

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS FOR 2014

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

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ENERGY AND WATER DEVELOPMENT APPROPRIATIONS FOR 2014

WEDNESDAY, FEBRUARY 27, 2013.

DEPARTMENT OF ENERGY—UNITED STATES ARMY CORPS OF ENGINEERS FY 2014

WITNESSES

**JO-ELLEN DARCY, ASSISTANT SECRETARY, ARMY FOR CIVIL WORKS
LT. GENERAL THOMAS P. BOSTICK, CHIEF OF ENGINEERS**

Mr. FRELINGHUYSEN. Good morning. The hearing will come to order.

I would like to welcome our witnesses, Assistant Secretary of the Army for Civil Works, Jo-Ellen Darcy, and Chief of Engineers, Lieutenant General Thomas Bostick. It's good to see you again, Madam Secretary. General Bostick, welcome to your first appearance before our Subcommittee. We would like to thank both of you and the many men and women in uniform and civilian positions who work for you, for your service, and their dedication to our nation both here and abroad.

This time of year we talk about the President's budget requests, but unfortunately, we do not have one yet for 2014, nor have we been given any indication of exactly when we might see it. That delay simply increases the chance of being forced into another continuing resolution. None of us on this panel want to see another CR in Fiscal Year 2014, and frankly, we do not want to see a full year CR for Fiscal Year 2013, although that seems the likely outcome. CRs reduce the ability of Congress to oversee the use of taxpayer dollars.

We have plenty of other topics, of course, to discuss today, including the impacts of a full year of CR and sequestration in Fiscal Year 2013. We may also touch on how the Corps' efforts on the Sandy recovery are going, but we will save most of that discussion for a later hearing.

The projects and activities of the Corps of Engineers are necessary for a robust and thriving economy. Navigation projects provide an efficient and cost-effective way of moving goods and resources to and from the global marketplace. Flood protection projects reduce our vulnerability to storms. They save lives and reduce the cost of recovery for individuals and businesses and the federal government. We must figure out how to address these most critical infrastructure needs as efficiently as possible in light of less funding likely to be available in coming years.

Once sequestration is implemented, the Corps of Engineers' programs for Fiscal Year 2013 will be reduced to a little more than

\$4.7 billion, a program level we have not seen in many years. Under the nondefense discretionary caps in the Budget Control Act next year the situation will be even bleaker. All this comes when they see extreme weather events like super storms, hurricanes, and droughts that highlight the importance and benefits of Corps' activities which indeed touch every congressional district in every part of our nation.

This Subcommittee has a history of bipartisan support for funding these important activities, and I expect that will continue. To understand how to craft or response a bill for Fiscal Year 2014, however, we need to understand the impacts of the many demands on your programs this year, and hence, the hearing this morning.

So once again, welcome to our witnesses. I now turn to my ranking member, Ms. Kaptur, for any remarks that she may care to give.

[The information follows:]

Opening Statement
Chairman Frelinghuysen
Budget Hearing on Corps of Engineers Projects and Programs
February 27, 2013

The hearing will come to order.

I'd like to welcome our witnesses, Assistant Secretary of the Army for Civil Works Jo-Ellen Darcy and Chief of Engineers Lieutenant General Thomas Bostick. It's good to see you again, Madam Secretary. General Bostick, welcome to your first appearance before this subcommittee. I'd like to thank both of you, and the many men and women in uniform and in civilian positions who work for you, for your service and dedication to our nation, both here and abroad.

This time of year, we talk about the President's budget request, but, unfortunately, we don't yet have one for 2014, nor have we been given any indication of exactly when we might see it.

That delay – simply increases the chances of being forced into another Continuing Resolution. None of us on this panel want to see another CR in fiscal year 2014. Frankly, we don't want to see a full-year CR for fiscal year 2013, although that seems the likely outcome.

CRs reduce the ability of Congress to oversee the use of taxpayer dollars.

We have plenty of other topics to discuss today, including the impacts of a full-year CR and sequestration in fiscal year 2013. We also may touch on how Corps efforts on Sandy recovery are going, but will save most of that discussion for a later hearing.

The projects and activities of the Corps of Engineers are necessary for a robust and thriving economy. Navigation projects provide an efficient and cost-effective way of moving goods and resources to and from the global marketplace. Flood protection projects reduce our vulnerability to storms, saving lives and reducing the costs of recovery for individuals and businesses – and the federal government.

We must figure out how to address these most critical infrastructure needs as efficiently as possible in light of less funding likely to be available in the coming years. Once sequestration is implemented, Corps of Engineers programs for fiscal year 2013 will be reduced to little more than \$4.7 billion, a program level we haven't seen in many years. Under the non-defense discretionary caps in the Budget Control Act, next year will be even bleaker.

All this comes when we see extreme weather events – like superstorms, hurricanes, and droughts – that highlight the importance and the benefits of Corps activities.

The subcommittee has a history of bipartisan support for funding these important activities, and I expect that will continue. To understand how to craft a responsible bill for fiscal year 2014, however, we need to understand the impacts of the many demands on your programs this year.

So, once again, welcome to our witnesses. I now turn to the Ranking Member for any comments she may have.

Ms. KAPTUR. Thank you, Mr. Chairman. And thank you for your fantastic leadership in so many arenas, including as a result of Super Storm Sandy.

Assistant Secretary Darcy and General Bostick, welcome. Thank you for your service to our country and to the Corps. We appreciate you appearing before our Subcommittee today. It has been a busy several years for the Corps, and one that appears to me to have many, many challenges. So your job cannot be easy.

Most recently, the Corps has been grappling with the consequences of Super Storm Sandy and last summer we faced drought in the middle of the country along with the corresponding challenges to waterborne navigation and actually, to water itself, the availability of fresh water. Before that, the Corps responded to flood events in the Mississippi and Missouri River basins and widespread flooding in the Northeast from Hurricane Irene, and the Corps role in the disaster recovery efforts from the devastating tornadoes that struck Missouri and Alabama. Those alone would be enough for any agency or department.

I mention these events to point out the important and vital function that the Corps plays in our nation's ability to prevent and respond to natural disasters, and I know that many people on this dais and throughout the country are very thankful for all the effort you make in this regard. However, these events do draw attention to the significant costs borne by our government and also the taxpayer in the initial response and in the long-term reconstruction efforts. We will never be able to entirely prevent damage from such natural disasters, yet there is every indication that such events will become more frequent and more severe, so we must begin to address the long-term sustainability of our nation's economic and cultural health. We cannot continue to underinvest in the short term and pay several times over in the long term recovering from damages that could be mitigated with proper frontend investment and proper planning.

If historical patterns in budgeting for the Corps persist, I expect that the coming budget request will continue this disinvestment. In the constrained budget environment in which we find ourselves, I have doubts whether Congress will again be able to augment funding for these critical activities. So every dollar invested has to be carefully thought through. The combination of sequestration and the Budget Control Act's discretionary budget caps will by necessity lead us to doing more with less. I haven't figured out really how to do that well. That's hard to do. In this context, the Corps must carefully examine the policies and processes that govern how it does business from cost estimating, highlighted by the recent upward revisions of the total project cost of Olmsted Locks and Dam, as well as division and headquarters' oversight. I am confident that more attention in these areas would be beneficial to the execution of work and your credibility as an agency.

Finally, as a Great Lakes member, I would like to take this opportunity to address the Corps on its efforts to prevent the spread of the Asian carp, as well as Great Lakes dredging needs. I share the grave concerns of my constituents on these imposing threats to our freshwater Great Lakes. The dredging needs of the Great Lakes are not being met and are woefully inadequate, to state the

obvious as delicately as possible. The Great Lakes ports must be addressed for the region and our national economic growth. Further, these ports must be addressed as a system. Individual ports cannot be assessed in a vacuum, and I expect that you will address how you are approaching these pressing needs today, and I look forward to your testimony. And thank you, and thank the chairman for this time.

Mr. FRELINGHUYSEN. Thank you, Ms. Kaptur.

I am very pleased to welcome Chairman Rogers of the full committee who is with us this morning for any comments he may wish to give. Thank you, Mr. Chairman.

Mr. ROGERS. Thank you, Mr. Chairman. Thank you for the time.

I want to thank Secretary Darcy and General Bostick for appearing with us today, especially with the unenviable task of defending a budget request that remains missing in action. The President's refusal to submit a budget on a timely basis interferes with the regular business of the Congress and appropriating funds to run the government and is a callous disregard for good government.

Let me echo Chairman Frelinghuysen's comments and lament our budgetary state of affairs. At a time of continued deficits, a weak economic recovery, and sustained high unemployment, the American people expect better—better than the Federal Government operating on autopilot under a continuing resolution; better than the President's sequester looming at the end of this week that will hack budgets with the delicate touch of a meat cleaver; better than a White House so uninterested in addressing these issues that it has not even provided the Congress with a budget request. This will be the fourth time in five years that this administration has failed to meet the legally mandated budget deadline. A callous arrogance. In just one term, the Obama White House accumulated more late days on its budgets than any other administration in the history of the country. With this year's budget already a month late, it looks like the President is intent on topping that dubious all-time record in his second term.

So with no clear budget numbers to talk with you about, we can talk about the weather or we can talk about the fishing conditions in Idaho or whatever. We have got not much to talk about. So we will largely focus on policy, hopefully.

At the risk of repeating points I have raised in previous hearings, I remain concerned that the Corps's priorities and its investigations, constructions, operations and management, and regulatory activities continue to be unclear or at odds with the intent of this Subcommittee. While this situation has been exacerbated due to the ongoing continuing resolution, I encourage you to clarify the Corps's justifications for pursuing certain projects, especially when considering the impact to regional economies and job creation. In particular, I expect some explanation for why the Corps continues to drag its feet in issuing mining permits under Section 404 of the Clean Water Act. This continued deadlock is shuttering mines and adding thousands to unemployment lines in Kentucky and throughout Central Appalachia. Both the Congress, led by this Subcommittee, and the Federal Courts have lambasted the Corps for allowing continued EPA interference into the regulatory process. With the court case *NMA v. Jackson* striking down the EPA's

so-called enhanced coordination process as illegal, once and for all we have returned to the status quo where the Corps has sole authority over 404 permits. Without further EPA meddling, the Corps should be off to the races, approving permits and putting miners back to work. And yet, almost a year and a half after that court decision loosened the reins there has been no change. Absolutely almost no change. And I want you to tell me what is causing this delay. Is it further political interference designed to kill coal? Or just mere incompetence?

Finally, amid all the bad news, I want to commend the Corps for the completion of repairs to the Wolf Creek Dam, whose lake is formed in my district. After several delays and cost overruns since 2007, we have seen sufficient progress in the last year for the Corps to be able to announce that the project will be completed this summer, nearly six months ahead of the previous completion goal, even though it has taken six or so years. Rehabilitation was necessary to ensure public safety and the integrity of the dam, but the lowering of the lake coinciding with the recession—you lowered the lake level by 40 feet, a 100-mile long lake, it has had disastrous impact on the region's economy. While the end of the construction phase and the raising of the pool are cause for celebration, I would urge the Corps to recognize that its responsibility in restoring Lake Cumberland is not yet done. I look forward to continuing to work with you to overcome the remaining obstacles to restoring these communities.

Mr. CHAIRMAN, thank you.

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman.

Secretary Darcy, the floor is yours.

Ms. DARCY. Is this on?

Mr. FRELINGHUYSEN. It certainly is.

Ms. DARCY. Thank you. Thank you, Mr. Chairman and distinguished members of the subcommittee and thank you for the opportunity to testify today on the execution of the Army Civil Works Program of the Army Corps of Engineers.

I am Jo-Ellen Darcy, the Assistant Secretary of the Army for Civil Works and I'd like to summarize my remarks and have my complete statement put in the record.

Mr. FRELINGHUYSEN. Consider it done.

Ms. DARCY. Thank you. In order to best address the nation's water resource needs, the Army continues to focus on performance. Federal funding is prioritized first and foremost on the projects and proposed projects that offer the best return on investment for the nation.

There are a number of initiatives underway to ensure quality and improve efficiency of Army Civil Works studies and projects. The Corps has recognized the need to modernize the approach to planning and is doing so through an initiative that we're calling SMART Planning. This initiative emphasizes execution, instills accountability and improves the business process needed to produce quality products that address water resource priorities.

SMART stands for Specific, Measurable, Achievable, Risk-Informed and Timely. The goal under this SMART planning is to complete most feasibility within three years for \$3 million or less. We're calling it "3x3x3". The third 3 is an integrated execution

through all three levels in our organization from the District, to the Division, to the Headquarters.

The Corps expects full implementation of this new approach in Fiscal Year (FY) 2014 and has been working with its Federal and non-Federal partners to use this new approach in evaluation our water resources problems.

The Corps is also working on an infrastructure strategy to address the continued performance of key features of the Army's Civil Works infrastructure that are becoming more costly over time, in part, because of the age of the components of many of our Civil Works projects. The infrastructure strategy incorporates four focus areas: an integrated approach to manage assets, managing the system over its lifecycle, evaluating whether a project or group of projects should remain a federal responsibility prior to making a substantial future investment and what potential is there for alternative financing mechanisms.

Preliminary efforts in this area include the development of a national inventory of Corps assets that includes the results of an assessment of the condition of each of our major infrastructure components. This will help us to develop a long-term strategy to manage these assets and reduce risk as well as help us determine where priority investments need to be made.

End of lifecycle decisions will be made regarding which projects to retain and recapitalize, which projects to repurpose, which projects to transfer to other parties and which projects to recommend for deauthorization or decommissioning.

With regard to implementation of a sequester, the Army would examine the work plan for the remainder of Fiscal Year (FY) 2013 and determine which activities to defer. In doing so, the available funding would be applied to the highest priority activities. The effects would probably be the greatest in the Operation and Maintenance account. Deferrals of planned maintenance dredging performed in navigation channels would increase the risk of equipment breakdowns and could affect the ability of some multipurpose dams to generate low cost hydropower.

With respect to Hurricane Sandy, as you mentioned earlier, the Army is in the process of developing an implementation plan for the funding that was provided to us under the Disaster Relief Appropriations Act of 2013. The Civil Works section of the legislation would address flood damages caused by Hurricane Sandy and also help reduce the risk of future flood damages in the affected area.

I look forward to discussing these activities in depth with you in the 13th hearing that's upcoming before the Subcommittee. And with that, Mr. Chairman, I thank you for the opportunity today and look forward to any questions you might have.

[The information follows:]

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

EXECUTION OF THE ARMY CIVIL WORKS PROGRAM

FEBRUARY 27, 2013

Mr. Chairman and Members of the Subcommittee:

I am honored to testify before you today on the execution of the Army Civil Works program of the Army Corps of Engineers.

In order to best address the Nation's water resource needs, the Army continues to focus on performance. Federal funding is prioritized first and foremost on the projects and proposed projects that offer the best return on investment for the Nation.

In my statement I will address initiatives underway to ensure quality and improve efficiency of Army Civil Works studies and projects, as well as provide general information on certain financing matters.

Planning Modernization

The Corps planning modernization effort emphasizes execution, instills accountability, and improves the Corps' organizational and operational model to produce quality products that address water resources priorities. The current focus of the planning modernization effort is on facilitating the timely completion of decision documents that appropriately address the increasingly complex water challenges of the Nation. For decades, the Corps has seen a steady increase in the costs and time required to complete investigations. In response, the Corps is modernizing its approach, through an initiative called SMART Planning.

SMART stands for Specific, Measurable, Achievable, Risk-Informed and Timely. SMART Planning encompasses a new approach to investigations, accountability, and portfolio management. The new approach to investigations is intended to reduce resource requirements, both time and money, by appropriately focusing on the key drivers in resolving problems while complying with all applicable laws.

The goal under SMART planning is to complete most feasibility studies within 3 years for \$3 million dollars or less. The end product is a decision document that has been fully coordinated by three levels of the organization (Corps headquarters, the Corps division office, and the Corps district office) from study inception to completion. As a shorthand, we are calling this goal "3x3x3". The Corps expects full implementation of this new approach in FY 2014 and has been working with its Federal and non-Federal partners to use this new approach in evaluating water resources problems.

Asset Management

Ensuring the continued performance of the key features of the Army's Civil Works infrastructure is becoming more costly over time, in part because of the age of the components of many Civil Works projects. Operational demands have also grown and changed, particularly over the past 30 years. The Corps is working on an infrastructure strategy to address these growing needs. The infrastructure strategy incorporates four

focus areas: an integrated approach to manage assets, managing the system over its life cycle, evaluating whether a project or group of related projects should remain a Federal responsibility prior to making a substantial further investment, and potential alternative financing mechanisms.

Preliminary efforts in this area include the development of a national inventory of Corps assets that includes the results of an assessment of the condition of each major infrastructure component. This will help us to develop a long term strategy to manage these assets and reduce risk, as well as help us determine where priority investments need to be made. End of life cycle decisions will be made regarding which projects to retain and recapitalize, which projects to repurpose, which projects to transfer to other parties, and which projects to recommend for de-authorization and decommissioning.

The Corps continues to seek ways to use operation and maintenance funds more efficiently and effectively, including meeting with stakeholders to identify means to reduce wear and tear on operating components, extend the life of the assets, and reduce operating expenses, so that savings can be focused on higher priorities.

Leveraging non-Federal Funding

The Army has a strong tradition of working collaboratively with customers, stakeholders, and the general public to plan and deliver products. The Administration is exploring alternatives for infrastructure financing, including public private partnerships and an infrastructure bank. The intent of this strategy is to facilitate the best use of Federal and non-Federal dollars in investing in the Nation's water resources infrastructure. In some cases, non-Federal sponsors have expressed interest in contributing funds in order to move their projects or studies forward more quickly. Before entering into an agreement to accept such funds, the Corps carefully evaluates its overall workload to ensure that execution of the proposed work will not adversely affect directly-funded programs, projects and activities.

Sequestration

With two exceptions, Civil Works appropriation accounts are scored for sequestration purposes as non-defense discretionary appropriations.

In implementing a sequester, the Army would examine the work planned for the remainder of Fiscal Year (FY) 2013 and determine which activities to defer. In doing so, the available funding would be applied to the highest priority activities. If necessary, reprogramming authority could be used to ensure a useful increment of funding for each project and activity, where possible.

The effects would probably be the greatest in the Operation and Maintenance account, due to the high Federal cost of providing service at hundreds of existing projects across the Nation. Less funding would be available for the operation of these projects, and we may find it necessary to close additional recreation areas. Some planned maintenance

work would need to be deferred, including reductions in the amount of maintenance dredging performed in navigation channels, affecting the dimensions to which some projects would be maintained. Other deferrals of maintenance work would increase the risk of equipment breakdowns, which also could affect the economy by reducing the availability of some channels for navigation as well as the ability of some multi-purpose dams to generate low-cost hydropower.

In the Regulatory Program, there would be an increase in the average time for issuance of permits and a reduction in the Corps' ability to assist people who seek jurisdictional determinations. This could adversely affect some private sector investments. The reduction would also affect the Corps' ability to monitor completed mitigation work and to otherwise protect the environment. Reductions in the Expenses account would mean less funding available to the Corps headquarters and the division offices for oversight efforts. This could affect the Army's ability to ensure an appropriate level of performance in the Civil Works program.

Hurricane Sandy Supplemental

The Disaster Relief Appropriations Act of 2013 was passed by Congress and signed into law by the President on January 29, 2013 as Public Law 113-2 (P.L. 113-2). The Army is in the process of developing an implementation plan for the funding provided under the Disaster Relief Appropriations Act, 2013. The Act provided \$5.35 billion for the Civil Works program. That amount includes \$3.461 billion for Construction, \$1.008 billion for Flood Control and Coastal Emergencies, \$821 million for Operation and Maintenance, \$50 million for Investigations, and \$10 million for Expenses. The Civil Works sections of the legislation would address flood damages caused by Hurricane Sandy and help reduce the risk of future flood damage in the affected area. Hurricane Sandy was a catastrophic storm that struck the Atlantic coastline in late October 2012, resulting in extensive damage in many coastal communities, including loss of life and damage to infrastructure, businesses and private residences. Severe flood damages were experienced primarily in New York and New Jersey, but effects of Sandy also were felt as far south as Florida, as far north as New England, and as far west as the Great Lakes.

The Act requires the Corps to provide to Congress several reports to address the flood risk of vulnerable coastal populations in areas impacted by the storm. These include a comprehensive study, two interim reports, a final report, and an evaluation of the performance of existing Corps projects. I look forward to discussing the Corps activities for Hurricane Sandy repair and recovery in more detail at this Subcommittee's hearing on this topic on March 13.

Mr. Chairman, Members of the Subcommittee, this concludes my testimony. I look forward to continuing to work with the Subcommittee on these very important issues. Thank you.

Mr. FRELINGHUYSEN. Okay. Thank you, Madam Secretary. I know I want to recognize General Bostick for some remarks he may have. I just say to some of the members that in the past we'd normally have quite a few of those in uniform here. I'm glad that you chose to, shall we say, recognize the fiscal realities and perhaps we know that they're working, your District Commanders, but there are a lot less of them in the room.

I know General Walsh is here as somebody who works closely with you but we're very proud of those who work as civilians. We're proud of those who serve in uniform, not only here but so many of you have served in the Middle East in Iraq and Afghanistan. We'd like to recognize that special service of General Bostick. If you have some remarks, we'd be happy to hear from you.

General BOSTICK. Mr. Chairman, distinguished members of the Subcommittee, I'm very happy to be here for my first time to appear before this Subcommittee. I look forward to working with each of you and your staffs. I've been in command for about 10 months. I'm deeply honored and privileged to lead the Corps of Engineers. It's a fabulous organization.

I've had a chance to work very closely with Ms. Darcy these last 10 months and her team and many in Congress and the White House and all across America. I visited most of our districts, all of our divisions, and most of the combatant commands. And as you know, as you said, Mr. Chairman, we have soldiers and civilians deployed overseas. Many know that about one point one million soldiers have deployed and returned to the United States but they don't know that about 30,000 civilians have deployed from all across America. And about 11,000 of those civilians are from the Corps of Engineers.

We provide a huge capability to the war fighting force and many of those capabilities are in the Civil Works program helping countries like Iraq in the past and now in Afghanistan. We're in 132 countries. We are physically located in 42 countries, providing our Civil Works expertise internationally and throughout the United States.

Mr. Chairman, as you know I visited the New York, New Jersey Harbor project, one of the five ports that are included in the "We Can't Wait" Strategy and I think what the nation is doing by identifying national priority projects like that, that are tied to local needs and interests, is very important. I think it's a way of the future as we deal with decreased resources.

Each day I am in the Corps I am very amazed mostly by the people and the great work that they do. And it's not only the folks that are in the Corps that do this work because we can't do it alone. We're working with others from other parts of the Government and the non-Federal Agencies, civilian contractors, local folks and you see it all come together in times like Hurricane Isaac, Hurricane Sandy and the work that's going on on the Mississippi River.

And as you said, normally we have the Division Commanders here. We are acknowledging the fiscal constraints that we're in. I can assure you that all the information will get back to them and they are hard at work as we speak. I look forward to our continued efforts together. I look forward to your questions.

Mr. FRELINGHUYSEN. Thank you very much, General.

Mr. Calvert, I know there's quite a lot of hearings going on. I know that you're needed in another place so I'm going to give you my time.

Mr. CALVERT. Well, I want to thank the Chairman for his courtesy and kindness in that regard. I need to represent the Committee, on the Budget Committee meeting that's going on presently. So, I'll just ask a couple of quick questions.

I want to ask about a couple of projects in California. One is, and I don't know if you know the answer to this, so, if not maybe you can get back to us on this on Murrieta Creek which is an ongoing Flood Control Project in Southern California. And I'd like you confirm for me that phase two of the construction at Murrieta Creek in my District will start this year. I understand that the County of Riverside is frontloading those funds to accelerate this phase two. And so, we hope to get this process moving by the Corps.

If you know anything about it, I'd like to hear about it, General. If not, if you could get back to me on that, that would be great.

General BOSTICK. We're in progress of doing a Limited Re-evaluation Report. That report should be done this summer. As soon as that is complete, we'll move on to the next step. I'm working with the District and the Division to move that as rapidly as we can to my Headquarters.

Mr. CALVERT. I appreciate that. The other issue is Prado Dam which, as you know, is a long term project in Southern California. We have spent quite a bit of money on that project over the years. And phases 9A, 9B that protect the Santa Ana River should be completed pretty soon and you might want to confirm that. I understand that we had a hiccup here because we can't release substantial water until two things are done.

One is the Brian Line, which I understand is under construction, as soon as the Santa Ana River is relocated. And secondly, the rail bridge which is from the Port of LA Long Beach is protected because obviously that's a project of national significance.

I understand that reinforcement is going to cost about \$15 million but it's holding up a multi-billion dollar completion basically. So, any comment about that from either the Secretary or from the General?

General BOSTICK. Yes. As you point out, there are two areas of concern for the delay. One is the slope protection and then resolution of the railway bridge scour protection. We believe that's going to delay this at least three years to do that work.

In addition to that is the Santa Ana River Interceptor sewage line. The completion of that is not clear right now. That's a local project that's being worked. Both of these are going to be worked in parallel. We'll do the Federal piece and the locals will work the Santa Ana River Interceptor sewage line or the SARI line.

Mr. CALVERT. It's going to take three years to do the protection on that bridge? I didn't think that was that large a project, that it would take that long.

General BOSTICK. Congressman, this is something that was identified during construction. And it wasn't anticipated that it would take as long—I think when we testified last year, of course, I wasn't here, but we thought that by 2013 or 2014 that water would begin to be released. During construction they identified these two

issues that need to be taken care of. And our best estimate is that it is going to take approximately three years.

Mr. CALVERT. Is that in actual construction time or is that in time just to process the project to get it under construction?

General BOSTICK. It's a combination.

Mr. CALVERT. Well maybe we can hear back from the local District on that too, but it might be helpful.

General BOSTICK. I would be happy to provide additional details later today.

Mr. CALVERT. Thank you. Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you, Mr. Calvert.

Ms. Kaptur.

Ms. KAPTUR. Thank you very much. Mr. Chairman, I wanted to ask the Assistant Secretary Darcy, about the information that's been provided as supplementary material. Generally, we receive a listing of each project that the Corps is involved in. And they can go from very small projects to very large projects.

I'm wondering if you could assemble the information regionally for me through your data sets. And rather than just deal with discreet projects, give us a sense of the Corps and its involvement regionally. So, for example, west of the Mississippi River, the water systems that you are vitally engaged with for flood control or for navigation purposes. And to take each individual project and put it in a broader context.

So we can take a look at your overarching objectives in various regions of the country. You can do it by the regions or you can agglomerate your regions together, your district offices together, you know. That would be very, very interesting.

Ms. DARCY. I think we will be able to do that and also we are looking, in our future budgets, to be able to look at our budgeting in a watershed. Look at the entire watershed in the Great Lakes that would be a way to look at that.

Ms. KAPTUR. Yes. I think it would be very helpful to members of Congress so that we know the issues that we are working with in a more coherent way. It's like, you know, if you take anatomy you just don't study below the ankle or the finger. There's sort of a hole and I think one of the difficult parts of the Corps budget over the years has been trying to get a sense of the different regions and the challenges they face, allow us to communicate better with one another.

And also, as you look at those projects in the different categories, to look at the regional dispersment of funds and for what are we spending money? Because your budgets are so inadequate to backed up projects, give us a sense of the whole. And if you want to do it by watershed that's even better but also note where your Corps offices are so we can see where your Corps offices are located and give us a sense of the whole.

And the other thing I wanted to ask you in terms of your expenditures, what you've been asked to do because of so many of these natural disasters, how has climate change affected the emergencies that you've now had to be engaged with, affected your ability to deal with ongoing infrastructure needs? Has that been invading your budget to a greater and greater extent?

Ms. DARCY. Congresswoman, it's not that it's been invading our budget. What it has been doing is making us take a look at the adaptation that we are going to need for all of our existing projects as well as future projects. We have already begun that process.

One of our policies on sea level change, on sea level rise, is being used and incorporated in our planning process now, and also in any kind of re-evaluation of an existing project for either its repair or its future replacement.

Ms. KAPTUR. Rather than talking about specific projects, as you look at the United States of America with all of your experience, my goodness the two of you have been at this for a very, very long time. You're really national resources individually to all of us. As you look at our country and you look out 50 years, putting the backlog aside, what are the major challenges that this country faces that you believe the Corps could help us address more effectively?

Ms. DARCY. I think we do have a Climate Change Adaptation Policy Plan that was released by CEQ last week. It is, I believe, on our website. We are thinking about it. We are looking at it. I think in just looking at the impacts of Sandy, the change in climate. Last year we were faced with one of the worst droughts in the history of this country. The year before it was the worst flood in 75 years. The fact is that we need to be adaptable in what it is we're going to be proposing and what we're going to be building.

Does it make sense to be building and rebuilding in the same places that have had repeated destruction and if you look at sea level rise, how, if you look out 10 even 20 years, that is going to be a significant change in our coastline. I think we need to be able to look at our projects from not only a futuristic but also a view on how resilient can these projects be when they're built.

Ms. KAPTUR. So, the best way for us to look at those overarching future challenges is to go to your website and read the CDQ report?

Ms. DARCY. It's the Climate Change Adaptation Policy and I said CEQ. The Council on Environmental Quality released those.

Ms. KAPTUR. Oh, CEQ, yes. CEQ, okay. That's my first round, Mr. Chairman, thank you.

Mr. FRELINGHUYSEN. Thank you, Ms. Kaptur. Chairman Rogers, I know, raised some issues. I think he gave you a pat on the back on the Wolf Creek Dam but then again, he has additional perspectives on that. So, Chairman, the time is yours.

Mr. ROGERS. Thank you, Mr. Chairman. In June '09 in the new Administration, EPA signed a memorandum of understanding with the Corps and Interior to "reduce the harmful environmental effects of Appalachian surface coal mining". So, EPA has the nose under the tent.

In conjunction, EPA later issued "guidance" including "an enhanced coordination process" which it used to essentially take over the Corps' legal responsibility for issuing permits to mine coal and essentially deadlocked the permitting process.

I've warned the Corps for all this time and EPA that this regulatory effort outside of the intent of the law that gives the Corps jurisdiction over the 404 permitting process under the Clean Water Act. I've said all along it's illegal. Well, the Federal Courts now are agreed. Two decisions: NMA v. Jackson handed down by the Wash-

ington, DC District Court in October of 2011 and June 2012 ordering an end to that enhanced coordination process and restoring sole authority over 404 permits to the Court where it should have been all along.

Then just last week the NMA versus Jackson decision was applied by the Circuit Court of Kanawha County, West Virginia in its reversal of a denied permit in the case Patriot Mining Company versus Sierra Club.

That Court found that by applying EPA's "guidance" in considering a coal permit the West Virginia Environmental Quality Board had violated the Clean Water Act and the NMA versus Jackson decision. This demonstrates that the decision in the Jackson case is being used now by the Courts to prevent the intrusion of EPA and to permit approvals which the law only gives to the Corps.

Now, I've set the stage. There's just still no apparent end to the deadlock in permitting cases. The Obama Administration has issued a total of four permits. A year and a half after the Jackson case clarified the Corps' exclusive role as the sole authority nothing has improved. See no change. In the meantime, I've got 2,000 miners with pink slips in their hands struggling to find a way to buy food for their families and it's ongoing. Mines are closing every day. Can't get a permit. Why?

Ms. DARCY. Well, Congressman, I am not certain of your numbers, but in 2012, we have issued 48 permits in the 5 districts in Appalachia. In the last 4 years, we have issued over 180 permits in the same district.

Mr. ROGERS. 404? Section 404?

Ms. DARCY. Yes, sir.

Mr. ROGERS. We have got different accountants telling us different numbers. The recently approved 404 individual permit I am told brings the total approved surface-mounting IPs in Kentucky under the Obama administration to four. Is that in error?

Ms. DARCY. I believe my number is all permits, including nationwide permits as well as individual permits. We have two different kind of permitting authority under 404.

Mr. ROGERS. Yeah. Individual permits is where you mine coal.

Ms. DARCY. We have some other permits within the same 404 authority, that are called nationwide permits.

Mr. ROGERS. Well, suffice it to say in my district you are not issuing permits. To heck with the numbers totally. It is just that in my district and in Central Appalachia you are still holding it up. I wanted to believe at first that it was the insidious EPA that was the culprit here but we have got them off to the side now. The courts have said they have no authority. It is illegal. It is solely your responsibility. And I am disappointed that once the EPA is gone, you are still not carrying the flag. Why?

Ms. DARCY. Sir, we are processing permits as expeditiously as possible within the five districts in Appalachia. I think we probably will need to work with your staff to get a better understanding of the numbers that we are showing and that you are showing. Maybe there is a distinction here, maybe, hopefully, without a difference.

Mr. ROGERS. Nationwide permits do not apply to coal. Four. Four permits to mine coal in the entire Eastern Kentucky coalfields and

it is shutting it down. There is indeed a war on coal and I am sad to say it looks like you are a part of it.

Ms. DARCY. Sir, as I stated earlier, we are processing those permits as expeditiously as possible in compliance with our existing rules and regulations.

Mr. ROGERS. It still takes years. It takes years to approve a permit. It previously only took six months. It takes years, if you get one at all. And you are not processing anything expeditiously in terms of 404 IP permits. You are doing nothing. There has been none hardly.

General BOSTICK. Mr. Chairman, I think some of these permits are in litigation as well and it may be helpful for us to go back and provide an update to your staff on the number of individual permits, nationwide permits, and those in litigation because the ones in litigation, obviously, delay our ability to provide a permit.

Mr. ROGERS. Well, I remember a time at a hearing or so ago where we had all of the Corps regional commanders here. I said at that time the Corps had been taken over by the EPA, and I am still wondering whether that is true or not. I thought the courts had pretty well settled the issue, but apparently it has not. I would like to know, General, and you do not need to talk to my staff, you can talk to me about this, I would like to know what is holding up these permits because it is having a real impact in people's lives. People are starving because they have been laid off and cannot find a job in those coalfields. All the jobs are in coal and you are shutting them down. And consequently, you have got my attention.

General BOSTICK. I can assure you, Mr. Chairman, we are not using the ECPs, but we will come back and lay out the information on—

Mr. FRELINGHUYSEN. I will request a powwow next week if we can pull the parties together with the Chairman and so we can get at some clarification as to certainly that there may be national permits and there may be some Kentucky-specific permits, but let us get the air cleared as to where the permits are. There cannot be that much of a difference between his figures and perhaps some of the ones that you have—so I request some sort of powwow meeting next year.

Ms. DARCY. Next week.

Mr. FRELINGHUYSEN. Or next week for the chairman.

Mr. ROGERS. Thank you.

Mr. FRELINGHUYSEN. Would you do that?

Mr. ROGERS. Thank you.

Mr. FRELINGHUYSEN. Thank you. We will do that.

Ms. DARCY. Yes, sir.

Mr. ROGERS. Thank you.

Mr. FRELINGHUYSEN. Mr. Fleischmann, you were here at the crack of dawn. God only knows Tennessee's interests are well represented by you.

Mr. FLEISCHMANN. Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. So the floor is yours.

Mr. FLEISCHMANN. Well, both my distinguished Chairmen have trained me well. I thank you.

Madam Secretary, General, thank you. My name is Chuck Fleischmann. I represent the 3rd District of Tennessee, home of the

two Chickamauga locks. The existing Chickamauga lock, I have been there on several occasions, is an antiquated structure. I have been in there during dewatering. I do want to thank you all. Colonel DeLapp has always been very accommodating as has the Corps when I have been there. And then, of course, there is the newer lock, which is under construction and has had some impediments. I have a few questions.

In the fiscal year 2013 budget construction on the Chickamauga lock was essentially halted due to a funding shortfall. Now, this would probably be the new lock. A major reason for the shortfall is due to the massive cost overruns at Olmsted lock. Two questions in that regard. When do you anticipate that the Chickamauga lock will resume construction and when do you think it will be complete? And how much of the reason of the project's completion has been delayed due to the problems that the court has had in completing Olmsted?

General BOSTICK. I would say that there is no question that Olmsted takes up a significant amount of the funding that we have, so to your second question I think, as we continue to try to press to complete work that is ongoing and Olmsted being the number one priority, and its cost overruns have brought it to about \$3 billion, it takes much of the money that we receive from the Inland Waterways Trust Fund. I cannot answer the question on when we would start on Chickamauga. What we are trying to do now—

Mr. FRELINGHUYSEN. General, could you just speak up a little bit, please.

General BOSTICK. What we are trying to do now is work with TVA and continue extensive monitoring of that lock to ensure that we have a good understanding of its structural stability. If we identify any issues with that, then we would make the necessary decisions at that time. But that is about all I can say on it at this time.

Mr. FLEISCHMANN. Currently, though, General, the new lock is mothballed, is it not? It just has stopped.

General BOSTICK. That is correct.

Mr. FLEISCHMANN. I have got a couple of questions about Olmsted, if I may, and this is going to deal with the authorized cost increase, the 902 limit that we have been facing. The fiscal 2013 budget request proposed a substantial increase in the authorized cost of Olmsted Lock and Dam Project. First question, has the administration been working with the authorizing committees to enact this increase in authorized cost?

And then secondly, we have been told that even though the authorization limit or 902 limit will not be reached until early fiscal 2014, without having a legislative change in the near future the Corps will have to decide whether to continue work at the same pace and possibly to stop abruptly when the 902 limit is reached or whether to slow down work earlier in the hopes that a fix can be reached before the stoppage is enacted. Has a decision been made to date? If not, what is the timeframe for making this decision?

General BOSTICK. We have not made a decision. We are in the process of working that now. I can follow up with you on when that decision would be made, but we have not made a decision at this point.

Mr. FLEISCHMANN. Well, General, has the administration been working with the authorization committees to enact this increase?

Ms. DARCY. If I might, the Administration made a request in its budget last year, as you noted, to increase the 902 limit for the Olmsted Project.

Mr. FLEISCHMANN. Going back to Chickamauga, if I may, as you all know the existing lock has about 300 monitoring devices on it. I have been there. I have seen that. Despite the structural concerns that I think both the Corps and we have seen other folks express, O&M funding was zeroed out. It seems like the Corps' maintenance program is something along the lines of fix it as it fails. How much additional O&M funding would the Corps require to be able to do more preventative maintenance of the inland waterways infrastructure?

And then secondly, what is the Corps' standard for determining whether a lock such as Chickamauga is in poor enough condition to receive maintenance funding?

General BOSTICK. I can talk to you about our capability in terms of what it would take. First, I will read a capability statement. "The capability estimate for each study or project is the Army Corps of Engineers estimate for the most that it could obligate efficiently during the fiscal year for that study or project. However, each capability estimate is made without reference to the availability of manpower, equipment, or other resources across Army Civil Works programs, so the sum of the capability estimate exceeds the amount that the Corps actually could obligate in a single fiscal year. The Civil Works budget allocates funding among studies and projects on a performance basis in a manner that will enable the Corps to use that funding effectively. Consequently, the Corps could obligate additional funds for some studies and projects. Offsetting reductions within the Army Civil Works program would be required to maintain overall budgetary objectives."

I was going to talk to both of these at the same time so that the capability would be about \$50 million on the older lock. Our policy is to prioritize those that have the most economic benefit, those that are a public safety risk, and to manage the dollars that we have based on the projects that are out there. Unfortunately, because of the funding in this particular case, the most that we could do is put the monitoring devices on the lock. And what we have found is that it is currently structurally stable.

Mr. FLEISCHMANN. Thank you.

Mr. FRELINGHUYSEN. I am glad you got it. I am not quite sure I got it, but obviously Olmsted is sucking up quite a lot of the money. And I will just note for the record, correct me if I am wrong, this Chickamauga, one of the highlights of my career on this committee was to visit the Chickamauga lock, so I think I know it. I think your predecessor picked the hottest day of the year in Tennessee, and I was down there. It opened in 1940. And the prized possession I have is a piece of the macadam that was evidently laid down by Eleanor Roosevelt. So it tells you how old that lock is. And you and your predecessor have been keen on getting some work done on there and made it quite clear to the committee that this is a priority. So I thank you for this particular focus.

Mr. Nunnelee has been here. The floor is yours.

Mr. NUNNELEE. Sure. Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Then I am going to go to Mr. Pastor.

Mr. NUNNELEE. Thank you. I guess following up on the observations of Chairman Rogers, since we do not have a budget to talk about, we get to talk about policy. I am specifically interested in the draft guidance on identifying waters protected by the Clean Water Act. It is my understanding that this draft has been over at OMB since spring of last year. I have seen some of the proposed guidance. If it never becomes a final document, I will not shed any tears. But I really would like to get some sort of projection on what you think the administration intends to do with that document. There is substantial opposition to expansion of the Federal Government's authority under the Clean Water Act, so I want to know specifically do you intend to finalize this document? And if so, when?

Ms. DARCY. Sir, you are correct. That is at OMB. At the same time we are working on drafting a rulemaking for the definition of waters of the U.S. We are working within the Administration to make a determination as to whether we will go forward with guidance and a rulemaking or with just a rulemaking. That determination has not been made yet.

Mr. NUNNELEE. Can you give me some guidelines about where you think you are going, what you think your authority to regulate isolated interstate waters? Do you think there is a limit to your authority?

Ms. DARCY. I think as a result of the Rapanos decision, there is some ambiguity about what is and is not an isolated water of the U.S. That is part of the effort to make that determination more clear, especially to the stakeholders.

Mr. NUNNELEE. So what do you think is the limit to your authority?

Ms. DARCY. I think the scope and the definition of isolated waters is where the ambiguity comes in. I think that having guidance or a rulemaking will help to make that ambiguity and the authority more clear.

Mr. NUNNELEE. Do you think you have authority over ditches?

Ms. DARCY. Congressman, the definition of ditches is one that has come into play in many determinations that we have had to make as far as what is a jurisdictional water of the U.S. There is, within the Clean Water Act and also within the regulations, a definition of ditches for different purposes of what would be a regulated water under the definition of waters of the U.S. So, again, it depends on whether it is an upland ditch, or whether it is a transportation ditch. There are lots of different interpretations and definitions of what a ditch is and whether it would or would not be regulated under the Clean Water Act.

Mr. NUNNELEE. What about stock ponds?

Ms. DARCY. Stock ponds? I do not believe we do have jurisdiction over stock ponds, but I would have to double check.

Mr. FRELINGHUYSEN. You will tell the Committee what a stock pond is? I think we can figure it out, but would you?

Mr. NUNNELEE. Sure. That is a pond in the middle of a pasture where cattle go to feed.

Mr. FRELINGHUYSEN. All right. We got it.

Mr. NUNNELEE. And you do not think you have jurisdiction, right?

Ms. DARCY. I do not believe so, sir.

Mr. NUNNELEE. All right. Let us see. So you really do not have any idea on your timetable as to how you intend to proceed?

Ms. DARCY. I could not give you a date right now, sir.

Mr. NUNNELEE. Okay. Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you, Mr. Nunnelee. Mr. Pastor, who knows all about water and how important it is—

Mr. PASTOR. Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. And the time and service of whom on this committee has been considerable.

Mr. PASTOR. Good morning.

Mr. FRELINGHUYSEN. Good morning.

Mr. PASTOR. Hearing the testimony as I came in, it looked like *deja vu* all over again.

Mr. FRELINGHUYSEN. Mr. Pastor, Ms. Kaptur is in the driver's seat now though.

Mr. PASTOR. I know she is and thank God for it. She will do a great job for us. Good morning, Secretary Darcy and Lt. General Bostick. Thank you very much for being here and good morning.

I know that sometime in the near future, maybe in April, we will have a budget that we will be able to look at. But one of the things that I have been working with and with the L.A. office, with Colonel Toy, is determining what kind of money would be needed to complete projects that have been going on for 10, 15 years, and we are now probably almost to the end of the construction, for example, the Tres Rios, the Phoenix portion. It is about \$15 million to complete the construction at Rio Salado there in Tempe, \$1.5, and that is in another Congressional district, but we have been working on it. And down in Southern Arizona the Tucson drainage is about \$4.5 million, again construction money. And we have been working with the L.A. district in trying to persuade this administration because we do not have the Congressional earmarks anymore, so the administration obviously is the determiner where they are going to go in their budget. We have been trying to persuade the administration that it is in the interest of the Corps to begin completing these projects because the need for new starts is there. And, obviously, if we can shut down and complete these three projects in Arizona, which you are talking about less than \$20 million or close to \$20 million, obviously then it makes room for new starts in other areas. So if you still have a shot at the administration in terms of advocating for completing projects, these are three that we have highlighted to them with the work of the L.A. office and hopefully you can be an advocate. So that way you can determine what new starts you may have in the future.

Talking about Colonel Toy, I know that he is moving.

Ms. DARCY. He is coming up here.

Mr. PASTOR. Yes.

General BOSTICK. He is going to come up to be my Chief of Staff.

Mr. PASTOR. Well, I know that. I did not know if that had been announced. But he is moving. I have to tell you that—

General BOSTICK. It has now.

Mr. PASTOR. Well, but you announced it. I did not. That was the difference. I am not going to get in trouble for announcing it. You announced it.

I have to tell you that it was a great experience working with him. He followed the tradition of your L.A. office, the different people that served as heads of the L.A. office, and there was great cooperation, and we worked together. And I know that he is coming up here so I congratulate you. He is not leaving the Corps, but he is leaving the L.A. office. And so I just wanted to let you know publicly that he did an outstanding job in the L.A. office in serving his responsibilities. And so I wish him the best, and just want to thank him for all the work he has done.

General BOSTICK. Well, thank you.

Mr. PASTOR. I understood also that recently, around February 13, I think you may have been, Lt. General, and others of your colleagues in the Phoenix area, metropolitan Phoenix, to do an environmental assessment to see what is available to the Corps in terms of environmental enhancement along with flood control responsibilities. And I was just curious to see how you got to see some of these projects and what your observation was.

General BOSTICK. I was out a couple of weeks ago in your district and met with Mark Toy. The primary purpose was my Environmental Advisory Board. These are leaders from across the country in academia and in business that help us look at the work that the Corps does, not only from the construction end of things, but from the perspective of the environment. And how do we bring those two interests of the American population together and provide useful projects, Tres Rios was a great example of that. They had a chance to go see Tres Rios and get an understanding of the great work that Mark Toy and his team and the local community have done.

Mr. PASTOR. Yes, I think habitat restoration as well along with the flood control protections are a primary objective of the Corps of Engineers. It goes well, and I think we were able at least in Arizona to show that they could complement each other and leave flood control structures that were more pleasing to the environment and restore habitat. And at the same time the people who were enjoying the flooding protection would also be able to enjoy it. So I congratulate you and hopefully you will continue to do these projects because they are very important throughout these United States. So thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you, Mr. Pastor. Part of our focus and responsibility here is to hear from both of you relative to the sequester and what that means. We take a bipartisan view here. I think all of us are very unhappy about this situation. We are unhappy enough about the continuing resolution. I mean I think the committee has done some good work over the years in a bipartisan way. We have a pretty good product we voted out of the committee with bipartisan support. We go to the floor. We take on some interesting amendments, quite honestly many from my side of the aisle, which I think are appropriate for them to make, but some of them I think are misguided.

But we are about to embark on something on Friday, and so there are going to be some short-term impacts that are going to affect people's lives. I would like you to talk a little bit about that.

Would you both proceed, talk about the long-range, short-range, impact of sequester and then move into place maybe how you are operating, what your planning is. You do have some degree of flexibility under the continuing resolution, more so than perhaps other parts of our operation here.

Ms. DARCY. Under the sequester, we would have to cut \$255 million from our budget for the remainder of this fiscal year. With the CR we would develop a work plan within those accounts, within our Operation and Maintenance Account, our Investigations Account, our Construction Account, and our Mississippi River and Tributaries Account, to see where we could take those reductions within each of those accounts and which projects would get some funding, little funding, so that we can fund projects in a way that there will be some incremental benefit as to how that money would be spent. In all other accounts we will look to take a 5 percent across the top from each account. That is for the rest of this fiscal year.

There will be impacts. There will be some studies that will not get completed. There will be some harbors that will not get dredged. There will be some projects that their contracts will not—

Mr. FRELINGHUYSEN. So talk a little bit about the workforce here. I think you have 600 of those of you in uniform. You have what, 35,000—is that right?

General BOSTICK. Right.

Mr. FRELINGHUYSEN [continuing]. Civilian employees. I assume that they are subject, certainly the civilians, to—

General BOSTICK. To the furloughs.

Mr. FRELINGHUYSEN [continuing]. To potential furloughs?

General BOSTICK. Right.

Mr. FRELINGHUYSEN. Did you get some direction from the Department of Defense as to what to do? Did something come out, some sort of a memorandum and are you following it? Could you talk about it?

Ms. DARCY. We are awaiting a determination from the Department of Defense as to whether the Civil Works side of the house will be impacted by furloughs.

General BOSTICK. There are some military-directed funds that we receive, and those employees will require furloughs. Just like we are taking \$255 million from Civil Works, on the military program side it is about \$163 million and that is about 500 people. And the challenge for us and our headquarters, we do not cleanly have folks working on military programs and Civil Works, they kind of overlap. So in one office if you are coded under military programs, you are going to have to furlough and the Civil Works employee may not.

You look at a place like Personnel for the divisions or at my headquarters, they are working all sorts of personnel actions, but some are coded military programs so they would be part of the 500 roughly that would be furloughed.

Mr. FRELINGHUYSEN. So no trigger has been pulled here, but you have a game plan.

General BOSTICK. We are working it every day. My deputy Tom Semonite has spent, every day almost all day working this issue with the Department for the last couple of weeks.

Mr. FRELINGHUYSEN. Well, there is a certain inevitability here that this is going to happen. I mean I think it is going to happen. Some people are rightly concerned.

I just sort of mention, as you look—one of the things that you mentioned, Madame Secretary, in your testimony, of course, is SMART Planning. Of course, none of us view a sequester as a smart idea, but what is that all about? I am not sure I could give the acronym, but how does that fit in? Is this something which had been in the works? Tell us a little bit about this new approach and is it a result of the obvious fiscal situation or is it something that was developed and has been waiting to be hatched for some time?

Ms. DARCY. It has been in the works for a couple of years. We have been looking at our planning program, and we have hundreds of studies out there. And we looked to see whether it made sense for us to continue to be working on all of those studies, whether those plans were still relevant, whether those plans should be rescoped, and whether those plans could actually be executed? We heard that many Corps of Engineers' studies had been in the planning works for 10 years, and that is sort of not an acceptable time-frame.

Mr. FRELINGHUYSEN. Well, you have a huge backlog. It would not surprise any of us that some may be more than 10 years.

Ms. DARCY. Right, in looking at our planning, does it make sense to spend tens of millions of dollars on a plan when actually you can make a determination early on? I think one of the biggest improvements in our planning process that we are going to see as a result of this, is that we are going to make decisions earlier as to whether this project is a worthy project, whether we have a local sponsor, whether the plan is actually executable, and whether we will be able to deliver it in a timely way. The 3x3x3 I mentioned is we want to make sure that it does not take more than three years to do a plan, and it does not cost more than \$3 million to do a plan. That is sort of the parameters we are working in, and we have had some pretty good results so far. We just started this process, but part of it is also get a decision earlier, when your local sponsor as well as district and division and headquarters are all working together from the beginning. You do not want to spend four or five years coming up with an alternative that is not going to be approved by either the headquarters or by the local sponsor. If you make those decisions about the alternatives earlier, I think we will be able to get savings not only for the federal government, but for the local sponsor as well.

Mr. FRELINGHUYSEN. Yes, well there are a lot of local sponsors that have been waiting for far more than ten years obviously for some sort of action on our part.

General BOSTICK. If I may, the planning is part of the entire Civil Works transformation that the Corps has been working on. Mike Walsh and Steve Stockton who are here, two of the god-fathers of it, have been working it really hard within the Corps and within—

Mr. FRELINGHUYSEN. This is different than what we call on the Defense side the Army transformation.

General BOSTICK. This is Civil Works and there are really four parts of it. It is the planning piece and then the modernization, the budgeting, and then taking a look at our infrastructure strategy, and how we deliver projects. What is the method of delivery?

But on the infrastructure strategy, part of what we are looking at is how do you focus on the lifecycle portfolio management, look at the entire lifecycle of a project, and what our responsibilities are as a nation, as a Corps? And then going back to Representative Kaptur, how do we look at it as a watershed? How do we fund it as a watershed?

And it goes beyond the Corps. When I was down in San Antonio, the locals are funding, from a Fish and Wildlife perspective or an EPA perspective, a project that we may or may not fund from a Corps budgeting perspective. Not only are we looking at watershed within the Corps, but I think the broader issue is how does the Government look at funds that it sends down in stovepipes that may or may not help. We have all got to work it together. That is the other part of the infrastructure strategy. Alternative financing is looking at other ways to partner with locals to develop the financing packages that might help a project not only get started, but to keep it going.

Mr. FRELINGHUYSEN. Some of the local stakeholders want to obviously move ahead at some time, not waiting on us, of course. We have seen quite a few things come across our desks that relate to that. They do not want to wait on us. They want to use their own funds.

General BOSTICK. Right. Even in the "we can't wait" strategy with the five ports, Miami—they cannot wait for the strategy, so they—

Mr. FRELINGHUYSEN. Well, I do not think many parts of the country can wait too much longer. Ms. Kaptur.

Ms. KAPTUR. Thank you, Mr. Chairman. Boy, am I on the right subcommittee. I find your work so exciting, and I could give a whole speech on that. You are just so important to the country in what you do, but you work in a federal government that does stovepipe resources. And cooperative efforts with EPA, with CEQ, I think have to be very much a part of the way that you function.

When I was born, there were 146 million people in this country. They project by 2050 we will have 500 million people. And one of the questions in my own mind is where will they get fresh water? And what are the challenges to that system and how can the Corps be an even more constructive part of fashioning systems that work for the future? As I look at that picture of the Hoover Dam on the wall there, I think about how they thought many, many years ago how that functions 50 years from now will be a very interesting question.

But I have a series of questions related to that overarching thought about how can the Corps be more relevant to the future needs of America in water and in energy, too?

One question relates to the divisional merger. In 1997 the Corps underwent a significant restructuring that combined the Ohio River Division and the former North Central Division whose juris-

diction was strictly over the Great Lakes. At that time several members expressed concern that such a merger could remove the Great Lakes' place at the table. A former member actually of this committee stated it would obliterate the institutional memory that is so vital to Army Corps operations in this region.

Since 1995 the President's budget for the Corps' navigational operations and maintenance need has increased in nominal dollars by about 20 percent, while the Operations and Maintenance Account for the Great Lakes Navigation System has increased by just 5 percent during the same period. This trend was further exemplified by the O&M allocations of additional funds for ongoing work provided by the Corps in the last fiscal year of which the Lakes received just 4.7 percent.

Given these figures, I would have to believe that those earlier concerns have been justified. Moreover, I have heard complaints from local constituents that division staff are woefully uninformed about the Great Lakes' ports they represent. And actually from my experience in Congress, they are shifted so much there is no way for them to really learn the intricacies of the system. They do not know the cost share for the Great Lakes, harbor dredging, or even the location of some of the commercial harbors that they oversee.

My questions for you then are, considering the examples mentioned and your experience and understanding, would you consider the divisional merger of the North Central and Ohio River offices to be a failure? Number two, if they are a failure, what can be done to remedy the significant problem? And three, if they are not a failure, what assurances can you provide that the Great Lakes' navigational system will receive the attention, consideration, and funding it deserves moving forward?

Ms. DARCY. Congresswoman, I don't feel the merger is a failure. What it is, is a part of a result of, the concentration in the Great Lakes is valuable, the navigation is valuable, the competition for the dollars for that navigation are just incredible, as far as low-use, high-use, commercial navigation in those ports.

I would say that as far as the institutional memory of what's in the Great Lakes, we're finding that within the Corps of Engineers, we have an aging workforce. More than 65 percent of the people are eligible for retirement, and I think the long-term memory and the experience in the Corps is something that we need to take very seriously, how we can foster the continuation of the experience and the skilled people that we need on the ground in those divisions and districts.

I don't know if the General wanted to add anything else, but I think that as part of a remedy for this, is our looking at career experiences that can help with the people that we need in those divisions and districts.

The civilians in most of those districts and divisions have made a lifetime career in the Corps of Engineers, and some of them are mobile.

I think that we can do a better job of trying to retain and expand the experiences of the workforce.

General BOSTICK. I would only add that I certainly don't see it as a failure. I don't know what led to the decisions to bring those two divisions together.

But I would suspect that part of what we're all facing is, as we work with limited resources, we have to decide where to put the most people and the resources, in order to get the work done. Much of the actual work is done at the district level, and those districts have remained robust.

The division is focused more on a regional basis. How do we regionalize, and how do we share expertise at that level? And they didn't need to be as robust, so a decision was probably made to keep the districts very strong and regionalized at the division level.

At the end of the day, what's happening is, those projects are going to compete, based on their value to the nation, the safety, life safety, and benefit cost type issues.

I think where we've really got to go, ma'am, as you pointed out, is towards a watershed approach. And a watershed approach would look at the Great Lakes and other watersheds in the totality, and they would be funded in that way.

We are piloting watersheds now throughout each division, but we're not at a point where we can budget by watershed, and I think that's where we really need to get, not only in the Corps, but across agencies.

Ms. KAPTUR. Thank you, General, for your sensitivity to what I'm talking about here, because we want the best. We've got issues. Our lake levels are dropping. We have challenges in that our ports aren't being dredged.

One of the practical questions I have is with the harbor maintenance tax. Could the Corps request, as part of its budget submissions to us, that those dollars be devoted to dredging in our region, since our carriers are paying it?

We don't have enough money to dredge the ports. The channel's getting narrower and narrower, and with what's happening with lake levels, our economy is very affected by our ability to move cargo in and out.

And is there some legislative impediment to you doing that?

General BOSTICK. I would just say, we know what our requirements are for dredging, and we have about half of that throughout the country.

So, the requirement is there; it's the question of, how does the country balance its need outside the Corps of Engineers, and however funds in the Harbor Maintenance Trust Fund are used?

Ms. KAPTUR. But you could request the funds, could you not?

General BOSTICK. I'm not sure whether I physically—

Ms. KAPTUR. Include that as a part of your budget submission?

General BOSTICK. I can say, "Here's my requirement. My requirement is about twice what we received."

Ms. KAPTUR. Secretary Darcy, did you want to say something?

Ms. DARCY. Within the budget, we request a certain amount of money from the Harbor Maintenance Trust Fund, which we feel is affordable, given the other competing—

Mr. FRELINGHUYSEN. How much do you anticipate requesting this year?

Ms. DARCY. Well, in '13, the President—

Mr. FRELINGHUYSEN. '13.

Ms. DARCY [continuing]. Requested more money from the Harbor Maintenance Trust Fund than any President in the history, so we—

Mr. FRELINGHUYSEN. We put in a billion.

Ms. DARCY. We requested \$848 million last year.

Mr. FRELINGHUYSEN. I think we put in, in our bill, a billion.

Ms. DARCY. A billion, yes.

Mr. FRELINGHUYSEN. I think the greatest amount.

Ms. DARCY. Yes.

Mr. FRELINGHUYSEN. What do you anticipate you'll be asking for in 2014?

Ms. DARCY. I'll let you know as soon as we have a final budget, Congressman.

Mr. FRELINGHUYSEN. I can't believe you can't tell the Chair with—I'm sure—

Ms. DARCY. I'm sorry I can't—

Mr. FRELINGHUYSEN [continuing]. I'm sure Bernanke and I would like to hear from you if that's right.

Ms. KAPTUR. Yes, Mr. Chairman. That's very important to our region.

Mr. FRELINGHUYSEN. Mr. Nunnelee is sort of waiting on the on-deck circle.

Ms. KAPTUR, are you all right for a few—

Ms. KAPTUR. I have more, but—

Mr. FRELINGHUYSEN. Okay, Mr. Nunnelee, the gentleman from Mississippi.

Mr. NUNNELEE. Thank you, Mr. Chairman.

Again, in the absence of a budget, we have to go on the only guidance we have, and what little guidance that I've seen from the Administration is in the State of the Union. We did hear a lot that night about investment in infrastructure, a "Fix-It-First" program. And specifically, that "Fix-It-First" program relating to improved ports.

So, tell me, what guidance have you received from the administration on what that "Fix-It-First" program would involve as it relates to improved ports?

Ms. DARCY. Well, Congressman, the "We Can't Wait" initiative that the President introduced last year has four different port improvement projects as part of that initiative, including a deepening project, including a study for deepening a harbor, deepening New York/New Jersey harbor, and also in Jacksonville.

So, we have got five ongoing projects that are part of that initiative for navigation and port improvement.

Mr. NUNNELEE. All right. And then the President specifically said that we're going to be able to do that within the framework that was agreed to 18 months ago, without adding one dime to the deficit.

How are we going to do that?

Ms. DARCY. These projects that we've just referred to are funded, in the last budget, so I'm not sure how that is going to impact. It will not impact the deficit by spending on those projects.

Mr. NUNNELEE. Okay.

In the absence of earmarks, what criteria does the Corps use to determine which projects you move forward with?

Ms. DARCY. Well, we look at the overall budget, and we look at the highest-performing projects with the highest return of value to the nation, in each of our mission areas, whether it's navigation, or flight control.

Mr. NUNNELEE. All right. How do you decide between pursuing projects related to economic development, versus projects for ecosystem redevelopment?

Ms. DARCY. It is whatever the most improved value to the nation would be. Our ecosystem restoration projects have a different way of being evaluated. They don't have a national economic benefit. That is determined in a numerical way, the way other project purposes are.

But we look at the improvements that can be made, and what that value would be for an increasing habitat acreage, and what the value of the other parts of that project could be for the ecosystem.

Mr. NUNNELEE. So, you have some type of numerical scoring system you look at to evaluate an ecosystem.

Ms. DARCY. Only when it comes to the habitat units. They are evaluated on a cost-per-acre basis.

Mr. NUNNELEE. All right. And then how do you compare those to economic development?

Ms. DARCY. You mean across project purposes?

Mr. NUNNELEE. Right.

Ms. DARCY. We look at what the overall value of that particular project would be for an ecosystem, and then compare it within our ecosystem budget.

Mr. NUNNELEE. All right. And one final set of questions, as it relates to the Mississippi River. I guess two opposing problems.

One, where do we stand on being prepared for spring floods along the Mississippi?

Ms. DARCY. Want to take that one, General?

General BOSTICK. I'd say that we balance the need for navigation and flood risk management every day, and our leaders are looking at the dams, they're looking at the levels, and then they've got water control manuals that help them know where they need to be in terms of releasing water or holding water in order to prepare for either floods or droughts.

I think we're in as good of shape as we can be. We have a heavy snowpack this year, and we're monitoring that daily, and we'll continue to manage the dam levels in accordance to the water control manuals.

I feel pretty good at where we're at today.

Mr. NUNNELEE. Our challenge is, we face floods in the spring, and then droughts in the summer.

General BOSTICK. Right.

Mr. NUNNELEE. What is your estimate as to where we will be, in terms of navigation in the middle of Mississippi once drought season hits?

General BOSTICK. We've been managing the middle Mississippi, as you know, very closely over the last couple of months, and we had to actually blow rock out of a couple of areas in the middle Mississippi.

And that, combined with additional rains, has put us in pretty good shape. The next thing in March, we'll start releasing water from upstream. I think we're in good shape, through the rest of at least the early summer, and we've got to see what the snowpack does to us. That's a constant management.

I can't predict the future, but I feel pretty good about where we're at.

Mr. NUNNELEE. Well, the really good news in 2011 is, when we had serious floods, the Corps' system worked.

General BOSTICK. Absolutely.

Mr. NUNNELEE. And it would have been much more devastating had the Corps' system not been there.

Thank you.

Thank you, Mr. Chair.

Mr. FRELINGHUYSEN. Thank you, Mr. Nunnelee.

Mr. Visclosky, welcome.

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

Madam Secretary and General, on a number of authorized projects, we are at or now going to breach the limit, the 902 limits.

In days past, and in other Congresses, often, the Subcommittee/Committee could deal with those issues, as far as increasing the authorization. The rules today prohibit us from doing that.

How many projects does the Corps have today that have hit those limits, that need to be changed? And from a management perspective, how are you trying to deal with that, anticipate those breeches so that projects that are long-lasting don't simply come to a halt?

Ms. DARCY. Congressman, we can provide you with a list of how many 902—we call them fixes—are needed or in the works.

But to your point, there are too many. And because this system is now as it is, we need to do a better job of estimating our costs, and we've taken some steps to do that.

One is that we are going to let Congress know as early as possible when we have, or anticipate there will be, a 902 problem.

We also have established procedures internally where we are doing a more in-depth evaluation when we are first predicting those costs.

As far as what contingencies might be out there, what we need to anticipate, so that we think we'll have a better way of estimating costs, we've also established a Center of Expertise for helping us with our cost estimating in one of our districts in Walla Walla, Washington.

All of these things combined, I hope, are going to allow us to be in a position not only to have to come to Congress less with 902 fixes, but not to have as many, to improve our cost-estimating for all of our projects.

General BOSTICK. And from headquarters, we're monitoring the megaprojects in terms of their cost, and we're taking lessons learned to all of the projects.

One of the things we're also doing is, requiring a risk-informed decision to be made when a project is within 20 percent of the 902 limit. So, Commanders have to make a decision, relook at the cost, and then make sure that they are going to be able to continue

without busting that 902 limit, or they have to take actions to begin post-authorization change reports as early as possible.

Those are some of the primary things that we're doing.

We also developed a tool for calculating the 902 limit. You would think that it is simple, but there's a lot of factors that go into it. At the headquarters, they developed a national tool that all of the districts can use in calculating that limit and when they're going to reach it.

Mr. VISCLOSKY. I appreciate the emphasis on better cost estimation. We can't undo the past, but we can certainly affect the future, and I would encourage the Corps in that respect.

But secondly, would ask that you provide that list, as to the breeches, as well as those that, certainly, in the next 18 months to next year and a half, are going to be breached.

My great concern here, over and above our inability because of the rules of the House, for us to deal with it directly. Congress today, from my perspective, lurches. We don't legislate. We lurch from crisis to crisis; we don't legislate anymore.

And so to the extent you have members, districts, and states that potentially are going to be breached, members need to know that sooner rather than later, to try to change those shadows of the future, so we start legislating again that members know we have to do something. I strongly encourage you in that.

Relative to your budget—and unfortunately, because we're on a continuing resolution, we're facing the beginning of sequestration on Friday—how are you managing the prioritization of your O&M? And I would ask that particularly as far as recreational harbors.

I have always, forever, on this Committee, believed that they have a high priority as well, because they represent economic interests for communities and regions. That includes beach cleaning, harbor dredging.

How does that factor in, understanding you're under incredible pressure right now?

Ms. DARCY. Congressman, there are prioritizations within our accounts. There is high-use, commercial traffic, as you know, and then some low-use commercial for subsistence or harbors of refuge. That is the way we make the determinations in those prioritizations.

And often, unfortunately, the purely recreational harbors do go un-dredged because of, again, limited resources.

Mr. VISCLOSKY. Would it be your anticipation, looking ahead for the last six months of this fiscal year, that that will remain true, and that we just won't see recreational harbors dredged?

Ms. DARCY. My expectation with the reduction by the sequestration would be that we probably would not.

Mr. VISCLOSKY. Okay. On the Asian carp issue, the transportation bill referenced the longer-term study.

Setting that aside, how is work, as far as barriers, and other actions, recognizing there's more than one possible point of entry, proceeding with the issue of Asian carp?

Ms. DARCY. The barriers are proceeding well. We will finish the construction of the first barrier that was temporary. It will be permanent, I think, by the end of next year. The other barriers are up and working effectively.

As far as the study goes, the transportation bill did ask us to produce an interim report on where we were and what we expected in the GLMRIS Report.

We are expecting to have the GLMRIS, array of alternatives complete and delivered at the end of this calendar year in December 2013. That will give us some options. We're identifying pathways, we're identifying technologies, and we're identifying alternatives for how we can combat the invasion of invasive species in the Great Lakes from the Mississippi River.

Mr. VISCLOSKY. My sense, the taskforce that has been put together between various federal agencies is a good example, I think, of working together, and getting a job done. It's, I think, a very positive example, my experience in Congress.

Do you have a sense there's less fish numerically getting to the barrack, as one of the theories was, the more work you can do downstream—and there are more than one downstream waterways here—has that part of the problem improved from your perspective, given the Corps's work on this intergovernmental agency?

Ms. DARCY. I think it has. In addition to the intergovernmental agencies, we have a rapid response team, with not only the federal agencies, but the states, the State of Indiana, State of Illinois, going out and doing electronetting and fishing below the barriers, and, also, in the Mississippi River. That is helping to keep the many fish out of the Chicago Sanitary Ship Canal, as opposed to the number that we're getting in before.

That cooperative effort—and again, it's with the Fish & Wildlife Service, as well as the regional DNRs, and the Corps of Engineers going out and doing electrofish netting, and tagging fish to keep a count of what we're seeing that get into the canal.

Mr. VISCLOSKY. Okay. I'm sorry.

General BOSTICK. I was just going to give you an update on the barriers, and give some detail to what Miss Darcy talked about.

The demonstration barriers and the permanent barrier, 2A and 2B; they're operating normally. We feel pretty good about that. Permanent barrier one, which is going to replace the demonstration barrier, is in construction through FY '15, and the commissioning is scheduled for FY '16.

Ms. KAPTUR. Would the gentleman yield?

Mr. VISCLOSKY. I would be happy to yield.

Ms. KAPTUR. I thank you. I thank the gentleman.

I wanted to ask the General, are there any other potential paths of entry that you are concerned about for the carp to come up, aside from the Chicago channel? Is there a path in the Ohio River or wherever? Are there any other potential points that you feel are particularly vulnerable, as we try to keep it out of the freshwater system?

General BOSTICK. Not that I'm aware of.

Ms. DARCY. As part of the study, we were charged by the Congress to look at all potential pathways from the Mississippi, into the Great Lakes, including the Chicago Sanitary Ship Canal. What we've done is, in our initial analysis, is identify all of those potential pathways; "potential" meaning they're connected. And we've identified, I think, more than 18 potential pathways.

But of those pathways, part of our analysis in the GLMRIS Study is to determine whether those actually would be a viable route for Asian carp or an invasive species to get to either the lake or to the CAWS.

And in doing so, we're going to look, whether, number one, that it would be a potential pathway. Number two, if there's any technology to keep those pathways open or closed.

One of the things that we're looking at, as it was required also by the legislation, is to look at hydrologic separation. Is there a way to separate one water system from another? What would that take, and would that keep an invasive species out?

So, we're looking at all of that.

Ms. KAPTUR. Have those fish come up any of those other tributaries, such as the St. Joseph River?

Ms. DARCY. I don't know. They are all potential pathways if they're hydrologically connected to the Mississippi River.

Ms. KAPTUR. One of the facts I would like you to get back to us for the record, is that for the St. Joseph River—it's our understanding the Corps has built a temporary barrier near Fort Wayne, because the carp did make it up into the St. Joseph River, which then flows into the Maumee.

Is that barrier functional? Have you had any additional fish coming up the St. Joseph?

I'd heard, also, in the Ohio River, something had come up there.

So, any data you could provide for the record would be very much appreciated.

Ms. DARCY. We will.

General BOSTICK. We'll do that.

Mr. VISCLOSKY. Madam Secretary, General, thank you very much.

And again, on the 902, at least my request, at the discretion of the Chair, would be anything you think might be breeched in the next 18 months. That'd be great.

Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you, Mr. Visclosky.

On March 1, there's an interim report due from the Corps on Hurricane Sandy. We're going to have a hearing focused specifically, but I just wondered if you could update the committee.

I mean, Mr. Visclosky, you made mention of the fact that the Congress often doesn't get around to passing any legislation. We did, actually, after much debate, pass a Sandy supplemental.

I just wondered if you could sort of bring us up-to-date as to what's going on, and—

Ms. DARCY. Yes.

Mr. FRELINGHUYSEN [continuing]. And some of the good work that you've been doing, even before the supplemental was passed.

Ms. DARCY. Yes, sir. We are working on the interim report that's due here March 1. It's the first of two interim reports. We've got a second one due on the first of May of this year, which will outline for Congress what it is we're going to be doing with the supplemental funds that were appropriated in the Sandy supplemental.

As you say, we have already begun some of the repair work with FCCÉ money, and that's underway in New York and New Jersey. But the interim report, we hope to have here on schedule.

Mr. FRELINGHUYSEN. You mean Friday.

Ms. DARCY. That's my hope, sir.

Mr. FRELINGHUYSEN. Well, we hope so, too. One of our themes last year—and this was bipartisan—was the whole issue of keeping America open for business, and we have a number of federally maintained ports and waterways.

And in the past, the Corps has testified that of the 59 busiest commercial ports, we only maintained authorized depth to in the middle half of the width about 1/3 of the time. Is that generally still—

General BOSTICK. It's still the case.

Mr. FRELINGHUYSEN. And we've also been told that only two of the top navigation projects in the country had full depth and width available, and that was largely because those two are naturally deep, and did not need much dredging. Is that generally still the case?

General BOSTICK. I'd have to follow up with you on that, Mr. Chairman.

Mr. FRELINGHUYSEN. But you would agree that—

Ms. DARCY. Yes, sir.

General BOSTICK. It's a small number.

Mr. FRELINGHUYSEN. Small number.

The Hurricane Sandy supplemental, how will that be affected by the sequester?

Ms. DARCY. There'll be a five percent taken off the top of that, \$5.3 billion. I think it's \$267 million.

General BOSTICK. Right, \$267, \$268.

Mr. FRELINGHUYSEN. Ms. Kaptur.

Ms. KAPTUR. Thank you. Mr. Chairman.

Recent studies have concluded that the Great Lakes region generates over 1.2 million export-related jobs, of which over 440,000 U.S. export jobs are supported by the Great Lakes navigation system.

Yet the Corps study requested by Congress to develop a U.S. port in inland waterways' modernization strategy did not mention Great Lakes ports' contributions and opportunities to improve the export supply chain.

So, my questions relate to this: Does the Corps think that its only role in promoting exports is only to deepen our saltwater ports?

Ms. DARCY. I would say no. However, I think that in that study, you're right, that we did just focus on the coastal ports, more than inland ports.

Ms. KAPTUR. Don't those same ports at deeper levels make imports cheaper? For example, if one looks at—Wal-Mart, which I think constitutes about 10 percent of Chinese exports, all to the West Coast, in the deepwater ports. I'd point that fact out.

And if our goal, and the administration's goal, is to double our exports, why wouldn't the Corps put an equal, if not higher, value on domestic transportation movements that would lower the final delivered cost to the export ports for foreign customers and for domestic consumers?

Please explain why, and address how you might correct this oversight.

General BOSTICK. I think it's an excellent point. The inland waterways and other ports do add great value to our ability to export and import.

I'd have to go back and look at the port strategy or study. I thought more of that was focused on the post-Panamax ships that were coming, and what we could do on the East Coast in terms of prioritizing.

Your point is certainly well-taken, and we can go back and take a look at whether additional work should be done in that regard.

Ms. KAPTUR. Thank you.

We in the Fourth Seacoast are very sensitive to the fact that we often get ignored. I think President Eisenhower had it right, and it's just been a tough slog for, you know, well over half a century for our ports. And with climate change, and with what's happening at the Panama Canal, quite frankly, we have to look at our competitive posture as a part of North America.

And we often feel, to this day, ignored, so your attention to that, General, would be very much appreciated, and this goes back to some of the questions I asked about the harbor maintenance tax, and being able to help our ports be competitive with our rail investment, with our airport investment, with our highway investment.

We really do view ourselves as multimodal-capable. We have to learn how to work with the Canadians through the St. Lawrence Seaway system as we face this competition that is coming at us from the south.

And it is a very, very important set of decisions that have to be made for this waterborne commerce and its relationship to other infrastructure in that region, so that the United States of America remains competitive with these global challenges that we face.

So, thank you very much for that.

I have another question, Secretary Darcy. The—

Mr. FRELINGHUYSEN. If the gentlewoman will yield.

Ms. KAPTUR. Yes, yes, of course.

Mr. FRELINGHUYSEN. General Bostick and Secretary Darcy would never dare ignore you as a ranking member of the Committee.

Ms. KAPTUR. Thank you, Mr. Chairman. You haven't, and I really appreciate it very much. Our futures are bound.

Mr. FRELINGHUYSEN. You've elevated, obviously, you know, the Congressional district that you represent, and the part of the country you represent. That's the beauty of this Committee, is the width and breadth of interest, not only specific to the areas that we represent as members, but also the other issues that we have before us.

Excuse me for dropping in.

Ms. KAPTUR. Thank you so much. The Frelinghuysen contributions to the United States of America are intergenerational, so thank you very much for your service, Mr. Chairman, also.

Secretary Darcy and General Bostick, the Corps has long been criticized as simply a collection of individual projects, in part motivated by an interest in having projects in as many Congressional districts as possible—and the Department of Defense likes to do that, anyway.

The time for that kind of strategy, in my opinion, is long past due, if it ever, in fact, was acceptable. The mission of the Corps is

too important, in my judgment, to be left to a project-by-project basis.

You've talked about some changes to your planning process, the three-by-three-by-three approach. What more can you do, or could we do to help you, to make the Corps mission more of a coherent national program?

And for example, if I think about the future systemically, how could you help America address the water shortages, the water challenges facing the arid West? What's your policy perspective on that? How can you give us a sense of the whole, not just the parts?

Systemically, for the Great Lakes region, one of America's most vital freshwater sources, what could the Corps contribute to a dialogue in the nation about how to more effectively steward that freshwater resource for generations to come? What are the challenges systemically faced by rising sea levels to coastal communities and the weather threats that we've seen just whip regions in the South and the East? What are the implications of drought as a part of the planing process?

So, my question really is, what more could you do to make the Corps' mission more of a coherent national program?

Ms. DARCY. Congresswoman, I think what we can do is, as you stated earlier, not only look at our missions from a watershed or regional perspective, but on a national level. We need to look at not only what our missions are, but what are the missions of the other federal agencies.

The Bureau of Reclamation is more water supply; we're not, but we should be looking at it together.

When we look at a watershed, we mentioned earlier, that we're looking across our accounts and business lines to look at all of our projects in a cohesive way. In that same watershed, there are Fish & Wildlife projects, and there are Bureau of Reclamation projects, and there are wastewater projects, and water supply projects.

If we're going to look at how we look to the next century of water supply in this country, and whether it's going to be ample or not, we have to look across all of those uses, not just what the Corps is tasked within our three-mission area.

Ms. KAPTUR. I think your perspective is very precious at this moment in history, particularly when I look at the district that I represent—and I can't imagine other members don't have the same challenges that we have in our communities. I represent a very diverse district: urban areas, rural areas. We have many adjacent cities. They all want money for freshwater systems. That doesn't come out of your budget. From my part of the country, it doesn't come out of the EPA either.

They really all shouldn't have separate systems. I mean, it is a waste of money to do it that way, because of modern technology. And yet, we look at hundreds of millions of dollars that could be expended on that.

And meanwhile, adjacent to these water systems that some want to replace or modernize, we have ports that you help to dredge, and difficulties with our confined disposal facilities on the lakes and so forth, and how we use those facilities for many purposes in the future, including energy production.

What mechanism exists in the executive branch to get you to talk to one another? The EPA, the Bureau of Reclamation, yourselves—
General BOSTICK. I don't think—

Ms. KAPTUR. How do we get a sense of the whole as members? What mechanism exists?

General BOSTICK. I don't think we have a mechanism that is simple and that's rigorous.

Next week, I'm going to sit on the U.N. High Level Panel with other international leaders, talking about water. Many of those will be the Ministers of Water Resources.

When I was in Bosnia, Afghanistan, and Iraq, I worked with their Ministers of Water Resources because of the concern that they have with water. They're already where we'll be 100 years from now with our population growth. They're dealing with water issues.

I'm not saying we need more bureaucracy.

Ms. KAPTUR. Right.

General BOSTICK. But we don't have a central place where we, as a nation, focus on water.

It is kind of a team sport, and we bring all the different agencies together. I think within the interagency teams, we work these issues, and we work them fairly well.

We are invited to the U.N. High Level Panel because America's looked at as the expert in this area, and other countries lean on the Corps for our expertise.

I think what we offer is expertise. We have some of the smartest, most capable people in water, in water resource management, and in climate change, in all of these areas.

So, it's creating the forum that we need to move forward.

Ms. KAPTUR. Years ago, we used to have legislation, General, over at HUD, where, under model cities, they could serve as a convener, to bring disparate departments together in order to have that dialogue.

Do you have that authority currently?

Ms. DARCY. Congressman, we have some convening authority, but what we also have I think, a couple of examples. One is we as an administration have been looking across budgets with the Corps and Interior and other agencies in different watersheds and some of our ecosystem restoration projects, looking at, what everyone is doing in that watershed or in that ecosystem in order to take the federal resources and have them where they can best be expended, whether it makes more sense for the Fish and Wildlife Service to be doing X, Y, and Z in that ecosystem or whether it makes more sense for the Corps to do. And so through budgeting we can work at it that way.

The President has stood up the navigation task force, so that we within the administration are working together on what our strategy should be going forward to improve not only our ports, but all waterborne transportation.

Ms. KAPTUR. Mr. Chairman, I just wanted to say that I forgot to mention the U.S. Department of Agriculture, very important in all of this watershed planning with resources, with abilities, again. And I have spent 15 years of my career trying to get the Corps and USDA to work together in the largest Great Lakes watershed,

which I represent. And let me tell you, it has been a tough slog. So there is something missing legislatively that encourages you to cooperate, in my opinion.

As you think about any additional authorities you might need, I would hope you would inform people like myself and the Chairman because I think we recognize that we have to do more with less, as you said in your testimony. I remember Congressman Berry, before he left here, from Arkansas. He said, Congresswoman, he said you better pay attention to water because of my region and rice and all the problems we are going to have in accessing water in the future. He said, but nobody in America thinks about the water systems and how they relate to one another.

Mr. FRELINGHUYSEN. Mr. Alexander does and I think that is why he wants to get his oar in the water. Is that right or are you ready?

Thank you, Ms. Kaptur. Mr. Alexander from the great state of Louisiana.

Mr. ALEXANDER. Thank you, Mr. Chairman. I know you all have been at this a while, so I will not ask but one question and do not care who answers it. I do not know if my colleagues have rivers and locks and dams in your districts or not, but we have been concerned down in the State of Louisiana about locks and dams, hours of operation, some being closed, the river is not being properly dredged. And we know the financial burdens that are out there today.

But the question is on the operations of the locks and dams, do you do cost-benefit analysis to see which ones need reduced hours, if it pays to do that? It just seems like it is hard to explain to the public that we have got a gazillion dollars in locks and dams, but we are not going to use them anymore. That is kind of like I said, we built the interstate, but we are going to close it down.

Help us understand. Are you making some of those decisions because of congressional action, like on the hours of operation of the locks and dams and the depth that the river is dredged to make it useful? Is it budget restraints? What can we explain to our people at home?

Ms. DARCY. I will talk about the levels of service at the locks and dams. We did an evaluation looking at all of the locks and dams in the system to evaluate whether the levels of service, meaning how long they are open, what the benefit was. And we did that because we have an O&M budget and we are finding that we need a lot more maintenance. What we did was look at where there were locks and dams operating with a thousand commercial lockages or more a year, and looked at locks and dams that had less than 500 lockages a year. And we looked at those locks and dams and made a determination that if there was not high usage in those locks and dams, we would change the levels of service. Because right now they are 24/7. Whenever you showed up at the lock, it was operated for you, no matter what. We are looking at taking some of that—if we reduce the levels of services, taking that money that we can save from the operations side of the house to put on maintenance. We have a huge maintenance backlog in our lock and dam systems, so in doing that we can use the money for more maintenance.

No lock will be closed. The levels of service, again, will depend on the lockage usage over the last year or two. Each of these will

be evaluated every year to determine whether those levels of service are still justified or warranted, and accommodations can be made. For example, in one of our districts there has been a request to have a lock opened for a particular recreational activity annually, and that is something that we would be able to accommodate under this new levels of service system.

But, we just started it. We want to evaluate it on a yearly basis to make sure that it is not severely adversely impacting the locks. Hopefully, the money that we can save in operation, we can put into the maintenance side of the house.

Mr. ALEXANDER. Thank you.

Mr. FRELINGHUYSEN. We are approaching high noon, but I still have a couple of other questions. I want to get a little better flavor of this transformation here, the whole idea of a national inventory sort of begs the question why have we not had one before? I mean, why have we not been inventorying our assets for generations or what is this? Tell me a little more about what we are doing here.

General BOSTICK. I think you said some of it—

Mr. FRELINGHUYSEN. It sounds good to me, but—

General BOSTICK. Right. And I think the good thing here is that we are taking some actions and enforcing ourselves to change. And we may not be able to stay within the windows and the parameters that we have set, but it is—because we have set some parameters, like Ms. Darcy said, \$3 million, 3 years, work all three levels of service, and put it in a 3-inch binder. When I first came into this job I said, okay, three years is a long time. I will be out of the job pretty close to the job.

We had a project that had taken 16 years to get it through the study. And then I asked them how much the project costs for that study. It was \$41 million. They were saying get it down to 3 million. And then the binder was about 3 inches thick. You had to read through that in order to get through the study. We are forcing ourselves into looking at these projects using Civil Works transformation wherever it can fit and we have been pretty hard in—

Mr. FRELINGHUYSEN. Well, we hope it fits everywhere, I mean, if we are going to start this process here.

General BOSTICK. That is what we want to do. And as I was talking about the infrastructure strategy, one of the parts of that strategy is this watershed approach. And we would love to have a way where not only are we looking at all of the accounts that are in the Corps of Engineers in terms of how we budget, but the accounts that come from EPA and the VA with people getting healthy by walking up and down, you know, some of the construction projects that we have done from Fish and Wildlife and the benefits that they have. And, again, we are working that watershed approach and design.

Mr. FRELINGHUYSEN. Well, we hope that the transformation also includes one of the pillars of our committee, which is keeping America open for business. I think that is—

General BOSTICK. Exactly.

Mr. FRELINGHUYSEN [continuing]. Something that needs to resonate.

The Office of Management and Budget report pursuant to their Sequestration Transparency Act of last fall seems to indicate that

non-federal funds provided to the Corps as a cost share required for federal projects would somehow be subject to the sequester. Is that correct?

Ms. DARCY. Yes, sir.

Mr. FRELINGHUYSEN. That is rather bizarre. So if it is, how can that possibly be the case when those local funds are not included within the budget authority provided to the Corps through appropriations?

Ms. DARCY. That interpretation of the law that non-federal funds are subject to the sequester will be applied across the entire Executive Branch, so it is not just the Corps of Engineers non-federal funds. It is any non-federal funds.

Mr. FRELINGHUYSEN. So the reasoning there is?

Ms. DARCY. That they are subject under the budget act the same as any other funds.

General BOSTICK. I think part of the thought is that, you know, we are going to sequester the federal funds and under a cost share type approach, if you do not have federal funds, then you cannot have non-federal funds to cost share. But those non-federal funds would come back at the end of the fiscal year. We would not spend them. They would be sequestered, but not permanently.

Mr. FRELINGHUYSEN. Well, I have a degree of discomfort with that. I think it sounds weird and bizarre, to register my concern.

Any other comments? Ms. Kaptur.

Ms. KAPTUR. Thank you, Mr. Chairman. This has been an excellent hearing. I wanted to just ask and sort of end on this note. Can anyone at the Corps advise me in what decade the Ogallala will cease to have water in it? Are there estimates of that?

Ms. DARCY. I would expect we have an expert hydrologist who might be able to get us that information.

Ms. KAPTUR. All right. I would be very interested in that and what implications does that have for fresh water in the region served.

I am also interested from each of you, and you do not have to answer for the record now, if could you recommend one book or work from the Corps that would give us an insight on what you, Madam Secretary, call "increasingly complex water challenges of the nation," you state that in your testimony, rather than the project-by-project list that you have subjected to us. What would you recommend we read, each of you?

Ms. DARCY. A book that would draw on that as opposed to my favorite water resources books?

Mr. FRELINGHUYSEN. Is that a question you had not anticipated? Yeah, because I know—

Ms. DARCY. No, it is not one.

Mr. FRELINGHUYSEN [continuing]. Ms. Kaptur has a reading list for me. She has already given me a reading list.

Ms. KAPTUR. He is very kind. He does not need to—

Mr. FRELINGHUYSEN. I had to dust off a few of the old books. Come on, Madam Secretary.

Ms. DARCY. Well, I think last time I just—

Mr. FRELINGHUYSEN. Let us get with the program.

Ms. DARCY. I think the last time I testified before this subcommittee we talked about the Panama Canal book by David Am-

brose that we both had just recently read. But that is more of a localized issue. It is a fascinating book and it is a great read.

Ms. KAPTUR. I followed that one.

Mr. FRELINGHUYSEN. This is a rhetorical question because I know Mr. Visclosky is chafing at the bit to get the last word in here before the hour strikes.

Ms. Kaptur, anything further?

Ms. KAPTUR. No, I will take the Panama Canal book and any others that the secretary and general want to send up here—

General BOSTICK. You know, our institute will—

Ms. KAPTUR [continuing]. For how you view the world. It is good for—because we do not really know one another. You know, we do not really know your life and what you do every day, but it is very interesting how you view the world and what we can learn from that.

General BOSTICK. You know, the Institute of Water Resources has some of our most brilliant water experts in the world. And they are right down in the Ft. Belvoir area, so if you visited there, in fact, they gave me a book and it is probably the book you should read. I have not read it so it is hard for me to recommend it, but I think it is going to be good.

Ms. KAPTUR. All right.

General BOSTICK. I know it is going to be good.

Mr. FRELINGHUYSEN. Say no more. Mr. Visclosky.

Mr. VISCLOSKY. Thank you, Mr. Chairman. We have a revenue problem with the Inland Waterway Trust Fund. And to oversimplify the situation, the administration has a proposal—the Waterways User Board has a proposal. Are we making progress? Is there going to be an agreement reached? Will we see revenue in this fund?

Ms. DARCY. Congressman, we are continuing to work that issue, both with the users as well as within the Administration. As you cite, it is a difficult problem. The Users Board had a recommendation. The Administration, a couple years ago, had a recommendation. And at this point they have not reached an agreement on that.

Mr. VISCLOSKY. Are people talking to each other about this?

Ms. DARCY. Yes, sir.

Mr. VISCLOSKY. They are, today? I mean, not today, but currently?

Ms. DARCY. Not today, but we have been yes.

Mr. VISCLOSKY. Okay. Thank you, Madam Secretary.

Mr. FRELINGHUYSEN. Thank you both for your testimony.

Ms. DARCY. Thank you.

Mr. FRELINGHUYSEN. We stand adjourned. Thank you.

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

U.S. ARMY CORPS OF ENGINEERS – CIVIL WORKS
FISCAL YEAR 2014 BUDGET HEARING

FEBRUARY 27, 2013

GENERAL SEQUESTRATION IMPACTS

STUDIES AND PROJECTS

Subcommittee. How many fewer studies and construction projects do you anticipate being able to fund under a full-year CR with sequestration compared to fiscal year 2012?

Assistant Secretary Darcy. The FY 2013 Work Plan is still under development. Until it is finalized, we are unable to forecast any change in the number of funded studies and projects.

SANDY SUPPLEMENTAL

Subcommittee. Unfortunately, sequestration will apply to the Sandy supplemental funds as well. Can you please discuss the likely impacts of that funding cut?

Assistant Secretary Darcy. Hurricane Sandy supplemental, Public Law 113-2, is subject to the uniform sequestration percentage for non-defense discretionary accounts, which is about 5.0 percent. At this time, we believe that the post-sequester funding should be sufficient to fund most Civil Works work eligible for funding under Public Law 113-2, with the possible exception of activities in the Construction account, for which future decisions may determine eligibility.

NON-FEDERAL FUNDS

Subcommittee. OMB's report pursuant to the Sequestration Transparency Act last fall seemed to indicate that non-federal funds provided to the Corps as the cost-share required for federal projects would somehow be subject to the sequester. Is that correct?

If so, please provide the legal justification for sequestering these funds – funds that are not included within the budget authority provided to the Corps through appropriations.

Assistant Secretary Darcy. We are in the process of working to clarify this issue and plan to follow the spirit of the law.

IMPACTS OF REDUCED FUNDING

BUDGET CONTROL ACT

Subcommittee. Under the Budget Control Act, funding caps are set out through fiscal year 2022. For FY 2014 this would mean an approximate 10% cut to non-defense discretionary funding. If you assume sequester will occur and a 10 percent cut to the Corps in 2014, total funding for the Corps of Engineers would be reduced to about \$4.3 billion. What would the Corps program look like at that funding level?

What are the “fixed” costs of the Corps of Engineers to operate and maintain the existing infrastructure in our waterways system, both in terms of actual work and the organizational oversight required?

Assistant Secretary Darcy. The Corps does not operate, oversee, or fund the operations of our coastal ports. It assists these ports by providing harbor maintenance and related work, but only for a portion of the existing infrastructure – specifically, for the authorized parts of the channels in these ports. None of this work involves “fixed” costs.

The Corps operates, maintains, repairs, and rehabilitates the locks and dams of the inland waterways. It also maintains the channels and other navigation features. None of this work involves “fixed” costs.

Subcommittee. Are there other fixed costs that the Corps must comply with -- the Regulatory program for example?

Assistant Secretary Darcy. There are no other “fixed” costs that the Corps must comply with in the Regulatory Program. The Regulatory Program is primarily labor-based with additional and variable associated indirect costs.

Subcommittee. What would the impact to the program be of a \$4.3 billion top line combined with the requirement to fully fund the income of the Harbor Maintenance Trust Fund?

Assistant Secretary Darcy. We consider all work not funded in the Budget to be of lower priority than the work that is being funded. Therefore,

such a requirement would in effect redirect significant funding to work that will provide a lower return to the Nation.

It would benefit coastal navigation at the expense of our other program areas, including inland navigation. More specifically, it would have a serious negative effect on the ability of the Corps to perform work in most or all of its other Civil Works program areas of responsibility.

DEFERRED MAINTENANCE

Subcommittee. Deferred maintenance on existing Federal projects has increased from \$884 million in 2003 to nearly \$3.0 billion in 2012. In the last 4 years the average annual increase in deferred maintenance has been nearly \$400 million, despite an investment of \$4.6 billion in the Recovery Act in 2009.

Given the age of the facilities, is this trend is expected to continue?

What does that mean for the Corps O&M account? Will we need to begin reducing the inventory of what is maintained?

Do you believe that the Administration and the Congress should begin to consider deauthorizing projects?

Assistant Secretary Darcy. In the O&M program, the mix of maintenance work changes from year to year. The Corps does not keep track of a backlog of maintenance work as such on an ongoing basis. Instead, it compiles a new estimate each year of the sum of all amounts not funded that the individual project managers say they could efficiently obligate by the end of the fiscal year.

Also, the two figures cited are not comparable. The estimates of unfunded O&M work that the Corps provided 10 years ago only covered the portion of such work that the Corps viewed as its next highest priority, after the work funded in the Budget. More recently, the estimates provided have covered all identified unfunded maintenance work.

Nevertheless, maintaining the key features of our infrastructure is becoming more costly over time. This is because of the condition of some of the components, as well as cost increases in the broader economy, not because of the age of our projects. Operational demands have also grown and changed, particularly over the past 30 years, creating additional stresses on this infrastructure.

The Corps infrastructure strategy emphasizes lifecycle portfolio management and the best use of the available funding. The Corps maintains a national inventory of its assets, and evaluates the condition of each major component of this infrastructure and the risks associated with current

conditions. It has begun to use lifecycle portfolio management to inform funding priorities based on the risk and consequences of failures, as well as the risk and consequences of scheduled and unscheduled outages.

A large part of this effort is dedicated to determining the best investment strategy for any given level of resources, through a focus on the most critical components at the projects with the highest potential for a reduction in risk from a national perspective. This supports our effort to set priorities for maintenance work from a national perspective using objective criteria. Over time, it will also improve our understanding of general trends in the condition of our infrastructure and their impacts on performance.

The strategy also calls for analyses, where appropriate, to support recommendations on which projects to repurpose, which projects to transfer to other parties, and which projects to de-authorize and decommission. For example, this could include an evaluation prior to making a substantial further investment to inform decisions on whether an existing project or series of projects should remain, or should no longer be, a Federal responsibility. The strategy also calls for analyses, where appropriate, to support recommendations on which projects to repurpose, which projects to transfer to other parties, and which projects to de-authorize and decommission. For example, this could include an evaluation prior to making a substantial further investment to inform decisions on whether an existing project or series of projects should remain, or should no longer be, a Federal responsibility. In some cases, the original authorized purposes may no longer be a priority, especially when the continued costs of operation and maintenance or the cost of further capital investment are taken into account. In other cases, new authorizations may be appropriate to address current and emerging national needs.

DAM SAFETY**FUNDING DAM SAFETY ACTION CLASS (DSAC) I PROJECTS**

Subcommittee. In previous budget hearings, the Administration and the Subcommittee have both recognized our most critical dam safety projects as being very high priorities for funding.

Have there been any changes in requirements since the fiscal year 2013 budget request?

Assistant Secretary Darcy. There are no significant changes in the requirements to perform work on the dam safety projects funded in the FY 2013 Budget. However, contract delays on East Branch and Center Hill have shifted the work to address some of the requirements for these projects to later years.

Subcommittee. In past hearings, the Corps projected that funding requirements for dam safety needs would continue to grow, as our infrastructure continues to age, as we continue to refine our understanding of risks, and as design standards continue to evolve. Have any of the factors underlying the previous projections changed? If so, how does that change projections for future funding requirements?

Assistant Secretary Darcy. The Corps developed the Dam Safety Investment Plan in 2010 which indicated a total of \$26 billion for 304 actionable dams and is currently updated to reflect the most current understanding of the overall portfolio risks. We anticipate the update will show about a \$2billion to \$3billion reduction in the overall investment need due to two factors: (1) ongoing investments in the construction account, which have varied between \$300 million to \$500 million per year; and (2) the cost savings and cost avoidance resulting from implementing risk informed designs. This allows the design of dam safety projects to more closely focus on the specific areas of risk, which can reduce the overall project costs.

Subcommittee. If we assume that the fiscal year 2013 needs are met, are there any other factors that might influence the future capability levels for dam safety projects?

Assistant Secretary Darcy. We have redesigned our policies, processes, and methods for delivering dam safety modifications in a more efficient, effective, and risk informed manner. We expect our estimates of the future capability of this program to vary based on changes in the conditions of the projects over time, and the pace and delivery of the studies/decision documents that are funded by the Dam Safety and Seepage/Stability Correction Program.

SEQUESTRATION

Subcommittee. Will the DSAC I projects receive priority under a full-year CR with sequestration scenario? Will they receive funding at full capability or something less?

Assistant Secretary Darcy. The Corps has been prioritizing and advancing DSAC 1 and DSAC 2 dams at full capability since 2009 and would expect to do so even under a full-year CR for FY 2014.

RISKS AND CONSEQUENCES OF DAM FAILURES

Subcommittee. Can you please give examples of specific risks at current projects?

How many people rely on these dams for flood protection or alternatively how many people would be impacted if any of these dams were to fail?

Assistant Secretary Darcy. Approximately 15 million people live and work in the inundation areas below the 704 dams in the Corps portfolio. The number of people affected and the overall impacts of a dam breach will vary based on many factors, including the amount of water behind the dam, the topography of the area into which the water will flow, the number of people below the dam, their ability and inclination to leave, their location in the floodplain, the time available to notify them, the effectiveness of local emergency warnings and other evacuation procedures, and the availability of suitable evacuation routes. In some situations, those who do not evacuate in time could be at risk.

Subcommittee. What kinds of impacts would these individuals see?

Assistant Secretary Darcy. Major impacts include the direct loss of life or injuries, direct economic and environmental loss, and indirect social and economic losses associated with the duration required for reconstruction and reconstitution of the communities.

Subcommittee. How many businesses rely on proper operation and maintenance of these dams, either for flood protection or for other project purposes such as water supply or recreation?

Assistant Secretary Darcy. The Corps does not gather data on the number of businesses that benefit from each of its projects, but suffice it to say that there are many such businesses at most if not all of our multi-purpose dams. These projects generally also provide benefits to public infrastructure, private homes, and individuals.

NAVIGATION**SEQUESTRATION**

Subcommittee. The OMB report pursuant to the Sequestration Transparency Report last fall seemed to indicate that some portion of the Harbor Maintenance Trust Fund would be subject to a sequester. Can you please clarify how that will be implemented? Will that set a limit on funding for harbor maintenance activities regardless of how you would otherwise prioritize funding? Or does that just mean that because you will have less money available in the Operation and Maintenance account, you very well may spend less from the Trust Fund in fiscal year 2013?

Assistant Secretary Darcy. Some funds may be temporarily sequestered in the Harbor Maintenance Trust Fund, but the exact amount is unknown at this time. Overall project allocations that are derived from the Harbor Maintenance Trust Fund in the Operation and Maintenance, Construction, and Mississippi River and Tributaries accounts will be reduced to reflect the amount sequestered in the Trust Fund.

RAMP ACT EFFECTS

Subcommittee. There is significant interest here in Congress in increasing the portion of the Harbor Maintenance Tax that is actually spent on dredging and other eligible activities each year. I think we can all agree that the dredging needs exist and that as a matter of fairness, we should spend revenue collected for a specific purpose on that purpose. In this budget environment and under current scoring rules, however, it is very difficult to put that into practice.

For illustrative purposes, could you please talk about what would happen to the rest of the Corps' operation and maintenance program if in fiscal year 2013 we were to be under a continuing resolution, implement sequestration, and spend all revenues collected on eligible harbor maintenance activities?

Assistant Secretary Darcy. That would amount to a significant reduction – a total of around \$800 million in FY 2013 – in funding for the rest of the Civil Works program, including inland navigation. It is difficult to say how much of that shortfall the Congress would allocate to O&M and how much to our other programs. We consider all work not funded in the Budget to be of lower priority than the work that is being funded. Therefore, such a requirement would in effect redirect significant funding to work that will provide a lower return to the Nation.

Subcommittee. Looking at the non-defense discretionary spending caps in the Budget Control Act, it may be optimistic to assume that funding for the Corps in the next few years will remain steady at the fiscal year 2012 funding level of \$5 billion. Could you please describe possible impacts to other Corps programs if, within a \$5 billion overall budget, the Corps were to spend all annual Harbor Maintenance Tax revenues on eligible harbor maintenance activities?

Assistant Secretary Darcy. Such a requirement would in effect redirect significant funding to work that will provide a lower return to the Nation. Also, the amounts collected from the harbor maintenance tax have been increasing significantly over recent years. If that trend continues, such a requirement would have an even greater negative impact on the funding available for our other work over time.

SYSTEMS APPROACH TO FUNDING NAVIGATION PROJECTS

Subcommittee. The Corps' program has often been criticized as being just a collection of individual projects rather than a coherent national program. Does the Corps approach funding for navigation projects on a systemic basis?

Assistant Secretary Darcy. The Corps uses objective, nationwide performance criteria to guide the allocation of funding among projects, for both the coastal navigation and the inland waterways programs.

Each project receives its own allocation of funds. The Corps considers the return of each potential investment from a national perspective. We do this mostly based on project-specific factors such as the level of traffic that the project supports, the level of service that the project provides, the condition of its features and their component parts, and the risk and consequences of an interruption of service.

For coastal channel improvements, the Corps evaluates the potential investments one project at a time. We generally do not consider whether there may be other, better ways – aside from improving the channels of the port that is cost-sharing the study – to improve overall service to the region (e.g., deepening another port first, investing in an intermodal connection first, removing a bridge first, etc.). In that sense, one could say that we view our coastal port improvement projects mostly as a collection of individual projects. However, the ports operate alongside each other and are part of the broader global transportation network. In this way, our coastal ports and related infrastructure offer a range of options to shippers.

By contrast, we evaluate each of the major segments of the inland waterways as a unit or system. More specifically, the Corps will consider how a potential investment in a lock or dam at one project would affect overall performance of the entire waterways segment, and will compare competing investments at different projects within the segment on that basis as well. Many of the segments are connected hydrologically. However, each of them is largely separate from the others from an investment and operational perspective.

Subcommittee. How do you analyze which ports and harbors to fund at what level?

Assistant Secretary Darcy. In formulating its funding recommendations, the Corps focuses on the work that will provide the greatest economic, environmental, and public safety returns to the Nation.

Subcommittee. How do you determine what the top-line for navigation should be in any given budget request?

Assistant Secretary Darcy. The Corps focuses funding on those projects across the entire Civil Works program that provide the greatest economic, environmental, and public safety returns to the Nation at that time. Therefore, funding for the Navigation program competes against other Civil Works programs, projects, and activities for available resources.

DREDGING NEEDS

Subcommittee. We are now several months into fiscal year 2013, and an entire year beyond the submission of the fiscal year 2013 budget request – has anything happened to change the fiscal year 2013 dredging needs?

Thinking more long-term, is there any reason to anticipate significant changes in annual dredging needs? For instance, are we seeing channels silt in at roughly the same rates as in the past? Are capacity and competition in the dredging industry remaining steady? Are the costs of disposal changing?

Assistant Secretary Darcy. Both Hurricane Sandy and the drought in the Upper and Middle Mississippi have had an impact on navigation. Hurricane Sandy caused significant shoaling of navigation channels along the East coast and in some of the Great Lakes channels. The drought has caused record low lake levels in the Great Lakes and the lowest water levels in the Upper and Middle Mississippi River in the past 58 years. O&M funding to address the impacts of Hurricane Sandy on navigation – for the East coast and the Great Lakes – was provided in the Disaster Relief Appropriations Act, 2013.

Annual dredging needs will continue to vary depending on climatic conditions and events such as droughts, hurricanes, floods, and other storm events. Over time, the frequency of extreme weather events may be increasing. In addition, dredging requirements will typically increase as navigation projects are deepened to accommodate larger vessels. Competition in the dredging industry has generally remained steady, and several dredging contractors have either recently constructed new dredges, or have new dredges on order. The cost of dredged material placement is generally increasing as a result of open water and historically used placement sites being replaced by sites that are located a farther distance away or are otherwise more costly to use. Dredging costs in general have increased as a result of increases in fuel, labor, and steel costs, increased environmental restrictions, and increased placement costs.

STATUS OF NAVIGATION ON THE MISSISSIPPI RIVER

Subcommittee. The drought affecting much of the country right now had serious implications for navigation on the Mississippi River, particularly the Middle Mississippi. Can you please update us on what the status of navigation is right now, what the projections are for the next few months, and what the economic and other consequences have been to date?

Assistant Secretary Darcy. The Corps has been able to maintain navigation during the recent low-water conditions on the middle Mississippi River. The Corps worked aggressively since the mid-summer of 2012 to provide operable navigation channels for the continued flow of waterborne commerce. These actions included: accelerated dredging, rock removal, structural measures, strategic management of water releases from Corps reservoirs, routinely scheduled channel surveys, and close collaboration with channel users and the U.S. Coast Guard on river conditions and navigation aids. Phase I rock removal work will be completed in February 2013. The rock removal and river training structures will provide permanent improvements to the Mississippi River's navigable channels.

Water levels on the Upper and Middle Mississippi River have risen and there are no navigation issues on the River at this time. Water levels over the next several months should be adequate to maintain navigation.

Tow sizes and vessel drafts were reduced for a period due to the low water conditions resulting from the drought. The Corps does not have specific data on the economic impacts, but the use of the river for moving cargo is subject to weather conditions. In most cases, alternative routes, sources, or uses for the affected goods are available.

INLAND WATERWAYS SYSTEM AND TRUST FUND**PROJECTED REVENUES**

Subcommittee. For the past two years, projected revenues into the Inland Waterways Trust Fund from the existing diesel tax have been in the range of \$90-100 million. Can we anticipate revenues to be somewhere in that range for this fiscal year and next or do you have reason to believe projected revenues will change significantly for some reason?

Will the recent drought situation and resulting impacts to navigation on the Middle Mississippi have any impact on projected revenues into the Trust Fund?

Assistant Secretary Darcy. Revenues in the Inland Waterways Trust Fund (IWTF) were \$84 million in FY 2011 and \$89 million in FY 2012. The U.S. Treasury Department projects FY 2013 IWTF revenues to be approximately \$95 million.

What impacts the drought will have on the IWTF revenues is not known at this time. If a significant amount of tonnage were diverted to other transportation modes, less tonnage would be moving on the waterways. That would tend to reduce the fuel used on the inland waterways and the revenue generated from the fuel tax. On the other hand, shipments on the waterways under low water conditions tend to require the use of smaller tows and lighter barge loads. That could require more vessel trips/per ton of cargo shipped, which would involve greater use of fuel and could increase the revenue generated from the fuel tax.

ADMINISTRATIVE IMPROVEMENTS

Subcommittee. The Administration has made it clear that it does not support many of the legislative recommendations of the Inland Waterways Users Board for increasing investment in the inland waterways system. Do you support, or have you already implemented, any of the administrative recommendations, such as those for project planning and management?

Assistant Secretary Darcy. The Corps has implemented recommendations regarding project management certification, the requirement to use risk-based cost estimates for projects exceeding \$40 million in total project cost, the requirement for independent external peer review, and the creation of an inland navigation center of expertise. Other recommendations are still under consideration.

ADDITIONAL REFORMS

Subcommittee. Do you see any room for compromise between the Administration's proposal and the Inland Waterways Users Board proposal? Has the Administration taken any steps to engage in negotiations to that end?

Assistant Secretary Darcy. The Administration submitted a new legislative proposal to the Congress in 2011, which responded to comments from the Inland Waterways Users Board. The Administration has also met with inland navigation stakeholders to discuss their respective positions. The Administration looks forward to working with the Congress and inland navigation stakeholders to identify solutions for increasing revenues in the Inland Waterways Trust Fund.

OLMSTED LOCKS AND DAM**STATUS UPDATE**

Subcommittee. What is the status of construction of the Olmsted Locks and Dam project? What is the current estimated completion date?

Assistant Secretary Darcy. As of 27 Feb 2013, thirteen shells had been successfully set in the river and five shells are in the precast yard. Navigation pass foundation work and continuation of setting of tainter gate shells are scheduled in 2013. The project is proceeding at an efficient pace and all critical path activities are on or ahead of schedule to meet the 2024 project completion date. The dam is scheduled to be operational in FY 2020.

If the authorized cost of the project is not increased by Congress by the end of March 2013, the Corps will begin developing options for a project slow down.

Subcommittee. The Corps undertook a review of alternatives to complete the project expeditiously, at least in part due to concerns expressed by this Subcommittee. What is the status of that review?

Assistant Secretary Darcy. A review of the option to switch to a more traditional construction method has been performed. The current method of construction, "in the wet", was compared with the traditional "in the dry" method. The review was completed, the Corps' center of expertise for Cost Assessment and Program Evaluation was consulted, and an independent external peer review was performed in January 2013 confirming "in the wet" was the most expeditious method to complete the project.

Subcommittee. Has a decision been made yet as to whether the project will be completed using the "in the wet" construction method?

Assistant Secretary Darcy. Yes, the method of construction was reviewed and an independent external peer review was performed in January 2013. This review verified continuing the "in the wet" construction method as being the most expeditious.

AUTHORIZED COST INCREASE (902 LIMIT)

Subcommittee. The fiscal year 2013 budget request proposed a substantial increase in the authorized cost of the Olmsted Locks and Dam project

Has the Administration been working with the authorizing committees to enact this increase in authorized cost?

We've been told that even though the authorization limit – or 902 limit won't be reached until early in fiscal year 2014, without having the legislative change in the near future, the Corps will have to decide whether to continue work at the same pace and possibly stop abruptly when the 902 limit is reached or whether to slow down work earlier in the hopes that a fix can be enacted before a complete work stoppage is necessary. Has a decision been made to date? If not, what is the timeframe for making this decision?

Assistant Secretary Darcy. The current 902 limit for the Olmsted project is \$1,695,395,522. As of 31 January 2013, \$1,508,620,161 has been expended on the project. The current course of action is to proceed in FY 2013 full speed ahead on all critical path activities to remain on schedule for dam operational in 2020. The Corps will need to assess the status of the 902 limit fix, or the lack of a 902 limit fix, at the end of March 2013, in order to begin to develop options for a project slow down.

IMPACT ON THE INLAND WATERWAYS TRUST FUND

Subcommittee. What does it mean for the rest of our inland waterways system to expect Olmsted to monopolize funding from the Trust Fund for so many years? Does this situation do anything to impress upon the Administration the urgency of developing a real proposal to address the Trust Fund shortfall?

Assistant Secretary Darcy. The Administration is very much aware of the need to increase revenues to the Inland Waterways Trust Fund. We submitted a reasonable, realistic legislative proposal to the Congress in September 2011. This proposal supports an increase in capital investment on the inland waterways, responds to comments from the Inland Waterways Users Board, and serves the broader public interest.

Subcommittee. What are the chances of failure at the other locks and dams in the inland waterways system? Will the Corps be able to operate them for the middle to long term without additional resources?

Assistant Secretary Darcy. Olmsted is not the source of this problem. The risk of failure at other locks and dams on the inland waterways will likely increase over time in the absence of sufficient Inland Waterways Trust Fund resources to rehabilitate this infrastructure periodically. The failures could have a range of severity, frequency, and impacts.

Preliminary analysis suggests that the severity, frequency, and impacts of these kinds of events may be increasing. The Corps is developing infrastructure processes that will enable it to tactically forecast and more precisely quantify the severity, frequency and location of such likely failures and further quantify the lost efficiencies to the Nation. The Corps is using such data already to establish priorities for funding work. It is also developing and implementing asset management principles that will further assist in prioritizing maintenance needs to obtain the greatest economic and public safety benefits within limited resources.

SMALL, REMOTE OR SUBSISTENCE NAVIGATION**SEQUESTRATION**

Subcommittee. While it's true that for the most part, small, remote, and subsistence navigation projects tend to have a smaller impact at the national level, they still positively contribute to the national economy and are often vital to the local and regional economies. In the likely scenario of a full-year CR for fiscal year 2013 and sequestration is implemented, what kind of consideration will be given to dredging these smaller ports and waterways?

Assistant Secretary Darcy. The Corps of Engineers will continue to consider funding for small, remote, or subsistence harbors; however, sequestration will reduce the overall amount of funds available for these and other projects.

ASIAN CARP**GLMRIS**

Subcommittee. The transportation bill enacted in July 2012 directed the Corps to complete the Great Lakes and Mississippi River Interbasin Study (GLMRIS) within 18 months, which equates to a deadline of January 3, 2014. Are you on track to meet that deadline? If not, when do you expect to complete the report?

Assistant Secretary Darcy. At this time, the Corps estimates that the GLMRIS Report will be submitted to Congress within the timeframe directed in PL 112-141. This Report will provide Congress and other stakeholders with an array of alternatives for preventing the spread of aquatic nuisance species between the Great Lakes and Mississippi River basins.

INTERIM MEASURES

Subcommittee. The Energy and Water bill for the past few years has included authority to take emergency interim measures while the larger study is ongoing to prevent the spread of Asian carp. Have you identified any additional such emergency measures to be implemented this fiscal year or next?

Assistant Secretary Darcy. At this time, the Corps has not identified any emergency interim measures for this fiscal year or next. Any additional measures that are identified will be evaluated in the Comprehensive Efficacy Study, scheduled for release in FY14. However, this authority—which allows the Corps to implement interim risk reduction measures to address hazards that might reduce the efficacy of the electric barriers—has proven effective in the past. For example, in 2010, the authority allowed the Corps to emplace barriers along the Des Plaines River to reduce the likelihood of Asian carp bypassing the electric barriers via the Des Plaines during a high-water event.

AUTHORIZED PROJECT COST LIMITS (902 LIMITS)**OVERSIGHT**

Subcommittee. The Subcommittee has heard of several projects that may have to be delayed due to needing legislative changes in the authorized project cost limits, or 902 limits. We can no longer make these changes at the request of Members, because they would be considered congressional earmarks and are prohibited.

What management improvements have been implemented to make sure these issues are identified and addressed in a timely manner?

Assistant Secretary Darcy. The Army is committed to identifying and addressing all projects that may have a Section 902 cost limit problem, and to doing so as early as possible. In order to assure project total cost estimates are accurate and reliable the Corps has improved its cost estimating capability by implementing new policy and guidance on cost and schedule risk analysis to identify and quantify the potential risks for cost increases during the project construction life cycle and developing means to address these risks through the use of risk registers that are included with the current total project cost estimate. The Corps has established a Cost Center of Expertise that provides Agency Technical Review of cost estimates, certifies baseline cost estimates, standardizes cost engineering terminology and identifies sources of risk that can lead to increases in total project costs estimates. These two initiatives have improved the Corps' ability to develop baseline cost estimates with higher confidence levels and have led to more accurate identification and quantification of risk, improved communication between the project delivery team and customers, and more reliable and defensible project contingencies in cost estimates.

Subcommittee. How many projects have possible 902 limit issues this year or next year?

Assistant Secretary Darcy. There are forty-four (44) projects with known Section 902(a) cost limit issues. A table listing projects with known Section 902(a) cost limit issues is attached (see next page.)

PROJECTS WITH CURRENT TOTAL PROJECT COST ESTIMATE THAT EXCEEDS SECTION 902(a) LIMIT (Total Project Cost Estimate Is Certified or Based on Best Available Information)	
American River Watershed, Common Features, CA	CA
American River Watershed, Common Features, Natomas Basin and Sutter Counties, CA ¹	CA
Assateague Island, MD	MD
Atlantic Coast Long Island East Rockaway Inlet to Norton Point (Coney Island), NY ⁶	NY
Atlantic Coast Long Island Jones Inlet to East Rockaway Inlet (Long Beach Island), NY ⁶	NY
Bayou Sorrel, LA ⁶	LA
Blue River Basin, MO ⁶	KS
Cape Girardeau Floodwall, MO ⁶	MO
CERP: Adaptive Assessment And Monitoring, FL	FL
CERP: Picayune Strand Restoration, FL	FL
Chicago Shoreline, IL ⁶	IL
Chickamauga Lock Replacement, TN ⁶	TN
Corpus Christi Ship Channel, TX ⁶	TX
Des Moines and Raccoon Rivers, IA ⁶	IA
Des Plaines River, IL	IL
Folly Beach, SC	SC
Houston Galveston Navigation Channels, TX ⁶	TX
Howard Hanson Dam, WA ⁶	WA
J.T. Myer Locks Improvement, IN & KY ⁶	IN & KY
Kentucky Lock Addition, KY ⁶	KY
Kissimmee, FL	FL
Little Calumet, IN ³	IN
Locks and Dams 2, 3 and 4, Monongahela River, PA	PA
Louisiana Coastal Area, LA - Medium Diversion at White's Ditch ¹	LA
Lower Snake Fish and Wildlife Compensation Plan, WA, OR & ID	WA
Miami Harbor Deepening, FL ^{5,6}	FL
Morganza to Gulf, LA ⁶	LA
Olmsted, IL & KY ³	KY, IL
Pawleys Island, SC ⁶	SC
Ponce de Leon Inlet, FL ⁶	FL
Poplar Island (Expansion), MD ⁶	MD
Presque Island (Permanent), PA	PA
Raritan Bay and Sandy Hook Bay, Port Monmouth, NJ	NJ
Rio De Flag, AZ ⁶	AZ
Rio Grande De Arecibo, PR ⁶	PR
Rio Puerto Nuevo, PR	PR
Roseau River, MN ^{4,6}	MN
San Juan Harbor, PR ⁶	PR
Savannah Harbor Expansion, GA ²	GA
South Sacramento County Streams, CA ⁶	CA
Tres Rios, AZ ⁶	AZ
Washington DC and Vicinity, DC ⁶	DC
Western Sarpy, NE ⁶	NE
Wood River (Reconstruction), IL	IL

Note 1: Chief's Report submitted to Congress 2011

Note 2: Chief's Report submitted to Congress 2012

Note 3: PACR submitted to Congress 2012

Note 4: PACR submitted to Congress 2013

Note 5: Report of Anomaly submitted to Congress 2012

Note 6: Project not in FY2013 President's Budget

PROJECTS WITH CURRENT TOTAL PROJECT COST ESTIMATE THAT EXCEEDS SECTION 902 LIMIT (BASED ON AVAILABLE INFORMATION) WITH A CHIEF'S REPORT, PROJECT CHANGE REPORT OR WITH REPORT OF ANOMALY TO CONGRESS	
American River Watershed, Common Features, Natomas Basin and Sutter Counties, CA ¹	CA
Savannah Harbor Expansion, GA ²	GA
Olmsted, IL & KY ³	KY, IL
Little Calumet, IN ³	IN
Miami Harbor Deepening, FL ⁴	FL
Louisiana Coastal Area, LA - Medium Diversion at White's Ditch ¹	LA
Roseau River, MN ⁴	MN
Note 1: Chief's Report submitted to Congress 2011 Note 2: Chief's Report submitted to Congress 2012 Note 3: PACR submitted to Congress 2012 Note 4: PACR submitted to Congress 2013 Note 5: Notification of Anomaly submitted to Congress 2012	

PROJECTS WITH KNOWN OR POTENTIAL 902(a) COST LIMIT ISSUES IN 2013 PRESIDENT'S BUDGET SUBMISSION	
American River Watershed, Common Features, CA	CA
American River Watershed, Common Features, Natomas Basin and Sutter Counties, CA	CA
Assateague Island, MD	MD
CERP: Adaptive Assessment And Monitoring, FL	FL
CERP: Picayune Strand Restoration, FL	FL
CERP: Site One Impoundment, Phase II, FL	FL
Des Plaines River, IL	IL
Folly Beach, SC	SC
Kissimmee, FL	FL
Little Calumet, IN	IN
Louisiana Coastal Area, LA - Medium Diversion at White's Ditch	LA
Lower Snake Fish and Wildlife Compensation Plan, WA, OR & ID	WA, OR & ID
Olmsted, IL & KY	KY, IL
Presque Island (Permanent), PA	PA
Raritan Bay and Sandy Hook Bay, Port Monmouth, NJ	NJ
Savannah Harbor Expansion, GA	GA
Wood River (Reconstruction), IL	IL
PROJECTS WITH KNOWN OR POTENTIAL 902(a) COST LIMIT ISSUES NOT IN 2013 PRESIDENT'S BUDGET SUBMISSION	
Atlantic Coast Long Island Jones Inlet to East Rockaway Inlet, NY	NY
Atlantic Coast Long Island East Rockaway Inlet to Norton Point, NY	NY
Bayou Sorrel, LA	LA
Blue River Basin, MO	MO
Cape Girardeau Floodwall, MO	MO
Chicago Shoreline, IL	IL
Chickamauga Lock Replacement, TN	TN
Corpus Christi Ship Channel, TX	TX
Des Moines and Raccoon Rivers, IA	IA
Houston Galveston Navigation Channels, TX	TX
Howard Hanson Dam, WA	WA
J. T. Myers Lock Improvement, IN & KY	IN & KY
Kentucky Lock, KY	KY
Kissimmee, FL	FL
Miami Harbor Deepening, FL	FL
Morganza to Gulf, LA	LA
Pawleys Island, SC	SC
Ponce de Leon Inlet, FL	FL
Poplar Island (Expansion), MD	MD
Rio De Flag, AZ	AZ
Rio Grande De Arecibo, PR	PR
Roseau River, MN	MN
San Juan Harbor, PR	PR
South Sacramento County Streams, CA	CA
Tres Rios, AZ	AZ
Washington DC and Vicinity, DC	DC
Western Sarpy, NE	NE

CIVIL WORKS TRANSFORMATION

PLANNING MODERNIZATION

Subcommittee. The Corps recently began a Planning Modernization initiative. Can you please provide us with details on what that initiative is, how it is being implemented, and the impacts on previously started studies?

Assistant Secretary Darcy. Planning Modernization is focused on improving the processes and products that support timely and effective decisions regarding our Nation's water resources needs. The improved planning performance will include: updated planning guidance and policy; streamlined, adaptable planning processes that improve our effectiveness, efficiency, transparency, responsiveness; and enhanced technical capabilities.

Subcommittee. What were the guidelines for determining which studies would be placed in the "inactive" status?

Assistant Secretary Darcy. Inactive studies are authorized studies that meet any of the three following criteria: 1) have not been funded in at least one of the last three fiscal years; or 2) lack non-federal support; or 3) do not appear to serve a Federal interest. Consistent with current guidance, every fiscal year each study's classification is reviewed to assess whether it should remain active or consistent with the aforementioned criteria or be moved to the inactive category.

Subcommittee. How many studies were placed on inactive status? Compared to how many kept in active status?

Assistant Secretary Darcy. The current planning portfolio includes 218 active studies and 32 inactive studies.

Subcommittee. Can any of these inactive studies become active studies again at some point? If so, what factors would be considered?

Assistant Secretary Darcy. Studies may return to active status if there is a change with regard to any of the three criteria identified above.

Subcommittee. One of the major components of this initiative seems to be the goal to complete studies within 3 years and \$3 million. That sounds like a good goal, but just setting the goal doesn't mean it will be achieved. What actual changes to Corps procedures are being made to reduce the time and cost of completing studies without sacrificing the quality of information contained in them?

Assistant Secretary Darcy. The Corps has established procedures to enable the completion of most studies within 3 years and \$3 million, however Corps study teams may provide justification to a Senior Leaders panel on why additional time and expense is necessary to develop a final recommendation and report.

While there are many process and procedural requirements for feasibility studies that are required by law or policy, specific changes to Corps feasibility study procedures are:

- New feasibility study “milestones” to ensure frequent and integrated Corps District, Division and Headquarters communication throughout the study. This reduces timeframes for basic decisions regarding scoping, the identification of a focused array of alternatives, the selection of a tentative plan, and endorsement of a recommended plan.
- Concurrent – rather than sequential – review of the draft integrated feasibility and NEPA report, by the public, legal, technical (including independent external peer review), and policy, saves both time and money.
- A new “Agency Decision Milestone” occurs after concurrent review of the draft integrated report and it ensures the time and cost of detailed engineering, design, and cost estimates are focused on a single recommended plan, or on that plan plus a locally preferred plan, rather than on many alternatives.

BUDGET DEVELOPMENT

Subcommittee. One initiative of the Civil Works Transformation effort has to do with budget development. Can you please describe this initiative?

Assistant Secretary Darcy. The Army supports development of criteria that will promote a watershed or systems-based approach to formulating budget recommendations. In 2012, the Corps piloted the development of an alternative watershed or systems-based approach for budgeting for Civil Works activities. The lessons learned from that effort are being used to develop a potential business process that will enable a more integrated means of water resources management and improve the prioritization and justification of budget allocations.

Subcommittee. Does this mean we should expect the fiscal year 2014 budget request to be either developed or presented differently than in the past? Or will changes not become apparent until future years?

Assistant Secretary Darcy. At this time, we do not anticipate the FY 2014 budget request to be developed or presented differently. However, current efforts are being used to inform potential changes after FY 2014.

METHODS OF DELIVERY

Subcommittee. Can you please explain the Methods of Delivery initiative – what the purpose is, as well as what actions you are taking to meet that purpose?

Assistant Secretary Darcy. The Methods of Delivery initiative is a reassessment of the Corps' business processes and the way it is organized. The primary purpose of the Methods of Delivery initiative is to improve the efficiency and effectiveness of the work performed under the Army Civil Works program, now and in the future. The Corps approaches management of the Civil Works program on a regional basis, providing Division Commanders with flexibility. This has enabled the Corps to be more responsive, more flexible, more efficient, and apply more technical expertise to solve complex mission requirements. The Corps has also centralized some specialized design and analysis functions into regional and national centers. These centers help retain and develop specific, specialized knowledge, skills and experience that are essential to successful accomplishment of the specialized segments of our overall workload.

There are three USACE-wide Method of Delivery changes included in the current initiative. They include:

Dam Safety Modification Centers. The Corps has established seven regional Dam Safety Modification Centers, and one Dam Safety Mandatory Center of Expertise (MCX). The MCX, located in the Great Lakes and Ohio River Division, provides oversight and review of dam safety projects, and develops dam safety engineering and construction criteria. The six regional Modification Centers will accomplish technical design solutions for complex dam safety projects, providing the specialized expertise necessary for this critical function.

Inland Navigation Design Center. The Corps established an Inland Navigation Design Center to help provide consistency and quality for specialized designs of navigation structures and facilities on inland waterways, and they will also develop the specialized design criteria necessary for this work. The Center is headquartered in the Mississippi Valley Division, with an additional location in the Great Lakes and Ohio River Division.

Deep Draft Navigation Economics Production Center. The Corps established the Deep Draft Navigation Economics Production Center, located in the South Atlantic Division, to provide the specialized technical expertise needed to execute increasingly complex economics studies required to evaluate options for proposed deep draft navigation projects.

INFRASTRUCTURE STRATEGY

Subcommittee. The Infrastructure Strategy initiative has been described as recognition that we cannot continue to do everything we've been doing – in other words maintaining all existing federal water resources infrastructure and continuing to add to the inventory – with less money. Can you please give some specifics of what has been learned, what ideas have been generated, and what decisions have been made under this initiative?

Assistant Secretary Darcy. The Corps Infrastructure Strategy focuses on managing the portfolio of Corps infrastructure projects more efficiently to improve asset performance levels and support our Nation's water resource needs. It incorporates an integrated approach to manage existing assets and future investments throughout their lifecycle. The strategy also will include an evaluation to inform recommendations on whether an existing project or series of projects should, or should not, remain a Federal responsibility, prior to making a substantial further investment. The strategy also focuses on adjusting levels of service to make the best use of available funding.

This strategy also focuses on lifecycle portfolio management. As part of this effort, the Corps has developed a national inventory of Corps assets, and is assessing the condition of each major infrastructure component and the risks associated with these conditions. End of lifecycle analyses will support recommendations regarding which projects to repurpose, which projects to transfer to other parties, and which projects to de-authorization and decommission. Lifecycle portfolio management is already being used to inform funding priorities based on the risk and consequences of failures and unscheduled outages.

LEVELS OF SERVICE

Subcommittee. Over the past year, the Corps has started implementing plans to adjust levels of service at certain navigation locks – basically reducing the hours these locks are available for use based on historic levels of commercial traffic. Can you please update the Subcommittee on where you are in this process?

Assistant Secretary Darcy. At our projects with a low level of overall commercial use, we adopted changes to levels of service at low commercial use locks (those with less than 1,000 commercial lockages per year) in October 2012. At our projects with a moderate level of overall commercial use, we adopted changes to levels of service at low commercial use locks in January 2013.

At our projects with a high level of overall commercial use, we will adopt changes to levels of service at low commercial use locks starting in March 2013.

Subcommittee. Have you developed any estimates of impacts to the users of these locks or any estimates of how much we might save on operating costs that could potentially be used for additional maintenance needs?

Assistant Secretary Darcy. The Corps has not developed estimates of the impacts to users of the affected locks. However, in all cases barges will be able to continue to use the locks at certain times. A preliminary analysis was performed that indicated operating costs nationwide could be reduced by about \$4.5 million; the reduction in hours of service would also extend the service life of the affected locks.

INNOVATIVE FINANCING

OPTIONS BEING CONSIDERED

Subcommittee. The White House recently announced a proposal on infrastructure investment. The statement mentioned ports and water a couple times, but didn't give much insight into how the ideas would work for Corps projects. Can you shed any light on what that proposal might mean for activities typically funded through the Corps of Engineers?

Are there any other innovative financing ideas being discussed that might be more directly applicable to the Corps of Engineers?

Assistant Secretary Darcy. The Corps is exploring alternative funding and financing options for water resources infrastructure, including public private partnerships and an infrastructure bank. The intent of this strategy is to facilitate the best use of Federal and non-Federal dollars in investing in the Nation's water resources infrastructure. In some cases, non-Federal sponsors have expressed interest in contributing funds to enable work to occur more quickly. Before entering into an agreement to accept such funds, the Corps carefully evaluates its overall workload to ensure that execution of the proposed work will not adversely affect directly-funded programs, projects and activities.

HYDROPOWER

Subcommittee. The Army Corps of Engineers has significant hydropower assets, much of which is underutilized, as well as significant undeveloped capacity.

Approximately how much would it cost to modernize and upgrade existing assets to result in more energy production?

Assistant Secretary Darcy. Currently, the Corps of Engineers has 75 hydropower facilities. Many of these facilities are still utilizing mid-20th Century technology with an average age of 47 years. By upgrading to modern technology, higher efficiencies could be achieved and more power could be generated with the same amount of water. The Corps Hydropower Modernization Initiative (HMI) estimates that approximately \$4 billion over the next twenty years would enable the Corps to upgrade all of these assets. The HMI has identified \$228 million in such potential investments for the five year period starting in FY 2014.

Subcommittee. Approximately how much would it cost to develop hydropower assets at additional locations under the Corps' jurisdiction?

Assistant Secretary Darcy. A recently released report (April 2012) by the Department of Energy (DOE) Oak Ridge National Laboratory stated the potential capacity for hydropower development at Corps dams that do not now have power facilities to be 12 gigawatts. Eighty-seven such Corps sites were identified with a total potential of 6.9 gigawatts. These 87 Corps sites involve projects with authorizations that do not include hydropower, e.g., projects that were originally authorized for flood and storm damage reduction or navigation only. According to the DOE report, it would cost more than \$20 billion to develop all of this potential. However, the DOE report included all possible Corps projects where hydropower could be developed. Some of that potential capability is not economically justified.

The Corps is currently conducting a hydropower resource assessment study based on the DOE report to determine how much of the potential greater than one megawatt identified in the DOE study is actually feasible for development. The resource assessment study is scheduled to be completed in September 2013.

Subcommittee. What is the Corps doing to allow other agencies or non-federal interests to modernize or develop this capacity?

Assistant Secretary Darcy. Each of the Corps Districts has a Federal Energy Regulatory Commission (FERC) coordinator who works with non-federal hydropower developers who have obtained a permit or license for hydropower development from the FERC to investigate the feasibility of adding hydropower at Corps projects. The Corps has a Memorandum of Understanding with FERC to coordinate efforts for non-federal hydropower development in order to avoid duplication of studies and delays and to ensure that the non-federal development does not impact the authorized purposes of the Corps project. There are currently 60 non-federal hydropower FERC licensed facilities on Corps of Engineers projects and numerous more being studied by non-federal interests.

REGULATORY PROGRAM

SEQUESTRATION

Subcommittee. Since the Regulatory account primarily funds labor costs, it seems likeliest to have a direct impact on Corps employees. How would a 5.1 percent cut from the fiscal year 2012 level impact employment levels?

Do you have current openings that will go unfilled? Will this be enough to absorb the cut?

Assistant Secretary Darcy. The Corps has multiple unfilled vacancies and has suspended filling non-mission critical vacancies. With these reduced staffing levels and other cost saving measures implemented at the end of the last fiscal year, such as reduced travel and training for Regulatory staff, limited participation in professional conferences, and reduced participation in meetings with external stakeholders, the Corps should be able to absorb cuts.

Subcommittee. Do you anticipate having to make use of furloughs? If so, to what extent?

Assistant Secretary Darcy. The Corps of Engineers is evaluating whether furloughs are necessary. No final conclusion has been reached at this time.

Subcommittee. How will these employment impacts affect the time it takes to process permits, if we assume the number of applications remains relatively steady?

Assistant Secretary Darcy. In general, the Corps anticipates that permit application review times may increase under a situation in which there are fewer staff to review them. Additionally, employment changes at other agencies involved in the permit evaluation and review process may also contribute to an increase in the time it takes to make final permit decisions.

Subcommittee. Most people know about section 404 wetlands permits, but are there other permits or other regulatory actions that will be affected by sequestration?

Assistant Secretary Darcy. The Corps Regulatory Program is responsible for permitting and regulatory actions beyond Section 404 permits, which may possibly be impacted by sequestration. These include reviews of applications under Section 10 of the Rivers and Harbors Act of 1899 for work in, on, or over navigable waters and evaluations of certain activities under Section 103 of the Marine Protection, Research and Sanctuaries Act related to the transportation of dredged material for disposal in ocean waters. In addition to processing Section 404 permit applications themselves, Corps regulators also provide approximately 70,000 jurisdictional determinations annually, at the request of landowners or developers who wish to be informed of the presence or absence of jurisdictional waters of the U.S. on a particular parcel of property.

Other Corps permitting activities that may be adversely impacted by sequestration are permit compliance inspections, enforcement related activities, consultations with other resource agencies and tribes, customer service activities such as pre-application meetings and outreach activities, and research and development efforts to infuse sound science and efficiencies (cost savings) into the permit review process.

ENDANGERED SPECIES ACT COMPLIANCE**MAJOR PROJECT STATUS UPDATES**

Subcommittee. The fiscal year 2013 budget request included almost \$200,000,000 specifically identified as being required to comply with various Biological Opinions pursuant to the Endangered Species Act. Almost all of that funding was for two programs – the Columbia River Fish Mitigation program and the Missouri River Fish and Wildlife Recovery program.

Have any circumstances changed since submission of that budget request that changes the amount of funding required to avoid jeopardy in either of these programs? If so, what is the most recent estimate of necessary funding?

Assistant Secretary Darcy. The latest Corps estimate (as of 2012) of the amount needed in FY 2013 for the Columbia River Fish Mitigation (CRFM) program to avoid jeopardy is \$83 million, less than the budgeted amount of \$98 million. This is due to a number of circumstances that have changed the amount of funding required since the submission of the FY 2013 President's budget. Factors that contributed to this reduced capability estimate include:

1. No FY 2013 funding was required to complete the Foster Fish Facility contract, as bid savings and other CRFM program project slippages, resulted in the full funding of the Foster Fish Facility contract in FY 2012.
2. The Performance Standard Evaluation Study for McNary/John Day Dam, which was originally planned for execution with FY 2013 funding, will now be deferred to FY 2014 because of the need to first test fish guidance efficiency at McNary with the Intake Head Gates in a raised versus lowered position.
3. The Performance Standard Evaluation Study at Ice Harbor, which was originally planned for execution with FY 2013 funding, will be deferred to FY 2014 to allow further time for discussions with regional stakeholders.

4. Significantly fewer FY 2013 funds are required for the Little Goose and Lower Monumental Performance Standard Evaluation study than what was originally planned. This reduced requirement arose from savings realized through the previously unforeseen opportunity to use past survival performance data that meets specified criteria, in lieu of having to obtain new data, thereby avoiding new costs. Additionally, field work for the needed summer migrant portion of the studies was funded in FY 2012 with bid savings and project slippages.

For the Missouri River Fish & Wildlife Recovery Program (MRRP), circumstances have also changed since submission of the FY 2013 Budget that change the amount of funding required to avoid jeopardy. When the FY 2013 budget was developed, the minimum compliance amount to avoid jeopardy in was \$90 million. However, based on the information we now have in February 2013, the Corps estimates that the revised amount needed in FY 2013 for that purpose is \$72 million based on cost savings from a significant amount of emergent sandbar and shallow water habitat that was created naturally by the flood of 2011. Additionally, the Yellowstone Intake Phase 2 construction was delayed per request of USFWS, BOR and Montana Department of Fish and Wildlife, and Parks and is still in design.

Subcommittee. Where are we in terms of meeting the BiOp requirements for these two programs and how does that affect estimates of future funding requirements? In other words, are we at the beginning of our compliance phase and so we should expect funding needs to increase over the next several years? Are we close to compliance with all BiOp requirements so we should see annual funding requirements begin to decrease? Will these be permanent programs with relatively stable annual funding requirements?

Assistant Secretary Darcy. Since 2008, program funds have been used to address both the Federal Columbia River Power System (FCRPS) BiOp and the Willamette River Basin BiOp. There has been significant progress in meeting BiOp goals for specific activities in the FCRPS. Based on biological testing done to date, we expect to meet the BiOp juvenile migrant project survival goals of 96% and 93% for spring and summer migrants, respectively, at seven of the eight Corps FCRPS dams. Significant remaining FCRPS BiOp actions include: configuration changes at Lower Granite Dam to boost juvenile survival; additional actions to reduce avian predator take in the Columbia River estuary and the mid-Columbia;

continued research and monitoring within the Columbia River estuary to help design effective estuarine habitat restoration projects and validate the benefits to ESA listed salmon and steelhead from those projects; improvements in adult fish ladders at various projects to ensure reliability and improve adult salmon and lamprey passage success; and completion of juvenile performance standard evaluations.

On the Willamette BiOp, actions since 2008 have focused on development of a Configuration and Operations Plan to evaluate alternatives to meet juvenile and adult salmon passage and survival goals and the research required to obtain data to inform the alternative development and decision process. Additionally, construction has been initiated on high priority adult trapping and transportation facilities. At the total project level addressing both BiOps, we anticipate annual funding requirements to remain stable near current levels.

The Missouri River Recovery Plan has made significant progress on meeting the BiOp requirements. However, additional activities remain that will require several years of effort.

To date, Corps actions along the river have created approximately 17 percent of the shallow water habitat goal, and the Corps estimates that the shallow water habitat goal will be reached in 2024, as planned. The Corps has also acquired approximately 37 percent of the lands required for habitat creation, and is working to refine a land acquisition strategy for the remaining 63 percent. The floods of 2010 and 2011 have resulted in the creation of significant emergent sandbar habitat. It is anticipated that at sometime in the future further construction of ESH habitat will be required. At this time, the Corps does not expect an increase in the MRRP BiOp minimum average compliance cost estimate of \$70 million per year into the future. Funding in the FY 2013 budget will be used first to address the highest priority efforts required to comply with the BiOp and mitigation requirements.

Ongoing activities for FY13 include: development of the Missouri River Recovery Management Plan. to address NEPA requirements including an adaptive management framework to improve management flexibility; real estate acquisition for future habitat creation; shallow water habitat and emergent sandbar habitat design, construction, and maintenance; pallid sturgeon monitoring and propagation; piping plover and least tern monitoring and population assessment; continued design of the Yellowstone

Intake bypass; and continued collaboration efforts with Missouri River Recovery Implementation Committee. We expect the program's budget requirements to remain constant for the immediate future as we continue to make progress toward meeting BiOp goals. Following construction of various phases of the MRRP project, we expect a shift from CG to O&M.

MISSOURI RIVER ECOSYSTEM RESTORATION PLAN

Subcommittee. The fiscal year 2012 Act included a prohibition on funding the Missouri River Ecosystem Restoration Plan, which is broader in scope than simply Endangered Species Act compliance. To be clear, the funding prohibition does not prevent the Corps from addressing ESA requirements. Since we are now almost a year and a half into the funding prohibition, and the likely outcome for the remaining half of this fiscal year is a CR, have you made – or when do you plan to make – the decision to permanently adjust the scope of work to address only the ESA requirements?

Assistant Secretary Darcy. Based in on the FY 2012 Act's prohibition of this work, the Corps is proceeding with the Missouri River Recovery Management Plan (Plan) and an integrated Environmental Impact Statement (EIS). The Missouri River Recovery Management Plan will be narrower than the scope and purpose of the study from section 5018(a) of the WRDA of 2007 (Missouri River Ecosystem Restoration Plan; MRERP). The scope of that study included the additional purpose of ecosystem restoration and covered the entire Missouri River watershed, including tributaries, while this plan will focus exclusively on the purposes of recovery and mitigation and be limited primarily to the areas and objectives prescribed in the authorities listed above.

The Plan and integrated EIS will include a range of alternatives for the purposes of Missouri River species recovery and mitigation. This Federal action includes activities on the Missouri River and is designed to assist in the recovery of Missouri River species protected under the Federal Endangered Species Act (ESA). Mitigation actions address the Corps' requirements pursuant to the 1958 Fish and Wildlife Coordination Act (PL 85-624), section 601(a) of the Water Resources Development Act (WRDA) of 1986, and section 334(a) and (b) of the WRDA of 1999, and Section 3176 of the WRDA 2007. Section 3176 of WRDA 2007 expanded the Corps' authority to include recovery and mitigation activities on the Missouri River in the upper basin states of Montana, Nebraska, North Dakota, and South Dakota. The combination of recovery and mitigation activities is commonly referred to as the Missouri River Recovery Program.

In accordance with 40 CFR part 1502.4 (c), this EIS will evaluate all proposals or parts of proposals similar in nature, since they involve, in effect, a single set of potential courses of action. The EIS integrated in the

Missouri River Recovery Management Plan will assess and, where appropriate, supplement or update prior analysis made pursuant to the requirements listed above. The EIS will assess the cumulative effects and alternatives to accomplish the purposes of the ESA, the 1958 Fish and Wildlife Coordination Act (PL 85-624), section 601(a) of the Water Resources Development Act (WRDA) of 1986, and section 334(a) and (b) of the WRDA of 1999, and Section 3176 of the WRDA 2007. The Federal actions which implement those authorities have been combined into one program and are being assessed together to effectively and efficiently carry out the multiple goals associated with the authorizations. Additionally to be addressed in this EIS, the Corps has received a proposal from the Missouri River Recovery Implementation Committee, recommending the agency perform an effects analysis and adaptive management of potential management actions on ESA listed species. Addressing this proposal will result in an analysis of management alternatives and adaptive management actions to benefit these species, and thus requires supporting environmental effects analyses which will be included in this EIS.

LEVEES

LEVEE CERTIFICATIONS

Subcommittee. The Subcommittee continues to hear from Members of Congress and local communities about perceived duplicative requirements and “passing the buck” between FEMA and the Corps when it comes to levee certifications for flood mapping purposes and periodic inspections to meet the Corps’ program requirements. What actions have you taken in the past year to address these problems, and are there any additional actions you are planning to take in the near future?

Assistant Secretary Darcy. Even though FEMA and the Corps have different authorities and requirements related to levees, the perception of “duplicative requirements” often occurs when both Corps and FEMA are involved with the same levee system at the same time. Consistent with section 100226 of Public Law (P.L.) 112-141, the Moving Ahead for Progress in the 21st Century Act (MAP-21), the Corps and FEMA have established the Flood Protection Structure Accreditation Task Force to identify what actions need to be taken by both agencies to maximize instances when levee information collected by the Corps will meet the requirements for both agencies. The task force is working to ensure that the changes being made would still fulfill the purposes of each agency’s missions and would be the most effective way to meet the objectives with minimal impacts. Final efforts will result in better alignment between Corps and FEMA levee-related activities to leverage federal resources; reduce redundancies; and increase progress of achieving the mutual goal of ensuring communities have the information needed to make informed decisions about living or working behind levees, including levee certifications for the NFIP. Each of the changes identified will be implemented within the next year.

VEGETATION POLICY

Subcommittee. One of the levee safety issues we hear about most is the vegetation policy. When do you expect to issue a final policy?

This policy seems to be taking an extraordinarily long time to develop – what have been the major issues or challenges in finalizing a policy?

Assistant Secretary Darcy. For clarification, the Corps' current vegetation management standards are contained in Engineer Technical Letter (ETL) 1110-2-571, Guidelines for Landscape Planting and Vegetation Management at Levees, Floodwalls, Embankment Dams, and Appurtenant Structures, dated April 2009. This ETL did not establish new standards, but rather clarified the criteria that had been in place since the 1990s. This document includes application of vegetation free zones, planting berms in locations where vegetation on or near a levee is desirable, and vegetation variances. The standards in this document are used for a variety of purposes, such as, design of new projects; development of operations and maintenance manuals; rehabilitation of existing infrastructure; and levee inspections to ensure proper operations and maintenance.

The vegetation variance policy is entitled "Process for Requesting a Variance from Vegetation Standards for Levees and Floodwalls." This draft policy establishes a process by which a levee sponsor may request, and the Corps may consider, a permanent variance to current vegetation standards for areas with environmental and Tribal considerations. The Corps is currently in discussions with resource agencies on options for ensuring environmental compliance for the vegetation variance policy and is still considering the comments received from the public on a draft of this policy published twice in the Federal Register in February 2010 and February 2012.

Subcommittee. Most of the comments we've heard on previous drafts, as well as on the System-wide Improvement Framework, is that the process for deviating from the national one-size-fits-all policy is too burdensome and costly to be truly worthwhile for local sponsors. What are you doing to address this issue?

Assistant Secretary Darcy. The Corps will work closely with levee sponsors to help determine the most viable option to comply with Corps policies and standards. Both the vegetation variance process and System-

wide Improvement Framework policies encourage a collaborative approach. The Corps will assist levee sponsors through these processes by providing technical expertise, including a range of applicable subject matter experts, and by providing available levee data. For example, the vegetation variance process encourages involving the Corps vegetation experts as part of the scoping of variance packages, to determine early in the process the required environmental and engineering analysis.

MISSISSIPPI AND MISSOURI RIVER FLOODS OF 2011**STATUS UPDATE**

Subcommittee. Can you please give us an update on repair and recovery activities following the flooding along the Mississippi and Missouri Rivers in 2011?

Approximately what portion of the \$1.7 billion in disaster funding for these events has been obligated to date?

Assistant Secretary Darcy. Approximately \$1.2 billion has been obligated. Of the prioritized and funded Mississippi River flood repairs, 60% are now complete, which has realized significant risk reduction for the levee system, floodways, water control structures and navigation channels. Supplemental funding and drought conditions in 2012 allowed for very aggressive construction and a number of important cost and time saving efficiencies. The Corps is positioned for another optimum construction season in 2013, and expects that repairs will be 85-90% completed by the end of the calendar year.

Subcommittee. Do you anticipate having enough disaster supplemental funding left to complete all remaining repairs? If not, how much unmet need do you estimate there is? How or when will you plan to fund these remaining needs?

Assistant Secretary Darcy. The Corps does not anticipate having sufficient Disaster Relief Appropriations Act (PL 112-77) funding to complete all identified repairs to damages from the 2011 flood. However, the funding was sufficient to address priority work. The Corps has currently identified approximately \$388.4 million in additional repairs across the MR&T program, which will be addressed over time in competition with other potential work across the Nation through the normal budget process. Additionally, MVD just published the 2011 Post Flood Report documenting and summarizing the flood, lessons learned, recommendations for future actions and multiple issues associated with that record flood. The Corps is analyzing the results of the report to help establish maintenance priorities for the MR&T program, and to identify any changes that should be considered in the way the MR&T projects are operated. This effort will take several years.

EVERGLADES RESTORATION**FISCAL YEAR 2013 STATUS**

Subcommittee. Have the funding needs or capabilities for fiscal year 2013 changed from the budget request for any of the components of the Everglades Restoration program? If so, how will that affect project schedules and future funding requirements?

Assistant Secretary Darcy. As of November 2012, the FY 2013 funding needs for the South Florida Ecosystem Restoration (SFER) Program have decreased as compared to the Budget request that was transmitted to Congress. The revised execution plan for SFER for FY 2013 requires funding of \$88.7M, a reduction of \$64.3M from the initial FY 2013 budget amount of \$153M. The reduction is due to cost savings achieved in FY 2012, slippage of some work scheduled for FY 2012, and inability to move forward with executing required project partnership agreements. In addition to this new funding, work will proceed in FY 2013 using funds carried over from prior years at full capability level. Slippages have impacted schedules on some projects and FY2014 and future funding needs are being adjusted, in cases where adjustments could not be made to fully recover the original schedule, to reflect changed need. Detailed changes to the individual separable elements and projects within the program are outlined below. The revised capability amounts reflect spending of both carryover funds and new funds provided for FY 2013.

1. Central and Southern Florida (C&SF) budget \$123.8M, FY 2013 capability \$131.3M, total increase \$7.5M.
 - a. C&SF: West Palm Beach Canal (C-51) – budget \$12M, FY 2013; capability \$16.3M. Capability increased for Periphyton Stormwater Treatment Area deconstruction due to unforeseen cost increases in the construction efforts and completion of a design deficiency report for cells 5 & 7. The contract for the trash rakes is scheduled for award in August 2013.
 - b. C&SF: C-111 South Dade – budget \$20.5M, FY 2013; capability \$34.8K. Capability reduced due to inability to execute an amendment to the Project Cooperation

Agreement (PCA). The project is on hold until the agreement is executed. The \$34.8K funds were used early in FY 2013 for drafting the PCA amendment.

- c. C&SF Comprehensive Everglades Restoration Plan (CERP) – budget \$91.3M, FY 2013 capability \$115M, total increase \$23.6M
 - i. CERP: Design & Program Level Activities (PLA) – budget \$24.2M, FY 2013 capability \$21.1M. Capability decreased due to reductions on the Aquifer Storage and Recovery Regional project and reductions in PLA activities in an effort to shift funding to CERP projects authorized for construction.
 - ii. CERP: Melaleuca Eradication - budget \$0, FY 2013 capability \$0.2M. Capability increased due to delay of completion for construction of the Mass Rearing Annex building. Construction will complete in July 2013.
 - iii. CERP: Site 1 Impoundment - budget \$1.5M, FY 2013 capability \$1.5M. Capability remained the same even though there was a delay in re-award of the Phase 1 Impoundment contract, which was terminated for default in July 2012. The contract was re-awarded in January 2013; the notice to proceed will not be issued until April 2013 and the contract requires less funding for construction management and oversight for FY 2013.
 - iv. CERP: Picayune Strand Restoration Project - budget \$58.4M, FY 2013 capability \$84.9M. Capability increased to fully fund the Miller Pump Station, which would enable the advance of work on Miller construction and expedite the contract duration from 4 to 3 years. The Miller Pump Station contract is scheduled for award in August 2013.

2. Kissimmee River Restoration Project - budget \$27.5M, FY 2013 capability \$14M, total decrease of \$13.5M. FY 2013 capability decreased due to a change in the acquisition strategy for the Reach 2 Canal backfill construction contract. The work has been split into two separate contracts due to sponsor needing to acquire additional lands for operation for a portion of the backfill. Only the first of these contracts is scheduled to be awarded in FY 2013.
3. Everglades and South Florida (E&SF) - budget \$2M, FY 2013 capability \$5.1M total increase of \$3.1M. The E&SF program contains 9 critical projects for restoration. A total of \$95M was authorized with federal appropriations to be matched by local sponsors. The maximum federal expenditure on any one project was capped at \$25M, with the exception of Seminole Big Cypress, which has a funding cap of \$30M.
 - a. E&SF: Seminole Big Cypress - budget \$1.6M, FY 2013 capability \$4.7M. FY 2013 capability increased due to the fact that the FY 2012 scheduled award of the Basin 2 construction contract was delayed until FY 2013 for a redesign to meet environmental requirements for vegetation. The Basin 2 contract is scheduled for award in August 2013.
 - b. E&SF: Lake Trafford - budget \$375K, FY 2013 capability \$0. FY 2013 funding no longer required. The Corps completed the plans and specifications in 2002, but because of limited authority, did not award the construction contract. The SFWMD completed the dredging activities in two phases between 2003 and 2011. The SFWMD has completed construction on Lake Trafford. Current federal authority does not support cost-sharing of this project.
 - c. E&SF: Lake Okeechobee Water Retention – budget \$0, FY 2013 capability \$250K. Capability increased due to delay of completion for construction of the Nubbin Slough portion of the project. The pump station storage pool was repaired in FY 2012 to remedy the low flow

conditions. The interim operational and testing phase is scheduled to re-start in FY 2013 immediately following completion of recommended repairs to the control structures to allow the system to function as intended in reducing the level of phosphorus in waters discharging into the Everglades. Construction will complete in FY 2013.

- d. E&SF: Southern Crew – budget \$0, FY 2013 capability \$25K. Capability increased due to a request from the non-Federal sponsor to review their design of the project. The sponsor is constructing this project.
- e. E&SF: Ten Mile Creek – budget \$0, FY 2013 capability \$25K. Funding capability increased due to the need to maintain caretaker status on the project. Construction is complete; however, the project has been under litigation and has not been accepted by the sponsor for Operation Maintenance, Repair, Replacement and Rehabilitation.

PRIORITIZATION WITHIN THE PROGRAM

Subcommittee. While it seems there has been some progress made in recent years on prioritizing activities within the overall restoration effort, there is concern that we are piling up studies for new activities without making significant progress on projects we've already started.

In response to questions for the record last year, you indicated that project implementation reports for four new projects totaling more than \$1.7 billion were expected to be completed in 2012. On top of that, the Central Everglades Planning Project – which has been described as very important ecologically – is scheduled to be completed this year and could also be expensive to implement.

What additional steps are you taking or do you plan to take to bring down the costs of the Everglades restoration program and to prioritize activities within the program?

Assistant Secretary Darcy. The South Florida Ecosystem Restoration (SFER) Program is a multi-faceted restoration effort to restore the Everglades, an ecologically complex and significant resource. Projects included in the SFER Program are being implemented by both the Corps and its primary non-Federal sponsor the South Florida Water Management District (SFWMD), and are in various stages of construction and study. The Corps is continuing to work closely with SFWMD to prioritize projects and ensure they are implemented efficiently and cost-effectively.

The Corps and SFWMD employ multiple mechanisms to manage program and project costs including:

- **Monitoring and Adaptive Management.**
Monitoring and adaptive management reduces the likelihood of unanticipated costs while improving restoration success by incrementally implementing restoration measures, while monitoring the results, and adjusting future project implementation, as necessary. This can result in elimination or modification of features planned in the future to assure more effective and efficient implementation.
- A Change Control Request (CCR) procedure was developed for use jointly by the Corps and SFWMD

to track scope, schedule and cost changes throughout the life of projects, as well as apply lessons learned. This process allows changes to be tracked, documented and applied to future projects.

Given the complexity of the Corps South Florida ecosystem restoration effort, prioritization is especially important. The Corps and SFWMD have therefore worked closely, in coordination with the South Florida Ecosystem Restoration Task Force, to develop an Integrated Delivery Schedule (IDS) to prioritize this work. The IDS provides the comprehensive sequencing of both Federal and State initiatives within the SFER program in consideration of project dependencies and construction resource requirements, while optimizing sequencing of key restoration projects to deliver meaningful restoration benefits as early as possible, consistent with funding, legal, and other constraints. The current IDS provides for completion first of the ongoing Foundation projects upon which the Comprehensive Everglades Restoration Plan (CERP) was formulated. Many of these projects are nearing completion and all are expected to be completed and turned over to SFWMD within 5 years. The next priority for projects being constructed are the Generation 1 CERP projects (three CERP projects authorized in WRDA 2007), all of which are now under construction. Four more projects now have completed Project Implementation Reports, which are awaiting authorization and construction of these Generation 2 CERP projects are expected to be initiated next. Finally, the next PIR the Corps expects to complete is the Central Everglades Planning Project PIR, the first step to bringing higher flows back to the heart of the Everglades in December 2013.

**FORMERLY UTILIZED SITES REMEDIAL ACTION PROGRAM
(FUSRAP)**

ADDITIONAL SITES

Subcommittee. Last year, you indicated you had completed or were scheduled to complete in fiscal year 2012 evaluations of two additional sites for possible inclusion in the Formerly Utilized Sites Remedial Action Program (or FUSRAP), one site in Middlesex, New Jersey, and one site on Staten Island, New York. What did those evaluations determine?

Assistant Secretary Darcy. The Middlesex Landfill (Middlesex, NJ) evaluation is under review, and the Army's recommendation is forthcoming. The Staten Island (Warehouse), New York evaluation is still in progress.

ESTIMATED COMPLETION

Subcommittee. Last year you estimated the cost to complete clean-up of all sites under FUSRAP at approximately \$2 billion. Has that estimate been updated recently?

Assistant Secretary Darcy. The cost to complete clean-up of all sites under FUSRAP remains \$2.1 billion. The FUSRAP Program has completed three projects and work is actively underway on 12 more. Overall, the program cost to complete estimate is decreasing as work is completed, but the estimate fluctuates when projects must revise their estimate because new site concerns are discovered or when Congress or the Department of Energy add more projects to the program.

Subcommittee. What would be the estimated year of completion assuming annual funding at the fiscal year 2013 budget request level?

Assistant Secretary Darcy. If annual funding were received at the FY 2013 Budget level, the estimated program completion date for the program's current inventory of sites would be approximately 2043.

Subcommittee. If you were to receive funding at the capability level each year, what would be the estimated year of completion?

Assistant Secretary Darcy. The Civil Works Budget allocates funding among studies and projects on a performance basis in a manner that will enable the Corps to use that funding effectively and efficiently. The capability estimate for each study or project is the Army Corps of Engineers estimate for the most that it could efficiently and effectively spend during the fiscal year for that study or project. However, each capability estimate is made without reference to the availability of manpower, equipment, and other resources across the Army Civil Works program, so the sum of the individual capability estimates exceeds the amount that the Corps actually could spend in a single fiscal year. Also, while the Corps could obligate additional funds for some studies and projects beyond the amounts proposed, offsetting reductions within the Army Civil Works program would be required to maintain overall budgetary objectives.

Based on the projects now in the FUSRAP program, and a current estimate of the amount of work remaining on the each of them, and the cost and time

frame for performing that work, we would expect to complete the last of these projects in or around the year 2034 if the program were funded each year at its capability level.

MITIGATION FISH HATCHERIES**ANNUAL FUNDING**

Subcommittee. In recent budget requests, the Corps has requested funding and transfer authority for mitigation fish hatcheries run by the Fish and Wildlife Service. Are these funds for the same activities each year, which would mean funding requirements should remain relatively stable, or do the activities, and therefore the funding requirements, vary year to year?

Assistant Secretary Darcy. The amount of funding requested for this purpose is relatively stable year-to-year, but is determined based on discussions with the Fish and Wildlife Service (FWS). While each year these funds are directed to the same hatcheries and receiving waters affected by Corps projects, the activities may vary as coordinated with the FWS and the States that manage the fisheries.

SUFFICIENCY OF FUNDING

Subcommittee. Have the Corps and the Fish and Wildlife Service come to an agreement on what amount of funding constitutes 100 percent of the Corps' share of program costs in any given year? If so, what is that funding level?

Assistant Secretary Darcy. In FY 2010, the Corps estimated that \$4,700,000 was needed to produce 100 percent of fish attributable to Corps impacts. The FY 2013 Budget includes \$4,300,000 for this purpose. Going forward, the Fish and Wildlife Service has requested consideration of inflation-based increases in cost of production and will continue to work with the Corps to determine accurate costs of production.

CUTTING RED TAPE

PRESIDENT'S INFRASTRUCTURE PROPOSAL

Subcommittee. The White House recently announced a proposal on infrastructure investment that included the goal of cutting timelines in half for infrastructure projects through a historic modernization of agency permitting and review regulation, procedures and policies. The Corps would seem to have a dual-role in this, both as a provider of infrastructure and as a key agency in the review process. What is the Corps of Engineers doing to implement the President's proposal and when can we expect to see the results?

Assistant Secretary Darcy. On March 22, 2012, the President signed Executive Order 13604, *Improving Performance of Federal Permitting and Review of Infrastructure Projects*. This launched a Government-wide initiative to cut review and permit decision-making timelines, while improving outcomes for communities and the environment. Since the Administration launched this effort, agencies have successfully completed the review and/or permitting of major infrastructure projects, including bridges, transit projects, railways, waterways, roads, and renewable energy generation projects, with time savings ranging from several months to several years. Progress on the permitting and review of these projects is tracked on an online dashboard that facilitates transparency and accountability to the public. As part of this effort, agencies have also identified a set of best practices to improve how the Federal Government conducts infrastructure permitting and review.

The Corps does have a dual role in this process. This initiative's online dashboard is tracking progress on a number of Army Civil Works projects, including the Central Everglades Planning Project, Charleston Harbor Post-45 Study, Jacksonville Harbor (Channel Deepening Study), Miami Harbor, New York/New Jersey Harbor, and the Savannah Harbor Expansion Project. Additionally, the Corps has a Regulatory role in many infrastructure projects, including many of the other projects listed on the dashboard.

Significant progress has been made on the permitting and review of Civil Works projects on the dashboard. All Federal permits and reviews associated with the Miami Harbor and Savannah Harbor Expansion projects have been completed. One Section 408 permit has been issued for the Metro East

Levee System as has a Department of the Army permit authorizing the work/discharges associated with the replacement of the Tappan Zee Bridge in New York.

On a less project-specific front, as a permitting agency, the Corps is engaged in several initiatives to reduce the Federal environmental review timeframes for infrastructure projects. Regulatory Program staff participates in the Administration's Transportation Rapid Response Team (T-RRT), the Rapid Response Team for Transmission (RRTT), and RRTs for Alaska oil and gas infrastructure projects, which are collaborative efforts by executive departments and agencies working to transform infrastructure project siting and review. The Corps is active within the T-RRT in the Administration's effort to further the practice of synchronized decision making among Federal agencies, to allow for concurrent instead of sequential environmental reviews through the use of NEPA/Clean Water Act Section 404 merger agreements, an approach the Corps has used successfully for over 10 years in several states. The Corps is working to compile information on their use of these agreements, document successes, and then share information and work collaboratively with DOT and EPA to expand the use of this approach.

The Corps has shared its successful experience with a robust pre-application processes with the RRTT. Since 1986, the Corps regulations have encouraged a pre-application process that allows applicants for DA permits to coordinate with the Corps before submitting a formal permit application, so that the applicants can find out what information is required for a complete and high quality permit application. Based upon lessons learned by the Corps, the RRTT has been developing a proposal, on which DOE has been soliciting public feedback. DOE and the partner Federal agencies, including the Corps, will incorporate the feedback that was received and work to develop a final pre-application process. The RRTT is also developing an Application Toolkit specific to transmission projects in accordance with the Federal Plan Implementing Executive Order 13604. The toolkit will be an online public resource to provide information on permitting electric transmission line projects to a broad stakeholder audience, including federal, tribal, state, and local government agencies, project sponsors, and non-governmental organizations.

Also, the Corps uses general permits, and programmatic permits, to streamline the reviews of proposed activities with no more than minimal effects, individually and cumulatively. Another opportunity to improve

overall efficiency is the continued development of various tools to more efficiently assess cumulative effects and proposed mitigation projects, and the use of GIS and LIDAR technology to assist making jurisdictional determinations, often without the need for extensive fieldwork.

PORT EVERGLADES**STATUS OF STUDY**

Subcommittee. Various iterations of feasibility studies for the deepening and widening of Port Everglades were initiated in 1997. The study, which most recently was re-initiated in 2006, has been marked by delays, inefficiencies and missteps. In late November 2012, right before the Draft Feasibility Report and EIS were finally set to be released for public and agency review, the Corps concluded that the economic analysis for the project was fatally flawed and needed to be redone. This is an economic analysis that the Corps contracted for and managed. This re-initiation of the economics analysis will add a minimum of 6 more months to the completion of the study and likely result in the deepening and widening project missing a potential 2013 authorization bill. What is being done to assure that this study will be completed in time for possible authorization in the next Water Resources Development Act?

Assistant Secretary Darcy. Since November 2012, the Corps has held several meetings and an economics workshop, involving Corps and Port leadership, to determine the best path forward to address the economic analysis concerns. The goal of these meetings was to reduce the time to complete the reanalysis, review updated port data, and reach agreement on the scope of the economic analysis. In addition to this concern about the analysis of economic impacts, the Corps is working on the environmental impacts of the proposed project and continues to work closely with resource agencies to ensure their concerns are addressed throughout the study process.

QUESTIONS FROM CHAIRMAN ROGERS OF KENTUCKY**WOLF CREEK DAM**

Chairman Rogers. With the construction phase of the rehabilitation of Wolf Creek expected to be completed this summer, there are concerns about the debris that has accumulated over the course of the project. This natural and manmade debris along the shorelines and especially on the waters of Lake Cumberland itself poses a threat to public safety and the environment. Furthermore, it is an obstacle to the economic recovery of an area that has found itself caught between the combined forces of a sharp reduction to tourism and recreation due to a forty-foot reduction in the pool level during the rehabilitation and the effects of the broader 2008 recession.

Additionally, the Nashville District has announced its intentions to enforce a fishing prohibition in a 500-foot area known as the “tail waters” at the base of the dam. Due to the importance of the prime tail water fishery to regional recreation activities, this enforcement effort – to include a physical barricade – has drawn broad opposition from Members of both Houses of Congress, local and state government officials, and the public at large.

With the construction phase of the Wolf Creek Dam rehabilitation drawing to a close, what is the official view of the US Army Corps of Engineers of its ongoing responsibilities in restoring the dam, Lake Cumberland, and the regional economy to its state prior to the beginning of the project in 2007? Do these responsibilities include financial remediation? Do the Corps’ efforts to address these responsibilities consider the economic and employment impacts to the area as a result of the dam rehabilitations?

Assistant Secretary Darcy. Yes, the Corps does make these considerations. Generally, these responsibilities do not include financial remediation because we don’t make guarantees about water flow and there is a lot of uncertainty when you build a large structure this way (i.e. drought, too much rainfall, dam safety issues). Our purpose is to provide a service. Financial remediation in the form of one year full rent abatement for Lake Cumberland marinas was proactively offered by the Corps in 2007-2008 following the emergency drawdown. One year full rent abatement means rental payments were reduced to just one dollar for each Lake Cumberland marina for a 12-month period. The intent was to offset the unanticipated costs for reconfiguring the marinas due to low water. Typical annual rental

receipts collectively on Lake Cumberland from marina operators totals from \$800 thousand to \$1 million. In the three-year period following full rent abatement, 2008-2010, gross receipts reported by Lake Cumberland marinas declined by approximately 5.76 percent, while the national average of marina receipts declined 7.30 percent during the same period. This analysis does not indicate an accelerating level of economic harm to the Lake Cumberland marinas that would warrant extraordinary relief measures and does not, therefore, support the marina owner's assertion that they suffered undue economic hardship from the emergency drawdown. The Army's audit agency recently completed an extensive review of Corps actions subsequent to the emergency drawdown of Lake Cumberland and concurred that those actions were appropriate.

Chairman Rogers. Does the Corps have, or is it developing, a clear plan to address the issue of debris removal along and within the waters of the lake? Has the Corps considered coordination with the state, local communities, non-governmental organizations, or other constituent groups to address this issue? Will Fiscal Year 2013 funds be applied to addressing this safety and accessibility issue?

Assistant Secretary Darcy. The Corps of Engineers has administered an ongoing and active debris management program at Lake Cumberland for several years. A large volume of debris has accumulated on the shoreline, and as pool elevation rises, that debris may float into the lake and result in navigational hazards and impacts to recreational boating and lake access.

Since 1990, annual Lake Cumberland clean-up events have provided a valuable service in debris management programs, especially in the collection of man-made debris along the lake shoreline. Up to 500 participants are involved in the lake-wide event, designed to clean the shoreline and encourage public stewardship. The focus of the events has been the collection of trash and tires deposited along the shoreline. Since 2005, the Corps has used the M/V Pride of the Cumberland to remove approximately 23,000 cubic yards of debris.

In 2008-2009, additional resources were allocated to the debris abatement program to implement a more aggressive plan to dispose of drift wood and debris deposited along the shoreline while the lake is maintained at a stable elevation, as part of risk reduction measures for the Wolf Creek Dam seepage repairs. Also, with up to 40 vertical feet of additional shoreline

exposed due to the adjustment of the lake elevation, an aggressive program to collect drift and debris through land based operations was initiated.

Local counties and communities around the lake are partnering with the Corps in debris disposal operations. Debris disposal operations have been conducted on several miles of shoreline by Pulaski, Wayne and Russell Counties and have been a significant asset to the debris management program. Debris disposal operations are currently underway along the shoreline at the Waitsboro Recreation Area. Another debris disposal operation will begin on the opposite side of the lake in the same general location by the 25th of March 2013. The work will focus on shoreline sites with the heaviest concentrations of debris.

Debris removal operations will be scheduled for the fall of 2013, before the lake elevation is scheduled to be adjusted, to allow for close out activities associated with the remedial work on Wolf Creek Dam. Remaining debris removal work and funding availability will determine the degree and nature of debris disposal operations that can be performed at that time.

Chairman Rogers. With regards to the ban on fishing in the tail waters, has Corps leadership considered a compromise approach, advocated by state and local officials, to only enforce the ban at times of scheduled water releases? Are there other possible compromises to prevent an outright permanent ban to fishing in the tail waters that are being considered to comply with Corps safety policies?

Assistant Secretary Darcy. The Corps is not banning fishing at any of its projects. Bank fishing in designated areas and fishing by boat up to or outside of the restricted area will continue to be allowed. The full extent of the restricted areas represents only a small fraction of the entire tailwater areas downstream of the dams. Corps Regulation 1130-2-520, Chapter 10, paragraph 10-2.c. states, "restricted area boundaries shall ordinarily be established based on high flow condition, not variable with fluctuating flows, intermittent discharges, or seasonal variations." The Corps plans to enforce the existing restrictions around this dam in accordance with the regulation.

Chairman Rogers. With other pressing issues concerning public safety waiting to be addressed, such as the debris issue on Lake Cumberland, should the Corps be diverting increasingly scarce funds to building a

barricade and paying for the enforcement of a fishing ban? What are the anticipated costs of enforcement and erecting a physical barricade?

Assistant Secretary Darcy. Public safety is the Corps' highest priority, and Corps investments to improve safety are well spent. Since 1970, there have been 14 reported fatalities in the tailwater area below Nashville District dams. Three of those 14 fatalities (21 percent) occurred when the victim was bank fishing and apparently fell into the hazardous waters. Enforcing existing restrictions at Wolf Creek Dam is expected to reduce costs because no additional personnel will be needed to provide for public safety. We estimate the one-time cost of installing barriers at the eight largest projects to be \$2.0 million. The boat barrier system consists of floating buoys (barrel style) attached to each other by cable, then anchored to the shoreline and/or river bed. Current staffing levels are sufficient to enforce these restrictions.

Chairman Rogers. As domestic security has been a justification for the tail water policy, can the Corps commit to providing the Subcommittee with details on any specific security threats to USACE Corps dams? Has the Department of Homeland Security provided this material to you or merely issued a blanket request to institute access restrictions?

Assistant Secretary Darcy. The Department of Homeland Security has not issued a blanket request to institute access restrictions at all Corps dams or at specific Corps dams. Rather, a recent inspection by the Department of Defense Inspector General and the Corps Nashville District Security Office revealed that the need for such measures to address project physical security concerns and ensure public safety at these dams. Public safety is the primary purpose for tightening tailwater restrictions at these dams.

In 2009, the Department of Homeland Security provided nationwide guidance for implementing barriers for security purposes entitled "Dams Sector Waterside Barriers Guide." This guide was developed to assist dam owners and operators in understanding the benefits of using waterside barriers as part of their overall security plan. It provides them and security personnel with a general level of information on barriers and their use, maintenance, and effectiveness—elements that must be carefully taken into account when selecting waterside barriers. The steps that we have taken are consistent with this DHS guidance.

DEFINITION OF FILL MATERIAL

Chairman Rogers. As domestic security has been a justification for the tail water policy, can the Corps commit to providing the Subcommittee with details on any specific security threats to USACE Corps dams? Has the Department of Homeland Security provided this material to you or merely issued a blanket request to institute access restrictions?

Is a new “fill rule” still on the Corps’ rulemaking agenda? If so what is the timetable for a future rulemaking process?

Assistant Secretary Darcy. The Corps is interested in proceeding with a rulemaking at some point in the future to revise the Clean Water Act regulatory definition of the terms “fill material” and “discharge of fill material”.

Chairman Rogers. Will environmental, economic, and employment studies be involved in justifying such a new rule? What outlets will industry stakeholder, elected officials, and the public have for input or comment during the rulemaking process?

Assistant Secretary Darcy. Yes, if and when a rulemaking is undertaken, environmental, economic, and employment studies will be developed as part of the rulemaking process. The draft NEPA document, the draft economic analysis report, and any other supporting documents will be made available to industry, stakeholders, elected officials, and the public for comment electronically, in hard copy, and at meetings. A copy of the supporting documentation will be located in EPA’s electronic docket.

In addition, the Regulatory Flexibility Act (RFA) generally requires an agency to prepare a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements under the Administrative Procedure Act or any other statute unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities such as businesses, organizations, and governmental jurisdictions. The agencies will ensure any proposed rule would comply with the RFA. Executive Order (EO) 12898 (59 FR 7629 (Feb. 16, 1994)) establishes federal executive policy on environmental justice. Its’ main provision directs federal agencies, to the greatest extent practicable and permitted by law, to identify and address disproportionately high and adverse human

health or environmental effects of their programs, policies, and activities on minority populations and low-income populations in the United States. The agencies would ensure any proposed rule will comply with the EO 12898.

There will be public comment periods for the draft and final rule, and opportunities for meetings and workshops throughout the rulemaking process. We welcome and will consider all comments, including from elected officials.

Chairman Rogers. Can the Corps assure that any such new rule will be in compliance with the *NMA v. Jackson* decision and congressional intent in accordance with the Clean Water Act Sections 402 and 404 programs?

Assistant Secretary Darcy. The agencies will ensure that any proposed rule is consistent with the Clean Water Act, the agencies' joint regulations, and applicable court decisions.

404 PERMITS

Chairman Rogers. Following up on points raised in the hearing, can the Corps provide a clear total of the 404 permits authorized since 2009 for the actual mining of coal, both in Kentucky and throughout the United States? How many coal permits are awaiting consideration? How many have been withdrawn? What has been the average length of time between the submission and final decision on a permit application since 2009?

Assistant Secretary Darcy. In eastern Kentucky, there have been 47 CWA Section 404 permits issued for mining-related activities from 1 January 2009 – 31 December 2012. In the eastern Kentucky coal fields, the Louisville and Nashville Districts currently have 50 pending applications for mining-related activities. During this four year period 112 applications for mining-related activities in the eastern Kentucky were withdrawn for a variety of reasons (e.g. at the applicant's request, determination that no permit was required, for enforcement action, due to the lack of a response from the applicant to the Corps request for additional information, etc.).

Of the 47 permits issued in eastern Kentucky during this period, 41 were nationwide permits (NWP) and six were individual permits (IPs). Average processing time for the 41 NWP) was 198 days with a median processing time of 103 days. For the six IPs, the average processing time was 890 days with a median processing time of 834 days. Between January 1, 2009 and December 31, 2012, the five Corps districts in Appalachia (Louisville, Huntington, Nashville, Pittsburgh, and Norfolk) issued a total of 180 section 404 permits for coal mining related activities in the six state mining regions. This included 131 general permit (GP) authorizations and 49 individual permits. For the 131 GPs verified in Appalachia during this period, the average processing time was 219 days with a median processing time of 117 days. For the 49 IPs issued in Appalachia during this period, the average processing time was 636 days with a median processing time of 485 days. In the rest of the United States outside of Appalachia, a total of 230 coal mining-related permits (52 IPs and 178 NWP) were issued during this four year period.

Chairman Rogers. Does the Corps have, or is it considering, a regulatory procedure to ensure the agency's compliance with the *NMA v. Jackson* court decisions?

Assistant Secretary Darcy. The Corps will continue to process permit applications for mining activities in accordance with applicable laws, regulations, and court decisions, including *NMA v. Jackson*.

QUESTIONS FROM MR. ALEXANDER OF LOUISIANA**LOCK HOURS AND AUTHORIZED WIDTHS AND DEPTHS**

Mr. Alexander. Regarding lock hours of operation and authorized channel widths and depths: Do you believe the Corps has discretionary authority to control these issues, or do you believe the Corps is obligated to strictly adhere to the policies Congress mandates?

Assistant Secretary Darcy. The Corps has authority and responsibility to operate its program within the funds appropriated. The Budget focuses on those projects and activities that provide the greatest economic, public health and safety, and environmental benefits to the Nation.

The inland waterways with a high level of commercial use carry roughly 95 percent of the traffic, measured by ton-miles. Within the O&M program, funding for these waterways is a high priority. The inland waterways with a moderate level of commercial use carry roughly 80 percent of the remaining traffic. These waterways also receive substantial funding.

Mr. Alexander. Did the Corps perform a cost benefit analysis to determine the economic impact of the reduced hours of locks prior to restricting their operation? How much does the Corps save by reducing the hours of operation of certain locks? Also, have cost benefit studies been conducted regarding how remotely operated locks would impact local economies?

Assistant Secretary Darcy. The Corps has not developed estimates of the impacts to users of the locks. However, in all cases barges will be able to continue to use the locks at certain times. A preliminary analysis was performed that indicated operating costs nationwide could be reduced by about \$4.5 million, which could be put to better use to maintain projects or features on inland waterways. The reduction in hours of service would also extend the service life of the affected locks.

The Corps is not considering remotely operated locks at this time.

RIVER DREDGING

Mr. Alexander. One of the most important tasks the Corps performs is the dredging of our rivers so commercial vessels can transport adequate loads of cargo to and from our ports. This task is even more important given the persistently dry conditions across the country over the past year, particularly throughout the Mississippi River Valley. I have heard from some that this dry climate and these low water levels could be here to stay.

Assuming this is true, what plans does the Corps have to ramp up dredging operations in waters used for commercial travel? And what do you need from Congress to assist you in your efforts?

Assistant Secretary Darcy. The Corps worked aggressively since the mid-summer of 2012 to provide operable navigation channels for the continued flow of waterborne cargo on the middle Mississippi River. These actions included: accelerated dredging, rock removal, structural measures, strategic management of water releases from Corps reservoirs, routinely scheduled channel surveys, and close collaboration with channel users and the U.S. Coast Guard on river conditions and navigation aids. Subject to the availability of funds, the Corps would be able to undertake further measures in the future if needed to support navigation on this high-use inland waterway.

QUESTIONS FROM MR. FLEISCHMANN OF TENNESSEE**TAILWATERS ON THE CUMBERLAND RIVER**

Mr. Fleischmann. In my home state of Tennessee, the Army Corps of Engineers recently announced a plan to restrict access to tailwaters on the Cumberland River by erecting a series of barriers to restrict boater and fishermen access. This new policy has led to opposition from Tennesseans and is opposed by the Tennessee Wildlife Resources Agency.

While the reason provided by the Army Corps of Engineers was that these new restrictions were intended to prevent fatalities, to my knowledge the vast majority of fatalities have occurred due to falls from the banks, which these barriers would not prevent. Is that correct?

Assistant Secretary Darcy. No. Since 1970, records show that there have been 14 fatalities in the tailwater area below Nashville District dams. Three of those 14 fatalities (21%) occurred when the victim was bank fishing and apparently fell into the hazardous waters. However, the District's plan to erect a waterborne boat barrier system would have no affect on bank fishing. Bank fishing adjacent to restricted areas will still be permitted in designated areas.

Mr. Fleischmann. As these barriers are estimated to cost roughly \$2 million plus upkeep costs, and given the limited resources of the Corps of Engineers, why is the Corps planning to spend money on these barriers when there are critical O&M funding needs?

Assistant Secretary Darcy. Public safety is the Corps highest priority, and the use of appropriated Operations & Maintenance (O&M) funds to fully implement policy and provide the public with safe and healthful recreational opportunities is an appropriate use of funding. By restricting waterborne access through clear and fixed restricted area boundary signs, buoys and boat barrier system, the Nashville District will limit the public's exposure to hazardous waters, avoiding the need to increase personnel to ensure public safety, and reducing the government's liability. The Corps will make every effort to minimize impacts to operation and maintenance activities as a result of the one-time construction cost.

Mr. Fleischmann. Additionally, if you build these barriers and someone falls into the river behind said barriers, how would you get a boat in there to rescue them?

Assistant Secretary Darcy. The boat barrier system will have an emergency boat access gate to allow access inside the barrier system by emergency response and government personnel.

INLAND WATERWAYS USER BOARD APPOINTMENTS

Mr. Fleischmann. From its establishment until just recently, Inland Waterways User Board appointments occurred on a routine basis and the Users Board provided the Congress and the Administration with inland waterway modernization recommendations annually. In 2011, Board appointments were allowed to lapse and were not made until 2012 was almost half over. New appointments to the Board are now required.

What is the status of appointments to the Inland Waterways Users Board?

Assistant Secretary Darcy. Recommendations of eligible candidate representative organizations have been submitted and are currently under review for selection within the Department of Defense (DOD).

Mr. Fleischmann. When will those appointments be made?

Assistant Secretary Darcy. Once DOD completes its assessment of the recommendations, new representative organizations will be selected to serve on the Users Board.

Mr. Fleischmann. Can you assure us that we won't have another gap in Board appointments this year?

Assistant Secretary Darcy. The Army and DOD are working to expedite completion of User Board selections, but a gap already exists. The 1-year interim appointments of representative organizations were from February 23, 2012 to February 22, 2013.

Mr. Fleischmann. The Administration has made it clear that it does not support many of the legislative recommendations of the Inland Waterways Users Board for increasing investment in the inland waterways system. Do you support, or have you already implemented, any of the administrative recommendations, such as those for project planning and management?

Assistant Secretary Darcy. The Corps has implemented recommendations regarding project management certification, the requirement to use risk-based cost estimates for projects exceeding \$40 million in total project cost, the requirement for independent external peer

review, and the creation of an inland navigation design center of expertise. Other recommendations are still under consideration.

CHICKAMAUGA LOCK

Mr. Fleischmann. At Wednesday's hearing on the Army Corps of Engineers' Budget, General Bostick described Chickamauga Lock as "structurally sound."

How did the Corps of Engineers arrive at this conclusion?

Assistant Secretary Darcy. LTG Bostick indicated that the lock is "structurally stable", meaning we are not seeing significant movement of the lock at this time. This is based on information from the instrumentation installed at the site to monitor movement of the lock.

WEDNESDAY, MARCH 13, 2013.

U.S. ARMY CORPS OF ENGINEERS

**OVERSIGHT HEARING—HURRICANE SANDY
SUPPLEMENTAL IMPLEMENTATION**

WITNESSES

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

**MAJOR GENERAL MICHAEL WALSH, DEPUTY COMMANDING GENERAL
FOR CIVIL AND EMERGENCY OPERATIONS**

COLONEL KENT SAVRE, NORTH ATLANTIC DIVISION COMMANDER

Mr. FRELINGHUYSEN. The hearing will come to order. Good afternoon everybody. Sorry about the delays. Some part of the Congress is still meeting with the President. And of course the President noted there is some white smoke that appeared over the Vatican, so a lot of excitement. A lot of excitement that all of you are here today as well.

The purpose of today's hearing is to discuss the impacts of Hurricane Sandy and to review the work done to date by the Army Corps of Engineers on implementing the Hurricane Sandy Supplemental Appropriations Act. I would like to welcome our witnesses, Assistant Secretary for the Army for Civil Works Jo-Ellen Darcy.

Welcome back.

Deputy Commanding General for Civil and Emergency Operations, Major General Michael Walsh.

Welcome back to you as well.

General WALSH. Thank you, sir.

Mr. FRELINGHUYSEN. And the North Atlantic Division Commander, Colonel Kent Savre.

It is good to see you again.

Colonel SAVRE. It is good to be here, sir.

Mr. FRELINGHUYSEN. In particular let me just say parenthetically congratulations are in order for Colonel Savre who will be promoted to brigadier general on Friday. I know that it is a hard earned honor. Congratulations to you.

Additionally, I would like to note that Ms. Claudia Tornblom, currently Deputy Assistant Secretary, Management and Budget, will soon be retiring from the ASA's office after almost 25 years. That is four Administrations and even more Assistant Secretaries, with calls to thank you, and this subcommittee joins in that chorus.

Colonel, congratulations to you.

Thank you, Claudia as well.

I would also like to welcome in due course other House members representing districts affected by Hurricane Sandy who will be here to share their perspectives with the subcommittee.

It has been over 4 months since Sandy hit and people are still suffering this afternoon in New Jersey, New York and Connecticut and other areas of the northeast. Their needs are immediate and real and should be addressed promptly. According to many estimates, New Jersey, New York, Connecticut and the rest of the East Coast sustained nearly \$100 billion worth of damage. Many families are still displaced without a place to call home. Likewise small business people's dreams have been washed away and destroyed in many cases. Some towns are still under emergency orders.

In addition to the work in support of FEMA, the Corps has been responsible for assessing damages and making many repairs to its own Federal water resources projects. The Sandy Supplemental included approximately \$1.4 billion for this type of repair work. The Supplemental also includes almost \$4 billion for additional efforts to prepare for and reduce the risk of damages from future storms. Congressional intent was and still remains that the Corps move forward with these improvements as quickly as possible.

Unfortunately, the Corps' recent report casts doubt on whether the Administration feels the same sense of urgency as many of us do. The report calls for more studies on many projects that appear to have been rather well studied, and for the consideration of new policies that appear to be more of the making of the Office of Management and Budget than the Army Corps itself. Bluntly, we need less examination and additional reviews and more action restoring our coastlines and communities before the summer is upon us.

New York, New Jersey, and Connecticut coastlines were devastated by Hurricane Sandy. Action is vital to the economic health and vitality of all of our states and to many individual communities. Short-term and long-term action should not be held up while we take yet another look, and I quote, "at a conceptual examination of the best ideas and approaches." One would think that perhaps we have taken a look at a lot of these approaches before. In any case, we are going to proceed with the hearing and I look forward to hearing from our witnesses on the issues in more detail today. And so once again welcome to everybody. And I turn to my ranking member now, Ms. Kaptur, for any remarks she may have.

Ms. KAPTUR. Thank you, Mr. Chairman. Thank you for the manner in which you handle our subcommittee. As always, I appreciate your leadership, and I know that your part of the country, New Jersey/New York, was greatly affected by Superstorm Sandy. We have all seen the destruction that this catastrophic event caused to people and to places, and we have heard the personal stories of those affected in the news and through personal experience.

Portions of the region that were damaged I also represent, places like the shore of Cleveland, of Avon Lake, and they also were hit very hard with that western edge. So I want to be brief in my remarks this afternoon so the subcommittee can get down to the business of learning about the Corps' important work to discuss the immense needs of all those regions hit by Superstorm Sandy.

And I want to welcome again Assistant Secretary Darcy—and it is good to see you—and General Walsh and Colonel Savre. We appreciate your taking the time to come before our subcommittee this afternoon.

I believe in ordinary circumstances the Corps' work is critically important to our Nation. In the case of disaster recovery that role is even more crucial to the communities and to the people who have been devastated by these natural disasters. And I look forward to your update on the progress the Corps has made in addressing the impacts of Sandy. The last several years have brought repeated and devastating weather events to many areas of our country, testing the ability of local communities to respond, rebuild, and recover. In light of the destruction caused by these natural disasters the pain inflicted on Americans and the high cost of recovery and rebuilding are before us, and we must begin to address and adapt to changing weather patterns in order to avoid expensive recovery.

Preventive investments, if made wisely, can significantly lessen the cost borne by the taxpayers of the United States and ultimately each of us to rebuild in the wake of natural disasters. I visited Louisiana after that horrendous event and in Mississippi, and as a city planner by training I looked at the topography and I thought, well, how are we going to avoid this in the future? Sometimes humans cannot fully appreciate the power of nature. We cannot continue to expose our communities to such significant vulnerabilities. We must instead begin to address long-term sustainability and economic health by building in a way that mitigates the gravest risks and takes account of the natural environment in which we all live.

To this end the Corps received more than \$3 billion for construction to address the long-term sustainability of communities impacted by Sandy. Earlier this week the administration provided the first interim report to the committee indicating how the Corps will approach its important work. The report raises several questions regarding the Corps' approach to this funding, both in terms of what will be built and when it will be built. I hope you are prepared to speak in some detail regarding your plans for mitigating future damages. Specifically, I would like to understand how you think these projects should be evaluated and by what metrics.

Recognizing many plans for local construction and recovery hinge on the Corps' plans, I am also very interested in how quickly you believe the U.S. Government and its partners can bring assistance to local communities. Overall the Corps received over \$5 billion to respond to Superstorm Sandy. This is a significant sum of money, particularly in the current budgetary environment. And while the bill provided the Corps ample discretion to prioritize projects, it is the distinct prerogative of this committee to ensure taxpayers' dollars spent in the countries' best interest.

Given the immensity of the storm and the wide geographic reach, we certainly expect such funds to be allocated efficiently, equitably, and judiciously. I appreciate and value the Corps' dedication to its mission and I know you will continue to bring that commitment to bear in the service of those who lives were irreversibly and adversely impacted by Sandy, and I look forward to your testimony and thank the chairman for the time.

Mr. FRELINGHUYSEN. Thank you, Ms. Kaptur.

Mr. FRELINGHUYSEN. Madam Secretary, I thank you for being here and also apologies for the delay in the hearing.

Ms. DARCY. Thank you, Mr. Chairman and members of the subcommittee.

Mr. FRELINGHUYSEN. Maybe you need to move that mic a little closer, if you would please. Thank you.

Ms. DARCY. Is that better?

Mr. FRELINGHUYSEN. Much better.

Ms. DARCY. I am Jo-Ellen Darcy, the Assistant Secretary of the Army for Civil Works, and I would like to summarize my testimony and ask that the full statement be put in the record.

Mr. FRELINGHUYSEN. Consider it done.

Ms. DARCY. Thank you. As you introduced, I am honored to be here with our Deputy Commanding General, General Walsh, and Colonel Promotable Savre, who is our North Atlantic Division Commander.

Hurricane Sandy was a catastrophic storm that struck the Atlantic coastline in late October of 2012. It resulted in the loss of life, severe damage to the coastline, widespread power outages, damage to infrastructure, businesses, and private residences. Superstorm Sandy, as it is called, traveled along the Atlantic coast, and it affected the entire area, from coastal North Carolina to Massachusetts, and brought winds of over 80 miles per hour and storm surges up to 13.7 feet. Flood damages occurred to public infrastructure, causing extensive power outages, affecting mass transit systems, and damaging public housing and private residences.

It is clear that existing Corps projects helped to mitigate some of the flood damages to the residents. However, degraded coastal features have resulted in increased risks and vulnerability to future storm events. Expected changes in sea level, extreme weather events, and other impacts of climate change are likely to increase those risks.

The Corps has authority under Public Law 84-99, Flood Control and Coastal Emergencies, for emergency management activities in response to natural disasters, including natural disaster preparedness, advanced measures, emergency operations, both before and after a flood, and rehabilitation and repair of damaged projects.

The Corps also responds to disasters at the direction of the Federal Emergency Management Agency under the Stafford Act. Under FEMA's National Response Framework, the Corps is the coordinator for Emergency Support Function #3, which is Public Works and Engineering. FEMA mission assigned to the Corps are funded entirely by FEMA's Disaster Relief Fund. After Sandy, the Corps responded to 68 FEMA missions, assignments in 13 states for which FEMA provided over \$352 million. The success of efforts was due to a dedicated and determined team, including the Corps, the Navy, the Coast Guard, the Department of Transportation, New York City's Transit System, and many others.

Damage sufficient to warrant repair under Public Law 84-99 was reported for 19 Hurricane and Shore Protection projects within the Corps' North Atlantic Division. The Corps has approved Project Information Reports for these 19 projects, and engineering and design work has begun on each of the projects. There also were damages to projects outside of the North Atlantic Division for which Project Information Reports also are being prepared as warranted. Finally, there are also damages to the Corps' navigation projects.

The Disaster Relief Appropriations Act of 2013 was enacted in January of this year and it provided \$5.35 billion for the Civil Works program. This amount included \$3.46 billion for construction funding, of which more than 80 percent was to reduce future flood risks in a way that will support the long-term sustainability of the coastal ecosystem and communities, and reduce the economic costs and risks associated with large-scale flood and storm events. The Act requires all Corps projects funded for construction to incorporate current science and engineering standards.

The Army is in the process of developing an implementation plan for the funding provided under this Act. For project-specific measures the Corps will perform an expedited, limited reevaluation that addresses resiliency, economics, risks, environmental compliance, and long-term sustainability. Also, the Corps will enter into amended Project Partnership Agreements with the non-Federal project sponsors that among other things will ensure an updated flood plain management plan is developed by the responsible non-Federal partner. This approach will take a broad long-term look at reducing future vulnerabilities in a manner that is sustainable over time for the natural coastal ecosystem, for individuals, and for the communities in which they live.

Before I end I would just like to take this opportunity to say that I am extremely proud to be here as the Assistant Secretary of Army for Civil Works who oversees the Army Corps of Engineers. They did an incredible job in responding to Sandy. And it is because of those people, the dedicated efforts of those people, some of whom are in this room, but many of them are still out in the field continuing to respond to Sandy. And it is a tribute to this organization that they have that dedicated staff. Some people came from all our districts all over the country to help in this response and I just want to acknowledge their great efforts. So thank you.

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

HURRICANE SANDY

MARCH 13, 2013

Mr. Chairman and Members of the Subcommittee:

I am honored to testify before you today on the execution of the Army Civil Works program of the Army Corps of Engineers. I am joined today by Major General Michael Walsh, Deputy Commanding General, Civil and Emergency Operations and Colonel Kent Savre, Commander, North Atlantic Division.

Hurricane Sandy was a catastrophic storm that struck the Atlantic coastline in late October 2012, resulting in loss of life, severe damage to the coastline, widespread power outages, damage to infrastructure, businesses and private residences. Degraded coastal features have resulted in increased risks and vulnerability from future storm events, and expected changes in sea level rise, extreme weather events, and other impacts of climate change are likely to increase those risks even further..

Damages were experienced as far south as Florida, as far north as New England, and as far west as the Great Lakes. Particularly hard hit were areas in the greater New York City metropolitan area, including Long Island, New York, New Jersey and the Connecticut shoreline.

On October 22, 2012, Hurricane Sandy originated in the Caribbean. It strengthened as it crossed over eastern Cuba and the Bahamas on October 25, 2012, at which point, it was a Category 3 storm with winds in excess of 125 mph. Upon its approach to the Atlantic coastline, a trio of weather factors combined to create the super storm: (1) an intense Category 1 hurricane, (2) a trough of low pressure dipping down from the Arctic feeding the hurricane and (3) a block of high pressure in the northeastern Atlantic Ocean pushing Sandy toward the east coast.

On October 27, Sandy briefly weakened to a tropical storm and then re-strengthened to a Category 1 hurricane. While it was a Category 1 storm off the coast of the Northeastern United States, the storm became the largest Atlantic hurricane on record (as measured by diameter, with winds spanning 1,100 miles). Prior to impacting the mid and north Atlantic coastline, Hurricane Sandy devastated portions of the Caribbean. Early on October 29, Sandy curved north-northwest and moved ashore near Atlantic City, New Jersey.

Due to the massive size of the storm, the brunt of the energy and damages were north of Atlantic City for a distance of hundreds of miles. Due to the size and energy of the storm, it caused damage not previously experienced along the north Atlantic coastline, including widespread flooding, erosion and wave attack resulting in power outages, damage to infrastructure, businesses and residents. Lesser impacts were experienced in the Southeastern and Midwestern states and Eastern Canada.

RESPONSE ACTIVITIES

The Corps has authority under Public Law (PL) 84-99, Flood Control and Coastal Emergencies (FCCE) (33 U.S.C. § 701n), for emergency management activities in response to natural disasters. Under PL 84-99, as amended, the Chief of Engineers, acting for the Secretary of the Army, is authorized to undertake activities including natural disaster preparedness, advance measures, emergency operations (flood response and post flood response), rehabilitation of eligible flood control works threatened or destroyed by flood, repair of federally authorized shore protective works threatened or damaged by coastal storms, and provision of emergency water assistance due to drought or contaminated source. The Corps also responds to disasters at the direction of the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Act (42 USC 5121, *et seq.*). Under the National Response Framework, the Corps is assigned as the Coordinator for Emergency Support Function (ESF) #3, "Public Works and Engineering," and during disasters the Corps is the primary agency for response activities, such as, water, emergency temporary power and debris management and removal. FEMA is the primary agency for ESF#3 recovery activities and can assign missions to the Corps to assist in the execution of these and other recovery missions. Disaster response activities authorized by the Stafford Act, and prescribed by mission assignments by FEMA, are funded by FEMA's Disaster Relief Fund.

Under PL 84-99, the Corps emergency assistance prior to and during a flood event is temporary in nature to meet an immediate threat and may only be undertaken to supplement non-federal efforts. The assistance is undertaken to mitigate risk to life and public safety by providing protection to critical public infrastructure against flood waters. Therefore, PL 84-99 is not used to protect private residences or other developments unless such protection is incidental to protect critical public facilities and infrastructure within the area. Tribes and states must commit all available resources such as supplies, equipment, funds and labor as a general condition to receiving Corps assistance. Furthermore, the Corps emergency efforts are not intended to provide permanent solutions to flood risks. Therefore, the removal of all flood fight material at the conclusion of a flood event is the responsibility of the respective Tribe or state.

During preparation for Hurricane Sandy, the Corps supplemented state, local and Tribal efforts with over 218,000 sandbags, and with cold weather gear. The Corps was also engaged with numerous federal agencies and provided technical assistance to state governments for flood response. This experience improved multiple partners understanding the Corps capabilities and PL 84-99 authorities.

PREPAREDNESS AND TRAINING

The FCCE appropriation account provides funds for the Corps preparedness with regard to emergency response to natural disasters, flood fighting and infrastructure search-and-rescue operations, and rehabilitation of flood control and hurricane

protection structures. Disaster preparedness activities include coordination, planning, training, and conducting response exercises with local, state, and federal agencies. District Commanders, Tribal liaisons, and emergency management staff meet with federal, state, and local officials and other interested parties to discuss Corps authorities under PL 84-99, share lessons learned from previous flood events, conduct "tabletop" exercises, which are designed to help an organization test a hypothetical situation, such as a natural or man-made disaster, and evaluate the group's ability to cooperate and work together, as well as test their readiness to respond. At these meetings, they also review sandbagging and other flood fighting techniques, and strengthen the collaboration among the Corps, state and local governments and Tribal entities.

COLLABORATION AND COORDINATION

The Corps collaborates and coordinates with federal, Tribal, and state partners and close coordination occurs with appropriate state emergency management offices. During Hurricane Sandy, the Corps was part of FEMA's joint information center to coordinate activities among all response agencies and transparently communicate to all affected parties and the communities. The Corps has also participated in national and regional exercises held by the Department of Homeland Security/FEMA. These exercises provide federal and non-federal agencies an opportunity to plan for natural disasters, and to learn about partner agency capabilities, resources, and responsibilities. The Corps works closely with other federal emergency response partners to include: Department of Transportation (DOT), Housing and Urban Development (HUD), United States Coast Guard (USCG), National Guard Bureau (NGB), Department of Energy (DOE), Department of Agriculture (AG), Department of Commerce (DOC) and state and local agencies. The Corps also works closely with the Interior Department's U.S. Geological Survey (USGS). USGS provides vital resources to support the Corps by deploying both personnel and equipment prior to and in response to an event, such as stream gauges and a variety of sensors to aid in data collection to support decision making.

HURRICANE SANDY RESPONSE

On October 29, 2012, Hurricane Sandy was centered 285 miles east of Cape Hatteras, North Carolina and moving north with sustained winds of 85 mph, a category 1 hurricane. The forecast had the center of Hurricane Sandy coming to shore at Ocean City, New Jersey. Peak wind for the National Capitol Region was projected to reach 74 mph. Along with wind damage, Sandy was expected to cause dangerous rip currents, beach erosion, minor coastal flooding, with an increase in inland flooding potential, and power outages. Highest threat of storm surge was expected from 6 to 11 feet in Long Island Sound, Raritan Bay, and New York Harbor. Highest rain projections were predicted in the Delaware, Maryland, and Virginia Peninsula with isolated maximum amounts of 12 inches. Hurricane force winds would affect Mid-Atlantic States, and New York City and Long Island. Gale to tropical storm force winds would affect most of the

northeast. Six Corps divisions and districts' Emergency Operation Centers were activated and teams were moved into place.

Hurricane Sandy traveled along the Atlantic coast impacting the entire area from coastal North Carolina to Massachusetts. Described as a "superstorm," Sandy brought over 80 mph winds and surges up to 13.7 feet. Flood damages in the area were to public infrastructure, flooding subways and wastewater treatment plants, causing extensive power outages, affecting mass transits systems, and affecting public housing and private residences. Existing Corps projects helped to mitigate some of the flood damages to the residents.

During Hurricane Sandy, the Corps responded to missions assigned by FEMA, and provided 1,039 highly trained technical personnel and the 249th Prime Power Battalion in 13 states. The Corps response to Hurricane Sandy included 68 FEMA mission assignments for over \$351.6 million in New York, New Jersey, Massachusetts, Delaware, Ohio, Pennsylvania, Connecticut, West Virginia, and Rhode Island. These missions included; ESF#3 Management support for each state, Technical Assistance, Temporary Housing, Commodities (bottled water delivery), Temporary Power, and Debris Management and removal. The Corps worked closely with the USCG to determine threats to navigation and navigation closures, and the affected ports cleared and returned to operation.

The type of support from the federal government was unprecedented, and the Corps provided technical assistance and response to federal, state, and local entities. This included removing 475 million gallons of water from 14 areas identified by local entities, to include the New York City (NYC) subway systems and tunnels, the Passaic Wastewater Treatment Plant, and restoring operation to the Hoboken terminal. These efforts were successful due to a dedicated and determined team including the Corps, the Navy, the USCG, the DOT, NYC Transit System, and many others.

As of March 1, 2013, completed Corps response efforts also included:

- Completion of 567 power assessments, and installation of 211 generators. At peak, the Corps generated 55MW of power, enough to support the needs of 55,000 families.
- Operation of 162 pumps to un-water 14 strategic sites, resulting in removal of over 475M gallons, equivalent to 720 Olympic size pools
- Delivery of 512 truckloads of water to New York, New Jersey, Pennsylvania, and West Virginia
- Completion of coastal restoration missions: Cupsogue County Park, New York; Smith Point, New Jersey, Mantoloking Breach, New Jersey.
- Refurbishing of 115 transitional housing units
- Delivery of Infrastructure Systems Mission Scoping Assessments per its role as defined under the National Disaster Recovery Framework.

Ongoing activities include:

- In New York City, 693,855 CY of an estimated 1.3M CY of debris has been removed by long haul in accordance with ongoing missions assigned to the Corps.
- On Fire Island, 1,765 of the 1784 received Property Debris Removal (PPDR) assessments have been completed.
- Coordination of Infrastructure Systems elements of the Recovery Support Strategies per its role under the National Disaster Recovery Framework.

DAMAGES TO CORPS OF ENGINEERS PROJECTS FROM RECENT FLOODING

Damage sufficient to warrant repair under PL-84-99 was reported for 19 Hurricane/Shore Protection Projects (HSPPs) within the North Atlantic Division. The Project Information Reports (PIRs) for these 19 projects have been approved and engineering and design work has begun on each of the 19 projects. An addendum to each PIR is being prepared for each of the 19 projects to provide documentation necessary to allow for each to be restored to its design profile. Addendums for each of the 19 projects are being developed and coordinated within the North Atlantic Division at this time. Additionally, four PIRs are being prepared for projects in Connecticut, and two PIRs are being prepared for projects in Rhode Island. There were damages to projects outside of the North Atlantic Division, and PIRs are being prepared as warranted. Finally, there were damages to Corps navigation projects. Work is beginning to address these issues.

HURRICANE SANDY SUPPLEMENTAL

The Disaster Relief Appropriations Act of 2013 was passed by Congress and signed into law by the President on January 29, 2013 as Public Law 113-2 (P.L. 113-2). The Army is in the process of developing an implementation plan for the funding provided under the Disaster Relief Appropriations Act, 2013. The Act provided \$5.35 billion for the Civil Works program. That amount includes \$3.461 billion for Construction, \$1.008 billion for Flood Control and Coastal Emergencies, \$821 million for Operation and Maintenance, \$50 million for Investigations, and \$10 million for Expenses. The legislation provides supplemental appropriations to address damages caused by Hurricane Sandy and to reduce future flood risk in ways that will support the long-term sustainability of the coastal ecosystem and communities and reduce the economic costs and risks associated with large-scale flood and storm events.

Funds provided in the FCCE account and some funds in the construction account were provided to address immediate repairs. The Corps is allocating these funds accordingly to address such immediate needs.

More than 80 percent of the construction funding provided to the Corps in chapter 4 of title X of the Act was provided "to reduce future flood risk in a way that will support the

long-term sustainability of the coastal ecosystem and communities and reduce the economic costs and risks associated with large-scale flood and storm events..." Furthermore, the Act requires all Corps projects funded for construction under chapter 4 to incorporate current science and to also incorporate current engineering standards. In addition, the Act provides for such modifications as the Secretary of the Army determines are necessary to incorporate these current standards and to meet the goal of providing for the sustainable reduction to flooding and storm damage risks. Finally, for projects under study by the Corps, the Secretary of the Army may use the construction funds provided in chapter 4 to construct any such project if the Secretary determines that the project is technically feasible, economically justified, and environmentally acceptable.

To meet these interrelated statutory objectives, the Corps will undertake a broad, conceptual examination of the best ideas and approaches to reducing the vulnerability to major storms over time, in a way that is sustainable over the long-term, both for the natural coastal ecosystem and for communities. In some or many cases, the restoration of an existing Corps project to its original design profile may not meet these interrelated objectives, and a fundamentally different approach may be more suitable.

When determining how to move forward in implementing project specific measures in accordance with the funding and direction in the Act, the Corps will perform an expedited limited re-evaluation that addresses resiliency, economics, risks, environmental compliance, and long-term sustainability and will enter into an amended Project Partnership Agreement with the non-Federal partner that, among other things, will ensure an updated flood plain management plan is developed. This approach will enable the Corps, working with its Federal and local Partners, to take a broad, long-term conceptual examination of the best approaches to reduce future vulnerability in a manner that is sustainable over time for the natural coastal ecosystem, for individuals, and for the communities in which they live.

CONCLUSION

Mr. Chairman, Members of the Subcommittee, this concludes my testimony. I would be happy to answer any questions you or other Members of the Committee may have.

Mr. FRELINGHUYSEN. Highly appreciative of their efforts.

Judge Carter chaired the House Appropriations Committee on Homeland Security this morning and we heard from Craig Fugate, and I think we would say on behalf of all those who potentially could be on the dais, but all of us on the dais, how proud we are of the work of the Army Corps, both civilian and military. I mean preparing for a storm of a magnitude that had you putting teams out there for every possible contingency. We are highly appreciative of the long hours. And that was true of the FEMA teams as well. We were amazed by the amount of work that has been done.

So I am told that we have 10 minutes until votes. Let me proceed with a few questions. If either of you, General Walsh or Secretary Darcy, can you give some additional comments about the overall geographic scope of the Corps projects that were damaged by Hurricane Sandy? Put into context the types and level of damages for, let's say, the New York and New Jersey region?

General WALSH. The storm really caused a great deal of havoc on our sand and dune berms that we had put in place to protect the local communities. And the projects performed exactly as they were designed generally, but we still have an evaluation report that is ongoing ensuring that they did perform as they should have.

From a navigation perspective, it caused a lot of sediment to restrict the channels, bringing the bottom up and making the draft not as deep as it had been in the past, and also constricting the width of the channels as well. So from a navigation perspective there were some issues there.

Also from a navigation perspective a lot of the jetties, groins were damaged as well, and the two hurricanes storm damage gates that we have in place were also damaged. From our O&M perspective there was a lot of damage that we are working through assessing and are in the middle of repairs.

Mr. FRELINGHUYSEN. Was the level of damage higher than we have ever had before, generally speaking?

General WALSH. Yes, sir. Superstorm Sandy caused significant damage to the East Coast.

Mr. FRELINGHUYSEN. Of course all of us are concerned about how you proceed with the repairs and your work. I know that you worked very hard on your interim report. As I said in my opening statement, I am concerned about whether there is enough urgency on the part of the Administration to address some of the problems that New Jersey residents and businesses are concerned about. The supplemental was intended to allow you to multitask to address short-term and long-term issues. At the same time we did not intend to have you put the restoration and construction work on an indefinite hold while you worked on a comprehensive study.

Madam Secretary, how much restoration or construction work does the administration intend to complete prior to the submission of the comprehensive study?

Ms. DARCY. Congressman—

Mr. FRELINGHUYSEN. This is sort of the crux of the matter here.

Ms. DARCY. We will be continuing to do assessments. However, we will be able to move forward on those projects that have either been under construction or "ongoing construction." We will be looking at assuring that the money that will spend on those projects

is going to be able to provide not only the protection, but also resiliency for that project.

Mr. FRELINGHUYSEN. You set up a new category under—

Ms. DARCY. I am sorry?

Mr. FRELINGHUYSEN. You set up a new category in the materials that you submitted to us.

Ms. DARCY. Congressman, in the report that we submitted there were three different definitions of construction that were in the appropriations bill.

Mr. FRELINGHUYSEN. Would you go over those with us?

Ms. DARCY. Yes.

Mr. FRELINGHUYSEN. I mean, it seems like you have set up a new category here.

Ms. DARCY. Well, in the legislation there was a reference to constructed projects, ongoing construction, and under construction; all three of those appeared in the appropriations bill. For the ongoing construction projects, there is a list of 10 of those in the interim report. Those are projects that, in the last 3 years, have at some point received construction funding. The constructed projects are those projects that have completed construction. And then the projects, under construction there are seven on that list. Those projects are considered under construction because they currently have a contract or had a contract in hand before Superstorm Sandy struck.

Mr. FRELINGHUYSEN. So do you anticipate making decisions on which projects to restore to the design profile prior to completing work to repair these projects to pre-storm levels?

Ms. DARCY. That will be an ongoing process. Because of the construction definitions we are going to be able to proceed with the repair and the restoration, but are also looking at the same time at whether the restoration should be in any way changed due to lessons learned, being have we learned something about sea level rise or other kinds of resiliency aspects that we might need to add to or amend that project.

Mr. FRELINGHUYSEN. So we are going to proceed with the re-nourishment process in some areas or not?

Ms. DARCY. Yes.

Mr. FRELINGHUYSEN. And so the timetable for the third section, which was ongoing, was it?

Ms. DARCY. Yes, ongoing.

Mr. FRELINGHUYSEN. Well, what is the timetable there?

Ms. DARCY. Those projects, ongoing construction, are projects that are currently ongoing. What we will do with those projects is look at whether there are any sorts of improvements to be made. The ongoing construction project list, as I said, consisted of 10. In the appropriations bill, ongoing construction meant that project would get 100 percent Federal funding.

Mr. FRELINGHUYSEN. We have some questions as to actually what is 100 percent and what is some level less than that.

Ms. DARCY. According to the statute 100 percent Federal is for those 10 projects included in the definition of ongoing construction.

Mr. FRELINGHUYSEN. And so the others, what would be the ratio there?

Ms. DARCY. Beach renourishment projects are usually a 65–35 cost share.

Mr. FRELINGHUYSEN. Mr. Fattah, welcome. You have already voted?

Mr. FATTAH. I have not voted yet.

Mr. FRELINGHUYSEN. We have got 4 minutes. I think we need to—

Mr. FATTAH. We will vote and come back?

Mr. FRELINGHUYSEN. We will be back.

[Recess.]

Mr. FRELINGHUYSEN. Apologies for the break. Secretary Darcy, I think I have been clear in my message that the Corps should implement all possible interim steps to provide storm protection even while the longer-term study is ongoing. I do not feel I have gotten a clear answer from you on whether you intend to do that, whether you intend to continue the work on these projects.

Ms. DARCY. Yes, Congressman, we are going to continue the work on these projects.

Mr. FRELINGHUYSEN. Well, what is the schedule?

Ms. DARCY. We do not have a schedule, I do not believe. I would have to defer to my division and district commanders. But we have already moved out on 19, I think it is, of our Project Implementation Reports. We have repairs underway now. We share your sense of urgency, and the repairs are underway, the restoration will continue and we are going to do everything we can.

Mr. FRELINGHUYSEN. The restoration will continue. Is it project specific or is that sort of a general statement?

Ms. DARCY. Of the projects listed, yes.

Mr. FRELINGHUYSEN. The 10?

Ms. DARCY. Well, on the tables, I do not want to confuse you, but the ones on both table one and table two, we will be moving out on those.

Mr. FRELINGHUYSEN. So are you restoring any of the listed projects to design profile? What are you doing exactly? How would you categorize what you are doing?

General WALSH. Sir, we are moving out smartly in the repair process. We have reviewed Project Information Reports from the North Atlantic Division and we also have them from the South Atlantic Division. And we will be moving FCCE funds that are in the supplemental to bring those projects up to the pre-storm level.

Mr. FRELINGHUYSEN. What about the design profile?

General WALSH. We will be looking at the design profile as we continue with the assessments on how we are going to bring projects into conformance with smart, resilient—

Mr. FRELINGHUYSEN. What does that mean, smart, resilient? I mean, we assume you always have a degree of resiliency and smartness in everything you do. What does that mean? Is that in the future? It sounds sort of futuristic to me.

General WALSH. It does sound futuristic, and that is exactly what we are looking at, as we move from the repair to restore, making sure that we are taking into effect any of the things that we have learned over time in regards to sea level rise.

Mr. FRELINGHUYSEN. But many of the communities along the shore are, you know, they want the work done with some alacrity, measures put in now.

General WALSH. Yes, sir.

Mr. FRELINGHUYSEN. So you are talking in a way that there is no immediacy here.

General WALSH. Yes, sir. And if I gave you that impression, then that was in error.

Mr. FRELINGHUYSEN. Well, how are they going to prepare for future storms if there is not going to be some action across the board here?

General WALSH. Right now with our Project Information Reports we are preparing statements of work for those and will have them out for advertisement in the next 2 months.

Mr. FRELINGHUYSEN. The committee, and I am not alone in this, has some concern, wants to move ahead here——

General WALSH. Yes, sir.

Mr. FRELINGHUYSEN [continuing]. With some alacrity. A lot of people are asking when we are going to get some action.

General Walsh, it is my understanding that most of the projects listed in the first interim report are what can be called soft or sacrificial designs, mostly involving fill. If these projects were constructed now, how difficult would it be from a technical perspective to transition to a different design, if necessary, at a later date?

General WALSH. Those soft design projects would not be difficult at all to switch to something different if it showed that we ought to change the construction methodology.

Mr. FRELINGHUYSEN. So that begs the question, are you going to move ahead with some of these softer sacrificial designs? And which ones are you planning to move smartly ahead on?

General WALSH. Yes, sir. In the North Atlantic Division we have 25 Project Information Reports and South Atlantic Division is working on 10 more, and we will be bringing those up to the repair level as rapidly as we can, meaning that we are working on statements of work in the North Atlantic Division now and should have a few of those ready for contracting in the next few months.

Mr. FRELINGHUYSEN. Next few months. I want to give some of my other members an opportunity to weigh in if they would like.

Mr. Alexander.

Mr. ALEXANDER. Good afternoon to all of you. I am from the state of Louisiana so we know a little bit about hurricanes, and we were sympathetic of course to the East Coast residents. We learn something new every time a hurricane comes to Louisiana. What have you all learned about Hurricane Sandy? How was it different from the storms that hit the Gulf Coast or the eastern sea shore or Florida? How were the storms different and what have you learned?

General WALSH. We are still looking and assessing the impacts of Hurricane Sandy and we will be bringing that together in the comprehensive study. Certainly from a general perspective, the damages were significant. Those places where we had engineered beaches, it appears that those communities were able to get through the emergency better than those that were not behind engineered structures, and I think I have seen the same thing in Louisiana in the hurricanes I worked there, in Gustav and Ike.

Mr. ALEXANDER. It appears you are going to be there for a while. Are you going to be ready for storms that hit other areas? And what can Congress do to help you down the road?

Mr. SIMPSON. More money.

Mr. ALEXANDER. More money?

General WALSH. From this perspective, sir, we are putting our Project Information Reports together, going to get a lot of them under construction very soon, and we will be putting together our comprehensive plan trying to figure out the best way to look at long-term solutions for coastal residents in the future.

Mr. ALEXANDER. Last question. Can you tell us just a little bit about how you work with FEMA and what can be done to improve the relationship there in addressing some of the concerns that are out there?

General WALSH. Sir, we work very closely with FEMA during this storm and pretty much through any of the other emergencies that we have worked throughout the United States. We have our senior civilians working very closely with Administrator Fugate and we have some of our staff over working with him over at his headquarters and he has some with ours. As soon as they pull together their teams and start doing pre-planning, we pull our teams together and work with them in response to events such as Hurricane Sandy. They have assigned over \$300 million worth of projects for us to work during Hurricane Sandy. I think we have an excellent working relationship.

Mr. ALEXANDER. Okay. Thank you, Mr. Chairman.

Mr. FRELINGHUYSEN. Thank you.

Mr. Fleischmann.

Mr. FLEISCHMANN. Thank you, Mr. Chairman. General Walsh, it is good to see you today.

I have got a few questions. What is the Corps' involvement in debris removal following Hurricane Sandy, what has that been? And do you expect that to continue or expand that level of work as the overall recovery efforts continue?

General WALSH. We received our debris mission from FEMA very early on and we rapidly moved our project response teams, for debris. We brought in seven or nine teams to work with the local communities on how to best work the debris missions. We sat down and talked with Governor Christie to see if he needed assistance. FEMA and the State of New Jersey thought they would work their debris missions. New York asked us for some assistance on the debris missions.

So far we have moved about 630,000 cubic yards of debris for New York out of a total of about 1.3 million. That is land side debris. On water side debris, we have two debris collection vessels in the harbor and we are collecting woody debris and old boats that came down to the harbor so that we can clear the harbor rapidly and we're able to open up the harbor to navigation working closely with the Coast Guard.

Mr. FLEISCHMANN. Thank you. Based on your most current cost estimates, do you believe that you have sufficient funding to complete all repairs of existing projects consistent with standard policy?

Ms. DARCY. I do believe that we do have sufficient funding. However, we have to look at the funding now since—it is going to be reduced because of the sequester. Hopefully we will be able to manage with what we have.

Mr. FLEISCHMANN. Okay. A follow-up to that. Again, based on your most recent cost estimates, do you have sufficient funding to restore all projects in the North Atlantic Division to design profiles as anticipated by the supplemental. And then a follow-up. Are there any issues associated with restoring projects to design profiles that we should be aware of?

Ms. DARCY. I believe that we do have sufficient funding. And, again, I would offer the same caveat as to the impact of the sequester, we are going to work best we can to make sure that we can get to those profiles. The answer to the second question was, if we know of any design profile challenges, was that your question, Congressman?

Mr. FLEISCHMANN. Are there any issues associated with restoring projects to design profiles that we should be aware of?

Ms. DARCY. Not at this time.

Mr. FLEISCHMANN. Okay. Mr. Chairman, I yield back.

Mr. FRELINGHUYSEN. Mr. Simpson.

Mr. SIMPSON. What was the total Sandy supplemental?

Ms. DARCY. For the Corps of Engineers it was \$5.35 billion.

Mr. SIMPSON. \$5.35 billion?

Ms. DARCY. Yes, sir.

Mr. SIMPSON. And the sequestration hits that—

Ms. DARCY. Is 5 percent across the top, so it would be less—

Mr. SIMPSON [continuing]. Hits that, too.

Ms. DARCY. Pardon me?

Mr. SIMPSON. Hits the supplemental.

Ms. DARCY. Yes, we have to reduce that budget by \$267 million.

Mr. SIMPSON. \$267 million. This is all dedicated to damage done by Sandy?

Ms. DARCY. Correct, and some future studies as well.

Mr. SIMPSON. And some future stuff?

Ms. DARCY. Right.

Mr. SIMPSON. Will there be any other funds from other Corps projects that are shifted to this area because of Sandy? In other words, have they moved up on priority? And will it affect other projects that the Corps is doing around the country at all, do you know?

Ms. DARCY. In some of the actions we have taken so far including some of the repairs we have used other funding, our FC&CE funding that we had already, so that has not come out of the supplemental money. So right now I am not certain that we would have to look to other project funding in order to meet these requirements. The supplemental money is what that is targeted for.

Mr. SIMPSON. Do you have any idea of what the total cost will be when you are all done? This was an emergency supplemental of \$5.35 billion minus the \$267 million. Do we know or have some idea about what it will cost in the long run? Because I suspect there will be future costs that will be incurred because of the hurricane.

Ms. DARCY. Congressman, I think we will know more of that cost when we complete the comprehensive study that was directed in the supplemental, because that is supposed to take a future look at the entire East Coast within the boundaries of the North Atlantic Division, and what is the best way for us to have flood risk and storm risk reduction along that entire area. The comprehensive study may say we need either more projects, different projects, different configurations, and that will probably have an additional cost.

Mr. SIMPSON. I suspect it is still taking resources that we are appropriating to deal with what happened in Katrina in New Orleans and the area around there. The Corps is still working on those projects down there, is it not?

Ms. DARCY. Yes, they are.

Mr. SIMPSON. Yeah. So this will be an ongoing cost, beyond just the supplemental. We have a tendency in here to think that once we have appropriated supplemental appropriations to fund this that it is all over, that it is done. But there will be an impact beyond what this supplemental addresses. Has the Administration finalized its guidance for implementing the Sandy supplemental yet?

Ms. DARCY. We have not. It is not completed, but we are in the process of doing that.

Mr. SIMPSON. Any idea when that will be done? And are there any projects that will be delayed because of this? And what is taking it so long, do you know?

Ms. DARCY. I do not believe there will be any projects that will be delayed because of the implementation guidance, but I would be guessing at this point if I gave you a date. So I will get back to you on what that date would be.

Mr. SIMPSON. How are you defining the term ongoing construction projects for the purposes of determining if a project is eligible for full Federal funding?

Ms. DARCY. In our interim report we have identified 10 projects that we consider ongoing construction and what we have determined to be the definition of ongoing construction is any project that has received construction funding in the last 3 fiscal years.

Mr. SIMPSON. Okay. That is all right now.

Mr. FRELINGHUYSEN. The question my colleague asked, it is a question of setting priorities, is it not?

Ms. DARCY. Yes, it is.

Mr. FRELINGHUYSEN. So how are those priorities going to line up here?

Ms. DARCY. We set our priorities mostly by the risk to public health and safety. It is that risk that we will determine and will usually fund first.

Mr. FRELINGHUYSEN. Well, you have a pretty good landscape to look at in both New York and New Jersey.

Ms. DARCY. Yes, we do.

Mr. FRELINGHUYSEN. I assume. I know you have been dedicated for the last 5 months to being on the ground, and you know what could have happened if a call had not gone out for people to move and relocate, and it would have been an unmitigated disaster with considerably greater loss of life.

I just want to ask, you are moving ahead with a comprehensive study because, quite honestly, that is part of the mandate of our supplemental, so that is what we have directed you to do. Where do you get into these expedited reevaluations of projects? Your first interim report stated the Administration's intent to perform expedited reevaluations for projects before moving forward with construction sort of begs the question I made in my initial comment: What are all these reevaluations about? All these projects, correct me if I am wrong, are authorized.

Ms. DARCY. That is correct.

Mr. FRELINGHUYSEN. Right?

Ms. DARCY. Yes.

Mr. FRELINGHUYSEN. So to some degree you have had eyes on these projects, in some cases 10 or 15, 20 years, right?

Ms. DARCY. Yes. The reevaluation is to ensure that the money that we are going to spend in order to rebuild them and restore them to the same authorized level is going to provide the kind of protection that we initially planned. Some of these projects were authorized 20, 30 years ago. It is sort of a relook. And what we have done within our division and our headquarters is we have assigned a dedicated team that is doing just Sandy reviews so that we can expedite it and they can be done as quickly as we can.

Mr. FRELINGHUYSEN. So that is what the process looks like, right? You have a dedicated time looking over this here.

Ms. DARCY. Yes.

Mr. FRELINGHUYSEN. What are the specific criteria you will be using in deciding whether or not to move ahead?

Ms. DARCY. We have to ensure that it is going to be—

Mr. FRELINGHUYSEN. But what specific measures are you contemplating?

Ms. DARCY. We look to ensure that it is going to still provide the same protection, that it is going to be able to provide that protection over the long term, that it is going to be economically viable and that it is going to be able to sustain the kind of surge that we saw in Sandy and be able to provide protection to the community that is counting on it, living behind it.

Mr. FRELINGHUYSEN. Okay. Any additional comments, gentlemen? Yes, Mr. Simpson.

Mr. SIMPSON. Tell me about the contractor availability of doing these projects. Is there limitation because of a lot of damage in one region? Is that a problem or an issue? Limited supply of contractors generally will mean increased prices, is that going to be a problem?

General WALSH. I think Colonel Savre would be the best to answer that, sir.

Ms. DARCY. Colonel Savre is our North Atlantic Division commander.

Colonel SAVRE. We have had discussions with the contracting community and their position right now is, I guess to, quote, bring it on. They feel that they can meet the requirement right now.

Mr. SIMPSON. Are you worried about price escalation because of—

Colonel SAVRE. I do not think we have any reason to worry about price escalation.

Mr. FRELINGHUYSEN. I want to get back before we recognize some of the members that have been kind enough to come testify on behalf of their States and their districts. We are obviously making a case for the many thousands of people that have been displaced, the communities that have been disrupted, in some cases totally destroyed. What input are you soliciting from the governors, the three governors, Malloy, Christie, and Cuomo? I mean, they are a part of that equation. We know you have been working very closely with them. They have some pretty strong feelings here, and how are you taking their strong feelings about your work into consideration?

Ms. DARCY. We are taking them into consideration not only at the Corps of Engineers but also through the President's task force on Sandy recovery. Secretary Donovan—

Mr. FRELINGHUYSEN. Which is headed up by Secretary Donovan.

Ms. DARCY. Yes.

Mr. FRELINGHUYSEN. He is sort of the gatekeeper here.

Ms. DARCY. He is for the task force and for the requirements that were outlined in the Executive Order establishing the task force and the requirements for us to have a coordinated Administration position as well as a way forward. And that work is going to be completed in August; we serve on that task force.

Mr. FRELINGHUYSEN. He is a pretty important part of that panel.

Ms. DARCY. And from New York.

Mr. FRELINGHUYSEN. Yes, and from New York as well. No, I think the committee certainly has some concerns about moving ahead quickly here, but obviously smartly. A lot of concerns out there.

Well, I want to thank you for your testimony. I hope that you will remain for a few minutes and I want to recognize—yes?

Mr. SIMPSON. Can I ask one more question? Just out of curiosity, we learned a lot during Hurricane Katrina, a lot about what to do and a lot about what not to do. Have any of those lessons paid value in this hurricane relief effort?

Ms. DARCY. I believe they have. And I am going to recognize Major General Walsh who was in New Orleans for the rebuilding after Katrina.

General WALSH. Yes, sir, there were a lot of lessons learned and we inculcated a lot of those inside the Corps of Engineers process, working for emergencies. One of them, I call it more “make a friend before you need a friend,” make sure that the districts, the local arms of the Corps of Engineers are well integrated inside the local community. We would send out our local government liaisons to a lot of the counties and towns just to make sure that they have connection back through us or through us to FEMA. I found that to work very well in a lot of emergencies.

The key items that we look at is are we fighting the storm from a systems approach as opposed to a levee by levee approach, and I think we have used that approach. We have looked at Colonel Savre's division, the North Atlantic Division. He was the lead and we have pushed a lot of resources to support him as we were looking at the storm from a systems approach.

We are also reminding folks that we really cannot protect from nature, we can reduce risk, and that we need to communicate that

we cannot protect citizens, we can reduce them from the risk of storms. We are putting that part of the risk communication systems in place as well.

Mr. SIMPSON. Thank you. And thank you all for the work you do.

Ms. DARCY. Thank you.

Mr. FRELINGHUYSEN. Let me compliment, too, you had civilian and uniform for the Army Corps embedded in a lot of OEMs throughout the Northeast, we are indebted to the time and effort and the teamwork that went in there. And I know the locals very much are appreciative, obviously, from the governor all the way down to county governments and to municipal governments, to those that were so helpful from your ranks and the fact that there was usually a designated person, usually the same person that they could reach out to. So I certainly want to extend our thanks from the Northeast region.

I understand that Ms. Kaptur is on her way, but maybe should we think we just proceed? If we can have you step back and possibly be here to maybe hear the testimony of some of our colleagues, that would be very great. Just take a few minutes.

WEDNESDAY, MARCH 13, 2013.

TESTIMONY OF MEMBERS OF CONGRESS

**OVERSIGHT HEARING—HURRICANE SANDY
SUPPLEMENTAL IMPLEMENTATION**

WITNESSES

**HON. CHRISTOPHER H. SMITH, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NEW JERSEY**

**HON. FRANK PALLONE, JR., A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NEW JERSEY**

**HON. ELIOT L. ENGEL, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF NEW YORK**

**HON. FRANK A. LOBIONDO, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NEW JERSEY**

**HON. ROSA L. DELAURO, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF CONNECTICUT**

**HON. CAROLYN B. MALONEY, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NEW YORK**

**HON. CAROLYN MCCARTHY, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NEW YORK**

**HON. MICHAEL G. GRIMM, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NEW YORK**

**HON. GREGORY W. MEEKS, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NEW YORK**

**HON. BILL PASCRELL, JR., A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NEW JERSEY**

**HON. RUSH HOLT, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF NEW JERSEY**

**HON. TIMOTHY H. BISHOP, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NEW YORK**

**HON. JAMES A. HIMES, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF CONNECTICUT**

Mr. FRELINGHUYSEN. And as we remove the nameplates, I am pleased to recognize Congressman Chris Smith, the dean of the New Jersey congressional delegation.

Thank you, Congressman, for being with us.

Congressman Engel is here. Eliot, welcome. You have just about as much time here as Chris Smith, do you not?

Mr. Smith. Oh, Mr. Holt, Rush, please come on up, from New Jersey. I will not say first come first served here, you were here actually. Greg Meeks was here earlier, too. Maybe he will come back.

So, Chris, why don't you start off.

Mr. SMITH. Chairman, thank you so very much. And members of the committee, I want to thank you for the opportunity to speak and to say a few words today about the importance of Army Corps of Engineers beach replenishment projects in New Jersey.

Chairman Frelinghuysen, I want to especially thank you and express my, and I know all of us, our deep gratitude and respect for your extraordinary leadership on the legislation, and we all appreciate your continued focus on the importance of these projects through this hearing and so many other efforts that you have undertaken. The Frelinghuysen amendment is making and will continue to make a profound difference in the lives of our constituents and communities throughout the Northeast.

As I think all of us know, and you know it especially, Mr. Chairman, after Superstorm Sandy came ashore and devastated our region the first responders courageously rescued people trapped in homes, in cars, often with minimal regard for their own personal welfare, safety, and well-being. Everyone rallied around the clock. Governor Christie led with strength and empathy and had no qualms whatsoever about calling out Washington for its tardiness. Emergency management personnel, police, fire, and EMT, the National Guard, which deployed some 2,000 guardsmen, elected officials, and county OEM directors were resourceful and tenacious and like everyone else sleep deprived. And our local mayors, well, they were like NFL quarterbacks working with their OEM directors, running the plays, making calls, minute by minute, hour by hour. Faith-based organizations as well fed, clothed, and sheltered people. PBOs were also on the screen in droves. Businesses rallied and provided an enormous amount of contributions, especially food to people who were suffering.

Sandy was, as we all know, the most destructive storm ever in our region and arguably the second or third most costly in American history. Since Superstorm Sandy, I have seen the catastrophic damage to our coastal communities and I have walked on virtually every beach, often three, four times with mayors, with local officials, and with constituents. And I had never seen anything like it. I went to the tsunami, Mr. Chairman, that hit Phuket, Banda Aceh, and Sri Lanka—remember, Rush, that trip—and apart from the loss of life, the devastation mirrors that terrible tsunami. Thankfully, the early warning caused us not to have that kind of loss of life.

What struck many of us was the contrast between the damage in the towns that previously participated in Army Corps beach replenishment projects. Clearly they had less damage than those that

did not. It was stark. And those municipalities where the Corps built higher berms, floodwaters had diminished impact. The Corps projects proved themselves, I would respectfully submit, extremely worthwhile, saving lives and property, underscoring the need to expand and expedite this essential work. Prevention works.

In Ocean County and places like Surf City, Beach Haven, and Brant Beach, projects that were only recently completed where the Corps constructed high berms and widened beaches, damage to houses, businesses, infrastructure, as a result the cost to rebuild was significantly less than in the towns where similar renourishment efforts have not yet began.

Mr. Chairman, the Army Corps issued, as we all know, their interim report as prescribed by the act. And the Corps report lists a number of projects in various stages of construction that will need to be rebuilt to ensure existing projects, though damaged, will be able to provide the same protection in an unfortunate event of a future storm.

One of those projects is Sandy Hook. The Barnegat inlet is critical to the coastal communities of Monmouth County. As they say in their report, quote, "degraded coastal features that resulted in increased risks and vulnerability from future storm events," close quote. And I am hopeful that the Corps will be able to begin construction as early as this summer to fix this project and therefore mitigate future risk.

Mr. Chairman, the Frelinghuysen amendment, as you know so well because you wrote it, included an important forward-thinking provision to ensure the long-term sustainability of our coastline, our coastal communities, and their economy, a comprehensive Army Corps study on how we can best reduce future flood risks. I would like to draw your attention to one issue that I believe the Corps should take into account, hopefully with your strong support. As you know from our work together on Wreck Pond and your work on this subcommittee, we have many coastal lakes and beach front that are contiguous, or at least they are very close in other cases, that contribute to the flooding risk, water quality, and beach closures. There are lakes in Monmouth County and Ocean Counties, including Lake Como and Sylvan Lake, whose flooding caused more damage, not less, but more than the storm coming in from the beach front. Just yesterday my good friend in the State Assembly, Sean Kean, raised the issue of coastal lakes in Monmouth County, calling them, quote, "the most important on so many levels," asking us to review dredging and infrastructure. Accordingly, I would respectfully request your subcommittee and the Corps to agree that these lakes should be included in any analysis of how to best mitigate flooding and to protect our shoreline and coastal communities in the future. Inclusion of our coastal lakes in the pending study ensures that all relevant information is properly evaluated. Thank you very much.

Mr. FRELINGHUYSEN. Thank you for your testimony.

Mr. Engel.

Mr. ENGEL. Well, thank you very much, Mr. Chairman, Mr. Simpson, and members of the committee, for the opportunity to testify before you today. I represent New York's 16th District, which includes the North Bronx and southern Westchester County in

New York. Sandy hit my district hard, as it did the rest of New York, New Jersey, and Connecticut. I am in total agreement with everything that my friend and colleague, the gentleman, Mr. Smith, just said.

As you know, Sandy was the largest tropical system ever recorded in the Atlantic. On October 29 she crashed ashore in the United States, obviously first in New Jersey. By the time it was done Sandy had taken 131 American lives, including 53 New Yorkers. And if you just take the New York City region, 305,000 homes were damaged or destroyed, 2.4 million residents lost power, our transit system carrying more than 8 million daily riders was forced to shut down.

I am a native New Yorker, I never remember that ever happening, ever in my lifetime. Thirty-seven healthcare facilities, housing more than 6,000 patients, were forced to evacuate, 2,000 miles of roads were damaged, and 11 tunnels were flooded. And if you know the terrain of New York City you know that all except for my home county, all of the rest of New York City is on an island.

I remember after 9/11 looking at the World Trade Center site with horror and thinking I do not believe it, I do not believe it, I cannot believe what I see. When we looked at Sandy, and I am not making comparisons, but I am saying when we looked at the destruction that Sandy wrought, had much the same emotion, cannot believe it, people's houses washed away, people's livelihoods gone forever. But in the face of unimaginable destruction, it has been inspiring and heartening to see so many citizens from nearby neighborhoods and across the country pitch in with relief efforts. FEMA and the other emergency responders did a very admirable job in responding. But the region is still hurting. We must continue to assist these communities.

In addition to recovering from past destruction, we obviously must also look to prepare for the future. We are likely to experience more storms of Sandy's magnitude, and I believe we are not ready. I was encouraged when Congress finally passed emergency appropriations for Sandy recovery, but obviously we cannot just stop with this. We must give the Army Corps, States, and local governments the resources that they need to protect our communities. The Army Corps is working on flood mitigation and restoration projects throughout my district. This includes the Bronx River Restoration Project and flood mitigation in Mamaroneck, New York. In fact, next week when I am in my district I will be getting an in-person update on several of these projects.

However these projects are only a small portion of the work that needs to be done to prevent future destruction from storms. I believe that the Army Corps needs to have the resources necessary to take on more flood mitigation, restoration, and navigable channel projects. These include dredging the full Eastchester Creek, flood mitigation work on the Sound Shore of Long Island, and continuing rehabbing of habitats throughout the Bronx and Westchester. I hope that we can fully fund the Army Corps of Engineers and allow them to do the work necessary to protect our neighborhoods and communities.

Again, I thank the subcommittee for the opportunity to testify here today. I am glad that Ms. Kaptur is also here. And I thank you very much. I appreciate the opportunity to raise these concerns.

Mr. FRELINGHUYSEN. Chairman Holt.

Mr. HOLT. Mr. Frelinghuysen, Ranking Member Kaptur, Representative Simpson, thank you very much for the opportunity to testify today. And our constituents know how indebted they are to the author of the Frelinghuysen amendment.

I also want to point out that I appreciate the competence and the good intentions of the Army Corps of Engineers. Just five days ago with the Corps and others from New Jersey I visited their nearly completed work in Bound Brook, where the funding from this subcommittee, through their good work, has provided protection now. And I would encourage members, by the way, to come and visit that with us to see what can be done.

Many of you who serve on this committee have direct experience in dealing with the aftermath of catastrophic storms. And as you have heard from my colleagues here and as you know firsthand, Mr. Chairman, we are still digging out, drying out, bailing out in New Jersey; 40,000 people more or less are out of their homes and likely will be out of their homes for a long time to come.

One point I want to emphasize, as my colleagues have said, storms like Sandy should not be regarded as unique incidents. Because of the effects of climate change, now scientifically validated, storms and other such severe weather phenomena are becoming the new normal. I expect that these storms that we have just seen, like Sandy, are not the high water mark of what we will see. So we must increase our pre-disaster preparation and mitigation effects if we are going to keep our communities functional places to live and work.

I want to give you one example, which is the community of South River in central New Jersey. The Disaster Relief Appropriations Act provides 50-some billion dollars for aid for New Jersey and other states from Hurricane Sandy. It is unfortunate that some of those funds are to be sequestered, but with regard to Army Corps projects the bill states that in part, quote, "The completion of ongoing construction projects receiving funds provided by this act shall be at full Federal expense," end quote.

In voting for this legislation it was my intent, my understanding that all ongoing Corps projects in New Jersey would be eligible for funding and the full match. The city of South River, New Jersey, has struggled to deal with the repeated major storms that have battered the eastern United States over the last decade. In the aftermath of Sandy, South River residents have struggled to recover. Since 2007, South River has had a flood damage and reduction project underway, and as I understand it the Corps does regard that particular project as an ongoing project that is eligible under the Sandy supplemental. The project was authorized in 1997.

As the funding provided in the emergency supplemental was provided for ongoing construction projects at full Federal expense, I have asked the Corps that it allocate a portion of the more than \$5 billion that will be spent on the Corps projects for the South

River project. And I believe the Corps is working toward that end. However, it is unclear whether South River will receive the necessary additional funding needed to bring the project to a conclusion, \$2 million to \$3 million, I believe.

I could just as easily point to other projects in New Jersey, such as in Manville or South Bound Brook or Middlesex or elsewhere that are likely to fall into this problem, this category of uncompleted projects. It is one of the issues that we must address going forward, and the increasing frequency and severity of superstorms even in towns along the river, not only on the shore, are impacted by such storms and the damage is magnified.

So my appeal to you is twofold: help the Corps understand what you intended with respect to ongoing projects so that they can move ahead with the Sandy supplemental funds in South River and all of those other places that I mentioned; and provide the Corps with the resources it needs to effectively prepare for future Sandys or worse. Thank you.

Mr. FRELINGHUYSEN. Thank you, all three of you, for being here. And I can assure you, we are seeking more clarity. And you note of course that the Corps brass is behind you as a witness to your testimony, and I am appreciative of their being here. So I do not think there is anything lost in translation for which I appreciate your all adding extra emphasis. So thank you, gentlemen.

I am pleased to recognize Carolyn McCarthy.

Thank you. Please join us up here.

Gregory Meeks, who was here, like the first man in line, but bowed out so graciously to go somewhere else for a while. And Congressman Michael Grimm. Thank you all for joining us this afternoon.

Ms. KAPTUR. Mr. Chairman, would you yield?

Mr. FRELINGHUYSEN. Excuse me, Ms. Kaptur, I do apologize.

Ms. KAPTUR. That is all right. I just wanted to thank you very much for handling matters here. We had a 97th birthday celebration for former Ambassador and Congresswoman Lindy Boggs, who was in the Capitol today, and on a bipartisan basis Connie Morella and many others came. And that is why I had to step out a bit. I was asked to make remarks and I did that. So I apologize to my colleagues for not being here for their full testimony, and I thank you very much for handling matters.

Mr. FRELINGHUYSEN. I thank you.

Mrs. McCarthy.

Mrs. MCCARTHY. Thank you. And thank you for having the patience to listen to us, because I am sure that all our stories are probably the same. But obviously for us representing our areas that were terribly damaged by Superstorm Sandy I think it is important that you hear from our words also. So thank you very much, Chairman Frelinghuysen, and certainly Ranking Member Kaptur, I appreciate it.

I appreciate the opportunity to come before you to discuss the damaging effects of Sandy on my district and the importance of our rebuilding efforts. I represent the 4th Congressional District of New York and I am proud to represent the barrier island of Long Beach in my district. I am here today to remind you of the damage

that was caused on Long Beach and other parts of Long Island, a nearby suburb of New York City with almost 3 million residents.

For those of you that are not familiar with Long Beach there are five communities on the barrier island, Point Lookout, Lido Beach, the city of Long Beach, East Atlantic Beach, and Atlantic Beach. It is a 9-mile long barrier island. It is primarily residential with extensive recreational areas and very small businesses. Equally as important, is that the barrier island provides protection against wave attacks to the rest of Long Island, including 1.3 million residents in Nassau County and more in Suffolk County.

Now, obviously Long Beach is on the ocean side. What a lot of people did not understand, the surge actually went 5 miles into my area. The canals and the back areas all flooded, so an awful lot of homes were totally destroyed, the mold that has been there and is there, our schools flooded has made my constituents' lives miserable. And we are trying to rebuild before the summer, to be very honest with you.

In response to storm events to this magnitude, future damage, the U.S. Corps of Engineers, the New York District, conducted several planning studies to determine the feasibility of coastal protection measures. These studies have shown that Long Beach is wide but low in elevation, demonstrating the need for a storm protection project. While the barriers we have along our beach have been effective in stabilizing the shoreline, the long elevation of the beach allows for overtopping during moderate storms. As you well know, Sandy was not a moderate storm and it wreaked havoc on thousands of homes and businesses. With the support of the Army Corps of Engineers we have the ability to dramatically reduce the impact of future hurricanes and flood events on Long Island.

Increasing the elevation of the existing beach to help address overtopping and providing protection in the form of a sand barrier or a flood wall to prevent future storm flooding are essential. With funding from the Disaster Relief Appropriations Act of 2013, we can build and reinforce dikes, strengthen barriers, and enhance dune systems, all of which will dramatically reduce the impact of damaging storms that threaten, again, millions of the people living on Long Island.

Sandy, as you have heard from other Members of Congress, was not an isolated event, and as we approach this year's storm season in June we must prepare and protect a new round of potentially terrible storms that will hit Long Beach and Long Island as a whole. Support from the Army Corps of Engineers through the supplemental funding legislation we recently passed is vital. It will ensure that we are rebuilding in a manner that restores the Long Beach community, while reducing the likelihood of the rest of Long Island to see similar damages from future storms.

Our communities on Long Island will never be the same and we know that. It is going to be changing. But we have an opportunity now to make them better and safer. And I think cost effectively to prevent the kind of damage that we have seen, what we can do now to prevent that kind of damage in the future and costing everybody money is worthwhile.

My message to the Army Corps of Engineers is let them have the money so they can do their job. I know money is tight. I know that

everybody is stretching their hard dollars. But a number of Republicans and other members have come down to see the community. We are not the Hamptons. I think everybody thinks we are all rich on Long Island. We are not. We are middle-income families. And when they saw the bungalows and the houses that people lived in and saw downtown Long Beach, you can tell that we are just a regular community. And it is a good community and there are good people. And we want to protect also the communities behind Long Beach. It is extremely important.

One of the biggest issues we have right now, we lost our hospital. And even though the next hospital is only 5 miles away, Long Island, because of the traffic and being that you have to take bridges over, sometimes it can take 90 minutes. That is a life-and-death issue. So we take upon your wisdom, I know that you have gone through this yourself, and hopefully that we will be able to get the funding to make my communities whole down the road. Thank you.

Mr. FRELINGHUYSEN. Thank you, Mrs. McCarthy.

Mr. MEEKS. Thank you for your patience.

Mr. MEEKS. Thank you, Mr. Chairman. I would like to thank you and Ranking Member Kaptur for this opportunity to testify before the subcommittee today on energy and water.

The issue that you are talking about is a matter of critical importance to the tens of thousands of constituents in the Fifth Congressional District of which I represent, and to those individuals up and down New York and New Jersey and Connecticut. It is absolutely critical. And these are New Yorkers and people from New Jersey and people from Connecticut who are still trying to recover from this storm. And you know as Members of Congress that media coverage and the statements of members from all three of these delegations, New York, New Jersey and Connecticut, during the debate in regards to the superstorm aid package, that the superstorm destroyed or damaged tens of thousands of homes and businesses and critical infrastructure. And I want to associate myself with comments that all of my colleagues have made.

In fact Congressman Grimm and myself, the reason I was running back and forth, when we leave here people are still looking. We have Showtime here trying to talk to us about the damage that has taken place and what we can do in the future to prevent the kind of damage that took place to our communities. So beyond the extraordinary task of providing immediate relief, which continue to this day, come extraordinary challenge of recovery. On one level there are issues of helping New Yorkers in the affected areas who are so inclined to repair or rebuild their homes and businesses. And on the other level there is the matter of replacing damaged infrastructure and repairing coastlines that were largely destroyed by this superstorm.

The latter entails more than rebuilding boardwalks, but extends to rebuilding and retrofitting beaches and coasts in ways which will hopefully better protect a coastal city and its coastal suburbs which just happen to be in the case of New York the Nation's largest city and among its most populous suburbs.

Let me just take, for an example, in the Fifth Congressional District my little place called the Rockaway Peninsula. The Rockaway Peninsula is bordered by the Atlantic Ocean on one side and Ja-

maica Bay on the other. And oftentimes we have the ocean look like they want to come meet the bay. And more than 140,000 Americans live there.

On October 29, when the storm hit, not one individual, not one, was not affected by this storm, not one. Everybody that lived on this peninsula was affected by this storm. And so many of these residents and most of these residents have demonstrated their resiliency and their determination to rebuild and come back.

Now, some may not stay, but it is clear on the Rockaway Peninsula, most will. So the question that presents itself is, how can they be better protected? And how should the relief package be used to accomplish this goal? This involves making decisions relative to coastal infrastructure, including in what way should or could we augment what nature itself and the set of best practices teach us. At present there is no protection for the Rockaway coastline. This is the main reason why Superstorm Sandy's tidal surge was so devastating.

Now, one can say that maybe people should just move. As I said, some may. But most of the peninsula's 140,000 residents will not, nor in my opinion should they. Besides, where would tens of thousands of families go and at what cost? And speaking of cost, what will be the cost of abandoning tens of thousands of homes, thousands of businesses, hundreds of commercial outlets, hundreds of miles of streets and rail systems, and extensive electrical and natural gas infrastructure?

Congress allocated over \$5 billion in the Sandy supplemental to the Army Corps of Engineers Civil Works program. Consistent with the Army Corps mission, what I advocate for is an all-encompassing plan aimed at erecting a coastal infrastructure according to best scientific projections about the implications of future catastrophic storm patterns to provide ongoing protections for the peninsula and the other areas of the coast from New Jersey, New York, and Connecticut. This necessarily involves building well-designed jetties to help protect the coastline against erosion, as well as replenishing the beaches and the strategic building of sand dunes along, in my case, the 12 miles of beach extending from Far Rockaway to Breezy Point.

I also hope the committee will examine steps to ameliorate damage to districts like mine, given recent climate trends that have adversely affected coastal regions. Undertaking something along these lines will help protect beach front property and facilities in the seasonal revenue-generating businesses and activities that are so crucial to the Rockaways and other areas well-being. So I just ask this committee to be sure as you do your deliberations to fully fund the Corps of Engineers so that we can better prepare for tomorrow's world and better prepare and take care of our American citizens.

Mr. FRELINGHUYSEN. Thank you, Mr. Meeks.

Mr. Grimm, welcome.

Mr. GRIMM. Thank you so very much, Chairman Frelinghuysen. Your leadership has been exceptional on this issue.

And, Ranking Member Kaptur, thank you so very much for all you have done and for inviting me here today.

The opportunity to speak before the subcommittee is very important to me. Your leadership is still needed to continue to support and guide now that the Sandy relief bill has been passed. There is so much to do. As chairman you know all too well the Northeast was devastated by this superstorm. And many of our recovery efforts are really just beginning.

I proudly represent the borough of Staten Island and parts, the southwest portion of Brooklyn. Staten Island was one of the hardest hit in all of New York City. My staff and I were on the ground literally from the moment the storm hit and the amount of devastation that we witnessed was nothing less than unimaginable. Twenty-four Staten Islanders lost their lives. Families lost everything. The homes were completely torn off their foundation, some completely collapsed. Large boats were actually scattered deep into neighborhoods, they were piled up against houses and actually stuck in trees. Nothing stopped the water or blocked the surges that devastated Staten Island's vulnerable coastline.

So one does have to wonder, was there something we could have done to keep the water out or at least break the velocity of the wave that destroyed everything in its path? So in the aftermath of the storm we came together as a community. We came to address the immediate recovery needs, but now it is time to look ahead. And I think it is very important that we make responsible decisions and wise investments to rebuild better and stronger than before.

The first line of defense against a storm is our coastline. For years, even decades, New York's coastline has taken a beating while long-term Army Corps projects have been underfunded or put on the backburner. This has to stop. I am very grateful that the Sandy relief bill will allow us to expedite some of these projects and studies crucial to rebuilding efforts. In Brooklyn my constituents have been waiting for a new seawall between the Verrazano Bridge and Caesar's Bay, which would protect densely populated communities and the Belt Parkway. The Belt Parkway is a main artery of transportation into the city. So I am going to continue to advocate for the Army Corps to take an important role in this project.

While on Staten Island, we have been waiting since the year 2000 for the completion of the South Shore Staten Island Feasibility Study, which will help determine the best course of action for constructing a seawall or barrier to protect 13 miles of shoreline. With the use of the Sandy relief funding the Corps will expedite phase one of this study from Fort Wadsworth, right next to the bridge, to Oakwood Beach. Unfortunately, this is just a study and it only covers the northern portion of Staten Island, leaving out southern areas such as, Great Kills, Huguenot, Annadale, Prince's Bay, Eltingville, and of course Tottenville, which suffered tremendous losses. It is imperative that the Corps receive adequate funding to continue the study into phase two from Oakwood Beach to Tottenville while completing the first phase and moving into construction.

While a seawall may not be the most feasible solution for the entire shoreline, it is important that we find alternative solutions such as berms, dunes, jetties. This will protect vulnerable commu-

nities in the southern coastal areas of Staten Island and those projects must be adequately funded. Sandy relief funds will allow the Corps to hit the ground running, but they can only go so far. On Staten Island we are limited to a study.

Given this, I am strongly urging FEMA and the Army Corps of Engineers to continue working closely with the city and State to identify short-term beach protection projects that can be funded by the Sandy relief bill and will afford my constituents some measure of protections while long-term solutions are pursued. I ask this subcommittee not to lose sight of the long-term needs of our communities in the aftermath of the storm and that we must help the Corps expedite these crucial projects and remove unnecessary red tape, such as—and I want to emphasize this—the external peer review requirement in order to streamline the process. Most importantly, I urge the subcommittee to ensure that the Corps remains adequately funded for years to come to help us rebuild and protect our most vulnerable communities from future disasters.

The Army Corps of Engineers does a phenomenal job and it can only continue this exceptional work with continuous funding from Congress. We cannot turn our back on our communities, which is why I again ask you to give the Army Corps of Engineers your full support. And thank you again for the opportunity to speak with you today and I yield back. Thank you.

Mr. FRELINGHUYSEN. Thank you, Mr. Grimm, and thank all of you for your testimony. Obviously focusing on the urgency of the issue. Both short range and long range we need to do some things.

Ms. KAPTUR. Mr. Chairman.

Mr. FRELINGHUYSEN. Yes, Ms. Kaptur.

Ms. KAPTUR. I just thought this was an exceptional panel. And if you would permit me one question.

Mr. FRELINGHUYSEN. Fire away.

Ms. KAPTUR. All right. You have obviously really been on the ground, you have been helping your constituents, and you have been living this and thinking about it. As you look at your region and perhaps other places in the world that have faced similar terrible water damage and hurricane damage, do you have any suggested approaches in mind that may be different than the traditional manner in which we have approached handling coastlines? Have you read anything, have people contacted you, is your academic community looking at this?

As you look at that entire perimeter, which goes down to New Jersey, and you have mentioned Connecticut as well, what has been going through your mind? If we had done what you have said would it have stopped any of the damage, is one of the questions I have, and what models do you look to, to guide you and what might really work in your part of the country.

Mrs. MCCARTHY. Well, I would say that with the plans, we have been going over remapping, and way before the storm areas even farther in than 5 miles. We were trying to explain to our constituents that flooding is going to one day hit your district. Unfortunately, no one believed us, and now Greg has that area because we went under redistricting. So my whole new area went under water, but the areas that we were trying to educate our constituents about

went under water. And I think that the educational programs for people at least to get the FEMA insurance is extremely important.

As far as what the Army Corps of Engineers is planning on doing with that help, I actually do think it has been a big debate on Long Island. I see that Tim Bishop is going to be out there. In his area they have built the groins going out; some people like it, some people do not. But all I know is one section out there where the groins are, everything east, their beaches were not damaged whatsoever. Everything west kind of had some damage. I am not a scientist; you would have to go with the best scientific information as far as I am concerned, and I do not think I would be qualified to answer it, but anything that could stop it. Even if the storm came in to just hit Long Beach, which is something I do not want to see, but because the elevation was low it went farther back, it brought up the canals and flooded areas that had not suffered floods before. And we are seeing even more areas that are being flooded that never had flooded before.

So something has to be done. We know the water is rising. We also know that in time the water is going to rise even more. What I have seen in New York City, those that were really looking to the future, the buildings they were building already put three floors up all the utilities and everything else like that. So they already had that information. And now our schools and hospitals, they are moving everything farther up, mainly because we do expect these things to happen again.

Mr. MEEKS. Let me say real briefly that what I have done, and I also sit on the Foreign Affairs Committee, and as I have traveled I have talked to the Dutch who have had similar problems, I have talked to the Japanese, I have talked to the Brazilians. And so the whole idea was I am asking them to send me the reports that they have on the coastal hazards they have had, what they have done about it so that we can try to figure out, because it is not just the eastern coast, it is happening all over the place. And maybe then we can combine that knowledge that they are gaining everywhere and put that together so that we can give and ask the Army Corps to talk to them, because it is going to be that combined knowledge that is going to help this planet, quite frankly.

And so I have taken somewhat of an international approach on it, and I guess some of that is because I am on the Foreign Affairs Committee, to say what is going on. Because in my estimation we can see the water is rising, things are changing, homes that used to be safe are no longer safe, not because of anything that the resident has done, it is because the water has risen. And that is happening here and it is happening in other parts of the world. So I am trying to figure out what is happening in other places and how we can pull those resources together to make a difference.

Mr. FRELINGHUYSEN. Going to try to get to Mr. Bishop in a second.

Mr. Grimm.

Mr. GRIMM. Very, very quickly, just to recap. I am working with Congressman Meeks, and the Dutch have some very good areas; two-thirds of their country is below sea level. So they have already created the wheel, no need for us to recreate it, so we can look to countries like that.

The other thing is very simple things, that when I met with the Army Corps 2 years ago, putting in berms and jetties in the interim while they are trying to do the longer-term seawalls and so on; that is not just the way it is done. We need to work that way, we need to put smaller mitigating factors up front because that does make a huge difference; areas that had berms made a big difference.

And then lastly we should have incentives and disincentives for the municipalities or the cities to have proper drainage, proper sewage, because that was a big part of the problem, was that sewage backed up in areas where sea water did not even get to. So that is another way that we can really mitigate. Thank you so much.

Ms. KAPTUR. Thank you, Mr. Chairman. They are just excellent.

Mr. FRELINGHUYSEN. They are. Both panels were good, the earlier panel as well.

Mr. MEEKS. This one was better.

Mr. FRELINGHUYSEN. Such a shrinking violet, Mr. Meeks.

Mr. Bishop, I guess you are batting cleanup here. Thank you for being with us. Mr. Bishop from New York.

Mr. BISHOP. Should I begin?

Mr. FRELINGHUYSEN. The floor is yours.

Mr. BISHOP. Thank you very much, Mr. Chairman. And let me thank you and Ranking Member Kaptur and Mr. Simpson and all the members of the subcommittee for the opportunity to appear before you today.

Like my colleagues from New York, New Jersey, and Connecticut, my congressional district, situated on the eastern two-thirds of Long Island, Suffolk County, suffered immense damage from the wrath of Hurricane Sandy. Like my colleagues from New York, New Jersey, and Connecticut, we realized in the hours and days that followed Hurricane Sandy the destruction that was left in her wake, the lives that were lost, the businesses, the farms and the homes that were flooded, the boats ripped from their moorings, the damage caused by Sandy's ferocious winds, and the massive impacts that the storm's coastal surge caused along the entire coastline of Long Island.

Perhaps overlooked beyond Long Island is the fact that damage wrought to Long Island by Hurricane Sandy was compounded a week later by a powerful nor'easter, two more nor'easters in December, a major snowstorm last month, and a subsequent winter storm just last week. Clearly the cycle we are in now is one where the frequency of storms is having a major cumulative effect on our natural and physical resources and on our citizens and businesses.

In response, my colleagues from New York, New Jersey, and Connecticut and I stood in firm support of the bipartisan supplemental appropriations package that finally passed in January of this year. I am grateful to you, Chairman Frelinghuysen, and other members of this committee who supported an increase in funding for the Army Corps of Engineers in the supplemental, bringing the total Corps funding to \$5.35 billion. But it will not be enough to just meet the funding challenges of restoring our communities and businesses. We must rebuild with knowledge of what it is to come and strengthen our lines of defense to withstand the onslaught of

future storms that are becoming all too frequent and devastating for coastal regions.

At the outset let me say that the Army Corps of Engineers has been an outstanding partner in responding to the damage and in managing the recovery process. Within weeks the Corps filled two of the three breaches in the Fire Island coastline and has been a superb resource in assisting local municipalities in moving forward. However, the Corps is somewhat restricted in its ability to conduct its work because it waits for the administration to follow the intent and direction of Congress to issue guidance with respect to the Federal cost share of ongoing construction projects. Along with Senators Schumer and Gillibrand, my colleagues in the Long Island delegation and I have urged the administration to make its decision as quickly as possible and provide leadership on helping our communities get back on their feet. I strongly urge the administration to agree with the recommendations of the Corps as outlined in the interim report submitted to Congress on Monday on the scope of projects that Congress intends to fund with the Sandy supplemental. Failure to act quickly will only result in delays, which in turn will increase the costs of repairing damage, prolong the exposure of Long Island communities to future storm damage, and risk further harm to the shoreline. We have only 10 weeks until the 2013 storm season begins. We must act diligently and with purpose now to get the engineering and dune rebuilding projects moving. I am increasingly concerned Long Island will be left vulnerable and precious Federal funds will be wasted unless the Corps can execute its construction and mitigation plans without further delay.

Many coastal dunes that defend Long Island's South Shore were destroyed or badly damaged during the storm and must be realigned and reconstructed. We already know that 5,000 homes had been identified within the coastal flood plain and are likely to be impacted by future storms. They need dune construction or other protection such as home elevation.

Also, the remaining breach on Fire Island, kept open at the urging of the State of New York, is becoming a serious problem as it continues to widen and leaves a portion of Long Island exposed to future damage, effectively creating a funnel through which storm surges can breach the outer defense line of dunes and slam directly into the communities along the eastern Long Island shoreline. New York State must make a decision and they must make it very, very soon with respect to what we do with that breach.

Mr. Chairman, I believe the areas and citizens affected by Hurricane Sandy have done their share of waiting. It is imperative for the administration to act and act quickly to ensure that the Corps can proceed with implementing the law. I thank you.

Mr. FRELINGHUYSEN. Thank you, Mr. Bishop. And this somewhat brings our hearing to a conclusion. We do expect a second interim report, I believe, the beginning of May. Is that right?

Ms. DARCY. May 1st.

Mr. FRELINGHUYSEN. May 1st. So we look forward to that. And obviously your physical presence here in back of the witnesses and in front of us is most appreciated. We thought you might depart, but we are very honored and pleased that you stayed to hear the

members put a very personal face on the tragedies that affected so many congressional districts, literally hundreds of thousands of people. It is a miracle that more people were not killed. And we are highly appreciative to the professional men and women of the Army Corps, both in uniform and civilian, as well as FEMA, National Guard units, OEMs, municipal mayors and leadership, and obviously the leadership of the Members of Congress like Mr. Bishop as well, too.

Ms. Kaptur.

Ms. KAPTUR. Mr. Chairman, thank you so much. And thank you for your continuing leadership on this very, very strategic region and the efforts of the Corps and others to try to rebuild. And I want to thank Congressman Bishop for his leadership in his own community, which was hit so very hard, and here in the Congress of being a voice of reason and thoughtful reconstruction.

So we are very open to all of your learned suggestions. As we move forward, some will come from the Corps, some will come from people that you have dealt with, and you probably have ideas of your own as to what would be most effective. And certainly the members of this subcommittee remain very open to those and thank you.

Mr. BISHOP. Thank you.

Mr. FRELINGHUYSEN. Thank you, Ms. Kaptur. And thank you to Mr. Simpson as well.

Mr. SIMPSON. Mr. Chairman, thank you for holding this hearing and reinforcing why I choose to live in the mountains and not by the ocean.

Mr. FRELINGHUYSEN. I will not go there. We stand adjourned. Thank you very much.

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

HURRICANE SANDY SUPPLEMENTAL IMPLEMENTATION
FISCAL YEAR 2014 OVERSIGHT HEARING

MARCH 13, 2013

IMMEDIATE RESPONSE ACTIVITIES

CORPS ROLE POST-EMERGENCIES

Subcommittee. The Corps' work following emergencies seems to run the spectrum. Please explain how the Corps is assigned work – what type, when, and where. Who assigns that work? Is there any limit to the sort of work the Corps can be asked to do?

How or when is the private sector involved in any of this work? Do you see areas where the private sector might play a larger role? Has this been examined by FEMA or other parts of the Administration? What types of work might be most appropriate, and perhaps cheaper, for the private sector to take over?

Assistant Secretary Darcy. DHS/FEMA is the lead Federal agency under the National Response Framework (NRF). Under this framework, the Corps is responsible for Emergency Support Function (ESF) #3, which covers Public Works and Engineering. Our missions under this function consist of temporary emergency power (generator installs), temporary housing, temporary roofs, debris removal management, urban search and rescue (structural engineers) and other technical assistance. The Corps provides this capability through its own workforce, through agreements with other federal agencies, and through contracted support from private industry. Support can range from only providing access to subject matter experts or providing other forms of technical assistance, to full planning and response teams of Corps and private industry contractors.

DHS/FEMA is also the lead Federal agency under the Stafford Act. Under this Act and similar to the framework described above, the Corps is responsible for ESF#3 response work that may be requested by FEMA Headquarters and/or by FEMA regions. This work may be similar to work performed under the NRF but the exact amount and type of assistance required is determined through a coordinated effort with FEMA, State and local entities (and ultimately what assistance the States request from FEMA). The deployment of specific teams and capabilities from across the Corps is organized in close collaboration with FEMA. The type of work is defined by the ESF#3 authorized role and the inherent capabilities the Corps can contribute to the response need.

The Corps has pre-positioned response contractors, but utilizes them only when the States indicate to FEMA that the response need exceeds their capabilities and they request direct federal assistance for the response.

DAMAGE TO CORPS PROJECTS

STATUS OF ASSESSMENTS

Subcommittee. The Corps has an established process for assessing and repairing storm damages to its projects. Could you please briefly explain that process?

For approximately what percentage of damaged projects have you completed each step of that process, both in the North Atlantic Division and elsewhere?

Assistant Secretary Darcy. There are four phases in the assessment and repair process: *Assessment, Review and Endorsement, Review and Decision, and Funds Disbursed*. When a damaged flood or storm damage reduction project is identified by the Corps or brought to its attention by the local sponsor or others, a Project Information Report (PIR) is prepared by the local Corps district to *Assess* project damage. The PIR provides basic background information about the project, documents the estimated amount of damage the storm caused (compared to its condition just prior to the storm), identifies environmental compliance requirements for repair, proposes alternatives for repairing the project, and recommends a course of action. The PIR is forwarded from the district to the regional division headquarters for *Review and Endorsement*, and then is forwarded with a recommendation to the Corps headquarters for *Review and Decision*. If approved, subsequent funding requests are processed and the *Funds Disbursed* down to the district that is conducting the repair.

As of the date of this hearing, the North Atlantic Division has assessed 26 projects for damages from Hurricane Sandy. Of these, six projects are still being assessed and 20 projects have PIRs that have undergone review and endorsement. Of the 20 projects with PIRs submitted to the Corps headquarters for review and decision, three projects had insufficient damage to merit repair at this time, 17 PIRs have been approved and are in the process of having funds disbursed with funds either disbursed or pending disbursement. Of the 23 projects with PIRs expected for review and decision, 17/23 are in the funding phase – approximately 74 percent.

As of the date of this hearing, the South Atlantic Division has assessed 9 projects for damages from Hurricane Sandy. Of these, one project is still being assessed and eight projects have PIRs that have undergone review and

endorsement. Of the eight projects with PIRs submitted to the Corps headquarters for review and decision, one PIR has been approved and is in the process of having funds disbursed with funds either disbursed or pending disbursement. Of the nine expected PIRs for review and decision, 1/9 is in the funding phase – approximately 11 percent.

SCHEDULE FOR REMAINING WORK

Subcommittee. Could you please outline your current schedule for repairing existing projects, both in the North Atlantic Division and elsewhere?

Assistant Secretary Darcy. Schedules vary by project and constraints associated with east coast environmental windows (applicable projects differ across regions and projects).

The North Atlantic Division plans to perform engineering and design of Flood Control and Coastal Emergency (FCCE) work between winter 2012 and summer 2013 to allow for construction of repairs between spring 2013 and winter 2014. The North Atlantic Division plans to perform Operation and Maintenance work between spring 2013 and winter 2014.

The South Atlantic Division plans to perform engineering and design of Flood Control and Coastal Emergency (FCCE) work between winter 2012 and summer 2013 to allow for construction of repairs between fall 2013 and winter 2014. The South Atlantic Division plans to perform Operation and Maintenance work between spring 2013 and winter 2014.

The Lakes and River Division plans to perform Operation and Maintenance work between spring 2013 and fall 2014.

SUFFICIENCY OF FUNDING - REPAIRS

Subcommittee. Based on your most current cost estimates, do you believe you have sufficient funding to complete all repairs of existing projects, consistent with standard policy?

Assistant Secretary Darcy. Based on current estimates, the Corps has sufficient funding to complete all repairs of existing projects.

SUFFICIENCY OF FUNDING – RESTORE TO DESIGN PROFILE

Subcommittee. Based on your most recent cost estimates, do you have sufficient funding to restore all projects in the North Atlantic Division to design profiles, as anticipated by the supplemental?

Assistant Secretary Darcy. Based on our current estimates, there is sufficient funding to restore all projects in the North Atlantic Division to design profiles. Refinements to existing cost estimates are ongoing and will continue to be developed during Engineering and Design phases of study and project activities.

Subcommittee. If or when you estimate current funding will not be sufficient, how will you prioritize activities within the available funding? Will you completely restore only some projects to design level or will you restore all projects to a somewhat less-than-design level? What factors will you consider when making these decisions?

Assistant Secretary Darcy. Based on our current cost estimates, there is sufficient funding to restore all projects in the North Atlantic Division to design profiles. If funding is not sufficient to address all identified work, the Corps will prioritize the work based on life/safety risks.

Subcommittee. The supplemental makes funding to restore projects to design level available 14 days after submission of the first interim report. Do you intend to proceed with this work as soon as the funding becomes available?

Assistant Secretary Darcy. The Corps intends to proceed with work in a responsible, methodical way, once funding becomes available.

Subcommittee. Are there any issues associated with restoring projects to design profiles that we should be aware of?

Assistant Secretary Darcy. We are not aware of such issues at this time. However, the Corps may modify its approach in some cases based on lessons learned through the Comprehensive Study.

FUNDING USED TO DATE

Subcommittee. How much of the funding provided in the supplemental has been allocated or obligated to date?

Assistant Secretary Darcy. As of the date of this hearing, approximately \$390 million has been allocated to specific activities and approximately \$3 million has been obligated.

EVALUATION OF EXISTING PROJECTS

Subcommittee. The supplemental included \$500,000 for an evaluation of the performance of existing projects. Could you please describe where you are in that process and what specifically you will analyze?

Assistant Secretary Darcy. The supplemental called for an evaluation of the performance of existing Corps projects that includes an assessment of institutional and other barriers to providing comprehensive storm damage risk reduction to coastal areas. Using these funds, the Corps is preparing a Hurricane Sandy Coastal Project Performance Study (HSCPPES). The project delivery team has been assembled, a project schedule has been developed, and study-related data concerning projects and their performance are being gathered from Corps field offices.

Our current plan is to evaluate the performance of existing projects primarily in terms of engineering metrics (for beach fill project features: design and renourishment profile, length of originally constructed beach fill, beach fill tapers, beach fill volume, quality and placement density; and for hard structure project features: design profile and structural characteristics), with a secondary evaluation based upon economics (e.g., damages prevented to private property and public infrastructure). The Study will also identify and discuss other benefit categories such as safety risk (e.g., loss of life), ecosystem services, and other social effects.

Subcommittee. Do you plan to determine the economic value of damages prevented to infrastructure, private property, natural and cultural resources, and the local economy?

Assistant Secretary Darcy. No. However, the Comprehensive Study will explore lines of causation of economic damage, broadly understood, that in the past may not have been investigated as fully as damage to structures, their contents, and public infrastructure. Ultimately, this will feed into a new and more complete description of the range of costs associated with a storm event.

Subcommittee. If yes, how will you develop this assessment?

Assistant Secretary Darcy. The Corps does not plan to determine the economic value of damages prevented to infrastructure, private property, natural and cultural resources, and the local economy as part of the HSCPES. Instead, the Comprehensive Study will broadly explore lines of causation of damage, including benefit categories that may not previously have been fully integrated into investigations. Ultimately, this information will feed into a new and more complete description of the range of costs associated with a storm event.

Subcommittee. Are any studies being conducted to compare the performance of restored and non-restored beaches?

Assistant Secretary Darcy. The Performance Evaluation Study will discuss the performance of existing Corps projects. It looks at key factors, which will include the severity of the storm at that location, the maintenance of the project, and how the physical features performed relative to the design expectation. Some comparison may be made to the unnourished beaches compared to the recently nourished beaches, but we do not expect the study to compare the physical parameters of different beaches to evaluate their effectiveness in reducing coastal storm damage.

MANAGEMENT ISSUES

IMPLEMENTATION GUIDANCE

Subcommittee. What have been the main challenges to finalizing the guidance for implementing the Sandy supplemental by now?

Assistant Secretary Darcy. Implementation guidance is being developed for all headings under the legislation. Guidance for execution of Flood Control and Coastal Emergencies and Operation and Maintenance activities are developed first and will soon be deployed to allow for work to proceed. Remaining guidance will be developed thereafter.

Subcommittee. Are any projects going to be delayed because this is taking so long?

Assistant Secretary Darcy. The completion of the implementation guidance is not expected to delay any work.

DIVISION OF WORK

Subcommittee. Can you please describe the role and responsibilities for implementing the Sandy supplemental for each level of the agency – headquarters, division, and district?

Assistant Secretary Darcy. Roles and responsibilities for implementing the Sandy supplemental are defined as follows:

- District offices are the implementing and executing entities for project definition and construction. A District's role includes the evaluation and analysis of options. Once a decision is made on how to proceed, the District is also responsible for developing an implementation strategy and executing funds to address and determine specific needs.
- Each division office oversees the work of all of the Districts in that Division, and provides regional interpretation of national policy guidance, assuring appropriate program management processes are implemented by the Districts when executing their projects within each program.
- Headquarters works with the Office of the Assistant Secretary of the Army for Civil works to provide national executive management and leadership. Headquarters also develops national policy and guidance, and coordinates Washington-level reviews of Corps activities.

PRIORITIZATION OF WORK

Subcommittee. The Corps is under enormous pressure to complete all work as quickly as possible. Some communities have been vocal about believing Memorial Day is a must-meet deadline for them. That seems quite ambitious for the amount of work to be done, particularly in the North Atlantic Division.

How much of the work funded by the supplemental do you expect to complete by Memorial Day?

Assistant Secretary Darcy. The construction that will be completed by Memorial Day will primarily consist of emergency repairs. By the end of May 2013, the Corps expects to expend approximately \$15 Million for such repairs on six projects (five projects in the Operation and Maintenance program and one from the Flood Control and Coastal Emergencies program). By the end of Fiscal Year 2013, the Corps expects to have completed such repairs on an additional 14 projects at an estimated cost of \$92 Million. While the Corps is completing these repairs, it is also working to complete expedited reevaluations and designs for other work and to complete studies in areas that may warrant a new project.

Subcommittee. What factors are you considering when prioritizing activities?

Assistant Secretary Darcy. The Corps is prioritizing and proceeding with work in accordance with P.L. 113-2. The Comprehensive study, along with the Interim reports, will assist with prioritizing near-term actions to reduce future risk in the near-term while addressing long-term resiliency.

Subcommittee. Are you soliciting input from the States as to their priorities? If so, how are you incorporating that into your decision-making?

Assistant Secretary Darcy. The Corps is working closely with the States and local communities and is considering their recommendations. States' priorities are being presented to the Corps through established and disaster-specific recovery-related mechanisms such as meetings with our District offices and via meetings arranged through FEMA's established Joint Field Offices.

CONTRACTOR CAPACITY

Subcommittee. Are there limits to the capacity of the contracting community to complete the work funded by the supplemental? What are those limits, and how are you working to manage them?

Assistant Secretary Darcy. At this time, the Corps has no evidence to suggest that significant limitations in contracted services will be encountered or that costs of repairs will increase.

Subcommittee. Do you have any concerns about a limited supply of contractors to do this work driving up the costs of projects and repairs?

Is there any direct oversight or management at the headquarters or division level to ensure that the New York and Philadelphia districts don't end up unnecessarily competing with each other for contractor bids?

Assistant Secretary Darcy. The Corps believes that sufficient contracting capacity is available to implement this program. Similar to other large undertakings, the Corps will work closely with the contracting community through business surveys, industry days, and other techniques to deliver a transparent contracting environment in order to facilitate bidding awareness and opportunities. The Corps has created, through its North Atlantic Division (NAD) HQ, a program management office to execute the work required by the Disaster Relief Appropriations Act of 2013. NAD's goal is to accomplish the work timely and cost effectively by collaborating as a team and with stakeholders, using effective processes and management controls. This office builds from NAD's traditional roles working with its subordinate Districts and with enhanced emphasis to manage Command and Control, Program Management, Regional Integration and Quality Assurance.

SUFFICIENCY OF FUNDING

Subcommittee. It is not unusual for project cost estimates to increase, sometimes significantly, especially when those estimates were developed in the immediate aftermath of a disaster.

What steps are you taking to ensure that any construction work begun with supplemental funds can be completed within the amount already appropriated?

Assistant Secretary Darcy. As with all of its projects, the Corps strives to provide an appropriate level of contract administration and oversight and ensure that contracted work is implemented consistent with the engineering plans, specifications and with contracting requirements. Processes will be instituted to guard against cost and time escalation and corrective measures enacted against deviations.

IMPACT ON REGULAR APPROPRIATIONS

Subcommittee. Do you anticipate any delays, cost increases, or other impacts to projects and studies in the North Atlantic Division funded under regular appropriations – either due to constraints at the Corps or due to limited capacity or increased competition in the contracting community?

What steps are you taking to predict and manage impacts to projects funded under regular appropriations?

Assistant Secretary Darcy. The North Atlantic Division's five Districts have either established or are in the process of establishing specific groups to manage and implement Sandy impacted projects within their areas of responsibility. Various staffing and resourcing options are being implemented to augment existing staff. The additional resources are intended to ensure that existing programs are not detrimentally impacted by the Sandy recovery efforts.

At this time, the Corps has no evidence to suggest that significant limitations in capacity exist within the contracting community.

SEQUESTRATION FURLOUGHES

Subcommittee. As of our budget hearing two weeks ago, it was still unclear whether Army Corps Civil Works employees would be included in the Department of Defense furlough plan. That decision seems to have the potential to greatly impact the speed and efficiency of recovery from Hurricane Sandy. What would be the specific impact on Sandy recovery efforts of a plan to furlough every Civil Works employee for up to one day each week?

Assistant Secretary Darcy. We expect that all Civil Works employees will be exempted from furloughs in Fiscal Year 2013.

Subcommittee. Is your Civil Works budget facing the same level of pressure as the military side of the budget?

Assistant Secretary Darcy. The effects of sequestration would apply broadly to most Federal programs.

Subcommittee. Could the Corps meet its Civil Works sequestration targets in any way other than by furloughing employees?

Assistant Secretary Darcy. Yes.

HUD-LED REBUILDING TASK FORCE

STATUS UPDATE

Subcommittee. Could you please give us an update on what the Rebuilding Task Force led by HUD Secretary Donovan is doing?

Is the Task Force on track to submit its report and recommendations within 180 days from establishment, as originally envisioned?

Assistant Secretary Darcy. The President's Executive Order calls for the Task Force to produce a comprehensive regional rebuilding strategy by August 2, 2013. Following completion of this strategy, we believe that the implementation of this strategy would be carried out by the relevant Regional Support Functions, which are already in place under the National Disaster Recovery Framework.

Along with the rebuilding strategy report, the Task Force is also working on a number of initiatives, which include inter-agency coordination, best practices and oversight. The Task Force can provide more details on such initiatives.

THE CORPS' ROLE

Subcommittee. What has been the Corps' role in the work of the Task Force to date? Do you foresee that evolving at all as the work of the Task Force continues?

Assistant Secretary Darcy. The Assistant Secretary of the Army for Civil Works is one of the twenty four members of the Hurricane Sandy Rebuilding Task Force consisting of various federal agencies listed in Executive Order 13632. The Corps also has two other senior officials serving; one as the alternate member; and the other as a designee to the Task Force. All representatives are fulfilling multiple roles to the Task Force in addition to being subject matter experts on engineering and infrastructure implementation. Their roles have included advising on management and monitoring, permitting, data sharing, resiliency and climate change, such as sea level rise.

FUNDING

Subcommittee. Has the Corps provided any funding for use by the Task Force?

If so, how much funding? From which appropriation was this funding drawn? What authority was used, since the supplemental provided funding to the Corps for Corps studies, not for Task Force studies?

Assistant Secretary Darcy. No, the Corps has not provided funding to the Task Force.

Subcommittee. What, if any, other agencies have provided funding to the Task Force?

Assistant Secretary Darcy. It is our understanding that FEMA provided funding to the Task Force.

Subcommittee. If not, how much funding, if any, has the Corps obligated on its own activities in connection with the Task Force?

Assistant Secretary Darcy. Corps representatives serving as named members of the Task Force and its Working Group prepare for and participate in meetings, requiring a fraction of their time in accordance with position-related responsibilities funded by regular appropriations. In the event that additional support is requested, the Corps will work with the requesting agency to develop an interagency agreement to detail how such support will be funded.

INFLUENCE ON CORPS PROJECTS

Subcommittee. Are any of the actions of the Task Force influencing work on Corps projects?

If so, what is the nature of that influence?

Assistant Secretary Darcy. The interagency discussions that have occurred inform the development of a strategy by the Corps for using its appropriated funds. Furthermore, the Task Force has not sought to influence Corps action on specific projects.

Subcommittee. Have there been any instances of the Task Force attempting or succeeding in overruling the judgment of the Corps relating to the Corps' own projects? If so, what were the circumstances?

Assistant Secretary Darcy. No.

IMPROVING STANDARD CORPS PROCESSES

Subcommittee. Is the Task Force developing or realizing any best practices or other benefits that could be incorporated into the standard Corps processes?

For example, are there methods of interagency or public communication that could improve the current Corps planning process?

Assistant Secretary Darcy. The Corps planning process is collaborative and adaptable by design, and is capable of accommodating a variety of methods for interagency and public communication. The effectiveness of techniques depends on the circumstances of each planning situation. However, the Task Force is exploring opportunities to dovetail authorities, expertise, and resources, which could include suggestions that would improve the effectiveness of Corps planning practices and products. The Corps stands ready to work with its partners at the Federal and State levels to pursue these and other appropriate process improvements.

COMPREHENSIVE STUDY**STATUS UPDATE**

Subcommittee. Could you please describe any work done to date to get started on the comprehensive study as outlined in the supplemental?

Assistant Secretary Darcy. The Corps continues to work with Task Force representatives and the Joint Field Offices in New York and New Jersey, as well as Regional Partners who are actively engaged in efforts to reduce storm and flood damage risks in the area impacted by Hurricane Sandy. Based on this ongoing coordination, the Corps National Planning Center has established a Team of Corps coastal engineers, scientists, and planners working with subject matter experts from other agencies. The draft scope of work has been shared with Regional Partners to ensure consistency with other plans, and to identify opportunities for collaboration, data sharing, and leveraging of resources.

SCHEDULE

. Subcommittee. Have you developed a schedule with major milestones for completing this study within two years?

Assistant Secretary Darcy. Currently, a draft of the Comprehensive Strategy is scheduled to be shared with the Regional Partners in a time frame that would enable them to review and provide comments, and allow the Corps to complete the final report by January 2015.

OUTSIDE INPUT

Subcommittee. How do you intend to solicit and incorporate information and opinions from the affected States, local governments, and general public into the comprehensive study?

Will there be opportunities for public input once or at multiple points throughout the study development process?

Assistant Secretary Darcy. The draft Scope of Work will be coordinated with Federal agencies, Nongovernmental organizations, and State, local and Tribal officials to ensure an appropriate scope of work, as well as consistency with other plans, and to identify opportunities for collaboration, data sharing, and leveraging of resources. The coordinated plans developed by the HUD-led Task Force, FEMA's New York and New Jersey Joint Field Offices and, the New York City Mayor's Office will be considered as we develop the Comprehensive Study. At this time, it is envisioned that opportunities for public input associated with the other ongoing recovery activities will be leveraged to every extent possible, to allow for consideration of such input and expedient completion of the Comprehensive Study. A public website is planned to be launched in May 2013 with a subscriber list, which gives them an opportunity, for example, to present their perspectives on resiliency, and provides invitations to the numerous engagements, panel discussions and briefings that will occur in various local communities. The team will conduct 12 visioning sessions from January to March 2014 to engage local officials and the public on the draft report. Multiple opportunities will be provided to share and solicit information, and the approved report will be available on the NACCS website. Formal public review of any findings, outcomes or opportunities proposed for follow on action (additional Feasibility studies) will occur as part of separate processes.

Subcommittee. How do you plan to draw upon any local research and coastal knowledge expertise to provide input?

Assistant Secretary Darcy. The Corps is planning to conduct focused workshops on specific topics in order to draw upon coastal knowledge and expertise.

Subcommittee. When and how will you solicit and incorporate information from other federal agencies?

Assistant Secretary Darcy. An interagency webinar series will be held during the analysis period (currently scheduled for May – December 2013) to gather information from our stakeholders to further refine the analysis. The webinars will be focused on specific topics. Four different multi-day working meetings will be held to continue refinement of analysis and solicit feedback. Additionally, nine speaking invitations to other Federal agencies are scheduled for 2013. The goal is to have a draft Comprehensive Strategy circulated for a comment period of several months to Federal agencies, and State, local and Tribal officials.

Subcommittee. What are your plans for communicating with the Congress regarding the comprehensive study?

Assistant Secretary Darcy. The NACCS team and USACE leadership has been responsive to congressional requests and will continue to do so until the study is delivered to Congress, but no other formal engagement is planned.

Subcommittee. How do you see this report fitting in with the HUD-led Task Force report?

Assistant Secretary Darcy. While it is still early in the Comprehensive Study process and the HUD-led Task Force report has not been finalized, we believe that given the close coordination of the Comprehensive Study's statement of work with the HUD-led Task Force, and the ongoing exchange between our teams, that the Comprehensive Study will support and advance many of the HUD-led Task Force goals and initiatives.. The HUD-led Task Force will have input into the Scope of Work and be a key partner in the development of the Comprehensive Strategy.

FIRST INTERIM REPORT

Subcommittee. The first interim report stated the Administration's intent to perform expedited re-evaluations of projects before moving forward with construction. What will that process look like? What specific criteria will be used in deciding how or when to move forward on project specific measures?

Assistant Secretary Darcy. The Corps is reviewing existing study/project documentations to determine which of those reports contain information that must be updated. Reports containing outdated economic and environmental information will be updated as needed. The North Atlantic Division is aligning staff and resources to expedite this process, which will assist in the completion of reevaluation reports. Reports associated with studies/projects located where impacts of Sandy on a community were the greatest will be given priority. The Corps is also working closely with the affected States within the North Atlantic Division.

SECOND INTERIM REPORT

Subcommittee. What progress has been made to date on the interim report required by May 1? Do you anticipate being able to submit that report on time?

Assistant Secretary Darcy. We are making progress, but do not know at this time when we will complete this report.

BUILDING FOR THE FUTURE

PLANNING FOR FUTURE RISK REDUCTION

Subcommittee. The Administration's budget request for the Investigations funding stated, in part, the funds would be used "to develop plans to address long-standing challenges and ensure the health and prosperity of the areas affected by Sandy by building for the future, rather than recreating past vulnerabilities. Plans would identify the best way to use not less than one-half of the overall amount identified for mitigation construction for innovative approaches to reduce the future flood risk, in ways that will promote the long-term sustainability of the coastal ecosystem and communities and reduce the economic costs and risks to life associated with large-scale flood and storm events."

The enacted language did not include the direction to use one-half of the funding for innovative approaches, in part because it was unclear what exactly that meant and we couldn't get any additional explanation from the Administration at the time.

What was the thinking behind using half of the funding for innovative approaches?

Assistant Secretary Darcy. Many of these projects were designed years ago. Nearly all of them, for example, primarily rely on beach replenishment to reduce the risk of flood damage from a coastal storm. None of them were formulated to account for rising sea levels, or for more frequent and more severe storms. More than 80 percent of the construction funding provided to the Corps in chapter 4 of title X of Public Law 13-2 was provided "to reduce future flood risk in a way that will support the long-term sustainability of the coastal ecosystem and communities and reduce the economic costs and risks associated with large-scale flood and storm events ..." Consistent with this direction from the Congress, the Administration is committed to rebuilding in a more resilient fashion so that we are better prepared for future disasters. Improving the resilience of our coastal areas requires pursuing an approach that reflects the relationships between natural, social, and built systems; and integrates the protection and restoration of natural coastal features, resilient coastal zone management, and green and grey infrastructure and non-structural measures.

Subcommittee. What do you consider an innovative approach?

Assistant Secretary Darcy. Natural systems and processes are inextricably linked with and contribute to the resilience of physical infrastructure, community well-being, and coastal economies. The Corps is working with its Federal and non-Federal partners to identify potential recovery and risk-reduction strategies that can provide sustainable reductions in flood and storm vulnerabilities to coastal communities. In many cases, a combination of structural and non-structural risk reduction measures may be the best way to achieve these resilience strategy goals.

Subcommittee. There have been rumors that the Administration may still intend to dedicate a significant portion of funding to innovative approaches, even though that language was purposefully left out of the legislation. What are the Administration's plans on this issue?

Assistant Secretary Darcy. The Administration is implementing the law as enacted. It is working to make the best use of the appropriated funds. For the construction funding, that will require consideration of a range of options, including new approaches. We are working to help reduce the future flood risk in ways that will support the long-term sustainability of the coastal ecosystem and communities and reduce the economic costs and risks associated with large-scale flood and storm events in areas along the Atlantic Coast within the boundaries of the North Atlantic Division.

CONSTRUCTING PROJECTS TO REDUCE FUTURE RISK

Subcommittee. The Administration's original request for construction funding stated, in part, "Such projects may include, but are not limited to, previously authorized projects designed to reduce flood risk." The request went on to suggest that the Secretary of the Army would have complete discretion to determine if an existing authorized project is consistent with the goals of funds provided.

The enacted supplemental included \$2.9 billion specifically to reduce future flood risk. It also included language that indicated Congress's intent that the Corps make use of study, design, and construction work previously begun – with any necessary technical modifications, of course – rather than starting from scratch in every area.

Specifically, how will you determine if a project meets the goals of this funding?

Assistant Secretary Darcy. Determination of whether or not a project meets the goals for this funding will include consideration of: the degree to which the project addresses vulnerabilities in a future storm, based on lessons learned from Hurricane Sandy and other recent coastal storms; the need to update/modify authorized Corps project designs to consider current science and engineering standards to further reduce future flood and storm damage risks; and the degree to which the project supports the long-term sustainability of the coastal ecosystem and communities while reducing the economic costs and risks associated with storm events likely to affect areas along the Atlantic Coast within the boundaries of the North Atlantic Division of the Corps.

Subcommittee. Given that the vast majority of the existing authorized projects are soft or sacrificial designs that incorporate mostly fill, what in your opinion are projects that "incorporate current science and engineering standards"?

Assistant Secretary Darcy. The performance and reliability of projects designed to be "soft" or "sacrificial" can be affected by new data/information and design standards, improvements in the ways in which we develop and rebuild in our coastal areas and floodplains, and better understanding of the needs of the surrounding ecosystem particularly for

those projects in areas with sensitive coastal habitats or important aquatic resources. Projects that incorporate current science and engineering standards are those that have been or can be designed, for example, to accommodate or be adapted to new/emerging information about coastal threats, and to deliver economically-viable and sustainable reductions in vulnerabilities with a quantifiable degree of reliability.

Subcommittee. There is \$500 million in undesignated funds in the Construction account for necessary expenses related to Sandy. What are your plans for that funding? Will it be used to augment the \$2.9 billion?

Assistant Secretary Darcy. The \$499 million of additional funding in the Construction appropriation was provided to repair, rehabilitate, and construct projects related to the consequences of Hurricane Sandy. The Corps will use that funding in the most effective and efficient manner consistent with these purposes as directed in the Act. Currently, it is expected that most of these funds will be used to construct some or all of the plans that will be proposed by the ongoing studies upon completion and approval. At this time, the final cost of the plans that will be included in the final studies is unknown. The funds may also be used to augment the \$2.9 billion if needed to complete construction of some of the authorized but unconstructed projects.

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