

# UMR-IWW System Navigation Study NECC/ECC Meeting Agenda

**Four Point Sheraton Hotel, Rock Island, Illinois (309-794-1212)  
May 16, 2006; 8:00 AM to 3:15 PM**

## 1. Attendees:

Ron Adams – WIDOT	Dave Hokanson – UMRBA	Paul Rohde – MARC 2000
Richard Astrack – CEMVS	Harold Hommes – IA Ag. and Land	Bernard Schonhoff – IADNR
Butch Atwood – ILDNR	Barry Johnson – USGS-UMESC	Susan Smith – CEMVD
Mark Beorkrem – MRBA	Brian Johnson – CEMRS	Rebecca Soileau – CEMVP
Tom Boland – MACTEC	Martin Konrad – IADNR	Chuck Sptizack – CEMVR
Sandra Brewer – CEMVR	Dick Lambert – MNDOT	Jeff Stamper – CEMVP
Dru Buntin – MODNR	Richard Manguno – CEMVN	Max Starbuck – NCGA
Jack Carr – CEMVR	Nick Marathon – USDA	Janet Sternburg – MODOC
Mark Carr – MEMCO Barge	David McMurray – UMIMRA	Holly Stoerker – UMRBA
Bob Clevensine – USFWS RIFO	Nicole McVay – CEMVR	Charles Theiling – CEMVR
Hank DeHaan – CEMVR	Mark Muller – IATP	Michael Wells – MODNR
Jeffrey DeZellar – CEMVP	Barb Naramore – UMRBA	Scott Whitney – CEMVR
Jon Duyvejonck – USFWS RIFO	Rick Nelson – USFWS RIFO	Rebecca Wooden – MNDNR
Al Fenedick – USEPA Reg 5	Craig O'Riley – IADOT	Richard Worthington - CEHQ
Dan Fetes – CEMVR	Don Powell - CEMVP	Scott Yess - USFWS

## 2. Calendar:

- **May 24-25** – Ecosystem Services Science Panel Workshop – Holiday Inn Express St. Louis Mo. **May 26** – Ecosystem Service Team (Science Panel Workgroup), same location.
- **June 19-21** – RRAT Trip
- **July 26-27** – ECC Workshop – St. Louis, MO
- **August 22** – NECC/ECC – La Crosse, WI

## 3. Action Items:

- Identify additional ECC participants and provide those names to Jack Carr/Nicole McVay – **ECC/NECC**
- Provide comments on Shippers' Response study or upcoming surveys to Rich Manguno and Jack Carr – **ECC/NECC**
- Provide Shippers' Response Questions to ECC/NECC – **Jack Carr**
- Notify NECC/ECC when Pool Management Plan teams plan to meet with landowners – **Hank DeHaan**
- Provide NESP/EMP Issue Paper comments to UMRBA – **ECC/NECC**
- Provide non-grain forecast info to Jack Carr/Manguno - **ECC**
- Finalize updates to ECC Charter – **Jack Carr**
- Reply to Naramore and Group regarding how NETS deals with responses to survey vs. actual behavior – **Manguno**
- Post PowerPoint slides from this meeting to the internet - **McVay**

#### 4. Notes:

- **Introductions and Opening Remarks (Ken Barr/Jack Carr)**

8:05 – Barr welcomed everyone. Had attendees introduce themselves

- **NESP Program Status (Chuck Spitzack/Rich Worthington)**

**Worthington** – Gave a brief status of the Water Resources Development Act (WRDA): There is a **manager's amendment** coming out of the committee – there are no major changes to the Upper Miss. legislation. His understanding is that there has been some discussion between the Committee and Senate leadership regarding floor time for WRDA. It is his understanding that there may be some floor time after the Memorial Day holiday. That time would include time to allow for amendments. Next he gave a brief update on the Chief's Report, which is a conditional report: The Secretary of the Army has pulled that report back from OMB and is holding it, pending the new economic models. Finally he discussed NESP FY07 Funding: There is no funding for Upper Miss in the President's Budget.

**Questions/Comments:**

None

**Spitzack** – There was a meeting in Early March between Corps officials and the ASACW (Woodley). Mr. Woodley requested a report due 1 Oct, 2007 discussing results from the economic models. FY06 funds were redirected toward this effort – while maintaining a focus on early construction starts. As far as planning for the FY07 work plan – we are assuming \$10M for PED. This would keep us on track for some early construction in 2008, provided we get a WRDA bill. You should have received an email with this information, if not, you will get it soon. **(Attachment 1)**

We had public meetings for LD22 – there were 38 people there. The people attending were supportive of both the lock extensions and fish passage projects. There were some concerns regarding disruptions, construction, safety etc. Later in the year there will be a public meeting at LD25. There may be more impacts at 25, and we are carefully preparing for that meeting.

In our effort to move toward an integrated River Council we have put together a Commander's agreement. It emphasizes more upfront and thorough program integration and development, formulation and implementation of the River Council, as well as an identification of the Upper Miss Program including a website. This agreement is currently being signed by the 3 Colonels. The biggest challenge is to develop an understanding with the stakeholders on the NED process, how we characterize the uncertainties of the economics, as well as an understanding of the 3 additional accounts (RED, social effects, environmental quality). Gen Riley want's all four accounts in the Oct 2007 Report.

- **NESP Economics Evaluation Study Status (Rich Astrack)** – (PowerPoint-Attachment 2)

Rich said he was going to give an overview of the Re-Evaluation Study and what the major pieces are. Then Rich Manguno and Jack Carr will discuss the individual topics in greater detail.

**Slide 2** – Traffic Management – Appointment Scheduling– you could also call this non-structural measures. The Oct 2007 Report is not just the economic information of the large scale-measures, but on all measures. University of Missouri, St. Louis (UMSL) had determined that the system doesn't need appointment scheduling with current traffic. However, this group did not look at the projected increases in traffic. So we are going back to them with the traffic projections and having them evaluate the potential benefits of appointment scheduling with these other traffic levels. **Slide 3** – Rich provided background on the Chief's Report, ASACW... The Feasibility Report said the study team would prepare a Notification Report three years after authorization and a Re-Evaluation Report when the complete suite of economic models was available (assumed 7 years from authorization). Because we assumed these Reports would be prepared after the authorization, we hadn't been working on either of these reports. However, based on the conversations with Mr. Woodley – this is now the main priority of the NESP. **Slide 4** – Col Gapinski guidance: reallocation of funds, coordination and interactions – that is why many of you are here today. We have some standard data collection and analysis that we do. However, you need to help us by providing the information you have. We also need you to provide some real life double checks to our information. **Slide 5** – General Re-evaluation Report (Navigation ONLY) (this slide was not in the handout.) **Slide 6** – this is also not in the handout. Note some assumptions that go into the Interim Report (Oct 2007 Report) – not all data is available, not all of the data is new because the progress in research is not there yet and will be a few years before it is available. For the Interim report we will evaluate ONLY the recommended plan: 7 Locks in the first increment, moorings, switch boats, and scheduling. We will also evaluate all 4 accounts: NED, Environmental Quality, Regional Economic Development (RED), and Other Social Effects. In the General Re-Evaluation Report (GRR) we can formulate additional alternative plans. This is the significant difference between the Interim Report (Oct 2007 Report) and the GRR – evaluate current plan and see if it is still good vs. are there better plans that we could be implement, given new information. **Slide 7** – Economics Study Steps – some products will be produced by NESP and some by NETS. Traffic Base; Transportation Rates (multi modal); Forecasts (Grain 50%, non-grain); Demand curves – NETS, Survey Model (NETS). Rich also mentioned that we have a new Corps process to certify models and NETS will do the certification. **Slide 8** – Traffic Base – he discussed incremental analysis. For the Feasibility Study we used 2000 data, now we will probably use 2004 data, but will evaluate more current data to ensure we aren't missing anything. This will provide the existing condition – this is our starting point. **Slide 9** – Transportation Rates – how much does it cost to move commodities by water, rail, and truck. This will be done by TVA. **Slide 10** – Forecasts – we are trying to establish what is the unconstrained traffic on the system. For Non-Grain – this is a series of predictor tools – NETS hasn't started on this, so they won't have these tools available for us. We will have to hire a contractor to determine this for us. **Slide 11** – Demand Curves – Initial Data was done through surveys This is the Mid-American Grain Study – [this report is available on the internet](#) – they are going to collect some more data this year, based on comments receive through the review process. NETS is also going to collect non-grain data this year. **Slide 12** – Survey Model – using the updated/corrected Demand Curves. Once you enter the new data, you enter the

performance of each measure so you can do the analysis to determine traffic and the associated benefits. **Slide 13** – Gantt Chart. Showed where we would have to update mitigation analysis, if necessary based on traffic data.

### **Questions/Comments:**

**Stoerker** – Asked what the Re-evaluation Report will focus on. **Astrack** said that the Oct 2007 Report (Interim Report) will only look at the Recommended Plan as described in the Feasibility Report. However, the Re-evaluation Report will then look at additional alternatives, if necessary. **Stoerker** asked what would happen if it turns out that the Recommended Plan is not beneficial. **Spitzack** said that the Oct 2007 Report will be a decision point. Depending upon how the Recommend Plan stands up to this additional evaluation will determine what additional steps are necessary.

**Naramore** asked about the decision role after the Interim Report (Oct 2007 Report) – is this entirely Corps, or is OMB involved in this? **Astrack** said that once we start to get some initial data, we will have public meetings. **Worthington** said that when the Interim Report is published, the Chief of Engineers will have to make a decision as to whether or not he/she changes their report (the Chief's Report). Based on that, the ASACW may have to change his/her recommendation to Congress. Added to this complexity, by the time the Interim Report (Oct 2007 Report) is published we may have an authorization.

**Adams** asked if there would be no administration budget for this project until FY09? **Worthington** agreed – based on the current actions of the Administration, that assumption could be correct.

**Stoerker** asked about what Astrack saw as the role of the ECC, and what the Corps anticipates their needs of the ECC to be. **Astrack** said that now is the time to get the ECC back involved in this program. Rich asked for the audience to please let the Corps know if there are others who should be notified of ECC meetings. Sometimes the ECC will have to have meetings, but he would also like to be able to provide new reports to the ECC and get their feedback. This is not a closed group – please forward this information to others who may be able to provide feedback. Feedback is what we will be looking for.

- **Update (on Relevant Products) from NETS Program (Rich Manguno)**  
(PowerPoint - Attachment 3)

**Slide 2** – NETS background – a research and development program managed by the Corps IWR. The goal of NETS is to advance the Corps' world-class engineering with state-of-the-art tools and techniques for economic modeling and analysis. **Slide 3** – NETS team. **Slide 4** – NETS vs. Upper Miss. NETS is a program that has a much broader focus than just inland navigation on the Upper Miss. They have focused on specific needs of NESP, but that is not their entire objective. Ultimately, when NETS has finished a product, it still remains the responsibility of the NESP team to determine how and which NETS products to use. NESP has been coordinating closely with NETS, so there should not be major decision points that need to be made – however it needs to be remembered, that NETS and NESP are not the same. **Slide 5** – NETS activities. **Slide 6** – NETS Product Update – Shippers' Response to Changes in Transportation Costs and Times: Non-Grain Commodities – same as Mid-America Grain Study, but with non-grain. If you think back to the various reviews, specifically

the NRC review – these studies address two of the main comments received by the Feasibility Study. #1 – Not having an empirical basis to define demand curves. The Forecasting model was the other area that the NRC commented on, and the World Grain Model addresses this. These three products go a long way toward addressing the two main NRC comments. **Slide 7** – Mid-America Grain Study: Kenneth Train and Wesley Wilson are experts in this field. These surveys collect information about recent shipments, what alternatives are available to shippers, what factors might change the shipper’s decision to do something different than what they have done. These survey responses are put into a model. The plan is to take the results of this report and use it to develop the demand curves that were so criticized in the Feasibility Report. **Slide 9** – The Mid-Americas Grain Study has demonstrated that it is possible to collect the necessary information to estimate shipper response and that the results confirm the shortcomings of the Corps traditional representation of demand curves . **Slide 10.** **Slide 11** – For Non-grain – they want to do the work a little later than originally scheduled due to the impacts of the hurricane and the availability of survey responders.

**O’Riley** asked what is the geographic area of the people being surveyed. **Manguno** replied that it was very broad – they did not get a 100% return on the surveys, so they wanted to do another set of surveys to ensure that they had adequate coverage. **Barr** asked if there was a geographic component to the results – how far shippers are from the river. **Manguno** said that the geographic location certainly influences the responses.

**Rhode** asked if the survey is coming out this year – will it go out to those who responded, or to everyone. Did it go to the lower Miss? **Manguno** said that the intent is to get surveys from a broad audience, so it will go out to more than the original responders. He also said that this is system-wide.

**Mark Carr** felt that the response rates from the operators will be very low, they would get a better response from the main headquarters offices, as the operators are very busy and don’t have the time to answer surveys from the Corps. **Barr** asked if Rich knew what the response rate was. **Rich** didn’t know, but said it was in the report on the web. He also said that if people had trouble getting information from the web to let him or Jack know and we could get a hard copy or electronic copy to them. **Beorkrem** said that 33% of the shippers on the IL responded, they responded from ND, SD... none responded from MS, or LA.

**Manguno** said to get any comments to him or Jack Carr and we would get them to NETS and ensure you get a response back.

**Adams** asked how many times the shipper said that the modes were dictated by the receiver rather than the shipper. **Manguno** said that he hadn’t heard those comments.

**Marathon** asked if the ECC could get copies of the Survey questions. **Barr** replied yes.

**Manguno** continued with Shipper Responses: Non-Grain Commodities. These surveys are scheduled to begin in May (this week), with completion by fall of 2006, and final results by early CY07. Next he discussed the World Grain Model – The intent is to build this spatial model for the flow of grain so that the relationships and assumptions that drive the model are transparent and can be modified to test the significance of specific inputs. The Sparks’ Model addressed many of the items of this World Grain Model, but modelers couldn’t “get behind” many of these variables. Conceptually this

is like the Sparks' scenarios, but the World Grain Model is much more explicit in defining the relationships. It may allow us to tweak individual variables of interest. We've explicitly asked for inclusion of the issues of South American trade, policy developments in China, ethanol, and ocean freight rate deviations (Gulf, vs. Pacific NW). The Study Team may be able to identify which variables are more important. So, we will end up with multiple scenarios. These will then be limited to the most likely scenarios. What do you do when you generate the scenarios, run the model and then get the various, and typically far ranging answers? We hope to do more risk analysis than has been done before. The draft model has been reviewed. Model modifications have been made, and we are anticipating that this modified model will be ready for additional review. When this model is ready for review we would like to share it with this group and receive our feedback. This piece is on a time-line with what are needs are for producing our Interim Report for the Oct 07.

**Barr** asked if this model would be ready for our July workshops? **Manguno** said that he thinks the timing should work out very well. He is certain that Keith will be open with taking these draft results and sharing them.

**Barr** asked about the elasticity piece – are there “knobs and bells and whistles” to pull to evaluate the effects of this? **Manguno** said that elasticity is different from forecasts. He said that while this data is empirically determined, we need to have a range of confidence intervals.

**Miller** – is there any hope that this World Grain Model will help to determine the scenarios you use? **Manguno** – you could take this model and with a little bit of work, you may be able to find out what variables are important – maybe some things are not as important as others. Presumably you would want to capture those variables that are most significant in impacting the results.

**NETS website:** [www.corpsnets.us](http://www.corpsnets.us)

**NETS NEWS:** [www.corpsnets.us/NETSnews/news\\_signup.html](http://www.corpsnets.us/NETSnews/news_signup.html)

- **NESP Ecosystem Component Update (Ken Barr)** – (FY06 Workplan Attachment 4)

FY06 Budget Reprogramming: First Priority – Interim Report (Oct 2007 Report)

Second Priority – projects that will be ready for a construction authority.

**Questions/Comments:**

**Benjamin** said that she would have been more comfortable with this had there been more coordination with the partners on this. She said that it looks like the numbers have been balancing out, which is good. She thinks it is very important to key into public involvement. This program does not have the best reputation – public involvement is key if we want to have authorization and RRCT. He said that Spitzack and Barr hear the stakeholder and agree with them. **Spitzack** agreed with Gretchen – he felt the email from Col. Gapinski should have gone out earlier and we should have had a conference call. He did mention that some of the public involvement issues that seem to be missing are being brought back in through the Re-evaluation effort. We will put out newsletters through this effort, as well as progress development of the website.

**Benjamin** stressed that we need to provide more information to the public, to change how the public perceives this project. **Spitzack** said that the Districts' are aware of this, and this is recognized in the Commander's Agreement.

**Mark Carr** asked what is the plan for handling these adjustments if Congress does not allow reprogramming of funds? **Whitney** said Congress is addressing reprogramin between MOJOR PROJECTS. We are simply moving money around within one project.

**Beorkrem** asked about how the reprogramming is affecting the Science Panel. **Barr** said that there is still substantial financial support for the Ecosystem Adaptive Management.

**Stoerker** asked if Ken could elaborate on the decision making process for how these adjustments were made. **Barr** said it the management team worked with individual PDT leaders to accomplish this task.

### **Three Districts Review:**

#### **Brian Johnson – St., Louis (PowerPoint - Attachment 5)**

Fish Passage at Mel Price: looking at fish densities below the lock. It looks like this may be the second year in a row that the dam won't go into open water conditions. New surveys were completed at Mel Price and L/D22 in April. Fish Passage at LD 22: St. Louis survey crew did a survey just prior to the Dam going out of the water. When the survey crew got done the dams went out of the water 1 hour later. We saw lots of fish below the dam. However, when they went out a week later, all the fish were gone. (Slide 4) Yellow dots are "big fish". Brian said not to focus on the fact that there are big fish – need to focus on the numbers of fish. Dam Point Control Work in Pool 25: PDT working on Ecosystems Function Model – based on Hydraulics and fish species. The PDT is happy with the initial results. Will take those results back to the stakeholders. Herculaneum: The teams Year 1 ends in June and their Year 2 starts in July. They are making good progress with this project. Buffalo Chute: Their year 1 monitoring is done and are starting in year 2. They are pushing for construction. The project recommendation looks like it will be to put some notches at the lower end of the structure. Harlow Reach Management Plan: the PDT is now focused on sub-area evaluations. There were no particular efforts in MVS that were significantly hurt by the reprogramming of money. Mostly modeling certification was delayed, contracts that weren't funded were pulled.

#### **Ken Barr – Rock Island**

Pool 18 Management Plan: This is working with Pool 18 Channel Maintenance Pool Plans. PDT is working with our local partners and O&M folks as well as the other Pool specific PDTs (Water Level Management in Pool 18). Right now we are working through the alternatives evaluation efforts. We are developing sub-area alternatives. There are a lot of things that have to be balanced – ecosystem needs, industry needs, floodplain needs. **Beorkrem** asked if the environmental groups could be notified when the PDT will meet with landowners so that we can here about the landowner concerns. **DeHaan** said yes. There was also some discussion regarding NRCS, they were at the RRCT meeting and will be contacting the appropriate NRCS representative for Pool 18. Environmental Mitigation – this should be under Nav Efficiency. We took our dollars to finish the trawling sampling in order to finish the sampling that we committed to in the EIS. If we find out that our assumption in the Feasibility Report (adult fish move

out of the way) is wrong, we will have to reevaluate our systemic mitigation plan. Right now all three nets have been damaged and are being repaired. Working in high water with these nets is a real challenge. The team is hoping to be back in the water back for the IL River sampling that is proposed to occur in a few weeks. This time we are using a fully loaded working tow. Water Level Management Pool 18 – going well. Science Panel – Met with several PDTs. In June we will meet with the IL Science Advisory Committee and the Peoria Pool PDT. We are very excited about meeting with them. On May 24-26 there will be an Ecosystem Goods and Services Workshop – Robert Davis, who was on the NRC, will be participating on this.

### **Jeff DeZellar – St. Paul**

Pool 5 Drawdown – Drawdown is being funded through O&M, but the monitoring is funded through NESP. Last year there were concerns regarding mussels, so the PDT is dedicating x\$ for the mussel surveys this year (MNDNR will be doing the work). The feeling is that whatever damage was done last year is done, won't have the same problems this year, as we are drawing down the same areas. Also doing vegetation response work – UMESC. We do not have a good way to quantify benefits – biomass may be a good way to do this. Public meetings were in April – went well. Need to get another deviation from the water control plan. Plan to start June 12 – Sept 20. There will be no advanced dredging this year. We are hoping for a 1.5 foot drawdown for this year, but the main channel surveys will tell us this. Recreational access is still a concern. We have promised users “reasonable access”. Pool 9 Drawdown we have had good questions from the WIDNR regarding the drawdown – we need to have some more comprehensive information regarding impacts to mussels. Currently there is not enough money to do this right now. This is something that may have to wait until we are authorized. WIDNR is asking if this is even an appropriate pool in which to do a Drawdown. These decisions in Pool 9 are stakeholder driven. Lock and Dam 8 embankment lowering – Our initial thoughts were to remove a few feet of height from the embankment for a few hundred feet. Just downstream of the embankment is a valuable and complex ecosystem – we don't want to harm that. We are doing hydraulics studies on Reno Bottoms to better understand this. We need to determine the availability of our H&H folks to ensure that they can do the work this year. Again, this is a stakeholder driven approach. Project G Mooring Cells – Want a draft design report at the end of the year. Forestry Management – that entire team was deployed during some time this fiscal year. They promise to have a Draft Forest Management Plan by the end of the FY. Floodplain projects – Root River, MN, and Pierce CO WI – have all the documents drafted up – still waiting for a few comments from the States before we can finalize these document. Systemic Public Involvement and Institutional Arrangements – these two projects have been effectively halted due to the reprogramming. However, some PI will be done through the Economic Reevaluation.

**Beorkrem** asked about the drawdown for Pool 9 – how did it come out to be a priority project, but now looks like it shouldn't be one. **DeZellar** said that Pool 9 was identified by the Water Level Management Green Report and then MVP picked out 5 pools from that report. Pool 9 is a very rich pool, with a very robust mussel population including Higgins eye mussels. **Barr** added that some of the pools that we picked had “pre-NESP” inertia – including Pool 9. **DeZellar** said that MVP was planning to do a drawdown in 2003 to do a minor drawdown. However, there was a problem with the

IASHPO, which cause a cessation of this project in 2003. However the mussel issues are new. **Beorkrem** asked where the drawdown actions fell out in the State/FWS Pool Plans. **Benjamin** said that drawdowns are a potential tool identified for all of the pools for the Pool Plans. She said that each of these projects was put identified on paper but through adaptive management more information comes to light. **Beorkrem** said that we have to be as efficient as possible – we need to have our ecosystem models used and determine priority prior to going to design mode. We don't need to be confusing people by changing plans. **Barr** said that we are standing by the recommendations of the Chief's report. We do anticipate doing some kind of drawdown in Pool 9; however, we are not ready to do that in the near-term – there are too many information needs for now. **Beorkrem** said that there are still a lot of questions in Congress about whether we need to have ecosystem restoration, or do we need the amount of funds that we have asked for. We have not done a good job of explaining ourselves to Congress.

**Rhode** asked about using NESP GI funds for advanced dredging. **DeZellar** said that there is no NESP funding for any kind of dredging. Right now the money is only used for labor on the planning team. The CG funds are what can/will be used for this.

**Brewer** asked if the SAV monitoring is using the LTRMP protocols. **Barr** replied yes. **Barr** added that many of these issues were discussed at the RRCT and the other River Resource Forums.

**Johnson** said that the RRAT trip will be happening in mid-June – if you'd like to attend, please let us know.

**Stoerker** asked about the Science Panel's Goals and Objectives report. **Barr** said that the Science Panel took the recommendations from the NECC/ECC and are putting those into the report. The Science Panel will also work on the G&Os from the top down – they will be developing 6-7 objectives for each reach. He said that these should be ready for review within the next 3 months. He thought this would be a good topic for the next meeting.

- **UMRBA Issue Papers (Advisors & Congressional Reporting) (Holly Stoerker) – (PowerPoint - Attachment 6)**

Last fall UMRBA identified 11 legislative issues assuming the authorization of the NESP and how that would/could affect the future of both the NESP and EMP/LTRMP. At this series of meetings this week we will look at “The role of ‘advisors’” and “Reports to Congress”. She reviewed the process – there is a steering committee, make presentations to the NECC-ECC, UMRBA, and EMP-CC. Comments should be sent to UMRBA reps or staff. Expedite the Process (**Slide 3**) – There was some thought that the Senate may take up WRDA in spring, the UMRBA was forced to expedite this process by talking about what were the biggest issues: Monitoring and Consultation and Funding agreements. Monitoring – see proposals in handout. Problem – no trend monitoring provisions explicitly mentioned in NESP – LTRMP needs to continue if EMP no longer funded. Solution – add monitoring authority to NESP, Link directly to LTRMP authority, authorize \$s if not funded through 1986 authorization. Consultation and Funding Agreements: Problems: NESP does not explicitly include authorization for consultation and has no provisions for interagency agreements. Solution: Add provision requiring consultation with Interior and the States and add authority for funding transfer agreements with Interior, UMRBA and States. Holly thanked

everyone for participating in this expedited process and providing good information/ideas along the way.

**Naramore** discussed Issue #6 – Reporting to Congress and Role of Advisors. Issues – each have provisions for Congressional reporting and advisors, but not identical – how do resolve this? Congressional Reporting: EMP – 6 year reporting cycle, COE must consult with State and DOI, report specifications. Role of Advisors: EMP – Independent Technical Advisory Committee, size and composition not specified, \$350k/yr authorized FY99-09. Since 1999 EMP has not received its full funding, so this group hasn't stood up. Congressional Reporting: NESP - 4 or 5 year cycle...reports must address baselines, milestones, goals, priorities... Role of Advisors: NESP – advisory panel required, sole charge is to provide independent guidance in development of implementation report. Members for each state, USDA, DTO, USGS, FWS, EPA, and landowners plus 2 members from Env. and industry groups.

Options – Reporting to Congress – see slides. Considerations – see slides. One of the questions that came up with this discussion – do these advisory panels really do anything outside of what we are already doing? You can easily provide questions/comments now, or provide more in depth comments to your UMRBA rep.

#### **Questions/Comments:**

None

- **Update on Non-NETS Economic Products (Carr/Manguno)** (Continuation of PowerPoint slides in **Attachment 3**)

.**Jack Carr** started with Transportation Rate Analysis. **Slide 18** – least costly all overland routing (which will be rail).

**Astrack** asked about the alternative mode – if you go from here to NO by water the alternative will be from here to NO by rail? **Carr** said that first we will go to same destination using alternative mode, however, then we will look at alternate destinations.

**Mark Carr** – The export destination – meaning export to the Gulf. What about intra-network movements – moving from the Upper Miss to the Ohio. **Jack Carr** said that he used NO as an example.

**Jack** continued with his presentation.

**Astrack** asked NECC members to let us know if they wanted to get all the ECC communications.

**Marathon** asked about the 1300 origins/destinations. **Jack Carr** said that where we don't get actual rate information from the 1300 movements in the sample we will estimate rates by means of rail/barge costing models. **Marathon** asked if there are really 1300 origin destination pairs. Could you limit these? **Manguno** said that 1300 is the number in the sample – there are actually a lot more than this. Our experience is that we have gotten some very good responses with our face-to-face and phone calls and that this data is very good.

**Lambert** asked about this 1300 sample – how many repetitions qualify? **Jack Carr** said that we did it by tonnage, repetitions, local in the river. **Manguno** said that what we are looking at are aggregates (the annual total tonnage for a particular origin and destination). If there was one barge load of a particular commodity to a particular

location it won't get picked up here (selected as one of the 1,300 observations in the sample) because of the extremely small tonnage. **Lambert** said that it sounds like you are taking a picture, and depending upon the time of year, or the year, it won't have much meaning later. **Carr** said that this is 2004 data. **Manguno** said that for grain we are also looking at the quarterly numbers. He said that it isn't exclusively a snap-shot in a time for the grain. **Barr** said that this was last done in 1994 –is that right. What would cause this to be different than what we found in 1994. **Manguno** said that it was done in 1994. He said that there are several variables that will contribute to change over time. However, it is difficult to capture the relative importance of these variables.

**Manguno – Non-grain Traffic Forecasts** As it is currently programmed in NETS, NETS is considering developing forecasting models for the non-grain commodities that would be based on the framework developed for the grain forecasting model. However, the schedules to develop these models are not specific and the models will not be ready for the NESP team to use in the Interim Report. However, Rich does not necessarily think that those NETS forecasting models would be appropriate for non-grain – what is important to grain, may not be appropriate for non-grain. The amount of work for developing a similar type model for each of these types of non-grain would be a huge. Having said that, what do we need to do to review and/or update the forecasts for non-grain commodities? We need to look at historic traffic, understand primary drivers and develop a set of forecasts for each of the 7 commodity groups – Coal, petroleum and petroleum products, industrial chemicals, agricultural chemicals, iron and steel and products, building materials, a miscellaneous group. So what we will probably do is go out to a contractor to have this work performed. What Rich asked this group is for things that might be explicitly included in this effort? One example is containers on barges and what will that mean for the inland waterway.

**Rhode** asked what is the best way to communicate this request to the industry folks who aren't here today. **Manguno** said to send the information to Carr, Astrack, and Manguno.

**Mark Carr** said that there is one group which has made some connections for north bound markets for containers. Osprey is the company (largely owned by Kirby). This information could be applied to other markets – assuming that investment in infrastructure was made. **Manguno** said that he isn't sure of the exact method that the contractor would use to capture these forecasts, but this could be a possibility.

**Lambert** said that there are some studies on containers on barges – he said that **they (Minnesota?)** did a study, but the contractor didn't finish. He recommends that the Corps look into these existing studies as well as talk to Osprey before the Corps invests in this.

**Worthington** asked about rate analysis for alternative modes. How does it work with a system that has a demand curve and a system with a forecast coming into the demand curve? **Manguno** we have traffic forecasts, demand curves, and rates. Generally the way the Corps has addressed forecasts in the modeling is to define the forecast as a potential flow on the waterway. We have a rate for the existing condition – this is a single point on the demand curve. The demand curve is the relationship between price and quantity. The system model will predict traffic on the waterway given the demand curve. **Worthington** said that you are asking people how much it would cost you before you moved off the waterway to an alternative mode or vice versa. What is the

rate analysis? **Manguno** said that those responses are helping define the shape of the curve, the rate analysis gives us that one point.

**Manguno** continued with the Survey Model – model development is a NETS effort, using it for the Upper Miss is a NESP effort. NETS set out to look at building a new model – focused on taking the framework of the existing benefits model by modifying it to have demand curves based on empirical data. The objective of the Survey Model is to take the information from the Mid-America Grain Study and the follow-on data from the non-grain study (2006) and fit it into the existing ESSENCE model. Does this product address everything the NRC said? The answer clearly is no, this is not the 100% solution. But does it need to be the 100% solution? He thinks that it does not have to be 100%. The NRC recommended developing spatially specific models that explicitly represent all the different markets. This is an extreme that represents the 100% solution. The NETS work shows that we can get quite a way down the road to addressing the NRC comments by incorporating the survey derived demand curves into the ESSENCE Model. **Slide 27** - shows traditional demand curve, **Slide 28** shows the hypothetical demand curve used in the Navigation Study, Slide 29 shows demand curve resulting from the Mid-America Grain Study. Overall conclusions – elasticity isn't the same over the entire range of the function. **Slide 32** Rate Change – in the area of the existing equilibrium, the elasticity is relatively high (quantity is responsive to price change), but it is less so as you move away from the existing equilibrium.

**Benjamin** asked if the two demand curves are significantly different. **Manguno** said I would look at the existing equilibrium (where those lines cross on the bottom right hand side of the graph) and see how things change from that point. This is the range of quantity that is most important. Quantity is more responsive to price changes than used in the feasibility report – therefore the benefits you see would be a little bit less. However, the combined effect of all the movements and total system benefits are what we need to look at. It is defiantly different – different enough that we want to know about it.

**Spitzack** asked about alternative modes prices– is it always a constant? **Manguno** said that the short answer is yes, they are a constant. This follows the Corps' guidance in the Principles and Guidelines (P&G). If you want to show how other modes perform over time given varying levels of traffic – it would redefine how we use this model – and we don't have the capability to do that at this time. **Barr** summarized that if there is additional information out there regarding other modes/commodities then we need this information.

**Manguno** continued with **Slide 38** Survey Model Execution – Lock Performance – this is defined by transit curves which show the relationship between average expected delay and traffic volume. The transit curves that will be used are the same one that were used in the feasibility study. Transit curves are produced for each efficiency measures that is evaluated Model inputs are scheduled by March 2007, model evaluations done by June 2007, report by Oct 2007.

#### **Questions/Comments:**

**Naramore** asked what is the correspondence between stated preference vs. revealed preference. **Manguno** said that the particular approach being used in the Mid-America grain Study is Stated Preference and Revealed Choice. **Naramore** said that when you talk to the American consumer they will give you all the alternatives as to what they

may do when gas prices rise; yet when price actually rise they don't do it. So how do these survey results reflect this difference between what you say you are going to do and what you actually do. **Manguno** said the he understood her question, but wasn't sure of the answer, he would provide this information to Keith and get a response back.

**Barr** said that with our meetings with NRC our two biggest issues were multi-modes and probabilities of the scenarios. We need DOT and Dept Ag to help us with theses. Ken asked if the Grain models would help us with probabilities. **Manguno** didn't think that simply generating several scenarios would provide probabilities of the scenarios. However, there is going to be a meeting of the modelers to try to assess some probability. **Barr** asked about uncertainty of the demand curve. **Manguno** said he is not seeing uncertainty numbers published in the new reports.

- **ECC Charter and Evaluation of all 4 Principles and Guidelines Accounts** (NED, RED, EQ, and Social Effects) - **Chuck Spitzack** ( ECC Charter – **Attachment 7**) (External Peer Review Memo – **Attachment 8**)

**Spitzack** reviewed the existing ECC Charter (**Attachment 7**). He said that “Navigation Study” will be changed to “NESP”. He said there will be some joint meetings of NECC/ECC. But there will be some meetings that will only be focused on economics. However, he anticipates that all correspondence will be sent to both groups. He asked if this was OK.

#### **Questions/Comments:**

**Wooden** asked why the NECC was invited today – the one hour of project briefing could have been done during the EMP the next day, and not spend a day of the NECC time and money to be here. **Barr** replied that it is anticipated that this group (NECC/ECC) would move to an integrated RMC.

**Benjamin** said that if a meeting were purely economic she may, or may not attend, but would hope that WIDOT would attend.

**Duyvejonck** said that if economics is going to have a larger role in the NECC/ECC meetings then maybe we can split them apart. If this was an unusual event we as natural resource managers need to here this. However, if there are going to be a focused and sustained effort on needing additional economic coordination he recommends that they be separate meetings.

**Benjamin** suggested having a ½ day joint meetings and then split into 2 separate meetings.

**Lambert** said that he doesn't attend the joint NECC/ECC meetings because they did not explicitly discuss the economics. It is nice to blend it, but when you don't have the expertise it is hard to stay awake – it isn't on your radar screen and you have another state rep that is paying attention to that.

**Wells** said it is obvious that we (ECC) need to reengage. I don't have any recommendations until I know what is expected from me.

**Astrack** asked if there were concurrent meetings would anyone need to be at both meetings. Is it possible to have concurrent meetings? If you do have an issue, you need to get this to Carr/Barr.

**Fenedick** said that the EPA is one of the agencies that questioned the economics. We do need to get information from both groups.

**Rhode** – With the ECC being dormant for a while some of the NGO’s let it fall off their interest. Bringing them back is a process. If there was a way to distribute the materials that were presented today and facilitate a conference call to help reengage these folks – at least once, maybe twice before the meeting in August so it gets on their “To Do” List.

**Spitzack** continued with his memorandum (**Attachment 8**). The NESP PMT wanted to set up a Navigation Economic Science Panel. There was some internal discussion regarding this Navigation Economic Science Panel. It was decided that this group would act as an external peer review group for NESP economic products. We propose that we establish a panel of 5 or so economists who would review draft documents from the economic team, but also respond to the NECC/ECC. Look under 3E of the memo for purpose of peer review. As of yet, we don’t know if this proposal will be acceptable to the Navigation Planning Center, who is ultimately responsible for the Corps Peer Review Process on Navigation Reports.

#### **Questions/Comments:**

**Beorkrem** asked what the timeline was for the peer-review process. **Spitzack** said that he’d like the panel to be in place within a couple of months. Then the reviews could be very timely on the products that are coming out, as well as a review of the Oct 2007 Report. He would like the group in place by the July workshop. He would like to provide selection criteria to the NECC/ECC and get feedback on these, then get a list of nominees. He asked if the group thinks this is a good suggestion. **Beorkrem** said that as this is laid out, it is good. However, information review needs to be concurrent and timely. The timeliness of information sharing is very important.

**Hombres** he said that the Corps has very open to meetings, participants may come when they want. He is optimistic to the schedule – the last one was 6 years. He is trying to think about what Iowa can do to help. He wants to make sure that TVA is aware that industry may be willing to share contract rates. He is confident with the process. He was involved in the review process on the scenarios. He thought that this panel method worked. The older panel had industry reps on the group – 3 profs, industry and myself. He thought it was effective, raised some questions that prepared them for what was down the road, and answered some questions.

**Wells** asked Rich Worthington if WRDA is authorized as written, how important is this reevaluation? **Worthington** said that it is critically important in order to be included in the administration’s budget.

- **Partners Feedback (Group)**

**O’Riley** – In terms of both meetings – have a short summary for each group, but keep them separate. Supports independent Peer Review.

**Stoerker** – Meeting Orders – UMRBA may go back to the middle, may want to think about that

**Marathon** – The Upper Miss is an important part of US agriculture. The best that the USDA does is a 10 year forecast for grain production. In the long-run, the US will always produce a certain amount of grain. We will always have an excess supply – the waterway is a critical part of our export policy and should have a future. USDA will be working with the team.

**McMurray** – There should be some separation between the ECC and NECC. There should be some real business people involved in the discussions. Elements of having some separate meetings on the economics side would be good – as would having some coordination between ecosystem and economics. Need to get a better handle on recreation and economics. Will get some information to Rich Astrack in terms of objectives. The issue of flood damage reduction should be discussed in this. Role of MRC in role of oversight on this process.

**Nelson** – FWS has little expertise in economics on navigation. However we are very interested in the process as we support the recommended report.

**Adams** – Let's get it done

**Lambert** – This format today was very good. I commend the Corps in trying to get everyone involved and still follow all the planning rules. Keep us involved – send info out to the ECC group and we will do our part to get everyone to respond.

**Benjamin** – She was glad that she got to hear a lot of the economic. If the economics includes recreation she will want to be a part of it.

**Attwood** – Will continue to participate. Economics is interesting.

- **Next Meetings:**

- ECC Workshop – July 26-27, St. Louis, MO.
- NECC/ECC Meeting – 22 Aug, 2006 – La Crosse, WI