Civil Works - FY 2015 CROmnibus & FY 2016 Budget

Mark L. Mazzanti
Chief, Programs Integration Division
Civil Works Directorate, HQUSACE
USACE Contributions to the Economy and the Environment

- Recreation areas: 370 M Visitors/yr Generate $18B in economic activity, 500,000 jobs
- ¼ of Nation’s Hydropower: $1.5B + in power sales
- 12,000 miles of Commercial Inland Waterways transport goods at ½ the cost of rail or 1/10 the cost of trucks
- 926 Shallow & Deep Draft Harbors
- #1 Federal Provider Of Outdoor Recreation
- 54,879 Miles Of Shoreline at USACE Lakes
- Stewardship of 11.7 Million Acres Public Lands
- ~12,700 Miles of Levees
- 137 Major Environmental Restoration Projects
- US Ports & Waterways Convey > 2.2 billion Tons Commerce
- Corps Maintained Ports Provide Strategic Deployment Capability
- Harbor Maintenance Trust Fund collects $1.3 billion revenue
Annual Budget & Approps Cycle

OMB-ASA GUIDANCE (Jan-Feb)

MSCs Develop Program (Feb - May)

Budget Reviewed & Presented to SecArmy (Jun-Aug)

Budget Submitted to OMB (Sep)

Cong. Hearings (Mar-May)

OMB Review & Passback (Sep, Oct, Nov)

President Signs Approp. Bill (Oct - ???)

Appropriations Bills (Jul-Sep)

President’s Final Budget to Congress: First Monday in Feb

Funding Alloc. To Field Offices (Oct-Dec)
# CW Program/Budget Timetable

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<th>Fiscal Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<td>FY14</td>
<td>FY15</td>
<td>FY16</td>
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**FY15 PROGRAM**
- DEVELOP
- DEFEND
- EXECUTE

**FY16 PROGRAM**
- DEVELOP
- DEFEND
- EXECUTE

**FY17 PROGRAM**
- DEVELOP
- DEFEND
- EXECUTE

Budget Cycle = 32 Calendar Months

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<tr>
<th>Program Year</th>
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<th>PY - 3</th>
<th>PY - 2</th>
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<td>Now</td>
<td>PY = CFY + 2</td>
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The Energy and Water Development Appropriations Act, 2015

Public Law, 113–235, “Division D, Title I” of the bill provides $5,454,500,000 for the Civil Works program of the U.S. Army Corps of Engineers, $12,999,000 below fiscal year 2014 and $921,500,000 above the budget request ($4,533,000,000).

- Specified funding: $4,445 million
- “Funding Pots”: $1,009 million

**Funding Pot By Business Program**

- Navigation: $523 million
- Flood Risk Management: $330 million
- Other Authorized Project Purposes: $156 million

**Funding Pot By Account**

- Investigations: $40 million
- Construction: $583 million
- MR&T: $57 million
- O&M: $329 million
Highlights of FY 2015 Work Plans

• ‘Dovetails’ with FY 2016 Budget allocations
• Focuses on completing study phases and projects
• Follows budget performance metrics and considerations from Statement of Managers
• Funds no new studies & 4 new construction projects
Historical & Projected Obligations

NOTE: ~$25 billion in 10 Supplemental Appropriations from FY05-13
## FY 2016 CW Program (by Account)

($ Millions)

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## FY 2016 CW Program (by Business Line)

($ Millions )

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<td>3</td>
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<tr>
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2016 Overall Funding Outcomes

• Continues Highest Performing Studies and Design

• 2 new Investigations Remaining Items, Disposition of Completed Projects & North Atlantic Coast Comprehensive Study Focus Area

• 11 Feasibility Completions; 2 PED Completions

• 9 Construction Completions

• Environmental Restoration – 14 aquatic ecosystem restoration projects (including four projects to meet requirements of Endangered Species Act Biological Opinions) – Continue Construction on Everglades; Columbia River Fish Mitigation (CRFM); Missouri River Recovery; Upper Mississippi River Restoration; and Louisiana Coastal Area (BUDMAT)

• Environmental Stewardship - 22 Master Plan completions

• Operations & Maintenance – $2.710B up from $2.588B

• Water Supply – $6.8M – Down from $20M from FY 15

• Four new construction starts : Port Lions Harbor, AK (Deepening and Breakwater); Coyote & Berryessa Creeks, CA (Berryessa Creek); Ohio River Shoreline, Paducah, KY, Marsh Lake, MN

• Work for Endangered Species Biological Opinions requirements funded at $187M and Environmental Mitigation funded at $13M
**FY 2016**

**Inland Waterways Funding**

<table>
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<tr>
<th>NAME</th>
<th>IWTF</th>
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<tbody>
<tr>
<td>Olmsted Locks &amp; Dam, Ohio River, IL &amp; KY</td>
<td>27,000</td>
<td>180,000**</td>
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<td>Locks &amp; Dams 2, 3 And 4, Monongahela River, PA</td>
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<td><strong>Total</strong></td>
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* Includes IWTF and General Fund amount budgeted for each project
** Reflects WRRDA 2014 change in IWTF Share to 15% for Olmsted
*** Compared to FY 2013 amount of $185,100, FY 2014 amount of $176,360 and FY 2015 amount of $169,032.
Initiatives & Program Discussion
“What are we doing differently?”

• Life Cycle Cost Management
• Asset Management
• Deauthorizations
• Alternate Financing/Divestiture
Life Cycle Cost Management

• What is Life Cycle Cost Management?

For the short term, LCCM is the management of project costs from authorization thru construction. HOWEVER, LCCM principles will be expanded, where appropriate, to feasibility and O&M. We are obligated to “Deliver on Commitments”, which includes our commitment to cost.

• What successes have we had so far?

All MSCs have put more rigor in cost management. Cost estimates are being validated, improvements in capturing risks & requirements, more regularity in updating costs and quality improvements in Justification sheets.

• What improvements are being implemented?

Improved risk management tools, earned value management capability, District & MSC Change Control Boards, national guidance update, improved documentation of project requirements and scope, and consistent & improved communication.
LCCM Accomplishments

• **HQUSACE Change Control Board**
  - HQ CCB is directly engaging in the total project cost increase approval process
  - Over last 2 years, we’ve seen a significant reduction in # of projects seeking approval for cost increases
  - With passage of WRRDA and with ongoing implementation of cost management actions, almost of half of the projects previously forecasted with Section 902 issues have been resolved

• **Implement More Consistent Guidance, Policies, Processes, Regulations, Tools & Training**
  - Addressing inconsistent regulations & guidance specific to project cost mgmt, such as requiring cost certifications, periodic updates to benefits/costs, etc.
  - We are exploring further use of Earned Value Management concepts
Asset Management Principles

• USACE is applying Asset Management principles to buy down risk for mission critical CW assets/components that…
  – are in the worst shape/condition
  – Have highest likelihood of impacting mission delivery
  – Cause high adverse impact to the public and the nation

• Developing consistent, repeatable tools and processes to better inform optimum levels of maintenance; performing condition and risk assessments; and prioritizing investment choices to return the greatest value to the nation

• Also assessing expenditures to achieve overall efficiency of direct and indirect spending at project level
Deauthorizations

• Section 1001(b)(2) of WRDA 1986, as amended, authorizes an annual process for the deauthorization of inactive projects and separable elements (No obligations over preceding 5 FYs).

• Sections 6001(c) and (d) of WRRDA 2014 authorizes a one-time deauthorization of $18 billion in inactive projects authorized before WRDA 2007 (November 8, 2007). (No obligations over preceding 6 FYs).
Alternate Financing/Divestiture

• We are exploring new and existing non-traditional means of project financing, funding and delivery, including the new Public, Private Partnerships authorities outlined in the FY 2014 WRRDA legislation, to ensure the timely and efficient delivery of our civil work infrastructure.

• We are working to identify under utilized assets and projects that can be modified or divested without compromising needs or value to the nation.
Stakeholders and Partnering

• Leverage Efforts
• Preach CW Value to Nation
• Find consensus for Major Initiatives
  • Identify Funding to Reach Outcomes
  • Engage in Dialogue
• Be mutually supportive
• Shared Messages
• Involve & Engage End-Users
• Seek to Influence Decision-Makers
The FY16 Civil Works budget press book and the FY 15 work plans for each appropriation may be found at the following link:


(check under the heading Program Budget: Press Books or under the heading Work Plan (Fiscal Year 2015))
Thank You!