

**ENERGY AND WATER DEVELOPMENT
APPROPRIATIONS FOR 2012**

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

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NOTE: Under Committee Rules, Mr. Rogers, as Chairman of the Full Committee, and Mr. Dicks, as Ranking Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

ROB BLAIR, JOSEPH LEVIN, ANGIE GIANCARLO,

LORAIN HECKENBERG, and PERRY YATES,

Staff Assistants

PART 5
U.S. CORPS OF ENGINEERS
BUREAU OF RECLAMATION



Printed for the use of the Committee on Appropriations

PART 5—ENERGY AND WATER DEVELOPMENT APPROPRIATIONS FOR 2012

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**ENERGY AND WATER DEVELOPMENT, AND
RELATED AGENCIES APPROPRIATIONS FOR
2012**

WEDNESDAY, MARCH 9, 2011.

**U.S. ARMY CORPS OF ENGINEERS FY 2012 BUDGET
REQUESTS**

WITNESSES

**HON. JO-ELLEN DARCY, ASSISTANT SECRETARY OF THE ARMY FOR
CIVIL WORKS**

**LIEUTENANT GENERAL ROBERT VAN ANTWERP, CHIEF OF ENGI-
NEERS, U.S. ARMY CORPS OF ENGINEERS**

Mr. FRELINGHUYSEN. I would like to bring the meeting to order. Thank you all for your patience. Good afternoon, everyone.

Our hearing today is on the Fiscal Year 2012 budget request for the Civil Works Program for the U.S. Army Corps of Engineers. I would like to welcome our witnesses:

Assistant Secretary of the Army for Civil Works Jo-Ellen Darcy, thank you for being here.

Chief Engineer Lieutenant General Robert Van Antwerp, thank you.

Mr. Loew, Major Grisoli, thank you as well.

General, I understand your tenure as chief comes to an end in May so this likely will be your last hearing with us. I wanted to thank you for your service to our nation and the Corps. You have performed your duties admirably. The motto: Duty, honor, country, comes to mind, and you have lived it.

So, too, the committee would also like to salute others of you in uniform, and those civilian Corps employees (all volunteers), for your key roles in the War on Terror supporting construction and combat efforts in Afghanistan and Iraq. While civil works are this committee's prime focus, we are all mindful of your service and thank you for it.

As I mentioned at our hearings last week, I want everyone who appears before this subcommittee to understand that it is highly unlikely there will be any new funding in fiscal year 2012 for our subcommittee. Our subcommittee must do its part to reduce spending and bring down our deficit.

However financially limited, we must find the right balance of investments into our most critical infrastructure needs, with an eye towards those that protect our nation, and support and improve our economy, and yes, provide jobs!

I firmly believe that the projects and activities undertaken by the Corps of Engineers fall into this category of spending necessary for a robust and thriving economy. A centerpiece, of course, is the civil works program responsible for maintaining our inland and coastal waterways in support of navigation. In 2009 alone, U.S. ports and waterways handled more than 2.2 billion tons of cargo, including more than 1.15 trillion dollars in foreign commerce as well as 16 percent of all domestic freight.

At the same time, this year, the Administration proposes to divert the harbor maintenance tax revenues—collected for the very purpose of dredging these waterways—to other uses. I don't see how diversions of this magnitude will support the President's focus on American competitiveness or his goal of doubling exports by 2015 and keep our ports and waterways dredged.

The President's budget request before us today represents a \$298 million, or 6 percent, cut from the fiscal year 2011 Continuing Resolution level. Historically, the Administration's budget request comes in lower than the level for the year before and Congress takes on the task of finding the additional funds necessary to meet our nation's water resources needs.

In these times of focusing on cutting such additional means—not increasing—spending, it will be much more difficult for Congress to find any additional money for the Corps. That makes it even more important for Congress to understand how the Administration prioritizes Corps projects. This hearing will hopefully aid in that process.

Again, I'd like to welcome our witnesses to the subcommittee. Secretary Darcy, please ensure that the hearing record, questions for the record, and any supporting information requested by the subcommittee are delivered in final form to us no later than four weeks from the time you receive them. Members who have additional questions for the record will have until close of business tomorrow to provide them to the subcommittee office.

With that, I'll turn to Mr. Pastor for his opening comments.

MR. PASTOR. Good afternoon, Mr. Chairman. Thank you very much.

Good afternoon. Ms. Darcy, welcome. It is good to see you again; I appreciate your time here today.

General Van Antwerp, I would associate myself with the Chairman's comments. We all very much appreciate the leadership you've brought to the Corps. I'd like to point out to those who don't know—your service to the nation is especially notable because you could have retired 3½ years earlier had you not accepted the challenge to lead the Corps. I'm not sure that everyone in that position would have chosen the path you took, but I'm glad that you are heretoday.

To the matter at hand, the Corps 2012 budget request.

The Congress has historically appropriated funds for the Corps in excess of the budget request—adding an average of \$450 million each year over the last 17 years—and the Administration has historically asked for less than what is necessary knowing that Congress would pick up the slack. As the Chairman noted, this has happened regardless of the party in either branch of government.

The budget situation that we find ourselves in today is different from any other in recent memory—constrained funding and no congressional earmarks. Today we consider an agency budget that has been characterized as nothing more than a collection of earmarks. In this case, they are Presidential earmarks, but they are earmarks none-the-less.

The Chairman has noted in every hearing this year that it is highly unlikely that any agency will receive funding in excess of the budget request. I am concerned that the circumstances of the new budget reality have not yet caught up to the Administration's budget process for the Corps. Ms. Darcy, I do not expect, nor do I want, you to follow in Mike Parker's footsteps, but I fail to see how this budget request meets the nation's needs for water resource infrastructure.

I understand that the Administration had to make difficult choices in a constrained fiscal environment, but providing adequate and efficient navigation channels and flood control to the nation are vital to our economy, and are a factor in maintaining and adding jobs. We will have to make difficult choices as a nation to reduce the deficit and everyone will have to do their part. Though I think, perhaps more than an 800 million dollar reduction from 2010 may be a little more than what should be the Corps' share.

Investing in our future must not be sacrificed in the pursuit of fiscal austerity. As we saw on the gulf coast, the costs of rebuilding after a disaster far exceed the cost of prevention, and maintaining our marine navigation system is a necessary condition for the imports and exports that drive our economy. This budget request does not provide the resources necessary for these objectives.

Ms. Darcy, General Van Antwerp, I will be interested today in hearing your defense of the choices made in the Corps' budget request, current execution and overall Corps management.

Thank you, Mr. Chairman for the time.

Mr. FRELINGHUYSEN. Thank you, Mr. Pastor.

I am very pleased that the full committee chairman is here, Chairman Hal Rogers from Kentucky.

And I welcome you. Thank you. I know you have some remarks. I suspect you have some questions. And I would like to yield the floor to you. Thank you for being with us.

Mr. ROGERS. Thank you, Mr. Chairman.

And congratulations on your selection to chair this important subcommittee. I know you will do a great job, as you have done in the past.

Welcome to all of you for being here with us. This is a truly historic time. I don't need to tell you that the nation is finding itself at a crossroads. Over the last 2 years, we have increased discretionary spending by 24 percent. If you include stimulus funding, it has been increased by 84 percent. We find ourselves now in the red; for the year, it looks like around \$1.7 trillion. We are borrowing 42 cents of every dollar we spend. So we have truly reached not just a crossroads but I think a crisis.

So we have got to get serious about reducing spending and putting a dent in our record setting deficit. I think we can all agree with that.

We have got some tough choices ahead of us. We look forward to hearing from you today about the Administration's priorities. I am pleased that the budget contains \$132 million for ongoing repairs to Wolf Creek Dam in my congressional district. But I have got to state my dismay after continued delays and cost overruns that have been a perennial challenge where this project is concerned. The resultant drawdown at Lake Cumberland by 40 feet has wrought havoc on the economies of the surrounding counties. That lake, as you know, is 100 miles long and covers a lot of economic ground.

Corps decisions have virtually shuttered some marina operations, jeopardized the livelihoods of their employees throughout the region, not to mention ancillary tourism-related businesses, like the houseboat manufacturing industry, which is practically gone.

I need two more hands to count the number of times Corps officials have committed to raising that lake back to historic levels. And yet 5 years later, here we are behind schedule and over budget. We were told at the outset this might take a couple of years. We are into year 5 now and way over budget.

So I am extremely interested in hearing your take and hoping for your commitment to getting this important dam safety project back on track. But I am not going to hold my breath as I have in the past.

I also look forward to obtaining your thoughts on the Corps' regulatory responsibilities under section 404 of the Clean Water Act. Your budget request includes a \$6 million increase for that purpose, but I have to ask myself whether this truly will make a difference. For months, dozens of mining permits have been held up in the so-called Enhanced Coordination Process with the EPA. Since 2009, in my congressional district, the Corps has issued two individual permits; 190 were requested. You issued two. Two years, two permits.

So what is so enhanced about that process? These delays are costing my people their jobs. It is costing the nation a lot of energy. More than half of our electricity is produced by that coal; 92 percent in Kentucky. And yet here we are. You have approved two permits.

Under the law, the Corps is the lead agency for issuing 404 permits. You all have been in this business for decades. And yet now you have capitulated, in my judgment, to the politically driven regulatory agenda of an out-of-control EPA. The common perception in my region is that the Corps is simply being steamrolled. And I, along with Congresswoman Capito, introduced legislation yesterday that would limit the EPA to a 60-day review period of your permit recommendations. No longer would they be allowed to sit there interminably on your recommendations, in effect vetoing one that you would approve. Procedure and control of substance. We want to end that. I am anxious to hear your thoughts on whether such a change to section 404(c) would expedite the permit review process and eliminate this backlog that is killing jobs in Kentucky and across Appalachia.

With that, Mr. Chairman, thank you.

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman.

I think the chairman would like a response, but maybe, Madam Secretary, you could give your remarks. I would recognize you. Thank you.

Ms. DARCY. Thank you, Mr. Chairman, and distinguished members of the subcommittee, thank you for the opportunity today to present the President's Fiscal Year 2012 budget for the Civil Works Program of the Army Corps of Engineers. I will summarize my statement and ask that my complete statement be included in the record.

The budget requires new appropriations of \$4.63 billion. In keeping with the Administration's program to put the nation on a sustainable fiscal path, this is \$836 million or about 15 percent below the 2010 enacted amount of \$5.445 billion. It is about 6 percent below the 2011 budget for Civil Works.

The budget concentrates funding primarily in the three main Civil Works programs: commercial navigation, flood and coastal storm damage reduction, and aquatic ecosystem restoration. The 2012 budget continues the Army's commitment to a performance-based approach to budgeting in order to provide the best overall return from available funds in achieving economic, environmental, and public safety objectives.

The budget provides \$50 million for a comprehensive levee safety initiative to help ensure that Federal levees are safe and to assist non-Federal entities as they address safety issues with other own levees. The Operation and Maintenance Program also includes a new environmental and energy sustainability program to reduce energy consumption at Corps projects and buildings.

The 2012 budget places priority on collaboration with other Federal agencies in the development of funding allocations for aquatic ecosystem restoration. In 2012, this collaboration is reflected in five ecosystems: the California Bay Delta, the Chesapeake Bay, the Everglades, the Great Lakes, and the Gulf Coast. The budget provides for use of \$758 million from the Harbor Maintenance Trust Fund to maintain coastal commercial navigation channels in harbors.

The Administration plans to develop legislation to expand the authorized uses of the Harbor Maintenance Trust Fund so that its receipts are available to finance the Federal share of other efforts in support of commercial navigation through the nation's ports. No decisions have been made yet on what additional costs would be proposed to be paid from the Harbor Maintenance Trust fund.

Inland waterways capital investments are funded in the budget at \$166 million, of which \$77 million is financed from the Inland Waterways Trust Fund. This is the total amount that is affordable in 2012 with the current level of revenue coming into the trust fund. The administration plans to work with Congress and stakeholders to authorize a new mechanism to increase the revenue paid by commercial navigation users of the inland waterways.

The Administration also plans to work with Congress and stakeholders to explore ways to support broader recapitalization of the Corps' aging infrastructure, modification of its operations, or deauthorization as appropriate, consistent with modern-day water resources principles and priorities.

Last year, President Obama established the America's Great Outdoors Initiative to promote innovative community level efforts

to conserve outdoor spaces and to reconnect Americans to the outdoors. The Civil Works Recreation Program is closely aligned with the goals of America's Great Outdoors Initiative and includes a variety of activity to reconnect Americans, especially our young people, with the nation's outdoor resources.

We continue to strengthen the Corps' planning expertise, including through greater support for our Planning Centers of Expertise and continued support for the development of revised water project planning Principles and Guidelines. A number of lower-priority programs and activities received reduced or no funding in the 2012 budget. For example, funding for maintenance of navigation harbors and waterway segments that support little or no commercial use is reduced by about half. Also, no funding is provided for small projects in several of the Continuing Authorities Programs. The budget proposes to reprogram \$23 million of prior year funds from these lower-priority programs to finance ongoing phases of projects in higher priority Continuing Authorities Programs.

In summary, the President's 2012 budget for the Army Civil Works program is a performance-based budget. It supports water resources investments that will yield long-term returns to the nation.

Mr. Chairman, and members of the subcommittee, I look forward to working with you in support of the President's budget.

[The information follows:]

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DEPARTMENT OF THE ARMY

COMPLETE STATEMENT

OF

**THE HONORABLE JO-ELLEN DARCY
ASSISTANT SECRETARY OF THE ARMY
(CIVIL WORKS)**

BEFORE

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

ON

**THE ARMY CIVIL WORKS PROGRAM
FISCAL YEAR 2012**

MARCH 9, 2011

Mr. Chairman and 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 (FY) 2012.

OVERVIEW

The FY 2012 Budget for the Civil Works program reflects the Administration's priorities through targeted investments in the Nation's infrastructure that help restore the environment and revitalize the economy, while also reflecting the need to put the country on a fiscally sustainable path. With those tenets in mind, the primary objectives of the Budget are as follows:

- Focus funding on water resources infrastructure projects that produce high economic and environmental returns to the Nation and those that address public safety needs.
- Restore high-priority ecosystems such as the California Bay-Delta, Chesapeake Bay, the Everglades, the Great Lakes, and the Gulf Coast.
- Support a comprehensive levee safety initiative to help ensure that Federal levees are safe and to enhance efforts to assist non-Federal parties to address safety issues with their levee systems.
- Provide priority funding to the maintenance of high performing projects.
- Propose changes in the way Federal activities in support of commercial navigation through the Nation's ports are funded, and support increases in inland waterways receipts.
- Improve the way in which the Army Corps of Engineers addresses the Nation's most pressing water resources challenges.
- Increase the organizational efficiency and improve the management, oversight, and performance of ongoing programs.

The Budget concentrates 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. The Budget does not fund work that should be the responsibility of non-Federal interests or other Federal agencies, such as water and wastewater treatment projects.

FY 2012 DISCRETIONARY FUNDING LEVEL

The Budget provides gross new discretionary funding of \$4.631 billion, which will keep the Civil Works program moving forward to help revitalize the economy, and provide for restoration and stewardship of the environment. The Budget also proposes cancellation of the \$57 million in unobligated funding previously provided in the Mississippi River and Tributaries account for construction of the Yazoo Backwater Pumps, Mississippi project. This cancellation would achieve \$57 million in real savings for the American taxpayer. Of the amount proposed to be cancelled, \$22 million is an offset to FY 2012 gross appropriations, for a net request of \$4.609 billion. (The Congress appropriated the remaining \$35 million to "restore" funds that the Corps had "borrowed" under the Stafford Act while responding to a natural disaster at another project. Because the Congress restored these funds in an emergency supplemental appropriation, their cancellation does not "score" as an offset to our discretionary funding request.)

In keeping with the Administration's program to put the Nation on a sustainable fiscal path, the funding for Civil Works in the 2012 Budget is \$836 million, or about 15 percent, below the enacted amount of \$5.445 billion in FY 2010. It is about 6 percent below the FY 2011 Budget level. The FY 2012 funding level reflects a considered, practical, effective, and sound use of available resources, focusing on those investments that are in the best interest of the Nation.

Within the \$4.631 billion recommended gross appropriations, \$1.48 billion is for projects in the Construction account, and \$2.314 billion is for activities funded in the Operation and Maintenance (O&M) account. The Budget also includes \$104 million for Investigations; \$210 million for Mississippi River and Tributaries; \$27 million for Flood Control and Coastal Emergencies; \$196 million for the Regulatory Program; \$109 million for the Formerly Utilized Sites Remedial Action Program; \$185 million for the Expenses account; and \$6 million for the Office of the Assistant Secretary of the Army for Civil Works. Attachment 1 shows this funding by account and by program area.

The FY 2012 Budget continues the Army's commitment to a performance-based approach to budgeting to provide the best overall return from available funds from a national perspective in achieving economic, environmental, and public safety objectives. Competing investment opportunities for studies, design, construction, and operation and maintenance were evaluated using multiple metrics, and objective performance criteria guided the allocation of funds.

The FY 2012 Budget supports investments in flood and storm damage reduction, commercial navigation, environmental restoration, and other programs. The distribution of funding among these programs is similar to the distribution in the FY 2011 Budget, except that environmental restoration received a slightly lower proportion of overall funding. Of the total in the FY 2012 Budget, 31 percent is allocated to flood and storm damage reduction; 34 percent is allocated to commercial navigation; 18 percent is allocated to environmental restoration and protection; and 17 percent is allocated among other program areas.

NEW INVESTMENTS IN FY 2012

The Civil Works budget includes funding for two construction new starts and several other new initiatives, as described below.

In the Construction account, the budget includes \$8 million for a new start for the Hamilton City project in California, which provides environmental restoration and flood damage reduction benefits. The budget also includes \$3 million to initiate a storm damage reduction project along the New Jersey coast between Raritan Bay and Sandy Hook Bay in the Port Monmouth area.

There are four new study starts in the Investigations account: Fish Passage at Englebright and Daguerre Point Dams on the Yuba River in California for \$100,000; environmental restoration and flood damage reduction at Cano Martin Pena in Puerto Rico for \$100,000; the Chesapeake Bay Comprehensive Plan for \$250,000; and the Louisiana Coastal Area Comprehensive Plan for \$100,000.

The O&M program includes \$12.3 million for a new environmental and energy sustainability program. This will involve developing tools to enable the Corps to meet Federal sustainability goals and implementing energy-saving measures at Corps projects and buildings. The 38 Civil Works Corps districts will compete for these funds by proposing specific measures to conserve energy. Lessons learned from this competition will inform future investments to increase environmental and energy sustainability of the Civil Works program.

The Budget provides \$50 million for a comprehensive levee safety initiative. This initiative includes \$46 million in the O&M account to continue and expand activities to help ensure that Federal levees are safe and to assist non-Federal entities to address safety issues with their levees. The levee safety initiative also includes \$4 million in the Flood Control and Coastal Emergencies account. These funds will be used for Corps participation in the expansion of interagency teams, known as Silver Jackets, to include every State, and to provide unified Federal assistance in implementing flood risk management solutions.

AQUATIC ECOSYSTEM RESTORATION

The FY 2012 Budget places priority on collaboration with other Federal agencies in the development of funding allocations for aquatic ecosystem restoration. Attachment 2 provides a list of the ecosystems and funding amounts budgeted on this basis.

In connection with this effort, the Budget provides \$168 million for the Corps for the ongoing South Florida Everglades Restoration Program, consisting of \$163 million for Construction and \$5 million for O&M. The Budget supports the continued construction of five ongoing aquatic ecosystem restoration projects in South Florida: Picayune Strand, Site One Impoundment, Indian River Lagoon South, Kissimmee River, and the C-111 (South Dade) project.

The Budget also supports work on other major ecosystem-wide initiatives, such as \$58 million for studies and projects in the California Bay-Delta, including an important new reconnaissance study for fish passage at Englebright and Daguerre Point Dams on the Yuba River; an ongoing feasibility study for the Sacramento-San Joaquin Delta Islands and Levees; an ongoing comprehensive feasibility study for the Sacramento-San Joaquin River Basins; and a new construction project at Hamilton City for ecosystem restoration and flood damage reduction.

The Budget includes \$128 million for the Columbia River Fish Mitigation program, an ongoing effort to reduce the adverse impacts of a series of Corps dams on migrating salmon. Funds will be used to construct juvenile fish bypass facilities, improve adult fish ladders and conduct other activities that support salmon habitat. The Budget also provides \$73 million for ongoing work under the Missouri River Fish and Wildlife Recovery program to construct shallow water habitat and undertake other activities to recover and protect Federally listed species, such as the pallid sturgeon.

INFRASTRUCTURE RECAPITALIZATION

The Administration plans to work with Congress and stakeholders to explore ways to support recapitalization of aging Corps infrastructure, modification of its operations, or de-authorization, consistent with modern-day water resources principles and today's and tomorrow's water resources priorities. Under these principles, direct beneficiaries would be asked to pay a significant share of the costs to rehabilitate, expand or replace projects, as they would for a new project, commensurate with the benefits they receive. Options such as direct financing will be considered as part of this effort, where appropriate.

The aging of infrastructure affects all of our activities. For example, with regard to the production of hydropower, the FY 2012 Budget provides \$176 million to operate and maintain Corps hydropower facilities. In order to decide how best to use the available funding, the Corps has been working under its Hydropower Modernization Initiative (HMI) to develop a long-term capital investment strategy. One significant feature of the HMI is the Asset Investment Planning Tool, which was designed to: (1) analyze the condition of critical components and the consequences of failure; (2) determine the value of additional hydropower and its cost; (3) quantify risk exposure for capital investments; and (4) create 20-year funding scenarios to allow for timely and cost-effective rehabilitation or replacement of hydropower facilities and their components. To assist the Federal government in rehabilitating aging equipment, the Corps also is pursuing increased use of non-Federal funds.

HARBOR MAINTENANCE TRUST FUND

The Budget provides for use of \$758 million from the Harbor Maintenance Trust Fund to maintain coastal channels and harbors. Despite an overall Civil Works reduction

of 15 percent below the enacted FY 2010 level, the amount recommended in the FY 2012 Budget for harbor maintenance and related work is essentially unchanged from the two prior years. The Administration also plans to develop legislation to expand the authorized uses of the Trust Fund, so that its receipts are available to finance the Federal share of other efforts in support of commercial navigation through the Nation's ports. No decisions have been made yet on what additional costs would be proposed to be paid from receipts into the Harbor Maintenance Trust Fund. Development of proposed legislation will proceed in the coming months.

INLAND WATERWAYS TRUST FUND

Inland waterways capital investments are funded in the Budget at \$166 million, of which \$77 million is financed from the Inland Waterways Trust Fund. This is the total amount that is affordable in FY 2012 with the current level of revenue coming into the Trust Fund. The Administration will work with Congress and stakeholders to revise the laws that govern the Trust Fund, to include increasing the revenue paid by commercial navigation users of the inland waterways to meet their share of the costs of activities financed from this trust fund.

AMERICA'S GREAT OUTDOORS INITIATIVE AND CIVIL WORKS RECREATION

On April 16, 2010 President Obama signed a Presidential Memorandum establishing the America's Great Outdoors (AGO) initiative to promote and support innovative community-level efforts to conserve outdoor spaces and to reconnect Americans to the outdoors. This initiative was celebrated at several events around the country, including a public "listening" event the Secretary of the Interior and I held in August 2010 at a Civil Works project near St. Louis, Missouri.

The Corps has been actively involved with the AGO initiative, working in concert with its partners to leverage financial and human resources so the public can continue to enjoy water-based recreation opportunities at Corps lakes. The Civil Works recreation program and activities are closely aligned with the goals of the initiative and include a variety of measures to reconnect Americans, especially young people, with the Nation's outdoor resources.

The Corps manages 12 million acres of lands and waters supporting water-based recreation and environmental stewardship. The Civil Works program is particularly well-suited to support the AGO initiative, given that 90 percent of Corps projects are within 50 miles of metropolitan areas. Camping, hiking, swimming, boating, and other water-oriented recreation opportunities attract 370 million visits a year to 422 Corps projects. In addition, the Corps has active programs to conserve and protect lands and waters for wildlife, fisheries, endangered species and open space.

PLANNING IMPROVEMENTS

Working through the Chief of Engineers, the Army continues to strengthen and improve the planning expertise of the Corps, including greater support for planning Centers of Expertise, better integration of project purposes, greater reliability of cost estimates and schedules in planning and programming, and continued support for the development of revised water project planning Principles and Guidelines. Also, the Army has initiated a pilot program to identify means of enabling studies to reach decisions more efficiently.

VETERANS CURATION PROJECT

The FY 2012 Budget includes \$2 million to continue the Veterans Curation Project, which provides vocational rehabilitation and innovative training for wounded and disabled veterans, while achieving historical preservation responsibilities for archaeological collections administered by the Corps. The project supports work by veterans at curation laboratories located in Augusta, Georgia; St. Louis, Missouri, and Washington, DC.

LOWER PRIORITY PROGRAMS

Funding of \$76 million is provided in the FY 2012 Budget for maintenance of navigation harbors and waterway segments that support low commercial use. This is a reduction of \$64 million from the FY 2011 Budget. The Estuary Restoration Program is funded at \$2 million, compared to \$5 million in the FY 2011 Budget.

No funding is provided for small projects in four of the nine Continuing Authorities Programs (CAPs): Section 14 (emergency streambank and shoreline protection), Section 103 (shore protection), Section 107 (navigation), and Section 208 (snagging and clearing). The Budget proposes to reprogram \$23 million of CAP funds carried over from prior years from these four CAPs to finance ongoing phases of projects in four or the remaining five CAPs: Section 111 (mitigation of shoreline damages caused by navigation projects), Section 204 (beneficial use of dredged material); Section 206 (aquatic ecosystem restoration), and Section 1135 (modification of completed projects for the benefit of the environment). Section 205 (flood damage reduction) also is supported, and has sufficient carryover within it to finance the FY 2012 program without a reprogramming.

No funding is provided for the Aquatic Plant Control program, nor is specific line item funding provided for coordination activities associated with the National Estuary Program and the North American Waterfowl Management Program. Coordination activities will take place, as appropriate, in connection with separately funded programs and projects.

Funding under the Formerly Utilized Sites Remedial Action Program (FUSRAP) is reduced by \$21 million, from \$130 million in the FY 2011 Budget to \$109 million in the FY 2012 Budget

AMERICAN RECOVERY AND REINVESTMENT ACT

The Corps continues the work funded in the 2009 American Recovery and Reinvestment Act (ARRA). The Act provided \$4.6 billion for the Civil Works program. That amount includes \$2 billion for Construction; \$2.075 billion for O&M; \$375 million for Mississippi River and Tributaries; \$25 million for Investigations; \$25 million for the Regulatory Program; and \$100 million for the Formerly Utilized Sites Remedial Action Program. The ARRA funds were allocated to more than 800 projects in 49 states, the District of Columbia, and Puerto Rico, and 400 of those projects have been completed.

Nearly all of the \$4.6 billion of these funds have been obligated, leaving only a small amount, as authorized, for contract supervision and administration, as well as known contract claims and modifications. As of last month, more than \$3.1 billion of the total had been expended, primarily payments to contractors for work already completed. Of the more than 2,100 recipients of the Corps ARRA funds, 99.8 percent submitted a report last quarter as required under the Act and provisions of ARRA contracts.

The projects funded by ARRA provide important support to the Nation's small businesses in their economic recovery. Of the total ARRA funds, small business awards account for about 51 percent of the ARRA funds obligated and about 72 percent of the total contract actions.

The Corps achievements to date with ARRA funds include improvement of 28 important commercial navigation harbors and channels; repair or improvement of dozens of hydropower projects; accelerated completion of site clean-up at 9 FUSRAP sites; completion of 822 periodic inspections of federally constructed levee systems, including both systems maintained by the Corps and those maintained by local sponsors; and completion of important work to restore 57 aquatic ecosystems.

CONCLUSION

In summary, the President's FY 2012 Budget for the Army Civil Works program is a performance-based budget that supports water resources investments that will yield long-term returns for the Nation.

Mr. Chairman and Members of the Subcommittee, I look forward to working with this Subcommittee in support of the President's Budget. Thank you.

Mr. FRELINGHUYSEN. Thank you for your testimony.
General Van Antwerp.

General VAN ANTWERP. Thank you, Mr. Chairman and distinguished members of the subcommittee, Mr. Rogers.

I am honored to be here today to testify with Ms. Darcy. If you would permit me, I would like to just introduce the commanders behind me so you know where they are from.

Mr. FRELINGHUYSEN. Let me, for the record, it is Major General Grisoli. I apologize. The record shall so stand.

General VAN ANTWERP. Major is a very good rank. We like that, too.

I would just like to introduce the Commanders behind me. We have nine divisions in the Corps of Engineers. We have eight of the Commanders behind us. The ninth, who is not here, is the Commander of the Transatlantic Division, Major General Ken Cox. They do all military overseas. That is why he is not here.

If you could just raise your hand. This is John Peabody. He is with the Lakes and Rivers Division, Major General John Peabody. Major General Mike Walsh, he is with the Mississippi Valley Division. He has Katrina recovery and some of those big efforts. This is General Duke DeLuca. He is out of the North Atlantic division in New York. This is General John McMahon with the Northwest Division out on the West Coast in the great Northwest. And then off to my left, your right, is Major General Todd Semonite. He is with the South Atlantic Division out of Atlanta, Georgia. Then we have Colonel Ed Kertis out in Hawaii, the Pacific Ocean Division, and he is doing a lot of great things in the Pacific, to include about a \$12 billion program in Korea, which is little known but is a great effort for us. This is Colonel Bill Leady. He is the Commander of the South Pacific Division. And then on his left is Brigadier General-Select Tom Kula, who is the Commander of the Southwest Division of the Corps of Engineers. Bill is with South Pacific, if I didn't mention that.

That is our eight division teams here. Who is doing the work while these guys are up here? Well, they have great districts. We have 45 districts in the Corps of Engineers that do the heavy lifting for the Corps. The program is about \$40 billion altogether, counting Military Programs.

The fiscal year 2012 Civil Works budget is a performance-based budget, focusing on projects and activities that provide the highest net economic and environmental returns or direct or address significant risks to human safety. The budget funds 92 construction projects, including 55 flood and storm damage reduction projects, 3 of which are budgeted for completion this year; 16 commercial navigation projects; 19 aquatic ecosystem restoration projects. Two of these construction projects are new starts.

The budget supports restoration of nationally and regionally significant aquatic ecosystems with emphasis on the Florida Everglades, the Gulf Coast, California Bay Delta, the Great Lakes, and Chesapeake Bay.

The budget includes \$104 million for activities in the Investigations Account. It funds 58 continuing studies and 4 new studies. Funding is also included for the Water Resources Priorities Study, which is an evaluation of the nation's vulnerability to inland and

coastal flooding. The budget supports our continued stewardship of water-related infrastructure. The Operation and Maintenance Program for the fiscal year 2012 budget includes \$2.314 billion and an additional \$131 million under the Mississippi Rivers and Tributaries Account. The focus is on the maintenance of key commercial navigation, flood and storm damage reduction, and hydropower facilities.

Corps teammates continue to respond wherever and whenever needed to help during major floods and other national emergencies. The budget provides \$27 million for the preparedness for floods, hurricanes, and other natural disasters, including \$4 million in support of the Levee Safety Initiative with States, called the Silver Jackets.

A quick update on the Corps' preparation as we look at potential spring flood events, and we are looking at some straight in the eye. Several of our Commanders have been involved this last week in looking at those, like Mike Walsh out in North Dakota. We are working with FEMA and the National Weather Service to monitor the high probability of spring flooding, especially in the great Northwest and North Central United States, specifically the Red River of the north, the upper Mississippi River, and the Minnesota River. Based on these projections, our commanders have already requested advanced planning dollars and are taking advanced measures. We have verified the availability of key flood-fighting materials already on station. They are engaging State to State, local, and Federal authorities, in a couple of words, I would say we are as ready as you can be for what is on the horizon.

On the international front, I am very proud of our work on missions in Afghanistan and Iraq. Men and women from across the Corps, all volunteers and many of whom have served on multiple deployments, continue to provide critical support to our military and humanitarian missions. Currently we have 1,168 Corps employees, mostly civilian, deployed to Iraq and Afghanistan.

Last month, Ms. Darcy and I traveled to Afghanistan, and we both witnessed the amazing work that these folks are doing and their dedication and commitment. In Afghanistan, the Corps is spearheading a comprehensive infrastructure program for the Afghan National Army, and also aiding in critical public infrastructure projects.

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

Mr. Chairman, that concludes my comments.

[The information follows:]

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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 WATER ENERGY AND WATER DEVELOPMENT
COMMITTEE ON APPROPRIATIONS**

UNITED STATES HOUSE OF REPRESENTATIVES

ON

**THE ARMY CIVIL WORKS PROGRAM
FISCAL YEAR 2012**

March 9, 2011

Chairman Frelinghuysen and distinguished members of the Subcommittee:

I am honored to be testifying before your subcommittee today, along with the Assistant Secretary of the Army (Civil Works), the Honorable Jo-Ellen Darcy, on the President's Fiscal Year 2012 (FY12) Budget for the Civil Works Program of the United States Army Corps of Engineers.

My statement covers the following 12 topics:

- Summary of FY12 Program Budget
- Direct Program
- Investigations Program
- Construction Program
- Operation and Maintenance Program
- Reimbursable Program
- Proposed Legislation
- Planning Program Modernization
- Efficiency and Effectiveness of Corps Operations
- Value of the Civil Works Program to the Nation's Economy and Defense
- Research and Development
- National Defense

SUMMARY OF FY12 PROGRAM BUDGET

The Corps is fully committed to supporting the President's priorities to reduce the deficit, revitalize the economy and restore and protect the environment. The Fiscal Year 2012 Civil Works Budget is a performance-based budget that reflects a focus on the projects and activities that provide the highest net economic and environmental returns on the Nation's investment or address significant risks to human safety. The Budget also proposes cancellation of the unobligated balance of funding in the Mississippi River and Tributaries account that was previously provided for construction of the Yazoo Backwater Pumps, Mississippi project. The reimbursable Interagency and International Services Program is projected to involve an additional \$1.6 billion.

DIRECT PROGRAM

The Budget includes \$4.6 billion, including funding for the operation and maintenance of more than 600 flood and storm damage reduction projects, 143 commercial coastal navigation projects, and 51 commercial navigation projects on the inland waterways. It also funds continuing construction of 90 construction projects and two new construction starts. The Budget includes funds for 58 studies already underway and four new study starts. It will enable the Corps to process approximately 70,000 permit requests and to operate 75 hydropower plants with 350 generating units that produce about 24,000 megawatts per year. The Budget will enable about 370 million outdoor recreational visits to Corps projects and will provide water supply storage for about 14% of the Nation's municipal water needs. The Budget will sustain the Corps' preparedness to respond to natural disasters that we may experience. Finally, the Budget also proposes to reduce Federal costs through a reduction in funding in lower-priority programs.

INVESTIGATIONS PROGRAM

The Budget for the Investigations program will enable the Corps to evaluate and design future projects that are most likely to be high-performing within the Corps three main mission areas: commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration. The Budget includes \$104 million for these and related activities in the Investigations account and \$1 million in the Mississippi River and Tributaries account. It funds 58 continuing studies (1 reconnaissance and 57 feasibility) and four new studies: Englebright and Daguerre Point Dams (Yuba River) Fish Passage, CA; Cano Martin Pena, PR; the Chesapeake Bay Comprehensive Plan; and the Louisiana Coastal Area Comprehensive Study. Funding is also included for the Water Resources Priorities Study, a high-priority evaluation of the nation's vulnerability to inland and coastal flooding, as well as the effectiveness, efficiency, and accountability of existing water resource programs and strategies.

CONSTRUCTION PROGRAM

The goal of the construction program is to deliver as high a value as possible to the Nation from the overall available funding through the construction of new water resources projects and the replacement, rehabilitation, and expansion of existing water resources projects in the three main Civil Works missions (flood and storm damage reduction, aquatic ecosystem restoration, and commercial navigation) and related projects (principally hydropower). The Fiscal Year 2012 budget includes \$1.48 billion in the Construction account and \$78 million in the Mississippi River and Tributaries account to further this objective. Consistent with this goal, the Budget also gives priority to projects that address a significant risk to human safety.

The budget funds 92 construction projects, including: 55 Flood and Storm Damage Reduction projects (three budgeted for completion); 16 Commercial Navigation projects (including five continuing mitigation items and four dredged material placement areas); 19 Aquatic Ecosystem Restoration projects (including three projects to meet Biological

Opinions); and mitigation associated with two Hydropower projects. Two of these construction projects are new starts. In the construction program, the aquatic ecosystem restoration mission also includes significant environmental mitigation work in the Columbia River Basin and the Missouri River Basin needed to support the continued operation of Corps of Engineers multi-purpose projects, which improves habitat and migration pathways for endangered and threatened species.

Performance measures, which the Corps uses to establish priorities among projects, include the benefit-to-cost ratios for projects with economic outputs and the most cost-effective restorations of significant aquatic ecosystems. The selection process also gives priority to dam safety assurance, seepage control, static instability correction work and to projects that address a significant risk to human safety. These performance measures maximize benefits to the Nation from the Civil Works construction program by focusing on the projects that will provide the best net returns for each dollar invested.

OPERATION AND MAINTENANCE PROGRAM

The facilities owned and operated by, or on behalf of, the Corps of Engineers are aging. As stewards of this infrastructure, we are working to ensure that its key features continue to provide an appropriate level of service to the Nation. Sustaining such service poses a technical challenge in some cases, and proper maintenance is becoming more expensive at many of our projects as infrastructure ages.

The Operation and Maintenance (O&M) program for the FY12 Budget includes \$2.314 billion and an additional \$131 million under the Mississippi River and Tributaries program with a focus on the maintenance of key commercial navigation, flood and storm damage reduction, hydropower, and other facilities. Specifically, the O&M program supports completed works owned or operated by the Corps of Engineers, including administrative buildings and laboratories. Work to be accomplished includes: operation of the locks and dams of the inland waterways; dredging of inland and coastal federal commercial navigation channels; operating multiple purpose dams and reservoirs for flood damage reduction, aquatic ecosystem restoration, hydropower, recreation, and other related purposes; maintenance and repair of these facilities; monitoring of completed storm damage reduction projects along our coasts; and general management of facilities and the lands associated with these purposes.

REIMBURSABLE PROGRAM

Through the Interagency and Intergovernmental Services Program, we help non-DOD Federal agencies, state, local, and tribal governments, and other countries with timely, cost-effective implementation of their programs. Rather than develop their own internal workforce to oversee design and construction of projects, these agencies can turn to the Corps of Engineers, which has these capabilities. Such intergovernmental cooperation is effective for agencies and the taxpayer by using the skills and talents that we bring to our Civil Works and Military Program missions. The work is principally technical oversight and management of engineering, environmental, and construction contracts

performed by private sector firms, and is totally financed by the agencies we serve. We only accept agency requests that we can execute without impacting our Civil Works or Military Programs missions, are consistent with our core technical expertise, and are in the national interest.

Currently, we provide reimbursable support for about 70 other Federal agencies and several state and local governments. Total reimbursement for such work in FY 2012 is projected to be \$1.6 billion, reflecting completion of most ARRA work and a general reduction in budget capability for most of our other agency customers. The exact amount will depend on requests from the agencies.

PROPOSED LEGISLATION

The Budget includes several legislative proposals that will improve operations or enable execution of important national programs. The Budget proposes to extend the authority to implement measures to prevent the migration of invasive aquatic species into the Great Lakes, to transfer funds between accounts to enable completion of the New Orleans perimeter protection by June 2017, to purchase the property that houses the Cold Regions Research Engineering Laboratory in Hanover, New Hampshire, and to make a minor modification to existing law that will enable us to serve in an official capacity in meetings of the Permanent International Association of Navigation Congresses. As included in the testimony of Assistant Secretary of the Army (Civil Works) Jo-Ellen Darcy, the Budget also discusses two other important legislative initiatives, concerning the way in which Federal navigation activities are funded.

PLANNING PROGRAM MODERNIZATION

The Corps will continue to implement actions to improve its Civil Works Planning Program performance through a planning modernization effort. This effort focuses on how best to organize, manage, operate, and oversee the planning program to more effectively address 21st Century water resources challenges, including: improved project delivery that yields smarter outcomes; improved technical capability of our planners; enhanced collaboration with Federal State, local and non-governmental partners; evaluating and enhancing Corps Planning Centers of Expertise production capability and staffing; and strengthening the objectivity and accountability of our planning efforts. Our improved planning performance will include: updated planning guidance and policy; streamlined, adaptable planning processes to improve effectiveness, efficiency, accuracy, and responsiveness; and enhanced technical capabilities.

In FY 2011, the Corps launched a two-year National Planning Pilot Program to test the concepts of this approach within our current policy and to develop and refine methodologies and processes for planning studies across all business lines in a manner that is sustainable and replicable and that will inform future Civil Works guidance. We expect to conduct approximately 7 to 9 pilot studies over the course of the National Planning Pilot Program.

EFFICIENCY AND EFFECTIVENESS OF CORPS OPERATIONS

The Corps always strives to continually improve the efficiency and effectiveness of its investigations, construction, and operation and maintenance programs. In FY 2012, the Corps will further expand the implementation of a modern asset management program; increase its focus on the most important maintenance work; implement an energy sustainability program; pursue major efficiencies in the acquisition and operations of its information technology assets; and complete the ongoing reorganization of its acquisition workforce.

EMERGENCY RESPONSE

From across the Nation, the people who work for the Corps continue to respond whenever needed to the call to help during major floods and other national emergencies. The critical work they are doing reduces the risk of damage to people and communities. The Budget provides \$27 million for preparedness for floods, hurricanes, and other natural disasters, including \$4 million in support of the levee safety initiative for Corps participation in the expansion of interagency teams known as Silver Jackets, to include every State, and provide unified Federal assistance in implementing flood and storm damage reduction solutions.

RESEARCH AND DEVELOPMENT

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

NATIONAL DEFENSE

Internationally, the U.S. Army Corps of Engineers continues to support the mission to help Iraq and Afghanistan build foundations for democracy, freedom and prosperity.

We are proud to serve this great nation and our fellow citizens, and we are proud of the work the Corps does to support America's foreign policy, particularly with our ongoing missions in Afghanistan and Iraq. Men and women from across the Corps – all volunteers and many of whom have served on multiple deployments – continue to provide critical support to our military missions there and humanitarian support to the citizens of those nations. Currently, 1168 Corps employees (civilian and military) are deployed in Iraq and Afghanistan, where they have completed a total of over 6,000 infrastructure and water resources projects.

Ms. Darcy and I traveled to Afghanistan last month. As with every opportunity that I've had to travel to that theater, I continue to be amazed – but not surprised – by the progress being made. It was truly a privilege to visit with the outstanding Corps men and women who are making this happen, and to see their dedication and commitment.

In Afghanistan, the Corps is spearheading a comprehensive infrastructure program for the Afghan national army, and is also aiding in critical public infrastructure projects.

CONCLUSION

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

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

Mr. FRELINGHUYSEN. Thank you for your comments.

Again, we thank you for the work of certainly those in uniform as well as your civilian programs, truly dedicated in a very hostile and dangerous environment over there. We appreciate it and recognize it.

Mr. Chairman, I would like to yield to you. I think maybe you deserve some responses from the Corps relative to some of the issues you raised. I would like to yield to you 5 minutes or as long as you wish to do it.

Mr. ROGERS. Mr. Chairman, thank you for that kindness. I don't want to interfere with the regular operation of the subcommittee.

But could you respond to the Wolf Creek Dam question I asked or points that I made? This dam was said by the Corps to be the biggest potential disaster we had on our hands at that time. I can believe that because we have already spent \$600 million on it. What can you tell us?

Ms. DARCY. I can tell that you that in this year's Presidential request for Wolf Creek Dam, our request is to fund that to capability, which is \$132 million. I understand that that will help both phase 1 and phase 2. We also will have to deal with that before we can raise the pool level. So I think we are looking out to 2013, but I might defer to the Chief or to General Peabody.

Mr. ROGERS. 2013 before what?

Ms. DARCY. Raise the pool.

Mr. ROGERS. Back to historic levels. I have been hearing that for 4 years now. What makes you think I ought to believe this one?

General VAN ANTWERP. First of all, the foundation of this dam is very complicated, and we are finding it is much easier, as in a building, to build a new one than to restore an old one. No question there have been serious issues and problems as we have looked inside that dam. And we are doing our level best. We have learned a lot on this. I wouldn't say hold your breath until 2013, but I will say we are pretty certain that we are going to make that date. When we talk to the local boat owners and others in our town hall meetings, that is what we are telling them, too. And we have good confidence with this budget that we can get there.

Mr. ROGERS. Well, I am told that the important part is what they call critical area one, which is apparently where the earthen and concrete dams meet. I gather you are going full-blast ahead on solving the problems at that particular part of the dam, is that right?

General PEABODY. That is correct.

Mr. ROGERS. When do you expect to finish critical area 1?

Mr. FRELINGHUYSEN. For the record, General Peabody.

General PEABODY. It is the long pole in the tent. We had delays last year while we did slope stability studies because when we did the low mobility grouting in critical area one, we had indicators of movement/cracking. We have resolved that issue. We are modifying the construction technique to ensure we don't have slope instability or soil failure while we are executing the construction there. We are negotiating with the construction contractor for cost and time extension due to these delays. The critical area one will be the last element of the construction project that is completed. And we are projecting that to be December, 2013. As the Chief indicated, that

is a soft date, but that is what our current estimates tell us when we will complete.

Mr. ROGERS. December of 2013. So it is really 2014.

General PEABODY. Fiscal year 2014, that is correct.

Mr. ROGERS. That is with everything happening, good.

General PEABODY. It is possible it could move back to the left, but that is our best estimate.

Mr. ROGERS. Well, I don't need to repeat to you the terrible economic problem this is causing my whole region, with the tourism shot to the head because of the 40-foot draw down of the lake; and houseboat manufacturers going out of business, loss of hundreds of jobs, and the marinas having the same difficulty. So, you know, and I have told you a thousand times how important it is economically what you are doing there.

But I understand the difficulty, and I know it's a long lake, and it is a long dam, and it was built on caverns in the first place. That is another thing we could talk about one of these days.

Secondly, Madam Secretary, the 404 permit process, who actually decides whether or not to issue a 404 permit? Is it you or the EPA?

Ms. DARCY. The Army Corps of Engineers issues 404 permits.

Mr. ROGERS. Well, can you tell me why you have only issued two in the last 2 years.

Ms. DARCY. In June of 2009, the Army Corps of Engineers entered into a Memorandum of Understanding with the Environmental Protection Agency and the Department of Interior to do what you mentioned in your opening statement, which was to develop an enhanced review procedure for 79 permits. And in doing that, it has delayed some of those permits; you are quite accurate on that. Some of the permits that were part of that enhanced program have been withdrawn. I believe that we currently have 26 pending permits. We just issued a permit in Kentucky on the 3rd of March, I believe it was, a permit for the Czar Mine. It is taking longer to review the permits. Ultimately, the decision to issue a 404 permit lies with the Army Corps of Engineers.

Mr. ROGERS. Well, that is all fine and good but the MOU that was entered into in 2009 practically handed over the judgment on whether or not to issue a mining permit to the EPA. And they have held back approving your recommendations now for these 2 years. They have issued two permits or allowed to be issued two permits out of 190 applications in the last 2 years. And I have got coal mines closing and people being laid off. And they say, why can't you do anything about the EPA and the Corps of Engineers? So what should I tell them?

Ms. DARCY. Sir, we are trying to review the permits as expeditiously as possible. As I say, with the enhanced review process, it is taking longer because the consultation process is taking longer. Some of these permits have now gone to the State level, and sometimes that takes additional time.

Mr. ROGERS. Enhanced review process is an accurate description of what is happening because you have practically stopped issuing permits. So companies that mine coal are shutting down, moving out, laying off people, and they stop buying local products. That is a huge, huge impact on my district, which has at least 20,000 di-

rect employees in mining, with another 150,000 probably in indirect work around coal mining. This Administration, I think, has decided to shut down Appalachian coal mining. I don't understand that. Can you help me with that?

Ms. DARCY. Sir, the enhanced permit review process is designed or the intent of it is to have stricter environmental review on some of those permits. It is not designed to shut down coal mining. It is designed to improve the environmental output from the coal mining.

Mr. ROGERS. Well, Lisa Jackson has taken over the Corps of Engineers; the EPA.

Ms. DARCY. We are, as I said, in an agreement with the EPA and the Office of Surface Mining at the Department of Interior to review these permits.

Mr. ROGERS. It isn't an agreement. It is a surrender. I think you have surrendered to the EPA on issuing permits. And that is sad. And we will find a way to correct it. But you are making it awful difficult.

Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman.

Somewhat apropos to the chairman's remarks, I have a few questions for you.

Madam secretary, your budget request seems to place a very high priority on environmental projects, especially within the Investigations Account, where the only new starts and the only completions are environmental projects. How did the Corps determine that these new starts for environmental projects were a higher cost benefit return to taxpayers than a construction project like the Chickamauga Lock?

Ms. DARCY. Within—

Mr. FRELINGHUYSEN. Which in this committee we had quite a focus on over the last 10 years. Having been there, I am familiar with that project.

Ms. DARCY. Yes, sir.

Within our priorities for our budget, we consider each of our mission areas, including navigation, flood and storm risk management reduction projects, as well as environmental and ecosystem restoration projects. Our ecosystem restorations projects are viewed as helping to correct some environmental impacts from a Corps project.

So, in doing that, we evaluate each of the projects within their project mission area, weigh them against other competing uses and other competing interests, and make our decisions based on that. In this budget this year, the two new starts, as you mentioned, one is—both of them we consider also have to have impacts on risks to life and safety issues because they are also flood risk management and reduction projects.

Mr. FRELINGHUYSEN. By what criteria do these environmental projects rank higher than dredge deepening projects, which are all about bringing in cargo to our ports and are all about jobs and the economy?

Ms. DARCY. As I said, within each of our mission areas, we take a look at all of the projects that are out there and determine within that area which of those meet the criteria. In the construction ac-

count they have to meet a 2.5 or better benefit-to-cost ratio. And within the funds that we have, we make determination of the priorities within that group of projects.

Mr. FRELINGHUYSEN. So why do the environmental projects seem to be your primary focus? We have about a \$60 billion, \$79 billion, \$80 billion backlog here. With all due respect, we ought to be focusing on making sure that we have navigable rivers, ports. Why this shift in focus on so many environmental projects?

Ms. DARCY. Sir, the Aquatic Ecosystem Restoration portion of our budget is about 18 percent of our budget this year. I would not characterize it as a shift. It is a priority, along with our navigation mission as well as our flood risk management mission. And we also think that in these ecosystem restoration projects, we also are going to find other benefits, economic benefits, so that they are weighed that way. The ecosystem restoration projects are not valued or calculated in the same way because they do not have a benefit-to-cost ratio as the other projects do, such as the flood risk management projects.

Mr. FRELINGHUYSEN. Just for instance, the new Panama Canal lock is scheduled to open in 2014. As a country, are we ready to receive ships coming through the canal or actually the next generation of ships?

Ms. DARCY. I think we are poised to do that. We have two ports right now which are being dredged to 50 feet because the Panamax ships, it is anticipated the largest one coming through the Panama Canal will need a 50-foot depth. And we have two of our ports, we have New York-New Jersey as well as Sacramento Deepwater Ship Channel in California. We also have ongoing studies for deepening some of our projects.

Mr. FRELINGHUYSEN. Where does the cost-benefit ratio relate to job creation and keeping, let's say, America open for business?

Ms. DARCY. Well, it has the benefit-to-cost ratio.

Mr. FRELINGHUYSEN. Vis-à-vis these environmental restoration projects. We are sympathetic towards those restoration projects. But where is the benefit to our economy?

Ms. DARCY. Of benefit to the economy for the ecosystem restoration projects, they restore the ecosystem to its function, its original function, hopefully. It also creates jobs in the projects. For example, in the Everglades.

Mr. FRELINGHUYSEN. So you have metrics here that would show that eco-restoration jobs or systems would have X numbers of jobs and keeping ports open for business and dredging would have—certainly, there must be overwhelming evidence that most of our ports generate tens of thousands of jobs compared to the type of jobs that would be involved with those types of restoration projects.

Ms. DARCY. We do use a metric for each of the types of projects. I don't know the answer to what the number is for the jobs generated for ecosystem versus jobs generated for navigation. I would have to get back to you on that.

Mr. FRELINGHUYSEN. Well, I think many of us feel that a lot of the Corps' historic responsibilities have somewhat been neglected and put on the back burner in favor, should we say, of a new wave of environmental restoration, just speaking for myself.

I am happy to yield to Mr. Pastor.

Mr. PASTOR. Thank you, Mr. Chairman.

The question asked frequently by other members is the continuing resolution—we have one for 2 weeks, and I guess next week we will deal with how long we extend it. And we stripped all the earmarks. In your work, and you said you have a lot of projects, some are about to be done and construction is about to terminate. Some are halfway. Some are starting. You have some investigations going on. What are you going to do with that abundance of projects that you have, and how are you going to deal with them?

General VAN ANTWERP. I will address that first, if I may. First of all, during the short-term continuing resolution, we are continuing all projects that were funded in the prior year, fiscal year 2010, in this case, to accomplish either the budgeted scope of the work as included in the FY11 Budget or at the lower of the House or Senate amounts that were in the reports for fiscal year 2011. So we are looking at fiscal year 2010 funding levels in fiscal year 2011, in keeping those projects going.

All projects, therefore, may continue at some level, except for those that received zero dollars in the House and Senate reports in fiscal year 2011. As you know, that is one of the issues of funding that is over a period of years and extends out the projects. But we are trying to keep the projects going.

We are also talking about what would happen if H.R. 1 would pass and the first priority would go to those projects that are in the fiscal year 2011 budget. We would continue those first. And then, as we had additional money, we would go to the other projects. There are a lot of projects that were in the “add” category in the fiscal year 2010 appropriation.

I don’t know if that answers your question.

Mr. PASTOR. It does. It gives some parameters. It is dependent on how much the continuing resolution is carrying an amount of money and how deep the cuts are. The parameters, I guess, that you set for yourselves that were in the 2010–2011 reports that you are still trying to figure out, to the best of your ability, how much money can they sustain and be able to be carried?

General VAN ANTWERP. Right. All of our District Commanders and Division Commanders, we look at the projects. We look for: Is there a phase that could be constructed preferably some usable increment? But sometimes you are not able. The worst case for us would be to have to button them up and close them down and tell the contractor to go away, if we thought we were ever going to come back, because that is a very expensive proposition.

Mr. PASTOR. Especially if you are halfway through, to button it up would probably cost you more or be more expensive.

General VAN ANTWERP. In the long run, no question.

Mr. PASTOR. Ms. Darcy.

Ms. DARCY. I concur with what the chief said.

Mr. PASTOR. I am sure that other members are going to ask on the budget so I am going to take a different tack here.

Recently, I have been reading more on climate change. And I am one of the guys who believes it is occurring. From what I have read, it is either mitigation of the carbon footprint or adaptation in how we adapt to the changes that are coming. One of the things

that several authors have pointed out is that Federal agencies sometimes know of the models that can be used and what the effect of climate change will be and what will be the consequences and timelines, et cetera—and that Federal agencies sometimes in their planning or looking to the future, even though they have these models, that there is a reluctance to adapt or an unwillingness. Or, if they do adapt, it is probably minimal.

And I guess the question that I have, is the Corps looking at the various models, and is adaptation something that you are considering, especially in the coastlines and areas that may be diminishing in terms of as we look out to the future?

Ms. DARCY. The Corps of Engineers is part of the Administration's Climate Change Adaptation Task Force. And what we are doing is working with other Federal agencies to see what each agency is doing to adapt to climate change. We, in the Corps of Engineers, acting through our Institute for Water Resources as well as our research lab down in Vicksburg, are doing lots of modeling to determine how we can use adaptation in our planning process so that when we are looking at planning for a project, we are looking long term at the possibility of sea level rise, at the possibility of storm surges as a result of climate change. And we are incorporating that into our planning process so that we are able to, within the project development phase, adapt it as climate change evolves.

General VAN ANTWERP. One practical example of that is down in the New Orleans Hurricane Risk Reduction System. We are looking towards what the sea level rise would be while building the levees today, knowing that probably 25 years from now and then 50 years from now, we are going to have to put additional height onto the levees. So that is accounted for as we got the real estate and as we built what we have there, that it could be added to, with the knowledge that there will be some sea level rise. It is already measurable. That is on the screen.

Mr. PASTOR. I know that the Florida Everglades has problems currently right now. But looking to the adaptation, it is kind of the bridge to nowhere that a lot of the models use as an example. In some of the examples I have seen, basically, it said that even though we are investing billions of dollars for the restoration, if you look at the models, that all that money being invested is going down the Everglades because sometime in the future, all of that will be inundated and will all be underwater.

What is your model on the Florida Everglades in terms of adaptation and whether or not the investment we are doing today is in fact a good investment?

General VAN ANTWERP. I would say the investment we are putting in there today is a good investment. I think our models are showing more towards the lower end. You have a wide range. The gradient on the Everglades is so small, the slope is so small, that a small amount of sea rise does affect a large area, especially as you get down into the Florida Keys.

Way off to my left is a gentleman, Dr. Jeff Holland, and he is our director of our Engineer Research and Development Center. They have extensive studies. We feel we have a good feel for how

it is going to be. But, some of it is speculation, depending on snow melt and other climate change adaptations.

We think what we are doing today is well spent and will have a long life, so to speak, and a good benefit of doing it. And that goes into our benefit-cost ratios. We take time factors and other factors into consideration there.

Mr. PASTOR. I yield back.

Mr. FRELINGHUYSEN. Thank you, Mr. Pastor.

Mr. Alexander, thanks for your patience.

Mr. ALEXANDER. Thank you, Mr. Chairman.

Good afternoon to all of you.

Secretary Darcy, in response to something Chairman Rogers asked about a while ago, you were talking about enhanced reviews. Is that the result of congressional action, or was that a decision made inhouse?

Ms. DARCY. It was a memorandum of understanding between the three agencies: the Corps, EPA and Surface Mining at the Department of the Interior.

Mr. ALEXANDER. So you can't blame that on us.

Ms. DARCY. No, sir.

Mr. ALEXANDER. Talk a little bit about harbor maintenance funds. Tell the committee where those funds come from, what they were intended to be used for, what they are being used for. You said there was a suggestion that those funds be used for something else. Can you tell us a little bit about that?

Ms. DARCY. Sure. The Harbor Maintenance Trust Fund was established in 1986, and it is a tax, an ad valorem tax, that exporters pay. Sorry, importers pay. The export tax was ruled unconstitutional in the Shoe case back in 19—I forget what the year was. But that money is collected. It goes into the trust fund. The purpose of the trust fund under the legislation was to help with navigation and maintenance of coastal channels and ports.

Currently, in this year's budget, \$738 million from that trust fund—\$758, excuse me—is in the President's budget for that use. The balance of the trust fund goes to the general treasury. It is anticipated that this year we will probably have \$1.4 billion come into the trust fund. And the President's budget recognizes \$758 million for the purposes of maintaining and navigation channel. The balance of the fund, as I say, goes to the Treasury.

Mr. ALEXANDER. Okay. A couple more questions.

Mr. FRELINGHUYSEN. Would the gentleman yield?

Mr. ALEXANDER. Sure.

Mr. FRELINGHUYSEN. It goes into the general fund. But how many billion dollars is in there now with the designation from the method of, shall we say, taxation that caused it to be there?

Ms. DARCY. About \$6 billion.

Mr. FRELINGHUYSEN. So \$6 billion—if the gentleman would give me some leeway here—you are planning to expand, give other agencies the ability to come in and take some of that money?

Ms. DARCY. What the Administration is considering is to have some other uses for that trust fund money for the ports.

Mr. FRELINGHUYSEN. Just for the ports?

Ms. DARCY. The Federal share of the cost for the ports.

Mr. FRELINGHUYSEN. So it actually will continue to be dedicated to the ports and issues that relate to navigation in those ports?

Ms. DARCY. Navigation and ports, as well, whatever port requirements there are. As I said, this is under consideration within the Administration. No decisions have been made. As you know, it will take legislation in order to change the dedicated purposes of the fund.

Mr. FRELINGHUYSEN. If the gentleman will continue to yield.

So there aren't sufficient dredging problems out there, so you have to go looking for more ways to spend that money? I don't understand it. Surely, there is a dredging backlog. There is annual dredging, and then there is a variety of other types of dredging. Isn't there a whole backlog of things that need to be done across the nation, ports, rivers?

Ms. DARCY. There is some backlog, sir, but within the current budget and fiscal environment, the Administration believes \$758 million from the Harbor Maintenance Trust Fund should be used for those purposes.

Mr. FRELINGHUYSEN. I think we will be involved in helping you make the right decision.

I thank the gentleman for yielding. I yield back to you.

Mr. ALEXANDER. I am not nearly as stupid as I look. I will yield to the chairman any time.

You all know how concerned I have been, as others are, about where we see FEMA advancing with their flood maps. They are going to be drawing flood maps, we assume, in some areas as if the levees don't exist. We know that is going to create a burden for those out there that have never had to buy flood insurance before. Now they will be told that they have to buy. It is going to devalue property, personal and commercial property.

Our concern is that you may take another 100 years to get flood maps redrawn if those levees are indeed built back up to what we consider they need to be, the level they need to be to be safe. How are you all working with FEMA and trying to help us solve a potential problem that I think is going to be a lot larger than some would like to think?

General VAN ANTWERP. That is a great question. The National Flood Insurance Program that is administered by FEMA requires that you have a levee that has the ability to withstand a 1 percent chance event or a 100-year event. And based on the condition of the levee and its ability to carry that load is whether or not it is certified for FEMA purposes. If it is not, the maps will be drawn as if that levee is not present.

But we are taking a very reasonable person approach here, I would say, and we are working with FEMA. We have about three different ways, all the way down to the Silver Jackets at the States, where if there is a plan to get it done and we are starting to move in that direction, we are all going to take a real reasonable person approach.

The flip side is what if it is not certified and the map is drawn that way and you have flood insurance, what if after that, you come in and build that levee back up? We are talking with FEMA about how quickly can we get restored for the flood maps so that there is credit for that.

The important end right now is how do you get your levees to the condition, if they are not there already, to make sure that levee is recorded on the flood map and you are protected? But our biggest obligation is to make sure of the public safety and that there are not people who think they are protected at the 100-year event and they are not. So that is the hard part.

Mr. ALEXANDER. In my opinion, it is somewhat misleading to the public to tell someone that lives out there behind the levee system, okay, this levee is not safe, but if you buy a flood insurance premium and pay us for it, your family is safe. That is not right.

General VAN ANTWERP. A flood premium to me does not say you are safe. It says that your property will be covered in an event. But I would move to higher ground when that water starts to come in. I guess that would be my approach to it.

Mr. ALEXANDER. I just think it is going to be a problem that is going to be unbelievable if we get to that point.

One more question about dredging on the Mississippi River. What do you need to do the job that needs to be done now? How much money do you need? How much are you spending? The lower portion of the Mississippi River contains a lot of that dirt I suggested we do DNA testing on so we can tell what State it is coming from. We would get more help then from States up north.

General VAN ANTWERP. I am going to just open this and then I will turn to General Walsh here, because that is his territory. I get a report daily on the condition of Southwest Pass, for instance, at my level. We are looking to make sure we have the 45 feet of depth; what the width is; what is the Coast Guard doing?

Right now, we are in good shape. We just actually awarded a contract for a third dredge down there. But I will let General Walsh take a shot at this, if you don't mind. He is the expert.

Mr. FRELINGHUYSEN. General, keep it short. Then we are going to go to Mr. Olver.

General WALSH. Typically, in the last 2 years, we spent on average about \$85 million to dredge the mouth of the Mississippi. The project was appropriated \$63 million. The previous 2 years we have looked at reprogramming funds from up river to keep the mouth open. This year, what we are looking at is to keep the dredging at the \$63 million, working from a navigability perspective, so that we may not be able to get full width and depth, but keep the width and depth with the funds available.

Mr. FRELINGHUYSEN. Mr. Olver, thank you for your patience.

Mr. OLVER. Thank you, Mr. Chairman.

I am trying to get my hands around this budget. As I look at it, you are a little over \$4.5 billion. The largest single piece of that is for navigation purposes; maybe close to 35 percent. There is a little bit less than a third that is apparently for storm damage reduction. And then, as I see it, there is 15 percent or so has to do with environmental kinds of remediations directly. I think that is the case.

Now, navigation, we had a little bit of questioning about that. I am not sure it is in your testimony, but I have in front of me the idea that deep-draft ports move 99 percent of U.S. overseas trade by volume and only 64 percent by value. I am surprised that the

value of overseas trade isn't higher than the percent of the trade that is moved by volume. But I don't want to dwell on that.

Deep-draft ports, how deep are those? What is the minimum definition of a deep-draft port?

Ms. DARCY. Forty-five.

Mr. OLVER. Forty-five feet. The question was earlier asked about 50-foot ports, and I think that you said it was New York and New Jersey, and then was it Stockton, California?

Ms. DARCY. It is Sacramento. I misspoke.

Mr. OLVER. Are there other 50-foot ports planned, and if so, what ones are planned? Which ones are in your horizon, your already-planning horizon?

Ms. DARCY. Let me just find my list because I have a list of the ongoing studies.

I will tell you what is ongoing and what is planned.

Mr. OLVER. I well, ongoing is before planned. The ones that are already complete are the Sacramento and the New York-New Jersey. They are being enhanced—I am not sure whether I ought use that word any longer today—but to go along with the New York-New Jersey and Sacramento. What were the ongoing ones?

Ms. DARCY. We currently have 50-foot channels at Norfolk and Baltimore, and the construction of New York-New Jersey will get us to 50 feet by 2014. So we will have three East Coast ports at 50 by 2014; 2014 is the date that Panama is expected—

General VAN ANTWERP. East Coast. There are West Coasts ports also.

Mr. OLVER. There are other 50-foot ports already in operation in the West Coast. Sacramento is in the final stages?

Oakland is 50. On the West Coast, Oakland is 50.

Ms. DARCY. Then we have 45-foot channels currently in Houston, Galveston, Corpus Christi, Freeport, Mobile Harbor, Charleston, Morehead City, and ports located on the Mississippi River between Baton Rouge and the Gulf of Mexico. Delaware River to the Port of Philadelphia is currently under construction to 45 feet.

Mr. OLVER. Look, obviously, a lot of trade goes there; a lot of jobs go into the navigation that goes into the trade that comes from those locus points. I may well ask you for what ports are at what levels, and you could easily chart that out as to which ones for which levels are going to be coming down the road if you are successful.

Madam secretary, in your original comments, you mentioned that there were three projects that you expected to complete this year? These were projects over the whole range of the things you do. Which ones were those? And that depends, of course, on the funding. What were the three that you had mentioned would be completed this year?

Ms. DARCY. I know there are two. If you give me a minute, I can tell you.

Mr. OLVER. There must be somebody that has that quickly because I don't want to take up all my time.

Ms. DARCY. We will provide that before we leave here today.

Mr. OLVER. All right. My question was going to be, in your overview, you point out that water resources infrastructure projects produce high economic and environmental returns. Well, the eco-

conomic returns can come from the flood damage benefits and also from the navigational benefits. The environmental benefits come from whatever you have been doing in that 15 percent of the budget.

You then mentioned five major areas, which include the California Bay Delta and the Chesapeake Bay. I would like to pinpoint and ask you, because I have a sense we have lots of ports, and you just said so—Norfolk and Baltimore are 50-foot ports. They have high capacity ports. They are associated with the Chesapeake Bay area. And the Great Lakes, of course, everything that comes out the St. Lawrence Channel comes from some of those.

I wonder if you could tell me what is the balance of environmental and economic benefits, as you see it, and maybe some of the description of what some of those would be for the Chesapeake ones and for the Great Lakes ones that are of high interest in what you are doing. Probably that is something the key people for those regions, whoever wants to answer it.

Ms. DARCY. You specifically want to hear about the Great Lakes region?

Mr. OLVER. The Great Lakes and the Chesapeake Bay.

Ms. DARCY. The question is, what benefits do we see coming out of those ecosystems?

Mr. OLVER. What is the balance of environmental and economic benefits there, and are these—would I find that, of your projects, your three projects or others that may be in stages, are actually part of a much larger group of projects that come out of the Chesapeake Bay and out of the Great Lakes region? You are not going to finish the Great Lakes program all at once at any time.

Ms. DARCY. No.

Mr. OLVER. Or the Chesapeake Bay, I think.

Ms. DARCY. The large ecosystems that you are referring to, we, the Corps of Engineers, have projects ongoing in each of those areas, and we are in collaboration with other members of the Administration, the Federal family, to come up with an ecosystem approach for those programs. For example, in the Great Lakes, the Fish and Wildlife Service has ongoing projects in that area, and what we are trying to do is maximize the Federal interest there by collaborating with each of the other Federal agencies in order to get an economic benefit as well an environmental benefit.

Mr. OLVER. Right. But they have their own budgets. You have budgets which are related to the Corps' operations that have economic or environmental interests. And that is the balance that I was really seeking to understand.

It can't be done in a short answer, I think. I have probably already used my time in trying to ask the question. So maybe these could be answered in some form for the committee.

Ms. DARCY. Congressman, could I just tell you the two completions that I couldn't find that we are budgeting for in this budget? One is in Crookston, Minnesota; the other is the Dover Dam in Ohio.

Mr. OLVER. Those are not huge projects, although the one in Minnesota probably has something to do with the Mississippi River, I take it. So these are individual projects which might be part of a much larger overall program.

Ms. DARCY. Yes. I am not sure if the Santa Paula Creek is part of the Bay Delta or not. I would have to look to my Division Commanders.

Mr. OLVER. I am sorry. I didn't get a lot of information.

Mr. FRELINGHUYSEN. For the record, there are 92 construction projects in the President's budget.

Ms. DARCY. Correct.

Mr. FRELINGHUYSEN. And outside that we have got hundreds of other projects that are not in the President's budget which of course are of keen interest to this committee.

Yes, Mr. Chairman.

Mr. ROGERS. There are 92 projects specified in the President's budget request?

Mr. FRELINGHUYSEN. Yes, Mr. Chairman.

Mr. ROGERS. Do you call these earmarks?

Mr. FRELINGHUYSEN. Certainly, I wouldn't think of it. Yes. They are Presidential earmarks.

Mr. ROGERS. I thought we did away with earmarks.

Mr. FRELINGHUYSEN. You don't get equal time.

Mr. Nunnelee.

Mr. NUNNELEE. Thank you, Mr. Chairman.

I want to follow up somewhat along the line of questions Mr. Alexander asked, regarding cooperation with FEMA and flood maps. Mr. Alexander was referencing FEMA maps as it relates to levees. In Mississippi, we have those issues on the western part of the State; but on the Gulf Coast, we haven't found a levee that will keep the Gulf of Mexico out of our State yet. And then we have other flood mapping issues throughout the rest of the State that may not necessarily involve levees.

So how does the Corps cooperate with FEMA in this flood map modernization project?

General VAN ANTWERP. Well, our part with FEMA is we have some inspections that we perform, and we actually have a part of the program where we have Corps-built and Corps-operated levees. So they are also in that program. They do provide protection and risk reduction for people. So we are also part of that program. But we have about 14 percent of the levees that are in that category. There are many, many more levees that are owned and operated by the local entity. And that is really where the issue comes on this.

Those where they are under National Flood Insurance Program, they have to meet the 100-year level of protection. And many of those levees do not or they did at once when they were built and they don't any more because of seepage problems or things over time that happen. Just because that levee has been there and been there for 50 years, there is a likelihood or a possibility that that levee could not be certified at what it was built for.

General GRISOLI. Representative, if I may offer an additional comment. Your question referenced, how we work with FEMA. I would offer we try to work with them in several ways, taking a look at when the mapping is due. First of all, we have established an interagency task force that is led by FEMA and with the Corps of Engineers participating to take a look at flood plain management, et cetera. We have intergovernmental efforts, where we work

with the States and the local entities to make sure that information is out there. There was a lot of confusion, so we wanted to make sure that we are looking horizontally across the Federal Government and then vertically down through to the local entities to make sure they understand better. It is a challenge. And we are still trying to get that word out.

The Silver Jackets Program also provides information to States so folks understand if you have a particular levee, as the Chief mentioned, whether it is Corps-built and maintained or Corps-built and locally maintained, what does that really mean to you as far as your responsibility as a local community to get your levee accredited as far as the FEMA program itself? We have worked very hard to work with FEMA and the other Federal agencies to get the information out. It is not all there yet, but we continue to work it.

General VAN ANTWERP. My experience with them thus far is, if the local community has a plan and they have a funding plan to get it done and they know what they are going to do, that we are taking a very reasonable approach as a group of agencies.

Mr. NUNNELEE. Obviously, you want the flood map to be an accurate representation of the risk involved. But I get calls on a regular basis from constituents that don't feel that the flood map is an accurate representation of the risk involved, and I just don't understand what the problem is.

General VAN ANTWERP. There is a forum for that. And we would encourage and we can go out and touch them. If we get the people that are saying that, we can go and touch them. Part of the Silver Jackets program in States was to make sure that they have a voice that is being heard and that has a forum. We are part of that. FEMA is part of that. So that we do hear those things. And we will investigate. Because FEMA doesn't want to draw a map that is not accurate. We want the most accurate. But we want to reflect for the public's safety benefit what is really there.

Mr. NUNNELEE. Thank you.

Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you.

Mr. Fattah.

Mr. FATTAH. Thank you, Mr. Chairman.

We had an excellent opportunity to view some of the labs over the weekend in New Mexico, and I appreciate the opportunity and the trip. I learned a lot.

The Army Corps is doing an extraordinary amount of work here at home, but you also are doing work abroad. You have over 1,100 employees in Iraq and Afghanistan. When do we think that their work is going to wrap up?

General VAN ANTWERP. I will take the two big countries. Iraq has a December 2011 timeframe to come out, unless something changes between now and then.

Mr. FATTAH. Afghanistan?

General VAN ANTWERP. In Afghanistan, right now the mark on the wall is 2014 to turn security over to the Afghan people. That is not an exit time, however, for us. Traditionally, if the Iraq experience is anything, right now we are in there closing bases. We have gone from over 500 bases down to 75 bases. That is engineer work.

Mr. FATAH. You are doing a great job. I just wanted to know what the timeline was.

General VAN ANTWERP. The timeline is December 2011 for Iraq. Mr. FATAH. December, 2014.

General VAN ANTWERP. 2014 for security turnover to the Afghans. That is not a pull-out date.

Mr. FATAH. Let me move on.

I was at the 75th anniversary meeting of the Mississippi Flood Control Council. The Corps has done extraordinary work over many, many years. And attempting to manage Mother Nature is a significant challenge. So, your work is deeply appreciated.

However, let me focus on New Orleans. Are we going to meet the 100-year requirement?

And if you could, for the committee's purposes, can you provide us some information in writing on the unobligated dollars? Are we going to meet this requirement, and when?

Ms. DARCY. The 100-year flood protection for the city of New Orleans is on schedule to be completed to be able to defend against a 100-year flood by June 1 of this year. That is the beginning of hurricane season. And we are on target, on schedule, to be able to complete that.

Mr. FATAH. In one of your other trust funds, I note that in the New Hampshire Engineering Lab you are going to be purchasing some property.

Ms. DARCY. Correct. That is in the budget proposal.

Mr. FATAH. It is in the President's budget proposal. I would love to get some background material on that activity because I am very interested in being supportive of the lab's work.

Let me get closer to home. In Philadelphia, we have the Delaware River Basin Compact. The Federal Government is a member. There is no money in the President's budget for the Federal participation, even though there is a statutory requirement in the 2007 Act for the Secretary of the Army to make provisions. If you could take a look at that and provide some information to my office, that would be helpful.

Ms. DARCY. We can do that. We serve on that Commission.

Mr. FATAH. We get 60 percent of our water in Philadelphia through the Delaware River and the other 40 percent through its major spinoff, which is the Schuylkill River. So we have a lot of interest in this matter. Of the ports on the East Coast that you mentioned, did you say Philadelphia?

Ms. DARCY. I didn't say Philadelphia in the 45- or 50-foot range, sir.

Mr. FATAH. What range would Philadelphia be in?

Ms. DARCY. The Delaware deepening project I believe is 45-foot.

Mr. FATAH. I am sorry the chairman left. This is a perfect example why we shouldn't assume all the wisdom—

Mr. FRELINGHUYSEN. The chairman is still here.

Mr. FATAH. The chairman of the full committee. I am sorry. That we should not believe that all the wisdom exists in the executive branch. The fact that they get a chance to decide 99 percent of the funds means that we should probably have retained our 1 percent ability in this committee. I think by working with the Corps over the years a lot has been done.

So I want to thank you for your work. I would like to follow up appropriately about the Compact and about the Philadelphia port. I am all for returning to the time in which Congress would exert some authority in these matters.

Mr. FRELINGHUYSEN. We are going to try to exert as much authority as we can, given, shall we say, the new rules of the House relative to earmarks.

Mr. FATTAH. Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you, Mr. Fattah.

Mr. SIMPSON, a fellow traveler.

Mr. SIMPSON. Thank you, Mr. Chairman.

I apologize for missing your opening statements. I walked in on the middle of a conversation that I want to pursue a little more because some of these might already have been answered.

Two of the accounts that I have always had a great deal of interest in are the Inland Waterway Trust Fund and the Harbor Maintenance Trust Fund. The Harbor Maintenance Trust Fund has funds, \$5.5 billion. You are proposing to expand the type of activities that could be funded out of that trust fund. Do we know what type of activities you are talking about yet?

Ms. DARCY. No, we are still developing that proposal, sir.

Mr. SIMPSON. Do you have a plan, a 5-year, 10-year, 20-year plan for which harbors we are going to dredge, what dredging needs to be done, what the backlog is of dredging needs, and so forth?

Ms. DARCY. I believe we do.

General VAN ANTWERP. We know what the current backlog is. We know the dredging needs, as authorized today, but we have a number of studies ongoing to see if those ports and harbors should go to a greater depth with what is predicted in the future. We have a number of studies ongoing also.

For instance, for a port like in New Orleans, it has a certain authorized width and depth. When we dredge, that is what we try to get to. A lot of our ports and harbors are not to the authorized depth or the authorized width. We prioritize, and we try and do the best we can with funds available.

Mr. SIMPSON. Are you suggesting that we couldn't use the \$5.5 billion in dredging? Do we have to find another use for it? The reason I ask this is I have noticed on this committee every year when we talk about dredging, particularly with industry folks that come in in the Great Lakes, every community that is located on the Great Lakes has a harbor that they want to dredge deeper to make them more competitive. We are obviously not going to dredge every port throughout the Great Lakes. Is there a plan on which ones we are going to dredge to take the deeper ships and so forth or the larger ships and that type of stuff, and how those connect with the railroad system and the highway system and other things? Is there any overall plan in this country of why we do what we do?

I know you ask that of Congress all the time. I am just wondering if there is a plan to address—and this is the frustrating part to me—a lot of times, back when we did earmarks, we would put money in to dredge a port of whomever the favorite Congressman was there, not knowing whether that was a good investment versus the overall system or not. Do we have a view of where we want to be?

I get concerned when we are taking money out of the Harbor Maintenance Trust Fund and using it for other purposes when I don't yet know what the needs are for dredging around the country.

Ms. DARCY. I don't believe that we have a comprehensive long-term plan that you are talking about. Through our study process we are looking at deepening various harbors around the country and what those needs will be post-Panamax and what we should be doing. But as far as what I think you are describing, a comprehensive plan for the entire navigation system and what the future needs are, I don't believe that we have a national vision of what that is.

General VAN ANTWERP. I would just like to add, just to make a slight distinction; there is deepening, which would be a new project to go to a deeper depth. But there is maintenance dredging. The Harbor Maintenance Trust Fund pays for the maintenance dredging part of it.

Mr. SIMPSON. It doesn't do any of the deepening?

General VAN ANTWERP. No.

Mr. SIMPSON. Doesn't pay for any of the deepening.

General VAN ANTWERP. Deepening would be a construction project. For example the New York-New Jersey Harbor is in this budget funded in the construction account to do the deepening of the harbor.

Mr. SIMPSON. So the Harbor Maintenance Trust Fund just maintains current levels.

General VAN ANTWERP. That is its purpose.

Mr. SIMPSON. I would think we would know what the backlog is of maintenance requirements.

General VAN ANTWERP. We know what the dredging need is for the authorized depth and width. We do for each harbor.

Mr. SIMPSON. Do we have a total?

General VAN ANTWERP. We could provide that total to you. I will just give an example that we looked up. Of our 59 ports that transport 90 percent of the U.S. commercial cargo in this country, we are at authorized depth and width only about 35 percent of the time. We prioritize those. We work with industry. Sometimes you can be of less width if you are at depth, you just bring one ship in at a time instead of pass two in the night. Those are the considerations. They don't like to be out on anchorage. They want to get in. They want to offload. They want to load and get back and steaming. Sometimes they are not able to do that as efficiently because we don't have the width or depth.

But we work with the industry, and we are trying to do the best we can with the resources we have. We know what it takes. We know what it would take to get all to authorized width and depth.

Mr. PASTOR. I was going to ask you to yield for a question.

Mr. SIMPSON. Sure.

Mr. PASTOR. We are talking about the Panama Canal, and we give the date 2014. I heard that New York-New Jersey, I guess we are going to deepen it to be able to receive enhanced—

General VAN ANTWERP. Not every ship that goes through the Panama Canal will take 50 feet of draft.

Mr. PASTOR. I understand that.

General VAN ANTWERP. So every port doesn't have to be 50 feet. But if you wanted to take a fully loaded Panamax ship at 50-foot depth, you are going to have to have 50 feet underneath your keel or the waterline.

Mr. PASTOR. You also have harbors that are a lot closer to Panama that may have the infrastructure—Miami, Jacksonville. I don't know whether or not Brownsville would fall in that category. New Orleans. I guess my question is, what criteria did you use to determine New York-New Jersey as compared to Jacksonville, Miami, and some of those ports that are also in the range to receive more cargo from the Panama opening?

General VAN ANTWERP. They compete using performance metrics which ultimately comes down to a benefit-cost ratio. It has to do with other modes. Once you offload ships, do they have the ability to handle it? What is the volume of the port now? What is the expected volume in that port? It isn't necessary that you are the closest one to the Panama Canal to be the deepest necessarily, because it depends on the distribution systems maybe coming out of that port. There are a lot of factors that contribute to a benefit-cost ratio.

Ms. DARCY. Could I just add, in the deepening projects as opposed to the maintenance, if you want to deepen, the Corps of Engineers needs to have a cost-sharing sponsor for that additional depth.

Mr. PASTOR. The reason I ask that, I think last year, Miami, they were hot and heavy, and they were cost sharing. They were also very interested in getting traffic from the opening of the Panama. And I didn't hear that mentioned. Obviously, today they have some capacity because they are taking in a hell of a lot of containers coming from Central and South America.

General VAN ANTWERP. I think Ms. Darcy hit on a very important point. You have to have a cost-sharing partner. It is not just that you want that port to go to depth. You are going to have to bring your share to do it. And they are very expensive projects.

Mr. PASTOR. Thank you.

Mr. SIMPSON. Just out of curiosity, what would it take to put together a master plan, transportation plan, in this country where we connected our harbor system, our inland waterway system, our railroads, our highways so that we knew when we were lifting load limits on highways, that we were offloading things at a certain port, that there was rail transportation that could handle it and roads that could handle it with the weight systems and that kind of thing?

I feel like—not because of you or anything—but because of what we have developed over the years that I am kind of putting Band-Aids on things and trying to patch together, instead of an overall plan where we want to be 20 years from now. What would it take to put something like that together? It would include a lot of different entities, obviously.

Ms. DARCY. A lot of different entities, not only government entities but the stakeholders and the shippers and the rail, the barge owners. It is a major undertaking. You are exactly right on the way you describe it. It is having to look holistically at the country, not just the water transportation system.

Mr. SIMPSON. It is fascinating—something needs to get done. And I don't know how to proceed with trying to develop something like that. I would think the stakeholders would be interested in that. I would like to know when I unloaded a ship that I brought into harbor that there would be something to pick stuff up, that it makes sense.

General VAN ANTWERP. In some cases, it is like "Field of Dreams." If you build it, they will come. The shippers know where they can go in, get offloaded quickly, have the depth, don't have other requirements. That can drive the system in some ways.

Mr. SIMPSON. That would help us as an appropriations committee when we are deciding, well, we want to make sure we maintain these harbors or we want to deepen these harbors because of the larger ships or whatever. Right now, I kind of feel like we are just kind of going at it, and I am sure that I have got a simplistic mindset of this, but we are just going at it kind of haphazardly. I don't mean that to criticize what you are doing or anything else. But without some goal of where I want to be, I feel a little frustrated sometimes in how we do things here.

Inland Waterway Trust Fund, broke, pretty much, right?

Ms. DARCY. We do not have enough revenue in there to meet the needs.

Mr. SIMPSON. The Bush Administration made a proposal to go to the lockage fee away from the diesel fee? The shippers rejected that; came back with a proposal; you rejected that. Where are we?

Ms. DARCY. Where we are, sir, is that we are committed to work with the stakeholders to try to come up with a funding mechanism to help fix this trust fund.

Mr. SIMPSON. When?

Mr. FRELINGHUYSEN. How hard are you working on that? Do you have a group put together on this?

Ms. DARCY. We are setting up a meeting—we haven't set it up yet, but we have reached out to the industry. We recognize the fact that the mechanism currently is not funding efficiently or going to meet the needs, and we need to address it.

Mr. SIMPSON. Would it be helpful to have language in an appropriations bill directing this conference to occur and come up with a solution or a proposal for Congress to consider?

Ms. DARCY. That is always a possibility, sir, but we are reaching out, as I say, to the industry right now to try to develop it within the Administration and the stakeholders.

Mr. SIMPSON. I hope that industry understands that we are serious that we need a solution. Hopefully, it is a solution that both the government and industry can agree on. If not, it will be a solution that is imposed, which nobody really likes. So we hope you are successful in that regard. And if there is anything we can do to help spur that along, I would be more than happy to do it, I am sure.

One last question. I appreciate the work that has been done on the Columbia River and the deepening projects there that have been finished. It has been a great success in the area. What about the jetties that need to be fixed in the area to maintain it?

Ms. DARCY. As part of the Columbia deepening, sir? I am not sure of that status. I will call on General McMahon, our Division Commander.

General MCMAHON. I am John McMahon, the Commander of the Northwest Division in Portland, Oregon. There is an 8-year, \$250 million plan that is predicated on funding in 2011 to be determined and consequently in 2012 or subsequently in 2012, to begin to purchase rock, big rocks, to reconstruct the jetties at the mouth of the Columbia River, which there are three. This plan is well thought out. It is an 8-year effort. But it is predicated on doing some things between now and then.

Mr. SIMPSON. Well, I appreciate the work you do. I know that the Army Corps does fantastic work, and sometimes we have tasked you to do things that aren't really in your scope just because we think you do good work. We appreciate that. And thanks for all you do.

Mr. FRELINGHUYSEN. Thank you, Mr. Simpson.

Last year, the subcommittee, when Mr. Pastor led it, became aware that there were some inconsistencies across the districts in terms of updating the cost-benefit ratio projects. Where do we stand in terms of that issue, and where are we moved toward in terms of consistency and accuracy?

Ms. DARCY. We identified 36 projects where the benefit-cost ratios had not been updated in accordance with our policies. It does not mean they were inaccurate. It was just that they hadn't been updated. So, as a result, what we have done is we identified which projects must have updated BCRs for the fiscal year 2013 budget, and we have also initiated an Engineer Inspector General investigation.

Mr. FRELINGHUYSEN. You are well prepared, I can see.

Ms. DARCY. And to provide some feedback. We have identified a couple of problems. One of the problems is that the guidance was unclear. We are going to redo the guidance so that our districts and divisions will know just exactly what is required.

Mr. FRELINGHUYSEN. So without waiting for the guidance, how has the information you have obtained changed the way you formulate your budget request?

Ms. DARCY. I am not quite sure—

Mr. FRELINGHUYSEN. That is not your budget for a project that falls below a certain BCR, even if it is 80 percent complete. Is there some sort of a percentage?

Ms. DARCY. Do you mean if we discover an 80 percent completed project is going to fall below a certain BCR? That is less than unity or less than the 2.5 for this budget. I think that is ongoing, and we will help develop that in the guidance.

Mr. FRELINGHUYSEN. So, at some point here, you could terminate projects, too, if they didn't meet criteria, is that right?

General VAN ANTWERP. If they fell below—basically, we have four levels.

Mr. FRELINGHUYSEN. What percentage would it be?

General VAN ANTWERP. Well, right now, for a new start, the benefit-cost ratio required was 2.5. But we have four levels. Some of them have just minor things that have changed, but there are some of these projects where the conditions have changed. So those you

need to go back and do a new benefit-cost ratio to make sure you are on target and you are properly prioritizing. That is really what this is about, is to make sure we are properly prioritizing. By fiscal year 2013, under the new system, all of these projects will have the BCR ratio done that way. The draft guidance is out. It is not like we are not doing anything.

Mr. FRELINGHUYSEN. Under the new starts and investigations category—I think we talked about this—you are initiating four new studies.

Ms. DARCY. Correct.

Mr. FRELINGHUYSEN. All environmental.

Ms. DARCY. Yes.

Mr. FRELINGHUYSEN. What is the criteria that you use to select those studies? Because there are a lot of other studies out there, what, 50 or 60? What were the criteria you used to choose those, and new ones, and we have a backlog of old ones?

Ms. DARCY. These were selected in competition with others, but we selected these because we felt that they were of the best and the most value to the nation.

Mr. FRELINGHUYSEN. What do you mean by competition?

Ms. DARCY. Well, as you said, there are many studies out there, many study requests, from all of our project and mission areas, and these were the four that were new start purposes for this year, were the priority for this Administration.

Mr. FRELINGHUYSEN. What is the criteria? We have a competitive process. Is there a consistent application across—what is the criteria?

Ms. DARCY. We look at each of the study requests and then base it on what we think is the ultimate value to the nation. In our new studies, like those ongoing, we need a cost-sharing partner. We have identified partners as well.

Mr. FRELINGHUYSEN. Well, for the record, would you provide a ranking of all projects by account and program line considered for the fiscal year 2012 request? This ranking should clearly show the criteria by which the rank was determined. And for the record, please clearly outline the cutoff line below which funding was not allocated for projects.

Can you say something about capability funding? We talked about it earlier.

General VAN ANTWERP. The capability estimate for each study or project is the estimate of the most that we could obligate efficiently. If you added all those up, though, if we funded everything to capability, and it went to all these Commanders, it would probably overload the system. But for any given project, it is that amount that we could efficiently fund and move toward completion of that project.

Mr. FRELINGHUYSEN. Getting back, we haven't heard the term shovel-ready lately. Could you just give the committee a summary of what you accomplished with the stimulus money that you were given?

Ms. DARCY. Sure. The Corps of Engineers got \$4.6 billion in stimulus money. We had over 800 projects; 400 of those projects are complete. The other 400 are ongoing and expect to be completed soon. We have expended \$3.1 billion of that \$4.6 billion. We have

done a number of projects. As you know, the legislation gave us more latitude in some areas. For example, the legislation directed us to spend at least \$200 million on water infrastructure, something that the Corps of Engineers and the Administration have not budgeted. So we were able to work on some of those projects.

Mr. FRELINGHUYSEN. Were any of those projects left stranded at the moment?

Ms. DARCY. No.

Mr. PASTOR. I want to follow up on your cost-benefit ratio. I think last year we heard the cost of a project is reviewed frequently and at least on a yearly basis, so we know ongoing what the cost is going to be. The cost-benefit ratio was done periodically or a longer period of time. And in the different divisions, obviously, there were inconsistencies. Some divisions did it one way. Now you have guidance. I don't know what the guidance is.

It is my belief that this is a political process. As much as we don't want to admit it, it is. So you can have the cost of the projects and the benefit. Obviously, you can use various models. In whatever model you use, there will be some subjective processes that come in. So we try to be as objective as we can, but obviously, the models aren't perfect and people are going to determine how much a particular benefit this is and somebody may interpret it a little bit different.

In your answer to the chairman, especially on these investigations, what four were chosen and how were they chosen, I think there are all these cost-benefit ratios. There are costs and then benefits to the nation, which is pretty significant—I mean, pretty subjective. And so, in many cases, I believe the benefit to the nation is who has requested it and who is it at OMB asking for the project. So I don't blame the Corps for that. I don't blame the Corps for that.

Mr. FRELINGHUYSEN. You are not suggesting the system is political here. I mean, they are Presidential earmarks and House and Senate earmarks.

Mr. PASTOR. I started with that: this is a political process. I think every administration does it.

General VAN ANTWERP. If I could clarify one thing. There is a difference between construction and planning. The construction projects that are new starts, the two in here, have gone through the entire process and have a benefit-cost ratio. A planning project, it does not have a benefit-cost ratio yet. It will get one later, and then it will either be thrown out because it is below unity or it will stay in the process.

Mr. PASTOR. But you can be in construction and circumstances change, so that the cost-benefit ratio changes. So, then, obviously, then you have to start making different determinations.

General VAN ANTWERP. Generally, we would like to go to completion.

Mr. PASTOR. What I am saying is even if—whether you are on construction or investigations, the process, you can use different models, benefit-cost ratios, how much money the agency that you are dealing with is going to share the cost. I mean, I asked that question, why wasn't the Port of Miami chosen, and you said, well, cost-benefit ratio and other factors.

General VAN ANTWERP. And other factors.

Mr. PASTOR. That is what I am talking about; the other factors.

General VAN ANTWERP. There is a methodology on that.

Mr. PASTOR. I am not laying blame on the Corps. But in making these determinations, there are a lot of subjective factors that come in. And so it is very difficult to ask the agency because they probably had very little input into making that decision. Obviously, they gave their models. They gave their cost-benefit ratios, and all that. But some decisions basically are based on more subjective benefit to the country. Well, okay. Good luck in defining that one.

So I think frankness and honesty go a long way. And I appreciate the answers. I am a country boy from Claypool, Arizona. I know the process. And sometimes we respond to your answers, but we understand there are other factors that enter that cause the determination.

One more and then I am going to quit. But I am going to talk about the 404; my experience, anyway. The Corps goes through this process of reviewing the permit, and they pick up data, and they make conclusions. So the Corps is about to make a recommendation.

General VAN ANTWERP. We also consult with the other agencies, too. They are in the game, too.

Mr. PASTOR. But let me get to the consulting part. Basically, you take the data and you have recommendations based on your personnel, your staff, of where it ought to go. And then you take it to consult. And then, obviously, there are other factors that other people different from the process begin saying, well, I don't agree with this; I don't agree with the data, or I don't agree with the conclusion. And then what happens, there is an impasse. But out here, you have people who are waiting for this 404 because it is time and money. And I guess some of the frustration that the people out here, including us, that we face, is that the resolution, because there is a difference of opinion on the data or the conclusion, sometimes just gets interlocked and there is no movement. I guess at least for me, it would be if there was a way to have resolution of that difference of opinion, whether it be on the facts or on the conclusion, because sometimes they are at loggerheads with the other agency and your determination, that things don't move, and that causes a lot of frustration.

So I don't know, when you become deadlocked, how you deal with it when you did that memorandum of understanding. But that is a real—that causes a lot of frustration. And so questions you get about the 404 are usually because people have a 404 process, and we are getting called; you know it has been a year, it has been 2 years. And it is interlocked and a difference of opinion between the two agencies that just causes that to not move forward.

General VAN ANTWERP. Part of what we are changing and trying to change under enhanced review, which has been used a lot here, is to start consultation very early in the process. So those are being identified in parallel. Then, as you go to public forums, you are really fleshing out what the issues are that could loggerhead you later and try and get those resolved a lot earlier in the process. That is part of what we are trying to do. It is hard.

Mr. FRELINGHUYSEN. Thank you, Mr. Pastor.

Mr. Simpson.

Then we are going to wrap up after that.

Mr. SIMPSON. Thank you, Mr. Chairman.

I sympathize with Mr. Pastor. We tried to get the cost-benefit analysis to work out for that Port of Phoenix, but we could just never get it. It was far too costly to get those ships there.

Mr. PASTOR. We will trade those big rocks from Arizona for some of the water in the Columbia River.

Mr. SIMPSON. The Army Corps will buy them.

A question that might seem a little strange in this hearing, but I am the chairman of the Interior Appropriations Committee. The administration has come out with America's Great Outdoors Initiative, one that I happen to support. Within the Federal Government, the Corps of Engineers is the number one provider of outdoor recreation. Most people don't realize that. I didn't realize that until I read that.

Ms. DARCY. Three hundred seventy million visitor days.

Mr. SIMPSON. That is surprising. You have proposed or in your budget there is a proposed 7.5 percent cut in funding for recreation contained within the budget request. How is that going to affect your ability to advocate this America's Great Outdoors Initiative? Will it close any parks? Where will these cuts come from within your recreation program?

Ms. DARCY. The \$259 million in this year's budget is about \$21 million below fiscal year 2011. Yes, we are going to have to maybe close some parks. We may have to have shorter hours. We may have to have fewer summer hires than we usually do. But you are right in the recreation program the Corps of Engineers provides to the whole country. We have more than 422 recreation sites around the country. And the reason we have so many visitors is most of them are close to urban areas. People can get to them. They are part of another project—a reservoir for flood control—for example, but provide benefits such as fishing, camping and recreation.

We are trying to highlight that. And we also recently developed, for the first time, a 5-year strategic plan for how we are going to spend our recreation dollars and where we should put them.

Mr. SIMPSON. Do we have a priority list, if we are going to close parks, which ones are we going to end up having to close, or have we gotten that far down the road yet?

Ms. DARCY. We have not gotten that far yet.

General VAN ANTWERP. A lot of parks have multiple recreation areas, so we wouldn't close the whole park. We might close one boat ramp and keep two open. The last resort would be to close the entire thing.

Mr. SIMPSON. I will be interested next year during this hearing to find out how that worked out and what the impact was of closing that. Because I think the administration has a good initiative here that I support. I just never thought about it that the Army Corps was the number one provider of recreation within the Federal Government. That is something most people don't think about.

Ms. DARCY. I tell Secretary Salazar that every time I have a chance.

Mr. SIMPSON. I will mention that to him the next time I see him, say, you know what I heard. Thank you.

Mr. FRELINGHUYSEN. On that note, I want to thank our witnesses for their time and the men and women who back them up. Again, General Van Antwerp, good luck in your retirement.

I would also like to recognize Gary Loew, seated at the table here, retiring after 40 years of service. It is a hell of a long time.

General VAN ANTWERP. For as young as he is.

Mr. FRELINGHUYSEN. On behalf of so many people who may never know who you are, I would like to enter into the record that we thank you for your dedication to obviously many administrations and to the people of the nation for what you have done. With that, we stand adjourned.

QUESTIONS FOR THE RECORD
SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT
HOUSE COMMITTEE ON APPROPRIATIONS

U.S. ARMY CORPS OF ENGINEERS – CIVIL WORKS
FISCAL YEAR 2012 BUDGET HEARING

MARCH 9, 2011

PRIORITIZATION OF ENVIRONMENTAL PROJECTS VS NAVIGATION

Subcommittee. Madam Secretary, your budget request seems to place a very high priority on environmental projects, especially within the "Investigations" account, where the only new starts and the only completions are environmental projects.

How did the Corps determine that these new starts for environmental projects were a higher cost-benefit return to the taxpayers than, say, a construction start to repair the Chickamauga Locks?

Ms. Darcy. The President's budget for the Corps recognizes that a sustainable nation depends on the health of its ecosystems, but strives to achieve a balance among commercial navigation projects, flood risk management projects, and efforts to restore degraded aquatic ecosystems. The budget level for the aquatic ecosystem restoration program reflects an appropriate allocation of funds for that purpose, considering the other responsibilities of the Corps commercial navigation, flood risk management, hydropower, and the other Civil Works program areas.

With the available resources, the Corps is working to evaluate emerging problems and formulate new solutions, as well as to construct, operate, and maintain key water resources infrastructure. Overall, the budget allocates about three times as much funding for the commercial navigation program, and nearly three times as much for the flood and storm damage reduction program, as it does for the aquatic ecosystem restoration program.

The FY 2012 Budget includes \$3.098 million for maintenance of the Chickamauga Lock, Tennessee River project. In the short-term, the Administration plans to continue to budget for the capital costs of inland waterways projects based on the level of anticipated revenues from the current excise tax on inland waterways diesel fuel. However, we also continue to seek enactment of a long-term mechanism to enhance revenues in the Inland Waterways Trust Fund sufficiently to meet the non-Federal share of the costs of activities financed from this trust fund.

Subcommittee. By what criteria do these environmental projects rank higher than dredge deepening projects to allow more cargo to enter our ports?

Ms. Darcy. They do not necessarily rank higher. The preparation of the budget for the Civil Works program involves allocating funds to address a wide range of needs across the Corps mission areas. The Corps uses performance-based metrics to allocate these funds. We evaluate each potential investment on its merits. However, tools are not available to compare projects that produce dissimilar outputs. Comparing monetary and non-monetary benefits is also a challenge and requires a good deal of judgment.

For example, we evaluate and establish funding priorities for aquatic ecosystem restoration projects are evaluated on their contributions to restoring degraded ecosystem structure, function and process to a more natural condition, using several metrics, relative to the cost. Our investments in this program are directed primarily at providing science-based solutions to reduce the degradation of ecologically important habitat. By contrast, we evaluate and establish priorities for commercial navigation projects using a set of different criteria, including

transportation cost-savings, reducing risk, and improving reliability, relative to the cost. Our investments in this program are directed primarily at providing operational capabilities and efficiencies.

PANAMA CANAL

Subcommittee. The new Panama Canal lock is scheduled to open in 2014. As a country, will we be ready to receive the newer, bigger ships?

How does that compare to competing ports in Canada, Mexico and the Caribbean countries?

Ms. Darcy. The new Panama Canal locks will be able to accommodate ships having drafts up to 50 feet. We are working to deepen and widen several of our ports. On the Atlantic coast, the U.S. will have three 50-foot deep ports capable of receiving these ships - Norfolk, Baltimore and the scheduled completion of deepening at the port of New York/New Jersey in FY 2014. The U.S. has several other ports with depths of 45 feet on the Atlantic and Gulf coasts, which will also be able to accommodate some of the same vessels when less than fully loaded. The ports of Los Angeles, Long Beach, Oakland, Seattle, and Tacoma on the Pacific coast have depths of 50 feet or greater. Canada has one such port, Halifax, on the Atlantic coast. Mexico has no ports on the Gulf coast designed to accommodate 50-foot draft ships. In the Caribbean, Freeport, Bahamas has over 50 feet in depth and Kingston, Jamaica reports about 49 feet at its newest container facility. Both ports market themselves as transshipment options for post-Panamax sized vessels.

Subcommittee. How many jobs hang in the balance? In other words, how many jobs can we anticipate keeping or creating here in this country if we are prepared for the lock opening in 2014 or how many will we lose to other countries if we don't have adequate infrastructure?

Ms. Darcy. It is difficult to say what overall effect the opening of the new Panama Canal locks would have on U.S. jobs. Generally, navigation channel improvements provide jobs from the initial construction, but far greater and longer-term job benefits after the channel is placed in service. Lesser channel depths may result in ships having to light load or make a port call to drop off cargo at another port first. Ships operating at less than their design capacity may incur increased operating costs per ton. They may do so because of channel depth or for a variety of other reasons. This could increase the transportation costs of some imports and some exports.

Subcommittee. How does this budget request support U.S. competitiveness in this area?

Ms. Darcy. The President's FY 2012 Budget includes \$65 million for the ongoing deepening of the port of New York/New Jersey; \$42 million for construction/expansion of dredged material placement facilities at the ports of Norfolk, VA; Savannah, GA; and both Jacksonville and Tampa, FL, in order to continue maintenance of the deep draft channels serving these ports; \$600 thousand for preconstruction engineering and design of Savannah's harbor expansion, GA; and \$726 thousand for a channel improvement study at Brazos Island Harbor (Brownsville), TX.

SHOVEL-READY PROJECTS

Subcommittee. Secretary Darcy, your testimony touches on the good work the Corps was able to accomplish with stimulus bill funds. The activities of the Corps help provide the infrastructure necessary for our country's long-term economic growth – from maintaining navigation channels to support the movement of goods to building levees and other measures to protect people and businesses from floods and coastal storms.

Madam Secretary, if this subcommittee is able to find funds in addition to the budget request level for the Corps, are there other projects or activities that would benefit our economy that are ready to go and just waiting for federal funding?

Ms. Darcy. Yes. The Corps could perform additional work on some of the projects funded in the budget. There are other projects that also could be advanced. However, in our view the budget represents the best allocation of available resources among Corps projects and government-wide.

BUDGET CRITERIA

Subcommittee. You've discussed several criteria used in developing the budget request – some using easy-to-compare numbers and others that are more descriptive and “in the eye of the beholder.” It sounds like projects typically fell into one category or another, though, rather than the Corps using a single system that can be applied to all projects consistently.

How did you determine where to draw the line on funding for projects in each category? For example, how did you decide how much to budget for high benefit-cost ratio projects versus how much to budget for cost-effective ecosystem restoration projects?

Ms. Darcy. While there is no easy way to “draw the line” in deciding how best to allocate funds among projects, the Corps follows specific guidelines in allocating funding. For example, in the FY 2012 construction program, funds were allocated in the budget first to dam safety assurance, seepage control, and static instability correction projects at the maximum level of funding that the Corps can efficiently and effectively spend that year. Next, projects were funded to ensure they comply with treaties and with biological opinions pursuant to the Endangered Species Act and authorized mitigation requirements. In allocating the remaining funds, preference was given to the projects with the greatest net economic and environmental returns to the Nation; the allocations also reflected a technical assessment of the possible increments of work based on contract execution and other factors. Generally, flood risk management projects that the Budget funded to address a significant risk to human safety were funded at a level to support uninterrupted effort during the year. Commercial navigation, hydropower, and other flood risk management projects with a BCR of 2.5 to 1 or higher, calculated at a seven percent discount rate, and ongoing high-return aquatic ecosystem restoration projects were also funded. Ongoing projects with BCRs of 1.0 and above, calculated at a seven percent discount rate, that the Corps can complete during the budget year were funded at a level needed to complete in the budget year. New flood risk management projects to address a significant risk to human safety; new commercial navigation, flood risk management, and hydropower projects with a high economic return; and high-return aquatic ecosystem restoration projects were also considered for funding.

HOPPER DREDGES MCFARLAND AND WHEELER

Subcommittee. The budget request includes \$24 million to keep the federal dredges McFarland and Wheeler in ready reserve status. You're well aware that I have questioned whether these funds are a good use of taxpayer dollars, especially when the true capacity for dredging rests in the private sector.

Can you please explain what this significant amount of money will be used for, especially since the costs of actual dredging work are charged to the projects being dredged?

Ms. Darcy. The funds are used to maintain the dredges, ancillary equipment, and crew in an operational status in order to respond to any unforeseen requirement within 72 hours and to work for approximately three continuous weeks. The \$24 million covers an allocated portion of the salaries, ownership costs, depreciation, repairs and replacements, tools, operating expenses, fuel, utilities, etc. for the time these vessels are stationed at the dock. In 2010, the Wheeler and McFarland were activated for 136 days and 96 days, respectively, to respond to critical dredging needs on the lower Mississippi River and Mobile Harbor when industry dredges were unavailable because they were performing other Corps dredging work, as well as work on the Louisiana offshore berm construction.

BUDGET FORMULATION

CRITERIA

Subcommittee. There is approximately \$60 billion worth of active projects, basically those authorized projects under construction or in the planning, engineering, and design phase. Is this accurate?

Ms. Darcy. The backlog for the construction program for active projects that are in the PED or construction phase, including those in the Mississippi River and Tributaries account, is approximately \$60 billion. This estimate does not include projects that are in planning phase. The \$60 billion estimate includes both scheduled and unscheduled work. The cost to complete scheduled work assumes a construction schedule for each project and includes an estimate of the cost of inflation over that period. Unscheduled work is based on its cost in real terms (a constant dollar value).

Subcommittee. When formulating this budget request, did you apply your budgeting metrics to this entire backlog? If not, what subset did you evaluate?

Ms. Darcy. Yes. In developing a budget for the construction program, the universe of projects that we consider includes all projects that have started construction previously. We then give priority to those with the highest economic and environmental returns that are consistent with Army policy. We also consider the highest economic and environmental returns when determining which projects to propose as new construction starts.

Subcommittee. It's no secret that the executive and legislative branches have often had different criteria for prioritizing Corps projects. Even setting that aside, though, how can we be sure that the projects in the budget request are the highest priority based on executive branch criteria if you didn't evaluate all projects using those criteria?

Ms. Darcy. All ongoing construction projects and proposed new starts are evaluated based on executive branch criteria.

Subcommittee. Please submit for the record the budget criteria values for all projects funded in the Energy and Water Development Appropriations Act, 2009 and 2010.

Ms. Darcy. The attached table shows budget criteria, where available, for all projects funded in the Energy and Water Development Appropriations Act, 2009 and 2010.

Agency	Project Name	State	FY	Amount	Comments
NAV/INTF	INNER HARBOR NAVIGATION CANAL LOCK LA	LA	567	4,081	0.79
ENV/INFRA	BALTIMORE METRO RESOURCES, GWYNNS FALLS, MD	MD	478		Not budgetable or not cleared by the Administrator
ENV/INFRA	ANACOSTIA RIVER AND TRIBUARIES, MD AND DC	MD	351		Not budgetable or not cleared by the Administrator
ENV/INFRA	ANACOSTIA RIVER AND TRIBUARIES, MD AND DC	MD	1,351	530	Not budgetable or not cleared by the Administrator
ENV/INFRA	SOUTH ISLAND, SOMERSET COUNTY, MD	MD	100		Not budgetable or not cleared by the Administrator
ENV/INFRA	ATLANTIC COAST OF MARYLAND, MD	MD	3,906	2	BCR < 2.5
ENV/INFRA	GENESE COUNTY, MI	MI	607	518	Not budgetable or not cleared by the Administrator
ENV/INFRA	GENESE COUNTY, MI	MI	2,157	2,051	Not budgetable or not cleared by the Administrator
ENV/INFRA	GREAT LAKES FISHERIES AND ECOSYSTEM RESTORATION, IL, IN, WI, MI	MI	100		Not budgetable or not cleared by the Administrator
ENV/INFRA	ST. CLAIR RIVER AND LAKE ST. CLAIR, MI	MI	100		No funds required
ENV/INFRA	ST. CLAIR RIVER AND LAKE ST. CLAIR, MI	MI	100	46	Not budgetable or not cleared by the Administrator
ENV/INFRA	HAMILTON DAM, MI	MI	100		BCR < 2.5
ENV/INFRA	SAULT STE MARIE (REPLACEMENT) LOCK, MI	MI	17,000	860	0.73
ENV/INFRA	MILLE LACS, MN	MN	997	966	Not budgetable or not cleared by the Administrator
ENV/INFRA	MILLE LACS, MN	MN	1,914		BCR < 2.5
ENV/INFRA	NORTHEASTERN MINNESOTA, MN	MN	4,000	5,000	3
ENV/INFRA	BRECKENRIDGE, MN	MN	500		BCR < 2.5
ENV/INFRA	ROSEAU, MN (RED RIVER OF THE NORTH)	MN	1,239	1.5	No funds required
ENV/INFRA	LOCK AND DAM 3, MISSISSIPPI RIVER, MN (MAJOR REHAB)	MN	987	94	Not budgetable or not cleared by the Administrator
ENV/INFRA	BLISSVILLE & MIDLE MISSISSIPPI RIVERS ENHANCEMENT, MO	MO	2,718	460	1.06
ENV/INFRA	CAPE GIRARDEAU (LOO WALL), MO	MO	2,130	1,938	1.95
ENV/INFRA	MISSOURI RIVER LEVEE SYSTEM (L-386), MO, IA, NE, KS	MO	2,500	993	1.1
ENV/INFRA	MISSOURI RIVER LEVEE SYSTEM (A, NE, AS & MO)	MO	1,151	1.1	BCR < 2.5
ENV/INFRA	SWAMP PARK, NE (TRIAL AREA, KANSAS CITY, MO)	MO	100		BCR < 2.5
ENV/INFRA	DESOTO COUNTY WASTEWATER TREATMENT, MS	MS	4,860	8,000	1.3
ENV/INFRA	MISSISSIPPI ENVIRONMENTAL INFRASTRUCTURE, MS	MS	16,000	10,000	
ENV/INFRA	MISSISSIPPI ENVIRONMENTAL INFRASTRUCTURE, MS	MS	1,500	860	2.4
ENV/INFRA	FT PECK DAM AND LAKE, MT	MT	1,500		BCR < 2.5
ENV/INFRA	STANLEY COUNTY, NC	NC	191		Not budgetable or not cleared by the Administrator
ENV/INFRA	STANLEY COUNTY, NC	NC	375	247	3
ENV/INFRA	CAROLINA BEACH AND WYNNES, NC	NC	375	1,471	3
ENV/INFRA	WEST ONSLOW BEACH AND NEW RIVER INLET, NC	NC	13,136	3,721	2.5
ENV/INFRA	WALTON COUNTY, NC	NC	1,500	15,081	2.5
ENV/INFRA	WALTON COUNTY, NC	NC	2,075	1,351	1.3
ENV/INFRA	LAKE SAKAWAWA PROJECT, ND	ND	17,048		Not budgetable or not cleared by the Administrator
ENV/INFRA	LAKE SAKAWAWA PROJECT, ND	ND	10,048	15,050	
ENV/INFRA	MISSOURI RIVER RESTORATION, ND	ND	3,449	307	1.9
ENV/INFRA	MISSOURI RIVER RESTORATION, ND	ND	383	2,449	1
ENV/INFRA	GARRISON DAM LAKE SAKAWAWA, ND	ND	3,449	8,144	
ENV/INFRA	LAKE SAKAWAWA, ND	ND	383		BCR < 2.5
ENV/INFRA	ANTIE LOPE CREEK, NE	NE	4,600	5,382	1.34
ENV/INFRA	MISSOURI NATIONAL RECREATIONAL RIVER, NE & SD	NE	355		Not budgetable or not cleared by the Administrator
ENV/INFRA	MISSOURI NATIONAL RECREATIONAL RIVER, NE & SD	NE	1,700	4,844	1.6
ENV/INFRA	BARGEAT INLET TO GREAT LAKES HARBOR INLET, NJ	NJ	1,914	1,890	2.0
ENV/INFRA	BRIGHTON INLET TO GREAT LAKES INLET (ARSECON ISLAND), NJ	NJ	77	60	1.2
ENV/INFRA	BRIGHTON INLET TO GREAT LAKES INLET (BRIGANTINE ISLAND), NJ	NJ	2,738	1,853	1.6
ENV/INFRA	GREAT LEGS HARBOR INLET TO TOWNSEND INLET, NJ	NJ	2,881		Not budgetable or not cleared by the Administrator
ENV/INFRA	HACKENSACK MEADOWLANDS, NJ	NJ	86	250	
ENV/INFRA	HACKENSACK MEADOWLANDS, NJ	NJ	1,050	5,000	
ENV/INFRA	PASSAC RIVER BASIN FLOOD MANAGEMENT, NJ	NJ	1,050	5,000	0.2
ENV/INFRA	PASSAC RIVER PRESERVATION OF NATURAL STORAGE AREAS, NJ	NJ	4,806		Complete
ENV/INFRA	RAMPOD AND MAHWAH RIVERS, MAHWAH, NJ AND SUFFERN, NY	NJ	191	100	1.6
ENV/INFRA	RAMPOD AND MAHWAH RIVERS, MAHWAH, NJ AND SUFFERN, NY	NJ	191		BCR < 2.5
ENV/INFRA	SANDY HOOK TO BARGEAT INLET, NJ	NJ	857	1,890	1.5
ENV/INFRA	TOWNSEND INLET TO CAPE MAY INLET, NJ	NJ	1,340	1,066	1.8
ENV/INFRA	TOWNSEND INLET TO CAPE MAY INLET, NJ	NJ	1,340	1,066	1.8
ENV/INFRA	CENTRAL NEW JERSEY CHANNEL, NY, PA & DE	NM	2,871	3,804	1.03
ENV/INFRA	NEW MEXICO ENVIRONMENTAL INFRASTRUCTURE PROGRAM	NM	3,938	2,217	
ENV/INFRA	MIDDLE RIO GRANDE RESTORATION, NM	NM	16,000		No funds required
ENV/INFRA	MIDDLE RIO GRANDE RESTORATION, NM	NM	2,871	2,871	
ENV/INFRA	ALAMOGORDO, NM	NM	4,018	2,942	2.13
ENV/INFRA	MIDDLE RIO GRANDE FLOOD PROTECTION, BERNALILLO TO BELLEN, NM	NM	383	750	1.6
ENV/INFRA	MIDDLE RIO GRANDE FLOOD PROTECTION, ALBUQUERQUE, NM	NM	18,000	15,000	1.48
ENV/INFRA	SEC. 505 BIFURAL, NY	NY	860		Not budgetable or not cleared by the Administrator
ENV/INFRA	NEW YORK CITY WATERFRESH, NY	NY	453	960	
ENV/INFRA	ONONDAGA LAKE, NY	NY	857		Not budgetable or not cleared by the Administrator
ENV/INFRA	ONONDAGA LAKE, NY	NY	857		Not budgetable or not cleared by the Administrator
ENV/INFRA	ROSCOWAY INLET TO ROSCOWAY INLET FLD, JAMAICA BAY, NY	NY	684	242	2.2

NEW STARTS - CONSTRUCTION

Subcommittee. Your budget is described as including two new construction starts. One of those projects is not really a new start since it received construction funding in fiscal year 2010 and therefore could even be funded under the fiscal year 2011 continuing resolution. That aside, what criteria were used to select these new starts?

Ms. Darcy. Hamilton City, CA qualified as a new start predominantly as an ecosystem restoration project that provides both environmental and flood damage reduction benefits.

Raritan to Sandy Hook (Port Monmouth), NJ, qualified as a "Risk to Life" new start. This project addresses a significant risk to human safety and damage to property resulting from increased flood exposure, shoreline erosion, and increased exposure of the shore and inland areas to tidal inundation and wave attack damages. This increased exposure, combined with runoff from coastal creeks, results in increased danger of high flood depths and water velocities with little warning time.

Subcommittee. By what measure did these projects rank ahead of all the other projects under construction or waiting to initiate construction?

Ms. Darcy. Hamilton City, CA was included because it connects four other restored environmental areas, thereby providing a larger continual habitat corridor. Raritan to Sandy Hook (Port Monmouth), NJ, was included because it addresses a significant risk to human safety.

NEW STARTS - INVESTIGATIONS

Subcommittee. The budget request includes initiation of four new studies – all environmental projects.

What criteria did you use to select these four studies for initiation instead of continuing other ongoing studies?

Ms. Darcy. The Budget includes four new studies (in addition to those proposed in FY 2011): Englebright and Daguerre Point Dams (Yuba River) Fish Passage, CA; Cano Martin Pena, PR; the Chesapeake Bay Comprehensive Plan; and the Louisiana Coastal Area Comprehensive Study. Three of these studies were proposed as new starts because they will examine ways to contribute to restoration and increased sustainability of ecosystems that were part of last year's interagency collaborative planning initiative. The study of Cano Martin Pena, PR will examine ways to provide critical estuarine habitat restoration and move people out of a floodway.

INVESTIGATIONS

Subcommittee. The budget request includes completion of 6 projects through the planning, engineering, and design (PED) phase – again, all environmental projects.

Are these the only 6 projects that could complete PED next year?

Ms. Darcy. Yes. The FY 2012 Budget includes funding to complete PED for six related features of the Louisiana Coastal Area Ecosystem Restoration, LA program. The Budget also includes funding to complete PED on a flood risk management project for Fargo-Moorhead, ND/MN.

Subcommittee. If not, what criteria were used to select these 6 projects over all others?

Ms. Darcy. All PEDs that could be completed in FY 2012 were included in the budget.

“COMPETITIVE” FUNDING PROCESS

Subcommittee. We often hear of the “competitive” process by which the Administration allocates funds to Corps projects, but it’s unclear how consistently that principle is applied.

Madam Secretary, please provide for the record a ranking of all projects, by account and by program line, considered for the fiscal year 2012 request. This ranking should clearly show the criteria by which the ranking was determined. Please clearly outline the cutoff line below which funding was not allocated for projects.

Ms. Darcy. In accordance with the FY2012 Construction Performance Guidelines, to qualify, a project must be authorized for construction; have an approved Chief’s report, major rehabilitation report, or Dam Safety modification report; and, where applicable, have successfully completed review under Executive Order 12322.

- Project Purpose – Ongoing construction projects, including those funded in the Mississippi River and Tributaries account, are assigned based on their primary purpose to one of the three main mission areas of the Corps (flood and storm damage reduction, commercial navigation, and aquatic ecosystem restoration) or to hydropower.
- Projects funded to address dam safety assurance, seepage control, and static instability correction problems – Projects that are funded for construction to address a dam safety action classification 1 or 2 concern will receive the maximum level of funding that the Corps can efficiently and effectively spend each year.
- Projects funded on the basis of their economic return – Ongoing construction projects that have a benefit-to-cost ratio (BCR) of 2.5 to 1 or higher, calculated at a seven percent discount rate, are eligible for funding. Projects with a BCR below this threshold will not be funded unless they are eligible for funding under other criteria of these guidelines.
- Projects funded on the basis of their environmental return – Ongoing construction projects to restore degraded ecosystem structure, function, and process to a more natural condition are eligible for funding.
- Projects funded to address a significant risk to human safety – Flood and storm damage reduction projects that are funded to address a significant risk to human safety will receive funding to support an uninterrupted effort.
- New starts and resumptions – The start of a priority new construction project, and the resumption of work on a priority construction project, will be eligible for funding.
- Mitigation or environmental requirements – Mitigation work at ongoing construction projects, and work needed to comply with treaties or biological opinions, will be funded to meet those requirements.

- Non-structural flood damage reduction projects – Ongoing non-structural flood damage reduction projects will be eligible for funding if the project has a BCR of 1.0 to 1 or above, at a seven percent discount rate.
- Project completions – Ongoing projects that can complete all remaining construction work during the budget year are funded at the level needed to complete that work if the project has a BCR of 1.0 to 1 or above, at a seven percent discount rate.

Attached is a table showing the ranking of all projects, by account and by program line, considered for the fiscal year 2012 request with criteria by which the ranking was determined, as well as the cutoff line below which funding was not allocated for projects.

FAS-24.9.10.1.01.50348		Project Name		State	2009 Conference	2010 Conference (from Work Allocation DMB)	2012 BCR	2012 BUDGET	BUDGET CRITERIA
LRD	DSS	BLUESTONE LAKE, WV	WV	12,000	81,911	70,000 DAM SAFETY			
SMD	DSS	CANTON LAKE, OK	OK	20,288	22,911	11,100 DAM SAFETY			
SMD	DSS	CLEARWATER LAKE, TN	TN	10,000	37,791	32,800 DAM SAFETY	2.6		
SMD	DSS	DOVER DAM, MUSKINGUM RIVER, OH (DAM SAFETY ASSURANCE)	OH	20,824	17,478	5,000 DAM SAFETY			
LRD	DSS	EMSWORTH LOCKS AND DAM, OHIO RIVER, PA	PA	25,800	2,538	3,000 DAM SAFETY			
LRD	DSS	FOUNTAINBLEAU DAM, OHIO RIVER, PA	PA	19,900	1,205	18,000 DAM SAFETY	1.8		
SPD	DSS	SUCCESS DAM, TULE RIVER, CA (DAM SAFETY)	CA	2,500	2,500	18,000 DAM SAFETY			
LRD	DSS	WOLF CREEK DAM, LAKE CUMBERLAND, KY	KY	54,547	116,206	6.4	132,000 DAM SAFETY		
SMD	FRM	ALTON TO GALE ORGANIZED LEVEE DISTRICTS, IL & MO	IL	13,287	7,233	6.9	500 LIFE		
SMD	FRM	AMERICAN RIVER WATERSHED (FOLSOM DAM MODIFICATIONS), CA	CA	9,000	63,016	2.9	21,000 LIFE		
SPD	FRM	AMERICAN RIVER WATERSHED (FOLSOM DAM RAISE), CA	CA	2,000	4,941	1.5	1,000 LIFE		
MVD	NAV	CHAIN OF ROCKS CANAL, MISSISSIPPI RIVER, IL (DEF CORR)	IL	2,382	4,941	1.5	2,250 LIFE		
MVD	NAV	EAST ST LOUIS, IL	IL	7,718	4,500	6.9	1,350 LIFE		
LRD	FRM	LEVISA AND TUG FORKS AND UPPER CUMBERLAND RIVER, VA, WV & KY	WV	28,500	16,250	0.2	5,000 LIFE		
LRD	FRM	LITTLE CALUMET RIVER, IN	IN	24,000	20,000	1.6	9,000 LIFE		
LRD	FRM	PORTLAND DAM, PORTLAND, ME	ME	40,987	39,880	2.5	45,000 LIFE		
SMD	FRM	PORTUGUES AND BIGUANA RIVERS, PR	PR	46,987	39,880	2.5	45,000 LIFE		
NAD	FRM	RANTAN RIVER BASIN, GREEN BROOK SUB-BASIN, NJ	NJ	10,000	6,613	1.4	6,000 LIFE		
SPD	FRM	RIO GRANDE FLOODWAY, SAN AGACIA TO BOSQUE DEL APACHE, NM	NM	766	4,758	2.4	10,000 LIFE		
SPD	FRM	ROANOKE RIVER UPPER BASIN, HEADWATERS AREA, VA	VA	1,029	1,018	1.6	1,075 LIFE		
SPD	FRM	SANTA ANA RIVER MAINSTEM, CA	CA	15,500	47,810	1.5	20,500 LIFE		
MVD	FRM	ST LOUIS FLOOD PROTECTION, MO	MO	3,500	485	5.4	100 LIFE		
MVD	FRM	ST LOUIS FLOOD PROTECTION, MO	MO	2,500	2,500	4.0	100 LIFE		
MVD	FRM	YUBA RIVER LEVEE, DEFENSENCY CORRECTION AND RECONSTRUCTION	CA	2,650	1,658	1.2	2,000 LIFE		
SPD	FRM	YUBA RIVER BASIN, CA	CA	3,110	1,638	1.2	2,000 LIFE		
NAD	FRM	ASSATEAGUE, MD	MD	478	500	N/A	1,000 MITIGATION		
NAD	FRM	CHESAPEAKE BAY, VA	VA	83,246	80,883	N/A	128,625 MITIGATION		
NAD	FRM	COLUMBIA RIVER FISH MITIGATION, WA, OR & ID	WA	83,246	80,883	N/A	128,625 MITIGATION		
NAD	FRM	COLUMBIA RIVER TREATY FISHING ACCESS SITES, OR & WA	OR	5,125	472	N/A	2,000 MITIGATION		
NAD	FRM	FIRE ISLAND INLET TO MONTAUK POINT, NY	NY	2,010	5,460	1.3	1,350 MITIGATION		
NAD	FRM	LOWER CAPE MAY MEADOWS, CAPE MAY POINT, NJ	NJ	144	378	N/A	7650 MITIGATION		
NAD	FRM	LOWER COLUMBIA RIVER ECOSYSTEM RESTORATION, OR & WA	WA	1,435	1,559	N/A	4,200 MITIGATION		
NAD	ENR	LOWER SNAKE RIVER FISH & WILD LIFE COMPENSATION, WA, OR & ID	WA	1,435	1,417	N/A	1,500 MITIGATION		
MVD	FRM	MISSISSIPPI RIVER ECOSYSTEM RESTORATION, LA	LA	57,419	56,744	N/A	1,000 MITIGATION		
MVD	DSS	MIDDLE LIFE RECOVERY, VA, MS, MO, MT, NE, N	VA	957	378	N/A	1,800 MITIGATION		
SAD	NAV	MASSAULT DAM, WA	WA	957	378	N/A	1,800 MITIGATION		
SAD	NAV	MASSAULT DAM, WA	WA	957	378	N/A	1,800 MITIGATION		
SAD	NAV	OKLAHOMA HARBOR (60 FOOT PROJECT), CA	CA	28,082	1,000	8.5	350 MITIGATION		
SAD	NAV	OKLAHOMA HARBOR (60 FOOT PROJECT), CA	CA	1,388	1,345	1.9	350 MITIGATION		
SAD	NAV	ST. JOHNS COUNTY, FL	FL	1,388	1,339	1.9	350 MITIGATION		
NAD	ENR	CHESAPEAKE BAY OYSTER RECOVERY, MD & VA	MD	2,000	2,000	N/A	5,000 HIGH PERFORMING CONTINUING		
LRD	ENR	CHICAGO SANITARY AND SHIP CANAL DISPERSAL BARRIER, IL	IL	5,750	7,833	N/A	13,500 HIGH PERFORMING CONTINUING		
SMD	ENR	CUMBERLAND AND GREEN RIVER BASIN, VA	VA	123,914	2,456	N/A	2,500 HIGH PERFORMING CONTINUING		
SPD	ENR	HAMILTON AIRFIELD WETLANDS RESTORATION, CA	CA	14,000	14,000	N/A	18,250 HIGH PERFORMING CONTINUING		
SMD	ENR	HOUSTON - GALVESTON NAVIGATION CHANNELS, TX	TX	20,766	242	N/A	600 HIGH PERFORMING CONTINUING		
SAD	NAV	JACKSONVILLE HARBOR, FL	FL	3,349	1,000	N/A	7,000 HIGH PERFORMING CONTINUING		
SMD	ENR	LOWER COLUMBIA RIVER ECOSYSTEM RESTORATION, LA	LA	3,349	1,000	N/A	5,000 HIGH PERFORMING CONTINUING		
SMD	ENR	LOWER COLORADO RIVER BASIN, WARTON/CONJON, TX	TX	3,349	1,000	N/A	5,000 HIGH PERFORMING CONTINUING		
SMD	ENR	LOWER SAVANNAH, GA	GA	3,349	1,000	N/A	5,000 HIGH PERFORMING CONTINUING		
SMD	ENR	NAPA RIVER, SALT MARSH RESTORATION, CA	CA	3,349	1,000	N/A	5,000 HIGH PERFORMING CONTINUING		
SAD	NAV	SAVANNAH HARBOR DISPOSAL AREAS, GA & SC	GA	9,412	7,108	N/A	5,000 HIGH PERFORMING CONTINUING		
SAD	NAV	SAVANNAH HARBOR DISPOSAL AREAS, GA & SC	GA	9,412	7,108	N/A	5,000 HIGH PERFORMING CONTINUING		
SAD	NAV	TAMPA HARBOR, FL	FL	478	772	N/A	3,000 HIGH PERFORMING CONTINUING		
MVD	ENR	UPPER MISSISSIPPI RIVER RESTORATION, IL, IA, MN, MO & WI	IL	17,713	16,470	N/A	18,150 HIGH PERFORMING CONTINUING		
SMD	FRM	MANATEE RIVER, FL BANK PROTECTION PROJECT, CA	CA	22,967	14,100	N/A	10,000 HIGH PERFORMING CONTINUING		
SAD	FRM	MANATEE RIVER, FL BANK PROTECTION PROJECT, CA	CA	22,967	14,100	N/A	10,000 HIGH PERFORMING CONTINUING		
MVD	FRM	LARGO TO GOLDEN MEADOW LA (HURRICANE PROTECTION)	LA	957	5,800	10.1	550 HIGH PERFORMING CONTINUING		
MVD	FRM	KANSAS CITY'S, MO & MS	MO	100	100	6.0	500 HIGH PERFORMING CONTINUING		
MVD	NAV	NEW YORK AND NEW JERSEY HARBOR, NY & NJ	NY	86,127	90,000	5.5	65,014 HIGH PERFORMING CONTINUING		

Agency	Project Name	State	FY	Amount	Comments
FRM	MISSISSIPPI RIVER (REG MORRIS), MO & IL	MO	5.4	548	15202 HIGH PERFORMING CONTINUING
FRM	BRAYS BAYOU HOUSTON, TX	TX	5.29	17,277	7300 HIGH PERFORMING CONTINUING
FRM	BREATHERS POND AND BEACH, NJ	NJ	5.1	6,141	500 HIGH PERFORMING CONTINUING
FRM	CHESAPEAKE RIVER (REG MORRIS), VA	VA	5.1	1,128	500 HIGH PERFORMING CONTINUING
FRM	LOCK AND DAM 27, MISSISSIPPI RIVER, IL (MAJOR REHAB)	IL	3.5	1,128	500 HIGH PERFORMING CONTINUING
FRM	ATLANTIC COAST OF NYC, ROCKAWAY INLET TO NORTON POINT NY	NY	3.2	3,000	100 HIGH PERFORMING CONTINUING
FRM	CHESTERFIELD, MO	MO	3.1	3,147	1,351 HIGH PERFORMING CONTINUING
FRM	CHESAPEAKE RIVER (REG MORRIS), VA	VA	3.1	945	1,500 HIGH PERFORMING CONTINUING
FRM	PRESCOTT ISLE PENNSYLVANIA PERMANENT	PA	3	2,002	3,500 HIGH PERFORMING CONTINUING
FRM	SACRAMENTO DEEPWATER SHIP CHANNEL, CA	CA	3	5,391	3,000 HIGH PERFORMING CONTINUING
FRM	RUDE RIVER CHANNEL, KANSAS CITY, MO	MO	2.7	2,700	3,000 HIGH PERFORMING CONTINUING
FRM	CHESAPEAKE RIVER AND CHANNELS, CORNETT ISLAND, VA	VA	2.5	5,208	4,000 HIGH PERFORMING CONTINUING
FRM	MUDDY RIVER MA	MA	4.785	504	350 HIGH PERFORMING CONTINUING
FRM	LONG BEACH ISLAND, NY	NY	96	28,709	350 HIGH PERFORMING CONTINUING
FRM	MASSACHUSETTS PORTLAND RESERVOIRS, IL	IL	10.376	110,272	CONTINUING CONTRACTS
FRM	CLARK COUNTY, MISSOURI	MO	106.094	110,272	COMPLETION
FRM	OLMSTED LOCKS AND DAM, CHD RIVER, IL & KY	IL	287	17	8600 N/A START
FRM	CRACKSTON, MN	MN	4.000	1.7	3,000 N/A START
FRM	SANTA PALLA CREEK, CA	CA	4.000	1.7	3,000 N/A START
FRM	PARITAN BAY AND SANDY HOOK BAY/PORT MONMOUTH, NJ	NJ	957	821	1.1
FRM	ALASKA COASTAL EROSION, AK	AK	3,378	921	No BCR Construction Congressional Enacted
FRM	ST. PAUL HARBOR, AK	AK	478	90	BCR < 2.5
FRM	ST. PAUL HARBOR, AK	AK	2,871	2,834	2
FRM	UNAKASIA HARBOR, AK	AK	2,871	1,453	1.4
FRM	MOBILE HARBOR TURNING BASIN, AL	AL	4,785	1,091	Standard Agency to proceed
FRM	TUSCALOOSA AREA OFFICE, AL	AL	7,500	7,500	Area Office Relocation
FRM	WHITE RIVER MINIMUM FLOW, AR	AR	5,000		Not budgetable or not cleared by the Administration
FRM	RED RIVER SUB-REGIONAL WATER TREATMENT, AR	AR	2,101		Not budgetable or not cleared by the Administration
FRM	RED RIVER LOWWATER DAM, LA & TX	LA	2,101	2,105	1
FRM	OZARK JEA TAYLOR POWERHOUSE, AR (MAJOR REHAB)	AR	16,555		BCR < 2.5
FRM	REES INDS, AZ	AZ	6,330	15,033	No Funds for Age
FRM	NOGALLES WASH, AZ	AZ	1,500	1,500	BCR < 2.5
FRM	RO DE FLAG LAIS TAF, AZ	AZ	1,500	3,053	1.27
FRM	TULSON DRAINAGE AREA, AZ	AZ	450	5,000	0.61
FRM	CITY OF SANTA CLARITA, CA	CA	1,148	839	Not budgetable or not cleared by the Administration
FRM	CONTRA COSTA CANAL, CA (SEC 219)	CA	1,001	1,001	Not budgetable or not cleared by the Administration
FRM	FARMINGTON RECHARGE (SEC 502)	CA	287	484	Not budgetable or not cleared by the Administration
FRM	LOS ANGELES RIVER DECONTAMINATION PROJECTS, CA	CA	2,871	1,001	Not budgetable or not cleared by the Administration
FRM	PLACER COUNTY SUB-REGIONAL WATER TREATMENT	CA	957	921	Not budgetable or not cleared by the Administration
FRM	SAN RAMON VALLEY RECYCLED WATER, CA	CA	2,871	971	Not budgetable or not cleared by the Administration
FRM	TAMOC BASIN RESTORATION, OR	OR	3,000	4,814	Not budgetable or not cleared by the Administration
FRM	CALIFORNIA STABILITY PROGRAM, CA	CA	239	472	Not budgetable or not cleared by the Administration
FRM	CORTE MADERA CREEK, CA	CA	287	425	1.6
FRM	CHESAPEAKE RIVER, VA	VA	2,871	458	1.9
FRM	KAWAIAHOLE, HI	HI	287	242	No Funds required
FRM	LAGAS CREEK, CA	CA	5,485	310	Not budgetable or not cleared by the Administration
FRM	LOS ANGELES COUNTY DRAINAGE AREA, CA	CA	1,577	1,711	1.3
FRM	MID VALLEY AREA LEVEE RECONSTRUCTION, CA	CA	3,349	1,800	0.31
FRM	MURRIETA CREEK, CA	CA	10,577	1,000	0.33
FRM	NAPA RIVER, CA	CA	600	727	0.96
FRM	SACRAMENTO RIVER FLOOD CONTROL, GBR, CA	CA	600	200	Not budgetable or not cleared by the Administration
FRM	SACRAMENTO RIVER GLENN-COLLUSA IRRIGATION DISTRICT, CA	CA	211	242	1.5
FRM	SAN LORENZO RIVER, CA	CA	6,658	1,453	0.24
FRM	SANTA MARIA RIVER LEVEES, CA	CA	484	484	2.7
FRM	STOCKTON METROPOLITAN FLOOD CONTROL REIMBURSEMENT, CA	CA	546		Not budgetable or not cleared by the Administration
FRM	SUNSET NEAPORT BEACH, CA	CA	287	102	BCR < 2.5
FRM	UPPER CHUALAR RIVER, CA	CA	2,871	321	1.1

NAD	FRM	PIRE CEAS AND WETTO CONSERVATION	NY	462	1.3	BCR < 2.5
NAD	FRM	ORCHARD BEACH BROOK NY	NY	3,200	945	Complete
NAD	FRM	PARITAN AND SANDY HOOK BAY NJ	NJ	971	1.7	BCR < 2.5
LED	NAV/INFR	NEW YORK STATE CANAL SYSTEM NY	NY	460	0	BCR < 2.5
LED	FRM	WATERWAY IMPROVEMENTS IN THE STATE OF OHIO	OH	21,000	5,450	Not budgetable or not cleared by the Administration
LED	FRM	MOLES CREEK WEST CARROLLTON OH	OH	2,444	1,025	BCR < 2.5
LED	FRM	METROPOLITAN REGION OF CINCINNATI DUCK CREEK OH	OH	3,838	2,374	No funds requested
LED	FRM	OHIO RIVERFRONT CINCINNATI OH	OH	2,871	1,912	Not budgetable or not cleared by the Administration
LED	FRM	OHIO RIVERFRONT CINCINNATI OH	OH	2,374	1,912	Not budgetable or not cleared by the Administration
NAD	FRM	ELK CREEK LAKE OR	OR	3,120	472	Complete
NAD	NAV	COLUMBIA RIVER CHANNEL IMPROVEMENTS OR & WA	OR	34,451	100	Complete
NAD	ENV/INFR	WATER CREEK SEVENOR BEAVER AND SALEM TOWNSHIPS PA	PA	30	10,788	Not budgetable or not cleared by the Administration
NAD	ENV/INFR	WATER CREEK SEVENOR BEAVER AND SALEM TOWNSHIPS PA	PA	30	10,788	Not budgetable or not cleared by the Administration
LED	ENV/INFR	SOUTH CENTRAL PA ENVIRONMENTAL IMPROVEMENT PROGRAM PA	PA	17,500	877	Not budgetable or not cleared by the Administration
LED	ENV/INFR	SOUTH CENTRAL PA ENVIRONMENTAL IMPROVEMENT PROGRAM PA	PA	17,500	877	Not budgetable or not cleared by the Administration
NAD	ENV/INFR	THREE RIVERS MET WEATHER DEMO PROGRAM PA (ASPINWALL)	PA	490	969	Not budgetable or not cleared by the Administration
LED	ENV/INFR	THREE RIVERS MET WEATHER DEMO PROGRAM PA (ASPINWALL)	PA	490	969	Not budgetable or not cleared by the Administration
NAD	FRM	LACKAWANNA RIVER SCRANTON PA	PA	4,576	484	BCR < 2.5
NAD	FRM	LACKAWANNA RIVER SCRANTON PA	PA	4,576	484	Not funds requested
NAD	FRM	WYOMING VALLEY FLOOD (LEVEE RAISING)	PA	1,197	1,134	Complete
LED	NAV/INF	GRAVEY LANDING LOCK AND DAM MONONGAHELA RIVER PA	PA	650	2.9	Complete
LED	NAV/INF	POINT MARION LOCK AND DAM MONONGAHELA RIVER PA & WV	PA	150	4.1	Complete
NAD	FRM	FOLLY BEACH S.C.	SC	10,935	4,170	BCR < 2.5
NAD	FRM	FOLLY BEACH S.C.	SC	10,935	4,170	Complete
LED	FRM	BIG SIOUX RIVER SIOUX FALLS SD	SD	2,871	1.3	Not budgetable or not cleared by the Administration
LED	FRM	CHEYENNE RIVER SIOUX TRIBE LOWER BRULE SIOUX SD	SD	2,871	69	Not budgetable or not cleared by the Administration
LED	FRM	CHEYENNE RIVER SIOUX TRIBE LOWER BRULE SIOUX SD	SD	2,871	69	Not budgetable or not cleared by the Administration
LED	NAV/INF	CHICKAMAUGA LOCK TENNESSEE RIVER TN	TN	47,000	1,815	W/F
LED	NAV/INF	CHICKAMAUGA LOCK TENNESSEE RIVER TN	TN	47,000	1,815	W/F
SWD	ENV/INFR	BOSQUE RIVER WATERSHED TX	TX	100	100	Not budgetable or not cleared by the Administration
SPD	ENV/INFR	EL PASO COUNTY TX	TX	7,207	1,000	Not budgetable or not cleared by the Administration
SWD	ENV/INFR	EL PASO COUNTY TX	TX	7,207	1,000	Not budgetable or not cleared by the Administration
SWD	ENV/INFR	CENTRAL CITY FORT WORTH UPPER TRINITY RIVER BASIN TX	TX	6,000	6,742	Not budgetable or not cleared by the Administration
SWD	FRM	CLEAR CREEK TX	TX	1,211	1	BCR < 2.5
SWD	FRM	DALLAS LOGGWAY EXTENSION TRINITY RIVER PROJECT TX	TX	13,000	12,994	BCR < 2.5
SWD	FRM	DALLAS LOGGWAY EXTENSION TRINITY RIVER PROJECT TX	TX	13,000	12,994	Not funds requested
SWD	FRM	HUNTING BAYOU HOUSTON TX	TX	100	9.1	Not funds requested
SWD	FRM	HUNTING BAYOU HOUSTON TX	TX	100	9.1	No funds requested, Sponsor funding GRF
SWD	FRM	JOHNSON CREEK ARLINGTON TX	TX	1,914	1,417	Not budgetable or not cleared by the Administration
SWD	FRM	JOHNSON CREEK ARLINGTON TX	TX	1,914	1,417	Not budgetable or not cleared by the Administration
SWD	FRM	SWAN SOUND CHANNEL IMPROVEMENT PROJECT	TX	10,415	3,028	Not budgetable or not cleared by the Administration
SWD	FRM	SWAN SOUND CHANNEL IMPROVEMENT PROJECT	TX	10,415	3,028	Not budgetable or not cleared by the Administration
SPD	FRM	TEXAS CITY CHANNEL TX	TX	1,125	4.9	BCR < 2.5
SPD	FRM	TEXAS CITY CHANNEL TX	TX	1,125	4.9	Not funds requested
SWD	NAV	CLEAR CREEK TX	TX	478	921	BCR < 2.5
SWD	NAV	CLEAR CREEK TX	TX	478	921	Complete
SWD	NAV	HOUSTON SHIP CHANNEL TX	TX	498	1.3	BCR < 2.5
SWD	NAV	HOUSTON SHIP CHANNEL TX	TX	498	1.3	Complete
SWD	NAV	TEXAS CITY CHANNEL (25-FOOT PROJECT) TX	TX	6,837	5.94	Complete
SPD	ENV/INFR	RURAL UTAH	UT	16,000	20,000	Not budgetable or not cleared by the Administration
SPD	ENV/INFR	RURAL UTAH	UT	16,000	20,000	Not budgetable or not cleared by the Administration
NAD	FRM	YOUNGBURG OH	OH	267	100	Not budgetable or not cleared by the Administration
NAD	FRM	YOUNGBURG OH	OH	267	100	Not budgetable or not cleared by the Administration
NAD	NAV	VIRGINIA BEACH VA (HURRICANE PROTECTION)	VA	1,340	727	BCR < 2.5
NAD	NAV	VIRGINIA BEACH VA (HURRICANE PROTECTION)	VA	1,340	727	Not funds requested
NAD	NAV	AWM BRIDGES AT DEEP CREEK VA	VA	355	2,460	BCR < 2.5
NAD	NAV	AWM BRIDGES AT DEEP CREEK VA	VA	355	2,460	Not funds requested
NAD	ENV/INFR	LAKE CHAMPLAIN WATERSHED INITIATIVE VT	VT	957	920	BCR < 2.5
NAD	ENV/INFR	LAKE CHAMPLAIN WATERSHED INITIATIVE VT	VT	957	920	Not funds requested
NAD	NAV	BURLINGTON HARBOR BREAKWATER VT	VT	478	460	Not budgetable or not cleared by the Administration
NAD	NAV	BURLINGTON HARBOR BREAKWATER VT	VT	478	460	No BCR
NAD	ENV	HOWARD HANSON DAM WA	WA	5,570	9,265	Not budgetable or not cleared by the Administration
NAD	ENV	HOWARD HANSON DAM WA	WA	5,570	9,265	50% first reached
NAD	ENV	PUGET SOUND AND ADJACENT WATER RESTORATION WA	WA	100	100	Not budgetable or not cleared by the Administration
NAD	ENV	PUGET SOUND AND ADJACENT WATER RESTORATION WA	WA	100	100	Not budgetable or not cleared by the Administration
NAD	ENV/INFR	SHAW WATER BAY WA	WA	100	2,000	NA
NAD	ENV/INFR	SHAW WATER BAY WA	WA	100	2,000	Not budgetable or not cleared by the Administration
NAD	ENV/INFR	ST. CROIX FALLS WI	WI	4,207	4,000	Not budgetable or not cleared by the Administration
LED	ENV/INFR	CENTRAL WEST VIRGINIA ENVIRONMENTAL INFRASTRUCTURE WV (SEC)	WV	1,435	727	Not budgetable or not cleared by the Administration
LED	ENV/INFR	CENTRAL WEST VIRGINIA ENVIRONMENTAL INFRASTRUCTURE WV (SEC)	WV	1,435	727	Not budgetable or not cleared by the Administration
LED	ENV/INFR	NORTHERN WEST VIRGINIA ENVIRONMENTAL INFRASTRUCTURE WV	WV	798	1,000	Not budgetable or not cleared by the Administration
LED	ENV/INFR	NORTHERN WEST VIRGINIA ENVIRONMENTAL INFRASTRUCTURE WV	WV	798	1,000	Not budgetable or not cleared by the Administration
LED	FRM	GREENBRIER RIVER BASIN WV	WV	1,500	1,417	BCR < 2.5
LED	FRM	GREENBRIER RIVER BASIN WV	WV	1,500	1,417	Not funds requested
LED	FRM	ISLAND CREEK BASIN IN AND AROUND COGAN WEST VIRGINIA	WV	200	21,750	BCR < 2.5
LED	FRM	ISLAND CREEK BASIN IN AND AROUND COGAN WEST VIRGINIA	WV	200	21,750	Not funds requested
LED	FRM	LOWER MUD RIVER MILTON WV	WV	1,050	1,384	BCR < 2.5
LED	FRM	LOWER MUD RIVER MILTON WV	WV	1,050	1,384	Not funds requested
LED	FRM	WEST VIRGINIA AND PENNSYLVANIA FLOOD CONTROL PA & WV	WV	2,000	1,500	W/F
LED	NAV/INF	MARBLE LOCK MANAWHA RIVER WV	WV	8,000	1,015	3.47
LED	NAV/INF	MARBLE LOCK MANAWHA RIVER WV	WV	8,000	1,015	W/F
LED	NAV/INF	ROBERT C BIRD LOCKS AND DAM OHIO RIVER WV & OH	WV	931	5	W/F
LED	NAV/INF	ROBERT C BIRD LOCKS AND DAM OHIO RIVER WV & OH	WV	931	5	W/F
LED	NAV/INF	TRINITY RIVER LOCKS AND DAM MANAWHA RIVER WV	WV	251	251	W/F
LED	NAV/INF	TRINITY RIVER LOCKS AND DAM MANAWHA RIVER WV	WV	251	251	W/F

HIGH PERFORMING PROJECTS

Subcommittee. Your testimony lists “high performing projects” as a category that received priority in developing the budget request. Can you please explain what “high performing” actually means, especially as a separate item from benefit-cost ratio or cost-effectiveness?

Ms. Darcy. High performing construction projects are funded because of their economic, safety, and environmental returns. For the FY 2012 budget, funds were allocated among these projects with priority given to those with the highest economic, safety, and environmental returns, specifically those that have a benefit to-cost ratio of 2.5 to 1 or greater, at a seven percent discount rate; projects to address a significant risk to human safety; and high-return aquatic ecosystem restoration projects.

CAPABILITY FUNDING

Subcommittee. Madam Secretary, one way the Corps has been able to support so many projects in the past is by funding pieces of them, rather than the full capability of using the funding.

How has that practice been applied in the fiscal year 2012 budget request?

Ms. Darcy. Yes. However, the proposed budget allocates funding among studies and projects on a performance basis in a manner that will enable the Corps to use that funding effectively. Also, some projects, including dam safety assurance, seepage control, and static instability correction projects and completions are funded at the maximum rate that the Corps can efficiently and effectively use funds, while other projects are funded to ensure environmental compliance or to support uninterrupted effort during the budget year.

Subcommittee. Do you have an estimate of how much this practice drives up the costs of your projects?

Ms. Darcy. No.

IMPLEMENTATION OF THE CONTINUING RESOLUTION

Subcommittee. Last week, Congress passed and the President signed into law a two-week Continuing Resolution which eliminated all earmark direction from fiscal year 2010, and provided approximately \$174 million in unallocated funding for Corps projects.

Assuming that these levels are applied to the rest of the fiscal year, how would the Corps determine which projects the unallocated funding should be applied to, and for how much?

Ms. Darcy. Should annual appropriations for FY 2011 be made without instructions as to allocations in a Statement of Managers, the Corps intends to prepare a work plan, or spending plan, that allocates the appropriated funds for the Investigations, Construction, Operation and Maintenance, Mississippi River and Tributaries, and Formerly Utilized Sites Remedial Action Program accounts among projects and programs. The process used to formulate the work plan would be similar to that used in preparing the President's Budget. Projects funded in the President's Budget for FY 2011 will have priority. Any remaining funds will be allocated to other high performing work, as well as to fund minimum requirements on some projects.

BENEFIT-COST RATIOS

Subcommittee. Last year the subcommittee became aware that there was some inconsistency across districts in updating the benefit-cost ratios of projects.

Has that issue been fully resolved?

Ms. Darcy. No. During the FY2012 budget development process, we found that some of the construction projects being considered for funding did not have a consistently determined, certified BCR.

Subcommittee. What steps were taken to ensure consistency and accuracy?

Ms. Darcy. The engineer inspector general was tasked to review BCR update procedures used by divisions and districts. Preliminary results from the engineer inspector general review indicated guidance for economic updates was not clear. We have been working to address these concerns. New guidance to clarify the economic update procedures has been developed. The FY 2012 Budget includes \$1 million to complete economic updates for five construction projects that require a significant level of reanalysis.

Subcommittee. Information you provided last year indicated that only cost estimates were updated every year and that benefit estimates were updated periodically, if at all, through a post authorization change report. Does that remain the process?

Ms. Darcy. For the congressional budget justifications, we generally update the cost information each year, not the benefits. More extensive economic updates are also performed in accordance with the update plan in the feasibility or post authorization change report and/or the Project Management Plan. These could include cost updates, benefit updates, or both, depending on the need. The BCRs that we use in establishing priorities for funding generally reflect the benefits in the latest approved official document, such as Feasibility Report, Chief of Engineers Report, Limited or General Reevaluation Report (LRR or GRR), Engineering Documentation Report (EDR), or other report.

In accordance with current guidance and to support the annual Program Development process, an update of both economic benefits and costs may be undertaken in those situations where the Project Delivery Team (PDT) determines changes in project scope or cost warrant a reassessment (ER 1105-2-100 Appendix G). The time frame for economic updates is different for new start and continuing construction projects. For any project or element proposed as new construction, the fiscal year date of approval of the latest economic analysis must not precede the fiscal year for which the project would be proposed for funding by more than 3 years. For continuing construction projects, the fiscal year date of approval of the latest economic analysis must not precede the budget year by more than 5 years.

Subcommittee. Is it fair to use benefit-cost ratios to prioritize project funding if only half of the analysis is updated?

Ms. Darcy. Yes. Costs are updated annually in any case, mostly for the purpose of assessing the current and future funding needs. Also, costs can vary within a short timeframe, and are more susceptible to fluctuations in market prices. The benefits, which are calculated over a 50-year period of analysis, are less likely to be impacted by short term changes.

Subcommittee. How will you use this information in formulating your budget request -- that is, will you not budget for a project that falls below a certain BCR even if it is 80% complete?

Ms. Darcy. The BCR criterion is used mostly for construction projects that are funded based on their economic returns. In these cases, the BCR plays a primary role in prioritization. In the final year of construction, projects with a lower BCR may be budgeted for completion.

Subcommittee. At what percent complete would you consider terminating the project?

Ms. Darcy. The construction program's goal is to produce as much value as possible for the Nation from the available funds. Work not funded would be deferred until a later date.

AQUATIC ECOSYSTEM RESTORATION

Subcommittee. Are the cost-effectiveness numbers for aquatic ecosystem restoration projects updated annually?

Ms. Darcy. No. Cost effectiveness and incremental cost analyses are done for each project using habitat criteria developed specifically for that project. These site-specific criteria allow the Corps to recommend an appropriate alternative, but cannot be used to compare various projects.

Subcommittee. If so, are the updates limited to the cost estimates or are estimates of habitat units updated as well?

Ms. Darcy. We do not update these estimates periodically.

Subcommittee. If habitat units are updated also, why is this treated differently than the process for updating the benefits of other types of civil works projects?

Ms. Darcy. We do not update these estimates periodically.

Subcommittee. Please explain what cost-effective means in this context. What is the standard for cost-effectiveness?

Ms. Darcy. The cost-effectiveness analysis identifies and eliminates economically irrational solutions. This includes eliminating inefficient solutions (only the least expensive solution for each level of output is efficient); and ineffective solutions (for the same cost, the solution with the greatest level of output is the most effective). It is part of the analytical procedure done for planning of each ecosystem restoration project and is a way to develop the best plans for investment, given the objectives and constraints of each individual study.

Subcommittee. Please submit for the record a list of aquatic ecosystem restoration projects included in the budget request, including for each project: cost-effectiveness, a description of its regional or national significance, whether it was damaged by a civil works project, and whether and why the Corps is uniquely qualified to carry out the restoration.

Ms. Darcy. See attached spread sheet (title shown below)

PROJECT NAME	Description of national or regional significance	Ecosystem damage resulting from a Civil Works project	Why is the Corps uniquely qualified
CHICAGO SANITARY AND SHIP CANAL DISPERSAL BARRIER, IL	The Chicago Sanitary and Ship Canal is the only continuous waterway link between the Great Lakes and Mississippi River watersheds. Therefore, it is the primary potential hydraulic corridor for migration of aquatic nuisance species between these two major basins which span 32 states. By stopping the movement of aquatic nuisance species, the aquatic nuisance species Dispersal Barriers protect the sustainability of aquatic habitat in the 5 Great Lakes and the 121 rivers within the Great Lakes basin and 852 rivers within the Mississippi River basin while maintaining the commercial and economic viability of the Chicago Sanitary and Ship Canal.	The Chicago Sanitary and Ship Canal is a part of the Illinois Waterway, which is maintained by the Corps for navigation	The barriers are an engineering solution that require a broad range and depth of engineering expertise. Furthermore, the barriers are located within a Corps-maintained waterway making the Corps best-positioned to coordinate the barrier project with other waterway uses such as navigation and flood damage reduction.
ATCHAFALAYA BASIN FLOODWAY SYSTEM, LA	Project contains the largest expanse of cypress-tupelo swamp (limited resource nationally) in the nation, supports migratory flyways of ducks and neotropical birds, and habitat of the LA Black Bear, Bald Eagle, and many migratory birds.	Atchafalaya Basin Channel Training	The Corps is sought out for its expertise in H&H and large construction projects. This project has multiple purposes and involves a system approach with efficiencies from consolidated coordination and management.
LOUISIANA COASTAL AREA ECOSYSTEM RESTORATION, LA	The LCA Ecosystem Restoration Program addresses the restoration and preservation of the nation's largest system of estuaries that are vital to the long-term sustainability of marine fisheries throughout the Gulf of Mexico. 70% of the nation's migrant waterfowl, as well as nationally significant resident species including the eagle, the brown pelican, sturgeon, and plover. The LCA Ecosystem Restoration Program addresses the most critical restoration needs and consists of various features (marsh creation, shoreline protection, river diversions) that would help reconnect and restore thousands of coastal wetlands sustaining the ecosystem in order to support, by stabilized nesting, feeding and resting habitats, the resources mentioned above.	MR&T (Mississippi and Atchafalaya River flood control levees), GWW, MRGO, Barataria Waterway, Houma Navigation Canal, Calcasieu Ship channel	Restoration measures in coastal LA require management of Mississippi river resources, movement of large quantities of soils, and balancing user needs of the coastal resources such as navigation, flood risk reduction, and ecosystem restoration. Corps' experience and mission are aligned with this type of program. The Corps also has a long standing and fruitful partnerships in large scale projects with our Louisiana state partner.

<p>UPPER MISSISSIPPI RIVER RESTORATION, IL, IA, MN, MO & WI</p>	<p>The program is restoring ecosystems of national and international (Ramsar sites) significance. The program area includes 140 species of fish (25% of species in N. America), 40% of migratory waterfowl and 60% of all bird species in N. America, 36 federal and 286 threatened and endangered species.</p>	<p>Inland navigation system for the Upper Mississippi River including 37 locks and dams and river training structures</p>	<p>All restoration efforts are within the high energy environment of the Mississippi and Illinois Rivers and their associated floodplain. Only the Corps has the project management, planning, and engineering expertise to work in this large river basin environment</p>
<p>ASSATEAGUE ISLAND, MD</p>	<p>The island is at severe risk of breaching which would change the dynamics of the area resulting in adverse physical, biological, and economic impacts in the area and threaten the habitat of several endangered species such as the piping plover. Barrier Island geologic integrity must be maintained to conserve this important component of the Western Hemisphere Shorebird Reserve Network, considered among the most important areas for migratory shorebirds</p>	<p>Construction of the jetties by the Corps of Engineers in 1934 is to stabilize the Ocean City Inlet, interrupted the natural long shore transport of sand from Ocean City to Assateague, starving the northern end of Assateague Island</p>	<p>The Corps has the unique combination of the required: regional technical expertise; local geographic technical expertise; and, long standing local stakeholder coordination experience, including successful coordination with the federal project partner (National Park Service) as well as the State (MD) and local government stake holders</p>
<p>CHESAPEAKE BAY OYSTER RECOVERY MD & VA</p>	<p>Activities to restore physical oyster habitat and maintain water quality are critical to the economic and environmental survival of the Chesapeake Bay. Restoration of oyster populations in the bay is a high priority of the State of Maryland, the Commonwealth of Virginia, and the Chesapeake Bay Program</p>	<p>N</p>	<p>The oyster restoration efforts require broad technical expertise and specific experience in forging relationships with both Federal and State agencies. The Corps has the expertise over two regions (MD, VA) and a strong Federal presence needed to ensure close coordination, cooperation and balanced efforts. The Corps has the unique combination of the required regional technical expertise, local geographic, technical expertise and long standing local stakeholder coordination experience</p>

<p>LOWER CAPE MAY MEADOWS, CAPE MAY POINT, NJ</p>	<p>The LCMM ecosystem restoration project is an internationally renowned bird migration area within the Atlantic flyway, providing a resting spot for approx. 60,000 raptors and over 1 million seabirds each year during the seasonal migration. The LCMM consists of approx. 350 acres of rare freshwater coastal wetlands, forests and fields, as well as an ocean beach and dune system which make up the Cape May Point State Park and the Nature Conservancy's Cape May Migratory Bird Refuge. The project has a navigation mitigation component, includes national, bi-state and private efforts to expand critical habitat. The project area is an important nesting site for the Federally threatened piping plover in New Jersey. In addition, the freshwater wetlands support numerous rare, threatened and endangered plant species.</p>	<p>Lower Cape May Meadows has been severely impacted by shoreline erosion linked to the Federal navigation project at Cape May Inlet completed in 1911.</p>	<p>This project is a multi-purpose project with navigation mitigation, environmental restoration and storm damage reduction components. The Corps abilities to design and implement projects with multiple purposes makes the Corps uniquely qualified. The Corps manages and maintains the adjacent Federal navigation channel and has specific expertise in coastal processes which facilitates design and construct of a coastal project of this nature.</p>
<p>POPLAR ISLAND, MD</p>	<p>Valuable island habitat and wetlands are being lost at a perilous rate adversely impacting the health of the Chesapeake Bay. The Poplar Island project is a prime example of a continuing Chesapeake Bay restoration and protection type effort designed and being built to help improve the health of the Bay. Islands are preferentially selected by many fish and wildlife species as nesting/production areas.</p>	<p>N</p>	<p>Chesapeake Bay island restoration and beneficial use of dredged material requires a broad range of specific technical expertise and stakeholder coordination experience. The Corps is uniquely qualified to implement these types of projects because it dovetails with our Federal navigation maintenance (dredging) responsibilities and our institutionalized environmental procedures as facilitated by long standing successful relationships with the project partner (Maryland Port Administration)</p>

<p>COLUMBIA RIVER FISH MITIGATION, WA, OR & ID</p>	<p>Meets the actions identified in the ESA biological opinion requirements associated with Operation of the Federal Columbia River Power System, (FCRPS) litigation related to salmonid recovery. Critical that implementation proceed to comply with litigation and agreements made with Tribes and states.</p>	<p>Operation of the Columbia and Willamette River projects. The significance of impacts is part of a long-term lawsuit, and critical actions taken by the action agencies to address court concerns. This includes 12 projects on the Columbia and Snake Rivers and 13 projects on the Willamette River.</p>	<p>ESA requirements the responsibility of the Corps as an action agency. Major construction actions affecting Corps multipurpose projects including structures. Providing fish passage requirements enables other project purposes to proceed</p>
<p>DUWAMISH AND GREEN RIVER BASIN, WA</p>	<p>Ecosystem Restoration associated with restoration habitat for ESA listed Chinook salmon, Steelhead, and Bull trout. It restores critical stream diversity, provides increased connectivity and improves sustainability</p>	<p>Numerous flood damage reduction actions and Howard Hansen Dam.</p>	<p>Projects include potentially significant changes in stream hydrology affecting flood protection</p>
<p>LOWER COLUMBIA RIVER ECOSYSTEM RESTORATION, OR & WA</p>	<p>National Estuary Program of National Significance Habitat restoration to meet ESA requirements associated with Federal Columbia River Power System (FCRPS) Biological Opinion. Performance standards for these habitat improvement measures is critical to meet BOP requirements, and is a critical litigation issue</p>	<p>Operation of the FCRPS projects, navigation, and flood damage reduction actions</p>	<p>Specific ESA requirement to Corps as an action agency. Major construction actions near navigation channel and flood protection structures. Corps uniquely qualified to address hydrogeomorphic processes and impact to navigation, flood damage reduction, and ecosystem restoration</p>
<p>LOWER SNAKE RIVER FISH AND WILDLIFE COMPENSATION, WA, OR & ID</p>	<p>Mitigation for fish and wildlife impacts associated with Snake River Dams. Current habitat development helps meet ESA restoration requirements. It is important that implementation proceeds to protect, preserve, and perpetuate natural salmon spawning and rearing habitat</p>	<p>Construction and operation of the Snake River Projects</p>	<p>ESA requirement to Corps as an action agency within FCRPS. Compliance enables other project purposes to proceed.</p>
<p>MISSOURI RIVER FISH & WILDLIFE RECOVERY, IA, KS, MO, MT, NE, ND & SD</p>	<p>ESA requirements associated with Operation of the Missouri River Navigation and bank protection project and Missouri Mainstem projects</p>	<p>Missouri River Mainstem Projects, and numerous navigation and bank protection actions</p>	<p>ESA requirement to Corps as an action agency. Potentially affects navigation and bank protection system.</p>
<p>EVERGLADES</p>	<p>The Everglades ecosystem is the largest subtropical wilderness in the United States and includes the Everglades National Park (ENP), as well as numerous other federal parks and wildlife refuges. ENP has been recognized by the United Nations and the Ramsar Convention on Wetlands of International Importance as an International Biosphere Reserve and World Heritage Site. The program is a multi-agency restoration plan reflecting the combined efforts of Federal, State, local, and tribal governmental entities</p>	<p>Central & Southern Florida Project, FL</p>	<p>Hydrologic modifications are a Corps area of expertise. In addition, any changes to the system to affect ecosystem benefits will also require modifications to the existing Corps C&SF project.</p>

LOWER SAVANNAH RIVER BASIN, GA	Roughly half of the area benefiting from the project is a National Wildlife Refuge. Project supports goals of USFWS at Savannah National Wildlife Refuge (2007), Sierra Club, and City of Savannah. Also improves habitat for neo-tropical migratory birds	N	The Corps completed physical construction of this project and has completed 3 years of monitoring required by the project's NEPA document. FY12 monitoring would be year 4 of 5 required
HAMILTON AIRFIELD WETLANDS RESTORATION, CA	Through beneficial reuse of 24.4 million cubic yards of dredged material, the Hamilton Airfield Wetlands Restoration project restores coastal wetlands to provide critical habitat for diverse waterfowl, fish and wetland species including at least two threatened and endangered species	N	As lead for the Long Term Management Strategy (LTMS) for use of San Francisco Bay dredge material, the Corps has unique expertise to support integration of beneficial disposal for the Oakland Harbor navigation project with coastal aquatic habitat ecosystem restoration. The Corps is the recognized expert to accomplish this in compliance with NEPA and ESA in San Francisco Bay
HAMILTON CITY, CA	The Hamilton City project will restore almost 1,500 acres of functional riparian, woodland, shrub and floodplain meadow habitats and reduce flood risk through construction of a 6.5 mile long setback levee along the Sacramento River. This includes critical habitat for Endangered Valley Elderberry Longhorn Beetle and Giant Garter Snake along with state listed species, and floodplain rearing habitat for Endangered Chinook salmon and steelhead. Since 90% of riparian forests have been lost in Sacramento Valley since 1850, this project restores significant acreage plus connectivity between existing Federal and State wildlife refuges, along with Nature Conservancy lands	N	The Corps has a long history on multiple projects working with state and regional agencies in the Sacramento River watershed to apply hydraulic engineering and environmental expertise to flood risk management integrated with mitigation of marine, riparian and associated critical habitats under ESA and NEPA
NAPA RIVER, SALT MARSH RESTORATION, CA	The project will create 724 acres of managed ponds contributing to restoration of the Napa Salt Marsh. It will support large scale fish migration to new rearing habitats for listed estuarine fish including delta smelt, spittail, steelhead trout, and Chinook salmon. Other federal endangered species, state listed species, and migratory waterfowl will benefit as natural salt marsh hydraulic function is restored. Since over 90% of San Francisco Bay's tidal wetlands have been lost since the early 1900s, the site is a critical stopover on the Pacific Flyway and part of the San Francisco Bay National Estuarine Reserve	N	The Corps has requisite experience and expertise in coastal and hydraulic engineering, integrated with aquatic ecosystem restoration in estuarine and transitional upstream habitats around San Francisco Bay. The Corps also has a long history of collaboration with the San Francisco Bay Conservation and Development Commission (BCDC), along with collaborating state and federal resource agencies

<p>HOUSTON - GALVESTON NAVIGATION CHANNELS, TX</p>	<p>The program will create a total of 2,850 acres of healthy marsh and 6 acres of island for shore birds in an area that has lost 45,000 acres of intertidal marsh due primarily to sea level rise and subsidence. The restored marshes and island will provide travel corridors and habitat for a number of species including endangered species such as the brown pelican and the Kemp's Ridley sea turtle. This estuary is one of 28 in the National Estuary Program.</p>	<p>N</p>	<p>Project creation is possible through the beneficial use of dredge material generated during O&M dredging of the HSC which is uniquely a Corps function.</p>
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DEEP-DRAFT NAVIGATION

AUTHORIZED DIMENSIONS

Subcommittee. The American Association of Port Authorities cites the Census Bureau to say that deep-draft ports move 99.4 percent of U.S. overseas trade by volume and 64.1 percent by value. Yet the budget request continues to reduce funding for construction and operation and maintenance of navigation projects.

What portion of our existing deep-draft navigation is maintained to authorized dimensions?

Ms. Darcy. Navigation channels rarely have full depth and width available. At present, only two of the top 10 navigation projects in the Corps inventory have full depth and width available. These two projects are, in large part, naturally deep and do not require significant maintenance dredging.

Subcommittee. How much capacity is forfeited by not maintaining authorized dimensions?

Ms. Darcy. Depth restrictions are generally the focus, as they can affect the ability of some vessels to load to their full capacity. We do not have data to support an estimate of the potential loss of capacity, e.g., in percentage terms. We reviewed three commodity groups: containerized cargo; dry bulk exports; and tanker imports (petroleum), and we estimated that each foot of shoaling can reduce the amount of total cargo that some ships can carry by 1,400 tons to 4,000 tons per vessel, depending on the vessel design and commodity.

Subcommittee. What would be the cost to maintain authorized dimensions for deep-draft navigation?

Ms. Darcy. Maintenance for all deep draft navigation channels supporting one million tons of commercial cargo or more per year would cost approximately \$1.3 billion more in FY 2012, above the \$630 million recommended in the FY 2012 Budget.

DOUBLING EXPORTS

Subcommittee. The President set a goal of doubling exports by 2015. Does our current marine transportation system have the capacity to handle a doubling of exports?

Ms. Darcy. Yes, but there are logistical challenges to handling increased traffic efficiently. Also, when the deepening of the Panama Canal is completed in 2014, the Canal locks will be capable of accommodating ships that have a 50-foot draft. We are working to deepen and widen several of our ports. At the time that Panama completes its canal improvements, ships with a 50-foot draft will be able to make port calls at three U.S. ports on the Atlantic and Gulf coasts. These deeper draft ships may be able to call on other U.S. ports as well, if they are less than fully loaded or transfer some cargo to smaller ships or barges prior to entering port.

Subcommittee. If not, how much capacity could be gained by dredging existing ports to authorized dimensions?

Ms. Darcy. Maintenance of existing navigation channels to fully authorized dimensions would reduce the cost of some ship movements, but would not necessarily increase the total throughput capacity of the ports.

Subcommittee. Do you have a cost estimate for that?

Ms. Darcy. Maintenance for all deep draft navigation channels supporting one million tons of commercial cargo or more per year would cost approximately \$1.3 billion more in FY 2012, above the \$630 million recommended in the FY 2012 Budget.

Subcommittee. Are there other limitations such as land side facilities that are the limiting factor?

Ms. Darcy. Yes. A port's cargo throughput is determined by the size of vessels calling on the port, navigation channel depths, widths, and lengths, berthing areas, cargo handling equipment, cargo storage, intermodal transportation (road, rail, or barge) capacities, as well as proximity to markets, distance from the ocean to the port, and transportation alternatives (e.g., other nearby ports).

Subcommittee. How much capacity would we need to gain by additional projects to deepen or otherwise expand our ports?

Ms. Darcy. The U.S. will need to continue to invest in its ports to remain a top tier global trading partner. Corps studies are underway to assess the benefits and costs of deepening an additional 10 Atlantic and Gulf coast navigation channels.

Subcommittee. How many jobs could be created by undertaking these improvements to our navigation infrastructure, both short term jobs during the construction of these improvements as well as long-term jobs associated with running the ports and all associated businesses that use the ports?

Ms. Darcy. Specific studies on job creation have not been undertaken. However, Corps estimates for ARRA work indicated that 8,000 direct jobs were created for every \$1 billion spent, along with indirect creation of an additional 20,400 jobs in industries supplying construction and O&M activities and the industries that sell goods and services to these workers and their families.

Subcommittee. Are any of these navigation improvements included in the budget request?

Ms. Darcy. Yes, the President's FY 12 budget includes \$65 million to deepen the Port of NY/NJ; \$3.5 million to deepen the Sacramento Deepwater Ship Channel; \$42 million to construct/expand dredged material placement facilities at the ports of Norfolk, VA, Savannah, GA, Jacksonville, FL, and Tampa, FL, in order to continue maintenance of the deep draft channels serving these ports; \$600 thousand for preconstruction engineering and design of Savannah Harbor expansion, GA; and \$726 thousand for a channel improvement study at Brazos Island Harbor (Brownsville), TX.

HARBOR MAINTENANCE TRUST FUND

Subcommittee. The budget request includes a proposal to expand eligibility for reimbursement from the Harbor Maintenance Trust Fund. As described, the idea is to allow other agencies, such as the Coast Guard and the Department of Transportation, to access Trust Fund revenues to pay for activities conducted in support of ports and navigation.

When can we expect to see the details of this proposal?

Ms. Darcy. The Administration is developing the proposal and anticipates sharing the proposal in the coming months.

Subcommittee. Is the Administration making this proposal because it does not believe there to be sufficient dredging needs to make use of annual receipts?

Ms. Darcy. No. The funding level for maintenance dredging should be determined independent of the level of the Harbor Maintenance Tax receipts. The allocation of funds for maintenance dredging and related purposes should reflect consideration for the economic and safety return, as well as a comparison with other potential uses of the available funds. The President's Budget proposes to expand the authorized uses of the harbor maintenance trust fund receipts, so that they are available both for harbor maintenance and to finance the Federal share of other Federal activities that support commercial navigation through our ports. This reform will support investments that contribute to the strength of the American economy.

Subcommittee. Do the budget requests of any other affected agencies reflect this proposed change? If so, please supply a complete list of departments and agencies included in the proposal.

Ms. Darcy. The proposed change is not reflected in the FY 2012 funding request for any of the affected agencies or departments, including the Corps.

INLAND WATERWAYS SYSTEM & TRUST FUND

USERS BOARD PROPOSAL

Subcommittee. Secretary Darcy, does the Administration have an official position on the recommendations made by the Inland Waterways Users Board?

Ms. Darcy. Yes. I have attached a copy of my letter of December 21, 2010, to Chairman Oberstar on this subject, which presents the Administration's views.

Subcommittee. Now industry has rejected the Administration's proposal and the Administration has rejected industry's proposal. What's the next step?

Ms. Darcy. The Civil Works program facilitates commercial navigation by providing support for safe, reliable, highly cost-effective and environmentally sustainable inland waterways systems. The Administration looks forward to working with the Congress and all affected stakeholders to achieve this objective.

Subcommittee. Do you have a plan for trying to find a third alternative acceptable to everyone?

Ms. Darcy. The Administration looks forward to working with Congress and the inland waterways users to develop a proposal and build support for its adoption.

Subcommittee. Or is the Administration content to continue funding inland waterway improvements at current levels?

Ms. Darcy. Neither the Administration nor the inland navigation community is content with current funding levels. In the short-term, the Administration plans to continue to budget for the capital costs of inland waterways projects based on the level of anticipated revenues from the current excise tax on inland waterways diesel fuel. However, we also continue to seek enactment of a long-term mechanism to enhance revenues in the Inland Waterways Trust Fund sufficiently to meet the non-Federal share of the costs of activities financed from this trust fund.

CAPITAL POLICY

Subcommittee. One of the Users Board's suggestions was to redefine what a capital improvement is versus an operation and maintenance activity. This subcommittee has previously asked to know what the Corps' capital policy is for all project types, but hasn't gotten an answer. We know that the current dividing line for inland waterway projects is a dollar figure established in statute.

First, how does the Corps determine construction costs versus operation and maintenance costs for projects other than the inland waterways projects?

Ms. Darcy. Section 205 of WRDA 1992 defines major rehabilitation primarily as the restoration of major project features, which consists of structural work that significantly extends the physical life of the feature, is economically justified by a benefit-cost analysis, will take at least 2 years to complete, and will cost at least \$14.5 million to complete at 2011 price levels (cost escalated in accordance with the statute). The Corps applies this same definition to all Corps major rehabilitation projects.

Subcommittee. With regard to inland waterways, has the Administration taken a look at the idea of updating the current definition, either to a new number or to a system based on the type of activity rather than the cost of the activity?

Ms. Darcy. First, the current \$14.5 million dollar threshold for major rehabilitations is updated annually for inflation. . Also, as part of the Corps' asset management initiative, criteria will be developed for distinguishing between routine maintenance and capital expenditures. It is not yet determined whether these criteria will include a cost threshold basis as well as a technical basis for the distinction.

OLMSTED LOCKS AND DAM

Subcommittee. The budget request again directs almost all available funds to the Olmsted Locks and Dam project. At this rate of funding, when will we finish this project and be able to continue work on other projects?

Ms. Darcy. Construction of the Olmsted Locks and Dam project is scheduled to be completed in FY2016. The removal of Ohio River Locks and Dams 52 and 53, which are being replaced by Olmsted Locks and Dam, is scheduled to be completed in FY2018. The Corps is reviewing the project schedule and cost as part of the Post Authorization Change Report, which is being developed for submission to Congress for authorizing an increase in the total project cost.

DREDGING COSTS

COST INCREASES

Subcommittee. How significantly have dredging costs risen over the past few years?

Ms. Darcy. That would depend upon where the dredging takes place. For example, Gulf Coast dredging costs have increased over 100% in the past 5 years according to the Corps Cost Engineering Center of Expertise. A significant portion of this cost escalation is attributed to fuel and labor. Other factors include: refurbishing dredge equipment (including steel costs), environmental requirements (clean air, endangered species, environmental windows, etc.), dredged material placement costs (upland placement, increased distance between dredging and placement site, turbidity controls), and mobilization and demobilization costs.

Subcommittee. Are these increases likely to be short-term or permanent increases?

Ms. Darcy. These and other costs tend to vary over time. We do not have any reason to expect them to drop back to their previous levels.

Subcommittee. In other words, can we expect these costs to drop back to previous average costs or do we need to assume these higher costs are new average costs for the foreseeable future?

Ms. Darcy. It is likely that we will continue to see these higher costs persist or grow for the foreseeable future, e.g., due to further limits on open water disposal, and existing dredged material placement sites reach capacity and are replaced by new, more costly options.

COST COMPONENTS

Subcommittee. What are the major cost components of navigation dredging?

Ms. Darcy. Mobilization and demobilization costs, dredge and attendant equipment ownership costs, and operating expenses are common to all dredges. For hopper dredges there is digging time and hauling the hopper load of material to the dredged material placement site. For hydraulic cutterhead dredges there is pipeline to be placed, added and/or moved throughout the job. Mechanical dredges have attendant barges and tugs.

Subcommittee. Have the increased costs been due to increases in specific cost components or have all costs risen relatively equally?

Ms. Darcy. In the Gulf Coast, a significant portion of the cost escalation is attributed to fuel and labor. Other factors include: increasing age of equipment, frequency of repairs and cost of repairs (including, in particular, the cost of steel); environmental requirements, such as complying with air emissions and turtle and fish dredging windows; dredged material placement costs such as upland placement, increased pumping distance and turbidity controls.

Subcommittee. Does the Corps have data to make this determination?

Ms. Darcy. The Corps' Cost Engineering Center of Expertise in Walla Walla, Washington focuses on building construction costs, but collects dredging cost data as well.

FEDERAL AND PRIVATE DREDGES

Subcommittee. Have the cost increases been similar for work done by the federal dredges and private sector dredges?

Ms. Darcy. Costs have increased for both federal and private sector dredges. For example, we reviewed the cost of dredging by both the federal and private sectors on the lower Mississippi River in 2010 and found that the cost per cubic yard of dredging was comparable.

Subcommittee. If not, what accounts for the differences?

Ms. Darcy. The costs per cubic yard based on a study of the lower Mississippi River were comparable.

GEOGRAPHIC VARIATION

Subcommittee. Do the answers to the previous questions vary by region?

Ms. Darcy. Yes. The costs vary by the type of equipment, regional/local environmental compliance requirements, operating conditions such as weather and sea conditions, and regional variations in wage rates.

Subcommittee. If so, in what ways?

Ms. Darcy. The costs are affected by the dredging volume, the difficulty of the work, the type of dredging equipment, and the dredged material placement locations and methods. The dredging volume and difficulty of the work and the dredged material placement locations are site-specific. The type of dredging equipment and the dredged material placement methods tend to vary by geographic region.

In the Great Lakes, the navigation channel dredging is predominantly accomplished by mechanical excavation equipment. Along the north Atlantic coast, the Corps uses more mechanical equipment and hopper dredges. Along the south Atlantic and Gulf coasts, we use more hydraulic cutterhead and hopper dredges. Along the Pacific coast, we use mostly hopper dredges with some mechanical dredges. The dredged material placement methods also vary from Great Lakes material predominantly being placed in diked upland sites, to predominantly open water and ocean placement on the Gulf coast.

MOBILIZATION COSTS

Subcommittee. Some people have said that there have been significant costs associated with mobilization, particularly on the West Coast moving dredges from Alaska to California. Is that true?

Ms. Darcy. Yes, mobilization and demobilization of dredges is a major cost component of a dredging operation.

Subcommittee. If so, what accounts for this recent trend and can anything be done to help reduce these costs?

Ms. Darcy. The greatest concentration of dredging occurs at Atlantic and Gulf coast navigation and storm damage reduction projects and therefore most of the dredging equipment operates in these areas. Significant time and cost are incurred when mobilizing a dredge from the Atlantic or Gulf coast, through the Panama Canal to the Pacific coast. Moving a dredge from Alaska to California is a significant distance with weather and sea conditions being a factor in the time and cost required. To minimize mobilization and demobilization costs, the Corps has used regional dredging contracts in the past, where one dredge works at multiple projects, possibly for more than one Corps District, and will pursue this contracting mechanism in the future. Another alternative is use of a Multiple Award Task Order Contract (MATOC) format contract, which is commonly used for Corps vertical construction but is just being applied to Corps dredging projects.

Subcommittee. Is there sufficient capacity in the private dredge fleet?

Ms. Darcy. Yes. Last year was a particularly busy year for the private dredging industry for several reasons, including completion of ARRA funded dredging; large dredging requirements for the lower Mississippi River; and dredging for material to construct the Louisiana Coastal Barrier to protect wetlands from the Deepwater Horizon oil spill. The combination of private dredging equipment, coupled with the Corps Ready Reserve hopper dredges, successfully met the workload requirements.

Subcommittee. Are there any changes to the Federal fleet that should be considered?

Ms. Darcy. We have not considered this issue for several years. The Corps has implemented Section 2047(a) of the Water Resources Development Act of 2007, which required the Hopper Dredge McFarland to be placed in Ready Reserve status no later than December 31, 2009, and Section 2047(b) of that Act, which lifted the restrictions on using the hopper dredges Essayons and Yaquina.

DAM SAFETY

FUNDING DSAC I PROJECTS

Subcommittee. The budget request is described as placing a high priority on dam safety with all DSAC I dam projects funded at capability. If overall funding levels for the Corps stay at the level of the fiscal year 2012 request, do you foresee being able to fund all DSAC I projects at capability in future years as well?

Ms. Darcy. The Corps uses a dam safety portfolio management process that continually monitors and assesses the condition and risk associated with all Corps dams and assigns a DSAC classification as appropriate. The priority for funding is focused on addressing the highest risk dams with the most cost effective risk reduction alternatives for all DSAC I, II, & III projects. When high risk dams are identified through this assessment process, additional studies are conducted to confirm the assessment and recommend necessary construction modifications. The Corps policy is to fund dam safety modifications for the highest risk dams at capability for the budget program year. There are 10 continuing DSAC I & II dam safety projects being funded in the proposed FY 2012 budget for a total of \$436.7 million. This funding is allocated within the construction appropriation. As additional high risk dams are identified we expect to include them in the budget.

Subcommittee. If not, what year do you anticipate not being able to fund DSAC I projects at capability?

Ms. Darcy. We expect to continue to fund DSAC I projects that are ready for construction at the maximum rate that the Corps can efficiently and effectively use funds. However funding and schedules for other dam safety projects (DSAC II and III) may be constrained in future budgets.

Subcommittee. By how much would Corps funding need to increase to fund all DSAC I projects at capability in that year?

Ms. Darcy. We expect to continue to fund DSAC I projects that are ready for construction at the maximum rate that the Corps can efficiently and effectively use funds. However funding and schedules for other dam safety projects (DSAC II and III) may be constrained in future budgets.

RECREATION**AMERICA'S GREAT OUTDOORS INITIATIVE**

Subcommittee. According to materials explaining the America's Great Outdoors Initiative, the Administration plans to increase recreational access and opportunities on federal lands and waters. How do you reconcile that goal with the 7.5 percent cut in funding for recreation contained in the budget request for the number one federal provider of outdoor recreation – the Corps of Engineers?

Ms. Darcy. The America's Great Outdoors initiative seeks to reinvigorate our approach to conservation and reconnect Americans, especially young people, with the Nation's lands and waters. As the nation's largest federal provider of recreation for the American public, the Corps is actively involved with and supportive of the AGO initiative. The goals of the AGO will guide the Corps recreation and environmental stewardship programs to continue to 1) connect people to the great outdoors, 2) conserve and restore America's great outdoors, and 3) work together to be better partners. By working with partners to leverage financial and human resources, the public will continue to be able to enjoy recreation at Corps lakes. The Corps AGO initiatives will focus on water-based recreation opportunities. The Corps has developed its first Recreation Strategic Plan, providing flexibility to retain recreation opportunities and expand partnerships and volunteer programs. The Corps will work to incorporate many of the AGO action items into its current programs, including watershed and project management planning, habitat management, multi-agency collaboration and environmental sustainability.

IMPACTS OF FUNDING REDUCTION

Subcommittee. Will the proposed reduction in recreation funding lead to park closures or other reductions in services at Corps parks?

Ms. Darcy. The proposed level of funding will lead to closures of Corps-managed recreation areas and other reductions in the recreation services that the Corps provides to the public.

Subcommittee. If so, how many parks will close?

Ms. Darcy. The Corps manages approximately 2,500 parks at 422 projects. The proposed level of recreation funding results in reduced visitor service levels and reduced recreation opportunities through up to 186 partial and 73 full park closures. Partial closure requires certain areas or facilities within the park be closed to public use and that at certain times, some or all areas within the park be closed to public use. Parks areas impacted include day-use such as boat launch, picnicking and campgrounds.

Subcommittee. How will the Corps prioritize which parks to close and which parks to keep open?

Ms. Darcy. The recreation self-assessment tool contains a single national pool of performance information, including costs and benefits. This tool provides a means for Divisions, with support from the Districts and/or regional project delivery teams, to assess park and project operational efficiencies to identify proposed operational changes (e.g. park closures, leases, shortened operating seasons, service level adjustments, etc.). Subsequently, Headquarters and Division Recreation Business Line Managers integrate the results of the assessments into a comprehensive national assessment and identify national implementation actions and a communication plan. The national assessment results become a component of the overall recreation program strategy.

Subcommittee. How many and which services will be cut?

Ms. Darcy. The proposed level of funding will affect all Corps managed areas, nationwide, through reduced visitor services. This includes reductions in cleaning of restrooms, shower/toilet buildings; reduced mowing of areas around buildings, facilities, sites, beaches, playgrounds; reduced uniformed Corps rangers patrols; decrease in volunteer, contractor and/or Corps employee staffing a gate on site during peak months of visitation; and increased time required to make urgent repairs. Visitor health and safety services provided at an acceptable level include at a typical park in peak season for the region provides cleaning 5 days a week, 2 to 3 ranger patrols and visitor contacts daily, contract law enforcement, periodic public safety programs, and ability to correct urgent repairs within 1 to 3 days. The decreased level of funding supports fewer contractor and/or Corps employees, and results in a decreased ability to provide these services.

Closures may result from a lack of adequate funding to operate an area at acceptable safety or service standards, significant damage due to natural or manmade disasters, mechanical breakdowns, the reception of notices of violation due to noncompliance with public health and environmental regulations, and/or breaches in cost sharing contracts. Potential impact may result in up to 186 partial and 73 full park closures.

Subcommittee. Will this reduction in funding affect public safety, including water safety? If so, to what extent?

Ms. Darcy. Visitor safety is the highest priority. The Corps will continue to commit the necessary resources to programs that provide visitor assistance, water safety programs, and patrols in Corps operated areas. However, the proposed level of funding will result in potential loss of 58 permanent and 237 seasonal staff, a 5% and 15% FTE reduction respectively. This will reduce our ability to interact with visitors, and undertake as many water safety programs and park ranger patrols in beach areas and other parts of these Corps operated recreation areas.

NEW ORLEANS HURRICANE PROTECTION

SCHEDULE

Subcommittee. Is the Corps on schedule to meet its target of providing a 100-year level of protection by June 1st, the beginning of hurricane season?

Ms. Darcy. Yes. The Greater New Orleans Hurricane and Storm Damage Risk Reduction System (HSDRRS) is better now than at any time in its history, providing greatly reduced risk of flooding from hurricane surges.

The Corps and its partners will have the Greater New Orleans hurricane and storm damage risk reduction system (West Bank & Vicinity and Lake Pontchartrain & Vicinity projects) in a condition that will defend against a 100-year storm surge on 1 June 2011, where :

- 97% of the perimeter system will be constructed to 100-year design criteria
- 2% of the system will have Engineered Interim Closure Structures in place such as cofferdams at the Seabrook Surge Barrier.
- 1% of the system will have Engineered Construction Closures on site to close gaps should a hurricane threaten the area such as Hesco Bastions or sheet pile.

Subcommittee. If not, what is the new schedule and why did it slip?

Ms. Darcy. Construction will continue beyond June 2011 to complete the final permanent versions of those 100-year projects, having Engineered Interim Closure Structures and/or Engineered Construction Closures in-place on 1 June 2011.

Additional construction, including Permanent Canal Closures and Pumps at the three New Orleans Outfall Canals, improvements to the New Orleans to Venice Project and Plaquemines Parish non-Federal Levees, Environmental Mitigation, SELA and Armoring, which are not part of the June 2011 commitment, will continue into 2017.

UNOBLIGATED FUNDS

Subcommittee. A significant amount of funds for New Orleans hurricane protection remains unobligated. What is the schedule for obligating these funds?

Ms. Darcy. The balance of funds to be obligated in the HSDRRS Program is substantially for construction of: Permanent Canal Closure and Pump Stations on the New Orleans Outfall Canals (\$0.7B), Armoring (\$0.3B), New Orleans to Venice/Non-Federal Levees (\$1.2B), SELA (\$1.2B), the remaining LPV Project (\$0.7B) and remaining WBV Project (\$0.7B) for a total of \$4.8B.

The schedule for obligation of the balance of remaining HSDRRS funds is:

FY 2011 --	\$ 1.8 B
FY 2012 --	\$ 2.2 B
FY 2013 --	\$ 0.4 B
FY 2014 --	\$ 0.3 B
FY 2015 --	\$ 0.1 B

Total =	\$ 4.8B

LEGISLATIVE PROPOSAL

Subcommittee. The budget request includes a legislative proposal to allow for a transfer of funds from the Flood Control and Coastal Emergencies account to the Construction account. Please submit for the record details to support this proposal, including any updated cost estimates for activities planned in both accounts.

Ms. Darcy. Based upon refined engineering analyses of the 100-year storm surge potential in the Mississippi River, we estimate a shortfall of \$320 million in Construction funds to complete the West Bank and Vicinity (WBV) project to the 100-year level of risk reduction. Current cost estimates to complete the Lake Pontchartrain and Vicinity and Southeast Louisiana have identified \$145 million of Construction funds that are surplus to needs for completion of those projects and are available for reprogramming to the West Bank and Vicinity project to offset its shortfall. Current estimates for FCCE appropriations for (floodwalls, accelerate, or restore) have identified surplus funds in the amount of \$175 million that could be applied to the WBV shortfall. Accordingly, authorizing language for a transfer of up to \$175 million from FCCE to Construction was included in the FY 2012 President's Budget to authorize use of these funds to address the balance of the WBV need.

LOUISIANA COASTAL AREA**BP OIL SPILL IMPACTS**

Subcommittee. Did any oil from last year's BP Deepwater Horizon oil spill reach areas where the Corps had planned projects under the Louisiana Coastal Area authorization?

Ms. Darcy. Yes. Barrier islands and wetlands in Terrebonne, Lafourche, Plaquemines and St. Bernard Parishes were impacted.

Subcommittee. If so, what was the extent of the damage in these areas?

Ms. Darcy. LCA project-specific data are not yet available. However, as of October 6, 2010, oil (heavy and light, including trace amounts) was mapped as having impacted over 200 miles in Louisiana. This includes both wetlands and barrier islands {Operational Science Advisory Team (OSAT-2) of the Gulf Coast Incident Management Team published the Summary Report for Fate and Effects of Remnant Oil Remaining in the Beach Environment on February 10, 2011}. Specific guidelines for the monitoring and maintenance phase of recovery are being developed to determine whether certain oiled habitats warrant further cleaning depending upon the anticipated damage to the environment by oil removal activities. In addition, NRDAR studies regarding potential effects to fish and wildlife resources are currently being conducted along the northern Gulf of Mexico coast. All such information will be considered when determining the extent of and kinds of damages that may have occurred to LCA project areas.

Subcommittee. If not, were these projects affected by the oil spill in any indirect ways?

Ms. Darcy. No direct or indirect impacts to projects have been identified at this time.

Subcommittee. Will any of these projects need to be modified or otherwise rethought in light of the oil spill and its effects on the Louisiana coast?

Ms. Darcy. Several LCA feasibility studies were underway at the time of the oil spill. The scopes of these studies have not been modified between the State and USACE as a result of the oil spill. Monitoring and sampling will occur during the design phase to ensure that project implementation as planned has not been adversely impacted as a result of the oil spill. In addition, the Corps is an active member of The Gulf Coast Ecosystem Restoration Task Force, which was created in response to Executive Order 13554 dated October 5, 2010. The Task Force will prepare an Ecosystem Restoration Strategy for the Gulf Coast by October 4, 2011, that addresses the following goals:

- Restore and maintain coastal habitats to be healthy and resilient
- Establish more sustainable storm buffers
- More efficient and effective use of sediments
- Improve science, monitoring and management efforts

In completing the feasibility studies and continuing preconstruction engineering and design, the Corps will continue to coordinate with the Task Force and other Federal and State agencies. Task Force input will be incorporated into the study and design phase.

NATURAL RESOURCE DAMAGE ASSESSMENT

Subcommittee. To what extent, if any, will the natural resource damage assessment affect the Corps' authorized restoration work?

Ms. Darcy. Natural resources damage assessment (NRDA) will not affect the authorization of any USACE coastal restoration projects; however, it could impact the way in which the Corps implements an authorized USACE restoration project or elements of such projects. The restoration planning phase of the NRDA process, in which possible restoration projects are identified, is ongoing. The specific impact to USACE coastal restoration projects will not be known until the restoration plan is finalized. It is anticipated that USACE coastal restoration projects, or separable elements of projects, could be included in the final restoration plan, which could affect the planning, design, or construction of those projects, or their source of financing. In addition, the responsible party, with NRDA trustee oversight, may choose to implement restoration projects, which could include USACE authorized projects.

Subcommittee. Do you anticipate the Corps receiving any funding through this process?

Ms. Darcy. NRDA is not specifically designed to fund USACE projects. However, if USACE coastal restoration projects, or separable elements of projects, are included in the final restoration plan, the planning, design, or construction of those projects could possibly be funded by NRDA.

Subcommittee. Do you anticipate any changes in the State's ability or schedule for cost-sharing activities?

Ms. Darcy. The receipt of NRDA funds by the State, depending on the amount received, could positively or negatively impact the State's ability and desire to proceed with cost-shared projects with USACE, as a cost-share partner or on its own.

EVERGLADES RESTORATION

COST-EFFECTIVENESS

Subcommittee. In a September 2010 report on the progress of Everglades restoration, the National Research Council suggested a comprehensive cost-effectiveness analysis to optimize restoration outcomes given state and federal financial constraints.

Has the Corps taken any action or made any plans to work on this recommendation?

Ms. Darcy. The Corps examines the cost effectiveness of each Federal project under the Comprehensive Everglades Restoration Program pursuant to directions provided in WRDA 2000 (f)(2)(A)(ii). For each Federal project the Corps considers the environmental benefits to be derived and makes a determination that the activity is cost effective. In addition, the Corps works closely with the South Florida Water Management District (SFWMD) in sequencing projects and construction priorities as part of the budget process.

However, it is important to point out, that the National Research Council's recommendation clearly recognized that the comprehensive cost-effectiveness analysis should be undertaken by SFWMD. On page 12 of the 2010 National Research Council (NRC) Report titled "Progress Toward Restoring the Everglades", the NRC recommends that, "The SFWMD should complete a comprehensive scientific, technical, and cost effectiveness analysis as a basis for assessing potential short- and long-term restoration alternatives and for optimizing restoration outcomes given state and federal financial constraints." The NRC's recommendations are clarified further in Chapter 5 of the Report, which specifically ties this action to efforts taken to date to address the State's existing water quality responsibilities in the Everglades.

There is good reason for the recommendation identifying the SFWMD as the lead for this analysis. The NRC Report sub-section on "Cost-Effectiveness Considerations" at Pages 188-190, concentrates on cost effective manners for managing water quality. The SFWMD has more flexibility to address water quality within their borders. For instance, the sub-section recommends "Given the relatively high construction and O&M costs for STAs and their uncertain life span, the question becomes whether phosphorus could be more cost-effectively removed via other practices." The Report goes on to suggest examining Best Management Practices (BMPs) when looking at cost-effectiveness. The regulation of BMPs is the responsibility of the State and is not within the Corps' authority. In addition, given the ongoing litigation involving the State regarding water quality issues and the State's current discussions before the court concerning appropriate remedies to be implemented, the NRC recommendation identifies the SFWMD as the party primarily responsible to harmonize the cost effective analysis with its representations to the court regarding remedies.

The cost analysis by SFWMD will be taken into consideration by the Corps in discussions affecting the sequencing of Federal projects.

Subcommittee. If not, why not?

Ms. Darcy. See Above

TRADE-OFFS

Subcommittee. Another recommendation was for research on trade-offs from a whole ecosystem perspective. Basically, NRC recognized that we can't do everything at once – we can't achieve all of our water quality goals and all of our water quantity goals simultaneously. Yet, we don't have sufficient information or a process by which we can make decisions on these trade-offs.

Has the Corps taken any action or made any plans to work on this recommendation?

Ms. Darcy. From the beginning of the Comprehensive Everglades Restoration Plan (CERP) planning process, the Corps has worked with the State to prioritize and sequence proposed Federal projects and has taken into consideration any State activities such as the State's obligations under the court supervised Consent Decree. The CERP statute and Programmatic Regulations set up a process for reviewing projects and the program as a whole through Adaptive Management. The need to learn and adapt has been anticipated from the beginning so there are processes available to accommodate such dialogues among the concerned agencies.

As pointed out by the NRC, the concept of trade-offs requires scientific analysis prior to implementation. This scientific analysis should be performed by the agencies responsible for those concerns, primarily resources agencies, such as Everglades National Park, the U.S. Fish and Wildlife Service, and the regulatory agencies, U.S. EPA and Florida DEP. These agencies have the responsibility for resources or regulatory programs and must struggle with the legal impacts associated with water quality compliance and achieving and maintaining water quality standards. These resource and regulatory agencies have already engaged as part of discussions under the ongoing litigation. The Corps has and will continue to provide information regarding operations and engineering to assist any analysis as appropriate.

The Corps and South Florida Water Management District (SFWMD) oversee the activities of the Restoration Coordination and Verification (RECOVER) group under the CERP program and will continue to consider methods for improving and evaluating the restoration process and the selection and sequencing of projects. The results of any scientific analysis produced from the resource and regulatory agencies regarding Everglades restoration will be considered in future water management operations, and the planning of Federal projects.

Subcommittee. If not, why not?

Ms. Darcy. See Answer above.

EFFECT OF THE RECENT COURT DECISIONS

Subcommittee. Have any of the recent court decisions regarding water quality issues affected the Corps's plans or schedules for Everglades restoration?

Ms. Darcy. Yes.

Subcommittee. If yes, how so?

Ms. Darcy. There are two major federal lawsuits over Everglades water quality that are relevant to Everglades restoration planning. In brief, the case before Judge Gold (Miccosukee Tribe of Indians of Florida v. U.S., 04-21448-Civ-Gold (S.D. Fla.)) is a review of actions by EPA concerning Florida's 2003 Everglades Forever Act Amendments and Phosphorus rule, which established a water quality numeric criterion for phosphorus levels in the Everglades. In response to an Order by the Court, EPA issued an Amended Determination on September 3, 2010, in which EPA set out a recommended water quality based effluent limitation for phosphorus concentrations in discharges to the Everglades Protection Area and describes the scope of stormwater treatment areas (STA) expansions and improvements that EPA believes would be necessary for the State to achieve that limitation. The other case, United States v. South Florida Water Management District, No. 88-1886-CIV-Moreno (S.D. Fla.), involves continuing litigation under a consent decree the United States entered in 1992 with the Florida Department of Environmental Protection and the South Florida Water Management District concerning phosphorus pollution from agricultural runoff in the Everglades. In March of 2010, the Court found that the State Parties violated water quality requirements under the Consent Decree and referred the matter for a remedial hearing before a Special Master.

These cases have impacted the State's decision to participate in certain restoration projects with the Corps. The Corps has accommodated the State's requests to delay the planning process for certain projects. Both courts are now considering what actions should be required to ensure compliance by the State of Florida with state and federal water quality requirements.

As these matters are currently in litigation, questions concerning the litigation should be referred to the U.S. Department of Justice.

Subcommittee. Do these court decisions effectively trump any process the government may have put in place to make decisions regarding quantity versus quality trade-offs?

Ms. Darcy. No, there have been no final court decisions impacting such an analysis. As discussed above there are processes in place which anticipated having to adapt the CERP plan and which took into account the existing Consent Decree. The CERP plan assumed that the State would perform work under the Consent Decree which would be factored into planning for Federal projects. As stated above, there are processes in place to assess new information and adapt as appropriate.

Subcommittee. Do we need to consider legislative changes to allow for the development of a process for making trade-off decisions as recommended by the National Research Council?

Ms. Darcy. No. As stated above processes are already in place to analyze water quantity and water quality needs.

Subcommittee. Is the Administration considering any such legislative changes?

Ms. Darcy. No.

PROGRAM EXECUTION**FLOOD CONTROL AND COASTAL EMERGENCIES**

Subcommittee. As of the end of January, the Corps had more than \$3.8 billion in unobligated funds in the Flood Control and Coastal Emergencies account, from appropriations dating back to 2005. Most of this funding is intended for New Orleans, but not all of it. Please explain why it is taking so long to obligate these emergency funds.

Ms. Darcy. The primary reason for these unobligated funds is that the funding for projects in New Orleans following Hurricane Katrina was allocated "up front" with the understanding that it would take roughly 3 - 4 years to execute. We are achieving our key objectives, which are to repair and restore the greater New Orleans hurricane protection system to better than its pre-Katrina levels and to provide 100-year protection. Of the \$14.5 billion appropriated for this purpose, the Corps has obligated \$9.4 billion as of the end of FY 2010, and expects to obligate \$1.3 billion more by the end of FY 2011. For other projects across the Nation, the Corps also had an unobligated balance of \$1.0 billion in the Flood and Coastal Emergencies account at the end of FY 2010. We expect to obligate \$395 million of these funds by the end of FY 2011.

Subcommittee. Is it reasonable to assume that if repairs can wait this long, maybe they aren't emergencies after all and can or should compete for regular operation and maintenance funds with the rest of the Corps projects?

Ms. Darcy. No. These FCCE funds are being used not only for repairs but also for improvements to strengthen the system, which can take years to execute. Also, in some cases it takes longer to obligate funds for construction due to the need to first determine the best remedy or due to project-specific "fact of life" circumstances such as environmental windows.

Subcommittee. Has the Corps made changes to the way it allocates these funds? If so, what are the changes?

Ms. Darcy. The process is unchanged for the FCCE account. Initial funds are allocated for project information reports (PIRs) and Engineering and Design activities. Once the Government cost estimate is established, construction/repair funds are allocated to cover the award of the contract. This process ensures an efficient use of available funds; use of the funds is monitored by Corps Headquarters and funds will be reallocated if they are no longer needed.

CONTINUING AUTHORITIES PROGRAMS

Subcommittee. As you are well aware, this subcommittee has long been interested in the execution of the continuing authorities programs. In light of the significant amount of carryover in these programs, the budget request does not include any new funding for any of the CAPs. What is your plan, though, for actually executing the money already appropriated?

Ms. Darcy. CAP carried-over roughly \$280 million from FY 2010 into FY 2011. There were a variety of factors contributing to this carryover, including scheduling and estimating practices that did not adequately recognize execution risks and uncertainties, as well as slippages in execution, in part due to lack of non-federal cost share funds due to the current economic situation.

Following are examples of specific steps we have taken to use the carried over funds effectively and efficiently.

- In accordance with the FY 2010 Conference Report, we developed a CAP Work plan based on consistent national priorities.
- We analyzed process issues and implemented improvements to facilitate CAP execution. Examples include quarterly work plan updates, quarterly allocation of funds, setting the CAP level as the PPA.
- We reviewed the capabilities for the 1,158 CAP projects that carried funds into FY 2011.
- We developed realistic project schedules to execute the stated capabilities.
- We tasked each MSC to develop a plan to manage execution of their CAP projects. We have held monthly reviews and discussion to track progress.

Our current projection, based on the amount provided by the Congress through FY 2010, is that we can reduce the \$280 million carryover to \$150 million in FY 2011 and to \$20 million or less by the end of FY 2012.

CARRYOVER

Subcommittee. The Corps has projected that it will carry-over into fiscal year 2012 approximately \$1 billion if the fiscal year 2011 budget request is the appropriated level. In this budget environment, this level of carry-over makes it difficult to argue for additional funding.

What is the Corps doing to reduce this carryover?

Ms. Darcy. The Corps has a plan to drive total regular carryover for the civil works program (excluding supplemental and support for others funding) down to a range of between \$400 million and \$ 600 million by the end of FY 2012. The Corps is improving its scheduling and estimating practices, so that funds are in the right place at the right time. We also are focusing on excellent execution through our Program Review Boards. Finally, we periodically identify surplus funds and reallocate or reprogram them to where they can be used, consistent with the reprogramming requirements of section 101 of the FY 2010 Act, which continue to apply during the period of the current Continuing Resolution.

As a result, in FY 2011 the Corps expects to obligate over \$5.5 billion of regularly appropriated funds, driving total regular carryover for the civil works program down from about \$1.7 billion to about \$1.1 billion, assuming enactment of the President's FY 2011 Budget. (For the construction account, this would reduce regular carryover from about \$1.1 billion to about \$600 million.) By the end of FY 2012, regular carryover should be in an acceptable range. Also, a certain amount of carryover is unavoidable because low or high bids and slippages are common, and in most cases funds that become temporarily surplus on a project but could be used in the future on that project are carried over for future use on that project.

Subcommittee. Please provide for the record, a list, by project and by year appropriated, all projected carryover into fiscal year 2012.

Ms. Darcy. We could make tentative projections of FY 2011 carry-out at the account level based on assumed enactment of the President's Budget for FY 2011. However, it appears that there may be a year-long Continuing Resolution, in which case the Corps would be preparing a work plan that allocates the appropriated funds. That work plan would reflect adjustments in costs and schedules since the Budget was prepared, and project schedules would be finalized once the work plan is approved. We would be happy to provide you such projections within 60 days after approval of the work plan.

PERSONNEL

Subcommittee. Secretary Darcy, over the past 17 years or so, Congress has added, on average, something like \$450 million to the Corps budget request. Can you please explain how the Corps will operate in this new budget environment where that funding might not be available?

Ms. Darcy. Should annual appropriations be made at approximately the level of the President's Budget and without directive language, the Corps will allocate most of the funds based on the approach that we used to develop the President's Budget. The budgeted program is based on objective criteria and will make sound progress in addressing water resources needs.

Subcommittee. Will the Corps, under this budget request, be able to keep all existing employees or will you have to consider either not backfilling retirees or term employees?

Ms. Darcy. Since the budget funding level represents a reduction from prior year appropriated levels, there will be some redistribution of workload and possibly some reduction in total personnel.

Subcommittee. Are there any Districts in particular that will have personnel challenges?

Ms. Darcy. A district that may have in the past relied heavily on Congressional adds could have personnel challenges during a transition. The Corps current policy of regional business management across districts will assist in the transition.

Subcommittee. Will the Corps have to reevaluate the amount of work that is contracted for in the private sector?

Ms. Darcy. For construction, the percentage of work that is contracted is high and the amount varies from year to year, depending on appropriations. For operation and maintenance, a significant portion of the routine work for inland navigation and hydropower is performed with in-house forces, and the percentage of work that is contracted is lower and relatively constant from year to year. For operation and maintenance for coastal navigation, the percentage of work that is contracted is high and the amount varies from year to year, depending on appropriations. For planning and design work, the percentage of work that is contracted out tends to rise in years when the work load surges, and to fall in years with lesser work load. For instance, the Corps contracted out more than 59% of its Civil Works engineering in FY 2010, when obligations were the highest in history.

The Corps has regionalized some engineering work during the past 5 - 7 years so fewer districts have a "full service" engineering capability. To plan for an expected reduced workload during the next 3 years, LTG Van Antwerp issued a guidance letter to commanders in May 2010 directing them to determine appropriate engineering workload, not just volume but also by type, to perform within the region to maintain necessary core engineering skills in the future. These plans will be reviewed. Generally, work above these minimal amounts will be contracted out.

PERSONNEL IN NEW ORLEANS DISTRICT

Subcommittee. Madam Secretary, when the Corps began to rebuild after Katrina, you moved personnel from around the country to the New Orleans Area.

Are there employees from Districts around the country still working in the New Orleans District?

Ms. Darcy. Yes, there are permanent Corps employees from other districts and regions who are still working in the New Orleans District on the Hurricane and Storm Damage Risk Reduction System (HSDRRS) construction program.

Subcommittee. If so, how many?

Ms. Darcy. There are currently 23 such permanent Corps employees.

Subcommittee. Is there a schedule for those employees to return to their home Districts?

Ms. Darcy. Yes, there is a transition plan that identifies the employees and their scheduled return to their home districts subject to the work assignments in New Orleans.

Subcommittee. Have you taken a look at work loads to know that there will be work for those employees when they return home?

Ms. Darcy. Upon completion of their HSDRRS work assignments, these employees returning to their home districts will be subject to the funding and workload constraints that may be in force at the time of their return.

PERSONNEL IN IRAQ AND AFGHANISTAN

Subcommittee. General Van Antwerp, you said that currently 1168 Corps employees – civilian and military – are deployed in Iraq and Afghanistan.

Is there a schedule for winding down Corps of Engineers activities in either or both countries?

General Van Antwerp. In Afghanistan, the US Army Corps of Engineers (USACE) has a very high workload that will continue through FY 2014. The main focus of our program at this point will be the construction of facilities for the Afghan National Security Forces to enable the turnover of the security mission. We expect current staffing levels (799 civilian and 194 military) to increase modestly in FY 2012 before gradually declining. We are strategically evaluating staffing levels to meet mission requirements, and personnel levels are being managed in accordance with CENTCOM plans and expected workload.

Currently, we have a total of 146 military and civilian Corps personnel deployed to Iraq. In accordance with our drawdown plan for Iraq, we expect to reduce the remaining Iraq-based Corps staff to a total of 28 military and civilian personnel by October 2011. After that time, our staffing levels in Iraq will be adjusted in accordance with workload requirements. Future workload in Iraq will be driven by Foreign Military Sales (FMS) projects requested and funded by the Government of Iraq.

Subcommittee. Under the budget request, is there sufficient work to be done in the Districts once these folks return to their home Districts?

General Van Antwerp. We expect that Corps staffing levels in Afghanistan will increase modestly in FY 2012 before gradually declining over subsequent years. Nevertheless, when we do drawdown our personnel in Afghanistan, it will be managed as a phased and orderly process. We would not expect to have a sudden surge of returning personnel. District staffing plans will take into account any returning personnel, and staffing levels will be managed in accordance with actual workload. In addition, around 20 percent of the civilian positions in Afghanistan are filled using temporary hiring provisions that allow us to recruit qualified people from outside USACE and the US Government. Once these temporary recruits complete their assignments, they do not continue employment with USACE and will not impact District staffing levels.

NON-FEDERAL CONTRIBUTIONS

Subcommittee. Secretary Darcy, the current policy of the Corps is not to allow local sponsors to provide funds for projects that are not included in the budget request and for those projects that are in the budget request not to allow the locals to pay more than their cost share.

In our current budget climate, should this policy be reevaluated?

Ms. Darcy. There are two authorities relevant to your question: contributed funds authorities and advanced funds authorities.

Under contributed funds authorities, non-Federal sponsors may voluntarily contribute (without reimbursement) more than their cost share for the construction or operation and maintenance of navigation, flood damage reduction, and ecosystem restoration projects. These authorities only allow voluntary contributions once some amount of Federal funds has been appropriated for the project.

Under advanced funds authorities, non-Federal sponsors may advance the Federal share of the costs of authorized navigation or flood damage reduction projects. These authorities allow advance funding without prior Federal appropriations for the project. The Corps has had a policy of not accepting advanced funds for projects that are inconsistent with Administration policy or budget priorities. Also, both the Administration and Congress have been reluctant to accept funds in advance of an appropriation because it could be construed as a future entitlement by the sponsor to reimbursement. In the current budget climate of reduced Federal spending, the policy on the acceptance of advanced funds is being reevaluated.

Subcommittee. Under what circumstances do you believe the locals should be allowed to pay for projects if the Federal government cannot?

Ms. Darcy. Under either of the above authorities, the sponsors would have to be willing to contribute or advance funds gratuitously, without expectation of reimbursement.

Subcommittee. Are there legislative barriers to a change in policy?

Ms. Darcy. Currently, the contributed funds authorities are limited to projects for navigation, flood damage reduction, and ecosystem restoration, and do not include hurricane and storm damage reduction projects. The advanced funds authorities are limited to projects for navigation and flood damage reduction, and do not include ecosystem restoration or hurricane and storm damage reduction projects. Neither the contributed funds authorities nor the advanced funds authorities apply to studies. Also, current law on contributed funds requires prior appropriations to the project.

LEVEE SAFETY**NATIONAL COMMITTEE ON LEVEE SAFETY**

Subcommittee. WRDA 2007 established the National Committee on Levee Safety to make recommendations on how to structure a national levee safety program. The Committee issued its report in January 2009, yet two years later, the Committee still seems to be assembled and working.

Can you please provide details on what the Committee is doing?

Ms. Darcy. Description: Title IX, Section 9003, of the National Levee Safety Act of 2007, involves the formation of a National Committee on Levee Safety to develop recommendations for a national levee safety program. The NCLS comprised of sixteen members, including USACE as chair, FEMA, and fourteen nonfederal members.

Accomplishments: A report containing 20 recommendations for a National Levee Safety Program was completed in January 2009 and provided in draft form to Congress. The recommendations embrace three main concepts: (1) the need for leadership via a new National Levee Safety Commission; (2) the building of strong levee safety programs in and within all states; and (3) a foundation of well-aligned federal agency programs. The Committee reconvened in October 2009 and is working to further define the strategic implementation plan including supplementing supporting data on costs and benefits of a National Levee Safety Program, defining governance and strategic implementation, and researching federal alignment opportunities. In addition, the Committee conducted seven regional stakeholder meetings to further solicit feedback on the recommendations.

Proposed FY12 Activities in Four Areas:

1. Develop Initial Standards, Tolerable Risk Guidelines, and Hazard Potential Classification System

In coordination with related current USACE Levee Safety Program activities, the NCLS will begin to 1) further define requirements for national levee standards that include engineering policies, procedures, standards, and criteria for a range of levee types and related facilities and features; 2) leverage efforts initiated by USACE in the area of Tolerable Risk Guidelines, including fostering international partnerships, to outline how this concept could be applied to levees and levee safety decisions; 3) build upon USACE's Levee Safety Action Classification process to develop a process to quickly identify and prioritize leveed areas with limited information.

2. Implement initial public awareness and education campaign

As recommended by the NCLS, an essential element of levee safety is improving public understanding of the role of levees, the associated risks, and their individual responsibility of

making risk-informed decisions. This activity will expand upon activities already initiated by FEMA and the Silver Jackets Program.

3. Develop and Provide Technical Materials, Research, and Assistance

The NCLS will outline and develop a training program that includes course outlines, materials, and direct assistance to states, resulting in an increase in the availability of shared expertise and knowledge in levee safety. Additionally, a research and development program will be outlined to advance technologies and practices for levee safety.

4. Explore potential program incentives, as related to existing Federal Programs

Following up with work the NCLS is currently doing to research areas in which federal programs could better align, further explore and identify incentives that could be implemented in a National Levee Safety Program or within existing federal programs. Potential incentives could be related to USACE PL 84-99 program and future USACE studies; FEMA's Disaster Assistance and NFIP; Housing and Urban Development grants; Small Business Administration loans; and the Department of Homeland Security's Critical Infrastructure Program.

Subcommittee. How much funding has been used by the Committee to date and how much is planned for the rest of fiscal year 2011?

Ms. Darcy. The National Committee on Levee Safety has expended approximately \$1.5 million dollars to date (FY 2009, FY 2010, and first 2 quarters of FY 2011) and plans for an additional \$500 thousand dollars in expenditures during the remainder of FY 2011.

Subcommittee. Is any funding proposed for fiscal year 2012?

Ms. Darcy. The National Committee has approximately \$2 million in the FY 2012 Budget.

DEFINITION OF A LEVEE

Subcommittee. Last year an issue arose over the proposed definition of a levee. There was concern that the definition would include Bureau of Reclamation canals, and, since Reclamation has its own safety program, that this would lead to duplication of efforts, increased costs for the government and unnecessary bureaucracy for local sponsors.

What is the status of this disagreement?

Ms. Darcy. The National Committee on Levee Safety, and not the Corps, prepared a report to Congress which included structures along canals within the definition of levees, thus clarifying the definition provided in Title IX of WRDA 2007, which indicated that the definition includes "structures along canals". Being sensitive to the issue of governance and good policy, the National Committee included in its recommendations to Congress an exclusion for structures which are managed under an existing safety program of a federal agency, and an exclusion for small low risk structures. In the intervening time since the report was completed, the National Committee has held additional discussions with senior USBR personnel on this issue, held a stakeholder meeting in Boise, Idaho focused on such infrastructure, and participated in the annual Family Farm Alliance conference on this topic. To further collaborate, the National Committee has asked the irrigation interests to propose their own exclusion policy for irrigation structures to the National Committee for consideration. The National Committee anticipates a response from the irrigation interests soon.

Subcommittee. Have the two agencies come to agreement on whether or not Reclamation canals should be included in the Corps' definition of a levee?

Ms. Darcy. The definition is not a Corps definition, but one from the Congress and later clarified by the National Committee. Although the National Committee and USBR agree on the idea of exclusions from jurisdiction, they do not agree on the definition of a levee. On a related note, the Corps definition of a levee in its policy statements does not explicitly include structures along irrigation canals, but embraces a broad definition.

PRINCIPLES AND GUIDELINES

STATUS

Subcommittee. What is the status of the Council on Environmental Quality's (CEQ) efforts to update the Principles and Guidelines (P&G)?

Ms. Darcy. CEQ is currently revising the draft Principles and Standards in response to the public comments and the National Research Council comments. CEQ is also leading an interagency writing team in drafting the Guidelines portion of the document.

Subcommittee. Is there a schedule for finalizing the Principles and Standards and then the more detailed guidelines?

Ms. Darcy. Yes. Under CEQ's current schedule, the new Principles and Standards would be issued in the summer of 2011. Draft guidelines are scheduled to be published for public comment and peer review in the same time frame.

Subcommittee. In a December 2010 report, the National Research Council (NRC) recommended substantial changes to the CEQ draft to correct fundamental problems of clarity, consistency, ambiguity and completeness. To what extent are the recommendations of the NRC being considered and incorporated? Please be specific.

Ms. Darcy. CEQ is currently revising the draft Principles and Standards in response to both the public comments and the National Research Council comments.

FUNDING

Subcommittee. The budget request for the Corps includes \$500,000 for the P&G update. What specifically is this funding for?

Ms. Darcy. This funding is for labor of USACE personnel participating in the CEQ interagency Guidelines writing team, a portion of an interagency work group facilitation contract, a portion of the National Research Council peer review, and for labor of USACE personnel to begin to developing the required agency-specific guidance.

Subcommittee. Will it simply supplement CEQ's budget?

Ms. Darcy. No. This funding is for USACE labor to participate in the interagency Guidelines writing team, for USACE labor to begin developing agency-specific guidance, and for a portion of the facilitation and NRC contracts.

Subcommittee. Or does the Corps have independent responsibilities to be funded?

Ms. Darcy. Yes. USACE funds cover labor for agency personnel involved in the interagency Guidelines writing team, labor for USACE personnel to begin developing agency-specific guidance, and a portion of the facilitation and NRC contracts.

Subcommittee. What, if any, other agencies budgeted for this P&G update? Please provide a list of agencies and amounts budgeted.

Ms. Darcy. USACE does not have information about budgets of other agencies participating in the P & G update process.

READY RESERVE DREDGES

FISCAL YEAR 2012 FUNDING

Subcommittee. The budget request includes \$24 million to keep the federal dredges McFarland and Wheeler in ready reserve status. Please detail what this budget request covers, by activity and amount of funding.

Ms. Darcy. Hopper dredges Wheeler (New Orleans) and McFarland (Philadelphia) were placed in Ready Reserve effective 1996 and 2010 in accordance with the WRDAs of 1996 and 2007, respectively. In Ready Reserve status, the dredges are maintained in a fully operational state, with sufficient crew to respond to any requirement within 72 hours and to work for approximately 6 continuous weeks. They periodically perform routine dredging operations during seven 10-day training exercises throughout the year to maintain equipment and crew readiness. The Ready Reserve standby is funded by Remaining Items in the O&M account at \$24 million total in FY 2012, \$12 million for each dredge to maintain equipment and crew proficiency. Project funds, instead of Ready Reserve funds, are expended when the dredges perform training exercises on projects and when they are activated. That project work is eligible for HMTF reimbursement.

ACTIVE STATUS DAILY CHARGE

Subcommittee. When either of these dredges is called out of ready reserve, a set amount of money per day is charged to the project on which the dredges are working. What is that daily amount for fiscal year 2011 and fiscal year 2012?

Ms. Darcy. The Wheeler's FY 2011 daily rate is \$95,000. The McFarland's FY 11 daily rate is \$94,000. Daily rates for FY 2012 have not been established.

Subcommittee. How does this compare to the actual cost of operating the dredge(s) on those occasions?

Ms. Darcy. The daily rate is the estimated daily operating cost. This is determined by the annual Ownership and Operating expenses minus the Ready Reserve funding, which is \$12 million for each dredge in the FY 2012 budget. The remaining expenses are divided by the 70 dredge training days per year established in law. The dredge is expected to end each fiscal year at a near \$0 balance, having a nominal surplus/deficit.

Subcommittee. Is any of the budget request for the dredges intended to cover the difference between the set amount charged and the actual operating cost?

Ms. Darcy. No. It is designed to ensure that individual projects are not charged for the cost of maintaining the vessels in ready reserve status. The process is consistent with the approach identified in law for the Ready Reserve dredges, and uses remaining item funding for the Ready Reserve expenses and project funding for the dredge training days.

Subcommittee. How does this compare to average cost of using private dredges?

Ms. Darcy. Based on dredging operations in the lower Mississippi River, the hypothetical dredging cost per cubic yard is comparable for the Corps hopper dredge Wheeler and similar large private industry hopper dredges.

HISTORIC USE

Subcommittee. For the record, please list all occasions since fiscal year 2002 that either the Wheeler or the McFarland has been called out of ready reserve status. Please include the reason for active status, the project under work, the number of days worked, the daily and total amount charged to the project, and the daily and total cost of any private dredges working at the same time.

Ms. Darcy. The Dredge Wheeler was placed into Ready Reserve in Fiscal Year 1998. The Wheeler has been activated from Ready Reserve a total of 12 times since 2002. Eight of these activations were for maintenance dredging at Southwest Pass on the Mississippi River. The dredge McFarland was placed into Ready Reserve in December 2009. It was activated twice in 2010 for maintenance dredging at Southwest Pass on the Mississippi River. A table with the activation information requested is attached. The daily dredge cost of contractor dredges is proprietary information and is not available. The work in Southwest Pass is typically bid on an hourly rental of equipment basis. The District uses a method that weighs differences in hourly rental rates based on variations in dredge size and production capability in order to evaluate the bids. Based on bids received in FY 11, a hypothetical daily rate based on the hourly rental rates would range from approximately \$60,000 to \$65,000 per day for medium class hopper dredges and \$100,000 to \$130,000 per day for large class hopper dredges.

12 Apr 2011

USACE Hopper Dredge Ready Reserve Activations
2002-2010

Event	Fiscal Year	Project	Dredge	Days	USACE dredge			Industry dredge			Activation Basis
					Daily Rate	Total Amount	Daily Rate	Total Amount	Daily Rate	Total Amount	
1	2002	Morehead City, NC	Wheeler	14	75,000	1,068,000					No bids - Industry dredges not available
2	2002	Southwest Pass, MS River	Wheeler	37	75,000	2,775,750			24,080,645		No awardable bids
3	2003	Southwest Pass, MS River	Wheeler	3	75,000	225,000			13,935,870		Started a training exercise early
4	2004	MRGO and Southwest Pass	Wheeler	18	75,000	1,350,000			10,154,354		No bids - Industry dredges not available
5	2005	Southwest Pass, MS River	Wheeler	3	75,000	225,000			25,191,526		No bids - Industry dredges not available
6	2005	Mobile Bar Channel, AL	Wheeler	31	75,000	2,250,000					No awardable bids
	2006	No activations									
7	2007	Southwest Pass, MS River	Wheeler	39	75,000	2,925,000			16,915,866		No bids - Industry dredges not available
8	2008	MS River Crossings	Wheeler	10	95,000	950,000					* No bids - Industry dredges not available
9	2008	Southwest Pass, MS River	Wheeler	35	95,000	3,325,000			17,101,900		No bids - Industry dredges not available
9.a	2008	New Orleans Harbor	Wheeler	10	95,000	950,000					Continuation of callout, but different project
10	2009	Southwest Pass, MS River	Wheeler	3	95,000	225,000			35,576,251		Started a training exercise early
11	2010	Southwest Pass, MS River	Wheeler	100	95,000	9,500,000			39,017,102		No bids - Industry dredges not available

12	2010 Southwest Pass, MS River	Wheeler	36	95,000	3,420,000	49,115,930	No bids - Industry dredges not available
13	2010 Southwest Pass, MS River	McFarland	79	94,000	7,666,000		No bids - Industry dredges not available
14	2010 Southwest Pass, MS River	McFarland	17	94,000	1,838,000		No bids - Industry dredges not available
14	TOTALS		435	1,283,000	38,692,750	231,089,444	

*An oil spill closed a portion of the MS River, industry dredges were below the closure and Wheeler was above the closure and activated.

FORMERLY UTILIZED SITES REMEDIAL ACTION PROGRAM

ESTIMATED COMPLETION

Subcommittee. Is the Corps considering any new sites for the Formerly Utilized Sites Remedial Action Program, or is the portfolio essentially closed?

Ms. Darcy. Currently there are two potential sites being evaluated for addition to the program. The first site is the Middlesex Municipal Landfill site located in Middlesex, New Jersey. The Corps will complete the preliminary assessment report for this site in fiscal year 2011. The second site is the Staten Island Warehouse Dock, located on Staten Island, New York. The preliminary assessment report for this site is scheduled to be completed in fiscal year 2012.

Subcommittee. What is the estimated cost to complete clean-up of all sites under FUSRAP?

Ms. Darcy. Assuming FY 2011 funding at the budget level of \$130 M, the estimated cost beyond FY 2011 to complete clean-up of all operable units on a FURAP site that now have a record of decision (ROD) is approximately \$1.1 B. This cost to complete estimate does not include the remedial costs for operable units without a ROD; however, a rough order of magnitude for completion costs of these future RODs is approximately \$0.9 B.

Subcommittee. What would be the estimated year of completion assuming annual funding at the fiscal year 2012 budget request level?

Ms. Darcy. Assuming annual funding would continue at the FY 2012 budget level of \$109 million, we estimate that the Corps would be able to complete the last site by around FY 2030.

Subcommittee. What about at the fiscal year 2011 CR level?

Ms. Darcy. Assuming annual funding would continue at the FY 2011 CR level of \$134 million, we would expect to complete the last site by around FY 2026.

NEW SUSTAINABILITY AND ENERGY PROGRAM**POSSIBLE DUPLICATION**

Subcommittee. Secretary Darcy, your testimony states that the funds included for the new sustainability and energy program will be used for developing tools to enable the Corps to meet sustainability goals.

Could you please be a little more specific? For example, what kinds of tools will be developed?

Ms. Darcy. The Corps is developing (or procuring) tools that include: internal USACE policies, guidance and training for identifying, quantifying, and prioritizing energy, water, petroleum and greenhouse gas reduction projects at USACE facilities; a field guide for facility energy and water efficiency focused specifically on USACE facilities and missions; a meter data tracking system to support standardized Corps-wide tracking of utility consumption at locations required (under the Energy Independence and Security Act of 2007) to install advanced meters; and a central data base of USACE energy and water consumption data that supports USACE compliance with Federal reporting requirements as well as Division, District and facility-level evaluation and tracking of energy, water, petroleum and greenhouse gas reductions.

Subcommittee. Are these tools specific to the Corps and Corps facilities or are several agencies basically duplicating work on these items?

Ms. Darcy. Whenever possible, the Corps is directly using or adapting tools that are available from other DoD components or other Federal agencies, as well as industry and academia. The tools being developed/adapted or procured by the Corps are focused specifically on Corps-wide implementation of Federal energy, water, petroleum and greenhouse gas requirements at Corps facilities and within Corps missions. In FY 2012, Sustainability and Energy activities can be divided into two sets of programmatic requirements: a \$2.3 million requirement to be executed by Headquarters to provide the "tools" (see the examples provided above) that the Corps needs to meet statutory and executive order requirements at USACE facilities; and a \$10 million investment in energy, water and petroleum efficiency to begin the multi-year program to reduce Corps energy, water, petroleum consumption and greenhouse gas emissions. This should result in long-term reduction of facility O&M costs.

AGING INFRASTRUCTURE

RECAPITALIZATION

Subcommittee. Secretary Darcy, your testimony talks a bit about infrastructure recapitalization, but it's not clear on what it is exactly that you're proposing. Under the current system, major rehabilitation, expansion or replacement projects are subject to the same process, policies and cost-sharing rules as new projects.

Is the Administration proposing to change that system? If so, in what ways?

Ms. Darcy. The Corps is not working on such a proposal at this time. However, for rehabilitations, dam safety assurance, seepage control, and static instability corrections, the current processes, policies, and cost-sharing rules are not the same as for new projects.

Subcommittee. Will you be proposing to change cost-share requirements or increase fees or taxes?

Ms. Darcy. The Budget proposes to increase the revenue paid commercial navigation users of the inland waterways.

Subcommittee. Are you looking to change the feasibility process specifically for recapitalization projects?

Ms. Darcy. We are not planning specifically to change the feasibility process for recapitalization projects. However, there is an ongoing effort to improve the feasibility process. Also, the Administration is working to revise the 1983 principles and guidelines for Federal water resources projects, which would apply to all projects.

ENVIRONMENTAL PROJECTS

CATEGORIZATION

Subcommittee. Could you please explain the difference between aquatic ecosystem restoration projects and environmental stewardship projects?

Ms. Darcy. Aquatic ecosystem projects are specifically authorized or CAP projects whose objective is to restore degraded ecosystem structure, function and dynamic processes to a less degraded, more natural condition. Environmental stewardship work is a part of the routine operation and maintenance of many existing civil works water resource projects. The goal of environmental stewardship is to efficiently and effectively manage our natural resource assets using ecosystem management principles, to ensure their continued availability for future generations. Environmental stewardship also includes work on cultural resources and on shoreline permits at existing projects.

Subcommittee. How do you go about separating projects or portions of projects into these two categories?

Ms. Darcy. As these projects have distinctly different purposes they are readily sorted into the two categories. Environmental stewardship is budgeted within the Corps O&M account by each civil works project owned and/or operated by the Corps as appropriate. Aquatic Ecosystem Restoration projects are mostly budgeted in the Investigation and Construction accounts. However, inspection of completed aquatic ecosystem restoration projects and a portion of the O&M cost of the South Florida ecosystem restoration program are funded in the O&M account.

Subcommittee. For the record, please submit a list of projects or activities included in the budget request under each category.

Ms. Darcy:

Aquatic Ecosystem Restoration Projects – Attachment 1
Environmental Stewardship Work at Existing Projects – Attachment 2

Attachment 1

Aquatic Ecosystem Restoration Projects
In the FY 2011 Budget

HAMILTON AIRFIELD WETLANDS RESTORATION, CA
HAMILTON CITY, CA
NAPA RIVER, SALT MARSH RESTORATION, CA
EVERGLADES, FL
LOWER SAVANNAH RIVER BASIN, GA
MISSOURI RIVER FISH & WILDLIFE RECOVERY, IA, KS, MO, MT, NE, ND & SD
CHICAGO SANITARY AND SHIP CANAL DISPERSAL BARRIER, IL
UPPER MISSISSIPPI RIVER RESTORATION, IL, IA, MN, MO & WI
ATCHAFALAYA BASIN, FLOODWAY SYSTEM, LA
LOUISIANA COASTAL AREA ECOSYSTEM RESTORATION, LA
ASSATEAGUE ISLAND, MD
POPLAR ISLAND, MD
CHESAPEAKE BAY OYSTER RECOVERY, MD & VA
LOWER CAPE MAY MEADOWS, CAPE MAY POINT, NJ
LOWER COLUMBIA RIVER ECOSYSTEM RESTORATION, OR & WA
HOUSTON - GALVESTON NAVIGATION CHANNELS, TX
DUWAMISH AND GREEN RIVER BASIN, WA
COLUMBIA RIVER FISH MITIGATION, WA, OR & ID
LOWER SNAKE RIVER FISH AND WILDLIFE COMPENSATION, WA, OR & ID

Attachment 2

Environmental Stewardship Work at Existing Projects
In the FY 2011 Budget

FOX RIVER, WI
FRANCIS E WALTER DAM - 6120
FRANKLIN FALLS DAM, NH
FT PECK DAM AND LAKE, MT
GALISTEO DAM, NM
GARRISON DAM, LAKE SAKAKAWEA, ND
GAVINS POINT DAM, LEWIS AND CLARK LAKE, NE & SD
GILLHAM LAKE, AR
GRANGER DAM AND LAKE, TX
GRAPEVINE LAKE, TX
GRAYSON LAKE, KY
GREAT SALT PLAINS LAKE, OK
GREEN AND BARREN RIVERS, KY
GREEN PETER - FOSTER LAKES, OR
GREEN RIVER LAKE, KY
GREERS FERRY LAKE, AR
HANCOCK BROOK LAKE, CT
HARLAN COUNTY LAKE, NE
HARRY S TRUMAN DAM AND RESERVOIR, MO
HARTWELL LAKE, GA & SC
HEYBURN LAKE, OK
HIDDEN DAM, HENSLEY LAKE, CA
HILLS CREEK LAKE, OR
HILLSDALE LAKE, KS
HODGES VILLAGE DAM, MA
HOMME LAKE, ND
HOP BROOK LAKE, CT
HOPKINTON - EVERETT LAKES, NH
HORDS CREEK LAKE, TX
HOWARD HANSON DAM, WA
HUGO LAKE, OK
HULAH LAKE, OK
ICE HARBOR LOCK AND DAM, WA
ILLINOIS WATERWAY (MVR PORTION), IL & IN
ILLINOIS WATERWAY (MVS PORTION), IL & IN
ISABELLA LAKE, CA
J BENNETT JOHNSTON WATERWAY, LA
J EDWARD ROUSH LAKE, IN
J PERCY PRIEST DAM AND RESERVOIR, TN
J STROM THURMOND LAKE, GA & SC
JEMEZ CANYON DAM, NM
JENNINGS RANDOLPH LAKE, MD & WV

JIM CHAPMAN LAKE, TX
JIM WOODRUFF LOCK AND DAM, LAKE SEMINOLE, FL, AL & GA
JOE POOL LAKE, TX
JOHN DAY LOCK AND DAM, OR & WA
JOHN H KERR LAKE, VA & NC
JOHN MARTIN RESERVOIR, CO
JOHN REDMOND DAM AND RESERVOIR, KS
JOHN W FLANNAGAN DAM AND RESERVOIR, VA
KANAWHA RIVER LOCKS AND DAMS, WV
KANOPOLIS LAKE, KS
KASKASKIA RIVER NAVIGATION, IL
KAW LAKE, OK
KEYSTONE LAKE, OK
KINZUA DAM AND ALLEGHENY RESERVOIR, PA
KNIGHTVILLE DAM, MA
LAC QUI PARLE LAKES, MINNESOTA RIVER, MN
LAKE ASHTABULA AND BALDHILL DAM, ND
LAKE SHELBYVILLE, IL
LAKE TRAVERSE, SD & MN
LAKE WASHINGTON SHIP CANAL, WA
LAUREL RIVER LAKE, KY
LAVON LAKE, TX
LEWISVILLE DAM, TX
LIBBY DAM, LAKE KOOCANUSA, MT
LITTLE BLUE RIVER LAKES, MO
LITTLE GOOSE LOCK AND DAM, WA
LITTLEVILLE LAKE, MA
LONG BRANCH LAKE, MO
LOOKOUT POINT LAKE, OR
LOS ANGELES COUNTY DRAINAGE AREA, CA
LOST CREEK LAKE, OR
LOWER GRANITE LOCK AND DAM, WA
LOWER MONUMENTAL LOCK AND DAM, WA
LOYALHANNA LAKE, PA
LUCKY PEAK LAKE, ID
MAHONING CREEK LAKE, PA
MANSFIELD HOLLOW LAKE, CT
MARION LAKE, KS
MARTINS FORK LAKE, KY
MARTIS CREEK LAKE, NV & CA
MCCLELLAN-KERR ARKANSAS RIVER NAVIGATION SYSTEM, AR
MCCLELLAN-KERR ARKANSAS RIVER NAVIGATION SYSTEM, OK
MCNARY LOCK AND DAM, OR & WA
MELVERN LAKE, KS
MICHAEL J KIRWAN DAM AND RESERVOIR, OH
MILFORD LAKE, KS

MILL CREEK LAKE, WA
MILLWOOD LAKE, AR
MISS RIVER BTWN MO RIVER AND MINNEAPOLIS (MVP PORTION), MN
MISS RIVER BTWN MO RIVER AND MINNEAPOLIS (MVR PORTION), IL
MISS RIVER BTWN MO RIVER AND MINNEAPOLIS (MVS PORTION), IL
MISS RIVER BTWN THE OHIO AND MO RIVERS (REG WORKS), MO & IL
MISSISSINAWA LAKE, IN
MISSOURI RIVER - RULO TO MOUTH, IA, NE, KS & MO
MISSOURI RIVER - SIOUX CITY TO RULO, IA & NE
MOJAVE RIVER DAM, CA
MONROE LAKE, IN
MOSQUITO CREEK LAKE, OH
MT MORRIS LAKE, NY
MUD MOUNTAIN DAM, WA
MUSKINGUM RIVER LAKES, OH
NARROWS DAM, LAKE GREESON, AR
NAVARRO MILLS LAKE, TX
NEW HOGAN LAKE, CA
NEW MELONES LAKE, DOWNSTREAM CHANNEL, CA
NIMROD LAKE, AR
NOLIN LAKE, KY
NORFORK LAKE, AR
NORTH BRANCH KOKOSING RIVER LAKE, OH
NORTH HARTLAND LAKE, VT
NORTH SAN GABRIEL DAM AND LAKE GEORGETOWN, TX
NORTH SPRINGFIELD LAKE, VT
NORTHFIELD BROOK LAKE, CT
O C FISHER DAM AND LAKE, TX
OAHE DAM, LAKE OAHE, SD & ND
OHIO RIVER LOCKS AND DAMS, KY, IL, IN & OH
OHIO RIVER LOCKS AND DAMS, WV, KY & OH
OKATIBBEE LAKE, MS
OKEECHOBEE WATERWAY, FL
OLD HICKORY LOCK AND DAM, TN
OLD RIVER, LA
OOLOGAH LAKE, OK
ORWELL LAKE, MN
OTTER BROOK LAKE, NH
OUACHITA AND BLACK RIVERS, AR & LA
OZARK - JETA TAYLOR LOCK AND DAM, AR
PAINT CREEK LAKE, OH
PAINTED ROCK DAM, AZ
PAINTSVILLE LAKE, KY
PAPILLION CREEK, NE
PAT MAYSE LAKE, TX
PATOKA LAKE, IN

PEARSON - SKUBITZ BIG HILL LAKE, KS
PERRY LAKE, KS
PHILPOTT LAKE, VA
PINE AND MATHEWS CANYONS LAKES, NV
PINE CREEK LAKE, OK
PINE FLAT LAKE, CA
PIPESTEM LAKE, ND
POMME DE TERRE LAKE, MO
POMONA LAKE, KS
PROCTOR LAKE, TX
PROMPTON LAKE, PA
R D BAILEY LAKE, WV
RATHBUN LAKE, IA
RAY ROBERTS LAKE, TX
RAYSTOWN LAKE, PA
RED LAKE RESERVOIR, MN
RED ROCK DAM AND LAKE RED ROCK, IA
REND LAKE, IL
RESERVOIRS AT HEADWATERS OF MISSISSIPPI RIVER, MN
RICHARD B RUSSELL DAM AND LAKE, GA & SC
ROBERT S KERR LOCK AND DAM AND RESERVOIRS, OK
ROUGH RIVER LAKE, KY
SACRAMENTO RIVER AND TRIBUTARIES (DEBRIS CONTROL), CA
SALAMONIE LAKE, IN
SALT CREEK AND TRIBUTARIES, NE
SAM RAYBURN DAM AND RESERVOIR, TX
SANTA ANA RIVER BASIN, CA
SANTA ROSA DAM AND LAKE, NM
SARDIS LAKE, OK
SAYLORVILLE LAKE, IA
SCHEDULING RESERVOIR OPERATIONS, MD
SHENANGO RIVER LAKE, PA
SKIATOOK LAKE, OK
SMITHVILLE LAKE, MO
SOMERVILLE LAKE, TX
ST MARYS RIVER, MI
STAMFORD HURRICANE BARRIER, CT
STILLHOUSE HOLLOW DAM, TX
STILLWATER LAKE, PA
STOCKTON LAKE, MO
STONEWALL JACKSON LAKE, WV
SUCCESS LAKE, CA
SUMMERSVILLE LAKE, WV
SURRY MOUNTAIN LAKE, NH
SUTTON LAKE, WV
TABLE ROCK LAKE, MO

TAYLORSVILLE LAKE, KY
TENKILLER FERRY LAKE, OK
TENNESSEE - TOMBIGBEE WATERWAY WILDLIFE MITIGATION, AL & MS
TENNESSEE - TOMBIGBEE WATERWAY, AL & MS
TERMINUS DAM, LAKE KAWEAH, CA
THE DALLES LOCK AND DAM, WA & OR
THOMASTON DAM, CT
TIOGA - HAMMOND LAKES, PA
TIONESTA LAKE, PA
TOM JENKINS DAM, OH
TORONTO LAKE, KS
TOWN BLUFF DAM, B A STEINHAGEN LAKE, TX
TOWNSHEND LAKE, VT
TRINIDAD LAKE, CO
TULLY LAKE, MA
TUTTLE CREEK LAKE, KS
TWO RIVERS DAM, NM
TYGART LAKE, WV
UNION CITY LAKE, PA
UNION LAKE, MO
UNION VILLAGE DAM, VT
W KERR SCOTT DAM AND RESERVOIR, NC
WACO LAKE, TX
WALTER F GEORGE LOCK AND DAM, AL & GA
WAPPAPELLO LAKE, MO
WAURIKA LAKE, OK
WEBBERS FALLS LOCK AND DAM, OK
WEST FORK OF MILL CREEK LAKE, OH
WEST HILL DAM, MA
WEST POINT DAM AND LAKE, GA & AL
WEST THOMPSON LAKE, CT
WESTVILLE LAKE, MA
WHITLOW RANCH DAM, AZ
WHITNEY LAKE, TX
WHITNEY POINT LAKE, NY
WILLIAM H HARSHA LAKE, OH
WILLOW CREEK LAKE, OR
WILSON LAKE, KS
WISTER LAKE, OK
WOLF CREEK DAM, LAKE CUMBERLAND, KY
WOODCOCK CREEK LAKE, PA
WRIGHT PATMAN DAM AND LAKE, TX
YATESVILLE LAKE, KY
YAZOO BASIN, ARKABUTLA LAKE, MS
YAZOO BASIN, BIG SUNFLOWER RIVER, MS
YAZOO BASIN, ENID LAKE, MS

YAZOO BASIN, GRENADA LAKE, MS
YAZOO BASIN, MAIN STEM, MS
YAZOO BASIN, SARDIS LAKE, MS
YAZOO BASIN, YAZOO BACKWATER AREA, MS
YORK INDIAN ROCK DAM, PA
YOUGHIOGHENY RIVER LAKE, PA & MD
YUBA RIVER, CA

Remaining Items

STEWARDSHIP SUPPORT PROGRAM
CULTURAL RESOURCES (NAGPRA/CURATION)
FISH & WILDLIFE OPERATION FISH HATCHERY REIMBURSEMENT
SHORELINE USE PERMIT STUDY

WATER RESOURCES PRIORITIES STUDY

APPROPRIATE AGENCY

Subcommittee. The budget request, for the second year in a row, proposes a new start for the Water Resources Priorities Study authorized in WRDA 2007. The study was requested of the President because it was intended to take a look at flooding vulnerabilities and programs to address flood risks very broadly, certainly more broadly than just existing Corps programs.

Does any other agency include funding in its budget request for the Priorities Study?

Ms. Darcy. No. The Congress called for this study in a WRDA. The Corps would fund this study and work with other Federal and non-Federal agencies as the study proceeds.

Subcommittee. If not, does the Corps have the necessary expertise to evaluate the effectiveness of other agencies' programs?

Ms. Darcy. The Corps is able to provide both the leadership and expertise required to conduct a broad scale evaluation of existing programs affecting flood risks. The Corps recognizes that carrying out this type of comprehensive analysis will require input from numerous agencies at the Federal and non-Federal level to analyze policies and programs affecting flood risks. One of the first study tasks will be to assemble an interagency working group in order to engage the knowledge and technical expertise that each agency can offer.

The Corps experience through its direction of the Flood Risk Management Program (FRMP) also offers a unique perspective that will benefit this study.

Established in 2006, the FRMP builds upon existing Federal agency programs and funding to assist states and communities in identifying and addressing flood risks. The program seeks to leverage resources from multiple Federal agencies, identify opportunities to jointly implement complementary programs, share data and knowledge, and eliminate duplicative or conflicting activities or policies. The FRMP also supports coordination between Federal agencies and non-Federal flood risk management agencies in order to ensure that federally funded mitigation activities are coordinated with and complement State and local programs and policies that affect flood risks through their influence on land use choices and adoption of flood risk mitigation measures.

Since its inception, the FRMP has established partnerships at the Federal, regional, and state levels through which regular and sustained coordination among agencies occur. At the state level, the Silver Jackets Program brings together teams of representatives of Federal agencies to develop and implement flood risk management solutions to state flood risk management priorities by assisting state agencies and local communities through leveraging information and resources, improving public risk communication, and creating a mechanism to collaboratively solve flood risk management issues and implement initiatives at the state and local levels. At the regional level, the Corps-led Regional Flood Risk Management partnerships provide a venue for interagency and intergovernmental coordination to manage flood risks by integrating pre-flood

mitigation with a long-term strategy to plan and implement pre- and post-flood emergency actions. At the national level, the Corps Flood Risk Management Program, along with the Federal Emergency Management Agency, jointly convened the Federal Interagency Floodplain Management Task Force to expand national level coordination to include all Federal agencies with key roles in flood risk management.

As a result of its Flood Risk Management Program, the Corps thus has developed coordination relationships at the Federal, regional, state and local levels that are focused, not just on a single, technical issue, but rather on addressing the full range of policy and programmatic issues relevant to improving management of the Nation's flood risks. As a result, we believe the Corps is well positioned to access the broad range of expertise and knowledge required from multiple agencies at all levels of government, in order to accomplish the comprehensive review of flood risk management programs called for in WRDA 207, when the Congress authorized the Water Resources Priorities Study.

PLANNING PROGRAM MODERNIZATION**NATIONAL PLANNING PILOT PROGRAM**

Subcommittee. Secretary Darcy and General Van Antwerp, you both mentioned a pilot program to help improve the efficiency of the study process.

Could one of you please discuss that proposal in more detail?

Ms. Darcy. One of the top priorities of the Corps and the ASA-CW's senior leadership is the transformation of the Civil Works Planning Program to better address the many water resources challenges that face the nation, now and in the future. We envision a more efficient study process using a new approach, which produces quality results more effectively and reduces the cost of completing a study, consistent with the general concepts emerging from the revised Principles and Guidelines.

In FY 2011 the Corps will conduct a National Planning Pilot Program to test the aspects of this approach within our policy and develop and refine methodologies and processes for planning studies across all business lines in a manner that is sustainable and replicable and that will inform future Civil Works guidance. The outcome of the National Pilot Program will determine if the concepts will continue beyond the pilot studies or if additional modifications will be needed.

Subcommittee. What types of changes to the process are you looking to test?

Ms. Darcy. While no final decisions have been made at this point, we expect that the study process would continue to follow the general framework of the current Corps planning process, which includes appropriate levels of review. The new process would build on the strengths of the Corps using quality engineering, economics, and environmental analyses. However, it would place more emphasis on scaling the amount and type of data collected and analysis conducted to reflect the consequences of the decisions being made.

Subcommittee. How will you select studies for the pilot program?

Ms. Darcy. Pilot studies nominated by the Division Commanders with support from local sponsors will be selected in order to provide a sample of different small and large projects across all business lines, including multi-objective projects. Some of the key criteria for selection are that the study is initiated with a feasibility study cost sharing agreement (FCSA) in place, and adequate study funding available. Representatives from HQ-USACE and the office of the ASA(CW) evaluate nominations and make recommendations on selections to senior leaders in both organizations. Up to 7-9 pilot studies will be selected and initiated on a staggered schedule between now and the end of FY 2011.

To date, two pilot studies have been selected: Jordan Creek (Springfield) MO and Sutter Basin, CA. Jordan Creek (Springfield), MO is a flood risk management and ecosystem restoration study. The project area is along the Jordan Creek within the Springfield city limits. The project partner is the city of Springfield. Sutter Basin, CA is a flood risk management, ecosystem

restoration and recreation study. The study area includes the Sacramento River, Feather River and Sutter Bypass, as well as the communities of Yuba City, Live Oak, Gridley and Briggs. Project partners are the state of California Central Valley Flood Protection Board and the Sutter Butte Flood Control Agency (SBFCA).

Subcommittee. How will you evaluate the impact of any changes tested?

Ms. Darcy. Rather than measuring the concepts against previous methods, the pilot program will test whether or not the concepts work in a replicable and sustainable manner. If the concept does work, methodology will be documented for future use in studies, as well as to inform guidance in the future. Short-term success is defined in answering whether or not a concept works. If the concepts do not work, we will identify the constraints and seek to develop a workable solution. Long-term success is defined as a sustainable and replicable concept. Examination of the process both during and after each pilot study will be used to evaluate the effectiveness of the approach, develop guidelines for future studies (e.g., identify levels of analyses appropriate to each program area such as commercial navigation, flood risk reduction, and aquatic ecosystem restoration), and suggest modifications to Corps processes, procedures, and policies, as appropriate.

ADDITIONAL QUESTION FROM CHAIRMAN FRELINGHUYSEN OF NEW JERSEY

BARNEGAT INLET TO LITTLE EGG INLET STORM PROTECTION PROJECT

Chairman Frelinghuysen. The Committee has long supported the Long Beach Island (LBI) project, known as the Barnegat Inlet to Little Egg Inlet Storm Protection Project. Long Beach Island is a long term, pre-existing project.

Does the Corps believe that in an era of limited resources, priority should be given to existing projects before committing to new projects?

Ms. Darcy. Not always. In some cases, a new start should have higher priority. However, we also give priority to completing high-return ongoing construction work.

Chairman Frelinghuysen. Two large pieces of the LBI project are complete, namely Surf City and Harvey Cedars, but other portions remain unfinished, and those sections that are complete are only secure for the long-term when the entire project is completed. It is my understanding that a large section of Long Beach Township is the next piece of the project ready to go. Can you please confirm that there remain existing previously appropriated funds for this project, as well as confirm that the Corps intends to commit additional resources to continue to complete this ongoing project for FY2011 and FY2012?

Ms. Darcy. The District has approximately \$3.5 million in unobligated, previously appropriated Federal funds remaining on this project. Decisions regarding funding allocations for FY2011 have not been made at this point, and the President's FY2012 budget does not request any additional funds for this project. The Corps is currently coordinating and working with the sponsor on the best path forward.

Chairman Frelinghuysen. Can you also confirm the Corps' intent to begin work on the next phase this fall?

Ms. Darcy. How the Corps proceeds in FY2011 will depend upon the allocation for this project. The available carryover Federal funds are not sufficient to complete a useful increment of work.

ADDITIONAL QUESTIONS FROM VICE CHAIRMAN WOMACK OF ARKANSAS

ABSENCE OF CONGRESSIONALLY DIRECTED SPENDING

Vice Chairman Womack. Traditionally, both authorizing and appropriating legislation has been riddled with Congressionally Directed Spending. Roughly 85% of the Corps budget is for these targeted projects. This year, both the House and the Senate have placed a moratorium on that process.

How will the Corps alter their project selection and development process in light of this change?

Ms. Darcy. Should annual appropriations for FY2011 be made without instructions as to allocations in a Statement of Managers, the Corps intends to prepare a work plan, or spending plan, that allocates the appropriated funds for the Investigations, Construction, Operation and Maintenance, Mississippi River and Tributaries, and Formerly Utilized Sites Remedial Action Program accounts among projects and programs. The process used to formulate the work plan would be similar to that used in preparing the President's Budget. Projects funded in the President's Budget for FY2011 will have priority. Any remaining funds in the account will be allocated to other high performing work, as well as to fund minimum requirements on some projects.

MITIGATION FISH HATCHERIES

Vice Chairman Womack. The Corps of Engineers currently funds and maintains fish hatcheries from coast to coast.

Can you comment on whether the Corps should or should not be responsible for maintaining all of its mitigation fish hatcheries?

Ms. Darcy. The Corps of Engineers should pay the cost of US Fish and Wildlife Service fish hatcheries to the extent that these costs are incurred to mitigate for losses associated with the construction, operation, or maintenance of a Corps project. The Corps understands its responsibility for mitigating the impacts of its Civil Works projects and compensating for the loss of native fish. Where appropriate, the Corps will meet these obligations by reimbursing the Fish and Wildlife Service for fish production. This commitment will be funded from the Operations and Maintenance appropriation. An agreement between the agencies will address the specific requirements that need to be funded.

Vice Chairman Womack. Would you support legislation harmonizing the responsibilities for maintaining the mitigation hatcheries under the Corps?

Ms. Darcy. No. We believe that the general provision proposed in the FY 2012 Budget is what is needed. It would complement the authority that the Congress provided to the U.S. Fish and Wildlife Service (USFWS) in 2008 to seek reimbursement from the Corps of Engineers for mitigation of specific fish production at certain Corps dam projects. Consistent with congressional direction in 2008, the Corps began consolidated reimbursement payments in 2010 and the Corps and USFWS are currently working to develop a long-term agreement that will harmonize the responsibilities and commitments of both agencies.

CONSTRUCTION PROJECT BACKLOG

Vice Chairman Womack. It is my understanding the Army Corps of Engineers currently has a backlog of over 1,000 authorized studies and construction projects.

Do you have an estimate of when the oldest project was authorized?

Ms. Darcy. A review of our authorized construction projects in the backlog reveals authorizations that date back to the 1970's.

Vice Chairman Womack. Is there an estimate of how long it will take to complete the backlog of currently authorized projects?

Ms. Darcy. It is unknown how long it would take to complete construction of the Backlog. However, our construction budget for FY 2010 is roughly \$2.05B with no new starts. Assuming an appropriation rate of \$2.0B per year with no new starts, it could be estimated that it could take 30 years (\$60B/\$2.0B per year) to complete the backlog. However, many of the projects in the backlog would not be a priority and some may no longer reflect current needs and values or have support of a non-Federal cost-sharing sponsor.

Vice Chairman Womack. How are authorized projects prioritized?

Ms. Darcy. While there is no easy way to "draw the line" in deciding how best to allocate funds among projects, the Corps follows specific guidelines in allocating funding. For example, in the FY 2012 construction program, funds were allocated first to dam safety assurance, seepage control, and static instability correction projects at the maximum level of funding that the Corps can efficiently and effectively spend that year. Next, projects were funded to ensure they comply with treaties and with biological opinions pursuant to the Endangered Species Act and authorized mitigation requirements. In allocating the remaining funds, preference was given to the projects with the greatest economic and environmental returns to the Nation; the allocation also reflected a technical assessment of the possible increments of work based on contract execution and other factors. Generally, flood risk management projects that the Budget funded to address a significant risk to human safety were funded at a level to support uninterrupted effort during the year. Commercial navigation, hydropower and other flood risk management projects with a BCR of 2.5 to 1 or higher calculated at seven percent discount rate and ongoing high return aquatic ecosystem restoration projects were also funded. Ongoing projects with BCR's of 1.0 and above, calculated at seven percent discount rate, that the Corps can complete during the budget year were funded for completion. New flood risk management projects to address a significant risk to human safety; new commercial navigation, flood risk management, and hydropower projects with a high economic return; and high-return aquatic ecosystem restoration projects were also considered for funding.

Vice Chairman Womack. Is the economic impact of the project taken into account when determining its priority?

Ms. Darcy. Yes, the benefit-cost ratio is one of several of the important criteria used to prioritize projects.

THURSDAY, MARCH 10, 2011.

BUREAU OF RECLAMATION FY 2012 BUDGET

WITNESSES

MICHAEL CONNOR, COMMISSIONER, BUREAU OF RECLAMATION

REED MURRAY, DIRECTOR OF CENTRAL UTAH PROJECT COMPLETION ACT OFFICE

Mr. FRELINGHUYSEN. I'd like to call this hearing to order. Good morning, everyone. Our hearing today is on the fiscal year 2012 budget request for the Bureau of Reclamation and the request for the Central Utah Project Completion Act (CUPCA).

I'd like to welcome our witnesses, Michael Connor, Commissioner of Reclamation, and Reed Murray, Program Director for the CUPCA Office.

As I have mentioned at all of our hearings this year, I want everyone who appears before this subcommittee to understand that it is highly unlikely there will be any new funding in fiscal year 2012 for our subcommittee. Our subcommittee must do its part to reduce spending and bring down our deficit.

Our task this year is really no different than any other year, however we must find the right balance of investments into our most critical needs, with an eye towards those that protect our nation, and support and improve our economy and add jobs.

It is clear that water and power remain fundamental to the economy of the western United States, and the Bureau of Reclamation's activities are critical to meeting these needs.

Reclamation's fiscal year 2012 budget request reflects a reduction of 3 percent from the fiscal year 2011 Continuing Resolution. Within this overall funding, however, water and energy management activities continue to be cut disproportionately when compared to funding for fish and wildlife activities.

Your mission clearly states your primary responsibility is to meet the water demands of the West while protecting the environment and the public's investments in these structures. While I have been a long-time supporter of environmental conservation programs, I'm not sure now is the time to be making this shift of priorities away from your historical mission of water and power.

These tight budget times make it even more important that we use every dollar efficiently and effectively. The subcommittee will take a hard look this morning at the criteria—both quantitative and qualitative—used to develop the specifics of your budget request. We may end up agreeing with the Administration's decisions or we may not, but we will not know until we fully understand your rationale.

Again, I'd like to welcome our witnesses to the subcommittee. Mr. Connor, please ensure that the hearing record, questions for

the record, and any supporting information requested by the subcommittee are delivered in final form to us no later than four weeks from the time you receive them. Members who have additional questions for the record will have until close of business tomorrow to provide them to the subcommittee office.

With that, I'll turn to Mr. Pastor for his opening comments.

Mr. PASTOR. Mr. Connor, Mr. Murray, welcome back to the subcommittee. I look forward to your testimony and thank you for joining us today.

The Bureau of Reclamation is responsible for providing agricultural, municipal and industrial water supply in the West. Economies, ecosystems, and communities all rely on the availability of clean water. At a time when demand is increasing and many regions have been hit by extended drought, the Bureau is being asked more and more to provide solutions to the West's water needs while being good stewards of our natural resources. I hope to hear today how the fiscal year 2012 budget request reflects this responsibility with a reduced budget.

Reclamation's budget request for Water and Related Resources is a 12 percent reduction from that of 2011. We are all interested in finding appropriate places to cut, and as the Chairman has said, it will be especially important that we understand the specific methodology in arriving at this particular set of projects and activities. I am principally concerned that this request does not adequately provide for two important programs within the Water and Related account: dam safety and rural water.

Much of the Bureau's infrastructure was built nearly a century ago—in fact, over half of the Bureau's dams are more than 60 years old. It is critical that Reclamation maintain this aging infrastructure, and I hope today to explore how the budget request provides funding levels that meet the Bureau's responsibility to keep Americans safe while maintaining its dams in proper working order.

Reclamation plays a vital role in delivering water to tribes and rural communities that could not otherwise access clean water. The rural water budget request is a significant cut to this activity, and today I look you, Mr. Connor, to shed light on how the Administration's proposal addresses our water supply commitments to tribes and meets the needs of rural communities.

We are all interested in ensuring that every dollar is spent effectively and efficiently, I look forward to your testimony today on how Reclamation and CUPCA plan to accomplish this task.

Thank you, Mr. Chairman for the time.

Mr. FRELINGHUYSEN. Thank you, Mr. Pastor. Mr. Connor, good morning.

Mr. CONNOR. Good morning.

Mr. FRELINGHUYSEN. Thanks for being with us.

Mr. CONNOR. I think I might rather be here today than outside.

Mr. FRELINGHUYSEN. Yes.

Mr. CONNOR. That's a strange thing.

Okay, thank you, Mr. Chairman, Representative Pastor, and members of the subcommittee for the opportunity to discuss the President's FY 2012 budget request for the Bureau of Reclamation.

With me today is Bob Wolf, Director of Program and Budget, with respect to Reclamation's testimony.

The 2012 discretionary request for Reclamation is approximately \$1 billion. I have submitted written testimony, which presents a detailed summary of the request. Overall, the budget reflects a comprehensive set of actions and initiatives to support Reclamation's mission. The budget continues to emphasize working smarter to address the water needs of a growing population in an environmentally responsible and cost-efficient manner, and assisting states, tribes, and local entities in solving contemporary water resource challenges.

Certainty and sustainability, our primary goals with respect to the use of water resources, requires Reclamation to take action on many fronts and our budget proposal was developed with that principle in mind. The FY 2012 budget request for Reclamation focuses on six priority areas, which I briefly want to touch on in my remaining time.

Infrastructure. Overall, our budget continues to support the need to maintain infrastructure in a safe operating condition while addressing the myriad challenges facing water users in the West. Approximately 51 percent of our Water and Related Resources budget, or \$407 million, is dedicated to operation, maintenance and rehabilitation activity. These activities include the Dam Safety Program, Site Security Program, and RAX, which is shorthand for Replacement, Additions, and Extraordinary Maintenance.

WaterSMART is the second priority area in our budget. We have established as a high priority goal, approving and funding actions, to increase available water supply for agriculture, municipal, and industrial and environmental uses in the Western United States by 490,000 acre feet by the end of 2012. WaterSMART concentrates on expanding and stretching limited water supplies in the West to reduce conflict, facilitate solutions to complex water issues, and meet the needs of expanding municipalities, the environment, and agriculture.

Reclamation proposes to fund WaterSMART at \$59 million in FY 2012. The three ongoing WaterSMART programs include the WaterSMART Grant Program, Basin Studies, and the Title XVI Water Reuse Program. In FY 2012, WaterSMART will also include the ongoing Water Conservation Field Services Program and a pilot project to initiate the Cooperative Watershed Management Program, which was authorized in 2009.

Ecosystem restoration is the third priority area. In order to meet Reclamation's mission goals of producing power and delivering water in a sustainable manner, we must continue to focus on the protection and restoration of the aquatic and riparian environments affected by our operations.

Ecosystem restoration involves a large number of activities including our Endangered Species Recovery programs. Simply put, healthy aquatic ecosystems have a wealth of benefits and are fundamental to Reclamation's ability to continue water and power operations for the benefit of our customers.

Approximately 20 to 25 percent of Reclamation's FY 2012 budget is allocated to activities in support of ecosystem restoration. This amount includes the request for operating, managing, and improv-

ing California's Central Valley Project. CVP-related funding will support completion of the Red Bluff pumping plant and fish screen on the Sacramento River, the Trinity River and San Joaquin River Restoration Programs, and protecting and enhancing California's Bay Delta region, an area that is critical to the water needs of millions of Californians.

Our budget request also supports ongoing implementation of the Lower Colorado River Multispecies Conservation Program, the Platte River Endangered Species Recovery Implementation Program, and the Upper Colorado and San Juan River Endangered Fish Recovery Programs. Additionally, funding requested for the Columbia/Snake River Salmon Recovery Program will implement required biological opinion actions associated with the Federal Columbia River Power System.

Finally, funding is also sought for the Klamath, Rio Grande, and Yakima projects to support extensive initiatives to improve habitat, water delivery systems, and overall operations to address the competing demands of agricultural, tribal, municipal, and environmental needs.

Cooperative Landscape Conservation and renewable energy production, a fourth area of focus, are Departmental initiatives in which Reclamation is actively engaged. As a threshold matter, we are developing and implementing approaches to understand and effectively adapt to the risks and impacts of climate change on Western water management. The Basin Studies Program is part of Interior's integrated strategy to respond to climate change impacts on the resources managed by the department and is also a key component of the WaterSMART program.

In FY 2012, the Basin Studies Program will continue West-wide risk assessments focusing on the threats to water supplies from climate change and other sources. We will also continue responsive actions with the Department's Landscape Conservation Cooperatives.

Included within Reclamation's Science and Technology Program is research targeting improved capability for managing water resources under multiple drivers including climate change and invasive species. Reclamation is also working in partnership with the Department of Energy and the Corps of Engineers in identifying opportunities to address the President's Clean Energy Goals through the development of new sustainable hydropower capacity as well as integrating renewable energy into our operations.

A fifth initiative I wanted to discuss is a very important one for the Administration. Reclamation has a longstanding commitment to the Secretary's goal to strengthen tribal nations. The request includes funding for ongoing settlement activities such as the Animas-La Plata Project, Avogal Project, and other settlement needs in Arizona.

On December 8th of last year, the President signed the Claims Resolution Act, which authorized four new Indian Water Right Settlements. The primary responsibility for developing water infrastructure on these settlements was given to the Bureau of Reclamation. Mandatory funding was provided to the Bureau of Indian Affairs (BIA) and Reclamation for a portion of the funds obligated under the Act. We anticipate that Reclamation will begin expend-

ing some of this mandatory funding in the future to work with all parties to begin implementation of these settlements.

I would also note that the FY 2012 budget request also requests \$36 million for ongoing, authorized rural water projects. Several projects benefit tribal nations including Mni Wiconi in South Dakota, the Garrison Diversion Unit in North Dakota, Fort Peck Reservation/Dry Prairie in Montana, Jicarilla Apache Reservation in New Mexico, and Rocky Boys in Central Montana.

Finally, Youth Employment is the sixth area of focus. Consistent with the Secretary's priority for youth employment, Reclamation is working to engage young men and women, aged 25 and under, in conservation careers either through internships with Reclamation or as part of a conservation work crew in conjunction with a partnering organization. Further, Reclamation will seek ways to expand opportunities for youth engagement through ongoing activities in partnerships.

Mr. Chairman, that concludes my verbal statement. I am happy to answer questions at the appropriate time.

[The information follows:]

**Statement of Michael L. Connor
Commissioner
U.S. Bureau of Reclamation
Before the
House Committee on Appropriations
Subcommittee on Energy and Water
March 10, 2011**

Thank you, Mr. Chairman, Mr. Pastor and members of the subcommittee, for the opportunity to discuss with you the President's Fiscal Year 2012 budget request for the Bureau of Reclamation. With me today is Bob Wolf, Director of Program and Budget.

I appreciate the time and consideration this subcommittee gives to reviewing and understanding Reclamation's budget and its support for the program. Reclamation works hard to prioritize and define our program in a manner that serves the best interest of the public.

Our FY 2012 request continues support for activities that, both now and in the future, will deliver water and generate hydropower, consistent with applicable State and Federal law, in an environmentally responsible and cost-effective manner. Overall, our goal is to promote certainty, sustainability, and resiliency for those who use and rely on water resources in the West. Success in this approach will help ensure that Reclamation is doing its part to support the basic needs of communities, as well as providing for economic growth in the agricultural, industrial, and recreational sectors of the economy. In keeping with the President's pledge to freeze spending and focus on deficit reduction, this budget reflects reductions and savings where possible. Although the 2012 budget request allows Reclamation to fulfill its core mission, essential functions have been trimmed and economized wherever possible.

The budget continues to emphasize working smarter to address the water needs of a growing population and assisting States, Tribes, and local entities in solving contemporary water resource challenges. It also emphasizes the operation and maintenance of Reclamation facilities in a safe, efficient, economic, and reliable manner; assuring systems and safety measures are in place to protect the public and Reclamation facilities. Funding for each program area down to the individual projects within Reclamation's request is based upon adherence to Administration, Departmental, and Reclamation priorities. Reclamation is responsible for the oversight, operation, and maintenance of major federal infrastructure that is valued at \$87.7 billion in current dollars. Key areas of focus for FY 2012 include Water Conservation, Landscape Conservation Cooperatives and Renewable Energy, Ecosystem Restoration, Youth Employment, supporting Tribal Nations and maintaining infrastructure. Recognizing the budget challenges facing the Federal government as a whole, Reclamation will continue its efforts to partner with other Federal agencies such as the US Army Corps of Engineers (USACE), Department of Energy (DOE), and the Natural Resources Conservation Service, to maximize the efficiency by which we implement our programs.

Reclamation's 2012 budget request is \$1.0 billion, which includes \$53.1 million for the Central Valley Project Restoration Fund (CVPRF). This request is offset by discretionary receipts in the CVPRF, estimated to be \$52.8 million. The request for permanent appropriations in 2012 totals \$194.5 million. Overall, Reclamation's 2012 budget is a responsible one and consistent with the Administration's goal of fiscal sustainability. Reclamation will still be making strategic investments that provide a strong foundation to meet water resources challenges across the West.

Water and Related Resources

The 2012 budget request for Water and Related Resources, Reclamation's principal operating account, is \$805.2 million, a decrease of \$108.4 million from the 2011 request.

The request includes a total of \$398.5 million for water and energy, land, and fish and wildlife resource management and development activities. Funding in these activities provides for planning, construction, water conservation activities, management of Reclamation lands including recreation, and actions to address the impacts of Reclamation projects on fish and wildlife.

The request also provides a total of \$406.7 million for water and power facility operations, maintenance, and rehabilitation activities. Reclamation emphasizes safe, efficient, economic and reliable operation of facilities, ensuring systems and safety measures are in place to protect the facilities and the public. Providing the funding needed to achieve these objectives continues to be one of Reclamation's highest priorities.

Highlights of the FY 2012 Request for Water and Related Resources

I would like to share with the Committee several highlights of the Reclamation budget including an update on the WaterSMART (Sustain and Manage America's Resources for Tomorrow) Program and Interior's establishment of a Priority Goal target to enable capability to increase available water supply for agricultural, municipal, industrial and environmental uses in the western United States by 490,000 acre-feet by the end of 2012.

WaterSMART Program — The request focuses resources on the Department of the Interior's WaterSMART program. The program concentrates on expanding and stretching limited water supplies in the West to reduce conflict, facilitate solutions to complex water issues, and to meet the growing needs of expanding municipalities, the environment, and agriculture.

Reclamation proposes to fund WaterSMART at \$58.9 million, \$11.0 million below 2011 levels when considering only the programs included that year. The three ongoing WaterSMART programs include: the WaterSMART Grant program funded at \$18.5 million; Basin Studies funded at \$6.0 million; and the Title XVI Water Reclamation and Reuse program funded at \$29.0 million. Two programs are being added to WaterSMART in 2012, the continuing Water Conservation Field Services program, funded at \$5.1 million, and participation by Reclamation in the Cooperative Watershed Management program, funded at \$250,000. This is a joint effort with the USGS. The USGS will use \$10.9 million, an increase of \$9.0 million, for a multi-year,

nationwide water availability and use assessment program. Other significant programs and highlights include:

Ecosystem Restoration — In order to meet Reclamation's mission goals of securing America's energy resources and managing water in a sustainable manner for the 21st century, a part of its programs must focus on the protection and restoration of the aquatic and riparian environments affected by its operations. Ecosystem restoration involves a large number of activities, including Reclamation's Endangered Species Act recovery programs, which are required in order to continue project operations and directly address the environmental aspects of the Reclamation mission.

The 2012 request provides \$154.6 million for operating, managing and improving California's Central Valley Project (CVP). This amount supports Ecosystem Restoration including \$34.8 million for the Red Bluff Pumping Plant and Fish Screen within the CVP, Sacramento River Division, which will be constructed to facilitate passage for threatened fish species, as well as providing water deliveries. The funding for the CVP also includes \$10.5 million for the Trinity River Restoration program and \$3.0 million from the CVP Restoration Fund which includes development of a comprehensive monitoring and adaptive management program for fishery restoration and construction of channel rehabilitation projects at various sites along the Trinity River.

The request includes \$26.0 million for Lower Colorado River Operations to fulfill the role of the Secretary as water master for the Lower Colorado River and implementation of the Lower Colorado River Multi-Species Conservation (MSCP) program which provides long-term Endangered Species Act compliance for the operations. Of this amount, \$18.3 million for the MSCP program will provide quality habitat to conserve populations of 26 species.

The budget requests \$20.0 million for other Endangered Species Act Recovery Implementation programs, including \$11.0 million in the Great Plains Region to implement the Platte River Endangered Species Recovery Implementation program. It also includes \$6.2 million for the Upper Colorado and San Juan River Endangered Fish Recovery programs. This funding will continue construction of a system that automates canal operations to conserve water by matching river diversions with actual consumptive use demands and redirecting the conserved water to improve instream flows. Additionally, the Columbia/Snake River Salmon Recovery program funding of \$17.8 million will be used for implementation of required Biological Opinion actions including extensive hydro actions, plus tributary habitat and hatchery initiatives.

The 2012 budget includes \$18.6 million for the Klamath project, which supports studies and initiatives to improve water supplies to meet the competing demands of agricultural, tribal, wildlife refuge, and environmental needs in the Klamath River Basin.

No funding is requested for the Klamath Dam Removal and Sedimentation Studies. These studies are being completed with funds previously appropriated and will be used to inform a Secretarial Determination in 2012 as to whether removing PacifiCorp's four dams on the Lower Klamath River is in the public interest and advances restoration of the Klamath River fisheries.

The studies and Secretarial Determination are being carried out pursuant to an agreement with PacifiCorp and the states of California and Oregon.

The 2012 budget includes \$23.6 million for the Middle Rio Grande project. Funds support the acquisition of supplemental non-federal water for Endangered Species Act efforts and low flow conveyance channel pumping into the Rio Grande during the irrigation season. Further, funding is used for recurring life cycle river maintenance necessary to ensure uninterrupted, efficient water delivery to Elephant Butte Reservoir, reduced risk of flooding, as well as delivery obligations to Mexico.

The Yakima River Basin Water Enhancement Project request is \$8.9 million, which will continue funding grants to the Benton and Roza Irrigation Districts and Sunnyside Division Board of Control, to implement conservation measures and monitor the effects of those measures on the river diversions.

Cooperative Landscape Conservation and Renewable Energy — Reclamation is actively engaged in developing and implementing approaches to understand, and effectively adapt to, the risks and impacts of climate change on western water management. The Basin Studies Program is part of Interior's integrated strategy to respond to climate change impacts on the resources managed by the Department, and is a key component of the WaterSMART Program. In 2012, the Basin Studies Program will continue West-wide risk assessments focusing on the threats to water supplies from climate change and other factors and will be coordinated through the Department's Landscape Conservation Cooperatives (LCCs). Reclamation will take the lead responsibility for establishing and coordinating work at the Desert and Southern Rockies LCCs. Included within Reclamation's Science and Technology program is water resources research targeting improved capability for managing water resources under multiple drivers affecting water availability, including climate change. This research agenda will be collaborated and leveraged with capabilities of the Interior Climate Science Centers.

Reclamation is also working in partnership with DOE and COE in identifying opportunities to address the President's clean energy goals through the development of new sustainable hydropower capacity as well as integrating renewable energy in our operations. The partnership with DOE and its Power Marketing Administrations will also assess climate change impacts on hydropower generation.

Supporting Tribal Nations – Reclamation has a long-standing commitment to realizing the Secretary's goal to strengthen tribal nations. FY 2012 continues support through a number of Reclamation projects ranging from endangered species restoration to rural water and implementation of water rights settlement actions.

The request includes \$12.8 million for the Animas-La Plata project to continue constructing components of the Navajo Nation Municipal Pipeline and filling Lake Nighthorse as the project nears completion .

The 2012 Reclamation budget requests \$35.5 million for on-going authorized rural water projects. The projects that benefit tribal nations include Mni Wiconi, the rural water component of the Garrison Diversion Unit, Fort Peck Reservation/Dry Prairie, Jicarilla Apache Reservation,

and Rocky Boys/North Central Montana. One other rural water project that does not directly affect Tribes is the Lewis and Clark Project. Funding for the Perkins County Project is complete. The first priority for funding rural water projects is the required O&M component, which is \$15.3 million for FY 2012. For the construction component, Reclamation allocated funding based on objective criteria that gave priority to projects nearest to completion and projects that serve on-reservation needs.

The request includes \$7.0 million for the Native American Affairs program to provide technical support for Indian water rights settlements and to assist tribal governments to develop, manage and protect their water and related resources. The Columbia/Snake River Salmon Recovery, Klamath, Central Valley Project Trinity River Restoration, Yakima and Yakima River Basin Water Enhancement Projects mentioned above under Ecosystem Restoration benefit tribal nations. Also, the newly established Indian Water Rights Settlement Account discussed below supports tribal nations.

Youth Employment – To meet the Secretary’s challenge to achieve the Priority Goal for youth employment, Reclamation is working hard to engage, educate and employ our nation’s youth in order to help develop the future stewards of our lands. Secretary Salazar challenged the Interior Bureaus to increase employment of youth between the ages of 15 and 25 in natural and cultural resource positions. Last year, Reclamation began working with youth conservation corps to hire youth and expose them to the great work that it does. We continue to use all hiring authorities available to bring young people in through internships, crew work, and full time positions.

Aging Infrastructure – Through Reclamation’s continued emphasis on preventive maintenance and regular condition assessments (field inspections and reviews), the service life of many Reclamation assets and facilities have been extended, thereby delaying the need for significant replacements and rehabilitation efforts, including the related funding needs. Although Reclamation and its project beneficiaries have benefited greatly from this preventive maintenance, we recognize that as assets and facilities age, they require an increased amount of maintenance. Sometimes this requires more frequent preventive maintenance, and, in other situations, significant extraordinary maintenance, rehabilitations, or replacements may be required.

It is important to note that much of the operation and maintenance (O&M) funding responsibilities of Reclamation’s assets lies with our project beneficiaries and those operating entities that operate and maintain federally owned transferred works. For some operating entities and project beneficiaries, rehabilitation and replacement needs may exceed available resources. In particular, many smaller irrigation or water conservancy districts are unable to fund these needs in the year incurred absent long-term financing assistance. To address this issue, the Administration is currently exploring strategies for helping these entities to rehabilitate these facilities. We are also exploring potential utilization of the authority provided under P.L. 111-11 that would allow extended repayment of extraordinary (non-routine) maintenance costs on project facilities. Water users are currently required by Federal reclamation law to pay these costs, which are often substantial, in advance.

Reclamation's FY 2012 proposed budget is \$40.8 million in appropriations for various projects for Replacements, Additions, and Extraordinary Maintenance (RAX) activities where Reclamation is directly responsible for daily O&M. This request is central to mission objectives of operating and maintaining projects to ensure delivery of water and power benefits. Reclamation's RAX request is part of its overall Asset Management Strategy that relies on condition assessments, condition/performance metrics, technological research and deployment, and strategic collaboration to continue to improve the management of its assets and deal with its aging infrastructure challenges. This amount represents only the FY 2012 request for discretionary appropriations. Additional RAX items are directly funded by revenues, customers, or other federal agencies.

The Bonneville Power Administration will continue to provide up-front financing of power operation and maintenance and for major replacements and additions for the power plants at the Boise, Columbia Basin, Hungry Horse, Minidoka, Rogue River, and Yakima projects. In the Great Plains (GP) Region, Reclamation, Western Area Power Administration, and the U.S. Army Corps of Engineers have entered into an agreement which enables the customers to voluntarily direct fund power RAX items. A long-term funding agreement with the customers for the Parker-Davis Project on the Colorado River was executed in FY 1999. FY 2012 costs of operation, maintenance and replacement for this project will be 100 percent up-front funded by the customers. To date, the Central Valley Project power O&M program is funded 100 percent by the customers, in addition to funding selected RAX items. Reclamation will continue to explore ways to reduce the Federal cost of its projects and programs.

A total of \$83.7 million is requested for Reclamation's Safety of Dams program, which includes \$63.6 million directed to dam safety corrective actions; of that, \$27.5 million is for work at Folsom Dam. Funding also includes \$18.5 million for safety evaluations of existing dams and \$1.6 million to oversee the Interior Department's Safety of Dams program.

Reclamation's request for Site Security is \$25.9 million to ensure the safety and security of the public, Reclamation's employees, and key facilities. This funding includes \$6.9 million for physical security upgrades at high risk critical assets and \$19.1 million to continue all aspects of bureauwide security efforts including law enforcement, risk and threat analysis, personnel security, information security, risk assessments and security-related studies, and guards and patrols.

Reclamation continues efforts to reach agreements with non-Federal and Federal partners to share in the cost of water resource management and development. Cost-sharing of 50 percent for construction and rehabilitation of recreation facilities at various Reclamation reservoirs will continue. Additionally, Reclamation's current planning program seeks 50 percent cost-sharing on most studies. This reflects Reclamation's emphasis on partnerships for water management initiatives.

Indian Water Rights Settlements

On December 8, 2010 the President signed the Claims Resolution Act of 2010 that included four water settlements. These settlements resolve longstanding and disruptive water disputes, provide

for the quantification and protection of tribal rights, and will deliver clean water to the Pueblos of Taos, Nambe, Pojoaque, San Ildefonso, and Tesuque in New Mexico, the Crow Tribe of Montana, and the White Mountain Apache Tribe of Arizona. In order to accomplish this, the Act provides various mechanisms and funding structures designed for both construction and for the tribes to use to manage water systems following construction. The primary responsibility for developing water infrastructure under these settlements was given to Reclamation. Mandatory funding was provided to both BIA and Reclamation in 2011 for a portion of the funds established under the Act. We anticipate that Reclamation will begin expending some of this mandatory funding to work with all parties to begin implementing these settlements.

The four Indian water rights settlements will provide water supplies and offer economic security for the tribes and pueblos described above. The agreements will build and improve reservation water systems, rehabilitate irrigation projects, construct a regional multi-pueblo water system, and codify water-sharing arrangements between Indian and neighboring communities. Construction will take place over time and annual funding requirements will vary from year to year. Notwithstanding the availability of some level of mandatory funding, discretionary appropriations will still be necessary. Reclamation is requesting \$26.7 million in 2012 for the initial implementation of these four settlements.

Reclamation is establishing the Indian Water Rights Settlements account to assure continuity in the construction of the authorized projects and to highlight and enhance transparency in handling these funds. In establishing this account, Reclamation will also request \$24.8 million for the Navajo-Gallup Water Supply project (Title X of Public Law 111-11) in order to have major current funding for Reclamation's Indian Water Rights Settlements treated in the Claims Resolution Act in a single account.

The Navajo-Gallup Water Supply Project will provide reliable and sustainable municipal, industrial, and domestic water supplies from the San Juan River to the Navajo Nation including the Window Rock, AZ area; the city of Gallup, NM; the Navajo Agricultural Products Industry; and the southwest portion of the Jicarilla Apache Nation Reservation.

The total request for Reclamation for Indian Water Rights Settlements in 2012 is \$51.5 million in discretionary funding and \$60.0 million in permanent funds.

Policy and Administration

The 2012 budget request for the Policy and Administration appropriation account, the account that finances Reclamation's central management functions, is \$60.0 million or 6% of the total request, a reduction of \$1.2 million from the 2011 request. This reduction reflects the impact of the pay freeze and the Administrative Cost Savings discussed below.

Administrative Cost Savings and Management Efficiencies

The 2012 budget request includes reductions that reflect the Accountable Government Initiative to curb non-essential administrative spending in support of the President's commitment on fiscal discipline and spending restraint. In accordance with this initiative, Reclamation's budget

includes \$5.8 million in savings in 2012 against actual 2010 expenditures in the following activities: travel and transportation of persons, transportation of things, printing and reproduction, and supplies and materials. Actions to address the Accountable Government Initiative and reduce these expenses build upon management efficiency efforts proposed in 2011 totaling \$3.9 million in travel and relocation, Information Technology, and strategic sourcing and bureau-specific efficiencies totaling \$1.3 million.

Central Valley Project Restoration Fund

The 2012 budget includes a request of \$53.1 million for the CVPRF. This budget request is offset by collections estimated at \$52.8 million from mitigation and restoration charges authorized by the Central Valley Project Improvement Act. The request considers the effects of the San Joaquin River Restoration Settlement Act (P.L. 111-11, March 30, 2009) which (beginning in 2010) redirects certain fees, estimated at \$5.6 million in FY 2012, collected from the Friant Division water users to the San Joaquin River Restoration Fund.

San Joaquin River Restoration Fund

The 2012 budget also reflects the settlement of *Natural Resources Defense Council v. Rodgers*. Reclamation proposes \$9.0 million in discretionary funds into this account, which was established by the San Joaquin River Restoration Settlement Act. Under the Settlement, the legislation also provides for approximately \$2 million in annual appropriations for the Central Valley Project Restoration Fund for this purpose, as well as mandatory funds. The Fund seeks to provide a variety of physical improvements within and near the San Joaquin River within the service area of the Friant Division long term contractors to achieve the restoration and water management goals. These funds are important for Reclamation to meet various terms of the settlement that brought water contractors, fishery advocates, and other stakeholders together to bring to an end 18 years of contentious litigation.

California Bay-Delta Restoration Fund

The 2012 budget requests \$39.7 million for CALFED, pursuant to the CALFED Bay-Delta Authorization Act. The request focuses on the Bay-Delta Conservation Plan and interagency science efforts to address short- and long-term water resource issues. Other activities include funds for water use efficiency, water quality, storage, ecosystem restoration, & planning and management activities. The CALFED Bay-Delta Program was established in May 1995 to develop a comprehensive long-term plan to address the complex and interrelated problems in the Delta region, tributary watersheds, and delivery areas. The Program's focus is on conserving and restoring the health of the ecosystem and improving water management, including Federal participation in the Bay Delta conservation Plan

FY 2012 Planned Activities

Reclamation's FY 2012 goals are directly related to fulfilling contractual requests to deliver water and power. Our goals also address a range of other water supply needs in the West, playing a significant role in restoring and protecting freshwater ecosystems consistent with

applicable State and Federal law, enhancing management of our water infrastructure while mitigating for any harmful environmental effects, and understanding and responding to the changing nature of the West's limited water resources. It should be emphasized that in order to meet Reclamation's mission goals of securing America's energy resources and managing water in a sustainable manner for the 21st century, a part of the Bureau's programs must focus on the protection and restoration of freshwater ecosystems.

By the end of FY 2012, Reclamation will enable capability to increase available water supply for agricultural, municipal, industrial, and environmental uses in the western United States by 490,000 acre feet through its conservation-related programs, such as water reuse and recycling (Title XVI), and WaterSMART grants. Reclamation will maintain dams and associated facilities in good condition to ensure the reliable delivery of water. It will maximize the percent of time that its hydroelectric generating units are available to the inter-connected Western electrical system during daily peak demand periods.

Moreover, the FY 2012 budget request demonstrates Reclamation's commitment to meeting the water and power needs of the West in a fiscally responsible manner. This budget continues Reclamation's emphasis on managing those valuable public resources. Reclamation is committed to working with its customers, States, Tribes, and other stakeholders to find ways to balance and provide for the mix of water resource needs in 2012 and beyond.

Conclusion

Mr. Chairman, please allow me to express my sincere appreciation for the continued support that this Subcommittee has provided Reclamation. This completes my statement. I would be happy to answer any questions that you may have at this time.

Mr. FRELINGHUYSEN. Thank you, Mr. Connor. Mr. Murray, good morning. I see you are a child of this project. I see from your resume you started back in 1982, is that correct?

Mr. MURRAY. That's correct.

Mr. FRELINGHUYSEN. Yeah, so we are going to learn something from you as to what you are up to.

Mr. MURRAY. Right. I hope so.

Mr. Chairman, Mr. Pastor, my name is Reed Murray. I serve as the program director of the Central Utah Project Completion Act Office under the Assistant Secretary for Water and Science in the Department of the Interior, and I am pleased to provide the following information about the President's fiscal year 2012 budget request for implementation of the Central Utah Project Completion Act.

The Central Utah Project Completion Act provides for completion of the Central Utah Project by the Central Utah Water Conservancy District. The Act also authorizes funding for fish, wildlife, and recreation mitigation and conservation, establishes an account in the Treasury for deposit of these funds and other contributions, establishes the Utah Reclamation, Mitigation, and Conservation Commission to coordinate mitigation and conservation activities and provides for the Ute Indian Rights Settlement.

The Department has established an office in Provo, Utah with a program director to provide oversight, review, and liaison with the District, the Mitigation Commission, and the Ute Indian tribe, and to assist in administering the responsibilities of the Secretary under the Act.

The 2012 request for the Central Utah Project Completion Account provides \$33 million for use by the District, the Mitigation Commission, and the Department, to implement the Act, which is \$9 million less than the 2010 enacted budget.

The decrease in funding for the 2012 budget is due in part to accelerated funding of \$50 million provided in 2009 through the American Recovery and Reinvestment Act and in part to the Administration's effort to reduce the deficit.

The request for the District includes \$28.5 million to fund the design, specifications, land acquisition, and construction of the Utah Lake System and to implement water conservation measures. The request includes \$2 million for the Mitigation Commission to implement fish, wildlife and recreation mitigation and conservation projects and to complete mitigation measures, all of which are necessary to allow for CUP operation.

Finally, the request includes \$2.5 million for the program office for endangered species recovery and operation and maintenance costs associated with instream flows and fish hatchery facilities and for program oversight and administration.

This concludes my statement. I appreciate the subcommittee's support and this opportunity to testify before the subcommittee, and I would be happy to respond to any questions.

[The information follows:]

Statement of Reed R. Murray
Program Director, Central Utah Project Completion Act Office
Department of the Interior
Before the House Appropriations Subcommittee
On Energy and Water Development
On the FY 2012 President's Budget Request

March 10, 2011

Mr. Chairman, Mr. Pastor and members of the subcommittee, my name is Reed Murray. I serve as the Program Director of the Central Utah Project Completion Act Office under the Assistant Secretary for Water and Science in the Department of the Interior. I am pleased to provide the following information about the President's Fiscal Year 2012 budget request for implementation of the Central Utah Project Completion Act.

The Central Utah Project Completion Act, Titles II - VI of P.L. 102-575, provides for completion of the Central Utah Project (CUP) by the Central Utah Water Conservancy District. The Act also authorizes funding for fish, wildlife, and recreation mitigation and conservation; establishes an account in the Treasury for deposit of these funds and other contributions; establishes the Utah Reclamation Mitigation and Conservation Commission to coordinate mitigation and conservation activities; and provides for the Ute Indian Rights Settlement.

The Act provides that the Secretary may not delegate his responsibilities under the Act to the Bureau of Reclamation. As a result, the Department has established an office in Provo, Utah, with a Program Director to provide oversight, review and liaison with the District, the Mitigation Commission, and the Ute Indian Tribe, and to assist in administering the responsibilities of the Secretary under the Act.

The 2012 request for the Central Utah Project Completion Account provides \$33.0 million for use by the District, the Mitigation Commission, and the Department to implement Titles II - IV of the Act, which is \$9.0 million less than the 2010 Enacted. The decrease in funding for the 2012 budget is due in part to accelerated funding of \$50.0 million provided in 2009 through the American Recovery and Reinvestment Act and, in part, to the Administration's effort to reduce the deficit.

The request for the District includes \$28.5 million to fund the designs, specifications, land acquisition, and construction of the Utah Lake System (\$18.5 million) and to implement water conservation measures (\$10 million).

The request includes \$2.0 million for the Mitigation Commission to implement the fish, wildlife, and recreation mitigation and conservation projects authorized in Title III (\$1.8 million) and to complete mitigation measures committed to in pre-1992 Bureau of Reclamation planning documents (\$200,000), all of which are necessary to allow CUP operations.

Finally, the request includes \$2.5 million for the Program Office for endangered species recovery and operation and maintenance costs associated with instream flows and fish hatchery facilities (\$954,000) and for program administration (\$1.6 million).

This concludes my statement. I appreciate the Subcommittee's past support and this opportunity to testify before the Subcommittee and would be happy to respond to any questions that you may have.

Mr. FRELINGHUYSEN. Well, thank you. Thank you both. I was looking over your resume, Mr. Connor, and you have been at this for a long time.

Mr. CONNOR. I have.

Mr. FRELINGHUYSEN. Working for the Senate and then working for the Department of the Interior for a number of years, so you are indeed—I guess both of you—resident experts. So, I hope you use this opportunity to educate us.

We spent quite a lot of time yesterday with the Army Corps of Engineers trying to get a handle as to how they prioritize the criteria that they use to move ahead with their projects, and as you know from your time in the Senate, there's a keen interest. Every member of Congress has some relationship with the Corps in their congressional district. And the House and the Senate appear to be sort of forsaking earmarks, but my focus initially here is to figure out from you how you prioritize your budget. Could you explain to the committee the methodology you use to determine what projects to fund and at what levels?

Mr. CONNOR. Yes, absolutely.

Mr. FRELINGHUYSEN. Could you sort of give us a rundown of how you do it?

Mr. CONNOR. Absolutely, Mr. Chairman. It is not entirely formulaic or an exact science with respect to our budget preparation, but there is a thoughtful set of criteria that we use to allocate between our different program areas and then within the program areas themselves.

So, I think we start off primarily by looking at what is fundamental to operating and maintaining our facilities, the physical operation maintenance.

Mr. FRELINGHUYSEN. And you are responsible for 58 power plants or something, I read.

Mr. CONNOR. Fifty-eight power plants.

Mr. FRELINGHUYSEN. And a lot of other—

Mr. CONNOR. Like 476 dams, large dams, diversion dams and structures, canals, et cetera. In a lot of those instances we have contractors who are responsible for paying for a good share of the O & M. In a lot of those cases there is also a Federal obligation to pay for a portion of the O&M, which is our piece. And even in some cases where contractors are responsible for some of the O&M activity, we have to pay it first and then we get reimbursed, so that comes out of our appropriations.

Mr. FRELINGHUYSEN. Are some of the communities involved here sharing in those costs as well?

Mr. CONNOR. Yes.

Mr. FRELINGHUYSEN. So, it is not unlike the Corps in some ways.

Mr. CONNOR. Right.

Mr. FRELINGHUYSEN. People step up to the plate.

Mr. CONNOR. Yes, some of our stakeholders are stepping up to the plate. Some of them prepay a lot of the O&M, so that is very helpful from an appropriations perspective. That is kind of the fundamental place that we start. Then we look at our infrastructure needs, our infrastructure programs. Beyond typical maintenance, annual maintenance activities, what are the large-scale rehabilitation activities we have to do? Dam safety? What are the security

fortifications that we need to do, and what are what we call extraordinary maintenance? Things that we do not do on a year to year basis but over time for which we have to do some major rehabilitation?

Mr. FRELINGHUYSEN. Dam safety is a critical mass, is it not?

Mr. CONNOR. Absolutely. Dam safety is a substantial amount of our \$1 billion budget. This year we are in the \$84 million range for our Dam Safety Program. We have been up to \$100 million in past years, so it has really taken an upswing over the last five to eight years.

Mr. FRELINGHUYSEN. If you had to have a pyramid, would dam safety be right up there?

Mr. CONNOR. It is right up there.

Mr. FRELINGHUYSEN. Yeah.

Mr. CONNOR. Operating and maintaining, those fundamental needs, and we look at our infrastructure needs and we do risk assessments and that is how we come up with our budget request.

Mr. FRELINGHUYSEN. So, do you have a benefit to cost ratio and do you do sort of a percent complete? And where do things like Endangered Species Act compliance come in and other factors?

Mr. CONNOR. All right, so let me—

Mr. FRELINGHUYSEN. How do you put it all together?

Mr. CONNOR. Let me separate those. I will kind of go through the different program areas and then I will talk about cost-benefit, schedule to completion, et cetera, which I think is how we look at different categories.

So, after we get through operation and maintenance type activities, infrastructure needs, then we look at legal requirements. Legal requirements are things from the Endangered Species Act compliance, those things, that as I mentioned in my testimony, are fundamental to our water operations and power delivery generation. So, we need to comply with the ESA through those programs in order to maintain water deliveries and power generation.

Mr. FRELINGHUYSEN. But the ESA in the overall scheme of things is a more recent obligation, or legal obligation.

Mr. CONNOR. I think more—yes. Relative to the ongoing—

Mr. FRELINGHUYSEN. To the traditional—

Mr. CONNOR. To the traditional—

Mr. FRELINGHUYSEN [continuing]. View of the BOR.

Mr. CONNOR. Certainly. And a lot—

Mr. FRELINGHUYSEN. I am not minimizing it, but there were historic responsibilities of the BOR—

Mr. CONNOR. Which impacted—

Mr. FRELINGHUYSEN. We are interested in making sure, obviously, you keep your historic responsibilities, you know, primary.

Mr. CONNOR. Right. It is relatively new, but I think it is fundamental to those responsibilities, quite frankly, the Endangered Species Act protection activities.

Other legal obligations we have, which typically have tight deadlines to maintain, implement and successfully carry out the settlements as opposed to allowing it to fail. We have other legal obligations such as court orders, such as responsibility to implement drainage systems in the San Luis unit, and the—project, so that is kind of a third area.

Then we go to, I think, the good water management—

Mr. FRELINGHUYSEN. You have Indian Water Rights here, too?

Mr. CONNOR. Yes, absolutely. Indian Water Rights Settlements are fundamental to the legal obligations that we look at.

Then we look—

Mr. WOMACK. My next question is more toward personnel—and a number of Federal agencies have shown that over the next decade, there will be a number of people entering retirement. Does Reclamation have that—

Mr. CONNOR. Absolutely. We have aging. In addition—

Mr. WOMACK [continuing]. Aging employees?

Mr. CONNOR. An aging workforce.

Mr. FRELINGHUYSEN. Let me help you out.

Mr. CONNOR. And it is something over time, just with respect to how we are staffing. Let me just put it on the record that our staffing level at the Bureau of Reclamation in 1993 was 7,239. In 2000, it was 5,632. In 2004, it was 5,750. And in 2011, we estimate it to be 5,116.

So, from my perspective, the Bureau of Reclamation has been on a downward trend as far as our FTEs. We are very cognizant of the need, in particularly tight budget times like this, to be very prudent to look across the board, not just at our program activities, but our administrative costs in the level of administration that we have.

Now, as we move forward, the discussions that we're having are about the aging workforce because of the talent and expertise and experience we have, particularly in our Denver Technical Center, which supports a lot of our dam safety and infrastructure activities.

But at the same time, we want to be realistic about what our long-term expectations are. And we are thinking strategically about, as people retire, what do we really need to do as far as replacing that expertise, and where do we think we might be able to rely on external contractors in some of those forums.

So it is something that we have a great and deep experience, a talent pool that exists. But I think we have to recognize that budgets are only going to get tighter in the future. And as people retire, we will look very judiciously about how to replace them, and whether to replace them.

Mr. WOMACK. So is it safe to say that in your succession planning, that outsourcing, which is the term I use; I think you just said "external contractors"—some means of outsourcing may be part of that strategy?

Mr. CONNOR. Yes.

Mr. WOMACK. Okay. Any specific areas of expertise that we are having trouble finding in today's climate?

Mr. CONNOR. I think we've done a lot of review about that. And I think that is a good one for me to expand on in the record.

I would just say—you know, some of the expertise we have in dam safety, a lot of folks have been involved in construction of dams and the ongoing maintenance of that. And that is a skill level that, I think, over time there are less people out there.

There has been a—just talking about our work with the Corps of Engineers. There has been some level of competition between

ourselves and the Corps with respect to that talent pool. Rather than to handle that inefficiently, we are looking very closely at integrating our risk management services with the Corps of Engineers, and seeing if we can't partner up and do things a little bit more efficiently overall. But that is one area that I would identify that we have concerns about ongoing expertise. There are probably others that we have looked at, so if I can expand upon that for the record for you.

Mr. WOMACK. Sure. I appreciate that.

And, finally, you had indicated earlier in some of your programs that you evaluate risk, which is a key component of your decision-making criteria. I am assuming—I am sure you would agree—that aging personnel, and the loss of institutional knowledge also plays somewhat into that risk, does it not?

Mr. CONNOR. Absolutely. Yes. And for that reason, part of our succession planning is not only looking to those things that we can possibly outsource, but also how we are developing younger engineers, and giving them exposure to these very experienced folks in trying to develop them in-house.

Mr. WOMACK. Thank you for your testimony.

I yield back.

Mr. FRELINGHUYSEN. Thank you.

I read a very interesting article in the New York Times entitled "Danger Pent Up Behind Aging Dams." I assume you saw that. Is the Lake Isabella Dam in California one of yours?

Mr. CONNOR. Lake Isabella?

Mr. FRELINGHUYSEN. Doesn't ring a bell. Okay.

Mr. CONNOR. It is a State dam.

Mr. FRELINGHUYSEN. I was interested in what they said here. Of the nation's 85,000 dams, more than 4,400 are considered susceptible for failure according to the Association of State Dam Safety Officials.

How many dams are you responsible for? And how many would be on this watch list?

Mr. CONNOR. We have—

Mr. FRELINGHUYSEN. I assume—this is obviously a highly legitimate group, I assume, that do these analyses.

Mr. CONNOR. Yes. We're responsible for—and, quite frankly, in our data I have seen two figures, which I am still trying to get to the bottom of—476 dams or 480 dams. And, as I mentioned, a lot of those are diversion dam structures, very small dams, low-risk dams from that standpoint—but a lot of very major facilities.

And I think, once again, we are very concerned about the safety of our dams. We've had this ongoing safety of dams program.

Certainly Folsom Dam in California has been up there as a high-risk, because of the circumstances surrounding the Sacramento River and the condition of the facility. We are addressing that. I think Glendo Dam in Wyoming is another one we are concerned about its condition.

And a lot of it is—our primary concerns, given the fact that we have done a good job, overall, of taking care of this infrastructure over time, are operational conditions, changes in information in hydrology that have affected our view of how those dams might per-

form—like Glendo Dam in Wyoming. We also have a dam in Utah that we are looking at.

Mr. FRELINGHUYSEN. Well, some are on the list that this article refers to. I assume there is an annual. Or, you know, there is a look-see by this group.

Mr. CONNOR. Yes.

Mr. FRELINGHUYSEN. And I would be interested in knowing, for the record, how many are on—of the 476 to 480—

Mr. CONNOR. Absolutely.

Mr. FRELINGHUYSEN [continuing]. To 480.

Mr. CONNOR. We will get you an answer for the record. Reclamation currently maintains 476 dams.

Mr. FRELINGHUYSEN. We have heard from some of our members some concern about the WaterSMART grants, the type of projects that are being funded, that sometimes we aren't getting the, shall we say, the best bang for the buck.

Can you describe the type of projects that have been funded? And what are some of the benefits of these projects?

Mr. CONNOR. Well, the WaterSMART program, the grant program that has been going on for, I think, about the last five or so years does a lot of water conservation activities within irrigation districts. So a lot of opportunities to improve the efficiency to which we can deliver agricultural water. So canal linings, taking out of service open canals and having piping and pressurized systems, those types of activities.

We have also had some very good municipal water conservation programs. We have helped support southern Nevada's water authorities, their very aggressive conservation program.

So we have participated in the agricultural sector, the rural sector, in rural communities, as well as the large communities, the municipal sector.

Mr. FRELINGHUYSEN. So have there been some differences among members of Congress in these areas about the effectiveness of some of what we have been doing here, in terms of these grants?

Mr. CONNOR. Well, I have heard some of the debate. I actually think that our WaterSMART grant program, and the water conservation activity that we support through it is probably the most successful way that we have to generate new water supplies.

Over time, over that last five, six year period, with respect, we have invested, overall, the Bureau of Reclamation, \$93 million in WaterSMART grants. We have leveraged \$232 million of non-Federal funding to partner up with that \$93 million. So overall, we have invested \$325 million.

And our view is that we have secured a yield of about 700,000 acre-feet of water through the water savings activities associated with those grants. So that makes WaterSMART grants—if you average it out, we are investing and paying \$455 per acre-foot. You look at it—

Mr. FRELINGHUYSEN. That is a significant achievement, but that is one of the underlying criteria.

Mr. CONNOR. That is absolutely.

Mr. FRELINGHUYSEN. Yes.

Mr. CONNOR. So we are trying to generate water, and we are trying to do it as efficiently as possible. So \$455 per acre-foot. You

compare that with Title XVI, which is widely implemented in water-short areas—because I think the water managers for municipal districts view that as a very good investment, and it is a good investment.

But over time, we have invested \$542 million in Title XVI projects. We have leveraged, overall, \$2.168 billion in funding. We have got a yield of 260,000 acre-feet. And the total cost per acre-foot is \$8,340 per acre-foot—substantially more than the WaterSMART grants. But still, viewed from the water manager's perspective, is a very good investment.

You start talking about new storage and the cost per acre-foot with respect to new storage—now, granted, new storage may be important in many basins over time. But even the Black Rock Reservoir in Washington State that we looked at and did a final EIS and feasibility study for within the last two years, that project was going to cost \$6.1 billion for a yield of 366,000 acre-feet. So that is \$16,727 per acre-foot. So that is over—

Mr. FRELINGHUYSEN. I think you win the statistical battle.

[Laughter.]

Mr. CONNOR. Yes, sir.

Mr. FRELINGHUYSEN. You are the second largest producer of hydroelectric power—

Mr. CONNOR. That is correct.

Mr. FRELINGHUYSEN [continuing]. In the western United States, with 58 power plants.

Are you involved in the issue of who pays for what, in terms of those who consume that power?

Mr. CONNOR. Ahh—

Mr. FRELINGHUYSEN. I mean some of us in the northeast grind our teeth endlessly about, you know, power marketing, and lack of competition, and things of that nature.

Are you involved in that?

Mr. CONNOR. Typically, not.

Mr. FRELINGHUYSEN. Because, obviously, if you are providing this essential service, you basically own the operation. You are responsible. And, you know, a lot of money has been put into these power plants for their upkeep.

Assure me that you can extract for me, as you did with the other issue, that the people in other parts of the country where there is, shall we say, a more competitive environment are not, you know, paying for, shall we say, somewhat subsidized power in these areas?

Mr. CONNOR. With respect to—

Mr. FRELINGHUYSEN. Without having a whole avalanche of members come on my case after this.

Mr. CONNOR. [Laughs.] Yes.

Mr. FRELINGHUYSEN. It is a tricky area.

Mr. CONNOR. I do not want to get into, you know, Bonneville or anything. Like my prior experience in the Senate Energy Committee—

Mr. FRELINGHUYSEN. You know, it is one of these things that really makes some of our blood boil, up in our neck of the woods, you know. I look more to the TVA than I do to you.

But just educate me.

Mr. CONNOR. With respect to—

Mr. FRELINGHUYSEN. Then I will go to Mr. Pastor.

Mr. CONNOR. Yes, sir.

With respect to our power operations, there are two aspects of it. There is the marketing of the power on an annual basis, which we actually do not involve ourselves in. We provide—generate the power, we put it on the market to Western Area Power Administration, and Bonneville Power. And they assess the rates, which involves the public power piece of that, in the annual costs associated with paying for the electricity.

We do, though, from Reclamation's standpoint, are still securing repayment of the original investment for our facilities—the dams and the infrastructure and the hydroelectric facilities, et cetera. So we have allocated the costs for that to our customers, and that part—that goes into the cost equation. So we view ourselves as receiving repayment over time for the initial investment in those facilities. And that part of the cost structure that exists.

Mr. FRELINGHUYSEN. So does that—is that payment really, how would you characterize that payment? Is it, shall we say, up to speed?

Mr. CONNOR. Yes.

Mr. FRELINGHUYSEN. It is based on the original cost of those—

Mr. CONNOR. Right.

Mr. FRELINGHUYSEN [continuing]. Investments. But I assume, if we were to continue to substantially improve the viability of these different power plants, through new technology and whatever, that would be reflective in whatever information you pass on.

Mr. CONNOR. Yes—

Mr. FRELINGHUYSEN. To those who are—

Mr. CONNOR. It is reflective, the initial rate structure and the repayment is over time, with interest. That is correct—on the power sector. So we are recouping that investment.

But as you note, we are continually making new investments. We are upgrading and operating our facilities. So, another quick statistic. Over the last 30 years, through our efficiency and upgrade program, we have created an additional 1,800 to 2,000 megawatts of capacity. That is the equivalent of a Hoover Dam.

But those investments are typically paid by the power sector up front. Not all the time, but typically. So we are working with customers to get new investments to pay for those upgrades on those facilities, to increase efficiency, et cetera.

So we do think that we are up-to-date in allocating the costs to the beneficiaries of the power.

Mr. FRELINGHUYSEN. Thank you for your response.

Mr. Pastor.

Mr. PASTOR. I guess it is all relevant, because some of the customers will yell back and say they are coming too fast and too quick. And I will give an example.

Several years ago we were concerned about the security of Hoover Dam.

Mr. CONNOR. Yes.

Mr. PASTOR. And, obviously, we came—I guess you came forth with a plan how to secure Hoover Dam. And there were additional costs. And we were trying to recoup some of those costs by sharing

some of the costs with the customers. And they were not happy campers I know for many years. I do not know if that finally settled down. But the whole security issue—and this happened during the Bush administration, as I remember. It was their Commissioner of Reclamation. And I know that many of the customers really had him on the hot seat.

Where are we on this—because you did mention security—

Mr. CONNOR. Right.

Mr. PASTOR [continuing]. Has a cost.

Mr. CONNOR. Yes.

Mr. PASTOR. How are you doing with that one?

Mr. CONNOR. Well, let me speak to that, and then I will talk to the security in general.

You are absolutely correct that the situation with respect to security costs at Hoover Dam has calmed down because, essentially, Congress in 2008 capped what we could seek as far as reimbursement from the power users for security costs. And it was viewed, at a certain level, that the enactment of that legislation in 2008, it would increase over time with respect to inflation.

So the reality is that we are continuing to evaluate our security needs. And some of that is guards and those types of costs. Some of it is infrastructure and hardening, as we call it, of our facilities, and investments in surveillance, and investments in strengthening fortification of some of our facilities. Some of it is increased patrols and security. That is an ongoing area. But what that legislation has caused us to do is to try and look and be as efficient as possible with respect to those annual security costs that we have in place.

We are also looking, over time, at an ongoing active set of inspections, and monitoring with respect to security needs. So we continually have an updated tick-list about infrastructure needs, as well as reassessing the security aspects. We are continually doing a lot of exercises, both tabletop exercises—just to work through who we would need to inform, how would we react to certain situations—to actual on-the-ground exercises like we had at Folsom at the end of last year, where we coordinated with a lot of local response, the emergency response personnel from both the sheriff's office, the county, the municipality in the area, EMTs, et cetera. Carried out the whole mission in an exercise that demonstrated a takeover of Shasta Dam in California, in a hostage situation, where there was an initial explosion.

So we have exercised actual scenarios, which helps us learn through and improve our coordination with local law enforcement, with Federal law enforcement. And it is an ongoing process.

Mr. PASTOR. Let me go back to my second issue that I had, with rural water.

Mr. CONNOR. Yes, sir.

Mr. PASTOR. I think you reduced the 2011 request, I think, by 42 percent. And it is a 71 percent reduction from Fiscal Year 2010.

And does this mean that we have met our commitments to the ongoing projects? And can we expect a lower level of funding to continue?

Mr. CONNOR. Well, there is \$1.3 billion in backlog in our Rural Water Program right now—

Mr. PASTOR. Right.

Mr. CONNOR [continuing]. With respect to construction. So, viewed on the authorizations that we have before us, and the expectations, I do not think folks would say that we have met our obligations, because of their ongoing need out there and that \$1.3 billion backlog.

It is—with the reduced funding levels that we had, 5 percent below our 2011 budget, it has been a tough set of decisions that we have had to make with respect to funding levels. And I think in the Rural Water Program area, after going through the priorities and the needs that we have, that was the investment that we thought was responsible, given this year's budget—the \$36 million—taking into account the obligation we have to fund O&M for some of the projects, and leaving some level of construction dollars available to try and complete Mni Wiconi, which is the priority, given how close it is to completing construction of that facility.

But we also looked at this in the context of the Recovery Act. We initially committed \$200 million of Reclamation's towards the Rural Water Program, and that was a terrific set of investments that allowed us to get over some of the real expensive items in some of those projects, such as water treatment plants. And if we can get over the water treatment plant investment needs, then we can work on laying pipeline and taking the water supply out to communities.

So what we did, also, which was part of our calculation here, is not that rural water is not a priority. We looked at rural water in the Recovery Act and ended up investing \$232 million. So we added an additional \$32 million over the last—at the end of 2010 to increase the investment, to phase in certain more aspects of that project, and so that was welcome, certainly welcome, by those project sponsors for those many projects.

But where that leaves us this year is that there was one area that is not funded as high as it has been in the last couple years. I think the \$36 million figure was higher than it was 4 or 5 years ago, but it had gotten up, I think, in the 2010/2011 budgets somewhere close to the \$62- to \$64-million range. So we have got to go back and assess what is realistic with respect to Rural Water Programs in the future as we deal with these reduced budgets.

Mr. PASTOR. So again, I think I heard that one of the deciding factors for the reduction was, again, the \$232 million of recovery money that went to the construction of water plants, and so that was one of the factors in deciding for this reduction. Am I correct?

Mr. CONNOR. That was one aspect of it. We thought we had made a good—a significant investment and had got ahead of where we thought we were going to be with several other projects because of the availability of the Recovery Act. But still, there are significant needs out there.

Mr. PASTOR. It was \$1.3 billion I think I heard you start your—

Mr. CONNOR. Absolutely, \$1.3 billion is what we have as far as the authorized level for projects that we still have, given what we have already invested. That is the remaining investment that is out there, so that is going to be difficult to secure those kind of resources in this budget environment given the other demands on our

budget. We have also got something to the tune of a \$1.5 billion backlog for Indian Water Rights Settlements.

We have got another \$1.5 to \$2 billion backlog for environmental restoration and ESA compliance activities. We have got a billion-dollar backlog that we have estimated with respect to aging infrastructure needs. We have got Title XVI projects, approximately a \$600 million backlog of those projects. We have got an agency where we are viewed as critical to help the West address its water needs in a lot of different areas, including rural water. And we are trying to make the best investments we have within the overall funding levels that we can expect.

Mr. PASTOR. I am going to go back a little bit to your testimony and then I am going to try and connect some of your budget decisions. You talk about the Bureau as very active in climate change strategies. And I think from your testimony you have adaptation as one strategy and I think you have mitigation as another, and I will start with adaptation.

Have you connected that, your models of adaptation strategy, in dealing with the increase of WaterSMART? And if you have, how have you used that strategy to pick the projects that you have decided?

Mr. CONNOR. Well, I would say fundamentally up until this point we view, whether you look at climate change and the projections—some of the projections are pretty scary. You look at the Colorado River Basin and people are—the various reports out there publicly so far project a 7 percent to 45 percent reduction in inflow into the Colorado River System for a river that is already over-subscribed. If you look at projected snow pack reductions in the Sierra Nevada of 7 to 20 percent; reduction for California's primary water—natural water storage, the snow pack in the Sierra Nevada. Those are alarming pieces of data.

But just look at drought, what we know from drought historically and given increasing needs. So we have looked at WaterSMART and other areas, Title XVI, the Conservation projects that we do, as just good investments for good, smart water management. We have not necessarily tied those to any specific adaptation strategies for climate change. Our view up until this point has been there are good water management needs out there. More efficiency is good to address whatever the challenge is, whether it is overpopulation, environmental needs, climate change, or drought. So those are just viewed in general as things that we need to support to reduce the oversubscription of water in the West.

We now have very modestly in this budget, I would say, a more aggressive set of programs to take into account climate change, what is going to happen, and how to adapt to it. We are doing a basin studies set of programs. We are working with stakeholders in the basins. They are cost sharing on a 50 percent basis to look at supply and demand imbalance basin by basin. We did Colorado River Basin, Yakima River Basin, Milk River in Montana as the initial three, and we have got six more basin studies going on. We are working in partnership to look at the imbalances projected, the limits in supply over time, and trying to develop specific adaptation strategies with those stakeholders in those basins. We are going to

see the first reports related to specific adaptation strategies start to come out towards the middle and end of this year.

We are also, under the Secure Water Act which Congress passed in 2009, doing an assessment, a West-wide risk assessment and a report on the projected impacts of climate changes on the major river basins that Reclamation has projects in across the West. And so that is going to be the first—for some of those basins, like the Colorado River Basin, it will add to the level of analysis and modeling that is already out there. For other basins, such as the Rio Grande or the Klamath or other basins, it may be the first real assessment of what is out there with respect to identifying risks because of climate change.

So we are moving from general good water management activities to specifically looking at the impacts of climate change, trying to better understand it, and working with the people who will be affected by it to develop adaptation strategies. And we are going to start seeing that towards the end of this year coming out in more specificity.

Mr. PASTOR. I only have two questions. In your testimony, you talk about you are working with, I guess, DoE to use renewable energy on some of your—I am trying to find it here—in some of your operations. You are identifying opportunities to address the President's clean energy goals through the development of new, sustainable hydropower capacity as well as integrating renewable energy in your operation. So I guess my interest is in the “integrating renewable energy” in our operation.

Mr. CONNOR. Yes. We have got a very active program in partnership with the Corps of Engineers and Department of Energy. And it is involving sustainable hydro, but I am thinking you want to focus on—

Mr. PASTOR. Right.

Mr. CONNOR [continuing]. Other renewables.

Mr. PASTOR. Right, the other renewables.

Mr. CONNOR. We are looking at—you know, it is part of this whole energy-water nexus. How can we be more efficient? Moving water can create energy production opportunities. And we exist out in the West, where there are a lot of renewable resources, such as solar. So we have done things such as—as simple as, in our Closed-Basin Project in Southern Colorado, integrating the use of solar panels to create energy generation to power and provide some of the power for our pumps associated with groundwater pumping that we do in the Closed-Basin Project.

Our WaterSMART grant programs and the Title XVI funding criteria—they are grant programs. There are a range of priorities that we look at and we score grant proposals. One of them is the integration of renewable energy into specific projects. So in one of the situations or maybe a couple in Oregon that we have funded is taking out of service an open canal, using a pressurized pipe system to deliver water to an irrigation district, and they have incorporated a turbine in that pressurized system, a 1 megawatt turbine into that system. So we are creating renewable energy, integrating that within water operations, recapturing some of the energy that is used to pressurize that system. That is just good, smart water

management. And, oh, by the way, that also conserved something like 20 to 23 CFS of water that got dedicated to in-stream flows.

We are now going back with respect to some of these opportunities in the Navajo-Gallup Pipeline Project—and we are just at the design phase there—to initiate a lot of solar resources, a lot of pumping stations associated with pumping water long distances.

We are going to go back and thoroughly assess what we might do as far as distributed generation and use to offset some of the project needs that we have, and we will do that in areas associated with our projects. Our view is if we can make use from a financially—in a way that makes sense from a financial perspective and get the investments we need to integrate renewables into our operations, we use a good amount of our own project—or the hydropower that we generate, a lot of it goes for our own projects. If we can take some of that off, get some of our project power from renewable sources and take that offline, then we can put more power on the grid from our hydropower resources. So those are the type of opportunities that we are good at with respect to our operations and funding water operators to incentivize them to incorporate renewables into their operations.

Mr. PASTOR. All right. You mentioned—and this will be my last question, Mr. Chairman—Title XVI in response to my question. And as I recall, most of the Title XVI, the funding was kind of project-specific. And for many years, that was probably how things were funded, but now I see you converted to a grant program and you referred to it as converted to a grant program. What made you do this and what are the some of the criteria?

I heard one on how you use renewable energy to be integrated in the project, but what—because you have had some longstanding projects out there for many years, Title XVI, what happens to them under this grant program? And other than integrating renewable energy, what other criteria do you use to provide the grants?

Mr. CONNOR. Sure. I will just first mention what the motivation was when we had Recovery Act funding, we allocated \$135 million for Title XVI projects. And we went through basically a selection process where we developed criteria that were specific to some of the Recovery Act items, but also more general water management goals that we were trying to achieve. That process went pretty well to allocate money to authorized Title XVI projects. So that was an incentive to develop a set of criteria that we thought were a proper way to prioritize the investments in Title XVI projects given the limited resources that we have and the backlog that we have.

So that is why we have proposed and we have come out with our criteria. Now we had a Federal Register process note and took comments, integrated those comments, and have come out with our final criteria. Some of the criteria for the Title XVI are water supply-generated, the acre feet that you can generate through reuse. How sustainable is that supply? Is it going to be available in times of drought?

I think that is one area where Title XVI has an advantage over some of our WaterSMART grants. If there is a drought, you do not get as much water through a canal. You do not save as much as you do in Title XVI where it is a more reliable supply.

The completion schedule, so projects that are in progress and are near completion, we want to take that into account. Readiness to proceed, are the local communities available? Are they ready to go with the next phase? Do they have their cost share ready to go?

Environment and water quality benefits associated with that, renewable energy integration is one. The overall cost per acre-foot that a project has and whether it addresses a number of needs from a watershed perspective is part of the regional partnership that addresses a lot of different problems.

Those are—I do not know if that is exhaustive, but I think those are the primary factors. There may be a couple more that are in our criteria, but those are the kind of things that we are looking at in scoring the proposals that we get and making an intent. We have not got this program up and going yet because 2011 was the first time we proposed it and we have not yet received our 2011 appropriations, but that is our intent to score them against those type of criteria.

Once again, we are talking about authorized Title XVI projects.

Mr. PASTOR. Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. I think there is one last question, then we are going to wrap up. The BoR receives \$80 million annually from Bonneville for operations and maintenance funding. Is that right?

Mr. CONNOR. That sounds right.

Mr. FRELINGHUYSEN. And over a million for small capital improvements and replacements?

Mr. CONNOR. Yes, that is correct.

Mr. FRELINGHUYSEN. Is that—obviously you are pleased to have that money. Are there any other similar type arrangements with any other?

Mr. CONNOR. There are. I believe now some of our O&M that we have obligations associated with our power facilities, and I think that Western Area Power Administration is now up-fronting some of that O&M.

Mr. FRELINGHUYSEN. Is it a good model for others?

Mr. CONNOR. Absolutely.

Mr. FRELINGHUYSEN. Certainly from your perspective it would be, but—

Mr. CONNOR. It is.

Mr. FRELINGHUYSEN. Yeah.

Mr. CONNOR. And I think it is more efficient rather than have federal appropriations go and this getting paid back. I think the model is—particularly when these are year-to-year costs, it just makes more sense for them to be provided up front, whether it is the Bonneville Power or whether it is irrigation districts. And a number of them are providing us funding up front. We are trying to increase that and make that—Reclamation has done a good job—

Mr. FRELINGHUYSEN. That is a goal.

Mr. CONNOR. That is a goal, exactly.

Mr. FRELINGHUYSEN. And so, for the record, would you be willing—would you provide the Committee at some point in time sort of what that landscape looked like now.

Mr. CONNOR. Yes. Yes.

Mr. FRELINGHUYSEN. You can do that.

Mr. CONNOR. I can do that.

Mr. FRELINGHUYSEN. And as we conclude, Mr. Murray, you have not had a chance, if you will pardon the expression, to get your oar in the water. Is there anything you would like to say for the record besides your statement?

Mr. MURRAY. No. I would just like to thank you for your past support of the program and I appreciate the opportunity to have been here to——

Mr. FRELINGHUYSEN. We know Utah is front and center by the virtue of you being a witness today, so we will not forget that.

Mr. MURRAY. Thank you.

Mr. FRELINGHUYSEN. So, Mr. Pastor and I and the entire Committee would like to thank you all for the work you do each and every day. Thank you, Commissioner——

Mr. CONNOR. Thank you.

Mr. FRELINGHUYSEN [continuing]. Mr. Murray.

Mr. MURRAY. Thank you, appreciate it.

Mr. FRELINGHUYSEN. We are adjourned.

QUESTIONS FOR THE RECORD
SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT
HOUSE COMMITTEE ON APPROPRIATIONS

**BUREAU OF RECLAMATION AND THE CENTRAL UTAH PROJECT COMPLETION
ACT BUDGET HEARING**

MARCH 10, 2011

BUDGET FORMULATION: BUDGET PRIORITIZATION

Subcommittee. Please explain the methodology Reclamation uses to determine what projects to fund and at what levels.

Mr. Connor. There is a thoughtful set of criteria that we use to allocate between our different program areas, and then within the program areas themselves. Reclamation begins primarily by examining what is fundamental to operating and maintaining (O&M) our facilities. The majority (51%) of our FY 2012 proposed budget is dedicated to facilities operation, maintenance and rehabilitation activities. Reclamation is responsible for 58 power plants, 476 dams, large dams, diversion dams and structures, canals, etc. In a lot of those facilities we have contractors who are responsible for paying for a good share of the O&M. In many of these cases, there is also a Federal obligation to pay for a portion of that O&M, which we incorporate in our request. There are also some instances in which contractors are responsible for some of the O&M activity; we have to pay it first and then we get reimbursed, so that also is included in our request for appropriations.

Within the facilities operation, maintenance and rehabilitation category, Reclamation employs a variety of strategies to assess and prioritize funding needs required to ensure that our water infrastructure is safe and reliable, including: 1) a review/examination program for high- and significant-hazard dams to assess dam safety and condition; 2) the review of power operations and maintenance program to assess the condition of power generation assets; 3) the associated review to assess the operational and maintenance condition of water diversion and delivery assets based on various site-specific factors for each of Reclamation's project facilities, including treaties and other legal requirements; health and safety issues; contractual requirements; environmental issues; and improved efficiency or cost savings related to operations; 4) pursuit of off-budget financing for the remainder of the power O&M/capital investment program; and 5) addressing financing of Major Rehabilitation and Replacement (MR&R) needs-related aging infrastructure; among others.

In reviewing our infrastructure needs, we do risk assessments. For example, what are the security fortifications that we need to do and what extraordinary maintenance is required—things that we do not do on a year to year basis, but over time, each project will have some major rehabilitation that is required. Included with operation, maintenance and rehabilitation activities are the Dam Safety, Site Security, Federal Building Seismic Safety, Examination of Existing Structures (EES) Programs, and RAX (Replacement, Additions, and eXtraordinary maintenance) – all of which have a distinct prioritization system and/or criteria using a risk-based approach based on the probability of an incident occurring and the consequences of such an incident if budgetary funds were not obtained and the deficiency remediated.

The remainder of the 2012 budget (49%) is for water, energy, land, and fish and wildlife resource management and development activities. Funding in these activities provides for planning, construction, water sustainability activities, management of Reclamation lands including recreation areas, and actions to address the impacts of Reclamation projects on fish and wildlife. In this category, again Reclamation employs a variety of strategies to assess and prioritize funding needs required to ensure that we meet our commitments to manage, develop

and protect water and related resources in an environmentally and economically sound manner. Examples of considerations include: our legal requirements, such as Endangered Species Act compliance items or court orders, which are fundamental to our water delivery and power generation operations; an examination of the requirements and capability of projects/programs to execute funding; Reclamation's assessment of requirements using Administration, Department of Interior and Reclamation's priorities; and technical or activity-specific criteria for ranking requirements, such as the WaterSMART Grant, Rural Water, or Water Reclamation and Reuse criteria. Reclamation's budget also encompasses other activities, such as Indian water settlements, which helps bring water supplies to reservations and surrounding communities.

Subcommittee. Do you consider benefit to cost ratios, percent complete, ESA compliance or other factors?

Mr. Connor. Yes, we use those tools, among others, primarily in the technical or activity-specific criteria for ranking requirements.

Subcommittee. What is the cost to operate and maintain what Reclamation currently owns?

Mr. Connor. Approximately 51% of our Water and Related Resources Budget request for FY 2012 or \$407 million is dedicated to facilities operation, maintenance and rehabilitation activities. (This amount excludes direct funding (e.g., power); water user advances; and operation, maintenance and replacement (OM&R) of transferred works performed by districts with their own staff and dollars.)

BUDGET FORMULATION: IMPLEMENTATION OF THE CONTINUING RESOLUTION

Subcommittee. Last week, Congress passed and the President signed into law a two-week Continuing Resolution which eliminated all earmark direction from FY 2010, and provided approximately \$80 million in unallocated funding for Reclamation projects.

Assuming that these levels are applied to the rest of the FY, how would Reclamation determine which projects the unallocated funding should be applied to, and for how much?

Mr. Connor. The allocation of funding is dependent on many factors, but, two key factors are the timing of the final appropriation bill and the amount of funding provided. Our methodology for allocation will certainly be influenced to some degree by these two items. Other factors that will be considered include: changes that have occurred since the FY 2011 Budget was completed and presented to Congress over a year ago, such as a project's needing less 2011 funding due to favorable contract bids or other circumstances; the capability of projects/programs to execute funding at whatever point in the year a bill is received; and Reclamation's assessment of executable requirements using Administration, Department of Interior, and Reclamation's priorities.

BUDGET FORMULATION: RESOURCE MANAGEMENT AND DEVELOPMENT

Subcommittee. Within the resource management and development portion of the budget request, water and energy activities are greatly reduced from FY 2010 while fish and wildlife activities again see increases.

To what extent is this shift in relative priority a result of environmental laws and requirements and to what extent is it simply an Administration priority?

Mr. Connor. The majority of the increase from FY 2010 Enacted to the FY 2011 Request and the decrease from the FY 2011 Request to the FY 2012 Request in Fish and Wildlife Management and Development is for the Red Bluff Fish Passage Project in the Mid Pacific Region's Central Valley Project, which is now close to completion. In addition, much of the decrease in Water and Energy Management and Development is attributable to a decrease in the rural water program in recognition of the economic times facing the nation, as well as the establishment of the new account for Indian Water Rights Settlements (and the shift of the Navajo Gallup Water Supply project from Water & Related Resources into the new account). DOI allocated more than \$200 million toward rural water projects through the Recovery Act (significantly more than Congress' required level of \$60 million), which clearly indicates the high priority DOI ascribes to these projects.

That said, the fish and wildlife activities are both a requirement to operate our facilities and a priority of the Administration. Over time, Reclamation's work and budget has transitioned more and more from construction to operation and maintenance of facilities. One aspect of this shift is addressing environmental actions that offset or mitigate for issues caused by the operation of our projects and activities. These actions are captured within our fish and wildlife activities funded within the resource management and development portion of the budget request.

The intent of environmental mitigation activities is to avoid, reduce, or compensate for adverse environmental conditions that are the result of our water management activities. Ultimately, many of these activities affect the economy of the surrounding jurisdictions and populations served, including Tribes. The requirements are derived from a variety of Federal environmental laws, including but not limited to, the National Environmental Policy Act (NEPA) (P.L. 91-190, section 101), the Endangered Species Act (ESA) (P.L. 94-325, section 2(b)), the Clean Water Act (CWA) (33 U.S.C. § 1251, sections 404, and 402(a)), and the Fish and Wildlife Coordination Act (FWCA) (P.L. 85-624, section 1). Mitigation and compliance with these and other environmental laws is required in order for Reclamation to operate its projects.

BUDGET FORMULATION: FACILITIES MAINTENANCE VS OPERATION

Subcommittee. Within the Water and Related Resources account, the funding for facility maintenance has decreased 14% from FY 2010, while funding for operations has increased 11%. What accounts for operations becoming more expensive while maintenance costs are declining?

Mr. Connor. Reclamation's decrease to Facility Maintenance is due primarily to the Dam Safety Program's favorable construction contract bids and successful project management, which resulted in being ahead of schedule and below budget cost estimates (this effort was assisted by the Recovery Act funds for the Central Valley Project's Folsom Dam, which allowed for a more efficient schedule and cost).

Reclamation's increase in Facility Operations is due to a number of reasons, one of which is the fact that requirements for the projects and programs fluctuate from year to year, depending upon the required tasks. Some examples of these changes for FY 2012 include: the Middle Rio Grande Project increased to support an acceptable operational level for the hydrological computer modeling program used to monitor river operations and to ensure efficient water delivery; as the Animas-La Plata Project nears construction completion, costs are increasing as features and facilities of the project move to operation and maintenance status; Trinity River operations costs for the Hatchery increased; there were minor increases for operations in a number of the projects within the Pick-Sloan Missouri Basin Projects; and the Ak-Chin Indian Water Rights Settlement Act Project costs increased due to a higher Central Arizona Project price per acre-foot for water deliveries.

Another reason for the increase was activities being reclassified from other budget activities to more accurately reflect where the work was being done. For example, in the Auburn Folsom South Unit of the Central Valley Project, the fire suppression and prevention activity costs were reclassified from Water and Energy Management to Operations, while the San Luis Valley Project increased to reflect moving biofouling remediation tasks from Facility Maintenance & Rehabilitation to Facility Operations.

Subcommittee. To what extent, if any, is this result of environmental requirements?

Mr. Connor. None of the increases or decreases mentioned above is a result of environmental requirements.

BUDGET FORMULATION: BONNEVILLE POWER ADMINISTRATION

Subcommittee. Reclamation receives over \$80 million annually from Bonneville Power Administration for Operations and Maintenance funding and over \$1 million for small capital improvements and replacements. How is the determination made on what Bonneville Power Administration will fund and what Reclamation does?

Mr. Connor. The Memorandum of Agreement between Bonneville Power Administration (BPA) and Reclamation defines the direct funding for annual Operation and Maintenance power costs. Every 5 years, Reclamation and BPA execute a 5 year power Operation and Maintenance budget.

Subcommittee. Are there additional items that could be funded in this manner?

Mr. Connor. There are no additional single purpose power items that can be funded in this manner with Bonneville Power Administration for the Pacific Northwest Region.

Subcommittee. Are there other areas of the country that this model of funding could be used?

Mr. Connor. Reclamation works with two different entities for power marketing across the 17 western states. In addition to BPA, we also work with the Western Area Power Administration (Western) which is responsible to market the power and collect revenues from the power customers under its authorities which are different than BPA. Western utilizes its authority in collaboration with the power customers to collect direct funding for single purpose power projects in the other Regions. In Reclamation's Upper Colorado Region specific legislation sets up revolving funds that are somewhat similar to the BPA model in power revenues from Reclamation's Colorado River Storage Project directly fund project costs. The same is true for the Colorado River Dam Fund, Boulder Canyon Project for which revenues are used to fund the operation, maintenance, and rehabilitation for Hoover Dam.

Subcommittee. For the record, please provide a detailed list of the projects and amounts for all Bonneville Power Administration funded activities?

Mr. Connor. There are six Reclamation projects listed below that receive direct funding from the Bonneville Power Administration:

Project (\$000)	Operations & Maintenance	Small Capital	Large Capital	Total
Boise Area Projects	\$4,513	\$305	\$885	\$5,703
Columbia Basin Project	\$76,271	\$1,724	\$76,466	\$154,461
Hungry Horse Project	\$4,893	\$274	\$572	\$5,739

Minidoka Area Projects	\$6,682	\$290	\$5,544	\$12,516
Rogue River Project, Talent Division	\$1,184	\$175	\$2,023	\$3,382
Yakima Project	\$2,651	\$100	\$1,977	\$4,728
Total	\$96,194	\$2,868	\$87,467	\$186,529

WATERSMART PROGRAM: PROGRAM INCREASE

Subcommittee. Even with the Bureau's overall budget taking an 8% cut from FY 2010, the budget request includes a 44% increase for the WaterSMART Program. The Administration's priority for this program is clear. Could you please explain, though, why you determined this program should receive such high priority?

Mr. Connor. The FY 2012 budget request for the WaterSMART Program does include an overall increase from FY 2010 but also represents a decrease from the FY 2011 request. The increase from FY 2010 to FY 2012 is primarily due to an increased request for the Title XVI Water Reclamation and Reuse Program beginning in FY 2011: \$13.6 million in FY 2010, \$29 million in FY 2011, and \$29 million again in FY 2012. Projects funded through the Title XVI Program supplement urban and irrigation water supplies through water reuse, thereby improving efficiency, providing flexibility during water shortages, and diversifying the water supply. The increase also reflects the addition of three program components in FY 2011 and FY 2012 that were not part of the FY 2010 budget for WaterSMART. First, beginning in FY 2011 and continuing in FY 2012, the President's request for the Basin Studies Program includes \$2 million in funding for Landscape Conservation Cooperatives. Second, the existing Water Conservation Field Services Program is included within the WaterSMART Program for the first time in FY 2012 (\$5.1 million) and was previously described in a separate section of the President's budget request. Finally, \$250,000 has been included for the Cooperative Watershed Program to establish and expand collaborative watershed groups – as part of WaterSMART, beginning in FY 2012. By incorporating new and existing water sustainability activities into WaterSMART as the SECURE Water Act (Subtitle F of Title XIV of P.L. 111-11) is implemented, Reclamation can take advantage of program management efficiencies (i.e., use of similar processes and as much staff coordination as possible across activities) to maximize the amount of requested funding available to fund on-the-ground projects.

Reclamation continues its focus on the WaterSMART Program to achieve a sustainable water strategy that will meet our Nation's water needs. Through the WaterSMART Program, Reclamation works with stakeholders on a cost-shared basis to conserve and stretch limited water supplies to meet competing demands. For example, Title XVI projects funded since 1992 are producing 260,000 acre-feet of water per year as of 2010. Title XVI projects leverage 25 percent Federal funding with 75 percent or more non-Federal funding. In addition, projects funded through WaterSMART Grants and the previous Challenge Grant program in 2004 through 2010 have coupled Federal funding with non-Federal cost-share (approximately \$2.50 in non-Federal contributions for every Federal dollar awarded) to undertake projects expected to result in annual water savings of over 700,000 acre-feet once completed. Requests for WaterSMART Grants continue to significantly outpace available funding each year. With the \$14 million in available funding in FY 2010 for Water and Energy Efficiency Grants, for example, Reclamation was able to fund only 37 of 198 proposals received.

The WaterSMART Program includes \$6 million for the Basin Study Program, which includes three activities: Basin Studies, West-Wide Climate Risk Assessments, and Reclamation's participation in the Landscape Conservation Cooperatives (LCC). Together these activities represent a coordinated and comprehensive approach to identifying adaptation strategies to

future water supply and demand imbalances, including assessment of climate change risks and impacts and developing the applied science necessary for adaptation at the landscape scale. Reclamation, in collaboration with cost-share partners, currently has five Basin Studies underway, including one study focused on the Colorado River Basin that includes participation by all seven states in the basin. One result of the West-Wide Climate Risk Assessments is that Reclamation is preparing to submit our initial report to Congress in FY 2011, summarizing risks and impacts of climate change on water resources in each of the major Reclamation river basins, as authorized in Section 9503 of the SECURE Water Act. Reclamation, along with the Fish and Wildlife Service, is co-leading the effort to establish steering committees for the Desert and Southern Rockies LCCs in support of Secretarial Order 3289 establishing the Department of the Interior's coordinated approach to addressing climate change impacts and will begin funding applied science projects in those areas beginning in FY 2011.

By diversifying the water supply and making additional water available, Title XVI and WaterSMART Grant projects are part of a strategy to avoid or postpone the cost and impact of developing other new supplies. Projects funded through both programs are expected to make water available at a lower cost per acre-foot than construction of new storage and delivery facilities, for example, thereby contributing to a sustainable water supply at lesser cost. The Title XVI Program and WaterSMART Grants are directly aligned with the Department's Priority Goal for Water Conservation.

WATERSMART PROGRAM: GRANTS OVERSIGHT

Subcommittee. There have been concerns expressed about the types of projects being funded through the WaterSMART Grants program – that maybe we aren't getting the best bang for our buck. Could you please describe the types of projects that have been funded under this grant program? What have been the benefits of these projects? What criteria do you use to select projects? Have any of these criteria changed from year to year? For the record, please provide a list of all projects funded in FYs 2010 and 2011, including amount of the grant, any matching funds, how it scored or ranked against your selection criteria, and the quantitative benefits of the project or project phase funded by the grant.

Mr. Connor. WaterSMART Grants are made available on a cost-shared, competitive basis for (1) projects that conserve water, improve water and energy efficiency, increase the use of renewable energy in water management, address endangered species issues, and facilitate transfers to new uses; (2) pilot and demonstration projects to explore the use of advanced water treatment techniques to create new water supplies; (3) system optimization reviews to assess the potential for water management improvements; (4) and activities designed to develop tools and information to more efficiently manage water resources in a changing climate. The majority of requested funding will be used to award Water and Energy Efficiency Grants, which in the past have included on-the-ground activities such as lining or piping of existing canals, installation of automated irrigation management systems and flow measurement devices, construction of new canal gates or conveyance improvements, installation of pump stations and energy recovery turbines, and other similar projects. Funding has also been awarded for urban water conservation improvements, such as residential meter installation efforts and turf replacement rebate activities, among other projects. See the WaterSMART Grants FY 2010 Summary Table, attached, for the specific types of projects that have been funded. Project benefits, including conserved water, improved water management, increased energy efficiency, increased use of renewable energy in water management, water made available for endangered species, increased opportunities to facilitate transfers of water to other users, and other contributions to water supply sustainability, are also summarized for each FY 2010 project in the attached table.

Criteria for WaterSMART Grants are made available to potential applicants as part of each Funding Opportunity Announcement posted by Reclamation. Criteria for each WaterSMART Grant category in FY 2010 and FY 2011 are attached. In FY 2010, funding criteria for WaterSMART Grants were revised as part of Reclamation's efforts to implement the SECURE Water Act (Subtitle F of Title XIV of P.L. 111-11). To align the program with the authority provided under Section 9504 of the SECURE Water Act, WaterSMART Grants were expanded to include two new grant categories: (1) Advanced Water Treatment Pilot and Demonstration Projects, and (2) Grants for Climate Analysis Tools. Minor adjustments were made to WaterSMART Grants funding criteria in FY 2011 to more effectively achieve WaterSMART Program objectives and to clarify the information requested of applicants in several places.

Please see the WaterSMART Grants FY 2010 Summary Table for a detailed list of FY 2010 WaterSMART Grant projects. For each project, the table includes the funding amount awarded by Reclamation, non-Federal cost-share, the type of project funded, the expected benefits of the project, and the sections of evaluation criteria that the project scored particularly well against. FY 2011 WaterSMART Grant projects have not yet been identified for award.

WATERSMART PROGRAM: TITLE XVI

Subcommittee. Title XVI projects are specifically authorized in law, and, in the past, have been funded on a project specific basis. This budget, however, proposes to use most Title XVI funding for a grant program through the Commissioner's Office. Why are you proposing this change? To be eligible for a grant, the project still must be authorized in law. That is a finite number of projects that we should know something about. So how is this grant program going to be any different than if we continued to fund individual projects in the budget request and appropriations bill? In fact, the budget request does list a few projects individually. Why did you request funding for these projects as opposed to others? What is the paperwork or administrative burden for the project sponsors who must apply through the Commissioner's Office grant program?

Mr. Connor. The FY 2012 budget request, like the FY 2011 request, proposes use of a Funding Opportunity Announcement to identify only authorized Title XVI projects for funding. In 2010, Reclamation established new criteria that focus on reducing existing diversions or addressing specific water supply issues in a cost-effective manner, addressing environmental and water quality concerns, and meeting other program goals, to prioritize Title XVI projects for funding. We believe that a Funding Opportunity Announcement provides the best opportunity for project sponsors to explain, in their own words, how each project meets the new criteria and to describe current and planned work so that Reclamation can prioritize projects that describe expected benefits and that are cost-effective and ready to proceed.

The six Title XVI projects listed in the President's budget request for FY 2012 are continuing projects identified for funding previously and that have been included in previous budget requests. As some of those projects near completion or approach Federal cost-share ceilings, Reclamation is transitioning -- through the use of Funding Opportunities described above -- to a new process to identify other projects for program funding using the new criteria. Because water reuse is a key aspect of the Department's WaterSMART Program, the President's FY 2011 budget request for Title XVI represents a 113% increase over the 2010 enacted level. Even in the FY 2012 constrained funding environment, funding for Title XVI was maintained at the 2011 level of \$29 million. Project sponsors have already been invited to submit proposals for FY 2011 funding, and those proposals are currently under review by Reclamation.

To respond to Reclamation's Funding Opportunity Announcement for Title XVI Construction Funding, applicants must submit a cover page, construction assurances, a title page, table of contents, a description of work that can be completed within 24 months and how that proposed work meets program criteria, description of status of necessary environmental compliance and any required permits, and a budget. This structured approach provides an opportunity for all project sponsors to request program funding and allows Reclamation to assess each proposed project against the criteria as accurately as possible.

DAM SAFETY: BUDGET DECREASE

Subcommittee. Over half of Reclamation's dams and dikes were built in the first half of the twentieth century, and Reclamation has a continued responsibility to ensure their safety as these facilities age. The budget justification maintains that dam safety is one of Reclamation's highest priorities, yet the budget request of \$83.7 million is a 14 percent reduction from the 2010 level. How is this funding level consistent with the Administration's recognition of the dam safety as a high priority, and what is Reclamation doing to ensure the safety of its aging dams and dikes?

Mr. Connor. The Dam Safety Program continues to be one of Reclamation's highest priorities. The Folsom Joint Federal Project is the highest priority Safety of Dams modification project. Favorable construction contract bids and successful project management have allowed us to be ahead of schedule and approximately 40% below budget cost estimates. We were also fortunate to be able to use \$18.5 million of American Recovery and Rehabilitation Act funds for the project. The successes at Folsom Project will allow Reclamation to focus on other high-risk facilities such as Red Willow Dam (NE), Glendo Dam (WY) and Echo Dam (UT). Future program activities and budget requests are evaluated each year based upon the current understanding of risk to the public from all Reclamation Dams. The Dam Safety program also provides for performance monitoring, examinations, analyses, field data investigations, and technical studies and development activities on an ongoing basis. These activities investigate and assess public safety risks associated with dam safety issues.

DAM SAFETY: RISK ASSESSMENTS

Subcommittee. What risk assessments does the Bureau use to determine the level of funding necessary for its dam safety activities?

Mr. Connor. Risk assessments have been developed for Reclamation's inventory of high- and significant-hazard dams. Reclamation uses the risk assessments to make risk-informed decisions, prioritize risk reduction activities and develop the funding levels for dam safety activities which are focused on priority dam safety activities. One of the tasks within Reclamation's Safety of Dams Program is the Initiate Safety of Dams Corrective Action (ISCA). This task provides for safety of dam modifications and includes project formulation, approval, preconstruction, and construction activities for Reclamation's dams with identified safety issues.

The ISCA appropriation request allows funding to be readily focused on priority structures based on an evolving identification of risks and needs within available funding. The prioritization of the structures is, in a generalized sense, based on a facility's potential annualized loss of life. The present state of the annualized life loss for all Reclamation's high- and significant-hazard structures is evaluated either through a comprehensive facility review, issue evaluation, or risk assessment. Potential risk reduction is evaluated in a corrective action study, which determines the potential annualized life loss for the various modification scenarios. Teams are utilized to determine the expected annualized life loss and the findings are verified by a Dam Safety Advisory Team (DSAT) typically comprised of three or more members depending on the complexity of the structure.

Subcommittee. Does Reclamation have an estimate for the total cost of rehabilitation of these dams or an assessment of the benefit to cost ratio of rehabilitation?

Mr. Connor. We do not have a formal estimate for the total cost of rehabilitation to dams. The current out year funding levels address corrective action study and rehabilitation needs for the facilities which we have identified. For all risk reduction modification projects, Reclamation performs an economic cost and lost benefits analysis from a National Economic Development (NED) perspective in accordance with the *Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies (P&Gs)*. The results of the analysis are part of the project Modification Reports submitted to the Congress.

RURAL WATER: PROGRAM DECREASE

Subcommittee. The budget request for rural water is a 42 percent reduction from the 2011 request and a 71 percent reduction from the FY 2010 Act. Does this mean that we have met our commitments to the ongoing projects and can expect this lower level of funding to continue?

Mr. Connor. Reclamation is making progress in funding rural water projects throughout North and South Dakota, Montana, and New Mexico. The Mid-Dakota rural water project in South Dakota was completed in FY 2006; the Perkins County rural water project in South Dakota was recently completed with additional funds provided by the American Recovery and Reinvestment Act; numerous features within the Garrison Diversion Unit in North Dakota have been completed; and the Mni Wiconi Rural Water System is scheduled to complete in 2013. Reclamation allocated \$232 million in American Reinvestment and Recovery Act funds to further work on these projects and the Fort Peck-DryPrairie, Rocky Boys/North Central Montana, and Lewis and Clark rural water systems.

Certain rural water project funding was slowed to address other priorities and programs within Reclamation and to address the need to reduce the deficit in overall Federal government spending. Project sponsors actively seek additional appropriations each year to support construction at their full capabilities in efforts to minimize inflationary impacts on total project cost. Project sponsors desire to provide service as quickly and cost effectively as possible to areas with serious domestic water problems and needs.

Subcommittee. If not, what is the total cost to complete the ongoing projects and why was the decision made to so dramatically cut this program?

Mr. Connor. The total cost to complete the ongoing rural water projects is approximately \$1.1 billion. The FY 2012 President's budget balances several priorities, including funding for constructing authorized rural water projects. Given the need to work within the framework of today's budget realities, as well as the need to be attentive to priorities associated with existing water and power infrastructure throughout the west, Reclamation is unable to fund all of the ongoing rural water projects at their full capability levels.

Subcommittee. What criteria did you use to prioritize funding for projects within this program?

Mr. Connor. The first priority for funding rural water projects is the required O&M component, which is \$15 million for the Tribal features of the Garrison and Mni Wiconi projects in FY 2012. For the construction component, Reclamation allocated funding based on objective criteria that gave priority to projects that serve on reservation needs; and percent of project complete.

Since 1980, Congress has directed Reclamation to develop 13 individual rural water supply projects at a combined cost of more than \$2.3 billion. Projects have been authorized with non-Federal contribution requirements ranging between 0 percent and 25 percent. With this large backlog of rural water projects waiting to be constructed, and limited funding available, Reclamation developed the above criteria in order to apply a consistent method for allocating funds.

INDIAN WATER RIGHTS SETTLEMENTS: NEW ACCOUNT

Subcommittee. Why did Reclamation choose to propose a new account for a few of the Indian water rights settlements?

Mr. Connor. Reclamation is establishing an Indian Water Rights Settlements Account to assure continuity in the implementation of the new authorized settlements and to highlight and enhance transparency in handling these funds. In establishing this account, Reclamation also requests \$24.8 million for the Navajo-Gallup Water Supply project (Title X of Public Law 111-11) be included in Reclamation's Indian Water Rights Settlements account.

Subcommittee. Were all funds associated with Indian water rights settlements transferred to this new account?

Mr. Connor. We did not propose that all funding associated with Indian water rights settlements be transferred to the new account—only those that receive funding under the Claims Resolution Act and the Navajo-Gallup Water Supply project previously mentioned. The new account is intended for the Navajo-Gallup water supply project and the four Claims Resolution Act of 2010 (CRA) settlements (Titles III, IV, V, and VI of the CRA). Reclamation's FY 2012 budget has requested over \$51 million in discretionary funding for Indian water rights in the new account.

This account, in addition to discretionary funding will include the Reclamation Water Settlements Fund—which also received appropriations as a result of the CRA, under Title VII (\$60 million in mandatory funding in each of FY 2012 through FY 2014).

Subcommittee. Why did you leave some of these projects in the Water and Related Resources account? Does it show the Administration's relative priority among these projects or was it for other reasons?

Mr. Connor. We left some of the projects in the Water and Related Resources account for several reasons. Principal among them was simplicity. That is, it was easy to set up newly treated settlements in a new account; there was no substantial workload on the part of the Department of Treasury or our own accounting and budget operations. We may consider proposing other settlement funding in the Indian Water Rights Settlement account in future years. The account does not reflect the Administration's prioritization of Indian water rights projects, all of which are very important to the Department of the Interior and the Bureau of Reclamation.

Subcommittee. Do you expect this account change to result in any implementation changes or is it really more of a budget presentation issue?

Mr. Connor. There are implementation changes, most of which have to do with transfer of funds already appropriated at the time the new account is established in FY 2012, as discussed above. We will plan for them in the interim, and be prepared to effect them soon after the new account is established, following final Congressional action on the FY 2012 appropriations bill.

SAN JOAQUIN RIVER RESTORATION FUND: NEW ACCOUNT

Subcommittee. Why did Reclamation choose to propose a new account for the San Joaquin River Restoration Fund rather than funding it within the Water and Related Resources account as in FY 2010?

Mr. Connor. The account used to track program activities within the San Joaquin River Restoration Program is not a new account. The account was specifically authorized by P.L. 111-11 and has been in use for mandatory funding. This is the first time that we are requesting discretionary funding in this account in FY 2012, but discretionary funds have been requested and enacted in the Central Valley Program Restoration Fund (CVPRF) pursuant to specific provisions in P.L. 111-11. Discretionary funding was appropriated in the Water and Related Resources account in FY 2010 for use by the San Joaquin Program. By combining funding within one account (except for the CVPRF piece), the Program will be better able to track its activities, and it will be more transparent.

Subcommittee. Do you expect this account change to result in any implementation changes or is it more of a budget presentation issue?

Mr. Connor. As stated above, account changes will not result in any implementation change. The account will provide a tool to track the various program implementation activities identified under the San Joaquin River Restoration Fund.

SAN JOAQUIN RIVER RESTORATION FUND: SCHEDULE

Subcommittee. The Settlement laid out a schedule for activities in support of both the restoration goal and the water management goal. Where are we in terms of complying with that schedule?

Mr. Connor. Reclamation is working diligently to comply with the schedule in the Stipulation of Settlement in *NRDC, et al., v. Rodgers, et al.* (Settlement). Some actions, such as initial flow releases (called Interim Flows), certain Phase 1 highest priority channel and structural improvements projects, and certain water management goal actions have been completed on schedule or are anticipated to be completed on schedule. Some of the Phase 1 highest priority channel and structural improvements projects, including the creation of a bypass channel around the Mendota Pool, modifications in channel capacity in Reach 2B (between the Chowchilla Bifurcation Structure and the new Mendota Pool Bypass channel), and actions in Reach 4B and the Eastside and Mariposa bypasses are not currently following the schedule contained in the Settlement. These projects include substantial changes to the San Joaquin River system that require a significant amount of upfront planning and design activities. Considering the time required to complete the planning, environmental reviews, permitting, preliminary and final designs, land acquisition, and awarding construction contracts, along with the initial delay in passage of legislation to implement the Program and delays in access to private property needed to complete these projects, these projects are scheduled to be ready for construction in FY 2014.

Subcommittee. Are we moving forward equally on restoration and water management activities or is one goal getting ahead of the other?

Mr. Connor. Reclamation is moving forward equally with implementing both the restoration goal and the water management goal.

SAN JOAQUIN RIVER RESTORATION FUND: DETAILS OF PROPOSED WORK

Subcommittee. The budget proposes to use mandatory and discretionary funds for several activities within this program, but does not include many details about these activities. For the record, please provide details on the proposed work, including funds to be used for each activity in FY 2012, funds that could be used for each activity in FY 2012, funds needed to complete the activity, expected date the activity will be completed and how much progress towards either the restoration goal or water management goal will be achieved by the activity.

Mr. Connor. Details on the proposed work for FY 2012 are provided below. The details provided below include work that would be funding with mandatory funds (anticipated to be \$24,077,000), discretionary funds (\$9,000,000), and funds requested under the Central Valley Project Restoration Fund for the San Joaquin River Restoration Program (\$2,000,000):

Program Management and completion of the Program Environmental Impact Statement/Report (\$2,970,000) – Program management activities include program-wide activities for Reclamation, the U.S. Fish and Wildlife Service, and the National Marine Fisheries Service. This effort also includes program-wide public outreach and completion of the Final Program Environmental Impact Statement/Report for the program in early 2012 and a Record of Decision shortly thereafter. These Program Management activities will be ongoing and contribute to meeting both the Settlement’s restoration and water management goals.

Fish Reintroduction (\$5,442,000) – Using funds provided by Reclamation, the U.S. Fish and Wildlife Service, and the National Marine Fisheries Service are conducting the technical and scientific analysis to support the reintroduction of fall-run and spring-run Chinook salmon. In FY 2012, the U.S. Fish and Wildlife Service (FWS) and National Marine Fisheries Service will be continuing the technical and scientific analyses in preparing for successful reintroduction, anticipated to occur late in the year. Funding in FY 2012 will also be used to assist the State of California in establishing a conservation hatchery to support the fish reintroduction, including completing the necessary environmental compliance and permitting activities for the hatchery water supply and executing a financial assistance agreement for the operations and maintenance of the hatchery. The construction of the hatchery will be undertaken and paid for by the State of California. The fish reintroduction activities will be ongoing and contribute to meeting the Settlement’s restoration goal.

Interim Flows and Related Monitoring (\$1,400,000) – The first river releases under the Settlement, called Interim Flows, began in October 2009, to collect a range of information on flows, temperatures, fish needs, seepage losses, and water recirculation, recapture and reuse. Activities in FY 2012 would include continued physical and biological monitoring during these flow releases. The Interim Flows are scheduled to be completed in calendar year 2013. The Interim Flows and related monitoring activities contribute to meeting both the Settlement’s restoration and water management goals.

Comprehensive Groundwater Seepage Management and Monitoring (\$3,800,000) – In FY 2012, Reclamation plans to continue implementation of a comprehensive groundwater seepage

management and monitoring program for Interim Flows and expansion of this program in preparation for the higher, longer-term flow releases, called Restoration Flows. This includes the implementation of seepage management projects to reduce or avoid high groundwater elevations under adjacent agricultural lands. These activities will be ongoing and contribute to meeting the Settlement's restoration goal.

Implementation of Mitigation Measures in the Program Environmental Impact Statement/Report (\$3,500,000) – In preparation for Restoration Flows, Reclamation anticipates beginning implementation of mitigation measures in the Program Environmental Impact Statement/Report related to increased flows in the San Joaquin River under the Settlement. These include a biological conservation strategy and acquisition of low-lying lands that are affected by both flood flows and long-term Restoration Flows. These activities will be ongoing and contribute to meeting the Settlement's restoration goal.

Reach 4B High Flow Routing study (\$1,000,000) – In FY 2012, Reclamation also anticipates beginning the Reach 4B High Flow Routing study consistent with Section 10009(f)(2) of Public Law 111-11 to determine whether to increase the capacity of Reach 4B of the San Joaquin River or use an alternative route for high flows. The study is scheduled for completion in 2013 and will result in a report to Congress as outlined in Public Law 111-11. The study contributes to meeting the Settlement's restoration goal.

Site-specific Projects (\$11,910,000) – Reclamation and the State of California initiated site-specific planning, environmental compliance, and design work focused on two high-priority channel improvement projects identified in the Settlement in mid-2009, the Mendota Pool Bypass and Reach 2B Channel Improvements Project and the Reach 4B, Eastside Bypass, and Mariposa Bypass Channel and Structural Improvements Project. Reclamation initiated site-specific planning, environmental compliance, and design work focused on the two additional high-priority channel improvement projects, the Arroyo Canal Fish Screen and Sack Dam Fish Passage Project in 2010 and the Salt and Mud Slough Seasonal Barriers Project in 2011. In FY 2012, Reclamation anticipates completing the planning, environmental compliance, and the majority of the appraisal-level design efforts for all four Phase 1, high-priority channel and structural improvements projects. Land acquisition for the Mendota Pool Bypass and Reach 2B Channel Improvements Project and the Reach 4B, Eastside and Mariposa Bypass Low-Flow Channel and Structural Improvements Project would also begin. Based on recent discussions with the local owning agency, Reclamation is also considering beginning construction of the Arroyo Canal Fish Screen and Sack Dam Fish Passage Project in FY 2012. All of the site-specific projects are anticipated to be constructed by the end of calendar year 2016. The site-specific projects contribute to meeting the Settlement's restoration goal.

Recirculation and Canal Capacity Correction Project (\$5,055,000) – In FY 2012, Reclamation anticipates completing the planning and environmental compliance necessary to recirculate Interim and Restoration flows. We also anticipate completing the final design and beginning construction activities for the Friant-Kern and Madera Canal Capacity Correction Project. With limited funding available, the Friant-Kern and Madera Canal Capacity Correction Project will be constructed over a series of years and is anticipated to be completed in FY 2017. Recirculation

activities will be ongoing. Both activities contribute to meeting the Settlement's water management goal.

Subcommittee. Also for the record, please describe how the Administration prioritized funding among these activities, including any quantitative details such as scores or rankings.

Mr. Connor. The activities associated with the settlement are all important. Therefore, Reclamation is carrying them out simultaneously in a judicious manner.

SAN JOAQUIN RIVER RESTORATION FUND: OTHER AGENCY FUNDING

Subcommittee. Reclamation's budget request includes providing funding for the Fish and Wildlife Service and the National Marine Fisheries Service to participate in the Program. Is this arrangement of one agency funding another typical? Are there other instances within Reclamation's budget where this occurs?

Mr. Connor. On certain activities, Reclamation's budget requests include funding for the FWS and the National Marine Fisheries Service to participate in Reclamation's activities and programs. Yes, there are other instances within Reclamation's budget where this occurs, where cooperation among Federal agencies make sound business sense, relying on other's expertise and resulting in economies of scale.

Subcommittee. If so, please provide for the record a list of instances, the agencies involved and the amount of funds proposed for those agencies.

Mr. Connor. For an example, Reclamation's budget request for the Central Valley Project Improvement Act includes an annual interagency agreement of about \$10 million a year provided to the FWS for the planning and implementation of fish and wildlife restoration activities; and an interagency agreement with the National Marine Fisheries Service of about \$200,000 a year for technical support on our anadromous fish screen projects.

Subcommittee. Does either Fish and Wildlife Service or National Marine Fisheries Service propose any funds of their own for the San Joaquin River Restoration program?

Mr. Connor. The Fish and Wildlife Services (FWS) and National Marine Fisheries Service (NMFS) did not propose any funds of their own specifically for the San Joaquin River Restoration Program. However, both FWS and NMFS provide scientific expertise through technical assistance to Reclamation activities required to implement the San Joaquin River Restoration Settlement through Interagency Agreements. The NMFS Budget request for FY 2010 also included \$1.5 million for Pacific Salmon ESA Recovery which was used for San Joaquin and Ventura River Projects. Of this funding, NMFS allocated \$750 thousand to the San Joaquin River Restoration Program. Similar circumstances can be reasonably expected to occur in future years.

RESEARCH AND DEVELOPMENT: DESALINATION

Subcommittee. Are you aware that the Department of Energy's ARPA-E program is planning on research and development on desalination?

Mr. Connor. We are aware of and are in contact with Department of Energy's ARPA-E program as well as others who are working with ARPA-E to define a research and development program in energy and water.

Subcommittee. Could you tell us how their research will differ from what Reclamation does?

Mr. Connor. Currently, ARPA-E funding has gone to one project to study the use of carbon nanotubes for reverse osmosis. The ARPA-E research program in energy and water is being developed for possible funding in 2011. It may include: advanced desalination, power plant cooling water from unconventional sources, low water agriculture, and possible use of waste heat for thermal processes. ARPA-E projects are expected to be revolutionary and are in the nascent stage of technological development. With significant funding, it is expected that new ideas can be applied much more rapidly.

Reclamation's research goals are to understand the environmental impacts of desalination and develop approaches to minimize these impacts relative to other water supply alternatives and to develop approaches to lower the financial costs of desalination to make it an attractive option relative to other alternatives in locations where traditional sources of water are inadequate.

Energy is an important part of the total water cost when desalinating water, but a number of other factors influence cost and the ultimate application of the technology. Reclamation is encouraged by ARPA-E's potential investments and the opportunity to develop new water supplies and improve water use efficiencies that were once thought to be unattainable. Reclamation's applied research, as well as its research facilities for pilot-scale testing, and projects and programs with stakeholders throughout the West can work with ARPA-E to rapidly implement new discoveries. This is an important part of Reclamation's management of water in the West.

CONTRACT PRACTICES: MULTI-YEAR CONTRACTS

Subcommittee. How does Reclamation contract for cost shared multi-year construction projects, that is do you commit to the construction of the total project without having all funding in hand?

Mr. Connor. Yes, when Reclamation contracts for construction projects without all funds available at time of contract award, the government's liability is protected by inserting the appropriate terms and conditions in the contract such as FAR 52.232-18, Availability of Funds.

Subcommittee. If so, how are termination costs dealt with in the scenario in which appropriations are not forthcoming?

Mr. Connor. Reclamation is only liable for the amount of funds obligated, whether it be at the time of award or if subsequent modifications to add additional incremental funding have been executed. If the contractor were to submit a termination claim the Contracting Officer would make a determination in accordance with FAR 49.

Subcommittee. Are there any contracts that would need to be terminated due to no funding in the 2012 budget? If so, please provide a complete list for the record.

Mr. Connor. No, all of the following contracts are funded in the President's 2012 Budget Request. However, if funding is not provided in the final appropriations bill, these contracts could be terminated.

Contract Number	Contract Description
INR10PC20114	Folsom Dam Safety of Dams Modifications
INR11PC10007	Adult Holding & Spawning Facilities, Winthrop Fish Hatchery, WA
INR10PC40025	Middle Rio Grande Construction Project
INR11PC60069	Boysen Powerplant Replacement Transformers

PERSONNEL: RETIREMENTS

Subcommittee. The demographics of many Federal agencies are resulting in a large number of retirements in the next 10 years. Does Reclamation have this challenge?

Mr. Connor. Currently, Reclamation has a highly competent and skilled staff of about 5,400 employees. Our workforce consists of those in professional and technical occupations, trades and crafts, and administrative and clerical fields. Of those in the professional ranks, the largest group is engineers. Career fields within Reclamation include environmental occupations, geology, computer specialties, engineering, biological and natural resources, economics, social sciences, administrative, and clerical specialties. Of these career fields, our mission critical occupations are Civil Engineer, Biologist, Information Technology, Plant Mechanic, Electrician, Electrical Engineer, Contract Specialist, Program Manager, and Power Plant Operator.

Of Reclamation's total population of approximately 5,400 employees, 20 percent are eligible to retire within 1-2 years and up to 63 percent within 10 years.

To adequately prepare for the challenges of the 21st Century, Reclamation undertook a broad-based initiative called *Managing for Excellence* that thoroughly examined its core capabilities in a number of key areas, as well as its ability to respond in innovative and timely ways to address future needs. One of the outcomes of this effort was the development of a workforce/succession plan for FY 2008-2012 to address our workforce challenges. This plan can be viewed at: <http://www.usbr.gov/excellence/Finals/WorkforcePlan.pdf>

Subcommittee. If so, what kind of succession planning are you doing?

Mr. Connor. An additional aspect of succession planning is the preparation of employees to be leaders; therefore, it is important to communicate to employees the different paths to leadership success. These paths are outlined in Reclamation's Leadership Competency Model which provides direction to employees through training and development to achieve senior level positions within Reclamation.

Subcommittee. Are there specific skills that you are having a difficult time recruiting?

Mr. Connor. Specific skills and/or occupations we are currently having difficulty with recruiting for are electrical engineer, power plant operator, and contract specialist. In addition, because many of Reclamation facilities and interests are in remote areas, there is added difficulty. For example, positions in states such as South Dakota, Montana, and Wyoming require added recruitment, outreach, and time to fill vacancies.

In an effort to alleviate some of these difficulties, Reclamation has active powerplant apprenticeship programs. These apprentice programs have been reviewed and approved by the Department of Labor and are used to train powerplant electricians, mechanics, communications and electronics craftspersons, and operators. These programs are typically 4 years in duration starting at the basic entry level, and train the apprentice to be competent at the journeyman level.

MINIDOKA SPILLWAY

Mr. Simpson. Commissioner Connor, as we have discussed before, the existing spillway at Minidoka Dam in Idaho is more than 100 years old and in need of replacement. The two irrigation districts that have repayment contracts with the Bureau of Reclamation have received bonding authority from their landowners (with over 90% approval) to pay their share of the costs. I'm pleased to see that the Administration has included \$10.2 million for this project in its budget request.

With funding now included in the President's FY2012 budget, will the Bureau be prepared to move forward with replacement of the spillway at Minidoka Dam? If so, on what timeframe?

Mr. Connor. Yes. On February 14, 2011, I gave the approval to advertise the solicitation for the construction specification. Reclamation anticipates making a partial award in late August 2011 with available funding, depending on the volume of bids received and the necessary review time for adequacy. Reclamation anticipates FY 2012 funds to be awarded in October 2011.

Using existing appropriated funds from FY 2010, Reclamation has acquired approximately \$2.3 million of certain equipment, which will facilitate a shorter construction schedule resulting in reduced downtime and impacts to power production and irrigation deliveries. Delivery of some of the equipment was made on January 14, 2011, with the majority of the equipment to be delivered by the end of December 2011.

CLIMATE CHANGE

Mr. Simpson. I'm not one of those people with my head in the sand who denies that climate change is real or that we should work to address the problem. I am, however, concerned that we are spending an extraordinary amount of money across the Federal budget to combat climate change without carefully coordinating how the money is spent and setting achievable goals for that funding. What role will the Bureau play in climate change adaptations, and how does this budget proposal help you do so?

Mr. Connor. Reclamation is adapting to the stressors of climate change through a comprehensive set of activities. The budget proposal reflects \$7 million for climate adaptation activities that will develop the information necessary to adapt Reclamation's operations, including water operations planning and dam safety, to the changing climate. These activities as highlighted within the budget proposal include participation within Landscape Conservation Cooperatives (LCCs), Climate Science Centers (CSCs), the conducting of West-Wide Climate Risk Assessments, and Science and Technology Development. LCCs and CSCs are an important part of the framework established by Secretary Salazar in Secretarial Order 3289 to address climate change. Reclamation is conducting research through the Science and Technology Program with the Department of the Interior (Interior) Climate Science Centers. In order to address the needs of water managers as they manage the Nation's water and hydropower resources under a changing climate, Reclamation's Science and Technology program established in 2008 the Climate Change and Water Working Group (C-CAWWG) to partner with other Federal Agencies.

Mr. Simpson. How is the Bureau coordinating with other agencies on climate change initiatives?

Mr. Connor. Reclamation will continue to work with the FWS to co-lead the effort to implement the Desert and Southern Rockies LCCs. LCC's are partnerships between Interior agencies and States, Tribes, non-governmental organizations, and other stakeholders, that bring together science and sustainable resource conservation activities to address the impacts of climate change and other stressors to natural resources within an ecological region or "landscape." The West-Wide Climate Risk Assessments will provide baseline climate change information on risks to future water supplies and demands and the risks to operations as articulated within the SECURE Water Act (Subtitle F of Title XIV of P.L. 111-11). Reclamation will also be implementing adaptation actions in support of the Interior's Priority Goal for Climate including extending water supplies, supporting rural water development, hydropower production, water conservation, river restoration, and water supply planning.

Mr. Simpson. As you have crafted your budget, how have you worked to ensure that your efforts are complimentary and not duplicative of the efforts of other agencies and departments?

Mr. Connor. Reclamation is coordinating activities including the CSCs, LCCs, and Cooperative Watershed Management Program in many ways to ensure that programs are complementary and not duplicative. As identified in Secretarial Order 3297, establishing the

WaterSMART Program, coordination within Interior and externally is necessary to promote sustainable water strategies. Reclamation is coordinating each of these WaterSMART activities through Interior's WaterSMART Task Force, the Task Force on Energy and Climate Change, the Climate Change Working Group, and Interior's Climate Change Response Council. Reclamation is also working within the framework established by the WaterSMART Strategic Implementation Plan, including sharing information through the WaterSMART Clearinghouse to bring all stakeholders together to identify best practices in water conservation, incentives, and the most cost-effective technologies. Consistent with Interior's implementation of Secretarial Order 3289, establishing the LCCs and CSCs, Reclamation is ensuring that one of the primary functions of the LCCs is coordination and prevention of duplication. This is being accomplished for the LCCs by creating a forum and structure for Federal, State, tribal, and local governments, as well as non-governmental organizations, to collaborate and share information on climate change and resource management through a national network of LCCs. Reclamation is hiring a coordinator for this purpose and is also working with Interior on the sharing of data and information across all LCCs and CSCs.

CENTRAL UTAH PROJECT COMPLETION ACT (CUPCA)

BUDGET PRIORITY

Subcommittee. Mr. Murray, the CUPCA budget request seems to track the Reclamation budget request in that it shows decreases in funding for water and power activities and increases for fish and wildlife activities.

To what extent is this shift in relative priority a result of environmental laws and requirements and to what extent is it simply Administration priority?

Mr. Murray. The decrease in funding for construction activities is due in part to the Administration's efforts to reduce the deficit. The increase in funding is an effort to meet the requirements of law to implement fish and wildlife activities concurrently with construction activities.

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