U.S. Army Corps of Engineers
Navigation Program Update

For Waterways Council, Inc.

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

March 14, 2016
Corps Navigation Mission

Provide safe, reliable, efficient, effective and environmentally sustainable waterborne transportation systems for movement of commerce, national security needs, and recreation.
The United States Is A Maritime Nation

Inland Marine Transportation System + Ports Vital to U.S. Trade and National Economy

IMTS is a Distribution System for Coastal Ports...

- Nearly 12,000 miles 9 ft deep & more
- 171 lock sites / 207 chambers
- Moving over 600 million tons
- Carries 18% of Nation’s inter-city freight (by ton-mile) at a cost of 2/3 that of rail and 1/10 of truck

Million Tons
- Over 100
- 50 - 100
- 25 - 50
- 10 - 25

BUILDING STRONG®
USACE Navigation Assets

COASTAL NAVIGATION
- 1,067 Navigation projects
- 19 Lock chambers
- 13,000 Miles of channels
- 929 Navigation structures
- 844 Bridges

INLAND NAVIGATION
- 27 Inland River Systems
- 207 Lock chambers @ 171 lock sites
- 12,000 Miles of inland river channels
## CW Program/Budget Timeline

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
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<tbody>
<tr>
<td>Fiscal Year</td>
<td>FY 14</td>
<td>FY 15</td>
<td>FY 16</td>
<td>FY 17</td>
<td>FY 18</td>
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</table>

### Program Year

<table>
<thead>
<tr>
<th>Program Year</th>
<th>PY - 4</th>
<th>PY - 3</th>
<th>PY - 2</th>
<th>PY - 1</th>
<th>PY</th>
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</thead>
</table>

- FY 16 PROGRAM
  - DEVELOP
  - DEFEND
  - EXECUTE

- FY 17 PROGRAM
  - DEVELOP
  - DEFEND
  - EXECUTE

- FY 18 PROGRAM
  - DEVELOP
  - DEFEND
  - EXECUTE

Budget Cycle = 32 Calendar Months

PY = CFY + 2

NOW
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 17 Budget

- Budget is performance based.
- Focuses on highest performing projects and programs with high economic (BCR ≥ 2.5 @ 7%), environmental, and public safety returns to the nation.
- Emphasizes operation and maintenance of infrastructure to address critical 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 high risk to mission 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.
- 10% of HMTF to emerging harbors and Great Lakes.
FY 17 Key Funding Decision Criteria

Investigations
► Completions
► PEDs must be competitive for Construction within two years.
► Limited new starts and resumptions
► Commercial waterborne traffic - tonnage (for Coastal) & ton-miles (for Inland)
► Project would accommodate vessels using expanded Panama Canal
► Project serves as Subsistence Harbor or Harbor of Refuge

Construction
► Continuing Contracts
► Life Safety and Dam Safety
► Completions
► BCR Threshold of 2.5 @ 7% Interest Rate
► IWTF Constraints
► IMTS Long-Term Capital Investment Plan Priorities
FY 17 Key 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
### 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>
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<tbody>
<tr>
<td>FY 17</td>
<td>$1,017</td>
<td>$917</td>
<td>$1,934</td>
<td>$4,620</td>
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<tr>
<td>FY 16</td>
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<tr>
<td>FY 15</td>
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<tr>
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<tr>
<td>FY 13</td>
<td>$967</td>
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<tr>
<td>FY 12</td>
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<td>$744</td>
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<tr>
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<tr>
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<td>$931</td>
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## Navigation Budget by Account

($millions)

<table>
<thead>
<tr>
<th>Pres Bud Fiscal Yr</th>
<th>Investigations</th>
<th>Construction</th>
<th>O&amp;M</th>
<th>MR&amp;T</th>
<th>Total Nav</th>
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<tbody>
<tr>
<td>FY 17</td>
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## Coastal Navigation Budget ($million)

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<th>Pres Bud</th>
<th>Investigations</th>
<th>Construction</th>
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<td>Pres Bud</td>
<td>Investigations</td>
<td>Construction</td>
<td>O&amp;M</td>
<td>MR&amp;T</td>
<td>Total Inland</td>
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### Additional FY 16 Funds for Navigation in Division D – E&WD, Omnibus Appropriations Act, 2016 ($millions)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount ($)</th>
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<tbody>
<tr>
<td><strong>Investigations</strong></td>
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<tr>
<td>- Navigation</td>
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<tr>
<td>- Coastal and Deep Draft</td>
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<tr>
<td>- Inland</td>
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<tr>
<td>- Small, Remote, or Subsidence</td>
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<tr>
<td><strong>Construction</strong></td>
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<tr>
<td>- Navigation</td>
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<tr>
<td>- Inland Waterways Trust Fund</td>
<td>55.0</td>
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<tr>
<td>- Navigation Program (Section 107)</td>
<td>7.0</td>
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<tr>
<td><strong>MR&amp;T O&amp;M Dredging</strong></td>
<td>8.1</td>
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</tbody>
</table>
Additional FY 16 Funds for Navigation in Division D – E&WD, Omnibus Appropriations Act, 2016 ($millions)

- O&M $391.53
  - Navigation $23.53
  - Deep Draft Harbor & Channel $250.0
  - Inland Waterways $45.0
  - Small, Remote, or Subsidence $48.0
  - Donor & Energy Transfer Ports $25.0

- Total Additional Navigation Funding ~$684

### FY 16 Navigation Appropriations 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>Pres Bud</td>
<td>$22</td>
<td>$348</td>
<td>$1,527</td>
<td>$37</td>
<td>$1,934</td>
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<td>Omnibus Act, 2016</td>
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<td><strong>Total</strong></td>
<td><strong>$33</strong></td>
<td><strong>$621</strong></td>
<td><strong>$1,919</strong></td>
<td><strong>$45</strong></td>
<td><strong>$2,618</strong></td>
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</tbody>
</table>
FY 2016 Navigation Workplan

- **Investigations**
  - New start for GIWW Brazos River Floodgates and Colorado Locks, TX

- **Construction**
  - Olmsted Lock & Dam - $180 M + $88 M = $268 M
  - Locks & Dams 2, 3 & 4 - $52 M + $6.9 M = $58.9 M
  - Kentucky Lock - $45.4 M
  - Chickamauga Lock - $29.9 M
  - Lockport Lock & Dam - $1.4 M
  - New start AIWW Deep Creek Bridge, VA - $10 M

- **O&M** - $68M for Inland Waterways
- **MR&T O&M** - $8 M for dredging
FY17 President’s Budget Highlights

• Navigation: $1.9 B, including $34 M from IWTF
  • Investigations:
    • Three River, AR
    • Inner Harbor Navigation Canal Lock Replacement, LA
    • GIWW, Brazos River Floodgates and Colorado River Locks, TX
  • Construction:
    • Olmstead Locks and Dam, IL & KY - $225 M
    • AIWW Deep Creek Bridge, VA - $12 M to complete
  • O&M: $645 M with focus on reducing risk of failure on high commercial use waterways
    • Mississippi River - $189 M
    • Ohio River - $104 M
    • GIWW - $61 M
    • Illinois Waterway - $35 M
    • Tennessee River - $23
    • Black Warrior Tombigbee - $20 M
Inland Waterways

- Review ways to increase revenue collections for inland waterways. (increased fuel taxes, user fees, construction bonds, etc.)
- Olmsted IWTF share decreases from 50% to 15%. 85% of costs would come General Treasury revenues. Frees up IWTF funds, but doesn’t increase Corps budget.
- Major Rehabilitation threshold increases to $20 M.
- Project Delivery Process Reform (from IMTS Capital Projects Business Model)
- Report on Olmsted lessens learned
- Annual Financial Review of projects costing more than $500 million
- Assess O&M needs for the Gulf Intracoastal and Atlantic Intracoastal Waterways
- Study to determine feasibility of riverbank stabilization
- Mandatory closure of Upper St. Anthony Falls Lock and Dam
- Energy development at Mayo Lock and Dam
- Modification of Freedom to Fish Act
- Requirement for Federal government to operate floodgates on inland waterways.
Capital Investment Strategy

- A Risk-Informed Portfolio Investment Approach, Focused on Maximizing System Performance
- Nationally Consistent and Repeatable Approach Across Entire IMTS
- Buys Down Risk, Improves System Reliability
- Mitigates Economic Impacts to Marine Stakeholders
Navigation Challenges

- Constrained funding - can't maintain authorized/constructed channel dimensions and critical infrastructure
- Funding for low commercial use projects
- Increased cost of doing business
- Aging infrastructure
- Behind in channel depths
- Environmental Issues
  - Air and water quality requirements
  - Threatened, endangered, and invasive species
  - Dredging windows
Stakeholders and Partnering

• Leverage Efforts
• Understand and communicate Civil Works Value to Nation
• Find consensus on Major Initiatives
  • Identify Funding to Reach Outcomes
  • Engage in Dialogue
• Be mutually supportive
• Shared Messages
• Involve & Engage End-Users
• Seek to Influence Decision-Makers
Navigation Message

- Navigation funding is essential for the Nation’s global trade and maintaining competitiveness
- 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
- Navigation funding is key to Economy, Jobs, and Exports!
QUESTIONS?

Jeffrey.a.mckee@usace.army.mil

202-761-8648
Coastal Harbors and Channels

O&M Cost-Sharing – Change in depth from 45 to 50 feet

Harbor Maintenance Trust Fund (HMTF)

- Direction to congress to appropriate Target expenditure in FY 2015 of 67% of the funds collected in FY 14 going to HMTF.
- Rate rises 2-4% until FY 2025 when it will be 100% of the funds collected in 2024.
- FY 12 Baseline of $898 M.
- To help "emerging harbors" enhance competitiveness, requires they receive at least 10% of the total appropriated from the HMTF for FY 12.
- 90% of Priority funds to moderate and high use harbors.
- 10% of Priority funds to emerging harbors.
- 10% to Great Lakes harbors.
- 5% to Under Served moderate and emerging harbors.
- 10% for Expanded Uses.
- $50 million authorized for Donor and Energy Ports.