

**Minutes of the
111th Quarterly Meeting
of the
Upper Mississippi River Basin Association**

**August 4, 2009
Peoria, Illinois**

UMRBA Chair Gary Clark called the meeting to order at 9:03 a.m. Participants were as follows:

UMRBA Representatives and Alternates:

Gary Clark	Illinois (DNR)
Rick Mollahan	Illinois (DNR)
Bernie Hoyer	Iowa (DNR)
Laurie Martinson	Minnesota (DNR)
Rebecca Wooden	Minnesota (DNR)
Dick Lambert	Minnesota (DOT)
Mike Wells	Missouri (DNR)
Todd Ambs	Wisconsin (DNR)
Jim Fischer	Wisconsin (DNR)

Federal UMRBA Liaisons:

Mike Sullivan	Natural Resources Conservation Service
Elizabeth Ivy	U.S. Army Corps of Engineers (MVD)
Bill Franz	U.S. Environmental Protection Agency (Region 5)
Rich Frietsche	U.S. Fish and Wildlife Service (UMR NWFR)
Mike Jawson	U.S. Geological Survey (UMESC)

Others in attendance:

Steve Jones	U.S. Army Corps of Engineers (MVD)
Jeff DeZellar	U.S. Army Corps of Engineers (MVP)
COL Shawn McGinley	U.S. Army Corps of Engineers (MVR)
Gary Meden	U.S. Army Corps of Engineers (MVR)
Roger Perk	U.S. Army Corps of Engineers (MVR)
Chuck Spitzack	U.S. Army Corps of Engineers (MVR)
Marv Hubbell	U.S. Army Corps of Engineers (MVR)
Ken Barr	U.S. Army Corps of Engineers (MVR)
Scott Whitney	U.S. Army Corps of Engineers (MVR)
Karen Hagerty	U.S. Army Corps of Engineers (MVR)
Roger Less	U.S. Army Corps of Engineers (MVR)
Bill Gretten	U.S. Army Corps of Engineers (MVR)
Amy Moore	U.S. Army Corps of Engineers (MVR)
Jim Homann	U.S. Army Corps of Engineers (MVR)
T. Leo Keller	U.S. Army Corps of Engineers (MVR)
Bruce Munholand	U.S. Army Corps of Engineers (MVS)
Jeff Stamper	U.S. Army Corps of Engineers (MVS)

Brian Johnson	U.S. Army Corps of Engineers (MVS)
Andy Schimpf	U.S. Army Corps of Engineers (MVS)
Jason Wilson	U.S. Fish and Wildlife Service (Great River NWR)
Joyce Collins	U.S. Fish and Wildlife Service (Marion Sub-Office)
Max Ethridge	U.S. Geological Survey (North Central Area)
Billy Ousley	National Weather Service (Illinois)
Gary Loss	CDM
Eric Schenck	Ducks Unlimited
Jerry Knapper	Ingram Barge Company
Brad Walker	Izaak Walton League
Tom Boland	MACTEC
Nathan German	Mid-Central Illinois Regional Council of Carpenters
Roger West	Mid-Central Illinois Regional Council of Carpenters
Vince Shay	The Nature Conservancy
Gretchen Benjamin	The Nature Conservancy
Doug Blodgett	The Nature Conservancy
Kim Erndt	Prairie Rivers Network
Barb Naramore	Upper Mississippi River Basin Association
Dave Hokanson	Upper Mississippi River Basin Association
Kirsten Mickelsen	Upper Mississippi River Basin Association

Meeting Minutes

Mike Wells observed that p. A-15 of the May 19, 2009 draft minutes fails to indicate the outcome of the motion to approve UMRBA's FY 10 budget. Barb Naramore and the Board members concurred that the motion had, in fact, passed unanimously. Wells moved and Todd Ambs seconded a motion to approve the May meeting minutes, with a correction to report approval of the FY 10 budget. The motion to approve the corrected minutes passed unanimously.

Executive Director's Report

Barb Naramore highlighted the following items from her written Director's report included in the agenda packet:

- There has been progress in addressing the restrictive EMP/NESP transition language from the FY 08 and 09 appropriations measures. House report language in those years blocked EMP from initiating new planning and moving projects from planning to construction. The Senate Appropriations Committee included language in its FY 10 energy and water report (S.Rpt. 111-45) that reiterates the directive to the Corps to prepare a transition plan, but would allow the EMP to initiate planning and construction on projects that can be readily transferred or completed within two years of NESP receiving sufficient funding to support transition. The provision also affirms the Committee's support for NESP, while recognizing the challenges posed by shortfalls in the Inland Waterway Trust Fund.
- EMP and NESP program managers have both expressed a desire to contract with UMRBA for staff services in federal FY 10. It is likely there will be separate contracts for each program this year, rather than the combined contract approach employed in FY 09.
- UMRBA has submitted a proposal to USEPA to continue its Oil Pollution Act (OPA)-related cooperative agreement for federal FY 10. The actual amount of federal funding to be available under the new agreement has yet to be determined, but is expected to be in the range of \$90,000 to \$190,000. The range of tasks and general scope will be in keeping with previous years.

- UMRBA Board members Gary Clark, Bernie Hoyer, and Mike Wells, along with Naramore, participated in the Corps' Central Region Planning Conference on June 23-25, 2009. UMRBA will again be participating as a partner organization for a follow-on national conference, scheduled for August 25-27, 2009 in Washington, D.C. Naramore observed that the Corps' focus for the dialogue seems to have shifted somewhat away from finding ways for federal agencies to support state and interstate water planning (i.e., the "toolbox approach"), to more of an effort to develop a national water vision in support of integrated water resource management.

Todd Ambs moved and Mike Wells seconded a motion authorizing Naramore to execute contracts with USACE for the provision of NESP and EMP staff services and a cooperative agreement with USEPA to continue OPA-related planning and mapping work. The motion carried unanimously.

Biological Indicators

Kirsten Mickelsen reported that UMRBA staff has completed and distributed a report documenting the May 2009 biological indicators workshop. She briefly reviewed the origins of the workshop, noting that it came in response to increasing expressions of interest in biological indicators from several quarters. The May workshop, which included 71 participants representing a variety of programs, organizations, and disciplines, was designed to foster a dialogue among river scientists and managers concerning the use of biological indicators to support both water quality and restoration objectives on the UMR.

Dave Hokanson reviewed several major themes that emerged from participants' discussions and are highlighted in the workshop report. These themes include the need to articulate protection and restoration goals; leadership and collaboration issues; the motivation for indicators development; regulatory and programmatic requirements, constraints, and opportunities; issues related to the UMR's complexity and geographic scale; standardization of sampling methods; data-related issues; considerations related to the selection of biological tools, indicators, and indices; the LTRMP's potential as a base to expand monitoring and assessment; and the need for stakeholder engagement and input.

Hokanson emphasized that some of these themes encompass big picture, foundational issues, while others involve incremental opportunities for progress through more discrete actions. He also stressed that cross-programmatic efforts on indicators need not preclude action within individual programs. In considering the themes and specific ideas expressed at the workshop, Hokanson explained that UMRBA staff identified nine potential next steps, several of which are already underway. They are as follows:

1. Establish an *ad hoc* ecosystem restoration-water quality interagency committee to further cross-program coordination
2. Continue efforts to establish reach-specific ecosystem objectives on the UMR
3. Hold a Biological Condition Gradient (BCG) workshop
4. Continue the A-Team's effort to refine indicators for the LTRMP's use in its next status and trends report
5. Continue the UMRBA WQTF's development of biological assessment guidance for the UMR
6. Inventory and compare sampling methods and data sets
7. Examine the potential to use LTRMP infrastructure to support enhanced monitoring
8. Learn from the Lake Pepin TMDL and the Mississippi Makeover effort
9. Enhance outreach and communication

In response to a question from Laurie Martinson, Hokanson indicated that he did not have recommendations regarding next steps from UMRBA's Water Quality Executive Committee (WQEC). Todd Ambs said he would like to have WQEC input before proceeding with Board deliberations on next steps. Ambs also observed that the lack of a reference stream will be a challenge in developing indicators for the UMR.

Gary Clark said three areas of current and potential activity seem to offer significant promise:

- 1) work underway to develop the Lake Pepin TMDL for nutrients and turbidity,
- 2) the potential to leverage LTRMP capabilities, and
- 3) current efforts to establish ecosystem restoration objectives at the reach scale.

In response to a question from Barb Naramore, Martinson and the other Board members confirmed that they would like input regarding indicators next steps from state ecosystem restoration and water quality program perspectives. Naramore said UMRBA staff will seek and summarize input from the WQEC, WQTF, and state members of EMP-CC and NECC prior to the Board's November meeting.

Martinson said that biological indicators for the UMR are past due, and praised the efforts of workshop participants. She emphasized that holding off on Board action until November does not reflect lack of UMRBA interest, but rather a desire to ensure the Board is informed by the perspectives of the state staff who work most directly in these program areas. Martinson asked whether UMRBA staff need any Board action prior to November. Naramore said having a go-ahead on the *ad hoc* committee idea would be helpful.

Rick Mollahan stressed the need to engage subject matter experts who are not limited by bureaucratic perspectives, in order to avoid having program goals driving the science. He noted that there are many prominent scientists publishing important work on indicators. Jim Fischer suggested that the UMRCC's Water Quality Technical Section has much of the expertise needed for the *ad hoc* committee. Bernie Hoyer observed that, 10 years ago, Iowa deliberately omitted its border rivers when revising its monitoring program. The state took this approach because it recognized that monitoring on the border rivers was not strictly an internal decision and needed to be coordinated with the other states and federal agencies. Hoyer said Iowa endorses the current indicators efforts on the UMR. He expressed optimism that one result may be better use of LTRMP monitoring to meet water quality information needs.

Clark summarized the Board's direction to staff, as follows:

- 1) Pursue establishing the *ad hoc* committee, with consideration of the UMRCC Water Quality Technical Section as a possible starting point.
- 2) Consult with state members of the WQEC, WQTF, EMP-CC, and NECC regarding the potential next steps outlined in the workshop report, and summarize this input for the Board's consideration at its November meeting.

Clark thanked UMRBA staff for their efforts, noting that the workshop report is an excellent and very timely product. Marv Hubbell expressed appreciation to Hokanson and Mickelsen for their efforts to bring focus to the many disparate ideas that emerged at the workshop.

EMP Report to Congress

Marv Hubbell explained that the EMP's authorization requires reports to Congress on a six year cycle, with the next report due in December 2010. Previous EMP Reports to Congress (RTCs) were

completed in 1987 and 2004. Hubbell noted that the EMP reporting requirements are distinct from those of NESP, and are on a different cycle.

Hubbell observed that the EMP RTCs provide an important opportunity for the partnership to make program recommendations to Congress and the Administration. The EMP authority calls for the reports to:

- 1) evaluate the HREP and LTRMP components,
- 2) review program accomplishments,
- 3) update the systemic habitat needs assessment (HNA), and
- 4) identify any needed adjustments in the program authority.

Hubbell reported that the Corps has formed a scoping team to assist in developing the report. The team includes representatives of USACE, USGS, USFWS, USEPA, Missouri DOC, Wisconsin DNR, TNC, and UMRBA. The group is proposing a similar format to the 2004 RTC, with a greater focus on accomplishments and outcomes. The report will also address the relationship between EMP and NESP, though this element will be written as late as possible in the process to ensure its currency.

Hubbell explained that, at the outset of the scoping effort, he asked Barb Naramore to identify several key insights from the previous two RTC processes. Hubbell said these met with concurrence from the other Scoping Team members and included the following:

- 1) The RTC process is a valuable exercise for the partnership that prompts important deliberations.
- 2) The schedule and process are important for ensuring meaningful partner participation.
- 3) There are multiple audiences for the RTC, including Congress, ASA(CW), OMB, the Corps hierarchy, the partnership, stakeholders, and the general public. It is important to distinguish carefully among these audiences and craft messages accordingly.
- 4) The report must be clear and concise in reporting the EMP's outputs and accomplishments.
- 5) Ultimately, the RTC is a USACE document, and this may affect how the perspectives and priorities of other partners are conveyed in the report.
- 6) It is important to focus the RTC on clearly identified purposes. For the 2010 report, these purposes include providing a program update, summary, and history; recommending any needed program adjustments, whether related to authorization, policy, or management; and possibly serving as a transition document.

Hubbell provided the following milestones for developing the 2010 RTC:

- April 2009 – Scoping Team identifies key issues and focus areas
- June 2009 – Scoping Team develops annotated draft report outline (provided in agenda packet)
- August 2009 – EMP-CC input on draft RTC outline
- February 2010 – EMP-CC input on RTC rough draft
- May 2010 – EMP-CC considers/endorses revised RTC draft
- June 2010 – RTC submitted to MVD

Hubbell said USACE will likely contract for a central writer/editor, similar to the type of support UMRBA provided to the 1997 and 2004 RTCs. Several of the individual sections, however, will have other lead authors, with the writer/editor synthesizing these contributions and writing additional sections.

Hubbell reviewed the draft annotated outline, and requested partner input by September 30, 2009 regarding the outline and specific implementation issues they want addressed in the RTC. He noted that the Scoping Team has already identified the following as potential issues for the report:

- 1) NGOs as cost share partners
- 2) Cost sharing
- 3) HREP O&M
- 4) Delegated authority
- 5) LTRMP implementation
- 6) HREP planning and prioritization
- 7) HREP evaluation
- 8) Further trends/emerging issues
- 9) EMP-NESP transition plan

He explained that items 1-6 are issues from the 2004 RTC that may warrant revisiting, while 7-9 are new issues.

Bernie Hoyer urged that the RTC also examine the relationship between flood damage reduction efforts and ecosystem restoration work. In response to a request from Joyce Collins, Naramore said UMRBA staff would redistribute the issue papers developed as part of the 2004 RTC process. In response to a question from Hoyer, Hubbell recalled that the cost share issues explored when drafting the 2004 report included the basic formula; credits for lands, easements, rights-of-way, relocations of utilities or other existing structures, and disposal areas (LERRDs); and the possibility of 100 percent federal funding for additional types of projects (i.e., threatened and endangered species, treaty species, and lands owned or managed by other federal agencies). He said that, ultimately, the partners decided not to pursue any of these issues in 2004. Naramore observed that the issue of most relevance in 2010 may well be the question of state credits for project expenditures beyond the required 35 percent non-federal cost share.

Mike Wells asked about the issue of NGOs as non-federal sponsors. Hubbell explained that the EMP lacks language specifically authorizing NGOs to serve as cost share sponsors. Several other Corps restoration authorities, including NESP and the continuing authorities program (CAPs) include such a provision. Roger Perk noted that language allowing NGOs to sponsor EMP projects was included in WRDA bills from 2005 and 2006, but was dropped from the final enacted bill in 2007.

MNRG's Call to Action for the Mississippi River Watershed

Max Ethridge explained that the Midwest Natural Resources Group (MNRG) is composed of the regional directors of the federal agencies with major natural resource missions in the region, including USACE, USGS, USFWS, NPS, USGS, USFS, USEPA, and NRCS. MNRG addresses issues in 12 states and 13 major watersheds. Ethridge reported that, under General Walsh's leadership, MNRG issued a Call to Action for the Mississippi River watershed in May 2009. The document cites the need "to urgently address the sustainability of natural resources" in the basin and calls for an integrated vision to guide those efforts.

Ethridge also reviewed related efforts at the federal level, including the new National Research Council panel examining nutrient reduction options in the Mississippi River Basin and an EPA-led project under development to demonstrate floodplain reconnection as a means to further denitrification and flood damage reduction objectives.

In response to a question from Barb Naramore, Ethridge said follow-up to MNRG's Call to Action remains to be determined. He explained that MNRG members are currently circulating the document up their respective chains of command. He said one option may be to seek an Executive Order (EO) directing the agencies' further efforts. This might be similar to the EO governing federal agencies' Great Lakes-related work. Ethridge observed that this top-level Administration focus has produced substantial progress on the Great Lakes. MNRG's next meeting is scheduled for November 3-4, 2009 at the Upper Midwest Environmental Sciences Center.

UMRBA Water Quality Update

Dave Hokanson reported that, in keeping with the Board's May 2009 directive, UMRBA staff has completed a \$252,000 proposal to support interstate water quality efforts on the UMR. Funding would come through each of the five states, using stimulus money provided under Section 604(b) of the Clean Water Act, which includes a set aside for regional and interstate water quality planning grants. The proposal is designed to further priorities established by the Water Quality Executive Committee, focusing on discrete products that can be completed within approximately two years while also building UMRBA's capacity to support related follow-on efforts.

Hokanson explained that the proposal includes three work areas:

- 1) Improving water quality standards and assessment approaches through development of a biological assessment guidance document for the UMR
- 2) Evaluating nutrient impacts and monitoring through a synthesis report on UMR nutrient data, local impacts, and monitoring needs
- 3) Fostering inter-program collaboration through two cross-programmatic workshops focusing on key common issues.

Under the proposal, all work would be completed by December 31, 2011, with interim milestone dates dependent on when the agreements are in place and UMRBA is able to initiate work. Hokanson briefly reviewed progress in establishing agreements with each of the states:

- Illinois – USEPA awarded IL's 604(b) funding package in July; UMRBA is awaiting word from IL re next steps in establishing agreement
- Iowa – USEPA awarded IA's 604(b) funding package in June; UMRBA signed a contract with IA on 7/29/09
- Minnesota – USEPA is reviewing MN's 604(b) funding package; UMRBA is awaiting a state-issued request for proposals (RFP), which is anticipated following USEPA's award to MN
- Missouri – USEPA awarded MO's 604(b) funding package in June; UMRBA is preparing its response to MO's RFP; responses are due August 31, 2009
- Wisconsin – USEPA awarded WI's 604(b) funding package in July; UMRBA is awaiting word from WI re next steps in establishing an agreement

Jim Fischer asked whether the nutrients report will be a review of existing work or will focus on providing new analyses. Hokanson replied that this element of the project will be more of a compilation and synthesis of existing work. Fischer observed that there is considerable potential to build off of previous work, including that of John Sullivan and the LTRMP. Hokanson agreed with the importance of capturing insights from this work and said he envisions a product similar in approach to UMRBA's 2007 sediment-related water quality criteria report. Mike Jawson suggested that UMRBA consider contracting with agency staff who have done some of the key work, to maximize efficiency.

Barb Naramore observed that restrictions on the use of Section 604(b) funds might well preclude this approach.

Todd Ambs said he is encouraged by the prospect of using 604(b) funds to advance the states' regional priorities on the UMR. However, he also noted that the level of funding is quite modest compared with the water quality funds provided annually to the interstate organizations recognized under Section 106 of the Clean Water Act.

Hokanson also provided brief updates on several other water quality related activities:

- Designated uses project — Peg Donnelly's work is ongoing under UMRBA's intergovernmental personnel agreement (IPA)
- August 10-13, 2009 *Visions of a Sustainable Mississippi River* conference — UMRBA will be presenting a poster highlighting the states' water quality coordination efforts on the UMR
- Follow-on National Research Council (NRC) panel — with funding from USEPA, NRC has convened a new panel to examine *Clean Water Act Implementation Across the Mississippi River Basin*; the panel, which includes several members from the NRC's previous UMR panels, will be meeting in early September and has asked to hear from the states and UMRBA
- Upcoming meetings include a Water Quality Task Force meeting on September 1-2, 2009 in Moline and a Water Quality Executive Committee meeting with UMRBA on November 17-18, 2009, in Rock Island.

Regional Coordination Updates

Efforts to Coordinate among the Four River Teams

Roger Perk reported that the four river teams (i.e., River Resources Forum for MVP, River Resources Coordinating Team for MVR, River Resources Action Team for MVS, and Illinois River Team) met jointly via conference call on July 27. The discussion focused on how best to facilitate coordination and interaction among the teams. Corps staff provided briefings on the EMP, NESP, §519, and Comp Plan, with attention to the ongoing objective setting process, project identification and scheduling, Congressional reporting cycles, and program lessons learned.

The teams discussed a range of issues related to their future coordination, including policy v. technical coordination needs, the roles of co-chairs v. team members, and synchronizing the individual teams' meetings with joint meetings. According to Perk, specific outcomes and next steps include:

- developing a web site where each team's meeting information, documents, and action items are available, along with information on joint sessions and efforts;
- agreement to schedule meetings for the policy-level groups as needed, perhaps every two to four years;
- agreement that more frequent meetings are likely needed at the technical level, with the first such session tentatively scheduled for January 2010, to permit regional discussion of the reach plans at the technical level before the plans are presented to NECC and EMP-CC; and
- agreement that future meetings of the technical level groups will be timed to ensure opportunity to provide input to the EMP and NESP Congressional reporting cycles

Regional Flood Risk Management Team

Bruce Munholand provided an update on Corps- and FEMA-led efforts to enhance flood risk management (FRM) efforts at the national, regional, and state levels. He explained that the National FRM Steering Committee is designed to lead a collaborative effort at the national level to improve public safety and reduce flood damages to our country. Specifically, the national committee will integrate and synchronize the flood risk management projects, programs and authorities of the US Army Corps of Engineers with counterpart projects, programs and authorities of FEMA, other Federal agencies, state organizations, and regional and local agencies. The group is also involved in efforts to update a Carter Administration Executive Order regarding floodplain management.

Munholand also briefly reviewed the status of efforts to establish permanent flood risk management groups in each of the five UMR states, based on the “Silver Jackets” model:

- Illinois — charter currently being routed for signature; using existing coordination group; first meeting scheduled for August 19; group plans to focus on evaluating structural and nonstructural options, emergency response and preparedness, and policy analysis across agencies
- Iowa — building on existing coordination structure; charter signature process is underway and first meeting is expected before the end of August
- Minnesota — discussions with state ongoing
- Missouri — draft charter under review; St. Louis and Kansas City Districts will brief the Missouri SEMA Director on August 21
- Wisconsin — discussions with state ongoing

According to Munholand, the Regional Flood Risk Management Team (RFRMT) is intended to serve as a conduit between the state groups and the national steering committee. In response to the states’ preferences, the RFRMT is being formed for the 5 state area, rather than along Corps district lines. Munholand stressed that the group will not have any authority to direct or regulate activities, and its deliberations will not be binding on its members. Instead, he explained it is designed to strengthen the state-centric FRM model, with the goal of responding first and foremost to state needs for regional coordination and assistance.

Munholand said he expects the RFRMT will address itself to a range of issues, including:

- Coordinated watershed pre-flood planning and post flood recovery
- Development of common watershed flood risk management objectives
- Coordination of flood risk and flood hazard reduction programs
- Sharing flood risk and floodplain information

He emphasized that successful flood risk management is a continuing cycle that requires a comprehensive approach across multiple programs.

Under the RFRMT’s draft charter, the core members will be USACE (MVD, NWD, and their relevant districts), FEMA (Regions 5 and 7), USEPA, USFWS, USGS, NOAA/NWS, NRCS, the five states’ designated FRM leads, and tribal representatives. These will be the voting members of the team, though the RFRMT will strive to operate by consensus. Advisory members may include additional federal and state agencies, USACE HQ, representatives of levee and drainage/watershed districts as needed, and representatives of the state FRM groups. Munholand explained that the draft charter does not include a formal role for NGOs, professional organizations, and similar groups in order to avoid

triggering the Federal Advisory Committee Act. However, he stressed that the RFRMT will welcome briefings and perspectives from these types of groups. Munholand reported that the draft charter is currently out for review, with the core members asked to identify any desired modifications by September 1, 2009.

Todd Ambs noted that the states are under severe budget constraints, necessitating difficult decisions in allocating limited staff time. As a result, new initiatives like this are facing close scrutiny. Ambs asked what real changes or useable products are expected from the RFRMT and state groups. Munholand said the Corps certainly understands the states' difficult circumstances and observed that Illinois, Iowa, and Missouri are trying to maximize efficiency by building on existing groups to create their state FRM teams. He cited Indiana's floodplain management model as an example of the type of product that might emerge. With earthen dams posing a significant issue in Wisconsin, Munholand suggested that a FRM group in Wisconsin might explore what federal tools are available to help the state address these sites. Munholand also reported that the draft Executive Order currently under consideration would require completion of a national levee database within four to six years. He noted that the current data is very incomplete and said such a database would be a valuable tool for federal and state agencies.

Navigation and Ecosystem Sustainability Program

Advisory Panel

Chuck Spitzack reported that there has been no new action on MVD's Advisory Panel (AP) proposal, which General Walsh submitted to Corps HQ on February 11, 2009. Under the NESP authorization, the AP is charged with providing guidance on the required Implementation Reports to Congress and consulting on development on the restoration project ranking system. Spitzack recalled that the General's proposal calls for higher level agency representation on the AP than the partners had recommended. Barb Naramore reported that General Walsh responded to UMRBA's letter of comment on his Advisory Panel proposal in June, but declined to modify his recommendations substantially.

EMP/NESP Transition Plan

Spitzack advised that MVD submitted its draft EMP/NESP transition plan to Corps HQ on June 18. He noted that UMRBA's November 2007 statement regarding program integration provided a very useful foundation in drafting the transition plan. Spitzack said the process for developing the plan was open and collaborative, and he expressed appreciation to all program partners for their contributions to the effort. He explained that the draft plan identifies three critical transition principles:

1. There should be no net reduction in UMRS ecosystem restoration and monitoring capabilities.
2. All current EMP projects in planning, design, and construction should be able to transfer seamlessly into NESP.
3. Science and monitoring currently carried out under EMP should be integrated into NESP consistent with the LTRMP Strategic Plan.

In addition, the draft plan outlines several funding-related conditions that the Corps believes are necessary to allow for a successful transition.

Implementation Report

Spitzack explained that, under NESP's authorization, periodic Implementation Reports to Congress must address baselines, milestones, goals, and priorities for ecosystem restoration projects and measure progress in meeting those goals. The reports go to the two authorizing committees (i.e., the Senate Committee on Environment and Public Works and House Committee on Transportation and

Infrastructure), with the first report having been due June 30, 2009. Future reports are due every four years. Given that NESP has not yet received any construction funding, Spitzack explained that the first report, completed on July 30, 2009, focused on NESP's readiness to implement, including progress on the system and reach objective setting and planning effort. The report also specifically addresses partnership and collaboration, institutional arrangements, and EMP/NESP transition issues. Looking ahead to the next reporting cycle, the first report anticipates that NESP efforts between 2009 and 2012 will include:

- Completing the next phase of system and reach planning within the context of a fully-developed reach planning and goal setting process.
- Striving to restore or mimic natural river processes by initiating restoration projects.
- Employing an adaptive management approach that leads to more efficient and effective ecosystem restoration.
- Implementing the LTRMP consistent with its strategic plan.
- Reporting progress in the 2013 Implementation Report.

By February 2010, Spitzack said he anticipates that the program will be focused on identifying individual projects for implementation.

System and Reach Planning Process

Spitzack provided an update on the Corps' system and reach planning process, explaining that this program-neutral effort is designed to meet the needs of multiple programs, including NESP, EMP, and Section 519. In addition to restoration, the reach plans will address mitigation, cultural stewardship, and adaptive management. Spitzack displayed a diagram illustrating the process at the system and reach scales. He explained that a Regional Support Team (RST), consisting of seven Corps staff members, is charged with facilitating the process, ensuring reasonable comparability among the reaches, and drafting the system level plan. The RST is coordinating closely with the NESP Science Panel, which is composed of outside experts. Spitzack reviewed the process through February 2010, highlighting the following:

- June - July 09 RST prepares guidance for reach planning
- July - October 09 Reach Planning Teams prepare draft reach plans
- October - December 09 Action by River Teams (i.e., RRF, RRCT, RRAT, IRT)
- December 09 - January 10 RST prepares system plan
- January 10 Distribution of draft system plan to NECC, EMPCC, UMRBA
- February 10 Action on draft system plan by NECC and EMPCC

FY 10 Work Plan

Spitzack reported that there is still considerable uncertainty regarding NESP's FY 10 funding level. Corps staff have developed work plans for funding levels ranging from \$9 to \$13 million. Within this range, funding would be allocated as follows:

	(millions of dollars)		
NESP Total	9.0	11.0	13.0
Program Mgmt.	0.4	0.525	0.7
Navigation	4.3	5.238	6.15
Ecosystem	4.3	5.238	6.15

UMRS Outreach

Spitzack reported that the Corps has hired a contractor to help develop a program-neutral outreach approach. He explained that the outreach will focus on the Corps' full range of UMRS partnership activities, rather than on a particular program or district. Spitzack said the effort is designed to facilitate communication with the public, partners, and within USACE.

According to Spitzack, one tagline under consideration is *The Upper Mississippi River Works! – A Partnership for Sustainability of the Upper Mississippi River and Illinois Waterway System*. Also as part of this effort, an integrated newsletter, reporting on all of the Corps' partnership efforts, will replace the NESP newsletter.

Program Readiness

Spitzack said FY 09 has been a very challenging year for NESP, including the lack of construction funding and the reassignment of program staff to other pressing Corps priorities. Despite these challenges, Spitzack observed that NESP achieved several major milestones this year, including:

- Partner endorsement of a vision, goals, and guiding principles
- Completion of a First Increment Plan
- Submittal of an Advisory Panel proposal to Corps HQ
- Formation of the Navigation Interests Coordinating Committee (NICC)
- Establishment of the Illinois River Team
- Submittal of a draft EMP/NESP Transition Plan to Corps HQ
- Identification of partner-endorsed reach objectives
- Completion of NESP's first Implementation Report to Congress
- Partner agreement on a reach planning process
- Completion of NESP's first Project Implementation Report (PIR)
- Initiation of a Public Outreach Team

He described FY 09 as having been a pivotal year for establishing NESP's program readiness, organizational structure and processes, overall program direction, collaborative environment, and mechanisms for communication. In FY 10, NESP will focus on project readiness, including identifying additional projects and adaptive management initiatives, completing PIRs, advancing projects through design to construction readiness, and furthering work on the decision support system (DSS). Public outreach in FY 10 will focus on furthering the integrated, program-neutral approach, according to Spitzack.

Financing Inland Navigation Infrastructure

Steve Jones provided a brief history of the inland waterways fuel tax. He explained that the Inland Waterways Revenue Act of 1978 established a \$.04/gallon fuel tax and applied it to 26 specifically identified shallow draft waterways. The 1986 Water Resources Development Act (WRDA) then established the cost-sharing formula for inland navigation projects, requiring the Inland Waterway Trust Fund (IWTF) to fund 50 percent of the costs of new navigation infrastructure. WRDA 86 also added one additional waterway segment to the taxed system, and authorized eight lock and dam projects as the first projects subject to the new formula. These authorizations included the second lock at Mel Price (i.e., L&D 26).

Jones explained that WRDA 86 also established the 11-member Inland Waterways Users Board. Consisting of shippers and operators representing all regions of the inland system, the Users Board is charged with advising the Administration and Congress on use of the IWTF. Jones noted that the fuel tax rate increased per a statutory schedule, reaching \$0.20/gallon in 1995, where it has remained. In addition, the 1992 WRDA extended the 50/50 cost-share requirement beyond new construction to include major rehabilitation of inland navigation infrastructure.

Jones briefly reviewed the projects completed with IWTF funding between 1986 and 2008. This includes nine new projects and 10 major rehabilitations, with combined federal and IWTF funding totaling more than \$2 billion. An additional \$6.7 billion in combined federal and IWTF investment was also underway as of 2008. This includes eight new or replacement locks and seven major rehabilitations.

Jones then presented a history of IWTF revenues, expenditures, and balances. By law, the Trust Fund balance cannot fall below zero. With a reserve balance approaching zero, that means that the IWTF's annual expenditure (i.e., its "work allowance") is now essentially limited to the current year's projected revenue. Combined with a growing backlog of projects, increasing downtime at locks, aging infrastructure, and cost overruns, this is creating a significant constraint on the system.

Jones explained that an Inland Marine Transportation System (IMTS) Investment Strategy Team has been formed to address this problem. Consisting of Corps experts and members of the Users Board, the Strategy Team is seeking to craft a long term capital plan for the inland navigation system and then develop a revenue plan tailored to that capital plan. According to Jones, the Strategy Team is employing a life cycle approach to identifying needs.

Jones noted that there are many projects authorized but not yet under construction. These include NESP's small scale measures and seven new locks, as well as seven other lock replacements and six major rehabilitations (including LaGrange and O'Brien on the Illinois Waterway). Another 80 or more projects are also likely to be considered over the next 20 years. Most of these, according to Jones, are major rehabilitations. Jones estimated unconstrained infrastructure investment needs for the inland waterways at approximately \$1 billion annually for at least 10-15 years, explaining that this would represent an optimal construction schedule assuming no funding limitations. Jones acknowledged that this unconstrained scenario is not realistic under any foreseeable future. Given this, he emphasized the importance of developing sound criteria for prioritizing investments. Jones said the IMTS Investment Strategy Team is considering a range of prioritization criteria, including:

- Dam Safety Action Classification (DSAC) rating
- Human life risks
- Other safety risks
- Economic return (benefit-to-cost ratio and annual ton-miles)
- Risk and reliability
- Consequences of failure
- Operational problems that affect navigation safety or efficiency
- Legal requirements
- Environmental requirements and benefits
- Capacity of existing infrastructure compared with forecast demand

Jones noted that most, but not all, of these factors can be monetized. As part of its efforts, the Strategy Team is also completing an asset assessment. The initial inventory is complete and a conditions assessment is ongoing. Jones stressed the importance of this assessment, noting that it is not valid to

assume that the oldest structures are necessarily in the greatest need of attention. He also observed that the single locks common on the UMRS may well increase these structures' ranking on the risk and reliability scale.

In addition to developing its capital and revenue plans, Jones said the Strategy Team will also make recommendations for improving the process whereby inland navigation projects are planned, authorized, funded, and implemented. Finally, Jones presented a schedule that assumes current cost sharing and no increased IWTF revenue — i.e., the combined federal and Trust Fund expenditures on new construction and major rehabilitation are limited to approximately \$170 million annually. Under this scenario, there is no NESP lock construction through at least 2038.

Paul Rhode offered the Waterways Council Inc.'s (WCI's) perspectives, stressing that the inland waterways system is unprepared to meet 21st century transportation demands. According to Rhode, failure to adequately fund operation and maintenance (O&M) has forced the Corps into a "fix-as-fail" approach, increasing total costs, reducing reliability, and shifting things that should have been addressed under O&M to the major rehabilitation category, which requires industry cost sharing.

Rhode reported that Acting ASA(CW) Salt formally presented the Administration's lock usage fee proposal in a July 22, 2009 letter to House Speaker Pelosi. Emphasizing that industry did not have an opportunity for input on the proposal, Rhode observed that it closely resembles a Bush Administration plan that was widely rejected by industry and members of Congress. He estimated that the lock fees would double or triple the taxes on many shipments, likely shifting some cargo from water to rail and truck. Having failed to consider this modal shift, Rhode said the Administration is overestimating the net revenue gain associated with its proposal.

Under the Administration's plan, operators would pay a fee for each barge they put through a lock, with the amount dependent on lock size. Compared to the existing fuel tax, which is levied on the entire inland system, Rhode observed that the proposed fees would significantly disadvantage the locked portions of the system. He also stressed that the tax increase would serve as a disincentive to the most environmentally-friendly mode of transportation, with lowest carbon footprint. Rhode said he is confident that Congress will again reject lock usage fees, and reported that there are already almost 100 signatories to a House letter opposing the proposal. With broad bipartisan support, Rhode said participation on the letter among the UMRS delegation has been strong.

Rhode emphasized the need to:

- identify a sustainable, workable revenue source,
- address skyrocketing project costs, and
- ensure timely project completion.

He said project delivery has become extremely inefficient, attributing this to a combination of inefficient funding streams, construction delays, and cost overruns. According to Rhode, project delivery has declined significantly, with only two navigation projects authorized after WRDA 86 having been completed. In the case of one of those projects, McAlpine, construction of a second 1,200 foot lock required 10 years, compared with three years to construct the first lock at this facility in the 1950s. He cited Olmsted Locks and Dam as the most egregious example, noting that the project is at least 9 years behind schedule and 271 percent over budget. Overall, the seven lock projects authorized in WRDA 86 required 6.3 years to complete and cost 32.4 percent more than originally authorized. In comparison, Rhode estimated that five lock projects authorized after WRDA 86 will require an average of 17 years to complete, with actual costs projected to increase 110 percent over the project authorizations.

Rhode said WCI supports the current effort underway through the IMTS Investment Strategy Team to develop a long term capital plan and then match a revenue plan to those funding needs. He stressed the importance of engaging industry in finding a solution, given its cost sharing responsibilities. He observed that there are many potential options for increasing revenue to the IWTF, including approaches that would capture some revenue from other beneficiaries of the locks and dams (e.g., water suppliers, wastewater operators, power generators and other large water uses, and recreationists). Rhode emphasized that any tax increase, whatever its form, must be accompanied by improvements in the project delivery system.

Dick Lambert observed that the single locks that predominate on the UMRS present challenging reliability issues, and said this should be a factor in project prioritization. In response to a question from Lambert, Rhode said industry is awaiting the results of the capital needs assessment before offering an alternative to the Administration's lock usage fee proposal. Barb Naramore asked what percentage of the post-WRDA 86 cost overruns is attributable to sub-optimal funding streams. Jones estimated that at least 30 to 40 percent of the cost escalation is the result of inefficient funding, and Rhode suggested that the percentage is likely even higher. Rhode encouraged UMRBA to keep the IWTF and related issues on its quarterly meeting agendas, and suggested inviting a contractor to discuss the challenges they face under the current funding system.

Rhode said that, personally, he would like to see a full upfront funding model considered. However, he stressed that this is not a WCI position, and acknowledged that transitioning to this approach would be enormously difficult. He also suggested an approach where cost overruns above a certain percentage (e.g., 15 percent) would not be subject to cost sharing.

Naramore asked about the timeframe for completion of the IMTS Team's work. Rhode stressed the importance of being timely for a potential WRDA 2010. Jones said he expects the capital plan to be largely complete this fall, or early next year. However, he said the revenue plan might lag that somewhat.

Jeff Stamper asked whether the IMTS Team is factoring the potential of small scale and nonstructural measures into its work. He observed that the UMRS Navigation Study evaluated these types of measures carefully and found they could be very beneficial, particularly during construction. However, Stamper said other portions of the inland system have not examined small scale and nonstructural measures as thoroughly. Jones concurred, saying that the potential contributions of small scale and nonstructural measures should be examined consistently throughout the system.

Gary Clark thanked Jones and Rhode for their presentations. He observed that the IWTF's capacity to fund new locks and major rehabilitations on the UMRS is a critical issue for UMRBA and its member states. Mike Wells moved and Laurie Martinson seconded a motion directing staff to draft a letter on the issue for the Board's consideration. Naramore stated her understanding that this letter would be directed to both Congress and the Administration and would express the states' concerns with the lock usage fee proposal, while stressing the need for a solution to the IWTF shortfalls. Bernie Hoyer said the letter should emphasize needs on the UMRS, and Wells said it should convey a sense of urgency to decide on a solution and move forward. Todd Ambs observed that the effectiveness of the states' letter will be limited if it does not offer an alternative to lock usage fees. The motion to direct staff to draft a letter for the Board's consideration carried unanimously.

Administrative Issues

Barb Naramore reported that the next two quarterly meeting series are scheduled for November 17-19, 2009 in the Quad Cities and February 23-25, 2010 in St. Louis, with UMRBA's meeting falling on the

first day of each series. The Board set the spring quarterly meetings for May 18-20, 2010 in the Twin Cities.

Mike Wells asked that the November 2009 meeting agenda include a presentation from the Corps' Northwestern Division about the Missouri River Authorized Purposes Study. He noted that this study is just getting underway and had important implications for the UMRS.

Chuck Spitzack thanked the NESP partners for their excellent input on the program's first Implementation Report to Congress. He said the report's structure itself, which begins with a letter from the three District Commanders and ends with UMRBA's letter, is emblematic of the partnership effort in developing the report.

With no further business, the meeting adjourned at 2:55 p.m.