

Quality Partnership Initiative Report 2012

**prepared by the
Quality Partnership Initiative Workgroup**

**Comprised of Practitioners within
the
United State Army Corps of Engineers
and the
American Association of Port Authorities
and its
Member Ports**

September 19, 2012

This report makes recommendations to the leadership of USACE and AAPA and its member ports. It is not intended to encumber the leadership of either USACE or AAPA or any of their individual units, members or representatives, to agree with, implement or abide by any or all of the perspectives and recommendations presented herein.

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Volume 2: WRDA 1985 - Committee Report Citations

PREFACE

This Quality Partnership Initiative (QPI) Report – 2012 is a product of the American Association of Port Authorities (AAPA) Harbors and Navigation Committee, QPI workgroup. The Committee managed and staffed the work group and convened and chaired its meetings. The workgroup reports, products and recommendations contained herein address current industry issues and needs and assess the project delivery and communication processes as well as changes to authorities and laws that would better facilitate the development and maintenance of Army Corps of Engineers coastal navigation projects. All report products were developed by experienced port industry professionals and represent the views of AAPA and member ports that participated in the process. All products, conclusions and recommendations in this report are exclusively those of the participating AAPA Harbors and Navigation Committee members and in no way are intended to reflect the views of the Army, Army Corps of Engineers or any Administration department or officials.

This effort was undertaken to address industry concerns about the decline in federal investment in coastal navigation projects in real (nominal) dollar terms. Flat budgets are, in reality, declining budgets in terms of the ability to support current and future coastal navigation planning, construction and maintenance programs that meet national needs and fulfill the federal government's constitutionally mandated role in the development of land and water transportation infrastructure. This is resulting in a shift of financial responsibility from federal to non-federal entities in order for the seaport industry to continue to produce the same or greater contribution to the nation's Gross Domestic Product. It also is resulting in an emphasis on efficiency and streamlining of existing project development and delivery processes to include regulatory and maintenance programs.

A similar emphasis was evident in the recently passed surface transportation legislation, MAP 21. The federal budget deficit is having a devastating effect on all domestic discretionary federal programs. That heightens the need to get more efficiency from existing programs and seek alternative financing arrangements that add flexibility in developing and delivering the navigation projects that provide the backbone for the nation's economy, which is the goal of this report.

Through our Quality Partnership Initiative, we were able to obtain the valuable assistance and technical basis from Army and Corps staff in providing information and clarification on existing Administration policies, Executive Orders, legislative authorities and regulations and on implementation guidance provided to field elements on provisions in previous Water Resource Development Acts.

1.0 EXECUTIVE SUMMARY

Purpose of This Report

The purpose of this report is to provide recommendations for refinements to certain policies and procedures that affect navigational infrastructure projects as part of the nation's waterborne transportation system. The perspectives and recommendations in this report represent the collective and collaborative experience and expertise of an impressive resource pool of individuals within the USACE and AAPA and its member ports, as well as subject matter experts who are intimately familiar with the subjects addressed. These are the nation's practitioners of navigational improvement, and their collective knowledge and awareness is unmatched.

The recommendations in this report reflect the collective efforts of the members of each work group and not necessarily the agreement of the QPI partners, particularly including senior management and individual member ports. The report illuminates possible paths forward on many important issues and challenges facing the U.S. seaport industry. However, it is important to note that this report does not encumber the leadership of either organization or any of their individual units, members or representatives, to agree with, implement or abide by any or all of the perspectives and recommendations presented herein.

As is noted occasionally in this report, QPI leadership found that certain work group recommendations did not have complete agreement of all concerned interests and would be the subject of continuing QPI efforts for resolution and consensus. QPI's next steps will include efforts towards reaching agreement on ways to improve the effectiveness, efficiency and implementation of joint USACE/seaport projects, after it receives the benefit of input from all appropriate persons.

Introduction

The U.S. Army Corps of Engineers (USACE or the Corps) and U.S. ports, acting through the American Association of Port Authorities (AAPA), agreed to launch the Quality Partnership Initiative (QPI) in 2004. The goal of this joint effort was to promote strategic and operational efficiencies and improvements in the nation's maritime waterways transportation system. In 2011 senior leadership of both organizations reaffirmed their commitment to the QPI partnership, and in 2012, the QPI identified and took significant steps to address 25 specific challenges in three major areas of inquiry, i.e.; 1) the application of federal authorities in improving project flexibility, 2) more effective communication and collaboration with each other, and 3) enhanced partnership for improved joint project delivery. This report describes the activities and suggestions of three work groups, each composed of a combination of USACE and port staff, and each established to address one of the three major areas of interest. The complete reports submitted by the QPI work groups include further explanation of issues, background and rationale for proposed changes as well as further supporting documentation. The complete work group submissions are found in the Appendices to this document. This

additional information from the field practitioners in the ports as well as within the USACE is helpful to the reader by providing further understanding of the specific issues and urgency to implement mutually agreed to solutions. The three major areas of focus are: Authorities; Communication and Collaboration; and Civil Works Project Delivery, and are elaborated below.

Authorities - Legislative/Guidance Changes

The work group for Authorities investigated 10 areas of concern to determine whether the work group might find ways to complete projects more effectively and efficiently within existing law, or whether legislative action might be necessary for improved performance. As a result, the work group identified seven changes it felt were needed to the Water Resources Development Act (WRDA) to facilitate better project development efficiency, and developed proposed legislative language that could be considered by leadership in order to address the perceived need. These potential legislative changes include the following: (1) consider allowing the Secretary of the Army (Secretary) to accept funds from non-federal sponsors to perform work for feasibility studies conducted under Section 203, WRDA 1986; (2) consider directing that disposal area user or tipping fees be available to the Secretary for operation and maintenance of the particular disposal facility without further appropriation; (3) consider increasing the federal project cost share by 10 percent per each depth cost sharing bracket and consider eliminating the 10 percent repayment over 30 years; (4) continue authorizing continuing contracts for operations and maintenance; (5) consider allowing the Secretary to accept advanced funds and then reimburse funds from non-federal sponsors for studies; (6) consider eliminating the requirement for reconnaissance studies in connection with feasibility studies for improvements to existing federal port projects; and (7) consider extending the 35 percent non-federal cost sharing bracket to not greater than 55 feet. For one area, the work group concluded that USACE guidance should be considered to clarify that in-kind credit is authorized for non-federal work on cost-shared disposal facilities. For two areas, inclusion of costs associated in the BCR and in-kind credit valuation and approval, the work group concluded that neither legislative nor guidance changes were necessary.

Communication and Collaboration

The work group for Communication and Collaboration focused on ways to improve communications between USACE districts and non-federal sponsors; how to most effectively share the vast amount of information held within the USACE among USACE and AAPA and its member ports; and how to start a campaign of communication to the nation of the importance of maritime transportation. The recommendations include the following: (1) USACE identifies Account Managers/port contacts at each district and schedules, at a minimum, semi-annual meetings to ensure alignment on strategic issues; (2) USACE identifies a vehicle for regular, strategic meetings at all levels, to include not only District, Division and Headquarters representatives but also Regulatory as well as resource agencies when applicable; (3) consider creating a virtual, independent navigation library using the Deep Draft Navigation Center of Expertise that could be continuously updated and easily accessed through links by individual USACE districts and AAPA and its member ports; (4) make better use of the Center of Expertise as a “home base” for deep draft navigation through training, workshops and webinars; (5) the

USACE and AAPA should consider developing a joint press release to announce the publication of this QPI report, with follow-up through other means, e.g., YouTube, the Center of Expertise, and AAPA websites; and (6) consider developing a compendium of “best practices,” to include communications structures that have worked and under what circumstances they are most useful, with the thought that they could become institutionalized.

Civil Works Project Delivery

The work group examined nine areas related to completion of Civil Works projects and concluded, generally, that significant progress is being made and that continued partnership among USACE, AAPA, member ports, and other stakeholders is key to future improvement, particularly for expediting project progress. The recommendations include that USACE: (1) analyze the effectiveness of its Planning Modernization Initiative in the context of the Lake Worth Inlet Feasibility Study and provide AAPA with updates on the status of Planning Modernization; (2) review the Independent External Peer Review process to identify changes that could make it more effective and efficient; (3) present an annual report to AAPA on any failures to meet time requirements during the feasibility study process, to include the specific project, party, and study delays, along with recommendations for improvement; (3) continue national use of the Harbor/Sym Widening and Deepening and Container Models for navigation studies; along with its relevant project parties, agree during the Study Scope phase on the studies, models, etc. to be used during the planning phase and grandfather them into that process, without changes and additional work based on subsequent studies and models; and (4) draft a proposal for the Secretary to nationalize the successful standardized operations and Memorandum of Agreement of the Wilmington District for accepting non-federal funds for maintenance dredging. The work group also recommended that the USACE and AAPA develop joint training opportunities to enhance shared knowledge and experience and continue to truly treat each other as partners through a recommitment to implementing the principles of the 2004 Partnering Agreement.

QPI Follow-Up Workshop

Following the initial completion of this report, the QPI met in Washington, D.C. on August 28, 2012, to discuss the recommendations. Meeting participants included representatives of the USACE and AAPA and its member ports. Work group recommendations were reported to the general membership by the AAPA industry co-chair for each work group. There was significant support for the efforts of the work groups and discussion of the recommendations. QPI industry membership agreed to change some of the recommendations based on the discussion that took place during the meeting. Because of changes, there may be discrepancies between the original work group discussion and final recommendation. Edited recommendations are clearly marked within this document in both Section 5, Summary of Work Group Reports, and Section 6, Recommendations. Two recommendations were in new areas and appear separately as Subsection 6.4 Additional QPI Recommendations.

Vision

The QPI is defining a path forward that refocused on enhancing mutually beneficial relationships between the two organizations, and best practices currently being employed around the nation. The effort has enjoyed strong support from key leadership of both partners. The challenge ahead is to rebuild public recognition of the United States as a maritime nation during a time of competing funding needs. Meeting the challenge will require continued leadership commitment to fostering understanding and cooperation among partners, with the result that identifying practical solutions will continue as the normal way of conducting the mutual business interests shared by both parties, with the nation reaping the benefits. Leadership accountability for advancing recommendations will be crucial part of this effort.

QPI is looking beyond differences in institutional cultures and responsibilities to identify challenges and recommend solutions based on the knowledge, experience and cooperation of maritime experts from within both the USACE and AAPA. In this way, QPI can provide implementable recommendations and improvements for maintenance, operation, and modification of the nation's waterborne transportation network for further consideration by leadership within USACE and AAPA and its member ports.

Conclusion

QPI Leadership commends the dedicated work and significant results of each work group. The members are true professionals who have submitted excellent work products for further consideration. QPI leadership thanks them, and is proud to forward their efforts for further consideration.

2.0 INTRODUCTION

In February 2012, the American Association of Port Authorities (AAPA) and the United States Army Corps of Engineers (USACE or the Corps) held their annual Quality Partnership Initiative (QPI) meeting in Bradenton, Florida. Participants included representatives from ports and USACE offices around the country, as well as the senior leadership of both organizations.

A focal point of the meeting was the renewed commitment of AAPA and USACE leadership to the QPI process established in the Partnership Agreement endorsed September 7, 2004. See Appendix 1. During the development of this report, the leadership of AAPA and the Civil Works Division of USACE re-affirmed their respective organization's commitment, displaying a remarkable level of engagement and commitment to the QPI process and to addressing the issue areas and resolving the adopted QPI action items. This level of commitment set a very positive tone for a strong working partnership in the future.

The primary purpose of the 2012 QPI meeting was to translate the extensive planning that was done during the 2011 QPI meeting into specific proposals for

leadership consideration. A number of areas were identified during the 2011 meeting that could enhance the relationship between ports and the USACE. The 2012 QPI meeting resulted in leadership adopting three issue areas, which are elaborated in this report. Participants were divided into work groups centered around the issue areas and were empowered to develop specific proposals for leadership to consider in order to address these areas. The three work groups include: 1) Authorities, 2) Communication and Collaboration, 3) and Civil Works Project Delivery.

Members of individual work groups were enabled to thoroughly investigate each of their issues and develop recommendations. Those recommendations are proposed for consideration of persons in leadership positions within USACE and AAPA and its member ports. QPI will take its direction from the feedback it receives from them.

With a strong commitment from senior leadership and the achievements of the work groups, the focus of QPI will be to emphasize the United States as a *maritime nation* and to promote the importance of navigation to our economy and way of life. Through collaboration, the QPI partnership, and its ability to take on and assist in the resolution of issues on a national scale, will prove formative in supporting policies and progress which will sustain the growth of our nation's ports, thereby strengthening our position in an ever-competitive global economy.

3.0 LEADERSHIP PERSPECTIVE

The Quality Partnership Initiative was established in 2004 to provide a mechanism for USACE and AAPA to address together issues and challenges faced by our nation's seaports. Leaders of both organizations committed to an open exchange of knowledge and information. QPI has been successful in advancing a culture of mutual engagement through trust, open communication, and collaboration.

In January 2012, current leadership signed a letter re-affirming the commitment of USACE and AAPA to QPI. See Appendix 1. This agreement recognizes that both organizations need each other to succeed in their respective missions and that QPI is effective for leading this collaborative process. The mission of QPI remains to identify and cooperatively implement what works best in dealing with the challenges of funding, processes, and timing. The executive level commitment has been crucial to effectively and efficiently addressing these critical issues in all ports.

The increasingly effective partnership between the USACE and AAPA, and the renewed commitment of leadership to QPI, was a primary focus during the February 2012 QPI meeting in Bradenton. Since that time, leadership has continuously re-enforced its commitment through engagement and collaboration in the QPI process. Major General Michael Walsh, Deputy Commanding General for Civil Works and Emergency Operations, USACE, stated:

“Part of our job is to help people understand that we are a maritime nation –together.”

As a maritime nation in a global economy, it is imperative that our nation’s seaports function efficiently, and continually improve in terms of growth and modernization. Given the need for infrastructure development and maintenance, despite budget limitations, resource investment must be made strategically. QPI is a partnership that seeks to assist in ensuring that the most efficient and effective policies and processes are in place to support our nation’s seaports and enhance the nation’s economic standing. By working together to examine our business practices and policies, we can identify opportunities to improve efficiency and effectiveness.

Foreign competition and growth at home present some near-term challenges, including the development of a National Seaport Strategy, promotion of the significance of our nation’s waterway transportation system, and allocation of resources for the waterway transportation system. Ports and the USACE must demonstrate the significance and value of this waterway transportation system, and the intermodal link to our nation’s highway and rail transportation systems. Both the USACE and AAPA have renewed their commitment to the Partnering Agreement in order to approach these challenges as true partners.

Leadership has acknowledged that both USACE and AAPA have strong cultures of collaboration and resolving industry issues, both of which are key attributes of QPI. Kurt Nagle, AAPA President and CEO, noted that:

“The level of experience and knowledge...represent a great opportunity to use QPI to collaborate and address issues.”

The QPI membership comprises some of the best practitioners in the nation. Moving forward, QPI will continue to rely on their knowledge and experience to focus on practices that can be improved as well as processes that can be streamlined, while mining opportunities to strengthen this relationship. With a strong and committed QPI, we can leverage the role of seaports in the national economy and the economic recovery.

4.0 QPI ACTION AREAS

During the 2011 QPI meeting, work groups identified a number of policies and processes that provided opportunities for improvement that would benefit our nation’s seaports and the USACE. Substantial progress was made on several of those key items:

- The Deep Draft Navigation Planning Center of Excellence (DDNPCSX) for economic analysis of pre and post authorization studies was established;

- In fiscal year 2012, the Appropriations Act was broadened, providing the authority for the USACE to accept contributed funds for studies, which was a key issue discussed during the 2011 meeting. The Corps authority to accept contributed funds had previously been limited to projects.
- On March 22, 2012 the President of the United States issued an Executive Order directing federal agencies, including the USACE, to reduce the aggregate time required to make decisions in the permitting and review of infrastructure projects.

As the AAPA and USACE partners have worked together to achieve these improvements, common themes and tools emerged. The QPI documented that early communications, and resolution of issues with the AAPA and USACE acting in partnership, paid big dividends in project execution. The potential of the QPI to facilitate timely recommendations, whether they are the resolution of policy issues, operation and maintenance, or improvements to the USACE regulatory process, is greater than ever before. The focus now is on recommendations to improve and streamline processes and to find opportunities to leverage more, where and when it makes sense to do so.

In order to continue the momentum created by the positive progress made in 2011, leadership focused on specific issues in three key areas in 2012:

- The Authorities Work Group would focus on potential improvements in project flexibility, with an emphasis on the ability of sponsors to get funding to the Corps and, where prevented by existing law, would propose amendments to the Water Resources Development Act and/or Corps guidance that could allow such flexibility.
- The Communication and Collaboration Work Group would concentrate on cooperation between ports and USACE;
- The Civil Works Project Delivery Work Group would define paths for issue resolution.

Each of the Work Groups focused on their respective areas by developing a specific list of QPI action items and assigned leads to each item and schedules for all. See Appendix 2 for Work Group leadership and membership.

5.0 SUMMARIES OF WORK GROUP REPORTS

This section of the report summarizes the issues, background and recommendations of all work groups. Detailed complete reports and supporting documentation provided by each group can be found in Appendix 3, 4 and 5 of Volume 1 and in Volume 2 of this report.

5.1 Authorities Work Group

(Complete Authorities Work Group Report is found in Appendix 3).

QPI Leadership Comment: As noted earlier in this report, the recommendations and the specific language are the product of the work group and do not represent, at this point, the views of individual leaders within USACE and AAPA and its member ports. The recommendations are presented for consideration by those individuals and groups.

QPI ACTION ITEM A-1: Re-empower Port Leadership for Feasibility Studies under Section 203 of WRDA 1986.

Motivation for Action: Section 203 of the Water Resources Development Act of 1986 authorized ports to undertake feasibility studies for harbor improvements, and to submit these studies to the Secretary of the Army for approval and recommendation for authorization. Ports bear the full costs of such a study, and upon authorization of a project receive credit for the federal share of the study cost. In evaluating the likelihood of successful performance under Section 203, ports and the Corps share a common position that the probability of success and overall efficiency of such a study are materially increased when the seaport leading the study can hire the Corps to produce the study elements. These study elements are most closely related to the policy determinations necessary to a finding of federal interest in the project, such as economic and environmental analyses. Given this reality, ports face enormous uncertainty and unacceptable risks in obtaining such analyses through the private market. Successful application of Section 203 rests on being able to work within the “Oakland Model” in which the Corps produced key elements of the feasibility study for the Oakland Harbor Deepening Project.

Currently, the only available authority that enables the Corps to conduct reimbursable work on Section 203 feasibility studies is the Intergovernmental Coordination Act. However, Section 211 of WRDA 2000 severely restricts the ports’ ability to use the intergovernmental cooperation act to engage the Corps to produce such study elements consistent with Section 203.

Recommendation A-1: Consider amending Section 203 of WRDA 1986 to ensure that the Secretary is authorized to accept funds to perform any studies and engineering that a port requests from the Secretary in support of a feasibility study undertaken pursuant to Section 203. See Appendix 3B, Suggested Legislation.

Desired Outcomes/Prospective Gains:

- Eliminate the current disincentives for ports to use Section 203 by reducing and managing costs.
- Re-enable a desirable sharing of study and project development risks between the Corps and ports.
- Provide for a reduction in the “up-front” costs and present value of project development costs to the federal government.

- Enable the timely initiation of vital port improvements in a business environment where timeliness is critical to sustaining competitiveness.
- Expand choices and the range of beneficial outcomes by permitting ports to contribute leadership and business expertise.
- Improve integration of water-side and land-side investment decisions by enabling the ports to assume a larger role in the development of navigation features.

QPI ACTION ITEM A-2: Determine the Eligibility for Cost-sharing Credit of Ports' In-kind Contributions to Disposal Facilities.

Motivation for Action: There is uncertainty in whether the cost sharing credit for ports' in-kind work provided for in Section 2003 of WRDA 2007 would apply to cost shared disposal facilities for maintenance of existing navigation projects. Corps implementation guidance for Section 2003 does not deal with disposal facilities.

As part of the work group's research, the Port of Cleveland submitted an inquiry on this issue and Corps headquarters determined that Section 2003 of WRDA 2007 does authorize in-kind credit for ports' work on cost-shared disposal areas authorized in WRDA 1996. The basis for this determination by Corps Headquarters is:

The provisions of Section 221 agreements apply to projects authorized in or subsequent to the date of enactment of WRDA 1986 (November 1986).

Section 201 of WRDA 1996 (authorizing federal participation in disposal areas) represents a "modification" of authorized projects and therefore meets the date threshold of Section 221 as established in WRDA 1986.

The amendment to Section 221 found in Section 2003 of WRDA 2007 does apply to disposal areas carried out pursuant to WRDA 1996, wherein ports may receive credit for in-kind contributions to disposal areas constructed under Section 201 of WRDA 1996.

A crediting agreement consistent with Section 221 would be needed before the sponsor's work commences.

There remains the need to clarify implementation guidance consistent with the policy finding documented here. Discussions in the work group focused on the completion of the Dredged Material Disposal Management Plan as the proposed milestone to trigger the port sponsor's eligibility to seek an in-kind credit agreement for proposed work on the disposal facility.

Recommendation A-2: Corps Headquarters should consider supplementing the Section 2003 implementation guidance to clarify eligibility as documented by Headquarters, and establish the completion of the DMMP as the milestone making the port sponsor eligible to apply for an in-kind credit agreement. The Authorities Work-Group Corps co-chair will initiate a letter to start the process and will work with headquarters to complete the guidance. Legislation is not required.

Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.

Desired Outcomes/Prospective Gains:

- Define the eligibility ports desire for in-kind credits associated with disposal facilities.
- Clarify guidance to Corps project managers, informing them of the eligibility of in-kind credit to the port sponsor when the DMMP is completed.

QPI ACTION ITEM A-3: Port Access to User Fees Collected for Corresponding Federal Disposal Facilities.

Motivation for Action: Corps districts routinely collect tipping or user fees for placement of non-federal dredged material in confined disposal facilities. These fees are returned to the Treasury in a designated fund, but must be appropriated for use by the Districts that collect them. Ports support legislation to allow user fees that are collected as port user fees to be expended on the facilities for which they are collected, without appropriation.

WRDA Section 217 (b)(2) provides that, subject to advance appropriations, any monies received through collection of user fees under this subsection shall be available to the Secretary, and shall be used by the Secretary, for the operation and maintenance of the disposal facility from which the fees are collected. Energy and Water Appropriations Acts generally recognize the potential utilization of these user fees by indicating in the discussion of the Operation and Maintenance appropriation that “such funds as become available from fees collected under section 217 of Public law 104-303 shall be used to cover the cost of operation and maintenance of the dredged material disposal facility for which such fees have been collected.” However, these user fees are not recognized as a source for appropriations in the President’s Budget and although a “Fund” was alleged to have been created in the Treasury, there is no indication that the Fund is actively monitored or managed or that the balances in the fund, to the extent they exist, have any role in budgetary or appropriations decisions. Authority exists for use of a portion of recreational user fees collected at Corps projects, and similar authority is desired for the subject user fees.

Recommendation A-3: Consider amending Section 217 of WRDA 1996 to direct that disposal area user fees be available, without further appropriation, to the Secretary of the Army (the Secretary), and shall be used by the Secretary, for the operation and maintenance of the disposal facility from which the fees were collected. See Appendix 3B, Suggested Legislation.

Desired Outcomes/Prospective Gains:

- Assure the efficient return and use of user fees for contributing projects.
- Provide additional funds to operate and maintain disposal sites.

- Realize the intent of Congress to make user fees available to support contributing projects.

QPI ACTION ITEM A-4: Elimination of the 10 Percent Repayment in Harbor Cost Sharing

Motivation for Action: Cost sharing for navigation provides for variable cost sharing depending on project depth and an “additional” 10 percent share that is paid back over a period of 30 years. Costs for lands, easements, rights-of-way and relocations (LERR) provided by a port for the project are credited against this additional 10 percent share. The additional 10 percent port share, payable over time, results in less funding being available for project construction. The credit against the 10 percent share results in ports not receiving full LERR credit for projects where LERR exceeds 10 percent of project costs.

Recommendation A-4: Consider amending WRDA Section 101 to: 1) increase the project cost share by 10 percent for each depth zone; 2) provide options for a non-federal sponsor to either (a) continue to pay the additional 10 percent over time or (b) pay it as an upfront contribution to construction of the project; and 3) include required lands, easements, rights-of-way, relocations, and the non-federal interests share of utility relocations as part of general navigation features and provide credit for the value or costs of these items against the non-federal share of construction costs (either over time or as an upfront contribution). (Note: An added QPI Action Item 10 also proposes amending Section 101 to adjust the three cost sharing brackets. The suggested legislation for both this item and Item 10 below, are together under QPI Action Item 10.) See Appendix 3B, Suggested Legislation.

Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.

Desired Outcomes/Prospective Gains:

- Eliminate administrative costs and burdens associated with accounting for the payment of cost sharing over 30 years.
- Increase the up-front (present value) of the port contribution and make this contribution available to the project.
- Provide greater equity in cost sharing, especially for LERR intensive projects.
- Make cost-sharing and crediting procedures for harbor projects consistent with cost-sharing and crediting procedures for other water resources purposes.

QPI ACTION ITEM A-5: Continuing Contracts for Operations

Motivation for Action: The current prohibition on ‘continuing contracts’ has burdened the Corps either to wait for full funding of a contract for a project, or to rely on other contracting means such as base plus options, with the hope of obtaining funds in the next appropriation. This has caused delays as well as cost increases, as contractors have to balance the risk of funds not arriving as well as committing assets for an uncertain amount of time. A large majority of navigation projects receive consistent O&M funding on an annual basis. It seems logical that, with construction durations, environmental and other windows, the use of continuing contracts are beneficial for the management of the channels that serve the nation’s ports. While the exact amount of annual funding is uncertain, those projects receiving consistent funding could benefit from their ability to plan and contract based on an average of past appropriations.

Recommendation A-5: Consider amending law to authorize the use of continuing contracts for operations and maintenance of ports and harbors projects. See Appendix 3B, Suggested Legislation.

Desired Outcomes/Prospective Gains:

- Eliminate the unacceptable risk of excessively deferred maintenance associated with the need to negotiate new contracts for maintenance of channels when regular appropriations are predictable.
- Promote lower costs for maintenance by increasing efficiency and reducing contractor risks.
- Bolster overall channel performance to support the competitiveness of U.S. ports in international trade.

QPI ACTION ITEM A-6: Delete Associated Costs from Benefit Cost Ratio (BCR).

Motivation for Action: Some members of the work group advanced the view that associated costs are included in the benefit cost analysis without a solid rationale, so the work group debated whether or not they should be removed from the BCR.

Corps Planning Guidance (ER 1105-2-100) states that associated costs are those costs necessary for production of project outputs for which no project expenditure is made, i.e., costs that are necessary to achieve project benefits. The class of associated costs that is most relevant to deep draft navigation projects is local service facility costs. They generally include costs for devices, and areas for receiving, storing and transferring cargo and passengers, and for temporary anchorage. Link to view full [ER 1105-2-100](#).

Conclusion: Because “associated costs” are necessary for the accrual of project benefits, it would be inappropriate (logically inconsistent) to exclude them from the economic costs of the projects. The Corps, the Army, and the appropriations committees are likely to oppose a legislative proposal to exclude such costs from the economic analysis.

Recommendation A-6: No action is recommended. No legislation is required.

QPI ACTION ITEM A-7: Guidance for In-Kind Credit Valuation and Approval.

The work group discussion established that guidance for in-kind credit valuation and approval be addressed. However, as the issue involved the procedures relative to valuation and approval of in-kind contributions, the work group found no apparent authority issue. At the session in Bradenton, the Authorities Work Group provided for the transfer of this action item to the Civil Works Project Delivery Workgroup and the Civil Works Project Delivery Work Group accepted the item.

Recommendation A-7: QPI, particularly including the Civil Works Project Delivery Work Group, should address this item as QPI moves forward in the future.

QPI ACTION ITEM A-8: Advanced Funds Authority for Studies and Maintenance Dredging.

Motivation for Action: The Corps has authority (33 U.S.C 561) for acceptance and reimbursement of advanced funds for river and harbor projects. This authority does not extend to studies and it is unclear if it would apply to maintenance dredging. The work group established this action item in order to explore the applicability of this authority for maintenance dredging and, if necessary, to draft legislation extending advanced funds authority to studies and to operations and maintenance.

Communication with Corps Headquarters confirmed that Section 11 of the Act approved March 3, 1925 does not provide authority to accept advanced funds for studies but does authorize the Secretary to accept advanced funds for operations and maintenance. Headquarters also advised that parties interested in advanced funds should remember that the appropriations committees generally discourage acceptance of advance funds because of a perception that they may be obligated to reimburse them. The Administration generally doesn't budget for reimbursement of advances and is reluctant to accept such funds. Current policy requires that before advances can be accepted, the appropriations committees must be notified.

Recommendation A-8: Consider amending Section 11 of the Act approved March 3, 1925 (43 Stat. 1197, 33 U.S.C. 561) to provide advanced funds authority for studies. See Appendix 3B, Suggested Legislation.

Desired Outcomes/Prospective Gains:

- Provide a source of otherwise unavailable funds to support studies.
- Enable more timely response to the need for critical studies with implications for the nation's trade and transportation competitiveness.
- Assure a greater Corps-port community capacity to meet critical port infrastructure needs.

QPI ACTION ITEM A-9: Eliminate Required Reconnaissance Study for Improvements to an Existing Federal Navigation Project.

Motivation for Action: The feasibility study process involves a \$100,000 reconnaissance phase at federal cost and a cost shared feasibility phase. The reconnaissance phase is of limited value for navigation deepening studies because the federal interest in economically justified and environmentally acceptable improvements to an existing navigation channel is evident without a reconnaissance level study. Legislation would be required to eliminate the reconnaissance study as proposed here. Application of this idea to all existing Corps navigation projects is suggested.

Recommendation A-9: Consider amending Section 905(b) of WRDA 1986 to provide that initiation of a feasibility study of improvements to an existing federal navigation project shall not be subject to completing a reconnaissance study pursuant to subparagraph (1) of 905(b). See Appendix 3B, Suggested Legislation.

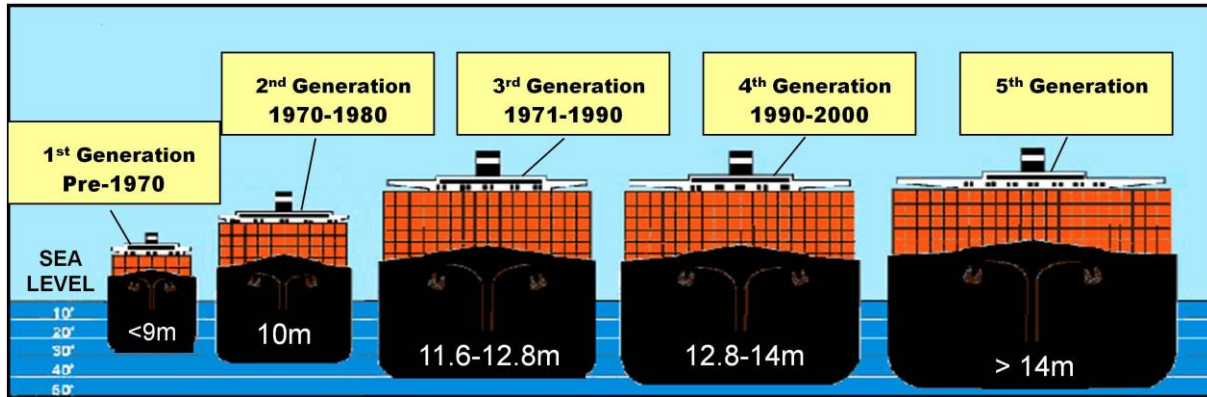
Desired Outcomes/Prospective Gains:

- Eliminate a federal process cost having little, if any, value in determining the federal interest.
- Advance the initiation and completion of a feasibility study and the identification of a project in the federal interest.
- Improve timeliness of investments in port infrastructure to support competitiveness of US transportation and trade.

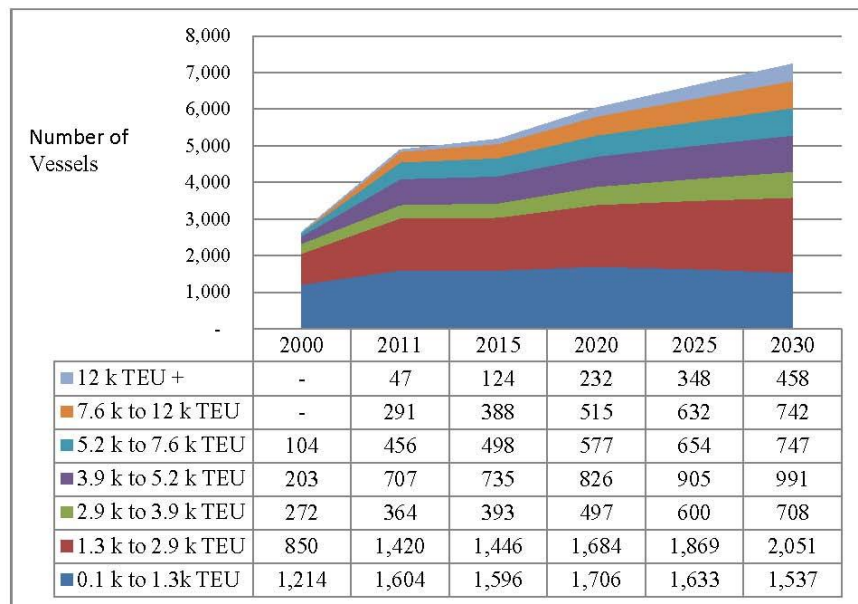
QPI ACTION ITEM A-10: Renormalize the 1986 Deep Draft Cost Sharing Brackets.

Motivation for Action: Work group discussion related to this adjustment arose subsequent to the February 1, 2012 meeting in Bradenton. However, the need has been previously recognized and included in House Water Resources Development Act bills since the 1990s.

Since the enactment of WRDA 1986, more and more international trade has been carried out in mega-containerships that require 50 feet or more of water depth in order to navigate safely. The formula for federal cost sharing of harbor improvements should change to match this new reality to benefit U.S. consumers and producers and to be consistent with the philosophy behind current cost sharing. When Congress set the current cost sharing brackets in WRDA 1986, the prevailing trend throughout the world was for greater national support down to 45 feet, and greater local and private financing for depths beyond 45 feet. This policy was reflected in the legislative history of WRDA 1986, which is documented in Appendix 3 as, “The Origins of Deep Draft Cost Sharing Brackets.” WRDA 1986 requires non-federal sponsors to pay 25 percent of the costs during construction of channel deepening from 20 feet to 45 feet, and 50 percent of the incremental costs during construction of deepening from 45 feet to 55 feet. The non-federal sponsor must also repay 10 percent of the cost of the project over a period not to exceed 30 years. The evolution of containership size is depicted in the diagram below:



Today U.S. ports face the challenges of readying ports for increased trade and larger vessels and deepening land-side capital investment in cargo handling and intermodal freight facilities. The critical need in the realm of federal participation is getting ready for the increasing use of Post-Panamax containerships. A recent report of the Corps Institute for Water Resources provides a useful perspective on the challenge posed by the increasing size of containerships and efficiency of containerized transport of cargo. The report was presented to Congress by the USACE on June 20, 2012 and can be viewed through this link: [“U.S. Port and Inland Waterway Modernization, preparing for post-Panamax Vessels”](#).



Source: MSI

Figure 16: Historical and Forecast Fully Cellular Container by TEU Band 2000-2030

According to the Journal of Commerce, half of containerships on order exceed 10,000 TEU capacities. Vessels of 10,000 TEUs and over accounted for 48 percent of the order book, as of October 2011. It is evident that large ships are displacing smaller ships in all

trade routes due to cost efficiencies of larger ships, thereby leading to a growth in average container vessel size over time. In 2000, the average container vessel size was 2,900 TEUs. In 2012, the average vessel size has grown to 6,100 TEUs. Figure 16 depicts this increase in size and number of larger vessels that make up the global fleet.

While the number of post-Panamax vessels projected for 2030 is only 30 percent of total vessels, Table 1 demonstrates they will represent 62 percent of the total TEU capacity of the container vessel fleet at that time.

Table 1: Unconstrained Forecast of TEU Capacity as a Percent of Total by TEU Band 2012-2030

Vessel Size	2012	2015	2020	2025	2030
0.1 k TEU to 1.3k TEU	8%	6%	6%	5%	4%
1.3 k to 2.9 k TEU	18%	15%	14%	13%	12%
c 2.9 k to 3.9 k TEU	7%	6%	6%	7%	7%
d 3.9 k to 5.2 k TEU	21%	19%	17%	15%	14%
e 5.2 k to 7.6 k TEU	19%	18%	17%	16%	15%
f 7.6 k to 12 k TEU	17%	20%	20%	21%	21%
g 12 k TEU +	9%	15%	20%	24%	26%
Total	100%	100%	100%	100%	100%

Note: post-Panamax vessel bands shaded in gray

Source: MSI

The nation’s public ports face additional challenges in expanding capital investments on the land-side and for intermodal connections that are critical to US competitiveness in international trade. Renormalizing the 1986 deep-draft cost-sharing brackets to the new realities of containerized shipping will restore the equity of WRDA 1986 and give the ports critically needed leverage in meeting the needs for which they alone bear the burdens. This proposed policy shift does not give carte blanche authorization to deepening; Corps’ National Economic Development (NED) benefits and costs analysis are still required. This becomes the so-called “NED” plan. The new cost sharing would be relevant only if the NED plan was to deepen below 45 feet. The port sponsor would remain responsible for 100% of all costs below the NED depth, even if that depth were 45 feet or less.

Recommendation A-10: Consider amending WRDA 1986 to extend the 25% non-federal share established by section 101(a) and (b) from 45 feet to 55 feet, with the 50 percent non-federal share applying to projects with depths in excess of 55 feet. The cost-sharing formula would cover the incremental costs of construction, operation and maintenance. In addition, the provisions in Section 101(a)(4) regarding the cost sharing of utility relocations between the utility owner and the non-federal interests in projects deeper than 45 feet would now be applicable only to projects deeper than 55 feet. See Appendix 3B, Suggested Legislation. This language includes the recommended changes to Section 101 of WRDA 1986 described in QPI Action Item 4, above.

Desired Outcomes/Prospective Gains:

Restore the consensus vision of WRDA 1986 for relatively greater federal support for public general cargo ports than for “super ports” with specialty bulk cargoes.

- Leverage the investment capacity of U.S. public ports to meet rapidly growing infrastructure investment needs.
- Prevent the unacceptable risk of the erosion in U.S. trade competitiveness that would accompany continuation of status quo cost sharing.

5.2 QPI Communications and Collaboration Work Group

(Complete Communications and Collaboration Work Group Report is found in Appendix 4).

QPI Leadership Comment: As noted earlier in this report, the recommendations and the specific language are the product of the work group and do not represent, at this point, the views of individual leaders within USACE and AAPA and its member ports. The recommendations are presented for consideration by those individuals and groups.

QPI ACTION ITEM CC-1: Corps to Identify Account Managers/Port Contacts at Each District and Meetings Scheduled Between the Parties.

Motivation for Action: A major concern brought to the work group is that communication practices between districts and non-federal sponsors vary significantly depending on the project and local leadership.

Recommendation CC-1: Endorse and support the Corps directive that begins to address this issue by requiring all districts to assign an Account Manager to each of the navigation-related efforts within that district. The Account Manager is a Division Chief or senior-level manager who will serve as the conduit between the non-federal sponsor and the respective district on strategic matters relating to that port. The Account Manager will ultimately manage the relationship between the Corps and the non-federal sponsor at the highest levels as well as facilitate communication between them. This role does not supplant the Project Manager or District Engineer, although, either person could serve in this capacity. The Account Manager’s task is to ensure that appropriate coordination and communication occurs at the strategic level. The Account Manager is responsible for holding, at a minimum, semi-annual meetings with the non-federal sponsor to ensure that the District and the non-federal sponsor are aligned appropriately on tactical issues. The first of these meeting will be held before the end of 2012.

Desired Outcomes/Prospective Gains: Each navigation project will have a Corps participant who will look at the project strategically, coordinate with the vertical chain directly, and serve as a point of contact for the non-federal sponsor for big picture and long-term issues beyond the technical management of the project.

QPI ACTION ITEM CC-2: Identify a Vehicle for Regular, Strategic Communication with Senior Leadership at All Levels -- District, Division, and Headquarters. Evaluate Quarterly Meetings, Conference Calls, Webinars and Listening Sessions. Include the USACE Regulatory Program in These Meetings and Evaluate Whether Resource Agencies should also be included in the Sessions.

Motivation for Action: The level of coordination between project delivery teams, stakeholders, and the vertical chain is highly variable among projects.

Recommendation CC-2: Consider identifying a vehicle for regular, strategic communication with senior leadership at all levels -- District, Division, and Headquarters. Among the options considered should be quarterly meetings, conference calls, webinars and listening sessions. Consider including the USACE Regulatory Program in these meetings as well as resource agencies when applicable. Although vertical teams exist, actual communication through them needs to be improved and local sponsors need to be included in all Project Delivery Team meetings.

Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.

Explanation: Since the creation of the work group, the Corps has refocused its planning process to the SMART Planning model, which includes a series of in-progress reviews with vertical team members. This model regularizes strategic communication with senior leadership during feasibility efforts. Many ongoing studies have analogous coordination vehicles in place for working with stakeholders, such as the Savannah's Executive Steering Committee and New York's Senior Partnering Meeting.

In determining how to take QPI Action Item 2 forward to include the regulatory and resource agency sphere, the Communication and Collaboration Work Group should be in regular contact with the Charleston Harbor Team to document their assessments of what is working or not working, in terms of communications practices and technologies. These findings will ultimately be communicated to other projects. The form of this communication should be a "best practice" guide for regular communications to be distributed to Corps account managers and project managers by the QPI.

Desired Outcome/Prospective Gains: Identifying and standardizing a practice by which this vertical and horizontal communication will occur will:

- Ensure that projects have a forum at which vertical coordination must occur.
- Provide a "check-in" point for senior level and stakeholder buy in.
- Make study teams aware of high-level decisions that could affect outcomes.
- Keep decision-makers apprised of "on the ground" activities.

ACTION ITEM CC-3: Provide a Repository for the Corps and Ports to Gather, Share, and Archive Project Resources

Motivation for Action: Sources of information used in deep draft navigation studies are scattered and data is not collected or archived in a way that multiple users across studies can access. This leads to the duplication of efforts among studies and results in tedious searches for data. Furthermore, individual port authorities have access to information and sources that the Corps does not.

Recommendation CC-3: Consider creating the *virtual navigation library* as a data hub where collected navigation data is available. As part of this, consider converting the Deep Draft Navigation Center of Expertise website to a standalone entity rather than a subset of the Mobile District homepage.

Explanation: This website could provide links to the Institute for Water Resources Navigation Data Center, the Navigation Economics Technology Program, and other data and tool hubs used for collection of information used for deep draft navigation studies. Individual districts with navigation programs and the AAPA and its member ports could also be linked to it. The website could be set up to be a repository for data such as commerce and fleet forecasts that are used in studies but which are currently purchased by districts or developed for specific projects. As with any library, the database should be updated regularly.

Desired Outcomes/Prospective Gains:

- Cut study time by providing a hub through which data can be found.
- Help ensure that quality data is used for studies.
- Development of an archive of navigation information.
- Facilitate sharing among projects and partners.

QPI ACTION ITEM CC-4: Better Utilize the Deep Draft Navigation Center of Expertise

Motivation for Action: In its current form, the Center of Expertise is not used to its full potential.

Recommendation CC-4: Consider repackaging the Center of Expertise as a “home base” for items related to Deep Draft Navigation.

Explanation: The Center of Expertise model for deep draft navigation is still evolving, following the Spring 2012 OPORD (Operations Order) that makes the Center responsible for the economics of deep-draft navigation studies nationwide. It is expected that the Deep Draft

Center (PCX) will disseminate work to experts nationwide and will serve as the “home base” for all studies (Operation Order 2012-15 Designation of the National Deep Draft Navigation Planning Center of Expertise [DDNPCX] as a Mandatory Center for the Production of All Deep Draft Navigation Related Economic Analyses, 24 February 2012). The PCX must focus internally to leverage and build deep draft navigation expertise nationwide. This will be done through trainings, workshops, and webinars undertaken to establish the PCX as the hub for the virtual locus of deep-draft navigation knowledge. As all Corps deep-draft navigation studies are performed as partnerships with non-federal sponsors, these actions will translate into educating all users on the scope of the PCX operations. Internal implementation and lessons learned would be documented through the monthly and quarterly reports on PCX activities, the quarterly report on the execution of the Operations Order, and the annual report/quality check on the PCX, including lessons learned.

Desired Outcomes/Prospective Gains:

- Provide a one-stop shop for navigation data, training, and expertise.
- Serve as a hub for navigation economists nationwide to share information.
- Coordinate efforts among studies and districts to prevent duplication of efforts.

QPI ACTION ITEM CC-5: Develop Communications Plans and Joint Messaging at all Levels to Support Project Educational and Outreach Needs. Example – Annual Education Issues and also within the Earmark Moratorium to Communicate Nationally that we are a Maritime Nation.

Motivation for Action: Maritime transportation is the foundation of this nation’s economic wealth; however, few people outside the industry realize this.

Recommendation CC-5: The Corps and AAPA should consider opportunities for joint communication strategy and press releases going forward. Ideas for the future include creating a task force of stakeholders to develop a communication strategy; creating joint message points to be shared between ports, the Corps, and other stakeholders; and developing or finding videos that could be uploaded on YouTube, the Center of Expertise Website, and the AAPA website. Involve other organizations in this task, including ASCE and other transportation and goods movement associations. This is an ongoing task.

<p>Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.</p>

Desired Outcomes or Prospective Gains:

- Alert the public of the importance of maritime transportation.
- Gain support for increasing funding needs.

QPI ACTION ITEM CC-6: Identify Best Practices of Communication/Collaboration and Evaluate Them for use Nation-wide.

Motivation for Action: Districts are individually responsible for the execution of a project but there is no forum agency-wide to determine what communication approach works or does not work, in terms of coordination and collaboration. This results in teams “trying things” that may have been done before and not worked or worked.

Recommendation CC-6: Consider developing a compendium of communication best practices, with examples, that could be institutionalized. The Communication and Collaboration Work Group is looking for examples to include in such a compendium.

Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.

Explanation: A compendium of communication best practices would present communication structures that work and under what circumstances they are most useful. To this end, an initial document will be drafted in advance of the Harbor/ Navigation committee meeting scheduled for August 27 and 28, 2012. This document will describe communications structures that worked and the circumstances where they are most useful. Comments received during the August meeting will be considered and incorporated into a final draft document for consideration by QPI partners during the October 2012 QPI meeting.

Desired Outcomes or Prospective Gains:

- Provide examples and a guide for teams to use when structuring communications and collaboration formats;
- Encourage coordination among districts for technology transfer; and
- Help ensure that meetings and project processes are as useful as they can be given available resources.

5.3 Civil Works Project Delivery Work Group

(Complete Civil Works Project Delivery Work Group Report is in Appendix 5)

QPI Leadership Comment: As noted earlier in this report, the recommendations and the specific language are the product of the work group and do not represent, at this point, the views of individual leaders within USACE and AAPA and its member ports. The recommendations are presented for consideration by those individuals and groups.

QPI ACTION ITEM PD-1: Dissemination of the USACE Planning Modernization Initiative to the Harbors & Navigation Committee to Educate Membership on the Objectives and Guidelines for Streamlining the Feasibility Study Process.

Motivation for Action: The purpose of the Corps' Civil Works planning process is to inform the Congressional appropriations decision-making about water resources infrastructure investment funding needs. Challenges with planning capability, quality, funding, and study duration threaten the Corps' ability to provide timely and reliable service.

In order to make the planning process efficient and productive, the Corps introduced the Planning Modernization Initiative (PMI) in January 2011, which focused on improving the timing and quality of planning products. Guidance has mandated that all typical feasibility studies should be completed in 18-36 months. PMI seeks to have recommendations captured and succinctly documented and completed within a target goal of 18 months.

The Corps has recently taken significant steps to expedite and improve the planning process:

- The National Pilot Program for Feasibility Studies is being conducted to develop sustainable and replicable processes and methodologies;
- The Planning Community of Practice is developing a thorough and comprehensive training approach by FY2014;
- A comprehensive training and development strategy is being developed to build planning capability to support a transformed Civil Works program;
- A National Planner Certification Pilot Program was established;
- The Planning Website was updated and modernized;
- Operational reforms at the Deep Draft Navigation PCX were implemented to improve execution;
- In FY2012, the Corps actively participated in the CEQ lead development of the draft Principles, Requirements and Guidelines and participated in interagency P&G writing teams; and
- The Civil Works Project Delivery Work Group hosted a webinar on June 7, 2012 with the Corps' Washington Headquarters Planning staff to provide insights on the Planning Modernization Initiative. The presentations are attached in Appendix 5.

Recommendation PD-1: The QPI should continue to track the implementation of the Planning Modernization Initiative as it applies to the Lake Worth Inlet Feasibility Study to determine if the initiative results in studies being completed in a timely fashion with significantly less cost and with decision documents that are concise and of high quality.

The USACE should consider providing routine updates on the status of the Planning Modernization Initiative to AAPA through the establishment of workshops with the QPI to allow input from stakeholders. This will provide opportunity for the USACE to ensure the initiative has full support.

Desired Outcomes/Prospective Gains: Efficient execution of planning decision documents.

QPI ACTION ITEM PD-2: Review the Process for Independent External Peer Review (IEPR) to Identify the Purpose and Sequence for the Activity.

Motivation for Action: A major concern identified by the working group is that the IEPR process is cumbersome and time consuming, and not necessarily benefiting the project. The work group recommended to the AAPA Harbors & Navigation Committee that the review process for IEPR be determined based on the purpose and sequence for each activity.

Section 2034 of WRDA 2007 requires the USACE to conduct IEPR of certain projects and reports before moving them forward for final approval. The USACE Civil Works review policy, Engineering Circular (EC) 1165-2-209, establishes an accountable, comprehensive, life cycle strategy that provides a seamless review process from initial planning through design, construction, operation, and maintenance. The IEPR process provides the Chief of Engineers with an independent assessment of a project's: 1) adequacy and acceptability of economic, engineering, and environmental methods, 2) models, data, and analyses used, and 3) risk and uncertainty factors.

An IEPR is performed by a panel of independent experts from outside the USACE, specializing in appropriate disciplines. It is applied in cases that meet established USACE criteria where the risk and magnitude of the proposed project are such that a critical examination outside of USACE is warranted. The General Accountability Office (GAO) recently completed an assessment of the USACE IEPR process, GAO-12-352, finding the USACE IEPR Process in compliance with Section 2034 of WRDA 2007. The USACE is conducting a major overhaul of its planning process under "Civil Works Transformation" that will include reviewing IEPR criteria and sequencing of the IEPR process.

Recommendation PD-2: The IEPR process should be eliminated. The Corps' own assessment of IEPRs completed on 49 studies resulted in no changes to the Corps' recommendations, and AAPA has been supporting legislation for two years that would abolish the process.

Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.

Desired Outcomes/Prospective Gains: Identify changes to the IEPR process that could make it more effective and efficient.

QPI ACTION ITEM PD-3: Implement Guidance for Section 2045 of WRDA 2007 to Obtain Commitment from other Federal, State, and Local Agencies to Complete Required Reviews for Feasibility Studies. The USACE is Preparing the Implementation Guidance, which will be Coordinated with the Work Group.

Motivation for Action: One of the reasons for the increased time and cost to complete a feasibility study or reevaluation report is the failure of participating parties to complete work in a timely manner during the review and processing of the environmental documents required by the National Environmental Policy Act (NEPA). The delays in review and coordination of the environmental documents lead to increased cost and increased uncertainty of whether or not the feasibility study will be completed.

Section 2045 of WRDA 2007 directs the Secretary to develop and implement a coordinated review process with federal, state, and local government agencies as well as Indian tribes in the development of water resources development projects. It also requires Council on Environmental Quality notification when certain deadlines are not met. After the work group began its efforts, the USACE issued guidance for implementing this requirement. See Appendix 5. For all feasibility and reevaluation studies, the study team should coordinate with the relevant agencies and tribes to establish a time period for the reviews, analyses, opinions, permits, licenses, and approvals required for the project. This time period will be included in the project management plan. If an agency or tribe that is participating in the coordinated review process fails to meet an established deadline, they will be sent notification by the District Commander within 30 days after the missed deadline, to include a request that the non-responsive party provide, within 30 days of notification, a report explaining why it did not meet the deadline and the actions it intends to take to complete the required work. If this does not resolve the delay, a report should be developed that includes recommendation to resolve the matter.

Recommendation PD-3: While section 2045 of WRDA 2007 provides a mechanism for the Corps of Engineers to report the status of resource agency adherence to timely completion of environmental studies and reviews, the results of such reporting will not ensure efficient and timely completion of Corps' studies and permits. The Corps needs the ability to move forward if an agency or tribe participating in the coordinated review process fails to meet an established deadline. The timing of deadlines could be established on a sliding scale based on the complexity of the project. QPI recommends continued coordination with Congress to identify potential streamlining of initiatives similar to the Moving Ahead for Progress in the 21st Century Act, or MAP-21.

Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.

Desired outcomes or prospective gains: Increased assurance and certainty in the NEPA process, including the streamlining process.

QPI ACTION ITEM PD-4: Portfolio Management of Ongoing Navigation Studies. Develop an Action Plan for Identifying the Current Study Status that Provides a Programmatic Assessment.

Motivation for Action: On Thursday, July 18, 2012, the President of the United States recognized the importance of seaport-related infrastructure by announcing seven projects of national and regional significance, which will benefit from aggressive federal, permit decision-making and review schedules. Each of these projects directly supports America's seaports and their ability to move freight efficiently to reduce costs to consumers, create jobs, and help America's manufacturing and agricultural industries sell their goods overseas. The need to expedite infrastructure projects through permitting and environmental review processes was a recommendation by the President's Council on Jobs and Competitiveness.

For more than four fiscal years, the Corps Investigation Account has been constrained to approximately \$100 million per year (President's fiscal year budget request). During this same time frame, the Corps of Engineers had more than 350 active feasibility studies. This resulted in continued delays in completing feasibility studies due to the limited funding.

The likelihood of additional funding in the Investigations Account to resolve this issue is not expected. In an attempt to address this issue, MG Walsh (DCG-CEO) issued guidance in February 2012 to identify the highest priority studies, and to place studies that have been unfunded for more than three years in the "inactive" category. The intent of this guidance (Civil Works Transformation initiative) was to revise the Corps' budgetary policies to allow for more efficient funding of the highest priority studies. The DCG-CEO initiative includes the following recommendations:

- Reduce the number of budgeted feasibility studies to continue budgeting for only continuing studies (i.e., studies that have been funded in the past three years); and
- Re-scope the remaining active studies to allow for completion of the study within three years, and at a total cost (federal and non-federal) of no more than \$3 million.

Based on this funding situation, the Corps has proposed reducing the total number of ongoing navigational feasibility studies by placing the long-term unbudgeted studies in the "inactive" category. For fiscal year 2013, nine "active" navigation studies are being funded for continuing feasibility or Preconstruction Engineering and Design. For each of the nine funded studies, the Corps will conduct a planning charette to re-scope the remaining activities, in order to meet the DCG-CEO guidance. Three of the five projects identified in the President's July 18, 2012 executive order, mentioned above, are "active" studies identified in the Corps' Planning Modernization Initiative to ensure the studies are completed in an efficient manner.

Recommendation PD-4: The current Civil Works Transformation initiative for Planning Modernization should be continued. Corps activities should:

- Continue to re-scope all “active” navigation studies to ensure they can be completed within the three-year and \$3 million budget limit.
- The Corps’ budget should fund these re-scoped “active” studies at the level required for efficient completion of each study.
- Develop a process that prioritizes funding for future studies that tie to AAPA’s priorities for meeting the future industry needs.

Desired outcomes or prospective gains: The desired outcome is efficient funding of all feasibility studies to ensure they are completed on schedule, and to develop a prioritization process to identify priority studies for future funding.

QPI Leadership Comment: This Corps proposal is still being developed. As a result, it has not been possible, as of the date of this report, for persons outside the Corps to review the list of proposed inactive projects, and their comments will be provided at a later date.

QPI ACTION ITEM PD-5: Treat Partners as Partners

Motivation for Action: Because U.S. port authorities and the USACE have mutual objectives to facilitate commerce through the development, operation and maintenance of the nation’s port and harbor infrastructure, they share a critical need to partner in that endeavor.

More than 95% of overseas trade moves in and out of the United States by ship and, therefore, our ports and harbors are the gateway to the global economy, a critical component of our shipping system and key to our nation’s economy. The U.S. marine transportation industry supports almost \$1 trillion in commerce and provides employment for more than 13 million people. Planning, designing, construction and the operation and maintenance of ports, harbors and waterways are central to the USACE Civil Works mission. The USACE spends nearly \$1.5 billion annually on dredging and construction projects to maintain hundreds of ports and harbors nationwide. Over the next decade, USACE plans to spend more than \$4 billion on new construction to deepen and widen channels that will be needed to accommodate the larger vessels that are entering the world’s fleet. Port authorities and private sector terminals are planning to spend a combined \$46 billion in port related improvements through 2016.

Recommendation PD-5: AAPA member ports and the USACE should truly treat each other as partners and could do so by re-committing to implement the principles of the 2004 Partnering Agreement wherein the parties agreed to foster respect for and understanding of each other’s mission.

Desired Outcomes/Prospective Gains:

- Increase the knowledge of each organization’s mission, responsibilities and operational processes and achieve an understanding of each organization’s challenges.
- Reduce uncertainty and lessen the instances of project delays.
- Continue to raise the level of commitment to overcome barriers, foster teamwork and decrease the “us vs. them” mentality.
- Create trust.
- Reduce “second guessing.”
- Increase respect for one another’s expertise.
- Establish strong communications.
- Expedite project completion.
- Reduce project cost.

QPI ACTION ITEM PD-6: Coordination of US Army Corps of Engineers Training Program

Motivation for Action: The Corps, in its Civil Works Strategic Plan 2011 – 2015 (Sustainable Solutions to America’s Water Resources Needs, U. S. Army Corps of Engineers, September 2011) acknowledges that the complexity of managing water resources development projects in the 21st century requires closer partnerships and greater collaboration. Further, the Corps believes that the development of federal, state, local and private partnerships, along with increased stakeholder and non-governmental collaboration, particularly port authorities, is essential to achieving the most efficient and sustainable solutions. Coupled with this is the fact that Civil Works plan formulation, which is fundamental to making sound recommendations, requires modernization, including improving planner knowledge and experience through training (Corps Memorandum on Civil Works Planning Capability Training, 13 March, 2012).

In keeping with the Corps’ desire to increase involvement of stakeholders and broaden staff knowledge of the non-federal participant experience with the Civil Works planning process, the work group believes that this presents an opportunity for ports and the USACE to gain knowledge of each other’s organizational and operational practices. It also allows for sharing of positive and negative experiences emanating from the Civil Works planning process through the creation of USACE training courses that would be available to both USACE and port staff.

Recommendations PD-6:

- AAPA should consider working with the USACE to develop a training course for Corps planners and port staff. The course should focus on the Civil Works Planning process and presents national lessons learned as well as best management practices that have emanated from past Civil Works projects. Project successes and challenges could be examined in detail to determine root causes for those outcomes.
- The Corps should consider opening up its seven Planning Core Curriculum courses (Civil Works Orientation, Planning Principles and Procedures, Environmental Considerations, Economic Analysis, Hydrology and Hydraulics Considerations in Planning, Plan Formulation, and Public Involvement & Team Building) to port staff.

AAPA should consider working with member ports to develop opportunities for Corps staff to participate in intern-like assignments on Civil Works projects at port authorities around the country.

Desired Outcomes/Prospective Gains:

- A clearer understanding of the Corps' Civil Works planning process and the procedures, data requirements and decisions that formulate the recommended action.
- Greater appreciation on the part of the Corps for the valuable information available from the non-federal sponsor and a better understanding of the non-federal sponsor's project needs.
- A higher quality and more credible end product.
- Greater collaboration and stronger partnerships.
- A better understanding of each party's operations and challenges.

QPI ACTION ITEM PD-7: Grandfathering Studies and Methodologies during the Conduct of Civil Works Planning Activities.

Motivation for Action: Non-federal sponsors, Congress and the Corps have all become increasingly frustrated with the overly detailed, expensive and lengthy process used by the Corps for planning Civil Works projects. Historically, completion of the feasibility phase of project planning has often taken 6 to 10 years. This creates a situation where studies that were current at the beginning of the planning process are viewed as dated in the later years of the feasibility study. Certified/approved planning models that were chosen at the beginning of the study are updated or replaced by the Corps during the course of the project. Too often, this has led to a decision to collect more data and re-do the modeling, both of which have significant negative impacts on project schedule and budget.

As the Corps is currently transforming its planning process to modernize the methodology and framework for conducting Civil Works planning, there is opportunity to substantially reduce

project delays by grandfathering decisions on the use of models and the reliance on previous studies. Recently documented in the Corps' Planning Modernization presentation at the Civil Works Transformation Summit (January 9, 2012), the first phase of the new Planning Process is Study Scoping. This is approximately a 12-month effort that represents the completion of the first milestone and documents decisions on several key elements including data and methodologies to be used in the execution of the study.

Recommendation PD-7: During the Study Scoping phase, the Corps, its advisory agencies and the non-federal sponsor should consider agreeing on past studies, data, models and methodologies to be used in study execution. The decisions regarding these items could be documented in the decision log and considered by all parties to be grandfathered for the duration of the Feasibility Study. A Memorandum of Agreement stating the acceptance of grandfathering and the specific items to be grandfathered could be signed by the Corps, its advisory agencies and the non-federal sponsor. Once agreement is reached, studies, models, etc. would then not be changed during the planning process.

Desired outcomes or prospective gains:

- Eliminate re-start of key work products due to schedule slippage and/or the requirement to implement new policies/procedures.
- Control project schedule slippage and budget creep.

QPI ACTION ITEM PD-8: Develop Pre-Approved Economic Models for Navigation Studies.

Motivation for Action: A strong interest was expressed regarding the need for pre-approved economic models for navigation studies.

Currently corporate models are certified for national use by the HQUSACE Chief and Planning and Policy Division, while other models are approved for use by the HQUSACE Deputy Chief, Planning and Policy Division, following review and recommendation by the DDNPCX and consideration by a HQUSACE Model Certification Panel.

The use of a certified (corporate) model or an approved model is mandatory for all Corps deep draft navigation planning studies. Corporate models are developed by Corps laboratories and field operating activities (FOAs) and have nationwide applicability to deep draft navigation planning studies. Certification of models for deep draft navigation studies results in efficiencies relative to cost and time. Models certified for nationwide use include:

- The HarborSym Widening Model, which was approved by HQUSACE in 2008 as a tool for analyzing channel-widening projects and determines time savings for vessels transiting a harbor; and
- The HarborSym Deepening and Container Model, and associated databases management tools, which were approved June 19, 2012 and developed to enable

planners to estimate benefits and costs associated with harbor projects based on types of commodity, types of vessels, vessel size, depth of channels, commodity and fleet forecasts, operating practices, etc. <http://crbweb01.cdm.com/IWRTraining/>

Recommendation PD-8: While the use of consistent models is efficient and supportable, the particular models described in this Report do not have the support of ports. A QPI work group should be established to reach consensus on the use of models. The work group should discuss the models and the Corps' application of the models to ensure consistency in assumptions and data, and conduct an evaluation of model results to verify them against actual conditions.

Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.

Desired Outcomes/Prospective Gains:

- Ensure consistency of results.
- Reduce processing time for economic analyses.
- Improve accuracy.

QPI ACTION ITEM PD-9: Ability for Non-Federal Sponsor to “Act as Agent” of the Corps to Conduct Construction or O & M Activities. This includes the Use of Existing USACE Environment Authority, in Lieu of New Regulatory Authority.

A side action of this item was to investigate incorporating the Corps regulatory approval into the Preconstruction Engineering and Design process so when a project is constructed the local sponsor also receives regulatory authority for future maintenance.

Motivation for Action: Currently, the only authority for non-Federal sponsors to assist in Construction and O&M activities on federally authorized navigation projects is Section 111 of the FY 2012 Energy and Water Development Appropriations Act (PL 112-74) and section 2003 of WRD 2007.

If a non-federal sponsor desires to perform O&M activities to assist in maintaining an existing authorized navigation channel, the non-federal sponsor must obtain a 404 permit. This requires the non-federal sponsor to conduct environmental studies to document that the O&M activity will not have an adverse impact on the environment and, if the studies show adverse impact, they must identify the appropriate level of mitigation to offset the impact(s). In most cases, these activities are covered in the NEPA document prepared by the Corps for the O&M of the navigation channel. If the non-federal sponsor were authorized to act “as an agent” of the Corps, the non-Federal sponsor would be allowed to conduct O&M and construction activities without having to obtain additional environmental (NEPA) clearances. This would allow work to

be accomplished expeditiously and forgo the requirement for additional environmental studies and permitting under the Clean Water Act (section 404 permit process).

Following a major storm event, typically the Corps must wait on Supplemental Appropriations before repairs/emergency-dredging work can commence. The ability for the non-federal sponsor to provide funds to perform the work is hindered by the requirement of Section 111 of PL 112-74 to notify Congress prior to negotiations of a Memorandum of Agreement to receive the contributed funds. If non-federal sponsors had the authority to act as the “agent” of the Corps, they would be able to use their own resources/funds to complete the repairs in a timely manner.

Recommendation PD-9:

- Consider drafting a proposal for Assistant Secretary of the Army (ASA) consideration that will clarify that ports can build the federally authorized projects as if they (the ports) were the federal government (i.e., perform as an “agent” of/or contracting authority of). It should clarify that non-federal agents would not need to seek additional NEPA or other approvals already obtained by the Corps.
- Consider amending section 111 of PL 112-74 to authorize acceptance of contributed funds to accomplish scheduled O&M activities or for emergency repairs (e.g., following a storm event), with subsequent notification of Congress.

<p>Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.</p>

The following to be included in “Suggested Legislation:” The Civil Works Project Delivery Work Group requests AAPA work to obtain a legislative drafting service from the Corps for implementing this proposal.

Desired outcomes or prospective gains: Creating the ability for non-Federal sponsors to act “as the agent” of the Secretary will ensure the existing navigation infrastructure and channels is maintained at a high level to ensure the economic viability of the nation to compete in the world economy.

6.0 WORK GROUP RECOMMENDATIONS

6.1 Authorities Work Group

QPI Leadership Comment: The recommendations and the specific language are the product of the work group and do not represent, at this point, the views of individual leaders within USACE and AAPA and its member ports. They are presented for consideration by those individuals and groups.

Recommendation A-1: Consider amending Section 203 of WRDA 1986 to ensure that the Secretary is authorized to accept funds to perform any studies and engineering that a port requests from the Secretary, in support of a feasibility study undertaken, pursuant to Section 203.

Recommendation A-2: Corps Headquarters should consider supplementing the Section 2003 implementation guidance by letter to clarify eligibility as documented by Headquarters, and establish completion of the DMMP as the milestone for making the port sponsor eligible to apply for an in-kind credit agreement. The Authorities Work-Group Corp Co-Chair will initiate a letter to start the process and work with Headquarters to complete the guidance. Legislation is not required.

Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.

Recommendation A-3: Consider amending Section 217 of WRDA 1996 to direct that disposal area user fees be available, without further appropriation, to the Secretary of the Army, and shall be used by the Secretary, for the operation and maintenance of the disposal facility from which the fees were collected.

Recommendation A-4: Consider amending WRDA Section 101 to: (1) increase the project cost share by 10 percent for each depth zone; (2) provide options for a non-federal sponsor to either (a) continue to pay the additional 10 percent over time or (b) pay it as an upfront contribution to construction of the project; and (3) include required lands, easements, rights-of-way, relocations, and the non-federal interests share of utility relocations as part of general navigation features, and provide credit for the value or costs of these items against the non-federal share of construction costs. (Note: An added QPI Action Item 10 also proposes amending Section 101 to adjust the three cost sharing brackets. The suggested legislation for both this item and Item 10, below, are together under QPI Action Item 10.)

Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.

Recommendation A-5: Consider amending the law to authorize the use of continuing contracts for operations and maintenance.

Recommendation A-6: No action is recommended and no legislation is required for inclusion of associated costs in the BCR.

Recommendation A-7: QPI, particularly including the Civil Works Project Delivery Work Group, should address this item as QPI moves forward in the future.

Recommendation A-8: Consider amending Section 11 of the Act approved March 3, 1925 (43 Stat. 1197, 33 U.S.C. 561) to provide advanced funds authority for studies.

Recommendation A-9: Consider amending Section 905(b) of the Water Resources Development Act (WRDA) of 1986 to provide that initiation of a feasibility study of improvements to an existing Federal navigation project shall not be subject to completing a reconnaissance study pursuant to subparagraph (1) of 905(b).

Recommendation A-10: Consider amending WRDA 1986 to extend the 25 percent non-federal share established by section 101(a) and (b) from not greater than 45 feet to not greater than 55 feet, with the 50 percent non-federal share applying to projects with depths in excess of 55 feet. The cost-sharing formula would cover the incremental costs of construction, operation and maintenance. In addition, the provisions in Section 101(a)(4) regarding the cost sharing of utility relocations between the utility owner and the non-federal interests in projects deeper than 45 feet would now be applicable only to projects deeper than 55 feet. This language includes the recommended changes to Section 101 of WRDA 1986 described in QPI Action Item 4, above.

6.2 Communications and Collaboration Work Group

QPI Leadership Comment: The recommendations and the specific language are the product of the work group and do not represent, at this point, the views of individual leaders within USACE and AAPA and its member ports. They are presented for consideration by those individuals and groups.

Recommendation CC-1: Endorse and support the Corps directive that begins to address this issue requiring all Districts to assign an Account Manager to each of the navigation-related efforts within that District. The Account Manager is a Division Chief or senior-level manager who will serve as the conduit between the non-federal sponsor and the respective district on strategic matters relating to that port, ultimately managing the relationship between the Corps and the non-federal sponsor at the highest levels as well as facilitating communication between them. This role does not supplant the Project Manager or District Engineer, although either of these people could serve in this position. The Account Manager's task is to ensure that appropriate coordination and communication is occurring at the strategic level. The Account Manager is responsible for holding semi-annual meetings with the non-federal sponsor to ensure that the District and the non-federal sponsor are aligned appropriately on tactical issues. The first of these meetings will be held before the end of 2012.

Recommendation CC-2: Consider identifying a vehicle for regular, strategic communication with senior leadership at all levels -- District, Division, and Headquarters. Among the options to be considered are quarterly meetings, conference calls, webinars and listening sessions. Consider including Regulatory in these meetings as well as resource agencies when applicable. Although vertical teams exist, actual communication through them needs to be improved and local sponsors need to be included in all Project Delivery Team meetings.

Since the creation of the work group, the Corps has refocused its planning process to the SMART Planning model, which includes a series of in-progress reviews with vertical team members. This model regularizes strategic communication with senior leadership during feasibility efforts. Many ongoing studies have analogous coordination vehicles in place for working with stakeholders, such as the Savannah's Executive Steering Committee and New York's Senior Partnering Meeting.

Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.

Recommendation CC-3: Consider creating the *virtual navigation library* as a data hub from where navigation data is available. Consider converting the Deep Draft Navigation Center of Expertise website to a standalone entity rather than a subset of the Mobile District homepage. This website could provide links to the Institute for Water Resources Navigation Data Center, the Navigation Economics Technology Program, and other data and tool hubs to provide information for deep draft navigation studies. Individual districts with navigation programs and the AAPA and its member ports could also be linked to it. The website could be set up to be a repository for data such as commerce and fleet forecasts that are used in studies, but which are currently purchased by districts or developed for specific projects. As with any library, the data should be updated regularly.

Recommendation CC-4: Consider repackaging the Center of Expertise as a "home base" for items that are Deep Draft Navigation related.

Recommendation CC-5: The Corps and AAPA should consider opportunities for joint communication strategy and press releases going forward. Ideas for the future include creating a task force of stakeholders to develop a communication strategy; creating joint message points to be shared between ports, the Corps, and other stakeholders; and developing or finding videos that could be uploaded on YouTube, the Center of Expertise Website, and the AAPA website. Involve other organizations in this task, including ASCE and other transportation and good movement associations. This is an ongoing task.

Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.

Recommendation CC-6: Consider developing a compendium of communication best practices that could be institutionalized in order to make project communication more effective. The Communication and Collaboration Work Group is looking for examples to include in such a compendium.

Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.

6.3 Civil Works Project Delivery Work Group

QPI Leadership Comment: The recommendations and the specific language are the product of the work group and do not represent, at this point, the views of individual leaders within USACE and AAPA and its member ports. They are presented for consideration by those individuals and groups.

Recommendation PD-1:

- The QPI should continue to track the implementation of the Planning Modernization Initiative as it applies to the Lake Worth Inlet Feasibility Study to determine whether the initiative results in studies completed in a timely fashion with significantly less cost and with decision documents that are concise and of high quality.
- The USACE should consider providing routine updates on the status of the Planning Modernization Initiative to AAPA through the establishment of workshops with the QPI to allow input from stakeholders. This will allow the opportunity for the USACE to ensure the initiative has full support.

Recommendation PD-2: The IEPR process should be eliminated. The Corps' own assessment of IEPRs completed on 49 studies resulted in no changes to the Corps' recommendations, and AAPA has been supporting legislation for two years that would abolish the process.

Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.

Recommendation PD-3: While section 2045 of WRDA 2007 provides a mechanism for the Corps of Engineers to report the status of resource agency adherence to timely completion of environmental studies and reviews, the results of such reporting will not ensure efficient and timely completion of Corps' studies and permits. The Corps needs the ability to move forward if an agency or tribe participating in the coordinated review process fails to meet an established deadline. The timing of deadlines could be established on a sliding scale based on the complexity of the project. QPI recommends continued coordination with Congress to identify

potential streamlining of initiatives similar to the Moving Ahead for Progress in the 21st Century Act, or MAP-21.

Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.

Recommendation PD-4: The current Civil Works Transformation Initiative for Planning Modernization should be continued. Corps activities should also continue to re-scope all “active” navigation studies to ensure they can be completed within the three-year and \$3 million budget. The Corps’ budget should fund these re-scoped “active” studies at the level required for efficient completion of each study, and a process should be developed that prioritizes funding for future studies that tie to AAPA priorities for meeting the future industry needs.

QPI Leadership Comment: There has not been sufficient time, as of the circulation of this draft of this report, for persons outside the Corps to review the list of 82 proposed inactive projects. Comments will be provided at a later date, but as soon as possible, before circulation of the final report.

Recommendation PD-5: AAPA member ports and the USACE should truly treat each other as partners and could do so by re-committing to implementation of the principles of the 2004 Partnering Agreement in which the parties agreed to foster respect for and understanding of each other’s mission.

Recommendation PD-6: AAPA should consider working with the USACE to develop a training course for Corps planners and port staff. The course should focus on the Civil Works Planning process and present national lessons learned as well as best management practices that have emanated from past Civil Works projects. Project successes and challenges could be examined in detail to determine root causes for those outcomes.

The Corps should consider opening up its seven Planning Core Curriculum courses (Civil Works Orientation, Planning Principles and Procedures, Environmental Considerations, Economic Analysis, Hydrology & Hydraulics Considerations in Planning, Plan Formulation, and Public Involvement & Team Building) to port staff.

AAPA should consider working with member ports to develop opportunities for Corps staff to participate in intern-like assignments on Civil Works projects at port authorities around the country.

Recommendation PD-7: During the Study Scoping phase, the Corps, its advisory agencies and the non-federal sponsor should consider agreeing on past studies, data, models and methodologies to be used in study execution. The decisions regarding these items could be documented in the decision log and considered by all parties to be grandfathered for the duration of the Feasibility Study. A Memorandum of Agreement stating the acceptance of grandfathering and the specific items to be grandfathered could be signed by the Corps, its advisory agencies and the non-federal sponsor. Once agreement is reached, studies, models, etc. would then not be changed during the planning process.

Recommendation PD-8: While the use of consistent models is efficient and supportable, the particular models described in this Report do not have the support of ports. A QPI work group should be established to reach consensus on the use of models. The work group should discuss the models and the Corps' application of the models to ensure consistency in assumptions and data, and conduct an evaluation of model results to verify them against actual conditions.

Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.

Recommendation PD-9:

- Consider drafting a proposal for Assistant Secretary of the Army (ASA) consideration that will clarify that ports can build the federally authorized projects as if they (the ports) were the federal government (i.e., perform as an “agent” of/or contracting authority of). It should clarify that non-federal agents would not need to seek additional NEPA or other approvals already obtained by the Corps.
- Consider amending section 111 of PL 112-74 to authorize acceptance of contributed funds to accomplish scheduled O&M activities or for emergency repairs (e.g., following a storm event), with subsequent notification of Congress.

Note: This recommendation was amended as a result of the discussion and agreement during the QPI workshop in Washington, D.C. on August 28, 2012.

6.4 Additional Recommendations Resulting from the Discussion and Agreement during the QPI Workshop in Washington, D.C. August 28, 2012

Recommendation QPI-1: QPI should develop a Statement of Principles regarding joint Corps/port communications. It should include a formal recommendation on the importance of these communications and note that ports have a right to expect prompt responses to their questions and the responsibility to follow up if they don't receive them.

Recommendation QPI-2: AAPA should provide its member ports with the specific WRDA legislative proposals included in Appendix 3B of this Report so that they are able to respond effectively and consistently to inquiries from their elected officials regarding changes to WRDA.

7.0 QUALITY PARTNERSHIP INITIATIVE VISION

At the February 2012 meeting in Bradenton, Florida, the QPI members began identifying the path forward by refocusing on the value of seaports and waterways to the nation's economy. The QPI leadership and participants committed to renew relationships at every level, and drawing on best practices being employed around the country, agreed to an aggressive work plan to address important structural problems. Identifying needed improvements and recommending workable solutions flowed from the achievement of this critical step as the basis for the QPI's progress.

Restoring public recognition of the United States' significance as a maritime nation is a challenge that the American Association of Port Authorities and its corporate members have embrace. USACE Commander Major General Michael Walsh and AAPA Chairman Jerry Bridges underscored the importance of this challenge. Underpinning this challenge are the significant funding needs of the nation's seaports, both individually to achieve the levels of landside and navigational investment required to handle cargo volumes, and more broadly as critical parts of the national transportation infrastructure. According to a report in the July 16, 2012 edition of The Journal of Commerce, while the surface transportation bill highlights the need for maritime investment, many feel the language is unlikely to translate into more dredging dollars. Concurrently, traditional processes for funding navigational projects continues to evolve into more performance oriented, outcome based approaches to federal funding decisions. Even with the experience of the past seven months, it is hard to fully appreciate the extent of the changes being imposed on the Corps' by the nation's fiscal reality. Based on funding issues and the desire for procedural improvements to address project needs, there are clear challenges ahead for the QPI.

Meeting these challenges will require leadership of the respective organizations to support the QPI co-chairmen's abiding interest in fostering understanding and sustaining cooperation among partners. Within the institutions of our industries and professions, QPI may be unique in its ability to rise above the frustration and solve problems. The recommendations presented in this report will require consideration by the partners responsible for initiating change. In some cases, it will be the partners' willingness to embrace new behaviors. In other cases, it will be the Corps' willingness to seek legislative changes with the support of its partners.

As expressed so well by leadership at the Bradenton meeting, QPI's value is in identifying challenges and recommending solutions through the cooperation of experts from our respective organizations and industries. QPI's effectiveness is due to its composition – QPI's outputs are a reflection of the practitioners' collective experiences and understandings of where obstacles exist, where improvements are required, and what can be recommended. No other organization is as well positioned as the QPI to influence improvements for the nation's seaports and waterways. Maintaining accountability for advancing QPI recommendations will be a critically important role for leadership at all levels. Through an ongoing awareness and understanding of respective challenges, identifying possible solutions can become the normal way of conducting our business.