

# ***USACE Navigation FY 2014 Workplan and FY 2015 Budget***

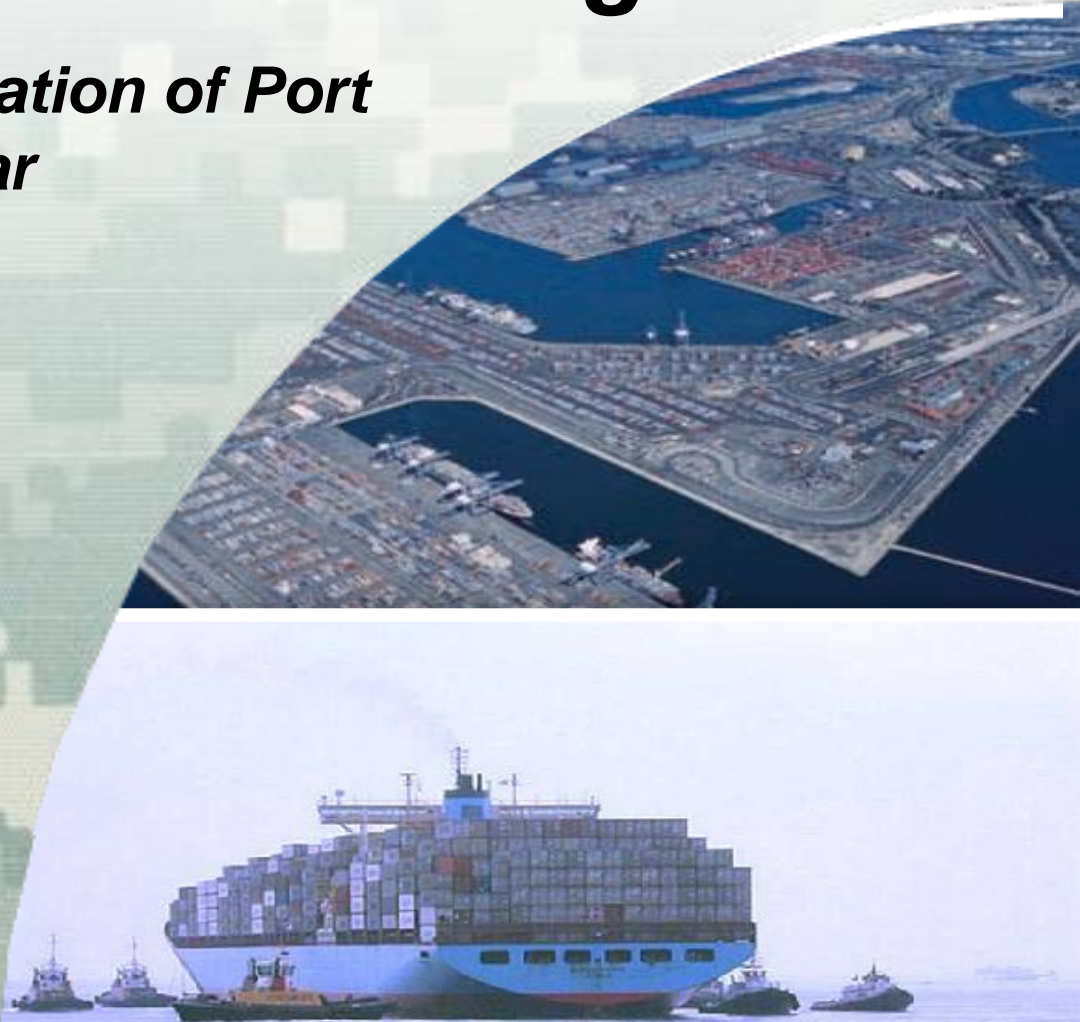
***For American Association of Port  
Authorities Webinar***

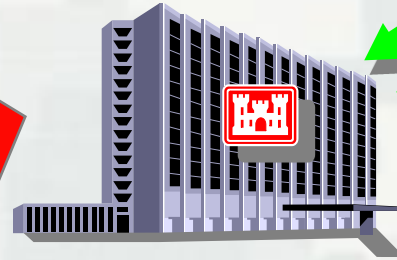
Jeffrey A. McKee  
Chief, Navigation Branch  
US Army Corps of Engineers

**April 22, 2014**



US Army Corps of Engineers  
**BUILDING STRONG®**





40 Districts / 8 MSC  
Needs Loaded

**OMB-ASA GUIDANCE**  
( FEB-MAR )

All Offices Develop  
Program Requirements  
( Feb - Jul )



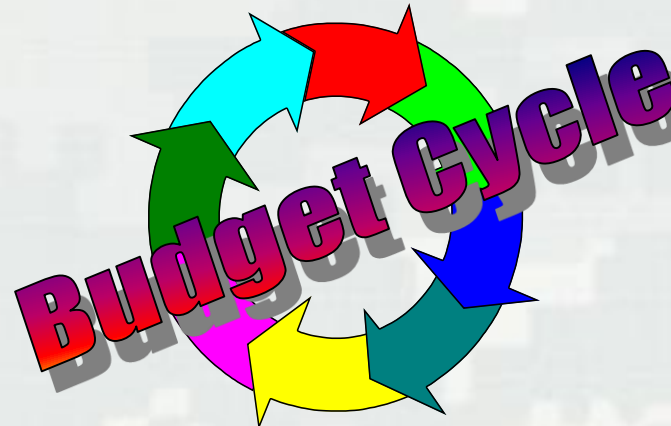
Budget Review &  
Present to Sec Army  
( Jul - Aug )

Budget Submitted  
to OMB ( Sep )



OMB Passback  
( Nov )

President's Budget  
to Congress ( Feb )



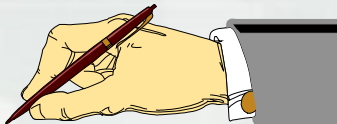
Cong. Hearings ( Mar - Apr )



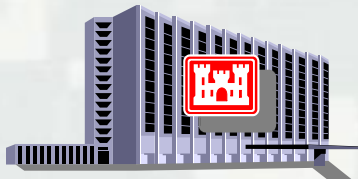
Appropriations Bills  
( Jul - Sep )



President Signs  
Approp. Bill  
( Sep - Oct )



Funding Alloc.  
To Field Offices  
( Oct - Dec )



# ***National Priorities for Budgeting***

- A. Provide for National Defense
- B. Reduce the Deficit
- C. Create Jobs and Restore the Economy
- D. Improve Resiliency and Safety of Communities and Infrastructure
- E. Restore and Protect the Environment
- F. Maintain Global Competitiveness
- G. Increase Energy Independence and Renewable Energy
- H. Improve Quality of Life
- I. Support Research and Innovation that leads to American Jobs and Industries

Navigation has a key role in all of these!



# FY 15 Navigation Program Environment

- Navigation program aligns with all National priorities/goals
- Collaboration with DOT – Sec LaHood’s goal to keep commerce on the water as long as possible
- National Exports Initiative and National Freight Movement require reliable and resilient navigation infrastructure and significant investment in maintenance dredging and lock maintenance (O&M)
- Panama Canal opening 2015
- Navigation improvement studies and projects slow to trickle due to constrained funding and BCR thresholds for PED (2.0) and Construction (2.5) @ 7%
- IWTF constraints
- President's “We Can’t Wait Initiative”
- Risk Increasing/Reliability Decreasing
  - ▶ Channels not maintained at authorized dimensions
  - ▶ Lock closures due to mechanical failures have increased



# FY 15 Budget

- Budget is performance based.
- Focuses on highest performing projects and programs with high economic, environmental, and public safety returns to the nation.
- Emphasizes operation and maintenance of infrastructure to address critical infrastructure needs and provide a reliable and resilient system.
- Provides a fiscally prudent investment in Nation's water resources infrastructure making tough decisions to put the nation on a fiscally prudent path.
- Navigation focuses on high commercial use coastal harbors and channels with > 10 million tons of commerce; and inland and intracoastal waterways with > 3 billion ton-miles of commerce.





# ***FY 15 Key Below Ceiling and Ceiling Funding Decision Criteria***

## **Investigations**

- ▶ Completions
- ▶ Fund 3x3x3 compliant feasibility studies to capability in Below Ceiling Level
- ▶ Legacy, non-compliant, and previously budgeted to completion studies are not budgetable
- ▶ BCR Threshold for PED of 2.0 @ 7% Interest Rate
- ▶ PEDs are not budgetable unless Civil Works Review Board was held by 1 August 2013
- ▶ Discontinue PEDs if project is not affordable based on IWTF Revenues
- ▶ All new starts and resumptions in Above Ceiling level
- ▶ Commercial waterborne traffic - tonnage (for Coastal) & ton-miles (for Inland)
- ▶ Project would accommodate vessels using expanded Panama Canal



# ***FY 15 Key Below Ceiling and Ceiling Funding Decision Criteria***

## **Construction**

- ▶ Dam Safety Construction
- ▶ Continuing Contracts
- ▶ Completions
- ▶ BCR Threshold of 2.5 @ 7% Interest Rate
- ▶ IWTF Constraints
- ▶ IMTS Long-Term Capital Investment Plan Priorities
- ▶ Continue from FY 14
- ▶ Commercial Waterborne Traffic
- ▶ Mitigation in Ceiling Level
- ▶ New Starts in Above Ceiling Level



# ***FY 15 Key Below Ceiling and Ceiling Funding Decision Criteria***

## **Operations / Maintenance**

- ▶ Commercial waterborne traffic (tonnage/ton-mileage) – focus on projects with greater than 10 M tons (Coastal) or 3 B ton-miles (Inland).
- ▶ Critical Minimum Operations and Maintenance
- ▶ Maintenance based on Risk & Reliability Matrix (Condition/Consequences)
- ▶ Use of Operational Condition Assessments and Economic consequences for inland infrastructure and coastal structures
- ▶ Channel Portfolio Tool used to help prioritize coastal channels based on tonnage and cargo value at risk for the lowest five feet of the project depth as a surrogate for economic justification
- ▶ Other factors for low commercial use:
  - Caretaker
  - O&M of locks and dams
  - Critical Harbors of Refuge
  - National Defense
  - Commercial fishing
  - Public transportation
  - Energy supply
  - Support of US Coast Guard Search and Rescue Operations
  - Support of other Federal Agencies





## ***FY 14 Workplan Decision Criteria***

- Follow Budget criteria in allocating additional funding
- Follow specific Congressional direction and restrictions in allocating additional funding
  - ▶ Enhance economic growth and benefits
  - ▶ Increase national competitiveness
  - ▶ Completions
  - ▶ Accelerating studies/projects
  - ▶ Job growth
  - ▶ Legal requirements
  - ▶ US coast Guard presence
  - ▶ Tonnage
  - ▶ Imports/exports
  - ▶ Energy
  - ▶ National security
  - ▶ Local and regional economy



# President's Budgets

(\$millions)

Pres Bud	Coastal	Inland	Nav	CW total	Nav Percent
FY 15	\$991	\$834	\$1,825	\$4,561	40
FY 14	\$980	\$904	\$1,884	\$4,826	39
FY 13	\$967	\$780	\$1,747	\$4,731	37
FY 12	\$832	\$744	\$1,575	\$4,631	34
FY 11	\$873	\$779	\$1,652	\$4,939	33
FY 10	\$971	\$796	\$1,767	\$5,125	35
FY 09	\$969	\$931	\$1,900	\$4,741	40
FY 08	\$957	\$1,052	\$2,009	\$4,900	41



BUILDING STRONG®

# Navigation Budget by Appropriation (\$millions)

Pres Bud Fiscal Year	Investigations	Construction	O&M	MR&T	Total Nav
<b>FY 15</b>	<b>\$22</b>	<b>\$277</b>	<b>\$1,487</b>	<b>\$39</b>	<b>\$1,825</b>
<b>FY 14</b>	<b>\$23</b>	<b>\$345</b>	<b>\$1,461</b>	<b>\$55</b>	<b>\$1,884</b>
<b>FY 13</b>	<b>\$25</b>	<b>\$352</b>	<b>\$1,326</b>	<b>\$44</b>	<b>\$1,747</b>
<b>FY 12</b>	<b>\$18</b>	<b>\$283</b>	<b>\$1,237</b>	<b>\$37</b>	<b>\$1,575</b>
<b>FY 11</b>	<b>\$19</b>	<b>\$291</b>	<b>\$1,297</b>	<b>\$45</b>	<b>\$1,653</b>
<b>FY 10</b>	<b>\$19</b>	<b>\$288</b>	<b>\$1,411</b>	<b>\$48</b>	<b>\$1,767</b>
<b>FY 09</b>	<b>\$20</b>	<b>\$495</b>	<b>\$1,346</b>	<b>\$39</b>	<b>\$1,900</b>
<b>FY 08</b>	<b>\$19</b>	<b>\$572</b>	<b>\$1,383</b>	<b>\$35</b>	<b>\$2,009</b>



# Inland Navigation Budget

(\$million)

Pres Bud	Investigations	Construction	O&M	MR&T	Total Inland Nav
<b>FY 15</b>	<b>\$5</b>	<b>\$180</b>	<b>\$612</b>	<b>\$37</b>	<b>\$834</b>
<b>FY 14</b>	<b>\$7</b>	<b>\$237</b>	<b>\$608</b>	<b>\$53</b>	<b>\$904</b>
<b>FY13</b>	<b>\$8</b>	<b>\$201</b>	<b>\$529</b>	<b>\$42</b>	<b>\$780</b>
<b>FY12</b>	<b>\$11</b>	<b>\$166</b>	<b>\$531</b>	<b>\$35</b>	<b>\$743</b>
<b>FY11</b>	<b>\$10</b>	<b>\$176</b>	<b>\$550</b>	<b>\$43</b>	<b>\$779</b>
<b>FY10</b>	<b>\$3</b>	<b>\$170</b>	<b>\$577</b>	<b>\$47</b>	<b>\$796</b>
<b>FY09</b>	<b>\$3</b>	<b>\$307</b>	<b>\$586</b>	<b>\$35</b>	<b>\$931</b>
<b>FY08</b>	<b>\$7</b>	<b>\$406</b>	<b>\$604</b>	<b>\$35</b>	<b>\$1,052</b>



# Coastal Navigation Budget

(\$million)

Pres Bud	Investigations	Construction	O&M	MR&T	Total Coastal Nav
<b>FY 15</b>	<b>\$17</b>	<b>\$97</b>	<b>\$875</b>	<b>\$2</b>	<b>\$991</b>
<b>FY 14</b>	<b>\$16</b>	<b>\$108</b>	<b>\$853</b>	<b>\$2</b>	<b>\$980</b>
<b>FY13</b>	<b>\$17</b>	<b>\$151</b>	<b>\$797</b>	<b>\$2</b>	<b>\$967</b>
<b>FY12</b>	<b>\$7</b>	<b>\$117</b>	<b>\$706</b>	<b>\$2</b>	<b>\$832</b>
<b>FY11</b>	<b>\$9</b>	<b>\$115</b>	<b>\$747</b>	<b>\$2</b>	<b>\$873</b>
<b>FY10</b>	<b>\$16</b>	<b>\$119</b>	<b>\$834</b>	<b>\$2</b>	<b>\$971</b>
<b>FY09</b>	<b>\$17</b>	<b>\$188</b>	<b>\$760</b>	<b>\$4</b>	<b>\$969</b>
<b>FY08</b>	<b>\$12</b>	<b>\$166</b>	<b>\$779</b>	<b>\$0</b>	<b>\$957</b>





# FY 14 Navigation Appropriation by Account (\$millions)

	Investigations	Construction	O&M	MR&T	Total Nav
<b>Pres Bud</b>	<b>\$23</b>	<b>\$345</b>	<b>\$1,461</b>	<b>\$55</b>	<b>\$1,884</b>
<b>Conference</b>	<b>\$40</b>	<b>\$468</b>	<b>\$1,701</b>	<b>\$60</b>	<b>\$2,269</b>
<b>Difference</b>	<b>\$17</b>	<b>\$123</b>	<b>\$240</b>	<b>\$5</b>	<b>\$385</b>



**BUILDING STRONG®**

# Navigation Message

- Navigation funding is an essential component for the Nation's Global trade
- HMTF funds needed for future channel maintenance
- IWTF funds needed for recapitalization of inland waterways
- America's Marine Transportation System infrastructure must become a National priority in order to get adequate funding
- Need national commitment to shipping, global trade and navigation infrastructure
- Current business model is not sustainable – need public/private investment and/or divestiture
- Navigation funding is key to Economy, Jobs, and Exports!

