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ENERGY AND WATER DEVELOPMENT APPROPRIATIONS FOR 2010

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

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PART 5

U.S. CORPS OF ENGINEERS BUDGET HEARING

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ENERGY AND WATER DEVELOPMENT, AND RELATED AGENCIES APPROPRIATIONS FOR 2010

TUESDAY, MAY 12, 2009.

ARMY CORPS OF ENGINEERS

WITNESSES

TERRENCE "ROCK" SALT, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR CIVIL WORKS, DEPARTMENT OF THE ARMY
LIEUTENANT GENERAL VAN ANTWERP, CHIEF OF ENGINEERS, U.S. ARMY CORPS OF ENGINEERS
MAJOR GENERAL MERDITH "BO" TEMPLE, DIRECTOR OF CIVIL WORKS, U.S. ARMY CORPS OF ENGINEERS
GARY A. LOEW, CHIEF, CIVIL WORKS PROGRAMS INTEGRATION DIVISION, U.S. ARMY CORPS OF ENGINEERS

Mr. VISCLOSKY. Gentlemen, we do have coffee up here and snacks. I am serious about that. So if you want, we are happy to do that.

We have before us today the Principal Deputy Assistant Secretary of the Army for Civil Works, Terrence Salt; the Chief of Engineers, Lieutenant General Robert Van Antwerp; Major General Temple; and Mr. Gary Loew. They are here today to present the administration's budget request for the Corps of Engineers.

I would like to point out that though there may be some questions that relate to the recently passed Recovery Act, this is a budget hearing and you will have the opportunity to come back and discuss your implementation of the Recovery Act after the subcommittee completes its work on the 2010 bill.

I would also like to introduce Stacey Brown. Stacey has joined us for the year from Corps Headquarters, and we are very glad to have her here. She has certainly helped to raise the intellectual quotient of the subcommittee, not the subcommittee staff, as a Tufts University graduate, and again has already been doing excellent work for us and very happy she is here.

The fiscal year 2010 budget request for the Army Corps of Engineers Civil Works program totals $5.1 billion, a reduction of $277 million from the fiscal year 2009 enacted level. Beyond top line funding levels and requested bill language, it has been challenging to analyze the Corps' budget since we have not yet received the project allocations or justifications. I realize that this is a trying time; however, the subcommittee will be asked to execute its responsibilities in something that resembles a normal year's schedule, and it is now May 12th. The administration is making the timeline very challenging.

While the total budget request for the Corps of Engineers is more robust than others that have come before this subcommittee, I was hoping myself for a greater change in this administration, in the way it views the Army Corps of Engineers and the priority it places on the Nation's water infrastructure. The first action of this administration related to the Corps was to leave it out of any request for Recovery Act funding.

Once again, Congress was relied upon to provide funding to improve flood control, navigation, and other water resource projects in our countries. The projects overseen by the Corps of Engineers provides exactly the types of jobs this country needs, reasonable wages earned while constructing something concrete that provides a long-term investment in our economy. The fact that the administration did not request funds was abjectly disappointing to me.

There are many challenges as we assess what investments we should make in the area of water resources. I will take the time today to highlight just two, navigation and hydropower. As our national discussion on energy and carbon emissions moves forward, the carbon footprint of different transportation modes and the methods by which generate our electricity must by considered.

Our national waterways are an efficient mode of transportation from both a carbon emission and fuel consumption standpoint. While we might not agree on exactly which navigation channels and harbors provide the best investment, I believe we can agree on a subset that is economically important for the Nation and the regions in which they reside. The navigation business line needs the administration's attention in many areas. The first and foremost is the Inland Waterways Trust Fund. If the revenue stream is not addressed, the level of investment must be adjusted to the available resources. This will mean difficult political choices as projects are suspended until resources become available.

Deep draft navigation requires attention on several fronts. We are continuing the "race to the bottom" as post-Panamax vessels become more prevalent in the industry. This requires a national examination of what ports should be deepened to accommodate these vessels and the economic impact of those investments. The Harbor Maintenance Trust Fund has significant balances that should be addressed and it is time to revisit least cost dredge material disposal as a policy.

Energy security and issues of global climate change are increasingly important to the decisions made regarding infrastructure investment. Hydropower improvements at existing facilities provide a reliable, efficient, domestic, emission-free resource that is renewable. Hydropower plants have, without question, changed the natural river environment. However, with some exceptions the environmental damages of existing dams are largely complete, and further investment in modern turbines can have the benefit of improving existing water quality and fish passage issues in addition to increasing generation efficiency and capacity.

The Corps must continue to focus on minimizing the negative impacts to the environment while maximizing the use of existing infrastructure. Hydropower benefits also include the flexibility to meet peak power demands, the displacement of additional thermal

plants, and ancillary services such as voltage stability of the transmission system and system restoration after blackouts.

As we as a Nation decide what we should invest in, we must not lose sight of an issue that has been of interest to the subcommittee for some time: Cost estimating and project management. I have often said of energy policy that you can have the best energy policy in the world, but without solid management and oversight of the execution, you will never realize the fruits of that policy. We continue to expect the Corps to work towards a more systemic and realistic mode of doing business and would like to see a real 5-year plan one day called the Hobson plan that gives an accurate assessment of the investment necessary to meet the Nation's water resource challenges.

Mr. Salt, I will be interested today in hearing your defense of choices made in the Department's of fiscal year 2010 budget request, fiscal year 2009 execution, and overall Corps management.

I would also ask you to ensure that the hearing record, the questions for the record, and any supporting information requested by the subcommittee are cleared through the Corps, your office, and the Office of Management and Budget and delivered in final form to the subcommittee no later than 4 weeks from the time you receive them, because our time obviously is very, very tight this year.

Given that we do not yet have budget justifications, I would indicate to all the members who have additional questions for the record, they will have 1 week from the time that justifications are made available to the public to provide them to the subcommittee office.

But with those opening comments, I would like to yield to my ranking member and friend, Mr. Frelinghuysen, for any opening comments that he would like to make.

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman, I would like to add my personal welcome to our witnesses. We are facing an extraordinary compressed schedule this year and we appreciate having you here to present a budget and answer our questions.

Before we move to your Civil Works budget submission, I want to commend the Corps for its work both here home and abroad. The Army Corps, both military and civilian, is doing incredible work in Iraq and Afghanistan, building bridges and roads, constructing sewage facilities, assuring water supplies, continuing to patch a neglected electrical systems if in fact they exist in some places, replacing mud classrooms with permanent school and more. With the increased troop levels and increased focus on Afghanistan, the Army Corps workload in Afghanistan will increase substantially.

I know you are involved in the design and construction of new bases. Assistant Secretary Salt, Mr. Salt, and Lieutenant General Van Antwerp, I hope you will extend our committee's sincere thanks to the men and women both in uniform and civilian who do some extraordinary work under some difficult and dangerous circumstances each and every day.

Gentlemen, I can't be more supportive of the chairman's comments regarding the need for more budget specifics. Our country is facing huge economic issues and challenges. The energy and water portfolio won't be and shouldn't be spared tough scrutiny to ensure

we are putting limited dollars in the highest priority projects. Unfortunately, the public will suffer as a result of what appears to be a lack of transparency. This committee will receive, I am confident, the information from the Corps before we pass a bill. We need that information.

That said, at $5.1 billion the administration's fiscal year 2000 budget request is $300 million below the fiscal year 2009 appropriations. This is the $300 million cut. It is oddly a positive sign. This subcommittee has long recognized the importance of your work and has been fighting for years to ensure that you receive adequate funding. That position often puts us at odds with the previous administration which regularly cut the water request in favor of energy projects. A $300 million cut is a vast improvement over what we have seen previously.

The Army Corps has always been a worthy steward of our water and navigation infrastructure. The taxpayers' dollars must be spent wisely in an economic and efficient manner. More than ever there is an immediacy to prioritize projects, finish one and move on to others. I know in fact my colleagues on this subcommittee in Congress would agree that these important ongoing projects must be funded to completion.

I have greater confidence the Corps is spending its budget properly because of the close communication we have had, and I appreciate that close communication. I was pleased that we could support $4.6 billion for the Corps in recently passed Recovery Act legislation. I thought we could have gone higher because I think you know there is a huge backlog of authorized projects. But I did grow concerned as I saw the role OMB began to play in directing your work. What was once a cooperative process became a black box with a bureaucrat at OMB at the center and not you as Corps professionals. I hope this is not a pattern that will continue, but I fear the current delay of your budget request may be a leading indicator, a negative one.

I am pleased to see that someone had the wisdom to include beach nourishment and renourishment projects in the budget request. Let me note that I don't represent in my district a speck of the New Jersey shoreline, but I do recognize that the shore on the East Coast and the West Coast are vital to the economic well-being of those states. For years Congress has funded these projects because of the vital economic development and the ecosystem restoration benefits they offer. These projects are successful partnerships. I underline partnerships because the Federal Government and local government sponsors make serious financial commitments to see these projects through. I guess someone over there finally heard the call.

I would like to commend the Corps for its investment in harbor deepening projects around the country. As you know, ports are vitally important to the economic health of our country and are tied to national security. In my neck of the woods, the Port of New York and New Jersey Harbor Deepening Project has been recognized for many years as a national priority. I live in a part of the world where we don't forget 9/11, and keeping that port open for business I think has a lot to do with our national security and the protection of our people.

Once I see your project specifics I will be looking to ensure that ongoing projects are being funded to completion. We must continue to clear the backlogs. Let's be candid and blunt, there are also many projects in the queue. Lots of promises to lots of communities made by Congress and the Corps alike that wouldn't see meaningful funding any time soon until we make good on our existing commitments. Ensuring that the Corps makes good on its current commitments and doesn't raise expectations because of new projects will be a personal priority for me and one that I know is shared by many on both sides of the aisle in this committee and outside this committee.

Mr. Chairman, we have a busy schedule in front of us, and I look forward to hearing the testimony from our witnesses, thank you very much.

Mr. VISCLOSKY. Thank you very much, and I would associate myself with Mr. Frelinghuysen's observations about beaches. I do not have any Jersey shoreline myself, but I do have a beach in front of Mount Baldy, which happens to be the highest topographical feature on the southern shoreline of Lake Michigan, I am told deposited there over 10,000 years ago, and if allowed to erode away will be lost forever. There is value to these beach nourishment programs.

With that, Secretary Salt, I would recognize you and then General Van Antwerp. That would be terrific, and your entire statements will be entered into the record.

Mr. SALT. Sir, if I could, I wanted to——

Mr. FRELINGHUYSEN. Is your mike on or move it closer?

Mr. SALT. Sir, I was last in the Army in 1996 and frankly as I came to this position I was not prepared for the tasks that we have given to our Army in the missions we have given them. I couldn't agree more with your comments. My deep respect for all those serving our country in uniform, civilians, active and reserve. The tasks they are performing for us is something I didn't appreciate. I don't think very many of us really do. I was so pleased that you made those comments and I couldn't agree more. I am very proud to be here on behalf of the United States Army.

Chairman Visclosky, Congressman Frelinghuysen, distinguished members of the subcommittee, thank you for the opportunity to discuss the President's budget for the Civil Works Program of the Army Corps of Engineers for fiscal year 2010.

In developing this budget we have sought to achieve four principal objectives: To focus construction funds on those investments that provide the best return from a national perspective and achieving economic, environmental and public safety objectives; to support the safe and reliable operation and maintenance of key existing water resource infrastructure; to improve Corps project planning and program performance; and to advance aquatic ecosystem restoration efforts, including the restoration of Louisiana's coastal wetlands and Florida's Everglades.

The budget provides funding for the development and restoration of the Nation's water and related resources within the three main Civil Works program areas: Commercial navigation, flood and coastal storm damage reduction, and aquatic ecosystem restoration. Additionally, the budget supports hydropower, recreation, environ-

mental stewardship, water supply services at existing water resource projects owned or operated by the Corps, protection of the Nation's regulated waters and wetlands, the cleanup of sites contaminated as a result of the Nation's early efforts to develop atomic weapons, and emergency preparedness and training.

The total discretionary funding of $5.125 billion in the fiscal year 2010 budget is the highest amount ever requested by a President for the Civil Works Program. The budget proposes enactment of legislation to authorize a lock usage fee which would over time replace the diesel fuel tax now paid by most commercial users of the inland and intercoastal waterways. This proposed legislation will address the declining balance in the Inland Waterways Trust Fund, which affects the government's ability to finance the non-Federal portion of the Federal capital investment in these waterways. It will do so in a way that improves economic efficiency compared to the existing fuel tax by more closely aligning the cost of those who use Corps locks for commerce with the capital costs that the Corps incurs on their behalf. The administration stands ready to work with the Congress and stakeholders to find a long-term solution to this issue.

The fiscal year 2010 budget continues its Civil Works Program's commitment to a performance-based approach to budgeting. The Army applied objective performance guidelines to focus construction funds on those investments within the three main missions of the Corps that provide the best return from a national perspective in achieving economic, environmental, and public safety objectives.

Similarly, the Army used objective performance criteria to allocate O&M funds in the fiscal year 2010 budget. The O&M criteria considered both the condition of the project and the potential consequences for project performance if the O&M activity were not undertaken in fiscal year 2010.

In fiscal year 2010, the Corps will focus efforts on developing new strategies along with other Federal agencies and non-Federal project partners to better manage, protect, and restore the Nation's water and related land resource, including flood plains, flood prone areas, and related ecosystems.

Sir, the administration has made rebuilding America's infrastructure a priority. Through resources provided for the Army Civil Works Program in the President's budget for fiscal year 2010, the Corps can help achieve this objective. Mr. Chairman, I am proud to support the fiscal year 2010 budget for the Army Civil Works Program. I look forward to working with this subcommittee and to your support of the President's budget proposals.

Sir, thank you.

[The statement of Mr. Salt follows:]

DEPARTMENT OF THE ARMY

COMPLETE STATEMENT

OF

Mr. Terrence C. Salt
Acting Assistant Secretary of the Army
(Civil Works)

BEFORE

THE SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE ARMY CIVIL WORKS PROGRAM

May 12, 2009

Chairman Visclosky, Congressman Frelinghuysen, distinguished members of the Subcommittee, thank you for the opportunity to present the President's Budget for the Civil Works Program of the Army Corps of Engineers for Fiscal Year 2010.

OVERVIEW

In developing this budget, we have sought to achieve four principal objectives:

- Focus construction funds on those investments that provide the best return from a national perspective in achieving economic, environmental and public safety objectives;
- Support the safe and reliable operation and maintenance of key existing water resources infrastructure;
- Improve Corps project planning and program performance; and
- Advance aquatic ecosystem restoration efforts, including restoration of Louisiana's coastal wetlands and Florida's Everglades.

The Budget provides funding for development and restoration of the Nation's water and related resources within the three main Civil Works program areas: commercial navigation, flood and coastal storm damage reduction, and aquatic ecosystem restoration. Additionally, the Budget supports hydropower, recreation, environmental stewardship, and water supply services at existing water resources projects owned or operated by the Corps. 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 emergency preparedness and training. The Budget does not fund work that should be the responsibility of non-Federal interests or other Federal agencies, such as wastewater treatment and municipal and industrial water treatment and distribution.

FY 2010 DISCRETIONARY FUNDING LEVEL

The total discretionary funding of $5.125 billion in the FY 2010 Budget is the highest amount ever requested by the President for the Civil Works program.

Within this total, $1.718 billion is budgeted for projects in the Construction account. The Budget provides $2.504 billion for activities funded in the Operation and Maintenance (O&M) account.

The FY 2010 Budget also includes $100 million for Investigations; $248 million for Flood Control, Mississippi River and Tributaries; $41 million for Flood Control and Coastal Emergency; $190 million for the Regulatory Program; $134 million for the Formerly Utilized Sites Remedial Action Program; $184 million for the Expenses account and $6 million for the Office of the Assistant Secretary for Civil Works.

A Five Year Development Plan (FYDP) is under development and, when complete, will be provided to the relevant Committees of Congress. The FYDP includes two projections: one based on the President's FY 2010 Budget and one above that level based on the FY 2009 enacted appropriations. The projections in the FYDP are formula driven. They do not represent budget decisions or budget policy beyond FY 2010, but they can provide perspective on the Army Civil Works program and budget.

INLAND WATERWAYS USER FEE PROPOSED LEGISLATION

The Budget proposes enactment of legislation to authorize a lock usage fee, which would over time replace the diesel fuel tax now paid by most commercial users of the inland and intracoastal waterways. This proposed legislation will address the declining balance in the inland Waterways Trust Fund (IWTF), which affects the Government's ability to finance the non-Federal portion of Federal capital investment in these waterways. It will do so in a way that improves economic efficiency compared to the existing fuel tax, by more closely aligning the costs of those who use the Corps locks for commerce with the capital costs that the Corps incurs on their behalf. The Administration stands ready to work with the Congress and stakeholders with interest in these capital investments to help pass and implement this proposal.

PLANNING IMPROVEMENTS AND PERFORMANCE-BASED BUDGETING

The Army continues working through the Chief of Engineers to strengthen and improve the planning expertise of the Corps, including greater support for planning Centers of Expertise, better integration of project purposes, and greater reliability of cost estimates and schedules in both planning and programming processes. These efforts have already begun and will ultimately improve all of our project reports.

The FY 2010 Budget continues the Civil Works program's commitment to a performance-based approach to budgeting. Competing investment opportunities for studies, design, construction, and operation and maintenance were evaluated using multiple metrics. The Army used and will continue to use objective, performance criteria to guide its recommendations on the allocation of funds.

The Army applied objective performance guidelines to its many competing construction projects in order to establish priorities among them and to guide the allocation of funds to high-performing ongoing projects and high-performing new construction starts. These guidelines focus construction funds on those investments within the three main mission areas of the Corps that provide the best return from a national perspective in achieving economic, environmental, and public safety objectives. Similarly, the Army used objective performance criteria to allocate O&M funds in the FY 2010 Budget. The O&M criteria consider both the condition of the project and the

potential consequences for project performance if the O&M activity were not undertaken in FY 2010.

In FY 2010 the Corps will focus efforts on developing new strategies, along with other Federal agencies and non-Federal project partners, to better manage, protect, and restore the nation's water and related land resources, including floodplains, flood-prone areas, and related ecosystems. The Corps also will continue to pursue management reforms that improve project cost and schedule performance to ensure the greatest value from invested resources, while strengthening the accountability and transparency of the way in which taxpayer dollars are being spent.

The Civil Works Strategic Plan, which is in the process of being updated, provides goals, objectives, and performance measures that are specific to program areas, as well as some that are crosscutting.

AMERICAN RECOVERY AND REINVESTMENT ACT

The American Recovery and Reinvestment Act provided $4.6 billion for the Civil Works program. That amount included $2 billion for the Construction account; $2.075 billion for O&M account; $375 million for Flood Control, Mississippi River and Tributaries; $25 million for Investigations; $25 million for the Regulatory Program; and $100 million for the Formerly Used Sites Remedial Action Program. Economists estimate the Corps' Recovery Act appropriation will create or maintain approximately 57,400 direct construction industry jobs and an additional 64,000 indirect and induced jobs in firms supplying or supporting the construction and the businesses that sell goods and services to these workers and their families.

The Corps will manage and expend these funds so as to achieve the Recovery Act's stated purposes, including both commencing expenditures as quickly as possible consistent with prudent management and investing in infrastructure and ecosystem restoration that will provide long-term benefits. The Civil Works allocations also are fully consistent with the President's direction provided in the Executive Memorandum of 20 March 2009 – Ensuring Responsible Spending of Recovery Act Funds. In that Memorandum, the President directed agencies to ensure that Recovery Act funds are spent responsibly and transparently and that projects are selected on merit-based principles.

Moreover, the Civil Works allocations are consistent with additional project selection criteria provided in the Conference Committee report accompanying the Act that projects, programs or activities that are accomplished with Recovery Act dollars will be obligated and executed quickly; will result in high, immediate employment; have little schedule risk; will be executed by contract or direct hire of temporary labor; and will complete a project phase, a project, an element, or will provide a useful service that does not require additional funding. Also as stipulated in the Recovery Act, no funds

will be used for any PPA that, at the time of the obligation, has not received appropriations provided for Energy and Water Development.

The Corps selected approximately 178 Construction contracts, 892 Operation and Maintenance projects, 45 MR&T projects, 67 Investigations studies and projects, and nine FUSRAP projects. These projects or useful increments of these projects will be completed with Recovery Act funding.

The wide geographic distribution of projects spreads the employment and other economic benefits across the United States. Funding also is distributed across Civil Works programs to provide the nation with project benefits related to inland and coastal navigation, the environment, flood risk management, hydropower, recreation, and more.

CONCLUSION

The Administration has made rebuilding America's infrastructure a priority. Through resources provided for the Army Civil Works program in the President's Budget for FY 2010, the Corps can help achieve this objective. We seek to apply 21st century technological advances to present day challenges, while protecting and restoring significant ecological resources.

Mr. Chairman, I am proud to support the FY 2010 budget for the Army Civil Works program. I look forward to working with this Subcommittee and to your support of the President's Budget proposals. Thank you.

Mr. VISCLOSKY. Thank you very much.

General.

General VAN ANTWERP. Chairman Visclosky, Ranking Member Frelinghuysen, it is just a real pleasure to be here today and I am honored to testify on the 2010 budget. If you would permit me, because we are a people centered organization, I would like to introduce our commanders. These are the people that get it done. I will start over here on your right. On the far right is Mark Yenter. Mark, stand there. Mark is the Commander of the Pacific Ocean Division stationed out in Hawaii and has Alaska as one of the districts, Far East District, very huge territory.

Mr. SIMPSON. That is a tough duty, isn't it?

General VAN ANTWERP. His travel schedule, though, he has got the mileage.

Next to him is Todd Semonite. Todd commanded the North Atlantic Division up until about a week ago, and now commands the South Atlantic Division out of Atlanta, Georgia and has the southeast portion of the United States, Puerto Rico, and South America.

This is Colonel Janice Dombi. She is out in the South Pacific Division out in San Francisco and does a great job out there for us. The former commander has deployed to Afghanistan. His name is John McMahon. And he's working on those seven bases we are trying to build in Afghanistan.

This is Ken Cox, Brigadier General Ken Cox. He is in the Southwest Division down in the Texas area and he is doing great and wonderful things for us. One of his major projects this past year is building the fence along the Mexican-U.S. border.

And then over here, this is Brigadier General Bill Rapp. He is with the Northwestern Division. Bill deals with fish and Native Americans and all kind of wonderful things. And he is just doing a terrific job for us.

This is Mike Walsh. Mike Walsh is the Commander of the Mississippi Valley Division, and he has what we call the long skinny division, all the way from Canada to New Orleans, where the great Mississippi goes out into the Gulf.

And this is Colonel Duke DeLuca. Duke just took over for Todd Semonite in the North Atlantic Division, and he will do a great job. Just came out of theater, so he has the latest and greatest there, Commander of the 20th Engineer Brigade.

And finally Mike White is sitting in for Brigadier General John Peabody, who had a hip replacement this weekend. He would have hobbled here had we ordered him to, but we gave him some grace, and so Mike is here to represent.

As Mr. Salt mentioned, our fiscal year 2010 Civil Works budget is a performance-based budget; that is, it reflects the highest economic and environmental returns for the Nation's investment and also addresses significant risk to human safety.

I just want to mention quickly the American Recovery and Reinvestment Act just so you will know our timelines. First of all, the total dollar amount was $4.6 billion in the Civil Works portion, about $2.075 billion in O&M and $2 billion in construction. In O&M, we have upwards of 700 work packages that we will, by the end of this fiscal year, have obligated that $2.075 billion and we expect to be completed on all of those projects by the summer of

2010. So it is exciting. We have already, incidentally, obligated $61 million against this Recovery Act. We only got it really about a week ago. So we are on the way, and we are really looking forward to what it will do to create jobs and do its intent.

In the construction account, we will have two-thirds of it obligated by the end of fiscal year 2009 and we will have completed about two-thirds of it by fiscal year 2010. Some of the projects go into fiscal year 2011 and fiscal year 2012.

Just when you add it all together, this is a historic workload for the Corps. If you add our military programs in with the Civil Works, we will have on the books obligated about $40 billion this year, and probably one of the questions is going to be how will you get that done? We have implemented some great new tools, we have worked with the commanders here, we are using regional systems. If you look at one particular place down in New Orleans, every district in the Mississippi Valley Division has a piece of action down there. If you look at the Washington Capital Region, down at Fort Belvoir, Virginia, every district in the North Atlantic Division has a mission down there. So this is the way we are going to go get it done, we are going to go regional, we are going to use all of our capacity, and we promise that we will deliver.

Finally, just because you brought it up, I would like to just talk about the war in Iraq and Afghanistan just for a second if you will permit me. We have had about 10,000 Corps employees, civilians, over the years we have been in Iraq and Afghanistan who have deployed out of the Corps of Engineers, our great civilian workforce. It is really an amazing thing. Right now we have about a thousand civilians deployed.

We are changing some of the emphasis from Iraq to Afghanistan. The work in Iraq is frankly tailing off. We expected more work that was host nation funded that hasn't come in, I think partly because they put their budget together when oil was $140 a barrel. So we have seen that tail off. We expect by next March to be down to one district in Iraq and a number of large area offices. Right now we have three districts and a division headquarters. So we are downsizing there.

At the same time Afghanistan workload is doubling this year. It has gone from $1.2 billion to over $2.6 billion. And so we are starting up a second district in Afghanistan and we will put in a deployable command post from one of our theater engineer commands in there. So one theater is decreasing, the other theater growing. But it is very exciting work, and we are going to be there for some time in Afghanistan. We are building and helping design seven bases to take the new soldiers coming in.

So Mr. Chairman, that concludes my statement, and I look forward to any of your questions.

[The statement of General Van Antwerp follows:]

DEPARTMENT OF THE ARMY CORPS OF ENGINEERS

COMPLETE STATEMENT

OF

LIEUTENANT GENERAL ROBERT VAN ANTWERP
CHIEF OF ENGINEERS
U. S. ARMY CORPS OF ENGINEERS

BEFORE

THE SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT
COMMITTEE ON APPROPRATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

ON

THE ARMY CIVIL WORKS PROGRAM
FISCAL YEAR 2010

May 12, 2009

Mr. Chairman and distinguished members of the Subcommittee:

I am honored to be testifying before your subcommittee today, along with the Acting Assistant Secretary of the Army (Civil Works), Mr. Terrence Salt, on the President's Fiscal Year 2010 (FY10) Budget for the Army Corps of Engineers Civil Works Program.

My statement covers the following 5 topics:

- Summary of FY10 Budget
- Investigations Program
- Construction Program
- Operation and Maintenance Program
- Value of the Civil Works Program to the Nation

SUMMARY OF FY10 PROGRAM BUDGET

Introduction

The Fiscal Year 2010 Civil Works Budget is a performance-based budget, which makes the best use of available funds through a focus on the projects and activities that provide the highest economic and environmental returns on the Nation's investment or address significant risk to human safety. The Civil Works Budget consists of discretionary funding of $5.125 billion and mandatory funding of $464 million, for a total direct program of $5.589 billion. In addition, Reimbursable Program funding – work unrelated to the Budget, which the Corps does for others with their funds – will be approximately $2.5 billion.

Direct Program

The Budget reflects the Administration's commitment to the sound management of the Nation's water resources. The Budget incorporates objective performance-based metrics for the construction, operation and maintenance, and investigations programs. It provides a high level of funding for maintenance, with a focus on those facilities that are of central importance to the Nation. It provides funding for the regulatory program to protect the Nation's waters and wetlands, and supports restoration of nationally significant aquatic ecosytems that are cost effective . Additionally, it emphasizes the basic need to fund emergency preparedness and training activities for the Corps as part of the regular budget process.

Reimbursement Program

Through the Interagency and Intergovernmental Services Program we help non-DoD Federal agencies, state, local, and tribal governments, and other countries with techinical assistance in the areas of planning, engineering and construction. Rather than develop an internal workforce to oversee large design and construction projects, these entities utilize the skills and talents that we bring to our own Civil Works and Military Program missions. Our support is primarily through the development of contracts with private sector firms to perform technical assistance and management of engineering, environmental, and construction projects. This portion of our work is unrelated to the Budget for the Civil Works Program. It is totally reimbursed by the Agencies and entities that seek our assistance.

Currently, we provide support to about 70 Federal agencies and several state and local governments. Total reimbursement for such work in FY10 is projected to be approximately $2.5 billion. The exact amount will depend on the extent of FY10 assignments.

INVESTIGATIONS PROGRAM

The Budget for the investigations program would enable the Corps to evaluate and design the future projects that are most likley to be high-performing, within the Corps three main missions: Commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration. The budget includes $100 million for these and related activities in the Investigations account and $2.284 million in the Mississippi River and Tributaries account.

CONSTRUCTION PROGRAM

The goal of the Construction Program is to deliver new, or to rehabilitate existing, flood control, navigation, hydropower or environmental restoration infrastructure in a cost effective manner, to serve the Nation's water resource needs. The Fiscal Year 2010 Budget provides includes $1.718 billion in discretionary funding in the Construction account and $87.143 million in the Mississippi River and Tributaries account to further this objective.

The Budget uses objective performance measures to establish priorities among projects and, through continued proposed changes in the Corps contracting practices, will also increase control over future costs. The performance measures used include the benefit-to-cost ratios for projects whose primary with economic output is measured by the economic returns. The selection process also gives priority to dam safety assurance, seepage control, static instability correction, and to projects that address a significant risk to human safety. Under each of these categories, resources are allocated based on performance. This approach significantly improves overall program performance.

OPERATION AND MAINTENANCE PROGRAM

As soon as the Corps constructs a project, the infrastructure begins to age. Generally, with periodic maintenance, we can operate our facilities for many years. The Budget supports our continued stewardship of this infrastructure by focusing funding on key infrastructure that is of central importance to the Nation.

The Operation and Maintenance (O&M) program for the FY10 Budget includes $2.504 billion, and an additional $158.573 million under the Mississippi River and Tributaries program.

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

We are privileged to be a part of an organization that directly supports the President's priority of rebuilding the Nation's infrastructure. The way in which we manage our water resources can improve the quality of our citizens' lives and the environment in which we live.

For example, Corps personnel from across the nation continue to re-construct and improve the storm damage reduction system for New Orleans. Their work will reduce the risk of damage from future storms to people and communities. We remain on schedule to complete the ongoing work, which will upgrade this system, by 2011.

Research and Development

The Research and Development Program for the Civil Works Program provides innovative engineering products, some of which can have applications in the private sector and in the military infrastructure sphere as well. 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.

CONCLUSION

The Corps of Engineers is committed to staying at the leading edge of service to the Nation. We're committed to change that ensures an open, transparent, and performance-based Civil Works Program.

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

Mr. VISCLOSKY. Mr. Salt and General, thank you very much. And it is my understanding under protocol, Mr. Salt, that I am not supposed to call you Secretary, and I am sure you don't care and I don't care. I just don't want anybody to think I am trying to diminish your position by calling you Mr. and not Secretary.

Mr. SALT. Sir, I am honored to be here.

Mr. VISCLOSKY. As we are all are.

Mr. SALT. You can call me Rock if you want.

Mr. VISCLOSKY. Let me start with two questions and then I will turn to my ranking member.

Mr. Salt, the budget request includes a substantial cut to the construction in Mississippi River and Tributaries Account given the need for water resource infrastructure that addresses changing needs and circumstances. How would you justify the reduction?

Mr. SALT. As I mentioned in my testimony, sir, we developed a set of performance criteria that we applied essentially the same way nationally as we did to the Mississippi River and Tributaries Program. So the way the program becomes sorted out is basically based on various criteria for O&M for that part of the MR&T and the benefit-cost ratio for the construction part of the program.

Mr. VISCLOSKY. That would lead to my second question, and you do mention in your testimony performance criteria to guide your recommendations, objective performance criteria. When you talk about O&M, you talk about the condition of the project and the potential consequences for project performance, you mentioned cost-benefit ratio. The other question I would have and then again I would turn to my ranking member, again, we don't have the benefit yet of all the budget justifications. Could you in some detail enumerate the criteria? Were the cost-benefit ratios that you looked at, were the thresholds the same for each category within Corps projects? And when we talk about condition of the project, is there some valuation you attach, does it vary from O&M to construction?

Mr. SALT. Sir, the criteria were different for construction. Generally the construction account was based on a benefit-to-cost ratio, and I am going to say we used the same criteria for both, and I will verify that just to ensure I am not saying something that is not accurate. But the O&M, on the other hand, the Corps has a pretty impressive risk-based approach, perhaps the Chief or General Temple would want to talk about, to look at a number of factors that they then use as the basis for prioritizing their O&M.

Mr. VISCLOSKY. Sure, that would be fine.

General VAN ANTWERP. Basically, we look at cost-benefit ratio as one aspect, but life safety and human health is another one. And then the third category is environmental restoration and mitigation. What we have done in recent years is, survey all of our projects—well, not all of them, we have some to go yet. We are right in the middle of surveying levees, but there are also our locks and dams and all the things that require O&M work. We need a lot of O&M money and we are getting a good package of it in the Recovery Act, and that is very helpful, because we are able to get at some of the things we haven't been able to get at for a long time. Are there more projects? Yes, there are more projects over time, but I think we have a very good start at it this year, in combina-

tion with what we expect to get in the 2010 budget and what we have in the Recovery Act.

Mr. VISCLOSKY. And in years past there has been some controversy about, if you would, loss of life versus property values, and my sense is the Corps did address some of that formula consideration a couple of years ago, if I am correct.

General VAN ANTWERP. That is correct. We look at both Generally when a project is formulated we consider national economic development, so the benefit-cost ratio really does not include a lot of local aspects, but in the safety area it does.

Mr. VISCLOSKY. You compensate for that.

General VAN ANTWERP. Right.

Mr. SALT. As far as policy guidance, if there are life and public safety issues with a project, that goes ahead of the economic development aspects. Those are priorities and we would move those ahead in the list.

Mr. VISCLOSKY. Okay.

Gentlemen, thank you very much. Mr. Frelinghuysen.

Mr. FRELINGHUYSEN. Mr. Chairman, before I yield to Mr. Simpson, who is a keynote speaker at some event, actually we are trying to get him out of the committee hearing as quickly as possible. But before I yield to him, in all seriousness, I would like to put a plea in to your division commander. We have a lot of young people coming back from Iraq and Afghanistan, and I often think about a lot of the contracts that are let here, I assume because some of them are so darn large you can't get a veteran-owned business, but I want to put an oar in the water and make a plea to make sure if there are contractors, that they are out there, you know, providing jobs for some of these young people coming back. I know because I visit my installation, Army installation, I visit VA hospitals. There are a lot of veterans looking for work and certainly I think they ought to be at the top. If there is a way to do it legally and appropriately, I would hope that—I am sure you have that as a concern.

I yield to Mr. Simpson. Thank you, Mr. Chairman.

Mr. SIMPSON. Thank you. I appreciate you yielding. It is a great deal day for my chairman and ranking member if I can't make it to a hearing. So I appreciate your yielding and giving me the time here.

Let me ask a couple of questions, Columbia River Channel Deepening Project. Last year the committee fully funded your budget request for that, and it is my understanding that 25 million is needed to complete that project. Is that in this year's budget? Or is it being funded by the Recovery Act funds that were being done? Bring me up to date on where that is.

Mr. SALT. Sir, that project is a priority project. I am not allowed to specifically answer that question, but I will just tell you it is a priority project that I am certain that we will resolve satisfactorily.

Mr. SIMPSON. I find that a little bizarre.

Mr. VISCLOSKY. Can I ask why?

Mr. SIMPSON. Yeah. We are the committee that funds these things. We put the money out there and we need the information. Of course we would like to know.

Mr. SALT. That project was not on the Recovery Act list that was posted a few weeks ago. I can't talk about what is in the 2010 budget. That hasn't been released yet by OMB, so I can't talk about the 2010 budget.

There is an advantage to moving it up in the list—not moving it up, it is right near the line in the list on the criteria we used for the Recovery Act. Obviously were we to move it up in the line, move the line down to pick it up in the Recovery Act, that could have an implication in the 2010 budget that we would then have to account for. So as we work through the proper way to carry out an important project such as the Columbia River Project, we have to make sure that we are——

Mr. SIMPSON. Do we plan on finishing that this year?

Mr. SALT. Yes, sir.

Mr. SIMPSON. One way or the other?

Mr. SALT. Yes, sir.

Mr. SIMPSON. Well, at least I know something more than I did beforehand. I want to ask this question, but I don't know if there is an answer for it. I am increasingly frustrated with O&M, and not just this administration, every administration. The impact they have in policy by their decisions that are budgetary decisions. And I get frustrated when people can't come up and talk to us because OMB says they can't. And that to me is a little ridiculous. I get the feeling a lot of times a lot of agencies would like to talk to us and tell us what is going on and stuff, but they are restrained by that office down there. I am going to go have some legislation to address that. I don't know if they are going to like it, but I am going to have some legislation to address it.

Couple of other questions. Last year the subcommittee worked hard to determine the division of responsibility in the Everglades with our colleagues on the Interior Committee. And since I am the ranking member on the Interior Committee, is there a new plan under development for the Everglades reconstruction and rehabilitation? What is the stage of that plan, if there is, and what role is the Corps playing? And it seems like I already know all the answers to those if I ask this, why after the Appropriations Committee moved the modified water delivery project to the Interior subcommittee is this project element contained in the Corps budget request? The intent of moving that last year was to draw a clear line of authority for this element of the Everglades and to continue down that path, not to return to the split between the agencies.

Mr. SALT. Sir, the Modified Water Delivery project is a special case. I am going to let the Chief and General Temple answer these questions, but I know a lot about that project. So I will take the privilege to deal with that. Up until a few months ago I was a senior official in the Department of the Interior, and it is the Department of Interior's highest Everglades priority. It is important for the Corps of Engineers as well.

The authorization for that was very open as to how to go about it and we have gone through a number of budget policy recommendations for how best to do that. I think the basic issue right now is that with the existing carryover funding there is essentially enough funds to handle this year's requirements. The policy call I think is a carryover from executive branch policy. I don't honestly

think we spent a lot of time reviewing that particular project, perhaps not as much as we should. But it turned out the way it did in the budget—I guess I can't say that either.

Mr. SIMPSON. We didn't hear it.

Mr. SALT. With respect to that project, I think it is important. The way the split between Interior and the Army has been, is not helpful. We need to figure out a way to just get that funded and to move forward on that.

With the rest of the Everglades program, I don't think there is any change in terms of budget policy.

Mr. VISCLOSKY. Would the gentleman yield?

Mr. SIMPSON. Sure.

Mr. VISCLOSKY. So you are saying you think the Corps should have that responsibility, because we went through great pains with Interior last year to split that responsibility so there would be a clear line.

Mr. SALT. No, sir, I did not mean to say that if I did. We certainly would support—I am not even sure I can say that. Let me say I personally agree with the decisions made last year to fund it out of the Interior appropriation on this particular project, and I will get back with——

Mr. VISCLOSKY. But it is in a Corps budget now?

Mr. SALT. There is a small——

Mr. SIMPSON. A small portion, theoretically.

Mr. SALT. Yes, there is a very small part of it that is in the Corps budget this year.

Mr. SIMPSON. I appreciate it. And I apologize for having to go to this, and hopefully if this doesn't take too long I will be back if I have some other questions. Otherwise I will submit them for the record. But let me say for the record also that I really appreciate what the Corps does in the 595 Rural Idaho Program, projects that you do in Idaho. Talking with local community leaders and stuff working with the Corps, they have nothing but high praise to say for the work that you have done. In fact, eventually I would like to get into some questions about the fact that we have come to rely on you more and more as project managers in the Department of Energy in terms of the waste treatment plant or the MOX facility and other things, and how that is working out for you shows a high degree of what this committee feels your capabilities are, and we appreciate that very much. So thank you.

Mr. VISCLOSKY. Mr. Edwards.

Mr. EDWARDS. Thank you, Mr. Chairman. Mr. Salt, General Van Antwerp, Mr. Temple, Mr. Loew, thank you all for coming. We are grateful to all of you and all of the uniformed and civilian Corps employees here.

I see in my other hat as chairman of the Military Construction Appropriation Subcommittee the tremendous work you do every day for our military, and this subcommittee sees what you do for our country in its economy, its flood control water supply, so many other purposes addressed by civilian Corps projects. I thank you for all of that.

It seems to me the one thing that doesn't change in my 19 years here is administrations come and go, Democrat and Republican, but somebody at OMB just refuses to adequately fund Corps budg-

ets. There are so many needs out there. You know it, we know it. We won't ever try to embarrass you by asking you in public whether the administration budget proposal is adequate. I think we all know whether it is defined or not. There are an awful lot of unmet needs out there that should be high priority needs to be addressed. I am glad the Recovery Act addressed quite a few of those.

I would like to ask for the record an issue we don't talk about much here. It is not maybe the top priority of Corps in terms of its responsibilities, but is it still correct that more Americans visit Army Corps parks each year than visit the entire National Park System?

General VAN ANTWERP. Sir, I believe that is true. We had 386 million visitor days last year.

Mr. EDWARDS. Is there any way, General, to interpret that into different individuals? How many people actually visited?

General VAN ANTWERP. Some of those are obviously repeat visitors. We will see if we can slice it that way.

Mr. EDWARDS. I would like to say for the record that I think, Mr. Chairman, this is a vitally important part of the Corps' mission even though it doesn't rank up there in funding levels with flood control and other priorities, but to me the Army Corps parks are the American working families' parks. The families who cannot particularly in tough times afford to go to Yellowstone Park or get on a plane and fly to Cancun, they go to the local Army Corps park and that is their recreation, and I just would like to raise a profile of that role of the Corps and I would welcome—once you have the 2010 budget, I would welcome information on how recreation park funding compares to previous years and what are some of the unmet needs out there. It is just an area that kind of gets lost in the debate around here.

Secondly, I would like to ask the question about what is the Corps' policy regarding ports being dredged to their authorized depths? Is it the policy to see that they are authorized to their depths or is the policy if we have the money we will do it; if we don't, we won't?

Mr. LOEW. Sir, our policy is to dredge all ports for which we are responsible to their authorized depth. However, you know funding is limited, so we have a basis of setting priorities for the ports that do get dredged based on the available funding, and primarily that is based on the economic benefits of the ports.

Mr. EDWARDS. Okay.

Mr. LOEW. Before I leave that, sir, we do make exceptions for other ports; for instance, harbors of refuge where there are other military or Coast Guard facilities and for key recreational or commercial fisheries harbors.

Mr. EDWARDS. How many ports are there today in the United States that are not dredged to their authorized depths?

Mr. LOEW. Probably about 700.

Mr. EDWARDS. Seven hundred.

Mr. LOEW. Yes, sir.

Mr. EDWARDS. How many ports are there in the United States?

Mr. LOEW. About 900.

Mr. EDWARDS. So 7 out of 9 ports in the United States are not dredged to their authorized depths. Do you know what the Port of Brownsville is right now relative to its authorized depths?

Mr. LOEW. Sir, I think the Port of Brownsville is close to its authorized depths for all the main channels.

Mr. EDWARDS. But not for some of the other——

Mr. LOEW. Not for at least some of the side channels, yes, sir.

Mr. EDWARDS. There was money put in there in the Recovery Act for that?

Mr. LOEW. Yes, sir, that is correct.

Mr. EDWARDS. How about the Port of Houston. It is one of the significant ports in our country in terms of tonnage coming in and out, exports and imports. Do you have any idea where we are?

Mr. LOEW. Yes, sir. Actually the Port of Houston fared very well in the fiscal year 2009 budget and they also got quite a bit of money in the Recovery Act. So much of that money will be used not only to dredge the port but also to begin to construct confined disposal areas which they need very much in order to maintain them in the future.

Mr. EDWARDS. For the record and I will finish with this question, for the record could you say what the inefficiencies that are caused for our economy and for companies and industries when ports are not dredged at their authorized levels?

Mr. LOEW. Yes, sir, there are many inefficiencies. We have examples of losing business to other countries such as Mexico and Canada. There are tremendous inefficiencies in the Great Lakes, for instance, where ships have to light load, and it costs basically more per ship to move the material which eventually results in higher cost of steel. That is another example.

Mr. EDWARDS. You hit the right button there.

Mr. LOEW. We have another example of higher cost of aluminum in Texas as well. So there are many examples, sir.

General VAN ANTWERP. I would add one thing there. When the Panama Canal gets its depth in 2014, there is the need then to go deeper.

Mr. EDWARDS. Thank you. Thank you, Mr. Chairman.

Mr. VISCLOSKY. Mr. Frelinghuysen.

Mr. FRELINGHUYSEN. Chet, you primed the pump pretty well there.

As I said in my opening remarks, I am pleased to see changes in the policy on beach nourishment and replenishment. Can you give us the administration's analysis behind that change? Why is that? I am pleased by it. Can you provide us with a rationale and how did you determine which projects to include and those not to include?

Mr. SALT. Sir, I think when the President's budget is released it will reflect the kinds of policy choices that you are talking about. And while those decisions haven't been released yet, I would say the logical policy would be, or a logical policy would be to look at shore protection projects, beach projects in a similar way that we look at other protection sorts of projects, using the benefit-to-cost ratio as a way to assess the protected value of those projects, whether it be a new project or an existing project. I think an option

would be for us to include a set of projects that would follow that logic and reasoning.

Mr. FRELINGHUYSEN. So to interpret what you said, an analysis will follow when the budget documents are received, a formal analysis?

Mr. SALT. I think for budget decisions with respect to beach projects, a logical policy would follow the kind of policy principles that I have just described.

Mr. FRELINGHUYSEN. The Harbor Maintenance Trust Fund, I think we all know how it is derived. There is a balance expected of 5.34 billion at the close of fiscal year 2010. We have obviously a lot of harbors that are not dredged. What are you doing relative to the Harbor Maintenance Trust Fund in terms of its viability and increasing its viability?

Mr. SALT. I would say——

Mr. FRELINGHUYSEN. Do we anticipate more resources towards this type of activity, towards——

Mr. SALT. I think the trust fund, the Harbor Maintenance Trust Fund is in pretty good shape. And I will defer to the Chief or General Temple to talk about the particulars with respect to the proposed budget area.

General VAN ANTWERP. The bottom line number for the Harbor Maintenance Trust Fund is $793 million. It has over $4 billion in it, I believe, in the Harbor Maintenance Trust Fund. Now the Inland Waterways Trust Fund——

Mr. FRELINGHUYSEN. The Inland has had the insolvency issue.

General VAN ANTWERP. Right.

Mr. FRELINGHUYSEN. Will you address that?

Mr. SALT. Sir, with the Inland Waterways Trust Fund, it is not generating enough income revenues to cover the high priority needs—I forget who mentioned it, but those certainly are very high priority needs. The President's budget proposes a new approach to the revenue and, as I said in my oral comments, I think this is an issue we have to resolve to provide for the non-budget part of that revenue so that we can deal with these high priority maintenance needs on the waterway system.

Mr. FRELINGHUYSEN. How are you working to build a consensus among the water user community?

Mr. SALT. I guess I would like General Temple to—he is the head of the board.

General TEMPLE. The Inland Waterways Users Board meets on a quarterly basis and members of the board come from industry——

Mr. FRELINGHUYSEN. You have some relief because of the Recovery Act that we passed?

General TEMPLE. Yes, sir, that is true.

Mr. FRELINGHUYSEN. That is not going to go on forever.

General TEMPLE. Once the Recovery Act activities are complete, subject to pending legislation, we will be back in the same situation that you described in the beginning. In terms of building a consensus with the various inland waterway users association and most particularly the users board, we are working closely with them in order to build a consensus to address this requirement and to come up with a better way of deriving revenue so that we can

maintain the infrastructure properly. And we are also looking further ahead into the future in terms of our requirements so that we can layout a better long-term capital plan.

Mr. FRELINGHUYSEN. How successful have you been working with the water user community?

General TEMPLE. It is my understanding that they intend to have a plan that will dovetail into this legislation by this coming fall in time for the fiscal year 2011 budget timeline, sir.

Mr. FRELINGHUYSEN. This is all about user fees here, right?

General TEMPLE. Yes, sir.

Mr. FRELINGHUYSEN. Or another creative way to address it.

General TEMPLE. Yes, sir. Yes, sir.

Mr. FRELINGHUYSEN. So you are looking at those ways?

General TEMPLE. They are.

Mr. FRELINGHUYSEN. The lines of communication are open?

General TEMPLE. They are.

Mr. FRELINGHUYSEN. Thank you, Mr Chairman.

Mr. VISCLOSKY. Before we leave this subject, I would point out, am I correct that you did not spend money out of the Inland Waterways Trust Fund you don't have, there wasn't an assumption in the budget you were going to be successful legislatively and then you put money in there that we might not end up having, and I would thank you for that. In the past we have had people come up and well, the bill is going to pass, the money is going to be there, and then when we markup the bill it is not. So I would appreciate in that instance a very honest budgeting. That is a big problem, but I would also associate myself with Mr. Frelinghuysen that I would encourage, and I think we all would, because we tried to keep things moving in 2009. We cannot do that in 2010, and we have tried to stress that to our colleagues, there is nobody left to help you now, you have got to work this out.

Mr. Salazar.

Mr. SALAZAR. Thank you, Mr. Chairman. First of all, let me thank all of you for great service to our country, and it is really good to see to see you again.

One of the lessons of Katrina was that there were too many cooks in the kitchen; that is, too many entities were responsible for some of the critical levees. As a result, the construction maintenance standards varied, and no one really took responsibility for putting it all together.

Following Katrina, the Corps was authorized to incorporate these critical non-Federal levees so that there is a solid, consistent wall. What lessons have we learned, and how do we apply them to the Mississippi River System? One project in my district, the Alamos, the Colorado, the levees along the Rio Grande River. And also let's take Iowa, for instance. What confidence do you have that the critical levees are protecting cities and towns, are working as a system. And thirdly, do you even know where all the levees are and who owns them?

General VAN ANTWERP. Those are all great questions. First of all, we have learned a ton of lessons, and in one of your early questions, we are tying it all together down in New Orleans. Someone had to come and look at it all because the seams, those weak links,

those were exposed when you have a major event. So this new levee system down there, all of those links will be linked together.

Some of the lessons learned? There have been many. I will just list a couple of them. One is that you can't eliminate all the risk, I think we have always known that. The latest storms we had with Ike and Gustav had potential to be much higher than the 100-year storm. You can't eliminate the risk, but you can do a lot in addition to the structural part, and that is something that we learned. You have to have good evacuation plans, and you have to have some other floodproofing. You can put your house up on stilts and there are a lot of other things to do in addition to having a levee.

One of the other things is that we really feel that we should discourage settlement in areas that would be better utilized as a floodplain and allowed to flood. I don't think we will ever be able to constrain all the water that falls on a parking lot and goes into a storm sewer, and we don't want to run them all into the river system. It would overwhelm the system.

There are a lot of non-Federal levees out there. In fact, we only own 16 percent of the levees in the United States. There is a great quantity of levees out there that are actually providing some risk reduction, but a lot of those are agricultural levees or other types of levees, and they aren't part of systems.

I think on the Mississippi River and its tributaries we have a much better handle on that. For all the feeders, the bigger rivers that come into the Mississippi, we found in the Midwest floods in Iowa and that area, they are really challenging because they are not built as a system.

A lot of them are what we would call ring levees to protect a very specific area. And they aren't tied as to a larger system.

One of the things we are also dealing with is climate change and what is the possibility, what is the influence of that on our projects in the future. We have a lot of studies going on to determine that.

Mr. SALAZAR. Okay.

One other thing, General. In Afghanistan I know that you are going to be building many facilities also. I think you are in charge of maybe building some of the roads in there.

What are your biggest challenges that you see coming, and do you think there is adequate funding in this budget for the requirements?

General VAN ANTWERP. Well, Afghanistan is a very challenging place. I have been there many, many times. We are working a road network; we have 53 different projects that we are working on, different stretches of the road. There is essentially one ring road that goes around the entire country and then all other roads go off of it, so you have to have that main artery. We are far from complete; it will take another several years to complete that. There is money in the budget to do that, and the projects are scheduled.

The next part is getting the materials. The materials for Afghanistan come from everywhere but Afghanistan. They are not produced there because they can't, and so all of it has to be imported.

In fact, we have a number of challenges in construction. Every day I get the reports of a hijacked convoy of vehicles bringing construction materials or local nationals that were kidnapped or something. This is a very, very tough environment.

I guess on the final top line, the most challenging thing is really the security of the sites, to just have security. If you don't guard the site, what you have built yesterday will not be there today. So it is a very challenging environment.

Mr. SALAZAR. And one final question specific to my district. Tamarisk eradication is one of your priorities in Colorado. And along the Colorado River and the other rivers of Colorado—it seems like they are still there, and you have been working on them for several years. I think Lincoln Davis and I might be able to hire a crew and go out there and slow them down a lot quicker. But what are the big obstacles you are facing to getting this job done?

General VAN ANTWERP. I am not familiar. Is it a vegetation? I didn't catch the first part.

Mr. SALAZAR. Yes, sir. These are trees that are foreign to the United States that came from the Middle East somewhere, and they have become an invasive species. And they are called—"salt cedars" is their nickname. But they are very thirsty trees, and they contaminate the soil with a lot of salt.

General VAN ANTWERP. I am not real familiar with that, but I will certainly look into it.

We can provide an answer for the record on that.

Mr. SALAZAR. Thank you. I appreciate that. I yield back.

[The information follows:]

The Corps has the authority and capability to address Tamarisk (Salt Cedar) eradication in the State of Colorado under Section 206 of the Continuing Authorities Program (CAP). The two projects are: "Tamarisk Eradication, Colorado"; the next step would be to initiate a reconnaissance report and prepare a Feasibility Cost Sharing Agreement for a Detailed Project Report and "Tamarisk Removal, Arkansas River, Colorado"; the next step would be to initiate the Design and Implementation phase of the project. The main obstacle to completing the two projects is the tremendous interest in, and subsequent nationwide competition for, limited funding for these popular aquatic ecosystem restoration projects.

Mr. VISCLOSKY. Mr. Rehberg.

Mr. REHBERG. Thank you, Mr. Chairman. And thank you for the jerky today. This is in fact the healthiest committee I serve on.

General, I don't know how long or how close you are to retirement, but you are either trying to wait me out, I don't know.

General VAN ANTWERP. I am going for the longevity award. I am 2 years away, unless something happens.

Mr. REHBERG. I bet I am still going to ask you a question about St. Mary's 2 years from now.

General VAN ANTWERP. Fair enough.

Mr. REHBERG. Are we getting any closer?

And I clearly understand the mission, and the reason I respect and love the military so much is because you are given a mission and you like to accomplish the mission and you kind of hunker down and get it done. But this is one of the situations where, of course, the Bureau of Rec was not getting it done for us.

Senator Baucus put in the water bill the authorization for the St. Mary's reconstruction to the Corps of Engineers. And I know it has created some heartache; and every appropriation cycle I ask the same question, Are you playing fairly in the sandbox with your colleagues over there?

And thank you, Mr. Salazar, for asking the question about the dual responsibilities of Katrina, because that is something that

frustrates us. We are frustrated, as well, when everybody starts doing this, pointing it off in differing directions. And I am just not getting a feeling from the military aspect, the mind-set of a military mind, of a "can-do," "let's get it done," "we have got the responsibility now," "we have got the authorization as a result of the water bill," "you are not giving us the funding."

That is a fight that seems to be going on somewhere other than in the House Appropriations Committee, because we clearly get the fact that you now have the responsibility and we should be funding you. That seems to be something that is going on in Senate Appropriations.

But are we getting any closer to you guys coming up with an agreement to fix it rather than—you know, it would be like watching Katrina and knowing it is going to happen and continually telling you the levees are going to fail, the levees are going to fail, the levees are going to fail, and when it fails you say, Whoa, jeez, why didn't you tell us?

I am telling you, this is going to fail. And then you are going to get to come in and clean it up and you are going to get the funding to fix it. But we know it is failing now. Why can't we get to the point where we fix it before it fails?

General VAN ANTWERP. We have talked about this project a lot in the last several days. I appreciate the question. I can tell you that we have a capability of $250,000. And if that money is appropriated, we would definitely jump on top of that and get it done.

Mr. REHBERG. Mr. Chairman, does OMB ever have to actually come and sit and answer questions in this committee?

I clearly understand what it is like. I was in the executive branch in Montana; and so I had a budget director, and we didn't want the budget director necessarily talking to legislators. That was always a convenient out.

And this seems to be a particularly convenient out, and I am so sorry that you have to give those kinds of answers. I know it drives you crazy, because it is probably not the nature of your personality either. But to have to sit in front of a committee and say, I can't say, I wish I could.

Mr. SALT. My comments, sir, were timing.

Mr. REHBERG. I clearly understand. Plus, their priorities may be different than yours, and you don't know how they may—unless, of course, you think they are going to just accept everything you have told them.

Mr. SALT. We often have robust conversation about the priorities. At the end of the day, I think the budget that will be released is a good budget. I think it is based on good criteria. There are a number of issues that we are taking on to improve in future budgets—some of these long-standing executive branch policies that we are ready to think about.

Mr. REHBERG. I guess the question I would ask the General is, is there a fund where money is available for St. Mary's that does not need to be appropriated by Congress?

General VAN ANTWERP. I don't believe so, no, sir.

Mr. REHBERG. Is there an interagency transfer that could occur between the Bureau of Rec and the Corps of Engineers without congressional authority?

General VAN ANTWERP. I guess if they have the money appropriated, we could come up with a Memorandum of Agreement.

Mr. REHBERG. The only time we appropriate money we call it an "earmark," and we get chastised for it. If it was in the executive budget, it is not appropriated. The money is there for projects based upon need, and the administration and OMB make those priorities or those determinations. I don't get why we have to identify 250,000—I am sorry, but that is a rounding error in your business.

You are telling me that you do not have the flexibility within your budget for $250,000? That is that tightly wound?

Mr. SALT. Well, sir, as I understand this project, it is an old Bureau irrigation project that doesn't compete with the priority core missions and functions. I think from a prioritization standpoint of OMB and from us, that that is where this lies.

Now, having said that, if Congress appropriates the funds, then we do it. But I think the short of it is that we are working off the priorities that we have been talking about here. And I think that is where this is.

Mr. REHBERG. I guess I would go back to my prior question. There certainly seem to be experts within OMB that know something about energy and water appropriations, because oftentimes in our committee hearings we hear, Well, OMB is studying that; they are not giving it to somebody from Labor and Health and Human Services to study.

Do they ever come before the committee and actually have to ask questions about their priorities?

Mr. VISCLOSKY. My recollection is that under two different Chairs I attended meetings with the Office of Management and Budget officials who have responsibility for the core portion. And in both instances they, OMB, were implored by the Chairs of this subcommittee—not me—to be, if you would, reasoned; and particularly under Mr. Hobson, that was his push for the 5-year plan and looking at systems, so that if we could show there was a real plan of work here that there would be some reciprocity, if you would.

That has clearly not happened. It has been a bipartisan failure. As I think a number of members have said today and as I said in my opening statement, you want to stimulate the economy, you want to move goods and services, you want to protect lives and property, and there wasn't a penny that the administration proposed in the stimulus. So it has not been for lack of effort by the subcommittee or past Chair.

Mr. REHBERG. And my message to them and to the committee never changes, and that is, when Congress makes a determination of an authorization that is passed by the House and the Senate and signed by the President, and then you never get any recognition of its being a priority, how much more can we make it a priority than having put it in the water bill and giving you the responsibility, even though it doesn't fall within the Corps mission.

I just—I am perplexed. I don't know what to do anymore. Wait you out 2 more years. OMB, I can't wait them out, there is more them than me.

All right. Thank you.

Mr. VISCLOSKY. Mr. Davis.

Mr. DAVIS. Mr. Chairman, thank you. I want to talk about the Mississippi River and its tributaries.

Before I ask you questions, I want to make a comment. We are in a huge debate today about an energy policy that will make us self-sustainable and save our climate. It seems that there is a whole lot more discussion on climate change or global warming than necessarily energy independence for the sake of economic security and national security. And so that debate rages on.

I believe that economic security and national security are the two key components of us having an energy policy that makes us closer and closer to being energy independent and self-sustainable. And so as I look at that charge that we have, I realize that back in the early 1950s, when we built an interstate system, that was national security. It became the economic core to the lifeblood that gave us just-in-time manufacturing for small rural communities like the one I represent and live in in Tennessee.

And so I realize that—as we look at transportation and as we move goods and services, I believe that economic security and national security can continue to be better realized if we start using river traffic more and more and more. The Ohio, the Missouri, that come into Tennessee, the mighty Mississippi that goes down to the Gulf would basically transport probably 75 to 80 percent of America's production, especially in agriculture. It would be within 100 miles of either of those rivers to where we could transport, move our exports—or even imports, if necessary—and take a lot of huge trucks off of the interstate and intrastate systems. And so, for me, I hope as we engage in the debate on an energy policy that we look at the resources we have in America.

So I am somewhat disappointed when I hear that we are seeing less and less requested from the Mississippi River Valley and its tributaries that will provide to those ports, many that have been built along the Cumberland River and many built along the Tennessee River and the Ohio and the Missouri that it will provide an opportunity for those to be opened back up maybe. And so I am disappointed when I hear that there is potentially a reduction in funding to be sure that we maintain, rebuild or build structures that are necessary to keep river traffic flowing.

So my question is this. I know that rail is owned by private entrepreneurs. The rivers are owned by America; the Corps of Engineers obviously has a responsibility of maintaining those. And so it is my hope that there will at least be some plan.

And do you have a plan, where you can work with rail, as well as barge—the barges are basically owned by private entrepreneurs—and work more closely with those as a Corps of Engineers, as a government entity, with those two modes of transportation? That is one question. Is that in the plans?

Secondly, we talk a lot about hydropower using the flow of the current in, say, the Mississippi River. How would that impact river traffic if, in fact, we looked at that as one of the sources of making energy?

And thirdly, do you have an estimate of how much it would cost to completely rehab and rebuild or build the necessary infrastructure to keep these tributaries open to what I hope will be a huge increase in river traffic?

General VAN ANTWERP. I will address those in order, if we can here.

First of all, on the plan to work on what we would call the other transporters, so that we get the right intermodal and the right emphasis on our river systems, I think our river systems are a very strong player in the future in energy, as you said. We do have a number of forums. We are working with the various groups that represent entrepreneurs and others, so I would say that we have got the right forums to do this.

I don't know that it can be a policy that is set by any one group. It really has to be a policy that our country wants. So I think that is a big part.

I have talked to the Secretary of the Department of Transportation. I was a co-speaker at a luncheon. We talked a lot about navigation and the waterways.

The second one——

General TEMPLE. And I was just going to add, sir, that the Committee on Marine Transportation System, which is sponsored by DOT and has members from throughout the government, to include the Coast Guard and U.S. Army Corps of Engineers, meet regularly to discuss how we can improve the intermodal aspects of your question there, sir; so we are looking at it.

Mr. DAVIS. So we are doing some of that now?

General TEMPLE. Yes, sir.

Mr. DAVIS. Maybe it needs to be intensified.

General VAN ANTWERP. I think we could report back. We will get some details on timelines and some of the expectations.

[The information follows:]

The Corps is working with representatives of the Inland Waterway Users Board to identify a long term Capital Investment Strategy to assure reliability of the Nation's inland marine transportation system. The report is currently under development.

The Committee on the Marine Transportation System (CMTS) is a Cabinet-level Committee comprised of the 18 Departments and independent agencies that have a stake in the marine transportation system. The Committee is chaired by the Secretary of Transportation. The CMTS drafted a National Strategy that was approved in July, 2008 to identify the needs of the marine transportation system (MTS), including the intermodal connections. The Corps of Engineers, in conjunction with the Volpe Center of DOT, is leading an inter-Departmental effort to draft an "Assessment of the MTS", including the infrastructure, economic, environmental, safety, security and institutional challenges that the system faces. The Assessment will be completed in early 2010 and will be used to inform prioritization of needs and future endeavors to improve the MTS.

General VAN ANTWERP. The second question about the hydropower—and that is a very good one—I think we have huge potential. There are developments on the horizon, I think, for river-run hydro, for hydropower that takes advantage of sea level conditions with the tidal variations. So there is opportunity I think in the future to generate more.

Now, will we build more hydropower plants with turbines? That is a huge expenditure. I think our part right now is to make sure we are doing the operation and maintenance of those facilities so that they can run at peak performance.

Mr. DAVIS. And the third question was——

General TEMPLE. I am sorry, sir.

We have over 70 FERC license requests for low-head hydropower hydrokinetic power associated with our various projects in the river systems. So as long as those particular projects don't have a negative impact on the primary purposes of our projects, we are happy to entertain those. And I suspect that we will see some approved here in the not-too-distant future.

Mr. DAVIS. And the third one, do you have an estimate of the cost involved for the next decade of what it would take to actually bring our rivers up to what we need to handle, whatever loads of freight may be placed in those rivers?

General VAN ANTWERP. I will tell you, we are definitely working on getting that number. General Walsh, he is the Mississippi River Division. Commander, and he is also the Chairman of the Mississippi River Commission; and so we are working to get that number of what it would take to really refurbish and maximize the use of the Mississippi River and Tributaries.

Mr. DAVIS. To clarify, I do believe that we are having climate change or global warming. I have looked at the science and technology. There are some who may not. It is kind of like Galileo, his assistant asking one day, Why study the stars; they all look the same to me. And so I think that if we can move this debate from that being the issue to economic security and national security, we all become winners; and I think our river traffic gets a major part of that. Thank you.

Mr. VISCLOSKY. Thank you. Mr. Alexander.

Mr. ALEXANDER. Thank you, Mr. Chairman. A couple of questions, but I want to just make a comment first.

I represent the area in Louisiana that—the Mississippi River borders my district from Arkansas down to Baton Rouge. And I want to thank you all for the way you have worked with our offices over the years. We have 1,100 miles of navigable river in the Fifth Congressional District. So many times we have called on you, and your response has been good, and we appreciate that.

One question is, the levee districts are being asked to certify some levees that have been there for years and years, some constructed before there was such a thing as a levee district. And what I would like to avoid is having those of us that have levee districts in our congressional districts, we don't want the people whom we represent to be exposed—landowners, homeowners, to be exposed to the liabilities of having to buy flood insurance when some have not ever bought or had to purchase flood insurance. And that is going to be a political nightmare that we will have to take the blame for and not the Corps of Engineers.

So where are we with requiring levee districts that financially cannot afford to go out and finance the certification of those levees, again that were constructed prior to their existence? Where do we stand on that, and can we talk about it a little bit?

General TEMPLE. Well, the whole dam-levee safety issue, as you know, was highlighted by our experiences from a few years ago with the hurricanes in your area. And what we are doing is taking a holistic look at how we address dam and levee safety by entering into a pretty well organized inspection program for those facilities that we are responsible for, and also providing technical assistance

to localities to include levee districts that have responsibility for certification of levees.

So those are the tacks that we have taken to try and support local entities in the certification process. But certification is not a Corps responsibility; it is a local responsibility.

Mr. ALEXANDER. I need to understand certification. If some of those levees were constructed prior to their being a levee district, so they are now being told that certification is their responsibility when the levee was constructed before their existence, is that a law that Congress passed?

General TEMPLE. Sir, the way levees are certified at the local level requires either a study of the historic records or a technical assessment of the levee through soils testing and the like. Those are the techniques that are used, not only locally but at the State and Federal level, to determine the structural stability of levees and dams.

Mr. ALEXANDER. Well, I just see it as a political train wreck coming, and I would like for us to avoid that if possible.

The second question is, we have eroding coastlines, of course, in the State of Louisiana and other places. And we know that those coastlines are not eroding—they didn't just start doing that, it is something that has gone on for years and years. But we dredge rivers, we build jetties, we build locks and dams and canals, so we deprive Mother Nature of replenishing that coastline with silt from the rivers.

We now dredge, and we will blow the dredge material back into the river to go down the river a little ways and build up and then we will go dredge it a little bit more and then we will blow it back into the river. Soon it will drop off the continental shelf.

Well, we are filling the Gulf up with material that we can use along the coastline. So when we look at benefit-to-cost ratios, how long can we afford to do that if we, in fact, know that that material could be deposited along the coastline and prevent the forces of Hurricane Katrina and others from encroaching on our Nation more than just the coastline?

We know for a fact that those hurricanes are devastating areas now more so than they have done in the past simply because we have less coastline. So how long can we look at the benefit-to-cost ratio and say, well, we are going to do it the cheapest way?

We don't need coastline going toward Cuba today; we need it along the Texas, Louisiana and Mississippi and Alabama coast.

General TEMPLE. Well, sir, certainly your observations are spot on with respect to beneficial use of dredge material and the sediment that flows down our rivers. You alluded to the current policy to dispose of dredge material in the least costly fashion, which sometimes is beneficial and other times is not.

But we do have the capability in conjunction with sponsors to take care of the cost differential and moving that sediment to places where it might better be used. So we completely agree with you that beneficial use of sediment is important, and it is certainly very important along the Louisiana and Gulf Coast in general.

Mr. ALEXANDER. Thank you.

Go back to the earlier question about certification. The Corps, the levees in the past have been certified by the Corps; is that correct?

General TEMPLE. For the levees that we are responsible for; that is correct. Often, once we build a levee system, we turn it over to local sponsors for long-term maintenance. So if we built the levee, we have the records to which the standards that levee was built when it was originally in place. And that is how we are able to help many of the local entities in establishing whether that levee is still certified or not.

Mr. ALEXANDER. So, again, it was an action of the Corps and not Congress that said the certification process now falls upon the soldiers of the levee districts?

General VAN ANTWERP. There are a number of different types of levees. You have federally built and federally operated, and then you have the category that General Temple just cited that was federally built, but then turned over to a local sponsor. At that point it does become the local sponsor's requirement to maintain it and to certify it.

What happened after Katrina was that we saw that there were levees that had subsided because of the foundation they were built on and a myriad of other things. So now we are going in and certifying.

It is very possible that a levee that was built to standard back in the day is no longer to a certifiable standard and has to be fixed. That is the real hard thing here. Because people have never had to get insurance before. But now we are finding when we go and certify that levee, that it is noncertifiable in its current condition and needs some work to get it up to a standard. That is where it is going to be difficult.

And a lot of those are no longer federally operated and maintained; they are operated by local boards.

Mr. ALEXANDER. Thank you.

Mr. VISCLOSKY. Before I recognize Mr. Calvert, if I could follow up on Mr. Alexander's questions on the dredge materials: General Temple, is that an ad hoc decision-making process with local sponsors on a case-by-case basis if there is a more costly possibility for the use of the materials, but one that is very beneficial?

General TEMPLE. I wouldn't characterize it as ad hoc, sir.

What I would say is, we make an analysis of where the material might best be used, take a look at the cost, and if there is an opportunity to use the material in a different way or a different place and we can enter into a partnership agreement with appropriate sponsors that will help defray the cost differential in moving that material to where it can best be used, then that is what we do.

Mr. FRELINGHUYSEN. Would you yield, Mr. Chairman?

So you are working on developing a national policy or is this something that is left to the different divisions to sort of negotiate?

General TEMPLE. I can't say that we have a national policy per se. But what I would say is that the guidance we give to all our commanders is pretty consistent along the lines I just described.

Mr. SALT. Sir, the current national policy for water resources development is contained in the Principles and Guidelines that were last promulgated in 1983. In WRDA 2007, the Congress directed

the Corps to take a new look at this national policy. And we are in the middle of doing that, and this year we should have the new draft of those policy guidelines out.

The problem that we are sort of getting to and we have alluded to before is, under the old guidelines, the Corps proposed projects largely based on their national economic development benefits, their economic benefits, and there really wasn't a way to acknowledge as a project purpose some of the environmental or other purposes that you are starting to allude to.

I think it is very important that we find a way to recognize and acknowledge these other sorts of benefits, so that right now the policy is, if it costs more than the benefit, the cost would have to be borne by the local sponsor. And that is the result of the way the projects were formulated and authorized by the Congress.

I would hope we could come up with a way to better acknowledge and account for these other sorts of benefits so that the cost distribution would not come out the way that we are talking about, but would rather acknowledge the Federal interest in, in this case, these other sorts of purposes.

Mr. VISCLOSKY. And it is considered a betterment since the locals are picking up all the additional costs then?

Mr. SALT. Currently.

Mr. VISCLOSKY. And you are working on——

Mr. SALT. A set of policies that may require some additional authorizations to acknowledge some of these additional benefits. I don't want to get ahead of the administration or myself on any of that.

But the point is, under our current national policy, we aren't counting for these other benefits as well as we need to be.

Mr. VISCLOSKY. And will that be in place do you anticipate before the 2011 submission?

Mr. SALT. Yes, sir, I do.

Mr. VISCLOSKY. Okay. Thank you.

Mr. Calvert.

Mr. CALVERT. Thank you, Mr. Chairman. General, it is good to see you again. It was great seeing you back in Corona earlier this year to mark the completion, or partial completion, of the Prado Dam. As you know, it is an important project. It does a lot of downstream protection in southern California. Work still needs to be done.

As you know, we have expended over $1 billion on this project so far, and recently a little more than $26 million came from the stimulus bill being allocated to construct Reach 9 Phase II–B component of the Santa Ana River mainstream project.

As you know, the operation of this dam, as it is designed, a release flow of 30,000 cubic feet per second, is contingent upon completing the Santa Ana mainstream interceptor line, known as the SARI Line, or completion of Reach 9. Until then you are only able to release as I understand it about no more than 4,000 cubic feet per second.

Obviously, we need to get the Brine Line relocated and complete Reach 9 and do both as quickly as possible. And I am hoping that you are asking for the additional funding to complete Reach 9 Phase II–A.

And since we don't have a budget to look at today, let me just ask you directly, does the Corps continue to believe completing Reach 9 is a top priority?

General VAN ANTWERP. Yes, we do.

Mr. CALVERT. What funding level will you need in fiscal year 2010 to complete Reach 9 II–A?

General VAN ANTWERP. We have a capability of $72 million.

Mr. CALVERT. On top of the $26 million and the $14 million that was in the omnibus bill?

General VAN ANTWERP. In the Recovery Act.

Mr. CALVERT. Yes.

General VAN ANTWERP. Yes. I am showing $27.5 million in the Recovery Act.

Mr. CALVERT. Yes, Mr. Salt.

Mr. SALT. If I could ask General Van Antwerp to talk about capability.

General VAN ANTWERP. When we talk about capability, it has to do with capability for a particular project. And I think you know that. So this has to be put in the context of the entire budget. And here is the statement.

Because we could utilize additional funds up to a capability on any individual project, it has to have offsetting reductions in order to maintain the overall budgetary objectives.

Because in each of our projects there is a certain capability, but that project is taken in isolation. If—for instance, if we said, Let's do all the projects to the capability, it would be more than we would be able to do.

But in this particular project that is our capability.

Mr. CALVERT. Thank you, General.

The other issue I would like to talk about briefly is the Bay-Delta levees. As you know, California is in the midst of a water crisis. The heart of California's water infrastructure is the Bay-Delta with more than 25 million Californians dependent upon the water that flows to the Delta as a water source, both the water source and the ecosystem; and it is being threatened on a number of fronts.

I would like to talk briefly about what falls under the Corps' umbrella. And that, of course, is the condition of the 1,100 miles of levees in the Delta.

A quick quote, if the committee will indulge me: The Public Policy Institute of California describes a threat, quote, "Earthquakes are probably the greatest unavoidable threat to the Delta. Several authority investigators concluded that a major earthquake will likely cause a failure of many Delta islands simultaneously with a two-out-of-three chance of such an earthquake occurring within the next 30 years. Such failures would directly threaten water supplies and would affect thousands of roads, bridges, homes and businesses at the same time. The water supply cost of such an event are estimated to be in the tens of billions of dollars."

General, Mr. Salt, I would just like you to comment. Just like a 100-year flood, the question about a major earthquake in a delta is not a matter of if; it is just a matter of when.

So could you update us with regard to the Delta levee stability program?

General VAN ANTWERP. The current status is that the risk management study is complete, and we are reviewing the report and continue to coordinate the future activities. We are absolutely on track with what you were saying there and agree with your comments. We do have a capability of $3 million, $3.6 to be exact, on this project.

Mr. CALVERT. How many levee projects are ready to go?

General VAN ANTWERP. I would have to get that for the record, sir. I don't have that.

[The information follows:]

Planning efforts are currently underway on 48 CALFED levee stability projects. Based on the availability of funding, the Corps has prioritized several projects to move toward the design and construction phase during Fiscal Year (FY) 2010. These projects are as follows: Bethel Island Municipal Improvement District-Reclamation District 2028, Bacon Island-Reclamation District 2010, McCormack-Williamson Tract-Reclamation District 1608, Lincoln Village West-Reclamation District 2027, Mandeville Island-Reclamation District 554, Walnut Grove-Reclamation District 900, West Sacramento-Reclamations District 404, and San Joaquin River Reclamation District. Some construction will likely occur in FY 2010. Pending available funding, significant construction could occur in FY 2011. Other projects will continue to proceed through planning as initial priority projects move into design and construction.

Mr. CALVERT. Is the Corps prioritizing the levees that secure the major population centers in the Delta and secure a water supply pathway?

General VAN ANTWERP. Yes.

Mr. CALVERT. Thank you.

Thank you, Mr. Chairman.

Mr. VISCLOSKY. Thank you very much.

General, the current capability, does that hold true in New Jersey and Indiana too?

General VAN ANTWERP. Yes. That was overall; for the overall, absolutely.

Mr. VISCLOSKY. Just checking. On navigation we have had a number of questions and discussion about it.

But I would also lend my voice that over the last 6 months we have had an extended conversation in Congress, the administration, about the economy, investments, and do not believe that our harbors and their role in the inland waterway transportation system has certainly been given enough attention, and would hope, as we proceed, that all of us, in our various capacities, try to change that circumstance by speaking out.

Mr. Loew, in response to one of Mr. Edwards' questions, noted the 900 harbors, 700 of which may not necessarily—I won't hold you exactly to the figures—fully dredge. And I believe you had mentioned, Mr. Loew, that you have low-use channels and harbors that are not budgeted by the administration, but many can be critical from other perspectives, such as, literally, a fuel to power plants, safety issues, you mentioned Coast Guard in your response.

Is the administration this year going to be reviewing that policy of Mr. Salt in examining some of these other needs in these lower-used harbors, and if so, will you have money to do that if you want to do that?

Mr. SALT. Sir, I think that we have discussed looking at the broader questions of navigation, dealing with our backlog, dealing with the issues of confined disposal sites and dealing with the con-

taminated dredge materials. There is a host of moving parts for dealing with the navigation priorities that you have described, including the small—the lower-volume, smaller harbors and channels. And I think we will certainly look at all that and hope we will have some answers in our future budgets as we try and look at these issues.

Mr. VISCLOSKY. Again, in anticipation of 2011?

Mr. SALT. That is our intent, yes, sir.

Mr. VISCLOSKY. On the Harbor Maintenance Trust Fund—and, again, it is not as though this has not been covered, but would point out that the balance is expected to be $5.34 billion at the close of fiscal year 2010; and again, many of the harbors are not dredged to the necessary widths and depths.

The problem we find on the subcommittee is, if the administration does not ask for adequate funding out of that trust, there is intense pressure on all of us to provide the additional funds that obviously depend on what our allocation is has to come from somewhere else.

Do you have any anticipation the administration is going to start filling that hole themselves, given the balance that exists in that trust fund?

Mr. SALT. Sir, I have not had that conversation with others in the administration. So I will—perhaps we could answer that in the record.

[The information follows:]

The Corps of Engineers' overall O&M program is prioritized for all missions, such as navigation, flood damage reduction, and hydropower. Funding is budgeted for the diverse Civil Works missions based on the assigned priority. The balance in the HMTF is projected to be over $5 billion at the end of FY 2010. If the Corps were to allocate more funds from the HMTF, there would be a necessary tradeoff among other O&M activities which would be adversely impacted if the funding for those activities were reduced to accommodate additional funding for HMTF funded activities.

Mr. VISCLOSKY. I would appreciate it. And again, I, one, think it is just sound policy from a host of reasons. It also would help us along the way here as far as the budget.

And one other point, and would recognize Mr. Frelinghuysen. We have had some conversation about the Modified Water Deliveries Project in the Everglades. My understanding is that within the construction budget proposed by the administration the Everglades represents about 13 percent of all the money we are going to spend under the proposal. And as I also said in my opening statement, this isn't a hearing on the recovery package, but that package does have an application for the fiscal year 2010 project.

In reviewing the course project allocations for the recovery bill, it has come to the subcommittee's attention that you proposed funding for a new activity I will characterize as a "new start" in the Everglades site one. This seems contrary to the legislative text in the recovery bill which states, and I am quoting from the bill, "Funds provided shall only be used for programs, projects or activities that heretofore or hereafter receive funds."

It is my understanding attorneys at the Corps have acknowledged that this would be a new activity. How is it this project received $41 million?

Mr. SALT. Certainly, in the previous budget submissions, it has been budget policy to consider that as part of a broad program. I think, as we discussed last week, that decision is currently under review, and we understand it is important to all of us to get a resolution of the issue you are raising so that we can make appropriate decisions.

It was placed on the list because that was consistent with our previous policy. That is the question you are raising I think. We are reviewing that decision, and we hope to have an answer very soon.

Mr. VISCLOSKY. And I just want to again emphasize it is a very important matter to the subcommittee, because if we are talking about stimulating the economy and now we are dependent upon a 2010 appropriations, there is not as a lot of stimulus to the effect in 2009. And secondly, if it is left to hang out there, there obviously will be people looking at the subcommittee and say, But for you, because of a ball the administration got rolling, we are not going to get our money.

So it has put all of us in a very difficult position, so we would want to stay in touch with you.

Mr. SALT. As I said in my remarks, the Everglades is a very high priority to the Administration, and we are very appreciative of the support we have received from this committee in previous years.

We certainly believe it is important to get some restoration on the ground. We have done a lot of studying and planning, and the Administration is very eager to actually have some restoration projects and achieve restoration outcomes.

Mr. VISCLOSKY. And I am not arguing the importance of the Everglades.

Mr. Frelinghuysen.

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman.

I know you are the resident expert in the Everglades. How much have we spent on the Everglades project to date? Sir, I know the figure 13 percent was entered into the record, and I just wondered, how much money have we spent down there?

Mr. SALT. Sir, I would break the Everglades program into two parts. A series of activities and projects that were authorized before 2000: these would include the Kissimmee River restoration projects, the Modified Water Deliveries Projects, a host of others, followed by the WRDA 2000, which contains the comprehensive Everglades restoration plan which built upon that with a whole series of components that we have just been talking about, some of which were part of WRDA 2007.

We can get the precise numbers for the record.

Mr. FRELINGHUYSEN. I understand it is a national treasure. We have made substantial investments.

Mr. Loew, do you know?

Mr. LOEW. No, sir, I can't tell you the total amount spent to date. We will answer that for the record.

[The information follows:]

To date, the Corps has expended $1.474 billion for the Everglades. This includes all projects in the South Florida Ecosystem Restoration (Central & Southern Florida, Kissimmee, Everglades & South Florida, and Modified Water Deliveries to Everglades National Park). The amount included for the Modified Waters project is limited to funds expended that were appropriated to the Corps of Engineers and

does not include funds provided through appropriations for the Department of the Interior.

Mr. SALT. I will tell you that the State has spent maybe four times as much as the Federal Government. So part of the issue is the Federal investment catching up with the significant land investments that the State has made for these projects.

Mr. FRELINGHUYSEN. And I just want to get some clarification, if I could.

Mr. Alexander asked about the certification issue. We have—you have responsibilities for some of those levees. And then, just so I understand it, there are other levees that have been brought up to, quote, "standards," which I assume is Category 3. This is what we are talking about here, hurricane standards?

General TEMPLE. The various levees were built to a multitude of different standards over time. So if there is a record, and there are records for the ones that we built, it will state to what standard it was built. Obviously, some were built long before the hurricane standards that you have described even came into being.

Mr. FRELINGHUYSEN. So the answer to my question on the certification issue?

General TEMPLE. Levees are certified in order to meet flood insurance requirements that Congressman Alexander mentioned earlier. The Corps does not perform certification for that purpose. We do an assessment of levees to determine whether they meet the standards to which they were originally designed, and so there is the difference between us making an assessment of a levee from a technical perspective and certification for flood insurance purposes.

Mr. FRELINGHUYSEN. You have turned some of those levees over, is that right, to other stakeholders?

General TEMPLE. That is true, sir.

Mr. FRELINGHUYSEN. Just as a lay person—obviously, Mr. Alexander is intimately familiar—there is a public perception that we are responsible for everything down there—you know, the Army Corps is—but in reality, you are saying that our portion of responsibility is somewhat limited by what you have described?

General TEMPLE. Yes, sir. If it is a technical assessment of a levee, we provide support to local sponsors if they are responsible for that levee to make that assessment. If it is a certification for flood insurance purposes, it is under FEMA's lead and that addresses the 100-year or 1 percent frequency of storms.

Mr. FRELINGHUYSEN. Last year the committee received testimony—thank you for your response—that the Corps was developing economic models to better determine the economic benefits and rate of return on your O&M projects. At that time, these models were predicted to be available in the next 2 years, and they would be used to rank projects for budgeting purposes, but until such time, the Corps projects would be ranked according to ton-miles, gross tonnage and system ton-miles.

Where do we stand on these models and what would we anticipate, or are they still under development?

Mr. LOEW. Yes, sir, we are still working on the navigation models. We are probably a year and a half to 2 years away from having useful models. In the meantime, we are using primarily the benefits of the major ports.

Mr. FRELINGHUYSEN. In other words, we are using the same historical economic models we had been using?

Mr. LOEW. That is correct, yes, sir.

Mr. FRELINGHUYSEN. So there hasn't been any change from that?

Mr. LOEW. Not yet, no, sir.

Mr. FRELINGHUYSEN. Where do those models fit into sort of the standing request of our committee for what we call our 5-year plans. Where are the Corps—where is the Corps in the development of its meeting its obligation to this committee?

Mr. LOEW. Sir, we do produce a 5-year plan. And it is our goal, and actually a requirement of this committee, that we deliver it to the committee with the budget. Because the budget is late this year, the 5-year plan will be late also.

Where we fall a little short in the 5-year plan is providing that total requirement that it would take to do everything that is backlogged over the next 5 years. Typically, our 5-year plan is more constrained by the budget itself.

Mr. FRELINGHUYSEN. So it is the backlog of authorized and ongoing construction work and a lot of other things?

Mr. LOEW. Yes, sir. We list that work, but we don't necessarily show all of it in the 5-year plan, only what we are able to budget for.

Mr. FRELINGHUYSEN. Could you comment, Mr. Secretary, or maybe Mr. Loew, after the budget justifications arrive, will we see any projects submitted that have remaining contract requirements which will require budgetary resources for termination?

Mr. LOEW. Sir, I think we cannot answer that question yet, until the final budget decisions are made.

Mr. FRELINGHUYSEN. I think that tells us right off.

Thank you, Mr. Chairman.

Mr. VISCLOSKY. No, I am not cutting you off. Would you yield.

Mr. FRELINGHUYSEN. I would be happy to.

Mr. VISCLOSKY. Can I ask a general question?

Hypothetically, we see the budget and there is an item of termination. What goes into the termination cost? And, again, I assume each project is unique, but what are kind of the basic elements as far as termination cost?

Mr. LOEW. Sir, I will answer that because it is a complicated question.

It does not apply to most of the work we do. Most of the work we do is fully funded with the contracts awarded. It does apply to that portion of the work that is funded through continuing contracts. And so if we have a continuing contract that requires funding in future years to complete it and we don't receive that funding, then we would have to terminate that contract.

The termination cost would be the cost for the contractor to demobilize and for us to put the project in a safe condition.

I think—this year I would be hopeful, with a combination of Recovery Act funding and budgeted programs, that we would not have to terminate any of our ongoing work.

Mr. VISCLOSKY. And if that occurs, we certainly reserve the right, and anybody else on the subcommittee, to come back and have a conversation. The concern I think we would have is, if termination

costs are lower, but not significantly lower than completion costs, we would want to talk about the logic of that decision.

Mr. LOEW. Yes, sir, we certainly agree with that. And even beyond that, we view a responsibility to contractors as a very important matter. And so we would seek to avoid that at all costs.

Mr. SALT. Sir, could I?

Mr. FRELINGHUYSEN. Please do.

Mr. SALT. Back on the 5-year plan—it is essentially our goal, my goal, to take into account several of the questions the Chairman asked earlier about our future policy, opportunities for policy change, to try and figure out a way to bring some of those policy initiatives into our 5-year plan process, so that it is not just an assumption of our existing policies and what the backlogs and all are, but rather what would be the projection, particularly if we were considering some of these new policies.

Mr. VISCLOSKY. Mr. Alexander?

Mr. ALEXANDER. No questions.

Mr. VISCLOSKY. I have a couple of more questions related to the Great Lakes and Great Lakes projects. And, gentlemen, I think you have on the table in front of you a chart that the staff has prepared, looking at the backlog for the Great Lakes.

It would appear that the Corps has dredged at less than the break-even line for virtually every year except 2008 in the last decade. Could you explain the rationale as to how that occurred?

Why does Mr. Loew have to answer?

General VAN ANTWERP. I will take the first stab at it.

One of the real challenges with the Great Lakes is their ability to compete on ton-miles and other, what I would say, perhaps, are old factors that we need to look at.

The Great Lakes, of course, as you know, is a system; and so, you have to work it as a system. I think we have done that, at least last year, where we really started to look at what was coming out of one place and what the depths need to be in all of the ports.

But this chart is truthful; it is produced by the Great Lakes and Ohio River Division, and it shows how woefully inadequate the dredging has been to maintain what is the maintenance line along there.

They do have a plan. The heavy bar there is the long-range plan to get healthy and address this backlog.

Mr. VISCLOSKY. For comparison's sake, if you looked at other systems in other regions, would their chart look about the same where they would have hit break-even occasionally during a 25-year period of time?

General VAN ANTWERP. I think what Mr. Loew mentioned earlier that 700 of the 900 ports do not meet their dredging standards is indicative that there would be other places with charts similar to this. In some of the places, we get to them less frequently; so at a point in time we get to the prescribed and authorized depth, and then there is a period of time that we don't get back to that area. So it all depends on the funding and the dredging funding.

I would say there are probably other places that have charts similar to this, although I feel in the Great Lakes, probably—this is probably a greater issue.

Mr. VISCLOSKY. I would concur, General. In an Army Corps document from 2008, it describes the Great Lakes as having a dredging backlog that has, to quote, "grown to an unprecedented level in major navigation channels and harbors."

Is it your anticipation that in the 2010 bill–2011 bill that we are going to be above break-even and start catching up here with the Great Lakes? Mr. Loew?

Mr. LOEW. No, sir, that is not likely. We were able to actually break even in the Great Lakes in fiscal year 2009. With a combination of the 2009 Appropriation and the Recovery Act funding, we are basically doing all the dredging in that system that the commercial dredging capability can manage. So it would be nice if we could maintain that in future years.

We have been sort of negative in our testimony today about the amount of dredging that we are not doing. I think it is also helpful to point out that when we decide what to dredge, we look primarily at the commercial benefits of the various harbors. And for the harbors that provide 90 percent of all the commercial benefits in the United States, we do maintain them at an authorized depth, though not necessarily an authorized width.

We are maintaining the very high-use, high-commercial-value projects, but there are a lot of medium- and low-use harbors similar to the situation you see here that will not get all that they need.

Mr. VISCLOSKY. I would point out that you were both break-even in 2008, as well, so that would be 2 years. The 2008 figure is primarily because the subcommittee added money.

Mr. LOEW. Yes, sir.

Mr. VISCLOSKY. The General alluded there is a plan, but to be very frank, I don't see the plan as far as dollars.

Mr. Loew, you mentioned the Recovery Act and the fact that at least we are at break-even for 2009 given a combination of funds we were at in 2008. But it is also my understanding that the Great Lakes region, encompassing eight States, received only 2 percent of the $4.6 billion in civil works funding.

Do you believe that is a fair characterization?

Mr. LOEW. Yes, sir.

Mr. VISCLOSKY. When we think about geographic diversity and filling in the holes and getting back to even 2 percent for an entire region for the stimulus, where you have auto—I won't even mention steel here—and heavy manufacturing, that region, those States—States like Ohio and Michigan and Pennsylvania and New York, Illinois has two Ford plants across my borders, Indiana, and they got 2 percent of $4.6 billion. I think that is woefully inadequate and, I think, a mistake in judgment, myself.

I have a last question here. The Soo Locks is an important element of the Marine transportation system in the Great Lakes and is of interest to many in the region, including myself. As you know, the project is authorized at full Federal expense due to the difficulties of allocating the non-Federal cost share to the beneficiaries, and that authorization was not my doing. Is it Corps policy to not fund projects that are authorized at full Federal expense?

Mr. SALT. No, sir.

Mr. VISCLOSKY. Okay. For a project that is authorized at full Federal expense, does it compete for funding on a level playing field where other projects have local cost share?

Mr. SALT. I would say yes, sir. The Executive Branch often has a policy to fund projects, to give priority to certain projects. But in the case of the stimulus, I think Soo Locks was one of the projects on the list. And it is their project obviously, but there were others that had better, long-term economic benefits, and that is the way we did the selection.

Mr. Alexander.

Mr. ALEXANDER. You brought up a point that caused me to ask a question. You were talking about, Mr. Loew, the formula that you used to determine how much dredging is done at a port. You were talking about the economy, 90 percent. Do you look at what its worth to the area surrounding the port? In other words, $1,000 to me is a lot of money. Somebody like Mr. Frelinghuysen that is just pocket change. He acknowledged that.

Mr. FRELINGHUYSEN. This is the Rodney Caucus.

Mr. ALEXANDER. Rodneys, we are the only ones left, except the chairman.

The question is, in other words, a little isolated port up in north Louisiana on the Mississippi River that has a population of 4,000, that port is the only thing they have, so is that part of the equation that determines how much that port is worth as far as dredging is concerned; is that part of the equation or is the economy nationwide the only thing that you look at? Do you understand what I am asking?

Mr. LOEW. Yes, sir, I think I do. Again, generally we have limited funds available to dredge the Federal channels that service our ports. And so an initial distribution decision is made based on the economic return from all of the dredging. We certainly wouldn't want to be leaving a major port that has many, many ships coming in undredged. That is just too important. So we do work our way down through the list based on the commercial value of the port or the amount of commerce in the port. But we do look at other things. For instance, for some commercial fisheries ports, even though they are small, it is important to the industry. Again harbors of refuge are important, making sure that the Coast Guard has adequate stations is important. But after we have done that, basically we will have about 750 to 800 million available for coastal harbors. And when we are out of funds, we are out of funds. So certainly not every port is able to get all that it needs.

Mr. ALEXANDER. Thank you.

Mr. Visclosky.

Mr. FRELINGHUYSEN. Before you leave Dodge City, I just want to ask a question, we talked about economic models, and we talked about backlogs and 5-year plans. We have seen some pretty catastrophic weather conditions. Obviously Katrina, we have seen severe drought, I mean we have seen extremes, and I don't think it is accentuated just because we are, quote, getting older. I just wonder what you are doing both on the civilian and military side of the court, to take a look at out-of-the-box things. I don't want to have the drum beat for climate change here, but what are you doing to sort of take an assessment tying in? Last year I was ranking on

Commerce, Justice and Science Committee worked pretty closely with NOAA and NASA and NIST, and I just sort of wondered what are you doing to sort of look outside of the box in terms of the real probabilities here that you may be confronted with some hellish situations here that are way beyond our wildest dreams, so to speak.

Mr. SALT. Let me start and then I will let the Chief and General Temple answer as well. You are asking a really big question, which has to do with how do we adapt to the big changes that are going on, whether it is climate change related or whether there are other demographic or growth or other kinds of changes that we need to account for. I think going back to the Chairman's question you looking at your existing budget policies in light of some of these factors. And I think those are the overarching kinds of questions we are trying to understand as we put together and come up with appropriate policies for our budgets, and for our future authorizations.

And I would certainly say for climate change, for the energy and hydropower, these are all matters that are priorities to try and get a better, smarter handle on our budget policy.

I will let the Chief and General Temple add anything.

Mr. FRELINGHUYSEN. General Temple.

General TEMPLE. Yes, sir. Recently we were involved in a multi-government agency study.

Mr. FRELINGHUYSEN. Like a TOPOFF or——

General TEMPLE. No, actually it was a study of climate change and its impacts on the various functions of government, and it was published by the Commerce Department pertaining to climate change. Also our Engineering Research and Development Center is performing modeling and other studies pertaining to climate change, and last but not least, going back to the marine transportation systems, not only are we involved in the intermodal business but working through the impacts on climate change on our commercial transportation systems as well, very closely with NOAA.

Mr. SALT. Could I just add——

Mr. FRELINGHUYSEN. Mr. Salt.

Mr. SALT. To pick up on your comment, sir, you have to wonder, we have had floods of record in the last 10 years, like four of them in the North Dakota, Minnesota area. We are having all kinds of different hydrologic snowmelt changes up in the Pacific Northwest. So it is not just hurricanes and those kind of events, but we are seeing events of record, droughts, floods all over. And I think we are looking forward with the fiscal year 2010 budget to being able to actually move from theory into some applications, some pilots, if you will, to start advancing in a more aggressive way how we adapt to the issues that you pointed out.

Mr. FRELINGHUYSEN. For the record, are you budgeting some of this?

Mr. SALT. Yes, sir.

Mr. FRELINGHUYSEN. Mr. Van——

General VAN ANTWERP. There is a consortium with USGS in the lead, and NOAA and Reclamation and the Corps of Engineers, to come up with adaptation strategies for the future for our projects, our coastlines, our most vulnerable areas, and the USGS circular 1331, was published on 2nd February this year. It was the cul-

mination of at least a year's work to really look at strategy. So now we will be looking at the strategy as projects are done on a coastline, if it is a beach project or whatever, because it helped lay out the future affects of what we are going to deal with, whether it be sea level rise or climate change or other factors.

So it was a pretty exhaustive study to take a look at adaption strategies in the future.

Mr. FRELINGHUYSEN. Which I assume includes the ability to communicate instantaneously, having systems that are well protected and hardened so you can communicate instantaneously.

General VAN ANTWERP. Right.

General TEMPLE. Risk communication was an aspect of that publication.

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman.

Mr. VISCLOSKY. Gentlemen, I want to thank you very much. I would just point out in closing a couple of things. Mr. Salt, you mentioned that the request by the administration was the largest ever made on behalf of the Corps to the Congress. And you are correct, and I would point out by one measurement great strides had been made. The budget's submission for the Corps for fiscal year 2009 was $4,741,000,000. As you point out, in 2010 the request is $5,125,000,000. So it certainly would acknowledge that progress. But the point of all of this being engaged in this exercise is to look at the problems we need to address in this country and to try to solve them. So it tends to highlight the negative, all the more reason to work together here at the beginning to solve some of these outstanding issues.

And I want to make sure too because I made somewhat light, because I referenced our former colleague Mr. Hobson about the 5-year plan. Dave was right, and I absolutely agree with his position. I think Mr. Frelinghuysen supports it, too, so that we have a good plan of action. So I don't want people to think I was just making light of the 5-year plan earlier.

And also, would acknowledge, as many of my colleagues have in their opening remarks, to find people who do work at the Corps both on the military side as well as the civilian side, and whether you have risked your lives in defense of this country both as a civilian overseas or military personnel or do simply do good work every day, I would want you to know that I personally recognize that, too, and do appreciate having Stacey and would also acknowledge and I think again most people know the Clerk of this subcommittee started on this subcommittee as a detailee from the Army Corps of Engineers and we don't want to let her go. So you have great people and you do a lot of good work, but we can all do better. And that is what we are here for, and I would hope that you take this hearing as an effort to let's work together and make some more progress here.

And Mr. Salt, if you can make the same progress next year in that differential between 2009 and 2010, that would be terrific. Are you going to work on that?

Mr. SALT. Sir, we will work on that.

Mr. VISCLOSKY. Thank you very much.

QUESTIONS FOR THE RECORD

ENERGY AND WATER DEVELOPMENT SUBCOMMITTEE
HOUSE COMMITTEE ON APPROPRIATIONS

U.S. CORPS OF ENGINEERS FISCAL YEAR 2010 BUDGET HEARING

MAY 12, 2009

BUDGET FORMULATION

Mr. Visclosky and Mr. Frelinghuysen: Mr. Secretary, over the last several years this Committee has had to wrestle with projects moving back and forth between Construction and Operation and Maintenance. The Corps was instructed to develop a formal capital investment policy that would be comparable to industry standards to guide the differentiation between routine maintenance and capital expenditures.

- Can you tell us the status of this policy and how it impacted the budget submission for fiscal year 2010?

Mr. Salt: The capital expense policy that you requested is being addressed under the Asset Management program. Under this program, the Corps is currently developing an Asset Management Framework, assisted by industry and academia, which will include a clear definition to differentiate between routine maintenance and capital expenditures. The Corps has made a good faith estimate of the requirements of the overall Corps program. While a formal policy has not been completed, an analysis was made of the items that had been migrating between the Construction and the Operation and Maintenance (O&M) accounts in past years.

Mr. Visclosky and Mr. Frelinghuysen: Are there any projects or activities that are requested in an account different from the one they were appropriated in for fiscal year 2009?

Mr. Salt: The FY2010 Budget included all items in the same accounts that they were appropriated in fiscal year 2009. I look forward to the definition that the Asset Management program will provide and to working with the Committee on whether that changes the allocations among accounts.

BUDGET FORMULATION

Mr. Visclosky and Mr. Frelinghuysen: Mr. Secretary, after the budget justifications arrive, will we see any projects omitted that have remaining contract requirements which will require budgetary resources for termination?

Mr. Salt: There are three projects, the Chicago Shoreline project, Diversey Revetment contract, the Ozark-Jeta Taylor Powerhouse Rehabilitation project and the Whitney Lake Powerhouse Rehabilitation project.

Mr. Visclosky and Mr. Frelinghuysen: If so, how does the Corps propose to settle the termination costs? Are funds requested for terminating the project(s)?

Mr. Salt: The Corps would follow the legal requirements of the contract provisions.

Mr. Visclosky and Mr. Frelinghuysen: What costs are associated with any projects that are terminated?

Mr. Salt: For the Chicago Shoreline project, the actual contractor termination costs are estimated to be $991,434 for remaining steel and armor stone, and in-house labor costs of $50,000 for a total of $1,041,434.

For the Ozark-Jeta Taylor Powerhouse project, under the contract provisions, termination would be considered a termination for the convenience of the Government. The Government's responsibility under the terms of the contract would be to pay for all contractor costs associated with items currently being fabricated for the rehabilitation of the turbines, the costs for contractor demobilization, and for any lost contractor profit.

Termination costs are minimal at most, as the ongoing construction contract for rehabilitation of the Whitney Lake Powerhouse has been structured to include fully funded base bids, plus options. The termination costs would be associated with work required to place the construction area in a safe condition. There will be only projected losses associated with a status quo amount of electric power generation rather than the increased amount the project could provide.

BUDGET FORMULATION

Mr. Visclosky and Mr. Frelinghuysen: General, the Corps has, over the last several years, been moving to a more rigorous analysis of risk and reliability for your projects.

- How has this analysis translated to changes in the budget request or the process that leads to project selection?

General Van Antwerp: Risk and reliability have been key factors in Corps project evaluation processes for decades, and approaches to better incorporate these factors continue to develop. Efforts in this regard are already taking place in a number of key forums, which include the Dam Safety Portfolio Risk Assessment, studies and design of rehabilitations and replacements, the Louisiana Coastal Protection and Restoration (LACPR) Risk-Informed Decision Making Pilot, the Interagency Performance Evaluation Task Force (IPET) Risk Analysis Results, the Flood and Storm Damage Reduction Program, the Asset Management Program, Levee Certification, and the Levee Inventory and Assessments.

Project conditions have inherent risk and reliability factors that affect the performance outputs. The Corps' risk and consequence evaluation methodology was based on the evaluation of facility conditions (risk) against the consequence of failure (consequence or performance) within a Relative Risk Matrix. Use of a Relative Risk Matrix provides a consistent approach to risk/consequence and assists in the prioritization of work/budgeting. Work packages which preclude failure of high consequences would be readily apparent. The matrices include common, risk-based economic and life safety metrics for flood risk management, navigation, and hydropower projects. These should be consistent with the construction program's dam safety assurance projects, dam and levee seepage control projects, static instability correction projects, and deficiency correction, reconstruction, and new construction projects for flood, coastal storm damage reduction, navigation, and hydropower efforts. The goal is to place all the projects on the same basis for the establishment of priorities based on benefits and risk. The use of the Relative Risk Matrix will continue to be refined in the development of the FY 2011 Budget.

Mr. Visclosky and Mr. Frelinghuysen: Are you also incorporating systems planning into assessing your budgetary needs?

General Van Antwerp: Yes, system planning is incorporated when assessing funding requirements.

CLIMATE CHANGE

Mr. Visclosky: Mr. Secretary, does your budget request include funding for anything related to "climate change"? I can imagine a variety of ways that a changing climate might affect the work of the Corps. Your levees may need to be continually reinforced to accommodate rising seas. What was once a "100-year" event may occur more frequently, and the events that you must plan for could become more severe?

Mr. Salt: Yes. Specifically, the President's Fiscal Year 2010 budget includes $5 million dollars for "Adaptations to Climate Change at Corps Facilities." This effort will provide resources for the Corps to partner with other Federal science and water management agencies, and other stakeholders, to develop practical, nationally consistent, and cost-effective approaches and policies to reduce potential vulnerabilities to the Nation's water infrastructure resulting from climate change and variability. More generally, though, the Corps is adopting a more adaptively managed program so that it will not only be able to perceive changes at Corps facilities due to climate change but will also be able to alter, as needed, the management of those facilities in response.

Mr. Visclosky and Mr. Frelinghuysen: Where do you turn...what studies, analyses, or experts...to understand what is happening with the climate and how it may potentially change?

Mr. Salt: The Intergovernmental Program on Climate Change has prepared a series of assessments and special reports that have undergone rigorous review and are accepted by the scientific community. In a similar vein, the US Global Change Research Program (USGCRP, formerly the United States Climate Change Science Program (USCCSP)) has prepared a series of *national* and regional assessments and reports specifically dealing with the US. The National Academies of Science have published a number of reports on climate science, including the 1987 report "Responding to Changes in Sea Level: Engineering Implications." A large body of knowledge is available in the peer-reviewed published literature and in other publications of academia, the international community, non-governmental organizations, and the private sector.

Mr. Visclosky and Mr. Frelinghuysen: What are your best predictions for regional effects? If these come to pass, what will the Corps need to do to accommodate them?

Mr. Salt: The United States Geological Survey Circular 1331 also points out that "Climate change has the potential to affect many sectors in which water resource managers play an active role, including water availability, water quality, flood risk reduction, ecosystems, coastal areas, navigation, hydropower, and other energy sectors. These changes may have adverse or positive impacts on one or more sectors. Any or all of these changes could occur gradually or abruptly." The impacts of warming are already evident in some parts of the country, with scientific literature documenting the trends. For example, in the Western United States and the Northeast, warming temperatures have led to an earlier spring snow melt. In Alaska, warming temperatures have melted ice and exposed coastal villages to increased storm damage.

Mr. Visclosky and Mr. Frelinghuysen: What are the potential budgetary implications of these changes?

Mr. Salt: The Corps is not yet in a position to estimate the budgetary implications of these changes.

CLIMATE CHANGE

Mr. Visclosky and Mr. Frelinghuysen: Mr. Secretary, there are estimates that for every barge transporting goods on our waterways we remove about 58 semi trailer trucks from our roadways. It seems to me that our waterways can make a significant contribution to reducing CO2 emissions.

- How will any funding for climate change be utilized?

Mr. Salt: The following are some of the proposed activities for the Adaptations to Climate Change at Corps Facilities program:

- Workshops and pilot studies on methods and policies to address climate change for water management and environmental restoration.
- Continued revision of planning and engineering guidance on sea level rise and coastal storms.
- Evaluation of the impacts of climate change on ecosystems and the potential effects on Corps infrastructure and ecosystem restoration projects.
- Development of methods and policies to deal with hydrologic frequency analysis under changing conditions.
- Risk analysis for new unexpected conditions such as flood events from glacial dam outbursts and coastal erosion in Alaska.
- Support for Corps regulators on dealing with climate change in permitting decisions.
- Development of regional climate change impact assessments for water resources planning, particularly as applied to the existing portfolio of Corps projects.

Mr. Visclosky and Mr. Frelinghuysen: Will it examine the role of our waterways in reducing CO2 emissions?

Mr. Salt: The study would not include comparison of CO2 emissions from alternative modes of transportation.

NAVIGATION

Mr. Visclosky and Mr. Frelinghuysen: General, over the course of the last 6 months the Congress, and the nation, have discussed various infrastructure investments that might contribute to short term employment needs and the underlying strength of our economy. In this discussion, there was little, if any, mention of the role our harbors and inland waterway transportation systems and play in our economic destiny. Further, while we are discussing the policy implications of different carbon taxes or incentives, it seems that at least some of the maritime transportation system has significant advantages.

- Do you have any thoughts on how we change this circumstance?

General Van Antwerp: The inland and intracoastal marine transportation system is generally more energy efficient, safer , and has more available cargo carrying capacity than alternative modes of transportation. The waterways stakeholders and the Corps are working to convey this message to the general public and encourage additional commodities and goods to be shipped on the waterways, such as containers-on-barge.

NAVIGATION

Mr. Visclosky and Mr. Frelinghuysen: Mr. Secretary, as you are aware low-use channels and harbors are not budgeted by the Administration, yet many of these projects are critical from various other perspectives such as the delivery of fuel to power plants and safety in cases where a Coast Guard facility is a user.

- Will this Administration review this policy?

Mr. Salt: The FY 2010 Budget emphasizes the safe and reliable operation of key infrastructure assets that are of central importance to the nation, including federally maintained channels and harbors that support high volumes of commercial commerce. From a national perspective, projects that no longer carry significant commercial traffic nor serve to meet subsistence or safety needs have a lower priority. However, many of these low commercial use projects remain important locally to the people that they serve.

The FY 2010 Budget includes a $1.5 million pilot project in the O&M account to develop and encourage alternate non-traditional ways to fund maintenance of low commercial use harbors and waterways. The pilot project would focus on the Atlantic Coast and Chesapeake Bay in the North Atlantic and South Atlantic Divisions of the Corps. It will identify the universe of Federal harbors and inland waterway segments that support lower levels of commercial use and their respective non-Federal sponsors. The project will also formulate a range of possible long-term options for the funding and management of such facilities, evaluate the pros and cons of these options, and examine their applicability to the various types of low use navigation projects. This initiative also envisions that more regional general permits will be developed through the Corps' Regulatory Program to streamline efforts by non-federal entities to accomplish the maintenance of these channels harbors.

Also, limited funds are budgeted for lower use harbors and waterways, particularly those that serve as harbors of refuge, subsistence harbors, facilitate U.S. Coast Guard search and rescue operations, and supply energy needs to communities. This approach makes the best use of resources and provides for commercial goods to reach the market and contribute to the economic well being of the Nation.

NAVIGATION

Mr. Visclosky and Mr. Frelinghuysen: Last year, we received testimony that the Corps was developing economic models to better determine the economic benefits and rate of return on investment for its Operation and Maintenance projects. At that time, these models were predicted to be available in the next two years and then would be used to rank projects for budgeting purposes, but until such time the Crops projects would also be ranked on ton-miles, gross tonnage, and system ton-miles.

- What is the current status of these models and how or when will they be used in the budgeting process?

General Van Antwerp: The Corps continues to make progress with respect to the economic benefits of Operation and Maintenance projects. This year the Corps will be able to estimate the transportation savings for alternative loading drafts for vessels engaged in foreign trade at major U.S. ports. In the next fiscal year the Corps anticipates being able to link channel maintenance expenditures with the vessel transportation savings, allowing us to estimate the return on investment for individual projects and channels at major U.S. ports. The Corps also anticipates expanding the modeling process to include domestic as well as foreign waterborne commerce. The Corps expects the return on investment estimates to be available for use in the FY 2012 budget development process. For our inland and intracoastal waterways, The Corps developed estimates of the transportation rate savings and main chamber closure impact costs on the navigation industry for 30-day closure times to begin prioritizing maintenance funding of our inland navigation infrastructure.

NAVIGATION

Mr. Visclosky and Mr. Frelinghuysen: General, as you are well aware, disposal of dredge material is often a difficult issue to resolve, many confined disposal facilities are reaching their design life and there are instances where the material might be used more beneficially than simple in-water or ocean disposal.

- In your opinion, would it be appropriate to revisit the national policy of least-cost disposal of dredged material? Are there instances where the additional expense of dredged material disposal might be in the Federal interest?

General Van Antwerp: Congress has provided authorities, such as Section 204 of the Water Resource Development Act (WRDA) of 2007, Section 207 of WRDA of 1996, Section 204 of WRDA 1992, Section 933 of WRDA 1986, etc. for cost-sharing the additional expense of dredged material placement. While the Corps believes that the national policy of least-cost, environmentally acceptable, and technically feasible method of dredged material placement still has merit given resource constraints, USACE also realizes that there are instances when beneficial use of dredged material may be in the Federal interest. The Corps looks forward to working more with stakeholders to develop a robust and effective beneficial use of dredged material program.

HARBOR AND MAINTENANCE TRUST FUND

Mr. Visclosky and Mr. Frelinghuysen: Mr. Secretary, the Harbor Maintenance Trust Fund, which is derived from receipts from a 0.125 percent ad valorem tax imposed upon commercial users of ports, Saint Lawrence Seaway tolls, and investment interest, is becoming an increasing concern. The balance is expected to be $5.34 billion at the close of fiscal year 2010, meanwhile a great many of our harbors are not dredged to the necessary widths and depths.

- What action is the Administration taking to address this issue? Can we expect an increase in the amount of budgetary resources going toward this activity?

Mr. Salt: The Corps of Engineers' overall O&M program is prioritized for all missions, such as navigation, flood damage reduction, and hydropower. Funding is budgeted for the diverse Civil Works missions based on the assigned priority. The balance in the HMTF is projected to be over $5 billion at the end of FY 2010. If the Corps were to allocate more funds from the HMTF, there would be a necessary tradeoff among other O&M activities which would be adversely impacted if the funding for those activities were reduced to accommodate additional funding for HMTF funded activities.

INLAND WATERWAYS TRUST FUND

Mr. Visclosky: General, the funding we were able to make available in the Recovery Act provided a reprieve for the IWTF insolvency issue we were facing this fiscal year. It is, of course, only a temporary reprieve. We're still only bringing in roughly $85 million each year, but the demands on the Fund are several times that.

Last year, the Corps' budget request rather irresponsibly assumed that the IWTF issue had been resolved. I say irresponsibly because the Administration had done little to build consensus in the water user community for its proposal, which was built around a user fee system.

- What's the Administration's current plan for addressing the IWTF funding shortfall?

General Van Antwerp: The FY 2010 Budget proposes enactment of legislation to authorize a lock usage fee, which would over time replace existing inland waterways diesel fuel tax. This proposed legislation is needed to continue capital investments in these waterways, improve the way that The Corps raises revenue for the non-Federal share of the associated costs, and preserve the landmark cost-sharing reform that Congress established for this program in 1986. The Corps stands ready to work with Congress and the commercial navigation users to help pass and implement this proposal.

Mr. Visclosky and Mr. Frelinghuysen: What does the budget before us assume?

General Van Antwerp: The amount provided in the FY 2010 Budget for capital investments in support of commercial navigation (the construction, replacement, rehabilitation, and expansion of inland waterways projects) is $85 million. This is roughly the amount that the Department of the Treasury expects to collect from the users and deposit into the Inland Waterways Trust Fund (IWTF) over the course of that fiscal year. Congress therefore should be able to finance the non-Federal share of the Budget entirely from the IWTF this fiscal year, even in the event that the proposed legislation is not in place by the beginning of FY 2010.

Mr. Visclosky and Mr. Frelinghuysen: What work is the Administration doing to consult with the water user community?

General Van Antwerp: The Corps has formed an Inland Marine Transportation System Investment Strategy Team, with participation by representatives of the inland navigation community to include members of the Inland Waterways Users Board and Corps of Engineers representatives from around the country, to address the long-term, structural imbalance between receipts and expenditures in the IWTF.

Mr. Visclosky and Mr. Frelinghuysen: How long do you predict that the Corps has until the relief afforded by the Recovery Act runs out and the annual shortfall begins to inhibit work again?

General Van Antwerp: The Corps allocated $434 million under the American Recovery and Reinvestment Act of 2009 for capital investments in support of commercial navigation on the inland waterways. The Corps expects to expend $169 million of these funds (39 percent) by the end of FY 2010, leaving a $265 million carryover into FY 2011. By exempting the users from matching these funds and a portion of the funds provided under the FY 2009 Energy and Water Development Appropriations Act, Congress in effect provided somewhat more time – up to about two years more – to address the revenue shortfall. Nevertheless, it would be prudent to enact the proposed legislation expeditiously.

Mr. Visclosky: One possibility is to create a system that more accurately charges all those who gain from the benefits created by the inland waterways investments. For instance, waterfront developments have sprung up in some areas and recreational boaters use some of the pools created by the locks and dams. Capturing a portion of this potential revenue could more equitably share the burden of the costs of these facilities.

- This system makes economic sense. I would not be in favor of a solution which increases the federal share of the costs for these facilities. However, if you were to spread out the non-federal share more broadly to the user community, how could you capture this potential revenue?

General Van Antwerp: The Administration's proposal involves a lock usage fee, paid by commercial navigation users of the waterways segments where the Corps is or will be making capital investments. The Corps undertakes these capital investments only to support commercial navigation, not for other purposes. The legislation therefore does not apply to others. If Congress wants to consider options that would also involve others who use our locks, it could charge them a lock use fee that could be collected in a manner similar to the one that the Corps would use to implement the proposed lock usage fee.

BEACHES

Mr. Visclosky: I understand that this budget requests, for the first time in recent memory, funds for both beach nourishment and renourishment. This is, in my opinion, a positive change. Hopefully this is just the first step in recognizing the importance beach projects can have for both the economy and the environment.

- What was the Administration's analysis behind this change?

General Van Antwerp: The Administration has reviewed the policy for beach nourishment and re-nourishment in the context of Flood and Storm Damage Reduction. After reviewing the policy, the decision was made to have beach nourishment and re-nourishment projects compete for funding with other Corps construction projects.

Mr. Visclosky and Mr. Frelinghuysen: How did you determine which projects to include and which to exclude?

General Van Antwerp: Beach nourishment and renourishment competed with all other projects under consideration in the budget as legitimate flood damage reduction projects. The highest performing projects – beach projects and not beach projects alike – were included in the FY 2010 Budget.

EVERGLADES

Mr. Visclosky and Mr. Frelinghuysen: Mr. Secretary, this Subcommittee worked hard last year to determine a division of responsibilities for the Everglades with our colleagues in the Interior Subcommittee.

- Is there a new "plan" under development for Everglades reconstruction and rehabilitation?

Mr. Salt: Sir, to date, there is no such new plan under development. The Department of Interior (DOI) was funded in the FY 09 Omnibus Appropriations Act to evaluate the feasibility of additional bridge length for the Tamiami Trail, beyond that to be constructed pursuant to the Modified Water Deliveries to Everglades National Park Project. In addition, the programmatic regulations for the Comprehensive Everglades Restoration Plan (CERP) provide for a process for the evaluation of potential major changes to the existing plan called a CERP modification report and the FY 2010 Budget request includes funding to initiate such a report.

Mr. Visclosky and Mr. Frelinghuysen: What is the current stage of this plan?

Mr. Salt: Sir, DOI has provided funding to the Corps to provide engineering and technical support for the Tamiami Trail study and the Corps and DOI have initiated the study. The schedule calls for completion of a draft EIS and provision of recommendations to Congress in March 2010 and a final Record of Decision is expected next summer. The proposed CERP modification plan has not been initiated.

Mr. Visclosky and Mr. Frelinghuysen: What role would the Corps play in it, vis-a-vis other agencies and the state of Florida?

Mr. Salt: Sir, the Department of the Interior has the lead role for plan development and NEPA compliance on the Tamiami Trail study and has asked the Corps of Engineers to provide engineering and technical input. Technical staffs from Florid Department of Transportation and the Federal Highway Administration are being engaged. The CERP Modification Report studies would be conducted in close coordination with DOI and the State of Florida. Both studies will solicit input from stakeholders and resources agencies, including the Miccosukee and Seminole Tribes, the South Florida Water Management District, and other Florida agencies.

Mr. Visclosky and Mr. Frelinghuysen: Why, after the Appropriations Committees moved the Modified Waters Delivery project to the Interior Subcommittee is this project element contained in the Corps budget request? The intent of moving this last year was to draw a clear line of authority with this element of the Everglades and continue down that path, not return to a split between the agencies.

Mr. Salt: The Budget reflects the Administration's view, which is that the Corps and the National Park Service should each fund a portion of the costs of this project in FY 2010.

EVERGLADES

Mr. Visclosky: Mr. Secretary, as I said in my opening, this is not a hearing on the recovery package, but it does have implications for the fiscal year 2010 budget, in reviewing the Corps project allocations for the recovery bill, it's come to my attention that you have proposed funding for a new activity in the Everglades – Site 1. This seems contrary to the legislative text in the recovery bill which reads "funds provided....shall only be used for programs, project or activities that heretofore or hereafter receive funds....." Your own attorneys acknowledge this is a new activity.

- How is it that this project received $41 million?

Mr. Salt: The Site 1 Impoundment project would benefit the central Everglades. I believe it to be of such value that I sought to accelerate its construction though the use of funds provided under the American Recovery and Reinvestment Act of 2009.

FEDERAL VS. NON-FEDERAL LEVEES

Mr. Visclosky and Mr. Frelinghuysen: General, one of the lessons of Katrina was that there were too many cooks in the kitchen – that is, too many entities were responsible for the critical levees. As a result, construction and maintenance standards varied, and no one took responsibility for pulling it all together until far too late. Following Katrina, the Corps was authorized to incorporate the critical non-federal levees, so that there a solid, consistent wall of protection.

- If you were to take those lessons and try to apply them to the Mississippi River system, what would you find?

General Van Antwerp: The Mississippi River system is a good example of how managing a project in a watershed context could result in a sound flood damage reduction system. The Mississippi River Commission (MRC), which crosses political boundaries and is established in law, oversees the project. Some of the benefits of the MRC approach include a regular appropriations process to ensure proper operation and maintenance; identifying issues on a watershed basis and developing partnerships to develop solutions to these issues; and synchronization between stakeholders.

Mr. Visclosky and Mr. Frelinghuysen: Let's take Iowa, for instance. What confidence do you have that the critical levees protecting cities and towns are working as a system?

General Van Antwerp: It is important to note that there are approximately 14,000 miles of levees within the Corps Levee Safety Program. These are levees in which the Corps has authority to inspect and/or evaluate. There are many more levees across the nation not within the Corps Program. The total number of miles of levees in the United States is currently unknown.

For levees within the Corps Program, many improvements to the levee inspection process have enabled the Corps to better communicate to the local sponsors and the public the overall condition and associated risks of levee systems. Improvements include a single, newly revised inspection checklist and development of an automated Levee Inspection System. The Corps has also established a tiered inspection approach to include routine inspections to verify proper operation and maintenance activities, typically to be conducted on an annual basis and periodic inspections to verify proper operation and maintenance; evaluate operational adequacy and structural stability; and, identify components and features to monitor over time. Typically, periodic inspections will be conducted every five years. All inspections are conducted on a systems basis.

Mr. Visclosky and Mr. Frelinghuysen: Do we even know where all the levees are, and who owns them?

General Van Antwerp: No. There are approximately 14,000 miles of levees within the Corps Levee Safety Program. These are levees in which the Corps has authority to inspect and/or evaluate. There are many more levees across the nation not within the

Corps Program. The total number of miles of levees in the United States is currently unknown.

Mr. Visclosky and Mr. Frelinghuysen: The federal budget is called upon to fund cleanup and reconstruction after major flooding events. What should we be doing today to identify and minimize weaknesses in the system?

General Van Antwerp: One of the principles of the Corps Levee Safety Program is that a safety program must be consistent and continuous. Within the Corps Levee Safety Program, a risk-based process is being developed in order to identify flood risks associated with the levee system. It must be noted that levees do not eliminate flood risk. There is always residual risk. Identifying the associated flood risks involves the probability of the flood event; how the levee will behave during that flood event; and potential consequences. Once the flood risk (and drivers of this risk) is identified, then informed decisions can be made as to how to reduce the risk. Solutions may include more resiliency, raising homes and businesses, improved evacuation plans, or better land use planning.

Mr. Visclosky and Mr. Frelinghuysen: What can we do to equitably allocate the costs of the system?

General Van Antwerp: Flood risk management is a shared responsibility. The Corps will implement its Levee Safety Program within its current authorities. Collection of basic information is a key initial step to prioritizing efforts and investments. The Corps intends to implement a risk-based process to categorize levees based on risk. This information will help guide the Corps in setting priorities for its Levee Safety Program activities. Implementation of recommended future actions will depend on each levee system – authorization and sponsor responsibilities.

Mr. Visclosky and Mr. Frelinghuysen: What is the status of the national inventory of flood and storm damage reduction projects?

General Van Antwerp: To date, the Corps has developed the database model to serve as the National Levee Database and by the end of calendar year 2009. All 14,000 miles of levees within the Corps Levee Safety Program will have detailed information, such as survey information, project details, and system components, populated in the database.

EMERGENCY ACCOUNT

Mr. Visclosky and Mr. Frelinghuysen: Mr. Secretary, you have one account, Flood Control and Coastal Emergencies, or FCC&E, which is called upon to address flooding emergencies when they occur.

- You've requested $41 million in your fiscal year 2010 budget for FCC&E. What's the current balance, and how much are you expecting in the account at the beginning of fiscal year 2010?

Mr. Salt: The $41 million in FY 2010 budget for FC&CE was to fund preparedness, not emergency operations and repairs of eligible damaged flood control works. Under Supplemental Appropriations Act, 2009 (PL 111-32), of the total $754.29 million appropriated to FC&CE, $51 million is for preparedness. In addition, $1 million remains available from the $40 million for preparedness from the Supplemental Appropriations Act, 2008 (PL 110-252).

Mr. Visclosky and Mr. Frelinghuysen: On average, how much have you spent from this account in each of the previous five fiscal years?

Mr. Salt: The previous five fiscal year average expended for preparedness is approximately $28 million. Nearly $36 million in preparedness funds have been allocated in the past eleven months.

Mr. Visclosky and Mr. Frelinghuysen: Were most of these funds provided through emergency supplementals or regular budgets?

Mr. Salt: No regular budget in the past 5 years has appropriated funds for FC&CE. Supplemental Appropriations were provided from FY 2005 through FY 2009. The Corps has requested $41 million in the FY2010 Budget for this purpose, though, so that the Corps can be as prepared as possible prior to an emergency.

Mr. Visclosky and Mr. Frelinghuysen: Have you been in a situation in which you simpl did not have enough funding in FCC&E to meet the emergency need? What did you do?

Mr. Salt: In cases where FC&CE does not have sufficient funds to meet an emergency need, funds available in other accounts are reprogrammed to help meet the imminent need. For example, in June 2008, during the Midwest Flooding, the Assistant Secretary of the Army (Civil Works) approved transferring $35 million the from Mississippi River & Tributaries appropriation account. These MR& T funds were replaced by PL 110-329.

Mr. Visclosky and Mr. Frelinghuysen: We know that you often have to pay emergency O&M expenses. Do you have an emergency pot of funding for these needs? If not, how do you reallocate funding within O&M?

Mr. Salt: The Corps has three ways to pay for responses to emergencies, such as emergency repairs and restoration of damaged projects, in the O&M account and the Maintenance portion of the Mississippi River and Tributaries account.

First, supplemental funds have been provided in recent years. These funds are being used for the purposes specified in the supplemental appropriations acts.

Second, the Energy and Water Division of the FY 2009 Omnibus Appropriations Act deducted 2 percent of the funds for each line item in the O&M account, or about $44 million overall, and set those funds aside to respond to emergency activities in that account. The Corps expects that most or all of the funds will have been allocated for emergency activities by the end of FY 2009.

Third, section 101 of the FY 2009 Act permits unlimited reprogramming of funds for emergencies, with notification to the Appropriations Committees of the House and Senate shortly thereafter. For the emergency reprogramming, sources of funds must be identified in each case.

Mr. Visclosky and Mr. Frelinghuysen: Do you have any ideas for making this system more responsive, while still maintaining fiscal discipline?

Mr. Salt: Yes. A reliable annual appropriation would enhance our level of preparedness across the Corps.

HYDROPOWER

Mr. Visclosky: Mr. Secretary, I think very few Americans know that the Corps maintains dams that produce electricity from hydropower. This power is sold through third parties, such as the Power Marketing Agencies.

- Would you describe how this funding arrangement works? When you need to perform maintenance on your units, who pays?

Mr. Salt: In general, the Corps executes Memorandums of Understandings (MOU) (legal documents) with the Power Marketing Administrations (PMAs) which provide for payment "upfront" or reimbursement for all or part of the capital costs and for appropriate maintenance expenses associated with Corps hydropower plants.

In the case of the Bonneville Power Administration (BPA) in the Pacific Northwest, all maintenance activities at Corps hydropower plants are paid for with BPA funds. In other regions of the country, maintenance costs are shared between the PMA and Federally budgeted funds in accordance with the applicable MOU.

Mr. Visclosky and Mr. Frelinghuysen: What about major rehabs, such as turbine rewinding?

Mr. Salt: In the case of the BPA, capital costs such as major rehabilitations are paid by the BPA through signed sub-agreements to the MOU. In the case of other PMAs, major rehabilitation projects are paid through the Federal budget process with partial reimbursement by the PMA in accordance with the MOU.

Mr. Visclosky and Mr. Frelinghuysen: And what about upgrades, such as adding entirely new turbines?

Mr. Salt: When new turbines are required, they would be considered a major rehab expense and would be funded as noted above.

Mr. Visclosky and Mr. Frelinghuysen: What's your best estimate of your current hydroelectric production? How much could you increase that by simply rehabbing your current facilities, and how much would that cost? And how much further could you increase that by simply adding additional turbines where you can, without adding new facilities?

Mr. Salt: Corps hydropower plants are capable of producing 70 billion kilowatt-hours of energy per year. At present, our hydropower peak reliability rate is approximately 86% compared to industry average of 98%. This represents the percent of time hydroelectric generating units are available to the PMA's interconnected system during daily peak demand periods.

The Corps anticipates that it could attain nearly full capacity (70 billion kilowatt-hours) by fully rehabilitating our existing facilities. The Corps is in the process of determining the cost for this effort.

For the 2005 Energy Policy Act, the Departments of Interior, Energy and Army, whom the Corps represented, completed a study of additional hydropower potential above 70 billion kilowatt-hours at existing facilities. In this reconnaissance level analysis, 1,200 additional megawatts of capability was identified overall, with about 900 megawatts identified for the Corps

Additionally, with the emergence of new hydro technologies, such as hydrokinetics, that were not investigated in the study, an additional 200-300 megawatts of capacity could be realized. With this additional capability operating at about 55% plant factor, some 7.2 million megawatt-hours of energy could be realized annually. That is enough energy to avoid burning 4.2 million barrels of oil, approximately 1 million metric tons of coal, and avoid emitting 746 million kg of carbon (825,000 tons) into the atmosphere.

Mr. Visclosky and Mr. Frelinghuysen: How much carbon would this likely offset?

Mr. Salt: This would avoid emitting approximately 825,000 tons of carbon into the atmosphere every year.

Mr. Visclosky and Mr. Frelinghuysen: What are the impediments, besides cost, to performing these upgrades?

Mr. Salt: In addition to significant additional costs for upgrades, environmental impacts are a primary concern. In concert with local, state and Federal agencies and the general public, these impacts would need to be evaluated and appropriate mitigation measures adequately funded.

Mr. Visclosky and Mr. Frelinghuysen: Do you have a plan for investment in the hydropower program?

Mr. Salt: The FY 2010 budget includes $2 million to initiate a Hydropower Modernization Initiative that will review current procedures for developing Major Rehabilitation Evaluation Reports (MRER) and recommend streamlined procedures for planning and designing a decision document for MRERs. Also, it will initiate the development of a prioritization model by completing condition assessments of all major power train and powerhouse components. Existing MRERs will be updated to current dollars. Eventually, the Hydropower Modernization Initiative could modernize the Corps' hydropower infrastructure through improvements and upgrades under a long-term programmatic funding and investment decision-making strategy.

MRGO LAWSUIT

Mr. Visclosky: Mr. Secretary, I understand that the Corps is being sued, once again, by some residents of New Orleans.

- Would you explain the current case and how it differs from previous cases?

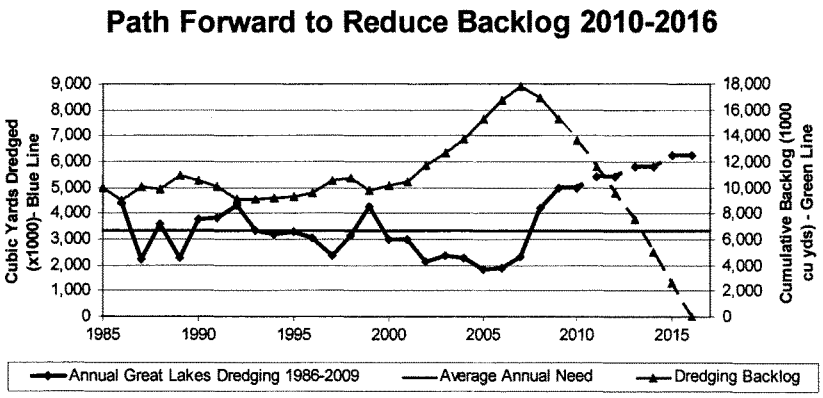
Mr. Salt: There have been no lawsuits filed against the United States seeking to hold the Government liable for the flooding from Hurricane Katrina since 2007. Class action law suits and individual lawsuits were filed in the Federal District Court for the Eastern District of Louisiana (New Orleans) and two class action lawsuits were filed in the Court of Federal Claims. The latter court dismissed one class action lawsuit and the other is pending. No trial date has been set by the Court of Federal Claims.

The Federal District Court consolidated all lawsuits into one, styled In re Katrina Canal Breaches Consolidated Litigation. These cases are in turn divided into six categories. The United States is a defendant in three of the six categories: Levee cases, admiralty/limitation of liability and Mississippi River Gulf Outlet (MRGO). The Court rendered a significant decision affecting the United States in the consolidated Katrina litigation on January 30, 2008, finding that the immunity provision of section 402(c) of the 1928 Flood Control Act applies to all class actions and other claims against the United States related to flooding from the Outfall Canals, non federal canals that connect the northern portion of New Orleans with Lake Pontchartrain and which are used by the City to provide interior drainage. That decision applies to the Levee category of the consolidated Katrina litigation.

The only civil case involving the United States which has proceeded to trial to date is the lead case of Robinson V. U.S., which relates to the MRGO category. The approximately four week trial concluded on 14 May 2009 in New Orleans. Robinson is a suit filed by six plaintiffs and it serves as the test case to determine common issues of liability for those consolidated Katrina lawsuits which allege that the existence of the Mississippi River Gulf Outlet contributed to the flooding of certain areas in the New Orleans region from Hurricane Katrina. A decision in Robinson may be issued in September or October of 2009. At this time, proceedings on the other two categories of Consolidated Litigation await the resolution of the Robinson case.

GREAT LAKES

Mr. Visclosky and Mr. Frelinghuysen: As you know, some have charged that the Army Corps has significantly under-funded the Great Lakes over the past many years. The chart showing annual dredging, you have a copy in front of you, is troubling:



GREAT LAKES

Mr. Visclosky and Mr. Frelinghuysen: The Corps has dredged at less than the "break even" line for virtually every year in the last decade. Why?

Mr. Salt: Competition for Federal funds is very competitive. O&M funding requirements continue to grow as infrastructure ages, newly constructed projects are added to our inventory, and costs increase. The Corps budgets for many worthwhile O&M needs across the entire spectrum of Civil Works projects by prioritizing projects based on maximizing benefits. In navigation, the Corps focuses on harbors and waterways of central importance to the Nation that have high volumes of commerce. The Corps develops a robust performance based budget and, accordingly, some projects do not fare well in competing for constrained resources. This approach makes the best use of limited resources and provides for commercial goods to reach the market and contribute to the economic well being of the Nation.

Mr. Visclosky and Mr. Frelinghuysen: Is it common practice in other regions to hit the breakeven level of dredging only occasionally in a 25-year period?

Mr. Salt: The Corps has not performed a break-even analysis for other areas of the country.

Mr. Visclosky and Mr. Frelinghuysen: Fiscal year 2008 was the only year in the last decade when the Corps dredged above the breakeven point after this Subcommittee and Congress added significant funding. The Corps responded with a proposed Great Lakes budget for fiscal year 2009 that drastically cut the enacted amount. Does the fiscal year 2001 budget provide adequate funding to dredge above the breakeven point?

Mr. Salt: The President's FY 2010 Budget for navigation O&M for the Great Lakes is a $4 million increase over the FY 2009 program.

Mr. Visclosky and Mr. Frelinghuysen: How can the Corps ever address the estimated $200 million Great Lakes dredging backlog when the Corps' budget only supports dredging activities at a level below breakeven?

Mr. Salt: The Corps budget supports funding for the dredging of harbors and waterways of central importance to the Nation that have high volumes of commerce. The Corps develops a robust performance based budget and, accordingly, some projects do not fare well in competing for constrained resources. This approach makes the best use of limited resources and provides for commercial goods to reach the market and contribute to the economic well being of the Nation.

Mr. Visclosky and Mr. Frelinghuysen: An Army Corps document describes the Great Lakes as having a dredging backlog that has "grow[n] to an unprecedented level in major

navigation channels and harbors." (Great Lakes Navigation System: Economic Strength to the Nation, Army Corps of Engineers, 2008, page 12,) Shouldn't we be alarmed?

Mr. Salt: The Corps is concerned with the growing O&M needs of our Civil Works projects Corps-wide and in the Great Lakes.

GREAT LAKES

Mr. Visclosky: Once again I find myself in the position of asking a question that relates to the Recovery Act - we had been led to believe that the Corps used "geographic diversity" when allocating stimulus funds. However, the Great Lakes region, encompassing eight states, received only 2% of the $4.6 billion in civil works funding. Can you explain? If the purpose of the stimulus bill was to create jobs where they are needed, wouldn't the home of the auto, steel and heavy manufacturing justify an expenditure of more?

Mr. Salt: When the Corps first received hints that a stimulus may be needed they canvassed all districts throughout the Corps Civil Works community for potential projects that could use stimulus money. Hence the geographic diversity element was in play in the sense that the entire United States was canvassed for projects. When the bill was actually passed the Corps received $4.6 billion ARRA funds in 5 different appropriation accounts. Each account has a purpose directed in statute and ARRA funding was directed or otherwise targeted to account capability. The projects selected represent a set of productive investments that will contribute to economic development and aquatic ecosystem restoration. The Civil Works projects will further these Recovery Act stated purposes of preserving and creating jobs and promoting recovery as well as to invest in transportation, environmental protection and other infrastructure that will provide long term economic benefits

The Corps followed the Recovery Act's guidance which included commencing expenditures and activities as quickly as possible consistent with prudent management. The Corps made its allocation of Recovery Act construction funds based on the economic and environmental return of its ongoing projects. The projects will achieve the purposes of the Recovery Act to commence expenditures quickly by investing in infrastructure that will provide long term economic and environmental benefits to the nation. Moreover, the projects are fully consistent with the President's direction to ensure that Recovery Act funds are spent responsibly and transparently.

The projects also meet the five criteria enumerated in the Congressional report accompanying the Recovery Act, namely that the projects:

- Be obligated/executed quickly;
- Result in high, immediate employment;
- Have little schedule risk;
- Be executed by contract or direct hire of temporary labor; and
- Complete a project phase, a project, an element, or will provide a useful service that does not require additional funding.

GREAT LAKES

Mr. Visclosky and Mr. Frelinghuysen: As you know, the Soo Lock is an important element of the marine transportation system in the Great Lakes and is of interest to many in the region. As you know, the project is authorized at full federal expense due to the difficulties of allocating the non-federal cost share to the beneficiaries. Is it Corps policy to not fund projects that are authorized at full Federal expense?

Mr. Salt: No, it is not general policy that the Corps will not fund project that are authorized at full Federal expense. The Corps assesses the appropriate non-Federal cost share based on the general authority for that project purpose and any specific circumstances of each project.

Mr. Visclosky and Mr. Frelinghuysen: If Congress authorizes a project at full federal expense, would that project compete for funding on a level playing field with those projects having a "local cost share?"

Mr. Salt: All projects that are consistent with Administration policies compete on a level playing field. Projects are considered for budgeting consistent with the Corps' main mission areas and their environmental and economic performance.

Mr. Visclosky and Mr. Frelinghuysen: Does the Corps assign an "economic benefit" to projects that aide in the national defense or homeland security? If so, how is that calculated? If not, why isn't it?

Mr. Salt: The Corps does not assign an "economic benefit" to projects that aid in national defense or homeland security, because there is no generally accepted method to express such benefits monetarily. However, under the 1983 Economic and Environmental Principles and Guideline for Water and Related Land Resources Implementation Studies, the Corps identifies non-economic benefits, like national defense and homeland security, in its analysis and considers these effects alongside economic impacts in evaluating water resource projects.

GREAT LAKES RESTORATION INITIATIVE

Mr. Visclosky and Mr. Frelinghuysen: Mr. Secretary, the Administration has proposed $475 million for the Great Lake Restoration Initiative of which the Corps will receive $45.9 million. We understand this effort will be managed as an interagency taskforce led by EPA.

- How was the initiative taken into consideration in the FY 2010 budgeting process?

Mr. Salt: Funding for the Great Lake Restoration Initiative (GLRI) was included in the President's FY 2010 Budget for the U.S. Environmental Protection Agency (EPA). The portion of the funds to be used by the Corps will complement its funding through Energy and Water Appropriations.

Mr. Visclosky and Mr. Frelinghuysen: What will be the process in determining how this funding will be allocated?

Mr. Salt: To determine provisional allocations, EPA has collaborated with the member agencies of the Interagency Task to identify programs and projects that, in the best professional judgment of the agencies, target the most significant problems in the Great Lakes with funding geared to achieve outcome-oriented goals and objectives.

Over $250 million of the funding has been proposed to be used by the federal agencies for grants and project agreements. Most grants will be issued through competitive processes which will facilitate selection of projects which will have a near term, positive environmental impact. Final allocations will depend on the final amount appropriated, Congressional direction, and upon the negotiation of outcome-oriented interagency agreements between EPA and the other federal agencies.

The attached fact sheet provides details on how the funds will be used.

US Army Corps of Engineers.

Great Lakes Restoration Initiative (GLRI)

Purpose: President Obama has announced a multi-year, multi-agency initiative to restore the Great Lakes. The President's Budget request for the U.S. Environmental Protection Agency (EPA) in Fiscal Year (FY) 2010 includes $475 million for the Great Lakes Restoration Initiative. This fact sheet describes the diverse programs and authorities of the U.S. Army Corps of Engineers (Corps) that will be utilized under this Initiative to help restore the Great Lakes. These programs are presented below in alignment with the five GLRI issue areas.

Toxic Substances and Areas of Concern: The Corps has considerable expertise with contaminated sediments developed through the dredging and management of over 100 million cubic yards of contaminated sediments from navigation channels throughout the Great Lakes. The Corps will utilize its Great Lakes Remedial Action Plan (RAP) program to help states and local groups plan and design sediment cleanup projects at Areas of Concern (AOCs) to the point where they are "shovel ready." Another program that will be utilized is the Environmental Dredging authority, which enables the Corps to plan, design and implement sediment cleanup at sites, but not limited to the AOCs. In order to complement sediment cleanup by EPA's Legacy Act program, the Corps will conduct expanded dredging of navigation channels at some AOCs. Through the Great Lakes Strategic Plan authority, the Corps will help develop a comprehensive plan for restoration of contaminated sediments throughout the Great Lakes Basin.

Fish & Wildlife Habitat: The Great Lakes Fishery & Ecosystem Restoration (GLFER) is the Corps primary authority to deliver projects to restore fisheries and aquatic habitat in the Great Lakes. Numerous "on-the-ground" projects that will be implemented under GLFER and other Corps programs to: restore fishery passages caused by dams or other obstructions; protect and restore islands and coastal habitat that are prone to erosion, and; restore and enhance wetlands and marsh habitat along tributaries. The Corps will continue to lead the Habitat/Species Workgroup, composed of federal, state city, tribal and nongovernmental members, to help implement regional habitat restoration goals.

Invasive Species: The Corps' base Budget for FY 2010 includes full funding for the Chicago Sanitary & Ship Canal Dispersal Barrier, which is keeping the Asian Carp and other aquatic invaders from entering Lake Michigan. Through the Section 1135 authority, the Corps will design and construct new barriers and traps to prevent the spread of Sea Lamprey in cooperation with the Great Lakes Fishery Commission. The Corps has initiated a comprehensive study on the Interbasin Control of Transfer of Aquatic Nuisance Species which will evaluate all feasible alternatives to prevent the spread of aquatic invaders between the Mississippi River and Great Lakes Basins. Research on the biocontrol of Phragmites will be conducted in cooperation with the U.S. Geological Survey under the Corps' Aquatic Plant Control program

Nearshore and Nonpoint: The Corps expertise in watershed modeling and watershed planning will be utilized extensively to support the GLRI. Through the Great Lakes Tributary Model program, the Corps is building sediment transport models that are used by state and local agencies to plan and implement soil conservation and nonpoint pollution prevention. The Corps will also work closely with state and local agencies in Watershed Planning under a variety of authorities. These watershed plans are multi-purpose tools that can guide development, use,

and restoration of water resources in the most sustainable manner. The Corps will also support the GLRI through programs like Regional Sediment Management, which promote sustainable management of sediment dredged from harbors and marinas and the construction of multi-purpose facilities for managing dredged material and restoring aquatic habitat.

Accountability, monitoring, evaluation, communication & partnerships: A limited amount of GLRI funding will be used by the Corps for monitoring and evaluations that support adaptive management of Great Lakes water through the Control Boards of the International Joint Commission.

Summary: Below is a table that summarizes the preliminary distribution of GLRI funding within the Corps' programs and authorities. Approximately 60 percent of these funds will be used for "on-the-ground" construction in FY 2010. About 23 percent will be used to plan and design restoration projects that should be ready for construction in a year or two. The remaining 17 percent is for studies that will guide long-term restoration and resource management decision making. This distribution will be adjusted by the Corps in cooperation with the EPA to deliver the optimal results in high quality, on-the-ground projects.

Corps of Engineers Programs	GLRI Priority	GLRI Funding ($000)
Great Lakes Remedial Action Plans & Sediment Remediation	Toxics	$3,660
Environmental Dredging	Toxics	$500
Navigation Dredging	Toxics	$5,436
Great Lakes Strategic Plan	Toxics	$400
Great Lakes Fishery & Ecosystem Restoration Program	Habitat	$8,000
CAP - Section 1135	Habitat	$4,000
CAP - Section 204	Habitat	$250
CAP - Section 206	Habitat	$4,350
Great Lakes Habitat & Species Workgroup	Habitat	$200
Tribal Assistance Program	Habitat	$300
Specifically authorized habitat restoration projects	Habitat	$500
CSSC Dispersal Barriers	Invasive Species	$0
Sea Lamprey Traps and Barriers – Section 1135	Invasive Species	$1,250
Interbasin Control of Transfer of Aquatic Nuisance Species	Invasive Species	$500
Aquatic Plan Control Program	Invasive Species	$1,500
Great Lakes Tributary Model	Nonpoint	$1,000
Watershed Studies	Nonpoint	$4,350
Regional Sediment Management and Beneficial Use	Nonpoint	$9,200
International Water Studies	Accountability	$200
Surveillance of Northern Boundary Waters	Accountability	$300
TOTAL		$45,896

For More Information: The Corps' POC for the Great Lakes Restoration Initiative is:
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REGULATORY

Mr. Visclosky: General, I am glad to see an increase in the Regulatory budget for the Corps. The past several years have introduced some level of uncertainty to the permitting process at the Corps as you began to implement the Rapanos guidance.

- Has the Corps been able to bring consistency and certainty to the process for the applicants?

General Van Antwerp: Program consistency has improved as Corps staff has gained experience implementing the Rapanos guidance. The Corps has also taken other actions to help improve consistency and reduce uncertainty in the permit process.

On June 26, 2008, the Corps issued Regulatory Guidance Letter 08-02 to clarify the use of preliminary jurisdictional determinations to help the permit process move forward in cases where permit applicants do not wish to question whether the Corps has regulatory jurisdiction under the Clean Water Act and/or Section 10 of the Rivers and Harbors Act of 1899. On December 2, 2008, the Army and EPA issued revised Rapanos guidance after taking into account the comments received in response to the June 5, 2007, guidance. The revised Rapanos guidance clarified the definition of "traditional navigable water", the definition of "adjacent", and how to identify the relevant reach for making significant nexus evaluations for jurisdictional determinations. These 2008 guidance documents will continue to help improve consistency and predictability for jurisdictional determinations. On July 1, 2009, the Corps issued a revised Standard Operating Procedure (SOP) to replace the 1999 SOP. The revised SOP provides a summary of current policies and procedures and will promote consistency among Corps Regulatory staff.

Mr. Visclosky and Mr. Frelinghuysen: How has this impacting your backlog and processing times?

General Van Antwerp: The Corps has received an increased number of requests for jurisdictional determinations (JDs). The Corps now processes approximately 80,000 jurisdictional determinations each year. In 2009, the Corps has already processed 67,000 jurisdictional determinations between October 1, 2008 and June 1, 2009. The increased documentation associated with preliminary and approved JDs has resulted in an increase in the time it takes the Corps to complete its decision. This additional time increases the overall time associated with permit applications. However, with the issuance RGL 08-02, which gave the ability for landowners to choose a preliminary JD instead of an approved JD, when appropriate, the number of pending JDs is decreasing.

Mr. Visclosky and Mr. Frelinghuysen: What are you doing to streamline the process outside of additional funding?

General Van Antwerp: Since the Rapanos guidance was issued in June 2007, the Corps has taken several actions to help streamline its permit processes. The most effective

example is the issuance of Regulatory Guidance Letter 08-02, which clarifies the use of preliminary jurisdictional determinations (JDs), which help streamline the permit process by setting aside questions of jurisdiction over waters to proceed directly to a permit decisions.

The Corps has also executed interagency agreements with other Federal agencies to help improve program efficiency. For example, on September 12, 2008, the Corps and the Nuclear Regulatory Commission signed a Memorandum of Understanding for environmental reviews related to the issuance of authorizations to construct nuclear power plants. In December 2007, the Corps and the Department of the Army executed a Memorandum of Understanding for coordinating wetland permitting and compensatory mitigation on Army installations. In August 2007, the Corps and the Association of State Wetland Managers signed a Memorandum of Understanding for the purposes of coordinating wetland permitting. One of the objectives of the MOU is to increase partnering among the Corps and the states to develop and implement wetland regulatory programs.

In April 2008, the Corps issued a final rule governing aquatic resource compensatory mitigation in the Corps Regulatory Program. The rule is intended to improve the ecological performance of compensatory mitigation to offset losses of aquatic resources authorized by Department of the Army permits. The rule establishes standards and requirements for mitigation banking and in-lieu fee programs, which provide compensatory mitigation that is available for use by permittees, so that those permittees do not need to construct their own compensatory mitigation projects.

The Corps is also continuing its efforts to develop and implement regional supplements to the 1987 Wetlands Delineation Manual, which will help improve the consistency and accuracy of wetland delineations for the purposes of Section 404 of the Clean Water Act.

The Corps continues to utilize the authority provided by Section 214 of the Water Resources Development Act of 2000 to accept and expend funds from non-Federal public entities to expedite the evaluation of Department of the Army permits. Section 214 is a valuable tool for completing the review of permit applications for participating non-Federal public entities in a timelier manner, because it allows the Corps to dedicate staff to focus on processing those permit applications.

CONTINUING AUTHORITIES PROGRAM

Mr. Visclosky and Mr. Frelinghuysen: Mr. Secretary, the subcommittee has been concerned about the extensive backlog of projects under the Continuing Authorities Program.

- What is the status of the backlog?

Mr. Salt: The approximate unfunded balance to complete is shown in the table below.

The balance to complete has fallen to a total of under $1.1 billion because some inactive projects have been suspended or terminated, new starts have been limited, substantial appropriations have been received in recent years, and Recovery Act funds have been applied to accelerate some projects. In the table below the balance to complete for active projects does not include costs for currently suspended or un-started projects.

	($M)
Section 14	31
Section 103	40
Section 107	100
Section 111	41
Section 204	24
Section 205	320
Section 206	343
Section 1135	149
TOTAL	$1,048

FIVE-YEAR PLAN

Mr. Visclosky and Mr. Frelinghuysen: Mr. Salt, as we're sure you know, this Subcommittee has for a number of years advocated for five-year plans for all agencies under our jurisdiction. Last year was a challenging year to get them, this year is shaping up to be an even more challenging year.

- Can you explain what the new Administration's policy will be on providing real five year plans, that is, plans that show a realistic allocation of schedule and budgetary requirements for ongoing projects?

Mr. Salt: The Five Year Development Plan is an evolving document and while it has been improved every year and discussions have begun within the Administration, to explore ways in which to further improve the current Five Year Development Plan and other budgetary initiatives in a manner that is acceptable to all. I would welcome the opportunity to engage the Committee to explore all options to improve this document.

Mr. Visclosky and Mr. Frelinghuysen: What is your current schedule for completing and delivering the 5-year plan to the subcommittee?

Mr. Salt: I apologize for the tardiness of this year's plan. While it has not been possible to provide the Five Year Development Plan with the submittal of the President's Budget, it is my goal to greatly improve the submittal timeframe beginning with the FY2012-FY2016 plan next year. I expect to have this year's plan submitted by the end of FY2009.

Mr. Visclosky and Mr. Frelinghuysen: Since we have not seen the plan, can you tell me what assumptions you will use when developing the plan?

Mr. Salt: The general assumptions are similar to past plans. The plan will explore two scenarios, namely the Base Plan and the Enhanced Plan. The Base Plan begins with the FY2010 budget and adjusts upwards based on formula-driven funding levels. The Enhanced Plan begins with the FY2009 enacted funding levels and adjusts based on the Gross Domestic Product Price Index. The projects contained in either the Base or Enhanced funding scenarios are the same projects included in the FY2010 President's Budget.

Mr. Visclosky and Mr. Frelinghuysen: How will the 5-year plan address the backlog of authorized and ongoing construction work? How does this backlog change over the next five years under this plan?

Mr. Salt: The Five Year Development Plan follows the goals and objectives of the Administration. It addresses the backlog of authorized and ongoing construction work by providing funding to those projects that provide the greatest benefits to the Nation. The backlog of the projects included is reduced each year under both scenarios as projects

complete, creating a "wedge" that may be used to fund additional projects during the five year period.

Mr. Visclosky and Mr. Frelinghuysen: Will the five-year plan fiscally constrained?

Mr. Salt: The plan will be fiscally constrained in the manner described above. The Base Plan begins with the FY2010 President's Budget and is adjusted based on formulas and the Enhanced Plan begins with the FY2009 enacted funding levels and is adjusted based on the Gross Domestic Price Index.

Mr. Visclosky and Mr. Frelinghuysen: Will the plan include any new starts?

Mr. Salt: Yes, it will include the new starts proposed in the FY2010 budget.

Mr. Visclosky and Mr. Frelinghuysen: Will the plan include all necessary maintenance, repair and rehabilitation activities at existing Corps locks and dams? If not, what essential activities will be left unfunded in the five-year plan?

Mr. Salt: At this time, the Five Year Development Plan only explores funding options for the Investigations and Construction accounts (and the similar accounts within the Mississippi Rivers and Tributaries program), so it does not directly address the operation and maintenance of Federal projects. However, it does include work such as major rehabilitation of Locks and Dams and other projects in the Construction account.