

**Condensed Chronology of the Upper Mississippi River
– Illinois Waterway System Navigation Study:
Early 1990s through 2008**



Prepared by Nicollet Island Coalition

Navigation and Ecosystem Sustainability Program (NESP) Background and Chronology

The timeline of the Navigation and Ecosystem Sustainability Program (NESP) is long and involves numerous documents. Below we have compiled many of the major documents that have contributed to this long history. Note that there are undoubtedly numerous U.S. Army Corps of Engineers (Corps) documents, both internal and external, that we currently do not have access to that may also be relevant.

1990s

Influenced by the barge and agriculture industries in the Midwest as well as some influential legislators, the Corps began seriously pursuing new large-scale navigation projects on the UMR in the late 1980s. By the early 1990s the Corps had developed a plan to construct new 1,200-foot locks at several of the UMR and Illinois River dams. In their UMR Navigation Study dated November 1995, the Corps predicted that “By the year 2000, Locks 22, 24, and 25 are expected to reach 100% of capacity.”¹ By 1996 the Corps was advocating for new 1,200-foot locks at Locks 20, 21, 22, 24, 25 on the UMR and at the Peoria and La Grange Locks on the Illinois River.

In April 1997 Jack Faucett Associates produced two reports titled “Waterway Traffic Forecasts Reports for the Upper Mississippi River”² that reviewed historic UMR barge traffic and made barge traffic projections to 2050. The study included estimated projections for available farmland and crop yields and indicated that exported corn would increase at over 1 percent per year and would more than double between 1997 and 2050.

2000

In January 2000 the Tennessee Valley Authority provided a report to the Corps Rock Island District titled “Regional Impacts of Nine Construction Options for Infrastructure Modernization on the UMR & IWW”³. The report provides analysis of the regional benefits for the various components of the small-scale and large-scale projects identified by the Corps. The majority of benefits were to come from the short-term construction of the facilities and savings from lower barge rates.

The rush to construct new locks came to a halt in February 2000 when a Corps staff economist blew the whistle on the economic justification being used to substantiate this huge public expenditure. According to the St. Louis Post-Dispatch, Donald Sweeney, Corps St. Louis District Economist, was "removed from his job after sticking by his

¹ U.S. Army Corps of Engineers, 1995, Upper Mississippi River Navigation Feasibility Study

² Jack Faucett Associates, 1997, Waterway Traffic Forecasts Reports for the Upper Mississippi River (Volume I - Summary and Volume II - Grain)

³ Tennessee Valley Authority, 2000, report to the Corps Rock Island District titled Regional Impacts of Nine Construction Options for Infrastructure Modernization on the UMR & IWW

finding that barge traffic on the Mississippi River did not warrant the massive project."⁴ Subsequently, the Assistant Secretary of the Army, Louis Caldera, ordered an investigation of the Corps' economic study. Mr. Sweeney was honored as the Public Servant of the Year in 2001 by the Special Counsel of the United States for his actions and then received the prestigious Service to America Medal in 2002.

Throughout 2000 studies by independent groups found significant problems with the Corps economic analysis and their justification for the lock expansion projects. One report prepared for the Northeast-Midwest Institute (NEMWI) stated that the Corps "study effort does not justify construction of the proposed project in the near future" and provided six reasons for their conclusions⁵. The report also suggested that "no consideration was given (by the Corps) to alternative uses of the investment funds in two important contexts: 1) Investment in complementary transportation modes that could achieve benefits at least equal to or greater than those generated by investment in lock/dam expansion, and 2) Investment in other economic development strategies that would yield economic gains equal to or greater than those generated by investment in lock/dam expansion."⁶

A Pentagon report "accused three top Army Corps of Engineers officials (the second-in-command at the corps, the Mississippi Valley division chief, and the district chief) of doctoring a case for a \$1 billion expansion of barge locks on the Mississippi and Illinois rivers, in part to please powerful agribusiness interests.Investigators said the bias (to construction projects going forward) was caused by a desire to boost the agency's construction budget, a tendency to treat the barge industry as a customer, and the conflict of interest created by district employees' jobs depending on obtaining funding for projects from Capitol Hill." Further, the intention of the alterations to the study "was to reverse the seven-year study's preliminary determination that the cost of lengthening seven locks on the two rivers (UMR and Illinois River) would far outweigh the economic rewards."⁷

Because barge traffic projections contained in the 1997 report by Jack Faucett Associates were significantly overestimated, a new report was prepared in 2000 by them titled, "Review of Historic and Projected Grain Traffic on the Upper Mississippi River and Illinois Waterway: An Addendum"⁸. The exported corn forecast for 2050 was reduced to less than doubling from 2000.

⁴ St. Louis Post-Dispatch, 2000, Army Corps of Engineers – Something's Fishy (5-23-2000)

⁵ Northeast-Midwest Institute, 2000, Adequacy of Research on Upper Mississippi/Illinois River Navigation Project, page 2

⁶ Northeast-Midwest Institute, 2000, Adequacy of Research on Upper Mississippi/Illinois River Navigation Project, page 22

⁷ Associated Press, 2000, Pentagon Probe Accuses Three of Doctoring Locks Study (12-2000)

⁸ Jack Faucett Associates, 2000, Review of Historic and Projected Grain Traffic on the Upper Mississippi River and Illinois Waterway: An Addendum

2001

In February 2001, per a request by the Department of Defense, the National Research Council (NRC) prepared a review of the Corps' July 2000 draft UMR Navigation Feasibility Study⁹. In this review they stated, "Because traffic is managed by waiting time and service rules that were not designed to internalize congestion costs, lock demand is artificially high. If the benefits of lock extensions are based on waterway traffic levels without any type of traffic management system, the analysis will thus overstate the social benefits of extensions and could lead to lock extensions where none are justified. If traffic on the waterway was properly managed, the economic justification for some lock extensions would disappear."

The NRC provided the following recommendations:

- Only a narrow range of alternatives for addressing waterway congestion on the UMR–IWW was assessed in the feasibility study. Several relatively inexpensive, nonstructural options exist for reducing UMR–IWW traffic congestion, including better scheduling, tradable lockage permits, and congestion fees. Furthermore, it is not clear how the benefits of lock extensions can be evaluated adequately without first managing waterway traffic more efficiently on the existing system.
- As a result of flawed assumptions and data, the current (September 2000) results of the spatial equilibrium model and the ESSENCE model should not be used in the feasibility study. The problem lies not in the theoretical motivation behind these models, but in their implementation and data used as input. To correct these problems, the Corps should: (1) obtain a satisfactory database of grain and other relevant freight shipments by barge and alternative modes which includes quantity, origin and destination, and price are included, (2) revise the ESSENCE model, eliminating assumptions that shipment costs are proportional to distance and that agricultural yields are uniform, (3) estimate demand and supply sensitivities to price from studies of current data, and assure that model parameters reflect these price sensitivities, and (4) include spatial equilibrium concepts in its ESSENCE model.
- Congress should instruct the Corps to explore fully these nonstructural options for improving traffic management as the baseline condition for the National Economic Development alternative and environmental evaluation of any proposal for lock extensions. A comprehensive review and assessment of the benefits and costs of nonstructural options for improving traffic management should be conducted. The benefits and costs of lock extensions should not be calculated until nonstructural measures for waterway traffic management have been carefully assessed.
- Congress should thus direct the Corps to have the waterway system management and lock extension feasibility study reviewed by an interdisciplinary

⁹ National Research Council (NRC), 2001, review of the Corps July 2000 Inland Navigation System Planning: The Upper Mississippi River-Illinois Waterway, page 17

group of experts—including environmental and social scientists—from outside the Corps of Engineers.

- The Secretary of the Army should ensure that the environmental consequences of proposed construction and operating practices be analyzed along with the National Economic Development account. Furthermore, environmental improvements—not just the mitigation of incremental environmental damages—should be examined as part of the navigation feasibility study.
- Systemwide research should be conducted on the following topics in the UMR–IWW: (1) cumulative effects of the existing navigation system on river ecology, (2) environmental effects of recent navigation system improvements, (3) cumulative effects of increased towboat passage, and (4) site-specific effects of future construction activities on the UMR–IWW.
- Congress should continue to provide support for EMP-based research on the links between the navigation system and river ecology. The EMP research effort should be enhanced to improve assessment of the current navigation system's cumulative effects on the environment, and broadened to include studies of the impacts of barge traffic on river ecology.
- A 25 percent cost contingency is likely to be too low, particularly since recent experience with Lock 26 suggests that major escalation of costs can occur.

The Corps temporarily suspended the UMR navigation study in late February 2001 after receipt of the NRC report. According to a March 1, 2001 Washington Post article, "The study's economic analysis is sufficiently flawed that it can't be used at all," said Carnegie Mellon University economist Lester Lave, who chaired the (NRC) academy panel. "The Corps needs to start over... There may not be a need to build anytime soon. Maybe never." However, Sen. Christopher S. Bond (R-Mo.) "has vowed to make sure the lock expansions get funded no matter what the Corps study ultimately concludes, saying the projects would make it easier and cheaper to move grain, fertilizer and other materials up and down the Mississippi."¹⁰

2002

A major component of the Corps' altered approach was the use of scenario-based analysis with five scenarios being developed. They also combined the navigation projects with ecosystem restoration projects in a single package. In May 2002 information on the five economic scenarios with significant range in corn exports was released¹¹. In July 2002 the Corps released the interim report on the UMR & IW System Navigation Feasibility Study¹².

¹⁰ Michael Grunwald, 2001, "Public Works Study Halted; Army Corps' Analyses of Miss. River Projects Faulted", Washington Post

¹¹ Sparks Companies Inc., 2002, Upper Mississippi River and Illinois Waterway Navigation Study – Economic Scenarios and Resulting Barge Transportation: Final Report

¹² U.S. Army Corps of Engineers, 2002, Interim Report on the UMR & IW System Navigation Study

2004

The NRC released two reports in 2004, both in response to a March 2003 request by the Corps. The first 2004 NRC report provided their review of the Corps Restructured UMR-IWW Feasibility Study (the 2002 interim report on the UMR & IW System Navigation Study and other support documents and consultant reports)¹³.

Important recommendations from the first 2004 NRC report:

- Given the relatively flat level of exports over the past two decades, the committee views the projected increases in four of five scenarios with some skepticism. Forecasts of increases in U.S. grain exports should present explanations for likely export trends after 2003 that are consistent with history and with expert opinion on likely future conditions in global grain markets.
- The Corps' feasibility study maintains that the "without-project" condition will include continued use only of the current traffic management system (mainly a "first come, first served" system). This is contrary to findings of the 2001 NRC report, which stated that the benefits of proposed lock extensions to the existing system cannot be evaluated fully until the existing system is operated more efficiently and recommended that the Corps apply a wider range of options for managing congestion. Like the report from the Phase I committee, this report also finds that meaningful planning of lock extensions must await the time when the existing system is operated at reasonably full efficiency and that the without-project condition should include traffic management measures that achieve more effective operational efficiency of the existing system.

The Corps should proceed as soon as practicable toward developing and implementing a nonstructural system to help alleviate waterway traffic congestion.

The second 2004 NRC report¹⁴ provided the NRC's review of the Corps' April 2004 UMR Feasibility Report¹⁵.

Important recommendations from the second 2004 NRC report:

- The Corps' efforts to seek broader authority for planning and implementing projects on the UMR-IWW system are appropriate. The Corps should request a multiple-purpose planning and operations authority for the UMR-IWW, which would permit the agency to address flood management, navigation, and ecosystem restoration issues concurrently.
- The ecological dimensions of the study could be strengthened by focusing efforts on restoring system-level hydrology and by broadening efforts to reestablish

¹³ National Research Council, 2004, Report 1 - review of the Corps Restructured UMR-IWW Feasibility Study (the 2002 interim report on the UMR & IW System Navigation Study and other support documents and consultant reports)

¹⁴ National Research Council (NRC), 2004, Report 2 - Review of the U.S. Army Corps of Engineers Restructured Upper Mississippi River-Illinois Waterway Feasibility Study: Second Report

¹⁵ U.S. Army Corps of Engineers, 2004, UMR-IWW Navigation Feasibility Study Report

connectivity between the floodplain and river channel (or increasing the number of acres that can receive floodwaters during high flows) in areas where these connections have been disrupted by flood management projects and where there is support for alternative approaches (including willing sellers of leveed lands). The feasibility study should also more explicitly acknowledge and explain the interconnections between different users within the UMR-IWW and explore some of the key trade-offs that are likely to be part of future UMR-IWW management decisions. The feasibility study should be based clearly and explicitly on adaptive management principles, which rest upon both strong stakeholder collaboration and adequately funded, sustained monitoring programs. Management actions and policies regarding UMR-IWW resources should clearly incorporate and build upon past and ongoing monitoring and science programs of the federal-state interagency Environmental Management Program.

- Implementing some nonstructural measures for managing waterway congestion could decrease congestion, reduce shipping costs, and use the existing waterway more efficiently. Because the costs of implementing nonstructural measures are low, and because some have positive net benefits, implementation of these measures should be of the highest priority. A comprehensive evaluation of UMR-IWW waterway traffic management alternatives will identify and thoroughly evaluate all plausible measures. The failure to consider and evaluate the prospects of all potentially beneficial nonstructural measures for better managing waterway traffic undermines the feasibility study's conclusions and recommendations regarding proposed structural improvements.
- Non-grain shipments on the UMR-IWW are roughly half of total commodity shipments. A more complete set of scenarios of UMR-IWW waterway traffic would thus, in addition to considering the possibility of both increases and decreases in grain commodity shipments, consider possible increases and decreases in non-grain commodity shipments.
- The Tow Cost Model contains assumptions and functions that do not adequately reflect responses of shippers to changes in shipping costs. It therefore produces results that are of only marginal use in the feasibility study.

The Tennessee Valley Authority published the "Regional Impacts of Proposed Navigation and Ecosystem Improvements on the Upper Mississippi River and Illinois Waterway" report in August 2004. This report was intended to provide the Corps with an estimate of the regional benefits for each of the six alternates and five scenarios developed for the "Final Integrated Feasibility Report and Programmatic Environmental Impact Statement for the UMR-IWW System Navigation Feasibility Study".

In September 2004 the Corps released the "Final Integrated Feasibility Report and Programmatic Environmental Impact Statement for the UMR-IWW System Navigation Feasibility Study", what from then on became known as the Navigation and Ecosystem Sustainability Program or NESP¹⁶. The 704-page main report (there were also several

¹⁶ U.S. Army Corps of Engineers, 2004, (USACE, Final Integrated Feasibility Report and Programmatic Environmental Impact Statement for the UMR-IWW System Navigation Feasibility Study, 2004)

separate lengthy appendices) included the “Recommended Plan” selected by the Corps, which combined \$2.4 billion of navigation projects with \$5.3 billion in ecosystem restoration projects to be completed over a 50-year time frame. The Corps selected the recommended plan from alternates and scenarios they developed, as suggested by the above NRC reports.

The Chief of Engineers issued a Chief’s Report in December 2004 approving the “UMR-IWW System Navigation Feasibility Study”¹⁷. The report acknowledged the problems identified in the NRC Reports regarding the economic analysis but allowed the process to proceed incrementally, noting the Corps’ plan for “early implementation of nonstructural measures.”

“12. I have reviewed the NRC Review Committee findings. I concur with the NRC Review Committee that an adaptive incremental implementation process provides an opportunity to address the inherent uncertainties associated with projecting future navigation traffic levels and restoring ecological systems. I recognize the limitations of the Corps existing economic models. I believe that the use of the two existing economic models and the five traffic scenarios adequately captures the range of plausible economic evaluation outcomes and allows the Corps to move forward incrementally while we continue our research effort to develop a new suite of peer reviewed models and to refine future traffic projections. The long implementation time for large-scale structural navigation improvements provides opportunities to adjust the plan based on improved analysis and emerging trends. I note that the recommended plan includes the early implementation of the nonstructural measure of switchboats and the small-scale measure of mooring cells along with the development of an appointment scheduling system. The adaptive implementation process provides opportunities for implementation of additional non-structural measures as their feasibility is demonstrated.”

2005

The NRC prepared another report in 2005, “Water Resources Planning for the Upper Mississippi River and Illinois Waterway”¹⁸. Pertinent observations regarding adaptively managing the UMR navigation system from page 31 included:

- Locks and dams can be extended in a phased process, with ongoing reassessment of demand for navigation and effectiveness of both nonstructural and structural means of reducing congestion.
- Nonstructural means for better managing existing systems—such as waterway traffic management systems—can improve management

¹⁷ U.S. Army Corps of Engineers, 2004, Chief of Engineers Report approving the UMR-IWW System Navigation Feasibility Study Report

¹⁸ National Research Council (NRC), 2005, Water Resources Planning for the Upper Mississippi River and Illinois Waterway

efficiencies and squeeze more benefits from existing infrastructure, as well as enhance navigation system learning and adaptability.

- An adaptive approach facilitates comparisons of models and forecasts with actual outcomes, as well as other types of ex post studies. For example, alternative locking rules generated by model predictions and consultation with navigation industry can be implemented to test how well they work in reality. Similarly, grain export forecasts can be compared with actual export levels to see how well they compare with real-world outcomes, with those comparisons being used in an iterative process to help inform and improve future forecasts.

Further, the report discussed both the costs of the loss of and the benefits of restoring ecological services on page 35.

“Even analyses of conventional water resources projects have generally failed to value all project effects, such as all environmental costs associated with the construction of a dam or channelization of a stream.”

2006

In January 2006 the Assistant Secretary of the Army (ASA) transmitted both the Chief Engineer’s December 2004 Report and the ASA’s draft recommendations to Congress on NESP to the Office of Management and Budget (OMB). The ASA did not provide blanket approval. Instead, he authorized that design work proceed while stipulating that construction work not begin until additional economic data and analysis supporting the navigation projects was provided¹⁹.

Specifics comments by the ASA included:

“A review of the report by my office found the following issues to be of ongoing concern:

- The Corps use of the Tow Cost Models and the ESSENCE Model to calculate benefits produces too much uncertainty to verify the economic feasibility of the plans analyzed and are not based on interviews or empirical evidence which could present a more complete picture of demand elasticity’s for transportation....The results of this (replacement) model will be available in 2-3 years.....The improved model is needed to demonstrate whether the proposed structural alternatives are economically justified.
- The scenario approach represents a large array of results, but makes it unclear which scenario should be used by decision makers to calculate benefits (which range from 0.3 to 2.0) and to select an NED Plan. All but the Least Favorable trade scenario show increased exports coupled with significant increases in river traffic, while 18 years of historic tonnages show a relatively stable or flat trend. Ongoing research by the Corps, which includes development of a spatial equilibrium grain flow forecasting model, is needed

¹⁹ Assistant Secretary of the Army, 2006, Transmittal of 2004 Chief of Engineers Report and Assistant Secretary of the Army draft recommendations to Congress sent to the Office of Management and Budget

to provide improved river traffic forecasts and measurement of impacts to change key variables affecting traffic and trade.

- Non-structural alternatives need to be fully analyzed. The NRC raised the concern that the scheduling system analysis was deficient and underestimated the benefits and overestimated the costs of such a plan. In addition, the lockage permits and fees were eliminated from further consideration, even though they produced the highest net returns. A more complete analysis of the feasibility of master scheduling and fee structure should be investigated. In addition, non-structural measures are proposed for implementation within the next 5 years and should be the subject of sensitivity analysis to determine their impact on total project benefits.

In Summary, I recommend the proposed project identified in the report of the Chief of Engineers be modified whereby construction of seven new locks (and dams sic) be conditionally authorized, but will be held in abeyance until the results of new models demonstrate economic justification...”

In March 2006 the Assistant Secretary of Army (ASA) directed the Corps to complete an interim report on the economic feasibility of the navigation improvements report on the Upper Mississippi River – Illinois Waterway (UMR-IWW) System by 30 September 2007²⁰.

2007

Between April 2006 and August 2007 the Corps prepared the “Interim Economic Reevaluation Report”. A series of transportation studies on global grain and UMR non-grain shipping were prepared by consultants and a workshop on each was held in St. Louis (see the Reports section of the Corps NESP website)²¹.

The Corps released a draft of the Interim Economic Reevaluation Report in August 2007 and allowed stakeholders to prepare and submit review comments by late September 2007. This version of the report did not contain Benefit Cost Ratios for the NESP navigation projects²².

Congress passed the Water Resources Development Act in November 2007, which included the NESP as contained within the Final 2004 NESP Report and as approved by the Chief of Engineers Report issued in December 2004.

²⁰ USACE, 2006, Colonel Duane Gapinski e-mail advising that the Assistant Secretary of the Army had directed the Interim Economic Reevaluation Report for the Upper Mississippi River-Illinois Waterway Navigation Study (NESP)

²¹ U.S. Army Corps of Engineers website, Reports, <http://www2.mvr.usace.army.mil/UMRS/NESP/Projects/NESPPProjects/default.cfm?cat=np&sec=document&tid=3>

²² USACE, 2007, (August) Draft Interim Economic Reevaluation Report

In November 2007 the External Peer Review (ERP) Panel provided their comments on the “Draft of the Interim Economic Reevaluation Report”²³. The panel concluded that some of the underlying analyses for the computation of NED benefits were incomplete and provided several recommendations on what was needed to improve the model and Interim Economic Reevaluation study.

The Corps then distributed a “Final Draft of the Interim Economic Reevaluation Report” in December 2007 that contained Benefit Cost Ratios for the NESP navigation projects and that requested edit-type comments but did not allow adequate time for stakeholder’s in-depth responses²⁴.

2008

The “Final Interim Economic Reevaluation Report” was distributed in April 2008, which incorporated the Corps responses to stakeholders and the ERP comments²⁵.

The Deputy Commanding General for Civil Works and Emergency Operations provided his review of the “Final Interim Economic Reevaluation Report” in April 2008 and concurred with the report and recommended proceeding with the “Final 2004 NESP Feasibility Study”²⁶.

However, in July 2008 the ASA provided his review of the “Final Interim Economic Reevaluation Report”. The ASA disagreed with proceeding with the 2004 NESP Recommended Plan stating in July 2008 that the review of the report indicated that the project cannot be supported by the report and listed several issues identified by the External Review Panel that should be addressed. He further stated that there were too many uncertainties to conclude that the project is economically justified. Next, he stated that “the adaptive management process should be further defined to include a mechanism for determining the threshold at which increased (barge) traffic and trade justifies lock replacements.” The ASA returned the April 2008 "Chief's Report" and the “Reevaluation Report” as “not actionable” and therefore not to be reviewed by the Office of Management and Budget. The Corps could proceed on additional analysis and design work—Planning, Engineering and Design (PED)²⁷.

The Director of Civil Works responded to the ASA’s July 2008 memorandum on the “Final Interim Economic Reevaluation Report” in September 2008. The response indicated that they believe further investments in studies to add scenarios and attempt to assign probabilities to reduce the level of uncertainty in the economic analysis are not justified, stating “Investments in these activities are not proportional to the value added.”

²³ External Peer Review (EPR) Panel (2007, External Peer Review Summary Report and Corps’ Responses for the Re-evaluation of the Recommended Plan: UMR-IWW System Navigation Study Interim Report

²⁴ U.S. Army Corps of Engineers, 2007, (December) Final Draft of the Interim Economic Reevaluation Report

²⁵ U.S. Army Corps of Engineers, 2008, (April) Final Interim Economic Reevaluation Report

²⁶ U.S. Army Corps of Engineers, 2008, The Deputy Commanding General for Civil Works and Emergency Operations review of the Final Interim Economic Reevaluation Report

²⁷ Assistant Secretary of the Army, 2008, Review of the Final Interim Economic Reevaluation Report

The response further stated that “we will modify our recommendations based on the experience we gain in implementing and monitoring the project, emerging trends in river traffic and National and international economic trade conditions, and use of the products generated by our continuing research”.²⁸

Planning, engineering and design (PED) work on both the navigation and ecosystem restoration projects proceeded through the rest of 2008. Appropriated funding was about \$8.9 million for NESP.

2009

During the year the PED efforts continued on the navigation work, both for small scale and large scale (locks) projects. Reach plans and specific project planning was proceeding for the ecosystem restoration work. Appropriated funding was about \$8.5 million for NESP.

The navigation portion of NESP receives 50 percent of its funding from the Inland Waterways Trust Fund (IWTF), the remaining 50 percent comes from the taxpayers. Problems with the IWTF revenue stream, funded through fuel taxes on inland waterways barges, became acute during 2009. Projections indicated that the annual funds available would be below \$100 million. Increasing costs for navigation projects and declining barge traffic (that decreased revenue in the trust fund) contributed to the conclusion that the current IWTF revenue mechanism was now inadequate to support the more than \$10 billion backlog of inland waterways navigation projects. The Bush Administration had proposed a lockage fee for barges passing through each lock, which the barge industry rejected. The Obama Administration offered a similar proposal in 2009, which the barge industry again rejected. The IWTF User Board, consisting of barge industry members, and the Corps developed a plan to increase revenue in the trust fund by raising the diesel fuel tax from between \$0.6 to \$0.9 per gallon from the \$0.20 limit set in 1995. The major proposed changes would significantly increase the taxpayers contribution to inland waterways navigation projects.

2010

Nicollet Island Coalition released its “Big Price – Little Benefit” report on February 2010 questioning the economic legitimacy of the proposed seven new locks in NESP.²⁹ Appropriated funding was about \$6.3 million for NESP.

Conclusion

Both the Bush and Obama Administrations have provided no funding for NESP since 2005. Congress has added funding for NESP at decreasing levels since 2007 that keep the program alive but do not allow it to proceed efficiently. Through FY 2010 no construction funding had been appropriated for NESP. Historic appropriations for NESP,

²⁸ Director of Civil Works, U.S. Army Corps of Engineers, 2008, Response to ASA July 2008 Memorandum on Re-evaluation of the Recommended Plan: Upper Mississippi River and Illinois Waterway System Navigation Study, Interim Report

²⁹ Nicollet Island Coalition, 2010, “Big Price – Little Benefit”, <http://www.iwla.org/index.php?ht=d/sp/i/2077>

beginning in FY 2008 split at an approximate 50 percent navigation – 50 percent ecosystem restoration level, are shown in the table belowⁱ:

	PED (million)
2004	\$3.70
2005	\$12.00
2006	\$10.00
*2007	\$14.00
2008	\$8.90
2009	\$8.60
2010	\$6.30

ⁱ *The amount for 2007 is the allocation provided to NESP.