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
OMB-ASA GUIDANCE (FEB-MAR)

Funding Alloc. To Field Offices (Oct - Dec)

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)

President Signs Appropriation Bill (Sep - Oct)

Appropriations Bills (Jul - Sep)

Cong. Hearings (Mar - Apr)

Budget Cycle

40 Districts / 8 MSC Needs Loaded
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.
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)

<table>
<thead>
<tr>
<th>Pres Bud</th>
<th>Coastal</th>
<th>Inland</th>
<th>Nav</th>
<th>CW total</th>
<th>Nav Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 15</td>
<td>$991</td>
<td>$834</td>
<td>$1,825</td>
<td>$4,561</td>
<td>40</td>
</tr>
<tr>
<td>FY 14</td>
<td>$980</td>
<td>$904</td>
<td>$1,884</td>
<td>$4,826</td>
<td>39</td>
</tr>
<tr>
<td>FY 13</td>
<td>$967</td>
<td>$780</td>
<td>$1,747</td>
<td>$4,731</td>
<td>37</td>
</tr>
<tr>
<td>FY 12</td>
<td>$832</td>
<td>$744</td>
<td>$1,575</td>
<td>$4,631</td>
<td>34</td>
</tr>
<tr>
<td>FY 11</td>
<td>$873</td>
<td>$779</td>
<td>$1,652</td>
<td>$4,939</td>
<td>33</td>
</tr>
<tr>
<td>FY 10</td>
<td>$971</td>
<td>$796</td>
<td>$1,767</td>
<td>$5,125</td>
<td>35</td>
</tr>
<tr>
<td>FY 09</td>
<td>$969</td>
<td>$931</td>
<td>$1,900</td>
<td>$4,741</td>
<td>40</td>
</tr>
<tr>
<td>FY 08</td>
<td>$957</td>
<td>$1052</td>
<td>$2,009</td>
<td>$4,900</td>
<td>41</td>
</tr>
<tr>
<td>Pres Bud Fiscal Year</td>
<td>Investigations ($millions)</td>
<td>Construction ($millions)</td>
<td>O&amp;M ($millions)</td>
<td>MR&amp;T ($millions)</td>
<td>Total Nav ($millions)</td>
</tr>
<tr>
<td>---------------------</td>
<td>---------------------------</td>
<td>--------------------------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>FY 15</td>
<td>$22</td>
<td>$277</td>
<td>$1,487</td>
<td>$39</td>
<td>$1,825</td>
</tr>
<tr>
<td>FY 14</td>
<td>$23</td>
<td>$345</td>
<td>$1,461</td>
<td>$55</td>
<td>$1,884</td>
</tr>
<tr>
<td>FY 13</td>
<td>$25</td>
<td>$352</td>
<td>$1,326</td>
<td>$44</td>
<td>$1,747</td>
</tr>
<tr>
<td>FY 12</td>
<td>$18</td>
<td>$283</td>
<td>$1,237</td>
<td>$37</td>
<td>$1,575</td>
</tr>
<tr>
<td>FY 11</td>
<td>$19</td>
<td>$291</td>
<td>$1,297</td>
<td>$45</td>
<td>$1,653</td>
</tr>
<tr>
<td>FY 10</td>
<td>$19</td>
<td>$288</td>
<td>$1,411</td>
<td>$48</td>
<td>$1,767</td>
</tr>
<tr>
<td>FY 09</td>
<td>$20</td>
<td>$495</td>
<td>$1,346</td>
<td>$39</td>
<td>$1,900</td>
</tr>
<tr>
<td>FY 08</td>
<td>$19</td>
<td>$572</td>
<td>$1,383</td>
<td>$35</td>
<td>$2,009</td>
</tr>
</tbody>
</table>
## Inland Navigation Budget
($million)

<table>
<thead>
<tr>
<th>Pres Bud</th>
<th>Investigations</th>
<th>Construction</th>
<th>O&amp;M</th>
<th>MR&amp;T</th>
<th>Total Inland Nav</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 15</td>
<td>$5</td>
<td>$180</td>
<td>$612</td>
<td>$37</td>
<td>$834</td>
</tr>
<tr>
<td>FY 14</td>
<td>$7</td>
<td>$237</td>
<td>$608</td>
<td>$53</td>
<td>$904</td>
</tr>
<tr>
<td>FY 13</td>
<td>$8</td>
<td>$201</td>
<td>$529</td>
<td>$42</td>
<td>$780</td>
</tr>
<tr>
<td>FY 12</td>
<td>$11</td>
<td>$166</td>
<td>$531</td>
<td>$35</td>
<td>$743</td>
</tr>
<tr>
<td>FY 11</td>
<td>$10</td>
<td>$176</td>
<td>$550</td>
<td>$43</td>
<td>$779</td>
</tr>
<tr>
<td>FY 10</td>
<td>$3</td>
<td>$170</td>
<td>$577</td>
<td>$47</td>
<td>$796</td>
</tr>
<tr>
<td>FY 09</td>
<td>$3</td>
<td>$307</td>
<td>$586</td>
<td>$35</td>
<td>$931</td>
</tr>
<tr>
<td>FY 08</td>
<td>$7</td>
<td>$406</td>
<td>$604</td>
<td>$35</td>
<td>$1,052</td>
</tr>
</tbody>
</table>
## Coastal Navigation Budget

($million)

<table>
<thead>
<tr>
<th>Pres Bud</th>
<th>Investigations</th>
<th>Construction</th>
<th>O&amp;M</th>
<th>MR&amp;T</th>
<th>Total Coastal Nav</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 15</td>
<td>$17</td>
<td>$97</td>
<td>$875</td>
<td>$2</td>
<td>$991</td>
</tr>
<tr>
<td>FY 14</td>
<td>$16</td>
<td>$108</td>
<td>$853</td>
<td>$2</td>
<td>$980</td>
</tr>
<tr>
<td>FY13</td>
<td>$17</td>
<td>$151</td>
<td>$797</td>
<td>$2</td>
<td>$967</td>
</tr>
<tr>
<td>FY12</td>
<td>$7</td>
<td>$117</td>
<td>$706</td>
<td>$2</td>
<td>$832</td>
</tr>
<tr>
<td>FY11</td>
<td>$9</td>
<td>$115</td>
<td>$747</td>
<td>$2</td>
<td>$873</td>
</tr>
<tr>
<td>FY10</td>
<td>$16</td>
<td>$119</td>
<td>$834</td>
<td>$2</td>
<td>$971</td>
</tr>
<tr>
<td>FY09</td>
<td>$17</td>
<td>$188</td>
<td>$760</td>
<td>$4</td>
<td>$969</td>
</tr>
<tr>
<td>FY08</td>
<td>$12</td>
<td>$166</td>
<td>$779</td>
<td>$0</td>
<td>$957</td>
</tr>
</tbody>
</table>
## FY 14 Navigation Appropriation by Account ($millions)

<table>
<thead>
<tr>
<th></th>
<th>Investigations</th>
<th>Construction</th>
<th>O&amp;M</th>
<th>MR&amp;T</th>
<th>Total Nav</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pres Bud</strong></td>
<td>$23</td>
<td>$345</td>
<td>$1,461</td>
<td>$55</td>
<td>$1,884</td>
</tr>
<tr>
<td><strong>Conference</strong></td>
<td>$40</td>
<td>$468</td>
<td>$1,701</td>
<td>$60</td>
<td>$2,269</td>
</tr>
<tr>
<td><strong>Difference</strong></td>
<td>$17</td>
<td>$123</td>
<td>$240</td>
<td>$5</td>
<td>$385</td>
</tr>
</tbody>
</table>
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!