

Statement of Stephen D. Little
Before the
Subcommittee on Water Resources and Environment
Committee on Transportation and Infrastructure
U.S. House of Representatives

September 21, 2011

Chairman Gibbs, Ranking Minority Member Bishop, Members of the Subcommittee, thank you for holding this hearing and for inviting me to testify on the “Economic Importance and Financial Challenges of Recapitalizing Waterways Transportation System”. While I have had the honor of appearing before the Subcommittee in the past, this is my first opportunity to address the Subcommittee during the current 112th Congress, and I am deeply honored to be part of the panel this morning.

I am Stephen Little, President and CEO of Crouse Corporation (Crouse). Crouse is a leader in the river transportation industry. A little more than 60 years after its first towboat was placed into service in 1949, today Crouse Corporation employs more than 350 people and, with its fleet of 35 towboats and 1,000 barges, it transports more than 30 million tons of cargo each year along the U.S. inland waterways.

Mister Chairman, I also have the distinct honor and privilege of having been the most recent Chairman of the Inland Waterways Users Board (IWUB or Users Board). The Inland Waterways Users Board is a federal advisory committee established by Congress in Section 203 of the Water Resources Development Act of 1986 (Public Law 99-662, November 17, 1986), one of this Committee's many significant legislative achievements. Reflecting the concept of "Users Pay, Users Say", Congress created the Users Board to give commercial users a strong voice in the investment decisions those users are supporting with their diesel fuel tax payments. At full strength, the Users Board is comprised of eleven voting members, who are appointed to staggered two-year terms by the Secretary of the Army and are selected to represent the various regions of the country as well as a spectrum of commercial users and shippers of the inland marine transportation system. As envisioned in Section 302, the Secretaries of Army, Agriculture, Transportation, and Commerce each appoint a non-voting representative to act as an observer of the Users Board. The principal responsibility of the Users Board is to make recommendations regarding construction and rehabilitation priorities and spending levels on the commercial navigational features and components of the inland waterways and inland harbors of the United States.

I am pleased to appear before the Subcommittee this morning to testify in strong support of the recommendations developed by the Inland Marine Transportation System (IMTS) Capital Investment Strategy Team (CIST or CIS Team), a 50-member Corps/industry team on which I was a participating Team member. These recommendations have been approved unanimously by the Inland Waterways Users Board. They also have the broad and growing support of the waterways industry as evidenced by their unanimous endorsement by the boards of directors of

Waterways Council Inc., the American Waterways Operators (AWO), and National Waterways Conference (NWC) and by similar expressions of support from more than 200 other associations and companies throughout the nation. (See Attachment A).

As I'll discuss in more detail in my testimony, the CIS Team has produced a comprehensive, consensus-based, joint industry/Corps of Engineers set of proposals to address the capital investments that should be made over the next 20 years in order to preserve and enhance the performance of our nation's inland waterway transportation system. In sum, those recommendations present a proposed plan to:

- Identify ways to improve the Corps project delivery system,
- Implement a capital investment strategy that balances reliability and affordability
- Prioritize specific capital investments needed over the next 20 years, and
- Define revenue and cost sharing approach that can be met with reasonable certainty and efficiency.

Mr. Chairman, I believe the starting point for consideration of the financing and management challenges facing the inland waterway system must be recognition that the current business model for modernizing the nation's locks and dams is seriously broken and must be reformed. As a nation, we seem to have lost the ability we once had to plan and construct individual inland waterway capital projects in a timely fashion.

For the future well-being of this country, this must change!

Allow me to offer some examples of why I and many others believe our current approach is so broken.

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Past Project Delivery Performance

- Upper Mississippi River. Following the 1930 Congressional authorization of the 9 – Foot Channel Navigation Project to St. Paul, MN, 29 locks and dams were planned, designed, and constructed on the Upper Mississippi River. 26 of these projects were completed and put into operation during the first ten years of that period.
- Illinois Waterway. Congress authorized a 9 – foot channel on the Illinois River, after which 7 lock and dam projects were completed and opened to navigation during the 1930's (Lockport, Brandon Road, Dresden Island, Marseilles, and Starved Rock – all in 1933 – as well as Peoria and LaGrange, in 1938 and 1939, respectively).
- McAlpine Lock and Dam. At Louisville, KY, a modern (1200-foot-long, 110-foot-wide) lock and dam project was constructed and placed in operation in 3 years, from 1959 to 1962.
- Tennessee – Tombigbee Waterway. The largest earth-moving project in history, all ten individual locks and dams and the 280-foot-wide navigation channel spanning 234 miles were built in only 12 years, from 1972 to December 1984, 21 months ahead of schedule.
- Red River Waterway. Construction began in 1973 on the five new locks and dams and 225-mile-long navigation channel linking Shreveport – Bossier, LA to the Mississippi

River. Construction was completed and the navigation channel opened in 1994, only eleven years after construction began.

- WRDA 86 Locks and Dams. The Water Resources Development Act of 1986 (WRDA 86) authorized the construction of seven new lock and dam modernization projects in various locations throughout the nation's inland waterway system. Construction of all seven of these WRDA 86 projects proceeded at a pace that saw the new/modernized lock, the major feature of each of the projects, become operational in a reasonable amount of time, ranging from 4 years to 8 years, with the average for all seven projects equaling 6.3 years.

Current Project Delivery Performance

- Lower Monongahela Locks and Dams. This project (also referred to as "Locks and Dams 2, 3, and 4, Monongahela River, Pennsylvania") was authorized by Congress in WRDA 92 at an estimated cost of \$556.4 million. Construction began in fiscal year 1995. Today, sixteen years later, \$523 million has been allocated to the project through December 2010. However, the project's fully-funded cost estimate has almost tripled to \$1.7 billion and its projected completion date under the current broken model is another thirteen years away. Best case. The more likely scenario is that the project's completion under the current program could be well after that.

- Olmsted Lock and Dam. Initial construction funding was provided in fiscal year 1991 for this Ohio River project that had been authorized by Congress three years earlier at an estimated cost of \$775 million. Today, 20 years after that first appropriation for construction, the project is nowhere near completion and its estimated cost has almost tripled to at least \$2.046 billion. To make matters worse, the Corps has just announced that, after an internal review, the Corps believes the project's estimated cost "has changed significantly", which we understand to mean has increased significantly. Depending on the actual amount of the increase, such an increase could push the project's completion into the 2020's, thirty years or more after the first construction appropriation.
- McAlpine Lock and Dam. A little more than two years ago, in May of 2009, a new 1200-foot long, 110-foot wide auxiliary lock was dedicated adjacent to the existing 1200-foot long McAlpine Lock in Louisville, Kentucky. The new lock cost \$429.3 million and took fourteen years to complete, more than four times as long as it took to complete the original project at the identical location

These are just a few examples of our current broken business model. In the past our nation could build 26 projects in 10 years on the Upper Mississippi River, 7 lock and dam projects in 9 years on the Illinois River, locks and dams at 10 sites in 12 years on the Tennessee-Tombigbee Waterway, and seven new projects in 4 to 8 years following WRDA 86. Today it is taking 30 years to build new projects in each of two locations and 14 years to build what it took 3 years to build at another location.

This is completely unsatisfactory and is wasting billions and billions of dollars of scarce national investment resources.

The need for a long-term capital investment plan for the inland waterways has been apparent for a number of years, and the Users Board has attempted to highlight this issue in its annual reports. For example, I have included as an attachment to my testimony a copy of our report from 2 years ago, which goes into some detail on the subject. (Attachment B).

Our inland waterway system challenge has changed somewhat over the past 10 years or so. Ten years ago, the inland waterway industry and the nation were faced with the same kind of problem that all of the transportation trust funds had been experiencing: a growing surplus in the Inland Waterways Trust Fund as year after year more revenues were collected from the commercial users of the system than were withdrawn from the Trust Fund to make needed capital investments in the system. Those delays in expenditures resulted in preventable and greatly increased costs of projects. If the Trust Fund dollars had been spent properly in a timely fashion, we would have avoided much of the adverse impact from the dramatic rise in material prices like steel and concrete that occurred during some of those years.

Fortunately, with the help of this Committee and others, that challenge was met and the surplus was invested in modernization projects. Today the Trust Fund is operating, as originally intended when it was created, with virtually all of its resources being spent quickly to modernize the system.

Our nation's inland waterway modernization challenge going forward is the need to create and implement an improved program for the future. We have an aging system that needs recapitalization. We have a project funding and delivery system that is terribly inefficient, resulting in enormous wasted time and taxpayer dollars. Although we now have invested most of the Inland Waterways Trust Fund surplus, which unfortunately was allowed to sit idle for years, the inefficiencies of our current business model have resulted in too few finished projects. And all of this comes in the face of an unprecedented economic crisis that is severely stressing our waterway industry and the nation.

Work has been underway for some time to address this situation. A little more than four years ago, in a meeting at Corps headquarters with leaders of industry and the Corps gathered to discuss the going-forward challenge, the Corps committed to undertake an internal review of then-current inland waterway construction project performance to help identify and understand opportunities to improve project delivery results. During the summer 2008 meeting of the Inland Waterways Users Board, after presentation by and discussion with Corps leaders of the report that chronicled the results of that review (titled "Inland Navigation Construction, Selected Case Studies"), the Corps acknowledged shortcomings and the need for improvements and, to their credit, recommended that the Board should be more directly involved with Corps personnel in the development of an improved project delivery model. That led to formation of the industry/Corps CIS Team.

For roughly a year and a half, approximately 50 key Corps and industry representatives worked diligently to develop together a comprehensive solution to the future-oriented challenges facing

our inland waterways infrastructure, a solution that improves the project delivery system, dimensions the most critical physical needs of the inland waterway system, figures out what it will cost to address those needs, and addresses how to pay for it and how to allocate funding responsibility. Included among industry's representatives were the presidents of seven major inland waterway companies and senior representatives from a number of other companies. On the Corps side were senior leaders and technical experts from virtually every level of the Corps hierarchy: headquarters, divisions, districts and technical support centers. A series of multi-day face-to-face meetings was held throughout the country. Between those meetings, countless additional hours were spent in further discussions, phone conferences, and preparatory sessions.

This effort has required an enormous commitment from all involved but, speaking for myself and also reflecting the views of the entire Inland Waterways Users Board, it was a most important endeavor and a completely worthwhile commitment. At the end of the day, the CIS Team was able to meet the challenge it was given to develop the consensus recommendations I am now honored to testify in support of today.

The CIS Team proposes a \$7.6 billion 20-year inland waterway Capital Investment Program. The Program would entail an average annual investment level of \$380 million, comprised of two sub-component average annual program levels: \$320 million for "construction" projects and \$60 million for major rehabilitation projects. On average, of the \$380 million total, \$110 million would be contributed by the Inland Waterways Trust Fund and \$270 million would come from general revenues.

The CIS Team's proposal would preserve the existing 50% industry/50% federal cost-sharing formula for new lock construction and major rehabilitation projects costing \$100 million or more.

The plan would adjust the current model to provide 100% federal funding for dam construction and major rehabilitation projects and for smaller lock rehabilitation projects. The proposed funding for dams was made in recognition of the enormous value derived by other beneficiaries from the dams and the pools created by those dams. As the report points out, "such large and varied segments of the U.S. population benefit from the presence of dams on the (inland waterway) system that it is most appropriate for general revenues to fully fund dam construction and major rehabilitation costs". Categories of those non-navigation beneficiaries of the dams include municipal water supply, hydropower, recreation, industrial water supply, national defense and security, flood damage prevention, agricultural water supply, environmental restoration, local and regional economic development, property value enhancement, and international competitiveness.

The proposal also includes a project-by-project cost-sharing cap to provide some protection to industry from unreasonable cost escalation and project delays and to place additional emphasis on the need to produce more reliable project cost estimates in the underlying decision document and manage the completion of projects within the identified cost estimates and schedules. By incentivizing expedited completion of these important projects, this cap feature also will help protect the general taxpayer from preventable project delay and cost escalation. The cap would be set at the Feasibility or Rehabilitation Evaluation Report base cost, including contingencies

reflected in the relevant decision document, escalated to the new construction start date based on the IMTS capital investment program schedule plus any post-authorization project modifications agreed to by both the Corps and the Users Board.

After reviewing alternative options for generating additional revenues for the IWTF, the CIS Team proposes a 30% to 45% increase---between 6 and 9 cents per gallon ---in the current user fee that commercial users of the system pay (i.e., to a level between 26 and 29 cents per gallon). The Team reached this conclusion based on its sense that the current diesel tax revenue-raising system is fair and equitable and is a “workable, understood, acceptable, and auditable system for collecting the waterways industry’s share of the IMTS capitalization costs”. While the industry representatives of the CIS Team clearly would have preferred to avoid this increase, it is a measure of the seriousness and spirit of compromise that they brought to the CIS Team effort that they were willing to agree in an unprecedented way to this increase as part of the total comprehensive package.

Under the Team’s proposal, project construction funding would be provided to complete a prioritized list of specific projects. The projects were prioritized through use of a ranking system that was based on two broad categories: structural and operational risk and reliability and economic return. Project-by-project information was used that sought to assess the project’s current condition, the likelihood of diminished project performance, the consequence of diminished performance, and how the proposed investment would improve the project’s and the system’s performance. Prioritization occurred in three categories---authorized and under construction, authorized but not yet under construction, and other potential projects most of

which were completely unstudied. In making its recommendations, the Team emphasized completing work that was already underway or was un-started but had already been approved by Congress.

To address the opportunity to improve internal Corps project delivery performance, the CIS Team makes a number of recommendations. Some of these recommendations are already in the process of being implemented. Others will require additional review within the Corps before they can be implemented. At least one project delivery recommendation, relating to the use of continuing contracts in the construction of inland waterways system modernization projects, may require Congressional action before it can be implemented. The project delivery improvement recommendations cover items such as:

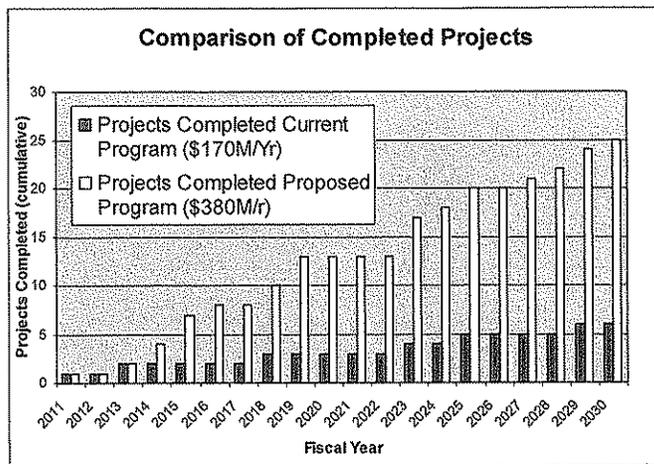
- Highly-reliable risk-based cost estimates,
- Independent external peer reviews,
- Certification requirements for project managers,
- Development of an IMTS Capital Investment Program regulation,
- Increased participation by the Inland Waterways Users Board,
- Use of Military Construction Program efficiency approaches,
- Acquisition strategy advances,
- Virtual design and review centers of expertise, and
- Standardization of designs.

The Team's report covers each of these and others in more detail.

A fundamental assumption of the Team's recommendations, in fact the Team's underlying premise, is that the federal government will provide the funds envisioned in the plan in an efficient manner. Inefficient funding will significantly impair the ability to implement this program. This point cannot be over-emphasized. It is critically important.

Mister Chairman, and Members of the Subcommittee, the Corps has conservatively estimated that the CIS Team's proposed plan is expected to avoid cost growth of between \$600 million and \$2.1 billion over the defined 20-year program. We believe this estimate may significantly understate the amount of cost growth that will be avoided over that timeframe. In addition, other economic benefits of implementing the proposed plan include avoiding far more than \$2.8 billion in additional national economic development benefits foregone. The \$2.8 billion Corps-estimated figure was calculated looking only at projects currently under construction and does not include, as it should in order to more completely reflect the entire plan, the value of beginning other projects under the proposed program much earlier than otherwise would be possible. And, of course, the plan would also deliver the additional non-economic environmental, societal, safety and energy benefits that accrue to the nation because of the inland waterway system's use.

Under the proposed CIS Team plan, significant modernization of the inland waterway system will occur. Without the plan, necessary achievable progress completing lock and dam and channel improvement projects will languish, dangerously threatening our nation's well being. The following chart, taken from the Team's report, starkly illustrates that reality.



The CIS Team concludes its report with these words: “While unlikely that any set of recommended improvements could completely eliminate cost increases and schedule delays, these recommended improvements---in combination with the development of the capital investment strategy and with the underlying premise that the funding will be provided in an efficient manner---will achieve the goal of an improved capital projects business model”.

Crouse Corporation and the Inland Waterways Users Board believe that statement to be true and urge this Committee to enact as quickly as possible the provisions that are necessary to fully implement this comprehensive inland waterway system modernization plan. We also believe that, when the Committee acts in this fashion, it will be following the incredible, almost-prayerful insight of our first President, George Washington, who wrote 218 years ago:

“Prompted by these observations, I could not help taking a more contemplative and extensive view of the vast inland navigation of these United States, from maps and the information of others; and could not but be struck with the immense diffusion and importance of it, and with the goodness of that Providence, which has dealt her favors to us so profuse a hand. Would to God we may have wisdom enough to improve them.”

ATTACHMENT A



The American Waterways Operators



Support the Inland Waterways Capital Development Plan *Invest in America's Inland Waterways Transportation System*

Benefits to America

America's inland waterways are a precious resource, and the envy of the world because of the natural "water highway" the waterways system provides for commerce. Modern lock and dam infrastructure is critical to U.S. competitiveness in the world market, to environmental protection, to energy efficiency, to the sustainment of well-paying American jobs and to congestion relief. Inland waterways transportation is a key component of the intermodal transportation network, and is essential to our nation's economy, environment, and quality of life.

A Consensus Plan to Improve Inland Waterways Navigation Infrastructure

Industry and the U.S. Army Corps of Engineers worked together for 18 months to develop a comprehensive, consensus package of recommendations to improve the continued vitality of this critical system. The Capital Development Plan, unanimously endorsed by the congressionally established Inland Waterways Users Board on April 13, 2010, will:

- **Prioritize the completion of navigation projects across the entire system,**
- **Improve the Corps of Engineers' project management and processes to deliver projects on time and on budget, and**
- **Recommend an affordable funding mechanism to meet the system's needs.**

The Plan represents a new approach to meet the longstanding need for efficient delivery and timely completion of critical projects and sustainable funding for the Inland Waterways Trust Fund. The nation's transportation system and taxpayers would benefit from the completion of essential navigation infrastructure and the containment of cost overruns.

Recommended Reforms

The proposal would:

- Preserve the existing 50% industry/50% federal cost-sharing formula for new lock construction and major lock rehabilitation projects costing \$100 million or more.
- Adjust the current model to provide 100% federal funding for dam construction and major rehabilitation and smaller lock rehabilitation projects, recognizing the value derived by other beneficiaries from dams and the pools created by dams.
- Include a cost share cap on new lock construction projects to incentivize keeping projects on budget and prevent industry taxpayers from bearing the burden of paying for unreasonable cost overruns. This will strengthen the ability of the Inland Waterways Trust Fund to fund more priority projects in the pipeline.

The proposed new funding parameters will necessitate a 30% to 45% increase (between 6 and 9 cents per gallon) in the existing fuel tax of 20-cents-per-gallon that is paid by the barge and towing industry, the only users of the system who currently are taxed. At the same time, the recommended reforms to the Corps of Engineers' project management and delivery process would ensure that these additional resources are spent wisely.

Endorsements

On January 12, 2010, the Board of Directors of Waterways Council, Inc., the national public policy organization advocating a modern and well-maintained national system of ports and inland waterways, voted unanimously to support the recommendations of this industry-Corps joint effort.

On January 22, the Board of Directors of The American Waterways Operators, the national trade association for the American tugboat, towboat and barge industry, voted to authorize AWO to advocate before the Administration and Congress in favor of the recommended plan.

On February 24, 2010, the Board of Directors of the National Waterways Conference, Inc., the national organization advocating for the enactment of common-sense policies recognizing the widespread public benefits of our nation's water resources infrastructure, voted unanimously to support the plan.

The more than 200 organizations on the following page join us in supporting this important effort:

Supporters of the Inland Waterways Capital Development Plan

National Organizations

The American Waterways Operators Waterways Council, Inc.	National Association of Manufacturers
National Waterways Conference, Inc.	National Audubon Society
National Corn Growers Association	American Agri-Women
National Council of Farmer Cooperatives	American Land Conservancy
National Grain and Feed Association	American Soybean Association
National Mining Association	Dredging Contractors of America
North American Equipment Dealers Association	Inland Rivers Ports & Terminals, Inc
Steel Manufacturers Association	International Liquid Terminals Association
Transportation Research Board/Marine Board	The International Propeller Club of the United States
	U.S. Chamber of Commerce

State, Regional, and Local Organizations

Alabama State Port Authority	Jersey County (Ill.) Farm Bureau
Association of Tennessee Valley Governments	Kane County (Ill.) Farm Bureau
Bond County (Ill.) Farm Bureau	Kendall County (Ill.) Farm Bureau
Boone County (Ill.) Farm Bureau	Kentuckians for Better Transportation
Bureau County (Ill.) Farm Bureau	Kentucky Chamber of Commerce
Calhoun County (Ill.) Farm Bureau	Kentucky Corn Growers
California Marine Affairs & Navigation Conf. (CMANC)	Kingdom of Callaway (Mo.) Chamber of Commerce
Carpenters' Dist. Council of Greater St. Louis and Vicinity	Knox County (Ill.) Farm Bureau
Carroll County (Ill.) Farm Bureau	LaSalle County (Ill.) Farm Bureau
Chemical Industry Council of Illinois	Lee County (Ill.) Farm Bureau
City of Pittsfield, Ill.	Little Rock Port Authority
Clark County (Ill.) Farm Bureau	Louisiana Assn. of Waterway Operators & Shipyards
Coalition of Alabama Waterway Associations, Inc.	Macon County (Ill.) Farm Bureau
Cook County (Ill.) Farm Bureau	Marshall-Putnam (Ill.) Farm Bureau
Coosa-Alabama River Improvement Association, Inc.	Mason County (Ill.) Farm Bureau
DeWitt (Mo.) Drainage and Levee District	McLean County (Ill.) Farm Bureau
DeWitt County (Ill.) Farm Bureau	McDonough County (Ill.) Farm Bureau
Show-Me-State Black Ducks Chapter, Ducks Unlimited	Menard County (Ill.) Farm Bureau
DuPage County (Ill.) Farm Bureau	Mercer County (Ill.) Farm Bureau
Effingham County (Ill.) Farm Bureau	MidCentral Illinois Regional Council of Carpenters
Farm Resource Center	Minnesota Chapter of ASFMRA
Grain & Feed Association of Illinois	Minnesota Corn Growers Association
Great River Economic Development Foundation	Minnesota Grain and Feed Association
Greene County (Ill.) Farm Bureau	Mississippi Water Resources Association
Gulf Intracoastal Canal Association	Missouri Corn Growers Association
Hancock County (Ill.) Farm Bureau	Missouri Levee & Drainage District Association
Huntington District Waterways Association	Mo-Ark Association
Illinois AgriWomen	Montgomery County (Ill.) Farm Bureau
Illinois Association of Drainage Districts	Ogle County (Ill.) Farm Bureau

Illinois Biotechnology Industry Organization
Illinois Corn Growers Association
Illinois Farm Bureau
Illinois Fertilizer & Chemical Association
Illinois Grape Growers & Vintners Association
Illinois Seed Trade Association
Illinois Soc. of Prof. Farm Managers and Rural Appraisers
Illinois Soybean Association
Indiana Corn Growers Association
Indiana Soybean Alliance
International Union of Operating Engineers Local 513
Iowa Corn Growers Association
Jasper County (Ill.) Farm Bureau
Jersey County (Ill.) Business Association
Red River Valley Association
Rosedale-Bolivar County (Miss.) Port Commission
Sangamon County (Ill.) Farm Bureau
Shelby County (Ill.) Farm Bureau
Southern Illinois Builders Association
Southern Illinois Construction Advancement Program
Stark County Farm (Ill.) Bureau
Stephenson County (Ill.) Farm Bureau

Ohio Corn Growers Association
Pacific Northwest Waterways Association (PNWA)
Paducah Area Chamber of Commerce
Peoria County (Ill.) Farm Bureau
Perry County (Ill.) Farm Bureau
Pike and Scott County (Ill.) Farm Bureaus
Plumbers and Pipefitters Local 562 (St. Louis)
Port of Cincinnati, LLC
Port of Delcambre, LA
Port of Houston Authority
Board of Commissioners of the Port of New Orleans
Port of Pittsburgh Commission
Port of Portland (Oregon)
Port of Vancouver, WA
Rock Island County (Ill.) Farm Bureau
Tennessee Cumberland Waterways Council
Tennessee River Valley Association
Tennessee-Tombigbee Waterway Develop. Auth.
Tennessee-Tombigbee Waterway Develop. Council
Texas Waterways Operators Association
Texas Agri Women
Tri Rivers Waterway Development Assoc.
Tri-State Development Summit
Tulsa Port of Catoosa
Twin Parish Port Comm.
Upper Mississippi Waterway Association
Upper Mississippi, Illinois & Missouri Rivers Assn.
Warrior-Tombigbee Waterway Association
Washington County (Ill.) Farm Bureau
Waterways Association of Pittsburgh
Whiteside County (Ill.) Farm Bureau
Will County (Ill.) Farm Bureau

Companies

Advantus Strategies, LLC
AEP River Operations
Ag-Land FS, Inc.
Agriservices Of Brunswick, LLC
Alter Barge Line, Inc.
American Commercial Lines
American Inland Ports, LLC
American River Transportation Company
Amherst Madison, Inc.
Artco Fleeting Service
B&G Towing LLC/Acme Marine LLC
Bayou Fleet Inc.
Bludworth Marine LLC
Blue Danube Incorporated
Bob Brackmann Farms
Brennan Marine, Inc.
Brunswick River Terminal, Inc.
Buffalo Marine Service, Inc.
Bunge North America
C&C Marina Maintenance Company
Campbell Transportation Company

Holcim (US) Inc.
Ingram Barge Company
Inland Marine Service
The Integra Group, Inc.
J.A.M. Marine Services, LLC
Kirby Corporation
K-Sea Transportation Partners LP
Lafayette Workboat Rentals, LLC
LeBeouf Bros. Towing, LLC
Magnolia Marine Transport Co.
Marathon Petroleum Company LLC
MARMAC, LLC d/b/a McDonough Marine Service
Marquette Transportation Company, LLC
Martin Marine
McNational Inc.
Mulzer Crushed Stone
Natures Way Marine, LLC
New Orleans Shipyard
Northern Partners Cooperative
Nucor Steel Tuscaloosa, Inc.
Osterholt Farms

Canal Barge Company, Inc.
Cargill, Inc.
CF Industries Holdings, Inc.
CGB Enterprises, Inc.
Channel Shipyard Companies
CHS Inc.
Cincinnati Bulk Terminals, LLC
CITGO Petroleum Corporation
Clarkson Grain Company Inc.
Colusa Elevator
CONSOL Energy
Cooper T Smith
DeLoach Marine
E.ON U.S.
Farm Credit Services of Illinois
FirstEnergy Solutions
Grain Processing Corporation
GROWMARK
Hartsburg Grain Company
Hodel Farms Inc.
Hines Furlong Line, Inc.

Parker Towing Company
PowerSouth Energy Cooperative
Rentech Energy Midwest
Sause Bros., Inc.
Servco FS Cooperative
Smurfit Stone Container Corporation
T & T Marine Salvage, Inc.
Thomson, Rhodes & Cowie P.C.
Tidewater Barge Lines, Inc.
TPG Marine Enterprises, LLC
TradeWinds Towing LLC
Crouse Corporation
Trinity Marine Products, Inc.
Twomey Company
Turn Services, LLC
United Ocean Services
Upper River Services LLC
Valero Energy
Volunteer Barge & Transport Inc.
Vulcan Materials Company
The Waterways Journal, Inc.
Yager Materials, LLC

Updated 7-13-11

ATTACHMENT B

**INLAND WATERWAYS USERS BOARD
23rd ANNUAL REPORT
TO THE
SECRETARY OF THE ARMY
AND THE
UNITED STATES CONGRESS
WITH APPENDIXES**

AUGUST 2009

"Prompted by these observations, I could not help taking a more contemplative and extensive view of the vast inland navigation of these United States, from maps and the information of others; and could not but be struck with the immense diffusion and importance of it, and with the goodness of that Providence, which has dealt her favors to us so profuse a hand. Would to God we may have wisdom enough to improve them."

George Washington
From his letter to the Chevalier de Chastellux
ca 1783

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**Inland Waterways Users Board
23rd Annual Report
August 2009**

The Inland Waterways Users Board (the Board) is a Federal advisory committee established by Congress under Section 302 of the Water Resources Development Act of 1986 (WRDA of 1986), Public Law 99-662 dated November 17, 1986, to make recommendations on construction and rehabilitation projects on the inland waterways of the United States. This is the annual report for 2009.

Excerpts from President Barack Obama's Memorandum for the Heads of Executive Departments and Agencies, January 21, 2009.

Government should be participatory. Public engagement enhances the Government's effectiveness and improves the quality of its decisions. Knowledge is widely dispersed in society, and public officials benefit from having access to that dispersed knowledge. Executive departments and agencies should offer Americans increased opportunities to participate in policymaking and to provide their Government with the benefits of their collective expertise and information. Executive departments and agencies should also solicit public input on how we can increase and improve opportunities for public participation in Government.

Government should be collaborative. Collaboration actively engages Americans in the work of their Government. Executive departments and agencies should use innovative tools, methods, and systems to cooperate among themselves, across all levels of Government, and with nonprofit organizations, businesses, and individuals in the private sector. Executive departments and agencies should solicit public feedback to assess and improve their level of collaboration and to identify new opportunities for cooperation.

The Inland Waterways Users Board is currently working with representatives of the U. S. Army Corps of Engineers (the Corps) in an intensive ongoing effort to identify ways to improve the Corps project delivery model. This working group is known as the Inland Marine Transportation System Investment Strategy Team (IMTS Team). Broadly speaking, the IMTS Team will seek to:

- 1) Identify ways to improve the project delivery system (more reliable estimates, better contracting practices, improved project management, etc) in order to ensure that future projects can be completed on time and within budget;
- 2) Develop a list of long-term capital needs for the inland navigation system, including an objective methodology to prioritize those needs;
- 3) Develop reliable estimates for the costs of those system needs; and
- 4) Develop and jointly recommend a strategy to help ensure that those funding requirements can be met with reasonable certainty and efficiency.

It is the Board's expectation that the IMTS Team's final consensus-based recommendations will reflect the team's best thinking, unencumbered by any existing Corps policies or practices nor constrained by current or past Administration positions.

Broken Business Model

The comprehensive review by the IMTS Team is necessitated because the present business model is broken. As highlighted in previous Board reports and elsewhere:

- The design life of our locks and dams is generally 50 years. The majority of our locks have exceeded that – many are more than 70 years old.
- The United States Maritime Administration projects dramatic growth of domestic freight volumes, which will compound the congestion problems on the nation's already overcrowded highway system.
- Enormous project cost overruns and delays in project schedules have greatly strained the Inland Waterways Trust Fund balance. Meanwhile, the benefits foregone (by virtue of not having the use of completed projects) continue to escalate.
- Project completion delays result, (at least in part) from a Federal budgeting and appropriations model that provides funding in annual and often-insufficient increments rather than a more reliable multi-year funding mechanism that would provide the certainty needed to more efficiently contract and build these capital projects.
- In the not-too-distant past, projects (such as those authorized by the Water Resources Development Act of 1986, P.L. 99-662) were completed within an average of 6.3 years and with an average increase of 32.5% of authorized costs; compared to the present day projects under construction that are more than double authorized amounts and require more than 17 years to complete.
- Another truly startling example of the contrast between today's project delivery performance and yesteryear's, is McAlpine Locks and Dam (Louisville, KY). The recently dedicated 1200' lock chamber took 10 years to complete. The virtually identical lock chamber sitting next to it was constructed in just 3 years (1958-1961).

Inland Navigation Stakeholders Call For A Review (The Selected Case Studies)

In June 2007, the inland navigation stakeholders requested the Corps undertake a review and comparison of the cost escalation and schedule delays associated with three of the then-current cost-shared inland navigation construction projects (Marmet Locks and Dam, Lower Monongahela Locks and Dams 2, 3, and 4 and Olmsted Locks and Dam). The Corps agreed to conduct such a review and completed and delivered the Selected Case Studies to the Board in July 2008. The study revealed a number of principal reasons to help explain the enormous cost

escalation. They include delay-caused inflation, government design changes, design omissions, re-estimates and differing site conditions encountered during construction. The Corps estimates the non-inflationary reasons account for about 61% of the cost growth on the Lower Monongahela project and about 69% of the cost growth on the Olmsted project. The Corps agrees that these findings highlight the need for process improvements in engineering, construction and project management. The Board notes that in general, the private sector spends far less time studying and building potential projects and completes their evaluation process with a far more accurate assessment of the scope of work, site conditions and project cost. While the Board is mindful that the Corps faces constraints and limitations not found in the private sector, to the extent these constraints and limitations are costing the nation money without providing offsetting value, they should be eliminated.

There is an inherent inequity in a process where two "partners" split project costs based on one partner's estimate, yet the other partner pays half of the escalating costs if the estimate proves faulty. This inequitable arrangement provides no incentive to develop accurate cost estimates. In fact, it may encourage lower estimates that improve project cost benefit ratios, which in turn may cause one partner (in this case those paying the inland waterway fuel tax, not to mention the general taxpayer) to proceed with projects that might otherwise have not advanced if a more accurate cost estimate had been available.

The Selected Case Studies report also concluded that "less than optimal funding" accounted for about 32% of the cost growth for two projects (Lower Monongahela and Olmsted). While the Board applauds the Corps for its review, we believe that their estimated cost increases (while dramatic) nevertheless understate the total cost of these increases. The Corps report identifies the increases in terms of 2007 constant dollars. However, if the projects had been completed earlier, as estimated, then the total construction costs would have been much lower because the cost of construction materials was much cheaper. There were certainly ample Inland Waterways Trust Fund dollars available in the mid-to-late 1990's and early 2000's. Earlier completion of Olmsted and the Lower Monongahela projects would have produced significant construction cost savings in addition to the fact that the nation would have benefited from the transportation cost savings that were originally projected to be provided by the finished projects.

ARRA Funding: Welcome, but Short-Term, Band-Aid

President Obama signed into law the American Recovery and Reinvestment Act of 2009 on February 17th. The stated intent of the legislation was to stimulate recovery of the U. S. economy.

For the Corps Civil Works Program, the Act included \$4.6 billion in funding. Of that, \$2.0 billion is for construction projects and \$2.075 billion is for operations and maintenance activities nationwide. Appropriations are also included for the Mississippi River and Tributaries (MR&T) account and other accounts. Within the construction project category, at least \$403.1 million is allocated to inland waterway system lock and dam modernization projects. Significantly, the ARRA funding provided for the inland waterway lock and dam construction and major rehabilitation projects does not require cost-sharing from the Inland Waterways Trust Fund.

The Board took an active role in expressing its strong belief to Congress and to the Corps that the inland navigation system's projects deserved to be considered as high priorities as decisions were being made regarding the development of stimulus legislation and the subsequent allocation of funds (see attached letters in Appendix 3). The Board is heartened by the ARRA funding that is already allocated for inland construction projects. Although much more spending could be justified, this is a significant sum that will further some much needed work. We commend the Corps for their successful efforts within the Administration to demonstrate the urgent need for these funds. We urge the Corps to continue to expedite the expenditure of these funds in such a fashion that will advance the completion dates of the projects.

The Path Forward

During the July 2008 Board Meeting Number 58 in Walla Walla, Washington, the Corps reported on the findings contained in the Selected Case Studies report. The Corps acknowledged shortcomings in a number of their current processes and the need for improvements. Mr. Gary Loew (Chief, Programs Integration Division, Corps Civil Works Directorate), also recommended the Board should be more directly involved in the development of an improved project delivery model. Thus, the IMTS Team was formed and it began the present effort.

The Board wishes to commend the Corps for its candor in acknowledging that changes are needed, as well as for its vision to initiate the collaborative effort of the IMTS Team to develop a long term, comprehensive, consensus-based strategy to better prioritize, manage and fund the capital construction needs of our nation's inland navigation system.

While the Board is acutely aware that the present low balance in the Inland Waterways Trust Fund has slowed down needed work on projects, we are also certain that the failure of our present project delivery model is not solely caused by a lack of sufficient Inland Waterways Trust Fund dollars. Essential systemic and policy changes must be addressed as we move forward. Some of these needed changes will require shifts in the way government (Executive Branch and Congress) operates. We will not resolve today's project delivery problems by merely increasing the industry's tax burden. If all we do is raise the industry's taxes, then we are destined to repeat today's mistakes, albeit perhaps at a faster, more expensive pace. We are also very mindful of the fact that history has shown that available trust fund balances have not always translated into greater investments in desperately needed projects. In the recent past, projects have languished while the trust fund balances increased. Even today, the balance continues to grow in the Harbor Maintenance Trust Fund which was established to pay for maintenance of port and harbor channels, even though many needed harbor maintenance projects remain unfunded. This suggests to the Board that merely raising more revenue is not the answer, unless it is coupled with dramatic process change at all levels of government.

Unfortunately, the constructive efforts which began with the initiation of the Selected Case Studies and then followed by the IMTS Team efforts have been complicated by the distraction of the Administration's ill-conceived lockage fee proposal. This concept is devoid of any persuasive basis in rational economic theory. Further, it contradicts a basic tenet held for the

past 200 years by nation's waterways policy, which has long recognized that the benefits of the entire system are not just local in nature, but inure to the nation as a whole.

The Board could point out more shortcomings of the lockage fee concept. However, to do so might have the unintended effect of suggesting that it is an idea worthy of serious consideration. It is not.

The Board is quite mindful of the stressed economic situation faced by many of the carriers on the inland waterways who are the payers of the taxes supporting the Inland Waterways Trust Fund. The economic downturn has impacted virtually all carriers to some degree, many to a profound degree. Many companies have boats and barges tied up and employees laid off due to the worst national economic conditions in seven decades. Doubling or tripling their tax burden, however the tax is assessed, is not a good way to ensure the survival of these companies and preserve the employment of their remaining workforces. Compared to rail and truck, inland marine transportation is the most fuel efficient, clean and greenhouse gas friendly way to move the nation's cargo. We should be looking for ways to incentivize more shippers to take advantage of our existing waterways capacity rather than considering an inequitable tax regime that will drive cargo to less efficient modes.

Collectively, the inland barge industry is a small industry whose ability to pay for the nation's lock and dam system is limited. Much of the industry is privately held, making financial comparisons difficult, but an extrapolation of the operating revenues of the publicly traded barge lines suggest that overall industry operating revenue is but a small fraction of the \$54.6 billion that the American Association of Railroads reported for America's Class I railroads in 2007. A question policymakers must address is whether it even makes sense to expect this industry to fund half the cost of new construction and major rehabilitation projects on our nation's inland waterways, much less bear half the price of the cost overruns resulting from inefficient construction and funding practices on the part of the government. While our inland waterways certainly benefit navigation and it is fitting for navigation to contribute to their future, there are a host of non-navigation beneficiaries who benefit from the existence of this infrastructure. Funding decisions must recognize the reality of the industry's small size and limited resources and appreciate the significant economic and social benefits that accrue to the nation because of barge transportation.

Recommendations

The Board strongly urges the development of a long term public policy that truly recognizes the importance of our navigation system and adopts an investment policy that reflects that vision. A comprehensive approach is urgently needed to outline the compelling national interest in the funding and construction of our most environmentally friendly and economically efficient mode of transportation. The Board believes that the efforts of the IMTS Team offer the best path to this goal and that the Congress and the Administration should support the work of this team and take no action until the team has had a reasonable opportunity to complete its work and make its recommendations.

As Congress and the Administration (as well as the IMTS Team) continue to reflect on how best to fashion a workable policy that furthers these national goals, the Board respectfully offers the following observations and ideas for consideration.

- Congress must provide adequate, uninterrupted funding for waterways projects to eliminate the inefficiencies of start-and-stop construction that result from the current "annual" appropriation method which often provides less-than-optimal amounts for individual projects and is generally punctuated with continuing resolutions and other uncertainties. Once we decide to commence a project, we cannot hope to complete it in on time or on budget if adequate funding is not assured.
- There must be continual improvement to the Corps project delivery model. The focus should be on productive project management through full and efficient funding.
- Projects currently under construction or almost ready to begin construction will require approximately \$7.0 billion to complete. If one assumes current Inland Waterways Trust Fund projected revenue levels, plus the current matching federal appropriation levels, it will take more than 40 years to complete these projects.
- In order to adequately address these capital needs, we must take a more creative approach. Similarly, the Corps must take creative steps to efficiently manage the construction process – on time and within budget.
- By even the most generous of interpretations, construction costs and schedule delays for some of the navigation projects (principally Olmsted and Lower Monongahela) are staggering. To date, 50 percent of these excessive costs have been borne by the industry. That is enough. Going forward for both ongoing and future projects, the Inland Waterways Trust Fund cost shared project share should be limited to 50 percent of the projects' original Congressionally authorized amount. This will provide an incentive for accurate cost estimating.
- In recognition of the multiple non-commercial navigational beneficiaries of the inland waterways system and the many benefits of barge transportation, the allocation of costs between the inland towing industry and the Federal government should be adjusted. For example, the dam portion of project costs should be excluded from the Inland Waterways Trust Fund cost sharing formula. Also, Inland Waterways Trust Fund cost sharing of lock and dam major rehabilitation projects provides a financial incentive to defer maintenance to the point a "major rehabilitation" is required for continued operation of a facility. The decision to allow Inland Waterways Trust Fund contributions for major rehabilitation projects should be rescinded.
- Policymakers should re-evaluate current cost sharing requirements. Is it sensible to rely upon one very small industry to match dollar-for-dollar the Federal government's capital investment in our Nation's inland waterways infrastructure, given the vast environmental and societal benefits provided by the inland waterways system?

Because this annual report is being issued as Congress progresses towards a conference on the FY 2010 Energy and Water Development Appropriations bill, the recommendations contained in Table 1 were formulated with a view towards the status of Congress' action to date. These recommendations also reflect the Board's recognition that significant funding is being provided through FY 2010 for inland waterways modernization projects pursuant to the ARRA funding.

Table 1. Inland Waterways Users Board Priority Projects

Name	Recommended Funding FY 2010 (\$million)	States Directly Impacted	Economic Impact To Each State
PRIORITY CONSTRUCTION and MAJOR REHABILITATION PROJECTS			
Olmsted Locks and Dam, Illinois and Kentucky (Const)	\$109.79	LA, KY, OH, WV, IL, IN, PA, TN, MO, AR, TX, MS, AL, FL, IA, OK, MN, WI, KS, NE	90 million tons, valued at \$18.8 billion serving 20 states
Monongahela River Locks and Dams 2, 3, and 4, Pennsylvania (Const)	\$6.21	PA, WV, OH, KY, IN, IL, MO, TN, LA, AR, MS, AL, TX, OK, IA	20 million tons valued at \$1.6 billion serving 15 states
Kentucky Locks and Dam, Kentucky (Const)	\$1.0	TN, KY, IL, LA, WV, PA, IN, OH, MO, AL, MS, AR, IA, TX, MN, WI, OK, FL, NE, KS	32 million tons valued at \$4.5 billion serving 20 states
Markland Locks and Dam, Kentucky (Major Rehab)	\$1.0	KY, LA, OH, WV, IL, IN, PA, TN, MO, AR, TX, MS, AL, FL, IA, OK, MN, WI	53 million tons valued at \$13.2 billion serving 18 states
Emsworth Locks and Dam, Ohio River, Pennsylvania (Dam Safety Static Instability)	\$25.0	PA, WV, OH, KY, IN, IL, MO, TN, LA, AR, MS, AL, TX, OK, IA	21 million tons valued at \$2.3 billion serving at least 15 states
Inner Harbor Navigation Canal Lock, Louisiana (Const)	\$0.0	LA, MS, AL, FL, TX, AR, TN, MO, KY, IL, IN, OH, WV, PA, IA, MN	13 million tons valued at over \$8.4 billion for 16 states
Chickamauga Lock and Dam, Tennessee River, Tennessee (Const)	\$15.0	TN, KY, AL, IN, WV, PA, LA, AR, TX, MO, IL, OK	1 million tons valued at \$373 million serving 12 states

Name	Recommended Funding FY 2010 (\$million)	States Directly Impacted	Economic Impact To Each State
Lower Monumental Lock, Lower Snake River, Washington (Const)	\$6.74	WA, OR, ID, MT, ND	3.3 million tons valued at \$880 million serving 5 states
John T. Myers Locks and Dam, Ohio River, Indiana and Kentucky (Const)	\$0.0	TN, KY, IL, LA, WV, PA, IN, OH, MO, AL, MS, AR, IA, TX, MN, WI, OK, FL	70 million tons valued at \$15.5 billion serving 18 states
PRIORITY PED PROJECTS and STUDIES			
Upper Mississippi River and Illinois Waterway Navigation, Illinois, Iowa, Minnesota, Missouri, and Wisconsin (NESP) (PED)	\$9.0	LA, MO, IL, IA, MN, WI, KY, AL, TN, TX, WV, IN, PA, OH, MS, AR, KS, NE	117 million tons valued at \$27 billion serving 18 states
Greenup Locks and Dam, Ohio River, Kentucky and Ohio (PED)	\$1.0	TN, KY, IL, LA, WV, PA, IN, OH, MO, AL, MS, AR, IA, TX, MN, WI, OK, FL	60 million tons valued at \$13.5 billion serving 18 states
Bayou Sorrel Lock, Intracoastal Waterway, Louisiana (PED)	\$1.24	TX, LA, MS, AR, OK, TN, KY, MO, IL, IN, OH, WV, PA, IA, MN	23 million tons valued at \$15.7 billion serving at least 15 states
Calcasieu Lock, Intracoastal Waterway, Louisiana (Study)	\$1.0	TX, LA, MS, AL, FL, AR, OK, TN, KY, MO, IL, IN, OH, WV, PA, IA, MN	38 million tons valued at \$30.6 billion serving at least 17 states
Upper Ohio River Navigation, PA (Study)	\$1.7	PA, WV, OH, KY, IN, IL, MO, TN, LA, AR, MS, AL, TX, OK, IA	21 million tons valued at \$2.3 billion serving at least 15 states
Gulf Intracoastal Waterway (GIWW) High Island Realignment, Texas (Study)	\$0.2	TX	28.5 million tons valued at \$25.3 billion
Total for All Projects	\$178.88		

Acknowledgements

The Inland Waterways Users Board wishes to express its sincere appreciation to Major General Merdith "Bo" Temple, the U.S. Army Corps of Engineers Deputy Commanding General for Civil Works and Emergency Operations, and Executive Director to the Board, Mr. Mark R. Pointon from the Corps Directorate of Civil Works, the Executive Secretary to the Board, and Messrs. Kenneth E. Lichtman and David V. Grier from the Corps Institute for Water Resources for all the support they provide. Also, the Corps' division and district staffs and the staffs at Corps Headquarters and the Institute for Water Resources have provided thorough and timely information for the Board's use and have always tried to best answer the Board's tough questions.

Appendix A

History

The Inland Waterways Fuel Tax was established to support inland waterway infrastructure development and rehabilitation. Commercial users are required to pay this tax on fuel consumed in inland waterway transportation. Revenues from the tax are deposited in the Inland Waterways Trust Fund and fund 50% of the cost of inland navigation projects each year as authorized. The amount of tax paid by commercial users is \$.20 per gallon of fuel. This tax rate generates approximately \$85 million in contributions annually to the Inland Waterways Trust Fund.

Reflecting the concept of "Users Pay, Users Say", the Water Resources Development Act of 1986 (Public Law 99-662) ("WRDA '86") established the Inland Waterways Users Board (the "Board"), a federal advisory committee, to give commercial users a strong voice in the investment decision-making they were supporting with their cost-sharing tax payments. The principal responsibility of the Board is to recommend to the Congress, the Secretary of the Army and the U.S. Army Corps of Engineers the prioritization of new and replacement inland navigation construction and major rehabilitation projects.

Appendix B

List of the Fuel Taxed Inland and Intracoastal Waterways and System Map

Statutory Definitions of Inland and Intracoastal Fuel Taxed Waterways of the United States

SOURCES: Public Law 95-502, October 21, 1978, and Public Law 99-662, November 17, 1986.

1. **Alabama-Coosa Rivers:** From junction with the Tombigbee River at river mile (hereinafter referred to as RM) 0 to junction with Coosa River at RM 314.
2. **Allegheny River:** From confluence with the Monongahela River to form the Ohio River at RM 0 to the head of the existing project at East Brady, Pennsylvania, RM 72.
3. **Apalachicola-Chattahoochee and Flint Rivers (ACF):** Apalachicola River from mouth at Apalachicola Bay (intersection with the Gulf Intracoastal Waterway) RM 0 to junction with Chattahoochee and Flint Rivers at RM 107.8. Chattahoochee River from junction with Apalachicola and Flint Rivers at RM 0 to Columbus, Georgia at RM 155 and Flint River, from junction with Apalachicola and Chattahoochee Rivers at RM 0 to Bainbridge, Georgia, at RM 28.
4. **Arkansas River (McClellan-Kerr Arkansas River Navigation System):** From junction with Mississippi River at RM 0 to Port of Catoosa, Oklahoma, at RM 448.2.
5. **Atchafalaya River:** From RM 0 at its intersection with the Gulf Intracoastal Waterway at Morgan City, Louisiana, upstream to junction with Red River at RM 116.8.
6. **Atlantic Intracoastal Waterway:** Two inland waterway routes approximately paralleling the Atlantic coast between Norfolk, Virginia, and Miami, Florida, for 1,192 miles via both the Albemarle and Chesapeake Canal and Great Dismal Swamp Canal routes.
7. **Black Warrior-Tombigbee-Mobile Rivers:** Black Warrior River System from RM 2.9, Mobile River (at Chickasaw Creek) to confluence with Tombigbee River at RM 45. Tombigbee River (to Demopolis at RM 215.4) to port of Birmingham, RM's 374-411 and upstream to head of navigation on Mulberry Fork (RM 429.6), Locust Fork (RM 407.8), and Sipsey Fork (RM 430.4).
8. **Columbia River (Columbia-Snake Rivers Inland Waterways):** From the Dalles at RM 191.5 to Pasco, Washington (McNary Pool), at RM 330, Snake River from RM 0 at the mouth to RM 231.5 at Johnson Bar Landing, Idaho

9. Cumberland River: Junction with Ohio River at RM 0 to head of navigation, upstream to Carthage, Tennessee, at RM 313.5.
10. Green and Barren Rivers: Green River from junction with the Ohio River at RM 0 to head of navigation at RM 149.1.
11. Gulf Intracoastal Waterway: From St. Mark's River, Florida, to Brownsville, Texas, 1,134.5 miles.
12. Illinois Waterway (Calumet-Sag Channel): From the junction of the Illinois River with the Mississippi River RM 0 to Chicago Harbor at Lake Michigan, approximately RM 350.
13. Kanawha River: From junction with Ohio River at RM 0 to RM 90.6 at Deepwater, West Virginia.
14. Kaskaskia River: From junction with Mississippi River at RM 0 to RM 36.2 at Fayetteville, Illinois.
15. Kentucky River: From junction with Ohio River at RM 0 to confluence of Middle and North Forks at RM 258.6.
16. Lower Mississippi River: From Baton Rouge, Louisiana, RM 233.9 to Cairo, Illinois, RM 953.8.
17. Upper Mississippi River: From Cairo, Illinois, RM 953.8 to Minneapolis, Minnesota, RM 1,811.4.
18. Missouri River: From junction with Mississippi River at RM 0 to Sioux City, Iowa, at RM 734.8.
19. Monongahela River: From junction with Allegheny River to form the Ohio River at RM 0 to junction of the Tygart and West Fork Rivers, Fairmont, West Virginia, at RM 128.7.
20. Ohio River: From junction with the Mississippi River at RM 0 to junction of the Allegheny and Monongahela Rivers at Pittsburgh, Pennsylvania, at RM 981.
21. Ouachita-Black Rivers: From the mouth of the Black River at its junction with the Red River at RM 0 to RM 351 at Camden, Arkansas.
22. Pearl River: From junction of West Pearl River with the Rigolets at RM 0 to Bogalusa, Louisiana, RM 58.
23. Red River: From RM 0 to the mouth of Cypress Bayou at RM 236.

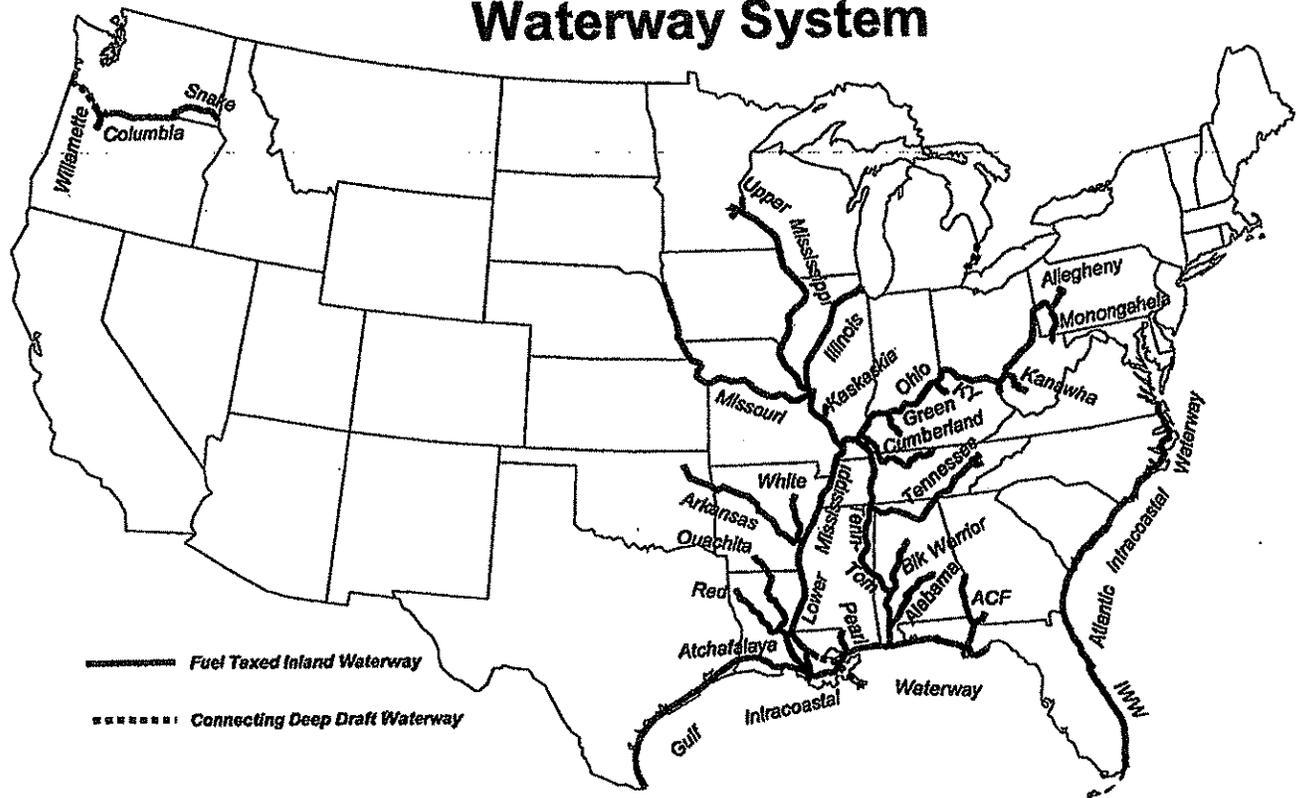
24. Tennessee River: From junction with Ohio River at RM 0 to confluence with Holstein and French Rivers at RM 652.

25. White River: From RM 9.8 to RM 255 at Newport, Arkansas.

26. Willamette River: From RM 21 upstream of Portland, Oregon, to Harrisburg, Oregon, at RM 194.

27. Tennessee-Tombigbee Waterway: From its confluence with the Tennessee River to the Warrior River at Demopolis, Tennessee

The Fuel-Taxed Inland and Intracoastal Waterway System



Appendix C

Letters from the Board to Senator James M. Inhofe and Mr. Gary A. Loew



INLAND WATERWAYS USERS BOARD
Washington, D.C. 20314-1000 (CECW-P)

November 1, 2008

The Honorable James M. Inhofe
Ranking Member
Environment & Public Works
United States Senate
Washington, D. C. 20505-6256

Dear Ranking Member Inhofe:

I am writing as acting Chairman of the Inland Waterways Users Board, a 9 member independent federal advisory committee appointed by the Secretary of the Army. The message I bring to you today is that now is the time to invest in America's inland navigation infrastructure.

The Waterways Users Board prioritizes major lock and dam projects for construction on the inland waterways of the United States. Fortunately for the citizens of the United States our predecessors had the courage and foresight to support the original construction of locks and dams. The return to the country has far exceeded expectations. The bottom line is this has been a good investment.

The challenge to Board members is to prioritize projects for construction that yield the greatest return to the citizens of the United States of America. By nature these projects are massive construction projects. Many projects are replacing older structures that have outlived their originally engineered design lifetime of 50 years. Many factors are considered when prioritizing, such as economic return, critical failure consequences, environmental concerns, safety to the public and the navigation industry, pre-engineering and design time, and construction time, to name a few.

There are 257 navigation lock chambers at 212 sites that are operated by the federal government. Fortunately, depending on the criteria chosen, there are 16 to 18 projects authorized by Congress and vetted by the Corps of Engineers that only await an appropriation to begin or continue the construction process. For example, lock studies have been completed and authorization has occurred for the construction of modernized locks on the Upper Mississippi and Illinois Rivers. There are many other existing lock and dam modernization projects already underway waiting in the appropriations queue to be completed.

The May 2008 Inland Waterways Users Board 22nd Annual Report To The Secretary of the ARMY and the United States Congress the Board stated:

A Federal Advisory Committee Established by the Water Resources Development Act of 1986



INLAND WATERWAYS USERS BOARD
Washington, D.C. 20314-1000 (CECW-7)

"Although issues, such as trust funds and lock and dam construction, are not attractive they can be influential in economic recovery. Jobs are being created as a result of the projects being adequately funded. Investment means jobs and stimulates an economy."

Congress and the Administration recognize the importance of the inland waterways transportation system and the need to sustain and increase the reliability of this system, now and for our future. In its FY2009 budget request, the Administration asked Congress to fund 14 Inland waterway system lock and dam modernization projects, including major rehabilitation projects, throughout the Nation. In the individual FY 2009 Energy and Water Development Appropriations bills that were approved by the House and Senate Appropriations Committees, but were not considered on the floor of either chamber prior to the pre-election recess, funding for all the Administration-requested lock and dam modernization projects was supported by either the House or Senate Appropriations Committees. Two additional modernization projects were added in one or the other Committee marks, bringing the total of Congressionally-supported lock and dam modernization projects to 16.

Estimates for expenditures on these 16 lock and dam modernization projects could productively and quickly use approximately \$1-\$1.5 billion above previously-anticipated FY2009 appropriations levels to expedite job-creating construction work associated with the projects. In addition another \$500 million above previously-anticipated FY2009 appropriations levels can be utilized immediately towards operations & maintenance ("O&M") work throughout the system. The total economic stimulus amount: \$1.5-\$2.0 billion for inland navigation. The full \$1.5-\$2.0 billion amount of stimulus funding needed for both lock and dam modernization and O&M should be provided in the economic stimulus bill at full federal expense to expedite this important inland waterway navigation system job-creating work.

We respectfully request that stimulus spending in the amount of \$1.5-\$2.0 billion for inland waterways infrastructure projects immediately be appropriated at full federal expense in the economic stimulus bill to generate tens of thousands of jobs along our nation's river system.



INLAND WATERWAYS USERS BOARD

Washington, D.C. 20314-1000 (CEW-P)

Inland Waterways Users Board Members
2008

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CONSOL Energy Inc.
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Parker Towing Company,
Tuscaloosa, Alabama

A Federal Advisory Committee Established by the Water Resources Development Act of 1986



INLAND WATERWAYS USERS BOARD
Washington, D.C. 20314-1000 (CEOW-P)

February 24, 2009

Mr. Gary A Loew
Chief, Program Integration Division
Directorate of Civil Works
U.S. Army Corps of Engineers
441 G Street, N.W.
Room 3B92
Washington, DC 20314-1000

Dear Gary:

Thank you for your presentation to the Users Board on Friday in Vicksburg, MS. We appreciate all of your hard work during the development of the stimulus legislation and your candor throughout the process. The stimulus money that has been allocated to the Corps of Engineers program represents a great opportunity to address some of the construction backlog that faces the inland navigation system. We believe that notwithstanding the five criteria enumerated in the conference report (and alluded to in your presentation), the legislation also directs the Corps to "maximize national benefits without regard to the business line..." It is our strongly held belief that the legislation provides the Corps of Engineers with ample authority to address the needs of our Inland Navigation System and the Corps of Engineers should seize that opportunity.

The Users Board stands ready to accept the invitation we heard in Vicksburg to participate in the review of these projects as the Corps determines its final allocation of resources. We interpret this invitation as a signal that the Corps is ready to work with the Users Board in a substantive and not just perfunctory manner.

Very truly yours,

cc: General Temple

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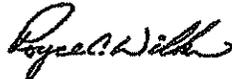
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Inland Waterways Users Board Members
2008

Members:

Chairman

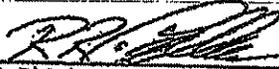


Mr. Royce C. Wilken
American River Transportation Company
Decatur, Illinois

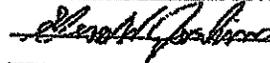
Vice Chairman



Mr. Jerry Grossnickle
Bemart Barge Lines
Portland, Oregon



Mr. Rick Calhoun
Cargill Marine and Terminal, Inc.
Minneapolis, Minnesota



Mr. Gerald Jenkins
Ursa Farmers Cooperative
Ursa, Illinois



Mr. Stephen D. Little
Crouse Corporation
Paducah, Kentucky



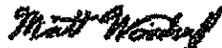
Mr. Daniel T. Martin
Ingram Barge Company
Nashville, Tennessee



Mr. W. Deans Orr
CONSOL Energy Inc.
Elizabeth, Pennsylvania



Mr. Tim Parker
Parker Towing Company,
Tuscaloosa, Alabama



Mr. W. Matthew Woodruff
Kitby Corporation
Houston, Texas

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Truth in Testimony Disclosure

Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name:

Stephen D. Little

(2) Other than yourself, name of entity you are representing:

Crouse Corporation

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

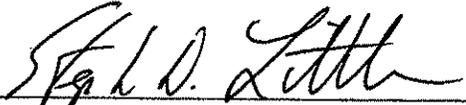
YES

If yes, please provide the information requested below and attach your curriculum vitae.

NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

None


Signature

9-20-11
Date

Stephen D. Little

Born

Paducah, Kentucky

Education

Salmon P. Chase College of Law, Northern Kentucky University
Covington, KY
1978 Juris Doctorate

University of Kentucky
KY
1974 Bachelor of Arts (Psychology) Lexington,

Bar Admission

1978 Kentucky Bar Association

Professional Experience

1978-1979 Associate, Williams, Housman & Sparks Law Firm
Paducah, KY

1979-1984 Counsel, Merchant Marine & Fisheries Committee
Washington, DC
U. S. House of Representatives

1984-Present Crouse Corporation
Paducah, KY

- 1984-1986 Assistant Dispatcher, Traffic Dept.
- 1986-1989 Manager, Contract Administration
- 1989-1995 Vice President, Administration
- 1995-2001 Executive Vice President
- 2001-Present President
- 2008-Present Chairman of the Board

Industry Activities

American Waterway Operators - Past Chairman, Legislative Committee
- Past Board Member
- Past Executive Committee Member
- Past Chairman, Ohio River Region

Waterways Council Inc. - Board of Directors
- Executive Committee

- Past General Counsel

Inland Waterways Users Board - Member since March 2007
- Chairman since July 2009