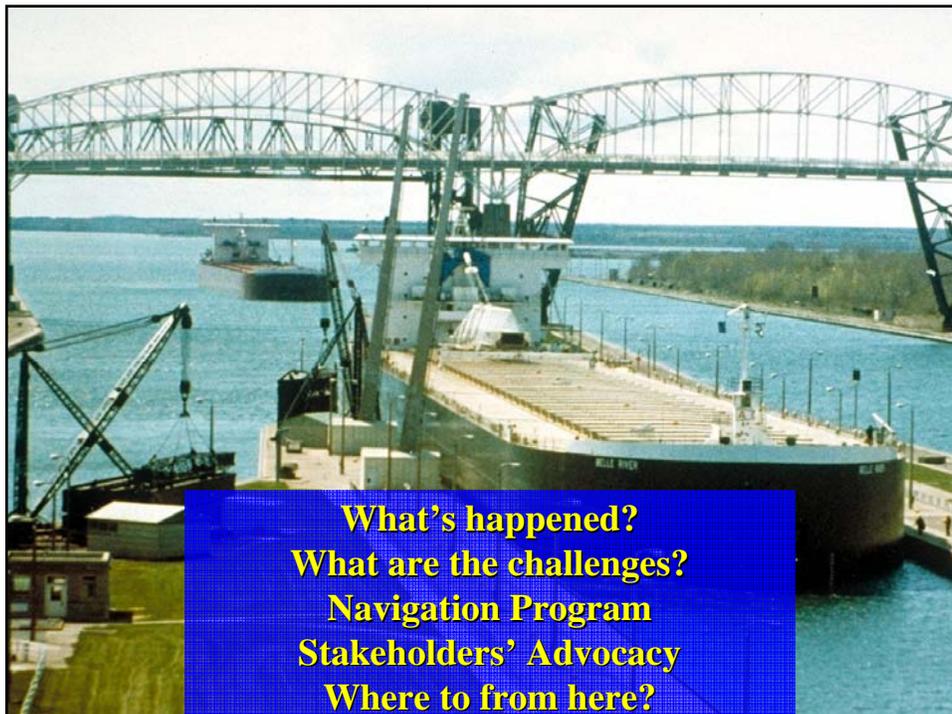




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LRD Perspective: USACE – Stakeholders Engagement In Navigation Performance Budgeting

William Harder, P.E.
Great Lakes and Ohio River Division



**What's happened?
What are the challenges?
Navigation Program
Stakeholders' Advocacy
Where to from here?**



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What's Happened?

- **1993: Government Performance and Results Act**
 - mandated strategic plans and annual performance plans
 - established results-oriented performance directive
- **1996: Pilot program for OMB established results-oriented procedures**
- **2003: The President's Management Agenda**
- **2003: "Practice" FY05 Budget using performance criteria within Business programs**
- **2004: Submission of FY06 Budget – first one based on performance criteria**

MAJOR BUDGETING SHIFTS!



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Budgeting Shift

- **Performance measures will govern funding levels**
- **Decisions based on National ranking for all projects**
- **Ranking criteria strongly influenced by system value**
- **Funding likely limited for planning of new projects**
- **Completion of projects will be emphasized**



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National Prioritization: “Value” Effects

- **Individual Projects**
 - Lower “value” projects may not be budgeted
 - Higher “value” projects budgeted at/near full request
 - Marginal “value” projects receive low budget
- **Systems (e.g. GL, Ohio River, Mississippi)**
 - Systems add synergy “value” of individual projects
 - System “value” amplifies projects justification
 - Strength of system “value” will drive future



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Civil Works Business Programs

- Navigation
- Flood Control & Shore Protection
- Hydropower
- Water Supply & Quality
- Disaster Preparedness & Response
- Environmental Restoration
- Regulatory
- Recreation

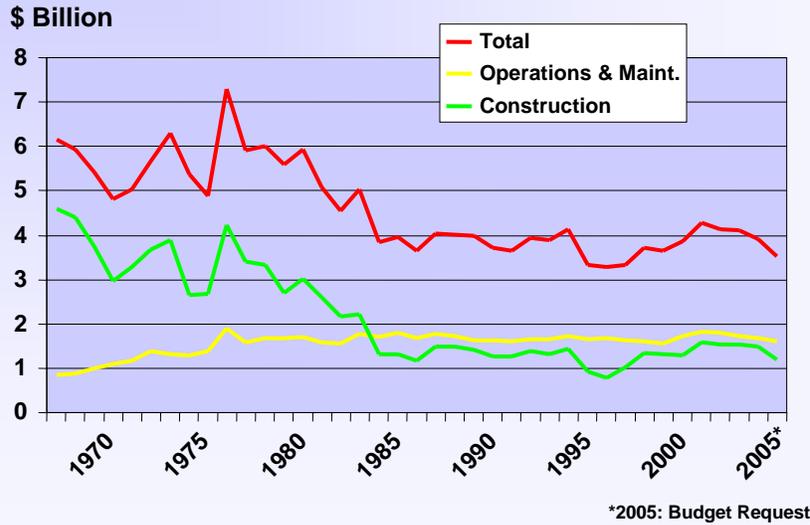




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Corps' Civil Works Appropriations

Constant (FY 96) \$ Billions



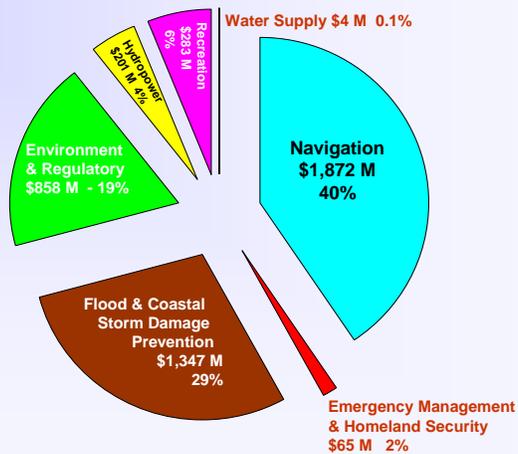
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New for FY05: Performance-Based Budgeting

OUT:

- Geographic budgeting
- Budgeting by account
- Business line balance

National Programs



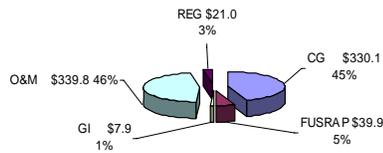


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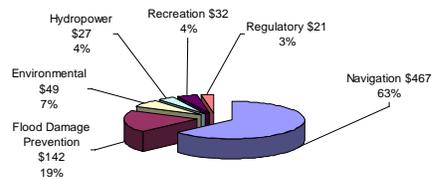
Budgeting Transition

LRD Civil Works Program - President's Budget

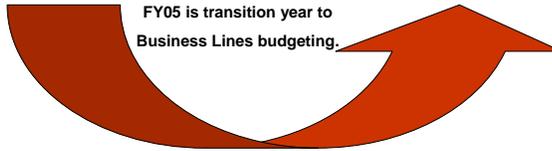
FY05 Budget by Appropriation (\$ Millions)



FY05 Budget by Business Lines (\$ Millions)



FY05 is transition year to
Business Lines budgeting.



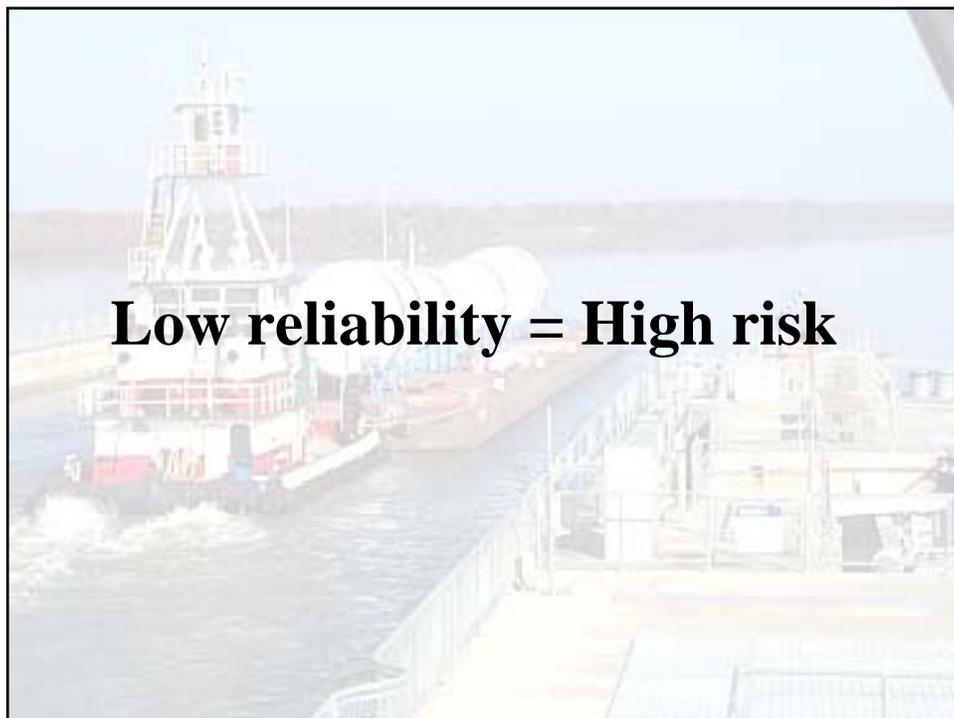
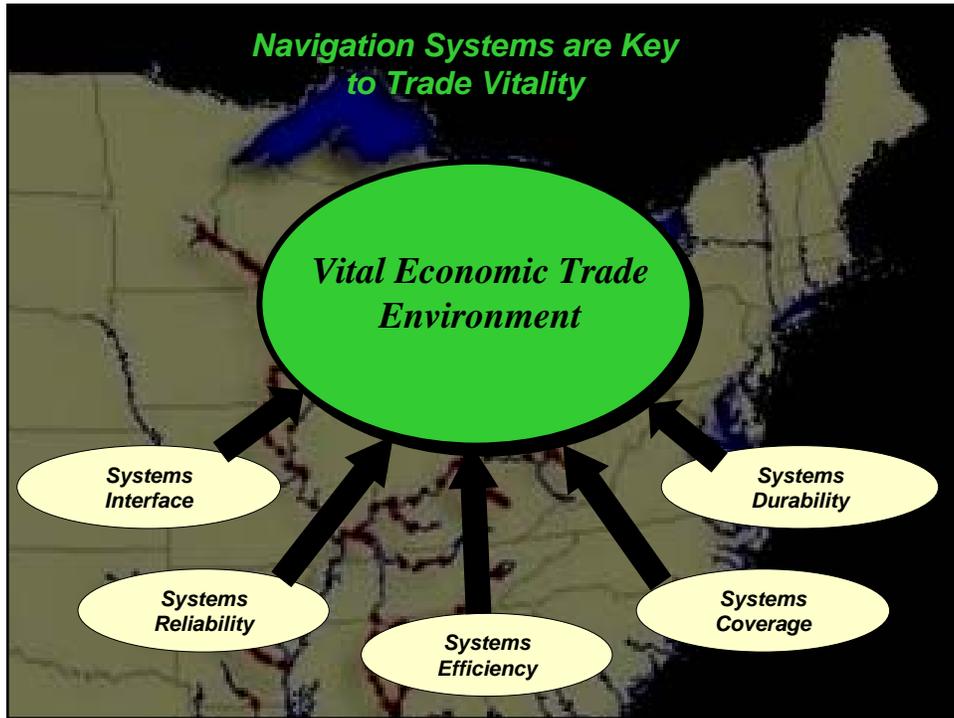
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Challenge: Waterways Deterioration

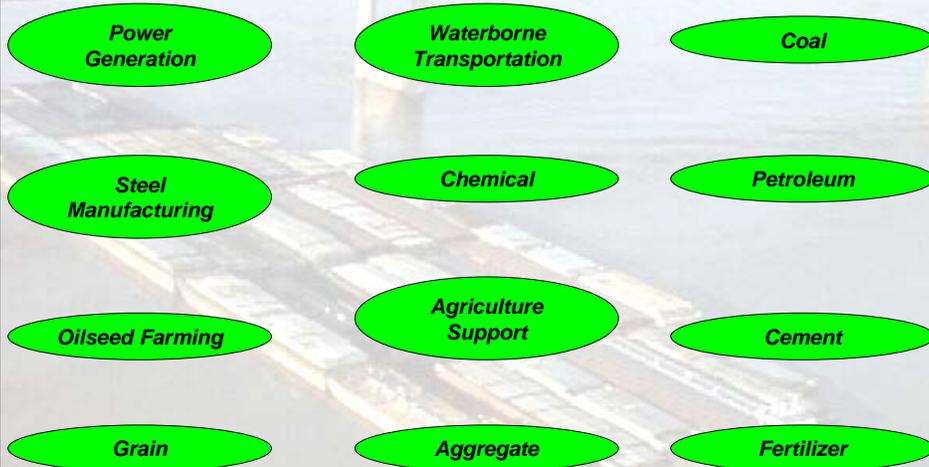
- Many structures > 50 years old
- Deterioration progressively worse
- Costly delays increasing

- Channels' depth & width worsening
- 44% Reduced dredging in 10 years
- Tough choices on what-gets-funded
- Costly light-loaded vessels





Industries at Risk



Goal: Avoid economic disruption

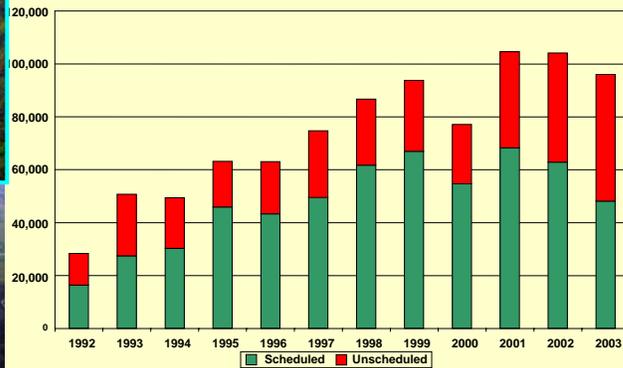


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Challenge: Aging Infrastructure + O&M Backlog = Increasing "Downtime"



Navigation Lock Unavailability
Total Hours Scheduled vs. Unscheduled without Ice



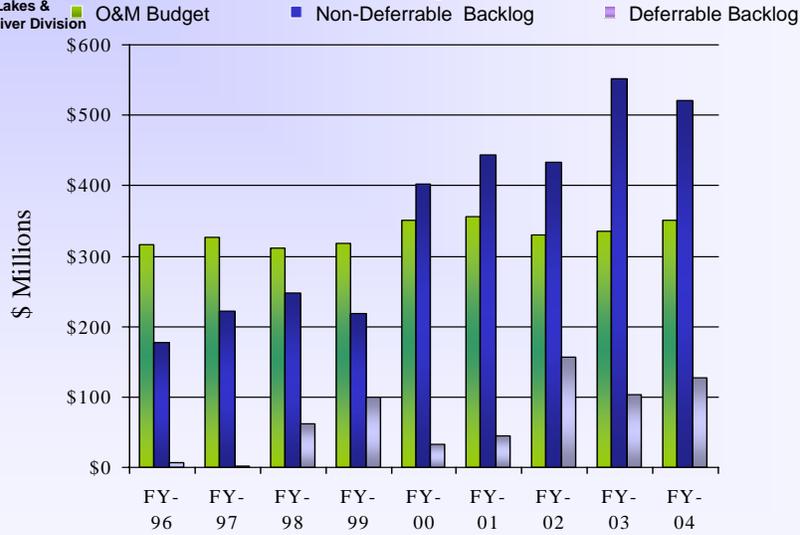
- Greenup L&D, gate deterioration extended lock closure by weeks in 2003, major delays
- Such incidents may become more common on an aging system with inadequate maintenance.

This erodes the effective capacity of the navigation system over time...



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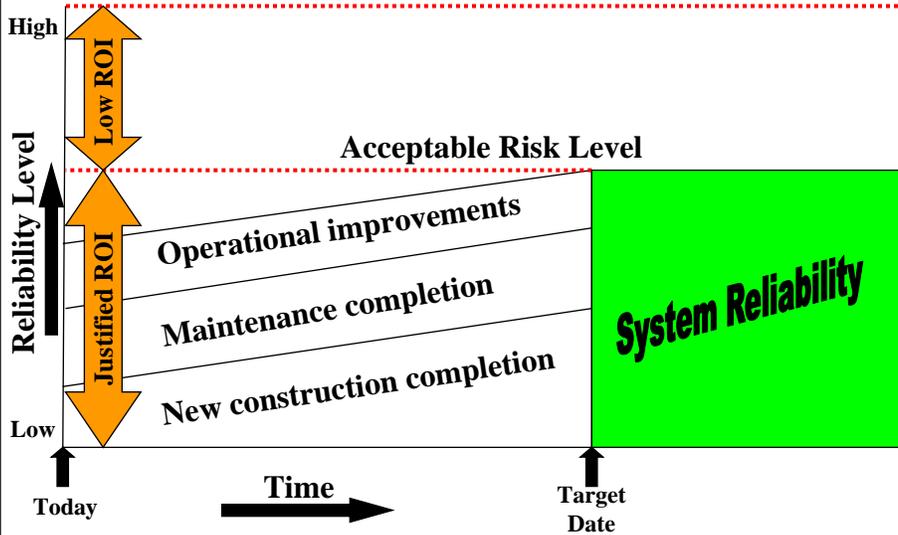
Maintenance Backlog: A Growing Concern



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Achieving Reliability

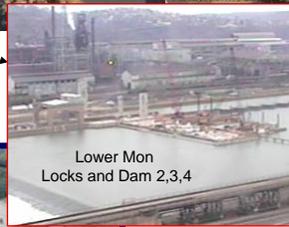
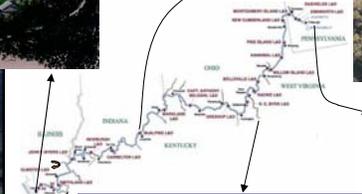
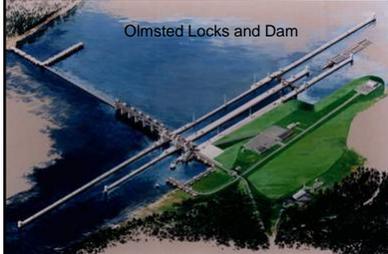
Ideal No-Risk Level





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Ohio River Navigation Program



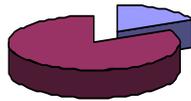
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Navigation Programs

FY05 Navigation Program
(Conference Report \$000s)

Ohio River
Navigation
\$471,885
83%

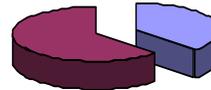
Great Lakes
Navigation
\$97,787
17%



Navigation Approx. Tonnage (millions)

Ohio River
272 Tons
62%

Great Lakes
166 Tons
38%



Why the difference?

- System investment strategy
- System valuation methodology
- System vision, strategy, implementation
- Advocacy of stakeholders



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Navigation Stakeholders Engagement is Crucial

**Do the performance measures tell
YOUR STORY?**

Participation is crucial to success

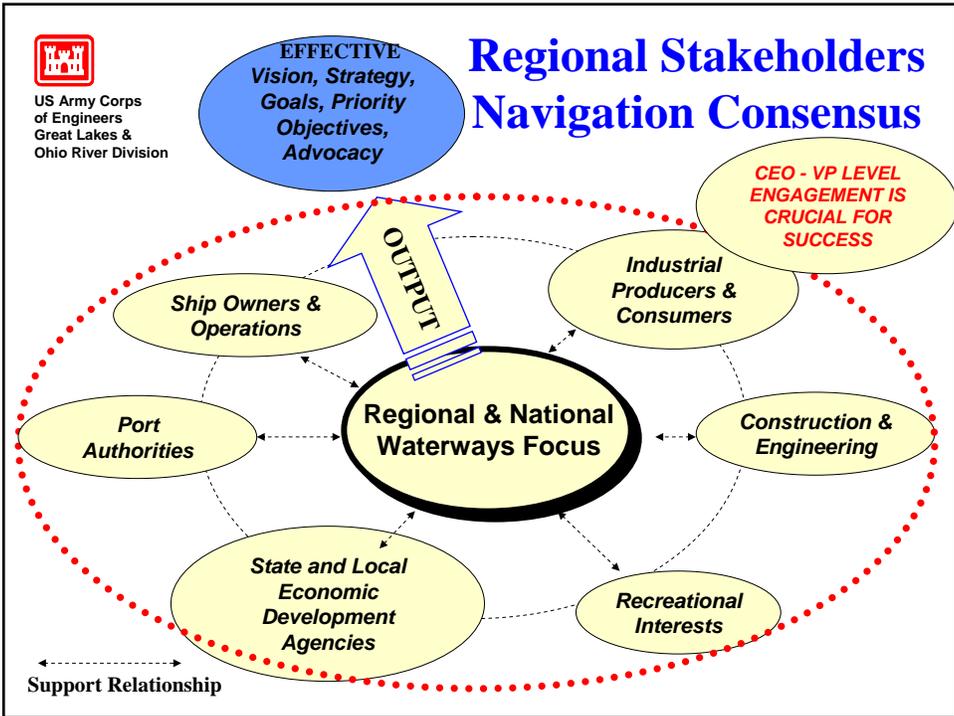
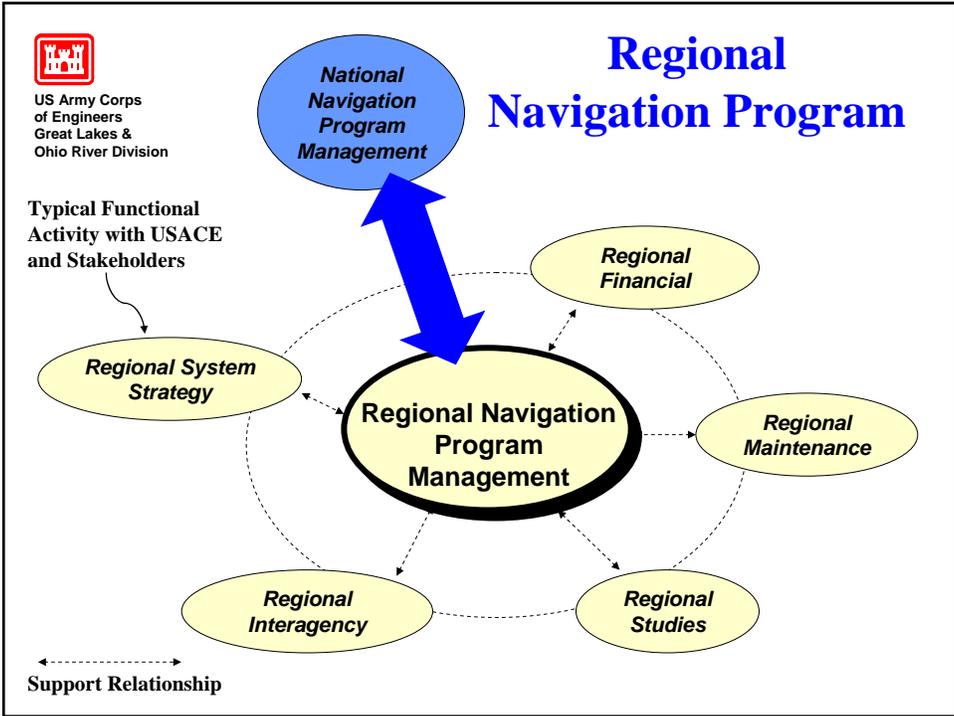


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Telling the Value Story: Strong Advocacy Needed

- **Performance measures will determine budget priorities**
- **Expand advocacy needed for waterways “value” to the economy**
 - Cargo value
 - Jobs value
 - Revenues and taxes
 - Value of industries dependent on waterborne commerce
 - Other: USACE – stakeholders define
- **USACE = Comprehensive Water Resources Management**







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What's the right chemistry?



**Regional Focus Only:
Sub-optimal Solution**



**Regional + National Focus:
Optimal Solution**

Achieving Success

- Vision: Crystal-clear system vision
- Strategy: Establish joint strategy for success
- Goals: Set system STAKEHOLDER goals
- Objectives: Set annual STAKEHOLDER objectives
- Values: Define value methodology jointly
USACE - Stakeholders



Contact:

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