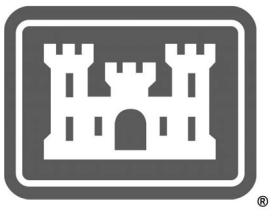

Minutes
Inland Waterways Users Board Meeting No. 93
Fort Smith, Arkansas

February 19, 2020

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Fort Smith Convention Center – Exhibit Hall A-1
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The following proceedings are of the 93rd Meeting of the Inland Waterways Users Board held on the 19th day of February 2020, commencing at 8:00 a.m. at the Fort Smith Convention Center, Exhibit Hall A-1. Mr. Robert J. Innis, Chairman of the Inland Waterways Users Board presiding. Inland Waterways Users Board (Board) members present at the meeting included the following:

MR. DAVID A. EARL, Board Member, Marathon Petroleum Company LP (MPC).

MR. ROBERT J. INNIS, Board Chairman, LaFargeHolcim, Inc.

MR. DAMON S. JUDD, Board Member, Marquette Transportation Company LLC.

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

MR. DENNIS OAKLEY, Board Member, Bruce Oakley, Inc.

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

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

MR. C. MATTHEW RICKETTS, Board Member, Crounse Corporation.

MR. GREG TURNER, Board Member, Dow Chemical Company.

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

Board Vice Chairman MR. MICHAEL J. MONAHAN, of Campbell Transportation Company, Inc. (CTC), was unable to attend the meeting, and CTC did not send a representative on their behalf.

Board Chairman Emeritus MR. MARTIN T. HETTEL, of American Commercial Barge Line LLC also attending 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. DAVID LEACH, Deputy Assistant Secretary of the Army for Project Planning and Review,

Office of the Assistant Secretary of the Army for Civil Works, Headquarters, Department of the Army, Washington, D.C.

CAPTAIN EDWARD J. VAN DEN AMEELE, for the Office of Coast Survey, National Oceanic and Atmospheric Administration (NOAA).

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

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

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

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

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

MS. ALEXANDRA SCHAFER, Alternate Designated Federal Officer (ADFO), Inland Waterways Users Board, U.S. Army Corps of Engineers, Institute for Water Resources, Alexandria, Virginia.

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

MAJOR GENERAL ROBERT F. WHITTLE, JR., Commander, Great Lakes and Ohio River Division, U.S. Army Corps of Engineers.

COLONEL STEVEN M. SATTINGER, Commander, Rock Island District, U.S. Army Corps of Engineers.

COLONEL ERIC M. NOE, Commander, Little Rock District, U.S. Army Corps of Engineers.

COLONEL SCOTT S. PRESTON, Commander, Tulsa District, U.S. Army Corps of Engineers.

Program speakers in scheduled order of appearance were as follows:

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

MG Scott A. Spellmon, Users Board Executive Director and Deputy Commanding General for Civil and Emergency Operations, Headquarters, U.S. Army Corps of Engineers.

Mr. Robert J. Innis, Chairman, Inland Waterways Users Board, Director, Transportation Operations, LaFargeHolcim, Inc.

Colonel Eric M. Noe, Commander, Little Rock District, U.S. Army Corps of Engineers.

Colonel Scott S. Preston, Commander, Tulsa District, U.S. Army Corps of Engineers.

Mr. Michael E. Ott, Chief, HQ Navigation Operations Branch, U.S. Army Corps of Engineers.

Mr. Patrick J. Donovan, Chief, Planning Center of Expertise for Inland Navigation, PCXIN-RED, U.S. Army Corps of Engineers.

Ms. Dana O. Coburn, Senior Project Manager, Little Rock District, U.S. Army Corps of Engineers.

Ms. Martha M. Lucore, Senior Project Manager, New Orleans District, U.S. Army Corps of Engineers.

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

Mr. Don B. Getty, Project Manager, Nashville District, U.S. Army Corps of Engineers.

Mr. Stephen G. Durrett, Regional Business Director, Great Lakes and Ohio River Division (LRD), U.S. Army Corps of Engineers.

There were no public comments offered during the public comment period of the meeting; there were no written public comment submitted for the record prior to or during the meeting.

PROCEEDINGS

MR. MARK POINTON: Can we take our seats, please? Well, we're going to get started so that we can convene this meeting. Our chairman happens to be out of the room at the moment, but for the sake of staying on schedule as much as possible, we're going to move ahead. My name is Mark Pointon. I'm the Designated Federal Officer of the Inland Waterways Users Board. This is the 93rd Meeting of the Inland Waterways Users Board here in Fort Smith. It's safe to say we've never been to this exact location before in the past 30 years. We actually have been to this region before; we were in North Little Rock in May of 2014, and we went and saw the MKARNS (McClellan-Kerr Arkansas River Navigation System), toured the Murray Lock and Dam, and we were actually up in the Tulsa Port of Catoosa I hate to say, it didn't seem this long, but that was 22 years ago.

I believe Bob Portiss is here, he was our host at that time. He was, I believe the Director of the Port of Catoosa, so that was a great trip, literally a century ago back in 1997. I thought the tour was fabulous yesterday, of Robert S. Kerr Lock, it was fabulous. I don't know how Tulsa and Little Rock controlled the weather but it cleared and we had a great day yesterday, so I appreciate all the help we got from them at that tour.

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

The Board is subject to the rules and regulations of the Federal Advisory Committee Act or 1972, as amended. This is a Sunshine in the Government Act meeting, and as such is open to the public, and we seem to have a pretty good crowd here today so I appreciate that.

The U.S. Army Corps of Engineers (Corps or USACE) is the sponsor of the Board and provides the Executive Director, the Designated Federal Officer, as well as all normal activities of the Board.

We currently have no requests for public comment and we have not received any written comments for the record. If anybody wants to make a public comment, please see me at the break or drop me a little note here during the meeting and we'll work you in at the public comment period at the end of the meeting.

These proceedings are being recorded and there will be a transcript available shortly after the meeting. I'd like to urge all the speakers who are at the table, the Board members and Federal observers, to please identify yourself and talk into the mic so that we properly record the proceedings today. I'd like to turn it over to Major General Spellmon now. He's going to conduct the oath of office for Matt Ricketts, who didn't join us at the last meeting when all the other members took the oath, he couldn't join us.

MAJOR GENERAL (MG) SCOTT SPELLMON: Good morning everyone, and thanks for being here, and thanks for those who were able to join us last night for dinner. I don't know

about you, but when I got up to do some PT this morning, I had a couple extra pounds I took along with me, but it was very good.

So we have a full agenda for what is Meeting No. 93. We'll get started on that, but for just a few comments from me, I want to just start off with a couple of welcomes and thank yous.

So we have our Great Lakes and Ohio River Division Commander, Major General Bob Whittle, who went through some gymnastics getting here from Dallas last night. Bob, and certainly his Programs Director, Steve Durrett is with us. From our Southwestern Division, our Programs Director, Mr. Pete Perez, is here as well. And then a couple of District Commanders I wanted to introduce as well: Colonel Steve Sattinger from our Rock Island District, we'll hear from them later on as part of the agenda this morning, and then a special thanks to Colonel Scott Preston from our Tulsa District and Colonel Eric Noe, from our Little Rock District, I really appreciate them hosting us.

We got out as Mark said on the Kerr Lock and Dam yesterday. As you know, about those two, they took command of their respective districts about seven months ago, June or July of last summer. It started raining on them and then they had record flooding on this basin. So they hopped right into it, certainly surrounded by a lot of great talent from their teams, but I think it's been raining ever since. I think yesterday was the first time they've seen the sun in their respective districts. So Scott and Eric, thanks for hosting us and putting this together.

The other thing I'll mention is we had a lot of leadership transition last summer. We've got a bunch coming up this year as well. In the Corps Headquarters, pending a few confirmations and some decisions, we'll likely change over all four General Officers in the Corps Headquarters this summer again. That's pending some decisions by Congress and the Administration. For our regional Commanders, our General Officers leading our Major Subordinate Commands (MSCs), we'll likely change seven of nine this year, and then we have 16 of our 43 District Commanders that will change command somewhere between June and August. So a lot of leadership transition happening in the Corps in the coming months. The guidance that we received from our boss, General Semonite, was very clear. We're going to do all this right with no risk to the program because no one's going to care that we're changing colonels and generals; we've still got to deliver for the nation on these critical projects. So, today's an important part of that discussion on the way forward on a number of our inland waterway projects. So I'll let me just leave it at that. Before I go to the Federal observers, Matt, I'm going to ask you to stand up and I'll read you your oath.

(Whereupon, MG Spellmon administered the Oath of Office to Board member Matt Ricketts.)

MG SPELLMON: Okay. Let me just go around to our Federal observers to see if they have any opening comments before we start. I'm going to start with NOAA Captain Van Den Ameele, sir.

CAPTAIN EDWARD VAN DEN AMEELE: Great, thank you, General Spellmon. Good morning, Chairman Innis, members of the Board, and fellow Federal observers, staff and the

public. For the record, my name is Captain Edward Van Den Ameele. I'm the Federal Observer representing NOAA, the National Oceanic and Atmospheric Administration, and I'm currently serving as the acting Director of the Office of Coast Survey, sitting in for Admiral Shep Smith, who I know was at the last meeting and sends his regrets that he can't be here today. Just by way of a couple brief updates.

First, at the last meeting Admiral Smith talked about NOAA's precision navigation projects, and as an update to that project, currently NOAA has a precision navigation project underway in the lower Mississippi River complex where we have a survey contract acquiring high resolution bathymetry in the river from Southwest Pass up to Baton Rouge. Most of the survey work has been completed, but the last section was delayed due to high water.

Additionally, we are developing a data dissemination gateway where all NOAA navigation data can be found that supports precise navigation from charts to water levels to currents to up-to-date weather data and information. This data will not only allow for easy discovery by users, but also ingestion by third party software companies so you can see the data right on your navigation system.

Next, as some of you may know, NOAA is in the beginning stages of what we're calling sun-setting our traditional NOAA paper charts and the corresponding Raster chart product, with the products expected to be fully phased out by January 2025. This is part of a strategy to improve the availability of the most up-to-date data for marine navigation and other NOAA products, specifically improving our ENCs or electronic navigational charts. This strategy also includes the development of a new alternative paper product called the custom chart, which if you can imagine, is where you go into and draw an outline of where you want chart data and to print to chart and will create a pdf which you can then download.

A couple of brief updates on two NOAA ports projects in this board's areas of interest. First, this summer in Houston/Galveston, a new side-looking current meter will be installed in the very busy upper Houston Ship Channel in the vicinity of the Interstate 610 Bridge, which will be beneficial to the barge traffic on the Gulf Intracoastal Waterway. The need for real-time currents in this area is due to swift changes in currents in the waterway, particularly following heavy rainfall events. While the channel is available, heavy rainfall backed into the channel by several bayous contributes to very quick changes in the currents and has large effects on navigation.

Next, in a growing NOAA partnership with the U.S. Navy, this spring a new port system in Kings Bay, Georgia, will become operational. Four new mounted current meters will be installed at the approach; two inside Cumberland Sound, Georgia, and they will assist mostly Navy vessel movements in that waterway and support operations for the Kings Bay sub base.

Lastly, I'd like to wrap up by highlighting some upcoming meetings that may be of interest to this group. First, the next meeting of our Hydrographic Services Review Panel (HSRP), which is NOAA's federal advisory committee for navigation services, will be held in Honolulu, Hawaii, April 28th to 30th. The agenda is being finalized and can be found on the HSRP website, which I can send a link to Mark to be included in the notes. Admiral Shep Smith

will be back and will attend the Mississippi River Commission (MRC) high water inspection trip, coming up March 29th to April 3rd, and all are expected to participate in the public hearings aboard the Motor Vessel Mississippi as part of that trip. And lastly, Deputy NOAA Administrator Retired Rear Admiral Timothy Gallaudet, will be attending the water sub-cabinet meeting at the NOAA Water Center in Tuscaloosa, Alabama, on March 18th and 19th, where they'll be rolling out the NOAA 2020 spring flood outlook.

Thank you, General, Chairman Innis, and this board for this opportunity to provide these remarks. I look forward to the rest of the meeting.

MR. POINTON: Okay. From Maritime Administration, Mr. William Paape, sir.

MR. WILLIAM PAAPE: Thank you, General Spellmon. In my role as the Acting Associate Administrator for the Office of the Ports and Waterways, I serve as the Maritime Administration representative to the Board. The Office of Ports and Waterways has four primary lines of effort for infrastructure development, marine highway development, deep water port licensing, and outreach and engagement to our maritime community.

Speaking of engagement, I'd like to take a moment to introduce Chad Dorsey, who is the Director of our Inland Waterways Gateway Office in Paducah, Kentucky. Chad's area of responsibility includes Arkansas and Oklahoma.

Thank you for the informative tour yesterday and I look forward to today's meeting.

MR. POINTON: Thank you, sir. And joining us today from the Assistant Secretary of the Army for Civil Works Office is Mr. David Leach from Plans and Policy. Dave, thanks for being here.

MR. LEACH: Good morning. My name's Dave Leach, as Mark mentioned. Just a couple things from the ASA's office (Assistant Secretary of the Army (Civil Works)) really. Secretary James is very interested in inland waterways and really has a passion. (Microphone difficulty.)

Last week, as you probably know, the Fiscal Year (FY) 2021 Budget both of those were milestones. Kudos to both the ASA team, but more importantly, equally important is the USACE team. Both those teams were instrumental in putting that budget together and then working with the Administration to get it released. So a major milestone from a budget perspective and programming. Certainly have challenges going forward on the FY 2021 Budget, but we always have that FY 2021 Work Plan to fill in those gaps that may not have been met in that FY 2021 Budget.

The other probably big thing that's going on in I say DC, it's less about DC and more across the nation, is the revision of the water supply rule initiative (Waters of the United States), so that was pulled back, and collectively, we're working on a way forward to deal with that as we go forward.

So those are just a couple things from Washington. I'm glad to be here and I'll be happy

to answer any questions through the course of today's meeting offline or online. Okay. Thank you.

MG SPELLMON: Thanks, David. Before we go to the Chairman, I wanted to give just an opportunity. I've already introduced Colonel Scott Preston and Colonel Eric Noe. Just want to turn the floor over to them to see if they have any comments or welcoming remarks they want to make. Scott, or Eric?

COLONEL ERIC NOE: It's like American Idol. That's great. So I would like to thank the Board for the opportunity to host you for this forum, so it's fantastic to have you here in Fort Smith, and of course, I've done a little research on Fort Smith, being my first time here actually my second time here but you know, kind of doing a little research seeing about the hanging judge and what Judge Parker did here. And I thought, okay, I know we flooded last spring but I'm not sure if there was some symbolism as to how I'm being brought before the jury to explain how we reacted or how the flooding response went.

But ultimately, I thank you for the opportunity and I can tell you that we take a lot of the message that we get and support that we get to a lot of our different stakeholders to try and articulate how important the mission is and what we're doing out there to generate for our economy and take care of our nation in a lot of ways that folks don't understand. And I've learned a lot as I've taken command and I'm just very, very, very happy to have the opportunity to support an amazing mission.

In Arkansas alone, where we're supporting now $4.3 billion in commerce, was our last estimate, critical to the State of Arkansas, and I'm sure the State of Oklahoma as well wherever my counterpart went, there he is and we are you know, two hours after taking command in a flood, I was with Governor Hutchinson, kind of explaining how we were going to respond to the flood, of course, for life, health, safety concerns, and then immediately thereafter, how we were going to restore the system and try to get all that business back online. And it was devastating to some businesses obviously for some time there, and obviously, we take a lot of passion in what we do and it bothers us if we're not able to get out there and get after those things and, you know, after life, health and safety, it's really about restoring the commerce and the business up and down the Arkansas River in our case. So I'm very thankful for the opportunity to have the Board here. I'm glad you're back on the MKARNS. We're coming up on our 50th Anniversary next year of the dedication of the MKARNS, and I'm looking forward to the next 50 years and hopefully getting us off on a good start to see that we can continue to build that business and that generation on that river that we need to be successful into the future. So thank you very much for having us and being here, and I hope we will get you back on the MKARNS a little quicker than last time, but I'm going to turn it over to my battle buddy here and let him say a few words as well.

COLONEL SCOTT PRESTON: Thank you, Eric. Thank you for adjusting the microphone here. So I took over like a day before Eric did in Tulsa District. Love the area. The mission we have here on the MKARNS is great. Eric mentioned the 50th Anniversary, so that happened in June of 1971, and President Richard Nixon was here, dedicated that, so we're looking to do some kind of similar ceremony this coming year. Appreciate the stakeholders

having us here today and also the stakeholders that helped us on the MKARNS over these last six, seven months. This system was shut down about four months when we had a couple barges hit at Webbers Falls Lock and Dam and jammed up the gates there and we couldn't regulate the flow anymore. That, along with a lot of shoaling and sediment in the river, prevented a lot of traffic. So that got taken care of. About four months it was shut down, got it back open the last part of September, and traffic started to get back to where it was pre-flood condition, so we're pretty proud of everybody putting in effort to get that back up to operation. I'd like to thank General Spellmon for the opportunity to speak. Thank you.

MR. ROBERT INNIS: Thank you. I haven't seen quite as much of the MKARNS or Fort Smith as I would like. I've been under the weather the whole time and I guess I missed a couple alarms there this morning, so I apologize for that.

Good morning and welcome to the Inland Waterways Users Board Meeting No. 93. I want to thank Major General Spellmon for being here today. Your involvement and partnership, we are seeing strong improvements on the inland waterways.

First, I'd like to thank the Corps for the great numbers in the Fiscal Year 2020 Work Plan. Many on this Board have been long advocating for inland waterways projects to receive PED (Pre-construction Engineering and Design) funding, and was happy to learn that NESP and Upper Ohio did indeed receive PED funding in FY 2020.

The Users Board has enjoyed a successful partnership with the Corps over the years, and as the Users Board begins to work with the Corps to update the Capital Investment Strategy, the Board feels strongly that the product should be something the Inland Waterways Users Board and the Corps can strongly support together. With that, I would recommend that we have more collaboration between the Board and the Corps in the coming months to update the report. On top of the Capital Investment Strategy, I believe the Board meeting should start preparing for future projects. As I stated in previous meetings, I would like to receive updates on each authorized project, where each authorized project stands, and the Pre-construction Engineering and Design (PED) phase and what steps are needed so that we are ready for construction when funding begins becoming available. With that, I'd like to ask any of the Board members if they have anything else they'd like to add.

MR. MATTHEW RICKETTS: I have one thing. This is Matt Ricketts. With respect to the PED funding for the NESP and the Upper Ohio and the other projects that we're focused on, if when you provide the update, as Rob requested, if you could also provide a view of what funding would be needed to accelerate the project as quickly as possible to get them ready to be considered for funding for a New Start in Construction. If that is different than what your normal response would be, if you could supply that as well, it would be appreciated.

MR. POINTON: Any other member? All right. Thank you, Rob. Glad you can make it. I know you're under the weather so I appreciate you. At this point, we're going to move on to the approval of the minutes of the last meeting, Meeting No. 92 held in September 2019 in Springfield, Virginia. You were provided those minutes; they're also in your information notebooks. So I request a motion from a member to approve those minutes.

MR. RICKETTS: Motion to move.

MR. POINTON: Matt Ricketts. Second.

MESSRS. SPENCER MURPHY and DAVID EARL: Second.

MR. POINTON: Spencer Murphy and David Earl, simultaneously, dead heat. All in favor?

BOARD MEMBERS: Aye.

MR. POINTON: Any nays? (None.) Motion approved. Thank you. Minutes approved.

Next on the agenda, kind of simultaneous with this is your annual report for 2019. We did a limited print and so you all have a hardcopy of it that I placed at the desk here. We will have the full print of that in probably in another week or two that we will provide to the usual suspects. Those are your copies to keep. I am not lugging them back with me to Washington; those are yours, gentlemen. The report was transmitted to the Army and it was transmitted to Congress on February 5th, so the Headquarters staff, the Assistant Secretary of the Army's Office has it, as well as it was sent out to you all electronically on that date. So that has been distributed and I believe we have posted it to the Users Board website that we maintain in the Corps of Engineers. So once those copies are printed, we will provide them to the usual folks to go ahead and distribute those as they typically do around Capitol Hill and in the DC area. Any questions related to your annual report?

All right. Thank you. We're moving on to Mr. Michael Ott; he's the new Chief of Navigation in the Corps Headquarters and he's accepted the burden of talking about the status of funding for the Navigation Program of the Corps of Engineers, at least for FY 2020. Mike?

MR. MICHAEL OTT: Thank you. I appreciate it, Mark. Should be up on the screen shortly.

MR. POINTON: You can go to the podium or you can stay on your mic. There you go.

MR. OTT: All right. Good morning, everyone. So, we'll not be showing FY 2021 President's Budget this morning. We're still working through a couple of pieces to reconcile a couple of differences out there. In terms of the overall numbers, nothing's really changed from what was presented last meeting, but there's some finer details that we're working through in terms of the Harbor Maintenance Trust Fund (HMTF) distribution, things like that, but nonetheless, I'll be talking to you a little bit about FY 2020 Work Plan.

MR. INNIS: Hey, Mike, Rob Innis. Since we don't have the final details, when you do complete those, could we get a copy of that in this presentation form, get it sent out to us that way?

MR. OTT: Yes, sir.

MR. INNIS: Thank you.

MR. OTT: All right. As everyone, I think, is very familiar with, the Corps is constantly working within a three-budget spectrum, and in some regards, we're still dealing with some details of FY 19 even. As we close out, finalize reports, and oftentimes, there is a fourth year budget that we're working with as we try to finish up finer details on things that were reported out through various venues, and so FY 19 things are still coming up that we're working through. Nonetheless, we're I kind of moved us on the bar on where we're at in the spectrum, and as you can imagine, we're a good portion through FY 20, which makes execution a challenge; it's not an insurmountable challenge. We're extremely grateful for the funds that were received in FY 20. I think part of what we're going to be able to share and present here today is a lot of success of getting that funding.

Now, success doesn't stop with just getting the funds; of course, we're here to execute as well, and I'm very confident in my Corps counterparts around the country on being able to execute those funds. But I think partly of what we're able to share today is a large part success, including to the inland navigation system. But there's a lot of good news to share all the way around for FY 20 as well. So for some, you may have seen this chart. This is a format that is presented frequently, but it's not necessarily just for today, we've just updated it with the most recent numbers. Included in there is the FY 21 Budget.

So, Mr. Innis, there is some aspects of FY 21 as presented here, at least on this graphic to give you a comparison on how things have moved year over year. This gives you a good historical trend as far as how things have progressed over the years, and the big takeaway with this is a large trend for the Corps. This is demonstrated, as we'll walk through and unpack this, in a number of ways: by account and across business lines.

So by and large, we're seeing a good trend of increase across the Corps' budget. Most recently, what you'll see as far as a takeaway from the President's Budget, also includes a major uptick within the President's Budget as well for FY 2021. I recognize that there's some things that are fairly tough to take in terms of this community for what FY 21 represents in the President's Budget. By and large, we did see a large increase for FY 2021 though within the President's Budget as well. As you can see there, approximately 20 percent increase overall above the FY 2020 Budget. For FY 2020 overall though, we saw a significant increase across the board, so let's start unpacking that a little bit.

Another reminder is also before I start unpacking fully sorry about that is to share a little bit about what this trend looks like by and large, and so this demonstration of the buying power of money year over year, of course, you're going to converge as you get closer to near time, but even historically, if we take and backtrack and look back a number years, you can see even with taking our current dollars and pushing them backwards, we even show a significant increase in overall trend within the Corps' appropriated budget. This is by and large good news across the country, and we're seeing a lot of things that we've been able to tackle that have been kind of setting off to the side for a number of years. And so there's a lot that we've been able to take on

that we maybe haven't in the recent past. I draw your attention to the 2011 time frame, and through 2013, and certainly, I was around and felt some of the pain of those years and finding a lot of challenges that were out there, out in the field and trying to execute dollars on a very limited budget. By and large, we are very happy to have the kind of troubles that we have with the large amount of money that's been able to flow through over the recent years. So unpacking the FY 20 Work Plan a little bit, we see on the screen is a breakdown by account, also by business line. The Corps broken up, of course, by accounts in terms of how things are presented, whether it be Construction, O&M (Operation and Maintenance), or Investigations: Those are the primary accounts that most people think of. Similar to times in the past: these values are not coming up, my apologies on that for whatever reason. I'll get that to you. You're looking at the distribution though, O&M accounts for a large portion of that. At least half, or near half of any budget is typically going to be O&M, and so that's something that we work through. Referring back to the previous chart, what you see in FY 21 though is a jump in some Construction that you can see within the Corps. Even within this graphic though, you can see that there's a fair amount that's committed to Construction, which is in the orange. So O&M in yellow; the Construction account in orange, especially, if it's kind of off in the distance here.

By business line, you can see off to the right here, navigation is accounting for about half of that budget. We've had strong support both within the Administration and within Congress of the navigation business line, and that's demonstrated with what we presented in the FY 20 Work Plan. We've been able to get a great deal of support, and it's a special thanks to a wide variety of stakeholders, no doubt the Users Board here as well on helping to insure that the proper funds are coming to the Corps. Taking a look here real quick, this is what we're working with about this time last year with the President's Budget, just quickly drawing your attention to where things were at in terms of distribution you can see about $6 million in Investigations, $138 million in Construction, $679 million in O&M, and $29 million in MR&T (Mississippi River and Tributaries).

What has been requested in the past was that we would have some sort of breakdown and comparison between inland navigation and coastal navigation, and so what we try to present here today is helping to meet that request in terms of what that distribution looks like. And so what you can see here with the President's Budget comparing coastal and inland navigation, you can see what that split sort of looks like. In terms of the overall plus-up, moving past where we started out with the President's Budget last year to where we're at this point in Fiscal Year 2020, you can see also I'll draw your attention to a few things here. First of all, we received this $2.6 almost $2.7 billion of additional funds. That's no small thing. That's a significant jump from where we started at last year. In terms of funding pot, that was about $2.5 billion, and then navigation only being $1.5 billion.

For the Corps, especially for the Nav program, we've got folks that are ready to go execute those dollars, and again, can't say it enough how much we appreciate it. I draw your attention to a little bit more of that breakdown though. So if we look over across each of these blocks, Investigations for instance, we received this plus-up for coastal deep draft navigation in terms of the funding pot, an extra $6 million. Likewise, you can see for inland navigation a significant plus-up of $9.7 million. For Construction, you can see a big plus-up as well. One of the big takeaways for Construction was the $377 million that was committed to the Gulf

Regional Dredge Demonstration Project. There's a connection here, of course, for those that are moving out of the central portion of the Inland Waterways System in that the Mississippi River channel deepening, the lower portion of the river is included in that. Touch a little bit more on that, but there's some real implications that could come along with that.

And then some additional dredging into some of the other accounts like the MR&T account, and we received a big portion of O&M dollars as well. Those O&M dollars go a long way. They go a long way in terms of the inland navigation system for us to help reduce delays, and improve reliability within the system. Much of the O&M that we have across the system is significant, as many of you that went out and saw the project yesterday and heard the presentations on our tour bus, you got to hear a whole lot about what kind of backlog that we're experiencing just right here within Oklahoma and Arkansas. No doubt, the other portions of the system around the country are also experiencing a big backlog.

This kind of additional funding goes a long way to helping to reduce that backlog. So unpacking a little bit more, and some key takeaways of what we saw in the budget within the FY 20 Work Plan. So for the inland navigation system, we'd already mentioned some key PED. Mr. Innis had indicated some increase in there for PED, and that's a major plus-up and greatly appreciated. In terms of the inland navigation system for Construction, we've Olmsted (Locks and Dam) sitting there at $63 million to round out and complete; Kentucky (Lock Addition), the $61 million plus-up; and $101 million, almost $102 million for Chickamauga (Lock and Dam).

These funds will help us go a long way in trying to move these projects forward. I think between the Administration and with Congress, I think that there's a recognition to try to get these dollars out there and moving these projects forward as quickly as possible, and it's reflected within the FY 20 Work Plan. And then just too also touch base a little bit on some other aspects, about $80 million in O&M applied across 24 projects. That's a big takeaway, as I mentioned, for us to move forward in our improve reliability, to decrease delays. That's one of our goals within the inland navigation system. Mark, should we take questions now or later?

MR. POINTON: Any questions for Mike? He probably doesn't want me to tell you this, but he's going to be here the whole meeting so you'll have access until we adjourn, and then even after.

MR. OTT: Yeah. So I'll be available, I'll be talking a little about our Capital Investment Strategy update as well, but any questions regarding the budget and where things are at, I'd be happy to discuss.

MR. INNIS: Yeah, Mike. This is Rob Innis. I think we'll have more questions as we can review the numbers a little bit more. It's kind of hard to see them up there and then also evaluate them, but I appreciate you being here.

MR. OTT: My apologies about that being on the screen so small, but appreciate that.

MR. POINTON: And we'll send those presentations out as soon we're done.

MR. DAMON JUDD: Damon Judd from Marquette. Less of a question, maybe a little more of a statement, but several of us were in DC last week and one thing that I would express is as you look at that plus-up and the importance of that, the $2.7 billion of incremental funding, generally, I think one of the key themes in terms of at least feedback I heard as we spoke with members of Congress, the team that I was part of last week, was the ability that the Corps has demonstrated to execute projects ahead of schedule and under budget with efficient funding is one of the more important messages that we were able to bring as an industry to Congress, and as you look at though the significance of that incremental funding and what we saw yesterday the backlog of need across the system I think aligning the work that your team is doing on that is critical.

And I think back to Chairman Innis's opening remarks, the other message I think we heard was just the importance of the partnership and the fact that the industry is aligned with the Corps on how priorities get set, so as we look at the rest of the conversation today and our work that we will do together through the plan, in terms of freeing up those incremental dollars at least in terms of the message I heard from members of Congress on the Kentucky side, those two attributes were really critical to that mission.

MR. JEFF WEBB: Jeff Webb from Cargill. Just to add on Damon's comments, you know, the one gap that we've seen in the President's Budget is projects that are not funded and the importance of continuation of projects that are underway, you know, the starting and the stopping that we've seen with Olmsted over the years, and so Congress, they definitely recognize the opposite. We've seen the importance of the continuation of the projects and keeping these projects on schedule, on time, well-funded and fully funded is of vital importance to infrastructure.

MR. SPENCER MURPHY: Spencer Murphy with Canal Barge Company. In the same vein, it probably doesn't need to be said out loud but I'll say it anyway just to be clear, that the projects FY 21 Budget is really disconnected from reality when you look at the work plan and you look at the conversations we're having and the work that needs to be done. That's not a new phenomenon; it happens every year with the President's Budget and that goes back several administrations. So I appreciate that the Corps working with Congress and what the Users Board is able to work from there and make it happen. I'm hoping that there will be a point somewhere in the future where the President's Budget is something we can actually work with, rather than something we have to oppose the moment that it's published. Whether it's zero funding for our projects or a punitive new fee on our industry, it just feels like there's two different administrations: There's one that produces the budget and then there's the one that does the work, and we'd like to maybe harmonize the one that does the work with the one that does the budget. Thank you.

MR. POINTON: Thanks, Spencer. Any more questions or comments for Mike's presentation on funding the navigation program? Okay. Thanks, Mike.

Don't get too comfortable. Next on the program, I'm going to address the status of the Inland Waterways Trust Fund. We do have a number of project managers here for the major Inland Waterways Trust Fund projects that are under way. The usual suspects, if you will, for the

Mon River 2, 3, 4, Olmsted, Chickamauga and Kentucky. So I'm going to try to focus primarily on the status of the trust fund. I need to take the podium, hope I don't make an operator error with this as well. So, this is the balance of the trust fund and the revenues that have been collected so far for FY 2020. This is through the January 31st statement. I believe at this point the February statement is now available, and I believe that the revenue is the same, fairly consistent, though currently we've got the $24.5 million, if you will, of fuel tax revenue already collected in FY 2020. We got a few dollars and some pennies there for the interest, $320,000. We are in a dialogue with our finance center and with the Department of Treasury as to why they are not showing any transfers to date.

We believe the forensics seems to indicate it has to do with the fact that we're under a work plan, and once those work allowances get issued and we get the allotments and the funding documents from OMB (Office of Management and Budget), that all those adjustments will click into place and those transfers will end up being reflected as coming out of the trust fund. So here's your trust fund revenues. You can see 2016 through 2020, kind of basically tracking, not quite but pretty close. We're right at that $25 million target level. So this is what we had allocated for the Mon River 2-3-4, it was fully funded to complete at $111 million, that's a 50/50 percent cost share; the $55.5 million coming out of the trust fund. And we have Steve Fritz here; he'll be talking about that as well. This has not been updated for the work plan yet. Obviously, we've got the $75.6 million additional and the matching federal share for Chickamauga and Kentucky, and the $63 million that Olmsted is going to receive out of the current monies that we received in the FY 2020 Work Plan.

MR. MURPHY: Mark excuse me Spencer Murphy. Can we get these slides updated to include the work plan?

MR. POINTON: Yes. Those have not been passed out to you as well either. We were kind of like trying to hit the sweet spot where we have the work plan and update them. Those will be updated for the work plan, they will be pushed out to you all at the same time with Mike's presentation on the funding.

MR. MURPHY: Perfect. Thank you.

MR. POINTON: Yes. We've got the Inner Harbor Navigation Canal Lock. I'm going to talk at the 30 thousand foot level. Spencer, I think you asked about the schedule for that reevaluation, and at the time in September, we were tracking that it was going to be on target. We have received a number of comments back from the Headquarters review the Washington Level Review and those are being digested, if you will, by the district. We actually have Ms. Marti Lucore, who's from the New Orleans District and she's actually here to talk about Calcasieu, but if you have any questions, she can probably get into a little more detail than I can on that if you get into it. I believe you asked that question, so I just wanted to get back to you on that.

LaGrange, that's still on target. They've got their full funding, so as far as I know they're prosecuting that work, and I have no feedback that that schedule has been adjusted at all. I understand that they're still working that as is expected by the division. Not spending much time

on that.

There's LaGrange, and like I mentioned before.

We've got Mr. Durrett here who's going to talk about Olmsted. Steve Fritz and some of his colleagues from Pittsburgh District are here; they can address the Mon River 2-3-4 project. And Don Getty is here again to talk to us about the Chickamauga Lock and the Kentucky Lock projects.

And Emsworth is basically done, so there's nothing new there. I think I have that in there actually. These are all in their presentations so you're not missing anything, but there's nothing really going on at Emsworth at this point. With that, do we have any questions?

MR. WEBB: This is Jeff Webb. What do you project the balance to be in the Inland Waterways Trust Fund at the end of the year? I mean, is it $53 million? Is there a way we can draw that down and continue to use those funds on a progressive basis, kind of get these projects through the system faster?

MR. POINTON: Yeah. The way the budget came out in FY 2021 and the way the work plan is working, we're trying to actually execute or fully implement the revenues that we're projecting for that. We do have a kind of a soft floor of trying to keep a balance of $20 million in the trust fund, and that is what we're using to actually try to project how we're going to execute the trust fund dollars in the future. Obviously, the Administration plays in that, and of course, Congress does as well. I don't want to say they offset each other, but Congress is actually trying to help us use those dollars. Does that answer your question?

MR. WEBB: Yeah.

MR. INNIS: Mark, Rob Innis. The projection is $120 million from revenue, or what is the projection exactly?

MR. POINTON: Can you repeat the question?

MR. INNIS: The projection for revenues for the Inland Waterways Trust Fund, is it $120 million or what are we using $120 million or $115 million?

MR. POINTON: We are using $118 million internal to the agency, plus $4 million of anticipated interest income, which that's kind of been flat-lined in the last few years. So if you add those two numbers together if you ask me right now, its $122 million we're projecting to be available in FY 2020 from the trust fund. That directly will be generated from the trust fund in FY 2020. I'm not making any commitments for the record. Any other comments?

Questions? All right. Thank you.

Mike Ott's going to come back up; he's going to give us an update on the Capital Investment Strategy. I want to give him a shout out as well. He got very engaged to help us push

this over the line to get something out there and start coming with some scenarios and a draft initial report that's for public consumption, so thank you very much.

MR. OTT: All right. So let me stress, as Mark indicated, that this has been a fair amount of hard work over the last few months of trying to move beyond concept, so moving this from the concept, we had a team of experts that had been gathered over the last approximately year of hard work, and there was a lot of good thought process that was going into it, but we reached this place of being able to move from thought process into tangible products and what you needed to have. And so what we had presented and provided out in I think it was February 4th was this document, and this document embodies a lot of that thought process and work that's gone on over the last year. This work reflects a team of experts within the Corps of Engineers, as well as we reached out to a number of external partners to just get thoughts and ideas from where they were coming from, in terms of what their priorities are, what is the national significance of various projects around the country? Of course, the standard answer was all projects are equally important. I think that's one way of thinking about it, but being able to dissect that and break it apart in a logical manner is something that this team attempted to do.

Previously, in years past, this whole thing has an origin back in 2010, and so 2010, you can see that in your booklet there, this Board was frustrated with the Corps being able to articulate, think about in terms of projects into the future. And so rather than providing this year over year individual snapshots, there was a desire to have some sort of 20-year horizon to be able to think about projects beyond this year outlook. And so in 2010, the Corps had work and developed what would become the Capital Investment Strategy document to provide this longer view horizon as to what was coming up to the forefront that was needed for new Construction or even Investigations. Congress took notice of that in 2016, and put it into law that we would put together some sort of Capital Investment Strategy. And so in 2016, we provided an update to that document, taking into account a number of innovative ideas, one of those being the idea of thinking about our portfolio in terms of risk exposure. Leading up into this year in the 2020 update, we've built off of that backbone and background that we had. Needless to say, we also had to backtrack a little bit in terms of what we do know versus a number of assumptions.

And so what we tried to do with this update is to provide as much visibility as possible as to what goes into the development of a 20-year planning horizon and thinking about this. The idea isn't to necessarily say that this is going to commit the government to any kind of funding strategy, but at the end of the day, it does provide at least a good relative ranking of what kind of projects could be achieved by thinking about this 20-year horizon. So this team, as I mentioned, over the last year has worked on building a good logical process to get us where we're at. And so what I'll cover verbally with you is a breakdown of what's within that document. Right now, we put this out to the Users Board on February 4th, provide us some public comment on the document.

Likewise, we're considering possibly extending that comment period a little bit further based on some feedback that I heard from various folks, including the last two days.

So, I'll unpack for you though however what went into this document, just to give you a big summary view if you haven't approached it yet, Chapter 1, we're going to give you this kind

of roll-out introduction as to what was there; what's been done previously and what this document is a little bit different. Chapter 2 tells you a lot about some of the assumptions that are going into this. We didn't try to recreate what would happen in 2016 by creating a number of different hypotheses, and so we haven't tried to say, well, what if you had the cost-sharing structure broken up this way or that way. We don't even attempt to speculate in that kind of way. And so we try to put what is available in current practice, current policy, and go from here and create some sort of projection into the future. Likewise, in Chapter 2, we try to acknowledge as many of the limitations that this document can provide in light of current practices and technical acceptance, in terms of practice that we have within the agency, we try to articulate where the limitations lie. And so within this document, I think, if nothing else, we try to be as transparent as possible so that you can see the limitations of where we're starting at.

Fast forward Chapter 5 on the back end of this document, tells you about all the recommendations that we have to try to close the gap on those limitations.

Chapter 3 is a breakdown on what it takes the thought process to derive some sort of prioritization across the different projects, and so across the portfolio, we try to lay out the methodology of how we got there. What we want is this to be completely transparent completely repeatable for anybody to come out and pick this up, and if they were so inclined and interested, reproduce the same results with something as simple as a simple spreadsheet on how we got here. The idea is isn't to make this thing overly complicated and make it a 100 percent transparent as much as possible. Chapter 3 is the methodology.

Chapter 4 is the results of all of that work that we got to. And so today, I'll talk to you a little bit about the methodology and then the results. So what you see here on screen is me distilling Chapter 3 in a way that really gets to the meat of what's in the document, and about what this team did over the course of the year-plus. On your left-hand side is we do what we do with a lot of typical budgetary practices within the Corps, which is we try to categorize what we have. That we're in a some sort of determined apply some sort of attribute definition and then some sort of weighting practice on that, and that will spit out some kind of results. And so on the left-hand side, if you're able to think about if nothing else what you read in this document, this is the approach that was taken, which was let's categorize what's there, apply some sort of or define some sort of attributes that we could use for these various projects, and then apply some sort of weighting approach to it.

On your right-hand side is breaking that or expanding that a little bit further, so that you can see what went into that? So for categorization, on the right-hand side you'll see how we categorize the various projects and where they lie in their current state. And so for those of you that if you squint close enough, you can actually see what's in that table on the right-hand side. The Category 1: we came out with four categories. Category 1 or tier, or is those things that are ongoing construction; Category 2 are those things that are authorized for new construction; Category 3 are those things that are in some sort of ongoing study, and then Category 4 is future potential projects. In terms of methodology that we would use to evaluate these things also found in that table in the upper right-hand corner is apply some sort of weighted analysis for categories 1 through 3, and then for those in the fourth category, we would take adjust the Operational Risk Exposure methodology that we used in 2016, and think about how we could prioritize the

projects in that category.

So working off of this logical framework, the team began to think about things in terms of attributes. There was a series of major attributes, namely four, so an economic attribute; that's pretty simple. So the attribute would be that BCR (Benefit-to-Cost Ratio) or its relative BCR. Reliability and condition were two things, two factors that went into this. And so that breaks down into two categories or two attributes there sub attributes that is. Lock utilization. So in terms of redundancy, delays in lockages; that's another major attribute, and then this very squishy, sensitivity or subjective piece, which is national significance. National significance being this sort of catch-all of various things that would go into that. And then lastly taking once we categorized and then put some sort of attribute definition, there was some sort of weighting factor that would be applied to these major categories of attributes. What you see in the lower right-hand corner is how that played out though. Economics would be weighted in terms of nine percent; reliability and condition, 38 percent; lock utilization at 17 percent; and then the biggest factor which would be this most subjective one being national significance, at 36 percent.

MR. JUDD: Mr. Ott, before you go on, I'm Damon Judd a quick question. You mentioned that national significance is squishy, I think was the word you used.

MR. OTT: Yes.

MR. JUDD: Given its importance in the weighting, can you give us a little more of a sense for some illustrations around what might projects that ranked high as it relates to national significance and why, and some projects that ranked low as it relates to national significance?

I'm just really struggling to understand that concept relative to its overall weighting and what the impact is without some additional color around it.

MR. OTT: Understood, yeah. So what the attempt was the actual method that we used to getting at this was just a simple polling method of going out, and this was across practitioners within the project development team. I also reached out to various other external entities who gave me sort of an aggregate view of what national significance would be. So the methodology was a simple, let's vote on this, and so there was a range of what was voted in terms of highly significant, all the way to no significance.

And so there was these five categories that went out on the poll, asked various members to give me some sort of thoughts of what that national significance would be, and then we took a simple weighing average of those results at the poll. Right offhand, I could not tell you just anything that's in my head in terms of which project showed the highest national significance, but I could certainly share those results. And so, if anything that comes out of this current period of comment period that I've heard recently, which is getting at that same sort of thing is unpacking this further to provide greater transparency so that you can see these interim steps that get to these results. So I can provide that on the back end, but anything that comes to mind in terms of which project would show national significance and that portion of it versus the other, nothing comes to mind that I can provide you right now.

MR. RICKETTS: I think following up that front, this is Matt Ricketts, to the question Damon asked it might be helpful if for each project that was listed in the line item of projects, if you could share with us the results of how each of them ranked in that category.

MR. OTT: Sure.

MR. RICKETTS: And then also, with respect to the survey, if you could disclose the surveys that you received, who the I guess the executor of the survey was that went into the how these different projects scored on national significance might be helpful as well.

MR. OTT: Let me get back to you on how much I can disclose on names. So let me get back to you on that on that piece.

MR. INNIS: Matt, to that comment, the industry submitted one for the six people that were in the industry on the ranking for that, so I think it was taken as one for six different same surveys done for that.

MR. RICKETTS: My curiosity is around all the others, anyone else who submitted the survey as well.

MR. OTT: Sure. So I will say that all the rest were internal project delivery team members from the Corps of Engineers. I'll give you a bulk category at this point and be reluctant to share names specifically of those individuals, so I'll get back to you on that.

MR. RICKETTS: And also if there was a weighting process to the surveys, or was it straight arithmetic averages for it?

MR. OTT: Yeah. So it was and not all of these team members voted for every project, so they gave some sort of feedback based on what they knew in their area, so I will say that as well. And so the approach was, you know, how would you rank this project and in its subjective way in terms of its national significance. And so national significance was that category that tries to capture a lot of those intangibles that oftentimes people wrestle with on saying, okay, yeah, well, so you're locking through a whole lot of vessels through there, and I provided some of this additional information. I mean, I personally pulled the lock data to say, okay, here's the distribution between recreational commercial lockages at each of these projects.

And so that was provided as well, but this term of national significance is one of those things that was, okay, so I see that project "x" had this amount of commercial lockages versus this many recreational lockages, but beyond all these other quantitative figures, because every other attribute figure on here that you see on the screen, all of those were highly quantitative. BCR might be the next possible subjective piece that's got what it is, but it's highly quantitative in nature as well. But in terms of lock reliability, redundancy, delays all of that information was pulled directly as actual recorded events, and so we did some basic statistics on that to draw some categories on that, and so in light of all of the quantitative information, it was unanimous virtually that national significance would apply a lot of these intangibles with heavy weighting.

MR. THOMAS SMITH: Mike, Tom Smith here from Operations. So I think this is a great discussion because, I mean, I'm looking at the draft report that was sent out and I realize for some of the Board members, you have not been directly engaged in the discussions that Mike made reference to that. This discussion is going to help you kind of look through this, because what you'll see is that in order to get to the initial results, because they are draft and we're going to take more input, there's an intent in the document to describe where things can analytically be derived. So if you look at the document and you take in this attributes, it makes reference to the system of record or where we are intending to get an analytical number to put into the larger spreadsheet.

What I think occurred in the process of kind of laying out the roadmap to get to the Capital Investment Strategy and the ultimate outcomes is just going to strict database of record would not be sufficient. There is a place for expert judgment from those who deal with the inland infrastructure in a high degree. And so that national significance, it is worth I'm looking at the document now, Mike. We probably need to expand on what that means as a definition, but it is really the place where we have taken provided an opportunity for those with expertise in the system to provide a more direct input, as opposed to those leaders or those experts going back and then trying to change a number, what a delay is from a system of record or something like that.

So it's a healthy discussion about probably that mysterious block called national significance. And I know it's a place where, even in our dialogue over the past months, the members of industry that Rob made reference to, they were struggling with it as well, so this is healthy and I think it may be illustrative now to go back and see the report, how we ended up with a category to kind of allow another level of input so that we're not going back in to where we had data and making a comment. So I thought I would add some additional context.

MR. RICKETTS: Thanks, Mr. Smith. This is Matt Ricketts again. Just a couple of things. I think simply put, more transparency in that specific piece because it does weigh in so much would be great.

And I would also like to note since you mentioned a couple of times, the recreational boaters that they don't pay into the system.

MR. JUDD: Damon Judd. I guess one question as it relates to that and I understand, Mr. Smith. I think it's healthy that there's an element of common sense that can be applied and that we're not just working off of a spreadsheet and a formula, so at least from my perspective, I understand that concept. I think to Matt's point, transparency on understanding how those weightings flow through is important to our ability to digest this, at least for me as Board member. And I guess I'd ask one question in light of kind of the Board's responsibility here is, Mike reminds us at the front end of weighing in on funding and priorities, is there a reason why the Users Board members were not asked to weigh in on the poll on national significance?

MR. OTT: Let me say that there was a tap-dancing of making sure that we didn't violate any kind FACA (Federal Advisory Committee Act) rules. And so what we wanted to do is, again, this is the first cut at this, and so what we wanted to do is be able to provide this kind of

dialogue, and so we fully anticipated that the lead-up to this meeting we'd be able to have a healthy exchange of thoughts and ideas. That's not to say that we can't go back and think about next round of where we go from here, but it was fully anticipated and expected that this kind of healthy dialogue would be occurring. So let me say there could be a part two, but let me not commit to that at the same time until we work through the details of what that is. But what we've tried to do is steer clear of getting too much in terms of advice versus comment, and so we have to be very careful with that piece.

MR. INNIS: Mike, Rob Innis. I have a question on that. After the comment period, how will the Board be engaged on the CIS (Capital Investment Strategy) going forward?

MR. OTT: How will the Board be engaged with the CIS? At this point, and that's my last slide on here, is give you the tentative schedule on where we're at. In light of this, I fully expected that we were going to have some good feedback here today, and that's the reason why we released this at least a couple of weeks in advance here so that folks can get a read of it and digest something of it. I think we'll just have to be very careful on what that means in terms of the Board's involvement with shaping the final product, because for this to be become a finalized document, it's got to work through the entire process, which right now what we're providing you is a draft report for comment, a draft document for comment.

That's not to say that this is what the final document would be, because this has got to go through a whole number of other steps to be reaching final public release as the finalized document. So that's the reason why you see all the pre-decisional stuff, labels overlaid and splashed across everything. I do appreciate the dialogue and the comments are important. To date, what we've received in terms of comments between now two separate venues: One being in DC last week, this one here, and then other comments that have begun to flow in along the way, they're extremely helpful. In terms of being able to identify and chart a course, Mr. Innis, we'll have to work through it. I believe we had a comment here.

MR. PAAPE: Sir, its Bill Paape from the Maritime Administration. Could you briefly expound on lock utilization as it relates to levels of service, and do you have a way of accommodating business development or forecasting anticipated use?

MR. OTT: Forecasting growth? Is that generally where we're going with that? So, I think everybody heard the question. Okay. So right now what we try to acknowledge in the document is from a systematic perspective, we acknowledge that we don't have a full traffic-based approach systematically. And so Chapter 5, we try to identify closing the gap in that. And so if we cannot accurately model the current state of things, providing some sort of overlay of growth on that, is at this point, not reproducible. And so part of what this document becomes is a true strategy document, because it sets direction beyond just thinking about projects over the next 20-year horizon, but it thinks about how do we close some of the knowledge gaps or practice gaps that we have in order to help provide a better vision of that 20 years of properly sequencing projects. In particular, beyond just simple reliability extension, to identifying true capacity expansion that needs to occur in the future.

MR. MURPHY: Spencer Murphy. One thing that I noticed in the report is in the

assumptions, there's an assumption that no construction will begin until the trust fund has enough dollars in it to support the full construction budget. Am I reading that correctly, because that seems like we would never really start a project for several years? It would take several years' worth of revenues to build the trust fund up before you could start any one of these major projects.

MR. OTT: Yeah, that's right. So what we try to do is take into account the best way to approach some of the efficient funding in order to help accelerate the delivery of some of those projects. So that was the stated assumption. That's not to say that we can't go back and rethink a couple of those assumptions, but that's the reason why we try to state it there so you're fully aware on how these things are getting sequenced.

MR. RICKETTS: So this is Matt Ricketts, as follows to that just so I'm clear, if that's the same question, Spencer. For example, for the Upper Ohio project that we've talked about, if you assume that the cost share is still 50/50, which I guess is the right assumption for now, and that project has a total cost of $1.8 billion, which I think was the ball-park of the last Value Engineering number that we discussed a couple of meetings ago, back to Spencer's question: Would it be the position that we would have to have $900 million in the trust fund account before we would initiate a new start? And if I'm accurate on that as an example, can you give us any color as to where this thinking is coming from?

MR. OTT: Sure. So let me say that that's probably a statement and assumption that probably needs to get revisited, because I got a couple of displays here on the back end of this that will show you some possible funding stream and construction scenarios that doesn't fully live up to that 100 percent assumption that we provide there in Chapter 2. So editorial update that we'll need to provide to close that gap, because we have progressively rolled this out and so that assumption does have to be revisited in light of what our final results show and per the couple of attachments that we provided you and I'll show you here in couple of slides later.

MR. SMITH: So Mike this is Tom Smith. So the simple answer is that if that's the way we're reading it, then we need to change the assumption. It is not intended to say that you need to have fully fund for the full cost of the project before you can begin. And so it's a great point. It's the type of technical read that we he all to put into this to make that sure we're not misstating.

Obviously, we don't think we're going to have $1.8 billion or half of $1.8 billion in the trust fund before we start. And that part really about the funding stream is more relevant to a way of looking at the sequencing of projects.

You can almost think about some of the body of this report as a little bit of the history of how we got to this point, but then there's really two places, two major outputs: One of them is the projects that are determined to be the most important for the future of the inland marine transportation system, and then there's a second piece which is about ways to think about funding the sequencing of funding for those. But Spencer, I think the clear answer and it's a helpful catch is if you're ready to state that we would have full funding for the entire project in the trust fund, that's not the way it's intended to read.

MR. OTT: Correct.

MR. WEBB: This is Jeff Webb. Just one other comment. So we spent a lot of time talking about attribute Number 4, but could you provide transparency on attributes numbers 1 through 3 as well on the prioritization of these projects?

MR. OTT: Attributes 1, 2, and 3? So we're talking economics, reliability, condition, lock utilization?

MR. WEBB: Yeah.

MR. OTT: Okay. Absolutely. So we can take another crack at that, so I will tell you that in terms of the brief paragraphs that are in there, we try to cite the location that the information was pulled from the sources, the dates that that covered. For instance, each of these three attributes, or attributes 2 and 3 had to do with the last ten years, so up through 2019. So we took and extracted that information in terms of closures, in terms of delay, things like that. That was extracted over the last ten years and some basic statistics that were applied to it to derive basically some mold fitting in terms of which level it was. So it came out to a 1 to 4 type of index that came out of that.

MR. INNIS: So by your next slide by looking at that list that you've provided, what I can't tell is, you know, how each of these priority projects rank in the various attributes.

MR. OTT: Chairman, that's where we're trying to look for is more clarity around that.

MR. INNIS: Yes. Because it very well might be the right priority and the right risk; we just don't have an idea how you got there, that's all.

MR. OTT: Understood. And so we could certainly apply some sort of tables in the appendix that shows exactly the scores by individual attribute for each of these projects and then how this got all summed up at the end to provide the kind of results that you see on the screen here.

MR. INNIS: Okay.

MR. OTT: And so what this reflects is the aggregate net results of applying all those attributes and where they're at. I have no problem with releasing as much information as possible, because we do want this to be fully re-created by anybody if they're so inclined to be able to understand how these results were derived.

MR. JUDD: Damon Judd. To that point, Mr. Ott, would it be possible to get that during the comment period, because I think again, to reiterate Jeff's statement, it's not necessarily that anyone in here, at least from my perspective, I don't know what drove things within the list, but it would be very hard to I struggle with the fact that if the comment period closes before we have visibility on this attributes, you all know better than we will how close to failure certain of these systems are and whether or not that pushed something up or down, and I think having that visibility prior to the closure of the comment period is critical.

MR. OTT: Certainly noted and I think that's that something we can take into account and provide for you. Okay. So great dialogue, by the way. Thank you all. This was the initial result based on what we provided and some of the dialogue to get you where we're at here, and so Category 1 is based on the weighting criteria that was out there. And so BCR had some parts to do with this, but we applied all these attributes and the weighting to derive where we were at with Category 1. I will tell you that just based on how these things were categorized, we knew that these would be at the top of the list just coming into by logical framework. Category 2 might be a little more possibly eye-opening to some, and I'm not going to go and read these off the table and I apologize about squishing a lot of information onto a single screen, but depending on the screen that you're looking at, it's a little more legible than others. But what we have there is a full run-down and the report that we provided, you can also sew that likewise embedded there in Chapter 4.

Category 3, we had a much smaller list. Again, those are things that were in some form of study that was out there. And then Category 4 has to do with risk the Operational Risk Exposure (ORE). We take a crack at trying to identify and describe that this was a component-based effort that rolled up into some sort of overall risk exposure that is meaningful to in this case the Users Board and their thought process. And so we didn't take typical maintenance components, which would be a 100 percent solely our responsible; we tried to exclude those types of components that would be maintenance components and only drive toward those kinds of components that would increase the system reliability or extend the life cycle of that project. And so for this case, this list of projects that you see here in terms of Operational Risk Exposure reflects what would be meaningful to you as Users Board members and how you would be cost sharing from the trust fund. And so this only takes into account those components that would be things like major lock gates or lockwalls and things like that that would truly impact the project in terms of its life cycle or reliability. So what you see on the screen here is how we applied that for these various projects, and we've made an attempt to describe that in the document and certainly welcome to any comments on how we could improve that as well, but we try to provide as much detail as possible so that, again, very little black box as possible. You've got to squint even more let me just give you some sense this came in a second attachment that went out with the report itself.

Let me just say it can be found in the latter part of Chapter 4. What we try to do is bookend in a couple of things. So we take the existing revenue balance for the trust fund, so that's reflected on one end of the spectrum, and that's around an approximately $240 million balance. We don't try to speculate anything in terms of what should that structure of how would that balance be achieved; we just say what if the balance of or the revenue source of the trust fund reflected $240 million so the status quo where we're at today, and how would that project into the future. And so what you see under this far end of the spectrum, status quo where we're at currently, you can see that this goes way out to approximately 2065 or so, before we got to these projects in the overall list. If you then try to bookend that and I'm going switch forward here a couple of steps and again apologize for this, this doesn't show up on the document like this, but this is the draft construction of what if we were able to accelerate this into a ten to 15 year period. And so we also provide a table as another bookend, far extreme of accelerating all the work that needs to be done out there, and this would show as approximately averaging about a balance of about $600 million a year that would be needed to accelerate these projects over about

a ten- to 15-year period.

So sitting in between these two bookends of status quo current balance $240 million to this upper end of about $600 million averaging per year, exceeding approaching up to about a billion dollars per year depending on the spike and where things were at, we provide for you something that's more in the middle of about a $400 million balance of what that would be, and provide you some sort of horizon of what that would look into the future. Again, you can take these and they're in a pdf format, you can zoom in on them to your heart's content and be able to see this from a timing perspective, but what we've tried to present to you is if we take that ranking and take the priorities, using the methodology we described in Chapter 3, and then apply some logistical sequencing based on balances and geographical distribution, that's what these three scenarios lay out for you, which is providing a full spectrum around the country in terms of geographical distribution, and then sequencing these projects, and then thinking about it in total trust fund balance; that's what you get with these three takeaways. If nothing else, these three graphics that I'm providing you would be some great takeaways out the document.

So all of the description of the methodologies to get where we're at, this becomes the true deliverable at the end of the day of what's meaningful for the trust fund users on what's the giant so-what take away from this. And so we appreciate the comment and dialogue about what it takes to get here. We would love to be able to have more feedback on that, but this is the end-state result, and this is the net output of what you're going to walk away from this whole document where.

MR. INNIS: Mike, Rob Innis. On that $400 million, I think it's critical that we also point out that that's what we've been receiving the last three years, basically, and that's what the trust fund's been able to do. And you know, when you look at that compared to the $240 million and what that looks like, I think it's critical that this report states that the $400 million has been what's been received, and what the impact of that look is going forward.

MR. OTT: Agreed. Thanks, Rob. So there's a reason why $400 million was selected. It wasn't just pulling something in the middle, or in between, out of a hat. It was based on these recent balances, and so there is a big takeaway for this, “hey, getting this extra money demonstrates some results” and so it accelerates projects into the near term. It doesn't get us there nearly as effectively as something like averaging a $600 million balance, but it shows real results. And so I appreciate that, Mr. Innis. Those are a great insight there that's useful to know. Okay. Next steps I should say draft next steps.

That's not seen on the screen here, but let me articulate here, especially based on the feedback that I've gotten over the last couple of days, because I've been able to talk to various members and others on feedback on where we're at. Some of you have been able to read the document, start to unpack it, and so there's some so-what to this, and part of the so-what for me is by and large, it's been stated already, we need to extend the comment period and provide some additional information to move forward with this. So before we go much further, well let me just say that that comment period will be extended, let me get back to you and I'll provide a comment through Mark and others to communicate on how much further we'll be able to extend this.

Likewise, we'll provide all the key information that will be helpful on making informed comments for this document. What you'll see on the screen there, but also will provide in a number of other ways, is we do have a dedicated email account that's been set up for this comment period, and you can provide comments there. We have a team that is checking that and reviewing comments, and all is welcome. And I sincerely say that each one of your comments are welcome and these aren't something that we're going to blow off and treat as not as important, because at the end of the day we want a solid document; we want a solid path forward when we're thinking about a 20-year planning horizon on properly sequencing our projects and where we can go from here.

MR. RICKETTS: This is Matt Ricketts. A comment and a question. With respect to this report, I mean, obviously, the Users Board members, in trying to execute our roles here, have a strong vested interest in, you know, the quality, the content and the message of the report when it's finished, and on that front, from my perspective, I would ask that we methodically take the time that's needed for us to be able to get information for you all to pull it together, get it to you, give us ample time to get through it, provide you quality feedback and go through that process as many times as we need to before we plan to submit something to wherever it goes after that.

And I'm making that comment based on looking at the schedule here with the plan to send it up in a few weeks. I'm not sure that's reasonable from my perspective.

The other question I have, which is sort of a one-off is for the list of projects that's in the report, could you all research and make a note of any projects that are on that list that are located on waterways that are not subject to the user tax? Would you all have that information?

MR. OTT: So we have tried to extract those, or mark them. I mean, that was our approach. So there should not be any waterways that are not included in there.

MR. RICKETTS: So there shouldn't be any projects that are on waterways that aren't taxed?

MR. OTT: Right.

MR. RICKETTS: Thank you.

MR. POINTON: Well, you're aware that they actually have projects that are not on fuel tax waterways that were authorized by Congress to be cost shared from the trust fund. That's not an agency decision or an administration decision: That has been a congressional decision in the past.

MR. RICKETTS: And I guess my question is, I'm trying to become aware of which ones those are.

MR. POINTON: Well, off the top of the head, Bonneville Lock was one.

MR. RICKETTS: Thank you.

MR. JUDD: One additional question here on the timeline, just so that I'm clear on the expectation and Chairman Innis, you may be aware of this, or Mr. Ott or others, is the expectation that the Users Board will be voting on the final plan that is submitted?

It dovetails back into Mr. Rickett's comments around time table, or is the expectation that Users Board members in addition to other members or other people out there who are responding during the public comment period are supposed to be providing their comments through the public comment period. Just not sure what the process is here. I know we talked a little bit about it last meeting and it's still not, I guess, crystal clear.

MG SPELLMON: Let me take a swing at it, Mike. First of all, to you and Tom, thanks for all the heavy lifting. I know it's a 400 bench press just to get to this point. I don't know how many folks, Damon, are in the room that were in their current roles the last time that we did this, but I think the one thing that I heard this morning was the concern over transparency.

Mike, what I would like to do there's just a level of discourse that we need to have with the Board that we're not going to get by exchanging letters. All right. So I just think we've got to add to this calendar a conversation, whether it's a roundtable I'm not familiar with all the rules. We've got to obviously stay within that, but there's just a level of detail we're not going to get here by passing paper back and forth. So if we could add a venue of that form to the calendar to this, I think that would be incredibly valuable and needed, because at the end of this, if we're not aligned on process, we're not aligned on the data collection, and we're not aligned on the outputs, if the Corps is in one place and industry's in another, that's not going to serve any of us well. So I'd just like the team to take a look at that and then come back to us on what venue looks like, and I'm certain we can find some folks that did this before and we can get that session or sessions set up.

MR. OTT: Understood, General, thanks very much.

MR. MURPHY: Spencer Murphy. I think that really gets to the heart of the matter. You know, my read on this report is I don't have a lot of heartburn over the top line information, but I have a lot of questions about how we got there. So I appreciate that there's a lot work that's gone into it. I think it's a really valuable process, I think we need to make sure that it stays on track, but we also need to be as complete as we can be in terms of addressing the questions. Thank you.

MR. OTT: Thank you.

MR. POINTON: I'm going to quickly move on to the next agenda item. We're a little behind schedule here, but I think we're fairly okay. We have Patrick Donovan here. PJ is from our national Inland Navigation Center of Expertise and he's going to, at the request at the last meeting from General Spellmon, he's going to give us an overview of the Corps' economic analysis and how we get to where we get with what we consider to be the benefits and the BCRs, the benefit/cost ratios for our inland projects. So PJ, go for it.

MR. PATRICK DONOVAN: Good morning, everybody. I'll try to be succinct and brief

with this presentation today. I would ask that we hold questions to the end; I've got about 17 slides that I'll step through and then we get to the questions at the end. I know a lot of you around the table are new friends that I look to forward to seeing and working with over the coming years.

A little bit about the Center, we're based in Huntington, West Virginia. We are a National Planning Center of Expertise for Inland Navigation and Risk Informed Economics Division.

I have two branches: One you all are very familiar with in this room is the Navigation Branch, and that's what we're going to talk about today is the BCR analysis and the calculations we perform in that. But we also have a Data Management Branch, which collects about 40 percent of the vessel operating reports for IWR (Institute for Water Resources) nationwide. We also are the RMO (Review Management Organization) for all inland navigation studies for the nation. We also function in the Mapping, Modeling, and Consequence Center for the RMC (Risk Management Center). So we have four functional areas across two branches that roll up to me. I like to think I am the Chief Operating Officer of this business line. The Director of the center is actually the LRD planning chief. So I'm the day-to-day guy; I get the pleasure of coming out and talking about this. So what are we going to talk about today? Which way am I going with this?

So to be succinct, the purpose of today is to provide the basic understanding of the why and the how we conduct economic analysis to support water resource investment decisions. The why provides the historical significance and context, and the how explains what we do, and that's where a lot of the questions get generated is in what we do, and that's the fun discussion that we'll have at the end. It's always a good-spirited discussion and we look forward to those.

Here's the why. Yes, we do go back to 1936 is the why. It starts laying down the groundwork of what we do today started in 1936, and the how is in the 1950s. We see that with the Green Book. What's important to understand is that we start seeing a Chief's Report from the Office of the Chief of Engineers in the 1970s, really introduce the economic modeling concept into this discussion and that's what has really grown. My economists that sit in the Center are pretty much modelers, they're economists and modelers, and that's the space we function in. And then of course, fast forward to 2000 Planning Guidance Notebook, and that's where we are today; that sets up how I do my analysis for the nation. It's a narrow lane we function in.

A lot of discussion about that narrow lane and how we can expand that, and that's also a good-spirited discussion we can have. So here's kind of the inland navigation economics. This is kind of really how we talk about cost reduction. This reduction represents NED - National Economic Development - gain because of resources will be released for productive use elsewhere in the economy, right, so we're releasing potential economic activity, same origin and destination. In this case, benefits are the difference in the cost of the mode of transportation between the without-project condition and with the project condition, the economic benefit to the nation's economy is the savings and resources from not having to use a more costly mode of transportation and the increased cost of transport, and we'll talk about without- and with-project conditions a little bit later in the presentation. And then shifting in origin and destination, the benefit cannot exceed the reduction, and the transportation cost is achieved by the project. And then new movement looking at new movement. So there's some things we do in our forecasting

that do address that new movement and that new potential that. Mr. Paape was discussing.

So this is the slide that has all the animation in it. This is the one my economists get the most excited about, so this is basically a simple economic model of a market where goods and services are exchanged. So what we start seeing here is the supply curve shows a relationship of providing inland navigation and costs; the cost and time factor of transitioning a project. Demand curve shows the relationship between the shipper's willingness to pay for inland navigation and cost to ship. The market equilibrium indicated by annual tonnage and some cost. Consumer surplus measures the benefits of inland navigation; Shippers will not have to pay a higher price to ship what they ship. This increase in consumer surplus, existing shipper cost reduction, and additional traffic enters market due to navigation investment to increase the reliability, increase capacity, or to reduce the congestion at the lock. Basic economic principles of how. A little more animation.

Keep stepping through this so we can get to the question portion. Inland navigation supply demand framework, right. That's that traffic demand forecast, shipper rates, operating cost by mode, and shipper responses. That's where we start seeing that. So that's what we look at: Demands, the lock traffic, rates, and shipper response. So the inland navigation so traffic demands are forecast, right. In the past, we did these big 3x3 studies, but in this risk-informed decision making environment, we're finding ourselves that in the revolutionary process, we start seeing those timelines for navigation economic updates be collapsed, pulled to the left, right. We saw that on the Upper Ohio; we saw that on NESP (Upper Mississippi River and Illinois Waterway Navigation and Ecosystem Sustainability Program). I think that will be the continuing way that we go forward in this revolutionizing spirit. So in the past we did these big costly rates and forecast studies. We did that. We went out and we did a lot of surveying, a lot of sampling. Today though in the modern, what we want to do is traffic growth development for production from commodity groups from public sources, right.

We're starting to use open source data, public sources, relying on our sister federal agencies that have the expertise in these spaces to bring those forecasts into our analysis, instead of doing that costly time-delaying, study-delaying intense study. So that's part of that revolutionizing process, part of that informed decision making we're trying to move forward into. So inland navigation, let's talk a little bit about that supply that supply demand framework. Supply, of course, is what the lock and capacity and reliability provides, right, so that's the supply we're talking about; that's the capacity and that reliability of that project. So lock capacity, LPMS (Lock Performance Monitoring System), we'll have discussion about that, and the reliability is the engineering of that project, right. That's the reliability. That's that risk informed component of our economic analysis.

We look at reliability as we do our analysis going forward. Costs, costs, costs. Costs are the money to operate, maintain, and improve the navigation system over the planning horizon, so we look at costs that way. Certified costs, operation, maintenance things we talked about, we know those costs.

Benefits. So a benefit is the difference between revenue received and a cost. A benefit is not always initially expressed as a monetary value. We talk a lot about in this space

transportation rate savings, jobs, income, social economic consideration and environment impact. Transportation rate savings is the thing we talk a lot around this table, and that's the narrow lane I operate in on a daily basis when we do economic analysis. It's that national economic development benefit our system provides the nation is that transportation rate savings. So here's our cost benefit cost benefit framework. What are the benefits? Tonnage time savings per ton. We know these as what guys do on a daily basis. This is the benefit you all provide the nation by operating your businesses as effectively as possible. Cost. Costs are defined in the Civil Works PM as it goes back to 2011.

So let's think about this for a minute. Costs are the money to operate, maintain and improve the navigation system over the planning horizon. Life cycle, 50 years. Fifty years, that's a long time. Financial fully funded, escalate to include inflation, we're escalating cost. The project first costs includes PED cost, Construction cost, values and contingencies. Total investment cost is the project first cost plus interest during construction. Average annual cost is the total investment cost times amortized factor plus annual O&M, plus annualized and discounted repair and replacement cost.

That's what we start looking at when we get deep into the weeds and there won't be a quiz on this, by the way, but this is where we get when we get deep into the weeds on this stuff, and that's where my economists start really getting excited when they start doing this.

So what is the cost benefit analysis, right? So a cost benefit analysis is all of the projects monetized benefits and costs which occur through time are accumulated in using a process called discounting and amortization are expressed on an average annual equivalent. That's what we do. Benefit and cost time frames are directly comparable as average annual equivalents.

If the costs exceed the benefits, the project maybe said to be unworthy, right. So if costs are higher than benefits, if we don't see a return on investment there, it's a non-worthy project. It has to be above one. Cost benefit analysis is used to identify the NED plan. We're coming back to that idea of National Economic Development, that transportation rate savings to the nation. We keep come coming back do that per guidance, per guidance. So the NED plan that maximized net benefits, the net benefits are benefits minus cost. So a BCR greater than one is economical, right, so and a BCR less than one is uneconomical. It's pretty basic, it's a pretty basic concept we deal with in this space. But this is where we get a little confusion, right. So we do this analysis at a current discount rate that is provided by OMB. So we have a current discount rate we can pull at 2.75 percent, 2.83 percent, whatever it is. That's what we run when we do our initial analysis for the districts we're working for when we do an economic analysis. However, there is the bogeyman in the room of 7 percent that is put down on us by OMB. So when we start putting that 7 percent cost of money on the project that starts changing our BCRs.

So we have this real unique left-brain right-brain discussion going on all the time about the current cost of money, which is set by policy. As we make economic recommendations to inform decision makers of their project and that project has a BCR greater than one (at current discount) versus what happens when our projects move across the street and move into OMB, and then they put the factor of 7 percent on it, which of course, changes our economics. That's why you see some really interesting things when we start laying down BCRs to inform decision

makers.

So let's talk a little bit about with-project and without-project costs. What is a without-project condition? A without-project condition is difficult to identify and model. We're pretty upfront about that. It can sometimes take up to 80 percent of the study time that gets into this idea for funds. Think about that: 80 percent of our time is spent in this without-project condition. But once a reasonable description and modeling that the analyst has done is usually ready to quickly model, evaluate and project measures and alternatives.

So once we get in and we get through our due diligence of laying down what the without-project condition is, we can then quickly move to the rest of the process. For those project managers in the room that we have worked with over the years, and I see quite a few out there, they understand this phase is a tough phase in this process, and this is the one spend a lot of time in making sure we get that right, so then when we move forward, we can just start the project.

Without-project condition assumptions. These are assumptions we're moving into, so here they are. They're laid down for us in the Planning Guidance Notebook. I'm not going to read all those in the spirit of time, but you can see where they are, and some pretty good stuff.

Inland navigation economics, what is the with-project condition? Several possibilities here. The with-project condition is a condition that addresses a solution to a problem: Is it a major rehab? Is it a new lock construction? It's actually what we're proposing to do at that lock. That's the with-project condition, so that's what we're actually getting ready to do. That's easy to model. That's easy to analyze. So that's how we can pick up speed and we can move forward, so there's some things we do in this space looking at this.

So really, from an economic perspective, the real measure of cost is the opportunity cost, i.e. the value of what which is foregone when a choice of a particular plan is made. That's that space. So that's where we start informing those decision makers on the NED costs, and remember, those NED costs include three types of costs: Implementation costs, other direct costs, and associated costs.

So what is the BCR? What is a BCR? So it's pretty basic, BCR I'm not really going to spend a lot of time in the BCR space. You can see the read it for yourselves there.

This procedure is used to compare costs and benefits over potential expected future within an investment is made with the with-project condition, and where no investment is made and that's the without-project condition. That's the comparative analysis that you see. So RBRCR, we spent a lot of time discussing this around the table as well. Remaining Costs/Remaining Benefits ratio. The procedure to evaluate remaining costs and what is accomplished for benefits and comparison to what has been invested; that cost in dollars thus far. Total remaining annual benefits divided by remaining annual cost, and that's the model you're starting to see off to the right-hand side. So how do we use this? This procedure is used to compare what has been spent cost thus far, and what will be achieved upon completion the benefit to evaluate the current worth of the project and whether it's still worth investing in. All right. Keep moving along. That's my last slide.

So when we go out, this is the Benefit/Cost ratio of a project, and then so what you see here is pretty much the outputs that we provide. It's pretty basic. There's really nothing going on, but one thing I really want to point to is what we have done. Hopefully I get to the point anyway, if you look across the top here of the slide and you see a "low, base, and high," low, base, high so that is the traffic forecast scenario, right. That's what we're trying to do here is to inform decision makers, provide the information to decision makers of that vertical chain, that okay, in a low forecast scenario, this is what this project will look like, right. This is the benefits this project can generate and the BCRs. In a base forecast scenario, what we believe is the base, this is what we're looking at. And then if we're going to go high forecast scenario, right, we show a lot of growth. This gets to Mr. Paape's question, this is where we start seeing this is in the high scenario, and then you see the BCR start changing there as well. So we provide these decisions to informed decision makers, and then they, of course, can make their decision going forward on how they wish to use the BCRs.

So with that, I said I'd be quick, I stepped through that awful fast. I imagine there are a lot of questions around the room. If not, I can yield time back and we can get to break after the General. So Mr. Chairman, it's however you wish to move forward.

MR. INNIS: Yeah, PJ. I've got plenty of questions for you.

MR. DONOVAN: Always. Let's do it.

MR. INNIS: All right. My first question is have we ever looked at the locations on the river and what capacity they have to go outside the river? Like I can think of a quarry that we have that produces four million tons a year that has no capacity other than river.

MR. DONOVAN: Correct.

MR. INNIS: So have we looked at across the site, to say, okay, if the waterway shuts down, there's no capacity: It's not going on truck, it's not going on rail. It's just done. Do we look at that?

MR. DONOVAN: Yes. So when we get into modeling our national navigation investment model and we start looking at the ultimate origin and destination of commodity moves, we do factor in availability of rail, because it is the benefit to the nation is the cost provided versus overland transportation, right, so that's truck and rail. And so therefore, if there's no rail, you go out of the business. So you are correct. We do look at that scenario.

MR. INNIS: Next question. I know that your book was 1950. Used to be that the railroad would provide cars. Railroad no longer provides cars, so any shutdown of the river, if you're not planning on it, right now a lot of cars are 18 months away, so therefore a shutdown means 18 months before you could get cars to effectively move the product.

MR. DONOVAN: Or you could run into a higher transportation cost, correct? I mean, you can pay for that service.

MR. INNIS: No. No. The railroads no longer have the cars.

MR. DONOVAN: So you're saying once again, you're in that no-capacity situation.

MR. INNIS: What I mean is even you said the railroad went there…

MR. DONOVAN: Right, right, right. But you still have no rolling stock to support the moving of those commodities.

MR. INNIS: You have no cars to be able to do it, right? So even if you say, hey, they've got rail capacity there, right, the railroad goes there. That's great, but they don't unless they have the ability to get cars, which there are just not cars available, especially depending on what type of cars to do that, it means, okay, the railroad goes there but they can't get there for 18 months, once again, shut down, and that's a huge thing, right.

MR. DONOVAN: Correct.

MR. INNIS: Because if we're looking at a book from 1950, they used to provide it, right?

MR. DONOVAN: Right. But in the 2000 Planning update, a lot of that has changed, of course. So we do look at the rail rates. We do factor in existing pricing. We've this conversation before.

As to do we look at the availability of rolling stock? Yes. Do we look at the delay associated with that? Yes, in the model.

Do we calculate the shutdown? I will have to get back to you on that? There is a cost associated with that; there's a consequence. That's a good question.

MR. INNIS: My biggest thing is do we look at the ability to shift; do we look at the…

MR. DONOVAN: Yes.

MR. INNIS: And also do we look at the capital cost that's going to be extended by the companies in order to deal with a long-term shutdown?

MR. DONOVAN: Yes. So really, where you're leaning into that space is where we saw the most, because there is an assumption made that there is rail on both sides of the inland navigation system. That's an assumption we make. Then we look at the costing of the rate of the movement, all that. What you were talking about, we can best demonstrate our ability to do what you're suggesting is on the Soo Lock. We ran into this problem on the Soo Lock when we were looking at the economic update and the fact that there were 220 miles of rail missing out of that network. So we had to go back and you're right we had to price rail; we had to construct rail; we had to show all those costs in our economic analysis. So yeah, we've done that. The Soo Lock is the poster child for that.

MR. INNIS: All right. And do we look at the impact to the roads and the cost to shift to trucks?

MR. DONOVAN: No. No. We don't take impact costs on trucking if we shift all the way to trucking. Most of the assumption is made that the move will move will happen and the lost capacity of the river will move to rail because that is the least cost over land alternative versus truck.

MR. INNIS: But I think that's the mistake right there.

MR. DONOVAN: It could be.

MR. INNIS: I think your next best alternative, especially in short-term periods is going to be truck.

MR. DONOVAN: That's right.

MR. INNIS: You're look at three to six months at least before somebody's up and running to able to do road or rail. There'd be a huge loss in that where they're spending a lot of capital investment to try to get that out, and then you get to the low-cost model. I think the way we have to look at this is that there's a gap.

MR. DONOVAN: There is a gap. You're absolutely right.

MR. INNIS: A long period of time to be able to shift to rail. I mean, even places that have capacity to be able to handle some rail are probably capacity-constrained to be able to do all of their volume by rail, because most of these places are built on the river because that's what they planned on using.

MR. DONOVAN: Correct. We see that really in the grain markets.

MR. DENNIS OAKLEY: a barge was shut down for five months or whatever. We trucked a lot of material to ports of Muskogee and Tulsa.

MR. DONOVAN: And we do look at that truck cost. Now, we don't look at the impact to the roadways. So yeah, we don't look at the maintenance cost that the modal shift of moving to truck in the short term in the short run; we don't look at that highway impact, the maintenance costs, we do not calculate that.

MR. INNIS: And then, especially with the driver shortage that continues to grow, I mean, it's going to be an even tougher situation, right?

MR. DONOVAN: Correct. All in agreement.

MR. INNIS: One last question: When we're doing the RBRCR, we do not escalate dollars

that have already been spent, correct?

MR. DONOVAN: Correct. That's a sunk cost. Correct.

MR. MURPHY: Spencer Murphy. I have a question.

MR. DONOVAN: Yes, sir. How are you doing?

MR. MURPHY: Great. When you're looking at the benefits, one of the slides says tonnage times savings per ton. Are all ton's value the same?

MR. DONOVAN: No. We do a commodity analysis. Different commodities have different values.

MR. MURPHY: So if there's a lot that is heavily used for moving specialty chemicals That's going to carry a higher value of a benefit than if it's a dry cargo primarily, a dry cargo of lesser value commodity?

MR. DONOVAN: Yeah, correct. When you look at the value to the nation, you get into those discussions, you're absolutely correct. The chemical costs and petroleum costs are higher; there's more value associated with that move than, of course, aggregate or stone or even coal today. So we see that cost but we do look at tons. We have to be respective because that could really skew the analysis as well if we're not careful in that space. We recognize the value of the commodity, we do that, but we have to be careful in that space because all our dollars would be on the Gulf Intracoastal Waterway if we're not careful. And some who are around this table may enjoy that, I don't know. So I may be speaking to the audience about this.

MR. MURPHY: You said it, not me.

MR. DONOVAN: It's in the Capital Investment Strategy.

MR. MURPHY: I mostly just want to make sure that there is a value, a cargo valuation is factored in, because I certainly agree, you can't go strictly on the value of one barge going through there, but I wasn't sure that it ever gets really spelled out. And where do you get that that goes back to your public agencies.

MR. DONOVAN: Right. So how we get a lot of our commodities' rates, we use North Dakota State University, we use Texas Transportation Institute, we use the University of Tennessee grad students; they’re a little cheaper to do that with commodities.

MR. MURPHY: Thank you.

MR. DONOVAN: You're welcome, sir.

MR. RICKETTS: Matt Ricketts. Another question on the benefits. When you're coming up with your estimate for the benefits for a project that go into this analysis you may have

already said this and I missed it or it may have been in the materials somewhere and I missed it but are all of the other beneficiaries kind of outside of the navigation piece, are any of them factored in, whether it be the folks that draw water from the system for waste water treatment, hydropower, recreational, or any of the others?

MR. DONOVAN: Right. There's hydropower, water intakes, recreational. There are significant beneficial users of the system that do greatly benefit from the investment we make in our navigation system. You're absolutely correct. The short answer is the net the National Economic Development criteria function is that transportation rate savings, so the value our system provides the nation is based on that savings you all provide versus rail and trucking. So once we get a BCR above a 1, once we get above unity on an analysis, we can look at those other national accounts and bring them into the discussion. The majority of the BCRs you see and we discuss as we go up the vertical change is based on that transportation rate savings.

MR. RICKETTS: And I'm sorry. Can you just say that last piece again? I wasn't following you.

MR. DONOVAN: So, when we have a BCR of great than 1, we can bring those other national accounts into the analysis as well, but we have to have that BCR above 1 at a transportation rate savings.

MR. RICKETTS: Yeah. So another way of putting it is you can't include all the benefits that are there until you meet the threshold just by looking at the navigation transportation piece alone.

MR. DONOVAN: That is correct, sir. Now, are we willing to investigate that? Yes.

MR. RICKETTS: Well, I think it might be worth investigating so that you can take a wholesale look at what the real benefits are to the investments that we're making, even though the navigation industry are the only ones paying into the trust fund at the moment. I think we've all recognized as a group that other folks benefit, and to the extent those benefits to other constituents are real, I think they probably should be factored into in some way into the equation when we're looking at things on a project-by-project basis.

MR. DONOVAN: So in response to that, what I've done is I've asked my economist to look at that issue. We ran into this issue once again, Soo Lock is the poster child for everything that could go wrong on a project goes wrong. It was a unique project to us, you know, we didn't have over-land capacity. Michigan State, working with Homeland Security, came out with a supply chain analysis that was driven by GDP (Gross Domestic Product) analysis as well. So we see the yellow matrixes out there or metrics out there that we can move into in this space. The question always is when you get into really a supply chain analysis like you're discussing is how far does that we go down that supply chain that makes sense? So we are thinking about it. We are looking at how we can fit that and have that conversation. We want to have that conversation because we recognize our system provides greater benefits than transportation rates savings. However today, I'm in that box. So until I get past that 1, I can't bring those other accounts into the discussion.

MR. INNIS: Yeah, PJ. That's kind of back to my point here is the fact that Soo Lock was successful because they did the supply chain analysis, and I think if we have the idea of what the capacity is or where they alternative mode is rail, if you did a supply chain analysis on a large portion of what's shipped on the river, you would find out that alternative capacity is much, much smaller than what's anticipated, and that right there is the part that we're missing, and that would drive that BCR completely differently because I'm sure there's lots of places that you'd say, hey, they have rail access, but they either can't load or the spur's been taken out and you have no idea about that site, or that they don't have the capacity to load that much.

MR. DONOVAN: Correct. We're in agreement on this. We see opportunity to expand our BCRs. We've just got to have to change that policy discussion. Thank you.

MR. POINTON: All right. Thanks, PJ. Thank you. Thanks for coming. At this point, we're going to take a break, I'm going to have General Whittle delay for about 15 minutes so we can take a break at this point, and he's going to go on first thing after the break. It's about 10:10 right now. I'm going to ask that we only take a 15-minute break and you'll probably spend all that time walking to the other end of the Convention Center to find the restroom. So we'll convene in 15 minutes. Thank you.

(Whereupon, A break was taken.)

MR. POINTON: So we can reconvene and hopefully we get out something approximate to the time we're supposed to end. Thank you.

As he makes his way to the podium, we've got Major General Whittle here. He's the Division Commander for Ohio River and Great Lakes - I think I got that backward - Great Lakes and Ohio River Division, and he's going to talk about some of our operational responsibilities on the Illinois Waterway. Sir.

MAJOR GENERAL (MG) ROBERT WHITTLE: Okay. Thank you very much. All right. So it's good to see everybody. I just want to say upfront to all the members of the IWUB how much we appreciate what you do. I know that you all have important roles and responsibilities, and three times a year, you're meeting, spending a lot of personal time; I would imagine even some sometimes personal expense doing this, and it's really important. So I'm really glad to be here today. We're going to talk a little bit about the Illinois Waterway. Just want to make sure I point out to you folks it’s a little early but I've got Steve Durrett here; he's our programs director at the Great Lakes and Ohio River Division. And Bill Chapman's here; he's our Chief of Operations and Regulatory, Bill. There he is. And (Colonel) Steve Sattinger from Rock Island District. Steve over here. And Rock Island District I know you guys are very familiar with USACE. They fall under Mississippi Valley Division, so Major General Mark Toy.

And today for this presentation, our ideal plan was that General Mark Toy and I would come down here together and do this brief. Mark Toy was unable to make it and asked me to come on his behalf as well, and Steve here is also representing Mark Toy today. So All right, we'll get on to the next slide here. You guys like history?

So I was never a history fan in high school or anything like that but I am now, because I guess once you get older and you've lived a lot of it, it's more exciting. So this is the history of the Chicago District, going back about 40 years. So in 1979, the Chicago District is outlined there in yellow, and it contained there in Wisconsin, the Wisconsin portion of the Lake Michigan watershed and the Illinois Waterway watershed as well. In fact, Chicago District built all the locks and dams on the Illinois Waterway.

So in 1979, the Chief of Engineers at the time said the North Central Division - we don't even have a North Central Division anymore - but the commander of the North Central Division of the Corps of Engineers made a decision to shut down the Chicago District, and you know, we look back at that now, I think, all of us, and I don't know who ever thought they'd be able to shut down the Chicago District of the United States Army Corps of Engineers, because of course, Chicago's very powerful politically as you all know; representatives and senators, they love their Corps of Engineers districts. And so in '79, they decided to shut down the Chicago District, and in 1980, they're executing and they found out that politically it wasn't going to happen. And so what the Chief of Engineers did was he made Chicago District as small as he possibly could, and it became eight counties, and you can see in red there, those are linear boundaries, county boundaries. And that means they actually are the Chicago District counties.

Today, those are the Chicago District boundaries, the smallest district in the entire Corps of Engineers. And then the majority of the Illinois Waterway went to Rock Island District, and then the portion in Wisconsin there in yellow, that went to our Detroit District. And I could show you a map of the Corps of Engineers, or of just the Great Lakes and Ohio River Division, and it would give you even more context of just how small Chicago District is.

All right. The bottom line is Chicago District, it did fine for 40 years. So that was 1979, that was the year Lieutenant General Semonite (current Chief of Engineers) was commissioned into the Army when the decision was made. Now, it's 40 years later. Chicago District had a lot of Construction, General funding, a lot of really big projects, and so it was able to function even though its area of operations was that small.

What we're always doing, as Dave Leach and I were just speaking about, we're always doing workforce to workload predictions in the future, and we saw here over the last couple years that Chicago District was going to really run almost out of Construction, General funding and become endangered as a viable district. If you went over to Chicago District right now and you counted everybody that worked there, you'd come to about 212, and we know that if we didn't make any changes, if we don't make any changes, Chicago would drop to about 135 in two years, so 212 to 135 personnel. And at that point, it no longer has enough of a program to retain its engineering competencies.

And so General Semonite asked to us look at some solutions. Go to the next slide. Actually just go back one. These bullets speak to that. So if we're going to have Chicago District and we know we can't close it, then it needs to be a viable district.

Okay. Next slide. So we went to General Semonite and we went with basically kind of

menu of recommendations, and we wanted to make sure you know, we looked at everything that was available. So we looked inside the Great Lakes and Ohio River Division; we looked at the Mississippi Valley Division as well, to see what we could move as far as that program goes.

So you can see over there in the upper left, nine locks and dams and 14 harbors in that Lake Michigan Watershed that's in Wisconsin. That will move to Chicago District. And then the upper Wabash Watershed over here, which is our Louisville District, is also going to move over to Chicago District and that's got three projects that are associated to that as well. And I think most personally what you all care about are three locks and dams that belong to Rock Island District, are going to move to Chicago District. And those locks and dams, they're actually all within the current Chicago District boundaries, but they're being run by Rock Island, and we'll talk more about that here in a moment.

So this slide really is here to just talk to the things that we recognize are really important. So the Illinois Waterway is near and dear to all of you, and there's a couple things going on there, right. So Steve Sattinger and his team are doing some major work on the Illinois Waterway this summer. That work's got to continue, right. It's got continue on the same timeline. It's got to continue with the same cost, and so we're committed to making sure that that will happen and we're confident that it will. And then the locks and dams themselves, when they get turned over from one district to another, you want to make sure you're able to navigate those without any issues at all, so we're committed to that as well.

Next slide. So as we right now, we're also looking at Dresden and Marseilles. In a couple years, if the Chicago District's program is working out, it's possible that those locks and dams could turn over to Chicago as well, but we're going to see how that works out in the future. What the Chief has decided is that Lockport and T.J. O'Brien will go to Chicago and that turnover happens on March 29th.

And then Brandon Road will turn over after the construction is complete there at Brandon Road with respect to keeping invasive aquatic species, the barrier that's being built there.

Next slide. So we want to assure you of is that navigation is going to continue just as it has before; the locks aren't going to impact the consolidated closure that's going to occur as we transfer, and then, you know, bottom line is this: When any of your folks are navigating through those locks and dams, the same people who were working there six months ago are going to be working there six months from now. So it should be seamless and invisible to you all. All your points of contacts are going to remain the same.

Next slide. The only difference is that those locks and dams that are moving to the Chicago District, they're going to start working for Chicago. And so internally, to USACE, you know, Steve's team and our team, we're working very carefully as we look at funding, personnel, supervisory responsibilities, to make sure that those turnovers all go smoothly. Like I said, General Mark Toy and I, we wanted to come here and personally brief you all to be available to answer any questions, but the main message I really want to give each and every one of you is if you hear that there's an issue or if you feel like you're seeing an issue of anything whatsoever on this, just call us and we'll address it for you. It could even help us address implementation; we

can adjust plans if we need to as well. So I just want you to feel like you've got direct contact with us, or you may even run into another stakeholder or a congressional staffer or someone who is concerned about this plan, and if you do, let us know so that we can get back with them.

MR. INNIS: Rob Innis, quick question. Are there tentative dates for a stakeholder meeting?

MG WHITTLE: What we've been doing actually is just trying to address stakeholders directly.

MR. INNIS: Okay.

MG WHITTLE: So we don't have a stakeholder town hall or anything like that set up. This, for example, is one stakeholder meeting that we wanted to hit, and we've reached out to the corn growers, for example, everybody who's come up on the net, the farm bureaus that we can find, we're reaching out to them directly.

MR. INNIS: On top of that, how much is it going to cost to set up a design team in Chicago and where is that cost going to come from?

MG WHITTLE: Okay. So yeah, there is bullet on there about that. So, that's Military Construction, that design team. So it doesn't have anything to do with Civil Works; it has to do with our Military Construction budget for things like barracks, buildings on posts.

MR. INNIS: Okay. And then how is this going to work for O&M funding with the two districts on the Illinois River?

MG WHITTLE: So as far as how we're going to handle the O&M funding?

MR. INNIS: Yeah.

MG WHITTLE: So I think our initial plan is, I'm going to go to Steve (Sattinger, Rock Island District Commander) so it will still go through MVD (Mississippi Valley Division), and then we'll parcel it out from there.

MR. INNIS: Okay. It's not going to be disjointed and not work as a system, right?

MG WHITTLE: Right. It's going to work as a system. Okay.

MR. INNIS: And then what impact is that going to have on 2023 when the next shut down occurs?

MG WHITTLE: It shouldn't have any impact whatsoever.

MR. INNIS: Okay. But the Chicago District will do a couple locks and the Rock Island will do locks in that one?

MG WHITTLE: All right. So I think Steve's going to answer that.

COLONEL STEVEN SATTINGER: For the record, I'm Colonel Steve Sattinger, Rock Island District Commander. The 2023 closures that are currently planned are Brandon Road and Dresden locks and dams, will remain in the Rock Island District and not be part of the Chicago District in 2023. The GLMRIS Brandon Road Project (Great Lakes and Mississippi River Inter-Basin Study) that General Whittle referred won't be done until 2028 at the earliest. So Brandon Road will remain part of the Rock Island District before the 2023 closures, and the Chicago District just like they're going to do for the 2023 closures will likely provide some support. I would imagine they may take advantage of the closure to do other routine or other urgent type on Lockport and T.J. O'Brien. The locks at that point will belong to the Chicago District, but this realignment will not affect the future closure because that's all remaining inside the Rock Island District.

And if I could, sir, just to highlight, the districts have agreed that programmatically that Rock Island District and Mississippi Valley Division will remain kind of in charge of the overall inland waterway program, kind of racking and stacking the priority maintenance projects. So from the system perspective and not try to split that, as you said, to make kind of a disjointed challenge trying to do work on the river. So we're working out exactly how we do that. It is from a budgeting perspective, it's going to remain one program with two divisions over time putting in their own budget packages but prioritized jointly in kind of a programmatic system way. Trying to get after that first question you asked.

MR. INNIS: Right, I think that's going to be critical is that it's still budgeted so it's a system, if we get disjointed and we're not aligned, that's where the system could break down, and that would be our concern.

COLONEL SATTINGER: All right. Thank you.

MG WHITTLE: Thanks, Steve. Any other questions? Okay. Thank you for the feedback. I appreciate it. Thanks for the opportunity to spend some time speaking to you all. Again, any questions come up further, let us know, you may think of some things overnight, tomorrow morning, so feel free to contact us.

MR. POINTON: Sir, thank you. Appreciate you taking the time to come and address the Users Board. Next on the program, we're going to move on to the status of the Three Rivers Project. That's kind of near and dear to where we are at the moment. That's kind of maybe the next big thing on the Arkansas River System. So we've got Ms. Coburn here from the Little Rock District, and I see the Colonel's moved up there, so I think maybe he has something to say as well.

COLONEL ERIC NOE: Roger that. I just want to go ahead and echo a little bit more of a status, so of course, the record flooding last year, we did get a $119 million in Emergency Supplemental, and our crew since the flooding has been working nonstop to, of course, restore operations, working on levee repair, working with the Governor with on some levee repair, and

we're in the repair and replacement stage of a lot of things. A lot of that money is in dredging; we're opening, or continuing to open, the channel and shortly get after some shoaling, and we're also working very hard looking at bank stabilization, a lot of other requirements on the river, the bulk of that $119 million to be focused on.

But of course, that means the confluence, the White and the Arkansas and the Mississippi Rivers, with significant challenges of flooding, if you're not familiar with the Three Rivers situation. And we've brought our stalwart project manager out today from the district headquarters. I'm sure she's happy for the field trip. In an effort to give you the best and latest on the Three Rivers Project and what we're doing to mitigate the critical navigation situation. Without further ado, Dana.

MS. DANA COBURN: Thank you, sir. All right. Can everybody hear me? Good.

Welcome to Arkansas. Good morning. My name is Dana Coburn and I'm the project manager for the Three Rivers Project. A little bit about this morning, we'll do this is an information brief, a little bit of project overview, project location, existing conditions, and a current status.

So our problem is that the White River and Arkansas River naturally want to merge. When this happens, we would lose a navigation pole, and lose navigation for some time on the system. Our objective was to provide safe and reliable navigation through the study area over the period of analysis. This is to reduce the breach risk, reduce the risk of dangerous cross currents, reduce Operation and Maintenance cost for this portion of the system, and minimize impact to bottomland hardwood ecosystem.

This last bullet was very important to our study partners, mainly the U.S. Fish and Wildlife Service and Arkansas Game and Fish Commission. We worked with them from the beginning of our study and are still coordinating, communicating with them to this day.

Our solution was presented at the Chief of Engineer's Report signed in September of 2018. It is to construct a new containment structure tying in with the existing containment structure at elevation 157, with an opening at the historic cutoff at elevation 145. We have actually determined the width of the opening during Preconstruction, Engineering and Design (PED). It was going to be between 500 to 1,000 feet, and our initial determination is now going to be 1,000 feet.

Removal of the Melinda Structure and I'll get into where these items are located in the next few slides that has actually changed since the historic flood event last year. We're actually going to incorporate the Melinda Structure and not remove it, and then create an opening at the Owens Structure. Our stakeholders are Arkansas Waterways Commission, they were the non-federal sponsor during the feasibility study; U.S. Fish and Wildlife Service; Arkansas Game and Fish Commission; Arkansas Natural Heritage Commission; and the Arkansas Oklahoma Port Operators Association.

Our PED milestones, our PMP (Project Management Plan) was approved in May of last

year (2019). We have a review plan that was approved in June. We are scheduled to start our plans and specs in July of this year, and then finish the plans and specs at 90 percent in February of 2022. And then a 100 percent plans and specs in October of 2022.

Our PED funding from FY 2019 and FY 2020, we have $4.5 million. The Balance to Complete is $7.842 million, so the total cost $12.342 million. Between the FY 2021 President's Budget and the (FY 2020) work plan, we have been completely funded for PED.

MR. INNIS: When will you be ready for construction; have you received a new start for Construction to begin?

MS. COBURN: If all goes well, we're hoping for FY 2023 Construction.

MR. INNIS: Okay. So you'll be ready in FY 23?

MS. COBURN: Yes, sir.

MR. INNIS: Thank you.

MS. COBURN: That is, of course, if it will stop raining. Our Construction first costs from October 2017 price levels is $180,295,000; OMRR&R is $724,000; and a BCR at 7 percent of 2.4.

So where are we in the world? Today, if you look at the inset map, we're on the western side of Arkansas; Three Rivers is on the southeastern side. And then the actual project location is within the circle. So this is the Arkansas. The White comes in, becomes the White River; the Mississippi River is on this side, and then this is the uncontrolled Arkansas River. These two rivers naturally want to come together. For existing conditions, there is already an existing containment structure. You can see it, it starts up here, comes all the way down. This is the Owens Structure, the Melinda Structure, and the historic cutoff.

We've got a lot of things that have been built since the 1970s since the operation of the MKARNS started that are down in this area. What our selected plan is, the four areas that are in purple, these are our four construction sites. This would be open Owens Structure; the new Containment Structure; while this is the Melinda Structure we were originally going to demolish, but we now are going to bring this line up and incorporate the Melinda Structure; and the historic cutoff will be used as a relief valve.

MR. OAKLEY: Excuse me, this is Dennis Oakley. What's the structure going to be made out of?

MS. COBURN: Rock. Are you talking about the new Containment Structure? That will be rock.

MR. INNIS: Dana, Rob Innis. Is there an estimate of when they could possibly merge, and would we lose pool?

MS. COBURN: I don't know. Like I said, before these two rivers have naturally wanted to merge, the historic cutoff used to be an area where they were at one time connected. Yeah, I don't know when.

MR. OAKLEY: I'm surprised they didn't do it this year.

MS. COBURN: So for our status, last year we did experience a historic high water event on the MKARNS. It put our PED back by about six months. We are still trying to gain rights of entry. We need to get a special use permit from the U.S. Fish and Wildlife Service. We have some landowners that we are trying to get rights of entry. Once we get those, we'll begin the cultural resources survey and also the other land surveys. We are actually working with Vicksburg District to do the soil borings and the soil testing. So once conditions are favorable, we will get in there and start working on that. And like I said, from 2019, it did actually alter the site, so that's why we went ahead and decided to not remove the Melinda Structure and incorporate it. That's going to save, hopefully, about $14 million in Construction.

For our completed activities, we did already award the cultural resources survey. We've done the bathymetric surveys, and we've been working with ERDC, the (U.S. Army Corps of Engineers) Engineer Research and Development Center, on the navigation impact assessment. They were the ones that helped us determine that we could open the historic cutoff at 1,000 feet and not develop the dangerous cross currents in the system. So once we're able to get in there, our next steps are to get the field work done when weather permits and start with our design activities, and move on from there. Any questions?

MR. OAKLEY: Approximately how much rock is that going to take, ballpark?

MS. COBURN: I don't know off the top of my head, but I could find out.

MR. OAKLEY: I was curious, and I don't understand. I'm far from an engineer, but I got a price on rock delivered down there, and for 500,000 tons, about $25 million this is ballpark prices. We're talking $180 million, I just don't understand.

COLONEL NOE: So she mentioned some of the cost savings we've already had. The flooding did some significant shaping of our terrain down there, and I personally have met with the U.S. Fish and Wildlife Service manager for the National refuges down there to hear his concerns in terms of support, but he's for the project. He's just as undermanned as many of our official wildlife refuges are, and he is working through the process. I think the biggest challenge for us is we just continue to have wet seasons, and that is aggravating a lot of our ability to get in and do the surveys and be able to do some of the initial work we could be doing right now while we're waiting for some of the other permitting and rights of entry access.

And if I remember correctly, I think you were telling me that the expectation is right now we're waiting for flows to be reduced and we think by the end of the month, we're hopeful we'll be able to get in and continue some of our survey work. But it's been very slow go.

She mentioned we're fully funded. We're very grateful for Congress and a lot of political support on this project. I know it's of very high interest to Senator Boozman (R-AR), Senator Inhofe (R-OK), and of course, the entire congressional delegation really in Arkansas for the threat related to navigation along the Arkansas.

The White River is also quite a wet season for it as well, and so we have a confluence of problems - no pun intended really - for the Three Rivers, which is the crux of why we're having to do this project, but is also very aggravating in order to fulfill the project in a timely manner as you might expect.

So if you see flooding and it impacts navigation, you can go ahead and probably safely assume that Three Rivers is impacted as well and our ability to continue to move this project through in a timely manner. But I haven't heard anything that suggests there's a threat to navigation currently in terms of the confluence of the rivers, and if we do get some information like that, of course we'll be discussing it with not only our powers at Headquarters, but all of our stakeholders and interested parties who are dependent upon that navigation in order to fulfill their business requirements.

MR. OAKLEY: Well, I guess, it just seems like the project is, in my simple mind, very expensive of what it could be, but I don't understand. I know that all the studies you have to do and all the people you have to please, and I guess that runs it up.

COLONEL NOE: I think when you work the contract and you start to look at access and how they get in there to put in that structure and what you need for substructure, and how you continue to have to survey and see that your impacts are going to be what you're aiming to achieve, it will be pricey. Getting folks to operate in that particular piece of terrain is tough.

MR. OAKLEY: It's rough down there, I know.

COLONEL NOE: Well, so Dana, thank you very much, and if there are any other questions, we're around to answer those as we go.

MR. OAKLEY: All right. Thank you.

MR. POINTON: Thank you, Dana. Thank you, Colonel. All right. Moving on in the program, we've got Ms. Marti Lucore here from the New Orleans District, and she's going to give us an update on some of the findings that they have for the Calcasieu Lock, and maybe a little bit of progress or way ahead, if you will, for that particular project. Marti?

MS. MARTHA LUCORE: Good morning. I'm Marti Lucore with the New Orleans District. I am the Senior Project Manager for the Calcasieu Lock Project. On my team, I have other navigations projects that may be of interest to you, among which are the deepening of the Mississippi River and the IHNC (Inner Harbor Navigation Canal) Lock.

Okay. To give you a little bit of background on the lock, the lock is located on the GIWW (Gulf Intracoastal Waterway). The purpose is a salt water intrusion lock. A couple years after it

was built, a second authority was issued for the lock and that was to serve as a drainage structure. The salt water prevention is from the west going east, however east and northeast of the lock is heavily agricultural, and during the spring rains, they would have a backup of flood waters from the rain; the lock served as a drainage structure and it functioned by staying in the open position.

The problem that we encountered was during periods of drainage when the lock was in the open position, navigation had trouble heading eastward through the lock and could not navigate through the lock. So we looked at the different problems and opportunities, and the solution that we came up with during feasibility, and that's since been authorized, is to put a bypass channel and the sluice gates.

And I guess about a year ago, we did a ship simulation on that, and I reported out in the spring the results of those modeling results. I do have extra copies for anybody who might want one. The problem with the simulation that we found is that although we did fix the problem of the ships or the barges traveling eastward, we created a problem for those traveling westward. All of the seasoned pilots, they came and did modeling that we can't go headed west are pulling us into that bypass channel.

We went back to the drawing board. We altered some of the operational parameters; we looked at the geometry of the entrance to the channel; brought the same pilots back a few months later, and we still had problems. So they said this will not work.

So what do we do now? We have a project that the navigation industry is saying won't work. First thing we decided we could do is go back to the drawing board, do a Post Authorization Change Report (PACR). That would require additional PED money. There is no guarantee of success. This had a very low BC ratio to start with, and all the other alternatives that we should consider during feasibility would exceed that BC ratio. We would expect higher costs and probably exceed the 902 Limit, which would also trigger a PACR.

MR. INNIS: Marti, Rob Innis. What's the cost increase for action number one?

MS. LUCORE: I'm sorry?

MR. INNIS: What's the cost increase for that first action?

MS. LUCORE: Well, without knowing what the new solution would be, we would need at least $200,000 or $300,000 to go back to design.

MR. INNIS: So we don't have an estimate for what it would even be for that solution?

MS. LUCORE: We don't know what that solution would be. That would be what the PACR would help us identify; what would the alternatives be. The ones that we had from the feasibility report did not have the corresponding benefits to get a BC ratio above Unity.

MR. INNIS: So we're just expecting the costs to just be higher and that would go above the 902 Limit, but no estimate whatsoever?

MS. LUCORE: No, because that's just based on we went with the cheapest one that, you know, the NED plan, and all of the other alternatives during feasibility did not get a positive BC ratio. So we would be looking at all new alternatives, and one of the reasons why we think it would be higher is we would have to go under State Highway 84, and going under the highway is where all the costs were. So we had to take advantage of a waterway that already went under the highway, and there were only two locations, the GIWW and Black Bayou. And going under the State Highway is what drove up the cost, and where the bypass channel is on the GIWW is the only place that we can put it between the highway and the lock, because the whole point is to take the flows off of the lock. The other option would be Black Bayou, which is one of the things that we considered. Black Bayou actually has a CWPPRA project, Coastal Wetlands Planning, Protection and Restoration Project that is owned by NRCS (Natural Resources Conservation Service). At the time of the study, that project had failed.

There was a geo-tech problem and that project was shut down. We had looked at repairing that as an option and that cost was too high; that was prohibitive. Since the project feasibility report has been completed and authorized, that project has actually been repaired by NRCS, and its capacity it does the same thing: It's a saltwater intrusion barrier based on flood gates and it has a capacity of 9.12 thousand CFS (Cubic Feet per Second) and our project was going to be 10.1. So, our second course of action was to add on to that. And again, adding on to that to get the full design amount, we would only be able to take the benefits of the incremental increase, and again, the cost of doing any sort of modification under that highway just drives our alternatives beyond consideration.

And the third one is to suspend, and the advantages of that is that we are already getting 90 percent of the capacity of what our project would have been through the NRCS project (Black Bayou). We also have been talking to the pilots that did the simulation, talking to the lockmaster, and we're starting to get feedback that the delays are not as severe as they had been in the past.

When I presented in the spring to the Board Users Board Meeting No. 91, May 23, 2019), a lot of the feedback that we got was that our model vessel for the simulation was smaller than what you typically see out there. We chose that particular vessel because that was the one that was having trouble navigating through the lock during periods of drainage, and the feedback that we're getting is that that sized vessel is rarely used anymore.

So anecdotal information that we're getting is the problem just isn't there anymore; not nearly especially with the opening of Black Bayou. That's the lockmaster's speculation that he thinks it's Black Bayou, and the pilots that did the simulation report, at launch kind of said, you know, we haven't seen the problems in the last couple of years that we were seeing 15, 20 years ago.

So right now, with the what the district is leaning toward is suspension, but before we make that formal recommendation to our commander at Mississippi Valley Division in Vicksburg, we wanted to present our findings to the Board and get feedback from you all, any comments, any concerns that I can bring back to my leadership before we make that formal recommendation of how to move forward.

MR. MURPHY: Marti, its Spencer Murphy. Have you done or considered doing the modeling with the more realistic tow scenario with a larger horsepower vessel that's more in line with the actual traffic?

MS. LUCORE: That was actually discussed, and what we found was that the larger vessels were not having trouble traversing eastward through the lock.

MR. MURPHY: But what about westward, wasn't the issue the westbound traffic?

MS. LUCORE: The pilots that did that, they said that was not so much a function of the horsepower of the tow but the current, and they felt that regardless of how big or how small of a vessel that you had, you would still be pulled, and we didn't want to take the risk of even if you did have a larger vessel, we didn't want to take the risk of doing that investment if the smaller vessels would have just as much problem.

MR. MURPHY: Okay. That's my only suggestion would be if it's not a huge cost, to just run that simulation with a larger size tow on the westbound traffic and see what you get. If that takes you too much time and too much money, I understand, but that just seems like the decisions are being made based off simulations that aren't realistic to the on-the-ground traffic.

MS. LUCORE: Okay.

MR. ROBERT RICH: Marti, this is Rob Rich. A comment. The prospective use of the helper boat, understanding that higher horsepower is still going to have what looks like a westward pull, I could be off geographically here, but if you're transiting a course and you have a cross current that's setting you down because the proposed project would be pulling so much water through there, a tug at 90 degrees, small boat, helper boat folks who are familiar with that would be a very, very economical way to provide the safety to be able to transit through that area and still be able to have your project.

What I lack is the knowledge of whether the Corps is able to allow that sort of contracting process to occur, but sort of thing that happens in other parts of the country where you have cross currents regardless of the horsepower of the tug transiting forward, you're still going to be sliding to one side of the channel. Again, small tug, 90 degrees, a concept to consider.

MR. MURPHY: I have a couple other non-Calcasieu questions, but I want to wait, I don't want to interrupt.

MR. POINTON: Okay.

MR. MURPHY: If we're done talking about Calcasieu, while we have Marti up here, two other questions, or two other projects. Bayou Sorrel.

MS. LUCORE: Yes.

MR. MURPHY: If I recall, we talked at past meetings about going back and making sure that the GRR (General Reevaluation Report) or whatever study's being done on that, properly captures the wait time of vessels. If I recall, the way the Corps was measuring it, if you weren't actually waiting at the lock, you weren't being counted as a tow waiting on call, when in fact, there might be a queue of six tows going back several miles. Has that started or being done?

MS. LUCORE: I'm not familiar with exactly how that's being handled. I know that has to do with the accuracy, the LPMS (Lock Performance Monitoring System) data, and that is not something that the New Orleans District owns. I do know that there are efforts to revisit how the LPMS data are captured. So far the New Orleans District is not directly engaged in that effort.

MR. PATRICK CHAMBERS: So, General, for the record, I'M Pat Chambers, Chief of Operations, MVD (Mississippi Valley Division). We do recognize that the delay times have not been accurately captured in the prior studies and we are committed to going back and looking at that based on funding and as soon as we can get to that, but we do agree with that and going through for a limited re-evaluation.

MR. MURPHY: So I would just add that, you know, we heard earlier about the Capital Investment Strategy and we're going to be moving forward with that pretty smartly, and so I would want to make sure that project gets its fair look based on real time, you know, actual data because that might impact the BCR.

MR. CHAMBERS: Yes, sir; we think that it will.

MR. MURPHY: And so I don't think that project should be penalized unfairly when we're not using the right data.

MR. CHAMBERS: Yes, sir.

MR. MURPHY: Thank you. Last question, we mentioned earlier, IHNC Lock, can you provide us just a brief update on where that GRR stands?

MS. LUCORE: We did get the GRR submitted in December, and about two weeks ago we got review comments back from Headquarters. They were significant, and the leadership back at the district is still sorting through them and trying to determine a path forward. I really don't have anything solid to present right now. It will probably be a couple of months before we know how we're going to proceed with the scheduling cost and scope of effort.

MR. MURPHY: Okay. So, is there a rough publication date?

MS. LUCORE: Of when we'll know that?

MR. MURPHY: Yes.

MS. LUCORE: Hopefully within a matter of weeks or a month. There's a lot to sort through and we literally just got them a couple of weeks ago.

MR. MURPHY: Okay. Well, same comment applies. In the sense that as we review the Capital Investment Strategy and certainly we have a lot moving and some other things happening this year, you know, the sooner we can get a realistic picture, either yea or nay or somewhere in between, that would be really helpful.

MS. LUCORE: Okay.

MR. MURPHY: Thank you.

MR. JUDD: Damon Judd, a quick question, I guess, on Calcasieu. So as it relates to this recommendation, can we assume then that Calcasieu will be coming off of the Capital Investment Strategy, because I believe in Mr. Ott's presentation, it's one of the projects, I don't remember exactly where it stood, but number 8, 9, 10; somewhere in there.

MR. OTT: So any decisions that are made, we will make adjustments to the report to reflect the most recent information.

MR. POINTON: Any more questions for Marti while she's up there? I don't think there's any other projects on the GIWW you can ask about, Spencer, but you've got the right person there if you need an answer.

MR. MURPHY: No. I appreciate you letting me have a couple cracks at it. Thank you.

MR. POINTON: Thank you, Marti. Appreciate it. All right. Now we're going to get into the meat of the actual spending of your trust fund dollars. We're going to have the regular updates on the Inland Waterways Trust Fund cost shared projects. We're going to start with the Monongahela River locks and Dams 2, 3, and 4. We've got Steve Fritz here, you're familiar with him. He knows what he's talking about. Do it, Steve.

MR. FRITZ: You give me too much credit, but thank you, Mark. My name is Steve Fritz. I work for the Pittsburg District. I'm the Mega Projects Program Manager there in the district, and I have an umbrella of projects that I oversee; Monongahela River is one of those.

What I'd like to do is reserve a little bit of time just to talk about Upper Ohio, because there's been some significant developments there. So I'll kind of go through these lower Mon slides rather quickly.

Chairman Innis, General Spellmon, thank you for having me speak again today. I speak frequently with Mike Monahan (Users Board member). He couldn't be with us here today, so I kind of informed him what's going on with our Pittsburg District projects. So he and I talk occasionally, so we have a good rapport with each other and I appreciate that from the Board.

So there's a couple highlights on this slide, In the interest of time, the benefits date: We moved that benefits date from January, 2023, to December, 2023, and the reason for that is we're starting to understand a little bit more about how we have to decommission or get rid of Lock

and Dam No. 3, and how that plays with the construction at Charleroi Lock. So we've moved that 90 percent benefit dates a few months forward six months forward. We're looking at ways to bring that back, but I think the important thing for the Board is the $111 million that we're planning on getting here this fiscal year, there should be no increase to that.

We don't anticipate this is a cost increase, but we do have a couple measures we're looking at to pull back maybe three or four months of that time. Another big thing on this slide, here is the work area conflicts, and I'll show you a slide here in a little bit. There's lot of work going on out there at Charleroi and that work is very tight. There are three contracts working in a very small footprint, so we continue on a daily basis, weekly basis, and monthly basis to work between all those contractors to try to minimize those conflicts. The biggest conflict we have right now is when we start the River Chamber Option 4 and how that conflicts with the Stilling Basin contractor work that's going on. We've reached an agreement with the contractor on how we'll proceed with that so we have a way forward that should minimize any time impacts to the project or cost impacts, beyond what we're getting in the President's Budget. The last thing on this slide I want to talk about is the land chamber. So, you know, we've deferred that land chamber into the 2050s, 2060s time frame, but we need a permanent closure for that.

We just have like a temporary closure for that while we were getting to project benefits, but we can't leave it there as an open pool, so we're going to do something with that. We're going to investigate it through a Value Engineering study, which we've kind of talked about last time on the Upper Ohio. We'll look at different ways that we can effectively close that chamber to make it safe and continue to keep it stable throughout the rest of its useful life, which its useful life is not locking boats.

I'll move forward. Nothing changed here. Same project. Couple highlights on this slide are the red dates there, the River Chamber Completion contract. Although I said the project benefits moved to the right, the River Chamber Completion contract is actually ahead of schedule right now, so we're taking a month off of that schedule. Now, as I say that here today, these slides were submitted about three weeks ago, we've had some significant high water and that has impacted all the construction out there at Charleroi, but not so much the construction for the River Chamber Completion contract. They were still able to make some mass concrete placements over the past couple weeks here, so although they're ahead of schedule, they may have lost a little bit with some sheet pile construction, but we can talk a little bit about that as we move forward.

The Pool 3 Dredging Task Order No. 3, we've set a date for that now to start in July of 2020.

There's been three task orders for the dredging. We've completed one; we're in the middle of task order No. 2, nearing the end of that; and then task order No. 3, we've extended task order No. 2 to go to fish spawn time frame where you can't do any dredging. So we're allowing that contractor to continue to get as much dredging done as they can before the fish spawn, and then during the fish spawn, we'll award that task order No. 3, and that will allow us a full year to get to as much dredging as we can accomplish under that particular contract. Same contractor, three different task orders.

Lock and Dam No. 3 removal, as I talked a little bit about, as we're digging into the requirements for the removal, we're identifying some things that push that schedule out to the right. Note that that's the date of February 2025. That's for completion of that contract; that is not benefits date, so we're still looking at that benefits date of 2023, December of 2023, which again, we're trying to pull that back.

If no questions, I can move on to the next slide. You've seen this slide plenty of times. We continue to progress in the River Chamber Completion contract as well as the M22 to M27 contract. The top of the list there if I can find the pointer the M22 to M27 contract, that is 89 percent complete as we speak right now. We expect that to be wrapped up by the end of May, the early part of June this year. They are significantly impacted by the high water that we're having, so there might be a couple weeks of slip there depending on what they can do with this high water event.

The River Chamber Completion contract, the biggest jump here, we went up about 40 percent in RCC Option No. 3. So that was the last portion of the middle wall that's being constructed, and we went from I think up from about 12 percent complete at the last report, to 52 percent this time, so they're making very significant progress and they're staying ahead of schedule.

The last thing on the list, the green one, is the Stilling Basin contract, and that is all in the downstream pool at Charleroi, and that is very impacted by high water. We have already lifted restrictions that would've allowed them to work during the winter months, and we have those restrictions in there because we know there's typically high water. However, we lifted those restrictions in the event that we get good conditions, the contractor is able to work, and get it more ahead of schedule. As we've seen, that hasn't come to fruition yet, yet but we'll continue that and maybe next winter they'll get a little bit better of an opportunity to get ahead of schedule.

MR. INNIS: Steve, just a quick question on that. I see the option expires November, 2021. Is there any concern over that?

MR. FRITZ: No, there's not. So, I'll remove that from the slide. That's a good point. So all the options for River Chamber Completion have been fully awarded, so there's no expiration date on those anymore. That's a good point and I'll remove those from the slide.

MR. INNIS: Thank you.

MR. FRITZ: This is the slide you've seen in the past; it shows the conflicted work areas here. So between M22 and M27 contractor that's one contract and the River Chamber Completion contractor, there's a big bottleneck right there. You can see all the cranes out there, all the barges out there. Now, the M22 to M27 contractor, the end of May or early part of June, they're going to be out of there so we won't need them anymore, so that's going to free up this area for the River Chamber Completion contractor. Along the port side of that new river wall, our River Chamber Completion contractor was going to use a lot of that area out there to support

construction for work inside the chamber, which happens to be River Chamber Option 4. Because of that Stilling Basin contractor being in that area, which creates that conflict, and you saw from that first slide that's one of the things we're working on a daily, weekly basis to mitigate those impacts. So the contractor has proposed putting a gantry crane out there to minimize that impact.

Now, that'll come out of contract, that'll come out of contract contingency, but it shouldn't affect us on the schedule-wise, and we need that $111 million; that's enough to finish that, so that doesn't add anything to that $111 million.

This is just some construction photos. Top left-hand corner, that's the contractor installing sheet piles along the river wall. That river wall was built a big portion of it on alluvium, so that sheet pile wall is to support underneath the lock wall itself so when they excavate the lock construction, that doesn't collapse.

Item No. 2 there is the last lip on the bullnose on the M22 to M27 contract, significant accomplishment. And then in bottom right-hand corner is secant pile placement for the abutment support wall pipe piles.

Left-hand photo here is a demonstration area for the grout bag installation for the Stilling Basin contract. You don't see anything in here because the photo predated them placing anything in there, but they're actually demonstrating how they're going to fill these giant socks with concrete or with grout, and how they will - if I can if you look at your fingers - how they weave together, that's how those grout bags will fit in there. So they've demonstrated that and they're getting ready to dewater that here in the next couple weeks to see how it works.

Preliminary reports are the demonstration went well. On the right-hand side is looking down into the M25 cofferbox, which currently is filled with water because of the flooding event and all kinds of debris. So you can see the drilled shaft elements here; these are very significant from the standpoint of the foundation. That's what gives you the foundation for that particular facility; those go about 40 feet down into bedrock.

There's really not a lot of change on this next slide; this is the funding slide. We were appropriated the $111 million, however, we haven't received that. We expect that maybe in about two or three months here, that allocation will come to us. We don't need that money this particular year. Its money that we need to complete the project, but it isn't needed this particular year.

We've already talked about most of the stuff on this slide, the Lock and Dam No. 3 removal and the dredging, so if there's no questions, I'm just going to move on in the interest of time.

Chairman Innis, you had a question on this slide the last time, and I'm going to bounce to a graphic. So the top left-hand corner here, it says a Cost Performance Index (CPI) with contingency and without contingency, and people ask the question: Well, why is the no-contingency number so much higher than the contingency number? And it's really a matter of

burn rate.

So I'm going to pop over to the slide here and I'm going to try to talk loud. So the red line in this slide represents the without-contingency, so there's no time contingency in that and there's no dollar contingency in that. You can see where that ends. That ends in year '80, based on the 2014 or 2015 cost assessment, and it comes in at about $500 million to this left of events. The with-contingency number has cost in it and time contingency in it, and you can see that extends way further up the graph and then also extends further out in time. So if you compute those burn rates at any point along this curve these two curves that without-contingency number shows high, but that doesn't mean that the project itself is costing more; it's just how that money burns out over time. Does that make sense, sir?

MR. INNIS: Yes.

MR. FRITZ: Okay. So if there's no questions on that, I'm going to back up to where I was. The critical thing with this is that our CPI with the contingency include the Cost Performance Index is above 1. As long as it's above 1, we're performing below our budget amount, so we're making good use of our money out there; we're not using as much contingency as we thought we would, and then as a matter of fact, you know, we talked about the $1.1 billion is where were going to come in at for this project. The cost estimate is $1.2 billion, so we're estimating about $100 million below that for completion, and that tracks very well with that $1.06 billion.

Some activities that are scheduled here, you can see those on the chart. We plan on finishing the design for Lock and Dam No. 3 in January of next year, and then this bottom bullet here, back in 2007 and 2008, there was a little bit of money that came into the district for the project, but it wasn't enough to really support big construction, so we had a lot of items fabricated in anticipation for large construction. Those things have sat around now for, you know 12, 13 years, and we haven't installed them yet so they need some tender loving care. So part of the River Chamber Completion contract is to look at those particular prefabricated items and make an assessment on what they have to do. We know we're going to have to do miter gate painting. We know we're going to have to clean some rust off of bulkheads. We know we're going to have clean up some floating mooring bits. So we don't have an exact estimate for that yet, but we believe we do have enough money in our contingency and the project to account for that. So the $111 million, we don't need anything else. I'll say that about 50 times, if I can. No questions, I'll move on to the next slide unless there's other questions.

MR. INNIS: So Steve, best case scenario is what exactly?

MR. FRITZ: Best case scenario, you guys will be transiting through a breach in Lock and Dam No. 3 in December of 2023.

MR. INNIS: And cost?

MR. FRITZ: At a cost, $100 million below the $1.2 billion, so at $1.1 billion.

MR. INNIS: Thank you. That's fantastic. Appreciate it.

MR. FRITZ: Can't do it without the support of the Board. So without objection, I'd like to just talk real quick about some Upper Ohio developments.

Okay. So we had the economic report distributed, it was approved this week. Our Benefit/Cost ratio at the 7 percent is 1.1, so it's just above the cutoff level for being a fruitful project. I was happy to hear when Mr. Donovan talked about if it's above 1, now we maybe can include some of those other benefits so I think we're going to start looking at that. I'm not saying we're going to do another economic study right away, but the next time we do it, we should be looking at those additional benefits. At the current rate, 2.75 percent, that benefit-to-cost ratio is 2.4 to 1. So and I can provide those numbers if you need them in a document, if you'd like them.

We did receive $7.7 million in the work plan this year, which is great. Love that. We weren't expecting it. That's going to get to us about 50 percent design for that Montgomery Lock.

But then I look at the Capital Investment Strategy, and we talked a little bit about that today and I couldn't really see the board very well, but it looked like Upper Ohio is third on the list there. And I think the important thing to look at there is that $7.7 million, that we got in the work plan for this year, which will get us through this year. It'll get us through some modeling and make some critical decisions on the design and get us to that 50 percent design. But then when we get to the early part of next year or the middle of next year, we're going to run out of money. When we run out of money, then that means I think, Mr. Judd, you'd indicated, we've got to be efficient. If we're not efficient and we don't have an efficient design, we're not going to get to efficient construction. Looks like you have a question, sir.

MR. INNIS: Yeah. So Steve, what do need to complete PED funding and when could you get it done so that you'd be ready as early as 2023 to construct?

MR. FRITZ: Well, we can complete the design with about $8 million. Now, this money that we got in the work plan…

MR. INNIS: On top of the $7 million?

MR. FRITZ: On top of the $7 million, yes. And another $8 million. So another $8 million. Also need a Construction new start; that's an important part of that. If we don't get a Construction new start, we can't start benefiting, getting the Construction funds. The first contract that we'd be ready to award it this fiscal year if we had a Construction start is this first sheet pile support wall so that we can start doing some excavation for the lock wall without jeopardizing the dam. We could award that this fiscal year if we had a Construction start and we had dollars to do that. So because we've received that $7.7 million in Investigations (GI) funds, that was given to us kind of a “this is your last PED funding you're going to get.” But when that PED funding dries up and we don't have a Construction new start in FY 2021, the design waits. Does that make sense?

MR. INNIS: Yes. Thank you.

MR. FRITZ: So really like to get that construction started in FY 2021 if we could. Some of the risks that we have, you know, these facilities in 2028, Montgomery is 50 percent reliable; in 2031, Dashields, 50 percent reliable; in 2035, Emsworth, 50 percent reliable.

That Capital Investment Strategy that we looked at, that goes out for, what, 50 years it shows 20 years on there, but it's a long time before we get to finish the Upper Ohio project in that. So I think it's critical that we push for a Construction start, and we're going to try to budget under GI PED again this year because we have to continue to bridge that gap. If we don't get that Construction start, we definitely do not want to stop design of those Montgomery locks.

So before I wrap up, one other thing from last time; the 902 Limit. I think it was reported as like $2.1 billion or something, which I don't know where it came from and I apologize for that, but it's $3.87 billion what our 902 Limit is for the Upper Ohio project.

So I gave you a lot of information. I apologize it went quick; tried to save some time. Does anybody have any questions on Upper Ohio?

MR. DAVID EARL: Steve, David Earl. One last question. When you look at the benefits of that Upper Ohio project, are you factoring in, with the energy Renaissance going on in that area up there, what's going to happen up there if you look at all of the available projects going on in that area, has that been factored in?

MR. FRITZ: I do believe some of the cracker plant, the shale facility has been factored in. I don't know to what extent, you know, what sensitivity that has on the BC ratio, but that industry itself is supposed to generate multiple other types of ethane cracking facilities in the area. Does that answer your question?

MR. EARL: Yes.

MR. FRITZ: Okay. Thank you very much.

MR. POINTON: Thanks, Steve. Don, which one do you want to do next? Do you want to go with Chickamauga Lock or with the Kentucky Lock?

MR. GETTY: Chick (Chickamauga) Lock.

MR. POINTON: All right. Chickamauga Lock. Don Getty's here from Nashville District again, the usual suspect. He's going to talk to us about Chickamauga Lock and Kentucky Lock, and we're going to start with Chickamauga.

MR. GETTY: Thank you, Mark. General Spellmon, Chairman Innis and distinguished Board members, my name's Don Getty. I'm the project manager for the Chickamauga Lock Project. I work for the Nashville District Corps of Engineers, but I'm going to start off briefing Adam Walker's project, Chickamauga Lock.

A few key points up front, we're about finished the financial close-out of the lock excavation contract. We've been physically completed now for about a year. We did send the contractor a letter trying to get back some recuperation for some blast damage that he did. Unfortunately for us anyway, since we sent that letter, we determined that we didn't give him a reasonable opportunity to discover that blast damage and it was less than a half million dollars, and also, that blast damage is less than we anticipated.

So we decided to rescind that, so we're not going to pursue that and we plan to financially close out this contract in about a month.

Our ongoing contract, Lock Chamber contract is going very well. We did exercise option 9A back in December, Chick Lock got an extra $12 million in Fiscal Year 2019. It's really unusual to do a partial option; it doesn't happen very often. We're fortunate to be able to do it and actually help the project, and I think it's going to lower some costs for us, so that's a good thing for the project. Briefly on this, yellow is ongoing, Lock Chamber contract.

The two in red are future contracts. We have one big contract coming after the Lock Chamber, then one small contract, and I'll talk about that briefly. I'm going to talk a little bit more about the Lock Chamber contract.

So this is our $240 million Lock Chamber contract. We've exercised options through 9A, $163.5 million, but the project is receiving about a $102 million in this year's work plan, that number came up with specifically to exercise all the remaining options. So when we get those funds, hopefully within a month or two, we'll exercise those options within a couple of weeks, so a very fast process. So that's tremendous news for the project. And I think there was a couple other points I need to make on this.

MR. INNIS: Don, quick question. That's, what, $7 million more than the efficient funding request, so where will those funds go and how will they affect the project schedule?

MR. GETTY: I didn't catch the first part of your question. I'm sorry, sir.

MR. INNIS: The FY 2020 Work Plan gave you what, $7 million more than the efficient funding request?

MR. GETTY: Right.

MR. INNIS: So where will those funds go and how will they affect the project?

MR. GETTY: Well, less the $7 million the efficient funding was for all the options except the last two. That extra $7 million exercised those last two options, so now this contract is going to be fully funded.

MR. INNIS: All right. Thank you.

MR. GETTY: I do want to point out, on the bottom you can't read the bottom right-hand

side. The completion date for this project would exercise options is April of 2021. When we'd exercise the remaining options, the completion date goes to June of 2023.

Just some recent photographs of the project site. A lot going on, putting in drill shafts, cleaning out the foundation and placing concrete. Unfortunately, Chick, like you're going to hear Kentucky and Upper Ohio and Lower Mon, has been impacted by high water, not to the extent the other projects have, but last week, the tail waters got up to the point where they had to start pulling equipment out of the pit, so that delayed construction so they're going to have some impacts associated with that but it's going to be less than two weeks, so not a huge impact from high water yet, but still it impacts the project. But otherwise, things are going well.

I'm not planning on covering anything on this slide unless anybody wants to discuss it, as well as this slide. No changes. I do not want to cover anything on this slide. I will say your yellow in the upper left-hand side, as far as matching our planned expenditures, we're sliding into yellow. The Lock Chamber contract is on schedule; we just didn't have our expenditures matching this plan, so no issue there as far as we're concerned.

This question that came up from Mr. Monahan last meeting, just an explanation from it.

And last slide, I have a few points to make here. We did not change this slide so in Fiscal Year 2020, we're actually getting $101.7 million instead of $94.5 million. That will reduce the FY 2021 efficient funding amount by that $7 million. Really, that's all I had on the Chickamauga Lock. Any questions or comments?

MR. INNIS: Just same quick question. Best case scenario is what?

MR. GETTY: Say it again, sir. I didn't hear your question.

MR. INNIS: What's the best case scenario for finishing and cost?

MR. GETTY: Finishing?

MR. INNIS: The project and the cost.

MR. GETTY: Oh. So I think our cost estimates are built for 80 percent probability of success, so that's all I can say, so I don't know anything more. So there are not any cost increases to date; the Lock Chamber contract has not had any significant cost impacts.

Really, when get out the geology, things went are more certain: We can define our concrete and so there's less chance, Adam's going to shoot me for saying that, but less chance for cost increases.

We do have some other challenges. The last big contract, the decommissioning. We're stabilizing the old locks, as well as the dam, how it interacts and there is this issue with placing the concrete because it's complicated. So there's probably some risk there, but they had quite a few contingencies already in the cost estimate for that.

MR. POINTON: Any questions or comments?

MR. GETTY: Okay. Moving on to Kentucky Lock. So things are not as rosy on Kentucky Lock as Mother Nature has gotten in the way again. Our downstream cofferdam contract is being impacted.

I've updated this slide from what you have in front of you because it had two major changes since we submitted this on January 30th. One is the high water, so you're going to see some impacts of that. The good news is though, we also set our last cofferdam shell and a dip in the high water, so I'm got a slide on that as well. So I'll try to point out the new slides as I go through this.

The Downstream Lock Excavation contract and other contracts are going well but they've been impacted by Mother Nature as well so they've been slowed down, and there will be impact on their schedule. They'll be on schedule but we're going to be giving them weather days.

Economic updates and post-authorization change report, we submitted that for review to headquarters in LRD at the end of December.

Things are going well in that review. They're supposed to be finished by sometime in March. No hiccups that I've seen. There aren't any radical changes in the projects' economics as a result of this economic update, so I don't think you're going to see any big surprises out there, and hopefully, you'll see it in its entirety in March.

And lastly, our huge contract coming up later this year, we're on track for September award this year, and I'm going to spend some time talking about that in the presentation.

The overview of the project site, no significant changes here. Two ongoing projects are in yellow: Downstream lock excavation and downstream cofferdam. And on the right-hand side, our big contract coming up for later this year, I'll talk about it more.

Just some recent photographs hard to see. We had high water starting on December 18th and went through January.

Since our last meeting, the bottom left corner, we did set our ninth shell and so that is good news. But since then, we had high water. We were hoping to set our tenth shell before Christmas, but Mother Nature didn't allow that. The picture on the right, the tail water, the river elevations is about nine feet above our downstream four shells in this picture, so we were not able to do any work in that area. We were able to do concrete work on the upstream side; those shells were high enough, but not on the downstream side, and the downstream side is critical.

So this is a new slide. We had the water dip down on February 1st, and on February 2nd, we set our tenth and final cofferdam shell, so that was a huge milestone for the project, and really, kudos to the team that made that happen and it went well; they set it down within tolerance, so a big achievement for the project.

But unfortunately, after that happened, Mother Nature raised her ugly head. So this is a plot of a 28-day forecast of the Paducah water level, and we use this to generate a forecast for our tail water at Kentucky, it is 22 miles upstream. So the orange line you see this is a 28-day forecast. The black is what the actual river level is. So this February 2nd. This plot was done on February 5th. On February 2nd, we set this tenth shell.

The water levels went down for a few days, and then they were forecast to go up; they actually went up faster than that. And what happens is that stops two of our critical activities on the downstream cofferdam: The concrete we're going to place on these five downstream shells, as well as the circular sheet piles we have to build. So we can't build those when tail waters reach those elevations. So within a week of setting that tenth shell, we were dead in the water on these critical activities, so a big impact to the project.

As you see, this plot went out for 28 days, so we were going to be impacted for a long time after that. So that forecast was on February 5th. This forecast was two days ago. The same deal, but farther in the future, and you can see that this forecast is showing us to be impacted at least on one critical operation until the 15th of March, and these forecasts are really tend to be pretty accurate, especially on the lower side. There is some risk on the upper side, so if we get more rain - this has 16 days' worth of rain in it. If we get more rain they forecast, then of course, your river levels are going up. So just to illustrate how significant impacts we've had on the downstream cofferdam.

So some more pictures showing high water. Upper left-hand picture shows us setting the tenth shell on February 2nd; the water was barely low enough to set that. A few days later, the water was coming up and about to cover those shells. The next day this is looking from a downstream bridge the water was over those shells. And I took this picture yesterday: The water was 18 feet above these five shells. They'd have to drop about 20 feet for us to be able to start working on those shells again. So a very large flood happening in the Lower Ohio, and those of you all who run it know that, and it's impacting us.

Our other contractor is being impacted, he's excavating soil right now. We had rain almost every day in February. We took this picture on the left on 1 January 22nd. He hadn't lifted a shovel since then because of the wet weather, and they predict that. That's part of their schedule, just know that this time of year is wet, but he is dead in the water as far as progressing critical work.

And this picture was taken in this area highlighted on the right-hand side of the slide. I hate to be a broken record, but Mother Nature is impacting us, okay.

So I want to move on to our next big contract that we call the Downstream Lock Monolith contract. It's going to be between $250 and $500 million, that's what we call our far range. And this is an isometric depicting the scope of that contract. The big features is mainly a concrete contract to place about 400,000 cubic yards of concrete. The different colors represent potentially different options. There will have to be a base plus options contract; right now we have about 32 options. That gives us a lot of flexibility. This is not set in stone; we expect that to

be refined quite a bit before we put it on the street. On the left-hand side, I have some key milestones. They're not showing up very well; hopefully they are in your book. I have updated this slide a little bit from what you've seen in your book, but not on the milestones.

So on Monday, we're going to start a Value Engineering study. We talked about Value Engineering at the last two Board meetings, so we have a tremendous team set up to do this, a lot of gray hair on that team, and I feel confident they'll find some ways to add value to what we proposed.

The next week on March 3rd, we're going to have an Industry Day. So we will meet with prospective bidders. We explain what we have developed so far and we solicit their input, and we'll ask them specific questions about how we develop this and how we might do it better, so a big day for us.

On July 2nd, we plan to advertise this contract with an award by the end of September.

One last point before I leave this slide, is that for us to build everything you see on this slide, we have to have access to that area. So that means our downstream cofferdam has to be complete and our Lock Excavation contract has to be complete. So both of those contracts have to be complete for us so we call it accessing the pit. So to get down there, those two contracts have to be finished, and I just described to you how those contracts are getting pushed off. The downstream cofferdam is being pushed out, and that's pushing out the downstream lock excavation as well.

MR. INNIS: Don, Rob Innis. Quick question around the Value Engineering study. When will that be completed then?

MR. GETTY: So they take a week. So we bring in, we have had before six members on the VE team that come in on Monday, they work all week on the project, and then they finish a report the next week after that.

MR. INNIS: Can we get that report after you guys are completed?

MR. GETTY: Certainly, yes. Be glad to.

MR. INNIS: Appreciate that.

MR. GETTY: And we'll report that at the next IWUB meeting, the results of that. I want to point out that these Value Engineering studies, this one is fairly late in the design process. There's not as much as low-hanging fruit as there was during the Upper Ohio. So don't expect a billion-dollar cost decrease by this, but there will be value. Every Value Engineering study I'd been involved in adds value to the project.

MR. INNIS: We're good with half a billion, Don.

MR. GETTY: All right. Half a billion.

Okay. To build this, we have to have access to the pit. So this is our current schedule, this is what we've been working from. We planned to award in September of 2020, we're awarding this Downstream Lock Monolith contract early because we have a choice of awarding typically in September, or September 2021. We get our money in May or June. So our choices were awarding it in September of 2020 or September of 2021. The problem with awarding in September of 2021, it wasn't going to give us enough time to put a concrete batch plant before we had access to the pit. So we plan to have access to the pit in March of 2022. That's March of 2022 at the earliest and that would've given us time if we'd awarded in September of 2021, that would only have given six months and we think it's going to take eight months to put a batch plant in, so that was cutting it too close. So we knew we were awarding this contract early. We were doing that because we could and because it made sense to put this concrete batch plant in. But unfortunately, after Mother Nature and these last three months, she's pushed our Downstream Cofferdam contract out by at least two months. So we know that this March 2022 isn't going to happen more than likely, and so we're relooking at the award of this contract. So in this alternative course of action, our access to the pit has moved off by these two months, and that's based on rain that's already fallen basically, and the next few weeks of rainfall forecast. If we get more rain, that's going to get pushed off further to the right. So instead of awarding the contract in September of 2020, we're proposing or throwing out the idea of awarding it in June because we're going to have money this year that we can take into next year and award that contract. And if we do that, that will give us 11 months, a minimum of 11 months to get this concrete batch plant in place. And by postponing the award by nine months, this has several benefits potential benefits to us anyway.

One is the contractor will not be under contract for nine months, and that can lead to his cost increase, and thus higher bids for us. That's one of the questions we plan to ask at Industry Day on March 3rd: Will this scenario result in different or lowering bids to the contract? It also gives us another nine months to assess this access date. So if we continue to have high water and have high water next year, this date actually may be pushed off further to the right, and if so, then we want to reflect that in our contract because if we put a date in the contract and we don't meet it, then we're paying impact costs, so that gives us more information to do that.

And there was one further point and I've forgotten it, but I will point out that this scenario will not impact the completion date of the project or the contract, because everything hinges on this access to the pit, and it takes us three years to finish that job once we get access to the pit no matter when we award the contract. So that's not a change in the completion date of the contract. So no schedule impact, unless this actually turns out better and we can move that to left, then we'll have more time to make that decision and move it to the left.

So we don't plan to make this decision until we get back word from industry and see what they say to it, and consult with LRD, and also get some feedback from you folks if you all have any thoughts on this regard.

This will affect our funding profile. It shouldn't or will not affect the overall total cost of the project, but it could affect our Fiscal Year 2022 funding needs certainly, and FY 2021 funding needs.

MR. RICKETTS: Don, this is Matt Ricketts. I think just listening to what you're laying out here would make sense to me that you would want to try to get as close as practical to the date that you think you can actually start executing on the Lock Monoliths before you award the contract, because over that time, I would think you would know more, in terms of whether you've got more delays or what the reality is at that point in time. That makes sense to me. Is there any reason why you wouldn't do that?

MR. GETTY: Not that I can think of. The biggest drawback to this plan is we would not be obligating dollars this year, so that's a big drawback to this, I think. But it's rare that you have the luxury of delaying something and not affecting the schedule. So in this case, we're not affecting the schedule by delay. That's really rare, almost counter-intuitive, but I think we benefit from it.

And by that question, I remember my last or third point on this is that if we awarded in June of 2021, we'll not only have this year's money but we'll also know what next year's money is going to be. So we're going to be awarding a contract with a lot more money in hand, so more than likely, we're going to get better bids as a result of having that more money in hand, so that's another plus to this scenario if we do that.

Anymore comments or concerns about this? I'm winding down.

No changes there wasn't anything I was going to bring up here. We haven't updated this for the 2020 Work Plan numbers yet and no changes here.

MR. INNIS: Yeah, Don, quick question on the FY 2020 funding. You've got $5 million less in your efficient funding request. What impact is that going to have on this?

MR. GETTY: So if we go forward with the award this year, really none. We think that our base contract scope will be able to accommodate that $5 million hit without an issue, so that's well within our contingencies.

MR. INNIS: Okay. Thank you.

MR. GETTY: This was just a good new slide, showing some things happening on the Cumberland and Tennessee River, and going through Kentucky Lock and Barkley. The fact that we're shipping so much more gasoline into Nashville because their pipelines are at capacity, I think is a huge good news story for the waterways, because they show the flexibility and the capacity of us to react to these type of trends. So to me, this is a huge good news story. It wasn't all captured even in the Kentucky Lock economic analysis because we didn't know this good news story. But this is one of those things I think is something to share about how the waterways can be important to our local economies.

And before I forget Chairman Innis, and the last going back to Chickamauga Lock, you notice differences between the funding levels in this slide versus previous slides in Chickamauga Lock. And Adam pointed out this was at a different funding level this is at 2019 funding levels.

Our previous slides were at a 2018 funding level because we base that on our certified total project costs that are done every two years.

So Chickamauga Lock is on a cycle to get a whole new cost estimate in June, so we'll have knew numbers for it so they'll match up at that point, but that was the reason why those numbers were different. I did update this slide to reflect our $61 million that we received this year and added $5 million to Fiscal Year 2021. That's the only difference.

So things are going well except for Mother Nature on Kentucky Lock. Any questions or concerns?

MR. RICKETTS: I'd just like to recognize and say thank you to Don as the member on the Board as sort of tracking the Kentucky Lock. As the Board representative, Don does a fantastic job of keeping me informed and asking questions where it's relevant for industry to weigh in, or guys that work for the industry to know a lot more about the navigation or anything else. So thank you for the dialogue and your openness to try to figure things out together.

MR. GETTY: And back at you, Mr. Ricketts. I take a lot of his time up and I appreciate him taking away his time from money-making adventures to hear me whine about Mother Nature sometime. Thank you very much.

MR. POINTON: Thanks, Don. Mr. Durrett's going to address the Olmsted Project.

MR. STEPHEN DURRETT: Good morning, everybody. Let’s go ahead and get started here. Nothing much has changed on a few of these slides other than the FY 2020 Work Plan requests.

We requested $38 million but we received a total of $63 million in the work plan, so this slide has not been updated, as we did receive full funding for what we were going to ask for. The slide in the back kind of shows the breakdown between the FY 2020 and FY 2021 request.

Again, this is just looking at some of the completion remaining items. Everything relative to the dam itself has been completed, so our cost reimbursable contract has demobilized off-site and he's not working anymore since the end of November, and he should be done demobilizing by the end of February, and that contract will be closed out and completed, which is a great story. In FY 2019, we got all the work necessary to wrap up, the dam itself was wrapped up in 2019. The marine work at Phase 1 is about 65 percent. That was part of the dam contractor's work activities that he could get done. The remaining balance of that will roll into a Phase 2 contract to demo (demolish) Lock and Dam 53. That contract is not expected to be awarded until about May of this year, so currently, it's not impacted by the high water on the Lower Ohio. The 52 demolition is being impacted slightly by the high water on the Lower Ohio, but this is further upstream and has less impacts as the high water we currently have, but it is having some minor impacts right now on the 52 demo contract.

MR. INNIS: Steve, going back to the $63 million, what's your confidence that that will be enough to complete the project?

MR. DURRETT: High degree of confidence. I'm going to mention something later about equipment sales. We have two large pieces of equipment that the checks are in the mail that we should be closing out and hopefully have those taken care of by the next Users Board meeting and we can actually show those as income to the project. One is for the aqua digger and one is for the towboat. We're hoping both those activities will be completed, which will put about $13 million back on to the contract in addition to the $63 million that we currently are showing. The checks are in the mail so we don't count them until they're actually in our bank, but we have a high degree of confidence those sales will go through and that money will go back on to the project as well, in addition to the $63 million we got. So I have a very high degree of confidence this will be the last request we need for funding for Olmsted.

MR. INNIS: Thank you.

MR. DURRETT: This is kind of the remaining activities to complete the project. Most of this is coming up, like I said, the big contracts to do is going to be this Phase 2 demo at 53. That is expected to be awarded sometime in May of this coming year, which will be the largest contract. Most of the other stuff are relatively small-dollar items left on the contract, or to finish up the activities and basically call the project completed, and we are still on schedule to complete the project in 2022.

Again, the funding level, we did show the $63 million, my slide has $63 million, while this one does not. Okay. This slide has not been updated; the one I have in front of me has been updated. We did get all funding, so we do have $63 million coming in here. We're still showing the project to be completed about $275 million underneath the PACR (Post Authorization Change Report) estimate that was done in 2014.

MR. RICKETTS: Steve, this is Matt Ricketts. A question back on the asset sale of things related to Olmsted, does the Corps own any land or surface property at the 52 and 53 sites, and if so, will those be sold, and if so, any ballpark idea how much money might generate from that?

MR. DURRETT: Yes, we do own land at Locks and Dams 52 and 53. On the land, I do not know the answer to the question. One of the two projects was going to be part of the historical mitigation piece of it, and I think some of the land was being donated for a park or something relative, too. So there would not be an income out of that sales, but I'd have to get you a more detailed answer on the real estate piece of it. I don't know the answer to both sites.

MR. RICKETTS: If you could, that would be appreciated, and also, if you could answer if any trust fund money was used to purchase the land.

MR. DURRETT: Purchase those lands back in the day?

MR. RICKETTS: Yes.

MR. DURRETT: I would guess not since those were probably prior to trust fund being in place; that was like 1928 or 1920.

MR. RICKETTS: Oh, okay.

MR. POINTON: The trust fund wasn't established until 1986.

MR. RICKETTS: Okay. There you go. Thank you.

MR. DURRETT: That may take me awhile to research that one, to have records that far back.

Again, just looking at some scheduled dates, closing out some of the projects we've got going on. Again, March of 2020 is when we expect to have all of the current costs reimbursable contractor closed out, and have him totally off-site and start working on the financial closures of that contract.

River dikes are still ongoing. Some high water impacting us on the river dikes. Those dates have been backed up to July of 2020 is when we hope to complete some of the river dike work that's currently ongoing and awarded at the project site.

I'm going to kind of go through these.

Not a lot of change in any of these slides since the last Users Board meeting. Again, you can see not much change in these slides. These are between November and December. We're still staying around the $2.825 billion for the project cost. This kind of showed what we were asking for initially. We did get full funding as you're aware of in FY 2020, so we will not have any requests in the FY 2021 Work Plan for Olmsted. Again, as I said, the PACR we're still hoping to complete this project at about $275 million underneath the $3.1 billion estimate.

Any questions? This is the site as of November of last year. I like that. No questions.

MR. POINTON: No questions, Steve. All right. Thank you.

MR. DURRETT: Thank you.

MR. POINTON: At this point, we'd be moving on to the public comment period. I have no one requesting to make a public comment, so we're going to move on from that.

Before we go to the closing comments from General Spellmon and the Chairman, I'd like to thank the hospitality of our sponsors while we've been here: Board member Dennis Oakley, Bruce Oakley was one of our sponsors; Pine Bluff Sand and Gravel; the Tulsa Port of Catoosa; Livestock Nutrition Center; Five Rivers Distribution; CDB; Little Rock Port Authority; Arkansas Oklahoma Port Operations Association Incorporated, catch my breath, and last but not least, the Muskogee City County Port Authority.

And in particular, Ms. Kimbra Scott was instrumental in getting all the arrangements set up for this meeting and for the tour and for all the activities yesterday and today, so a big shout-

out to her for all of her help. Also, David Williams and Gil Wootten in the Little Rock District. There are plenty of other people that helped, but I was interfacing with them for the most part and they had to deal with my nagging for the last month-and-a-half on this, so they get a thanks from me.

MG SPELLMON: Sir, so in addition to all those, thanks to the Board members for your time and I know it's incredibly valuable. Thanks for joining us, and your feedback, and I want to thank the presenters as well for the time in putting the materials together, and once more, for Tulsa and Little Rock for hosting us this week.

Mark, we probably just compare notes on do-outs here under the circumstances and then we'll go from there. Chairman.

MR. INNIS: Yeah. I'd like to thank the Little Rock and Tulsa Districts for hosting us here this week and for the tours. I heard good things about them both, so I appreciate that.

Kind of some of the do-outs for us, it's very important that we get PED funding schedules for the NESP and the Upper Ohio so that we have that going forward, as well as the FY 2020 Work Plan numbers, too. And then we look forward to the meeting with the CIS, completing that process together so that we can strongly support this as it goes forward. And just leave it open for any Board member comments around that. (No Board member indicated he wished to speak.)

MR. POINTON: Thank you. Do I have a motion to adjourn?

MULTIPLE SPEAKERS: Motion to adjourn.

MR. POINTON: All right. Multiple. Do we have a Second? Spencer? All right.

Gentlemen, motion to adjourn. Thank you. Safe travels home.

(Whereupon the meeting ended at 12:10 p.m.)

Appendix A
List of Participants
Inland Waterways Users Board Meeting No. 93

Inland Waterways Users Board Meeting No. 93
Fort Smith, Arkansas
February 19, 2020
List of Participants

Last Name	First Name	Affiliation
Caldwell	Ms. Cassandra	Oklahoma DOT - Waterways
Chambers	Patrick A.	USACE, Mississippi Valley Division
Chapman	William R. III	USACE, Great Lakes and Ohio River Div
Coburn	Ms. Dana O.	USACE, Little Rock District
Conley	J. Lee	USACE, Tulsa District
Cook	Andrew M.	USACE, Southwestern Division (and Galveston District)
Dening	Christopher T.	USACE, Pittsburgh District
Donovan	Patrick J.	USACE, Planning Ctr of Expertise for Inland Nav (PCXIN)
Dorsey	Chad	U.S. DOT, Maritime Administration (MARAD)
Doyle	John S., Jr.	Jones Walker LLC (WCI)
Durrett	Stephen G.	USACE, Great Lakes and Ohio River Div
Earl	David A.	Marathon Petroleum Company
Frantz	David A.	USACE, HQ Operations & Regulatory Div, Navigation Ops
Fritz	Stephen R.	USACE, Pittsburgh District
Frost	Stephen	USACE, Pittsburgh District
Getty	Don B.	USACE, Nashville District
Hearn	CAPT Rhys A.	USACE, Headquarters, Civil Works Executive Office
Hettel	Martin T.	American Commercial Barge Line LLC (ACBL)
Higginbotham	Gene	Office of U.S. Senator John Boozman (R-AR)
Hillenbrand	Daniel J.	Office of U.S. Senator James Inhofe (R-OK)
Holder	Donnie	Webco Industries
Hoover	Chris	Office of U.S. Senator Tom Cotton (R-AR)
Innis	Robert J. "Rob"	LafargeHolcim, Inc.
Jimenez	Erin B.	USACE, Little Rock District
Judd	Damon S.	Marquette Transportation Company
Kearns	James A.	Jones Walker LLC
Leach	David	HQDA, Assistant Secretary of Army for Civil Works
Lucore	Ms. Martha M.	USACE, New Orleans District
Murdock-McDaniel	Ms. Andrea L.	USACE, Southwestern Division
Murphy	W. Spencer	Canal Barge Company, Inc.
Newbaker-London	Ms. Elaine E.	USACE, Southwestern Division
Noe	COL Eric M.	USACE, Little Rock District
Nyberg	Jason W.	Marquette Transportation Company
Oakley	Dennis	Bruce Oakley, Inc.

Ostrander	Rex W.	USACE, Tulsa District
Ott	Michael E.	USACE, HQ Operations & Regulatory Div, Navigation Ops
Paape	William K.	U.S. DOT, Maritime Administration (MARAD)
Perez	Pete G.	USACE, Southwestern Division
Pointon	Mark R.	USACE, Institute for Water Resources
Portiss	Robert W. "Bob"	Rulsa Port of Catoosa
Power	Timothy C.	SCF Marine, Inc.
Preston	COL Scott S.	USACE, Tulsa District
Reimann	Robert	U.S. Coast Guard
Rich	Robert D.	Shaver Transportation Compnay
Ricketts	C. Matthew "Matt"	Crounse Corporation
Ruble	James "Jay"	Crounse Corporation
Sattinger	COL Steven M.	USACE, Rock Island District
Schafer	Ms. Alexandra	USACE, Institute for Water Resources
Schluterman	Ben	Arkhola Marine LP
Scott	Kimbra	Muskogee City-County Port Authority
Shell	Marty	Five Rivers
Shine	John	AECOM
Smith	Ms. Deidre "Dede"	Inland Rivers, Ports & Terminals, Inc. (IRPT)
Smith	Thomas P.	USACE, HQ Operations & Regulatory Division
Solley	Jessi	Office of U.S. Senator John Boozman (R-AR)
Spellmon	MG Scott A.	USACE, Headquarters, Civil Works Executive Office
Stewart	Vance	HQDA, Assistant Secretary of Army for Civil Works
Struble	Kristopher	CGB Enterprises, Inc.
Turner	Greg	Dow Chemical Company
Van Den Ameele	CAPT Edward J.	National Oceanic and Atmospheric Administration (NOAA), Office of Coast Survey
Webb	Jeff	Cargill, Inc.
Whittle	MG Robert F. Jr.	USACE, Great Lakes and Ohio River Div
Williams	John David	USACE, Little Rock District
Winston	Ms. Bernadette	USDA, Transportation Services Division
Wootten	Gilbert H. III "Gil"	USACE, Little Rock District
Zea	Tracy	Waterways Council, Inc. (WCI)
		USACE = U.S. Army Corps of Engineers