. She is going to cover the Lower Monongahela River Locks and Dams 2, 3 and 4 project, as well as the Chickamauga Lock and the Kentucky Lock, since Mr. Stephen Durrett from the Great Lakes and Ohio River Division had some travel challenges and could not get to Lake Charles, so Jeanine gets to present on all three projects.

MS. JEANINE HOEY: Good morning General Jackson, Chairman Hettel. I will begin with the Lower Monongahela River project. Next slide. Bottom line up front. The Lower Monongahela River project remains on schedule and on budget. I do not have a whole lot of changes to report at this time from the last time I reported to you on the project, but we will go through a few changes here.

Just a note. Last time I presented some items that we looked at to try to bring the project in a little bit ahead of schedule, and we identified about five months' worth of items that we could do. Those come in to play when we award Option 3, so what we will do is develop a modification for Option 3 and award it at the same time that we award Option 3, so we will be getting those ready to award and hopefully shave some time off of the project at that time.

Next slide. This slide shows the scope of the project. I am not going to belabor this unless anybody needs to know what Lower Mon is all about, but I think everybody is familiar with it, and there are no changes.

Next slide. This table shows the project schedule for the Lower Mon project. You will see the Charleroi River Wall is now complete. We have made the final payment on that. In future Users Board meetings, we are going to pull that off this. We are complete with the River Wall. Everything else remains the same. Timing is all the same.

Next slide. Lower Mon/Charleroi - Ongoing and Pending Construction Plan. This lists all the River Chamber Completion options and the time frame for awarding those options. We discussed earlier with Mr. McKee the Option 1 - the day-for-day delay if it's not awarded by May of this year. Option 2 - we do plan to award that in June of this year. That starts to affect the project in February of 2018. We will start seeing delays if that is not awarded by February. If we wait until February to award it, we are now putting that entire option on the critical path, so any delay while we are constructing it would also affect it, so we really do not want to wait that long. We do want to award it this fiscal year.

CHAIRMAN HETTEL: Let me make sure I got that correct because what happens if we continue with another CR [continuing resolution]. Option 2 expires February of 2018, is that right?

MS. HOEY: No, Option 2 actually expires in September of 2018. It will start impacting the project's schedule if we do not award it by February of 2018. All of the options we have, the earliest date that we have shown in this table to be awarded will fit in with the completion date in 2023. If we award at the late date on all of them, we would be complete in 2029.

CHAIRMAN HETTEL: I just now realized you have a column titled “Option Expires.”

MS. HOEY: Right.

CHAIRMAN HETTEL: That was going to be my next question. I got it now.

MS. HOEY: They are all there. Again, some of the notes on the bottom of the slide, in addition to the Charleroi construction, we are also looking to award a dredging contract in 2017, and later in the project, we have some pool clearing to do and then Lock and Dam 3 removal to do. Those are planned for 2021 awards, and we still have some relocations to clean up. Those are minor contracts that we have to take a look at.

Next slide. Some current photos of construction at the project site. The first photo shows the M-22 to M-27 contract, and here we are setting some precast culverts in M-22. That is a significant accomplishment for that contract. The second is the River Chamber Completion base contract where they are doing some excavations, some hydraulic dredging, inside the coffer box.

Next slide. Here is our Lower Monongahela River Project - Time and Cost Scorecard. Just as Mike Braden said, you can see our earned value is slightly ahead of our planned and actual, so we are slightly ahead of schedule - very slightly ahead of costs for budget, but we remain on time and on schedule.

The schedule to become operational - we have changed that to 2022. That is when Lock and Dam 3 is removed. The actual completion of that contract extends into 2023, but the benefits will start in 2022. We refined that a little bit based on when Lock and Dam 3 will actually be removed. We had been carrying 2023 on that.

Budget remains the same. The major activities remain the same, again, depending on funding for this fiscal year. We are relying on the work plan.

That completes my update on the status of activities at the Lower Mon project. There are a few more construction photos on this slide - the photo on the left shows some cofferwall form work for the M22 to M27 contract and the photo on the right shows some more excavation for the River Chamber Completion Contract.

Subject to your questions that completes my presentation on the Lower Mon project.

CHAIRMAN HETTEL: Jeanine, let us jump ahead to 2022-2023 timeframe. You get the river chamber complete, then you have to do the dredging and removal of the dam at Elizabeth to continue traffic. Will that work? You can't remove the dam at Elizabeth until you can lock at Charleroi, and you cannot lock at Charleroi until get the dredging done. Is there a timeframe when the river chamber to be completed, but we cannot use it yet because you have to finish the dredging and the removal of the dam?



MS. HOEY: Yes, our plan is essentially to do those almost simultaneously so the river chamber will finish as the dredging finishes as we remove Lock and Dam 3. There might be a month here, a month there, but the timing is to do that all concurrently.

The dredging that will go out will be essentially an IDIQ contract, an Indefinite Delivery Indefinite Quantity contract for the dredging. Each year we will dredge a little bit more between this year and 2021. We will be dredging from Elizabeth to Charleroi, and that should finish up simultaneously with the completion of the River Chamber Completion contract in 2022 with Lock and Dam 3 removal. We just have to get water depths changed and then we can pass through Lock and Dam 3. Essentially they will all be simultaneous.

CHAIRMAN HETTEL: If I heard that correctly, there may be a month or two timeframe when we have to run the chamber at Elizabeth while removing the fixed dam at Elizabeth?

MS. HOEY: Possibly, depending on how the timing works out.

CHAIRMAN HETTEL: Okay, thank you.

MR. POINTON: Anymore questions for Jeanine on Lower Mon?

(No response)

We will then move on to Chickamauga and Kentucky Locks.

MS. HOEY: As Mark said, I am not Mr. Durrett. I am filling in for him. We will talk about Kentucky and then Chickamauga.

Next slide. Bottom line, up front. Kentucky, as you heard Mr. McKee already said, we have a new risk based cost estimate for Kentucky. The economic update will be completed by January of 2018. The new BCR's will not be available until that timeframe, but it is expected that the BCR will go down. However, they do think the benefits will be in better shape than the cost was. The new fully funded cost estimate, as Jeff [McKee] said, is \$1.25 billion. That is a 41 percent increase.

They have started critical path construction with the award of the Downstream Cofferdam, and as we already discussed, they also have options that expire in May of 2017 for that contract.

Next slide. This slide shows a schematic of the work that they are doing at Kentucky Lock. The grey shading are items that have been completed. The ones that are shaded in yellow are ongoing construction, and the rest represent future contracts. What is ongoing right now is the Upstream Miter Gate fabrication, the Upstream Lock and the Downstream Cofferdam.

Next slide. This shows a few recent pictures from the project site. There are no significant construction activities on the downstream Cofferdam. They are not expected until the April timeframe, but the first photo shows a marine safety meeting with Port Captains and the

U.S. Coast Guard concerning the downstream Cofferdam. The second photo is the dismantling of the Upstream Lock tower crane.

Next slide. The Kentucky Lock Project Schedule. This slide shows the schedule which has been updated based on the new certified cost estimate. You can see that the date changes there.

The last three items on the schedule reflects the items that have to be done to go through the reauthorization. The project will need a PACR [Post-Authorization Change Report]. This is based on the current schedule without risk. With risk there would be an additional 46 months here on the schedule.

CHAIRMAN HETTEL: Jeanine, I am assuming those additional risks include efficient funding?

MS. HOEY: Yes.

CHAIRMAN HETTEL: As we discussed earlier with Jeff, this timeframe reflects the same timeframe we have seen prior, but yet an additional \$380 million cost. There has got to be additional efficient funding requirements in the next seven years to complete this schedule by 2024, which then - well, I do not want to make an estimate of what the inflows of the Trust Fund will be in the next seven years, but that is where I think we need the efficient funding numbers growing out under -

MS. HOEY: I have some general information on that I can share with you that Nashville (District) provided.

CHAIRMAN HETTEL: Okay. Great.

MS. HOEY: Next slide. "New Total Project Cost and Schedule". Talking about the new cost estimate, again we have seen the \$1.254 billion versus the \$874 million. The major reasons, it is the risk based cost estimate. The previous contingencies were 8 percent, and the risk based contingencies are 31 percent. That is a significant change. Of the 31 percent contingency, 35 percent of the 31 percent additional contingency is for inefficient funding. That is about \$64 million.

Nashville District will be briefing some further details on the cost differentials that will be available at the next Inland Waterways Users Board meeting, but I did get some information on the actual funding requirements over the next several years. In FY 17 and FY 18, there is actually no change to the funding requirements that they would need based on the old estimate - they still need the same amount.

In FY 19 they do need an increase, but it is offset because the Chickamauga project actually does not need as much as they had originally intended, so those two projects would offset each other. The bottom line in the Trust Fund would be the same if you compare Chickamauga and Kentucky.

In FY 20, they need less than they have been carrying in their requirements, but in FY 21 and beyond is where the big hit comes, and they will need an increase each year beyond FY 21. I do not have the specific amounts, that is just general information, and I believe that they will have those details at the next Users Board meeting.

CHAIRMAN HETTEL: Run back again what you started at with the percentages. Run that past me again. You went from 8 percent to 30 percent in contingencies.

MS. HOEY: The old estimate of \$874 million was carrying an 8 percent contingency. The new estimate of \$1.254 billion is carrying a 31 percent contingency. That is essentially the way we do our risk based cost estimates. It is an 80 percent confidence that will come in at \$1.254 billion or below. So it is possible that if they do not run into those risks, they would come in below that.

Of that 31 percent increase, 35 percent of the 31 percent is because of inefficient funding - is a risk of inefficient funding.

CHAIRMAN HETTEL: Why was the last project cost estimate at 8 percent contingency versus what you say now at 31 percent?

MS. HOEY: It was not a risk based project cost estimate. That is just the contingency that they had put on it.

Usually we have a higher contingency in the Feasibility Report, and as we get further and further into design and construction and get more details into our design, our contingency usually goes down. With the risk based cost estimates, they are remaining a little bit higher, and again, with these projects that have experienced inefficient funding, that is considered part of the risk that they factor into the cost estimates.

MR. MECKLENBORG: Was there a change in the Corps' policy that implemented use of risk based project cost estimates?

MS. HOEY: Yes.

MR. MECKLENBORG: When was that?

MS. HOEY: Jeff [McKee], do you remember - about 2012 or so?

MR. MCKEE: There was an ECB [Engineering and Construction Bulletin] that came out concerning mega project management in 2012, and it was ECB 2012-2 [Issued: 31 January 2012, Subject: Additional Engineering and Construction Management Controls for USACE Mega-Projects], which mandated risk based cost estimates going forward.

MS. HOEY: As I said, the schedule risk is 46 months due to inefficient funding. Thirty-six of the 46 months is due to inefficient funding. The other is due to other factors - other risks

that have been identified. With risks, the completion date would be January of 2028. Without risks, it is March 2024.

Next slide. "Summary and Challenges." Again, the options for the current contract expire on the 31<sup>st</sup> of May. They have \$27.5 million in options. The new risk informed cost estimate is going to have a negative consequence on the economic metrics and obviously will place a further strain on the Inland Waterway Trust Fund because of the additional contingencies on there.

Because they have significant delays greater than nine hours, the economic update might not be as significant given the higher cost. This project will require a PACR and a reauthorization, and the (Nashville) District will be working on that to make sure that they get that done before they reach that 902 limit.

MR. MECKLENBORG: Does the risk based approach, which increases the cost, does that affect the benefit cost ratio of the project?

MS. HOEY: Yes, because we have a higher cost, our BCR's are going down. That is really why none of these projects meet the 2.5 BCR threshold at 7 percent. That is part of why.

MR. MECKLENBORG: Why was this policy changed in 2012 - decided to be done?

MS. HOEY: It was essentially changed because all our projects were increasing. The costs were increasing, and they wanted a more realistic cost estimate and a level of comfort that the projects would come in at or below the estimates that we were developing at the feasibility level versus coming in with Olmsted and Lower Mon, you see what the feasibility level costs were, and what we are ending up with.

The idea is that you will have a more realistic cost. In most cases, we would be able to come in at or below - there is still a risk that we could come in above - we are at the 80 percent confidence level.

MR. MECKLENBORG: What is the criteria or the threshold of which risk based approach is used?

MS. HOEY: It is required for all the Mega projects.

MR. MECKLENBORG: What is a Mega project?

MS. HOEY: There is different criteria that identifies a project as a mega project. That is identified in the regulation on a yearly basis what projects are considered Mega projects. Some of the criteria is the dollar amount, sometimes it is the significance of the project, sometimes it is the complexity - so Olmsted is a mega project; Lower Mon is a mega project; Chickamauga and Kentucky are considered mega projects.

MR. MECKLENBORG: Okay, thank you.

MR. LEE: Dan, just to answer your question a little further. The risk based cost estimate is not only applied to mega projects. We apply it to all projects on up. Do you remember in WRRDA 2014, the Corps already started, and Congress put into statute the 3x3x3, so when you speed up the process, you do not have enough time to do all the development of the detailed design and work. Therefore, the risks go up, and the cost estimate is not exact. That is why we changed that.

MR. MECKLENBORG: My only add-on to that is that we are already having a lot of difficulty getting benefit to cost ratios at a level that satisfies at least prior Administration's criteria for inclusion in the budget, so this seems like a self-inflicted wound to some degree.

MR. MCKEE: Sir, two more things on that. One, it is for any project greater than \$40 million in costs is required to have a risk based cost and schedule estimate. That goes back to a regulation that pre-dated the ECB in 2012.

One of the other major factors - and you see the last bullet up there talks about a PACR or a Post-Authorization Change Report being required. We were going to Congress too many times for reauthorization. If we exceed that 902 limit that is set forth there, we have got to go back to them because now when they authorize the project, they bought into a certain price level. Now if we exceed the 902 limit, we have to go back to them and get reauthorized. We are seeing far too many projects where we had to go back to Congress for reauthorization.

MR. WOODRUFF: I guess part of it is, no good deed goes unpunished, because I can remember in the 2010 time -frame spending many hours in a room with Jeanine and others where we were talking about one of the things that needed to be improved in this system was our cost estimating, and we were far too often coming up with cost estimates that were inaccurate. We were the ones who, in our Capital Development Plan, recommended to the Corps and Congress, and the Administration said that the cost estimate should be an 80 percent confidence level.

That being said, I am not sure that we discussed, at any point during that process, that - we were trying to eliminate inefficiency in constructing these projects, not put a price toll of inefficiency on top of the already significant cost of these projects.

I think maybe that is an unintended consequence. I am not sure it is necessarily a valid consequence where you are adding the delay cost, because we are not efficiently funding our system, and using that to impact the benefit to cost ratio. We are stretching the project out, thereby, increasing its cost, but we are also foregoing a lot of benefits.

It seems to me, there should be something on either side of that equation, and it does not appear, at least at this point, that there is which suggests to me it could have that artificial impact of decreasing the benefit to cost ratio of a project. That is why, and this goes back to something I said earlier, I think it is really important that we understand, if we handed the Corps of Engineers a pot of money sufficient to do the project, how big does that pot of money need to be to get it done, and what are the risks? At an 80 percent confident level, how much money would you

need today to go build that project? Then beyond that, when we start talking about because of the inefficiency, how much more is it costing us to prosecute the recapitalization of the system?

I think it is valid for us to consider that and think about it. That is what we need to tell the decision makers of this country, is the cost of their lousy funding stream -

MS. HOEY: When we certify the costs - we have discussed at the last Inland Waterways Users Board that we would show what the cost is without the risk of an inefficient funding and what the cost is with the risk of inefficient funding for all of these projects. That risk is identified and quantified, so we should be able to pull that out and show you the two differences. The inefficient funding is not the only risk, but it can certainly be pulled out and shown separately.

MR. WOODRUFF: I think that is very important that we maintain the ability to pull that information out separately because that is what the decision makers need to know, is how much is it costing this nation to be inefficient in the way we are prosecuting these projects?

MS. HOEY: Ready for Chickamauga?

CHAIRMAN HETTEL: No. That is a very valid point, Vice Chairman Woodruff. I agree with you 100 percent. I want to touch base, General, on the importance of the work that Dr. Mark Sudol is doing on the LPMS [Lock Performance Monitoring System] and why it is so important to go back in history and look at the data for delays.

Jeanine, when they do an economic update, the third bullet point on the slide titled “Kentucky Lock – Summary and Challenges” says “*However, recent years average delays at Kentucky Lock are greater than 9 hours and traffic levels remain robust. This should bode well for upcoming Economic Update.*” Can you define recent years?

MS.HOEY: I cannot.

CHAIRMAN HETTEL: Okay.

MS. HOEY: I can get that information to you. I do not know how they -

CHAIRMAN HETTEL: Is it 2, 3, 4, 10 years? I do not know what the number is, but here is the reason why. I went to the Corps’ Navigation Data Center. In 2016, the average delay at Kentucky was 10.16 hours - granted, that is greater than 9. In 2015, it was 15.16 hours. Averaging those two together alone is over 12-1/2 hours, plus the fact that the locking times in 2015 were 1.48 hours; in 2016 was 1.47 hours. With the new chamber, that is probably going to reduce by an additional hour. I did not get the number of vessels through Kentucky when I looked at this, but I would think that would affect the BCR if we do not have the correct data for delays.

All the more reason why Dr. Sudol’s challenge is to go back in history. I know you guys are undertaking an economic update right now at Kentucky, but without the accurate data, I do

not know how we can give an accurate economic update now, thus, an accurate BCR. If you heard me say that before, I apologize.

MS. HOEY: I will pass that on to Nashville (District).

CHAIRMAN HETTEL: Maybe we can get a definition on what “recent years” are. Thank you.

MS. HOEY: Now can I go into Chickamauga? Okay.

Next slide. Bottom line, up front. We talked a little bit about this at the last Users Board meeting. The economic update for Chickamauga Lock was approved on 11 October 2016. There are new BCRs, RBRCR’s [Remaining Benefits to Remaining Costs Ratios] for each of the discount rates - 7 percent, 3.125 percent and 2.875 percent. You can see at the 7 percent, we are under 1.0 for the BCR.

The Lock Excavation Contract is underway, and as Jeff [McKee] mentioned, there are \$7.25 million in options that are currently set to expire on 31 May. Their efficient funding remains at \$37 million for FY 2017. They are developing plans for the award of a Lock Chamber Contract also in 2017.

Next slide. A schematic of the planned activities at Chickamauga Lock. Similar to Kentucky, this slide is coded the same way. The grey boxes are completed contracts; the yellow boxes are ongoing contracts, and the red boxes are future contracts. Here we just have one - the Lock Excavation Contract is currently ongoing.

Next slide. A few photos. Pictures 1 and 2 are the same as what was in the last briefing. The current Lock Excavation contractor anticipates being able to begin unwatering the cofferdam in March of 2017, that picture, picture number 2, that was taken in June of 2016 - it will begin to look like that again. It does not look that right now.

The third picture is from a site visit on the 25<sup>th</sup> of January with Brigadier General Toy, navigation industry representatives and congressional staffers from Senator Lamar Alexander’s office, Senator Bob Corker’s office, and Representative Chuck Fleishmann’s office.

Next slide. Chickamauga Lock Project Schedule. These are future contracts and the scope of the Lock Chamber Construction Contract is still under development. They are figuring out what they are going to do under that.

The Lock Chamber Construction Contract sequencing and work area requirements could impact the award and completion dates of the follow-on contracts, which are the “Site Work and Decommission Existing Lock” and the “Approach Walls Construction” contracts, depending on what scope they put in the Lock Chamber may to define what scope is in those.

They are scheduled to brief the Change Control Board on the 9<sup>th</sup> of March before developing their PACR. The Headquarters’ Change Control Board will review and approve the

PACR documents and determine the timing of the PACR submission. They anticipate exceeding the 902 limit in the 2020 timeframe, so they need to get the project reauthorized before they would exceed that timeframe.

Next slide. “Chickamauga Lock Summary and Challenges.” The project is ramping up construction and design to reflect the Work Plan funding, so they will be ready to hit the ground running when the work plan hits. The project has been adjusted to reflect the efficient funding and risk based cost estimate and schedule analysis, and the new economic update results and a BCR below 1.0 at 7 percent, although it is above 1.0 and okay at the other discount rates.

Again, the 902 limit will be reached in 2020, and they are preparing a PACR.

That concludes my presentation on the Chickamauga Lock Replacement project. Are there any questions on the Chickamauga Lock project that I can pass on to the (Nashville) District?

(No Response)

Okay, thank you.

MR. POINTON: Thank you Jeanine, great presentations.

Next on our program is the Public Comment period. I have two people that have indicated they would like to make public comments. I believe one of them referred to them as “Jim Squared.” First, we have Jim Stark from the Gulf Intracoastal Canal Association (GICA). So, Jim, please approach the podium.

MR. JIM STARK: Mark that is not the first time I have been called “square.” Good afternoon, General Jackson, Chairman Hettel and the rest of the Board.

I am very pleased that you again are on the Gulf Coast, and I will take the opportunity every time that you visit one of our ports on the Gulf Coast to appear before you and talk about issues, not only directly related to the Board’s business, but just Corps of Engineers’ issues related to our infrastructure in general.

The mission of the Gulf Intracoastal Canal Association is to facilitate commerce through safe, reliable, efficient Gulf Coast waterways. I am going to use that perspective of safety, reliability and efficiency as we walk through some of the issues today as a context.

We represent about 200 members, mostly tow boat and barge industry folks, but also the industries that support them and use them - the refiners, the oil companies, the shipyard owners, and the suppliers that supply the boats and maintain them and so on. All along the Gulf Coast from Brownsville to the Panhandle of Florida.

First, I would like to start with the Texas AOR [Area of Responsibility]. I know you have already talked a little bit about the Colorado Locks and the Brazos River Floodgates. I



appreciate the comments by Matt Woodruff and Chairman Hettel about those and fully agree with Matt's assessment that it does not hurt to study these things together, but we really need to look at the funding and look at the B-C ratios and the eventual execution of these projects separately.

Clearly the Brazos River Floodgates are our major problem right now - our biggest problem in that reach of the GIWW. In fact today, they are on restrictions because the current is flowing greater than two miles an hour. We have backups waiting to go through there because they can only go through there because they can only go through with one loaded barge or two empties at a time. That translates to inefficiencies and unsafe practices if we try to push that envelope too far.

I am encouraged that the study with Texas Department of Transportation which is moving forward. I would also encourage the Corps of Engineers to keep on track with the 3x3x3 Plan to complete that.

I was very pleased to meet last week in Galveston with the Galveston District project team with a group of experienced Port Captains who operate in that area often. We reviewed some of the preliminary ideas or designs that may be used to ease the traffic congestion and unsafe conditions at both of those locations.

Great designs - great ideas by the team. Hopefully when they start running the hydrologic models and come to hopefully a simple, elegant solution of just removing those gates and maybe looking at a system of maintenance dredging to make it a safer passage for our tows through there.

There is a long way to go with that, but we need to keep the focus on completing those studies and moving forward with a safer infrastructure there.

Also, I was pleased in the Louisiana side that did visit Calcasieu yesterday, and I look forward to more study on an alternate to the \$17 million solution and perhaps another alternative to just the Inland Waterways Trust Fund picking up half of that. Clearly it is a flood control structure and to us, clearly, it represents inefficiencies and unsafe practices in the system that need to be corrected.

Also in Louisiana, the IHNC GRR [General Re-evaluation Report] and SEIS [Supplemental Environment Impact Statement] that we talked about earlier, we support that TSP [Tentatively Selected Plan] alternative, the 900 foot by 110 foot by 22-foot depth, that will work wonders for efficiency, safety and reliability at that lock.

I want to thank the Corps for the help last year in getting the Bayou Baptiste Collette dredged so that we actually had an alternative to move traffic around the lock while the Inner Harbor Navigation Canal Lock was closed to put in new miter gates and machinery. That ended up working out very well for us. We were able to make probably 400 or 500 safe transits through Chandeleur Sound.

When I say safe, it was a marginal alternative solution to going the safer route of the GIWW through the locks, but with the Corps' help in keeping that dredged, and the Coast Guard's help in keeping it marked, we were able to safely avoid major, major delays as that work went on.

I think some of the businesses, however, did lose business and lost money to alternative modes of transportation, and it will remain to be seen whether or not that comes back, which again all just underscores the need for a new modern, more efficient, more safe lock at the IHNC.

I am very pleased that the Board has voted to support the TSP alternative and the GRR SEIS report. If you like, I have already submitted our comments, and I could give you that as a template. Hopefully, that will move forward, and I look forward to the Public Comment period and the rest of the process getting that onto your queue of projects.

Last, in Louisiana - and I mentioned this the last time I addressed you in Galveston, Texas - we talked about the need to revisit, from the Corps' standpoint, the WRRDA direction in 2014, that the Corps resume operations and maintenance responsibilities for the surge barriers in New Orleans area. The Eastern Surge Barrier at Lake Borgne and the West Closure Complex just south of Algiers. We feel strongly that the experts ought to be running those systems, and that is the Corps of Engineers.

At your meeting in Galveston in May of 2015, I outlined for the Board an incident where a very hazardous condition occurred. The gates are presently operated by the local levee authorities, and we had a near miss with a barge trying to make its way through the gates, and they turned the pumps on for testing.

As many of you know, the local Corps folks certainly do, those are the largest pumps in the system, in the world, I do believe. That caused such a current that it pushed that tow and barge into a fuel pier, and it could have been disastrous. I think the total amount of damages were well over \$1.5 million, but it just pointed out the inexperience of that operator who continues to operate the gates now and hopefully they have a better system of safety in place now for us. That is just one example of some of the challenges we have working with a levee district operating a navigational structure on a federal waterway.

Although the Corps in its guidance last year used words to the affect that they disagreed with the WRRDA language about operating and maintaining those structures, I would strongly urge you to go back and take a look at that one more time.

Just as another example of the issues we are facing there, the local levee authority [the Southeast Louisiana Flood Protection Authority – East] has chosen to keep the bypass gate at the GIWW Eastern closure structure closed for almost a year for repairs for to the windlass. What that means to the mariner is, when the bypass structure is closed, the currents through the sector gate are increased, and that makes for a more dangerous transit through that sector gate and a less efficient operation of the structure itself.

Again, I do not think that would happen if the Corps of Engineers were maintaining and operating the system from a navigation standpoint instead of a levee district operating it from the levee flood protection standpoint.

I would like for you to take a look at that if you can. I know that is not directly an Inland Waterways Users Board issue, but if it is something you can support, please do.

I think that covers the issues I had today. I thank you for listening. I look forward to your next visit to the Gulf Coast.

MR. POINTON: Thank you, Jim. The next Jim is going to be Jim Taylor from MarineNet, I believe.

MR. JIM TAYLOR: General Jackson, Mr. Hettel. Thanks for allowing me to speak to you guys today.

I was here to meet Mark Sudol. Unfortunately, he became sick, because we have been working together over the course of the past five years on the marine industry submitting data into what he is currently working on. Also, we have folks from ERDC here today, a contractor from Trabus Technologies, contacting me to do the very same thing.

I just want to make the Inland Waterways Users Board aware that - just real quick, give you some background - MarineNet is an industry-driven initiative to transmit information between organizations within the inland waterways industry systematically. We have been doing this since 2006. Today we have over 77 trading partners sharing 1.75 million documents monthly. That is on barge status, tows, invoices, orders, responses, so we currently are sharing information within the industry that you are seeing on Dr. Sudol's portal and also on ERDC's efforts as they move forward.

What we are asking today is that the industry has invested considerably in getting, not only the EDI [electronic data interchange] network developed and implemented but also, the standard documents and information utilized, developed and implemented. Quite frankly, quite a few of your Board members here currently utilize this system today to share mission critical information - barge statuses, weights, commodities, positions, tow sizes, tow diagrams. All this information is being shared today.

We even have submitted a proposal on how you can systematically send information that would make up a VOR [Vessel Operating Report] report. That would happen near real time. As you were seeing the tonnages, that information could be submitted on say an every four-hour or eight-hour basis into either one of these systems, and you will see that as the times change.

It also addresses some of our alliance industry folks, such as IRPT [Inland Rivers, Ports and Terminals], on getting accurate tonnage information from originating ports and destination ports which is crucial, as I understand, in funding for port improvements.

We would encourage - we feel like we can enhance these efforts, and we would encourage that these folks utilize the considerable investment that industry has already made in these standard documents, transmitting standard information in a standard manner and trade them within, not only what we are doing within industry, but also with the governmental agencies here. It also ties into an MOU [Memorandum of Understanding] that was signed, I think, 10 years with other agencies with the Army Corps of Engineers. So we would encourage you to utilize that.

That is all I have. Thank you.

MR. POINTON: Thanks, Jim. We are to the last item on the program. I will turn it over to closing comments and to the Executive Director, which is you, sir.

MAJOR GENERAL JACKSON: Thanks, Mark, and thanks to all the folks who made those great comments in the public forum. We really appreciate that. That feedback, that interaction and the collaboration is key. You never know what you do not know until somebody gets up and points out some of the obvious, so I appreciate that. We will take that on as a tasker. I want to make sure that Dr. Sudol is engaged on that effort. We do not want redundant information and redundant systems. We want to just make sure we meet the information requirements that everyone has.

Again, I just want to reiterate, thanks to all the folks who hosted this - folks who participated, to the members of the Board who are here today and participated.

The Inland Waterways Users Board is important for the Corps. It is an important way for us to stay connected to industry to understand your concerns, help inform decisions that we make.

Just in the line of questioning that we get from members of the Board and from folks in the public sessions really helps us understand areas where we can improve our communications and help folks understand some of the very interesting nuances that we have to work under when it comes to federal financing or whether it comes to federal acquisition, all of which sometimes defy logic, but they are what they are, and we just have to work through that and make sure you understand what is behind the curtain on all that. That is what we want to do.

I do want to take a moment to say thanks to a couple of people. How many of you were on the tours yesterday? Raise your hand. Okay, quite a few of you. The folks from New Orleans District helped us put that together, so I just wanted to ask, and if you could meet me at the podium up there - Jeff Olivero and Jason Barnett - both from New Orleans District who were essential in putting that together and hosting that. I have a small presentation to make just to say thanks.

On behalf of all of us, thanks so much, guys. We appreciate what you do every day. We really appreciate your time yesterday helping us to see some of the things you are working on, some of the challenges that you have and help us....(INADUIBLE).

(Applause)

MAJOR GENERAL JACKSON: Okay, let me go around to our Federal Observer Team and see if they have any final closing comments. Mr. Marathon is not here. Ms. Criman? Nothing. Lt. Forney?

LT. FORNEY: Yes, General Jackson, Mr. Hettel. I just want to reiterate that I am here to support. I do thank you for welcoming me to these meetings, letting me sit here and observe. Really, my background and expertise is definitely in navigation, but NOAA is a multi-faceted organization, and I am here at your disposal to answer any questions related to weather, National Water Center - any of those things. So please, let me know if you have any concerns.

MAJOR GENERAL JACKSON: Good. We are going to work you hard, okay? Just so you will know.

LT. FORNEY: Thank you, General. I look forward to it.

MAJOR GENERAL JACKSON: Ask Gary [Mr. Gary Magnuson, former NOAA representative to the Inland Waterways Users Board meetings] if you think any different; he will tell you.

Over to Mr. Let Mon Lee - final closing comments?

MR. LEE: Nothing further, thank you General Jackson.

MAJOR GENERAL JACKSON: None? We better step it up then.

Okay, so with that, again, thanks everybody for coming. With that, I turn the mike over to our chairman, Marty Hettel. Thank you, Marty.

CHAIRMAN HETTEL: Thank you, General. I have one takeaway for Mr. Braden that I failed to ask him when he was up there, and Mike, maybe we can have this for our next Users Board meeting. Is your schedule of disposition of your high value assets once this project starts shutting down - maybe we can get a time-frame of these - am I concerned about a pickup truck that is worth \$10,000? No, but maybe a crane that is worth \$10 million - yeah. So maybe we could get those at the next Users Board that would be great.

Before I go, are there any more comments from the Board members before I put in my closing comments?

I just want to touch base on a few milestones I have heard today. I believe the original authorization for replacement of the IHNC Lock was 1956. Now we finally have a plan moving forward through the GRR through the Tentatively Selected Plan number 3 to replace that 94-year old structure.

We have heard some milestones of what Dr. Sudol is doing with the LPMS data so we can get a more accurate benefit-to-cost ratio when we do economic analysis on our projects.

Finally, no future contracts for the construction completion of Olmsted Locks and Dam, and a functional lock and dam by November of 2017. That is pretty cool stuff. Again, congratulations to the Louisville District and the Great Lakes and Ohio River Division and your project development team, Mr. Braden. Outstanding work. I really appreciate all their hard work.

Lastly, I spoke with Mr. Pointon last night. Our next Users Board meeting is scheduled for May 15<sup>th</sup>, 16<sup>th</sup>, 17<sup>th</sup> timeframe in Charleston, West Virginia.

Thanks so much for everyone joining us. We are looking forward to our next meeting. Thank you.

MR. POINTON: With that being said, do we have a motion to adjourn because I do have Robert's Rules of Order sitting right next to me. Motion to Adjourn, gentlemen?

CHAIRMAN HETTEL: Motion to adjourn.

MR. POINTON: Do I have a second?

MR. INNIS: Second.

MR. POINTON: Mr. Innis seconds the motion. All in favor, say "Aye".

BOARD MEMBERS: Aye. (Unanimous)

MR. POINTON: Any "Nays"?

(No Response)

MR. POINTON: Thank you gentlemen, the motion is approved and the 82<sup>nd</sup> meeting of the Inland Waterways Users Board is adjourned. Safe travels everyone and we look forward to seeing you at the 83<sup>rd</sup> meeting of the Inland Waterways Users Board on May 17<sup>th</sup> in Charleston, West Virginia.

(Meeting adjourned at 12:55 CST)

**\*\*END OF PROCEEDING\*\***

## CERTIFICATE

This certificate is valid only for a transcript accompanied by my original signature and original required seal on this page.

I, Betty Curry Minton, Registered Professional Reporter, Certified in and for the State of Louisiana, as the officer before whom this meeting was taken, do hereby certify that the testimony was reported by me in the stenograph method, was prepared and transcribed by me and is a true and correct transcript to the best of my ability and understanding; that the transcript has been prepared in compliance with transcript formal guidelines required by statute or the rules of the board or the Supreme Court of Louisiana, and that I am not related to counsel or the parties herein nor am I otherwise interested in the outcome of the matter.

This 17<sup>th</sup> day of March, 2017, Lake Charles, Louisiana.

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**BETTY C. MINTON, RPR, CCR #87152**