Civil Works
Program Highlights

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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

1/4 of Nation’s Hydropower:
$1.5B + in power sales

12,000 miles of Commercial Inland Waterways transport goods at
1/2 the cost of rail or 1/10 the cost of trucks

926 Shallow & Deep Draft Harbors

54,879 Miles Of Shoreline
at USACE Lakes

#1 Federal Provider
Of Outdoor Recreation

137 Major Environmental Restoration Projects

~12,700 Miles of Levees

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
NOTE: ~$25 billion in 10 Supplemental Appropriations from FY05-13
# CW Program/Budget Timeline

<table>
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<tr>
<th>Calendar Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<td>FY 13</td>
<td>FY 14</td>
<td>FY 15</td>
<td>FY 16</td>
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**FY 15 PROGRAM**

- Develop
- Defend
- Execute

**FY 16 PROGRAM**

- Develop
- Defend
- Execute

**FY 17 PROGRAM**

- Develop
- Defend
- Execute

Budget Cycle = 32 Calendar Months

PY = CFY + 2

NOW
The Energy and Water Development House Appropriations Bill, 2016

HR 114-91 provides $5,596,750,000 for the Civil Works program of the U.S. Army Corps of Engineers, $142,250,000 above fiscal year 2015 and $864,750,000 above the budget request ($4,732,000,000).

- Specified funding: $4,867 million
- “Funding Pots”: $730 million

**Funding Pot By Business Program**

- Navigation: $486 million
- Flood Risk Management: $182 million
- Other Authorized Project Purposes: $62 million

**Funding Pot By Account**

- Investigations: $13 million
- Construction: $314 million
- MR&T: $50 million
- O&M: $353 million
The Energy and Water Development Senate Appropriations Bill, 2016

SR 114-54 provides $5,449,500,000 for the Civil Works program of the U.S. Army Corps of Engineers, $45,000,000 below fiscal year 2015 and $767,750,000 above the budget request ($4,732,000,000).

- Specified funding: $4,692 million
- “Funding Pots”: $886 million

Funding Pot By Business Program

- Navigation: $535 million
- Flood Risk Management: $172 million
- Other Authorized Project Purposes: $179 million

Funding Pot By Account

- Investigations: $12 million
- Construction: $453 million
- MR&T: $105 million
- O&M: $316 million
## FY 2016 CW Program (by Account) ($ Millions)

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<td><strong>-28</strong></td>
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## FY 2016 Inland Waterways Funding

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<th>NAME</th>
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<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><strong>Total</strong></td>
<td>53,000</td>
<td>232,000***</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
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 – Evolution & Results

FY13 Budget Eligibility
- two categories
- 64 projects
  - 48 approved
  - 16 disapproved

FY14 Budget Eligibility
- 6 categories
- 37 projects
  - 5 approved
  - 13 approved w/cmts
  - 2 disapproved
  - 17 in other categories

FY15 Budget Eligibility
- 6 categories
- 8 projects
  - 0 approved
  - 6 approved w/cmts
  - 0 disapproved
  - 2 Pending Decision
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

• Recently assessed expenditures to improve 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).
Alternative Financing

• The primary reason to pursue P3s is to achieve long-term efficiency gains in the delivery of infrastructure services, including potential significant cost savings

• Two National Objectives for P3
  – For Existing Infrastructure, Sustain Performance, Extend Service Life, and/or Buy Down Risk for the Nation
  – New Infrastructure: Accelerate Delivery to Achieve Earlier Accrual of Project Benefits and Reduce Life Cycle Project Costs

Benefits of P3s

• Faster delivery of infrastructure
• Efficiency gains from innovation; Life-cycle cost savings
• Incentive-driven management results in better service provision
• Single source of accountability
Challenges & Opportunities

- While P3 and alternative finance has been successfully implemented across the globe and in the US, USACE Civil Works assets classes are diverse, each with its own unique implementation challenges and opportunities.

- Programmatic impediments/constraints exist, including:
  - Legislative constraints such as revenue generation, revenue ring-fencing, and P3 contract authority (Bundling/Multi-Year)
  - Administrative constraints such as budget criteria and OMB Scoring
  - Internal cultural constraints (e.g. change management)
Stakeholders and Partnering

• Leverage Efforts
• CW Value to Nation
• Find consensus on Major Initiatives
  • Identify Funding to Reach Outcomes
  • Engage in Dialogue
• Be mutually supportive
• Shared Messages
• Involve & Engage End-Users
• Seek to Influence Decision-Makers
Links

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!