

The Civil Works Program

National Dredging Meeting

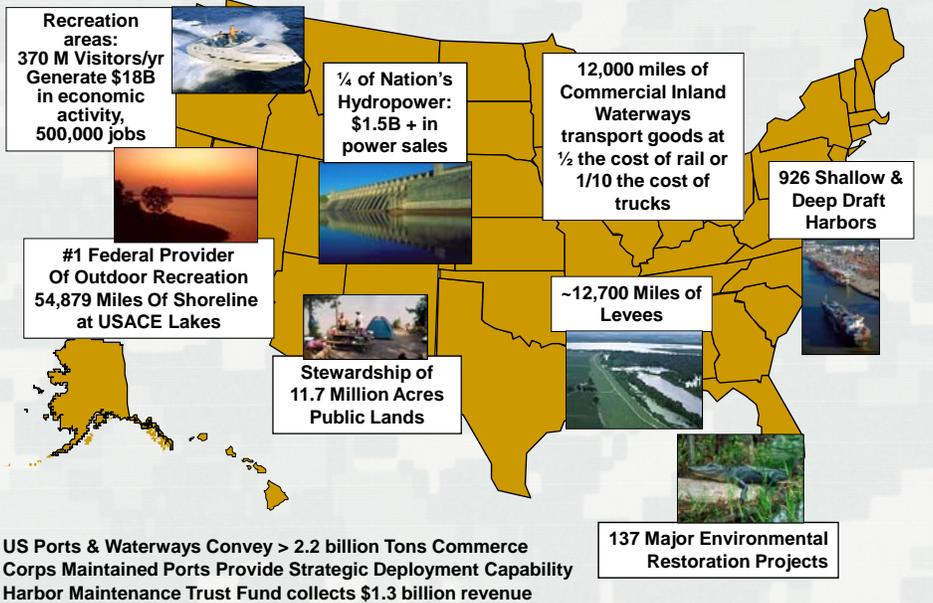
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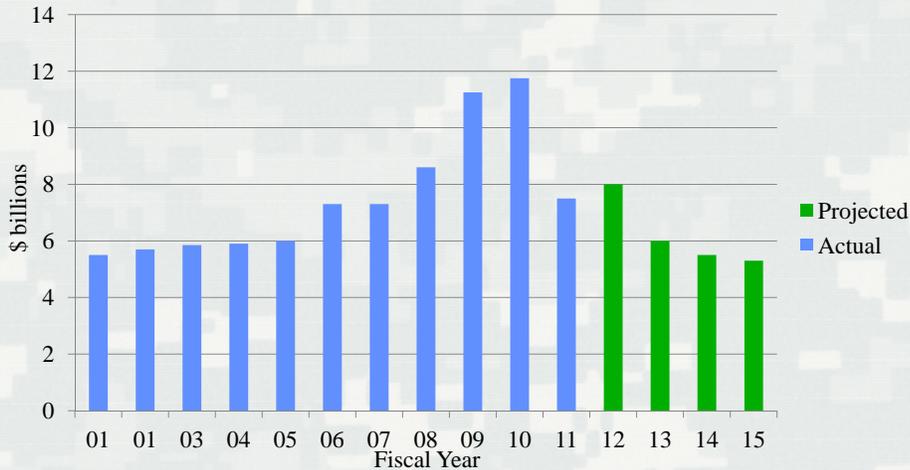
US Army Corps of Engineers
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USACE Contributions to the Economy and the Environment



Historical & Projected Obligations



NOTE: ~\$20 billion in 9 Supplemental Appropriations from FY05-12



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FY11 Accomplishments

- **NAVIGATION (\$1.703 billion)**
 - Maintained 12,000 miles of commercial navigation channels serving 41 states
 - Transported 95% of U.S. foreign commerce (2.2 B tons); 16% of U.S. domestic commerce
 - Maintained 239 lock chambers at 193 sites
 - Dredged and disposed of 221 M cubic yards of material
- **FLOOD RISK MANAGEMENT (\$1.796 billion)**
 - 557 dams and 12,700 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 (\$3 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 (\$733 million)**
 - Assisted with recovery of 53 species at 133 projects
 - Restored 10,000 acres of habitat
 - 13% of habitat is nationally significant
 - Carried out Formerly Used Sites Remedial Action Program (FUSRAP), restoring sites contaminated by nuclear material for return to their communities
- **HYDROPOWER (\$193 million)**
 - 75 Corps plants w/353 units
 - 83.7 billion kilowatt-hours produced
 - 14% of household energy requirements
 - ~\$5 billion revenue; \$1.5 billion repaid to Treasury



FY11 Accomplishments



- **REGULATORY (\$190 million)**

- Final action on 81,000 permit cases
- 3,600 individual permits
- 53,000 nationwide, regional or programmatic general permits
- Permits denied = 135, modified = 3,100, withdrawn = 9,500, no permit required = 9,900
- 958 "mitigation banks"

- **RECREATION (\$251 million)**

- Hosted 370 million visitor-days at Corps projects at 422 projects
- 4,248 sites, 1,885 (44%) of which are 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
- 55,315 volunteers worked 1.4 million hours worth \$29.7 million in volunteered time

- **EMERGENCY RESPONSE**

- Responded to 22 major disasters
- Largest events: Mississippi, Missouri and Souris River Floods; Tornadoes in Alabama, Mississippi; Joplin, MO and Springfield, MA; Hurricane Irene (NC to VT); Tropical Storm Lee (LA, MS, AL); "October Surprise" Snowstorm (Northeast U.S.)
- Support to emergencies overseas: Japan Earthquake & Tsunami, Australia, New Zealand, Palau, Thailand.
- Spent on emergency operations: ~\$1 B
- Corps members deployed to emergency operations: 2,161

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FY 12/13 CW Program (by Business Line)

(\$ Millions)

Business Line	FY 2012 Budget	FY 2012 Appropriation	FY 2013 Budget	FY 12-13 Change
Navigation	1575	1883	1748	173
Flood Risk Management	1447	1425	1406	-41
Aquatic Ecosystem Restoration	533	545 a/	511	-22
Recreation	259	243	252	-7
Hydropower	182	192	180	-2
Regulatory	196	193	205	9
Environmental Stewardship	100	97	96	-4
FUSRAP	109	109	104	-5
Emergency	34	119	36	2
Water Supply	5	6	6	1
Expenses	185	185	182	-3
OASA (CW)	6	5	5	-1
Total	4631	5002	4731	100
a/ Includes \$21M Environmental Infrastructure Cong add				



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FY 12/13 Approps Summary

E&WD bill has had full committee mark in both chambers. Civil Works funding is recommended at \$4.7B in the House & \$5B in the Senate. The 4 major account areas compare as follows (in \$millions):

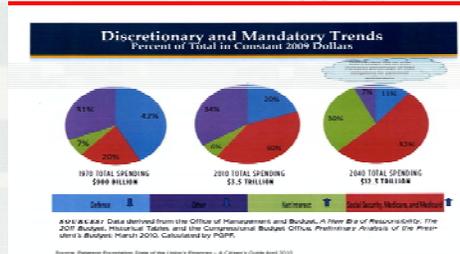
ACCT	FY 12 CONF	FY 13 BUDGET	FY 13 HOUSE	FY 13 SENATE
Investigations	125	102	102	125
Construction	1,694	1,471	1,477	1,700
O&M	2,412	2,398	2,507	2,404
MR&T	252	234	224	253



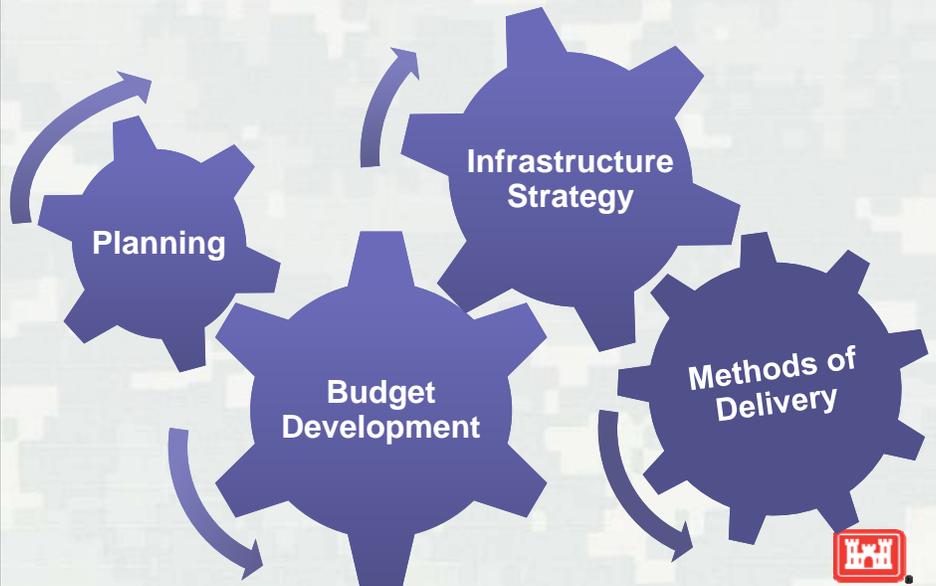
“The Perfect Storm” Hitting the CW Program

- Aging capital stock portfolio with program becoming unsustainable
- Underfunded CW budgets with anticipated future spending constraints
- Declining performance across all CW business lines
- Increasing demand and competition for water & water resources
- Climate Variability – increased frequency, intensity and location of extreme events
- Changing values of American people
- Under-appreciated value of the CW infrastructure with continuing challenges for communicating the “Value to the Nation” to American people & decision-makers

Mandatory Spending and Interest on Debt is Crowding out Domestic Discretionary Spending



CW Transformation Initiatives



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Planning Modernization Top Four Performance Priorities

- Improve **Planning Program delivery** (investigations and CG) and instill Civil Works-wide **accountability**
- Develop a sustainable national & regional **Planning operational and organization model**
- Improve planner **knowledge and experience** (build the bench)
- Modernize planning **guidance and processes**



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Thinking About Budget Development

- Establish a goal-oriented, program based approach
- Establish vertical “alignment” of programs/BLs to National goals and objectives
- Improve justification & defense of budget allocations
- Incorporate integrated water resource management concepts
- Develop a decision framework to assist in identifying the highest priority, highest performing work
- Develop timeline for full implementation process to all business lines that will evolve over multiple years

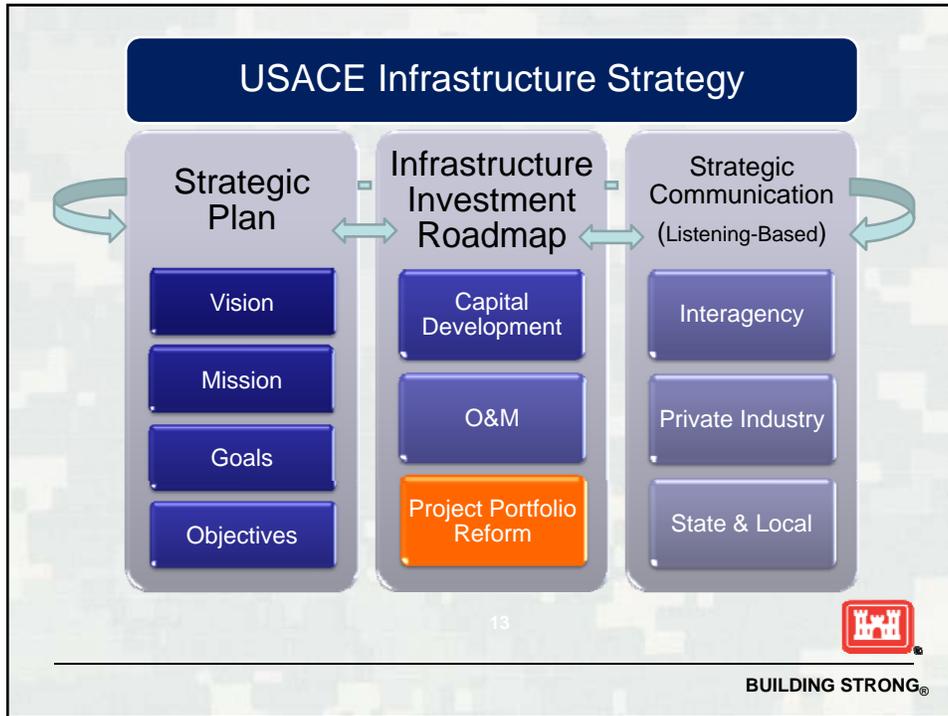


Guiding Budget Development Principles Across BLs

(Program is Unsustainable at Current Funding Level)

- **Finish Projects That We Start**
- **Focus on Core Mission Areas**
- **Take risks in Non-Core Mission Areas**
- **Provide Efficient Funding**
- **Identify Highest Resulting Risk From Any Funding Reductions, as well as Cost to Buy Down That Risk**





Methods of Delivery

- **Regional and National Production Centers**
 - Regional – one or more within MSCs, but not every district
 - National – one or more within Nation, but not every MSC
- **Business Process Changes**
 - In-house workforce to level of competency
 - Centers of Standardization tweaking
- **Integrate a Human Capital Plan—the competence factor to delivery**

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External Trends To Watch

- **Continuing Pressure on Budget**
 - Entitlement Programs
(Medicare, Medicaid, Social Security)
 - Interest on the National Debt
- **Cost of Infrastructure Recapitalization**
 - Improved Inspection Techniques
 - Modern Design Standards
 - Cost of meeting ESA and other legal requirements
- **Cost of Construction Inflating Faster than CPI**
 - Fuel, Steel, Concrete
 - Expanding worldwide demand



Therefore....!

- Growing National Debt is #1 political concern
- Spending will be controlled until debt is resolved
- Discretionary Budgets & Approps are targets
- Congress increased FY12 approps (\$5B) by \$371M
- FY13 budget is ~5% below FY12 approps
- FY 13 approps bills are similar to FY 12 approps
- Inflation likely to average 3%
- Increases in cost of work likely greater than inflation
- Likelihood of constrained USACE budgets very high



Stakeholders and Partnering

- **Leverage Efforts, preach Value to Nation**
- **Find consensus on Major Initiatives**
 - **Funding to Reach Outcomes**
 - **Time for WRDA?**
 - **Engage in Transformation**
- **Be mutually supportive**
- **Shared Messages**
- **Involve & Engage End-Users**
- **Seek to Influence Decision-Makers**



**DISCUSSION/
QUESTIONS?**

