

President's Fiscal Year 2009 Budget for U.S. Army Corps of Engineers' Civil Works released

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SEATTLE - The President's Budget for fiscal year 2009 (FY09) transmitted to Congress today includes \$4.741 billion in new federal funding for the annual Civil Works program of the U.S. Army Corps of Engineers and includes projects in the Seattle District. An additional \$5.761 billion in an emergency request brings the total national budget request to \$10.502 billion.

Mr. John Paul Woodley, Jr., Assistant Secretary of the Army for Civil Works, said, "This year's civil works budget provides critical funding for the U.S. Army Corps of Engineers to continue to contribute to the nation's economic and environmental well being.

"The budget funds the planning, design and construction of projects for the three main water resources mission areas of the Corps, which are commercial navigation, flood and coastal storm damage reduction, and aquatic ecosystem restoration, and gives priority to those projects that will provide a high return on the nation's investment," Woodley continued.

The Army Civil Works program additionally contributes to the protection of the nation's waters and wetlands; the restoration of sites contaminated as a result of the nation's early atomic weapons development program; and emergency preparedness for disasters.

The new federal funding in the Civil Works budget consists of \$3.844 billion from the general fund, \$729 million from the Harbor Maintenance Trust Fund, \$167 million from the Inland Waterways Trust Fund, and \$1 million from Disposal Facilities User Fees.

The new federal funding will be distributed as follows among the appropriation accounts:

- \$2.475 billion for Operation and Maintenance, including \$6 million for Chief Joseph Dam gas abatement work, \$15 million for Howard Hanson Dam fish passage work, and \$3.2 million for Mud Mountain Dam including reimbursement for diversion dam operation
- \$1.402 billion for Construction, including \$1 million for the Mud Mountain Dam Fish Passage Facility.

- \$180 million for the Regulatory Program
- \$177 million for Expenses
- \$130 million for the Formerly Utilized Sites Remedial Action Program
- \$91 million for Investigations, including \$400,000 for the Puget Sound Nearshore Marine Habitat study
- \$40 million for Flood Control and Coastal Emergencies

Other sources of funding are estimated at \$501 million, which includes federal funding of \$84 million from the Coastal Wetlands Restoration Trust Fund and \$17 million in Permanent Appropriations. It also includes \$400 million paid by non-federal interests as Rivers and Harbors Contributed Funds.

The Budget also provides \$5.761 billion in an FY 2009 emergency request for the additional Federal funds needed to reduce the risk to greater New Orleans, Louisiana, area from storm surges that have a 1% annual chance of occurring and improve internal drainage; to restore and complete construction of hurricane and storm damage reduction features in surrounding areas to previously authorized levels of protection; and to incorporate certain non-Federal levees into the Federal system. The Budget proposes to authorize the works in greater New Orleans (including certain internal drainage) as a single project, to be constructed with the State as cost-sharing partner, and subsequently maintained and operated by the State. Pre-Katrina, storm damage reduction was provided through separately authorized projects, which were designed to different standards, subject to different requirements for non-Federal cost sharing, and managed by different local entities.

The total FY09 Operation and Maintenance (O&M) account is funded at \$2.638 billion, including \$163 million in the Mississippi River and Tributaries (MR&T) account. The Budget emphasizes performance of existing projects by focusing on the maintenance of key commercial navigation, flood and storm damage reduction, and other facilities.

The FY09 Budget is the first to present information for Operation and Maintenance activities by 54 areas based on USGS sub-watersheds.

Among existing navigation projects, the FY09 Budget gives priority to the operation, maintenance, and rehabilitation of harbors and waterway segments that support high volumes of commercial traffic, including three of the nation's most heavily-used inland waterways - the Ohio River, the Upper Mississippi River, and the Illinois Waterway. The Budget also funds harbors that support significant commercial fishing, subsistence, or public transportation benefits.

The FY09 Budget funds several activities in the O&M account that have traditionally been funded in the construction account. Transferring these activities to and funding them in the O&M program, as proposed in the FY07 and FY08 budgets, will improve accountability and oversight, reflect the full cost of operating and maintaining existing projects, and reflect an integrated investment strategy. The activities are:

- Compliance with the Endangered Species Act at operating projects.
- Rehabilitation of components of existing projects.
- Replacement of sand lost due to the operation and maintenance of federal navigation projects.
- Construction of dredged material placement facilities, projects or features (including islands and wetlands) to use materials dredged during federal navigation operation and maintenance activities.

The FY09 O&M account also includes \$10 million for the National Levee Inventory Program.

The total FY09 Construction account is \$1.478 billion, including \$76 million in the MR&T account. The Construction program uses six objective, performance-based guidelines to guide the allocation of funding towards the highest performing construction projects. One key performance measure includes project rankings. Flood and storm damage reduction, navigation and hydropower projects are ranked by their Benefit-to-Cost Ratio (BCR). Aquatic ecosystem restoration projects are ranked by the extent that they contribute to either cost-effectively helping to restore a regionally or nationally significant ecosystem that has become degraded as a result of a Civil Works project or that require the Corps' unique expertise in modifying an aquatic regime. Two other key performance guidelines include projects that address significant risk to human safety, and projects that are funded in the construction program to provide dam safety assurance, seepage control, or static instability correction.

In recent years, many more construction projects have been authorized, initiated and continued than can be constructed efficiently. The funding of projects with low economic and environmental returns and of projects that are not within the main mission areas of the Corps has postponed benefits from the most worthy projects and significantly reduced overall program performance. To remedy this and achieve greater value from the Civil Works construction program, the Budget funds 79 construction projects, consisting of 11 dam safety assurance, seepage control, and static instability correction projects; 16 projects that address a significant risk to human safety, including the St. Louis Flood Protection, MO, and Wood River Levee, IL, deficiency corrections; and 52 other continuing projects.

By Corps business line, the 79 funded construction projects comprise 50 Flood and Coastal Storm Damage Reduction projects (five budgeted for completion), 19 Navigation projects (seven budgeted for completion), five Aquatic Ecosystem Restoration projects, and five Hydropower replacement projects.

The Corps' FY09 Regulatory Program is budgeted at \$180 million, a total that matches the program's FY08 enacted appropriation. These funds will enable the Corps to continue to protect and preserve the

nation's water-related resources, improve compliance and enforcement of wetlands regulations, and improve the permitting process.

Emergency Management is provided \$40 million in the Flood Control and Coastal Emergencies account to prepare for flood and coastal emergencies, and other natural disasters. The Emergency Management program also includes \$6 million for the National Emergency Preparedness Program and \$12 million for facility protection and security, both funded in the Operation and Maintenance account.

Recreation activities are provided a total of \$270 million in FY09 from the O&M and MR&T accounts. The Budget re-proposes a recreation facility modernization initiative through which the Corps would fund a portion of the cost to maintain and upgrade recreation facilities through the collection of additional user fees and partnerships with non-federal interests.

For FY09, the Administration proposes to collect lockage-based user fees for commercial barges on the inland waterways to address the declining balance in the Inland Waterways Trust Fund, and to phase out the existing diesel fuel tax for these waterways. Enacting the legislation will provide the revenue needed to avoid depleting the trust fund by the end of calendar year 2008, and support ongoing and future inland waterways projects. The proposal would ensure that the commercial users of the Corps locks continue to cover their share of project costs, which is financed from the Inland Waterways Trust Fund. The amount of the user fee would be tied to the level of spending for inland waterways construction, replacement, expansion and rehabilitation work.

The mission of the United States Army Corps of Engineers, the world's preeminent public engineering agency, is to provide quality, responsive engineering services to the Nation and its armed forces. The Corps plans, designs, builds and operates water resources projects; designs and manages military facilities construction for the Army and Air Force at home and abroad; provides design and construction management support

for other Defense and federal agencies; cleans hazardous areas across the Nation through the Formerly Used Defense Sites program and the Formerly Utilized Sites Remedial Action Program; and conducts state of the art engineering research and design at its Engineer Research and Development Center.

The FY09 Army Civil Works budget information, including a state-by-state breakdown, will be available at www.usace.army.mil/cw/cecw/budget/budget.pdf.