“The Challenge of Dredging Deeper”
Ports/USACE Challenges

• Shortage of funding
• Uncertainty of outcome
• Length and complexity of federal planning process
• Suggestions for overcoming the challenges
U.S. Ports: Vital to Trade and Our National Economy

59 harbors – coastal, inland, Great Lakes - handle over 10 million tons each year...
USACE Program Trends and FTEs
FY 00 – FY 12

Program (Budget Authority) *
($ Millions) **

$50,000

$40,000

$30,000

$20,000

$10,000

$0

'00  '01  '02  '03  '04  '05  '06  '07  '08  '09  10  11  12

USACE FTEs

50,000

40,000

30,000

20,000

10,000

0

* Includes Military, Civil+Supplemental, and SFO
** FY11 Constant Dollars

Dawson & Associates
USACE Water Resources Priorities*

- Protect, develop and restore the Nation’s water and related land resources
- Deliver National water resources projects
- Operate and maintain existing Corps projects
- Train and prepare for emergency response needs
- Enable ports to handle doubling of exports from FY2010 to FY2015**

*Not in order of priority
**Executive order 13514
# USACE Civil Works Budget (by appropriations)

<table>
<thead>
<tr>
<th>Appropriation</th>
<th>FY09 Budget</th>
<th>FY09 Approp</th>
<th>FY10 Budget</th>
<th>FY10 Approp</th>
<th>FY11 Budget</th>
<th>FY11 Approp</th>
<th>FY12 Budget</th>
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<tbody>
<tr>
<td>Construction</td>
<td>1,402</td>
<td>2,142</td>
<td>1,718</td>
<td>2,031</td>
<td>1,690</td>
<td>1,793</td>
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<td>O&amp;M</td>
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<td>2,202</td>
<td>2,504</td>
<td>2,400</td>
<td>2,361</td>
<td>2,366</td>
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<td>Investigations</td>
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<td>100</td>
<td>160</td>
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<td>127</td>
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<td>Miss. R. &amp; Tribs.</td>
<td>240</td>
<td>384</td>
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<td>340</td>
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<td>264</td>
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<td>Regulatory</td>
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<td>Flood/Coastal Em.</td>
<td>40</td>
<td>0</td>
<td>41</td>
<td>0</td>
<td>30</td>
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<td>FUSRAP</td>
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<td>130</td>
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<td>Expenses</td>
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<td>184</td>
<td>185</td>
<td>185</td>
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<td>185</td>
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<tr>
<td>ASA(CW)</td>
<td>6</td>
<td>4</td>
<td>6</td>
<td>5</td>
<td>6</td>
<td>5</td>
<td>6</td>
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<td><strong>TOTAL</strong></td>
<td><strong>4,741</strong></td>
<td><strong>5,402</strong></td>
<td><strong>5,125</strong></td>
<td><strong>5,445</strong></td>
<td><strong>4,939</strong></td>
<td><strong>5,060</strong></td>
<td><strong>4,631</strong>*</td>
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</table>

* Straight lined next 5 years
USACE Civil Works Program

FY12 Budget Request

Deliver enduring, comprehensive, sustainable, and integrated solutions to the Nation’s water resources and related challenges through collaboration with our stakeholders (Regions, States, Localities, Tribes, Other Federal Agencies)

- ($1.575 B) Navigation (34%)
- ($1.447 B) Flood Risk (31%) Management
- ($742 M) Ecosystem (16%) Restoration & Infrastructure
- ($182 M) Hydropower (4%)
- ($259 M) Recreation & Natural (6%) Resource Management
- ($196 M) Regulatory Program: (4%) Wetlands & Waterways
- ($34 M) Disaster Preparedness (0.7%) & Response
- ($6 M) Water Supply (0.1%)
- ($185 M) Expenses (3%)
# Navigation Funding – Pres Budget

($million)

<table>
<thead>
<tr>
<th>Pres Bud</th>
<th>Coastal</th>
<th>Inland</th>
<th>Nav</th>
<th>CW total</th>
<th>Nav Percent</th>
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<tr>
<td>FY12</td>
<td>$832</td>
<td>$744</td>
<td>$1576</td>
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<td>FY10</td>
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<td>$796</td>
<td>$1767</td>
<td>$5125</td>
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<td>$931</td>
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<td>$4741</td>
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<td>FY08</td>
<td>$957</td>
<td>$1057</td>
<td>$2014</td>
<td>$4900</td>
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</table>

THE TREND is declining funds
Navigation down 22% in the last 5 years.
Reductions masked by ARRA funding in FY09 and FY10
Flood Damage Reduction increased due to DSAC results; Environment also increased.
USACE Planning Process

- Current pre-authorization planning takes 6 years
- Pilot program will work within current statutory and regulatory framework
- By reengineering and streamlining the process USACE intends to shorten the process to 18-24 months
- Pilot projects initiated including one navigation project
  - Palm Beach Harbor (Lake Worth Inlet)
NEW PARADIGM: PREAUTHORIZATION STUDY PROCESS

CURRENT PLANNING PROCESS: 6+ YEARS (approximate timeframes)

- **Phases**
  - **Year 1**: Reconnaissance
    - Federal Interest Assessed
    - Identify Sponsor
  - **Year 2**: Study Negotiations
    - Feasibility Study Scoped
    - Feasibility Study Agreement Executed
  - **Year 3**: Feasibility
    - Problems & Opportunities
    - Future Without Project
    - Management Measures
  - **Year 4**: Feasibility
    - Alternative Plan Development
    - Design & Cost Estimate
    - Plan Evaluation & Comparison
    - Agency Technical Review
  - **Year 5**: Feasibility
    - Plan Selection
    - Independent External Peer Review
    - Agency Technical Review
    - Cost Certification
  - **Year 6**: Feasibility
    - Public Review
    - Report Finalization

- **Milestones**
  - Reconnaissance Study Certification
  - Feasibility Cost Sharing Agreement Signed
  - Feasibility Scoping Meeting
  - Alternative Formulation Briefing
  - Civil Works Review Board
  - Chief's Report

REVISED PLANNING PROCESS: 2 YEAR (approximate timeframes)

- **Phases**
  - **Fiscal Year 1**: Study Scoping
    - Federal Interest
    - Problems & Opportunities
    - Future Without Project
    - Management Measures
    - Analysis Plan
  - **Fiscal Year 2**: Study Execution
    - Alternative Development
    - Plan Evaluation & Comparison
    - Plan Selection
  - **Fiscal Year 3**: Study Review
    - Agency Technical Review
    - Independent External Peer Review
    - Cost Certification
    - Public Review
    - Plan Confirmation
    - State & Agency Review

- **Milestones**
  - Decision Point 1
  - Decision Point 2
  - Decision Point 3
  - Chief's Report

BUILDING STRONG®

The revised process consolidates key decisions into the early part of the study process, allowing for more clear scoping and focused attention on relevant details. It integrates early decision making with more flexible analysis and emphasizes focused risk management strategies.
PLANNING DECISION TREE

STEP 1: Identify Problem, Need, Scope

STEP 2: Assess Significance, roles and responsibilities

FEDERAL PROBLEM ASSESSMENT

STEP 3: Decision Point 1: Federal Interest & Scope

- No Federal Interest
  - Terminate Study
  - Defer Study
- Federal Interest/Limited USACE Interest
  - Technical Support
  - Watershed Study
- Federal Interest and USACE Interest
  - Close Out Track
  - Authorization Track

STEP 4: Study Specific Technical analysis

STEP 5: Decision Point 2: Recommendations & Investment

- To Decision Point 1: Federal Interest Determination
  - 3-6 months

- To Decision Point 2: USACE Recommendations or Investment Decision
  - 6-12 months

BUILDING STRONG®
What Does It Look Like?

3-6 months

INITIAL STUDY PHASE

6-12 months

Study Execution Phase

12-16 months

Review Phase

16-24 months

Confirmation Phase

Decision Point 1
Key Items
- Federal Interest Determination
- Level of Detail Required
- Analysis tools & Techniques
- Estimated Cost Risk
- Key Assumptions
  - w/out project conditions
  - policy/process assumptions
- Review Plan
- Study Execution Plan/Schedule

Decision Point 2
Key Items
- Alternative Plans
- Trade off Assessment
- Recommended investment level
- Cost Allocation
- Key Assumption Review
- Agency Technical Review

Decision Point 3
Key Items
- Policy review
- Results of review
- Public review
- Assessment of responses
- Key assumption review

Decision Point 4
Key Items
- Chief’s Report

Building Strong®

American Association of Port Authorities

Alliance of the Ports of Canada, the Caribbean, Latin America and the United States
Summary

• U.S. Ports are a critical asset for the economy
• Administration has set a goal to double exports in five years
• Panama Canal expansion offers extraordinary opportunities for Ports
• U.S. Port modernization is underway and must continue to remain competitive
  – Some federal channels need to be deepened to accept larger ships
• USACE plays a vital role in harbor modernization
  – USACE funding for navigation projects in decreasing
  – USACE business process are complex and time intensive
• Ports and USACE need to establish a “new paradigm” to achieve port modernization potential
Suggestions

• Evaluate plausible port scenarios
  – Explore infrastructure options
  – Use the NEPA framework as a guide
• Collaborate with USACE leadership
  – Support pre-authorization planning re-engineering
  – Alternative funding and contracting methods
    • Public Private partnerships
    • Design-Build projects
• Seek investment partners
  – Private financing is critical
  – Reduce federal funding requirements
• Build an enduring coalition
  – Key political, financial and business partners
  – Representing broad perspectives
For More Information Contact

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