

The FY 2012 Civil Works Budget

The 2011 PNWA Mission to Washington, DC

Mike Pfenning
Chief, Program Development Branch
Program Integration Division
Civil Works Directorate, HQUSACE

March 15, 2011



US Army Corps of Engineers[®]
BUILDING STRONG[®]





Agenda



- Fiscal Year 10 Accomplishments
- FY 2012 Civil Works Budget Highlights
- National Initiatives in a Period of Reduced Funding
- Reduced Funding Low Priority Programs
- Next Steps
- Stakeholders and Partners
- Discussion



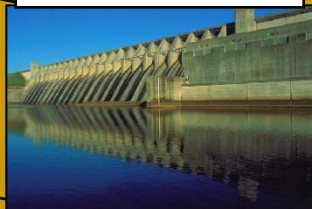
Contributions to the Economy and the Environment



Recreation areas:
370 M Visitors/yr
Generate \$18B in
economic activity,
500,000 jobs



¼ of Nation's
Hydropower:
\$800M + in
power sales



12,000 miles of
Commercial Inland
Waterways transport
goods at
½ the cost of rail or
1/10 the cost of
trucks

Maintenance of
~200 Shallow &
Deep Draft
Harbors



Water-based Recreation
54,879 Miles Of Shoreline
at USACE Lakes



557 Dams and 11,750
Miles of Levees



Stewardship of
11.7 Million Acres
Public Lands



137 Major Environmental
Restoration Projects

US Ports & Waterways Convey > 2.2 billion Tons Commerce
Corps Maintained Ports Provide Strategic Deployment Capability
HMTF collects \$1.3 billion revenue



FY10 Accomplishments



- NAVIGATION (\$1.8 billion)
 - Maintained 12,000 miles of commercial navigation channels serving 41 states
 - Transported 95% of foreign commerce (2.2 B tons); 16% domestic commerce
 - Maintained 238 lock chambers at 192 sites
 - Dredged and disposed of 263 M cubic yards of material
- FLOOD RISK MANAGEMENT (\$1.9 billion)
 - 557 dams and 11,750 miles levees prevented \$29.5 billion in flood losses
 - An average return of 7:1 on flood damage reduction projects
 - Implemented Dam & Levee Safety Programs
- WATER SUPPLY (\$5 million)
 - Provided 9.8 mil acre-feet of water supply storage space at 136 projects in 25 states plus Puerto Rico
 - Enough water to supply about 13 Seattle-sized cities
- ENVIRONMENT (\$984 million)
 - Assisted with recovery of 53 species at 133 projects
 - Restored 10,000 acres of habitat
 - 13% of habitat is nationally significant
 - FUSRAP--Returned 12 properties to communities



FY10 Accomplishments



- REGULATORY

- Final action on 68,800 permits
 - 43,213 permits: avg < 60 days
- 6,074 individual permits: avg = 264 days
- 31,698 general permits: average = 35 days
- Replaced 18,800 acres of permanent impact with 36,000 acres of permittee responsible mitigation
- Permits denied = 275, modified = 3,100, withdrawn = 10,200

- RECREATION

- Hosted 370 million visitor-days at Corps projects at 422 projects and 4,254 sites
- 1,885 recreation sites (44%) operated by others
- Supported 100 mil fishing, 9 mil hunting & 63 mil wildlife watching visits at Corps projects
- 33% of all freshwater fishing in U.S.
- \$18 billion spent
- 54,917 volunteers worked 1.4 million hours worth \$28 million in volunteered time

- EMERGENCY RESPONSE

- Responded to 20 FEMA disasters
- Deployed 855 personnel

- HYDROPOWER

- 75 Corps plants w/350 units
- 90 Non-Fed plants on Corps sites
- 68 billion kilowatt-hours produced
- 14% of personal household energy requirements
- ~\$4 billion revenue; \$800 million repaid to Treasury



Program Structure



Business Line

Navigation

Coastal harbors; Inland Waterways

Flood Damage Reduction

Riverine Floods; Coastal Storms

Environment

Aquatic Ecosystem Restoration

Stewardship

Formerly Utilized Site Remedial Action

Hydropower

Recreation

Water Supply

Emergency

Regulatory

Account

Investigations

Construction

Operations & Maintenance

Mississippi River & Tribs

Regulatory Program

Formerly Utilized Sites

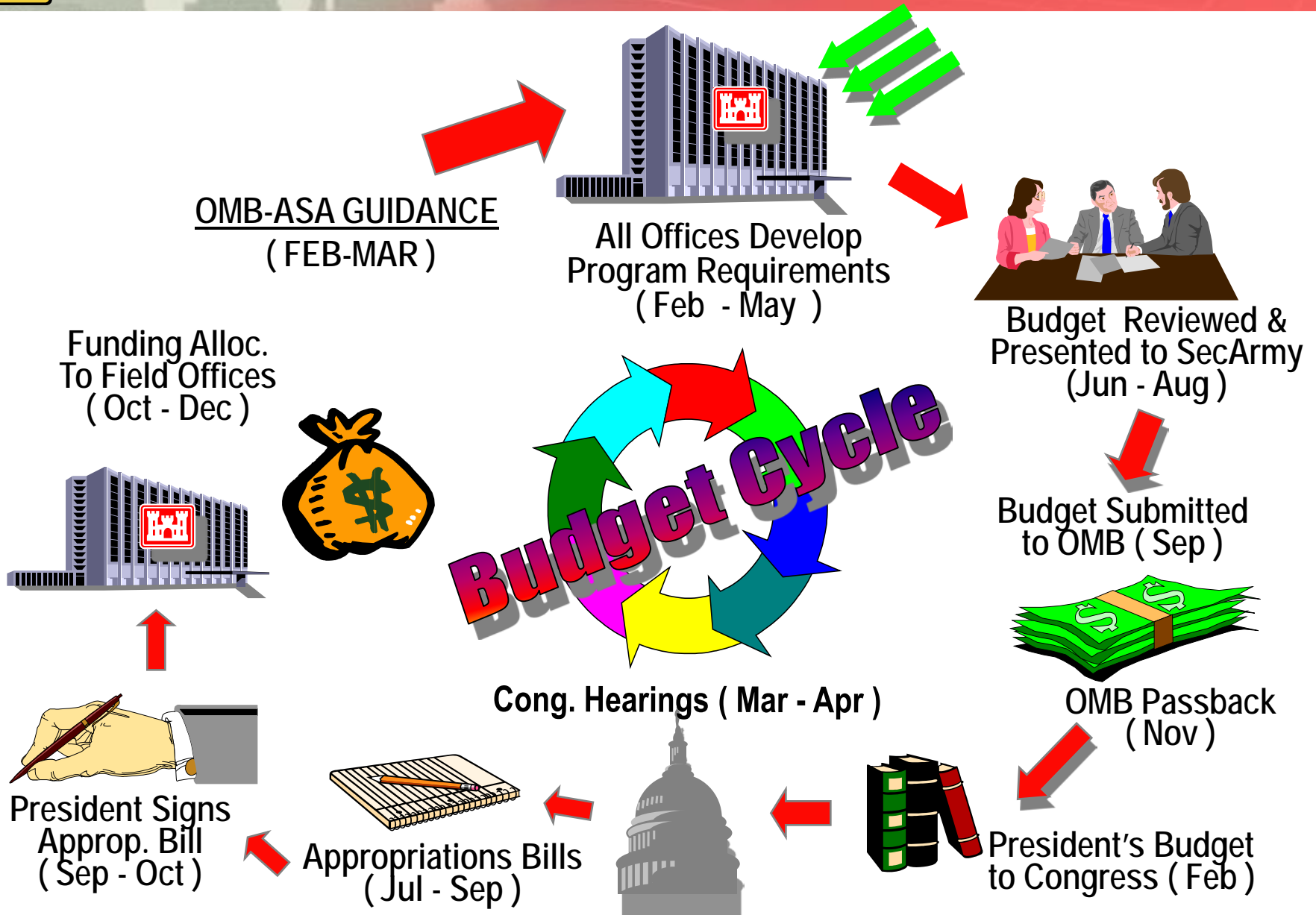
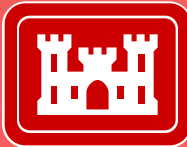
Remedial Action Program

Expenses

Flood Control & Coastal Emerg



Annual Budget Cycle





FY 2012 Program Process



Use Performance Measures and Policy Direction Guidance memo to:

- Rank competing investments in each business program
- Demonstrate improved outcomes from added increments

Develop amounts based on their own internal performance metrics for:

- GE; REG; FCCE; REC; ENV Stewardship; FUSRAP

Develop Performance Based program for project competing business lines:

- Initial level (No new work, phases or contracts, previously budgeted projects only)
- O&M at 75% of last 5 years budget; Investigations same as PY-1.
- Categorize and Prioritize CG projects into Priority levels
- Add Performance Base High Return items and increments for GI and O&M items

Add to the Highest Priority, ongoing projects & contracts to “Final Budget”



Key Budgeting Metrics



- CONSTRUCTION
 - Flood Risk Mgmt., Navigation, Hydropower – Benefit to Cost Ratio (BCR)
 - Flood Risk Mgmt., Navigation – Dam Safety & Seepage Stability (Continuing DSAC 1 & 2, continuing contracts (2))
 - Flood Risk Mgmt., – Risk to Live Index (Warning time, flow, depth, ...)
 - Environmental – Points for loss prevention and for significant natural resources
- O & M
 - Navigation, Flood Risk Mgmt., Hydropower– Risk & Consequences Assessment
 - Navigation – Tonnage movements (Harbors: tons; Waterways: ton-miles)
 - Recreation – Park Capacity and Facility Condition Index, Visitation ...
- ALL ACCOUNTS
 - Continuing/New/Completing/Years to Complete
 - Watershed Elements (Mainly studies w/BCR for PEDs)
 - Endangered Species Act & and Regulatory Compliance
 - Health, Safety, Caretaker, Legal, Subsistence



FY 2012 Civil Works Budget Highlights



Presidential Budget Priorities

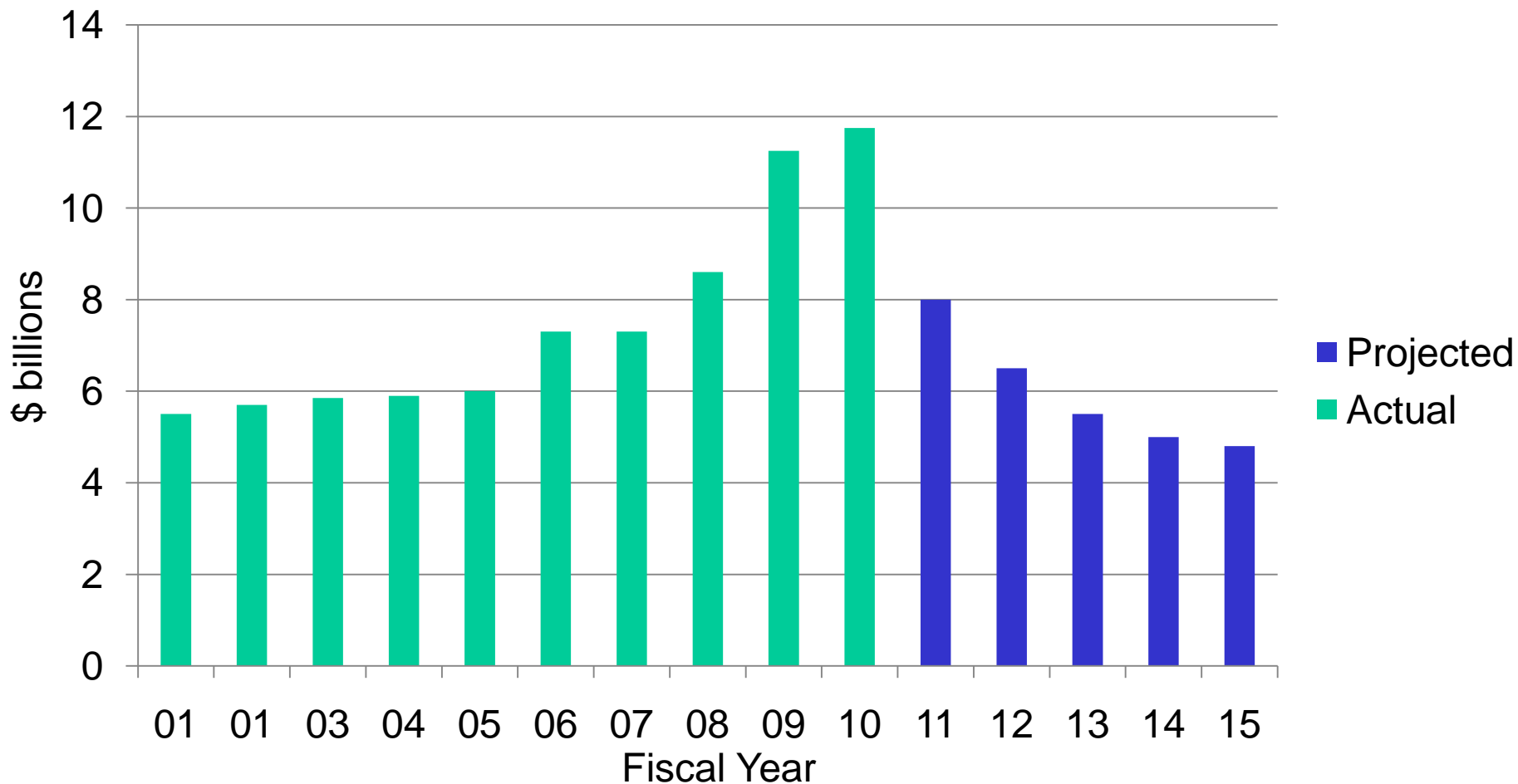
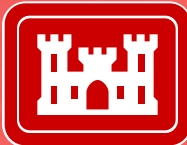


- Reduce the Deficit
- Create Jobs and Restore the Economy
- Improve Infrastructure
- The Environment





Historical & Projected Obligations



NOTE: ~\$18 billion in 9 Supplemental Appropriations from FY05-10



Budget Arithmetic – FY 2012



Civil Works Budget Ceiling ~**\$4,600** million

Allocate GE, Reg., FCCE, Rec., FUSRAP... - 800

Allocate Base O&M (~75% of required) - 1,600

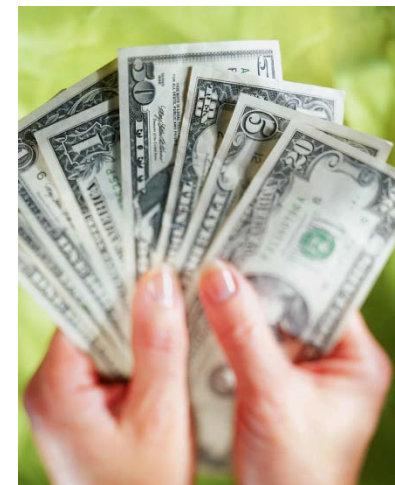
Essential Dam Safety - 400

Aquatic Ecosystem Restoration - 500

Continuing Construction at Base Level - 1000

Planning Studies - 100

Minimum Essential Allocation = - **\$4,400**



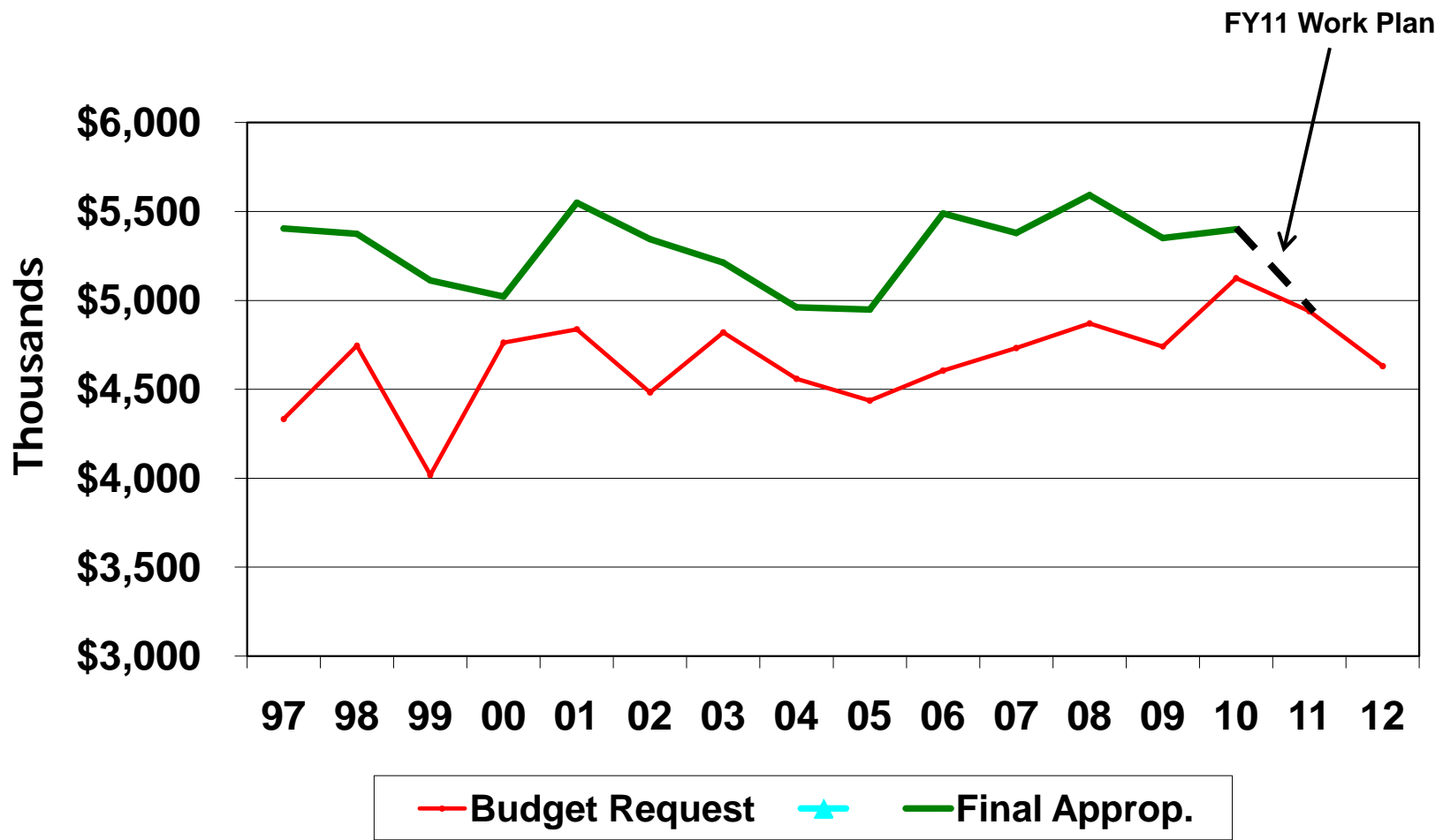
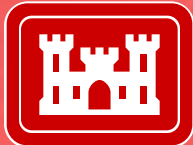
Left for all other CW Projects & Programs ~\$200

*Use the \$200 million for project major maintenance.

THAT'S IT!



CW Funding Through FY12 Budget





FY 2012 CW Program by Account

(\$ Millions)

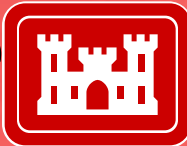


Account	FY 2011 Budget	FY 2012 Budget	FY11-12 Change
Construction	\$1690	\$1480	-210
Operation & Maintenance	\$2361	\$2314	-47
Mississippi River & Tributaries	\$240	\$210	-30
Regulatory	\$193	\$196	+3
FUSRAP	\$130	\$109	-21
Investigations	\$104	\$104	0
Flood Control/Coastal Emergencies	\$30	\$27	-3
Expenses	\$185	\$185	0
ASA(CW)	\$6	\$6	0
Total*	\$4939	\$4631	-308

* FY12 Budget is \$308 million (6%) below FY11 Budget
FY12 Budget is \$913 million (17%) below FY10 Appropriation



FY 2012 CW Program by Business Line



(\$ Millions)

Business Line	FY 2011 Budget	FY 2012 Budget	FY11-12 Change
Navigation	1658	1575	-83
Flood Risk Management	1543	1447	-96
Aquatic Ecosystem Restoration	582	533	-49
Recreation	280	259	-21
Hydropower	207	182	-25
Regulatory	193	196	+3
Environmental Stewardship	108	100	-8
FUSRAP	130	109	-21
Emergency	43	34	-9
Water Supply	4	5	+1
Expenses	185	185	0
OASA (CW)	6	6	0
Total	4939	4631	-308



Budget Outcomes



Investigations –

- Continue highest performing studies and design
- Four new studies: Englebright and Daguerre Point Dams (Yuba River), California Fish Passage; Cano Martin Pena, Puerto Rico; the Chesapeake Bay Comprehensive Study; and the Louisiana Coastal Area Comprehensive Study
- No new PED's
- 6 PED completions: All in LA Coastal Area Ecosystem Restoration.
- No increase from 2011.
- PEDs with BCRs of 2.5 to 1 or higher are funded.



Budget Outcomes



Construction –

- Continue 100% funding for legal requirements (mitigation & BIOPs) & Dam Safety.
- IWTF construction and rehabilitations constrained to anticipated revenues of \$77M.
- Two hydropower mitigation projects for \$5M.
- CAP - Funding at \$23M using unobligated balances from Sections 14, 103, 107 and 208
- 2 new construction starts: Hamilton City, CA and Raritan to Sandy Hook (Port Monmouth), NJ
- 2 continuing contracts: McCook and Thornton Reservoirs, IL (\$12M) and Olmsted Locks and Dam, IL & KY (\$150M).
- 3 construction completions: Crookston, MN; Dover Dam, OH; and Santa Paula Creek, CA.
- Environmental Restoration - Continues Everglades. Continues Columbia River Fish Mitigation and Missouri Restoration



Budget Outcomes



Operations & Maintenance –

- 3% decrease in bottom line.
- Water Supply - collections and operations + Upper Missouri study
- Low Use Commercial Navigation - reduced by ~50%.
- Recreation – funding reduced from \$282M to \$259M. Some impacts likely (closed parks, reduced services at some parks)
- Reimbursement to Fish & Wildlife Service for hatchery maintenance

Regulatory Program – Increased from \$193 million to \$196 million to implement new field level initiatives for Clean Water Act jurisdictional determination and rulemaking and inflation.

FUSRAP – Reduced to \$109 million for studies and ongoing remediation



Reduced Funding Low Priority Programs



- Aquatic Plant Control Program
- National Estuary Program (Activity)
- North American Waterfowl Management (Activity)
- Section 14 - Emergency Stream Bank & Shoreline Protection Program
- Section 103 - Small Shore Protection Projects Program
- Section 107 - Small Navigation Projects Program
- Section 208 - Snagging & Clearing Projects Program
- Low-Use Commercial Navigation
- Formerly Utilized Sites Remedial Action Program

Rationale:

- These are relatively small programs that can be carried out by the States and communities that directly benefit from the investments.
- Reduction will focus available funds on most important national needs.



Administration Initiatives



- Five Large Scale Ecosystems (\$284M)
- Sustainability and Energy (\$12.3M)
- America's Great Outdoors (\$259M)
- **Government-Wide Initiatives**
 - Acquisition Improvements & Workforce
 - IT Infrastructure & Program Management
 - Improving Employee Engagement & Wellness



Nine Large Scale Ecosystems



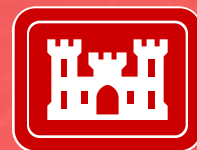
(Dollars in Millions)

<u>Ecosystem</u>	<u>FY 2012</u>
California Bay Delta*	45
Chesapeake Bay*	17
Everglades*	168
Great Lakes*	27
Gulf Coast*	27
Columbia River System	133
Puget Sound	3
Missouri River System	74
Upper Mississippi River System	<u>18</u>
Total	512

* Integrated, synchronized interagency budgets

* Integrated, synchronized interagency budgets

As of 11 Feb 11 12:30



Next Steps



Next Steps—Use of Funds



- Make optimal use of available funds
 - Fund fewer projects more efficiently
 - More sophisticated asset management
 - Risk-based maintenance funding
 - Proportionally more for maintenance, less for new or replacement projects
 - Eliminate categories of projects with least national benefits
- Deliver less (flood control, navigation, recreation, hydropower,)
- De-authorize constructed projects that no longer serve their authorized purposes
- Educate better: Jobs, Infrastructure, Value to Nation



Next Steps—Find Other Funds



- Seek other sources of funds
 - Harbor Maintenance Trust Fund
 - Seek more of annual revenues for channel maintenance and related activities
 - Inland Waterways Trust Fund
 - Seek additional revenue and revenue sources
 - Direct funding of hydropower or public private partnership funding of some hydro



Next Steps—Change the Debate



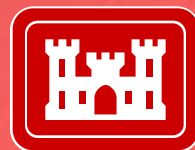
- From projects – To systems/programs
 - Navigation: Coastal and Inland
 - Flood Risk Management: Coastal and Inland
 - Hydropower
 - Environment
- From Prioritization of Projects -- To Prioritization of Systems
- Congress: From ‘Earmarks’ to Categories of Projects



Stakeholders and Partners



- Leverage Efforts
- Reach Agreement on Major Initiatives
 - Issues
 - Outcomes
 - WRDA
- Be mutually supportive (Shared STRATCOM)
- Involve end-users
 - Ag, Energy , Containers, Commodities
- Seek to Influence (Pres Business Council)



Discussion