Testimony of

Scott Robinson, Port Director

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Before the

Committee on Environment and Public Works

United States Senate

Hearing on

"America's Water Infrastructure Needs and Challenges"

Wednesday, January 10, 2018

10:00 A.M. EST

Room 406

Dirksen Senate Office Building

Chairman Barrasso, Ranking Member Carper, and Members of the Committee, it is an honor and a privilege to testify before you today concerning America's Water Infrastructure Needs and Challenges and the importance of passing a Water Resources Development Act in 2018. Thank you for the opportunity to contribute

my thoughts on behalf of Oklahoma and Arkansas stakeholders about this very important topic.

I am Scott Robinson, Port Director at the Port of Muskogee, one of Oklahoma's two public ports, the other being the Tulsa Port of Catoosa, which is located 53 miles upstream of the Port of Muskogee and at the head of navigation on the McClellan-Kerr Arkansas River Navigation System. There are three public ports in Arkansas, as well, located in Fort Smith, Little Rock and Pine Bluff; and, there are numerous private ports in both states. I have had the good fortune of working on behalf of the Port and waterway since 1990 so I have a fair understanding of the infrastructure needs and challenges of waterway stakeholders – the states, the cities, the counties, public and private port and terminal operators, farmers, manufacturers, energy producers and families – whose fortunes are tied to the waterway.

I commend the Committee for the work it has accomplished through 2014 and 2016 WRDA legislation. As I hope to illustrate further in my testimony today, the absence of regularly enacted WRDA legislation during the period 2001 and 2013 was troubling, created tension among the nation's waterway stakeholders and, in one particular case, may have caused serious harm to an important infrastructure development project along the McClellan-Kerr Arkansas River Navigation System, which, in the interest of time and tongue-tied-ness, I will refer to as the MKARNS.

The MKARNS is a 445-mile, multi-purpose waterway that runs through Arkansas and Oklahoma. Authorized in 1946, construction of the MKARNS was completed in 1970 at a cost of $1.2 billion which, at that time, was the largest federal investment ever made in a civil works project, connecting the two states with domestic river ports and terminals along the Nation's 12,000 miles of inland waterways and with ports around the world via the Gulf of Mexico. The federal investment was justified by the expectation that the benefits to the Nation, discounted over time, would exceed the cost – a threshold that applies to all congressionally authorized waterway projects. By all accounts, the national benefits of the MKARNS - i.e., transportation cost savings attributable to navigation, flood damages prevented, hydro-electric power generated, municipal and industrial water supply, recreation and conservation of natural resources - have proven the $1.2 billion to be a wise investment.

Along with my colleague, David Yarbrough, Port Director of the Tulsa Port of Catoosa, who is with me here today, and his predecessor, Bob Portiss, I have, on many occasions, talked with anyone who would listen about the economic impacts of the waterway - in particular, the impacts along the 53 miles of waterway between Catoosa, OK and Muskogee, where more than 85 industries are located, that have invested more than $5 billion in their facilities and created 8,000 quality jobs with a combined annual payroll of $320 million. In rural Oklahoma, these are impressive impacts. In 2015, a Regional Economic Impact Study for the MKARNS was published, and the impacts of the entire system in Oklahoma and Arkansas were documented. The Study, which was funded by the Arkansas State Highway and Transportation Center, and conducted in conjunction with the Arkansas Waterways Commission, the Oklahoma Department of Transportation and the University of Arkansas at Little Rock, found that the MKARNS contributes total impacts of $8.5 billion in sales, 55,872 jobs and $289 million in taxes to the national economy. You will find the executive summary of the Study in Attachment A to my testimony.

In Attachment B, you will find a letter signed by the President of the Arkansas Oklahoma Port Operators Association (AOPOA), endorsing its priorities for the MKARNS. The endorsement was delivered by the AOPOA leadership team to members of the Oklahoma and Arkansas Congressional delegations this past November. As presented in a briefing to congressional staffers from Oklahoma, Arkansas and Kansas on November 13, 2017, the three priorities are: 1. Modification to the Melinda Structure; 2. Backlog of Critical Maintenance; and, 3. 12-foot Channel. Priorities 1 and 3 require 50% cost-share. Priority 2 is a 100% federal responsibility. You will find a copy of the briefing in Attachment C.

I would like to take a few minutes to talk about these infrastructure priorities for the MKARNS; and, in doing so, give this Committee a glimpse of the waterways infrastructure needs of just one segment of the nation's inland waterway system.

Modification of the Melinda Structure. Near the confluence of the navigation system and the Mississippi River, the Arkansas River and the White River have come closer and closer together during flooding events. Failure of the Melinda Structure is imminent. Expensive repairs have been made to the structure on numerous occasions. The permanent solution to the problem will soon come out of

a Corps study, now in progress and cost-shared by the State of Arkansas. Once the alternative response actions are narrowed to a final recommendation and a Chief's report is issued, modifications to the Melinda Structure will face new start and cost-share hurdles. Until then, the MKARNS is at risk of failure. If and when the two rivers come together, the navigation pool will be lost.

Backlog of Critical Maintenance. There is a serious and growing backlog of deferred maintenance on the MKARNS, $143 million of which is deemed critical by the Corps of Engineers. The Corps defines critical maintenance as those non-routine maintenance items that have a 50% chance of failure within 5 years. In March, 2017, there were forty-two such maintenance items on the MKARNS. Even more alarming, the critical backlog is growing rapidly. In his testimony to this Committee in 2016, Tulsa Port of Catoosa's Port Director, Bob Portiss, expressed concern that the critical backlog had reached $70 million.

The problem on the MKARNS is no different than the problems faced across the Nation with respect to deteriorating infrastructure. In order to spread too little funding too far, we are fixing critically important infrastructure as close to failure as possible and, in some cases, after it fails and on an emergency basis. As everyone knows, this is not an acceptable strategy. It's a prescription for failure. On the inland waterways, emergency response to such failures result in: unscheduled lock closures; increased cost to shippers and to taxpayers; foregone benefits to the Nation and to the states, including loss of revenue to the U.S. treasury; and, lack of transportation network reliability which is a serious deterrent to growth of waterborne commerce and the efficient use of the Nation's transportation network, already under stress.

This Committee is to be commended for its 2016 WRDA legislation, authorizing the Corps to accept and use materials, services or funds contributed by a non-federal public or private entity for the purpose of repairing, restoring, replacing or maintaining a water resources project if the District Commander determines that there is a risk of adverse impacts to the functioning of the project for the authorized purposes of the project and that acceptance of the materials, services or funds is in the public interest. Now, stakeholders can work with the Corps to prevent failure or to respond to failure in a timely manner when it occurs. In September of 2017, implementation guidance for Section 1153 of 2016 WRDA was issued. A copy of

the guidance can be found in Attachment D to my testimony. As you might expect, the guidance is full of legal requirements for the non-federal entity and for the Corps which hamstrings the non-federal entities' ability to make the contribution. Stakeholders are just beginning to work through the mechanics of this guidance with the Tulsa and Little Rock Districts.

12-Foot Channel. As mentioned earlier in my presentation, in the vacuum created by the absence of regularly enacted WRDA legislation, the Congress authorized the deepening of the MKARNS from 9-feet to 12-feet in Section 136 of the Energy and Water Development Appropriations Act of 2004. In the 2005 Energy and Water Development Appropriations Act, $7 million was appropriated for the deepening. Of the funds appropriated, $1.5 million was used to complete the feasibility study to determine the economic feasibility, technical soundness and environmental impacts of deepening the existing navigation channel to 12-feet. The feasibility report was approved in 2005. The remaining $5.5 million was used in 2006 for design and construction activities, and reduced the $172,062,000 estimated project cost ($86,031,000 federal share and $86,031,000 Inland Waterway Trust Fund share) by a like amount. A significant portion of the funds were used for mitigation of the environmental impacts of the deepening. In 2009, the Corps reported a capability of $40 million for construction but this was not included in the Presidents FY 2009 Budget and hasn't been in subsequent budgets to date, apparently because the Office of Management and Budget doesn't consider the deepening to have started; therefore, subject to the moratorium on new starts which was only recently lifted. In Attachment E, you will find a Little Rock District Issue Paper, summarizing the referenced financial data.

In Oklahoma, we call this the Wewoka Switch. I don't have time to explain. Suffice to say, it's not an endearing term.

Arkansas Governor Asa Hutchinson and Oklahoma Governor Mary Fallin have each recognized the importance of the 12-Foot Channel in letters to the White House as one of the shovel ready infrastructure projects benefitting the two states and the Nation for consideration as part of a national infrastructure investment plan.

This Committee can resolve this new start dilemma. On behalf of MKARNS stakeholders, I respectfully request clarification language in WRDA 2018 regarding MKARNS as follows:

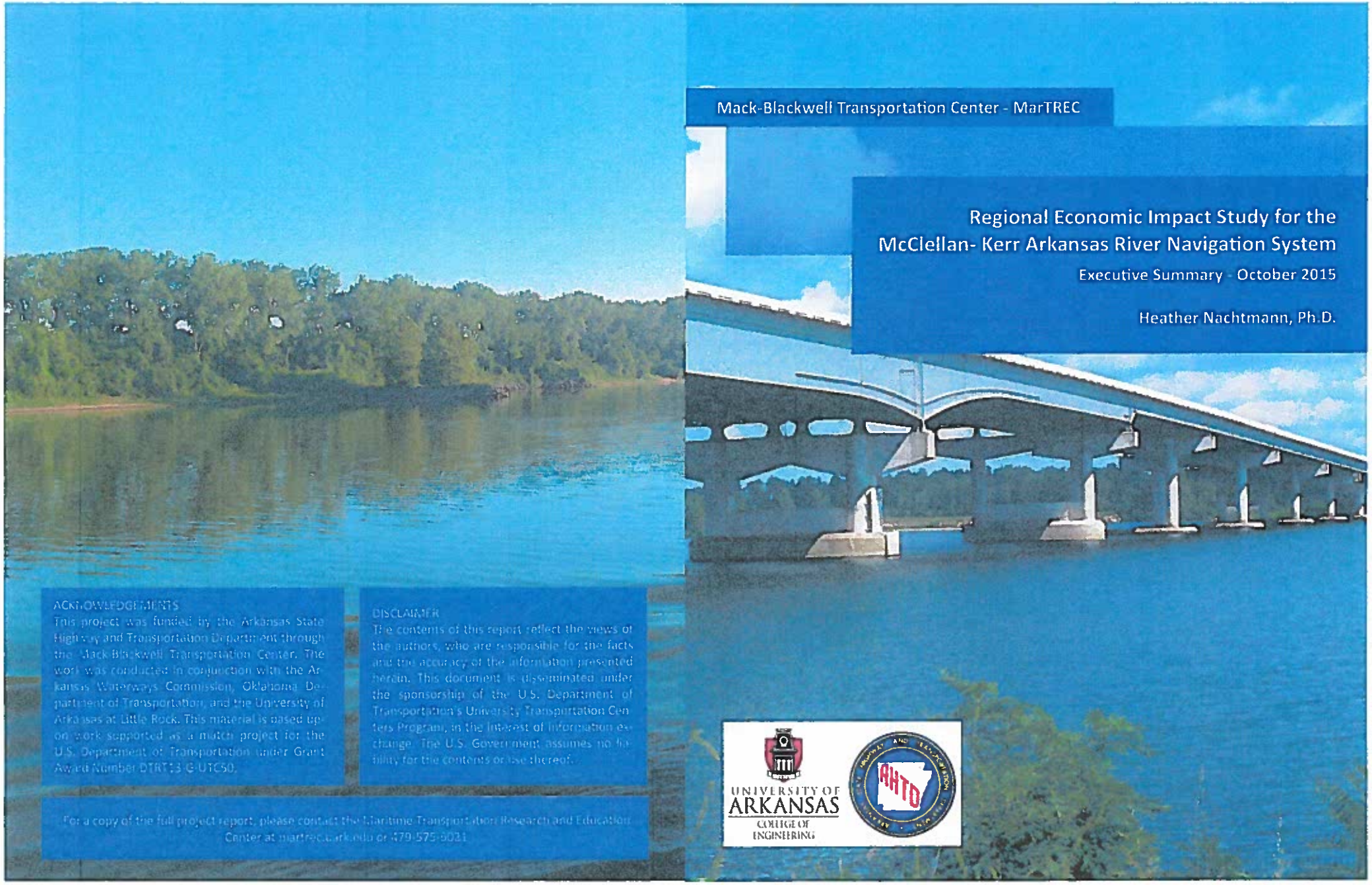
> Congress finds that initial funding was provided and construction started on a 12-foot navigation channel of the McClellan-Kerr Arkansas River Navigation System as directed in Section 136 of the Energy and Water Development Appropriations Act, 2004 (Public Law 108-137, thereby meeting new start requirements.

In conclusion, according to the Institute for Water Resources, from 2010 through 2012, the Civil Works Program of the U.S. Army Corps of Engineers provided an annual estimated National Economic Development net benefit of $87 billion and stimulated $27 billion in returns to the U.S. treasury – a 16:1 return in terms of economic benefits and a 5:1 return in revenue to the treasury. Waterways investment is a wise investment. If there is going to be an infrastructure reinvestment plan of the magnitude talked about, then my plea, on behalf of MKARNS stakeholders, is that it not be just for roads and bridges but waterways too. Not just for deep draft coastal ports and deep draft harbors but inland waterways as well, together with modern multi-modal connections, truck and rail, for efficient competitive movement of freight. To the extent waterway projects are favorably considered in such an infrastructure reinvestment plan, and require private investment as leverage, then the Water Infrastructure Finance and Innovation Act program, created in WRDA 2014 may be just the tool necessary to attract such investment in projects for which the Inland Waterway Trust Fund revenues are not sufficient to cost-share.

Thank you again for the opportunity to testify. I would be happy to answer any questions you may have.

ATTACHMENT A

REGIONAL IMPACT STUDY FOR THE McCLELLAN-KERR ARKANSAS RIVER NAVIGATION SYSTEM – EXECUTIVE SUMMARY



Mack-Blackwell Transportation Center - MarTREC

Regional Economic Impact Study for the McClellan- Kerr Arkansas River Navigation System

Executive Summary - October 2015

Heather Nachtmann, Ph.D.

ACKNOWLEDGEMENTS

This project was funded by the Arkansas State Highway and Transportation Department through the Mack Blackwell Transportation Center. The work was conducted in conjunction with the Arkansas Waterways Commission, Oklahoma Department of Transportation, and the University of Arkansas at Little Rock. This material is based upon work supported as a match project for the U.S. Department of Transportation under Grant Award Number DTRT13-G-UTC50.

For a copy of the full project report, please contact the Maritime Transportation Research and Education Center at martrec@uark.edu or 479-575-8031

UNIVERSITY OF ARKANSAS
COLLEGE OF ENGINEERING

AHTD

Executive Summary

The McClellan-Kerr Arkansas River Navigation System contributes total impacts of $8.5 billion in sales, $289 million in taxes, and 55,872 jobs to the national economy.

The McClellan-Kerr Arkansas River Navigation System (MKARNS), located in Oklahoma and Arkansas, contains 445 miles of waterway and is a crucial part of the United States' transportation system. The MKARNS strategically connects the heartland of the United States with the rest of the world via the Mississippi River and Port of New Orleans. We investigate the regional economic impacts of the MKARNS in order to inform waterway stakeholders of the system's value.

Our study considers multiregional economic impacts from hydropower energy generation, USACE O&M expenditures, private sector investment expenditures, port activities, shippers' activities, transportation cost savings, and recreation benefits related to the MKARNS. Our findings show the MKARNS contributes total impacts of $8.5 billion in sales, 55,872 jobs, and $289 million in taxes to the national economy. The findings of this study can inform future MKARNS investment decisions resulting in sustainable growth in the regional and national economies.

This executive summary contains results from two parallel studies, MBTC 4001 Regional Economic Impact Study for the McClellan Kerr Arkansas River Navigation System project report (Nachtmann, et al., 2015) and Final Report FHWA-OK-14-16 (Robinson, et al., 2014).

55,872 jobs

445 navigable miles

$8.5 billion in sales impacts

11.7 million tons

As much freight as 221,896 trucks or 57,693 railcars

Tax impacts of $289 million

Contacts and Acknowledgements

Project Reports

This executive summary is based on the work published in final report, Regional Economic Impact Study for the McClellan Kerr Arkansas River Navigation System, prepared in October 2015 for the Maritime Transportation Research and Education Center of the Mack-Blackwell Transportation Center at the University of Arkansas. The full report can be obtained at martrec.uark.edu or 479-575-6021.

The Oklahoma segment MKARNS results and multiregional variable input-output model utilized in this work are attributed to the November 2014 Oklahoma Department of Transportation final report, FHWA-OK-14-16 Regional Economic Impact Study for the McClellan-Kerr Arkansas River Navigation System, conducted by Robinson, et al. of the University of Arkansas at Little Rock.

Acknowledgements

I would like to recognize the dedication and participation of many individuals, without whom this research would not be possible. I am grateful to the Arkansas State Highway and Transportation Department for their financial support and cooperation. I sincerely thank my research assistants, Furkan Oztanriseven and Othman Boudhoum, who actively participated in every step of this research. I would also like to recognize Dennis Robinson's team consisting of Geoffrey Joseph, Melody Muldrow, and Vaughan Wingfield. I benefitted greatly from the efforts and dedication put forth by Gene Higginbotham, Executive Director of the Arkansas Waterways Commission, Deidre Smith, Waterways Branch Manager of the Oklahoma Department of Transportation, and Tyler Henry, Regional Economist of the Army Corps of Engineers-Tulsa District.

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Mack-Blackwell Transportation Center

MarTREC
Maritime Transportation Research & Education Center

AHTD

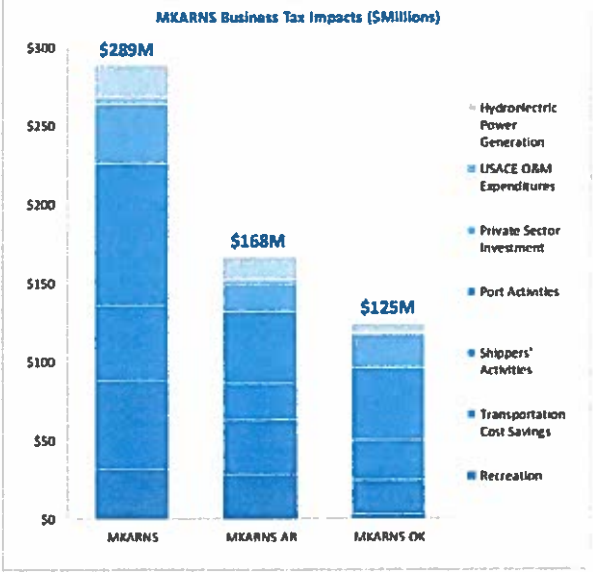
ODOT
Oklahoma Department of Transportation

MKARNS Tax Impacts

We investigated the direct and indirect impacts of MKARNS operations on Business Taxes including taxes on sales, property, and production.

The total nationwide impact of the entire MKARNS operations on Business Taxes is $289 million. On its own, the Arkansas segment of the MKARNS nationally contributes $168 million, and while the Oklahoma MKARNS segment nationally contributes $125 million. The combined impact is slightly less than the two segment impacts combined due to shared freight benefits.

Examining the MKARNS Business Tax impacts, we observe Port Activities and Transportation Cost Savings are the largest contributors to Business Tax impacts.



	Business Taxes ($ Million)		
Benefits	MKARNS	MKARNS-AR	MKARNS-OK
Hydroelectric Power Generation	$21	$15	$6
USACE O&M Expenditures	$4	$3	$1
Private Sector Investment	$38	$17	$21
Port Activities	$90	$46	$46
Shippers' Activities	$48	$23	$25
Transportation Cost Savings	$56	$35	$22
Recreation	$32	$28	$3
Total Impact	**$289M**	**$168M**	**$125M**

McClellan-Kerr Arkansas Navigation System (MKARNS)

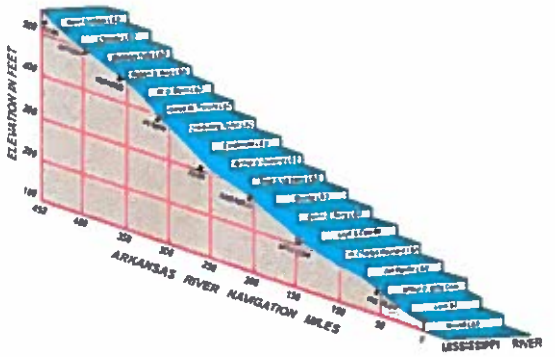
The McClellan-Kerr Arkansas Navigation System (MKARNS) is a 445 mile navigation system originating from the Tulsa Port of Catoosa and flowing in the southeast direction through Arkansas to the Mississippi River.

The MKARNS is a multi-beneficiary system providing navigation, hydropower generation, recreation, water supply, and fish and wildlife habitats.

There is a 420 foot drop in elevation from the Port of Catoosa to the Mississippi River. A series of eighteen locks and dams work together to maintain navigation throughout the system.

The MKARNS was classified as a high-use waterway system in February 2015 based on a 5-year average of 3.3 billion tons transported.

Map of MKARNS
Source: USACE



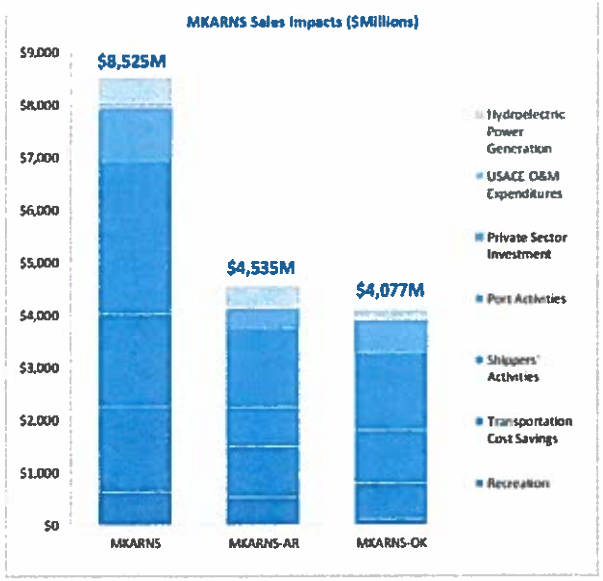
Map of MKARNS Elevation Change
Source: OKLADOT

MKARNS Sales Impacts

Here we report the total direct and indirect impacts on Sales revenue if the MKARNS was no longer in operation. Sales is defined as the revenue generated by firms whose operations are affected by the MKARNS.

The total MKARNS impact on Sales is $8.525 billion nationwide. On its own, the Arkansas segment of the MKARNS nationally contributes $4.535 billion, and while the Oklahoma MKARNS segment nationally contributes $4.077 billion. The combined impact is slightly less than the two segment impacts combined due to shared freight benefits.

Examining the MKARNS Sales impact results, we observe Port Activities ($2,904 million), Shippers' Activities ($1,775 million), and Transportation Cost Savings ($1,615 million) are the largest contributors to Sales impacts.



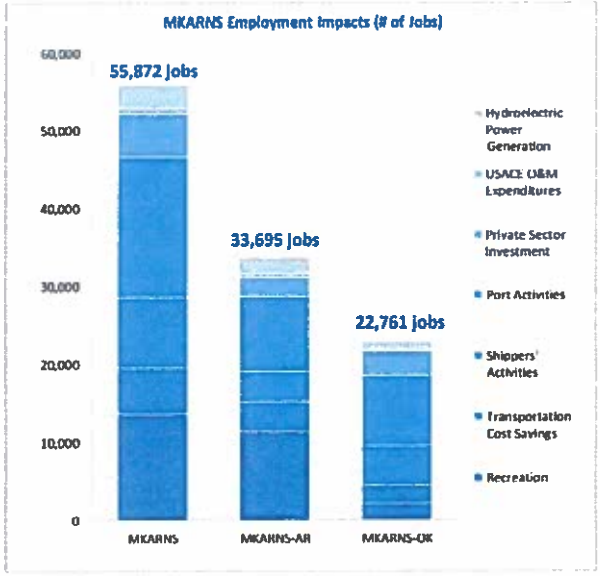
	Sales ($ Million)		
Benefits	MKARNS	MKARNS-AR	MKARNS-OK
Hydroelectric Power Generation	$474	$335	$135
USACE O&M Expenditures	$94	$60	$34
Private Sector Investment	$1,030	$396	$629
Port Activities	$2,904	$1,503	$1,477
Shippers' Activities	$1,775	$744	$1,018
Transportation Cost Savings	$1,615	$968	$677
Recreation	$634	$528	$106
Total Impact	**$8,525M**	**$4,535M**	**$4,077M**

MKARNS Employment Impacts

Employment impacts are the jobs created directly by MKARNS activities due to purchases from businesses and individuals' local expenditures.

The total impact on Employment of the MKARNS is 55,872 jobs nationwide. On its own, the Arkansas segment of the MKARNS nationally contributes 33,695 jobs, and while the Oklahoma MKARNS segment nationally contributes 22,761 jobs. The combined impact is slightly less than the two segment impacts combined due to shared freight benefits.

The largest component of the entire MKARNS and MKARNS Oklahoma segment employment impacts are due to port activities (18,070 and 8,969 jobs respectively). The largest employment impact component of the MKARNS Arkansas segment is due to recreation (11,429 jobs).



	Employment (# of Jobs)		
Benefits	MKARNS	MKARNS-AR	MKARNS-OK
Hydroelectric Power Generation	2,986	2,146	887
USACE O&M Expenditures	663	434	229
Private Sector Investment	5,524	2,394	3,105
Port Activities	18,070	9,580	8,969
Shippers' Activities	9,077	3,980	5,073
Transportation Cost Savings	6,000	3,732	2,374
Recreation	13,552	11,429	2,123
Total Impact	**55,872**	**33,695**	**22,761**

ATTACHMENT B

ARKANSAS OKLAHOMA PORT OPERATORS ASSOCIATION LETTER OF SUPPORT

"The Arkansas-Oklahoma Port Operators Association (AOPOA) encourages and endorses the support and allocation of resources that enhance the viability and competitiveness of the McClellan-Kerr Arkansas River Navigation System (MKARNS) to include deepening the navigable channel to 12 feet and updating or constructing tow haulage equipment at all of the locks, and to ensure the continued reliability of the system by overcoming the backlog of critical maintenance, and addressing and correcting threats to navigation, such as the Three-Rivers-Area / Melinda structure."

Whereas,

The AOPOA is a non-profit organization with the objective of promoting development and commerce on the McClellan-Kerr Arkansas River Navigation System (MKARNS);

The MKARNS provides significant economic benefits to the Nation, and has been designated as a Marine Highway (M-40);

The MKARNS annually ships approximately 11.5 million tons of waterborne cargo with an estimated value of $4.3 billion;

The MKARNS is a multipurpose system providing other benefits to the region and Nation, including flood control, hydroelectric power generation, recreation, and environmental and ecological advantages;

The AOPOA membership is comprised of port and terminal operators from the States of Arkansas and Oklahoma and other regional businesses which utilize and benefit from the MKARNS.

The AOPOA supports and promotes the need for adequate funding of the United States Army Corps of Engineers to maintain and enhance the reliability of the MKARNS, and endorses the following four, critical needs of the system:

1. **Development and Implementation of an Expedient Solution to the Three Rivers Area Structure** - This critical, manmade structure located near the confluence of the White, Arkansas, and Mississippi Rivers, is failing and needs to be reengineered. Failure of this structure, which could occur during a localized flood event, will lead to loss of navigation on the entire system.

2. **Addressing the Backlog of Critical Maintenance on the MKARNS** – The U.S. Army Corps of Engineers (USACE) has a list of critical maintenance on the system that has not been performed due to lack of sufficient funding. The current value of this unfunded maintenance is approximately $150 million. USACE defines 'critical' as those items of deferred maintenance that have a 50% probability of failing within the next five years.

3. **Deepening the Navigation Channel From 9 Feet to 12 Feet** – An increase of 3 feet to the authorized depth would allow barges to be loaded to as much as 30% more capacity, making the most efficient mode of transportation even more efficient.

4. **Implementing Modern Tow-Hauling Equipment at All Navigation Locks** – Currently, tow-haulage equipment, which allows for more expeditious locking of vessels and barges, is only installed on Arkansas lock locations, many of which have reached their design life and frequently break down. Tow haulage capabilities need to be added to the five, Oklahoma-located locks.

By vote of the membership of the Arkansas-Oklahoma Port Operators Association (AOPOA) on September 7, 2017, this position paper is ratified.

Fred Taylor, AOPOA President

SEPT 7, 2017

Date


ALLIANCE


METALS USA


MFA
INCORPORATED


DOT


O·A·K·L·E·Y


LITTLE ROCK
PORT AUTHORITY


Oxbow


GAVILON


JANTRAN


Five Rivers
DISTRIBUTION


WATCO
COMPANIES


COASTAL CARGO


WEBCO
INDUSTRIES


vallourec


Inter-Chem


ENTERPRISES, INC


PORT OF MUSKOGEE


TULSA PORT OF CATOOSA


NuStar
Energy LP


STATE CHAMBER
OF OKLAHOMA
WE MEAN BUSINESS


CF


LOGISTIC
SERVICES
INC.


COMPANY
STC


The
City
of
Fort
Smith
ARKANSAS


BASIN
COMMERCE


KISWIRE


CMS

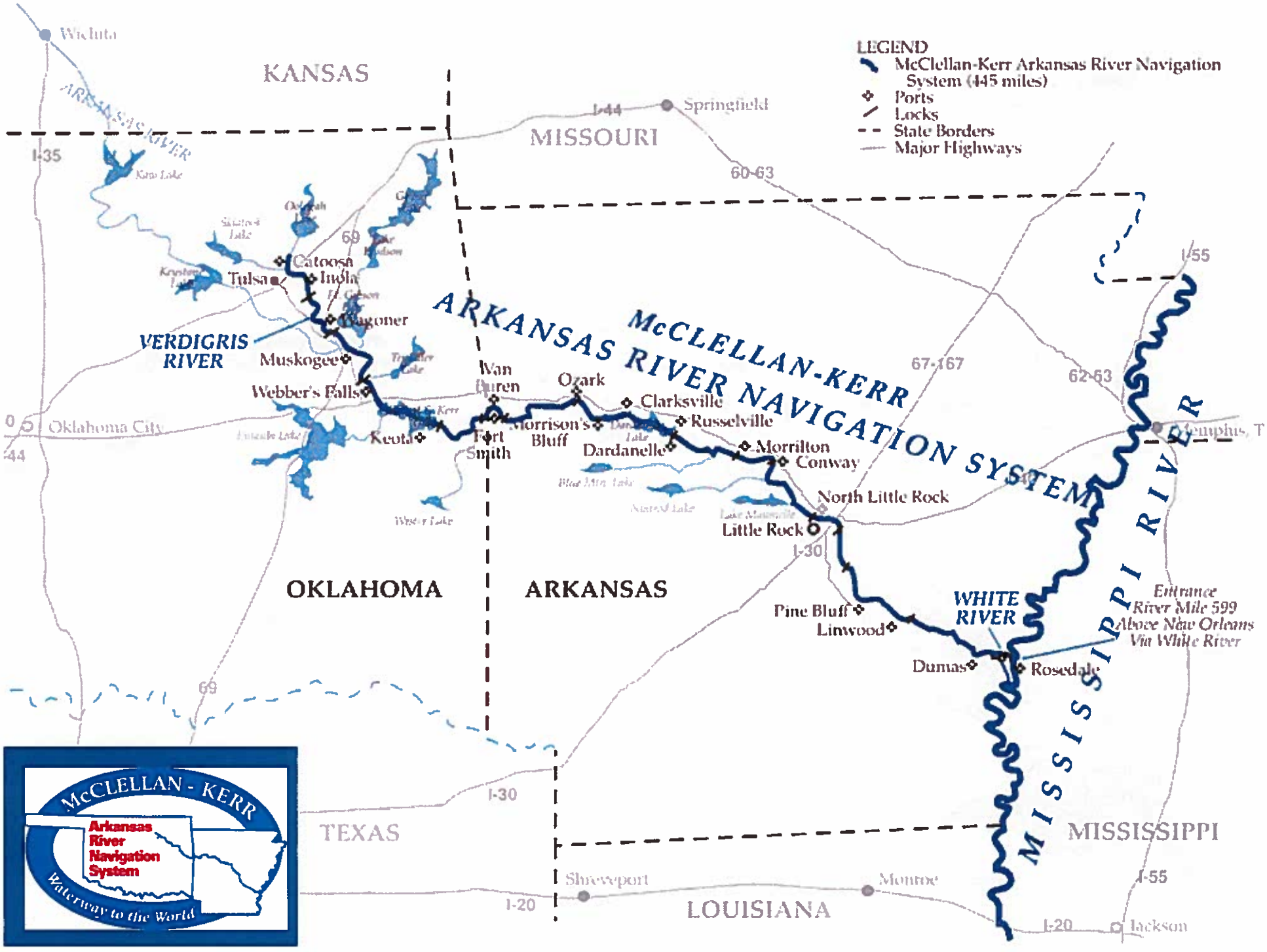

ARKANSAS
STATE CHAMBER
OF COMMERCE
ASSOCIATED
INDUSTRIES OF
ARKANSAS
Business matters.


HOLLYFRONTIER


City of
LITTLE ROCK

ATTACHMENT C

CONGRESSIONAL STAFFING BRIEFING - FALL 2017


LEGEND
McClellan-Kerr Arkansas River Navigation System (445 miles)
Ports
Locks
State Borders
Major Highways
KANSAS
MISSOURI
OKLAHOMA
ARKANSAS
TEXAS
LOUISIANA
MISSISSIPPI
ARKANSAS RIVER
McCLELLAN-KERR ARKANSAS RIVER NAVIGATION SYSTEM
VERDIGRIS RIVER
WHITE RIVER
MISSISSIPPI RIVER
Wichita
Springfield
Memphis, T
Oklahoma City
Tulsa
Catoosa
Inola
Wagoner
Muskogee
Webber's Falls
Keota
Fort Smith
Van Buren
Ozark
Clarksville
Russellville
Morrison's Bluff
Dardanelle
Morrilton
Conway
North Little Rock
Little Rock
Pine Bluff
Linwood
Dumas
Rosedale
Entrance River Mile 599 Above New Orleans Via White River
Shreveport
Monroe
Jackson
I-35
I-44
I-30
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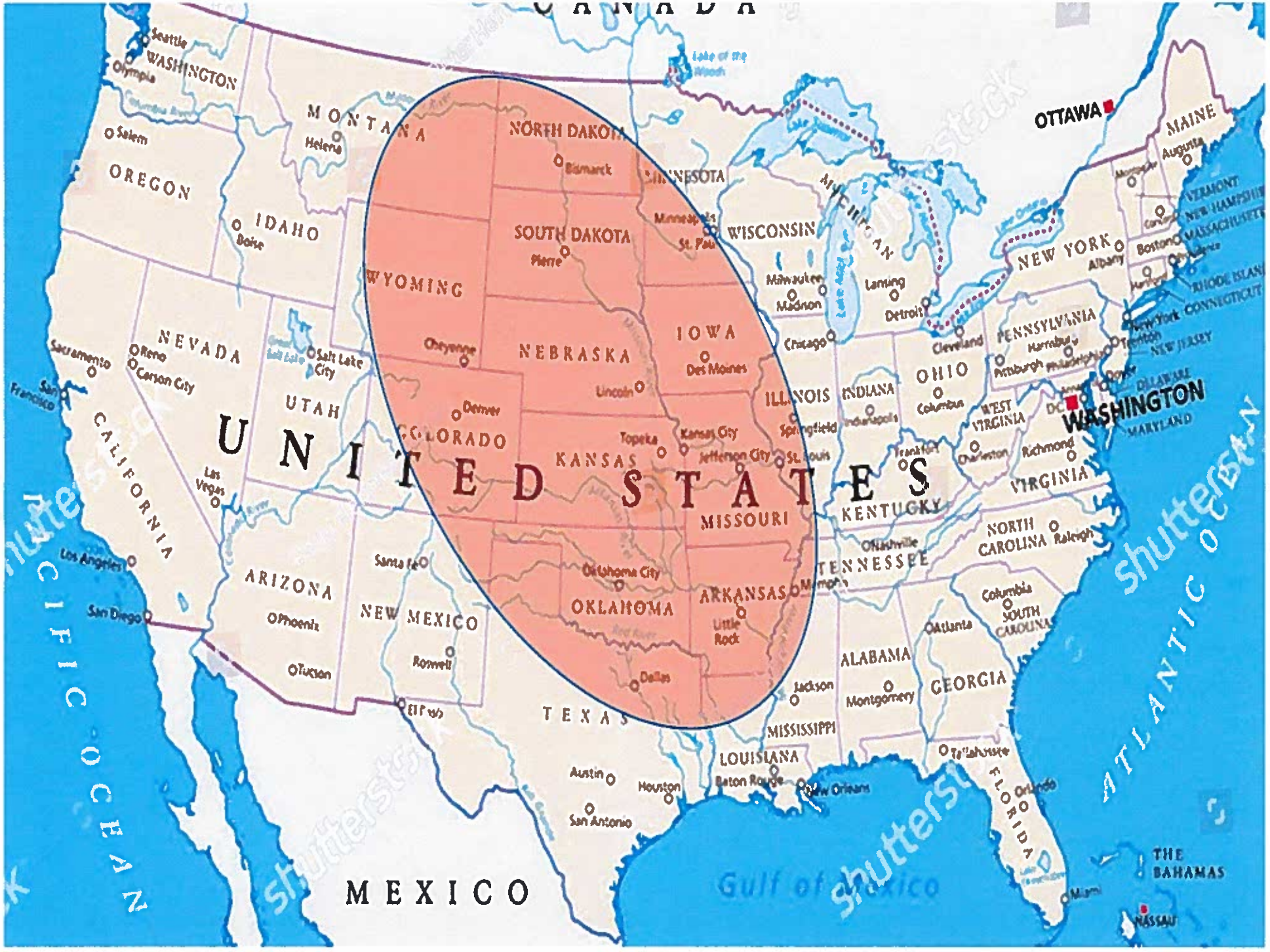
I-40
60-63
67-167
62-63
69
McCLELLAN - KERR
Arkansas River Navigation System
Waterway to the World


UNITED STATES
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CANADA
OTTAWA
WASHINGTON
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IDAHO
WYOMING
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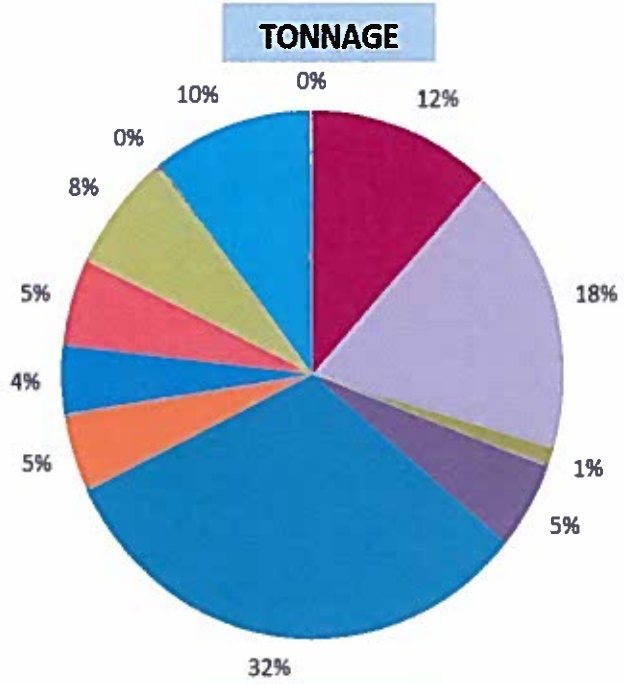
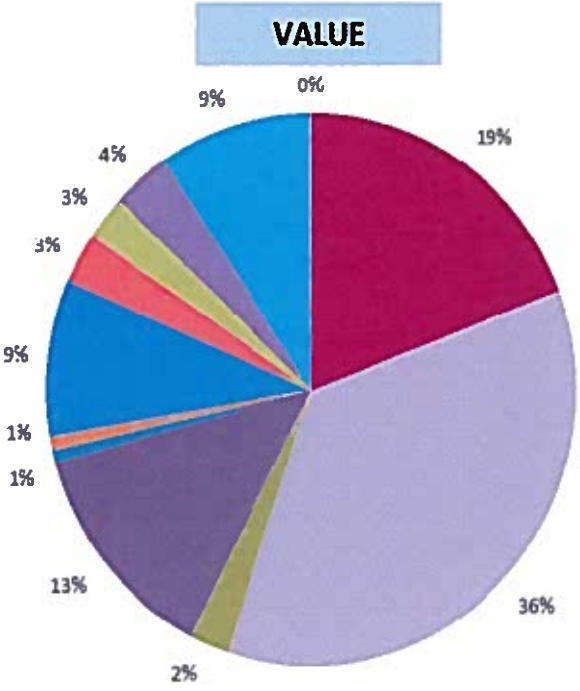
IOWA
NEVADA
UTAH
COLORADO
KANSAS
MISSOURI
ILLINOIS
INDIANA
OHIO
WISCONSIN
MICHIGAN
NEW YORK
PENNSYLVANIA
WEST VIRGINIA
VIRGINIA
KENTUCKY
TENNESSEE
NORTH CAROLINA
SOUTH CAROLINA
GEORGIA
ALABAMA
MISSISSIPPI
LOUISIANA
ARKANSAS
OKLAHOMA
TEXAS
NEW MEXICO
ARIZONA
CALIFORNIA
MAINE
VERMONT
NEW HAMPSHIRE
MASSACHUSETTS
RHODE ISLAND
CONNECTICUT
NEW JERSEY
DELAWARE
MARYLAND
FLORIDA
THE BAHAMAS
Seattle
Olympia
Salem
Helena
Bismarck
Minneapolis
St. Paul
Boise
Pierre
Cheyenne
Lincoln
Des Moines
Chicago
Milwaukee
Madison
Lansing
Detroit
Cleveland
Pittsburgh
Albany
Boston
Augusta
Sacramento
San Francisco
Reno
Carson City
Salt Lake City
Denver
Topeka
Kansas City
Jefferson City
St. Louis
Springfield
Indianapolis
Columbus
Frankfort
Charleston
Richmond
Las Vegas
Los Angeles
San Diego
Phoenix
Tucson
Santa Fe
Roswell
Oklahoma City
Little Rock
Memphis
Nashville
Atlanta
Columbia
Raleigh
Jackson
Montgomery
Baton Rouge
New Orleans
Tallahassee
Orlando
Miami
Austin
Houston
San Antonio
Dallas
El Paso
NASSAU
Lake of the Woods
Lake Superior
Lake Michigan
Lake Huron
Lake Erie
Lake Ontario
Great Salt Lake
Gulf of Mexico
PACIFIC OCEAN
ATLANTIC OCEAN





CY07 - CY16 TEN (10) YEAR COMMODITY COMPARISON ON THE ENTIRE McCLELLAN-KERR ARKANSAS RIVER NAVIGATION SYSTEM (MKARNS) 114,423,075 (TONS) / $42,683,498,262

	TONNAGE	VALUE
IRON/STEEL	13,467,798	$8,201,888,982
CHEM FERT	20,352,084	15,318,199,543
OTHER CHEM	1,379,558	1,038,338,124
PETRO PROD	6,087,727	5,654,341,715
SAND/GRAVEL/ROCK	36,215,725	300,228,360
COKE & COAL	5,603,487	353,131,751
MINERALS/BLDG MAT'S	4,708,627	3,872,610,276
FOOD/FARM PROD	6,103,594	1,291,581,526
WHEAT	8,440,647	1,126,066,716
EQUIP/MACH	307,383	1,536,915,000
SOYBEANS	11,630,399	3,963,523,675
MISC	126,046	26,672,594
TOTALS:	114,423,075	$42,683,498,262

The MKARNS:

Protects Millions of Acres of Land From Floods

In 2013, it is estimated that the Arkansas River Basin Projects prevented $315 Million in flood damages within the Tulsa and Little Rock Corps Districts.
Cumulative damages prevented are estimated to be $10.5 Billion.

Provides Recreational & Fresh Water Supply

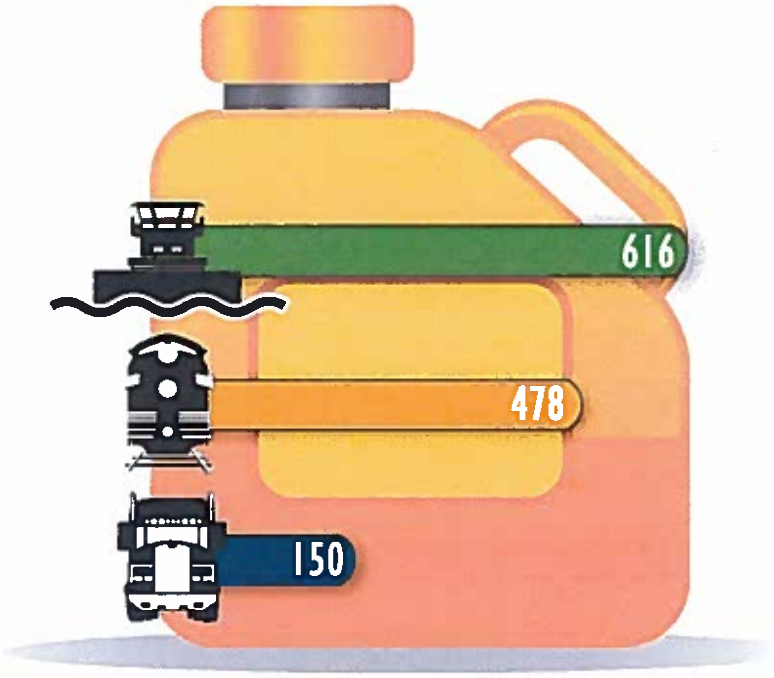
Congressional Staffers Briefing
November 13, 2017

Advantages of Inland Waterways Transport:

Moving Freight Efficiently Throughout America

Transporting freight by water is also the most energy-efficient choice.

Barges can move one ton of cargo 616 miles per gallon of fuel. A rail car would move the same ton of cargo 478 miles, and a truck only 150 miles.



Ton-miles Traveled per Gallon of Fuel

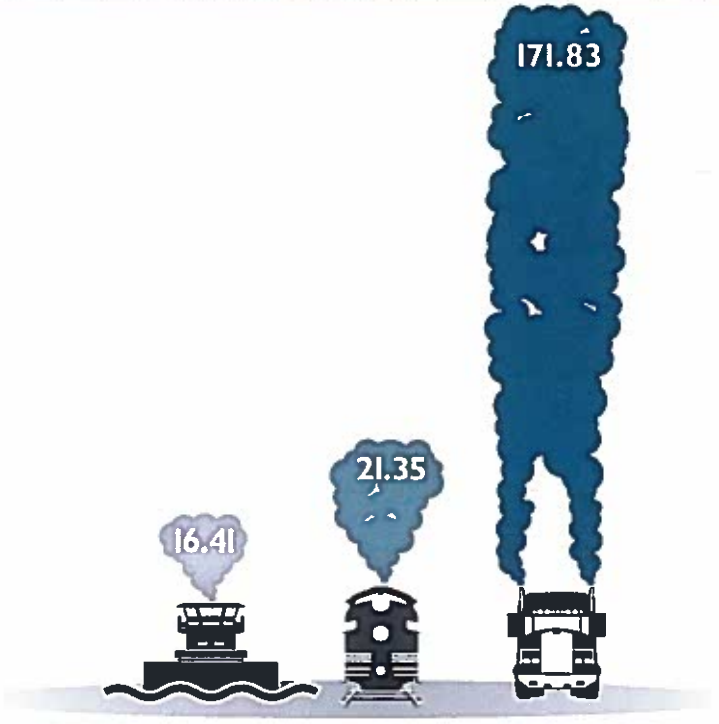
NATIONAL WATERWAYS FOUNDATION

Advantages of Inland Waterways Transport:

The Greener Way to Move America's Cargoes

Barges have the smallest carbon footprint among other transportation modes.

To move an identical amount of cargo by rail generates 30% more carbon dioxide than by barge, and 1,000% more emissions by trucks than by barge.



Tons of CO_2 per Million Ton-miles

NATIONAL WATERWAYS FOUNDATION

Priorities for the MKARNS:

Three Rives Area/Melinda Structure - New Start/Cost Share

Backlog of Critical Maintenance – more than $143 million

12-Foot Channel – New Start/Cost Share

Congressional Staffers Briefing
November 13, 2017

"...unless and until we can change our federal resourcing model, which in my view is fundamentally unsustainable, or shut down some of our projects or defund some of our projects, the reliability quotient is going to continue to go down."

-Maj. Gen. John Peabody, Deputy Commanding General for Civil and Emergency Operations, USACE;

Congressional Staffers Briefing
November 13, 2017

ATTACHMENT D

IMPLEMENTATION GUIDANCE FOR SECTION 1153 OF THE WATER RESOURCES AND DEVELOPMENT ACT OF 2016 (WRDA 2016)

DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
441 G STREET, NW
WASHINGTON, DC 20314-1000

CECW-P

SEP 2 8 2017

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Implementation Guidance for Section 1153 of the Water Resources and Development Act of 2016 (WRDA 2016) Amending Section 1024 of the Water Resources Reform and Development Act of 2014 (WRRDA 2014), Authority to Accept and Use Materials, Services, or Funds

1. Section 1153 of WRDA 2016 amends Section 1024 of WRRDA 2014 to authorize the Secretary to accept and use materials, services, or funds contributed by a non-Federal public entity, a nonprofit entity, or a private entity for the purpose of repairing, restoring, replacing, or maintaining a water resources project if the District Commander determines that there is a risk of adverse impacts to the functioning of the project for the authorized purposes of the project and that acceptance of the materials, services, or funds is in the public interest. Section 1024, as amended, further provides that the Secretary may only use materials or services if they comply with all applicable laws and regulations that would apply if they were acquired by the Secretary. It further provides that such services must be supplementary to existing federal employees used to perform work that would not otherwise be accomplished as a result of funding or personnel limitations. Finally, it includes reporting requirements. Copies of Section 1024 of WRRDA 2014, as amended (33 U.S.C. 2325a) and Section 1153 of WRDA 2016 are enclosed.

2. In accordance with the guidance provided in this memorandum, District Commanders are delegated authority to accept services, materials, or funds contributed (referred to as "contributions") from a non-Federal public entity, nonprofit entity, or private entity (referred to as "contributor") for the purpose of repairing, restoring, replacing, or maintaining a water resources project, if the District Commander determines that there is a risk of adverse impacts to the functioning of the project for the authorized purposes of the project and that such acceptance and use is in the public interest. This authority may not be further delegated. The District Commander must provide written documentation of these determinations. In addition, there may be special circumstances, such as, for example, if dam safety issues are involved, where the district should coordinate with the entire vertical team before the district commander determines whether to accept the contribution.

a. This guidance applies to federally authorized water resources projects operated and maintained by the U.S. Army Corps of Engineers (Corps).

b. Materials, including equipment, must meet Corps standards, and be approved by the District Commander or his or her designated representative. Material handling, storage, and disposal shall comply with provisions of EM 385-1-1, Safety and Health

Requirements Manual. Materials intended as part of permanent repairs shall include a warranty that is transferable to Corps.

c. Services will not be accepted to displace Corps personnel. However, such services may supplement existing staff and may also include work that would not otherwise be accomplished because of Corps funding or personnel limitations. Services to be provided must be reviewed and approved by the District Commander.

d. Environmental compliance with all applicable laws must be completed before the initiation of repair, restoration, replacement or maintenance activities with contributions. The contributor must provide funds to the district to cover costs to complete any environmental compliance required for these activities.

e. Corps' acceptance and use of contributions under Section 1024, as amended, does not involve 33 U.S.C. 408.

f. The District Commander or his or her designated representative shall oversee the services provided to ensure that they are consistent with the plan approved by the district. The contributor bears responsibility if services provided are performed in a negligent manner.

g. Materials or services provided must comply with all applicable laws that would apply if such materials and services were acquired by the Secretary. Applicable Federal Laws and Regulations may include, but are not limited to, 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (labor standards originally enacted as the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act, and the Copeland Anti-Kickback Act); the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646, as amended (42 U.S.C. 4630 and 4655) and the regulations contained in 49 CFR Part 24; Section 601 of the Civil Rights Act of 1964 (P.L. 88-352), as amended (42 U.S.C. 2000d), and Department of Defense Directive 5500.11 issued pursuant thereto; the Age Discrimination Act of 1975 (42 U.S.C. 6102); the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), and Army Regulation 600-7 issued pursuant thereto; Buy American Act (41 U.S.C. 8302); Clean Air Act (42 U.S.C. 7606; Clean Water Act (33 U.S.C. 1368; Jones Act (46 U.S.C. 55109); Shipping Act (46 U.S.C. 55109); Utilization of Small Business Act (15 U.S.C. 631, 644; and Equal Opportunity for Veterans Act (38 U.S.C. 4212). In addition, a list of related laws which may apply and must be satisfied when applicable, is set forth at 33 CFR Section 320.3. The District Commander should be prepared to provide copies of language used by the Corps in its standard contracts to serve as a guide for the contributor in developing its own contract.

h. If the existing real property interests are not sufficient for the performance of work involving contributions under Section 1024, as amended, the contributor will be required to undertake acquisition of additional real property interests in accordance with the applicable provisions of the Uniform Relocation Assistance and Real Property

Acquisition Policy Act of 1970, Public Law 91-646, as amended (42 U.S.C. 4601-4655), and the Uniform Regulations contained in 49 C.F.R. Part 24, or provide funds to the district to cover the costs associated with the acquisition of additional real property interests.

i. There will be no credit or repayment for contributions provided under Section 1024, as amended.

3 Procedure.

a. Prior to the acceptance of contributions under Section 1024, as amended, the district must develop a plan for use of the contributions. The plan must demonstrate that there is a risk of adverse impacts to the functioning of the project and that the acceptance of the contributions would be in the public interest. The plan must document in detail how use of the proposed contributions are in accordance with the operation and maintenance manual or related document that supports the operation, maintenance, repair, rehabilitation and replacement of the project. The plan will also document that the materials or services to be provided by the contributor meets the requirements of Engineer Manual 385-1-1 and other relevant Corps regulations and address, at a minimum, the following items:

(1) A defined scope of services will be provided by the contributor. The scope will describe how the contributions will serve to reduce risk of adverse impacts to the functioning of the project and help maintain a safe and reliable project. In addition the plan will identify whether additional real property interests need to be acquired to support the services to be provided and identify party responsible for acquisition.

(2) A listing of privately owned or leased vehicles, vessels, machinery, or other specialized equipment to be used by the contributor that comply with the requirements for inspection criteria, safety devices and operational aids, environmental considerations, operating rules, and guarding and safety devices.

(3) A listing of qualified contractors or employees of the contributor who are authorized to operate, for official use, government-owned or leased vehicles, vessels, machinery or other specialized equipment. Employees or contractors for the contributor must have the proper training, license, and/or experience in accordance with Corps operator permit policies and understanding of the safety requirements to the satisfaction of the District Commander before operating a government-owned or leased vehicle, vessel, or equipment. Government authorization policies apply to contractors or employees for each contributor.

(4) A security clearance for all contractors and employees for the contributor must be validated, when appropriate, as determined by the district commander. Individuals may be legal aliens (permanent residents) or foreign exchange students. Any non-U.S.

citizen must present his/her Visa (or passport if in the U.S.in tourist status from a visa-waiver country where visas are not required) or U.S. Permanent Resident Card INS Form 1-551 (formerly known as Alien Registration Receipt Card) for review and verification. Persons who have been convicted of a violent crime, sexual crime, arson, crime with a weapon, or sale or intent to distribute illegal drugs, or are an organized crime figure will not be utilized as volunteers. Persons awaiting trial or under indictment for any of the crimes listed above will not be utilized as a volunteer until the case has been resolved in the person's favor through the legal process. Use of civilian prison labor from the Federal Bureau of Prisons, and State and County Correctional Systems is beyond the scope of this authorization.

(5) An approved Accident Prevention Plan for each contributor.

b. The District Commander will document in writing the approval for accepting contributions under Section 1024, as amended. Template agreements for acceptance and use of contributions will be posted on the Corps Agreements website. Following District Counsel review and concurrence that the negotiated agreement is acceptable, the District Commander may approve and sign the agreement. The agreement must be fully executed prior to the acceptance of contributions from the contributor. Any proposed substantive deviations to the template agreements must be submitted through the MSC to the appropriate Headquarters Regional Integration Team (RIT) for resolution.

4. Within 30 days of accepting contributions under Section 1024, as amended, the District Commander will submit, through the MSC Commander, to the appropriate RIT, a report that includes a description of the activities undertaken using the contributions, including the costs associated with such activities, and a comprehensive description of how the activities were necessary for maintaining a safe and reliable water resources development project. CECW-I will consolidate the information from each RIT into a report, and by 30 October of the first fiscal year in which contributions are accepted under Section 1024, as amended, and by 30 October of each subsequent fiscal year, the Director of Civil Works, will transmit the draft annual report to the Assistant Secretary of the Army (Civil Works) for review and submission to the Committee on Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives by 1 February.

5. This guidance supersedes the implementation guidance for Section 1024 of WRRDA 2014, dated 8 June 2016. This guidance is in addition to and does not affect guidance relating to the acceptance of contributed funds pursuant to other authorizations, such as ER 1130-2-500 for voluntary contributions for Sections 203 and 225 of WRDA 1992 and the implementation guidance for Sections 1015 and 1023 of WRRDA 2014, dated 11 February 2015.

CECW-P
SUBJECT: Implementation Guidance for Section 1153 of the Water Resources and Development Act of 2016 (WRDA 2016), Authority to Accept and Use Materials, Services, or Funds

Encls

JAMES C DALTON, P.E.
Director of Civil Works

DISTRIBUTION:
COMMANDERS, REGIONAL BUSINESS AND PROGRAMS DIRECTOR
GREAT LAKES AND OHIO RIVER DIVISION, CELRD
MISSISSIPPI VALLEY DIVISION, CEMVD
NORTH ATLANTIC DIVISION, CENAD
NORTHWESTERN DIVISION, CENWD
PACIFIC OCEAN DIVISION, CEPOD
SOUTH ATLANTIC DIVISION, CESAD
SOUTH PACIFIC DIVISION, CESPD
SOUTHWESTERN DIVISION, CESWD

Section 1024 of WRRDA 2014, as amended by Section 1153 of WRDA 2016 (33 U.S.C. § 2325a). Authority to accept and use materials and services

(a) In general
Subject to subsection (b), the Secretary is authorized to accept and use materials, services, or funds contributed by a non-Federal public entity, a nonprofit entity, or a private entity to repair, restore, replace, or maintain a water resources project in any case in which the District Commander determines that--

(1) there is a risk of adverse impacts to the functioning of the project for the authorized purposes of the project; and (2) acceptance of the materials and services or funds is in the public interest.

(b) Limitation
Any entity that contributes materials or services under subsection (a) shall not be eligible for credit or reimbursement for the value of such materials or services.

(c) Additional requirements

(1) Applicable laws and regulations
The Secretary may only use materials or services accepted under this section if such materials and services comply with all applicable laws and regulations that would apply if such materials and services were acquired by the Secretary.

(2) Supplementary services
The Secretary may only accept and use services under this section that provide supplementary services to existing Federal employees, and may only use such services to perform work that would not otherwise be accomplished as a result of funding or personnel limitations.

(d) Report
Not later than February 1 of each year after the first fiscal year in which materials, services, or funds are accepted under this section, the Secretary shall submit to the Committee on Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives an annual report that includes--(1) a description of the activities undertaken, including the costs associated with the activities; and (2) a comprehensive description of how the activities are necessary for maintaining a safe and reliable water resources project.

Section 1153 of WRDA 2016. Authority to Accept and Use Materials and Services.

Section 1024 of the Water Resources Reform and Development Act of 2014 (33 U.S.C. 2325a) is amended—

(1) by striking subsection (a) and inserting the following:

"(a) IN GENERAL.—Subject to subsection (b), the Secretary is authorized to accept and use materials, services, or funds contributed by a non-Federal public entity, a nonprofit entity, or a private entity to repair, restore, replace, or maintain a water resources project in any case in which the District Commander determines that—

"(1) there is a risk of adverse impacts to the functioning of the project for the authorized purposes of the project; and

"(2) acceptance of the materials and services or funds is in the public interest.";

(2) by redesignating subsection (c) as subsection (d);

(3) by inserting after subsection (b) the following:

"(c) ADDITIONAL REQUIREMENTS.—

"(1) APPLICABLE LAWS AND REGULATIONS.—The Secretary may only use materials or services accepted under this section if such materials and services comply with all applicable laws and regulations that would apply if such materials and services were acquired by the Secretary.

"(2) SUPPLEMENTARY SERVICES.—The Secretary may only accept and use services under this section that provide supplementary services to existing Federal employees, and may only use such services to perform work that would not otherwise be accomplished as a result of funding or personnel limitations."; and

(4) in subsection (d) (as redesignated by paragraph (2)) in the matter preceding paragraph (1)—

(A) by striking "Not later than 60 days after initiating an activity under this section," and inserting "Not later than February 1 of each year after the first fiscal year in which materials, services, or funds are accepted under this section,"; and

(B) by striking "a report" and inserting "an annual report".

ATTACHMENT E

ISSUE PAPER – COST SHARE AND CAPABILITY OF THE USACE

Issue Paper

PROJECT NAME AND STATE: McClellan-Kerr Arkansas River Navigation System (MKARNS), AR & OK, 12-Foot Navigation Channel

AUTHORIZATION: Section 136, E&WDAA FY 2004 (PL108-137).

SUMMARIZED FINANCIAL DATA:	CONSTRUCTION
Estimated Federal Cost	$ 86,031,000
Inland Waterway Trust Fund	86,031,000
Total Estimated Project Cost	$172,062,000
Allocation thru FY 2007	5,500,000 1/
Budget Request for FY 2008	0
Allocation for FY 2008	0
Budget Request for FY 2009	0
Balance to Complete After FY 2009	166,561,000
Amount That Could be Used in FY 2009	40,000,000

1/ Funds ($7M) provided under O&M, General Appropriations $1.5M used to complete feasibility study and $5.5M being used for PED and construction.

LOCATION AND DESCRIPTION: The existing 445-mile long McClellan-Kerr Arkansas River Navigation System (MKARNS) consists of 18 locks and dams, providing 9-foot depth inland navigation from the Mississippi River to Catoosa, Oklahoma. This project would deepen the navigation channel to a minimum depth of 12 feet throughout the MKARNS.

PROPOSED ACTIVITIES FOR FY 2008: O&M carryover funds are being used to construct 3 structures near navigation mile 146.

APPLICATION OF THE AMOUNT THAT COULD BE USED IN FY 2009: Not included in the FY 2009 budget. Construction funds in the amount $40,000,000, could be used in FY 2009 to continue dredging and construction channel training structures to develop a 12-foot minimum depth channel.

ISSUES AND OTHER INFORMATION: The MKARNS is an inland waterway, subject to the collection of fuel taxes for the Inland Waterway Trust Fund; therefore, all future activities will be cost shared (50/50) with the trust fund for construction of the 12-ft channel. The FY 2005 Senate request was for O&M appropriations and $7M in O&M funds were received in FY 2005 and carried over for FY 2006, 2007, and 2008 efforts. This issue paper addresses the Construction Appropriation, which is the normal funding process for construction of new infrastructure projects. Actual construction has already begun in Pools 2, 7, and Pool 13 and proceeds upstream, respectively.

ADMINISTRATION POSITION: The administration supports this project since it provides high priority inland navigation outputs.

CONGRESSIONAL INTEREST: Senators Pryor (AR), Lincoln (AR), Coburn (OK), and Inhofe (OK); and Congressmen Berry (AR-1), Snyder (AR-2), Boozman (AR-3), Ross (AR-4), Sullivan (OK-1), Boren (OK-2), Lucas (OK-3), Cole (OK-4) and Istook (OK-5).