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AGENCY BUDGETS AND PRIORITIES FOR FISCAL YEAR 2007

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BEFORE THE

SUBCOMMITTEE ON
WATER RESOURCES AND ENVIRONMENT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

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AGENCY BUDGETS AND PRIORITIES FOR FISCAL YEAR 2007

Wednesday, March 1, 2006

HOUSE OF REPRESENTATIVES, COMMITTEE ON TRANSPORTATION AND, INFRASTRUCTURE, SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT, WASHINGTON, D.C.

The committee met, pursuant to call, at 2:00 p.m. in room 2167, Rayburn House Office Building, Hon. John Duncan [chairman of the committee] presiding.

Mr. DUNCAN. I want to welcome everyone to our first Subcommittee hearing of this second session of the 109th Congress.

Last year, this Subcommittee dealt with some very important issues and moved legislation that would improve the lives of almost every American. Working together, we passed amendments to the Clean Water Act that would improve water quality of the Nation's beaches, control the overflows of untreated waste during periods of wet weather, help communities find alternative water supplies and protect and restore the water quality in the Long Island Sound.

In addition, we passed legislation that would establish the 21st Century Water Commission that would address future water resource management needs, including future water supply and demand, which is a very important topic. Once again, the Subcommittee passed the Water Resources Development Act that would authorize Army Corps of Engineers projects and studies. We had a very productive first session and I look forward to a very productive second session as well.

As for our legislative agenda, I hope that the Senate will pass its Water Resource Development Act, so that the bill can move to conference and then on to the President. As most of you know, there was a letter signed a few days ago by 78 Senators asking that floor time be given to this bill. I understand there are some other Senators that have expressed a desire to sign on to that letter as well.

There has not been an authorization bill for the Corps of Engineers projects since 2000. Since then, the Chief of Engineers has recommended 35 major new projects for construction and a number of projects need to be modified in order to work more efficiently. We have done our work here in the House, but there have been some holdups or problems in the Senate.

The only proposed new authorization language sent to Congress by the Administration came last week, and it is for additional flood protection work related to Hurricane Katrina. I want to be responsive to the Administration's request and get the Corps of Engineers

the authorizations that the Corps needs to strengthen the flood protection system in New Orleans. The best way to do that, though, is for the Administration to support adding the important Katrina authorizations to the Senate Water Resources Development Act that is ready for Senate floor action. This Committee can then address the needs in the context of a conference, which can be called very quickly.

This approach will assure that the Corps of Engineers gets the authority it needs to make the flood protection system in New Orleans stronger and better. It also will address the water resources needs all over the Country, where members have been working closely with communities and have been waiting several years to get their projects authorized. In fact, there are other communities across the Country that have potential dangers, just as we saw in New Orleans.

Other priorities of the Subcommittee this year will be wastewater infrastructure, development of a levee inventory and safety program, reauthorization of Brownfields grants, control of invasive species through ballast water management, and good Samaritan legislation to remove barriers to abandoned mine cleanups.

Today the Subcommittee meets in the first of two hearings to examine the budgets and priorities of the agencies within our jurisdiction. Today we shall hear from the Corps of Engineers, the Natural Resources Conservation Service and the St. Lawrence Seaway Development Corporation.

Next week, on March 8th, we will hear from the Environmental Protection Agency, the National Oceanic and Atmospheric Administration and the Tennessee Valley Authority.

As a fiscal conservative, I support the President's efforts to control Federal spending. However, as I have said before, I do not support cutting investments in this Country that have proven economic benefits. Investments in the flood damage reduction projects help protect cities nationwide from the economic losses that come from hurricanes and other flood events.

As the global economy expands, there will be increasing demands on all modes of transportation. If the United States is to remain dominant in the world economy, we must have a modern transportation system. That means ports and waterways that can accommodate the transportation needs of tomorrow.

Unfortunately, the proposed budget continues a trend of underinvestments in water infrastructure. The result has been a steady and general degradation of our navigation and flood control infrastructure. Overall, the Corps budget request for fiscal year 2007 of $4.7 billion is 42 percent below the fiscal year 2006 enacted amount of $8.2 billion, including supplemental appropriations. A fully obligated Corps program would be $9 billion in fiscal year 2007, far above the $4.7 billion requested.

Under the proposed budget, no new Corps studies are funded that would lead to traditional projects. This would affect not only the availability of good investment options in the future but also would affect staffing levels in the Corps, since employees are paid in part with study funds. Construction funds for Corps projects are concentrated on a few ongoing projects that can be finished rel-

atively soon. This leaves most ongoing projects with no funding at all.

As in recent years, the budget request constrains funding for the operation and maintenance of Corps projects. The now chronic problem of deferred projects is affecting the navigability of our waterways. Some waterways have been temporarily closed, and ships must enter and leave some ports only partially loaded, greatly increasing the transportation costs.

The most startling thing about this budget request is that it would require the termination of 532 ongoing studies and projects. These are important efforts that the Congress has authorized and funded. Members have worked hard with the Corps and local officials to see that the necessary partnership agreements were made. This budget request abandons our constituents and causes them to question the credibility of the Federal Government to live up to its obligations.

The budget request for the Natural Resources Conservation Service is even worse than that for the Corps of Engineers. The small watershed program that provides small cost effective projects that protect our water and our land in rural America would receive no funding under this budget.

The St. Lawrence Seaway Development Corporation is a transportation agency that manages the U.S. part of the St. Lawrence Seaway. The budget request includes a proposal for new tolls on the use of the Seaway. This seems inconsistent with the Department of Transportation's efforts to increase use of the Seaway as a means of reducing congestion on other modes of transportation.

I look forward to hearing from the agency representatives that have come to testify. But first, I want to recognize my good friend, the Ranking Member of the Subcommittee, Congresswoman Eddie Bernice Johnson.

Ms. JOHNSON. Thank you very much, Mr. Chairman, for holding today's hearing on the fiscal year 2007 budget and its impact on the programs within the jurisdiction of this Subcommittee.

Mr. Chairman, the Presidential priorities reflected in this budget are contrary to the Nation's priorities of protecting public safety and the environment, investing in the future and ensuring continued economic prosperity. Quite simply, this budget is not adequate to meet the Nation's needs.

Mr. Chairman, this budget takes a penny-wise, pound-foolish view of the economy, making imprudent short term cuts to programs that have proven essential for long term economic health. This Administration fails to recognize that continued investment in water-related infrastructure is a key element for stimulating and improving the U.S. economy, an economy built on the investments of our predecessors.

Cutting investments today and exploding future deficits can only serve to deny economic opportunity to future generations. For example, in my district, the President's budget eliminates funding for the Dallas Floodway extension project. This flood control project along the Trinity River provides critical flood protection for downtown Dallas and the neighborhoods of Oak Cliff and West Dallas. Raising the level of flood protection and protecting the lives and livelihood of some 12,500 homes and businesses.

Think of the American Center, where the Mavericks play, or the Dallas Area Rapid Transit office, or the city and county administration offices, the Federal offices and Federal courts and much new development going on now. And it almost happened Saturday night. But in addition to all of this, Mr. Chairman, it floods the original Neiman Marcus. That's what gets my attention.

[Laughter.]

Ms. JOHNSON. The City of Dallas estimates that this project will prevent an excess of $8 billion in flood damages and provides additional recreation opportunities for those visiting the Dallas metropolitan area. This is just one example of the impact of the Corp's budget. I am certain that every member of this Committee could identify similar important projects that are targeted for elimination or reduction in this budget.

I am also concerned about the impact of this budget on the Corps' ability to conduct vital operation and maintenance activities. For both navigation and flood control projects the passage of time has taken a toll and has created the real possibility of catastrophic failure to essential transportation linkages of flood transportation projects.

As the Nation learned in the aftermath of Hurricanes Katrina and Rita, poorly constructed or maintained flood control structures can result in tremendous economic and personal hardship as well as the loss of life. Mr. Chairman, this budget forces the Corps to do more with less money. It bets the continued reliability of our infrastructure on the hope that it will hold together just a few more years. This is very irresponsible.

Mr. Chairman, these cuts are also not limited to the Corps, but also in the budgets of other Federal agencies represented here today. The small watershed programs for the Natural Resources Conservation Service are completely eliminated. There is no consideration of termination costs, no consideration of State or local investment, and no consideration of the potential threat to public safety that comes from shutting down these programs. This budget abandons rural communities.

I hope the witnesses will listen to the concerns over the cuts proposed by the President's budget and will understand the real impact behind these numbers. The implication of insufficient investment in our Nation's water-related infrastructure to both the current and future economy are massive. But the implications of failure of our navigation flood control infrastructure can be devastating, not only to local economies, but to lives and livelihoods.

As demonstrated by Hurricanes Katrina and Rita, the Federal Government will either pay up front to protect lives and property or will pay afterwards to rebuild and restore people's lives. This Committee understands these potential impacts. Clearly, we need to do a better job of educating this Administration to this point.

I thank you, Mr. Chairman.

Mr. DUNCAN. Thank you very much, Ms. Johnson.

Does anyone on our side wish to make an opening statement?

Mr. Costello.

Mr. COSTELLO. Mr. Chairman, thank you. I have a statement that I will enter into the record. But let me thank you and the Ranking Member, Ms. Johnson, for calling this hearing today.

Mr. Chairman, the President's budget does not even come close to meeting the needs of our Nation's infrastructure or its environment. We cannot continue to under-invest in the Nation's infrastructure or its environment. We have an obligation to the American people to take care of our infrastructure and resources and an obligation to provide for a better, cleaner and safer world to them and the world in which we live.

Let me say that I want to associate myself with your comments concerning over 500 studies that have been authorized, and many of them are underway, that this budget would completely eliminate. I have major concerns with the budget cuts that are proposed and would hope that not only will we continue to have the hearings as you have outlined for the Subcommittee, but also that we will go to the appropriators and attempt to restore many of the cuts that the President is proposing.

Thank you again, Mr. Chairman.

Mr. DUNCAN. Thank you very much, Mr. Costello.

Mr. Gilchrest.

Mr. GILCHREST. Thank you, Mr. Chairman. Just a couple brief comments.

I think this Committee has the ability through oversight to work with you to see which projects that are still out there should be cut. And I am sure there are a number of them. I can give you a number in my district with the Corps of Engineers, with dredging and deepening projects, that we want off the table. So we can do that. I hope we can work through that process.

One of the aspects of the Clean Water Act is the enforcement arm of the Corps of Engineers through their regulatory program. Well, that has been slashed, and a number of people in various districts, my own included, have been cut or retired and there are no Corps of Engineers regulators now looking at those problems with non-tidal wetlands and being developed.

I know land use is a local issue. But for years in my district, we had the kind of regulatory agent from the Corps of Engineers dealing with those issues, not only effectively to preserve that ecosystem, but they worked very well with local communities to be able to identify that. And in the NRCS, there are just a myriad of wonderful little programs that are stunning in their success of helping people understand how human activity can be compatible with nature's design and everybody benefits in the long run. And there is a huge reduction in overall costs.

So I am glad we are holding this hearing, Mr. Chairman. As we go through this process, there are some issues that we need to face bluntly, squarely, frankly. And I know you guys, unless you have a relative at OMB, you have to be careful with what you say with their budget and the Administration's budget. We are not under those same restrictions here.

But if we are looking to balance the national budget and pay off the national debt, we are not going to do it with these small, little projects that are beneficial and enhance the dynamics of economic growth.

I am looking forward to your testimony and thank you again, Mr. Chairman.

Mr. DUNCAN. Thank you, Mr. Gilchrest.

Ms. Tauscher.

Ms. TAUSCHER. Thank you, Mr. Chairman. I am very happy to see Lieutenant General Strock and Mr. Woodley here at today's hearing. I apologize, I have three hearings going on at the same time. But I will be brief, and I am probably going to submit some questions for General Strock to answer by writing.

We all know that we have an aging infrastructure, both of transit systems, highways and water systems. They are near the end of their useful lives. We need rejuvenation, we need investment and repair. I think we are all on the same page for that. We also have expanding populations and an economy that requires new and improved infrastructure systems.

That is why I really don't understand the President's budget request for the Army Corps of Engineers, and why it is so puzzling that seemingly hundreds of projects around the Country apparently are no longer important and not even important enough to be studied.

In California, for example, 86 projects have been de-funded. Specifically in my district, the President's budget included no funding for the CALFED levee integrity program. If you are not familiar with this program, it is designed to identify the most critical levees in the San Francisco Bay Delta and target where Federal investment should be made. The Bay Delta supplies drinking and agricultural water to over 22 million Californians, and millions of acres of farm land. Additionally, it holds back the waters of the San Francisco Bay and Sacramento and San Joaquin Rivers.

Should there be a massive levee failure in the Delta, a major California water supply would essentially be shut off. Last year, the program received $500,000 and preliminary reports from the Corps' Sacramento district office show a need of well over $1 billion in levee repairs. An official report on the levees is set to be delivered to Congress on May 18th, but it is clear that Federal investment is not required in fiscal year 2007.

My constituents and I do not find that the CALFED levee integrity program is without merit. So why does the President? In fact, it is imperative to the welfare and economy of the State of California and the Nation that the Delta levees are protected. Unfortunately, this project seemingly was caught up in OMB's new performance guidelines which have not been debated here in Congress. The annual budget process is not the way to change the rubric to understand and to determine the efficacy of Corps projects. That process belongs to Congress, and if warranted should be included in the WRDA Act redevelopment, which we hope we can have this year.

So I would like to hear from the panel today on the topic, because we should not leave here this year without adopting a final WRDA reauthorization.

We also have an interest in ensuring that the Army Corps has the tools to conduct its missions across the Country. The projects undertaken by the Corps are vital to the safety of our constituents and the economy of our Nation. There are many of us here in Congress who would like to work with the Corps to ensure that they are working at their full capacity on meritorious projects around the Country. Unfortunately, that is not reflected in the budget sent

to Congress year after year by this Administration. I hope next year we are presented with a different set of circumstances.

As I said, I would like to submit some questions to Lieutenant General Strock that he could answer in writing, as I may have to leave before I have the opportunity to ask them directly. And Mr. Chairman, I thank you for having this hearing and I yield back the balance of my time.

Mr. DUNCAN. Thank you very much, Ms. Tauscher.

Mr. Fortuno.

Mr. FORTUNO. Thank you, Mr. Chairman.

Good afternoon, dear colleagues, Lieutenant General Carl Strock, Commanding General of the Army Corps of Engineers, and distinguished members of the panel.

First, I would like to take this opportunity to thank the Corps of Engineers for the great work they have done and continue doing in my district and throughout the Nation. The infrastructure projects under your jurisdiction are indispensable for the economic advancement of our Nation. This reality became very palpable, unfortunately, through the devastation that hit the Gulf Coast region last fall.

Puerto Rico, due to its geography and location, is at great risk of major flooding, not only during hurricane season, but throughout the year, due to torrential rains. The Corps of Engineers in Puerto Rico has 33 projects of interest, most of them flood control projects, of which only 3 are being funded in the fiscal year 2007 budget. I am concerned at the 42.5 percent reduction in fiscal year 2007 civil works program and how this reduction will impact the infrastructure and security of our Nation, including my constituents in my district.

I strongly support this Committee's position that the Corps should be funded at a level that will allow it to achieve its full capability, which is based on the Committee Views and Estimates, and that it should be $5.5 billion for fiscal year 2007. In the particular case of Puerto Rico, I urge the Army Corps to reconsider its decision to put into suspense the Portuges and Bucana flood control project. I also urge the Corps to consider funding to CAP 205 projects flood control projects of great importance to my district, Rio Fajardo and Rio Ojo de Agadilla. In both cases, the respective mayors have offered to contribute the funding of those projects.

Also of importance are the flood control projects of the Rio Orocovis, Rio Nigua in Salinas, and Rio Grande de Loiza in Gurabo. I would also like to stress the importance of the Portuges and Bucana flood control project. Last summer, I had the opportunity to visit the project, along with Mr. Richard Bonner, Deputy District Engineer for Programs of the Jacksonville District Office.

I was impressed by the magnitude of the project and the positive impact it had in the municipality of Ponce. The cost benefit ratio of the project is very high at 2.7. This ratio, however, does not take into consideration the risk of life involved, extensive property damage and the growth in the Ponce urban area that will be directly impacted if there is a 100 year flood.

I also feel very strongly that this project should be analyzed under the same guidelines of dam safety projects, which I understand are exempted from the cost benefit analysis. Prior to initi-

ation of this project's construction, flooding occurred almost annually. Major floods have occurred in 1954, 1961, 1970, 1975, 1985 and 1992. The value of the property subject to flooding exceeds $600 billion. The 100 year floodable area without construction of the Portuges Dam covers 1,833 acres in the center of the city of Ponce. That 100 year flood event will impact 13,200 residences and over 5 million square feet of commercial and office area. Most of the city schools and not-for-profit organizations are within the floodable area.

Close to 40,000 people could be directly affected by the flooding in the area, while the inundation damages range from $200 million for the 25 year flood to over $500 million for the 100 year flood event. Average inundation damages are estimated at over $20 million. In order to be able to complete this project within the next five years, it must be funded at a level not lower than $25 million.

I once again would like to the Corps of Engineers for the great work they are doing in my district. I strongly support an increase in funding level and urge you to reconsider your budgetary decision on putting the Portuges and Bucana Dam project in suspense.

Again, thank you very much. Thank you, Mr. Chairman.

Mr. DUNCAN. Thank you very much, Mr. Fortuno. We want to try to prevent some more major disasters before they happen. Certainly, we will work with you. I understand for example, that Sacramento is at higher risk right now than even New Orleans was before Katrina.

Mr. Blumenauer.

Mr. BLUMENAUER. Thank you, Mr. Chairman. I think it is appropriate that this is sort of our first jumping off point this year. I know that you and the Ranking Member have been looking at ways that we can focus on understanding what is at stake with water resources.

I am hopeful, we go through a little bit of this every year with the budget, because it is never quite what we want and expect. The Administrations, Republican and Democratic, have tended sometimes to slide past some priorities that they think Congress just might fund. They have to squeeze a lot in a small box.

I do appreciate some signals that we have been receiving over time dealing with issues of priorities and cost sharing, cost responsibility. There are some things here, I share some concerns that my colleagues have raised. I also like the notion that we may send some signals about some long term major investments and what the relative role should be between the State, Federal, local and private owners, things like artificial beach construction, for instance. I think there are some areas here that we can have a very product discussion.

I hope that as Congress works with you on understanding what is in the budget, the adjustments we are going to make, that it can provide a jumping off point for us in a post-Katrina period. We have had some painful discussions, and I know it is difficult for the men and women who work with the Corps and the programs, because there is lots of stress and strain. There is anticipation about what is going to come, and a big job that is being dealt with right now, not just in New Orleans. But obviously that is the most visible.

I am hopeful that we can finally update our partnership with you. I hope that we will not be operating under principles and guidelines that were drafted a quarter century ago. That is embarrassing. It does not help you. It does not send the right signals. And it does not guide us where we need to be going.

I am hopeful that we will do a better job of being frank in Congress and between the Administration and Congress about the prioritization. In the past, to be frank, a lot of things have ended up being funded that have had more political interest than probably could be merited in terms of just a rigorous assessment of priority.

And I am hopeful that a budget that is going to be increased by this Congress, no question about it, but that it can be increased in a fashion that is consistent with our principles, that are going to save more lives, more property, more emphasis on natural restoration that is not going to have you spinning your wheels and us chasing projects, frankly, in some cases, that are from a different era. I am hopeful that we can walk that fine line.

And I understand people are concerned locally. But we have things that have to drop off this list. We can't just keep updating some stuff that we know will never be built. And we can't ask the men and women in the Corps to sort of keep everything shelf ready when we have immediate demands that are facing us.

So I look at this as more a point of departure. We have watched this happen year after year. But this year, the stakes are higher. Your job is harder, the public awareness is higher, and we have had very vivid illustrations of what works and what does not. While you have been working to transform the Corps, I have enjoyed my interaction with men and women in the Corps since I have been in Congress. I know where people want to go. And the men and women in the trenches understand where we need to go.

We need to have a budget that gets us there. We need to have policies that get us there, and we need to, I think, up the ante this year more than ever.

I appreciate, Mr. Chairman, your courtesy in permitting me to share some observations. We have lots of people, so we will probably be flopping in and out of this hearing. But this is very important, I think, as a point of departure, and I look forward to the presentation.

But more important, I look forward to the shirt sleeve sessions were we can take the positive things that are here, build on them and get the most out of the budget that we are going to be approving.

Thank you.

Mr. DUNCAN. Thank you very much, Mr. Blumenauer.

Does anyone on our side have any statement? Anybody else wish to make a statement?

Mr. Pascrell.

Mr. PASCRELL. Thank you, Chairman Duncan and Ranking Member Johnson, thank you for getting us together on the proposed budget and the priorities.

I must look back over the nine and a half years that I have been here, and in every instance that I can remember, and I will stand corrected, I have been a 100 percent supporter of the Corps, not

only during budget time, but during the year. I have gone to the meetings of the Corps in my district and other districts. When things got hot and heavy, I was a defender of the Corps.

This year, I am going into the audience. And I am telling you, between now and the first time of the meeting that we have in the district, I hope there are some real dramatic changes. This is not reality TV. And I do not see much of a connection between the fact, between the conditions presented in this budget and the priorities that you presented here. In fact, this is a very vague budget. It is mind boggling to see after all the debates we have had, Mr. Chairman, over the past five years, that we are at this stage in the history of mankind, in this Congress, in this Committee.

Every year, as we prepare for this hearing, we know that the Administration's Army Corps priorities will be very different from those of the Congress. This is something that we agree on on both sides of the aisle. So I don't know which party the Administration represents, to be very frank with you. We are very committed on this issue of what is needed out there to protect our waterways, to ensure clean water, to protect those folks out there in terms of damage from flooding and their life and limb.

I do not know what we need to do to communicate the severity of what is going on in the United States of America. We have had one example in the last eight months, which was a tragedy. And we will have others, maybe inland, maybe on our waterways, if we don't attend to things.

What we hope is that the Administration will not completely ignore important projects initiated by the Congress, continually supported by our appropriations. This year, we are surprised to learn that the Army Corps has reprogrammed money Congress appropriated for important projects, and moved this money to their own priorities. That is astonishing. That has put a finger in the eye of the Congress if I ever saw it. We learned that they have no plan to return the money to projects.

In my district, a dam was being built on the Ramapo River. Mr. Woodley knows quite well what I'm talking about. It is short $2.5 billion of previously appropriated money, the full amount necessary to complete this project. Since there is no plan to return the money, by this April the dam is in danger of being, will be out of funds, half built.

We have told the very people, and I use this only as an example, Mr. Chairman, we told the very people involved in this dam, my district is a little bit downstream, and it will be catastrophic if this thing does not get done, for both districts, we told the people, you told the people, this was going to get done. If we don't have the money there, it ends in April.

Now, do you want me to go to the meeting with you to explain it? I will gladly do it. But I am going to be in the audience. Or you find the money.

Now, how many other projects across the United States of America? This Congress cannot be treated the way we are being treated. This is not why the folks sent me down here. And it is not why you are doing your job, and you all do a great job, I tell you that. And I know you are the messengers. So the messenger will have to hear the story or find a different way to do this.

In another project, the Army Corps has been holding extensive public hearings regarding a floodway buyout program, a buyout program, we talked about this for years, around the Pumpton River, to save people from extensive flooding and to use the area for flood management. The project has lost almost $900,000 in reprogrammed funds. It is zero funded in the 2007 budget. That was a brilliant stroke. And now my constituents who have been intimately involved in the process are left up a creek without a paddle, literally.

You know that many of us over the past 25 years have been looking for a way to deal with this flooding in our area. We have tried everything. We have gone from tunnels, which have cost 50 times more, down to at least doing the preliminary things, the fundamental things. If we can't get this right, what in God's name can we get right?

These reprogramming issues need to be addressed. These projects are Congressional priorities identified in previous years and then now, suddenly, they are lacking funds. That is not acceptable.

In terms of broader priorities, I find the budget's stated goal of "proposing funding for the continued development and restoration of the Nation's water and related resources" to directly contradict their actual funding proposed in the budget. A glaring example of this is the Passaic River Restoration Project in New Jersey. Many cities along the Passaic River, one of the most polluted rivers in the Country, are looking toward redeveloping abundant and under-utilized waterfront land to meet their need of new commercial, industrial and residential investment.

Much of this property holds limited value because the river's industrial legacy has left it in a state of contamination and abandonment. The ongoing Lower Passaic River Restoration Project is pulling a host of resources from the Corps, the EPA, the State of New Jersey and private entities to achieve a true comprehensive clean-up of the river in the shortest amount of time. This project is an important component of the Urban River Restoration Initiative, which has the lofty goal of restoring some of our Nation's great rivers to beauty and magnificence, which drew cities to sprout. Cities started at the bend of rivers. That is where it all started.

In order to maintain the extensive consortium of parties, Federal investment in the river study is necessary. According to the 2005 civil works program five year development plan, this project should have $1.5 million this year. Instead, it is among a long list of projects which we will put on hold, what is it, over 400, I think, of those projects.

Now, I don't think it is good enough for you to be the messengers. I think that you need to be advocates so that you can restore your own credibility. I want to stand and work with the Corps, as everybody on this panel does, everybody, with no exceptions. The Peckman River is another example. It is a project that was authorized by this Subcommittee six years ago. It is wallowing in budgetary limbo in the President's budget.

The President's budget zeroed out funding, last year we restored $150,000. You know what gets under my skin most of all, Mr. Chairman? Okay, we can say, well, we will get together on both

sides of the aisle, we will get together with the Senate and we will put some of these monies back. I believe that as well intentioned as that is, to me it is dishonest. Because if I have to make a distinction, if I have to make a decision as to whether I can, and I use the example all the time, you give Barry Bonds and Sammy Sosa and Mr. Giamba $70,000 of tax cuts or, or mind you, or, provide for clean water for our residents, prevent flooding from ruining property and taking lives, it did in my district, I will choose the latter.

You have to make that decision. You cannot simply be a messenger. I am sorry for sounding pedantic, and I apologize for that. But what do you expect of us? What do you want us to do? Go through the same act three?

Mr. DUNCAN. Mr. Pascrell, let me say, you know I love your statements better than just about anybody. But you have been a little over 10 minutes.

Mr. PASCRELL. Sorry. Thank you, Mr. Chairman.

Mr. DUNCAN. I am going to see if anybody else has a statement on either side.

Ms. Norton.

Ms. NORTON. Thank you very much.

I know the representatives who appear before me can only argue for the President's budget. And you are hearing some frustration from members on what that budget does not include. This is a committee that has done its homework on WRDA, for example, and yet a full bill has not come out of the Congress.

You will hear members speak about their own districts. They are usually talking about something that the State built and that they are wanting the Federal Government to subsidize. I am in a different position, gentlemen. I am talking about something that you built, something built entirely by the Federal Government long before there was any home rule in the District of Columbia, something that might have been built differently had there been home rule at the time.

Moreover, what I am talking about is in every sense a Federal facility. Because I am talking about the system built by the Corps of Engineers that deals with our stormwater overflow. In case members want to know what that means when it comes to the capital of the United States, it means that the sewage from the Federal presence, including from this building, goes into this contraption, that is what I think of it as now, because it is old, obviously, and outdated, that when it rains hard, simply overflows. What that means is that the sewage from the Congress and other Federal buildings and from downtown Washington, this is mostly sewage from the Federal presence, not from the residents of the District of Columbia, mixes with the stormwater and overflows into, if you will forgive me, the streets of the Nation's capital.

Here we are dealing with all that the Corps could do when it did it, which was to build a system which combined these systems, at least at the point of overflow. We are to the point where nobody could be expected to fix this system out of its own budget, if that is a city, and where of course the Federal responsibility is abundantly clear more so than any single item I dare say affecting a member's district and any budget affecting such a system. The Fed-

eral Government has understood it is implicated. That is why we subsidized the matter. All the District of Columbia is asking for is a subsidy as well.

But we are talking about a system that has, I don't know, $5 billion worth of, $2 billion, let me say. It goes up, I have been asking for it for so long, it is hard to know where it is today, worth of work, where the city is willing to do its job but where the Federal Government, because it uses the very facility I am talking about, and because it built it from scratch, has a very special obligation.

The WRDA bill, and I appreciate what this Subcommittee was able to do, could only put in a $35 million authorization. What happens of course is that the President's budget sometimes includes extra money here and there, and the Congress puts in extra money here and there. The President, to his credit, recognizing that this is a Federal responsibility, has tended to put in a few million dollars every year.

This year's budget, as I recall it, has no money whatsoever. This is a dangerous situation, Mr. Chairman. We are talking about sewage that affects 20 million visitors who come to the Nation's capital every year in any kind of downpour that is a heavy rain. When we are talking about overflowing, we are talking about overflowing, we are talking about overflowing into everywhere in the District of Columbia that has an outlet.

What the District now does assiduously is to go around at the gutters and clear out all of the leaves and try to mitigate the effect. We are fixing it little by little, as there has been a few million dollars put in. Little by little, we fix that part of it.

I can only make a special plea before this Committee, not in the name of the 650,000 people I represent, they are entitled to no more than any other member is entitled to, but in the name of the capital of the United States, in the name of a system that is more than 100 years old, built entirely by the Corps of Engineers, as it was built in those days, in the name of basic sanitation in the Nation's capital, that more than the token response that we have been receiving from the Federal Government is necessary.

We really do not want to wait until somebody gets terribly sick and it is diagnosed as a result of stormwater overflow. I ask that the Federal Government, our Committee, yes, and the Administration, do more to step up to this Federal responsibility. Thank you very much, Mr. Chairman.

Mr. DUNCAN. Thank you, Ms. Norton. Anybody else?

Mr. Mack.

Mr. MACK. Thank you, Mr. Chairman. I will be brief. I didn't want to miss the opportunity to sing the praises of the Corps. And I say that, it might have come across sarcastically, but you all have been working through some very difficult issues in Florid with the Everglades, the releases of the water from Lake Ocochobee, the Caloosahatchee River. Both the Everglades and the Caloosahatchee River are important to me and the people of my district.

I just want to tell you to keep up the work, keep on trying and make sure that if there is one thing I can ask, it is that we do a better job, myself included, in communicating the goals and how we are going to get there with the different groups that are interested in the water releases in the Everglades in my district. You have

the South Florida Water Management District, all the water management districts, and it is a very complicated and difficult issue. The modified water project is extremely important to the health of the Everglades and ultimately the health of the Caloosahatchee River.

So I look forward to continuing to work with you on behalf of the people of the 14th Congressional District in Florida and all of the people of Florida, to make sure that we are keeping up our end of the bargain. I think the State of Florida has done a tremendous job in trying to move the projects forward. I want to make sure that I do everything I can in Washington to help that process move forward.

You have been great in reaching out to our office and talking with us. I just want to make sure we continue that dialogue.

Thank you, Mr. Chairman.

Mr. DUNCAN. Thank you very much.

Mr. Baird.

Mr. BAIRD. Very briefly, Mr. Chairman.

First, I want to commend the Corps for their great work. We know the challenges you face monetarily and with so many of your members deployed overseas. It has added to your burden.

Two very quick things. I have worked for some time on Section 214(d), which as you know authorizes the Corps to use money from sponsoring organizations or entities in order to expedite the permitting process. That will expire, I believe, in another 30 days. Today I introduced legislation, which I hope my colleagues on this Committee will support to extend that, should we not pass WRDA in time.

At some point I would very much appreciate the Corps' input on the efficacy and usefulness of that. My understanding from my cities, ports, counties, et cetera, is clearly that if they do not have that authority, it will cost us hundreds of thousands and in some cases millions of dollars, because of permitting delays that we are able to obviate through the use of this language. So I hope to gain more on that when we have a chance to speak.

Secondly, I just want to thank you for the work your staff out in the Northwest is doing on permitting issues. With the listing of salmon on the ESA, it has been an extraordinary burden. General Strock, you have been great as a leader on this. We met previously on this. Your folks out there do a very good job. They are, however, understaffed, as you know well, for the burden they face. That understaffing, which we are responsible for, because we don't give you the funds, costs our taxpayers in the long run and our businesses and communities, because they can't get their permits in time and we can't get the projects.

So at some point, I look forward to continuing work with you on that. I yield back. Thank you, Mr. Chairman.

Mr. DUNCAN. Thank you very much, Mr. Baird

We are very pleased to have a distinguished panel with us today. Three of the four witnesses have been with us before, some several times. Leading off will be the Honorable John Paul Woodley, Jr., the Assistant Secretary of the Army for Civil Works. Second will be Lieutenant General Carl A. Strock, Chief of Engineers for the U.S. Army Corps of Engineers. Next will be the Honorable Bruce

I. Knight, who is the Chief of the Natural Resources Conservation Service. And finally, our new member here today, Mr. Craig H. Middlebrook, who is the Deputy Administrator of the St. Lawrence Seaway Development Corporation.

Gentlemen, it is an honor to have each of you here with us. Your full statements will be placed in the record. We do ask that you try to hold your opening statement to about five minutes. We will let you run over that by about one minute. But in consideration of the other witnesses, when you see me hold this up, try to bring it to a close.

Secretary Woodley, you may begin.

TESTIMONY OF THE HONORABLE JOHN PAUL WOODLEY, JR., ASSISTANT SECRETARY OF THE ARMY, CIVIL WORKS, U.S. ARMY CORPS OF ENGINEERS; LIEUTENANT GENERAL CARL A. STROCK, CHIEF OF ENGINEERS, U.S. ARMY CORPS OF ENGINEERS; BRUCE I. KNIGHT, CHIEF, NATURAL RESOURCES CONSERVATION SERVICE; CRAIG H. MIDDLEBROOK, DEPUTY ADMINISTRATOR, ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Mr. WOODLEY. Thank you, Mr. Chairman. It is once again a pleasure to appear before the Committee and to testify before so many very distinguished members of whom I have had now for three years the privilege of working as an advocate for water resource development projects across the Country.

I am delighted to be accompanied this afternoon by Lieutenant General Carl Strock, a very distinguished soldier and our very distinguished 51st Chief of Engineers. It would be remiss of me not to take this opportunity before the Committee to call the Committee's attention to the challenges that faced the Corps of Engineers during the calendar year of 2005 just passed, and to remind the Committee that we have, as a Nation, every right to be very, very proud of the performance that General Strock and his civilian, soldiers and civilians of the Corps of Engineers have done in the calendar year 2005 in the face of enormous adversity and unprecedented challenge.

Our fiscal year 2007 budget, Mr. Chairman, includes $4.7 billion in Federal funding, which is a 5 percent increase from the President's proposal for last year, budget for last year. This week, we are providing a five year budget plan, along with the other budget justification materials, which will include not only a budget-driven scenario, but also a scenario with higher funding levels and one with lower funding levels for comparison.

The budget includes an increase of about $280 million for construction projects, compared to the fiscal year 2006 budget. This funding is allocated according to guidelines that emphasize economic returns, reduction of risk to human life and ecosystem restoration benefits.

The budget provides $173 million to the Corps' regulatory program to protect wetlands and other waters of the United States. This represents a $15 million increase compared to fiscal year 2006 appropriation and a 20 percent increase in budgeted funding for the regulatory program over the last three years.

Every year, Mr. Chairman, that I have presented a budget before the Congress, I have on behalf of the President requested substantial increases in the resources for the Corps' regulatory program, because I, like the President, recognize that this program has enormous benefits for the Nation and that resources devoted to this purpose are well spent. I have had generally good success in having that supported by the Congress. I ask for your support again through the appropriation process for 2007.

The budget reassigns about $340 million of work in existing projects from the construction account to the operation and maintenance account. We believe this reassignment improves accountability and oversight, represents the full cost of operation and maintenance and supports an integrated funding strategy for existing projects. You will see our operations and maintenance budget presentation has been revamped. It is presented by major river basin and mission areas. We believe this lays the groundwork for improved management of appropriated funds and more strategic formulation of future budgets.

It also includes an increased funding for preparedness, response and recovery activities related to flood and coastal storm emergencies. This budget does not include funding for recovery from last year's hurricanes, because supplemental appropriations have provided and will provide that funding.

In summary, the budget and the five year plan incorporate performance principles, allocate funding to activities with high returns and advance important objectives. I will say, as I have said before, Mr. Chairman, this budget does not fund all of the excellent things that the Corps of Engineers is capable of doing. But it does make important investments and moderate resource development that will reap enormous benefits for the Nation in the future.

Mr. DUNCAN. Thank you very much.

General Strock.

General STROCK. Thank you, Mr. Chairman, and distinguished members of the Committee. I am honored also to be testifying before you here today with Mr. Woodley, Mr. Knight and Mr. Middlebrook on the President's fiscal year 2007 budget for the Army Civil Works Program.

If I may, I will briefly summarize some of the key points of my full statement and with your permission will include that statement in the record.

This budget is a performance based budget that reflects the realities of the national budget supporting the Nation's recent natural disasters and the global war on terror. This budget focuses construction funding on 63 projects that will provide the highest returns on the Nation's investment, including 11 dam safety projects. Funds will be used for critical water resources infrastructure that improves the quality of our citizens' lives and provides a foundation for national economic growth and development.

The budget incorporates performance based metrics for continued efficient operation of the Nation's water-borne navigation, flood protection and other water resource management infrastructure, fair regulation of wetlands and restoration of important environmental resources. There are six national priority construction projects funded in the construction program: the New York-New

Jersey harbor deepening project, the Oakland harbor deepening project, construction of Olmstead Locks and Dam in Illinois and Kentucky, the Florida Everglades and south Florida ecosystem restoration project, the side channels of the upper Mississippi River system, and Simms Bayou in Houston, Texas.

There are also two others, the Missouri River restoration and the Columbia River restoration, that are now funded in the operations and maintenance account. The budget also improves the quality of recreation services through much stronger partnerships and modernization. This budget provides approximately $65.3 million to complete 14 projects, including one dam safety project by the end of 2007.

As part of a comprehensive strategy to reduce the construction backlog, the 2007 budget funds projects that are the highest returns and are consistent with current policies. In all, 91 projects are funded so that we can provide benefits to the Nation sooner.

The fiscal year 2007 budget includes $2.258 billion for operations and maintenance. I can assure you that I will continue to do all that I can to make these programs as cost effective as possible.

Domestically, more than 8,000 USACE volunteers from around the Nation have deployed to help citizens and communities along the Gulf Coast in the aftermath of Hurricanes Katrina, Rita and Wilma. Even now, more than six months after Hurricane Katrina, 2,000 USACE volunteers continue to execute our FEMA-assigned disaster recovery missions along the Gulf Coast and to accomplish critical restoration of the New Orleans area levee system. Internationally, the U.S. Army Corps of Engineers remains committed to the monumental task of helping to rebuild the monumental task of helping to rebuild the infrastructures and economies of Iraq and Afghanistan.

More than 1,700 USACE volunteers have deployed to Iraq since 2003. I might point out that every one of them is a volunteer that shares the same hardships and dangers alongside of our soldiers. They continue to make progress toward this Nation's goals of restoring the security and quality of life for all Iraqis and Afghanis as they pursue democracy and freedom.

The Corps' Gulf Regional Division has overseen the initiation of nearly 3,000 reconstruction projects and the completion of more than 2,100. These projects make a difference in the everyday lives of the Iraqi people and are visible signs of progress and this Nation's commitment.

Water resources management infrastructure has also improved the quality of lives of our citizens and supported economic growth and development in this Country. Our systems for navigation, flood and storm damage projects and efforts to restore aquatic ecosystems contribute to our national welfare.

In closing, the Corps is committed to selflessly serving the Nation, and I truly appreciate your continued support to this end.

Thank you, Mr. Chairman and members of the Committee. That concludes my statement.

Mr. DUNCAN. Thank you very much, General Strock.

Mr. Knight.

Mr. KNIGHT. Mr. Chairman, members of the Subcommittee, thank you for the opportunity to appear before you today to discus

the water resource program activities of the Department of Agriculture's Natural Resources Conservation Service.

In my remarks today, I am pleased to describe our ongoing work and to discuss our budget and priorities for fiscal year 2007 in basically four programs: watershed surveys and planning; watershed and flood prevention operations; watershed rehabilitation; and finally, the emergency watershed program.

The NRCS water resource programs offer communities and land owners site-specific technical expertise for watershed planning and financial assistance for watershed projects. The programs are designed to help solve local natural resource problems, including flood damage mitigation, water quality improvement, rural water supply, water conservation, soil erosion and fish and wildlife habitat.

The water resource programs have given NRCS the authority to complete work on 2,000 watershed projects nationwide. The flood control dams and other water resource program measures implemented through these watershed projects provide than $1.5 billion in local benefits each year.

The President's proposed fiscal year 2007 budget eliminates funding for most of NRCS' watershed program to direct funds to higher priority and more cost effective programs. Let me review briefly the current watershed programs.

Under the Watershed Survey and Planning Program, NRCS assesses natural resources use and develops coordinated watershed plans to conserve and utilize natural resources. These programs, also known as PL-534 and PL-556 programs, authorize the Secretary of Agriculture to work cooperatively with the Federal Government, States, and most importantly, the local political subdivisions, to plan and install watershed improvement measures and to foster conservation in these authorized watersheds.

The President's budget for 2007 proposes to eliminate funds for these programs and redirect them to higher priority programs. Logically, then, with the elimination of the watershed and flood prevention operations, continuation of the planning component under the Watershed Surveys and Planning is also no longer necessary.

Mr. Chairman, while the NRCS water resource programs have been successful over the past 50 years, we believe that sponsoring organizations, as well as State and local governments, can now assume a more active leadership role in both the planning and that high priority projects not yet completed will continue to receive strong local support. Since 1948, over 11,000 flood control dams have been built in the 2,000 watershed projects across America. Many of these dams were designed for a 50 year life span, and now are at or near that age.

Since enactment of the Watershed Rehabilitation Amendments of 2000 and subsequent amendments in the 2002 Farm Bill, NRCS has developed rehabilitation plans on 107 dams. Of these projects, 47 have been completed and 49 currently have implementation underway.

The President's budget funding request for fiscal year 2007 includes $15.3 million for watershed rehabilitation activities involving these aging dams. NRCS will utilize the funding to focus on

critical dams where failure could pose a high risk to loss of life and property.

The Emergency Watershed Program authorizes emergency measures to retard runoff and prevent soil erosion and to safeguard lives and property from natural disasters. Typical work under this program ranges from removing debris from clogged streams caused by flooding to prevent soil erosion on hillsides after a fire or reshaping and replacing stream banks due to erosion caused by flooding. In response to urgent needs from communities across the Gulf Coast region recovering from Hurricanes Katrina and Rita, NRCS has already completely near $23 million in recovery work under the EWP program.

The fiscal year 2006 supplemental appropriation provide an additional $300 million for EWP work from Hurricanes Katrina, Rita, Wilma and Dennis, which is currently being implemented. The President recently requested $10 million of supplemental funding for the Emergency Watershed Program to purchase easements on flood plain lands in disaster areas affected by Hurricane Katrina and other hurricanes of the 2005 season. Under this program, a land owner voluntarily sells a permanent easement to NRCS in return for the payment of the agricultural value of the parcel, forgoes future cropping and development of the land.

In summary, the U.S. Department of Agriculture has accomplished much through the water resource programs over the past 50 years. Economic, social and environmental benefits from these programs have been significant for both agriculture and urban communities. However, in the context of the budget request for fiscal year 2007, we must prioritize limited resources to address more pressing challenges ahead and to meet our budget deficit reduction targets.

I thank the Subcommittee and would be happy to respond to any questions.

Mr. DUNCAN. Thank you very much, Mr. Knight.

Mr. Middlebrook.

Mr. MIDDLEBROOK. Thank you, Chairman Duncan, Ranking Member Johnson and other distinguished members of the Subcommittee. It is an honor to be part of this distinguished panel and to speak before you today.

Our written testimony has been submitted for the formal record. Allow me to summarize that testimony here with a short oral statement.

The U.S. St. Lawrence Seaway Development Corporation is a wholly owned Government corporation and operating administration within the U.S. Department of Transportation. It operates and maintains the two U.S. locks in the St. Lawrence River and promotes trade through the St. Lawrence Seaway with its Canadian counterpart, the St. Lawrence Seaway Management Corporation. The unique bi-national nature of the Seaway requires 24 hour, year-round coordination on regulations, traffic management, safety and security with our Canadian partners.

The St. Lawrence Seaway is a vital transportation corridor between the agricultural and industrial heartland of North American and our trading partners throughout the world. Since the Seaway opened in 1959, more than 2.4 billion metric tons of cargo have

passed through its locks and channels with an estimate cargo value of over $400 billion.

During the 2005 navigation season, approximately 43.3 million metric tons of cargo moved through the Seaway, with an estimated cargo value of $7.1 billion. Commercial maritime commerce on the Great Lakes Seaway System annually sustains over 150,000 U.S. jobs and generates $4.3 billion in personal income, $3.4 billion in business revenue and over $1 billion in Federal, State and local taxes.

The President's fiscal year 2007 proposed funding level of $18,245,000 supports the Corporation's mission to ensure a safe, secure and reliable waterway by providing the resources necessary to implement our priority projects and programs. The need to carry out preventative maintenance on the two U.S. locks remains a high priority for the Corporation as we enter our 48th year of continuous operation. This commitment has been the key to ensuring the reliability of the Seaway infrastructure for almost half a century. In that time, the U.S. Seaway locks have never experienced a major shutdown due to lock equipment malfunctioning.

In fiscal year 2007, we are planning to start a four-year modernization project of the lock valve equipment, converting the existing electromechanical machinery to hydraulic components. During the 2005 navigation season, the U.S. portions of the Seaway were available 99.5 percent of the time, and while this exceeded our performance goal of 99 percent, we always aim to do better.

As was proposed last year, the fiscal year 2007 budget proposes to reestablish U.S. Seaway commercial tolls as a self-funding mechanism for the St. Lawrence Seaway Development Corporation. The Corporation was self-funded for the first 30 years of its existence, from 1959 to 1987. This proposal would not diminish or change the Corporation's important mission, but merely return the Corporation to its original funding mechanism. The Administration supports efforts to improve service delivery to the public, and believes this proposal would enable the Seaway Corporation to function more like a private corporation.

The Seaway Corporation recognizes that a proactive approach to maritime environmental issues is critical to the successful future of the Great Lakes Seaway system. Within the limits of our mandate, we are involved in efforts to combat the introduction and spread of aquatic invasive species in the system. Moreover, we seek to promote the often overlooked environmental benefits of the marine mode.

The St. Lawrence Seaway has proven its vital significance to America's economy for nearly half a century. I want to thank this Subcommittee for your continued support of the Seaway's mission and close by assuring you that the Corporation's excellent safety, reliability and customer service record will remain strong.

I would be glad to respond to any questions that the Subcommittee may have.

Mr. DUNCAN. Thank you very much, Mr. Middlebrook.

Mr. Shuster, since you didn't make an opening statement, would you like to ask a question before you have to break for the vote?

Mr. SHUSTER. Yes, Mr. Chairman, thank you very much.

In 2004, Hurricane Ivan caused considerable damage in Pennsylvania, western Pennsylvania. There is one such community there, Meyersdale, Pennsylvania, which is in Somerset County, those folks have been, as well as about 10 or 11 other projects, have been working with the Corps to design and construct solutions to the damaged areas, earthen levees are mainly what they are redesigning.

Unfortunately, those funds in the Pittsburgh district Flood Control and Coastal Emergencies Account had to be redirected to Katrina, which of course, we understand that. But there is great concern in those 12 communities in western Pennsylvania and eastern Ohio as to the funding. Is it going to be put back in? Do you have a plan to restore that funding? Because again, western Pennsylvania, I am sure across the Country. So a broader question would be not only the 12 in western Pennsylvania and eastern Ohio, but around the Nation.

Mr. WOODLEY. Yes, sir. I believe we are asking for funds to replenish the Flood Control and Coastal Emergencies Account. I will get back to you on the particular details as to the communities that you mentioned.

Mr. SHUSTER. We are entering into obviously the spring season and flooding is going to be a problem, as well as going into the hurricane season as we go forward. So it is critical to these communities.

A second question that I am curious about is WRDA, the WRDA bill. We have passed it probably in the last four years two or three times out of the House. We are waiting on our counterparts in the Senate. What is the Administration's position on WRDA? Do they believe that it should be a priority that needs to go forward?

Mr. WOODLEY. Yes, sir. We believe that there are numerous projects that are included in the bill that are very high priority for the Country. I would be remiss if I didn't also mention there are aspects of the bill that trouble the Administration to some degree. But we are very anxious to work with Congress on having an authorization.

We concur in the Chairman's earlier remarks about the time that it has been since the last iteration of a Water Resource Development Act and feel it is a very, very important vehicle for the Nation to come together on what the priorities are for water resource development, which is the primary mission that we undertake.

So we would very much like to see the houses of Congress get together and work with us and the Administration through that process and have the best WRDA bill that we can have.

Mr. DUNCAN. We have a lot more questions, but we only have six minutes left on this vote. I have asked Mr. Boustany to come back and chair while I go for the vote. So we are going to keep this recess to as brief as possible. But we will be in recess just very, very briefly.

Thank you.

[Recess.]

Mr. BOUSTANY. [presiding] Well, we will resume the hearing. Chairman Duncan will be back shortly, but we will start from here. We welcome everybody back.

I have a couple of questions. General Strock, as you know, my district in southwest Louisiana was hit pretty hard by Rita. While New Orleans was devastated and certainly much of your attention has been focused on the levee situation down there, and you guys are doing a great job, I appreciate the work you are doing and I want to say thank you on behalf of the State of Louisiana.

I am concerned about this issue of Rita fatigue or amnesia. It was a serious hurricane that hit southwest Louisiana. I was able, back in December, in the supplemental, to get $500,000 appropriated to look at a levee system along the Gulf Intercoastal Waterway and also to look at flood measures in southwest Louisiana. In fact, on December 19th, I sent a letter requesting a detailed time line for implementation of this survey. I have not, to my knowledge, talking to my staff earlier today, received any response yet.

So I was wondering if you have any information on this, or if not at this time, if you could please get back with me on that. We have not had any major flood measures taken in southwest Louisiana, so this is a starting point. Clearly it is necessary to protect a lot of key infrastructure and the energy industry, as well as farm land.

I don't know if you have a response at this time.

General STROCK. Sir, I am aware of that requirement, but I do not have the details in front of me. I would like to give you that for the record, please.

Mr. BOUSTANY. Thank you. Also, in the immediate days after Hurricane Rita, we had over 80 tows waiting to clear the Leland Bowman Calcasieu lock reach of the Gulf Intercoastal Waterway. This came at a significant cost to the economy of about $400,000 for each day. These were direct transportation penalties. I think we all agree that this Calcasieu lock is a bottleneck that needs to be fixed.

It is my understanding, I quickly reviewed the list, and I don't think I saw that as a request in the President's budget. But correct me if I am wrong, if it is not there. Also, how much money do you think the Corps would need to complete that alternative replacement study? Is that information you would have now or is it something you could get to me?

General STROCK. Sir, again, I will have to answer that one for the record. I do not have that information here.

Mr. BOUSTANY. Thank you.

Mr. Knight, I want to thank you also for the work you have done in Louisiana. Just over two months ago, Congress appropriated an additional $300 million for the Emergency Watershed Program, which is certainly an essential tool in the recovery efforts in my neck of the woods in southwest Louisiana. I am concerned about the new cost share requirements imposed in the language of the Appropriations Bill that may prohibit a number of communities from accessing these dollars. Specifically I am talking about the cost share. I think your ability to waive the cost share requirements or to alter them in some fashion. If you would please, could you respond to that?

Mr. KNIGHT. Yes, Congressman. We had authority traditionally under the Emergency Watershed Protection program where in cases of exigency and potential loss of life where we needed to act quickly that we could waive the traditional 25 percent cost share

match if a community were particularly devastated. We were able to put about $23 million worth of funds out prior to the supplemental of which we were compelled to waive a portion of that.

We are now in the implementation stage on that $300 million, and in our preliminary checks in the State of Louisiana, it looks like the 25 percent cost share match will be problematic for about 50 to 60 percent of the communities that we are needing to work with. We are working on getting more accurate details in the other Gulf Coast States. But the preliminary impacts look significant.

Mr. BOUSTANY. Right. I hope you will work with me on that, because a number of the small rural communities which were completely wiped out will be affected by this. We have a lot of marsh land, small waterways and so forth that are critical for our farming industry as well. So I hope that we can work with you to create some flexibility here.

Mr. KNIGHT. We will be very pleased to work with you on that, sir, and we share that same concern, in that with some of this improvement of the watershed so that it drains correctly and completely, it can all too easily be pushed aside on conflicting priorities until later in the year when the flooding starts. So we are looking for creative solutions that we can on this particular problem.

Mr. BOUSTANY. Again, I thank you for your work and the help you have given Louisiana.

Now I am pleased to recognize the Ranking Member, Ms. Johnson.

Ms. JOHNSON. Thank you very much.

Mr. Woodley, in your testimony, you testified that the fiscal year 2007 budget addresses the construction backlog by focusing in on the President's priorities for funding. However, this budget requests funding for only 91 projects, leaving a list of 532 other construction projects that received funding in fiscal year 2006 that would receive no funding should this budget be approved.

Of course, included in this is the Dallas Transit Floodway extension. I know you are very familiar with that. So I am asking, near pleading, because this Committee is very frustrated, can we get your assistance in determining what issues the Administration has with enacting a Water Resources bill? And will you talk to the White House officials, OMB officials or whoever it is that do not seem to want a Water Resources bill and come back and report to me on what steps Congress needs to take to move this process along?

And then maybe you could ask the President to suggest what I tell my constituents, that we are facing flooding of all downtown, and yet on the construction, this has been zeroed out. I would like to know some answers. Would you follow up on those three things?

Mr. WOODLEY. Yes, ma'am. You are certainly entitled to full response to all of those concerns. I will get back to you as soon as I possibly can.

Ms. JOHNSON. Thank you very much. I yield.

Mr. BOUSTANY. Mr. Gilchrest.

Mr. GILCHREST. Thank you very much, Mr. Chairman.

The four gentlemen at the table before us have two bosses: a direct boss and an indirect boss. I am not counting any relatives or anything like that.

The direct boss is the President via OMB. The indirect boss is us. So I am not going to ask you fellow for anything. But what I am going to try to do, as my colleagues, is to get enough support to direct the Corps to do certain things. And I think the Ranking Member just actually laid out a collaborative, cooperative, mutually beneficial process in which we can reach the same conclusion and find the scarce resources to accomplish it.

I have some parochial issues with my district in the Chesapeake Bay. The regulatory program has been increased over the 2006 budget by about, it looks like about $14 million, which is good. What I would like to do is talk to you, Mr. Woodley and General Strock, a little bit further about how we can replace the regulatory people that have been lost in my district over the last few years from retirement, transfers and so on. They did some extraordinary jobs working with local communities to ensure the permitting process was expedited, the local communities understood the regulatory arm of the Corps of Engineers, the Section 404 and those kinds of things.

I don't know if you have an answer for me right now. But I would like to work with you and the Committee to see if we can get a couple other agents out there to do that process.

The second question I have deals with another parochial issue. It is a small, little community called Westview Shores. They are right next to a dredge disposal site. That dredge disposal site has been closed, but the leaching of the material from the dredge disposal site has rendered their wells in Westview Shores undrinkable. So they have had to use bottled water at least for 10 years now.

So that is an issue that I will work with the Baltimore District and the Philadelphia District, because that is right along the C&D Canal. But I just wanted to bring that to your attention.

Another thing is, we had two biologists appointed or sent to the Chesapeake Bay, mostly the 1st Congressional District, that dealt with how to work with NRCS, local governments, the farm bureaus, the Corps of Engineers, on projects, to look at them from the big picture perspective dealing with ecosystems. Those two fellow, I can't remember their last names, but their first names were Steve, we called them the two Steves, they were sent off to Iraq and Afghanistan. So we understand that. But that big picture view of issues from an ecosystem perspective, and I just got through reading a book about bogs, marshes and swamps, interlaced in that book was an understanding of the ecology. The book was written in 1966, so it is 40 years old. And the Chesapeake Bay program is well adapted to this kind of a process.

I was going to say Bruce, but I guess in this formal setting, we should say Mr. Knight. Your programs that you mentioned here today dealing with flood mitigation, water quality, adequate water supply, water conservation, soil erosion, fish and wildlife habitat and so on, lends itself to this question and a request.

I could take, and maybe Mr. Middlebrook would like to come to your St. Lawrence Seaway, but the Chesapeake Bay is a beautiful place, I would like to take Mr. Woodley, General Strock, and Mr. Knight on a short canoe ride-hike where we could look at all of those issues in one small stretch, where soil erosion is an issue,

flood problems are issues, water quality problems are issues, habitat for fish are issues.

And in just a few hours, and I would supply the coffee, unless you wanted something a little stronger, egg sandwiches if we did it in the morning. But it would sort of lay out in this one small section, it is called the Sassafras River, but it is very reflective of the issues across the Chesapeake Bay, that we could go through some of these issues, the regulatory questions we have, Westview Shores, water quality, et cetera. So if before I leave, if I could get your scheduler's phone number, I will get my scheduler, and we will get this thing pulled together.

I think my time has expired. Thank you very much, Mr. Chairman. I want to thank the witnesses for their testimony. I don't know if I have time to have some responses.

Mr. WOODLEY. I can tell you, Mr. Gilchrest, we were last together I think on Poplar Island. It was a very memorable occasion for me, and I am very, very proud of the work that the Corps is accomplishing in that context. I am always at your disposal for a visit to the Eastern Shore.

You may recall that I was Secretary of Natural Resources for Virginia, and had responsibility for Virginia's part of the Eastern Shore with the Accomack and those communities. So I have some familiarity with it, but I am delighted to learn more.

Mr. GILCHREST. We call it the DelMarVa Peninsula. We should be the 51st State, actually. We are a sandbar created by the quiet movement of sediment down the Delaware and Susquehanna Rivers over about a million years, I guess. It would be a beautiful day, we could start off in the morning and have some meetings of the mind.

Thank you, Mr. Chairman.

Mr. WOODLEY. Congressman, I could be there Saturday.

Mr. GILCHREST. Saturday? Saturday morning. Whatever time. I will give you directions.

Mr. WOODLEY. We will get back to you, we will put that together.

Mr. GILCHREST. Saturday morning. Thank you.

Mr. BOUSTANY. Mr. Gilchrest, what about us?

[Laughter.]

Mr. GILCHREST. Everybody in this room is invited. And I will get the canoes.

Mr. BOUSTANY. All right, thank you.

General STROCK. If I could also, Mr. Gilchrest, we will give you complete details on your concerns over the presence of regulatory personnel in the DelMarVa Peninsula. We did have one individual who handled enforcement that retired. He is being covered, his absence is being covered by a person out of our Baltimore district.

But we do have a regulatory office that remains with two people full time devoted to processing of permits. They are still there. So it is being covered. And we will get back to you on the long term.

Mr. GILCHREST. You have an office in Easton with two men that are there. We have known them for some time, we visited those two people, the enforcement agent lives on the Western Shore, must travel over.

General STROCK. That is right.

Mr. GILCHREST. I would like to sit down and discuss the difference between the way it is handled now and the way it was handled just a few years ago. Everybody that is working is fine, they're upstanding, they have a great deal of integrity and they work very hard. But when we lost Alex Dolvus, it was like the Sioux Indians losing Sitting Bull just before Custer showed up.

General STROCK. Sir, the budget proposal would allow us nationwide to hire about 50 more regulators. Certainly that will be distributed across, there may be some more resource that can be applied in that area.

Mr. GILCHREST. Thank you very much, General.

Mr. BOUSTANY. Mr. Taylor.

Mr. TAYLOR. For the Indians' sake, Crazy Horse did make it there that day, much to General Custer's chagrin, if I recall.

General Strock, thank you. I want to thank you personally for your visit to south Mississippi in the immediate aftermath of the storm. I know for the people of Bay St. Louis and Waveland, it meant a lot for them to see you. I was very grateful for it.

I do want to commend the Corps overall. I think they have done a very good job. There is nothing that human beings do that we can't do better. And one of the things I would pass on in the recommendations for next time, I found it strange, the process of actually moving the debris twice. Instead of having a final resting place and just putting it in the truck one time, I think we ended up paying money unnecessarily both for the additional storage site but also to truck it twice.

I know we had to do some things very quickly in the beginning, when it was a true emergency. But something I hope that will come of all of this as you look back on your plans for the next storm, and I regret to say there will be a next storm, is to be able to shift on the fly, so to speak, and make those changes. Somewhere about three weeks out, that should have just been going to the final resting place.

The second thing is an ongoing problem that is coming to my attention. I realize this starts with FEMA, but you are FEMA's agent in at least two of the large counties on the Coast. FEMA is saying that the removal of concrete is not a Katrina related issue. As one of the many people who used to have a house and now has a slab, I can assure you, those slabs are only there because the hurricane took the house away.

And since another Governmental entity is telling all of us that we have to raise our houses substantially, they are not going to get rebuilt on a slab. So the slabs have to go. So I do think it is Katrina related.

Now, where I am asking for your help, is that a lot of this concrete has been moved to the road's edge and it is just sitting there. It is not being picked up by the Corps. And I really believe it is a resource that if used properly, we could be doing beneficial uses, of building fishing reefs, building breakwaters, doing coastal erosion, solving that.

And since you are going be, eventually I think FEMA will agree to moving that stuff, and since we are going to pay somebody $17 a yard just to throw it in a landfill, I would really hope in the little bit of time that has been bought that the Corps could come up with

a plan to do some beneficial use for it. I know that we can identify, each of our barrier islands is washing away. The State owns Deer Island right off of Biloxi. It has washed away about a third in my lifetime.

You have places like Bayou Caddy that are federally, they are on the Federal books as far as being maintained by the Corps, where I think if you had breakwaters on both sides, they would scour themselves better and you wouldn't do as much maintenance dredging. So I would really encourage the Corps to try to make, where we can, some lemonade out of the lemons we were dealt at the end of August.

The other thing, I am sure you know from your geography that if you go due north of the mouth of the Mississippi River, you are just about back in the State of Mississippi. So I do pay very close attention to Louisianan's efforts for the coastal zone. I was curious, as someone who is familiar with the Mississippi River Gulf Outlet, if you could describe what you hope to accomplish by the gates. Because it is throwing me off a little bit, and I do not claim to be an engineer. But I am familiar with the topography.

I don't know what you accomplish by the gate when everything around it is so low. It just seems to someone like myself that the water ends up at that junction of the Industrial Canal and the Mississippi River Gulf Outlet, whether there is a gate there or not, just because it goes across the marsh.

I was hoping, as someone who is interested in this, that at least one of the options you are looking at is letting the Mississippi River Gulf Outlet just go back to being something like a barge canal and let some of the fresh water diversion projects that have to date not benefitted Mississippi very much could be coming off of the eastern, what I call the eastern bank of the Mississippi River and replenishing the marshes due south of Mississippi, if you all have looked at that as an option.

General STROCK. Sir, I can certainly answer the part on the closure structures that we are proposing. The actual closure structure is not on the Mississippi River Gulf Outlet. It is just to the west of where the Gulf Intercoastal Waterway and the MRGO come together. There would be a closure there, and it is not a navigation closure, it is a surge barrier that would only be closed during hurricanes. It would not permit navigation like a lock.

We would also propose one where the Inner Harbor Canal goes up into Lake Pontchartrain. And the purpose of that with the existing lock on the Mississippi River, those three structures would isolate the inner harbor where we have had overtopping concerns and we also have eyewalls in there that we are concerned about. So essentially what those do is close off the inner harbor, much like we are going to do with the Dragon's Canal, the 17th Street, Orleans and London. That is the whole purpose of that. It would be impractical, as you say, to try to put some structure in MRGO based on its length and geomorphology.

We are also proposing, the supplemental that is now before Congress, for about $100 million of wetlands restoration. Part of it is for, we look at how we operate the Caernarvon Diversion for sediment as opposed to just saltwater and water transfer. And we are

also looking at using some of that to try to put in some protection of the existing wetlands, to prevent further erosion in that area.

Mr. TAYLOR. Since I have your ear, one of the original diversions was going to be at the Valud Canal, which is on the east bank south of the city of New Orleans. It was actually scaled back because they felt like it was building, and again, this is from a Corps report from a decade ago, but they felt like it was building wetlands too quickly. Well, I think we all know that that would not be a problem today.

I would certainly encourage you to take a second look, since I know how long the permitting process takes, and it has just been my observation, it is a heck of a lot easier to grow a permit than to start from scratch. I think if you are looking for some instantaneous change down there, that would be one way of doing it. And quite frankly, it would be beneficial to the coastal area off of Mississippi.

But again, thank you, I do want to thank the Corps for the good job you have done. I would encourage you to have some flexibility in the contracting. It seems like, and we have spoken about this, in the immediate aftermath of the storm, whoever had that contract had to show up with their own fuel, their own food, their own showers, make their own electricity, fix their own equipment. And you could see why the price was fairly high to begin.

But within a month, things were getting somewhat back to normal, where food and fuel and electricity could at least be purchased locally. I would hope that in future, when this happens again, that you could have a contract for the immediate aftermath and then go to some sort of rebidding on the debris removal that would be more advantageous for the local folks, more like the one month mark rather than the five or six month mark like we have seen.

General STROCK. Sir, we are very sensitive to that, and that will be a feature of how we operate in the future. I have a fact sheet which details Mississippi's subcontracting, small businesses and so forth, to show we are actually transitioning in that direction right now. I will share that with you after the hearing.

Mr. TAYLOR. Okay. Thank you, Mr. Chairman.

Mr. BOUSTANY. Mr. Brown.

Mr. BROWN. Thank you, Mr. Chairman, and thank you all for being here today, Mr. Secretary.

I represent the coast of South Carolina, from Kiawah on up to Myrtle Beach. We have some particular concerns about some of the items that are not funded in the request. One being the Intercoastal Waterway, which extends from somewhere around New York down to Miami. We would like to have some idea about how we are going to be able to continue to maintain that waterway.

I know that a lot of the criteria that you established is based on commercial ton miles. I readily admit there is not much barge traffic on that particular waterway. But it is a vital part of the economy of my region and also I guess the other States that connect that waterway.

So I would hope that when establishing the criteria for funding that you would use models or some other form other than just the commercial tons. Because tourism is a very important part of the economy of South Carolina, particularly along the coast. I would

hope somehow that you would use that economic driver as part of the formula.

The next question is the beach renourishment, which is a big item for us along the coast. I noticed that we had about three or four planned projects, and I noticed on the 532 items that were not being addressed in this particular bill, that 4 of those are along this stretch along South Carolina. I was just wondering about how we were going to be able to go back and remedy our beaches.

I went to Mississippi and I saw what happened with the storm surge there. A beach that is not nourished is going to certainly have more interior damage than one that is nourished. So I would just like to get some feel of how we plan to do the preventive maintenance in case there is a hurricane coming.

Mr. WOODLEY. Yes, sir. Mr. Brown, I think I should mention, in regard to the Atlantic Intercoastal Waterway and the other low-use waterways and small harbors, that the first two budgets that I had the privilege to submit to the Congress included a request of the appropriations committees and the Congress as a whole for a specific fund or funds that would be used in the navigation program to support the gathering of information necessary to prioritize and to manage the small harbors.

I knew I was getting no support, within the Administration at least, for anything outside of the major, the most major commercial facilities. And I asked for it in the first year that I served, and I was denied. And I am no less hard headed than anybody else in this business, so I asked for it the second year, and I was denied. And I was not so hard headed to ask for it the third year.

The second part of your question is certainly a matter that has vexed the Congress and Administration for many years now. We are perpetuating our suggestion that the initial construction of a coastal storm surge barrier is a Federal responsibility that is cost-shared with the locality served, but that beyond that, the renourishment is a Federal responsibility only to the extent that renourishment is impacted and interrupted by a Federal channel, which as you know is the case at Folly Beach. We have once again proposed that.

I fully understand that the Congress has historically taken the view, which is an entirely respectable view, that I have no real quarrel with it, it is just you choose one and go with it. The concept that we have is that that is not properly regarded as, the renourishment is not properly regarded as an operation and maintenance concept, but as part of the design of the facility itself, which is, because of its nature as a sand berm, is a sacrificial structure.

I know that that is the way the structures are designed and the way those projects are formulated. I understand that, and we are not at all embarrassed when Congress establishes that policy and funds it to execute that requirement, which is what we have been doing. But as far as budgeting, right now, as of today, our budgetary policy and proposal is limited to those renourishments that are impacted by Federal navigation.

Mr. BROWN. And that is an internal policy that's established by the Corps, or is that an act of Congress?

Mr. WOODLEY. No, sir, that is an Administration budgetary policy proposal that is embodied in the submission that we have made to the Congress this year and in prior years.

Mr. BROWN. I notice, Mr. Chairman, my time has expired. But if I could just further comment on that, we have a major port at Charleston, which is about a 45 foot depth port. And we have a 27 foot port in Georgetown. I know the Corps' commitment to keeping the Charleston harbor open is pretty evident.

But the Georgetown harbor, this year we had one ship that actually grounded at 27 feet. We were notified by the Coast Guard, and no funds were available last year in order to continue the dredging there. I just wonder if you could comment on that.

Mr. WOODLEY. On the specific port of Georgetown, I cannot. We will have to take that for the record. In general, on maintenance dredging, our maintenance dredging funds are extremely limited, and we have been experiencing in the past couple of years increases in the bids that we received for maintenance dredging contracts. That is causing enormous management challenges for our navigation districts, that they are working through as hard as they can.

But I think that we will see challenges like the one you described in all of our maintenance dredging operations. And we are committed, certainly, to manage it as closely as we can and to deal with it. That is one of the reasons why we are presenting our maintenance budget on a regional basis rather than specific to each individual project this year, so that we could do our surveys, and if Port A needs more work or spot work, we can do that with funding that we find then is not necessarily needed at Port B without implementing a formal reprogramming of money from one project to another, which the Congress has criticized as reflecting bad financial management.

Mr. BROWN. And I appreciate that, and I know that I am as much a budget hawk as anybody else on this Committee. But I know that we have certain infrastructure needs in this Country that we have to satisfy. Sometimes the cost savings is going to be more than the cost of the project. So we certainly want to support you in whatever efforts we can do, as a member of this Committee, to be absolutely sure that not all our infrastructure needs are met, but at least some of the major projects are included.

General STROCK. Mr. Brown, I have just been handed a piece of paper here that reminds us that in fact you did get $3.7 million for Georgetown in the 2006 appropriation. The President has asked for $3.6 million in fiscal year 2007. I don't know where that fits in terms of the requirement, but money is in the 2007 budget for this project.

Mr. BROWN. That is correct, and the $3.7 million, we actually had to compete in the appropriation process for that money, and we really do appreciate your putting the $3.6 million in the 2007 budget. Because I think even the total is probably a $7 million, $8 million commitment. But we thank you for that.

Mr. BOUSTANY. Mr. Boozman.

Mr. BOOZMAN. Thank you, Mr. Chairman.

We appreciate our being here, Mr. Secretary and General Strock. I apologize for not being here through the whole thing.

I just have a quick question. In fact, literally, I am meeting next door with Colonel Walters. He does a great job keeping us informed in the 3rd District of Arkansas about what is going on in the district, what is going on in the State. Again, we really do appreciate working with the Corps.

We are going through a drought in that part of the Country right now, a pretty significant drought. They have been very, very helpful in keeping the citizenry informed and being very helpful and really allaying some of the fears that are going on.

The quick question I have is, has to do with the Clean Water Act Section 404 permits as far as the average processing time now, and then I guess in the budget there is $173 million for the regulatory account. I guess my quick question would be, how do you feel like that is going to affect the processing time, what is the processing time now, and then how do you feel like it is going to affect it in the future?

General STROCK. Sir, I will start out with some of the specifics and then turn it over to the Secretary to complete the answer. I mentioned earlier on before you arrived that we have about 900 project managers in our regulatory program across the Country. The proposed increase will allow us to bring on around 50 more regulators. So that kind of tells you it is about a 5 percent increase in our capacity, our human capacity. That will not do a great deal to eliminate the backlog.

Our current goal is that 75 percent of the permits, applications we received will be finished in 120 days as long as they do not have ESA implications. Right now the average processing time is about 190 days, so clearly we are not making our goal. And this will help in some regard.

Some of the other things that help, though, as Mr. Baird mentioned earlier on, the application of Section 214 allows non-Federal entities to come in and pay for essentially their own permit application processing. That takes pressure off the available funds we have, and that is a help.

We are also, through the Army leadership, applying a business transformation across everything we do, applying a process called Lean Six Sigma. We think that that really does have some benefits potentially in processes of regulatory permits. The Lean part talks to increasing the speed of the process, and the Six Sigma talks about the quality.

So there are a number of things we are going to work on. It is not just a matter of buying more regulators. It is looking at our process from top to bottom, so we are working real hard on that.

Mr. Secretary?

Mr. WOODLEY. Thank you, General Strock.

Mr. Boozman, I thought I would have something to add to that answer, but I scarcely do. I would only concur 100 percent, and say that we know that there is not a member on this Committee that would solve a problem just by throwing money at it. We feel a need for a little more resources, and in every budget I have presented, I have advocated for and gotten the President's support for additional resources for this program.

But we see also the need to streamline, streamline is not exactly the right word, but to transform our processes, to squeeze out the

waste, make them faster, make them better and improve our interface with other agencies, with the States, and improve our processes so that while we are adding resources on the one hand, we are also getting more efficiency on the other.

Mr. BOOZMAN. Thank you very much. And again, I really do appreciate the Corps' hard work.

Mr. BOUSTANY. Mr. Taylor, do you have additional questions?

Mr. TAYLOR. Mr. Secretary, I have noticed the kind of roller coaster on the prices you pay for dredging and how much it has affected your ability to do maintenance dredging. I was curious if the Corps maintains enough of their own dredges to where they can have a pretty good baseline on what is a fair price to pay outside of the Corps for dredging. Are you solely at the mercy of the private contractors?

Mr. WOODLEY. Yes, sir, we do maintain a very substantial capability in the area of hopper dredges. I confess, I am not an engineer and I don't even play one on TV. I am just a lawyer trying to do a job here.

But I have learned that there are numerous kinds of dredges. We just presented a major report to the Congress on the hopper dredge arena, and that essentially found that in the hopper dredge category that the private sector has over the last several years stepped up to the plate, brought new equipment on board and is capable of meeting a great deal of the need.

So we have on the other hand a very substantial capability within the Corps of Engineers. Right now we have in our Federal fleet four major hopper dredges. I think our report suggests that one of those could be phased out and the private sector could meet the need.

As far as other kinds of dredges are concerned, our impression is that we do have a strong industry and that we would not be seeking additional organic capacity to compete with the private sector. Essentially, we feel we are getting a good level of competition, but that the demand is increasing, and perhaps on a, what we would hope would be a temporary basis, because of the need for large amounts of work in the Gulf and Atlantic area associated with damage to facilities from the extraordinary hurricane activity in 2004, which was experienced again in 2005.

So we are hoping that that's a high point and that 2006 will not be so bad.

Mr. TAYLOR. Mr. Secretary, I guess my question would be, these are Congressionally mandated services that we provide for the citizens. When we say we are going to maintain a channel this wide and this deep, it goes on the law books, it becomes our responsibility to fund it, your responsibility to get it done.

My question is, do you have a high level of confidence that you are actually providing this Congressionally mandated service at the lowest cost to the citizen by outsourcing it every time? Because my fear is, I am hoping that you can allay those fears, that the lack of a viable option within the Corps to do it yourself puts you at the mercy of the private sector, which may not always be a good thing.

Mr. WOODLEY. Yes, sir, it is a constant balancing act that we do. Years ago, we had a very large fleet. I believe that it was the wisdom of Congress at that time, it was before my time, so I have to

hedge my testimony to some degree, there are probably members here who recall it better than I would, but over time the idea grew that that was something the private sector could take over from the Government and that that would be a good thing in many ways.

Although it never was that the private sector would take it over entirely. And we have certainly maintained a good fleet of vessels that we are very proud of. So I am, whether we have the right balance today is in doubt. It is constantly in doubt. I certainly would, as I say, we have just been asked for a major study on the hopper dredge arena, to examine that question. The other types of dredges could also be studied, and the same question, whether we have the right balance, could be determined. We have the balance that—

Mr. TAYLOR. For the record, obviously it is something you were not expecting, so I can't expect you to have an answer. But for the record, I would like you to see if you have had any recent studies as far as cost comparison on suction dredges.

The second thing is, if you could at some point update the Committee on, I know the Corps is one of the contractors that the Panamanians are speaking with on the possibility of a third set of locks. If at some point, either verbally or in writing, if you could inform the Committee where you stand on that.

Mr. WOODLEY. Yes, sir.

Mr. TAYLOR. Thank you, Mr. Chairman.

Mr. BOUSTANY. Ms. Norton.

Ms. NORTON. Thank you very much, Mr. Chairman.

The District works closely with the Corps, even on matters that do not relate entirely to water. The Corps is a major developer, shall I say, or builder, for our schools. We are trying to wean away, this is because the Corps's GSA background or GSA type background would enable us to go through that process more quickly. We are trying to get back to the point where the District does its own schools, but I just want to say, I appreciate the kind of headache that it has been, and I know there has been a lot of controversy. But the Corps comes to see me every year, because there are a number of other things involving at least the Nation's capital or the District.

I am not sure you are aware, and I would like to ask if you are aware of the fact that this Committee did pass as a part of the WRDA bill in July a section of my comprehensive Anacostia River Act. You may be aware that that Act is sponsored by every, virtually every member of this region, Maryland, Virginia, Senate and House. The Anacostia River of course is closely related to the issue I spoke of in my opening statement, and that is the stormwater overflow. It is going to be completely polluted until the stormwater overflow is dealt with.

But the part of the WRDA bill that passed gives to the Corps a special and important task. Because three jurisdictions are involved, because the water passes through these three States, it asks that the Corps develop a comprehensive plan for revitalization of the Anacostia River, that would of course take into account stormwater overflow. That would involve the three jurisdictions themselves and their responsibilities, getting them on board for

what it is they should be doing, along with of course our understanding as to how the Federal Government should contribute.

Even getting the three jurisdictions on the same page comprehensively would be a great and important step forward, because each of these jurisdictions does contribute funds for the improvement of the Anacostia. And each has been quite willing to work with the Corps and the Federal Government on this issue. We consider the Anacostia the kind of stepchild of the District of Columbia rivers, because the Potomac was cleaned up, it must have been 30 years ago, and the Anacostia was left out there.

I am very anxious to work with you on this plan and the fact that we have the entire region in a bipartisan way on the plan says something about the importance that the region attaches to getting to the Anacostia now. My side, which means the House of Representatives, has always paid good attention to WRDA. This is not the first time we have gotten WRDA through and we are waiting for Godot, which is to say, the Senate of the United States. They are still twiddling, or perhaps they are busily at work. I just want something to get out of here.

I simply want to know if you are aware of this duty that the House has already approved that would place on you to bring every part of it together on the Anacostia River. I would like your views on the state of the river now. You have done some watershed work in here in past years. So I would be most pleased to hear your responses to those questions.

Mr. WOODLEY. Thank you, Ms. Norton. We not only are aware of that, we would embrace that. You mentioned to Mr. Gilchrest a moment ago that he would recall and you may also recall that I came to this position from another position within the Department. And before that, I was the Secretary of Natural Resources for Virginia. In my capacity, I worked on the Chesapeake Bay agreement of 2000, in which the Anacostia was identified by the Chesapeake Bay partners as one of the major areas of emphasis in the restoration within the watershed.

In that context, we would be very much in line with the Corps' cooperation with the Chesapeake Bay partners that has borne a lot of fruit in other areas, that we would be involved in the Anacostia. You are aware of the Kingman Island restoration that is underway as a continuing authority project within Baltimore District. We appreciate the support that that has received from the Committee in the past.

The final thought I would leave of course is that as an element of the Defense Department, you are also aware that there is almost no element of the Defense Department that does not have a major presence, Navy, Marine Corps, Air Force and Army, on the Anacostia River. So as a representative of the Department in that context, I think we also bear a special responsibility to assisting the jurisdictions to have a comprehensive plan for that cleanup. It is something that the communities have come together on. I think this is a very exciting time to be involved on the Anacostia.

Ms. NORTON. I thank you very much, Mr. Woodley. I look forward to getting that bill out. Of course, we would work with Lieutenant General Strock. Would you say something about the Anacostia River, any work that is going on as I speak? Kingman Island

was mentioned. Where are you on that, and where are we, as you say, on Kingman Island?

And the other watersheds, when I came to Congress some time ago, a few sessions after I came to Congress we began to work on two or three wetlands. I know some of them are done and wonderfully done. Would you just give me a word on what you can remember that is going on now in the Anacostia and its wetlands?

General STROCK. Yes, ma'am. Certainly we are aware of the initiative in the WRDA and welcome an opportunity to act as an integrating function between the jurisdictions. In terms of the existing project, we selected 13 sites initially. Ten of those are now complete. The local sponsor elected not to go with two sites in Prince George's County, and the remaining site is in Montgomery County. Unfortunately, we have no funding, either in 2006 or proposed for 2007. But as soon as that funding might become available, then we would proceed with the planning and construction of that 13th site in Montgomery County.

Ms. NORTON. I understand—didn't you do the site around Langston Golf Course, another site around the electric plant, I am trying to remember, there were at least three sites there were funding for in the District of Columbia.

General STROCK. Yes, ma'am, we did do all the District of Columbia sites. The only ones we didn't do are Prince George's and one in Montgomery. So those have been done. I can provide you details, have the Baltimore District come in and provide an update on where we are on those.

Ms. NORTON. Well, let me thank you for the work that was done on our wetlands. We were thrilled that the funding did come through for those wetlands some time ago and it has proceeded. The wetlands of course is necessary to protect all the rest of it. Those wetlands are right in the city and in those neighborhoods that value the Anacostia River so much.

So I look forward to continuing to work with you, General Strock, and of course to the rest of you, and to have among you an official who knows this region well, and these terms and the value that the entire region puts on trying to get the Anacostia in line with a river that flows through, literally beats from the capital of the United States and major facilities.

Again, thank you for your work and I look forward to working with you. I want to thank the Committee once again that the Committee has included this ten year plan responsibility for the Corps in our WRDA bill and may, God willing, it come out of the Senate soon. Thank you very much.

Mr. BOUSTANY. Mr. Middlebrook, you have been sitting through all this questioning very patiently. I have a question for you.

What impact will the tolls proposed in the budget request have on the use of the Seaway, and do you expect a drop in traffic as a result of this?

Mr. MIDDLEBROOK. We don't, sir. Looking first of all historically when tolls were taken off the Seaway back in 1987, there was the anticipation that traffic would respond very positively and increase at that time. In fact, it didn't. Traffic began to decline somewhat until the early 1990s, when it picked up.

What that is an indication of and why we don't feel it will have a dramatic impact is that the overall cost structure of a Seaway voyage, looking at the total through costs from entering the system, port charges, stevedoring costs, pilotage costs, when one looks at that, the amount of tolls that would have to be charged to meet our funding requirements probably is less than 5 percent. It is somewhere in the order of 2 to 5 percent. So it is not a significant amount that is spread over those costs.

Mr. BOUSTANY. Thank you.

Gentlemen, that concludes all the questioning by the Committee. We thank you for coming.

Mr. TAYLOR. Just a quick follow-up. Several of my harbors are predominantly for oystermen and shrimpers. Because of the storm, since almost all of the waterfront diesel sales have been curtailed and all the waterfront ice distribution is at least temporarily gone, since the oyster reefs were temporarily either destroyed or buried, some of them are on the books, but that is the major cargo, it is either shrimp or oysters.

So if someone were to do a snapshot BC study, all of them would be out of business. What kind of reassurance can you give me that that is not going to happen, that the Corps will be looking at the long term and not just a snapshot since the last of August? Because it would very much affect the future of places like Bayou Caddy, Pass Christian, the Gulfport shrimpers harbor, the inner harbor at Biloxi which is used, you know, the outer harbor is used for the coal barges, but the inner harbor is mostly for the shrimpers. I am looking for a little reassurance here that that won't be the case.

Mr. WOODLEY. Yes, sir. When we do our analysis of cost benefit, we will find a way to discount the areas, the losses due to storm damage and to the inability of the resource to immediately rebound. We will find a way to deal with it based on historical data and to allow them to compete fairly within our system, regardless of the losses they suffered. I think that is only fair.

Mr. TAYLOR. General Strock, to your knowledge, and I realize you can't memorize, nor can anyone, every dollar in every bill, but was there any money in the supplemental that passed as a part of the Defense appropriations bill, Katrina related, was there any of it geared towards getting those channels dredged? Or did they come out of your O&M budgets?

Mr. WOODLEY. I am sure that it was our intention to include that and I would have to look at the spreadsheet to see that it was included. But I—

Mr. TAYLOR. Could you answer that for the record?

General STROCK. We can answer that for the record, certainly, sir. I know that in a number of the channels we did go in and the supplemental provided the cost for that. If you are talking about some of the smaller harbors that handle just oyster and shrimp production, I do not know that any were specifically included in the supplemental.

You know when we do our O&M allocations, we take rolling averages to try to smooth out those curves that might be caused by discrete events. This is a significant one, though, and your point is very well taken. We need to really look at Katrina and the series

of storms that have surround her as extraordinary events and really understand the implications of that on our normal costing models for O&M.

Mr. TAYLOR. Okay.

General STROCK. For the record, we will provide the details on the other investments.

Mr. TAYLOR. Thank you very much. Thank you, Mr. Chairman.

Mr. BOUSTANY. Gentlemen, that concludes all our questioning. We thank you for your testimony and your answers to the questions. We do have some questions that we will submit in writing to you, and we look forward to those answers.

That concludes this hearing. Thank you.

[Whereupon, at 4:32 p.m., the subcommittee was adjourned.]

OPENING STATEMENT OF
THE HONORABLE RUSS CARNAHAN (MO-03)
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
U.S. HOUSE OF REPRESENTATIVES

Hearing on
Administration's FY2007 Budget and
Priorities for U.S. Army Corps of Engineers, the National
Resources Conservation Service,
and the St. Lawrence Seaway Development Corporation

Wednesday, March 1, 2006, 2pm
2167 Rayburn House Office Building

Mr. Chairman, thank you for holding this important hearing on the administration's budget and priorities for the U.S. Army Corps of Engineers, the National Resources Conservation Service, and the St. Lawrence Seaway Development Corporation. We are lucky to have a leader that recognizes the importance of sufficient funding for these important entities.

There is clearly a benefit to fully funding each of these programs, as they each play integral roles in maintaining and improving our environmental infrastructure. It is important that we allocate sufficient resources for both health and economic reasons.

In the wake of Hurricane Katrina, we saw the necessity for sufficient funding to prevent massive flooding in the wake of a natural disaster. The Mississippi River runs the entire length of my district in Missouri, and it is important that we do everything we can to prevent similarly devastating floods throughout districts like mine. From St. Louis all the way down the river to Ste Genevieve, there are several projects in my district that need sufficient funding to continue to ensure that we have adequate provisions in place to reduce the possibility of a devastating flood.

I urge everyone that we pay particular attention to meeting health and safety needs in a fiscally responsible manner.

I look forward to hearing the testimony of the panelists. Thank you very much for being here today.

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THE HONORABLE JERRY F. COSTELLO
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
HEARING ON
ADMINISTRATION'S FY2007 BUDGET AND PRIORITIES FOR THE US ARMY CORPS OF ENGINEERS, THE NATURAL RESOURCES CONSERVATION SERVICE, THE TENNESSEE VALLEY AUTHORITY AND THE ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
MARCH 1, 2006

- Today the Subcommittee has the opportunity to discuss the President's budget proposal for fiscal year 2007 with representatives of agencies within the Subcommittee's jurisdiction.

- The witnesses before the Subcommittee today will have a difficult time convincing me that this budget adequately meets the Nation's needs for investment in protecting, maintaining and improving our nation's waterways.

- The United States transportation system is the envy of the world. We have an extensive system of highways, ports, locks and dams, and airports. Yet we have neglected to upgrade and modernize our infrastructure over the years.

- We should not build our infrastructure and then walk away without maintaining it and modernizing it as it becomes antiquated.

- Our nation's waterways contain outdated and antiquated locks and dams that, unless rehabilitated or improved, will continue to delay the movement of coal, grain, and other bulk products.

- Instead of the Bush Administration putting forth the necessary funds to modernize and properly maintain our aging infrastructure, the Corps of Engineers' budget reflects a reduction of 42.5% from the appropriations for FY2006 (including supplemental appropriations). The Administration continues to under fund much needed operation and maintenance and construction of critical water infrastructure.

- Significant increases in investment for maintenance of existing facilities and construction of modern ones are urgently needed.

- Yet, the proposed funding in FY07 for new studies is 52.9 percent below the FY06 enacted level, jeopardizing the continued development of justified projects.

- Further, the proposed funding for construction is 36.5 percent below the enacted FY06 levels, which will increase the costs of completing projects and will delay the national economic and ecosystem restoration benefits.

- Finally, the proposed Operations and Maintenance funding is 1.6 percent below the FY06 enacted level which substantially reduces the Corps ability to do dredging, repairs, and other traditional operation and maintenance activities.

- With much of our system exceeding its life expectancy over 20 years ago and the continued backlog of maintenance projects and construction improvements, our current system loses about 10 percent of its capacity due to system failures and breakdowns.

- Sustained limited funding, as seen under the Bush Administration, limits navigation, flood damage reduction benefits, and environmental benefits.

- In my district alone, dredging and sediment removal cannot be done at various locations, including Grand Tower in Jackson County; structural and mechanical repairs cannot be made at the Melvin Price Lock and Dam; and relief walls cannot be built for the Wood River Levee.

- Mr. Chairman, we cannot continue to under invest in the Nation's infrastructure or its environment. We have an obligation to previous generations to take care of our infrastructure and resources; and, an obligation to future generations to provide a better, cleaner, and safer world for them to live in.

- I look forward to today's testimony.

STATEMENT OF BRUCE I. KNIGHT, CHIEF
NATURAL RESOURCES CONSERVATION SERVICE
U.S. DEPARTMENT OF AGRICULTURE
BEFORE THE
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON WATER RESOURCES AND THE ENVIRONMENT

March 1, 2006

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to appear before the Subcommittee to discuss water resource program activities of the Natural Resources Conservation Service (NRCS). Through the water resource programs that NRCS administers, our employees work in partnership with local leaders to improve the overall function and health of our Nation's watersheds. Our goal is to improve local communities' access to clean, safe, and reliable water resources, while providing protection from floods and mitigating the effects of natural disasters.

In my remarks today, I will describe our ongoing work in this area, and discuss our budget and priorities for fiscal year (FY) 2007. I will specifically address four programs: 1) Watershed Surveys and Planning, 2) Watershed and Flood Prevention Operations, 3) Emergency Watershed Protection, and 4) Watershed Rehabilitation.

Nearly 2 years ago, August 2004, NRCS celebrated the 50th anniversary of the Watershed Protection and Flood Prevention Act of 1954 (Public Law 83-566), which established the Agency's water resource programs. This statute, along with the Flood Control Act of 1944 (Public Law 78-534), has provided NRCS the authority to complete work on 2,000 watershed projects nationwide, through helping local communities construct 11,000 flood control dams. The dams and other water resource program measures implemented through these watershed projects provide more than $1.5 billion in local benefits every year by controlling floods, conserving water, and improving community water supply.

The NRCS water resource programs provide communities and landowners site-specific technical expertise for watershed planning and financial assistance for watershed project implementation. The programs provide a process to solve local natural resource problems, including flood damage mitigation, water quality improvement, ensuring an adequate rural water supply, water conservation, soil erosion control, and fish and wildlife habitat improvement.

With the water resource programs, thousands of communities across the country improve natural resources, restore fish and wildlife habitat, mitigate flood damages, and accelerate economic development. The Watershed Programs are founded upon the

principle of locally driven, watershed-scale conservation, which can best be solved by cooperative action above the farm and ranch level. Local governments and other sponsors initiate projects with the help of NRCS and conservation districts and are empowered as decision-makers to build State and local partnerships, and acquire funding contributions.

NRCS assists with the planning and implementation of watershed projects, and serves as a technical advisor, bringing science, technology, and knowledge about the natural resource base and ecosystem of the watershed, and has served as a source of funding, to develop these projects. The local sponsoring organization submits an application for Federal assistance, assures public participation, makes project planning and implementation decisions, obtains land rights and permits, provides local cost-share funds, operates and maintains project measures, and carries out all phases of the project installation according to policy.

Fiscal Year 2007 Budget Proposal

The President's FY 2007 budget recommends eliminating funding for most of NRCS Watershed Program activities on the basis that these funds could be better used to help fund higher priority and more cost-effective programs. Highlights of the Watershed Survey and Planning, Watershed and Flood Prevention Operations, Emergency Watershed Protection, and Watershed Rehabilitation programs are as follows:

Watershed and Flood Prevention Operations

The Flood Control Act of 1944 (P.L. 78-634) authorizes the Secretary of Agriculture to install watershed improvement measures to reduce flood, sedimentation, and erosion damages; further the conservation, development, utilization, and disposal of water; and foster conservation and proper utilization of land. Flood prevention work is authorized in the 11 watersheds designated in the Flood Control Act.

The Watershed Protection and Flood Prevention Act of 1954 (P.L. 83-566) provides for cooperation between the Federal Government and the States and their political subdivisions in a program to prevent erosion, floodwater, and sediment damages; to further the conservation, development, utilization, and disposal of water; and to further the conservation and proper utilization of land in authorized watersheds.

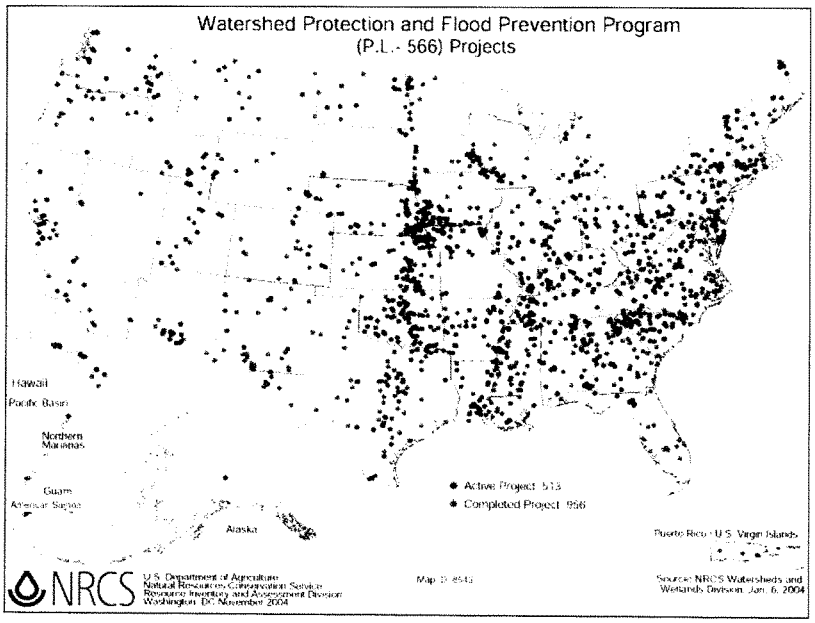
The P.L. 78-534 and P.L. 83-566 programs have similar authorities. The planning criteria, economic justifications, local sponsorship requirements, cost-sharing criteria, structural limitations, and other policies and procedures used in P.L. 78-534 projects generally parallel those used in P.L. 83-566 projects.

Watershed Surveys and Planning

The Watershed Surveys and Planning account helps communities and local sponsors assess natural resource issues and develop coordinated watershed plans that will conserve and utilize their natural resources, solve local natural resource and related economic problems, avoid and mitigate hazards related to flooding, and provide for advanced planning for local resource development. This includes Floodplain Management Studies, Cooperative River Basin Studies, Flood Insurance Studies, Watershed Inventory and Analysis, and other types of studies, as well as P.L. 83-566 Watershed Plans. Over 65 percent of these plans are used to guide local planning efforts; the other 35 percent guide experts and sponsors in the implementation of watershed projects to solve natural resource problems.

The President's budget for FY 2007 proposes to eliminate funds for this program and redirect them to other higher priority programs. With the elimination of Watershed and Flood Prevention Operations, continuation of the planning component is no longer necessary. It is hoped that local sponsoring organizations, as well as State and local governments, will assume a more active leadership role in identifying water resource problems and their solutions. This is a decrease of more than $6 million from the FY 2006 Appropriations.

A map depicting the completed and active watershed projects across the United States is provided below:



The FY 2007 President's Budget for Flood Prevention Operations, P.L. 78- 534, and Watershed Operations, P.L. 83-566, proposes to eliminate funds for these two programs and redirect them to other higher priority programs. It is hoped that those high priority P.L. 78-534 and P.L. 83-566 projects not yet completed will continue to receive strong local leadership and support for their project sponsors.

In addition, for the last several years, NRCS has been managing a watershed program over which it has had little control. We have been administering a program that is nearly 100 percent earmarked and that poses some serious management challenges. This has created problems in setting and addressing national priorities that will garner the greatest environmental benefit; providing the high-quality technically trained interdisciplinary staff in the proper locations; and in strategically improving the health of critical watersheds. In addition, there is some duplication between the water resource programs and Farm Bill conservation programs. To be specific, as an Agency we can provide land treatment assistance with the Watershed Protection and Flood Prevention Operations Program, the Conservation Technical Assistance Program, and through the Environmental Quality Incentives Program.

This decrease in funding in the Watershed and Flood Prevention Operations account will enable the Administration to direct much needed additional resources to other high priority programs.

The FY 2007 budget proposal for P.L. 78-534 is a decrease of $9.9 million and for P.L. 83-566 it is a decrease of $64.4 million from the FY 2006 Appropriations.

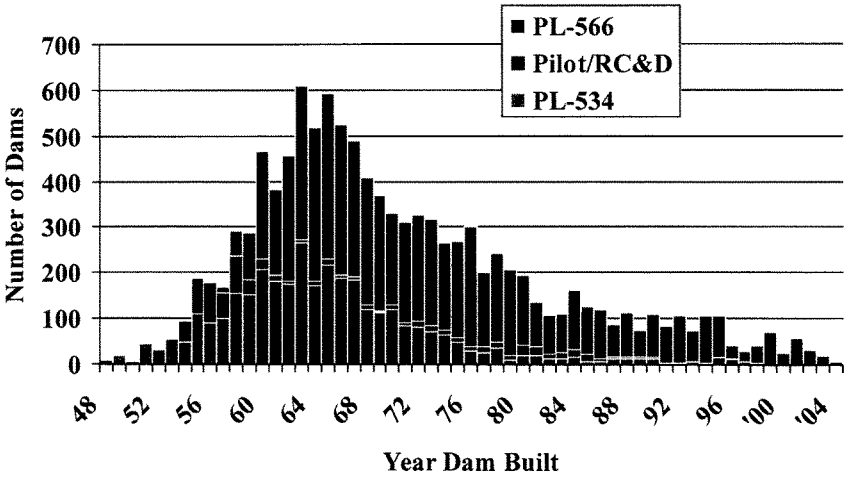
Emergency Watershed Protection

The purpose of the Emergency Watershed Protection (EWP) program is to undertake emergency measures, including the purchase of floodplain easements, for runoff retardation and soil erosion prevention to safeguard lives and property from natural disasters. The typical process for delivery of this program starts with the local sponsor requesting assistance for a disaster recovery effort. NRCS then conducts a damage assessment to identify if the project is eligible and develop an estimated cost. Typical work under this program ranges from debris removal from clogged streams caused by flooding; installing conservation measures, like reseeding native grasses, to prevent soil erosion on hillsides after a fire; or replanting and reshaping streambanks due to erosion caused by flooding. At the request from communities across the Gulf region recovering from Hurricanes Katrina and Rita, NRCS has completed nearly $23 million in recovery work under the EWP program. The FY 2006 Supplemental Appropriation provided an additional $300 million for EWP Program recovery efforts from Hurricanes Katrina, Rita, Wilma and Dennis.

The FY 2007 President's Budget does not propose funding this program. Historically, Congress has elected to fund this program through emergency supplemental appropriations as disasters occur.

Watershed Rehabilitation

Since 1948, over 11,000 flood control dams have been built in the 2,000 watersheds projects across America. Many of these dams were designed for a 50-year life span and now are at, or near, that age. The following graph illustrates the years and the programs in which these 11,000 structures were built:



Since enactment of the Watershed Rehabilitation Amendments of 2000 and subsequent amendments in the 2002 Farm Bill, NRCS has 107 dams that have rehabilitation plans authorized and the projects are completed or implementation of the plans is underway. NRCS is actively helping local communities rehabilitate aging dams, with the average dam rehabilitation cost roughly at $1.2 million.

Two examples of the many successful rehabilitation projects include:

- The White Tanks Watershed Dam No. 3 in Maricopa County, Arizona. This watershed structure was rehabilitated because of lingering problems in the earthen fill of the dam, since its construction in 1954. Over 800 homes and businesses and 6,000 people would be affected if the dam failed, including 2,400 female inmates and 400 employees at the Perryville State Prison.
- Yellow River Watershed Dam No. 14 in Gwinnett County, Georgia, was rehabilitated by constructing a roller compacted concrete spillway over the dam. The dam was built in 1968 with the population of the county increasing from 73,000 to approximately 625,000, along with additional urban development both upstream and downstream from the dam. There are 45 homes and two state highways in the dam breach inundation area.

The President's budget funding request for FY 2007 includes $15.3 million for Watershed Rehabilitation activities involving aging dams. This will address and focus on critical dams with a high risk for loss of life and property and the greatest potential for damage.

This is a decrease of $15.9 million from the FY 2006 Appropriations and reflects the Administration's position that the maintenance, repair, and operation of these dams are primarily local responsibilities because program benefits are highly localized.

Summary

In summary, the U.S. Department of Agriculture has accomplished much through the water resource programs over the past 50 years. Economic, social, and environmental benefits from these programs have been significant for both agricultural and urban communities, which will continue to enjoy reductions in erosion, improved water quality, flood mitigation, greater productivity of cropland and rangeland, and many recreational opportunities. However, in the context of the budget request for FY 2007, we will need to prioritize limited resources to ensure that we are well positioned to address more pressing challenges ahead, and to meet our budget deficit reduction targets.

I thank the Subcommittee and would be happy to respond to any questions.

STATEMENT OF
CRAIG H. MIDDLEBROOK, DEPUTY ADMINISTRATOR
SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION
BEFORE THE
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES

MARCH 1, 2006

The U.S. Saint Lawrence Seaway Development Corporation (SLSDC or Corporation) is a wholly owned government corporation and an operating administration of the U.S. Department of Transportation (DOT) responsible for the operations and maintenance of the U.S. portion of the St. Lawrence Seaway between Montreal and Lake Erie. This responsibility includes maintaining and operating the two U.S. Seaway locks located in Massena, N.Y., and vessel traffic control in areas of the St. Lawrence River and Lake Ontario. In addition, the SLSDC performs trade development functions designed to enhance awareness and use of the Great Lakes St. Lawrence Seaway System.

For nearly 50 years, the binational St. Lawrence Seaway has served as a vital transportation corridor for the international movement of bulk and general cargoes such as steel, iron ore, grain, and coal, serving a North American region that makes up one quarter of the U.S. population and nearly half of the Canadian population. Maritime commerce on the Great Lakes Seaway System is a critical transportation link for the continent's agricultural and industrial heartland, annually generating more than 150,000 U.S. jobs, $4.3 billion in personal income, $3.4 billion in transportation-related business revenue, and $1.3 billion in federal, state, and local taxes.

The SLSDC coordinates activities with its Canadian counterpart, the St. Lawrence Seaway Management Corporation (SLSMC), particularly its rules and regulations, overall day-to-day operations, traffic management, navigation aids, safety, environmental programs, security, operating dates, and business development programs. The unique binational nature of the Seaway System requires 24-hour, year-round coordination between the two Seaway entities.

The SLSDC's principal performance goal is to provide a safe, secure, reliable, and efficient U.S. portion of the St. Lawrence Seaway to its commercial users. Since opening in 1959, more than 2.4 billion metric tons of cargo has been transported through the combined sections of the St. Lawrence Seaway (Montreal-Lake Ontario and Welland Canal) with an estimated value of more than $400 billion. During the 2005 navigation season alone, an estimated 43.3 million metric tons of cargo, mostly grain, iron ore, coal, steel and other bulk, passed through the Seaway, representing a cargo value of $7.1 billion.

FISCAL YEAR (FY) 2007 BUDGET ESTIMATE

The SLSDC's FY 2007 proposed funding level of $18,245,000 includes an appropriation request of $7,920,000 from the Harbor Maintenance Trust Fund (HMTF), $9,425,000 through the re-establishment of U.S. Seaway commercial tolls, and $900,000 in estimated non-federal revenues. This funding level will allow the agency to fund its 157 Full-Time Equivalent (FTE) staff and continue the day-to-day operational and maintenance programs for the U.S. portion of the St. Lawrence Seaway between Montreal and Lake Erie.

As highlighted in its OMB Program Assessment Rating Tool (PART) for the FY 2007 budget cycle, the SLSDC has an effective program for its overall operations, maintenance and administrative activities. The FY 2007 request will allow Corporation officials to continue its efficient and effective programs and initiatives and to meet its performance goals.

These programs include managing vessel traffic control in areas of the St. Lawrence River and Lake Ontario, and maintaining, operating, and securing the two U.S. Seaway locks located in Massena, N.Y. In addition, the SLSDC performs trade development activities designed to enhance Great Lakes St. Lawrence Seaway System awareness and use.

The budget request calls for the re-establishment of U.S. Seaway commercial tolls as a self-funding mechanism for the SLSDC. The SLSDC was self-funded through commercial tolls from the Seaway's inaugural season in 1959 to 1987. Since April 1, 1987, the SLSDC has been funded through an appropriation from the HMTF, coupled with its non-federal revenues from interest income, pleasure craft tolls, concession operations and rental payments.

The FY 2007 request is $1,224,000 above the FY 2006 enacted level ($545,000 in baseline changes and $679,000 in program changes). This change is directly attributable to:

- $478,000 increase in net personnel compensation and benefits, including the annualization of the FY 2006 Pay Act increase;
- $493,000 increase in capital replacements and improvements;
- $186,000 increase in maintenance-related special projects;
- $69,000 increase in inflationary adjustments; and a
- $2,000 decrease in U.S. DOT Working Capital Fund projections.

The SLSDC's request directly supports four of the five President's Management Agenda initiatives: budget and performance integration, strategic management of human capital, financial performance improvement, and electronic government expansion (SLSDC is exempt from competitive sourcing as a government corporation). In addition, SLSDC activities support the Department's strategic goals of Global Connectivity (efficient cargo movement) and Security (supplemental goal of Seaway readiness), as well as the agency's internal strategic goals. These internal goals include safety, security, and the environment; reliability and availability; trade development; and

management accountability. The request, separated by Department strategic goals and performance measures, includes $17,995,000 directed at maritime navigation programs and personnel, and $250,000 towards the SLSDC's security and infrastructure protection activities.

The FY 2007 request reflects the Administration's commitment to providing the global commercial users of the St. Lawrence Seaway with a safe, secure, efficient, and reliable transportation route. The SLSDC's principal performance measure, both in its internal strategic plan as well as the Department's annual performance plan, is to ensure that the U.S. portion of the St. Lawrence Seaway, including the two U.S. locks, is available to its customers 99 percent of the navigation season. During the 2005 navigation season, the SLSDC reported a 99.5 percent system availability rate for the U.S. portion of the Seaway.

The majority of causes for delays were weather and vessel incidents. Of the remaining factors that cause system non-availability, the Corporation has the most control over the proper functioning of its lock equipment. Lock equipment malfunction delays for the 2005 navigation season totaled 2 hours, 43 minutes, which represented 8 percent of all delays and only four-hundredths of one percent of the navigation season.

Other 2005 performance results include:

- Achieving the agency's 42nd consecutive unqualified, or "clean", annual financial audit. *(Met goal of unqualified audit)*

- Performing safety and environmental inspections on 100 percent of ocean vessels during their first inbound voyage into the St. Lawrence Seaway in Montreal, Quebec. *(Met goal of 100 percent)*

- Maintaining an administrative overhead expense ratio of total operating expenses at 25.4 percent. *(Missed goal of 25 percent or lower)*

- Increasing the SLSDC financial reserve account to $10.9 million to ensure contingency funding for catastrophic emergencies. *(Met goal of $10.0 million minimum balance)*

U.S. SEAWAY COMMERCIAL TOLLS PROPOSAL

The President's FY 2007 budget proposes for the second consecutive year to re-establish U.S. Seaway commercial tolls as a self-funding mechanism for the SLSDC. The FY 2006 President's budget request introduced the concept of reintroducing U.S. Seaway tolls. Ultimately, the House and Senate appropriations committees rejected that request for FY 2006 and funded the SLSDC through the Harbor Maintenance Trust Fund, as it has each year since the fund's establishment in 1987 when U.S. tolls were eliminated. Last June, the Administration submitted a draft legislative bill to the Congressional authorizing committees seeking approval for the SLSDC to begin collecting commercial tolls. No formal action has been taken on that bill.

The draft bill specifically addressed the principal concern of "double taxation" voiced by those stakeholders and members of Congress who disagreed with the tolls proposal. Nearly every argument against the Seaway tolls proposal was based on the concern that U.S. Seaway tolls would be charged in addition to the Harbor Maintenance Tax. Opponents argued that the Water Resources Development Act of 1986 not only established the Harbor Maintenance Tax, but also removed U.S. Seaway commercial tolls at the same time to avoid double taxation and ensure the competitiveness of the Great Lakes Seaway System. The Administration took note of this concern and provided draft language that would amend the Internal Revenue Code of 1986 to stipulate an exemption from the Harbor Maintenance Tax for cargo transiting the U.S. Seaway locks.

For FY 2007, the budget proposal calls for $7.920 million in appropriations from the HMTF, with the remaining $9.425 million derived from the collection of commercial tolls. The split between tolls and traditional appropriations from the HMTF in the FY 2007 request was based on an assumption that U.S. Seaway toll collections would begin with the start of the 2007 navigation season (late March/early April), and on projected transit and cargo levels.

The FY 2007 budget request once again includes the Administration's proposal to reestablish U.S. commercial tolls. Unlike last year's request, which specifically stated that a legislative bill would be forthcoming, this year's request includes detailed appropriation language that would give the appropriators the opportunity to provide the SLSDC with the approval needed to begin collecting and using commercial toll receipts.

The Administration supports efforts to improve service delivery and believes that this proposal would enable the SLSDC to function more like a private corporation. The SLSDC's Canadian counterpart, the St. Lawrence Seaway Management Corporation, directly supports its operations through fees. The Canadian SLSMC is a not-for-profit corporation managing and operating the Canadian assets of the St. Lawrence Seaway for the Canadian government under a long-term agreement with Transport Canada.

U.S. tolls would only be collected in the Montreal-Lake Ontario section of the Seaway, where the SLSDC owns and operates two of the seven locks in that section at Massena, New York. The toll levels established would be based on the type of cargo being shipped as well as a vessel charge based on the gross registered tonnage of the transiting vessels.

The reinstitution of U.S. Seaway tolls would require diplomatic coordination and collaboration with Canada as it relates to the 1959 Seaway Tariff of Tolls Agreement. U.S. Seaway toll levels would be subject to the binational agreement and to the U.S./Canadian Seaway toll negotiations process. These negotiations would include both the toll levels for each commodity as well as the revenue split between the two entities.

MAJOR SLSDC PROGRAMS AND ACTIVITIES

Capital Equipment and Infrastructure Projects

The need to ensure that the two U.S. Seaway locks are safe, secure, reliable, and efficient becomes an even more important agency priority as the waterway nears half a century of operation. Costs for repairing, maintaining, and preserving the locks in working condition are increasing annually. For FY 2007, the SLSDC is proposing a capital plan of $1,840,000, which is an increase of $493,000 above the FY 2006 enacted level.

The SLSDC's annual capital budget request is based on its capital plan, which details equipment and projects required to maintain the agency's lock infrastructure, buildings, and other property. Each year, SLSDC engineering and maintenance teams update their plans for the next five-year period, which results in the agency's five-year capital plan for equipment and projects. The agency's five-year plan is based on lock inspections, projected lifecycles of parts and machinery, and the U.S. Army Corps of Engineers' 1999 Seaway lock survey and evaluation.

Time, weather, and usage take a toll on the Seaway locks' workable or useable condition as on any concrete-based transportation infrastructure. Adding to the deterioration of the lock structures are the freeze and thaw cycles resulting from the harsh winter weather conditions in Upstate New York. Since their opening in 1959, the U.S. Seaway locks have never experienced a major shutdown due to lock equipment malfunctioning. This significant accomplishment is due, in large part, to the SLSDC's pro-active preventative maintenance program that targets lock machinery, parts, and equipment in need of inspection, repair or replacement.

SLSDC maintenance and engineering staff use the Seaway's closure during the winter months to drain the water from the locks, inspect critical lock parts and components, and perform necessary repairs and upgrades. Without sufficient funding to make the necessary capital replacements and improvements each year, the risk of a lock malfunction or shutdown increases. It is vital that the SLSDC continue to complete its capital and maintenance programs, as planned, to ensure that the Seaway System remains safe, reliable, and efficient.

The most expensive FY 2007 capital project relates to a mechanical upgrade to the lock valves. This request includes funding for the first year of a four-year project to replace the electro-mechanical culvert valve operating machinery with hydraulic equipment. Plans are to replace the machinery for two valves each year until all eight valves at the two U.S. locks have been replaced. These valves are used to fill and empty the locks. The existing machinery is almost 50 years old and is exhibiting significant signs of wear. The U.S. Army Corps of Engineers in its 1999 lock survey of the U.S. locks recommended the replacement of the lock valve machinery. The FY 2007 request for this project is $950,000. The SLSDC estimates that its principal performance measure of system/lock availability could be negatively affected by 4.2 percent without the increase in funding for capital-related items in 2007. The resulting level of system availability would potentially be the lowest on the Seaway in nearly 15 years.

Concrete Replacement Project

In January 2006, the SLSDC began the first year of work on a four-year, $6 million concrete replacement project at the two U.S. Seaway locks. The SLSDC hired contractors to perform the concrete replacement and for project management and inspection services. The $1.5 million requested for FY 2007 to continue the concrete replacement project is included in the agency's base level funding.

The replacement of deteriorated concrete has historically been one of the SLSDC's most expensive maintenance projects dating back to the Seaway's opening in 1959. The majority of the concrete replacement has occurred at the U.S. Eisenhower Lock, which has a history of concrete-related problems. Between 1959 and 2004, the SLSDC expended more than $25 million on concrete replacement at the two locks during the off-season winter months, with the majority of work taking place at the Eisenhower Lock.

Great Lakes St. Lawrence Seaway Study

The Water Resources Development Act of 1999 directed the U.S. Army Corps of Engineers (USACE), in consultation with the U.S. Department of Transportation (DOT) (through the SLSDC), to undertake a Great Lakes Navigation Study (GLNS) focusing on improvements to the commercial navigation infrastructure of the Great Lakes St. Lawrence Seaway System. Possible improvements include locks, channels, and enhancements to ports, dams, harbors, and other related features.

Since January 2001, the USACE has partnered with DOT/SLSDC to carry out the study's Reconnaissance Phase. On February 13, 2003, the GLNS Reconnaissance Report was approved, but the Corps recommended that the USACE prepare a supplement to further document the current condition of the commercial infrastructure of the Great Lakes St. Lawrence Seaway System. In partnership with the Canadian government, the Department is collaborating with the USACE to complete what is now referred to as the Great Lakes St. Lawrence Seaway Study. This study, scheduled for completion by September 2007, will include an engineering analysis that will provide the two Seaway entities and U.S. and Canadian policymakers with a detailed framework for projects and costs required to keep the current Seaway lock infrastructure in workable condition for the next 50 years.

On May 1, 2003, Transportation Secretary Norman Y. Mineta signed a Memorandum of Cooperation (MOC) with his then Canadian counterpart at Transport Canada, David Collenette, which called for Canada and the U.S. to carry out the study. The MOC initiated the supplemental phase of the study (now entitled the Great Lakes St. Lawrence Seaway Study), and expressed the intention of Transport Canada and DOT to enhance their joint collaboration and cooperation to ensure the long-term viability of the Great Lakes Seaway System as a safe, viable, reliable, and efficient transportation route.

The study is being directed by a Steering Committee comprised of DOT, SLSDC, Transport Canada, the USACE, and the Canadian St. Lawrence Seaway Management Corporation. The Steering Committee also includes Environment Canada and the U.S. Fish and Wildlife Service. DOT and Transport Canada are the co-chairs of the committee.

Foreign-Flag Vessel Inspections and Ballast Water Exams

In FY 2007, the SLSDC will continue to perform its Enhanced Seaway Inspection (ESI) program, inspecting all ocean vessels for safety and environmental protection issues in Montreal, Quebec, before they enter U.S. waters. The SLSDC and the U.S. Coast Guard (USCG), in conjunction with Transport Canada and the SLSMC, signed a Memorandum of Understanding in March 1997 to develop the program of coordinated vessel inspection and enforcement activities to expedite the safe transit of shipping through the Great Lakes Seaway System.

The principal goal of the ESI program is to inspect all ocean vessels related to safety and environmental protection issues in Montreal, Quebec, before they enter U.S. waters. Inspections performed in Montreal eliminate duplicative inspections, allows for a seamless and efficient transit of the Seaway, and provides a better location for repair resources, if required.

During the 2005 navigation season, the SLSDC achieved its internal performance goal of inspecting all ocean vessels with 212 inspections completed, all performed by SLSDC marine inspectors. The enhanced vessel inspection program exemplifies the Department of Transportation's goal of partnering for excellence.

The ballast water exchange program continues to be an important function of the ship inspection program. These inspections are carried out concurrently with the ESIs, by SLSDC personnel in Montreal and by USCG and Corporation staff at Snell Lock in Massena. These programs support the Oil Pollution Act of 1990 and the Non-Indigenous Aquatic Nuisance Prevention and Control Act of 1990. During the 2005 season, Seaway marine inspectors conducted 59 ballast water inspections in conjunction with the ESI program, and performed an additional 66 ballast water exams for subsequent trip vessels at the U.S. Seaway locks in Massena, N.Y.

Environmental Initiatives

Nationwide, considerable concern has been expressed regarding the introduction and spread of aquatic invasive species. The SLSDC is involved in several initiatives to combat the spread of invasive species in the Great Lakes Saint Lawrence Seaway System. One such effort is the Great Ships Initiative (GSI) which is focusing resources and expertise on producing solutions to the problem of ship-mediated invasive species in the Great Lakes. The GSI program is an industry-led cooperative effort initiated by the Northeast-Midwest Institute, in collaboration with the American Great Lakes Ports Association. It will operate on two fronts: 1) activating a set of "technology incubators" to accelerate the identification and verification of treatment alternatives to stop organism introductions by ocean-going ships; and 2) monitoring Great Lakes ports and harbors for new introductions of invasive species by ships. Both elements will be overseen by an Executive Committee of which the SLSDC is a member. Additionally, as part of the GSI, the

SLSDC is assisting with a University-based research and testing project for the development of a ballast water treatment testing facility.

The SLSDC also serves on the Advisory Committee of the Great Lakes Maritime Research Institute (GLMRI), a National Maritime Enhancement Institute. The GLMRI's mission is to conduct research to support the advancement of the Great Lakes marine transportation system. The GLMRI, a consortium between the University of Wisconsin-Superior and the University of Minnesota-Duluth, will conduct research and publish findings on maritime issues including aquatic invasive species, as outlined in the Coast Guard and Merchant Marine Act of 2004.

The SLSDC is also part of a larger binational effort formed this year, referred to as the "Green Marine" initiative, to confront environmental issues in the Great Lakes Seaway System. Launched by the Chief Executive Officers of 10 major stakeholders, including the two Seaway entities, ports and carriers, the Green Marine initiative is focused on a broad array of environmental issues including aquatic invasive species, dredging, air and water pollution. The initiative is being managed by representatives from seven marine associations and includes participation from a broad spectrum of maritime, industry and government leaders from throughout the Great Lakes/Seaway region.

The SLSDC recognizes that a proactive approach to maritime environmental issues is critical to the successful future of the Great Lakes St. Lawrence Seaway System. Furthermore, the environmental benefits of the marine mode of transportation are often overlooked and the Corporation will continue its efforts to promote these in the broader context of developing a sustainable transportation system.

Trade Development Activities

In addition to its operations and maintenance activities, the SLSDC also serves the various stakeholder groups in the Great Lakes St. Lawrence Seaway System with an aggressive trade development program. Started in 1985, the SLSDC trade development program aims to reach out to current and prospective customers and markets to assist in the growth of trade through the Great Lakes Seaway System.

The SLSDC collaborates with the Canadian Seaway Management Corporation on most business development and promotional initiatives. For example, in 2001 the two Seaway agencies unveiled a single, unified binational Internet web site (www.greatlakes-seaway.com) to help promote the Seaway System and highlight the advantages of shipping through the system. Since the site's unveiling in February 2001, the site has recorded more than 6.8 million page hits from visitors from more than 150 countries with significant increases in usage each year. In 2005 alone, the site set an annual record with 2.1 million page hits.

In addition to the web site, the two Seaway agencies co-sponsor overseas trade missions to traditional and emerging markets. Since 1985, the SLSDC has either sponsored or co-sponsored 28 trade missions to 64 cities in 37 countries. Most recently, the two Seaway agencies co-sponsored a Seaway Trade Mission last October to the traditional markets of the United Kingdom and Germany. A 21-member delegation met with key current and prospective

customers to encourage cargo shipments through the waterway, briefed International Maritime Organization officials on maritime issues affecting the Great Lakes, and hosted several informational seminars and presentations with port, carrier, and cargo officials to highlight the System's outstanding record of safety, efficiency, and reliability, as well as recent operational and technical enhancements and new cargo incentives. As a result of the mission, the two Seaway entities are currently working with two German vessel operators with Seaway-size ships to develop a regular feeder ship service.

The next Seaway Trade Mission, which is scheduled for late April 2006, will focus on the world's fastest growing trading market – China. The SLSDC and SLSMC will lead a 30-member binational delegation to the cities of Beijing, Shanghai and Hong Kong. The transportation demands created by Chinese economic growth have caused significant congestion at the primary U.S. coastal ports. Consequently, these delays have forced shippers and brokers to explore alternative transportation routes to facilitate Chinese waterborne trade. A primary purpose for the increased focus on China is to create awareness of the Great Lakes Seaway System as an alternative route and highlight its ability to provide capacity to this growing market.

The meetings in Beijing will be with ministerial, regulatory, trade and development agencies and associations. While in Shanghai, the delegation will meet with terminal operators, liner operators, and import and export cargo brokers. In Hong Kong, meetings will be scheduled with ship owners and operators that are currently shipping both bulk and container cargoes to the East Coast of North America.

Finally, over the past year, the SLSDC and SLSMC have fully developed a unified marketing brand for the Great Lakes Seaway System called "Highway H_2O". For many years, the various trade and transportation industries involved with shipping on the Seaway System were fragmented. The Highway H_2O brand was developed to bring together all Seaway stakeholders and provide a common theme and message to generate trade growth for the entire waterway. This concept has been endorsed by U.S. and Canadian Great Lakes Seaway System stakeholders and includes cost-sharing partners and supporters from ports and marine-associated enterprises, associations and interest groups.

Last September, the two Seaway entities co-hosted a two-day conference in Toronto on container shipping on the St. Lawrence Seaway under the banner of their Highway H_2O marketing campaign. The conference program focused on four main areas of interest: market trends in the container industry, bottlenecks and challenges facing the transportation industry, Europe's experience with various aspects of container shipping, and Great Lakes/Seaway solutions to surface congestion.

Future Highway H_2O initiatives include workshops on short-sea shipping and the retail industry, the Seaway Trade Mission to China in April 2006, and participation at various trade and transportation exhibitions.

Security Initiatives

The SLSDC will continue to operate and maintain the St. Lawrence Seaway with a heightened awareness towards security during FY 2007. The budget request for this program in FY 2007 is $250,000, which includes $100,000 for an upgrade to electronic/security equipment to move from the existing closed circuit television (CCTV) system to a new and expanded system to be carried on a new fiber optic backbone that was completed in FY 2005.

In addition to this capital project, SLSDC staff will continue to be trained and tested on the agency's contingency measures in the event of a security or terrorist-related incident. In addition, SLSDC staff will continue to aggressively pursue the objectives of its security program, which includes greater protection of SLSDC facilities, improved measures for employee and visitor entry into facilities, and planned contingencies for facilities/infrastructure in the event of a heightened security alert. The SLSDC will also continue to work collaboratively with federal security and intelligence agencies as situations arise.

The SLSDC is currently developing a new performance measure in the area of security to focus on the agency's readiness in the event of a security-related emergency either at the U.S. Seaway locks facilities in Massena, N.Y., or at the U.S. Department of Transportation Headquarters in Washington, D.C. The measure will focus on readiness in the areas of security preparation, Continuity of Operations (COOP), involvement in U.S. and Canadian federal, state, and provincial security working groups, and participation in security-related exercises/simulations.

SLSDC PROGRAM ASSESSMENT RATING TOOL (PART) RESULTS

In preparation for the FY 2007 budget cycle, the Office of Management and Budget (OMB) conducted its Program Assessment Rating Tool (PART) to measure the effectiveness of SLSDC operations. OMB developed PART to provide a standardized way to assess the effectiveness of the federal government's portfolio of programs. The structured framework of PART provides a means through which programs can assess their activities differently than through traditional reviews. A complete listing of all PART results and recommendations across the government can be found at www.expectmore.gov.

For the FY 2007 cycle, the SLSDC received a score of 90, which equates to an "effective" federal program. Findings and recommendations for the SLSDC's PART included:

PART Finding No. 1: The SLSDC is effective in ensuring that program resources reach the intended beneficiaries. The agency's efficiency measure of keeping administrative overhead costs to 25 percent or lower makes certain that operations and maintenance programs receive the highest level of funding possible. Annual customer surveys also assist management in determining program effectiveness and priorities.

PART Finding No. 2: The SLSDC effectively addresses any management deficiencies prior to impacting operations. The agency's Quality Management System, the core to its International Standards Organization (ISO) 9001:2000 certification, requires constant review and updates to

ensure that all management practices and deficiencies, if found, are addressed and remedied. Business practices are audited externally every two years.

PART Finding No. 3: The SLSDC consistently meets its short and long-term goals. The Seaway's principal annual goal of maintaining system availability at 99 percent is either met or narrowly missed every year. Additionally, annual operational and management accountability goals are met, including 42 consecutive unqualified financial audits and no material weaknesses or reportable conditions in its system of internal controls in any year.

PART Recommendation: The SLSDC should develop a performance rating system/index related to the U.S. Seaway infrastructure to assist in determining structural conditions.

During FY 2006, the SLSDC will begin addressing this PART recommendation and will work collaboratively with the Canadian St. Lawrence Seaway Management Corporation, which has been using a similar metric called the Reliability Index to measure the long-term health of the system. This index is based on a consideration of the condition of each structure, its importance, and risk levels.

2005 NAVIGATION SEASON OVERVIEW

The estimated tonnage for the St. Lawrence Seaway in 2005 was 43.3 million metric tons. This was a 163,000 metric ton decrease below the 2004 level or 0.38 percent. The decrease was led by a sharp decline in high-valued steel imports. During the 2005 season, 3.2 million metric tons of steel and other general commodities moved through the System representing a 24 percent decrease below 2004 figures. Early projections for the 2006 season indicate an increase for steel imports into the Great Lakes region via the Seaway due to lower prices for European steel, a weakening dollar and a stabilized economy.

Other traditional Seaway commodities saw increases in 2005. For example, grain exports increased 5 percent to 9.8 million metric tons, iron ore increased 5 percent to 11.0 million metric tons, and other bulk cargoes (salt, stone, cement, coke, petroleum products) increased 2 percent to 15.5 million metric tons. In addition to cargo movements, estimated total commercial transits through the St. Lawrence Seaway were 4,408, an increase of 8 percent over 2004 levels.

CONCLUSION

The FY 2007 request reflects the Administration's commitment to providing the global commercial users of the St. Lawrence Seaway with a safe, secure, efficient, and reliable transportation route. The SLSDC will continue to work towards achieving its goal of 99 percent system availability through its primary operational programs of winter maintenance to make capital and equipment improvements to the lock infrastructure; ongoing maintenance throughout the navigation season; and efficient vessel traffic control, utilizing Automatic Identification System (AIS) technologies to improve safety, security, and transit times, and vessel inspections for safety compliance.

Funding levels insufficient to meet legislatively-mandated personnel compensation and benefits increases and necessary maintenance and repair projects to the lock infrastructure will, at a minimum, jeopardize the SLSDC's ability to provide its customers with a safe and reliable transportation system. An even worse scenario would be a lock malfunction due to the agency's inability to complete necessary and recommended improvements and replacements, causing transportation delays throughout the binational system and redirecting the waterway's competitive customer base to other modes and routes of transportation.

The St. Lawrence Seaway has proven its vital significance to America's economy over almost half a century. It is a critical marine waterway for annual movement of tens of millions of tons of bulk and general commodities into and from North America's industrial and agricultural heartland. The SLSDC budget request will provide the agency the necessary resources to provide a safe, reliable and efficient transportation route, while also improving the long-term structural integrity of the U.S. Seaway infrastructure, through capital and maintenance replacements and improvements.

I want to thank you Chairman Duncan, Ranking Member Johnson, and all the members of the subcommittee for your continued support of the Seaway System. I look forward to working with you and am glad to respond to any questions you may have on my testimony.

* * *

John T. Salazar

Opening Statement
Congressman John T. Salazar
Hearing on the Administration's FY2007 Budget for the
Army Corps of Engineers and the Natural Resources Conservation Service
March 1, 2006

- Thank you Mr. Chairman.
- I appreciate the opportunity to express my deep concern over the proposed FY07 budget for the Army Corps of Engineers.
- I was disappointed but not surprised at the numbers.
- This is the exact same battle we had last year over the importance of investing in water-related infrastructure.
- Apparently someone over at OMB hasn't learned the lesson – not even after the destruction of the Gulf Shore region.
- We cannot afford to neglect flood control and prevention projects. We should not neglect watershed restoration.
- Passing an even larger burden onto communities, who are often too small to finance large projects, means our nation's infrastructure will only continue to crumble.
- Failure to invest in infrastructure which helps us manage this resource can mean communities will dry up, or in the case of New Orleans, be submerged under water.
- As a fiscal conservative, I believe we need to reign in spending and make the dollar stretch.
- But sometimes, stretching the dollar too far leads to bigger problems and inefficiency.

- The Administration's proposed budget cuts the Corps' budget by 43%.

- I was alarmed to see that even Operations and Maintenance funds for certain reservoirs in Colorado have been cut.

- This isn't about new construction. If we cut operating budgets, we will have major federal reservoirs that are understaffed, which can lead to serious safety issues.

- Secretary Woodley, I hope this is something that you will address in your testimony today.

- Mr. Chairman, once again, I want to express my deep concern over the disregard this budget shows for our water-related infrastructure.

- Thank you.

DEPARTMENT OF THE ARMY CORPS OF ENGINEERS

COMPLETE STATEMENT

OF

LIEUTENANT GENERAL CARL STROCK
CHIEF OF ENGINEERS
U. S. ARMY CORPS OF ENGINEERS

BEFORE

THE SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE ARMY CIVIL WORKS PROGRAM
FISCAL YEAR 2007

MARCH 1, 2006

Mr. Chairman and distinquished members of the Subcommittee:

I am honored to be testifying before your subcommittee today, along with the Assistant Secretary of the Army (Civil Works), the Honorable John Paul Woodley, Jr., on the President's Fiscal Year 2007 (FY07) Budget for the United States Army Corps of Engineers' Civil Works Program.

My statement covers the following 3 topics:

- Summary of FY07 Program Budget,
- Civil Works Backlog,
- Value of the Civil Works Program to the Nation's Economy, and to the Nation's Defense

SUMMARY OF FY07 PROGRAM BUDGET

Introduction

The Fiscal Year 2007 Civil Works Budget is a performance-based budget, which reflects a focus on the projects and activities that provide the highest net economic and environmental returns on the Nation's investment or address significant risk to human safety. The Civil Works Program, including the Direct and Reimbursed programs, is expected to involve total spending (Federal plus non-Federal) of $7.3 billion to $8.3 billion. The exact amount will depend on assignments received from the Federal Emergency Management Agency (FEMA) for hurricane disaster relief and from the Department of Homeland Security for border protection facilities.

Direct Program funding totals $5.271 billion, consisting of discretionary funding of $4.733 billion and mandatory funding of $538 million. The Reimbursed Program funding is projected to involve an additional $2 billion to $3 billion.

Direct Program

The budget reflects the Administration's commitment to continued sound development and management of the nation's water and related land resources. It incorporates performance-based metrics for the construction program, funds the continued operation of commercial navigation and other water resource infrastructure, provides a needed increase in funding for the regulation of the impacts of development on the nation's wetlands, and supports restoration of nationally and regionally significant aquatic ecosystems, with emphasis on the Florida Everglades, the Upper Mississippi River, and

the coastal wetlands of Louisiana. It also improves the quality of recreation services through stronger partnerships and modernization.

The budget emphasizes the construction and completion of water resources projects that will provide a high return on the nation's investment in the Corp's primary mission areas. There are 91 projects, including 6 national priority projects; 14 projects in their final year of completion (including one dam safety project); 10 other dam safety assurance, seepage control, and static instability correction projects; 1 high priority newly funded project (Washington D.C. and Vicinity, which will reduce the risk of flood damage to the museums on the National Mall, the Franklin Delano Roosevelt Memorial, and the World War II Memorial and eliminate the temporary closures at 23rd Street and Constitution Avenue, NW, and 2nd and P Streets, SW in downtown Washington D.C.); and 60 other ongoing projects. The focus of this budget is on providing the highest net economic and environmental returns on the Nation's investment and addressing significant risk to human safety.

Reimbursed Program

Through the Interagency and Intergovernmental Services Program we help non-DOD federal agencies, state, local, and tribal governments, and other countries with timely, cost-effective implementation of their programs, while maintaining and enhancing capabilities for execution of our Civil and Military Program missions. These customers rely on our extensive capabilities, experience, and successful track record. The work is principally technical oversight and management of engineering, environmental, and construction contracts performed by private sector firms, and is fully funded by the customers.

Currently, we provide reimbursable support for about 60 other federal agencies and several state and local governments. Total reimbursement for such work in FY07 is projected to be $2.0 billion to $3.0 billion. The exact amount will depend on assignments received from the Federal Emergency Management Agency (FEMA) for hurricane disaster relief and from the Department of Homeland Security for border protection facilities.

CIVIL WORKS BACKLOG

The budget addresses the construction backlog primarily by proposing that the Administration and the Congress use objective performance measures to establish priorities among projects including potential new starts, and through a change in Corps contracting practices to increase control over future costs. The measures proposed include the ratio of remaining benefits to remaining costs for projects with economic outputs; the extent to which the project cost-effectively contributes to the restoration of a nationally or regionally significant aquatic ecosystem that has become degraded as a result of a Civil Works project or to an aquatic ecoystem restoration effort for which the Corps is otherwise uniquely well-suited; and giving priority to dam safety assurance,

seepage control, static instability correction, and projects that address significant risk to human safety. With the exception of up to 10 percent of the available funds that could be allocated to any project under construction regardless of performance, resources are allocated based on Corps estimates to achieve the highest net economic and environmental returns and to address significant risk to human safety. Over time, this approach would significantly improve the benefits to the Nation from the Civil Works construction program.

We believe that narrowing the focus of our effort to fund and complete a smaller, more beneficial set of projects will improve overall program performance and bring higher net benefits per dollar to the Nation sooner. That is why the Budget proposes only one new, high priority construction start and accelerates completion of the highest-return projects.

Maintenance Program

The facilities owned and operated by, or on behalf of, the Civil Works Program are aging. As stewards of this infrastructure, we are working to ensure that it continues to provide an appropriate level of service to the nation. Sustaining such service poses a technical challenge in some cases, and proper operation and maintenance also is becoming more expensive as this infrastructure ages.

The operation and maintenance program supports the operation, maintenance and security of existing commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration works owned and operated by, or on behalf of, the Corps of Engineers, including administrative buildings and laboratories. Funds are also included for national priority efforts in the Columbia River Basin and Missouri River Basin to support the continued operation of Corps of Engineers multi-purpose projects by meeting the requirements of the Endangered Species Act. Other work to be accomplished includes dredging, repair, and operation of structures and other facilities, as authorized in the various River and Harbor, Flood Control, and Water Resources Development Acts. Related activities include aquatic plant control, monitoring of completed coastal projects, and removal of sunken vessels.

The Operation and Maintenance program for the FY07 budget consists of $2.258 billion in the operation and maintenance account and $147 million under the Mississippi River and Tributaries program. To improve accountability and oversight, reflect the full cost of operating and maintaining existing projects, and support an integrated investment strategy, the FY07 Civil Works budget transfers several activities to the O&M program from the construction program. This budget also organized operation and maintenance activities by river basin and by mission area to set the stage for improved management of Civil Works assets and more systematic budget development in future years. Furthermore, we are searching for ways to reduce costs and thereby accomplish more with available resources.

The FY07 Budget also supports performance-based budgeting for the operation and maintenance program by funding ongoing efforts to develop better risk-based facility condition indices and asset management systems. These analytical tools will improve our ability in the future to develop long-term asset management strategies and establish priorities for the operation, maintenance and management of Civil Works assets. Our goal is to begin using these improved analytical tools within two years.

VALUE OF THE CIVIL WORKS PROGRAM TO THE NATION'S ECONOMY AND DEFENSE

We are privileged to be part of an organization that directly supports the President's priorities of winning the global war on terror, securing the homeland and contributing to the economy.

The National Welfare

The way in which we manage our water resources can improve the quality of our citizens' lives. It has affected where and how people live and influenced the development of this country. The country today seeks economic development as well as the protection of environmental values.

Domestically, more than 8,000 USACE volunteers from around the nation have deployed to help citizens and communities along the Gulf Coast in the aftermath of hurricanes Katrina, Rita, and Wilma. Even now, more than six months after Hurricane Katrina, 2,000 USACE volunteers continue to execute our FEMA-assigned disaster recovery missions along the Gulf Coast, and to work on rebuilding the New Orleans-area levee system.

As to Hurricane recovery - the Corps of Engineers is repairing significant damages to reaches of federally constructed levees, floodwalls and other features, repairing damaged pumping stations that were constructed or modified as a part of the Southeast Louisiana Urban Flood Control project, and repairing non-Federal levees and pump stations. Along the three outfall canals, we are installing interim closure structures and temporary pumps until a more permanent solution can be implemented. We have also initiated analyses that will explore options to improve protection along the Louisiana and Mississippi and Mississippi Coasts.

Mr. Chairman, we continue to work with you, this Sub-Committee, and other members of Congress on the authorization and funding proposed by the Administration for modifications that will strengthen the existing hurricane protection system for New Orleans.

Research and Development

Civil Works Program research and development provides the nation with innovative engineering products, some of which can have applications in both civil and military infrastructure spheres. By creating products that improve the efficiency and competitiveness of the nation's engineering and construction industry and providing more cost-effective ways to operate and maintain infrastructure, Civil Works Program research and development contributes to the national economy.

The National Defense

Internationally, the U.S. Army Corps of Engineers remains committed to the monumental task of helping to rebuild the infrastructures and economies of Iraq and Afghanistan. Corps' Civilians and Soldiers continue to make progress toward this nation's goals of restoring the security and quality of life for all Iraqis and Afghanis as they pursue democracy and freedom.

More than 1,700 USACE volunteers have deployed to Iraq since 2003. The Corps' Gulf Region Division has overseen the initiation of nearly 3,000 reconstruction projects and the completion of more than 2,100. These projects make a difference in the every day lives of the Iraqi people, and are visible signs of progress.

In Afghanistan, the Corps is spearheading construction projects for the Afghan national army and national police, supporting USAID, and executing important public infrastructure and humanitarian projects.

CONCLUSION

The Corps of Engineers is committed to staying at the leading edge in service to the Nation. In support of that, we are working with others to transform our Civil Works Program. We're committed to change that leads to open, transparent modernization, and a performance-based Civil Works Program.

Thank you, Mr. Chairman and Members of the Committee. This concludes my statement.

DEPARTMENT OF THE ARMY

COMPLETE STATEMENT

OF

THE HONORABLE JOHN PAUL WOODLEY, JR.

ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

BEFORE

THE SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE ARMY CIVIL WORKS PROGRAM

FISCAL YEAR 2007

MARCH 1, 2006

Mr. Chairman and distinguished members of the Subcommittee:

Thank you for the opportunity to testify before the Subcommittee, and to present the President's budget for the Civil Works program of the Army Corps of Engineers for Fiscal Year (FY) 2007.

OVERVIEW OF FY 2007 ARMY CIVIL WORKS BUDGET

The FY 2007 budget for Army Civil Works provides funding for development and restoration of the Nation's water and related resources within the three main Civil Works program areas, namely, commercial navigation, flood and coastal storm damage reduction, and aquatic ecosystem restoration. The budget also supports hydropower, recreation, environmental stewardship, and water supply services at existing water resources projects owned or operated by the Corps of Engineers. Finally, the budget provides for protection of the Nation's regulated waters and wetlands; cleanup of sites contaminated as a result of the Nation's early efforts to develop atomic weapons; and preparedness, response, and recovery activities related to flood and coastal storm emergencies.

The budget does not fund work that should be the responsibility of non-Federal interests or other Federal agencies, such as wastewater treatment, irrigation water supply, and municipal and industrial water supply treatment and distribution.

The FY 2007 budget includes new discretionary funding of $4.733 billion, the highest civil works budget transmitted to Congress by any President. The estimate for Fiscal Year 2007 outlays is $5.846 billion. Enclosure 1 displays the current estimate for the distribution of new discretionary funding among eight appropriation accounts, eight program areas, plus executive direction and management, and five sources including the general fund of the Treasury and trust funds. Enclosure 2 is a crosscut between appropriation accounts and program areas.

A five-year budget development plan (FYDP) is being provided, as called for in the FY 2006 Energy and Water Development Appropriations Act Conference Report. The FYDP includes three scenarios or projections -- one based on the President's proposed FY 2007 budget, one above that level, and one below that level. The projections are formula driven. They do

not represent budget decisions or budget policy beyond FY 2007 but they can provide perspective on the Army Civil Works program and budget.

EMERGENCY SUPPLEMENTAL APPROPRIATIONS

To date, the Corps has received $3.3 billion in emergency supplemental appropriations to address the impacts of the 2005 hurricane season. In addition, on February 16th of this year the President transmitted to Congress his request for $1.46 billion in additional emergency supplemental appropriations to strengthen and improve hurricane and storm protection in the greater New Orleans metropolitan area.

PERFORMANCE-BASED BUDGETING

The FY 2007 Budget builds upon lessons learned from the 2005 hurricane season, one of which is the importance of setting spending priorities to meet water resources needs that are the most compelling from a national perspective.

One of my priorities for the Army Civil Works program is to develop the Civil Works budget and manage the program based on objective performance measures. The FY 2007 budget reflects significant progress toward this goal, by focusing funding those activities that are expected to provide the highest net returns to the Nation.

The FY 2007 Budget also supports performance-based budgeting by funding ongoing efforts to develop better risk-based facility condition indices and asset management systems. These analytical tools will improve our ability in the future to develop long-term asset management strategies and establish priorities for the operation, maintenance and management of Civil Works assets. Our goal is to begin using these improved analytical tools within two years.

The focus on Civil Works program performance has a number of foundations. First, the Civil Works Strategic Plan, which was updated in 2004, provides goals, objectives, and performance measures that are specific to program areas as well as some that are crosscutting. Second, each program area is assessed using the Program Assessment Rating

Tool (PART). Both the Civil Works Strategic Plan and the PART-based program evaluations are works in progress and will continue to be updated.

The Environmental Stewardship sub-program and the Formerly Utilized Sites Remedial action Program were assessed in the most recent assessment period (2005). Based upon the findings of these program assessments, the Corps is taking follow-up actions to address identified problems. Summaries of all completed civil works program assessments can be found on the Administration's new website, www.ExpectMore.gov.

Budget decisions link to performance in a number of ways. First, alternative funding levels relate to alternative performance targets, or levels of outputs and outcomes, as measured by the program area metrics. Second, related metrics and decision guidelines (see "Construction," below) are used to rank work within each account or within each program area.

CIVIL WORKS PROGRAM IMPROVEMENTS

The FY 2007 Civil Works budget proposes five program improvements, as discussed below.

Funding Activities in the Operation and Maintenance Account

In addition to introducing the concept of watershed and system budgeting for operation and maintenance, described in detail below, the budget proposes to fund four types of operation and maintenance-related activities in the Operation and Maintenance account, rather than in the Construction account as has been the case in the recent past. It is appropriate to assign responsibility for these activities to the Operation and Maintenance program, both because of the nature of the work and because of its integral connection to operation and maintenance. This reassignment improves accountability and oversight, reflects the full cost of operation and maintenance, and supports an integrated funding strategy for existing projects. Total FY 2007 funding for the activities being reassigned to the Operation and Maintenance program is about $340 million. The four types of activities are described in greater detail below.

First, the Operation and Maintenance account would fund activities to comply with Biological Opinions at existing projects pursuant to the Endangered Species Act. These activities facilitate the Corps continuing to operate its existing multi-purpose projects, principally in the Columbia and Missouri River Basins. The compliance costs would be allocated among the project purposes of the operating projects.

Second, the account would fund rehabilitation of existing projects. Rehabilitation work would compete for funding on a level playing field with other operation and maintenance activities. The O&M program would consider each potential investment and develop recommendations based on a long-term strategy for maintaining the existing infrastructure. Fifty percent of the costs of rehabilitations for inland waterway projects would be derived from the Inland Waterways Trust Fund, just as was the case when they were funded in the Construction account.

Third, the account would fund the construction of facilities, projects or features that use maintenance dredging material. These include beneficial uses of dredged material for island and marsh creation, shore protection, and other environmental purposes pursuant to the Section 204 / 207 / 933 Continuing Authority Program and specific authorizations (such as for the Poplar Island, Maryland, project). These also include dredged material disposal facilities for material from maintenance dredging (including Indiana Harbor, Indiana, which had been line-item budgeted in the Construction account). Funding for the dredged material disposal facilities would be derived from the Harbor Maintenance Trust Fund, just as was the case when they were funded in the Construction account.

Fourth and finally, funding in the account would be used to replace sand lost from shores due to the operation of Federal navigation projects (navigation mitigation). This activity would be carried out pursuant to specific authorizations for shore protection projects that involve navigation mitigation, and pursuant to the Section 111 Continuing Authority Program. The budget proposes that funding for navigation mitigation be derived from the Harbor Maintenance Trust Fund. The estimated amount for FY 2007 that would be derived from the trust fund for this purpose is $27 million.

Accompanying the budget is proposed appropriations language that would clarify that these activities are to be funded in the Operation and Maintenance account. For example, the budget proposal includes a

provision, which the Congress adopted in the FY 2005 Energy and Water Development Appropriations Act, indicating that among the purposes for which funding is provided is "for the benefit of federally listed species to address the effects of civil works projects owned or operated by the Corps". The budget language also provides that funding for "eligible operations and maintenance" is to be derived from the Harbor Maintenance Trust Fund. Consistent with section 201 of the Water Resources Development Act of 1996, eligible operations and maintenance activities include not only harbor dredging but also the dredged material disposal facilities and navigation mitigation discussed above.

Watershed and System Budgeting for Operation and Maintenance

Although the concept of watershed and system budgeting and program execution for operation and maintenance (O&M) was adopted too late in the budget cycle to be fully implemented in formulating the FY 2007 budget, the O&M budget is presented on a watershed/system basis and, if Congress concurs on the benefit of planning and carrying out the O&M program in accordance with system-wide priorities, then during FY 2007 the O&M program would be managed by watershed and business program, rather than primarily project-by-project.

Proposed FY 2007 funding is consolidated according to Civil Works program areas, such as commercial navigation and flood and storm damage reduction, for each of the 21 major river basins in the United States, as established by the U.S. Geological Survey. The specific projects that would receive funding in each basin also are identified by name. For future fiscal years, the budget not only will be presented by basin or system, but also will be developed in the first place based on basins and systems. Should operation and maintenance work be funded in the manner presented, managers in the field would be better able to adapt to uncertainties and changed conditions throughout the fiscal year, consistent with budget and appropriations decisions.

Repayment of the Judgment Fund

We are proposing that funds that (1) were appropriated in Fiscal Year 2006 or a prior year, (2) are not needed for the purpose for which they were appropriated, and (3) are carried over unobligated to Fiscal Year 2007 be reprogrammed to begin to repay the Department of the Treasury's

Judgment Fund. The repayments would be for judgments against the United States that were paid by the Fund on Civil Works projects. Currently over $150 million is owed to the Judgment Fund for Civil Works projects.

Expenses Account

The Expenses account funds the management and executive direction expenses of the Army Corps of Engineers, both at its Headquarters and Major Subordinate Divisions, as well as support organizations such as the Humphreys Engineer Center Support Activity, the Institute for Water Resources, and the Finance Center. In addition, the FY 2007 budget proposes that, beginning in Fiscal Year 2007, the Office of the Assistant Secretary of the Army for Civil Works -- including some indirect and overhead costs not previously allocated to this office -- be funded in an expanded Expenses account, rather than in its own separate account or as part of the account funding the other Army Secretariat offices.

Reprogramming and Contracting

The budget proposes reauthorization of sections 101, 106, and 108 of the Energy and Water Development Appropriations Act, 2006, with certain changes. These sections established rules in law for FY 2006 on reprogramming and continuing contracts. I would like to emphasize the programmatic need for one of these changes, namely, that we would no longer require each partially funded contract for operation and maintenance to be a continuing contract, so that the Corps would have the flexibility to use other contracting tools in the O&M program, such as base-plus-options contracts.

STUDIES AND DESIGN

The FY 2007 budget concentrates funding on the 55 most promising studies and preconstruction engineering and design (PED) activities. For the navigation and flood and storm damage reduction studies, performance was assessed based primarily on likely economic benefits and costs. For PED activities for such projects, the estimated ratio of remaining benefits to remaining costs is known, and PED activities were funded for projects with ratios of 4.0 to 1 or greater at a 7 percent discount rate. For aquatic

ecosystem restoration studies and PED activities, performance was assessed based on the likelihood of projects that would meet the criteria in the construction guidelines.

The budget provides $94 million for the Investigations account and $1 million for investigations within the Mississippi River and Tributaries account. Among the $95 million total, $25 million is for the Louisiana Coastal Area study of coastal wetlands restoration; $20 million is for a national inventory of flood and storm damage reduction projects; $13 million is for other project-specific studies including a new study needed to support continued land acquisition to further reduce the risk of flood damage in the Atchafalaya Basin; $4 million is for project-specific PED; $15 million is for research and development; and $18 million is for other coordination, data collection, and study activities.

One of my priorities is to improve analytical tools to support water resource planning and decision-making. The budget supports this with robust funding for the Navigation Economic Technologies research program and for the development of benefit evaluation methods for aquatic ecosystem restoration.

CONSTRUCTION

In recent years, many more construction projects have been authorized, initiated, and continued than can be constructed efficiently at any one time. This has led to the postponement of benefits from the most worthy projects, which has significantly reduced overall program performance. To remedy this situation and to achieve greater value to the Nation from the Civil Works construction program, the budget focuses significant funding on the projects that yield the greatest return to the Nation, based upon objective performance criteria.

The budget again proposes performance guidelines to allocate funds among construction projects, including significant refinements to the performance guidelines proposed in 2006. The most significant of these changes is the addition of a non-economic performance criterion covering flood and storm damage reduction projects that address a significant risk to human safety.

Under the guidelines, the budget allocates funds among construction projects based primarily on the remaining economic benefits of projects relative to their remaining costs, their contributions to reducing life-threatening inundation hazards, and the extent to which they cost-effectively contribute to the restoration of nationally or regionally significant aquatic ecosystems where the ecosystems have become degraded as a result of Civil Works projects or to a restoration effort for which the Corps is otherwise uniquely well suited. The 2007 performance guidelines are at Enclosure 3.

The funded construction projects include six considered to be national priorities; 14 projects in their final year of construction (including one dam safety project); 10 other dam safety, seepage, and static instability correction projects; one high priority newly funded project (Washington, D.C. and Vicinity, which will reduce the risk of flood damage to the museums on the National Mall, the Franklin Delano Roosevelt Memorial, and the World War II Memorial and eliminate the temporary closures at 23rd Street and Constitution Avenue, NW, and 2nd and P Streets, SW in downtown Washington D.C.); and 60 other ongoing projects. Ninety-one projects are funded altogether.

After adjusting for the work reassigned to the Operation and Maintenance account, the budget provides an increase in construction funding of about $280 million compared to the Fiscal Year 2006 budget. This robust funding level enables work on most of the 91 projects, as well as on the ongoing projects reassigned from the construction program to the operation and maintenance program, to proceed at between 80 percent and 100 percent of the maximum rate that the Corps can efficiently spend funds in FY 2007.

For low priority projects that are scheduled to have a construction contract underway at the beginning of FY 2007, the budget provides funding either to complete each ongoing contract, or to terminate it and pay the Federal share of settled claims, whichever is estimated to be less costly. The budget includes $50 million for this purpose, $42 million in the Construction account and $8 million in the Mississippi River and Tributaries account.

CIVIL WORKS PROGRAM AREAS

The Army Civil Works program includes eight program areas, plus oversight/executive direction and management. The eight program areas are commercial navigation, flood and coastal storm damage reduction, aquatic ecosystem restoration, recreation, hydropower, water supply, emergency management, and the regulatory program. Budget proposals for the eight program areas are discussed below.

Emergency Management and Flood and Coastal Storm Damage Reduction

The budget for Emergency Management and Flood and Coastal Storm Damage Reduction reflects a sharpened focus on flood and hurricane preparedness and damage reduction.

The budget provides $20 million in the Investigations account for a national inventory and database of flood and storm damage reduction projects, and for developing and testing methods to assess the structural and operational integrity and the associated risks of such projects. This effort will dovetail with the Corps ongoing risk assessment for its portfolio of dams.

The budget provides $81 million in the Flood Control and Coastal Emergencies account for planning, preparedness, and response to flood and storm emergencies, and for rehabilitation of damaged flood and storm damage reduction projects. This is an increase of $11 million over the Fiscal Year 2006 budget. Our experience during the 2005 hurricane season underscores the need for securing funds in advance for such purposes, and we urge the Congress to include this funding in the annual Energy and Water Development Appropriations Act.

The Budget continues to support Federal participation in the initial phase of authorized beach nourishment projects for storm damage reduction and ecosystem restoration purposes. The Budget continues the policy of funding Federal involvement in long-term, follow-on periodic renourishment only to the extent that the operation and maintenance of Federal navigation projects is the reason for the sand loss on shorelines.

Commercial Navigation

The amount budgeted for the construction and rehabilitation of inland waterway projects, $394 million, is the highest amount ever included in a Civil Works budget. This funding will help ensure the continued efficiency and reliability of our principal inland waterways. Work will begin on rehabilitation of Lock and Dam 27, Illinois and Missouri, and Markland Lock and Dam, Indiana and Kentucky. The budget focuses operation and maintenance funding for the inland waterways on those segments that support high volumes of commercial traffic, including the Mississippi, Ohio, and Illinois waterways.

The budget gives priority to the operation and maintenance of harbors with high volumes of commercial traffic. The budget also funds harbors that support significant commercial fishing, subsistence, public transportation, harbor of refuge, national security, or safety benefits.

As discussed earlier, the budget provides funding under the operation and maintenance program for authorized beach renourishment work to the extent needed to replace sand lost due to Federal navigation operation and maintenance. This work is now part of the commercial navigation program area.

Aquatic Ecosystem Restoration

The budget includes $164 million for the Corps contribution to the Everglades restoration effort. Of this amount, $35 million is for the Corps to continue to participate financially in the Modified Water Deliveries project, along with the National Park Service. Within this amount, the budget also includes funds to initiate additional work on the Kissimmee River, continue the pilot aquifer storage and recovery projects program, continue other planning and design work on the Comprehensive Everglades Restoration Plan, and examine flows in the vicinity of Lake Okeechobee.

The budget provides $27 million for the Upper Mississippi Restoration Program, including $3 million for a study needed to establish priorities for the next 10 year for this nationally significant effort. To address the continuing loss of wetlands along the Louisiana coast, the budget provides $20 million to continue planning and design for the Louisiana Coastal Area

aquatic ecosystem restoration program and $5 million for the science program supporting this effort.

As discussed above, the budget proposes that measures at operating projects to comply with Biological Opinions pursuant to the Endangered Species Act be funded from the Operation and Maintenance account and allocated among project purposes.

Regulatory Program

The President's budget provides $173 million to the Corps Regulatory Program to protect wetlands and other waters of the United States. This represents a $15 million increase compared to Fiscal Year 2006 appropriations, which would result in a total increase of 20 percent in funding over the last three years. One of my priorities for the Civil Works program is to improve the effectiveness of aquatic resource protection and the efficiency of permit reviews and decision-making. The added funds will be used to improve permit processing times, increase aquatic resource protection, and advance watershed-based approaches.

Investing in the Regulatory Program is a win-win proposition. The added funds will enable most public and private development to proceed with minimal delays, while ensuring that the environment is protected consistent with the nation's water quality laws.

Recreation

The FY 2007 budget proposes a recreation modernization initiative for Civil Works recreation facilities, based on a promising model now used by other major federal recreation providers such as the National Park Service and the Forest Service. The Administration has proposed legislation for the Corps to use additional fees and other revenues to upgrade and modernize recreation facilities at the sites where this money is collected.

Specifically, the legislation includes authority for the Corps to charge entrance fees and other types of user fees where appropriate, and to cooperate with non-Federal park authorities and districts. The Corps would use collections above a $37 million per year baseline to provide facility modernizations and upgrades.

Hydropower

The budget provides funding for hydropower operation and maintenance costs, as well as funding for ongoing replacements at three hydropower projects. Unlike the budgets of recent years, the budget does not propose that Federal power marketing administrations directly fund the costs of hydropower operation and maintenance.

Environmental Stewardship

Corps of Engineers-administered lands and waters cover 11 million acres. That is equal in size to the area of the States of Vermont and New Hampshire. The budget proposes a total of $89 million for environmental stewardship for these resources. Funded activities include shoreline management, protection of natural resources, continuation of mitigation activities, and protection of cultural and historic resources.

Oversight and Executive Direction and Management

The FY 2007 budget provides $164 million for the Expenses account. This account funds executive direction and management activities of the Corps headquarters, the Corps division offices, and related support organizations that pertain to Civil Works.

In addition, $6 million of the funding for the Expenses account is for the Office of the Assistant Secretary of the Army (Civil Works). This amount is needed to cover not only the Assistant Secretariat share of costs that are usually allocated among offices in the Headquarters, Department of Army, but also the appropriate share of centrally managed and ordinarily non-allocated costs. The inclusion of funding for these purposes is in accordance with the direction in the FY 2006 Conference Report.

The Budget proposes to finance audits through the Revolving Fund. The costs would be allocated among and then charged back to the benefiting accounts as a normal cost of doing business.

PRESIDENT'S MANAGEMENT AGENDA

The Army Civil Works program is pursuing five government-wide management initiatives, as are other Federal agencies. These are competitive sourcing, strategic management of human capital, financial management, e-government, and budget-performance integration. The Army Civil Works program also is participating in the initiative for real property asset management.

The Office of Management and Budget scores the status of each agency in implementing each initiative. Like most agencies, the Army Civil Works program started out with "red" stoplight scores across the board. On four initiatives -- all but competitive sourcing and human capital – Civil Works status is still red. We are working to improve our progress and status and welcome your support of our efforts.

CONCLUSION

At $4.733 billion, the FY 2007 Army Civil Works budget is the highest Civil Works budget in history.

The budget reflects progress in performance-based budgeting, as called for in the President's management agenda. In developing this Budget, we made explicit choices based on performance. The emphasis on the completion of high-performing construction projects, preparedness for and mitigation of flood and hurricane hazards, and improved execution of the Regulatory Program, for example, reflect a performance-based approach.

The Army Civil Works budget for FY 2007 will enable the Civil Works program to move ahead with more resources to pursue investments that will yield good returns for the Nation in the future. The budget represents the wise use of funding to advance worthy, mission-based objectives. I am proud to present it.

Thank you, Mr. Chairman and members of the Subcommittee, for this opportunity to testify on the President's Fiscal Year 2007 budget for the Civil Works program of the Army Corps of Engineers.

ENCLOSURE 1
DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS – CIVIL WORKS BUDGET SUMMARY, FY 2007

Requested New Appropriations by Account:	
Investigations	94,000,000
Construction	1,555,000,000
Operation and Maintenance	2,258,000,000
Regulatory Program	173,000,000
Flood Control, Mississippi River and Tributaries	278,000,000
Expenses	164,000,000
Flood Control and Coastal Emergencies	81,000,000
Formerly Utilized Sites Remedial Action Program	130,000,000
TOTAL	4,733,000,000
Requested New Appropriations by Program Area:	
Commercial Navigation	1,926,000,000
Flood and Coastal Storm Damage Reduction	1,291,000,000
Environment	539,000,000
(Aquatic Ecosystem Restoration)	(320,000,000)
(FUSRAP)	(130,000,000)
(Natural Resources)	(89,000,000)
Hydropower	285,000,000
Recreation	267,000,000
Water Supply	2,000,000
Emergency Management	86,000,000
(Flood Control and Coastal Emergencies)	(81,000,000)
(National Emergency Preparedness)	(5,000,000)
Regulatory Program	173,000,000
Executive Direction and Management	164,000,000
TOTAL	4,733,000,000
Sources of New Appropriations:	
General Fund	3,791,000,000
Harbor Maintenance Trust Fund	707,000,000
Inland Waterways Trust Fund	197,000,000
Special Recreation User Fees	37,000,000
Disposal Facilities User Fees	1,000,000
TOTAL	4,733,000,000
Additional New Resources:	
Rivers and Harbors Contributed Funds	445,000,000
Coastal Wetlands Restoration Trust Fund	75,000,000
Permanent Appropriations	18,000,000
TOTAL	538,000,000
Total New Program Funding	5,271,000,000

ENCLOSURE 2
DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS – CIVIL WORKS BUDGET, FY 2007

CROSSCUT BETWEEN APPROPRIATION ACCOUNTS AND PROGRAM AREAS

	Navi-gation	Flood/ Storm	Recre-ation	Aq. Eco. Rest	Env. Stewrd.	FUS-RAP	Hydro-Power	Water Supply	Emerg. Mgmt.	Reg. Prog.	ED&M	TOT
Investigations	23	34		37								94
Construction	596	653		278			28					1555
Operation / Maint.	1270	387	253		84		257	2	5			2258
MR&T – I		1										1
MR&T – C	14	111		5								130
MR&T – M	23	105	14		5							147
FUSRAP						130						130
FC&CE									81			81
Regulatory										173		173
Expenses											164	164
TOTAL	1926	1291	267	320	89	130	285	2	86	173	164	4733

ENCLOSURE 3
DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS – CIVIL WORKS BUDGET, FY 2007

PERFORMANCE BUDGETING GUIDELINES FOR CIVIL WORKS CONSTRUCTION

The budget for the construction account allocates funds based on the following seven performance-based guidelines, which improve the overall performance of the construction program by redirecting funds to high-performing projects and limiting new construction starts.

1. *Project rankings within mission areas.* All ongoing, specifically authorized construction projects, including projects funded in the Mississippi River and Tributaries account, will be assigned based upon their primary purpose to one of the main mission areas of the Corps (flood and storm damage reduction; commercial navigation; aquatic ecosystem restorations) or to hydropower. Projects, except for aquatic ecosystem restoration projects, will be ranked by their remaining benefits divided by their remaining costs (RBRC), calculated at a seven percent real discount rate. Aquatic ecosystem restoration projects will be ranked by the extent to which they cost effectively contribute to the restoration of a nationally or regionally significant aquatic ecosystem that has become degraded as a result of a Civil Works project, or to a restoration effort for which the Corps is otherwise uniquely well-suited (e.g., because the solution requires complex alternations to the hydrology and hydraulics of a river system).

2. *Project completions.* Each project with an RBRC of 3.0 or greater that can be completed in the budget year with a final increment of funding will receive the balance of funding needed to complete construction and related administrative activities. Likewise, each aquatic ecosystem restoration project that cost-effectively contributes to the restoration of a nationally or regionally significant aquatic ecosystem that has become degraded as a result of a civil works project, or to a restoration effort for which the Corps is otherwise uniquely well-suited, and that can be completed in the budget year with a final increment of funding will receive the balance of funding needed to complete construction and related administrative activities.

3. *Projects with very high economic and environmental returns.* The projects with the highest RBRCs (or that are the most cost-effective in contributing to the restoration of a nationally or regionally significant aquatic ecosystem that has become degraded as a result of a Corps project, for aquatic ecosystem restoration) will receive not less than 80 percent of the maximum level of funding that the Corps can spend efficiently in each fiscal year.

4. *Projects with a low priority.* All ongoing flood and storm damage reduction, commercial navigation, and hydropower constructions projects that have RBRCs below 3.0, except for flood and storm damage reduction projects that are funded in the budget to address significant risk to human safety, will be considered for deferral. All ongoing aquatic ecosystem restoration projects that do not cost-effectively contribute to the restoration of a nationally or regionally significant aquatic ecosystem restoration that has become degraded as a result of a Civil Works project, and do not cost-effectively address a problem for which the Corps is otherwise uniquely well-suited, and are less than 50 percent complete will be

considered for deferral. Where a project considered for deferral was previously budgeted, the budget will include funding to cover the cost of terminating or completing each ongoing contract, whichever is less. Budget year and future year savings from project suspensions (after covering the cost of terminating or completing ongoing contracts) will be used to accelerate the projects with the highest net economic and environmental returns.

5. *New starts and resumptions.* The budget will provide funds to start up new construction projects, and to resume work on ongoing construction projects on which the Corps has not performed any physical work under a construction contract during the past three consecutive fiscal years, only if the project would be ranked in the top 20 percent of the ongoing construction projects in its mission area that year.

The term "physical work under a construction contract" does not include activities related to project planning, engineering and design, relocation, or the acquisition of lands, easements, or rights-of-way. For non-structural flood damage reduction projects, construction begins in the first fiscal year in which the Corps acquires lands, easements, or rights-of-way primarily to relocate structures, or performs physical work under a construction contract for non-structural project-related measures. For aquatic ecosystem restoration projects, construction begins in the first fiscal year in which the Corps acquires lands, easements, or rights-of-way primarily to facilitate the restoration of degraded aquatic ecosystems including wetlands, riparian areas, and adjacent floodplains, or performs physical work under a constructions contract to modify existing project facilities primarily to restore the aquatic ecosystem. For all other water resources projects, construction begins in the first fiscal year in which the Corps performs physical work under a construction contract.

6. *Other cases.* All other ongoing construction projects will receive not more than the amount needed to meet earnings permitted under ongoing multi-year contracts and related costs, except for flood and storm damage reduction projects that are funded in the budget to address significant risk to human safety, which will receive at least the funding needed to pay contractor earnings and related costs.

Dam safety assurance, seepage control, and static instability correction projects that are funded in the budget for construction will receive the maximum level of funding that the Corps can spend efficiently in each fiscal year.

Projects that are funded in the budget for construction will receive the amount needed to ensure that they comply with treaties and with biological opinions pursuant to the Endangered Species Act, and meet authorized mitigation requirements.

7. *Ten percent rule.* Up to a total of 10 percent of the funding available for construction may be allocated to ongoing construction projects regardless of the guidelines above. However, this may not be used to start up or resume any project.

The Budget proposes that the Administration and the Congress apply these guidelines to the Corps construction account and to the construction activities in the Mississippi River and Tributaries account.

FY 2006 APPROPRIATIONS NOT IN FY 2007 PRESIDENT'S BUDGET			
INVESTIGATION (I), CONSTRUCTION (C) and OPERATION AND MAINTENANCE (O) APPROPRIATIONS			
Business Line	Appr	MSC	Project Name
ENV	C	MVD	Ascension Parish, LA, Environmental Infrastucture
ENV	C	NAD	Baltimore Metro - Gwynns Falls, MD
ENV	C	LRD	Calumet Region, IN
ENV	C	LRD	Central West Virginia Environmental Infrastructure, WV
ENV	C	NAD	Chesapeake Bay Environmental Program, MD, VA & PA
ENV	C	NAD	Chesapeake Bay Oyster Recovery, MD & VA
ENV	C	NWD	Cheyenne River Sioux Tribe, Lower Brule Sioux, SD
ENV	C	SAD	Coastal Mississippi Wetlands Restoration, MS
ENV	C	LRD	Cook County, IL
ENV	C	NAD	Cumberland, MD and Ridgeley, WV
ENV	C	MVD	Desoto County, MS
ENV	C	NWD	Duwamish / Green, WA
ENV	C	MVD	East Baton Rouge Parish, LA, Environmental Infrastucture
ENV	C	SWD	Elm Fork Basin, OK (Chloride Control)
ENV	C	SAD	FLorida Keys Water Quality Improvements, FL
ENV	C	LRD	Genesee County, MI
ENV	C	LRD	George W Kuhn Drain, Oakland County, MI (Twelve Towns Drain)
ENV	C	LRD	Great Lakes Fishery and Ecosystem Restoration (GLFER), IL, IN, MI, MN, OH, PA, NYand WI
ENV	C	NAD	Hackensack Meadowlands,NJ
ENV	C	MVD	Iberia Parish, LA, Environmental Infrastucture
ENV	C	LRD	Indianapolis Environmental Infrastructure, IN
ENV	C	POD	Kake Dam, AK
ENV	C	NAD	Lake Champlain Watershed,VT
ENV	C	SAD	Lakes Marion And Moultrie, SC
ENV	C	SWD	Lawton, OK
ENV	C	MVD	Livingston Parish, LA, Environmental Infrastucture
ENV	C	MVD	Madison and St. Clair Counties, IL
ENV	C	MVD	Mille Lacs Regional Wastewater, MN
ENV	C	MVD	Mississippi Environmental Infrastructure, MS
ENV	C	NWD	Missouri and Middle Mississippi Enhancement Project, MO
ENV	C	NWD	Missouri National Recreational River, NE & SD
ENV	C	NWD	Missouri River Restoration, ND

FY 2006 APPROPRIATIONS NOT IN FY 2007 PRESIDENT'S BUDGET			
INVESTIGATION (I), CONSTRUCTION (C) and OPERATION AND MAINTENANCE (O) APPROPRIATIONS			
Business Line	Appr	MSC	Project Name
ENV	C	LRD	Negaunee, MI
ENV	C	NAD	New York City Watershed, NY
ENV	C	SWD	North Padre Island, Packery Channel, TX
ENV	C	NAD	Northeast Counties Environmental Infrastructure , PA
ENV	C	MVD	Northeast Minnesota, MN
ENV	C	MVD	Northern Wisconsin, WI
ENV	C	LRD	Ohio Environmental Infrastructure, OH
ENV	C	LRD	Onondaga Lake, NY
ENV	C	NWD	Puget Sound and Adjacent Waters Restoration, WA
ENV	C	SWD	Red River Basin Chloride Control, TX & OK
ENV	C	NWD	Rural Idaho, ID
ENV	C	NWD	Rural Montana, MT
ENV	C	SPD	Rural Utah, UT
ENV	C	SPD	Sacramento Area, CA
ENV	C	SWD	San Antonio Channel Improvement, TX
ENV	C	SPD	San Ramon Valley Recycled Water, CA
ENV	C	NWD	Sand Creek Watershed, NE
ENV	C	LRD	South Central Pennsylvania Environmental Improvement Program, PA
ENV	C	NAD	Southeastern Pennsylvania, PA
ENV	C	LRD	Southern and Eastern Kentucky Environmental Infrastructure, KY
ENV	C	LRD	Southern West Virginia Environmental Infrastructure, WV
ENV	C	SAD	Stanly County Wastewater Infrastructure, NC (Enviro Infra)
ENV	C	SPD	Tahoe Basin Restoration, NV & CA
ENV	C	SWD	Tar Creek Cleanup, OK
ENV	C	LRD	Three Rivers Wet Weather Demonstration Program (Charliers Direct Stream Removal 1), PA
ENV	C	SPD	Tres Rios, AZ
ENV	C	SPD	Tribal Partnership, NM
ENV	C	SPD	Tribal Partnership, NV
ENV	C	SPD	Upper Newport Bay Ecosystem Rest, CA
ENV	C	MRT	Wolf River, Memphis, TN
ENV	I	NWD	Adams County, CO
ENV	I	SPD	Aliso Creek Mainstem, CA

FY 2006 APPROPRIATIONS NOT IN FY 2007 PRESIDENT'S BUDGET			
INVESTIGATION (I), CONSTRUCTION (C) and OPERATION AND MAINTENANCE (O) APPROPRIATIONS			
Business Line	Appr	MSC	Project Name
ENV	I	NWD	Amazon Creek, OR
ENV	I	MVD	Amite River and Tributaries Ecosystem Restoration, LA
ENV	I	NAD	Anacostia River and Tributaries, MD And DC
ENV	I	SPD	Arana Gulch Watershed, CA
ENV	I	SPD	Arroyo Seco Watershed, CA
ENV	I	SPD	Ballona Creek, Ecosystem Restoration, CA
ENV	I	NAD	Baltimore Metro Watr Res-Patapsco And Back River, MD
ENV	I	MVD	Baraboo, WI
ENV	I	NAD	Blackstone River Watershed Restoration, MA
ENV	I	MVD	Blue Earth River Ecosystem Restoration, MN & IA
ENV	I	SPD	Bolinas Lagoon Ecosystem Restoration, CA
ENV	I	NAD	Bronx River Basin, NY
ENV	I	SPD	Calfed Levee Stability Program, CA
ENV	I	NWD	Chehalis River Basin, WA
ENV	I	NAD	Ches Bay Shoreline Sedi Budg, Model, MD & PA
ENV	I	NAD	Chesa Bay Shoreline-Maryland Coastal , MD
ENV	I	NAD	Christina River Watershed, DE
ENV	I	SPD	City Of Inglewood, CA
ENV	I	SPD	City Of Norwalk, CA
ENV	I	SPD	City Of Santa Clarita, CA
ENV	I	MVD	Clear Lake Watershed, IA
ENV	I	NAD	Coastal Massachusetts Ecosystem Restoration, MA
ENV	I	SWD	Colonias-Lwr Rio Grande Basin along TX & Mexico Borders, TX
ENV	I	LRD	Columbus Metropolitan Area, Lower Big Darby (Hellbranch) OH
ENV	I	SPD	Corte Madera Creek Watershed, CA
ENV	I	SPD	Coyote Creeks, L. San Gabriel Watershed, CA (Westminster, Coyote & Carbon Crk Ws)
ENV	I	SPD	Desert Hot Springs, CA
ENV	I	SPD	Eastern Municipal Water District, CA
ENV	I	NAD	Eastern Shore, Mid-Chesapeake Bay Island, MD
ENV	I	LRD	Eighteenmile Creek, Niagara County, NY
ENV	I	NAD	Elizabeth River Basin, Env Restoration, VA
ENV	I	SPD	Espanola Valley, Rio Grande and Tribs, NM

FY 2006 APPROPRIATIONS NOT IN FY 2007 PRESIDENT'S BUDGET			
INVESTIGATION (I), CONSTRUCTION (C) and OPERATION AND MAINTENANCE (O) APPROPRIATIONS			
Business Line	Appr	MSC	Project Name
ENV	I	NAD	Fourmile Run Restoration, VA
ENV	I	LRD	Fox River Environmental Dredging, WI
ENV	I	SWD	Grand (Neosho) River Basin Watershed, OK, KS, MO & AR
ENV	I	SPD	Hamilton City/Sacramento & San Joaquin, CA
ENV	I	NAD	Hudson - Raritan Estuary, Gowanus Canal, NY
ENV	I	NAD	Hudson - Raritan Estuary, Lower Passaic River, NJ
ENV	I	MVD	Illinois River Ecosystem Restoration, IL
ENV	I	SAD	Indian, Sugar, Intrenchment & Federal Prison Cks., GA
ENV	I	NWD	James River, SD & ND
ENV	I	POD	Kahuku Watershed, HI
ENV	I	SPD	Laguna Creek Watershed, CA
ENV	I	NWD	Lake Washington Ship Canal, WA
ENV	I	SPD	Los Angeles County Drainage Area (Cornfields), CA
ENV	I	LRD	Mahoning River Environmental Dredging, PA
ENV	I	SPD	Malibu Creek Watershed, CA
ENV	I	LRD	Metropolitan Region of Louisville, Jefferson County, KY
ENV	I	NAD	Middle Potomac River Basin, Cameron/Holmes Run, VA
ENV	I	NAD	Middle Potomac River Greater Seneca/ Muddy Br, MD
ENV	I	MVD	Minnehaha Creek Watershed, UMR Lake Itasca to Lock and Dam 2, MN
ENV	I	MVD	Minnesota River Basin, MN
ENV	I	SPD	Morro Bay Estuary, CA
ENV	I	SPD	Mugu Lagoon, CA
ENV	I	LRD	New River, Claytor Lake, VA
ENV	I	NAD	NJIWW Environmental Restoration, NJ
ENV	I	LRD	Onondaga Lake, NY
ENV	I	SWD	Oologah Lake Watershed, OK & KS
ENV	I	SPD	Orange County Special Area Management Plan, CA
ENV	I	NAD	Peckman River Basin, NJ
ENV	I	MVD	Peoria Riverfront Development, IL
ENV	I	SPD	Pima County, AZ
ENV	I	LRD	Powell River Watershed, VA
ENV	I	SWD	Resacas At Brownsville, TX

FY 2006 APPROPRIATIONS NOT IN FY 2007 PRESIDENT'S BUDGET			
INVESTIGATION (I), CONSTRUCTION (C) and OPERATION AND MAINTENANCE (O) APPROPRIATIONS			
Business Line	Appr	MSC	Project Name
ENV	I	SPD	Rio Grande Basin, NM, CO & TX
ENV	I	SPD	Rio Salado Oeste, Salt River, AZ
ENV	I	LRD	Rouge River Supplemental Watershed Management Plan, MI
ENV	I	SPD	Russian River Ecosystem Restoration, CA
ENV	I	SPD	San Bernardino Lakes and Streams, CA
ENV	I	SPD	San Jacinto River, Ecosystem Restoration, CA
ENV	I	SPD	San Joaquin Valley Region, CA
ENV	I	SPD	San Pablo Bay Watershed, CA
ENV	I	SPD	Santa Ana River and Tribs, Big Bear Lake, CA
ENV	I	SPD	Santa Clara River Watershed, CA
ENV	I	SPD	Santa Cruz River (Grant Rd. To Ft. Lowell Rd.), AZ
ENV	I	SPD	Santa Cruz River, Paseo De Las Iglesias, AZ
ENV	I	SPD	Santa Fe, NM
ENV	I	SPD	Santa Rosa Creek Ecosystem Restoration, CA
ENV	I	SAD	Santee Delta Environmental Restoration, CA
ENV	I	SAD	Savannah Harbor Ecosystem Restoration, GA
ENV	I	NAD	Schuylkill River Basin Estuarine, PA
ENV	I	NAD	Schuylkill River Basin Wissahickon Creek Basin, PA
ENV	I	NWD	Skokomish River, WA
ENV	I	SPD	Sonoma Creek and Tributaries, CA
ENV	I	LRD	South Fork of the South Branch of the Chicago River (Bubbly Creek), IL
ENV	I	SWD	Southeast Oklahoma Water Resource Study, OK
ENV	I	SWD	Southwest Arkansas, AR
ENV	I	SWD	Spavinaw Creek Watershed, OK And AR
ENV	I	MRT	Spring Bayou, LA
ENV	I	MVD	St. Croix River Basin, MN & WI
ENV	I	MVD	St. Croix River Relocation of Endangered Mussels, MN & WI (Zebra Mussel Control, Upper Miss River)
ENV	I	MVD	St. Louis Riverfront, MO & IL
ENV	I	NAD	Stonybrook, Millstone River Basin, NJ
ENV	I	SPD	Sun Valley Watershed, CA
ENV	I	NAD	Susquehanna and Delaware River Basins, PA
ENV	I	SPD	Tahoe Basin, CA & NV

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INVESTIGATION (I), CONSTRUCTION (C) and OPERATION AND MAINTENANCE (O) APPROPRIATIONS			
Business Line	Appr	MSC	Project Name
ENV	I	SPD	Tahoe Regional Planning, CA & NV
ENV	I	SAD	Tybee Island North Beach, GA
ENV	I	NWD	Walla Walla Watershed, OR and WA
ENV	I	SWD	Washita River Basin, OK
ENV	I	LRD	Western Lake Erie Basin Study, OH, IN, and MI
ENV	I	SPD	Westminster, East Garden Grove, CA
ENV	I	MVD	White River Basin Comprehensive, AR and MO
ENV	I	NWD	Willamette River Environmental Dredging, OR
ENV	I	NWD	Willamette River Floodplain Restoration, OR
ENV	I	SWD	Wister Lake Watershed, OK
ENV	O	SPD	Rio Grande Bosque Rehabilitation, NM
FDR	C	POD	Alaska Coastal Erosion, AK
FDR	C	SWD	Arkansas City, KS
FDR	C	SAD	Atlanta - Combined Sewer Overflow, GA
FDR	C	NAD	Atlantic Coast of Maryland, MD
FDR	C	NWD	Big Sioux River, Sioux Falls, SD
FDR	C	MVD	Bois Brule Drainage and Levee District, MO
FDR	C	MVD	Breckenridge, MN
FDR	C	SAD	Brevard County, FL
FDR	C	SAD	Broward County, FL (Reimbursable)
FDR	C	SAD	Brunswick County Beaches, NC
FDR	C	NWD	Buford – Trenton Irrigation District, ND
FDR	C	SPD	Caliente, NV
FDR	C	MVD	Cape Girardeau (Floodwall), MO
FDR	C	SWD	Central City, Fort Worth, Upper Trinity River Basin, TX
FDR	C	MVD	Chesterfield, MO
FDR	C	SWD	Clear Creek, TX
FDR	C	MVD	Comite River, LA
FDR	C	SPD	Corte Madera Creek, CA
FDR	C	SPD	Coyote and Berryessa Creeks, CA
FDR	C	SAD	Dade County, FL
FDR	C	SWD	Dallas Floodway Extension, Trinity River Project, TX

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INVESTIGATION (I), CONSTRUCTION (C) and OPERATION AND MAINTENANCE (O) APPROPRIATIONS			
Business Line	Appr	MSC	Project Name
FDR	C	SAD	Dare County Beaches, NC
FDR	C	NAD	Delaware Bay Coastline, DE & NJ Reeds Beach to Pierces Point
FDR	C	NAD	Delaware Bay Coastline, Pt. Mahon, DE & NJ
FDR	C	NAD	Delaware Bay Coastline, Villas, DE & NJ
FDR	C	NAD	Delaware Coast Protection, DE
FDR	C	NAD	Delaware Coast, Bethany Beach to South Bethany Beach, DE
FDR	C	NAD	Delaware Coast, Cape Henlopen to Fenwick Island, DE
FDR	C	LRD	Dover Dam, OH – Dam Safety Assurance
FDR	C	MVD	East Baton Rouge Parish, LA
FDR	C	MVD	East St. Louis & Vicinity (IFC), IL
FDR	C	NAD	Embrey Dam, VA
FDR	C	SAD	Folly Beach, SC
FDR	C	SAD	Fort Pierce Beach, FL
FDR	C	NAD	Fox Point Barrier - Narrangansett Bay, RI
FDR	C	MRT	Francis Bland-Eight Mile Creek, AR
FDR	C	SWD	Graham, TX (Brazos River Basin)
FDR	C	MVD	Grand Isle and Vicinity, LA
FDR	C	NAD	Great Egg Harbor Inlet and Peck Beach, NJ
FDR	C	LRD	Greenbrier River Basin (Marlinton), WV
FDR	C	POD	Hawaii Water Management, HI
FDR	C	SWD	Hunting Bayou, Houston, TX
FDR	C	POD	Iao Stream Deficiency Correction, HI
FDR	C	LRD	Indiana Shoreline, IN
FDR	C	LRD	Island Creek, Logan, WV, Local Protection Project
FDR	C	NAD	Jennings Randolph Lake, MD & WV (Dam Safety)
FDR	C	NAD	Joseph G Minish Historic Waterfront Park,NJ
FDR	C	SPD	Kaweah River, CA
FDR	C	NAD	Lake Merriweather, Goshen Dam and Spillway, VA
FDR	C	MVD	Lake Pontchartrain and Vicinity, LA (HP)
FDR	C	MVD	Larose to Golden Meadow, LA (HP)
FDR	C	SAD	Lee County, FL (Reimbursement)
FDR	C	LRD	Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River, WV, VA, and KY

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INVESTIGATION (I), CONSTRUCTION (C) and OPERATION AND MAINTENANCE (O) APPROPRIATIONS			
Business Line	Appr	MSC	Project Name
FDR	C	NAD	Long Beach Island, NY
FDR	C	LRD	Lower Mud River, Milton, WV
FDR	C	SPD	Lower Walnut Creek, CA
FDR	C	SPD	Marysville/Yuba City Levee Reconstruction, CA
FDR	C	MVD	Meramec River Basin, Valley Park Levee, MO
FDR	C	SPD	Middle Rio Grande Flood Protection, Bernalillo to Bilen, NM
FDR	C	MVD	Missouri River Levee System, IA, NE, KS & MO
FDR	C	NWD	Mt. St. Helens Sediment Control, WA
FDR	C	NAD	Muddy River, MA
FDR	C	SPD	Murrieta Creek, CA
FDR	C	SAD	Myrtle Beach, SC
FDR	C	MVD	Natchez Bluff, MS
FDR	C	MVD	New Orleans to Venice, LA (HP)
FDR	C	SPD	Nogales Wash, AZ
FDR	C	MRT	Nonconnah Creek, TN & MS
FDR	C	MVD	Nutwood Drainage and Levee District, IL
FDR	C	SAD	Oates Creek, Richmond County, GA (Def Corr)
FDR	C	LRD	Ohio River Greenway Public Access, IN
FDR	C	NAD	Orchard Beach, Bronx NY
FDR	C	NAD	Otter Brook Dam, NH (Dam Safety)
FDR	C	MVD	Ouachita River Levees, LA
FDR	C	SAD	Palm Beach County, FL (Reimbursement)
FDR	C	NAD	Passaic River Preservation Of Natural Storage Areas, NJ
FDR	C	SAD	Pinellas County, FL
FDR	C	SAD	Portugues and Bucana Rivers, PR
FDR	C	LRD	Presque Isle Peninsula, PA
FDR	C	NAD	Prompton Lake, PA
FDR	C	NAD	Ramapo and Mahwah Rivers, Mahwah, NJ And Suffern, NY
FDR	C	NAD	Ramapo River at Oakland, NJ
FDR	C	NAD	Raritan Bay and Sandy Hook Bay(Port Monmouth),NJ
FDR	C	NAD	Raritan Bay and Sandy Hook Bay, NJ
FDR	C	NAD	Raritan River Basin, Green Brook Sub-Basin, NJ

FY 2006 APPROPRIATIONS NOT IN FY 2007 PRESIDENT'S BUDGET			
INVESTIGATION (I), CONSTRUCTION (C) and OPERATION AND MAINTENANCE (O) APPROPRIATIONS			
Business Line	Appr	MSC	Project Name
FDR	C	MVD	Red River Below Denison Dam, LA, AR & TX
FDR	C	NAD	Richmond, VA (Combined Sewer Overflow)
FDR	C	SPD	Rio De Flag, AZ
FDR	C	SPD	San Lorenzo River, CA
FDR	C	SPD	San Luis Rey River, CA
FDR	C	NAD	Sandbridge Beach, VA
FDR	C	NAD	Sandy Hook To Barnegat Inlet, NJ
FDR	C	NWD	Shoalwater Bay Shoreline Erosion, WA
FDR	C	MVD	Southeast Louisiana, LA
FDR	C	MRT	St. Francis Basin, AR & MO
FDR	C	MVD	Ste Genevieve, MO
FDR	C	SPD	Stockton Metropolitan Area Reimbursement, CA
FDR	C	SWD	Tenkiller Ferry Lake, OK (Dam Safety)
FDR	C	SPD	Tucson Drainage Area, AZ
FDR	C	SPD	Upper Guadalupe River, CA
FDR	C	NAD	Virginia Beach, VA (Hurricane Protection)
FDR	C	LRD	W. Virginia and Pennsylvania Flood Control, WV and PA
FDR	C	MVD	West Bank and Vicinity, New Orleans, LA
FDR	C	SAD	West Onslow Beach And New River Inlet, NC
FDR	C	MRT	West Tennessee Tribs., TN
FDR	C	NWD	Western Sarpy / Clear Creek, NE
FDR	C	MVD	Wood River Drainage and Levee District, IL
FDR	C	MRT	Yazoo Basin, MS, Backwater
FDR	C	MRT	Yazoo Basin, MS, Big Sunflower River
FDR	C	MRT	Yazoo Basin, MS, Main Stem
FDR	C	MRT	Yazoo Basin, MS, Mississippi Delta Headwater Project (DEC)
FDR	C	MRT	Yazoo Basin, MS, Reformulation Study
FDR	C	MRT	Yazoo Basin, MS, Upper Yazoo Projects
FDR	C	MRT	Yazoo Basin, MS, Yazoo Backwater Pumps
FDR	C	SPD	Yuba River, CA
FDR	I	SWD	Abilene, TX (Brazos River Basin-Elm Creek)
FDR	I	SAD	Allatoona Lake (Little River), GA

FY 2006 APPROPRIATIONS NOT IN FY 2007 PRESIDENT'S BUDGET			
INVESTIGATION (I), CONSTRUCTION (C) and OPERATION AND MAINTENANCE (O) APPROPRIATIONS			
Business Line	Appr	MSC	Project Name
FDR	I	MVD	Amite River and Tributaries, Bayou Manchac, LA
FDR	I	SAD	Augusta, GA
FDR	I	POD	Barrow Coastal Storm Damage Reduction, AK
FDR	I	SAD	Bogue Banks, NC
FDR	I	NWD	Boise River, Boise, ID
FDR	I	MVD	Bossier Parish Levee and Flood Control, LA
FDR	I	SAD	Brewton and East Brewton, AL
FDR	I	NWD	Brush Creek, KS
FDR	I	SWD	Buffalo Bayou And Tributaries, White Oak Bayou, TX
FDR	I	NWD	Centralia, WA
FDR	I	LRD	Cherry River Basin, WV
FDR	I	SPD	City Of Carpinteria Shoreline, CA
FDR	I	SPD	Coast Of California, Los Angeles County, CA
FDR	I	SPD	Coyote Dam, CA
FDR	I	MVD	Crookston, MN
FDR	I	MVD	Davenport, IA
FDR	I	SAD	Daytona Beach Shores, FL
FDR	I	MVD	Des Moines and Raccoon Rivers, IA
FDR	I	LRD	Des Plaines River, IL Phase II
FDR	I	LRD	Detroit River Master Plan, Detroit, MI
FDR	I	LRD	Detroit River Seawalls, MI
FDR	I	MRT	Donaldson to the Gulf, LA
FDR	I	MVD	Donaldsonville, LA
FDR	I	SPD	East Mesa, Las Cruces, NM
FDR	I	NAD	East River Seawall, Queens County, NY
FDR	I	SAD	Egmont Key Shoreline, FL
FDR	I	NWD	Elliot Bay Seawall, WA
FDR	I	NAD	Flushing Bay, NY
FDR	I	SPD	Fountain Creek And Tribs, North Of Pueblo, CO
FDR	I	SWD	Grand Lake Comprehensive Study, OK
FDR	I	SPD	Grayson & Murderer's Creek, Walnut Creek, CA
FDR	I	SWD	Greens Bayou, Houston, TX

FY 2006 APPROPRIATIONS NOT IN FY 2007 PRESIDENT'S BUDGET			
INVESTIGATION (I), CONSTRUCTION (C) and OPERATION AND MAINTENANCE (O) APPROPRIATIONS			
Business Line	Appr	MSC	Project Name
FDR	I	SAD	Hancock County, MS
FDR	I	POD	Kenai River Bluff Erosion, AK
FDR	I	SPD	Laguna De Santa Rosa, CA
FDR	I	LRD	Licking River, Cynthiana, KY
FDR	I	SAD	Lido Key, Sarasota County, FL
FDR	I	LRD	Little Kanawha River, WV
FDR	I	SPD	Llagas Creek, CA
FDR	I	SWD	Lower Guadalupe And San Antonio Rivers, TX
FDR	I	NAD	Lower Saddle River, Bergen County, NJ
FDR	I	SWD	Lower San Antonio River Basin (Tri-County), TX
FDR	I	NWD	Manhattan, KS
FDR	I	POD	Mcgrath Streambank Erosion, AK
FDR	I	MRT	Memphis Metro Storm Water Management, TN
FDR	I	LRD	Metropolitan Louisville, Southwest, KY
FDR	I	MRT	Millington and Vicinity, TN
FDR	I	MVD	Millington, TN
FDR	I	NWD	Missouri River Levee System, Units L455 & R460-471, MO & KS
FDR	I	MRT	Morganza to the Gulf, LA
FDR	I	SPD	Navajo Nation, AZ, NM, UT
FDR	I	NAD	New Jersey Shore Protection, Hereford To Cape, NJ
FDR	I	NAD	New Jersey Shoreline Alternative Long-Term Nourishment, NJ
FDR	I	SWD	North Little Rock, Dark Hollow, AR
FDR	I	NAD	North Shore Of Long Island Asharoken, NY
FDR	I	SPD	Ocean Beach, CA
FDR	I	SPD	Pajaro River at Watsonville, CA
FDR	I	NAD	Passaic River, Harrison, NJ
FDR	I	SAD	Pawleys Island, SC
FDR	I	MVD	Pearl River Watershed, MS
FDR	I	SPD	Peninsula Beach, City Of Long Beach, CA
FDR	I	SAD	Philpott Lake (Section 216), VA
FDR	I	SWD	Pine Mountain Lake, AR
FDR	I	MVD	Plaquemines Parish Urban Flood Control, LA

FY 2006 APPROPRIATIONS NOT IN FY 2007 PRESIDENT'S BUDGET			
INVESTIGATION (I), CONSTRUCTION (C) and OPERATION AND MAINTENANCE (O) APPROPRIATIONS			
Business Line	Appr	MSC	Project Name
FDR	I	NAD	Rahway River Basin, NJ
FDR	I	NAD	Raritan Bay And Sandy Hook Bay, Highlands, NJ
FDR	I	NAD	Raritan Bay And Sandy Hook Bay, Keyport, NJ
FDR	I	NAD	Raritan Bay And Sandy Hook Bay, Leonardo, NJ
FDR	I	NAD	Raritan Bay And Sandy Hook Bay, Union Beach, NJ
FDR	I	SWD	Raymondville Drain, TX
FDR	I	MVD	Red River of the North, ND & MN
FDR	I	MVD	River Des Peres, MO
FDR	I	SWD	Roma Creek, Rio Grande Basin, TX
FDR	I	MVD	Roseau River, MN
FDR	I	SPD	Sacramento-San Joaquin Delta, CA
FDR	I	SPD	Sacramento-San Joaquin Delta, North Delta Islands & Levees, CA
FDR	I	SPD	San Bernardino County, CA (Wilson & Oak Glen Creeks)
FDR	I	SPD	San Clemente Shoreline, CA
FDR	I	SPD	San Clemente Shoreline, CA (See Feas)
FDR	I	SPD	San Diego County Shoreline, CA
FDR	I	SPD	San Francisquito Creek, CA
FDR	I	SPD	San Joaquin River Basin, W. Stanislaus, Orestimba Creek, CA
FDR	I	SPD	San Juan Creek, South Orange County, CA
FDR	I	NAD	Shrewsbury River And Tributaries, NJ
FDR	I	NWD	Skagit River, WA
FDR	I	SPD	Solana Beach/Encinitas Shoreline Protection Study, CA
FDR	I	MVD	South Louisiana Hurricane Protection, LA
FDR	I	NAD	South River, Raritan River Basin, NJ
FDR	I	SPD	South San Francisco Shoreline Study, CA
FDR	I	MRT	Southeast Arkansas, AR
FDR	I	LRD	Southeast Illinois Shoreline (Ohio River Flood Protection), IL
FDR	I	SPD	Southwest Valley Flood Damage Reduction Study, NM
FDR	I	SPD	Sparks Arroyo Colonia, El Paso, TX
FDR	I	SAD	St John's County, FL
FDR	I	SAD	St Lucie County Beaches, FL
FDR	I	MVD	St. Bernard Parish Urban Flood Control, LA

FY 2006 APPROPRIATIONS NOT IN FY 2007 PRESIDENT'S BUDGET			
INVESTIGATION (I), CONSTRUCTION (C) and OPERATION AND MAINTENANCE (O) APPROPRIATIONS			
Business Line	Appr	MSC	Project Name
FDR	I	MVD	St. Charles Parish Urban Flood Control, LA
FDR	I	SAD	Surf City & North Topsail Beach, NC
FDR	I	NWD	Swope Park Industrial Area, MO
FDR	I	MRT	Tensas River Basin, LA
FDR	I	SPD	Truckee Meadows, NV
FDR	I	MVD	Upper Mississippi River Comprehensive Study, IL, IA, MN, MO & WI
FDR	I	NAD	Upper Rockaway River, NJ
FDR	I	SWD	Upper Trinity River Basin, TX
FDR	I	NWD	Upper Turkey Creek, KS
FDR	I	SPD	Ventura And Santa Barbara County Shoreline, CA
FDR	I	NAD	Vicinity Of Wiloughby Spit, VA
FDR	I	SAD	Village Creek, AL
FDR	I	POD	Wailupe Stream Flood Damage Reduction, HI
FDR	I	SAD	Walton County, FL
FDR	I	MVD	West Shore-Lake Pontchartrain, LA
FDR	I	SPD	Whitewater River Basin, CA
FDR	I	NWD	Willamette River Basin Review, OR
FDR	I	MVD	Wood River Levee, IL
FDR	O	SPD	Alburquerque Levees, NM
FDR	O	NWD	Harlan County Dam Safety Study, NE
FDR	O	MVD	Mapping
FDR	O	POD	Lowell Creek Tunnel, AK
HYD	C	NWD	Bonneville Powerhouse (Phase II, Major Rehab), OR
HYD	C	SAD	Buford Powerhouse, GA (Major Rehab)
HYD	C	NWD	Garrison Dam & Power Plant (Major Rehab), ND
HYD	C	SAD	Hartwell Lake Powerhouse, GA & SC (Major Rehab)
HYD	C	SAD	Thurmond Lake Powerhouse, GA & SC (Major Rehab)
HYD	C	SWD	Whitney Lake Powerhouse, TX (Major Rehab)
HYD	O	NWD	Missouri River Between Fort Peck Dam and Gavins Point, SD
NAV	C	POD	Bethel Bank Stabilization
NAV	C	SAD	Brunswick Harbor, GA
NAV	C	NAD	Delaware River Main Channel, NJ, PA & DE

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INVESTIGATION (I), CONSTRUCTION (C) and OPERATION AND MAINTENANCE (O) APPROPRIATIONS			
Business Line	Appr	MSC	Project Name
NAV	C	POD	Dillingham Emergency Bank Stabilization, AK
NAV	C	POD	False Pass Harbor, AK
NAV	C	SAD	Gulfport Harbor, MS
NAV	C	MVD	Inner Harbor Navigation Canal Lock, LA
NAV	C	SAD	Jacksonville Harbor, FL
NAV	C	NAD	James River Channel, VA
NAV	C	LRD	John T. Myers Locks Improvements, IN and KY
NAV	C	POD	Kaumalapau Harbor, HI
NAV	C	LRD	Kentucky Lock and Dam, Tennessee River, KY
NAV	C	POD	Kikiaola Small Boat Harbor, HI
NAV	C	MVD	Lock and Dam 3, Mississippi River, MN
NAV	C	SPD	Los Angeles Harbor Main Channel Deepening, CA
NAV	C	MVD	Mel Price Lock and Dam, IL & MO
NAV	C	MVD	Mississippi River Ship Channel, Gulf to Baton Rouge, LA
NAV	C	POD	Nome Harbor, AK
NAV	C	NAD	Norfolk Harbor And Channels, VA (Deepening)
NAV	C	SAD	Pascagoula Harbor, MS
NAV	C	SAD	Ponce De Leon Inlet, FL
NAV	C	SAD	Port Everglades, FL
NAV	C	MVD	Red River Emergency Bank Protection, AR & LA
NAV	C	SPD	San Francisco Bay To Stockton, CA (John F. Baldwin And Stockton Ship Channels)
NAV	C	LRD	Sault Ste. Marie (Replacement Lock), MI
NAV	C	SAD	St Lucie Inlet, FL
NAV	C	POD	St Paul Harbor, AK
NAV	C	SAD	Tampa Harbor - Port Sutton Channel, FL
NAV	C	SAD	Tuscaloosa Area Office, AL
NAV	C	POD	Unalaska Harbor, AK
NAV	C	SAD	Wilmington Harbor, NC
NAV	C	SAD	Wrightsville Beach, NC
NAV	I	NAD	AIWW Bridges at Deep Creek, VA
NAV	I	POD	Akutan Harbor, AK
NAV	I	POD	Anchorage Harbor Deepening, AK

FY 2006 APPROPRIATIONS NOT IN FY 2007 PRESIDENT'S BUDGET			
INVESTIGATION (I), CONSTRUCTION (C) and OPERATION AND MAINTENANCE (O) APPROPRIATIONS			
Business Line	Appr	MSC	Project Name
NAV	I	MVD	Atchafalaya River, Bayous Chene, Boeuf and Black, LA
NAV	I	POD	Barbers Point Harbor Modification, HI
NAV	I	MVD	Calcasieu Lock, LA
NAV	I	MVD	Calcasieu River and Pass Navigation, LA
NAV	I	SWD	Cedar Bayou, TX
NAV	I	POD	Coffman Cove, AK
NAV	I	SWD	Corpus Christi Ship Channel, TX
NAV	I	NAD	Delaware River Basin Comprehensive, NJ, NY, DE
NAV	I	POD	Delong Mountain Harbor, AK
NAV	I	NAD	Elizabeth River, Hampton Roads, VA
NAV	I	SWD	GIWW, Brazos River To Port O'connor, TX
NAV	I	SWD	GIWW, High Island To Brazos River Realignments, TX
NAV	I	SWD	GIWW, High Island To Brazos River, TX
NAV	I	SWD	GIWW, Port O'connor To Corpus Christi Bay, TX
NAV	I	SWD	GIWW, Vicinity Of Port Isabel, TX
NAV	I	LRD	Greenup Locks and Dam (Lock Extension), KY and OH
NAV	I	POD	Haines Harbor, AK
NAV	I	SPD	Humboldt Bay Long Term Shoal Management, CA
NAV	I	POD	Kawaihae Deep Draft Harbor Modification, HI
NAV	I	POD	Knik Bridge Crossing, AK
NAV	I	POD	Kotzebue Small Boat Harbor, AK
NAV	I	POD	Little Diomede Harbor, AK
NAV	I	SPD	Los Angeles County (DMMP), CA
NAV	I	SWD	Matagorda Ship Channel, TX
NAV	I	POD	Mekoryuk Harbor, AK
NAV	I	SAD	Mile Point, FL
NAV	I	POD	Nawiliwili Harbor Modification, HI
NAV	I	NAD	Norfolk Harbor And Channels, Craney Island, VA
NAV	I	NAD	Piscataqua River, NH
NAV	I	SAD	Port Everglades Harbor, FL
NAV	I	MVD	Port of Iberia, LA
NAV	I	MVD	Red River Navigation, Southwest Arkansas, AR and LA

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INVESTIGATION (I), CONSTRUCTION (C) and OPERATION AND MAINTENANCE (O) APPROPRIATIONS			
Business Line	Appr	MSC	Project Name
NAV	I	SPD	Redwood City Harbor, CA
NAV	I	SAD	Savannah Harbor Expansion, GA
NAV	I	NAD	Searsport Harbor, ME
NAV	I	SAD	St. Petersburg Harbor, FL
NAV	I	POD	Unalakleet Harbor, AK
NAV	I	POD	Unalaska Harbor, AK
NAV	I	MVD	Upper Miss River – Illinois Waterway System, IL, IA, MN, MO & WI
NAV	I	LRD	Upper Ohio River Navigation System Study, PA (Emsworth, Dashields and Montgomery Locks and Dams)
NAV	I	MVD	White River Navigation to Newport, AR
NAV	O	POD	Cordova Harbor, AK
NAV	O	SPD	Crescent City Harbor, CA
NAV	O	SWD	Glww, Chocolate Bayou, TX
NAV	O	SPD	Jack D. Maltester Channel (San Leandro Marina)
NAV	O	NWD	Lake Crockett (Keystone Harbors), WA
NAV	O	SPD	Moss Landing Harbor, CA
NAV	O	SPD	Napa River,CA
NAV	O	SPD	Noyo River And Harbor, CA
NAV	O	SPD	Petaluma River (Lower), CA
NAV	O	SPD	Pillar Point Harbor, CA
NAV	O	SPD	Pinole Shoal Management, CA
NAV	O	POD	Pohoiki Bay, HI
NAV	O	SPD	Port Hueneme, CA
NAV	O	SPD	Port San Luis, CA
NAV	O	SPD	Redwood City Harbor
NAV	O	SPD	San Francisco Bay Long Term Management Strategy, CA
NAV	O	LRD	Arcadia Harbor, MI
NAV	O	LRD	Ashland Harbor, WI
NAV	O	LRD	Caseville Harbor, MI
NAV	O	LRD	Cedar River Harbor, MI
NAV	O	LRD	Grand Marais Harbor, MI
NAV	O	LRD	Harbor Beach Harbor, MI
NAV	O	LRD	Kewaunee Harbor, WI

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INVESTIGATION (I), CONSTRUCTION (C) and OPERATION AND MAINTENANCE (O) APPROPRIATIONS			
Business Line	Appr	MSC	Project Name
NAV	O	LRD	Leland Harbor, MI
NAV	O	LRD	Little Lake Harbor, MI
NAV	O	LRD	Manitowoc Harbor, WI
NAV	O	LRD	Menominee Harbor and River, MI and WI
NAV	O	LRD	New Buffalo Harbor, MI
NAV	O	LRD	Pentwater Harbor, MI
NAV	O	LRD	Port Washington Harbor, WI
NAV	O	LRD	Sebewaing River, MI
NAV	O	LRD	Sturgeon Bay Harbor and Lake Michigan Ship Canal, WI
NAV	O	LRD	Two Rivers Harbor, WI
OTHER	I	NWD	Chatfield, Cherry Creek and Bear Creek Reservoirs, CO
REC	C	MVD	Des Moines Recreation River & Greenbelt, IA
REC	I	LRD	Northern Kentucky Riverfront Commons, KY
REC	I	LRD	Ohio Riverfront, Cincinnati, OH (Central Riverfront Park)
REC	I	LRD	Parkersburg/Vienna Riverfront Park, WV
REC	I	MVD	West Baton Rouge Parish, LA
WTR	C	MRT	Grand Prairie, AR
WTR	I	MRT	Bayou Meto, AR
WTR	I	MVD	Cross Lake, LA Water Supply Improvements
WTR	I	SWD	Middle Brazos River, TX