



Statement of

**The Water Resources Coalition**

On the Fiscal Year 2009 Budget

For the U.S. Army Corps of Engineers and the U.S. Bureau of Reclamation

Before the Subcommittee on Energy and Water Development and Related Agencies

Committee on Appropriations

Mr. Chairman and Members of the Subcommittee:

The Water Resources Coalition (WRC) appreciates the opportunity to submit this statement to the Subcommittee on the president's budget proposal for the U.S. Army Corps of Engineers and the U.S. Bureau of Reclamation for Fiscal Year 2009.

**A. The U.S. Army Corps of Engineers Civil Works Program**

We support an appropriation of \$6.8 billion for the Corps of Engineers Civil Works program in FY 2009.

With each passing day, the inability of our nation's aging infrastructure to meet the needs of our growing population further threatens our economy. And so does the need to bring new projects under construction to completion to meet new water resources challenges.

The FY 2009 proposed budget of \$4.74 billion for the U.S. Army Corps of Engineers Civil Works Program demonstrates a failure to invest in the nation's water-resources infrastructure. It is a reduction of \$800 million from the amount appropriated by Congress for the Corps in FY 2008.

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improve, prevent, save  
[www.waterresourcescoalition.org](http://www.waterresourcescoalition.org)

ASCE  
101 Constitution Ave., NW  
Ste. 375 East  
Washington, DC 20001  
202-789-7850 (ASCE)

AGC  
2300 Wilson Boulevard  
Suite 400  
Arlington, VA 22201  
703-837-5435 (AGC)

Our nation's water resources are critical to our economy and our ability to compete in the world market. They are equally critical to the protection of human life, public infrastructure, and private property as well as the preservation and enhancement of environmental resources. Much of our water infrastructure is aging, compromising its ability to meet the needs for which it was created.

Last year, Congress took the important step of enacting into law the Water Resources Development Act of 2007. That legislation authorized more than \$23 billion in new water resources projects and studies in an effort to keep America economically strong, reduce storm and flooding risks, and promote recreational opportunities for Americans as well as the increasing number of tourists who visit our beaches, lakes, and parks.

Our request of \$6.8 billion for the Corps in FY 2009 in no way reflects the overall need. A budget of as much as \$10 billion for the Corps in FY 2009 is eminently reasonable. We realize, of course, that the agency's staff may not be able to adapt its operations to a budget of that size in a single fiscal year, but there are clear problems in terms of deferred maintenance and increased backlogs associated with almost any lesser sum.

To cite a striking example, an appropriation of \$3.25 billion for inland waterways projects alone—an increase of more than \$3 billion (1,800 percent) from the administration proposal of \$167 million—is warranted.

The following gives some idea of the problem on the nation's waterways: the Corps operates and maintains 240 locks at 195 locations on the waterways systems. The locks have a design service life of 50 years, and the average lock already is 53 years old. The replacement cost is estimated at an average \$600 million for each lock. If one assumes (1) an average major rehabilitation cost of \$50 million for each lock to extend the service life for 25 years and (2) that half of all locks need to be replaced and half rehabilitated, we conclude that a budget of \$3.25 billion is needed. Of this total, \$3 billion would go for the replacement of five locks and \$250 million would go to repair five locks annually. This level of effort would assure a well maintained inland Marine Transportation System.

Unfortunately, at the annual rate of spending of \$180 million in the administration's budget proposal for FY 2009, it would take the Corps approximately 20 years simply to fund all the inland waterways projects authorized in WRDA 2007.

Indeed, the FY 2009 budget proposal continues a pattern of failing to support these new projects, much less any significant funding for the growing backlog of water resource construction and maintenance projects. The Corps has been operating during the last several years with a severely restricted budget. With a commitment from Congress to a plan that increases funding for its civil works

program over the next five years, the Corps will be able to have the contracts in place so that it could execute at levels that will eliminate the backlog of projects and meet the nation's water resource needs. Because Congress has not yet made that commitment, the Coalition recommends the FY 2009 budget provide a more modest appropriation of \$6.8 billion for the Corps' civil works program.

The FY 2009 appropriation should consist of the following accounts:

INVESTIGATIONS:	\$200,000,000
O&M:	\$2,900,000,000
CONSTRUCTION:	\$2,600,000,000
MR&T:	\$400,000,000
REGULATORY:	\$220,000,000
FCCE:	\$60,000,000
FUSRAP:	\$200,000,000
EXPENSES:	\$200,000,000

One of the strong themes of the recently passed WRDA 2007 was the emphasis on water resource planning. We recommend \$3 million above the president's request to be directed toward the Corps' six Planning Centers of Expertise that were authorized in Section 2033(e) of WRDA 2007 (in operation since 2003) and for state water resource planning assistance within the General Investigations account.

## **B. Other Considerations**

### ***The Harbor Maintenance Trust Fund***

We remain concerned that the current balance in the Harbor Maintenance Trust Fund (HMTF) continues to increase. As of September 30, 2006, the balance in the HMTF was \$3.306 billion, an increase of \$523 million (18.8 percent) over the FY 2005 year-end balance, even after all fund transfers to the Corps. The balance in the HMTF increased to \$3.749 billion in FY 2007 and to an estimated \$4.728 billion in FY 2008. Revenues have substantially exceeded transfers to the Corps for a number of years despite the demonstrated need for harbor improvements.

A transfer of \$729 million, as the administration proposes, would leave a balance of more than \$5 billion in the HMTF by September 30, 2009, with *no* increase in revenues. The current state of the nation's ports and harbors requires a significantly larger increase in spending. And any increase in the transfer of funds to the Corps would represent only a short-term fix to an underlying problem with the structure of the HMTF. It is now time to create a budget

mechanism guaranteeing that the nation's ports and harbor users see the harbor maintenance taxes they pay annually fully invested in water side infrastructure improvements as provided in law. Congress should enact legislation setting the obligation authority each year equal to projected prior-year revenues collected in the HMTF.

### ***Construction Inflation***

The Coalition recommends the Committee direct the Office of Management and Budget and the Corps to incorporate realistic inflation estimates in its budget submissions. The Corps should report to the Committee and to both Houses of Congress on the baseline construction inflation rate incorporated in the Civil Works budget for FY 2010, as well as a justification for that rate, no later than seven days following the submission of that request to Congress.

### ***Reprogramming***

The Coalition is pleased that the FY 2008 Omnibus Appropriations Bill granted the Corps additional flexibility to meet existing obligations and unforeseen operations and maintenance needs. This additional flexibility is crucial to help the Corps meet the ever-changing needs of civil works project execution and it is hoped that this Committee will consider extending this courtesy to certain projects in the other accounts as necessary.

### ***Continuing Contracts***

Congress approved legislation in FY 2006 making continuing contracts optional rather than mandatory. The WRC agrees that use of the continuing contract is an important contracting mechanism given the vastly varied scope of projects executed by the Corps of Engineers. Given some of the controversy that caused Congress to question the value of continuing contracts in the first place, alternatives to this contracting mechanism should indeed be examined. The Coalition is willing to provide whatever expertise it can to achieve this mutual goal.

The Coalition shares the belief that the Corps, as the contracting agent, holds administration of the pace of expenditures. The Coalition, however, does not agree with the implication that somehow contractors "dictate" the pace of expenditures; in the normal performance of public and private construction projects nationwide, additional funds to accelerate project execution under optimum circumstances should be considered an overall benefit to the nation, not a breaking of violation of the public trust.

## **C. The Bureau of Reclamation**

The coalition also believes that a minimum of \$200 million should be added into the FY 2009 Water and Related Resources Budget for the Bureau of Reclamation. We would suggest the Committee direct this additional funding into the Bureau's drought and water conservation programs; the Title XVI Water Reclamation and Reuse Program; its authorized Rural Water Projects and the Colorado River Salinity Control Program.

We believe there should also be a greater emphasis to drought preparedness and the expected challenges from climate change with regard to the Reclamation program. As with the Corps program, we see an unmet need for greater integrated resource planning and water resource planning in the West.

The Bureau has played an important role in the development of the 17 western states over the past one hundred years. We are greatly concerned with the almost \$200 million reduction in the FY 2009 Reclamation program as proposed by the administration.

When the Water and Related Resources (construction) account of the Bureau is examined, 51 percent of the funding is now for facility maintenance and rehabilitation. The Coalition recognizes the importance of such investment given the aging of the infrastructure and the harsh climatic conditions of the western United States. Nevertheless, that funding only leaves about \$250 million for the construction work in the water and energy component of the program—a program with a significant backlog of authorized work that holds the potential for meeting critical water needs in the West.

Respectfully submitted,

### **The Water Resources Coalition**

American Society of Civil Engineers  
Associated General Contractors of America  
American Council of Engineering Companies  
American Public Works Association  
American Shore and Beach Preservation Association  
Atlantic Intracoastal Waterway Association  
Association of California Water Agencies  
Harris County Flood Control District  
National Association of Regional Councils  
Dredging Contractors of America  
Oregon Water Resources Congress