

**Suggested Remarks for ASA (CW) Jo-Ellen Darcy  
AAPA Spring Conference – Willard Inter-Continental Hotel  
Washington, DC  
23 March 2010**

**Good morning. Thank you to Mr. Leone, Mr. Nagle, Mr. Sanford, and the representatives of the ports community, I'm pleased to be with you today. The work we do together is vital to the efficient, safe, and environmentally sound movement of commerce across our Nation and to the world.**

**As you are well aware, the Administration's priority is to get America's economy back in business. To do that, it is essential that we have access to the world's markets. To do this, we need you and the ports you represent.**

**U.S. deep draft ports service vessels that carry more than 95 percent of our overseas trade by weight and 75 percent by value. Every year the United States moves more than \$1 trillion worth of cargo in and out of its ports and harbors. In 20 years it is expected that commerce will double.**

However, some of our ports are nearly at capacity. In order to maintain our economic potential we must improve the capability of our maritime transportation system.

For U.S. ports to stay competitive, our channels and facilities must accommodate increasingly larger vessels. Dredging 45- and 50-foot deep channels will allow super-post-Panamax ships—which carry more than 8,000 containers—to access more ports, and ease congestion in the busiest locations.

The value, and to a certain extent, volume of trade is linked directly to trust fund revenues. The growth of harbor use has resulted in record revenues to the Harbor Maintenance Trust Fund (HMTF). This fund was established in the Water Resources Development Act of 1986 in order to reimburse the General Treasury for our annual operation and maintenance of deep and shallow draft navigation harbors and channels.

In December of 2009, I spoke with some of our inland waterways users. I brought up the subject of the Inland Waterways Trust Fund (IWTF), which pays for half of their new construction. That fund is taking in only half of what it would need to support a robust program and the balance in the IWTF has essentially been depleted. We had to cut our budget requests considerably over the past few years and we are now limited to funding construction contracts on a just in time basis as we receive the revenues from the IWTF.

The Harbor Maintenance Trust Fund has the opposite problem. It's taking in twice as much as we are spending for operations and maintenance at our ports and the balance in the HMTF has grown to over \$5 billion. However, there is no provision in the original authorization to dedicate that tax revenue for its intended purpose. The Congress appropriates Operation and Maintenance (O&M) funds for the Corps to expend and then the HMTF reimburses the Treasury for the Corps' expenditures.

**The competition for O&M funds is high and getting tighter each year. The coastal navigation program competes with inland and intracoastal waterways and against requirements for all our business lines – such as flood risk management, ecosystem restoration, and hydropower, within an overall budget ceiling for our program. Ports make a good case for funding, but so do our other activities. Flood risk management, for instance, can be a life safety issue. So it's a tough call.**

**The result is that port and harbor users are paying for full maintenance and getting half in return. The tax revenue of about \$1.6 billion annually would be adequate to maintain the commercially viable federal channels if fully applied. It would help us fund more dredging projects, and also help us fund jetty repairs, dredged material placement sites, and put more dredged material to beneficial use. Otherwise, with a flat budget outlook and increasing dredging costs, we would either have to cut some projects or spend less on all.**

**Congressmen Boustany and Stupak introduced HR 4844 last Monday, March 15th. The Bill's purpose is to ensure that amounts credited to the Harbor Maintenance Trust Fund are used for harbor maintenance.**

**The legislation would be similar to what aviation and the highways have from their trust funds. Each year, we would spend on port operation and maintenance what the trust fund took in the year before.**

**Obligations of Civil Works funds for the year that ended Sept. 30 totaled more than \$10.8 billion - a record and an increase of \$3.2 billion, or 42 percent over FY 2008.**

**Sixteen key harbor improvement projects received construction funding in fiscal year 2009 appropriations, and 14 are included in the FY 2010 appropriation.**

**Navigation improvements are underway at Mobile; Anchorage; Los Angeles; Long Beach; Oakland; the Sacramento Deepwater Ship Channel; the Delaware River; Jacksonville; Gulfport; New York and New Jersey Harbor; the Columbia River; Houston-Galveston; Texas**

**City; and Norfolk.**

**We presented the FY 2011 budget to Congress on Feb. 1. It came in at \$4.939 billion. 34% for navigation, 31% for flood risk management, 21% for environmental work and the Regulatory Program, 6% for recreation, 4% for hydropower, and 4% for everything else. Coastal navigation would receive \$873 million: \$749 million for operation and maintenance, \$115 million for coastal navigation construction and \$9 million for investigation of new projects.**

**In putting together the FY 2011 budget, the President had four major objectives:**

- **to focus on investments that provide the best return in economic, environmental and public safety objectives;**

- to operate and maintain key infrastructure safely and reliably;
- to improve project planning and program performance; and
- to advance aquatic ecosystem restoration efforts, including the restoration of Florida's Everglades, the Louisiana-Mississippi Gulf Coast, and other major ecosystems.

In addition to FY 2010's regular appropriation of \$5.45 billion, there is the \$4.6 billion for Civil Works in the American Recovery and Reinvestment Act of 2009. We need to obligate these funds by September 30. Our mission is to use stimulus funds to quickly return our fellow citizens to work while building lasting value in our Nation's water resources infrastructure.

We focused on the Act's top criteria: quick job creation and funds obligation and support to long term economic recovery. We looked for projects that could be obligated and executed quickly, result in high, immediate employment, and provide a balance of highly

**productive projects geographically and across all our business lines.**

**Coastal and Inland Navigation accounts for about 39% of Army Civil Works obligations from the Recovery Act. This is more than just dredging, such as lock, jetty and dredged material placement area improvements.**

**We allocated \$311 million in construction funds for 19 port projects. Of that amount, \$264 million has been obligated and \$65 million expended. It is important to note, we award a contract, the funds are obligated and jobs are created. We pay them after the fact. We also allocated \$676 million for operation and maintenance work at 159 port projects, obligated \$612 million of that and expended \$290 million.**

**We will continue to monitor the degree to which Recovery Act funds improve channel availability. We are committed to open and transparent communication and have established a Corps Recovery Act website so**



the Nation can see how ARRA dollars are being put to work.

In order to maximize dredging capability, proposed dredging solicitations were loaded into our national Dredging Information System. We are coordinating closely with the Divisions and Districts and with the dredging industry to ensure the most effective use of these limited assets. As always, we are prepared to use Corps dredging capability if it is needed.

And we are doing that now. The high water events we've been experiencing on the Mississippi River since October 2009, is causing significant shoaling in the lower Mississippi channels. We currently have three industry hopper dredges and one pipeline dredge working the lower river and both of our Ready Reserve hopper dredges, the Wheeler and the McFarland have been activated and are working the lower Mississippi River. I'm confident that The Corps, working with the dredging industry, port and environmental partners, can

**successfully execute the needed level of dredging.**

**The Corps recognizes the rapid changes that are occurring in the navigation industry and we are moving to assure that ports have a safe and efficient channel infrastructure to accommodate the larger containerships, cruise ships and other vessels now being introduced into the world fleet. We're working to deepen many of our east and Gulf coast ports by 2014 to be able to take advantage of the ongoing Panama Canal expansion scheduled to be completed in 2014.**

**To achieve this goal we need to work together to:**

- Provide a reliable funding stream to complete ongoing channel construction projects on optimal schedules;**
- Work toward consensus between government agencies and with stakeholders on how to move forward on critical channel improvements;**

- **Collaborate with port authorities to move quickly to add landside cargo handling facilities and to improve intramodal connections;**
- **and to ensure that the project study, design and authorization process is as efficient as possible.**

**In 2004, the Corps and the American Association of Port Authorities put in place a partnership agreement. That agreement is “a mutual vision of excellence in maintaining and developing the nation’s port and harbor infrastructure.” The Department of the Army remains committed to this ideal and I’m confident that AAPA shares that commitment.**

**I’m reemphasizing our mutual strategy that the ports and the Corps update and renew the project management plan called for in the agreement. We share AAPA’s concerns that our port planning studies be conducted according to state of the art economic, engineering and environmental standards and produce no surprises. We are strengthening our planning teams so that we can maintain ongoing involvement at all**

**levels of the organization and to include non-Federal sponsors. We agree that getting everyone on the same page from the beginning and conducting ongoing conversations and progress reviews will avoid surprises. Surprises are not good.**

**I understand how important the efficiency of our ports is to our international trade and competitiveness. We will work together with you and all our ports to keep them efficient and competitive and to promote our world trade.**

**Collaboration and partnership are the keys to accomplishing this goal. Collaboration to modernize our harbors and bring them up to 21<sup>st</sup> Century needs; collaboration to work alongside other water interests, including government and non-government organizations; and collaboration to deliver environmentally sustainable solutions.**

**Clearly, one of our roles as stewards of the Nation's infrastructure, is to increase public awareness of the state of our infrastructure. Motivated people become**

**passionate advocates for improving our infrastructure. Navigation customers and stakeholders need to help the American public understand the importance of an efficient, safe and environmentally sound Marine Transportation System to our national security, economy, quality of life and the environment.**

**I understand and am committed to the premise that the Army must support our ports in their roles in keeping the nation economically secure and competitive in international trade. We will take the initiative with your help to ensure that we meet this objective.**

**First, I propose that we conduct a listening session with the ports similar to the one that Transportation Secretary LaHood held in San Diego in February. I ask AAPA to work with the Corps to set up such a session at the earliest possible date.**

**Second, in harmony with AAPA's recommendations, we will take action to meet the ports' expectations for the Deep Draft Navigation Center of Expertise. The Corps is**

committed to the strong centers of expertise authorized in Section 2033 of the Water Resources Development Act of 2007. I am conducting a review of our progress in this regard. One of the big challenges in reaching our goal is providing dependable baseline funding to support the development of the databases, models and forecasts that benefit all our ongoing and future studies as well as operation and maintenance of our ports.

We've established a deep draft center in the Mobile District and I'm confident we'll make it as effective as the ideal that Mr. Leone described. I'm encouraged that AAPA is asking us to look for opportunities to treat dredged material as a resource and better integrate beneficial uses of this resource with navigation projects. Your encouragement can usher in an era of increased sustainability using the recovered sediments. I look forward to working with you in this.

The President has called for a program to develop practical, nationally consistent, cost-effective approaches to reduce vulnerability from climate change

**– including the effects of sea level change on the ports. The Corps remains actively engaged through the Intergovernmental Panel on Climate Change. It conducts research on impacts from climate change variability on the Nation’s water resources and cold regions, and modification of water resources design criteria.**

**One of our most recent contributions toward design that adapts to climate change is the report entitled, “Water Resource Policies and Authorities Incorporating Sea-Level Change Considerations in Civil Works Programs,” which came out last July. It provides essential guidance for anticipating sea level change as we plan water resources of the future.**

**In support of the Administration’s initiatives to better understand climate change, I serve on the Climate Change Adaptation Task Force led by the Council on Environmental Quality. My staff and the Corps are active participants in its various working groups.**

**In the area of sustainability, I have undertaken initiatives to reduce the Corps civil works carbon footprint. I was recently appointed the Senior Sustainability Officer for Army Civil Works. We have set a target of 23% reduction in greenhouse gas emissions from Civil Works vehicles and facilities by 2020 - an ambitious goal. Toward this end, the Corps is conducting an extensive review of current emission sources and alternatives to fossil fuels in our operations.**

**We know that seaports are taking a leadership role in climate change, addressing both greenhouse gas emissions and adaptation of facilities to sea level rise. We appreciate your supporting the President's call for a new ocean policy and marine spatial planning process. This is clearly a partnership area to pursue.**

**We are also interested in exploring your suggestion that we work together on integrated or "one stop" environmental compliance for port modernization**



projects. We need to consider Federal and non-Federal activities as a system rather than separate pieces developed and built separately in a sequence. And we will improve the transparency of our financial performance.

Working together through our Quality Partnership Initiative, we will plan, develop and maintain the finest port system in the world and make sure that it's an engine for our economic as well as our environmental and social well-being.

This we can do; this we must do.

Working together, I am confident we will make a difference.

Thank you.