

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS FOR FISCAL YEAR 2013

WEDNESDAY, MARCH 28, 2012

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:30 p.m., in room SD-192, Dirksen Senate Office Building, Hon. Dianne Feinstein (chairman) presiding.

Present: Senators Feinstein, Landrieu, Lautenberg, Harkin, Alexander, Collins, Murkowski, and Graham.

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS—CIVIL

**STATEMENT OF JO-ELLEN DARCY, ASSISTANT SECRETARY OF THE
ARMY (CIVIL WORKS)**

OPENING STATEMENT OF SENATOR DIANNE FEINSTEIN

Senator FEINSTEIN. Good afternoon, ladies and gentlemen, and welcome to the Energy and Water Subcommittee's oversight hearing on the fiscal year 2013 budget request for the United States Army Corps of Engineers and the Bureau of Reclamation.

Let me say from the outset, and I've never actually said this before in 20 years, I am a big fan of both of your agencies. The work that your agencies do touches nearly every person in the Nation. It's really where the pedal meets the metal. Forty-one States are served by 926 Corps harbors and 25,000 miles of waterways.

These harbors and waterways move more than 2.3 billion tons of cargo annually. Damages prevented by Corps flood control projects over the last decade exceed 25 billion annually. That's prevention. Every \$1 invested in flood control since 1928 has prevented more than \$7 in damages when adjusted for inflation.

I'd have to say that 7-to-1 is a good return on any investment. The Corps is the number one Federal provider of outdoor recreational opportunities, and the number one producer of hydroelectric power. And they're extensively involved in environmental and ecosystem restoration.

The Bureau of Reclamation provides water and power to the 17 Western States. They deliver water to 31 million people for municipal, rural, and industrial uses. Reclamation delivers water to 20

percent of the West's farmers, providing irrigation to 10 million acres of some of the most productive agricultural land in the world.

Reclamation also addresses water resources and challenges posed by drought, climate change, depleted aquifers, environmental needs, energy demands, and population increases in the West.

We depend on both of your agencies to build this water infrastructure as well as facilitating much needed environmental restoration. Not only does the work you perform provide jobs now, the infrastructure that's constructed, continues to benefit the economy for decades which in turn creates more jobs and boosts our standard of living.

While we all realize that for the next decade, we're going to be operating under austere budget caps in the Budget Control Act, we should not underfund agencies that provide tangible benefits and create jobs. This is really where America lives, where America works, and where America either thrives or does not.

The President's fiscal year 2013 budget for the Corps of Engineers is \$4.7 billion, which is \$271 million or 5.4 percent below the 2012 enacted amount. The Bureau of Reclamation's budget is proposed at \$1.03 billion, which is \$14 million or 1.3 percent below the 2012 enacted amount.

Candidly, I don't believe these budget requests provide the necessary resources to adequately fund ongoing work, and I've never said that before. For example, the Corps construction budget is proposed at \$1.47 billion, which is \$223 million or 13.2 percent below the 2012 enacted amount.

Dam safety and environmental restoration and compliance activities account for \$850 million or 58 percent of the request. Inland and deep draft navigation accounts for \$336 million or 23 percent of the request, and only \$226 million or 15 percent is directly toward traditional flood control projects.

Of the 95 construction projects proposed in the budget request, only 46 are displayed with benefit-to-cost ratios. That means that more than one-half of the projects proposed for funding utilize a much more intangible set of budget criteria. And I'm going to ask about that.

A skeptic might even say that these budget decisions were arbitrary or politically based. However, my point is, that while I believe we can agree that nearly all of the items in the budget request have merit, one certainly has to question how the decisions were made for the many ongoing projects that were not included.

Based on my review, I believe your budget request needs some adjusting. It appears to me that while your overall budget for fiscal year 2013 boosts funding for navigation, which is a good idea, the budget proposes less funding for flood control in 2013 than you proposed in 2012.

I'm concerned about this decrease particularly in light of two record-setting floods in the Missouri and Mississippi Rivers in 2011. I very much hope that it's not the start of a trend.

In the general investigation account, 80 studies are listed in the budget for a total of \$52 million. However, five studies are adequately funded for about \$24 million of that total, leaving the other 75 studies competing for the remaining \$28 million. This, candidly, doesn't seem balanced to me.

I have other issues with the Corps budget that I'll ask about at the appropriate time. Now, turning quickly to the Bureau of Reclamation's budget.

The scheduled completion of the Animas-La Plata Project and the Red Bluff fish screen and Pumping Plant Project this year seemed to have freed up some funding within your budget. As a result, your budget request seems to be more balanced than in prior years.

Hopefully, the planned completion of the Mni Wiconi Rural Water Project in 2013 will have a similar impact on the 2014 budget. So I'm pleased to see an increase in discretionary funding for the San Joaquin River Restoration in your budget for 2013.

This discretionary funding along with the mandatory funding under the settlement agreement will assure that water impacts are reduced or avoided while maintaining the San Joaquin River ecosystem.

Rural water projects are proposed at higher levels than in your budget request but are still not funded at the levels necessary, we think, to continue progress on these projects. So I look forward to exploring that with you as well.

Senator Alexander, I'm very fortunate, if anybody in this room doesn't know it, I say it all the time, I'm really very fortunate to work with a great ranking member. He is sincere. He is straightforward. He is bright. He is everything. So I have really lucked out.

So let me recognize our distinguished ranking member, Senator Alexander.

STATEMENT OF SENATOR LAMAR ALEXANDER

Senator ALEXANDER. Thank you, Madam Chairman. The feeling is absolutely mutual, and I'd like to write that down if I may. That's very kind of you to say that.

Senator FEINSTEIN. Okay.

Senator ALEXANDER. We do have a very good working relationship, and I thank the staff for their working together as well and the courtesy that the chairman shows us as we work on these issues.

That was a very good statement of reaction, I think, to the proposals that we have. I'd like to make just two or three points, and then I'll look forward to your testimony.

One, I want to congratulate the Corps of Engineers for the work you did during the floods and natural disasters of 2011. The only way to congratulate you is to compare what happened in 2011 with what happened in the big flood in 1927, which we call the Great Flood.

Books have been written about it. That year, I think 16 million acres were inundated, 500 people died, 600,000 displaced, 41,000 buildings destroyed, rail lines cut, communities wiped out. That was the story of 1927.

But contrast that with 2011, after a lot of investment and work by the Corps of Engineers, no lives lost, 4 million people protected. It was all done so well that many people and the rest of the country didn't even know there was a big problem.

The Corps estimates that our investments in the Mississippi River and Tributaries Project of about \$14 billion over the last 80 years probably saved about \$500 billion. Figures like that are al-

ways speculative, but the idea is probably right. That a small investment has had a big return.

And the Congress provided \$1.7 billion in disaster recovery funding last year to restore the damages from flooding to Corps facilities. One way to tell the level of interest in an agency's work is by the attendance of Senators at hearings involving them.

And I can remember a hearing last year of the Environment and Public Works Committee at which I believe 17 Senators of both parties showed up to either talk about, criticize, praise, or have some opinion about the effect of the big floods in their States.

Now, the second thing I'd like to talk about is the Harbor Maintenance Trust Fund and the Inland Waterways Trust Fund. I've now watched this for a few years. We have two trust funds and neither one of them works well.

The first, the Harbor Maintenance Trust Fund, collects money successfully, but it turns out we can't use the money on things communities need to expand ports and double exports as the President has suggested.

The second fund, the Inland Waterways Trust Fund, doesn't collect enough money. And so projects like the Chickamauga Lock and others are on indefinite hold, really, are not getting the attention they need.

I would like to strongly suggest, and the chairman and I have been working on this with other members of the subcommittees, that we step back and take a look at these two trust funds, Harbor Maintenance, Inland Waterway, and think about our country and the competitive position that we want it to be in in the future, and think of what we need to do.

Don't think about the money involved, or how to collect the money. Think first about, what do we need to do? What's our vision for the future? And then, see if we can match money and procedures to the vision we have.

My experience is that most ideas in Washington, DC fail for lack of the idea. And I would strongly urge you to work with us over the next few months to see if we can take both these trust funds, and not just muddle along the way we had been muddling.

But to say, okay, what do we need to do for, you know, the greatest country in the world, the one that produces 25 percent of all the wealth in the world, with the Panama Canal being deepened, our ports need to be deepened. We need locks and dams that are safe in the inland waterways.

And I believe that if we have the right vision, we would be able to do something about that. I remember a few years ago, we had something called America Creating Opportunities to Meaningfully Promote Excellence in Technology, Education, and Science (America COMPETES) Act. We asked a distinguished group, the National Academies did, to tell us what would be the 10 things the Congress could do to keep us competitive in the world marketplace.

This distinguished group, headed by Norm Augustine, gave us 20 things. We eventually got 35 Republican and Democratic co-sponsors. We passed that law. It's been funded. It's been reauthorized and it succeeded because we had an idea and we stopped muddling.

Now, it didn't do everything. But we need to do the same kind of thing with our ports and our locks and our dams. So I ask you to work with us to do that.

I'm particularly troubled about the \$1 billion cost increase in Olmsted Locks and Dam. Makes me almost think I'm in the National Nuclear Security Administration (NNSA) hearing where things just keep going up and up and up and up and up with no rational reason for it.

I mean, what is happening is that single project is soaking up all the money available for everything else in the country, and that's poor planning, and something's wrong when we have that kind of increase.

I'm particularly sensitive to that because of the effect it's having on the Chickamauga Lock on the Tennessee River near Chattanooga. If that lock fails, it closes down one-third of the navigation on the Tennessee River. It would force chemical plants, Tennessee Valley Authority (TVA) reactors, Oak Ridge National Lab to put more freight and hazardous materials on our roads.

It would put 150,000 heavy trucks in Interstate 75, and it would flood downtown Chattanooga. Now, we don't want any of that. And we also don't want the slowdown that we're seeing right now with the Chickamauga Lock.

I know that there had been some work done with industry to try to come up with a way to put more money into the trust fund. But what I'm asking for is working with Industry and the subcommittee and with anybody who has any idea, let's have a vision for where we need to go with both the needs that are supposed to be addressed by these trust funds and come up with a mechanism that works.

I certainly pledge my effort to do that and working with the chairman and Senator Collins and other members of the subcommittee, I would like to give that a try over the next few months.

Thank you, Madam Chairman.

Senator FEINSTEIN. Thank you very much. Senator Collins, do you have a comment you would like to make at this time?

STATEMENT OF SENATOR SUSAN COLLINS

Senator COLLINS. Thank you, Madam Chairman.

First of all, let me just agree with the praise that the chairman and the ranking member heaped on one another. They do work extraordinarily well together and they're truly a model for how the Senate should work.

I know that my west coast colleagues will address the Bureau of Reclamation's budget requests so my comments and questions today are going to focus on the Army Corps of Engineers.

I just want to make two points. The first is that I'm very concerned about the discrepancy in the way the Army Corps regulates developments that affect wetlands versus how it is done in the State of Maine and other parts of the country.

The second issue that I want to raise is my concern that we not forget as we look at the major navigational waters, the need for maintenance, dredging projects at smaller harbors and waterways, those are very important in a State like mine, for our fishermen, for example.

And I know that last year, the Chair and the Ranking Member worked with us to include \$30 million for operations and maintenance projects at small, remote, or subsistence navigation harbors and waterways. And I think that is extremely important as well.

So, thank you for the opportunity to comment.

Senator FEINSTEIN. Thank you.

From the Department of the Army, we will hear from Jo-Ellen Darcy, the Assistant Secretary of the Army for Civil Works, and Major General Bo Temple, Acting Chief of Engineers for the Corps.

From the Department of the Interior, we will hear from Anne Castle, Assistant Secretary for Water and Science, and Mike Connor, Commissioner, Bureau of Reclamation.

Secretary Darcy, we will begin with you.

SUMMARY STATEMENT OF JO-ELLEN DARCY

Ms. DARCY. Thank you, Senator Feinstein, and distinguished members of the subcommittee, thank you for the opportunity to present the President's fiscal year 2013 budget for the Civil Works program of the Army Corps of Engineers.

I am Jo-Ellen Darcy, the Assistant Secretary of the Army for Civil Work, and I'll now summarize my statement and ask that my complete statement be included in the record.

The President's 2013 budget provides \$4.7 billion for the Civil Works program. This is \$100 million above the President's 2012 budget request for Civil Works.

The budget reflects the Administration's priorities through targeted investments in the Nation's water resources infrastructure, including dams and levees to address flood risks, and navigation projects in support of both domestic and global trade, especially at coastal ports that support the greatest national economic activity. The budget also includes restoration of major ecosystems affected by past water resources development in support of the Administration's initiatives such as America's Great Outdoors and the Clean Water Framework.

The budget also supports programs that contribute to the protection of the Nation's waters and wetlands, the generation of low-cost, renewable hydropower, the restoration of certain sites contaminated as a result of the Nation's early atomic weapons development program, emergency preparedness and training to respond to natural disasters, and recreation, environmental stewardship and water supply storage at existing projects owned or operated by the Corps.

The budget funds a number of activities to completion, including 5 flood risk management projects, 3 navigation projects, 1 hydropower mitigation project, and 18 studies.

The Civil Works budget includes funding for three high-performing construction new starts, six study new starts, and a new activity in the Operation and Maintenance account to reduce the vulnerability of our Civil Works projects to extreme natural events.

The budget includes funding to evaluate the potential for, and encourage the use of, nonstructural alternatives during postdisaster recovery decisionmaking while leveraging the expertise of intergovernmental teams known as Silver Jackets to support

States and communities in the development and implementation of actions to reduce flood risks.

The budget includes the highest amount ever budgeted for use of receipts from the Harbor Maintenance Trust Fund to maintain coastal channels and harbors. Inland waterway capital investments in the construction account are funded at the maximum amount that is affordable within the project trust fund revenues under existing law.

Last September, President Obama transmitted to the Congress a proposal to modernize financing of capital investments on the inland waterways through establishing a new vessel user fee to supplement the existing fuel tax.

The Administration will continue to work with the Congress and stakeholders to enact a mechanism to increase revenues to this trust fund. The 2013 budget provides \$532 million for dam and levee safety activities including \$491 million for dam safety activities in both the flood risk management and navigation programs.

We have \$41 million to continue the comprehensive levee safety initiative. The Army continues to work to modernize the Civil Works Planning program. Proposed changes are aimed at dramatically shortening the time and the costs of completion for pre-authorization studies while retaining the quality of the analyses.

The budget again includes \$3 million for the Veterans Curation Project which provides vocational rehabilitation and innovative training for wounded and disabled veterans while achieving historical preservation responsibilities for archeological collections administered by the Corps.

This program will contribute to the goals of the President's recently announced Veterans Job Corps.

PREPARED STATEMENT

In summary, the 2013 budget for the Army Civil Works program is a fiscally prudent, appropriate level of investment that will generate jobs, contribute to a stronger economy, and continue progress on important water resources investments that will yield long-term returns for the Nation and its citizens.

I'd like to thank the members of the subcommittee and I look forward to working with you in support of this President's budget. Thank you.

[The statement follows:]

PREPARED STATEMENT OF JO-ELLEN DARCY

Madam Chairman and distinguished members of the subcommittee, thank you for the opportunity to present the President's budget for the Civil Works program of the United States Army Corps of Engineers (COE) for fiscal year 2013.

OVERVIEW

The fiscal year 2013 budget for the Civil Works program reflects the Administration's priorities through targeted investments in the Nation's water resources infrastructure, including dams and levees, navigation investments in support of both domestic and global trade, restoration of ecosystems affected by past water resources development, and support of administration initiatives such as America's Great Outdoors and the Clean Water Framework. These investments will generate American jobs, contribute to a stronger economy, improve reliability and efficiency of waterborne transportation, reduce flood risks to businesses and homes, and provide low-cost renewable hydropower. In addition, investment in the restoration of significant

aquatic ecosystems and the remediation of sites associated with the Manhattan Project of the 1940s will not only provide important benefits but also support jobs.

The primary objectives of the budget are as follows:

- Focus funding on water resources investments that will yield high-economic and environmental returns or address a significant risk to public safety.
- Support commercial navigation through maintenance and related activities at the most heavily used commercial harbors and waterways in the Nation.
- Modernize financing of capital investments on inland waterways by establishing a new user fee.
- Restore large ecosystems such as the California Bay-Delta, Chesapeake Bay, the Everglades, Great Lakes, and Gulf Coast.
- Invest in improvements to the Corps regulatory program that will provide greater efficiency, providing benefits to businesses and more protection to regulated wetlands and small streams.
- Provide significant funding for dam and levee safety, including interim risk reduction measures designed to immediately mitigate risk at the highest risk dams, and continue funding to advance the Corps' national levee safety initiative to help improve the safety of Federal levees and to provide available levee data on levee safety issues to non-Federal entities.
- Support the modernization of Federal water resources infrastructure processes to address 21st century water resources needs through improvements to policies and procedures that govern Federal water resources development and strategies for both managing the Nation's aging infrastructure and restoring aquatic ecosystem functions affected by past investments.
- Increase the organizational efficiency and improve the management, oversight, and performance of ongoing programs.

The budget funds the planning, design, construction, operation and maintenance of projects, and focuses on the three main Civil Works mission areas:

- commercial navigation;
- flood and storm damage reduction; and
- aquatic ecosystem restoration.

The budget also supports programs that contribute to the protection of the Nation's waters and wetlands; the generation of low-cost renewable hydropower; the restoration of certain sites contaminated as a result of the Nation's early atomic weapons development program; emergency preparedness and training to respond to natural disasters; and recreation, environmental stewardship, and water supply storage at existing projects owned or operated by the Corps.

FISCAL YEAR 2013 DISCRETIONARY FUNDING LEVEL

The budget for fiscal year 2013 for the Civil Works program provides a fiscally prudent, appropriate level of investment in the Nation's water resources infrastructure and in the restoration of its aquatic ecosystems.

In keeping with President Obama's commitment to put the country on a sustainable fiscal path, while continuing to invest in those efforts that are a priority for the Nation, the budget includes \$4.731 billion in discretionary appropriations for the Army Civil Works program. This represents a reduction of \$271 million, or about 5 percent, from the fiscal year 2012 enacted level, but is a \$100 million above the President's fiscal year 2012 budget. The fiscal year 2013 funding level reflects a considered, practical, effective, and sound use of the Nation's financial resources.

Within the \$4.731 billion recommended appropriations, \$1.47 billion is for projects in the Construction account, and \$2.398 billion is for activities funded in the Operation and Maintenance (O&M) account. The budget also includes:

- \$102 million for Investigations;
 - \$234 million for Mississippi River and Tributaries;
 - \$30 million for Flood Control and Coastal Emergencies;
 - \$205 million for the Regulatory Program;
 - \$104 million for the Formerly Utilized Sites Remedial Action Program;
 - \$182 million for the Expenses account; and
 - \$5 million for the Office of the Assistant Secretary of the Army for Civil Works.
- Attachment 1 shows this funding by account and program area.

ATTACHMENT 1.—FISCAL YEAR 2013 BUDGET—BUSINESS LINE/ACCOUNT CROSS-WALK
 [In millions of dollars]

Business Lines	Funding Categories												
	I	C	O&M	MR&T				FUSRAP	FCCE	REG	E	OASA (CW)	TOTAL
				I	C	O&M	TOTAL MRT						
Flood and Coastal Storm Damage Reduction	46	652	536	<1	83	89	172	.....	.....	.....	.....	.....	1,406
Coastal	5	17	11	.....	.....	4	4	.....	.....	.....	.....	.....	37
Inland	41	635	525	.....	83	85	168	.....	.....	.....	.....	.....	1,365
Hydropower .....	.....	2	178	.....	.....	.....	.....	.....	.....	.....	.....	.....	180
Navigation	25	352	1,326	.....	14	30	44	.....	.....	.....	.....	.....	1,747
Coastal	17	151	797	.....	.....	2	2	.....	.....	.....	.....	.....	967
Inland	8	201	529	.....	14	28	42	.....	.....	.....	.....	.....	780
Environment:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Aquatic Ecosystem Restoration	31	464	14	<1	2	.....	2	.....	.....	.....	.....	.....	512
Stewardship .....	.....	.....	92	.....	.....	4	4	.....	.....	.....	.....	.....	96
FUSRAP .....	.....	.....	.....	.....	.....	.....	.....	104	.....	.....	.....	.....	104
Regulatory .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Recreation .....	.....	.....	241	.....	.....	11	11	.....	.....	205	.....	.....	205
Emergency Management (incl. NEPP) .....	.....	.....	6	.....	.....	.....	.....	.....	.....	.....	.....	.....	252
Water Supply .....	.....	.....	5	.....	.....	.....	.....	.....	30	.....	.....	.....	36
Expenses .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	6
OASA(CW) .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	182	.....	182
TOTAL	102	1,471	2,398	1	99	134	234	104	30	205	182	5	4,731

==Investigations; C=Construction; O&M=Operation and Maintenance; MR&T=Flood Control, Mississippi River and Tributaries; FUSRAP Formerly Utilized Sites Remedial Action Program; FCCE=Flood Control and Coastal Emergencies; E=Regulatory Program; NEPP=National Emergency Preparedness Program; E=Expenses; OASA(CW)=Office of the Assistant Secretary of the Army for Civil Works.

I=Investigations; C=Construction; O&M=Operation and Maintenance; MR&T=Flood Control, Mississippi River and Tributaries; FUSRAP Formerly Utilized Sites Remedial Action Program; FCCE=Flood Control and Coastal Emergencies; REG=Regulatory Program; NEPP=National Emergency Preparedness Program; E=Expenses; OASA(CW)=Office of the Assistant Secretary of the Army for Civil Works.

The fiscal year 2013 budget continues the Army's commitment to a performance-based approach to budgeting to provide the best overall return from available funds from a national perspective in achieving economic, environmental, and public safety objectives. Competing investment opportunities for studies, design, construction, and operation and maintenance were evaluated using multiple metrics, and objective performance criteria guided the allocation of funds.

The fiscal year 2013 budget supports investments in commercial navigation, flood risk management, aquatic ecosystem restoration, and other programs. The distribution of funding among these programs is similar to the distribution in the fiscal year 2012 budget, except for an 11-percent increase in investments in support of waterborne transportation. Of the total in the fiscal year 2013 budget, 30 percent is allocated to flood risk management activities; 37 percent is allocated to commercial navigation; and 33 percent to environmental, hydropower, and other activities. Five flood risk management projects, three navigation projects, one hydropower project, and 18 studies are funded to completion in this budget.

NEW INVESTMENTS IN FISCAL YEAR 2013

The Civil Works budget includes funding for three high-performing construction new starts and six new study starts, and a new activity to focus on reducing the vulnerability of Civil Works projects to extreme natural events.

In the Construction account, parallel to the recommendation for fiscal year 2012, the budget includes \$7.5 million for the Hamilton City project in California, which will provide environmental restoration and flood damage reduction benefits in the Bay-Delta area; \$16.8 million for the Louisiana Coastal Area Ecosystem Restoration program, a nationally significant and urgent effort to both restore habitat and protect the important Louisiana gulf region from the destructive forces of storm driven waves and tides, which will complement the ongoing Federal effort under the Coastal Wetlands Planning, Protection, and Restoration Act, as amended; and \$2 million for the Lower Colorado River Basin, Onion Creek, Texas, project, which will significantly reduce the risk of flood damages using nonstructural solutions.

There are six new studies in the Investigations account, five of which were recommended in fiscal year 2012. These six studies are:

- an important new reconnaissance study for fish passage at Englebright and Daguerre Point Dams on the Yuba River in California for \$100,000;
- environmental restoration and flood damage reduction at Caño Martin Peña in Puerto Rico for \$100,000;
- the Chesapeake Bay Comprehensive Plan for \$250,000;
- the Louisiana Coastal Area Comprehensive Plan for \$100,000; and
- the national Water Resources Priorities Study for \$2 million.

The fiscal year 2013 budget also includes \$100,000 for a new study of the Houston Ship Channel, Texas.

The Water Resources Priorities Study will establish a baseline assessment of the Nation's flood risks on both national and regional scales, improve existing programs, and reduce future costs by focusing on which ongoing and future investments will best reduce flood risks. The \$8 million for new line-item called Reducing Civil Works Vulnerability in the O&M account will aid the Corps in creating a more robust Civil Works infrastructure.

Within the Floodplain Management Services Program, \$3 million is recommended to evaluate the potential for and encourage the use of nonstructural alternatives and actions during post-disaster recovery decisionmaking. With these funds, the Corps would leverage the expertise of intergovernmental teams known as Silver Jackets to provide selected technical services and support States and communities in the development and implementation of actions to reduce flood risks, with an emphasis on nonstructural alternatives.

INFRASTRUCTURE MODERNIZATION

The Administration is developing and considering proposals to serve as the foundation of a comprehensive water resources infrastructure modernization initiative, which will help the Federal Government support a 21st century water resources infrastructure. In considering and developing these new policies, procedures, and strategies, the Administration will continue to engage and collaborate with the Congress and the many stakeholders whose interests are tied to the Nation's water infrastructure, including State, local, and tribal governments.

NAVIGATION

The budget includes a high level of investment in support of domestic and global waterborne transportation, especially at coastal ports that support the greatest na-

tional economic activity. On the inland waterways, the budget focuses on maintaining reliable service at those waterways with a high level of commercial use, specifically, the Lower Mississippi River, Ohio River, Upper Mississippi River, Gulf Intracoastal Waterway, Illinois Waterway, Tennessee River, and the Black Warrior Tombigbee Waterway. Funding to operate and maintain the Mississippi River, Baton Rouge to the Gulf project is \$82 million, a significant increase above the \$68 million requested for fiscal year 2012.

The budget provides \$68 million to continue deepening the New York and New Jersey Harbor project in order to complete construction by fiscal year 2014. The budget also includes \$38 million to construct dredge material placement sites at several deep draft ports to provide additional capacity for the maintenance of these projects in the future. It provides \$12 million to continue studies and designs at coastal ports, including several proposals to deepen existing channels to accommodate Post-Panamax commercial shipping.

The budget also provides for use of \$848 million from the Harbor Maintenance Trust Fund to maintain coastal channels and harbors. This is a 12-percent increase over the fiscal year 2012 budget and the highest amount ever proposed in a President's budget for use of receipts in the Harbor Maintenance Trust Fund.

Inland waterway capital investments are funded at \$201 million, of which \$95 million will be derived from the Inland Waterways Trust Fund. This is the amount that is affordable within the projected level of revenue to this trust fund under existing law. In September 2011, as part of his Jobs bill proposal, President Obama transmitted to the Congress a proposal to modernize financing of capital investments on the Nation's inland waterways. The proposal includes increasing the revenue paid by commercial navigation users sufficiently to meet their share of the costs of capital development activities financed from the Inland Waterways Trust Fund. A new vessel user fee would supplement the existing fuel tax. The Administration will continue to work with the Congress and stakeholders to enact such a mechanism to increase revenue to this trust fund, in order to enable a significant increase in funding for high-performing inland waterway capital investments in the future.

FLOOD RISK MANAGEMENT

Through both structural and nonstructural measures, the flood risk management program serves as a vehicle to reduce the risk to human safety and property from riverine and coastal flooding. The fiscal year 2013 budget provides \$1.4 billion for the flood risk management program, including \$492 million that is directed at dam and levee safety.

This flood risk management program also includes \$41 million to continue the comprehensive levee safety initiative to assess the conditions of Federal levees and help ensure that they are safe. These funds will also enable the Corps to better assess and communicate risk, for example, by providing information that will assist non-Federal entities in identifying safety issues with their levees. The Corps will be conducting levee inspections and levee risk screenings, adding to the data in the national levee inventory, and providing the available levee data to communities for their use in gaining accreditation under the Federal Emergency Management Agency's National Flood Insurance Program.

In addition to this funding in the flood risk management program, the budget includes \$40.2 million in the navigation program to address dam safety issues at two navigation dams (Locks and Dams 2,3,4, Monongahela River, Pennsylvania, and Lockport Lock and Dam, Illinois).

AQUATIC ECOSYSTEM RESTORATION

The fiscal year 2013 budget reflects a continuing effort by the Corps and other Federal agencies to collaborate developing a unified budget proposal, which reflects the Nation's priorities for restoring its most significant aquatic ecosystems. Attachment 2 provides a list of these ecosystems and the Corps funding amounts budgeted on this basis.

ATTACHMENT 2.—FISCAL YEAR 2013 PRIORITY ECOSYSTEMS FUNDING

[In millions of dollars]

Ecosystem account ¹	Projects and studies	Amount
	Bay Delta:	
I	Yuba Fish Passage	.1
I	CALFED Coordination	.1
	San Pedro Watershed	.2
I	Sac-San Joaquin Delta Island and Levee Study	1.02
I	Sac-San Joaquin Comp Study	.3
C	Hamilton City	7.5
C	American River Common Features	8
C	Sac River Bank Protection	3
C	Success Dam Remediation [DSAP]	3
O&M	Additional studies and projects in Navigation and Flood Risk Management Programs ...	28.3
	Total, Bay Delta	51.5
	Chesapeake Bay:	
I	Chesapeake Bay Comp (new recon)	.3
I	Lynnhaven	.3
I	Upper Rappahannock	.05
I	Anacostia—Montgomery	.25
I	Anacostia—Prince Georges	.25
C	Chesapeake Oysters	5
C	Poplar Island	13.5
	Total, Chesapeake Bay	19.6
	Everglades:	
C	Everglades	153.3
O&M	Everglades	7.78
	Total, Everglades	161.08
	Great Lakes:	
I	Interbasin Control Study [GLMRIS]	3
C	Chicago Sanitary and Ship Canal [CSSC]	24.5
O&M	Dredging	75.09
	Total, Great Lakes	102.59
	Gulf Coast:	
I	LCA—studies, PED	9.96
C	LCA—Beneficial Use	5
C	LCA—Amite Diversion	5.6
C	LCA—Atchafalaya to N Terrebonne	6.2
	Total, Gulf Coast	26.26

¹ Key: I=Investigation; C=Construction; O&M=Operation and Maintenance.

The budget for the Army Civil Works program provides \$161 million to efficiently fund the ongoing South Florida Ecosystem Restoration Program, which includes the Everglades, consisting of \$153 in the Construction account and \$8 million in the O&M account. It also supports several major ecosystem-wide initiatives, by providing a total of \$81 million in the aquatic ecosystem restoration program in support of the Federal efforts in the California Bay-Delta, Chesapeake Bay, the Great Lakes, and the gulf coast.

The budget includes \$98 million for the Columbia River Fish Mitigation program, an ongoing effort to reduce the adverse impacts of a series of Corps dams on migrating salmon. Funds will be used to construct juvenile fish bypass facilities, improve adult fish ladders and conduct other activities that support salmon habitat. The budget also provides \$90 million for ongoing work under the Missouri River Fish and Wildlife Recovery program to construct shallow water habitat and undertake other activities to recover and protect federally listed species, such as the pallid sturgeon.

PLANNING IMPROVEMENTS

The Army continues to work to modernize the Civil Works Planning program to better address the current and future water resources needs of the Nation. The Army has undertaken an aggressive review of all ongoing, protracted feasibility studies to assure that studies are scoped appropriately and to focus limited resources on studies with the highest probability of leading to high performing projects. Proposed changes are aimed at dramatically shortening the timeframe for completion of pre-authorization studies while retaining the quality of the analyses, reducing the cost of conducting planning studies, and increasing Corps corporate and individual accountability for decisions.

The fiscal year 2013 budget includes \$4 million for the national Planning Support Program. These funds will be used to improve training of Corps planning personnel, including through the Planning Associates Program; support development and implementation of revisions to the Water Resources Principles and Guidelines in accordance with requirements in the Water Resources Development Act of 2007 (sec. 2031, Public Law 110–114); and provide for more stable, capable national planning centers of expertise.

REGULATORY PROGRAM

The budget includes \$205 million for the Regulatory Program, which is a \$9 million increase above the fiscal year 2012 budget. This funding increase is one of the Army's priorities. It will support a transparent and timely permit review process, bringing greater program efficiency and customer service. It will enable the Corps to better protect high-value aquatic resources, enable more timely business planning decisions, and support sustainable economic development.

VETERANS CURATION PROJECT

The fiscal year 2013 budget includes \$3 million to continue the Veterans Curation Project, which provides vocational rehabilitation and innovative training for wounded and disabled veterans, while achieving historical preservation responsibilities for archaeological collections administered by the Corps. The project supports work by veterans at curation laboratories located in Augusta, Georgia; St. Louis, Missouri; and Washington, DC. This project will contribute to the goals of the President's recently announced Veterans Job Corps.

AMERICAN RECOVERY AND REINVESTMENT ACT

The American Recovery And Reinvestment Act (ARRA) provided \$4.6 billion for the Civil Works program. That amount includes:

- \$2 billion for Construction;
- \$2.1 billion for O&M;
- \$375 million for Mississippi River and Tributaries;
- \$25 million for Investigations;
- \$25 million for the Regulatory Program; and
- \$100 million for the Formerly Used Sites Remedial Action Program.

The Corps applied ARRA funds to more than 800 projects across the Nation.

The Army is proud to report that 99.8 percent of the ARRA appropriations for Civil Works are obligated, and more than 87 percent of the funds have been outlaid to date. These investments helped create or maintain direct construction industry jobs, jobs in firms supplying or supporting construction work and the businesses that sell goods and services to these workers and their families.

CONCLUSION

In summary, the President's fiscal year 2013 budget for the Army Civil Works program is a performance-based budget that supports continued progress on important water resources investments that will yield long-term returns for the Nation and its citizens.

These investments will generate jobs, contribute to a stronger economy, support waterborne transportation, reduce flood risks to businesses and homes, provide low-cost renewable hydropower, restore important ecosystems, and deliver other benefits to the American people.

Madam Chairman and members of the subcommittee, I look forward to working with this subcommittee in support of the President's budget. Thank you.

Senator FEINSTEIN. Thank you very much, Secretary Darcy. General Temple, would you like to make comments now? Please go ahead.

**STATEMENT OF MAJOR GENERAL MERDITH W.B. TEMPLE, ACTING
COMMANDING GENERAL, CHIEF OF ENGINEERS**

General TEMPLE. Madam Chairman and members of the subcommittee, I'm Major General Bo Temple, the Acting Commander of U.S. Army Corps of Engineers (USACE) and Acting Chief of Engineers, and I'm honored to be here with Ms. Darcy to testify regarding the President's fiscal year 2013 budget for the Civil Works program.

The Corps is wrapping up an unprecedented period of construction and project execution. Over the past 5 years, we provided \$12 billion in base realignment and closure (BRAC)-related construction, \$7 billion of American Recovery and Reinvestment Act work in both our Military and Civil Works programs, and about \$14 billion of gulf coast recovery work.

In 2011, more than 2,000 Corps employees deployed in response to multiple disasters, including Midwest tornadoes and flooding in the Missouri, Mississippi, and Souris river basins and also throughout the Northeast due to Hurricane Irene and Tropical Storm Lee.

Our systems performed as designed, saving lives and preventing billions in damages. However, as you are aware, many of our projects were damaged, and we are currently working to address those issues utilizing the \$1.7 billion the Congress appropriated for this purpose.

The fiscal year 2013 budget includes \$4.7 billion to fund Civil Works activities within the Corps' three main water resources missions: Commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration.

The budget includes \$102 million for these and related activities in the Investigations account, and \$1 million in the Mississippi River and Tributaries (MR&T) account.

It funds 81 continuing studies and six new studies. It also includes more than \$10 million for work on proposals to deepen seven U.S. ports.

The budget includes \$1.47 billion in the Construction account and \$99 million in the MR&T account, funding 101 construction projects including 57 flood and coastal storm damage reduction projects, 5 of which are budgeted for completion, 23 commercial navigation projects, 19 aquatic ecosystem restoration projects, and mitigation associated with 2 hydropower projects.

The Operation and Maintenance (O&M) program includes \$2.53 billion and an additional \$134 million under the MR&T program with a focus on the maintenance of key commercial navigation, flood and storm damage reduction, hydropower and other facilities.

The Corps will continue to implement actions to improve its planning program through planning modernization efforts focusing on how best to modernize the planning program to more effectively address water resources challenges.

The Corps always strives to improve its efficiency and effectiveness. In fiscal year 2013, the Corps will further expand the implementation of modern asset management programs using a larger

portion of its funds for the most important maintenance work while implementing an energy sustainability program that pursues major deficiencies in the acquisition and operations of our information technology assets as well as finalizing the organization of the Corps acquisition work force.

The fiscal year 2013 budget provides \$30 million for preparedness for floods, hurricanes, and other natural disasters including \$3 million in support of the Corps participation in levee safety and other flood mitigation initiatives such as the Silver Jackets program to provide unified Federal assistance in implementing flood and coastal storm damage reduction solutions.

Internationally, the Corps of Engineers continues to support the mission to help Iraq and Afghanistan build foundations for democracy, freedom, and prosperity. In Iraq and Afghanistan, we completed or closed out hundreds of projects in support of the host nations and coalition forces.

This critical infrastructure and our capacity building efforts will play a key role in ensuring stability and security for those nations.

PREPARED STATEMENT

The Corps remains committed to change that ensures an open, transparent and performance-based Civil Works program while remaining focused on consistently delivering innovative resilient risk-informed solutions to the Armed Forces and to the Nation.

Thank you, Madam Chairman and members of the subcommittee. This concludes my statement, and I'm happy to take questions when we're ready.

Senator FEINSTEIN. Thank you very much, General Temple.

[The statement follows:]

PREPARED STATEMENT OF MAJOR GENERAL MERDITH W.B. TEMPLE

INTRODUCTION

Madam Chairman and distinguished members of the subcommittee: I am honored to be testifying before your subcommittee today, along with the Assistant Secretary of the Army (Civil Works), the Honorable Jo-Ellen Darcy, on the President's fiscal year 2013 budget for the Civil Works Program of the United States Army Corps of Engineers (COE).

The Corps is wrapping up an unprecedented period of construction and project execution. Over the past 5 years, we provided \$12 billion in base realignment and closure (BRAC)-related construction; \$7 billion of American Recovery and Reinvestment Act (ARRA) work in our Military and Civil Works programs combined; and about \$14 billion of gulf coast recovery work.

In 2011, the Corps responded to several devastating tornadoes and floods, as well as hurricanes and tropical storms, under the National Response Framework in support of Federal Emergency Management Agency (FEMA). Flooding was a significant problem as we experienced record high water levels for a much longer duration than is the norm throughout much of the country. Our flood risk reduction systems were operated at their maximum capacity, some for the first time.

The great men and women of COE worked tirelessly, together with our State, local, and industry partners, to ensure that we could deliver on all of our commitments last year. It is through their efforts that we were successful and will continue to be able to carry out the projects and programs included in the fiscal year 2013 budget.

My statement covers the following 11 topics:

- Summary of fiscal year 2013 program budget;
- Direct Program;
- Investigations Program;
- Construction Program;
- Operation and Maintenance Program;

- Reimbursable Program;
- Planning Program Modernization;
- Efficiency and Effectiveness of Corps Operations;
- Value of the Civil Works Program to the Nation's Economy and Defense;
- Research and Development; and
- National Defense.

SUMMARY OF FISCAL YEAR 2013 PROGRAM BUDGET

The Corps is fully committed to its support of the Nation's priorities to reduce the deficit, contribute to the economy, and restore and protect the aquatic environment. The fiscal year 2013 Civil Works budget provides the Corps with the means to support these priorities. It is a performance-based budget, which reflects a focus on the projects and activities that provide the highest net economic and environmental returns on the Nation's investment or address significant risks to human safety, to include continuing a comprehensive levee safety initiative and supporting increased interagency and stakeholder collaboration. The Reimbursable Program funding is projected to provide an additional \$1.6 billion.

DIRECT PROGRAM

The budget includes \$4.7 billion for Civil Works activities, with priority on the highest performing activities within our three main water resources missions—commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration. The budget invests in more than 600 flood and storm damage reduction projects, 143 commercial coastal navigation projects, and 51 projects on the inland waterways. For example, it provides increased funding for high use, commercial, coastal channels, and harbors including support of efforts to accommodate Post-Panamax ships. In total, the budget supports ongoing construction of 98 projects and three new construction starts. The budget includes funds for 81 studies already underway and six new study starts. It will enable the Corps to process approximately 80,000 permit requests and to operate 75 hydropower plants with 350 generating units that produce approximately 24,000 megawatts annually. At its multi-purpose projects, the Corps also stores water to supply about 14 percent of the Nation's municipal water needs. The budget will also sustain the Corps' preparedness to respond to natural disasters.

INVESTIGATIONS PROGRAM

The budget for the Investigations program will enable the Corps to evaluate and design future projects that are most likely to be high-performing within the Corps three main water resources mission areas. The budget includes \$102 million for these and related activities in the investigations account and \$1 million in the Mississippi River and Tributaries account. It funds 81 continuing studies and six new studies:

- Englebright and Daguerre Point Dams (Yuba River) Fish Passage, California;
- Caño Martín Peña, Puerto Rico;
- the Chesapeake Bay Comprehensive Plan;
- the Louisiana Coastal Area Comprehensive Study; and
- the Houston Ship Channel, Texas.

Funding is also included for the Water Resources Priorities Study, a high-priority evaluation of the Nation's vulnerability to inland and coastal flooding, as well as the effectiveness, efficiency, and accountability of existing water resource programs and strategies. Investigations funding also includes \$10.63 million for work on proposals to deepen seven U.S. ports:

- Boston, Massachusetts;
- Charleston, South Carolina;
- Savannah, Georgia;
- Wilmington, North Carolina;
- Brazos Island, Brownsville Channel, Texas; and
- Jacksonville, Florida, and Houston, Texas.

CONSTRUCTION PROGRAM

The goal of the construction program is to deliver as high a value as possible to the Nation from the overall available funding through the construction of new water resources projects and the replacement, rehabilitation, and expansion of existing flood and storm damage reduction, aquatic ecosystem restoration, commercial navigation, and hydropower projects. The fiscal year 2013 budget includes \$1.47 billion in the Construction account and \$99 million in the Mississippi River and Tributaries

account to further this objective. Consistent with this objective, the budget also gives priority to projects that address a significant risk to human safety.

The budget funds 101 construction projects, including:

- 57 Flood and Coastal Storm Damage Reduction projects (five budgeted for completion);
- 23 Commercial Navigation projects (including 11 continuing mitigation items and 6 dredged material placement areas);
- 19 Aquatic Ecosystem Restoration Projects (including 4 projects to meet Biological Opinions); and
- mitigation associated with two Hydropower projects.

Three of these construction projects are new starts:

- Hamilton City, California;
- Louisiana Coastal Area Ecosystem Restoration, Louisiana; and
- Lower Colorado River, Wharton-Onion Creek, Texas.

This program also includes significant environmental mitigation work in the Columbia River Basin and the Missouri River Basin needed to support the continued operation of COE multipurpose projects, which improves habitat and migration pathways for endangered and threatened species.

Performance measures, which the Corps uses to establish priorities among projects, include the benefit-to-cost ratios for projects with economic outputs and the most cost-effective restorations of significant aquatic ecosystems. The selection process also gives priority to dam safety assurance, seepage control, and static instability correction work and to activities that address a significant risk to human safety. These performance measures maximize the overall return to the Nation from the investment in the Civil Works construction program, by focusing on the projects that will provide the best net returns for each \$1 invested.

OPERATION AND MAINTENANCE PROGRAM

The facilities owned and operated by, or on behalf of, COE care aging. As stewards of this infrastructure, we are working to ensure that its key features continue to provide an appropriate level of service to the American people, a growing challenge in some cases, as proper maintenance is becoming more expensive at many of our projects.

The operation and maintenance (O&M) program for the fiscal year 2013 budget includes \$2.53 billion and an additional \$134 million under the Mississippi River and Tributaries program with a focus on the maintenance of key commercial navigation, flood and storm damage reduction, hydropower, and other facilities. Specifically, the O&M program supports completed works owned or operated by the COE, including administrative buildings and laboratories. Work to be accomplished includes:

- operation of the locks and dams of the inland waterways;
- dredging of inland and coastal Federal commercial navigation channels;
- operating multiple purpose dams and reservoirs for flood damage reduction, commercial navigation, aquatic ecosystem restoration, hydropower, and related purposes;
- maintenance and repair of the facilities; monitoring of completed storm damage reduction projects along our coasts; and
- general management of Corps facilities and the land associated with these purposes.

REIMBURSABLE PROGRAM

Through the Interagency and Intergovernmental Services Program we help non-Department of Defense (DOD) Federal agencies, State, local, and tribal governments, and other countries with timely, cost-effective implementation of their programs. Rather than develop their own internal workforces to oversee project design and construction, these agencies can turn to COE, which already has these capabilities. Such intergovernmental cooperation is effective for agencies and the taxpayer by using the skills and talents that we bring to our Civil Works and Military Programs missions. The work is principally technical oversight and management of engineering, environmental, and construction contracts performed by private sector firms, and is totally financed by the agencies we service.

We only accept agency requests that we can execute without impacting our Civil Works or Military Programs missions that are consistent with our core technical expertise and that are in the National interest.

Currently, we provide reimbursable support for about 70 other Federal agencies and several State and local governments. Total reimbursement for such work in fis-

cal year 2013 is projected to be \$1.6 billion, reflecting the completion of ongoing reimbursable work and an estimated amount for fiscal year 2013.

PLANNING PROGRAM MODERNIZATION

The Corps will continue to implement actions to improve the performance of its Civil Works Planning Program through a planning modernization effort. This effort focuses on how best to prepare, organize, manage, operate, and oversee the planning program to more effectively address 21st century water resources challenges. This means improved project delivery that yields smarter outcomes; improved technical capability of our planners; enhanced collaboration with Federal, tribal, State, local and nongovernment partners; evaluating and enhancing production capability and staffing at Corps Planning Centers of Expertise; and strengthening the objectivity and accountability of our planning efforts. Our improved planning performance will include:

- updated planning guidance and policy;
- streamlined, adaptable planning processes that improve our effectiveness, efficiency, transparency, and responsiveness; and
- enhanced technical capabilities.

In fiscal year 2011, the Corps launched a 2-year National Planning Pilot Program to test these concepts and to develop and refine processes for planning studies across all business lines. This approach will be both sustainable and replicable, which will inform future Civil Works guidance. Seven to nine pilot studies will be executed over the course of this National Planning Pilot Program.

EFFICIENCY AND EFFECTIVENESS OF CORPS OPERATIONS

The Corps always strives to continually improve its investigations, construction, and operations programs' efficiency and effectiveness. In 2013, the Corps will further expand the implementation of a modern asset management program, using a larger portion of its funds for the most important maintenance work, while implementing an energy sustainability program that pursues major efficiencies in the acquisition and operations of its information technology assets, as well as finalizing the reorganization of the Corps' acquisition workforce.

VALUE OF THE CIVIL WORKS PROGRAM TO THE NATION'S ECONOMY AND DEFENSE

COE personnel continue to respond whenever needed to assist during major floods and other natural disasters. The critical work that they perform reduces the risk of damage to people and communities. The budget provides \$30 million for preparedness for floods, hurricanes, and other natural disasters, including funding in support of Corps participation of the levee safety and other flood mitigation initiatives, including the Silver Jackets program, with a goal of one in every State, and to provide unified Federal assistance in implementing flood and storm damage reduction solutions.

RESEARCH AND DEVELOPMENT

Civil Works Program research and development provides the Nation with innovative engineering products, some of which can have applications in both civil and military infrastructure spheres. By creating products that improve the efficiency and competitiveness of the Nation's engineering and construction industry and by providing more cost-effective ways to operate and maintain infrastructure, Civil Works program research and development contributes to the national economy and our quality of life.

NATIONAL DEFENSE

Internationally, the U.S. Army Corps of Engineers continues to support the mission to help Iraq and Afghanistan build foundations for democracy, freedom, and prosperity.

We are proud to serve this great Nation and our fellow citizens, and we are proud of the work the Corps does to support America's foreign policy, particularly with our ongoing missions in Afghanistan and Iraq. Men and women from across the Corps—all volunteers and many of whom have served on multiple deployments—continue to provide critical support to our military missions there and humanitarian support to the citizens of those nations. Currently, 885 Corps employees (both civilian and military) are deployed in Iraq and Afghanistan. Since these deployments began, the Corps has completed more than 9,000 civilian and military projects that were managed by the Corps in support of U.S. and Coalition efforts in those countries.

In Iraq, we completed a more than \$15 billion construction program and in Afghanistan we have constructed \$5 billion worth of work through fiscal year 2011. By the end of 2014 we will complete another \$10 billion, for a total Afghanistan program of \$15 billion. This critical infrastructure and our capacity building efforts will play a key role in ensuring stability and security for these nations.

CONCLUSION

The fiscal year 2013 budget represents a continuing, fiscally prudent investment in the Nation's water resources infrastructure and in the restoration of its aquatic ecosystems. COE is committed to change that ensures an open, transparent, and performance-based Civil Works program, while remaining focused on consistently delivering innovative, resilient, risk-informed solutions to the Armed Forces and the Nation.

Thank you, Madam Chairman and members of subcommittee. This concludes my statement.

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

STATEMENT OF HON. ANNE CASTLE, ASSISTANT SECRETARY FOR
WATER AND SCIENCE

Senator FEINSTEIN. Secretary Castle, please.

Ms. CASTLE. Thank you. Madam Chair, Ranking Member Alexander, and members of the subcommittee, I appreciate the opportunity to talk to you today about the water-related programs of the Department of the Interior and the 2013 budget.

Commissioner Connor is going to address the specifics of the Bureau of Reclamation budget, and I'm going to talk about some of Interior's overall programs to address water challenges in the West and contribute to the development of renewable energy that are contained in the budget.

It's well known that we're facing unprecedented pressure on our water supplies. And that's all across the country, but it's particularly in the Western United States. We've got population growth, aging infrastructure, and increased demand for water to support domestic energy development.

We have increased recognition of environmental needs. We have changing climate. And all of those are challenging already scarce water supplies. This Administration puts a very high priority on addressing these water challenges.

Interior's WaterSMART Program (Sustain and Manage America's Resources for Tomorrow) Program is designed to do that. It's designed to help secure and stretch our water supplies and to provide tools to water managers that allow them to work toward sustainability.

Reclamation proposes to fund the WaterSMART Program at \$54 million. The WaterSMART Program includes our WaterSMART grants that are funded at \$21.5 million, the Basin Studies program funded at \$6 million, and the Title XVI Recycling and Reuse projects that are funded at a little more than \$20 million.

The U.S. Geological Survey (USGS) also has \$21 million in the 2013 budget requested for WaterSMART programs and that's primarily for the water availability and use assessment. These WaterSMART programs have a very real and a very positive impact.

We have set the goal of enabling the saving of 730,000 acre-feet over the 4 years from 2010 to 2013. That's as much water as the San Diego County Water Authority uses to serve all of its customers for 1 year.

We're on track to meet that goal. With our programs in 2010 and 2011, we've enabled the savings of almost 488,000 acre-feet, and that number is right around the annual use for the seven largest cities in the State of Colorado. So we're talking about real water savings.

Another very important focus of the Department of the Interior is our New Energy Frontier initiative that's intended to foster the development of clean and renewable energy to create jobs and to achieve greater energy independence.

And one of the components of the all-of-the-above energy strategy is hydropower. Hydropower is clean, it's efficient, it's flexible, and it's a renewable energy resource.

Reclamation's hydroelectric power plants produce an average of 40 million megawatt hours of electricity every year. That's enough to meet the needs of more than 3.5 million households.

Last year, Reclamation released an assessment of the hydroelectric potential on its existing dams and reservoirs, and that report highlighted 225 megawatts of hydro-potential with favorable cost-benefit ratios.

In the next couple of weeks, we're going to release Phase 2 of that assessment that looks at the hydropower potential on Reclamation's canals and conduits. And we're anticipating that we'll see another 100 megawatts of potential on those structures.

These facilities with potential are being made available for private development. The Reclamation budget allocates \$2 million to increase clean renewable energy generation by integrating renewable technologies into Reclamation projects and continuing the effort to optimize our own hydropower projects so that we can produce more energy using the same amount of water.

PREPARED STATEMENT

Madam Chair, we really appreciate the support that this subcommittee has shown for Reclamation's mission, projects, and those tangible benefits that you mentioned in your opening statement. And we appreciate the support for the mission of the Department.

I look forward to answering your questions.

[The statement follows:]

PREPARED STATEMENT OF ANNE CASTLE

Madame Chair, Mr. Alexander, and members of this subcommittee, I am pleased to appear before you today to discuss the President's fiscal year 2013 budget for the Department of the Interior. I would also like to thank the members of this subcommittee for your efforts to enact a 2012 appropriation, and for your ongoing support for our initiatives.

The fiscal year 2013 budget builds on that strong foundation with \$11.5 billion budgeted for the Department of the Interior. The budget demonstrates that we can responsibly cut the deficit, while investing to win the future and sustain the national recovery. Our budget promotes the actions and programs as the President details in his "Blueprint for an America Built to Last"; the budget supports responsible domestic energy development and advances an America's Great Outdoors strategy. The budget continues to advance efforts that you have facilitated in renewable energy and sustainable water conservation, cooperative landscape conservation, youth in the outdoors, and reforms in our conventional energy programs.

I will discuss the President's fiscal year 2013 budget for the Bureau of Reclamation and the Office of the Central Utah Project Completion Act (CUPCA), including our proposal to reconsolidate the CUPCA Office into Reclamation, and the water-related programs of the United States Geological Survey (USGS). I thank the subcommittee for your continued support of these programs.

INTRODUCTION

Interior's mission—to protect America's natural resources and cultural heritage and honor the Nation's trust responsibilities to American Indians and Alaska Natives—is profound. Interior's people and programs impact all Americans.

The Department of the Interior is the steward of 20 percent of the Nation's lands including national parks, national wildlife refuges, and the public lands. Interior manages public lands and the Outer Continental Shelf, providing access for renewable and conventional energy development and overseeing the protection and restoration of surface-mined lands. Through the Bureau of Reclamation, Interior is the

largest supplier and manager of water in the 17 Western States and provides hydro-power resources used to power much of the country. The Department supports cutting edge research in the earth sciences—geology, hydrology, and biology—to inform resource management decisions within Interior and improve scientific understanding worldwide. The Department also helps fulfill the Nation's unique trust responsibilities to American Indians and Alaska Natives and provides financial and technical assistance for the insular areas.

The Department of the Interior makes significant contributions to the Nation's economy. We estimate that it supports more than 2 million jobs and approximately \$363 billion in economic activity each year. Visits to our national parks, cultural and historic sites, refuges, monuments and other public lands contribute more than \$47 billion in economic activity from recreation and tourism. The American outdoor industry estimates 1 in 20 U.S. jobs is in the recreation economy. Conventional and renewable energy produced on Interior lands and waters results in about \$230 billion in economic benefits each year, and the water managed by Interior is a major contributing factor to more than \$40.2 billion in agriculture.

2011 ACCOMPLISHMENTS

Three years ago, Secretary Salazar set Interior on a course to create a comprehensive strategy to advance a new energy frontier, tackle the impacts of a changing landscape, improve the sustainable use of water, engage youth in the outdoors, and improve the safety of Indian communities. These priority goals integrate the strengths of the Department's diverse bureaus and offices to address key challenges of importance to the American public. Interior has been making progress in these areas, including:

- In 2011, the Department of the Interior generated a total of \$13.2 billion in receipts benefitting the U.S. Treasury—from a combination of royalties, rents and bonuses from mineral, timber, and other natural resource development. Of the total receipts generated by Interior in 2011, \$11.3 billion was collected from energy production on public lands, tribal lands, and Federal offshore areas—a \$2 billion increase over the previous year—with receipts disbursed among Federal, State, and tribal governments.
- Since March 2009, 29 onshore projects that increased approved capacity for production and transmission of power have been approved, including the first-ever utility scale solar project, five wind projects, and eight geothermal projects. The Cape Wind Energy Project, approved for construction and operation, is the first-ever offshore commercial wind operation.
- We continue to make youth a priority, and increased the number of youth employed in conservation activities through Interior or its partners by 31 percent more than the 2009 levels. We launched the YouthGO.gov portal in January 2011, a tool of the Departments of the Interior and Agriculture to provide information on education programs, outdoor activities, and job opportunities.
- Water Sustain and Manage America's Resources for Tomorrow (WaterSMART), established in 2010, has assisted communities in improving conservation, increasing water availability, restoring watersheds, resolving longstanding water conflicts, addressing the challenges of climate change, and implementing water rights settlements. The WaterSMART grant program has provided more than \$85 million in funding to non-Federal partners, including tribes, water districts, and universities. In 2011, we provided \$33 million in funding for 82 WaterSMART grant projects.
- The year 2011 was the second year of a 2-year pilot at four reservations to conduct expanded community policing, equip and train the law enforcement cadre, partner with the communities to organize youth groups and after school programs, and closely monitor results. The results exceeded expectations with a 35 percent overall decrease in violent crime in the four communities. Information about the four reservations is being analyzed, and the program will be expanded in 2013 to an additional two communities.
- In December 2011, the President hosted the third White House Tribal Nations Conference bringing together tribal leaders from across the United States; we are improving the Nation-to-Nation relationship with 565 tribes.
- The Department advanced key priorities and strategic goals that will improve the conservation and management of natural and cultural resources into the future.
- Interior and its Federal, State, and tribal partners have created a national network of 22 Landscape Conservation Cooperatives (LCCs) and eight Climate Science Centers (CSCs) in order to address an increasing variety of conservation challenges.

- In the spirit of America's Great Outdoors, we welcomed new national wildlife refuges in Kansas, the Dakotas, Pennsylvania, and Florida at the headwaters to the Everglades. These refuges mark a new era of conservation for the Department, one that is community-driven, science-based, and takes into account entire ecosystems and working landscapes.
- The Department worked with others to implement short-term measures and develop a long-term action plan to help address water supply and environmental challenges in the California Bay-Delta area, invested more than \$600 million in major water projects over the past 3 years, and moved forward on long-standing water availability issues in the Colorado River Basin.

FISCAL RESPONSIBILITY

Interior's fiscal year 2013 budget must be viewed in the context of the difficult fiscal times facing the Nation. This budget is responsible and austere. Interior's \$11.5 billion budget funds important investments by eliminating and reducing lower priority programs, deferring project start-ups, reducing duplication, streamlining operations, and capturing savings. It maintains funding levels for core functions that are vital to uphold stewardship responsibilities and sustain key initiatives. The fiscal year 2013 budget includes \$10.5 billion for programs funded by the Interior, Environment, and Related Agencies appropriation. The fiscal year 2013 budget for Reclamation, including the CUPCA, is \$1 billion in current appropriations, \$42.4 million below the 2012 enacted level.

Interior's fiscal year 2013 budget reflects many difficult budget choices, cutting worthy programs and advancing efforts to shrink Federal spending. Staffing reductions are anticipated in some program areas, which will be achieved through attrition, and buy-outs in order to minimize the need to conduct reductions in force to the greatest extent possible. These reductions are a necessary component of maintaining overall fiscal restraint while allowing us to invest additional resources in core agency priorities.

GROWING THE ECONOMY OUTDOORS

The President's "Blueprint" recognizes the economic potential of renewable energy development. The economic benefits could be particularly significant in America's remote and rural places near public lands. The Department's 2010 estimates identified nearly \$5.5 billion in economic impacts associated with renewable energy activities, a growing economic sector that supports high-paying jobs.

Interior is at the forefront of the Administration's comprehensive effort to spur job creation by making the United States the world's top travel and tourism destination. In a recent statement, President Obama cited Department of Commerce figures showing that in 2010, international travel resulted in \$134 billion in U.S. exports.

The President has asked Secretary Salazar to co-chair an interagency task force with Commerce Secretary Bryson to develop a National Travel and Tourism Strategy to expand job creation by promoting domestic and international travel opportunities throughout the United States. A particular focus of the Task Force will be on strategies for increasing tourism and recreation jobs by promoting visits to the Nation's national treasures.

According to a departmental study, in 2010, 437 million visits were made by American and international travelers to these lands, contributing \$47.9 billion in economic activity and 388,000 jobs. Eco-tourism and outdoor recreation also have an impact on rural economies, particularly in Arizona, California, Colorado, Florida, Nevada, North Carolina, Oregon, Utah, and Wyoming.

AMERICA'S GREAT OUTDOORS

The Administration continues to listen to the American public as they ask for protection and restoration of our outdoors and to expand opportunities for recreation through partnerships with States and others and the promotion of America's parks, refuges, and public lands. An important element in this effort is the restoration of our rivers to both protect the environmental benefits and to secure future water supplies. By encouraging innovative partnerships in communities across the Nation, the Administration is expanding access to rivers and trails, creating wildlife corridors, and promoting conservation while working to protect historic uses of the land including ranching, farming, and forestry. As part of America's Great Outdoors, Interior is supporting 101 signature projects in all States across the country to make parks accessible for children, create great urban parks and community green spaces, restore rivers, and create recreational blueways to power economic revitalization. Projects were selected in concert with governors, tribal leaders, private landowners, and other stakeholders and were evaluated based on the level of local support, the

ability of States and communities to leverage resources, and the potential to conserve important lands and promote recreation.

The 2013 America's Great Outdoors initiative focuses on investments that will lead to healthy lands, waters, and resources while stimulating the economy—goals that are complementary. Through strategic partnerships, Interior will support and protect historic uses of lands, restore lands and resources, protect and interpret historic and cultural resources, and expand outdoor recreation opportunities. All of these activities have significant economic benefits in rural and urban communities.

Interior's fiscal year 2013 budget continues to better equip land and resource managers with the tools they need to effectively conserve resources in a rapidly changing environment. Significant changes in water availability, longer and more intense fire seasons, invasive species, and disease outbreaks are creating challenges for resource managers and impacting the sustainability of resources on public lands. These changes result in bark beetle infestations, deteriorated range conditions, and water shortages that negatively impact grazing, forestry, farming, as well as the status of wildlife and the condition of their habitats. Many of these problems are caused by or exacerbated by climate change.

The Department's budget includes \$6 million for Reclamation's Basin Studies program, which funds Reclamation's partnerships with State and local entities to initiate comprehensive water supply and demand studies in the West.

Reclamation continues to participate in and support to the Desert and Southern Rockies Landscape Conservation Cooperatives. These LCCs are partnerships between Interior and other Federal agencies, States, tribes, nongovernmental organizations, and other stakeholders, to bring together science and sustainable resource conservation activities to develop science-based solutions to on-the-ground challenges from a changing environment within an ecological region or "landscape." The LCCs leverage the resources and expertise of the partners and work across jurisdictional barriers to focus on natural resource issues specific to a particular ecosystem or landscape.

INVESTING IN OUR YOUTH

Furthering the youth and conservation goals of the America's Great Outdoors initiative, the fiscal year 2013 budget proposes to continue engaging youth by employing and educating young people from all backgrounds.

Interior is uniquely qualified to engage and educate young people in the outdoors and has programs that establish connections for youth ages 18 to 25 with natural and cultural resource conservation. These programs help address unemployment in young adults and address health issues by encouraging exercise and outdoor activities. For example, Interior is taking part in the First Lady's Let's Move initiative to combat the problem of childhood obesity. Interior has longstanding partnerships with organizations such as the 4-H, the Boy Scouts, the Girl Scouts, the Youth Conservation Corps, and the Student Conservation Association. These programs leverage Federal investments to put young people to work, build a conservation ethic, and educate the next generation of land and water stewards.

WATER CHALLENGES

Interior is working to address the 21st century pressures on the Nation's water supplies. Population growth, aging water infrastructure, changing climate, rising energy demands, impaired water quality, and environmental needs are among the challenges to already scarce supplies. Water shortage and water use conflicts have become more commonplace in many areas of the United States, even in normal water years. As competition for water resources grows, the need for information and tools to aid water resource managers also grows. Traditional water management approaches no longer meet today's needs.

In 2010, the Secretary issued a Secretarial Order establishing the WaterSMART program which embodies a new water sustainability strategy. WaterSMART coordinates Interior's water sustainability efforts, creates a clearinghouse for water conservation best practices and implements a Department-wide water footprint reduction program to reduce consumption of potable water by 26 percent by 2020.

Reclamation proposes to fund the rebased WaterSMART at \$53.9 million, \$6.8 million above 2012 enacted levels. The three ongoing WaterSMART programs include:

- the WaterSMART Grant program funded at \$21.5 million;
- Basin Studies funded at \$6 million; and
- the title XVI Water Reclamation and Reuse program funded at \$20.3 million.

The rebasing adds the existing Water Conservation Field Services program, funded at \$5.9 million, and participation by Reclamation in the Cooperative Watershed

Management program, funded at \$250,000. WaterSMART is a joint effort with the USGS. The USGS fiscal year 2013 budget includes \$21 million, an increase of \$13 million more than the 2012 enacted level, for the USGS WaterSMART Availability and Use Assessment program.

In November 2011, the Department adopted the WaterSMART Strategic Implementation Plan, which discusses the coordination of activities across bureaus, and the contributions they will make in providing Federal leadership toward a sustainable water resources future. In December 2011, we released a report on a pilot project within the Colorado River Basin. This report represents a snapshot of Interior's WaterSMART activities within the Basin and demonstrates the diversity and significance of several ongoing Federal, State, tribal, local, and nongovernmental cooperative efforts that are underway. It also demonstrates the effectiveness of the WaterSMART program, and the importance of these coordinated efforts to the sustainability of resources in the Colorado River Basin.

Other significant programs and highlights specific to Reclamation include:

- We are in dialogue with Mexico on the management of the Colorado River. We have ongoing efforts to improve our management of resources on the Colorado River, from renewable hydropower development near the headwaters to a pilot program of desalination near the Mexican border. We are completing environmental compliance on a new protocol for high-flow releases from Glen Canyon Dam to improve and protect downstream resources. We have begun the process for updating the long-term plan of operations for Glen Canyon Dam to incorporate the scientific advancements that have occurred since the last plan was finalized, more than 15 years ago.

- We are actively pursuing workable solutions to regional issues such as in the California Bay-Delta. The Bay-Delta is a source of drinking water for 25 million Californians and sustains about \$400 billion in annual economic activity, including a \$28 billion agricultural industry and up until recently supported a thriving commercial and recreational fishing industry. Our efforts in the Bay-Delta are focused on co-leading an inter-agency effort with the Council on Environmental Quality (CEQ) to implement the December 2009 Interim Federal Action Plan for the California Bay-Delta. In coordination with five other Federal agencies, we are leveraging our activities to work in concert with the State and local authorities to encourage the smarter supply and use of water, ensure healthy ecosystems and water quality, help deliver drought relief services, and ensure integrated flood risk management. Over the past 3 years, we have invested more than \$600 million in water projects in California. This funding supports the co-equal goals of providing a more reliable water supply for California and protecting, restoring, and enhancing the Bay-Delta ecosystem. We have also, in close coordination with NOAA and the State of California, worked on the California Bay-Delta Conservation Plan, a long-term plan aimed at restoring both reliable water supplies and a healthy Bay-Delta ecosystem.

On February 22, 2012, we announced the initial Water Supply Allocation for Central Valley Project (CVP) water users. Even though 2011 was a wet water year that allowed reservoirs to fill and provided abundant flows in the Sacramento and San Joaquin river systems, the exceedingly dry conditions earlier this winter pose risks to threatened and endangered fish species, as well as to the water supplies of the CVP. Interior, Reclamation, State and local agencies, and other interested parties are working together to identify and secure additional water supplies and create opportunities that will aid water management in California. We will continue to work with our Federal, State, and local partners to improve water supply reliability while addressing significant ecological issues. Reclamation is continuing to update the forecast to provide the most current information to its stakeholders.

INNOVATION THROUGH SCIENCE

Sustainable stewardship of natural resources requires strong investments in research and development (R&D) in the natural sciences. Research and development funding is increased by \$64 million in the Department's fiscal year 2013 budget, with R&D funding increases among all of the Interior bureaus, and particularly USGS with a \$51 million increase to fund R&D priorities in disaster response, hydraulic fracturing, coastal and ocean stewardship, and ecosystem restoration. The fiscal year 2013 budget includes R&D funding of \$10.1 million for Reclamation to address climate change adaptation, control invasive quagga mussels, improve desalination technologies, and promote renewable energy development.

NEW ENERGY FRONTIER

The fiscal year 2013 budget continues Interior's New Energy Frontier initiative to create jobs and achieve greater energy independence. The Administration's blueprint for energy security focuses on safely and responsibly developing our domestic energy resources, including both conventional and renewable resources. The Department plays an important role by providing opportunities for safe and responsible development on public lands and on the U.S. Outer Continental Shelf.

HYDROPOWER

Hydropower is a very clean and efficient way to produce energy and is a renewable resource. Each kilowatt-hour of hydroelectricity is produced at an efficiency of more than twice that of any other energy source. Further, hydropower is very flexible and reliable when compared to other forms of generation. Reclamation has nearly 500 dams and 10,000 miles of canals and owns 58 hydropower plants, 53 of which are operated and maintained by Reclamation. On an annual basis, these plants produce an average of 40 million megawatt (MW) hours of electricity, enough to meet the entire electricity needs of more than 3.5 million households on average.

Reclamation and Federal Energy Regulatory Commission (FERC) are parties to a Memorandum of Understanding (MOU), signed in 1992, that addresses the establishment of processes for early resolution of issues related to the timely development of non-Federal hydroelectric power at Bureau of Reclamation facilities. Reclamation and FERC recently met to discuss how to improve the timeliness of the processes developed in that MOU and resolution of authority issues.

The Department signed a MOU with the Department of Energy and COE on March 24, 2010 to increase communication between Federal agencies and strengthen the long-term relationship among them to prioritize the generation and development of sustainable hydropower. This Administration is committed to increasing the generation of environmentally sustainable, affordable hydropower for our national electricity supplies in as efficient a manner as possible. Activities under this MOU have been ongoing, and have resulted in accomplishments such as assessments of potential hydropower resources on Federal and non-Federal lands, a collaborative basin-scale pilot project in Oregon, and grant opportunities for R&D of new technologies. An example of its on-going efforts to maximize potential generation at existing Federal facilities, Reclamation has assessed the potential for developing hydropower at existing Reclamation facilities and by utilizing low-head hydroelectric generating capacity on Reclamation-owned canals and conduits. A report on this assessment will be released within the next few weeks.

The budget allocates \$2 million to increase clean renewable energy generation by exploring how renewable technologies including solar, small hydropower, and hydrokinetics can be integrated into Reclamation projects; by continuing the effort to optimize Reclamation hydropower projects to produce more energy with the same amount of water; by investigating hydro pump-storage projects that can help integrate large amounts of variable renewable resources such as wind and solar into the electric grid; and by working with tribes to assist them in developing renewable energy sources.

INDIAN LAND AND WATER SETTLEMENTS

Interior's fiscal year 2013 budget includes \$82.8 million in the Bureau of Reclamation and Bureau of Indian Affairs (BIA) to implement land and water settlements.

The Department has a unique responsibility to American Indians and Alaska Natives, which is upheld by Interior's support for a robust Government-to-government relationship as demonstrated by a new comprehensive and transparent consultation policy that ensures there is a strong, meaningful role for tribal governments.

In 2011, Interior started planning to implement the landmark \$3.4 billion settlement of the *Cobell v. Salazar* lawsuit, and appointed a Secretarial Commission on Trust Administration and Reform to oversee implementation of the Settlement agreement. The Commission is undertaking a forward-looking, comprehensive evaluation of Interior's management of nearly \$4 billion in American Indian trust funds—with the goal of making trust administration more transparent, responsive, customer focused, and accountable.

The Claims Resolution Act of 2010 settled the *Cobell* lawsuit and four settlements that will provide permanent water supplies and economic security for the Taos Pueblo of New Mexico and Pueblos of New Mexico named in the *Aamodt* case, the Crow Tribe of Montana, and the White Mountain Apache Tribe of Arizona. The agreements will enable construction and improvement of reservation water systems, irrigation projects, a regional multipueblo water system, and codify water-sharing

arrangements between Indian and neighboring communities. The primary responsibility for constructing water systems associated with the settlements was given to Reclamation; and BIA is responsible for the majority of the trust funds.

Reclamation is budgeting \$21.5 million in 2013 for the continued implementation of these four settlements and \$25 million for the Navajo-Gallup Water Supply project. Reclamation is proposing the establishment of an Indian Water Rights Settlements account to assure continuity in the construction of the authorized projects and to highlight and enhance transparency.

CENTRAL UTAH PROJECT

CUPCA, titles II–VI of Public Law 102–575, provides for completion of the Central Utah Project (CUP) by the Central Utah Water Conservancy District (District). The Act also authorizes funding for fish, wildlife, and recreation mitigation and conservation; establishes an account in the Treasury for deposit of these funds and other contributions; establishes the Utah Reclamation Mitigation and Conservation Commission to coordinate mitigation and conservation activities; and provides for the Ute Indian Rights Settlement.

The fiscal year 2013 budget proposes to reconsolidate the CUPCA Office and program into the Bureau of Reclamation. This consolidation is part of broader administration efforts to implement good Government solutions to consolidate and streamline activities. The CUP is the only water project within the Department of the Interior not managed by Reclamation. The proposed merger would correct that anomaly, ensuring that these projects receive equal and consistent consideration and treatment. Concerns about Reclamation's previous management and operation of the CUP have been addressed within Reclamation and corrected. The fiscal year 2013 CUPCA budget is \$21 million, a decrease of \$7.7 million from the 2012 enacted level. Of this amount, \$1.2 million will be transferred to the Utah Reclamation Mitigation and Conservation Account for use by the Utah Reclamation Mitigation and Conservation Commission (Mitigation Commission). We propose to maintain both the Central Utah Project Completion and the Utah Reclamation Mitigation and Conservation Accounts for CUPCA appropriations after the proposed consolidation of the CUPCA Office into Reclamation in order to enhance transparency.

The fiscal year 2013 budget includes \$17.3 million for use by the District to continue construction of the Utah Lake System facilities and to implement approved water conservation and water management improvement projects. The Act requires a local cost share of 35 percent for projects implemented by the District which increases the effectiveness of the program. The budget for the District includes \$7.3 million to fund the designs, specifications, land acquisition, and construction of the Utah Lake System, a decrease of \$6.7 million from the 2012 enacted level. The budget also includes water conservation measures at \$10 million for construction of the Provo River Canal Enclosure Project, which when completed will provide 8,000 acre-feet of conserved water for endangered fish and convey 30,000 acre-feet of CUP water.

The fiscal year 2013 budget includes \$1.2 million for the Mitigation Commission to implement the fish, wildlife, and recreation mitigation and conservation projects authorized in title III (\$1 million) and to complete mitigation measures committed to in pre-1992 Bureau of Reclamation planning documents (\$200,000), all of which are necessary to allow CUP operations.

Finally, the budget includes \$1.2 million for the Program Office for endangered species recovery and operation and maintenance costs associated with instream flows and fish hatchery facilities and \$1.3 million for program administration.

CONCLUSION

Thank you for the opportunity to testify on behalf of the President's fiscal year 2013 budget for the Department of the Interior and the Bureau of Reclamation. I want to reiterate my appreciation for the longstanding support of this subcommittee. This budget has fiscal discipline and restraint, but it also includes forward-looking investments. We have a tremendous opportunity to improve the future for all generations with wise investments in healthy lands, clean waters, and expanded energy options.

I look forward to working with you to implement this budget. This concludes my testimony. I am happy to answer any questions that you may have.

Senator FEINSTEIN. Thank you, Madam Secretary.
Commissioner Connor.

STATEMENT OF MICHAEL L. CONNOR, COMMISSIONER

Mr. CONNOR. Yes. Thank you, Madam Chair, Ranking Member Alexander, and members of the subcommittee, for the opportunity to discuss Reclamation's fiscal year 2013 budget request.

The overall request for Reclamation is \$1 billion. I have submitted detailed written testimony for the record. The budget reflects a comprehensive set of actions and initiatives that support Reclamation's mission as well as hundreds of thousands of jobs in the Western United States.

Reclamation is employing an all-of-the-above strategy in the area of water resources. Certainty and sustainability are primary goals with respect to the use of water resources and require Reclamation to take action on many fronts and our budget proposal was developed with that in mind.

To help meet the water and energy needs of the 21st century, we must continue to maintain and improve existing infrastructure, develop new infrastructure, conserve and make more efficient use of limited water resources, protect the environment, better understand and plan for future challenges, and help clarify the relative rights to use water.

I'll briefly summarize areas of particular interest in our budget. Infrastructure. Overall, the budget supports the need to maintain our infrastructure in safe operating condition. Approximately 52 percent of the water and related resources account is dedicated to operation, maintenance, and replacement (OM&R) activity with 48 percent allocated to resource management and development.

OM&R include the Dam Safety program, Site Security program, and Replacements, Additions, and Extraordinary Maintenance (RAX).

A second priority area is WaterSMART. Secretary Castle summarized our WaterSMART initiative. I'll simply reiterate that WaterSMART is yielding significant results West-wide and demand greatly exceeds available resources at this point in time.

Ecosystem Restoration is a third-priority area. In order to meet Reclamation's mission goals of producing power and delivering water in a sustainable manner, we simply must continue to focus on the protection and restoration of the aquatic and riparian environments affected by our projects.

Specifically, the 2013 request provides substantial funding for a number of restoration programs in California including the Central Valley Project (CVP) Improvement Act, San Joaquin River Restoration, Trinity River Restoration, and Bay-Delta initiatives.

And our ESA Recovery and Compliance Programs have received specific authorization from Congress and also enjoy broad support from diverse interests.

Fourth, Cooperative Landscape Conservation is a Departmental initiative in which Reclamation is actively engaged. We are developing and implementing approaches to understand and effectively adapt to the array of challenges facing Western water management. Reclamation's Basin Studies and Science and Technology programs are key efforts in this area.

Fifth, to support the Department's New Energy Frontier Initiative, the 2013 budget allocates funding to specifically support Rec-

lamation-wide Renewable Energy Initiatives and to collaborate with other entities on renewable energy integration.

Once again, Secretary Castle discussed our efforts in this area and their yielding of significant results and all are part of the President's all-of-the-above strategy for meeting the country's energy needs.

Sixth, and finally, Reclamation has a longstanding commitment to the Secretary's goal of strengthening tribal nations. The 2013 budget supports this goal through a number of activities including fisheries restoration, rural water projects, and the implementation of the new Water Right Settlements.

Reclamation has a large role in implementing settlements and our goals are simple: help tribes realize settlement benefits as quickly as possible; two, ensure certainty in the use of water for tribes and their non-Indian neighbors; and three, promote economic prosperity in Indian country in both the short term and the long term.

PREPARED STATEMENT

Madame Chair, as Secretary Castle mentioned, we greatly appreciate your support for our programs and efforts at the Bureau of Reclamation, and I'm happy to answer questions at the appropriate time.

[The statement follows:]

PREPARED STATEMENT OF MICHAEL L. CONNOR

INTRODUCTION

Thank you Madame Chair, Mr. Alexander, and members of this subcommittee, for the opportunity to discuss with you the President's fiscal year 2013 budget for the Bureau of Reclamation.

I appreciate the time and consideration this subcommittee gives to reviewing and understanding Reclamation's budget and its support for the program. Reclamation works hard to prioritize and define our program in a manner that serves the best interest of the public.

Our fiscal year 2013 budget continues support for activities that, both now and in the future, will deliver water and generate power, consistent with applicable State and Federal law, in an environmentally responsible and cost-effective manner. Overall, our goal is to promote certainty, sustainability, and resiliency for those who use and rely on water resources in the West. Success in this approach will help ensure that Reclamation is doing its part to support the basic needs of communities, as well as provide for economic growth in the agricultural, industrial, energy, and recreational sectors of the economy. In keeping with the President's pledge to reduce spending and focus on deficit reduction, this budget reflects reductions and savings where possible. The fiscal year 2013 budget allows Reclamation to fulfill its core mission, but cost savings have been implemented where possible.

The budget also supports the Administration's and Department of the Interior's (Department) priorities to tackle America's water challenges; promote America's Great Outdoors and Cooperative Landscape Conservation; and support and strengthen tribal nations. The Department will continue the Water Sustain and Manage America's Resources for Tomorrow (WaterSMART) program (with participation from both Reclamation and the United States Geological Survey) and Reclamation's budget reflects that priority.

Reclamation's fiscal year 2013 budget is \$1 billion, \$42.4 million below the fiscal year 2012 enacted level. Reclamation's budget request is partially offset by discretionary receipts in the Central Valley Project Restoration Fund, estimated to be \$39.6 million. The request for permanent appropriations in 2013 totals \$174.1 million. The budget proposes the establishment of a new Indian Water Rights Settlement account and a discretionary appropriation for the San Joaquin River Restoration Fund.

As the largest supplier and manager of water in the 17 Western States and the Nation's second largest producer of hydroelectric power, Reclamation's projects and programs are critical to driving and maintaining economic growth in the Western States. Reclamation manages water for agricultural, municipal and industrial use, and provides flood control and recreation for millions of people. According to a June 2011 economic report prepared by the Department, Reclamation activities, including recreation, have an economic contribution of \$55 billion, and support nearly 416,000 jobs. Reclamation's 58 hydroelectric power plants generate more than 40 million megawatt hours of electricity to meet the annual needs of more than 3.5 million households and generates nearly \$940 million in revenues for the Federal Government. It would take more than 23.5 million barrels of crude oil or about 6.8 million tons of coal to produce an equal amount of energy with fossil fuel. As a result, Reclamation facilities eliminate the production of more than 27 million tons of carbon dioxide that would have been produced by fossil fuel power plants.

The fiscal year 2013 budget allocates funds to projects and programs based on objective, performance-based criteria to most effectively implement Reclamation's programs and its management responsibilities for its water and power infrastructure in the West.

WATER AND RELATED RESOURCES

The fiscal year 2013 budget for Water and Related Resources, Reclamation's principal operating account, is \$818.6 million, a decrease of \$76.4 million from the fiscal year 2012 enacted level. This decrease is due, in part, to a shift of \$46.5 million for the proposed establishment of the Indian Water Rights Settlement account, and \$12 million for a discretionary appropriation for the San Joaquin River Restoration Fund.

The fiscal year 2013 budget includes a total of \$395.6 million at the project/program level for water, energy, land, and fish and wildlife resource management and development activities. Funding in these activities provides for planning, construction, water sustainability activities, management of Reclamation lands including recreation areas, and actions to address the impacts of Reclamation projects on fish and wildlife.

The budget also provides a total of \$423.1 million at the project/program level for the operation, maintenance, and rehabilitation associated with Reclamation's water and power facilities. Reclamation emphasizes safe, efficient, economic, and reliable operation of facilities, ensuring systems and safety measures are in place to protect the facilities and the public. Providing adequate funding for these activities continues to be one of Reclamation's highest priorities.

HIGHLIGHTS OF THE FISCAL YEAR 2013 BUDGET FOR WATER AND RELATED RESOURCES

I would like to share with the subcommittee several highlights of the Reclamation budget including an update on the WaterSMART program, and the Department's priority goal target to enable capability to increase available water supply in the Western United States by 730,000 acre-feet by the end of 2013 based on cumulative savings since 2009.

WaterSMART Program.—The fiscal year 2013 budget continues to focus resources on expanding and stretching limited water supplies in the West to reduce conflict, facilitate solutions to complex water issues, and meet the growing needs of expanding municipalities, domestic energy development, the environment, and agriculture.

Reclamation proposes to fund WaterSMART at \$53.9 million, \$6.8 million above the fiscal year 2012 enacted level. There are five ongoing WaterSMART programs:

- the WaterSMART Grant program, funded at \$21.5 million;
- Basin Studies, funded at \$6 million;
- the title XVI Water Reclamation and Reuse program, funded at \$20.3 million;
- Water Conservation Field Services program, funded at \$5.9 million; and
- the Cooperative Watershed Management program, funded at \$250,000.

Reclamation has budgeted \$6.5 million to actively engage in developing and implementing approaches to understand, and effectively adapt to landscape-level conservation challenges, including the impacts of climate change on western water management. The Basin Studies program is part of an integrated strategy to respond to changing impacts on the resources managed by Interior, and is a key component of the WaterSMART initiative. In 2013, the Basin Studies program will continue West-wide risk assessments, coordinated through the Department's Landscape Conservation Cooperatives (LCCs) and focus on the threats to water supplies from changing weather patterns. Reclamation will continue to participate in and lead the Desert and Southern Rockies LCCs. Included within Reclamation's Science and Technology program is water resources research targeting improved capability for

managing water resources under multiple drivers, including a changing climate. This research agenda will be collaborated and leveraged with capabilities of the Interior Climate Science Centers.

Supporting Renewable Energy Initiatives.—To support the Administration's New Energy Frontier initiative, and the Renewable Energy priority goal, the 2013 Reclamation budget allocates \$2 million to provide support for the renewable energy initiative and to collaborate with other agencies and entities on renewable energy integration. The funds will be used to explore how other renewable energy technologies can be integrated into Reclamation projects. Reclamation will continue the effort to facilitate the development of sustainable hydropower; optimize Reclamation hydropower projects to produce more energy with the same amount of water; explore hydro pump-storage projects that can help integrate large amounts of variable renewable resources such as wind and solar into the electric grid; and work with tribes to assist them in developing renewable energy sources. These important projects can help produce cleaner, renewable energy.

Supporting Tribal Nations.—Reclamation has a longstanding commitment to realizing the Secretary's goal to strengthen tribal nations. The fiscal year 2013 budget continues to support that goal through a number of activities and projects ranging from ecosystem restoration to rural water infrastructure and the implementation of water rights settlement. The budget includes \$6.4 million for the Native American Affairs Program to continue support of Reclamation activities with Indian tribes. These activities include providing technical support for Indian water rights settlements and assisting tribal governments to develop, manage, and protect their water and related resources. Also, the office provides policy guidance for Reclamation's work with tribes throughout the organization in such areas as the Indian trust responsibility, Government-to-government consultations, and Indian self-governance and self-determination.

Rural Water Projects.—The Congress has specifically authorized Reclamation to undertake the design and construction of seven projects intended to deliver potable water supplies to specific rural communities in the West. Reclamation has been working diligently to advance the completion of all of its authorized rural water projects consistent with current fiscal and resource constraints with the goal of delivering potable water to tribal and non-tribal residents within the rural water project areas. In support of rural communities, the fiscal year 2013 budget includes a funding increase to advance the construction of rural water projects.

Reclamation has proposed \$69.6 million in funding for Reclamation's seven ongoing authorized rural water projects. This funding reflects the high priority that the Department and Reclamation place on improving the circumstances of rural economies and those living in rural economies. Tribal and non-tribal people will greatly benefit by this demonstrated commitment to rural water construction.

Specifically, the budget includes \$18 million for operation and maintenance of tribal features for two projects—the Mni Wiconi Project and the Garrison Diversion Unit of the Pick-Sloan Missouri Basin Program—and \$51.6 million in construction funding combined for the seven projects:

- Garrison Diversion Unit, (North Dakota);
- Mni Wiconi Rural Water System, (South Dakota);
- Jicarilla Apache Reservation Rural Water System, (New Mexico);
- Lewis and Clark Rural Water System, (South Dakota, Iowa, Minnesota);
- Fort Peck Reservation/Dry Prairie Rural Water System, (Montana);
- Rocky Boys/North Central Montana Rural Water System, (Montana); and
- Eastern New Mexico Water Supply Project, (New Mexico).

The fiscal year 2013 budget includes sufficient funding to complete construction of the Mni Wiconi Project.

Aging Infrastructure.—In recognition of the growing need to address aging infrastructure associated with Reclamation projects, the 2013 Reclamation budget includes \$7.3 million for a Reclamationwide Aging Infrastructure program that will make use of recently enacted authorities such as the aging infrastructure program enacted in Public Law 111–11. This funding will address the infrastructure needs of Reclamation projects, which is essential for maintaining system reliability and safety and to support sustainable water management by promoting established asset management practices. This budget will provide additional funding for an increased number of extraordinary maintenance and rehabilitation activities which will enhance the ability of Reclamation and its operating entities to preserve the structural safety of project facilities, while continuing delivery of project benefits.

Dam Safety Program.—A total of \$87.5 million is budgeted for Reclamation's Safety of Dams program. This includes \$67 million directed to specific dam safety modifications; of which \$15 million is for work at Folsom Dam. Funding also includes

\$19.4 million for safety evaluations of existing dams and \$1.1 million to oversee the Interior Department's Safety of Dams program.

Site Security.—A total of \$26.9 million is budgeted for Site Security to ensure the safety and security of the public, Reclamation's employees, and key facilities. This funding includes \$5.9 million for physical security upgrades at high-risk critical assets and \$21 million to continue all aspects of bureau-wide security efforts.

This includes law enforcement, risk and threat analysis, personnel security, information security, risk assessments and security-related studies, and guards and patrols.

Ecosystem Restoration.—In order to meet Reclamation's mission goals of generating power and managing water in a sustainable manner for the 21st century, one focus of its programs must be the protection and restoration of the aquatic and riparian environments affected by its operations. Ecosystem restoration involves a large number of activities, including Reclamation's Endangered Species Act recovery programs, which directly address the environmental aspects of the Reclamation mission. These programs also implement important river restoration efforts that support the America's Great Outdoors initiative.

The fiscal year 2013 budget provides \$128 million to operate, manage, and improve the Central Valley Project. This amount includes \$16.1 million for the Trinity River Restoration program, and \$2.9 million for the Red Bluff fish passage to complete postconstruction activities of the new pumping plant and fish screen, which will be operational in the spring of 2012, as well as continued biological and research and monitoring activities.

The budget provides \$27.2 million for Lower Colorado River Operations to both fulfill the role of the Secretary as water master for the Lower Colorado River and continue the multispecies conservation program, which is \$17.8 million of that total, and provides long-term Endangered Species Act compliance for the river operations.

The budget includes \$18.9 million for Endangered Species Act Recovery Implementation programs, which includes \$8 million in the Great Plains Region to implement the Platte River Endangered Species Recovery Implementation program. This funding will facilitate the implementation of measures to help recover four endangered or threatened species, thereby enabling existing water projects in the Platte River Basin to continue operations, as well as allowing new water projects to be developed in compliance with the Endangered Species Act. This program also includes \$8.4 million for the Upper Colorado and San Juan River Endangered Fish Recovery programs. This funding will continue construction of a system that automates canal operations to conserve water by matching river diversions with actual consumptive use demands and redirecting the conserved water to improve in-stream flows. The budget also provides \$18 million for Columbia/Snake River Salmon Recovery. This funding will be used for the implementation of required Biological Opinion actions including extensive hydro actions, plus tributary habitat and hatchery initiatives as off-sets for the impacts of Federal Columbia River Power System operations.

The fiscal year 2013 budget includes \$7.1 million for Reclamation to move forward with actions that address water supply enhancement and restoration of natural resources that support the Klamath Basin Restoration Agreement and are authorized under existing law. The Klamath Basin Restoration Agreement includes restoration and related activities to reduce conflicts over water between the Upper and Lower Klamath Basins.

The results of the Klamath Dam Removal and Sedimentation Studies conducted over the past several years will be used in discussions over whether or not removing PacifiCorp's four dams on the Lower Klamath River is in the public interest and advances restoration of the Klamath River fisheries. No funds are budgeted in 2013 for this effort.

The fiscal year 2013 budget includes \$22.5 million for the Middle Rio Grande project. Within this amount \$8.4 million supports the acquisition of supplemental non-Federal water for Endangered Species Act efforts and low flow conveyance channel pumping into the Rio Grande during the irrigation season. Further, funding will be used for recurring river maintenance necessary to ensure uninterrupted, efficient water delivery to Elephant Butte Reservoir, reduced risk of flooding, as well as water delivery obligations to Mexico.

The Yakima River Basin Water Enhancement project budget is \$9.5 million, which will continue funding grants to implement conservation measures that stretch water supplies and improve fishery conditions.

CENTRAL UTAH PROJECT COMPLETION ACT

The fiscal year 2013 budget proposes to consolidate the Central Utah Project Completion Act (CUPCA) program with the Bureau of Reclamation, while maintaining

a separate appropriations account for CUPCA. This consolidation is part of broader administration efforts to implement good Government solutions to consolidate and streamline activities when possible. The proposed merger would ensure that all major Federal water projects within Interior are managed by Reclamation, ensuring that these projects receive equal consideration and treatment. The fiscal year 2013 CUPCA budget is \$21 million, a decrease of \$7.7 million from the fiscal year 2012 enacted level. Of this amount, \$1.2 million will be transferred to the Utah Reclamation Mitigation and Conservation Account for use by the Mitigation Commission.

CENTRAL VALLEY PROJECT RESTORATION FUND

The fiscal year 2013 budget includes \$39.9 million for the Central Valley Project Restoration Fund (CVPRF), a decrease of \$13.2 million from the fiscal year 2012 enacted level. This budget is indexed to 1992 price levels and determined on the basis of a 3-year rolling average. This budget is offset by collections estimated at \$39.6 million from mitigation and restoration charges authorized by the Central Valley Project Improvement Act (CVPIA). The fund supports a number of programs authorized by the CVPIA, including anadromous fish restoration and the acquisition and delivery of water to State and Federal wildlife refuges.

CALIFORNIA BAY-DELTA RESTORATION

The fiscal year 2013 budget includes \$36 million for CALFED, pursuant to the CALFED Bay-Delta Authorization Act, a decrease of \$3.7 million from the 2012 enacted level. The budget will support implementation of the Bay Delta Conservation Plan, under the following new program activities—\$1.9 million for a Renewed Federal-State Partnership, \$6.6 million for Smarter Water Supply and Use, and \$27.6 million for actions that address the Degraded Bay-Delta Ecosystem.

SAN JOAQUIN RIVER RESTORATION FUND

The fiscal year 2013 budget funds activities consistent with the settlement of *Natural Resources Defense Council v. Rodgers* as authorized by the San Joaquin River Restoration Settlement Act. The Act included a provision establishing the San Joaquin River Restoration Fund to implement the provisions of the Settlement. The Settlement's two primary goals are to restore and maintain fish populations, and restore and avoid adverse water impacts. Under the Settlement, the legislation provides for approximately \$2 million in annual appropriations from the Central Valley Project Restoration Fund for this purpose, as well as permanent funds of \$88 million. The legislation also authorized appropriations and Reclamation proposes \$12 million of discretionary funds for the San Joaquin Restoration Fund account in 2013.

INDIAN WATER RIGHTS SETTLEMENTS

The fiscal year 2013 budget includes \$46.5 million in the proposed Indian Water Rights Settlement account. Of this amount, \$21.5 million is for implementation of the four settlements included in the Claims Resolution Act of 2010. These settlements will deliver clean water to the Taos Pueblo of New Mexico, the Pueblos of New Mexico named in the Aamodt case, the Crow Tribe of Montana, and the White Mountain Apache Tribe of Arizona. Reclamation is proposing the establishment of an Indian Water Rights Settlements account to assure continuity in the construction of the authorized projects and to highlight and enhance transparency in handling these funds.

In addition to the four settlements, the account also budgets \$25 million for the on-going Navajo-Gallup Water Supply Project (authorized in title X of Public Law 111–11). The total for Reclamation's implementation of Indian Water Rights Settlements in 2013 is \$106.5 million, \$46.5 million in discretionary funding and \$60 million in permanent authority, which is provided in title VII of the Claims Resolution Act.

POLICY AND ADMINISTRATION

The fiscal year 2013 budget for the Policy and Administration appropriation account, the account that finances Reclamation's central management functions, is \$60 million.

RESEARCH AND DEVELOPMENT

Reclamation's Science and Technology Program focuses on a range of solutions for supporting the bureau's capability to manage, conserve, and expand water supplies.

This year Reclamation's budget includes \$13 million to support research and development programs which give the highest priority to address the impacts of drought and climate change; mitigation of invasive species such as zebra and quagga mussels; creating new water supplies through advanced water treatment; and advance renewable energy development on Reclamation lands.

PERMANENT APPROPRIATIONS

The total permanent appropriation in 2013 of \$174.1 million includes \$111.1 million for the Colorado River Dam Fund and \$60 million for Reclamation's Indian Water Rights Settlements account.

CAMPAIGN TO CUT WASTE

Over the last 2 years, the Administration has implemented a series of management reforms to curb growth in contract spending, terminate poorly performing information technology projects, deploy state-of-the-art fraud detection tools, focus agency leaders on achieving ambitious improvements in high-priority areas, and open Government up to the public to increase accountability and accelerate innovation.

In November 2011, President Obama issued an Executive order reinforcing these performance and management reforms and the achievement of efficiencies and cost-cutting across the Government. This Executive order identifies specific savings as part of the Administration's Campaign to Cut Waste to achieve a 20-percent reduction in administrative spending from 2010 to 2013. Each agency was directed to establish a plan to reduce the combined costs associated with travel, employee information technology devices, printing, executive fleet efficiencies, and extraneous promotional items and other areas.

The Department of the Interior's goal is to reduce administrative spending by the end of 2013, \$207 million from 2010 levels. To contribute to that goal, the Bureau of Reclamation is targeted to save \$13.5 million by the end of 2013.

FISCAL YEAR 2013 PRIORITY GOAL FOR WATER CONSERVATION

Priority goals are a key element of the President's agenda for building a high-performing Government. The priority goals demonstrate that they are a high value to the public or that they reflect achievement of key departmental milestones. These goals focus attention on initiatives for change that have significant performance outcomes which can be clearly evaluated, and are quantifiable and measurable in a timely manner. Reclamation's participation in the Water Conservation priority goal helps to achieve these objectives.

Reclamation's water conservation efforts are critical to sustain the economy, environment, and culture of the American West. Competition for finite water supplies is increasing because of population growth, ongoing agricultural demands, and increasingly evident environmental needs. With increased emphasis on domestic energy development, additional pressure is placed on limited water supplies, as significant amounts of water may be required for all types of energy development. At the same time, climate change, extended droughts, and depleted aquifers are impacting water supplies and availability.

In response to these demands, by the end of 2013, Reclamation will enable capability to increase available water supply for agricultural, municipal, industrial, and environmental uses in the Western United States by 730,000 acre-feet cumulatively since 2009 through its conservation-related programs, such as water reuse and recycling (title XVI), and WaterSMART grants.

Moreover, Reclamation's Water Conservation program addresses a range of other water supply needs in the West. It plays a significant role in restoring and protecting freshwater ecosystems consistent with applicable State and Federal law, enhancing management of our water infrastructure while mitigating for any harmful environmental effects, and understanding and responding to the changing nature of the West's limited water resources.

Finally, the fiscal year 2013 budget demonstrates Reclamation's commitment to meeting the water and power needs of the West in a fiscally responsible manner. This budget continues Reclamation's emphasis on managing those valuable public resources. Reclamation is committed to working with its customers, States, tribes, and other stakeholders to find ways to balance and provide for the mix of water resource needs in 2013 and beyond.

CONCLUSION

This completes my statement. I would be happy to answer any questions that you may have at this time.

Senator FEINSTEIN. Thank you very much. And, we'll now proceed with questions and, Mr. Connor, let me thank you for your constant cooperation and helpfulness. It's really been very special.

I just want you to know how much it's appreciated.

Mr. CONNOR. Thank you.

NATOMAS LEVEE IMPROVEMENT PROGRAM

Senator FEINSTEIN. Let me speak for a moment about a deep concern in California.

I've had occasion to speak with people about it. It's the Natomas Project in Sacramento. My understanding is it's 42 miles of levees, 18 have been repaired at a cost of about \$320 million by Sacramento Area Flood Control Agency (SAFCA). I've had a chance to talk with Secretary Darcy about it.

It's priority number one for the City of Sacramento. I have been told that a failure could cause a flood which would flood as much as 20 percent of the city. Is that correct?

Ms. DARCY. Madam Secretary, I believe that's accurate.

Senator FEINSTEIN. I know it's not included in what you're proposing. Can you tell us why it hasn't been included?

Ms. DARCY. On this specific project, I may have to defer to the General, because that portion of the project is one that I'm not quite familiar with.

Senator FEINSTEIN. General Temple, could you speak directly into the microphone?

General TEMPLE. Sorry. I'll have to get back to you on the specifics pertaining to that, but I do know that we are diligently working to reduce flood risk in the Central Valley of California, and Natomas is certainly a key part of that.

Senator FEINSTEIN. Right. Well, I think I know what happened. In the 2010 Chief's report, the costs were identified to be \$1.1 billion in necessary levee improvements which I understand is a high ticket item.

The question I have is, can the work be segmented? So the work that's most critical, where there are people behind the levee, can be protected. Madam Secretary?

Ms. DARCY. I believe that the portion that you're discussing needs authorization; that portion that you're discussing is currently not an authorized part of the project.

Senator FEINSTEIN. Well, that's interesting. Do you have any information as to why it's not authorized?

Ms. DARCY. That Chief report is still pending; there has been no authorization for any projects since 2007.

Senator FEINSTEIN. So when would authorization be likely?

Ms. DARCY. That Chief's report is pending; it's up to the Congress to authorize the project.

Senator FEINSTEIN. Right. Well, I can tell you this, I think this is the number one levee need in California, and Sacramento is the capital city. It's been confirmed that 20 percent of the city would be flooded. It's a very serious problem and I know we've discussed it.

Anything that can be done, would be very much appreciated, so I just want to publicly bring it to your attention.

HARBOR MAINTENANCE TRUST FUND

I marked a question that I wanted to be sure to ask, and here it is. The subject is harbor maintenance taxes to the States which generated them.

It's my understanding that California ports provide at least 30 percent of the funding that goes into the Harbor Maintenance Trust Fund. If we assume that the trust fund generates \$1.5 billion annually, then California annually contributes \$450 million into the fund, so how much dredging of eligible harbors and waterways in California were reimbursed by the trust fund in 2011?

Ms. DARCY. I believe the figure, Senator, is \$102 million.

Senator FEINSTEIN. \$102 million. So, about 5 percent of the annual revenues?

Ms. DARCY. Give or take, close to 5 percent.

Senator FEINSTEIN. So, this is one of the problems that—

Senator GRAHAM. California is getting ripped off.

Senator FEINSTEIN. So, it's a bipartisan issue now. You know, it's only so long that you can tolerate paying this money and not getting back adequate services.

The question I have is, what would be the impact of changing the law in a manner that sets a percentage of the revenues generated in a given State to be returned to that State?

Ms. DARCY. If the law were changed to do that, then the way we would budget for the revenues coming from the fund would be based on that percentage.

Currently, we look at the appropriation that we have from the Harbor Maintenance Trust Fund. This year's President's budget includes \$848 million. And what we do with that money now is look at where the needs are around the country.

All ports pay into this Fund, so we look at the needs nationally. We don't do it on an—

Senator FEINSTEIN. I don't disagree with that. I think that's not a bad way to do it. I think it's a responsible way to do it.

On the other hand, we have 50 percent of the container traffic coming into America, coming into LA-Long Beach, and harbor maintenance is a huge issue. Our harbors are decrepit.

So this is my view, and I don't know that others on this subcommittee agree, but if you have a lot of traffic, harbor maintenance also relates to things like the ability to move those containers out.

Intermodal transportation, roadways that are suitable, are also important because the delivery of a container doesn't end at a port. This is something I am really concerned about, and would like to ask your help on in the future as to how we might be able to work this.

I think all of it should go to areas of need. I could make the argument to take all of it for California. Mr. Graham could make a pretty good argument to take it to a certain harbor called Charleston.

Senator GRAHAM. Not all of it.

Senator FEINSTEIN. Not all of it, but he'd take a part of it.

So, I think we've got to work something out that is fair. I'd really like to have your cooperation in trying to do so in the future.

Ms. DARCY. We'd be happy to work with you.

Senator FEINSTEIN. I appreciate that. Thank you very much.

Senator Alexander.

Senator ALEXANDER. Thank you, Madam Chairman.

Well, I think the chairman has roused up an "amen" corner over in the southern section of the subcommittee, and I'd just like to say as we begin this discussion, I have a pretty good idea what Senator Graham's going to be talking about when the time comes.

And I agree with him. We've been having some discussions about—and Secretary Darcy, I think this is mainly aimed for discussion with you—and I'll leave it to him to explore this, I hope that's what he intends to do, is that we need to take a big look at these two trust funds, and think bigger than the funds.

Think about what the needs of our country are, and outline a policy and a program and an idea, and think in a big way about it, and I very much agree with that. And part of that may be recognizing that in some cases, we need a different sort of formula for harbors.

And it may mean we need different ways of collecting money. But my experience in Government is you don't start out by talking about the money, you start out by talking about the policy and the need and what our goals are. And then, it makes it a lot easier to figure out how we pay for it.

Now, in that spirit, let me narrow down something that I think emphasizes the problems with one of the funds, the Inland Waterway Trust Fund. The problem with the Harbor Trust Fund, of course, it has a lot of money in it, we just can't spend it.

INLAND WATERWAY TRUST FUND

The Inland Waterway Trust Fund doesn't have much money in it, but it has a lot of needs. One of the reasons we don't have money for the dams and locks that it should be funding is this Olmsted Lock on the Ohio River that between last year and this year, according to the budget, increased its costs by \$1 billion from \$2 billion to \$3 billion.

And this one lock is soaking up the money that ought to go for other priority projects. Have you given any consideration to changing the cost sharing on the Olmsted Lock from the current 50–50 to something such as 90 percent from the Treasury and 10 percent from the Inland Waterway Trust Fund so that we could consider other priority projects?

Ms. DARCY. No, Senator. Under current law, we have to cost share 50–50 from the Inland Waterway Trust Fund.

Senator ALEXANDER. Well, why can't we change that to 90–10?

Ms. DARCY. That would take an Act of Congress.

Senator ALEXANDER. Well, we're in a position perhaps to do that if you were to recommend it. You think it'd be a good idea?

Ms. DARCY. I think what we'd have to look at is all the competing priorities on the system before we made any recommendation.

Senator ALEXANDER. Well, do you think it's a good idea for one big project to soak up virtually all of the money available for the Inland Waterway Trust Fund dams and locks?

Ms. DARCY. Well, unfortunately, given the constraints of the incoming revenue from the tax, that's all that we can afford at this time. The priorities have been discussed with the industry.

Unfortunately, it is a very expensive project.

CHICKAMAUGA LOCK

Senator ALEXANDER. Has this huge increase, 50-percent increase, just this year in the cost of this lock, changed the projected timeline to restart construction on Chickamauga Lock?

Ms. DARCY. I don't believe so, but in general I—

Senator ALEXANDER. That would be encouraging news.

General TEMPLE. Do you mean whether it has changed the timeline for construction on Chickamauga Lock?

Senator ALEXANDER. To restart construction, right. Is the fact that they're going to spend an extra \$1 billion on Olmsted, has that affected the timeline for restarting construction on Chickamauga Lock?

General TEMPLE. It will affect it in 2013, Sir, based on current projections of revenue and priorities.

Senator ALEXANDER. General, have you made projections about how much longer the current Chickamauga Lock can be operated and maintained?

General TEMPLE. Our asset management database system is going to be used to perform that analysis. We know that we can sustain operations on the Lock at least through 2013.

How much longer we'll be able to do it given its current condition, which you're very aware of—

Senator ALEXANDER. You mean it might be closed after 2013?

General TEMPLE. There is that possibility, Sir, depending upon—

Senator ALEXANDER. You might close the Chickamauga Lock after 2013?

General TEMPLE. There is that possibility, Sir, depending on the status of the Lock itself and its integrity.

Senator ALEXANDER. Well, that is dramatic news for the people of the Southeastern United States which I've not heard before.

What would it take to keep it open?

General TEMPLE. Sir, if we were able to continue to apply O&M dollars to keep it going because of the expensive concrete situation that I know you're familiar with there, we would be able to sustain it for some time longer.

Senator ALEXANDER. But you've recommended reduced funding for aggressive maintenance on the Chickamauga Lock?

General TEMPLE. That is correct, Sir, because of competing priorities and funds available, we had to make some difficult—

Senator ALEXANDER. So you're going to spend, you're going to increase by 50 percent the cost of this one project, Olmsted Lock, by \$1 billion and run the risk that after 2013, which is only a year plus a few months away, that the Chickamauga Lock might be closed which would cost thousands of jobs in the Tennessee-Georgia area, put 150,000 heavy trucks on I-75 and threaten the operations

at the Tennessee Valley Authority, the Oak Ridge Laboratory, and many industries in the area.

General TEMPLE. Sir, that is the recommendation based on working with all of the stakeholders to determine the relative needs throughout the entire system.

Senator ALEXANDER. Thank you, Madam Chairman.

Ms. DARCY. Senator, could I just add something? The 2013 budget includes Operation and Maintenance dollars for the Chickamauga Lock. We just haven't added the enhanced maintenance.

So the maintenance that we have ongoing, hopefully, will continue to keep it operable. We just haven't included funding for the enhanced maintenance. We will continue to monitor the effects of that.

Senator ALEXANDER. Well, I would hope so. Even the possibility that it might close at the end of 2013 is a startling development to me if that's what you're saying. Is that what you're saying?

Ms. DARCY. We don't anticipate it closing, but it's a possibility. Right now, we are providing funding for ongoing maintenance, just not for the enhanced maintenance.

Senator ALEXANDER. Thank you, Madam Chairman.

Senator FEINSTEIN. Thank you very much, Senator Alexander.

Senator COLLINS.

Senator COLLINS. Thank you, Madam Chairman.

VERNAL POOL REGULATIONS

Secretary Darcy, the Corps has permitting responsibilities under section 404 of the Clean Water Act for development activities that may occur in wetlands.

And several of my constituents, including municipal officials, hospital on the coast that had a project underway, have raised concerns about the application of regulations in the New England district, particularly, as they differ dramatically from what is required under State law and maintenance, known for very strong environmental laws.

And they seem to be far more demanding than those supplied by the Corps in other parts of the country. For instance, for significant vernal pools, the State of Maine regulates a 200-foot terrestrial buffer area that includes the vernal pool.

The Corps published rule requires a 500-foot radial circumference. But more recently, guidance has been issued, not through the formal rulemaking process, but just guidance, that increases the radial distance to 750 feet for any vernal pool that may be perceived as having critical habitat.

Now, just so I want to understand the difference, if you apply a 700-foot buffer to property, it results in a regulatory footprint of more than 40 acres for just a 50-foot diameter vernal pool.

So going from 500 feet to 750 feet has enormous consequences and has brought to a halt several important development projects that municipalities have been pushing in Maine.

I'm interested in first getting a better understanding of how your New England district determined to increase the regulated area to a 750-foot radius without going through the normal Administrative Procedure Act (APA) procedure and instead did it through informal guidance.

Ms. DARCY. I can't answer that because I don't know, but I will commit to you that I will ask the New England district as soon as this hearing is over, and I will find out why.

Senator COLLINS. Let me ask you a second question. In the New England district, it also appears that the Corps has abandoned the nationwide permit program and has begun to defer to the commenting agencies on protection of vernal pool habitat even in the less significant, and frankly, ubiquitous forested wetlands that are present throughout my State of Maine.

Now, by contrast, again, the State distinguishes between significant vernal pools as well as natural and manmade vernal pools in its regulation. But the Corps does not make that distinction, and instead is regulating every vernal pool in the same way.

And in my State there are literally thousands of vernal pools and forested wetlands that are different from other States and the application of this regulation in Maine has the potential to affect literally tens of thousands of acres of land. And that's why we're getting this slew of complaints.

Now, by contrast, in the South Atlantic district, these nationwide permits are still available for projects with multiple acres, and in some cases, projects are allowed without permits.

And, again, I'm trying to understand why is there such a great difference in the way the New England district regulates wetlands versus the South Atlantic district?

Ms. DARCY. I'm going to say that it's probably because of the different topography and geography that we're dealing with, but I am not sure that is a good enough answer. I think I owe you a better answer than that as to why the New England district is considering these differently from other districts, considering the nationwide application of permits.

Senator COLLINS. Well, I would ask that you respond to those questions in writing, and my time has expired. I have a couple more that I will submit for the record on this issue as well.

I know it's a very technical issue, but what I'm hearing from everyone from officials in Brewer, Maine to a manufacturer in Auburn, to a hospital in Rockport, Maine, there's something going on.

And, as I said, Maine has strict environmental laws. We prize our environment. But the implications of this new approach by the New England district is bringing to a halt a lot of very important economic development projects.

I do want to thank the President for including \$13 million in the budget request for the dredging of the Portland Harbor. That is a very important project to economic development in my State.

And I am still concerned about those smaller ports and will be proposing a question for the record. Thank you.

Senator FEINSTEIN. Thank you, very much.

Senator Lautenberg, I usually do early bird, and you've got a bird earlier than—

Senator LAUTENBERG. I consider Senator Graham a friend, and I wouldn't want to deprive him of the opportunity to proceed, if necessary.

Senator GRAHAM. I will certainly defer, if you need to go Senator Lautenberg.

Senator LAUTENBERG. All right. Now, it's my hand. Thank you very much. Thank you, members of the Corps for the wonderful work you do and for the dependence that we've built over a long period of time for you to fix things sometimes where nature's gone wrong, or where man's gone wrong.

PASSAIC RIVER BASIN

But we need your work to continue and we need it to be appropriately budgeted. Last year, President Obama toured the Passaic River Basin in New Jersey following Hurricane Irene.

And the budget includes \$1 million for a study to find a long-term solution to chronic flooding in this area. However, I'm told it will take at least 3 years for construction to begin on a solution.

Now, how can the Corps, General, expedite this project to ensure that families in the Basin have flood protection as soon as possible?

General TEMPLE. Well, thank you, Sir. We are re-looking our whole planning program in order to address this issue of timeliness, and this includes not only changing the process in order to get after timeliness, but also we are using six pilot projects to look at how we can compress studies in a way to provide these studies more quickly.

We're taking a look at the entire inventory of all of our feasibility studies to determine how best to apply our limited capabilities against the highest priority studies, and we're improving our training and certification of all of our planners.

That said, we're striving towards a goal of a three-by-three-by-three strategy which involves a \$3 million effort at less than 3 years in order to provide these types of services, Sir.

So, we're working to compress the schedule, and we'll certainly do that in this case.

ONGOING FLOOD CONTROL STUDIES

Senator LAUTENBERG. Ms. Darcy, the budget requests funding for six new Army Corps studies is included. However, the budget doesn't include funding for several critical ongoing New Jersey studies including the Rahway River Basin, the South River Raritan River Basin, the Stone Brook Mill Stone River.

Now, why does the budget request funding for these new projects while leaving out these three ongoing, flood control programs; do you know?

Ms. DARCY. Well, Senator, we did provide some money in the work plan for these three studies. However, in evaluating the ongoing studies for funding in 2013, these did not compete as effectively as some other studies.

Senator LAUTENBERG. Well, we'd like to make sure that we get these things in order because we know one thing, the three projects that I talk about are critical to the safety and wellbeing of people in those areas.

NEW YORK-NEW JERSEY HARBOR DEEPENING

I'm pleased that the budget includes, Secretary Darcy, \$68 million to complete the deepening of the New York-New Jersey Har-

bor, a critical economic engine that supports more than 230,000 regional jobs.

Now, following completion of the construction phase, what are the Corps plans to maintain the Harbor so that large cargo ships have easy and sustained access to the port and that we don't lose these ships to other places?

Ms. DARCY. Once the deepening is completed, we will continue to operate and maintain that harbor through the Harbor Maintenance Trust Fund, and it will compete within that trust fund for available dollars.

Senator LAUTENBERG. The Corps is filled with experienced professionals that do great work. However, the most frequent complaint that I hear from local communities about the Corps is that it takes too long. I think, generally, you made reference to that in your comments.

Is the Corps considering ways to decrease the time to build projects? Perhaps, General, that question should go to you?

General TEMPLE. Thank you, Sir.

When I spoke earlier about the transformation of planning, that's a subset of Civil Works transformation, which includes four key elements.

First, planning, which I described a little earlier. Also, a focus on performance based budgeting processes which are reflected, for instance, in the 2013 budget.

Performing a complete inventory of our assets and performing better asset management across those facilities that we're responsible for.

And last, but not least, we are looking at how we deliver these through changes in methods of delivery that allow us to leverage the expertise across each district, across each region, and indeed, across the entire enterprise, to ensure that we deliver our products and services in a more timely fashion.

Senator LAUTENBERG. Now, we appreciate the fact that there's almost always an overload in the Corps because there are more projects than there are hands or dollars. But we encourage you to keep up your good work.

Thank you very much.

General TEMPLE. Thank you, Sir.

Senator FEINSTEIN. Thank you very much, Senator Lautenberg. Senator Graham.

IMPACT OF PANAMA CANAL EXPANSION ON UNITED STATES SHIPPING PORTS

Senator GRAHAM. Thank you, Madam Chairman.

I want to recognize the Executive order issued by President Obama. It says, "Improving Performance of Federal Permitting and Review of Infrastructure Projects" dated March 22.

I am very impressed by this document. It really does through the Executive branch lay out a way to speed up these projects and to come up with a better vision about how to execute and maintain major infrastructure projects.

The one thing I would suggest is to look at putting port people on the steering committee, the people that are on the front lines.

But I just wanted to recognize the Administration's efforts in that regard.

Now, you also report, Secretary Darcy, in June?

Ms. DARCY. Yes, Sir.

Senator GRAHAM. And as you can tell from a California perspective, the current system's not exactly where you would like it to be.

And from Senator Lautenberg's question, you have a harbor that's been studied, designed, constructed, and he's worried about maintenance of large ships. Now, I'm worried about the Chickamauga Lock. I didn't know about it, but I'm worried about it now. So, good, I am sufficiently worried.

What we're doing, among ourselves up here, is trying to create a vision, in collaboration with the Executive branch, that recognizes things are about to change dramatically.

The ports on the west coast seem to have a real need in terms of interior infrastructure development, and the definition of harbor maintenance doesn't seem to get us to that need.

I would argue that the best way for us to have a vision is to look at these trust funds anew. And try to find ways to get more money in the system, maybe more matching money.

But what we're going to be working on among ourselves is when the Panama Canal expands in 2015, it has a direct impact on the east coast, and will change shipping as we know it, including the interior along the Mississippi River and other places; do you agree with that?

Ms. DARCY. Yes, Sir.

Senator GRAHAM. So what we're looking at doing is seeing how can we reconstruct or redesign these trust funds to get the money in place to build toward a vision?

So rather than worrying about funding up front, we're trying to create a vision, a vision that would allow west coast ports who have a different problem than the east coast to be able to access funds that they're helping generate to make sure that America on the west coast has the best facilities possible in an international competition for export jobs.

And, if we don't get this right soon on the east coast, ports are going to pop up along the Caribbean, Cuba, and other places, and if we don't watch it, this change in shipping is going to be lost to the United States.

Do you agree that's a possibility?

Ms. DARCY. It's a possibility, yes.

Senator GRAHAM. So what we're looking at doing is that some ports need to be deepened along the east coast. Maybe we can look at the Harbor Trust Fund anew and say that, you know, dredging is a new activity allowed in the Harbor Maintenance Fund.

And when it comes to Harbor Maintenance definitions on the west coast, allow money for interior development. Now, the inland piece is going to be affected by what happens on the east coast.

So what I would suggest is that we try to create a vision of what happens to our interior ports, based on Panama Canal expansion, look at what the west coast needs, in terms of their harbors, and take these trust funds and redesign them to meet the reality of the 21st century.

Do you think that's a good project for us to engage in?

Ms. DARCY. I do. I think we need to look at both trust funds as to what needs need to be met that aren't being met by them right now as well as increasing the revenues to them.

Senator GRAHAM. And the trust funds, as I understand it, generate about \$1.2 billion a year, right?

Ms. DARCY. The Harbor Maintenance Trust Fund generates about \$1.4 to \$1.5 billion a year.

Senator GRAHAM. And how much do we spend each year?

Ms. DARCY. The President asked for \$848 million this year.

Senator GRAHAM. So I would just suggest that people are paying or investing in these ports through fees that we ought to be using the money to make sure that we meet the President's goals of doubling exports.

Do you agree that one way to double exports in America is to have modern ports and shipping systems?

Ms. DARCY. Yes, and we're trying to reach that goal by keeping what we have in working order.

Senator GRAHAM. Okay. Now, that's just not enough. We need to keep what we have in working order, but we also need to have the best in the world. So that's our goal, right?

Senator FEINSTEIN. Would you yield for just a moment?

Senator GRAHAM. Yes, I will.

Senator FEINSTEIN. I once took a little tour of ports, the Hong Kong port, the Singapore port, other ports. Our ports are so far behind in infrastructure that it's scary.

Senator GRAHAM. It's scary, isn't it.

Senator FEINSTEIN. We are nowhere close to modern.

Senator GRAHAM. And we're going to fix that together, aren't we?

Senator FEINSTEIN. Yes, I hope so. For existing ports as well as potential future port improvements.

Senator GRAHAM. Okay. Yes, Ma'am.

So, my time is up. But here's what I would like in the June Report. I'd like you to detail, as much as you can, the reasonably known consequences of Panama Canal expansion, knowing that you're going to have limited funds no matter what you do, and give us some sense of prioritization.

Look at the idea of changing the Harbor Maintenance Fund and allow dredging to come out of that pot of money. Change the definition of the Harbor Maintenance Fund when it comes to west coast port Interior infrastructure development.

Look at the Interior Trust Fund and see if it can be married up with the Harbor Maintenance Fund to create a vision that goes from the east coast to the interior to the west coast.

And give us some idea of what happens if the Panama Canal expands, and what affect the larger ships will have on the east coast as well as the interior of the country. What kind of ripple effect will it have?

And not just try to maintain what we got, but think outside the box and suggest to us ways to leverage the current system, ask for matching funds that are not asked for today, maybe more money coming from the private sector.

This effort should not be just to maintain what we have, but to get ahead of the world before it's too late. Because if we don't act

in a reasoned, rational way, this shipping that's coming through the Panama Canal is going to be lost.

And if we don't upgrade our west coast ports, we're going to lose jobs at a time we need jobs.

Do you think the June Report could be that expansive and that forward leaning?

Ms. DARCY. The report, the study as you know, is well underway, and I'm not sure that we are looking at the uses of the trust funds in that report.

Senator GRAHAM. Could you do that?

Ms. DARCY. We can try; because the Corps is on track to have it completed by—

Senator GRAHAM. Well, just think big.

Ms. DARCY. Think big.

Senator FEINSTEIN. Thank you very much, Senator.

Senator Landrieu.

Senator LANDRIEU. Thank you, Madam Chair.

And I agree with the Senator that we have to think big, but we're going to need a bigger budget to do that. And there's absolutely no way around it.

This budget that we have in front of us, despite the very good work that this chairman has done, and it is in no a reflection on the work that she has done, or that we've done over the course of the last years, simply does not have enough money to maintain or invest or build the structures that we have to to build an economy that lasts.

And that's just the simple truth. There's no way around it. And until we can figure out a way to put more private and public money on the table, we're not going to get there.

I want to thank the Chairwoman for her extraordinary help with the very limited resources that are in this budget, in the President's request, and reflected in our 302(b) allocation.

To thank her very much for the \$1.7 billion that you were able to find and direct, Madam Chair, last year for emergency flooding. It has been a tremendous help to not just Louisiana and to our communities that were flooded, but all throughout the Mississippi River, and I understand, the Missouri River as well, and around the country.

So thank you very, very much for being supportive. I want to thank the Corps, even with this limited and wholly insufficient budget, that you were able to start two new projects in the country. And one of them is a project that we should have started 30 years ago. But at least it's getting started now.

LOUISIANA COASTAL AREA PROJECTS

And that is the Louisiana coastal area projects. There were only two new starts. The sad story is that if we had started this project, and this isn't only the Corps' fault, there's enough blame to go around.

We could have saved the size of the State of Rhode Island, which we have already lost, and we're not sure even with this new project, and the billions of dollars that we're finding through a variety of sources, to put towards saving Louisiana's coast, which is America's wetlands.

We're not sure how much of that marsh we can ever recover. But we think we can stop the degradation. We think we can build safe communities for the millions of people that live near this shore, from Texas, Louisiana, Mississippi, and Alabama, that simply cannot be moved north.

So we thank you for recognizing the significant importance of that. But I do want to talk about these trust funds because that is the first step. And Senator Levin has been particularly vocal on this, and I want to do a shout out for him.

Because he's worked extremely hard. And I was wondering why, and then I looked at the map of all of the ports, and saw the cluster of ports in Michigan. And it dawned on me that that is one reason.

But he's right. We have a cluster of ports in the southern part of the country, on America's energy coast. And the fact that we have not been allocating, Madam Chair, all of the money to these trust funds that the private sector is paying into them, I think this should be the major issue for our subcommittee.

I mean the highway committees have done a pretty good job of building support to capture the gasoline dollars for surface transportation. We need to be very aggressive in gathering the maritime dollars that are being paid for our ports and for our dredging.

I understand from looking at this issue that is a huge issue now for us in Louisiana. And I want to ask you if this is true? That of all of the waterways that taxpayers have put in money to build, that the average width and depth is only one-third, we're only maintaining about one-third of that capacity; is that correct?

Or, do you think it's more close to one-half?

Ms. DARCY. I would like to say it's more, closer to one-half, but I think it's probably somewhere in between.

Senator LANDRIEU. So, Madam Chair, just think about this big picture for a minute. Of all the waterways in the country that bring in resources from the South, the East, and the West, our channels, this budget, is barely maintaining one-third of their capacity, either at width or depth.

What that means is our economy is weaker every day that a ship has to be light-loaded or stand offshore because the channel isn't deep enough to come in. Senator, whether this is natural gas coming in or going out, or whether this is fabrication materials coming in and out. They're standing offshore because the channels are not wide enough or deep enough.

This is really a shame. And people focus on infrastructure, thinking about roads and bridges and mass transit. I'm going to be on a tear this year to focus on our water transport because it's crucial.

MODIFIED CHARLESTON METHOD FOR MITIGATION

And, finally, I know my time is out, I want to follow up on one other point. And this is of great concern to Louisiana. Our division down in Louisiana, the New Orleans Division of the Corps, has recently adopted what they call the Modified Charleston Method for Mitigation.

Until I can get a better explanation, I'm going to try to insert money in this bill to prevent that from going in place until I can

understand how the cost is going to affect our efforts to save our coast.

Because just what Susan Collins—Senator Collins was speaking about the complaints in Maine, Madam Chairman, if we don't really understand this mitigation, sort of one for one, like if you take an acre of wetlands, you have to replace it, I'm all for that.

I mean I don't think we can have a net loss of wetlands. But the Corps is now going to a method that's costing a three-to-one. So, instead of a levee, let's say that I have to build a lot of that you have to help pay for, this is why it's important to you, and to me, instead of it costing \$100, that same foot of levee is going to cost \$400.

It's going to bankrupt us. We have a problem as it is under the one-for-one. If we go to a three-to-one method, the projects are going to become that much more expensive. So I know that there's an environmental reason for this, and I want to be sensitive to it.

But we also have to be sensitive to the taxpayers that are picking up this tab, and be very clear before we implement this what the economic impacts are going to be.

So would you make just a brief 30 seconds, and then I'll thank the Chair for allowing me to go a little over, on the increased cost for flood control if we use that Charleston method?

Ms. DARCY. Thank you, Senator Landrieu.

What's being referred to as the Modified Charleston Method is a different way of evaluating permit applications. As you say, there's an increase in the acreage that would be used for the mitigation on flood control and other projects.

That method is just starting to be used in some of our districts, and what I think I need to do is take a look at what the impact is on all of our districts. Because not all districts are using it.

One of the reasons for using it was to have some consistency throughout a State. And I think consistency is something that we need to have, but your concern about the cost impacts is one that I think we need to look at before we move forward.

Senator LANDRIEU. So before we expand that, I would really recommend that we get an analysis of the economic impact for California, for Louisiana, for, you know, South Carolina, North Carolina, so at least we know what we're laying on people.

Because the final question, Madam Chair, we have an obligation to put up some money, but remember, the local governments have to put up some funding too. And this is substantially increasing their costs.

And I'm getting nothing but complaint after complaint from our levee boards. My parish officials said, Senator, this will absolutely bankrupt us, and that's the last thing we need to do.

Senator FEINSTEIN. You have done yeoman's service to your State.

Senator LANDRIEU. Thank you.

Senator FEINSTEIN. I don't know of anyone that's worked harder than anybody for their State than you have.

Here's the problem. You know, we're the chorus talking to each other. The fact of the matter is that the Corps' budget is down 5.4 percent. The Bureau's budget is down 1.3 percent.

Here's the overall issue in the energy and water portfolio, the security part of it, which is tens of billions of dollars, has projects that start out costing \$600 million end up costing \$6 billion. That's an actual case.

It all has to do with the nuclear security and the warheads of this Nation. They are absorbing a bigger and bigger part. And you can't change that. It's a mandatory spending item.

Who suffers? The Corps, the Bureau. They are pushed and compressed. Somehow people have to wake up to this, and talk to the Administration to help us because it simply isn't the right thing.

At home, our infrastructure is poorer and poorer and poorer. Our ports are outdated. Our levees need fixing. The storms are bigger. The hurricanes are stronger. The tornadoes are much more volatile.

Senator LANDRIEU. Yes.

Senator FEINSTEIN. The damage is much, much greater. There is no ability to respond to it proportionately. That's just a fact.

Senator LANDRIEU. Yes.

Senator FEINSTEIN. That's why I love both these budgets because I said earlier, it's where the pedal hits the metal. It's really where we live. It's what we see.

If 20 percent of Sacramento gets flooded, and I know that's going to happen, and the Corps confirms it to me, and the levee collapses, all I can say is it would have been an earmark. I would put it in, but I can't put it in.

Senator LANDRIEU. Yes.

Senator FEINSTEIN. So the bottom line is, I have to fish around for a way to go around that. It's wrong. It's just plain wrong. I've been here for 20 years. I've never seen anything like it. I mean, why be on the Appropriations Committee if you can't do anything to be of help.

Senator LANDRIEU. Right.

Senator FEINSTEIN. So I am overwhelmed with frustration. I asked the staff to give me a paper of the eight big nuclear projects and whether they're on budget and whether the costs have been borne out. Nothing done in the last 10 years there.

Have the costs that it was initially scheduled to be, been accurate? So we're going to study root causes for this because I think Senator Alexander agrees, and you see it here now.

I am really concerned about Sacramento. The major is concerned about Sacramento. The House delegation is concerned. In the old days, I'd just put an earmark in. I can't do that.

Senator LANDRIEU. Well, Madam Chair, I'm with you 1,000 percent. I serve on the Appropriations Committee, obviously, I'm on the subcommittee, but I can honestly say, of all the committees I serve on, there is no budget that is in more crisis than this one.

We have strains on all the other budgets. They're strained. This is one wholly insufficient. And the reason I know I can say that is because if I asked you, Ms. Darcy, what your backlog is today, there are two new starts in the country that you have in your budget.

They're probably 50 that are worthy to be started, and one of them might be your project, but they don't have the money to do

it. So I'm happy to be one of the two. But the sad story is there should be 50 new starts.

And, if I asked you what your backlog is, isn't it about \$60 billion?

Ms. DARCY. Yes, it is.

Senator LANDRIEU. And so, how much money do you have this year if you could apply it to the backlog to get these projects? You have about \$2 to \$3 billion, right, in construction money, of the \$60 billion?

Ms. DARCY. Yes. It's \$1.5 billion.

Senator LANDRIEU. You see what I'm saying about this budget being in crisis? I don't think the defense budget is that far backlogged. I don't think the health budget is that far backlogged. It's strained.

This budget is wholly insufficient, and it's not your fault, Madam Chair. It's our fault as the general Appropriations Committee, and we have to say to the President, and to our leadership, we cannot take it, the country cannot.

And I'll just say this one more thing, if there was ever an example of what's going to happen, when the levees broke in New Orleans, in 52 places, and the cost has exceeded to fix it \$140 billion, is there any other case study that needs to be presented to thinking people that we cannot survive on this budget?

That's the budget that produced the 52 breaks. Lord help us if something happens to Sacramento. You will feel waves across the whole country because of the products that come out of that.

So I just have to say I'll do what you want, Madam Chair, but we have to do something extraordinary this year for this budget.

Senator FEINSTEIN. I think we have to find a way, and right now, I'll tell you, I don't know what that is. If anyone has a suggestion, I'm open to it.

I think maybe we send a shock wave, and we just don't fund some of these other things.

Senator ALEXANDER. Well, Madam Chair. I think there's a way to deal with this. I think Senator Graham, you, and others have come up with a pretty good idea.

We need to ask the Administration, starting with the thinking that's already done, to think with us, and provide a vision, an idea, for what we need to do about locks and dams and what we need to do about harbors.

And then—and not think about the money, think about the vision. And then after we have the plan or the vision, then we'll see how much it costs, and then we'll see how we pay for it.

Senator LANDRIEU. Could you put the gulf coast in that vision?

Senator ALEXANDER. Don't you have locks and dams and harbors, yes. Of course, I mean, for the whole country, for the whole country.

And part of our problem is we're all tied up in the rules that we have around here which we can change. But if we start out just arguing about the rules that we have, that create the absurdity of having a fund with a lot of money in it that we can't spend, even though we have a lot of needs, and the other fund doesn't have any money in it.

Even though we should be able to construct a way to do that, we just need to start with a vision, then with how to fund it, then how much it costs, and then with how to fund it. And I think we can do that in fairly short order, and I'd like to be a part of it.

PROJECT PRIORITIZATION

Senator FEINSTEIN. Well, for example, the Natomas Project isn't authorized. Why isn't it authorized?

Are you planning to send your number one priority projects for a bill to get them authorized? Or have you been kiboshed?

Ms. DARCY. As the Chiefs Reports are approved by the Chief of Engineers and cleared by the Administration, they are sent to the Congress. We have sent, since 2007, 14 Chiefs reports, and we probably have about another 12 to 13 that might possibly be completed this year. All of them would need to come to the Congress for an authorization.

Senator FEINSTEIN. So summarize that. What does that mean to you?

Ms. DARCY. What it means is that by the end of this calendar year, we will probably have more than 20 Chiefs reports that will need to be authorized by the Congress. They range from harbor deepening projects to aquatic ecosystem restoration projects to flood control projects around the country.

Senator FEINSTEIN. Priority one? The highest priority?

Ms. DARCY. Of those projects?

Senator FEINSTEIN. Yes.

Ms. DARCY. I don't know that I could put one above the other.

Senator FEINSTEIN. Well, let me ask you, is there any way for the Administration to propose, award a bill, for the highest priority projects in the country based on protection of life and property?

Ms. DARCY. That's a possibility. Any Water Resources Development Act (WRDA) proposal that would be developed would include other kinds of policy changes that we are looking at within the Administration.

Within the President's budget, he talked about the White House Task Force on Navigation. In your conversations here today you discussed the need for revamping both the trust funds, that's something that I think this Task Force is going to have to tackle.

In addition, we're working on a capitalization modernization program within the Administration, looking at ways on how we can recapitalize this aging infrastructure. We've all heard today we don't have enough money to do that, so we need to look at different ways.

Senator FEINSTEIN. Stop, stop. I don't mean to be rude, but here's the problem. The Administration has all of the clout. Therefore, it has the responsibility.

Let me tell you a little story. When I was mayor, I used to have these Monday morning department head meetings. The Director of Public Works waited until after one of these meetings, and he said to me, "Madam Mayor, I've got some news for you. I think if there were an earthquake, the rim around Candlestick Park would come down." I said, "Oh, my God, Jeff. I don't have money." I said, "How much would it be?" He came back and said that to retrofit just the rim at \$6 million.

Then I thought, well, Candlestick is used so infrequently, you know, what is the real liability here? Then I thought, I now know, therefore, I have a responsibility. So we took and took from others. We had \$2 million a year for 3 years.

Who would have ever thought the San Francisco Giants would be in the World Series. At 5 o'clock on a weeknight in Candlestick Park when the big earthquake struck, and the rim held. And the estimate was you had a 60,000 seat stadium, 20 to 30,000 people would have been impacted.

As it is, one of the floors of the Bay Bridge fell down. So, you know, there's a responsibility. I think on a Federal level, we take this stuff too much for granted. I now know what will happen in Sacramento. You know. You have an obligation because this is administration.

Anything we do is an earmark. Anything you do is not, and it gets done. So, I heard you on the public record say that you agree that 20 percent of the City of Sacramento would be flooded if that levee collapses.

What are you going to do about it? You have a responsibility. I have a responsibility. The White House has a responsibility. So, you know, I think up there, there is this perception that, well, it's a low priority, you know, the W61 warhead is more important, et cetera.

Well, not if you get flooded. And, you know, the chances of it getting flooded are much greater than ever having to use the W61 warhead. So, we need to see some passion from the Administration to help because that's where it's at right now.

Ms. DARCY. Yes, Ma'am.

Senator FEINSTEIN. We could put earmarks in the bill and a rule of order would lie against the bill, and I don't know whether we could get the votes or not to overcome it.

But these are not private companies that somebody's doing an earmark for. These are major projects that protect the people and the property of the people. And I think that's really important, and it's the quality of life, and it's the ability to run an economy.

So, Senator Landrieu is absolutely right. But right now, it's got to come from the Administration, and I've got to ask you all to be forceful and fight the fight, and we'll back you up.

I'm going to write a letter to the President, and ask you all to sign it, and ask him to adjust his budget. Then, he can do it, and then it's not an earmark.

It will be for the most serious projects that involve the safety of the people of this country. So, the projects for what hurricanes are doing, and what tornadoes are doing and the destruction that's caused. Those related to the climate getting warmer.

In California, I've tracked the last 5 years of the water levels, and they're definitely changing from the historic average, and the snow pack is getting less and less. So it's just frustrating, to see the Corps and the Bureau take these cuts, and to see another part of our budget which is mandatory with billions of dollars of cost overruns.

It's very frustrating.

General TEMPLE. Madam Chairman.

Senator FEINSTEIN. Yes, General, back us up.

General TEMPLE. Do you mind if I take us back to Chick Lock for just a minute?

Senator FEINSTEIN. Of course.

General TEMPLE. I did say earlier that there was a possibility that the Lock could close after 2013, but based on the monitoring that we've done, and assuming that we have normal operating and maintenance dollars to maintain the Lock, we don't anticipate that it would close within about the next 5 years.

It could, but we don't anticipate that it will. I just wanted to make sure it was clear.

Senator FEINSTEIN. Thank you. I know Senator Alexander is pleased.

General TEMPLE. Thank you. Thank you, Sir.

Senator FEINSTEIN. We have been joined by Senator Harkin. Senator, we're delighted to have you.

Senator HARKIN. Thank you very much.

Senator FEINSTEIN. You'd like to ask some questions?

Senator HARKIN. Madam Chair, thank you very much. I appreciate your indulgence, thank you very much. We all have other committees and many things that we're working on, so I appreciate this opportunity.

And thank you for your wonderful leadership on these issues. I appreciate it very much.

Senator FEINSTEIN. Thank you.

FEASIBILITY STUDIES

Senator HARKIN. I just had a couple of questions I wanted to go over with General Temple and the Secretary.

But, first, General Temple, I want to go over these feasibility studies and flexibility on feasibility studies. Well, I've been briefed and am supportive of your three-three-three concept to reduce the maximum level of cost and time taken to complete feasibility studies as outlined in your February 8 memorandum.

I think this is an important advance. But I also think it's important for the Corps to move forward with specific guidance beyond just the question of scoping, regarding things like the use of older data, simplifying requirements, and providing for accelerated review in order to maximize the ability of your districts to reach the goal of keeping these feasibility studies to 3 years and costing under \$3 million.

So it's the issue of providing guidance. My question is, what actions will the Corps be taking to provide additional guidance to the districts regarding these issues? What degree can there be simplification, and the waving of certain current requirements that are now the law?

And what would be the timing of providing more detailed guidance to the districts on this issue? If you need me to elaborate, I will, elaborate anymore on that. Okay.

General TEMPLE. No, that's fine, Sir. Thank you.

Because what you're talking about is planning transformation within the Corps. And as you may know, we have six pilot projects that are ongoing, in addition to the guidance that we've already put out.

We will use information that we collect from those pilot projects to adjust the guidance, to address many of the issues that you have just described. The planning transformation is a work in progress, and as we continue to learn, we will continue to adjust it to achieve the three-by-three-by-three goal that you mentioned earlier, Sir.

Senator HARKIN. Okay, General, let me pursue this just a little bit further. So you got the six pilot projects. You're using the data from that to inform you on the guidance principles that you will put out.

Is there any way you can give me some kind of a timeframe on this at all? Some of these people are looking for detailed guidance on what they need to do, and so they're waiting on that kind of guidance.

General TEMPLE. We will address guidance pertaining to planning as we look at each feasibility study in addition to input that we get from the pilot studies.

So it is a continuous process, Sir. I mean, I can't give you a time because we are working on this all the time, but we'll continue to make progress on it as we move forward together, Sir.

Senator HARKIN. Well, I hope at least I detect some sense of urgency on your part.

General TEMPLE. Yes, Sir, absolutely.

Senator HARKIN. Thank you. That's very important.

DES MOINES RIVER

I'm also concerned about projects, and I think you'll pick up on this, where a local government is paying and conducting a feasibility study, but again, working to meet these requirements of what they call a "work-in-kind credit." I'm specifically talking about Des Moines, Iowa.

I'm facing a very difficult problem with the Corps, the Corps having made a determination of higher flows on the Des Moines River, which is probably true, which calls into question the current flood control system meeting these Federal Emergency Management Agency (FEMA) requirements for a 100-year event.

The city is moving as fast as possible to take corrective action. What specific actions are best though, however, does require considerable analysis. I think we all should be doing whatever we can to allow the process to move forward as quickly as possible to provide appropriate flood protection and to avoid significant economic problems if large areas of Des Moines are determined to be in a flood zone.

So again, I'm asking that the Corps be, I guess what I'm asking is the Corps be at least as helpful to these local sponsors as if the Corps was doing it themselves.

General TEMPLE. Absolutely, Sir. We're aware of the Des Moines situation. We will support the local efforts in addressing this particular issue. It is very important. Yes, Sir.

OLMSTED LOCK

Senator HARKIN. I appreciate that. Third, I don't know if you covered this before I was here, if you have, did you cover anything about the Olmsted Lock at all on the Ohio? No.

Well, people have suggested that it's logical for the Corps to do an in-depth study of the way Olmsted is being constructed, the amount of money that it's taking, which, of course, is keeping us from moving ahead on our whole plan for the Upper Mississippi Locks.

Others have suggested it might be prudent to hold up additional work on Alton as a thorough study is conducted and move forward on other important navigation projects. I just wonder if you could tell me how you feel about that.

Senator ALEXANDER. Senator Harkin, if I may intercede.

Senator HARKIN. Yeah.

Senator ALEXANDER. We did discuss that a little bit and the Olmsted Lock on the Ohio River is increasing from \$2 billion to \$3 billion this year, a 50-percent increase, and it's soaking up all the money that could be used for other priority projects.

And my question of Secretary Darcy was, have they considered changing the allocation or recommending a change in the allocation from 50 percent from the appropriations and 50 percent from the trust fund to 90 percent from appropriations and 10 percent from the trust fund, which would free up trust fund money for other priorities.

So thank you for letting me intercede there.

Senator HARKIN. No, I appreciate that. So where are we on this? Because I'm with you on this. I'm shocked at the amount of increase in the cost for that Lock.

General TEMPLE. Yes, Sir. We've asked the division and the district to take a look at multiple methods of delivery with respect to this project to see what we can do to deliver the project in a more speedy fashion at less cost if that's possible.

And we expect that report back a little later this spring, Sir. And at that time we'll be able to make a better assessment of the way forward. Thank you.

MISSOURI RIVER

Senator HARKIN. Okay. Thank you.

One last thing on the Missouri River which General McMahon knows well. I appreciate the work that's being done to restore the levees on the Missouri River, but I want to raise a couple of issues.

We do need to move forward with the master manual for the Missouri River, but again, I want to be on record as saying that it has to be balanced for flood protection but for hydroelectric generation and also for navigation. And these things all have to be put in balance. It can't just be one or the other. These all have to be balanced.

So I guess you are going to have a vulnerability assessment on the Missouri River in May, is that right Jo-Ellen, Secretary Darcy?

Ms. DARCY. I think it is next month that it's due, yes, Sir.

Senator HARKIN. Okay. Good. And the reason I mentioned General McMahon is because there's these levees north of Council Bluffs that I understand they've been included in an examination of those needs, in a vulnerability assessment.

There's a problem with them that they were all private levees. But the impact on public property and public lands from not fixing those lands could be sizeable, and so we'd looked at those in the

past, and as I understand it, they're at least going to be included in the vulnerability assessment.

So I appreciate that very much. Thank you, Secretary Darcy. Thank you very much, Madam Chair.

Senator FEINSTEIN. Thank you very much. I just got a note. If you have the opportunity, you should ask Reclamation a couple of questions.

Ms. CASTLE. We need you to justify our salary for the afternoon.

CENTRAL VALLEY PROJECT

Senator FEINSTEIN. Well, let me do that just with a couple, and I don't mean to exclusively focus on California. But we've got a big water problem coming up, Mike, and in contrast to last year's near-record level precipitation, 2012 looks to be a fairly dry year.

The Central Valley Project allocation certainly reflects that, and the South of Delta agricultural service contractors have 30 percent of their contract. The snow pack is still about 54 percent of normal. So these are really concerning things.

Can you provide us with a status report of actions the Bureau intends to take to increase deliveries beyond the 30-percent allocation?

Mr. CONNOR. Yes, Madam Chair. As a threshold matter, I just wanted to say I appreciate your kind words, but I've got to tell you, it's your leadership on these issues and your understanding that the current water supply situation infrastructure in California is just unsustainable. This is what necessitates us to act.

And your urging that we do things better, that we don't accept the status quo, that we coordinate better, is much appreciated and very necessary, quite frankly.

Senator FEINSTEIN. Thank you.

Mr. CONNOR. You're absolutely right about this year's water condition and I'll get to those actions. I just want to give you a statistic that just kind of blew me away on Monday when I received it.

So last year at this exact time in the 2011 water year, we had combined releases from Shasta, Oroville, the State Water Project, and Folsom of 70,000 cubic feet per second (cfs). This year at this point in time, we're at 6,100 cfs, less than 10 percent of what we were last year. So that gives you the context of the hydrology.

And notwithstanding the fact that overall, there has been some precipitation that has moved into Northern California as of late, it's late in the season. It's certainly not near what it was last year, and it hasn't hit the San Joaquin Drainage Basin, which is at a record low, only comparable, I think, in the worst droughts of the late 1970s quite frankly.

So it is a tough year. On the allocations, we're at 30 percent South of Delta Water Service contractors as you mentioned. Based on some of the hydrology and the actions that we're taking. Hopefully, we will have another allocation announcement in the next 7 to 10 days.

So look for that. I just wanted to put that on your radar screen. Based on specific actions recognized going into this year that we are in an extremely deficit situation, we've already started to take some actions.

And we haven't done it alone. We've done it with our partners in the Central Valley Project. We made what we call "Section 215" Water, this is surplus water, available much earlier than we had and under much different conditions than we had historically.

So I think in January we saw an opportunity to make some of the surplus water available through the pumps in the Central Valley Project and we made available about 70,000 acre-feet early on.

That doesn't show up in the allocation, but at least that's good wet water that our contractors can use in this year. We've got a number of other actions that we're looking at that is reflected in the water plan now that we've put out.

We just put out our Central Valley Project water plan for 2012, and that's a result of the discussions we had back in 2010, where we started identifying these other actions. So certainly shifting this partnership that we have with the Metropolitan Water District and the State Water Project to try and use some of their water from San Luis Reservoir early in the season to shore up our supplies.

And we can pay them back later on. I think that's going to be an action that will yield a significant amount of water this year. We are working with the State of California and looking at the Yuba Accord water as a way to help make some additional water available to both the State Water Project and the Central Valley Project.

Senator FEINSTEIN. What was that?

Mr. CONNOR. Yuba Accord. There was some water made available. I can't remember the year that the Yuba Accord was developed.

Senator FEINSTEIN. That's okay.

Mr. CONNOR. But it does make some water available out of that system for both the State Water Project and now we're looking at a sharing arrangement with them that we will try and make use of.

We are still actively trying to promote the water transfer program. So the first couple I mentioned, the 215 water, Yuba Accord, the source shifting activity, that is stuff that we are trying to bring to the table, those actions, this year, to help shore up water supplies.

Also water transfers. We are looking at trying to facilitate, particularly, East-West transfers in the Central Valley, just because it's going to be tough to get water from North to South this year.

So we will try and shore up and make additional water supplies available through water transfers. Beyond that, there are mid-term type of actions that we're looking at, at some additional infrastructure, interties East to West, that might facilitate additional transfers in the future above and beyond what we've been doing historically.

New conservation programs that we can help fund and support that might allow our contractors in one area of the CVP to make new water supplies available for transfers to those with smaller supplies allocations.

And finally, refuge diversification, which we've talked about since 2010. Even the last couple of years using Recovery Act funds, we were able to drill a significant number of wells that helped to diversify the Refuge Water supplies.

It's not a whole lot, but 10 to 20,000 acre-feet is very helpful in splitting that between the level 4 refuges and diversifying the Refuge supply to make that and allow CVP base supplies to be used for other contractors is something that we're still looking at.

So that's the array of things that we're doing short term and mid-term to try and improve water supplies.

Senator FEINSTEIN. Let me ask you this. In your judgment, what would be the amount of acre-feet that these administrative changes could provide?

Mr. CONNOR. I think looking at this year if you throw in the surplus, the 215 water, we should be in that—

Senator FEINSTEIN. Source shifting with the Metropolitan Water District of Southern California in particular.

Mr. CONNOR. Source Shifting, I think would add, we're looking at, if we can pull this agreement together, something in the neighborhood of 50,000 acre-feet. You add that to the 70,000, Yuba Accord is still a little unclear.

But I think we'll be in the 150,000 acre-foot range and depending on transfers that we can additionally facilitate somewhere in the 150 to 200,000 acre-foot range. So that's getting up to—not a lot of that water shows up on the allocations itself, but for context, that is an 8- to 10-percent range of south of Delta Water Service Contracts.

Senator FEINSTEIN. How about at the pumps? Can any changes be made in how the pumps are run, the reverse flow?

Mr. CONNOR. Well, we are operating under the current existing biological opinions right now, notwithstanding the Court orders that have remanded to both Fish and Wildlife Service and National Oceanic and Atmospheric Administration (NOAA) Fisheries to go back and look at some of the reasonable and prudent alternatives.

And because the court did not feel that those were defined or justified enough, we're operating under those Reasonable and Prudent Alternatives (RPAs) right now, and we're under a schedule for coming up with new biological opinion actions in response to court order, probably 2 years on the Fish and Wildlife Service biological opinion and about 4 years on the NOAA Fisheries biological opinion.

Senator FEINSTEIN. What does that translate to?

Mr. CONNOR. Well, that means that until such time as there are new biological opinions in place as a result of the court orders, we're going to keep operating under the existing ones.

Senator FEINSTEIN. Even though they have been found to be wanting.

Mr. CONNOR. Yes. And that's where the Court left it. I should say though that we have improved how we implement our actions under the biological opinions, and we're going to continue to try and do that.

One of the criticisms of the Court was that our triggers for certain actions that restricted pumping were from their view not well-justified.

So we've tried to work with the Fish and Wildlife Service and NOAA Fisheries to get better data collection, do more real-time monitoring. Whether it's turbidity as it relates to smelt or actually tracking the salmon, so that we can be better justified in when we

restrict the pumps and we know it's because there's fish in the immediate area.

That had significant effect in 2011 particularly with the Delta Smelt, the implementation of the Fish and Wildlife Service Pilot program.

Senator FEINSTEIN. Well, that's really what I mean by adaptive management of the pumps.

Mr. CONNOR. Yes.

Senator FEINSTEIN. To really track the movement of fish and get a better sense of the predatory aspects of other fish too.

Mr. CONNOR. Yes. We're doing it better as far as monitoring where the fish are. We still have some ways to go on the predatory aspects and better understanding that aspect of it, quite frankly.

Senator FEINSTEIN. You previously allowed a permit change for the Jones Pumping Plant which allowed for a 500 cfs increase. It helped in 2010. Can you do it again?

Mr. CONNOR. I think in 2010 we were looking at increasing pumping at the Banks plant, the State Water Project plant. And we had some permitting left to do because they have more capacity.

Senator FEINSTEIN. Well, didn't you say the Army Corps had the Banks plant?

Mr. CONNOR. Well, we have to go through an Army Corps of Engineers permitting process to get the additional capacity, the 500 cfs additional capacity late in the season. That's what we were looking at in 2010.

Senator FEINSTEIN. So are you saying that Jones is the same thing as Banks?

Mr. CONNOR. Jones is our pumping plant in the Central Valley Project. Banks is the State Water Project.

Senator FEINSTEIN. Right.

Mr. CONNOR. You know, adjacent pumping plant. And they have more capacity. We don't really have additional capacity at the Jones Pumping Plant.

Senator FEINSTEIN. So, in other words, if you increase Jones Pumping, it comes from Banks, is that right?

Mr. CONNOR. Well, we would look at specifically the idea we talked about in 2010, which was increasing the pumping permitting, the ability to pump more, the permit, at Banks.

So that late in the season, post July, when there are not nearly the restrictions in place on pumping because the fish have moved out of the system, near the pumps, that we could use that opportunity to pump more and get it in the reservoir south of Delta, San Luis Reservoir, south of Delta.

But we do need to go through the Corps of Engineers permitting process. The State has to be lead in that particular effort, and we have to be their partners in that.

Senator FEINSTEIN. Well, as I recall in 2009, we got about 450,000 acre-feet from a number of administrative changes, that you and Interior as well were very cooperative and very helpful with, to get to 45 percent of the allocation south of Delta which is enough to allow farmers to contract, to plant, to harvest, to get a minimal level.

I've been told that they have to have at least 45 percent of their contract. Are you going to be able to get there this year?

ADDITIONAL COMMITTEE QUESTIONS

Mr. CONNOR. I don't know that we'll be able to get to 45 percent. With the allocation, it's going to be very tough. We're going to try and look at the opportunities to move the allocation up.

And then there are, as I mentioned before, those other mechanisms that don't necessarily show up in the allocation, where we can try and make water available. All told, we're certainly striving as a goal to get close to that 45 percent.

Through the allocation and additional water supplies, it's going to be very tough this year.

[The following questions were not asked at the hearing but were submitted to the Departments for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO HON. JO-ELLEN DARCY AND MAJOR GENERAL
MERDITH W.B. TEMPLE

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

Question. Why is flood control spending down in your budget for fiscal year 2013 when compared to fiscal year 2012?

Answer. The fiscal year 2012 budget included \$1.45 billion for flood risk management compared to \$1.41 billion in fiscal year 2013. The fiscal year 2013 budget for flood risk management was developed to advance the highest priority studies and construction projects. Funding levels were based on the execution schedules identified for those studies and projects.

Question. Of the six new study starts that you have proposed, five are for ecosystem restoration. Were there no flood control studies that ranked higher in your selection process?

Answer. The one flood control new start study recommended in fiscal year 2013 is the "Water Resources Priority Study". This study supports the Corps flood risk management business line as a high-priority study that will provide a baseline assessment of the Nation's flood risks at both a regional and national level. The study will also assess existing Federal, State, and local programs and strategies for managing flood risk, which will provide a basis for significant recommendations on ways to better manage flood risks at the national, regional, State, and local levels.

Question. What is your selection process for your proposed new starts?

Answer. New starts are initially prioritized within their assigned business programs. One of the most difficult tasks in preparing a performance-based budget is balancing the most important work, including new starts, across multiple business programs and sub-programs in order to obtain the expected outcomes. New starts are selected when their expected outcomes are likely to be competitive with priorities for other high-performing activities supported in the budget. That prioritization is based upon overall performance guidelines, as follows:

- projects funded to address dam safety assurance, seepage control, and static instability correction problems;
- mitigation, environmental compliance, and treaty requirements or biological opinions;
- projects funded to address a significant risk to human safety;
- projects funded on the basis of their economic or environmental return;
- nonstructural flood damage reduction projects and coastal navigation projects; and
- coastal navigation projects (project phase would support jobs or economic activity).

Question. One of your proposed new starts is a \$2.2 billion project. At \$150 million a year, which is an optimistic funding level, it would take 15 years to complete. With flat to declining budgets, how will this project get completed in a timely manner?

Answer. The Administration continues efforts to fund more efficiently those projects and studies with the highest return to the Nation in order to bring those project benefits on line sooner. In this constrained fiscal environment, tough decisions will need to be made regarding funding for other remaining ongoing projects and studies that are not expected to provide as high of a return.

Question. You have a new \$8 million line item in your request called “Reducing Civil Works Vulnerability” with an estimated \$10 million annual continuing cost. What does this new program propose to do and how much is it ultimately going to cost? What benefits will it provide to the Civil Works program?

Answer. The Reducing Civil Works Vulnerability (RCWV) Program will increase the resilience of Corps projects and programs to the effects of the dynamic, often strongly interacting changes in demographics, land use and land cover, social values and social vulnerability, economic conditions, ecosystem habitat suitability, and aging infrastructure that arise independently from climate change and variability. These changing conditions could interact with each other, or with climate change and variability, in ways that increase the vulnerability of Civil Works (CW) projects, programs, missions, and operations. Through RCWV, the Corps will develop comprehensive solutions to reduce vulnerabilities and improve resilience of U.S. Army Corps of Engineers (USACE) missions and operations. This activity will benefit all USACE business lines and requires close coordination with complementary activities, including responses to climate change, flood and coastal storm damage reduction, navigation, ecosystem restoration, hydropower, recreation, emergency management, and water supply.

Question. In your budget request, you generally require a project to have a benefit to cost ratio of 2.5; however, for flood control projects, you have included a number of projects with benefit-to-cost ratios considerably less than 2.5. These are listed with the additional criteria of providing substantial life-saving benefits. What does that phrase mean?

Answer. Providing substantial life-saving benefits is defined by a substantial reduction in risk to human life due to flood inundation. The risk factors that are generally understood to have the most significant, large-scale impacts on potential loss of life from flooding include population at risk, warning time, and inundation depth and are evaluated together to provide a relative assessment of the life-risk associated with each project.

Question. I notice that you have finally increased funding for the Lower Mississippi River from the lower numbers of the last few years to a request of \$81.7 million. How much have we spent on the Lower Mississippi to maintain the navigation channel for each of the past 5 years? Do you believe that the request is sufficient? In light of the new policy to not reprogram funds to this project from other projects, what is your plan to ensure navigation is maintained if funding runs short?

Answer. Navigation expenditures for the Mississippi River Baton Rouge to the Gulf project for the past 5 years, including all regular, American Recovery and Reinvestment Act, and Supplemental appropriations are as follows:

- fiscal year 2007: \$76,351,238.87;
- fiscal year 2008: \$87,787,717.33;
- fiscal year 2009: \$114,634,195.08;
- fiscal year 2010: \$134,291,130.03; and
- fiscal year 2011: \$106,740,907.01.

Approximately \$151 million is anticipated to be expended in fiscal year 2012. Funding needs for the project vary considerably from year to year depending on climatic conditions in the Mississippi River basin. The fiscal year 2013 budget amount of \$81.67 million for the project is appropriate given the anticipated needs in fiscal year 2013. The Corps monitors the channel conditions on a regular basis and uses that information to schedule dredging activities and maintain navigation.

Question. Your request for the Missouri River Fish and Wildlife Recovery is up significantly this year to \$90 million. As you know, many people in that area question the need for this spending in light of the record flooding that occurred along the Missouri River in 2011. They believe that this funding would be better spent on flood control for the basin. How do you answer those critics? If this number were substantially cut, what would be the potential impacts to the operations of the Missouri River?

Answer. The Missouri River Fish and Wildlife Recovery Program (MRRP) was designed to address mitigation requirements (loss of habitat) for the Bank Stabilization and Navigation Project (BSNP) and endangered species requirements of the 2003 amended Biological Opinion (BiOp). The program allows the Corps to continue to operate the Missouri River for all eight congressionally authorized purposes—including flood risk management and navigation—while meeting our environmental requirements of the Endangered Species Act (ESA).

As stated, there is \$90 million in the fiscal year 2013 budget for Missouri River Recovery. If that funding were cut or significantly reduced, the Corps would not be in compliance with the ESA and may not be in a position to serve all congressionally authorized purposes on the Missouri River.

The Missouri River Recovery Program is not in competition with funding for repairs to the reservoirs, levees, and other Missouri River infrastructure damaged by last summer's record flows. Based on current estimates to date, the Corps has received all the funds required to return the system to pre-flood conditions in time for the 2012 run-off season.

Question. There are a number of projects in your request that are designated as "high performing projects." Many have benefit-to-cost ratios of 2.0 or less. What is it about these projects that makes them "high performing?" How were they chosen over projects with similar benefit-to-cost ratios?

Answer. High-performing construction projects anticipate high-economic, safety, and environmental benefits to the Nation. Examples of selection criteria include projects that will significantly reduce risk to human safety, or restore a degraded ecosystem structure, function, or process to a more natural condition.

Question. Based on your budget request, do you have concerns about potential failures of any of the Inland Waterway projects in fiscal year 2013? Some of them are in serious condition. Do you see a potential increase in unscheduled lock outages occurring due to this budget request?

Answer. The Army is committed to facilitating commercial navigation by providing safe, reliable, highly cost-effective, and environmentally sustainable waterborne transportation systems. The fiscal year 2013 budget prioritizes funds on those projects that have the highest level of commercial traffic, greatest risk of failure due to component conditions, and the greatest economic consequences of failure. The Corps continues to monitor the risk of component failures that could disrupt or stop traffic. Every effort is made to use the available funding in a way that will reduce the risk of scheduled and unscheduled outages due to mechanical failures on both high and moderate use waterways.

Question. The Corps is the biggest Federal producer of hydropower in the country. What is the condition of these projects?

Answer. The design life of these facilities is usually 35 years. Based on the condition assessment process used by the Corps within the last 3 years, 36 percent of the turbines and 17 percent of the generators are rated either in poor or marginal condition.

The rating scale is as follows:

- Good (Condition Index 8.0–10.0).*—Expected to continue to provide reliable service for some time in the future. Continue routine maintenance and inspections.
- Fair (Condition Index 6.0–7.9).*—Expected to provide reliable service in the near future. Continue routine maintenance and inspections.
- Marginal (Condition Index 3.0–5.9).*—Expected to provide a marginal level of service in the near future. A more detailed investigation is needed to determine potential problems and plan a repair strategy.
- Poor (Condition Index 0–2.9).*—Immediate intervention is required to determine the problem and plan a repair strategy.

These ratings are indicative of the aging hydropower infrastructure and the decaying nature of this type of equipment over time.

Question. Has there been an increase in unscheduled outages?

Answer. In 1999, the Corps' average unscheduled outage rate was 1.97 percent and has steadily increased to 4.36 percent in 2011, compared to an electrical industry standard of 2 percent.

Question. Is there a plan for reinvestment in these projects to ensure they continue to supply needed electricity?

Answer. The Corps is implementing a Hydropower Modernization Initiative (HMI) to address aging hydropower infrastructure issues for 197 generating units in 54 power plants that are not directly funded by the Department of Energy's Bonneville Power Administration. HMI study results show that an investment of approximately \$4 billion over 20 years would improve reliability, restore design level efficiencies and capture improvement and upgrade opportunities where they exist. The fiscal year 2013 budget for hydropower will fund minimum maintenance and does not include funding for major rehabilitation of any hydropower projects. In some areas of the country, the Corps is working with hydropower users on agreements for direct non-Federal financing of major maintenance work.

Question. We provided \$1.7 billion in disaster funds to repair damages to Corps projects in December 2011. Was this funding sufficient to repair all of the damages due to natural disasters? If not, did you include funding in your budget request for these repairs? If not, why not? Isn't it important to repair these projects to pre-disaster conditions to ensure they continue to provide the benefits for which they were constructed?

Answer. Fiscal year 2012 supplemental funds focused on repairs resulting from historic flooding in 2011 in the Missouri and Mississippi River Basins that are covered by Presidential disaster declarations, using the following priorities:

- Class I: Urgent and Compelling (Unsafe)*.—Heavily damaged projects that have breached or failed where there is a probable loss of life.
- Class II: Urgent (Potentially Unsafe)*.—Damage projects that are likely to fail where there is a probable loss of life and economic damage.
- Classes IIIA and IIIB: High Priority, including:
 - Class IIIB (Conditionally Unsafe)*.—Damaged systems that are likely to fail where there is a potential for economic, environmental, and an indirect potential for loss of life.
 - Class IIIA (High Impact to Navigation)*.—Damaged systems directly impacting high-use navigation.
- Class IV: Priority (Marginally Safe)*.—All other damaged systems not meeting Class I, II, or III above.

The Corps has made significant progress toward completing priority repairs. The Corps identified 11 Class I (urgent and compelling) projects and expects to complete interim protection for 10 projects by March 31, 2012. Full completion is expected (pre-event conditions restored) by March 31, 2013. There is one Class I project that anticipates completion by March 31, 2014. Similarly, the Corps identified 31 Class II (urgent) projects and expects completion of interim protection for 14 projects by March 31, 2012. Full completion is expected by March 31, 2013. Fourteen Class II repairs are anticipated to be complete by March 31, 2014, and three repairs expect completion after March 31, 2014. The Corps identified 31 Class IIIB (conditionally unsafe) projects and expects completion of interim protection for 19 projects by March 31, 2012. Full completion is expected by March 31, 2013. Twelve Class IIIB repairs are anticipated to complete by March 31, 2014.

A small portion of the costs of damage repairs is not covered by Presidential declarations and, therefore, not eligible for disaster relief funding. Repairs not eligible for disaster relief funding were considered during development of the fiscal year 2012 work plans, and will again be considered during formulation of the fiscal year 2014 budget.

HARBOR MAINTENANCE TRUST FUND

The RAMP Legislation (requires that receipts of the Harbor Maintenance Trust Fund be expended annually)

Question. There seems to be considerable misunderstanding about the workings of the Harbor Maintenance Trust Fund (HMTF). Can one of you simply explain how it is collected and how it ties into the overall Corps budget?

Answer. The Water Resources and Development Act of 1986 authorized the collection of an ad valorem Harbor Maintenance Tax (HMT) on cargo to recover costs associated with operating and maintaining Federal commercial navigation coastal and inland harbors within the United States. Most of the revenue comes from imports, but some comes from coastwise movement of some domestic cargo, and from passengers. Exports and commodities carried on the fuel-taxed inland waterways are exempt from the tax. The HMT is generally collected at the port of entry by Customs and Border Protection, based on the value of the imported commodities. The receipts are deposited in the HMTF by the Treasury Department. Spending from the HMTF is proposed in the President's budget for the Civil Works program and appropriated by the Congress. Appropriated funds are transferred from the HMTF to the Corps expenditure accounts to reimburse the General Fund of the U.S. Treasury for eligible navigation expenditures. In developing an overall budget for the Civil Works program, each project, program, or activity competes for funding on an equal basis.

Question. Are either of you aware of the Realize America's Maritime Promise (RAMP) legislation (S. 412 in the Senate, H.R. 104 in the House)?

Answer. Yes, we are aware of the RAMP legislation in the House and the Harbor Maintenance Act legislation in the Senate. These bills have almost identical language and seek significantly more spending for work that is authorized to be financed from the HMTF.

Question. Can either of you provide us with a short synopsis of the bill?

Answer. The House and Senate bills would direct the Congress to annually appropriate an amount equal to the total anticipated HMT receipts, plus interest, for any fiscal year for the operation and maintenance of the Corps coastal and inland navigation harbors, as well as the U.S. portion of the St. Lawrence Seaway, which is operated by the St. Lawrence Seaway Development Corporation.

Question. I realize this is asking a lot but can either of you give this Committee your opinion on how the Administration might implement this bill if it were enacted

into law? We're not going to hold you to this, but it is important to know what could happen.

Answer. The Army and the Administration have emphasized the need to allocate Civil Works funding based on performance.

Question. Based on what you know of the Administration's budget process, do you believe the Administration would provide the Corps with \$700–800 million in additional budget ceiling or would they just rearrange funding within the previously planned Corps budget to meet the requirements of the law?

Answer. Budget decisions are not made in advance. However, proposed increases generally compete for funding on the merits with other potential uses of those funds.

Question. Do you believe additional resources might be worked into the budget to account for the law, or would other missions of the Corps suffer because of the law?

Answer. As stated above, budget decisions are not made in advance.

PROPOSAL TO RETURN HARBOR MAINTENANCE TAXES TO THE STATES WHERE GENERATED

Question. It is my understanding that California Ports provide at least 30 percent of the funding that goes into the HMTF. Can either of you confirm that number for fiscal year 2011?

Answer. An estimated \$432 million in HMT was collected on cargo shipped through California ports in fiscal year 2011, which was approximately 29 percent of the \$1.469 billion in total HMT tax collected in fiscal year 2011.

Question. If we assume that the Trust Fund generates \$1.5 billion annually, then California annually contributes some \$450 million to this Trust Fund. How much dredging of eligible harbors and waterways in California were reimbursed by the Trust Fund in fiscal year 2011? In other words, how much of our \$450 million is returned to the State? It is my understanding that it is less than 5 percent of the annual revenues. This seems very inequitable.

Answer. The HMT generated \$1.469 billion in fiscal year 2011. Approximately \$94 million was expended on California navigation projects in fiscal year 2011 and subject to recovery from the HMTF. Most of the revenue comes from imports, but some comes from coastwise movement of some domestic cargo and from passengers. Neither the ports nor the States pay this tax.

Question. Would it be possible for the law to be changed in such a manner that a set percentage of the revenues generated in a given State would be returned to that State?

Answer. The Congress could consider such a change or other changes to the current law.

Question. What would be the impacts of such a change? Do you believe that the Corps would only rearrange port funding, or would this generate additional dredging resources?

Answer. In the absence of a specific proposal, it would be difficult to say what the impacts might be or how it might affect Federal spending.

Question. How can we best increase the amount of funding for the maintenance of our harbors and waterways without having a deleterious impact on other aspects of the Corps' program?

Answer. In the current fiscal environment, the Administration generally has been seeking offsets for any proposed spending increases.

INLAND WATERWAYS TRUST FUND

Question. I note that your budget request anticipates additional funding being available from the Inland Waterways Trust Fund (IWTF) for fiscal year 2013. How do you anticipate that these additional funds will be generated?

Answer. The revenues from the existing diesel fuel tax are expected to increase to approximately \$95 million annually. This reflects an estimate of how forecasted changes in the broader economy will affect the amount of receipts collected from this excise tax. The budget also includes an estimate that enactment of the Administration's inland waterways user fee proposal, submitted to the Congress in September 2011, would generate \$80 million in receipts in fiscal year 2013. However, the IWTF share of the spending proposed in the fiscal year 2013 budget is financed using the expected revenues from the existing tax, not from the user fee proposal.

Question. How sure are you of these projections?

Answer. The increase in receipts from the existing tax is a projection. It represents a reasonable estimate based on forecasted changes in the broader economy, but it is only an estimate.

Question. If this amount is not generated, what work will you have to curtail?

Answer. That would, in part, depend on how much is collected during the remainder of fiscal year 2012. However, if the amount collected in fiscal year 2013 is significantly below \$95 million, the Corps would have to curtail some work. One option would be to spend somewhat less on one of our two largest ongoing inland waterways construction projects, either the Olmsted Locks and Dam project or the Lower Monongahela Locks and Dams 2, 3, and 4 project.

Question. In light of the new cost ceiling that the Administration is proposing for Olmsted Lock and Dam, what is the projection of the share of the Trust Fund that will be utilized over the next 10 years by Olmsted?

Answer. That would largely depend upon progress to enact a long-term mechanism to enhance revenues in the Trust Fund sufficient to meet the cost-sharing authorized in the Water Resources Development Act of 1986.

Question. Several of our other locks and dams are in serious maintenance and rehabilitation needs. Is the funding that will be left after spending the necessary amounts from the IWTF to keep Olmsted on schedule sufficient to ensure that we will not see major failures of this critical infrastructure?

Answer. Lock and dam maintenance is not funded by the IWTF. Major rehabilitation, however, would be in competition for funding with ongoing inland waterways construction projects. The fiscal year 2013 budget prioritizes funds on those projects that have the highest level of commercial traffic, greatest risk of failure due to component conditions, and the greatest economic consequences of failure. The Corps continues to monitor the risk of component failures, that could disrupt or stop traffic. Every effort is made to use the available funding to reduce scheduled and unscheduled outages due to mechanical failures on both high and moderate use waterways.

Question. I don't want to see one of these projects fail and disrupt commodity movements. These projects are getting older every year and if funds are not available from the Trust Fund, they have to come from somewhere. Has the Administration considered an aggressive maintenance schedule to ensure that we do not have a failure?

Answer. The IWTF is used to fund construction activities, rather than operation and maintenance activities. The Administration has provided increased maintenance funding for those projects that provide the greatest economic and safety return.

WORK PLANS

Question. Due to the fact that we had a continuing resolution in fiscal year 2011 and the Committee policy for fiscal years 2012 and 2013 is not to include earmarks in appropriation bills, the Corps has been given extraordinary leeway to expend funds for the prosecution of water resource projects. Unfortunately, the Committee has little say, outside of providing criteria to consider, as to how these work plans are assembled. We are unsure who, within the Administration, has input into their preparation. It is all very mysterious to us. One thing I can assure you based on my review of your work plans is that funding would be applied differently if the Congress were doing the earmarking rather than the Administration.

It appears that since fiscal year 2011, funding in some cases is being applied to bring projects for which the Administration has a policy issue of some type to a logical stopping point. Is that the case?

Answer. All ongoing projects were first evaluated for a minimum level of funding, for example, to complete an increment of useful work or to otherwise meet ongoing requirements. However, all projects competed for such funding, whether or not there was "a policy issue of some type" with the project. After projects were funded on that basis where needed, the Corps work plan for fiscal year 2011 allocated the remaining funding to policy-consistent work.

Question. I want to make sure we understand. All of these are projects that meet the standard definition used for years to determine funding such as technically sound, environmentally sustainable, and economically viable?

Answer. Some unbudgeted projects and even some previously budgeted projects with changed conditions no longer meet those standards.

Question. Are these projects that meet the tests that I just named being considered for funding in subsequent work plans?

Answer. All ongoing projects that could use funding in the applicable fiscal year would be considered for funding, with priorities to be given to work based on performance and on criteria provided in reports accompanying the appropriations.

Question. If not, it would appear that utilizing the work plan funding is a way for the Administration to shut down all projects except those that meet your specialized criteria for budgeting. Is that the case?

Answer. The Administration is committed to maximizing the return on the investment in Civil Works projects. In some cases, it is clear that continued Federal investment in certain studies or projects is not the best use of available funding. Bringing those projects to a logical stopping point allows the Corps to invest its resources to provide a greater overall return to the Nation, while allowing local sponsors to complete the other projects if they choose to do so.

Question. How are local sponsors being impacted by these decisions?

Answer. The Corps works very closely with local sponsors to ensure that they are fully aware of funding decisions and can plan accordingly.

Question. Aren't costs incrementally increased by trying to find these logical stopping points as opposed to continuing construction?

Answer. While funding could be used to advance those projects, providing that funding would divert resources from higher priority work elsewhere. Therefore, for lower priority work, reaching a logical stopping point is sometimes the best use of available funding. Even for those projects that are funded to logical stopping points, the work plans sought to ensure safe site conditions, meet legal requirements, and complete useful increments of work.

Question. Won't this end up costing the national economy more in the long run if you continue to curtail these projects?

Answer. It is possible that some projects would cost more, but the national economy as a whole will benefit if the funding is allocated to higher performing activities. The intent is to optimize the use of the available funding and to efficiently fund those projects that are expected to provide the highest return to the Nation.

CONTRIBUTED FUNDS

Question. In fiscal year 2012, the Congress provided additional authority to the Corps for contributed funds. These are funds that local sponsors gratuitously contribute to the Federal Government with no expectation of repayment, is that correct?

Answer. Yes, this authority authorizes State and political subdivisions thereof to voluntarily contribute funds, with no repayment authorized.

Question. How is this authority being utilized?

Answer. In accordance with the law, the Corps may accept contributed funds for authorized studies and projects for all water resources development project purposes and for all phases of authorized projects. Every request is reviewed to ensure that the acceptance of such funds is legally appropriate, that the accomplishment of such work is advantageous in the public interest, and that the work will not negatively impact other work in the affected Corps district for which funds have been appropriated by the Congress. Prior to acceptance of contributed funds, the Congress first must have appropriated some Federal funds for the study or construction of the project, respectively. Upon receiving a proposal from the non-Federal sponsor to provide contributed funds, the Army provides notification to the House and Senate Appropriations Committees prior to negotiating an agreement for the acceptance of contributed funds.

Question. Concern has been expressed that contributed funds could be undertaken ahead of budgeted work or other work the Corps undertakes. How is this new authority impacting the Corps' workload?

Answer. The Corps is required to evaluate whether the work to be undertaken with contributed funds will impact ongoing work for which the Congress has appropriated funds. The Corps has sufficient expansion capacity to accomplish work funded from both sources. We do not anticipate any negative impacts on the execution of other ongoing work, as demonstrated by the recent experience with American Recovery and Reinvestment Act (ARRA) funding where the Corps executed \$4.5 billion of additional work without any negative impacts to ongoing work.

Question. Concern has also been expressed that the Corps would try to take on more architect-engineer type work in-house with contributed funds. Are you continuing to contract out at least the same portions of work that you have in the past as required in congressional direction?

Answer. Yes, the Corps is continuing to contract out at least the same portions of work as in the past, consistent with congressional direction.

Question. Are there any negatives to this contributed funds authority that the Committee should be aware of?

Answer. At this time, we are not aware of any negative outcomes associated with this contributed funds authority. We will continue to monitor the use of this authority.

SECTION 104 CREDITS

Question. As you are aware, the new policy on crediting has been extremely controversial in California and other States. I appreciate how you have worked with us to ensure that the language in section 2003 was interpreted appropriately. I am not completely happy with the guidance that you recently released, but it is much better than the draft guidance. It is my understanding that credit will not be afforded prior to the draft report stage of the project. Is that correct?

Answer. Yes. When a project partnership agreement has not yet been executed, an in-kind memorandum of understanding (MOU) must be executed prior to a non-Federal sponsor initiating construction work in order for such work to be eligible for credit. As provided in the guidance, an in-kind MOU for construction work may not be executed prior to the release of the draft feasibility report for public review.

Question. There could be cases where that may be too restrictive for some flood control agencies that are trying to maximize flood protection for their citizens. In those limited cases, will you consider exceptions to this policy?

Answer. Yes, exceptions to this policy will be considered in those very limited cases where a compelling reason can be demonstrated why the construction work for which credit is sought must be undertaken prior to the release of the draft feasibility report for public review.

Question. If lands are purchased as a part of the credited work, are those lands generally credited against the lands required for the overall project?

Answer. Yes. Section 221 does not alter any responsibility of a non-Federal sponsor to provide or pay for lands, easements, rights-of-way, relocations and disposal areas (LERRDs) for a project, nor does it affect the affording of credit for such LERRDs. Any LERRDs required for a project, including LERRDs associated with work determined to be integral to the project, will continue to be credited as LERRDs toward the non-Federal cost share.

INTERAGENCY PERFORMANCE EVALUATION TASK FORCE

Question. After Hurricane Katrina, the Interagency Performance Evaluation Task Force was charged with looking at the technical issues surrounding the levee failures in New Orleans. Another group was charged with reviewing the policy and decisionmaking process that led to the system that was in place at the time. It is now 6½ years after Katrina yet funding remains in the budget request, at an even higher level than in the past. The justification shows an allocation of about \$12 million through fiscal year 2012, but an additional \$53 million in funding needed to complete.

What exactly is this funding for?

Answer. The Interagency Performance Evaluation Task Force (IPET) assessment reviewed the technical issues associated with the infrastructure performance during Hurricane Katrina. The Hurricane Protection Decision Chronology (HPDC) reviewed the policy and decisionmaking associated with the New Orleans hurricane protection system over several decades leading up to Katrina. Those two assessments were the drivers for the Chief of Engineers announcement of the “12 Actions for Change” initiative in August 2006. That strategic program was initiated to incorporate the lessons learned from the two post-Katrina assessments into Corps policy, practice, and culture in order to modify the way the Corps plans, designs, constructs, and maintains its infrastructure. The ongoing program continues to be funded under the IPET/HPDC Lessons Learned Implementation remaining item. This is an ongoing program, aimed at continuous learning and application of lessons from Katrina and subsequent experience.

The strategic program continues being executed by four national teams. The four national teams established multiple project delivery teams to execute specific tasks in support of the program. The teams have been working on policy, guidance, methods, tools, technology, and training to expand USACE’s use of systems-based approaches, increasing the use of risk management in our business practices and decisionmaking, communicating risk more effectively, and giving greater priority to technical competence and professional accountability. While all actions are inter-related, each of the four teams has a focus area:

Comprehensive Systems Approach.—Emphasizes an integrated, comprehensive and systems based approach incorporating anticipatory management to remain adaptable and sustainable over time. These changes require USACE to use collaborative, adaptive planning and engineering systems throughout the project life cycle to effectively manage its aging infrastructure in an environmentally sustainable manner through explicit risk management. Approximately \$3.6 million has been allocated to this team through 2012. The fiscal year 2013 budget includes \$3.6 million to continue development of supporting technologies to improve the effectiveness of

post-authorization evaluations and assessments of incremental change over time; address climate change impacts to water resources projects, with particular emphasis on developing the framework for how climate change and sea level change should be considered in making decisions for existing infrastructure investments; and continue to implement the consistent nationwide project datum and associated subsidence standards and certification.

Risk Informed Decisionmaking.—Emphasizes integrated risk management. These changes require USACE to use risk and reliability concepts in planning, design, construction, operations and major maintenance and to improve its review of completed works program by including an assessment component with the goal of ensuring safe, reliable, and resilient infrastructure. Approximately \$2.5 million has been allocated to this team through 2012. The fiscal year 2013 budget includes an additional \$2 million to further develop supporting methods and technologies to support the transformation of Inspection of Completed Works from project element inspection to a risk-based system assessment; advance the understanding of risk and reliability including establishment of a Risk Gateway containing resources for webinars, training, and the development of a second generation risk model to broaden the techniques used in New Orleans for Corps-wide use.

Risk Communication.—Emphasizes clear and candid communication of risk both internally and externally, supporting risk-informed decisionmaking. These changes require USACE to improve its effectiveness in communicating risk; to coordinate a risk management approach and policy with all agencies and stakeholders; and to specifically establish ways and means to increase public involvement in informed risk decisionmaking. Approximately \$1.5 million has been allocated to this team through 2012 focusing most on risk communication skills. The fiscal year 2013 budget includes an additional \$300,000 to provide training on public participation skills and methods. A pilot will also be conducted to test those methods in the USACE infrastructure environment.

Professional and Technical Expertise.—Emphasizes professionalism and technical competence. The purpose is to enable development of expert Corps capability to provide safe, reliable, adaptable, sustainable systems. Approximately \$1.5 million has been allocated to this team through 2012. The funds have been used to assess competencies, gaps, methods of delivery, and sustainable strategies for maintaining and building core competencies. The fiscal year 2013 budget includes an additional \$100,000 to survey technical staff and input technical competencies into Army's Competency Management System, a recently developed tool that will help USACE managers to better integrate competency gaps into the hiring process.

The total cost for the four focus areas, before consideration of post-2011 assessment activities, is \$62 million. This figure does not include \$9.9 million to update the system assessment to learn from the historic flooding of 2011, and develop ways to apply those lessons, as the scope and cost for the update were only recently developed.

Question. Why aren't the new activities split out as a new start studies? It seems like this Katrina study is just morphing to fit whatever crisis is at-hand.

Answer. The 2011 flooding in the Greater Mississippi Basin was among the largest and most damaging in this century, comparable to the major floods of 1927 and 1993. Due to the historic nature of the flooding, a post-flood assessment of the entire system performance is needed to review the operational decisionmaking process and to identify opportunities for improving future system operation and performance. The assessment is intended to evaluate performance of the overall system and the decision and communication processes and recommend operational changes, both within and outside of existing authorities and policies.

The post-flood assessment and the New Orleans assessment are interdependent in that they employ similar analytic methods, contribute to the same objective (to improve the operations and performance of Civil Works water resources systems), and will be applied jointly to the modification of policy, practice, and culture. Consequently, the post-2011 flood assessment was integrated into the IPET/HPDC Lessons Learned Implementation remaining item.

Question. Do you envision this as a permanent line item in the budget or is there a definitive endpoint to the proposed activities?

Answer. The total cost for the scoped activities described above is \$71.9 million, before consideration of future price level adjustments. The activities will compete for available funding until completed.

PERFORMANCE-BASED BUDGET AND DEVELOPMENT OF WORK PLANS

Question. The Administration claims the budget funds the highest performing projects and programs in its water resources missions. It appears to us that the

budget, as proposed, is woefully short of funding those projects that contribute to the national economy and provide benefits and services to the Nation through navigation and flood control. The Congress generally has increased the agency's budget above the Administration's request and expanded the list of projects and types of projects funded. Still, fundamental questions about what the agency does and how it operates are being asked by some observers. The perspectives on how to proceed among Members of Congress, project sponsors, fiscal conservatives, environmental interests, and other stakeholders vary widely.

What performance-based criteria does the Corps use in determining how much funding it proposes for planning and construction projects? Not the individual projects or studies but the overall funding levels for the accounts?

Answer. Performance criteria are not used to set account totals. Rather, the Corps evaluates each planning and construction project based on its individual merits, using the criteria applicable for that type of project, and account totals are established by considering the relative returns of investments among the various accounts, within the totals available for Civil Works.

Question. It seems that the monetary benefits that Corps infrastructure provide to the national economy is not considered when determining funding levels. How do you determine the level of funds within each business line?

Answer. Funding levels within each business line are determined at the project level and considering the relative return of investments within each business line, within the totals available for Civil Works.

WHITE HOUSE NAVIGATION TASK FORCE

Question. We read with interest in the Administration's budget proposal to create a White House navigation task force.

What is the scope and intent of this task force?

Answer. Details of the task force's scope, intent, and composition are being developed. The task force will provide a forum for developing a broad strategy for investments in support of navigation and may also seek to coordinate amongst the many Federal navigation programs. The task force would develop this strategy through a multimodal view of the Nation's investments in navigation, whereas the Corps is focused on the type of infrastructure that the Corps has constructed and maintains.

Question. Who will be included on the task force?

Answer. Details of the task force composition are being developed.

Question. Will the Corps get a seat at the table?

Answer. Details of the task force composition are being developed, but we anticipate that the Corps would be involved.

Question. What about the navigation industry?

Answer. Details of the task force composition are being developed.

WATER RESOURCES MODERNIZATION

Question. The President's fiscal year 2013 budget proposes a new Water Resources Modernization Initiative as the foundation of a comprehensive strategy for investing in the Nation's water infrastructure. We are pleased that the President is committed to investing in a 21st Century Infrastructure for America—including its water infrastructure—as a means to strengthen the Nation's economy, create jobs, and bolster our long-term global competitiveness.

What specific proposals will the Administration include in this new modernization initiative?

Answer. The Administration and the Corps are exploring options for modernizing water resources laws, policies, and practices, including project financing. This effort will be very broad in scope. We want to consider what improvements are possible within existing law and policy, what the limitations of those improvements may be, as well as whether policy revisions or new authorities should be proposed. On the topic of funding, which is a part of this effort, the Administration has already proposed a user fee to help finance inland waterways capital investments. Proposals to change the way that the Nation finances investments in our other program areas may also be considered.

We are open at any time to a discussion with the Congress, our cost-sharing partners, or other stakeholders on your and their suggestions to help us to improve current water resources laws, policies, and practices.

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

ARMY CORPS OF ENGINEERS—LEVEE VEGETATION

Question. Assistant Secretary Darcy, as you know from our previous conversations my home State and the entire west coast are very interested in the ongoing process regarding levee vegetation. Let me be clear—we must make sure that our levees are safe. But we also have to balance levee safety with meeting other requirements, such as the Endangered Species Act (ESA) and our Federal tribal treaty responsibilities.

As you know, in the West vegetation on levees has been a critical tool in ensuring that levee sponsors are meeting ESA requirements and tribal treaty obligations. My colleagues from Washington State, and I have been working with you and your staff for several years on the draft Policy Guidance Letter (PGL) that will ultimately completely transform the process by which the Corps issues variances to allow levee vegetation.

As I read the latest draft guidance, published in February, I'm pleased that some of the issue we've brought to your attention have been included. However, I continue to have concerns about how this PGL will actually be implemented on the ground.

In particular, I am concerned about the ambiguity in the PGL regarding the ESA and tribal treaty obligations. I'm pleased to see the Corps acknowledge that these important requirements must be met, but can you please provide clarity on how the Corps will address this in variance applications or System Wide Implementation Framework plans?

Answer. The Corps recognizes that in executing its authorities and responsibilities to promote structurally sound levee systems in furtherance of life safety, the agency must also address environmental and natural resource needs and the rights and interests of tribal nations through compliance with all applicable laws, regulations, and treaties. In instances where multiple interests are involved, the Corps will collaborate with levee sponsors, natural resource agencies, and tribal nations to develop solutions to meet the mandates of all applicable environmental and tribal requirements, while recognizing the paramount importance of protecting human life. The Corps and the levee sponsors will be able to use either the vegetation variance process or a more comprehensive system-wide improvement framework (SWIF) process to develop strategies for addressing the multiple objectives and constraints that may apply to a particular levee system.

The Corps believes that a reasonable approach to addressing these responsibilities and developing sustainable solutions is to review the environmental impacts of the application of levee system standards as they are applied to the site-specific circumstances. With this approach, the Corps recognizes that each levee system is a unique flood-risk reduction system that operates within the broader and equally unique local ecosystem. This approach also recognizes that the analysis of potential environmental impacts is dependent upon future, undetermined actions and decisions of the levee sponsors who operate and maintain the levee systems.

The Corps will work closely with the levee sponsors, appropriate resource agencies and tribal nations, as well as other interested parties, to complete the environmental compliance process. As part of that process, the levee sponsors will be required to:

- provide the background information and documentation necessary to complete environmental requirements; and
- implement any measures that are required as a product of the environmental compliance as a condition of their choosing to participate in the program for rehabilitation assistance under Public Law 84-99.

Environmental compliance on levee systems operated and maintained by the Corps remains the responsibility of the Corps.

Question. The Seattle District in my home State of Washington has been intimately involved in managing vegetation on levees for many years and has an on-the-ground working knowledge of the region. I understand the need for Corps Headquarters to be involved in this process but have concerns about Headquarters employees who have never been on the ground in my State making final decisions on something this important. As you finalize the PGL, what steps will you take to delegate decision authority for the approval of variances and SWIF plans to the District or Division level?

Answer. Both the vegetation variance process and SWIF policies will be reviewed periodically and process improvements will be considered, including future delegation of decision authority, based on demonstration of consistent application of the PGL nationally and lessons learned.

Question. Ms. Darcy, making a change of this magnitude in the process for variance applications is likely to be costly to levee sponsors—particularly in the Washington, where as I mentioned we have had a District-wide variance in place for several years. What financial and technical resources will the Corps provide to levee sponsors who want to stay eligible for the Public Law 84-99 program, but do not have the capacity to develop the technical elements needed to complete a variance application or a SWIF plan?

Answer. The Corps will work closely with levee sponsors to help determine the most viable option to meet Corps policies and standards. Both the vegetation variance process and SWIF policy encourage a collaborative approach. The Corps will assist levee sponsors through these processes by providing technical expertise, levee data (if available), and other applicable subject matter experts. For example, the vegetation variance process encourages involving the Corps vegetation experts as part of the scoping of variance packages, to determine early in the process the required environmental and engineering analysis.

Question. The Corps' own Engineering Research Development Center (ERDC) analysis of levee vegetation produced—at best—mixed results. The ERDC report indicates that, in contrast to the standing Engineer Technical Letter (ETL), vegetation can actually be good for levees in some cases. It is critical that the Corps provide resources for continued scientific investigation into this issue. What are your plans, with ERDC, to implement a prioritized research program to provide a regionally appropriate, technical basis for a vegetation management policy that supports our shared objectives of safe levees, riparian habitat that supports salmon recovery and meets ESA requirements, and cost-effective management for levee sponsors and the Corps?

Answer. The results of the initial ERDC vegetation research indicated that:

- In some cases, tree roots could have a potential shallow reinforcing effect that improves slope stability, but the weight of the tree and wind loads on the tree could have a negative impact on overall deeper seated slope stability; and
- At some locations where a tree was found to increase the factor of safety under one set of conditions, that same tree was found to decrease the factor of safety when other likely conditions were considered.

Overall, impacts of vegetation on levees remains a complex topic, and the Corps intends to conduct additional research and work with external scientific professionals to further identify future vegetation research topics that address both short-term and long-term needs. A follow-up ERDC report on this topic is being developed.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

Question. Secretary Darcy and Major General Temple, thank you for your testimony today. As you know, Corps of Engineers projects are vitally important in Louisiana. For decades, the people of my State have been fighting a noble battle to save the most productive and environmentally significant coast and delta in the world. We are losing 25 to 35 square miles of wetlands per year—about a football field an hour—which places millions of lives and critical national resources at alarming risk.

While I have concerns about many Corps issues, I recognize that the Corps has consistently been woefully underfunded, which presents great challenges in addressing the needs of Louisiana and the Nation.

I am pleased to see that the Administration requested funding for Louisiana Coastal Area projects. However, we simply must find a way to make greater investment in critical flood protection, navigation, and restoration projects. Some people may say that this country cannot afford these investments—I say we cannot afford not to make them. Last year's historic flooding along the Mississippi River provided a perfect example of how wise and timely investment in construction and maintenance can save lives and resources.

Since 2008, the Corps' construction budget has been reduced by more than 50 percent, yet our backlog is greater than \$60 billion in projects nationwide. This near halt in construction funding has dire consequences across the country. But it is most concerning after what we learned in Louisiana from Hurricanes Katrina and Rita—the approach of “patch and pray” when it comes to flood protection does not work.

I also have continued concerns about insufficient funding to address the Nation's dredging needs, particularly when channel users pay a fee that would cover the costs, but the total amount being collected is not being used for dredging. On average, full channel dimensions are available only one-third of the time at the busiest 59 harbors in the United States. I am pleased that the budget provides a 12-percent increase from last year's request for use of Harbor Maintenance Fund dollars, in-

cluding an increase for dredging on the Lower Mississippi, but this still will not meet the needs of the Nation or the State of Louisiana.

As you know, I have been frustrated by the number of years the Corps spends studying projects. In Louisiana, time is not on our side, and we cannot afford 10 years to study flood control and restoration projects. I understand the Corps is working toward more efficient processes. Can you provide some details about the Corps efforts to decrease the number of years spent studying projects?

Answer. A new planning modernization initiative was introduced in January 2011 that is focused on risk-based scoping to define the appropriate levels of detail for conducting investigations, so that recommendations can be captured, succinctly documented, and completed within a goal of 18 months. Corps leadership has issued guidance mandating all typical feasibility studies be completed in 18–36 months. The proposed process should dramatically shorten the amount of time and cost of conducting planning studies and increase corporate and individual accountability for decisions. This process will save time and money for both the Federal Government and the project sponsors.

As part of this initiative, all ongoing feasibility studies are under review. The Corps will reclassify to inactive those studies with limited likelihood of success, so funding can be focused on the most credible and viable projects to improve feasibility study execution and delivery. Studies that are classified as inactive will be considered for future year funding, but this approach will enable the Corps to more efficiently fund those studies that are most likely to result in high-performing projects.

I continue to hear from a number of concerned ports, businesses, and citizens about consistent navigability along the Lower Mississippi River. The Corps was responsive to these concerns and provided additional dredging dollars earlier this year, but I believe we need to be more proactive. The Mississippi is the central artery for navigation for nearly the entire Nation. As you know, 40 percent of the entire continent is drained by the Mississippi River Delta. This drainage basin (approximately 1,234,700 square miles) covers about 40 percent of the United States and ranks as the fifth largest in the world.

The inland waterways of the United States include more than 25,000 miles (40,000 km) of navigable waters. Much of the commercially important waterways of the United States consist of the Mississippi River System—the Mississippi River and connecting waterways.

Question. I appreciate the increase for dredging on the Lower Mississippi, but does your request provide enough funds to ensure that the Mississippi River remains open for business at the maximum authorized depths?

Answer. The Corps will continue to keep the river open for navigation, except during flood or other emergencies. The river will be dredged to the maximum authorized depth in some areas. In other reaches, there could be some reductions in channel width at certain times of the year, as is the case with other navigation projects around the country. The budget includes \$81.7 million for the Lower Mississippi River Baton Rouge to the Gulf project, which is the highest amount ever budgeted for this project. The Corps monitors the channel conditions on a regular basis and uses the information to schedule dredging activities and maintain navigation.

Question. How are you balancing this critical need with the needs that other essential waterways are facing across the State of Louisiana and the Nation?

Answer. The Corps focuses on funding those navigation projects with the highest level of commercial usage, greatest risk of failure, and greatest economic consequences. Other factors taken into consideration include:

- whether the project serves as a critical harbor of refuge or a subsistence harbor, or supports public transportation, U.S. Coast Guard search and rescue operations, the national defense, or other Federal agency use; and
- the reliance on marine transportation for energy generation or home heating oil deliveries, and the level of commercial use (albeit less than a medium level of commercial use).

INLAND WATERWAYS

Question. Ms. Darcy, I have grave concerns regarding the Olmsted Lock and Dam project. This project was authorized by the Congress in the Water Resources Development Act of 1988 at an estimated project total cost of \$775 million. The most recent cost estimate is more than \$3 billion. The August 1985 Corps of Engineers feasibility report that the Congress used to authorize the project in 1988 assumed a 7-year duration. Funds to initiate construction of the Olmsted project were appropriated in fiscal year 1991, which means the project should have been complete in 1998.

Can you provide an update on the project's current status and an explanation of the inordinate delays and the cost increases associated with those delays? Would you say it about 50-percent complete? What is the Corps projection for completion year?

Answer. The Olmsted cost increase to \$2.918 billion (October 2011 price levels) is attributed primarily to low initial estimate, which increased substantially in light of construction and contractual complexities associated with the innovative "in-the-wet" construction technique. This method also lengthened the duration of construction which pushed costs into an unanticipated period of higher than average inflation associated with building materials utilized for construction.

There are several factors that have contributed to the low initial cost estimate. Factors that were unknown when the project was authorized include the negative impacts on productivity due to river conditions (elevation and velocities) and the complexity of shell fabrication necessitated by the seismic condition at the site. Early on, a decision was made to use the innovative "in-the-wet" construction method. After constructing and setting the first set of shells in 2010, the government and contractor realized that the effort associated with fabrication and setting these large pieces of precast concrete and filling them with tremie concrete was not like any work they had previously experienced or previously had estimated. The construction challenges associated with developing this innovative method of construction have been overcome, but required a lot more effort than was originally envisioned.

Roughly 77 percent of the increase in the estimated total cost of the project, in real terms (above inflation) is associated with the increase in the cost of constructing the dam.

The project will be approximately 50-percent complete by the end of fiscal year 2012.

The Army Corps is working on a Post Authorization Change Report on the Locks and Dams 52 and 53 Replacement project (Olmsted Locks and Dam), Illinois and Kentucky. The report re-estimates the project's benefits and costs and on that basis recommends that the Congress raise the authorized total cost for the project to \$2.918 billion (October 2011 price levels). This is roughly a 95-percent increase in real terms from the total cost now authorized—\$775 million (October 1987 price levels). The budget includes a general provision to authorize this proposed increase in the total cost for the project, and provides \$144 million to continue construction of the project in fiscal year 2013. The Post Authorization Change Report is currently under review and is expected to be transmitted to the Congress shortly.

The report estimates that the Olmsted Locks and Dam part of the project will become operational in fiscal year 2020, based on the minimal project features required for the dam to hold the pool and pass navigation through the locks. Physical Completion for the dam contract is projected to be in fiscal year 2021, including contractor de-mobilization and equipment salvage. The remainder of the work, including other required facilities, buildings and grounds, river dikes, demolition of Locks and Dams 52 and 53 and permanent operating equipment is projected to be finished in fiscal year 2024, thus completing the project.

The schedule in the report assumes that the Corps will spend an average of about \$150 million per year on this project, consistent with recent funding levels and the level of receipts to the Inland Waterways Trust Fund (IWTF) under current law.

The report estimates that the maximum that the Corps could use efficiently and effectively on the remaining work on this project is around \$215 million per year, or roughly \$65 million more per year than the \$150 million per year funding stream assumed in this report. Enactment of legislation that provides additional receipts to the IWTF would be necessary to reach the higher level of funding, which could cut up to 3 years from the project schedule, resulting in savings of approximately \$150 million.

Question. What is the Corps doing to address concerns about the experimental "in-the-wet" construction approach currently being used to construct the project? Have you considered going back to the traditional cofferdam construction approach?

Answer. The Corps has assembled a team of experts to consider alternative construction techniques. The team is developing a concept level design for "in-the-dry" construction to a degree that can be used to prepare a reliable cost estimate and schedule suitable for comparison to the ongoing "in-the-wet" construction for the navigable pass portion of the dam. The Corps will evaluate the team's recommendation based on the concept level design and certified cost estimate by the summer 2012 to determine the most cost-effective way to complete construction.

Question. What impact do the delays and cost increases have on other inland waterway construction projects? (Note: The Inner Harbor Navigation Canal Lock Replacement Project has been waiting for replacement for more than 50 years.)

Answer. For the Civil Works program as a whole, completing the Olmsted project is a priority. Based on the current level of revenues to the IWTF, the Post Authorization Change Report includes a schedule based on continued funding of the Olmsted project at approximately \$150 million annually. Enactment of legislation that provides additional receipts to the IWTF would be necessary to reach the higher level of funding for the Olmsted project, which could cut up to 3 years from its schedule and also result in savings of approximately \$150 million. Work on some other inland waterways projects is being suspended due to a lack of resources in the Trust Fund to continue construction. This highlights the importance of enacting a long-term mechanism to increase receipts to the IWTF.

Question. I understand that by September 30, more than \$748 million will have been allocated from the IWTF for the Olmsted project. This means that the inland waterway industry has already paid double the amount that was intended when the project was authorized, the same is true for the general taxpayer.

What are the average annual economic benefits that the Olmsted project is expected to return to our national economy when the project is finally completed? Is this average annual economic benefits figure also a measure of the cost to the Nation's economy of each year that the Olmsted project's completion is delayed?

Answer. Average annual net benefits, that is, total average annual benefits less the total annual construction, operation, and maintenance costs needed to generate those benefits, is an appropriate measure of the long-term economic impact of the Olmsted project. Economic analyses in the draft Olmsted Locks and Dam Post Authorization Change Report, which is currently under review, indicate that the Olmsted project will generate an estimated \$875 million in total average annual National Economic Development (NED) benefits. The average annual cost required to generate those NED benefits is estimated as \$235 million. Thus, the indicated average annual net benefit is an estimated \$640 million.

These estimates reflect differences in benefits and costs over a theoretical 50-year period, after discounting. They do not reflect the benefits and costs associated with any particular subset of those years, such as the actual construction period. The estimates also are based on a variable discount rate, as provided in section 80 of the Water Resources Development Act of 1974, which does not reflect the long-term opportunity cost of capital for the economy as a whole. Finally, any delay in project completion at this point is due to the low level of receipts in the IWTF. The Administration has proposed legislation to address that problem.

Question. From this point forward, what is the amount of additional economic benefits that will be lost to the Nation's economy because of further delays in the Olmsted project's completion?

Answer. The Olmsted cost increase to \$2.918 billion (October 2011 price levels) is attributed primarily to a low initial estimate, which increased substantially in light of construction and contractual complexities associated with the innovative "in-the-wet" construction technique. This method also lengthened the duration of construction, which pushed costs into an unanticipated period of higher than average inflation associated with building materials utilized for construction.

The schedule for this project reflects the nature of the work that remains. It changes over time, as the Corps incorporates lessons learned and reassesses the challenges that it will encounter in completing this complex engineering project. When the project is complete, the Nation's economy will realize all of the project's benefits. The "delay" reflects the magnitude of the challenge, which has been more daunting than expected.

For the 91 million tons of traffic that pass through Locks and Dam 52 and the 81 million tons that pass through Locks and Dam 53 annually, Olmsted offers a new reliable project in place of the two aging and unreliable projects. Much of the savings estimated in the Post Authorization Change Report occur from avoiding anticipated cyclical lock maintenance service disruptions at Locks and Dams 52 and 53. Completing Olmsted will also save \$32 million annually in Federal maintenance costs now spent to maintain the locks and dams to keep them operating.

BENEFICIAL USE OF DREDGED MATERIALS

Question. I understand that approximately 50 million cubic yards of dredged material are dumped into the ocean annually.

Can you provide any general data about how beneficial uses—such as nourishment of beaches with clean sand or development of wetland habitats—compare to current and other alternate disposal options?

Answer. The Corps strives to use dredged material beneficially when technically feasible, environmentally acceptable, and cost effective. Corps regulations (CFR 335.7, 53 FR 14902) require the Corps to identify the least costly dredged material

placement alternative that is consistent with sound engineering practices and meets all Federal environmental requirements. This is known as the Federal Standard or Base Plan. In some cases dredged material may be used beneficially at about the same cost as the Federal Standard. However, the majority of beneficial use options are typically more costly than other placement options, and there would need to be a non-Federal sponsor willing to pay all or a portion of the additional costs beyond the placement method found to be the least costly, environmentally acceptable method for the navigation project.

Question. Can you tell us more about the Corps Regional Sediment Management Program? I understand it is still in its infancy but am interested in hearing about its successes and about plans to expand the program.

Answer. The Regional Sediment Management (RSM) program supports sustainable solutions to optimize the use of sediments to benefit a region. Under the RSM program, the Corps has been successful in identifying and understanding regional sediment transport processes along the Nation's shorelines and is now applying this knowledge to implement solutions to better manage and use sediments. These solutions span multiple projects, programs, State, local, and political boundaries and allow the Corps to better manage sediment regionally.

Examples of key successes of the RSM program include the Jacksonville District's St. Johns County, Florida RSM initiative, which linked navigation channel maintenance dredging with the adjacent shore protection project to leverage funds, technical capabilities, and most importantly, manage the sediment to accomplish the missions of both projects. The Mobile District is working with stakeholders to develop an RSM strategy to place material dredged from the Upper Mobile Harbor within Mobile Bay to create 1,000 acres of marsh habitat. The strategy will reduce the amount of sediment taken to the offshore placement area 40-miles south of the Upper Mobile Bay navigation channel and provide environmental benefits. The Portland District has collaborated with stakeholders to identify and permit four near-shore placement areas for the mouth of the Columbia River. Rather than placing material in the offshore deepwater placement area, where sediment is lost to the system, the material will be placed in the new near-shore sites to feed adjacent shorelines, create environmental habitat, and assist with maintaining the jetty infrastructure by reducing erosion along the base of the structure.

The RSM program will continue to move forward engaging stakeholders to adopt regional approaches to sediment management. Approximately \$1.8 million is included in the fiscal year 2013 budget for the RSM program.

WETLANDS MITIGATION

Question. The Corps New Orleans District Office recently adopted the Modified Charleston Method (MCM) to determine mitigation requirements for 404 permits. I understand that in some cases, the mitigation ratio has more than doubled. This drastic increase in mitigation requirements has caused a significant economic impact and has the potential to bankrupt vital public works projects and development efforts.

The New Orleans District's response to public comments on the adoption of the new method states that they did "not have the resources to conduct an economic impact study" regarding the impacts of MCM implementation. How is the Corps working to balance environmental impact, economic concerns, and the need to proceed with important public works projects?

Answer. An economic analysis is not required prior to adopting and implementing impact and mitigation assessment methodologies. However, the Corps does consider the effects to the regulated public when adopting new policies or guidance. In this case, the need to provide applicants and our regulatory staff with a rapid and repeatable method to assess impacts and mitigation in a consistent and predictable manner was a major consideration in the adoption of the MCM. When planning projects that may require work in wetlands, applicants should be aware that the Corps evaluates each project to determine compensatory mitigation requirements for unavoidable impacts in accordance with the Federal mitigation rule. The applicant can use the MCM to assess the impacts and to determine the amount of mitigation that may be required and then contact existing mitigation banks within the watershed to get an estimate of the mitigation cost. This information may be used by the applicant in its economic analysis for its proposal. The applicant may determine that the cost of mitigation is excessive and then work to redesign the project to avoid or minimize wetland impacts so that costs associated with mitigation are reduced.

We have examined the impacts of the MCM on mitigation requirements for permits issued between May 2011 and October 2011 and our analysis reveals that the

mitigation ratios have increased from 1.6:1 to 2.4:1 on an acre basis. Although this shows an increase, the ratio does not represent a doubling of mitigation requirements.

Subsequent to the publication of the Federal Mitigation Rule in April 2008, applicants are required to include in their application “. . . a statement describing how impacts to waters of the United States are to be avoided and minimized. The application must also include either a statement describing how impacts to waters of the United States are to be compensated for or a statement explaining why compensatory mitigation should not be required for the proposed impacts.” Our mitigation rule encourages the use of assessment tools, if available, when determining mitigation requirements.

A permit is issued if the district commander determines that the proposed project complies with the section 404(b)(1) guidelines and is not contrary to the public interest. Mitigation for unavoidable impacts is part of this determination. Our goal is to provide applicants with a balanced decisionmaking process to ensure aquatic resource protection while allowing economic development to move forward in accordance with Federal laws and regulations.

New Orleans District MCM is an improvement over the previous process used for reviewing mitigation proposals. Previous mitigation estimates were based on the best professional judgment of the individual project managers reviewing the mitigation proposal. Comparatively, the MCM methodology provides a framework for more consistent, repeatable, and objective results. The MCM is rapid enough for the applicant to use and provides the applicant the ability to estimate their mitigation requirements based on the types of resources they propose to impact and other factors. Other factors that are considered include those that are related to the type of impact that is proposed, such as rarity of the habitat, habitat condition, degree of hydrologic disturbance, length of time impacts are expected to last, the type of impact (e.g. clearing, draining, dredging, filling, etc.), and potential cumulative impacts. Some of the mitigation factors considered include type of mitigation (re-establishment, rehabilitation, enhancement, etc.), the type of legal protection the mitigation site will have, the time it will take to restore lost functions, and when the mitigation will be performed.

QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

Question. I was pleased to see that the fiscal year 2013 budget includes \$1 million for a study to find a long-term solution to chronic flooding in the Passaic River Basin. However, it will take at least 3 years for construction to begin on a solution. How can the Corps expedite this project to ensure that families in the basin have flood protection as soon as possible?

Answer. The Corps is currently realigning all feasibility studies to complete the most viable studies within 3 years. This process will expedite projects that are both likely to be found in the Federal interest and have strong sponsor support to be recommended for new start construction. The first phase of the Passaic River Basin study is designed to provide the non-Federal sponsor with an opportunity to determine alternative(s) on which to proceed to a Detailed Analysis Phase.

Question. The budget requests funding for six new Army Corps studies. However, the budget does not include funding for several critical ongoing New Jersey studies, including the Rahway River Basin, the South River-Raritan River Basin, the Millstone River-Stony Brook and the Peckman River Basin projects.

What criteria did the Army Corps use to determine which projects were included in the budget request? For all categories of project activity and budget accounts, please include specific factors as well as an explanation of how each factor influenced the decisionmaking process. If there was a benefit to cost-ratio threshold that had to be met, please indicate what that value was for each category.

Answer. The four New Jersey studies, the Rahway River Basin, the South River-Raritan River Basin, the Millstone River-Stony Brook, and the Peckman River Basin are all flood risk management studies. The primary criteria that the Army used to determine which studies were included in the budget for the Flood Risk Management business line were:

- study phase;
- study completion date;
- population at risk which is represented by the number of people living, working and transient located in the study inundation area for the design level recommended;
- population affected by flooding which is the number of people located in floodplain afforded risk reduction by the project at the design level;

- the flooding risk depth; and
- benefit to cost ratio for preconstruction engineering and design projects.

The Army also takes other factors into account, including the potential risk reduction, the environmental benefits to a community, and leveraging Corps resources to provide the highest return for the Nation.

Question. What specific factors led to the decision to exclude the following New Jersey projects from the budget request: Rahway River Basin, South River-Raritan River Basin and the Stony Brook-Millstone River and the Peckman River Basin? Please include a detailed explanation for each project.

Answer. While there are many worthwhile programs, projects, and activities nationwide, the fiscal year 2013 budget focused on the highest performing studies nationally. Each study was evaluated based on its performance, including public safety as well as economic and environmental benefits. The specific factors that led to the decisions to exclude the four New Jersey projects from the budget request are:

Rahway River Basin, New Jersey.—The population at risk is approximately 23,000 people and the population affected by flooding is approximately 2,000 people. The flooding risk depth is 10 feet. This feasibility study was not included in the fiscal year 2013 budget due to low population affected by flooding relative to other competing needs elsewhere in the Nation.

South River-Raritan River Basin, New Jersey.—The population at risk is approximately 146,000 people, and the population affected is approximately 21,000 people. The benefit to cost ratio for this project is 2.2 to 1. The flooding risk depth is 13 feet. This project was not included in the fiscal year 2013 budget due to low population affected by flooding relative to other competing needs elsewhere in the Nation and the benefit to cost ratio of 2.2 to 1 that would make this project a lower priority for consideration of future construction funding.

Stony Brook, Millstone River Basin, New Jersey.—The population at risk is approximately 125,000 people and the population affected by flooding is approximately 5,000 people. The flooding risk depth is 9 feet. This feasibility study was not included in the fiscal year 2013 budget due to low population affected by flooding relative to other competing needs elsewhere in the Nation.

Peckman River Basin, New Jersey.—The population at risk is approximately 265,000 people and the population affected by flooding is approximately 172,000 people. The flooding risk depth is 7 feet. This study was not included in the fiscal year 2013 budget due to the low population affected by flooding relative to other competing needs elsewhere in the Nation.

Question. What specific factors led to the decision to include in the budget request only project monitoring funds for the Barnegat Inlet to Little Egg Harbor Inlet project and to exclude the Townsends Inlet to Cape May Inlet project? Please include a detailed explanation for each project.

Answer. Both the Barnegat Inlet to Little Egg Harbor Inlet project and the Townsend Inlet to Cape May Inlet project were evaluated based on their performance, including contributions to public safety as well as economic and environmental benefits of each project. Barnegat Inlet to Little Egg Harbor Inlet was funded in fiscal year 2013 to continue project monitoring after construction. Construction funds for the Townsend Inlet to Cape May Inlet project were not included in the fiscal year 2013 budget due to the low benefit-cost ratio (BCR) (1.5 @ 7 percent) and relative ranking to many other competing needs throughout the Nation.

Question. I am pleased to see that the Corps has initiated a pilot program to decrease the time it takes to plan and study projects. What has the Corps learned to date from this pilot program? What are the next steps in this review? Can the Corps expand this effort to include a review of potential options to increase the pace of the complete lifecycle of projects, from initial study through the completion of construction?

Answer. The National Pilot Program for Feasibility Studies was initiated in February 2011 to identify means to shorten the timeframe for pre-authorization study completion while retaining the quality of the analyses and decisions. The Pilot Program has affirmed that increased focus on the scope of each study leads to more effective decision documents and that early characterization of the risk associated with each study, and management of that risk, reduces uncertainty in the iterative planning process. No additional pilot studies are being proposed at this time as the intent is to now apply the lessons learned from these pilot studies to all active feasibility studies by fiscal year 2014. The Corps continues to develop and refine methodologies and processes for feasibility studies across all business lines in a manner that will be sustainable, replicable, and will inform future Civil Works guidance.

QUESTIONS SUBMITTED BY SENATOR JON TESTER

MISSOURI RIVER FLOOD INFRASTRUCTURE RECOVERY

Question. The Corps has been spending down the emergency funding that was provided last year to rehabilitate damaged flood control structures following the flood of 2011. Brigadier General McMahon will want to review the progress of those repairs, the remaining work to be done, and the funding available. Of particular interest to Montana is the maintenance to the Fort Peck Dam. The area beneath the spillway was substantially washed out due to sustained record releases from the dam, which the Corp will need to address. In addition, of the three channels for releasing water from Fort Peck (powerhouse, spillway, and bypass tunnels) for several years, only two have been operable as the ring gates leading to the two bypass tunnels at Fort Peck have been inoperative. As the spillway will be out of commission during repairs, unless the ring gates are brought back online, the powerhouse will be the only apparatus for releasing water from Fort Peck. Doesn't prudence require repairs to the ring gates as an adjunct to the spillway repairs, and shouldn't that necessity allow emergency funds to be used for both projects?

Answer. The Corps is finalizing design for the spillway repair, and the current solution allows for flexibility to operate the spillway up to the levels observed in 2011 (if necessary) during repair activities without substantial additional damages. As a result, while the ring gates will require repair in the future, the current repair of the spillway structure is not dependent upon a fully functional ring gate system. Since the ring gates were not damaged during the flood of 2011, repair of the ring gates is not, on its own, eligible for use of emergency supplemental funding.

YELLOWSTONE RIVER CORRIDOR STUDY

Question. The Corps is in the process of funding a study of the cumulative effect of the Yellowstone River, in cooperation with the Yellowstone River Conservation District Council. The council has requested funds to complete the study by the end of 2015. This decision was prompted by members of the Technical Advisory Council who have been working on the study in some cases well past their retirement, but whose institutional memory is vital to the project. These members can not make an unlimited time commitment but have elected to see the project through to completion given that it does not extend past 2015. Will the Corps make every attempt to provide sufficient funds to complete the study by the Council's deadline?

Answer. The Corps is working with the project sponsor, as well as the State and Federal agencies involved in the study, to define what can realistically be achieved by the Council's 2015 deadline. The fiscal year 2013 budget includes \$200,000 for this study. This study will be considered, along with many other worthwhile programs, projects, and activities for the funding necessary in fiscal year 2014 to complete a high quality study by the Council's 2015 deadline.

MISSOURI RIVER AUTHORIZED PURPOSES STUDY

Question. For several years, a study has been conducting a comprehensive re-examination of the economic benefits of the various authorized purposes of the Missouri River. Recently, flooding on the Missouri has made the importance of completing this study even more apparent. However, at the urging of the House, last year's appropriations bill included a rider prohibiting any use of funds for Missouri River Authorized Purposes Study (MRAPS). At the same time, some members from the basin have advocated for legislative changes to the authorized purposes, even in the absence of the completed study. The prohibition on funds for the study was, to some degree, academic, because the Corps has not budgeted to advance the study in either the fiscal year 2012 or fiscal year 2013 budget request. How will the Corps, through budgeting and use of discretionary funds, advance the critical work of re-examining the way the management of the river has performed, and further inform the Congress as policy changes are contemplated?

Answer. A limited amount of coordination may continue, as requested, utilizing unexpended carry over from fiscal year 2010, but the Corps is not expending any fiscal year 2012 funding to continue efforts on this study. The Army continues to evaluate each planning and construction project based on its individual merits, using the criteria applicable for that type of project and then to fund those projects and studies with the highest return to the Nation. This activity will continue to be considered along with many other worthwhile programs, projects, and activities competing for funds across the Nation.

INTAKE DAM REHABILITATION

Question. The Army Corps of Engineers is currently in the process of rehabilitating the irrigation diversion dam near Intake, Montana for passage of the pallid sturgeon. Since cost estimates for the original design skyrocketed to more than \$100 million, USACE has been re-evaluating alternatives. It is critically important that whatever alternative is selected function well to meet the needs of both the irrigators and the wildlife. The intake to the irrigation canal must function well despite the absence of the originally modeled rock ramp. Furthermore, the fish passage must function to facilitate sturgeon recovery on the river. What has been the Corps's process of engaging with stakeholders as this project advances, and can they assure the subcommittee that the selected alternative will serve the needs of the irrigators and the sturgeon?

Answer. Phase I of this project to construct new headworks with fish screens is complete and currently operational. The structure will meet the full needs of irrigators for this irrigation season. The structure will also prevent annual entrainment of hundreds of thousands of native fish, including pallid sturgeon, into the irrigation canal. The existing dam crest, which has historically been maintained by the irrigation district to provide required flows into the canal, will continue to require maintenance to the required elevations. The rock ramp alternative would have required similar adjustment to the dam crest. Any future fish passage alternatives will continue to investigate the dam crest elevations within the overall project objectives to ensure the best opportunity for successful fish passage to include recovery of the pallid sturgeon.

Reformulation and feasibility evaluation of fish passage alternatives has been undertaken by a multiagency partnership including the Corps, Reclamation, Fish and Wildlife Service, Montana Department of Fish Game and Parks, the U.S. Environmental Protection Agency, the Lower Yellowstone irrigation district, and others. All of the agencies that are engaged in the decisionmaking process for this project are focused on meeting the needs of the irrigation district, the requirements of the Endangered Species Act as it applies to the pallid sturgeon, and all other applicable State and Federal regulations.

Regular engagement of the stakeholder agencies has been maintained throughout the design process via both face-to-face meetings and periodic teleconferences. A revised Environmental Assessment is currently under development and will have numerous levels of review to include Independent External Peer Review (IEPR), State and Federal agency reviews, and public review. Technical aspects of the project related to pallid sturgeon recovery are reviewed and approved by a multiagency Biological Review Team comprising some of the Nation's top experts on pallid sturgeon. All the above methods are aimed to ensure that the preferred alternative provides the best chance for successful pallid sturgeon recovery by utilizing the latest science available.

ST. MARY REHABILITATION

Question. The fiscal year 2010 appropriations bill included report language requesting that the Bureau of Reclamation combine National Environmental Policy Act compliance activities and preparation of design, specifications, and contract documents for the entire St. Mary's project including the diversion dam, fish passage structure, drop structures, siphon, and canal be combined as a single activity. What is the Bureau's timeline for completion of the Environmental Assessment that is currently being conducted on the St. Mary project?

Answer. The Army is not in a position to provide schedules for the Bureau of Reclamations' program and recommends that the question be referred to the Bureau.

LEEVE TASK FORCE

Question. The fiscal year 2012 Homeland Security Appropriations bill contained language requiring Army Corps of Engineers' to convene a task force to develop common standards for Federal Emergency Management Agency's (FEMA) levee certification studies and the Army Corps of Engineer's Levee Safety Program, such that the levee inspections performed by the Army Corps of Engineers may be used to satisfy FEMA's levee certification requirements. What is the progress of that task force, and when can the committee expect a report?

Answer. The language in Public Law 112-74 requires FEMA "to convene a task force with the Corps to better align NFIP levee accreditation requirements with levee inspections performed by or for the Corps such that information and data collected for either purpose can be used interchangeable to the maximum extent practicable toward satisfying levee accreditation requirements. FEMA shall provide a re-

port to the Committee on the progress of this task force within 6 months after the date of the enactment of this act.”

FEMA has convened the task force and, while FEMA continues to have the lead, the Corps is an active participant on that task force. It is the intent of the task force to meet the time requirement for the progress report in the legislation.

QUESTIONS SUBMITTED BY SENATOR LAMAR ALEXANDER

Question. General Temple, it is my understanding that the Army Corps of Engineers (ACOE) owns more than 21,000 MW of power, and that a report put out by the ACOE indicates potentially enormous energy savings and a much lower carbon footprint for the U.S. Government if you modernize your existing hydropower assets.

What is the ACOE doing on this issue?

Answer. The Army is implementing a Hydropower Modernization Initiative (HMI) to address aging hydropower infrastructure issues for 197 generating units representing 54 power plants that are not directly funded by the Department of Energy's Bonneville Power Administration. HMI was established to assess and prioritize investment needs and opportunities across the Army's hydropower assets, which include replacing turbines, generators, and other major generating components with modern equipment that can deliver better efficiency and additional generating capability. The John H. Kerr power plant modernization was completed in July 2011 adding 65 MW of additional capacity to the plant. The Webbers Falls, Ozark and Denison power plants are being modernized, which will improve operating efficiency and increase energy production by 57,000 MWh.

Typically, when a hydroelectric power plant's generating unit is replaced or refurbished, efficiency improvements can range from 3 percent to as high as 10 percent. If the Corps modernizes its top 20 plants as identified in its Hydropower Modernization Initiative, efficiency gains on average would be 5 to 6 percent. This efficiency improvement represents a significant amount of additional renewable energy and avoided greenhouse gas emissions. For example, the initial assessment of prioritized equipment modernization and improvements in HMI would result in 830,000 MWh of additional renewable energy being produced. This amount of energy would avoid 630,000 tons of CO₂ emissions into the atmosphere and serve 87,400 additional American homes.

Question. What would it take for the ACOE to modernize and upgrade its facilities to result in more clean-energy production?

Answer. HMI study results show that an investment of approximately \$4 billion over 20 years would improve reliability, restore design level efficiencies, and capture potential opportunities to improve and upgrade facilities.

OLMSTED LOCK AND DAM

Question. Secretary Darcy, buried within the Administration's budget request is a legislative proposal to increase the total project cost of the Olmsted project to roughly \$3 billion. That is an increase of nearly \$1 billion since you last reported to this subcommittee.

What has caused this spike in costs?

Answer. The Olmsted cost increase to \$2.918 million (October 2011 price levels) is attributed primarily to a low initial estimate, which increased substantially in light of construction and contractual complexities associated with the innovative “in-the-wet” construction technique. This method also lengthened the duration of construction which pushed costs into an unanticipated period of higher than average inflation associated with building materials utilized for construction.

There are several factors that have contributed to the low initial cost estimate for the innovative “in-the-wet” construction technique. Unknown factors when the project was authorized include the negative impacts on productivity due to river conditions (elevation and velocities) and the complexity of shell fabrication necessitated by the seismic condition at the site. After constructing and setting the first set of shells in 2010, the government and contractor realized that the effort associated with fabrication and setting these large pieces of precast concrete and filing them with tremie concrete was not like any work they had previously experienced or previously had estimated. The construction challenges associated with developing this innovative method of construction have been overcome, but required a lot more effort than was originally envisioned. Roughly 77 percent of the increase in the estimated total cost of the project, in real terms, (above inflation), is associated with the increase in the cost of constructing the dam.

Question. Has an outside review of the cost, construction method, and schedule been performed?

Answer. The Corps conducted an Independent External Peer Review of the Post Authorization Change Report, which concurred with the revised cost estimate. The schedule went through and Agency Technical Review but was not reviewed externally. The project is currently undergoing an internal review of the methodology of construction for the dam (“in-the-wet” versus cofferdams) and the management controls in place for the cost-reimbursable contract.

Question. How much confidence should we have that this estimate reflects the ultimate cost of this project?

Answer. The cost estimate was developed using a variety of estimating methodologies by a diverse team of experienced U.S. Army Corps of Engineers (USACE) cost engineers and Hill International professional cost engineers and schedulers. A cost and schedule risk analysis was performed to establish the 80-percent confidence level for both cost and schedule. Quality control and quality assurance reviews were performed at various levels of product development. The Corps Cost Engineering Center of Expertise reviewed and certified the project cost and schedule estimates on November 9, 2011, confirming that the estimates and schedules were prepared in accordance with clearly established professional principles, practices, codes, and criteria.

Question. What is the projected completion of the project?

Answer. The schedule in the Post Authorization Change Report assumes that the Corps will spend an average of about \$150 million per year on this project, consistent with recent funding levels and reflecting the level of receipts to the Inland Waterways Trust Fund (IWTF) under current law. Based on that assumption, the report estimates that the Olmsted Locks and Dam part of the project will become operational in fiscal year 2020, based on the minimal project features required for the dam to hold the pool and pass navigation through the locks. Physical completion for the dam contract is projected to be in fiscal year 2021, including contractor demobilization and equipment salvage. The remainder of the work, including other required facilities, buildings and grounds, river dikes, demolition of Locks and Dams 52 and 53 and permanent operating equipment is projected to be finished in fiscal year 2024, thus completing the project.

Question. What is your confidence in this time and cost estimate?

Answer. The cost estimate was developed using a variety of estimating methodologies by a diverse team of experienced USACE cost engineers and Hill International professional cost engineers and schedulers. A cost and schedule risk analysis was performed to establish the 80-percent confidence level for both cost and schedule. Quality control and quality assurance reviews were performed at various levels of product development. The Corps Cost Engineering Center of Expertise certified the project cost and schedule estimates on November 9, 2011.

Question. Have you considered changing construction methods to a more traditional construction method?

Answer. The Corps has assembled a team of experts to consider alternative construction techniques. The team is developing a concept level design for “in-the-dry” construction to a degree that can be used to prepare a reliable cost estimate and schedule suitable for comparison to the ongoing “in-the-wet” construction for the navigable pass portion of the dam. The Corps will evaluate the team’s recommendation based on the concept level design and certified cost estimate by the summer 2012 to determine the most cost effective way to complete construction.

Question. Do you believe it might be prudent to consider a pause in this construction project in order for the Corps to re-evaluate the plan to complete this project in light of the cost increase?

Answer. The Corps is still evaluating which method to use to construct a portion of the Olmsted Dam and the timeframe for completing construction of the overall project.

INLAND WATERWAYS TRUST FUND

Question. Secretary Darcy, as you know I represent a State with an extensive inland waterway system with several of our aging locks and dams. I am concerned that the Administration continues to not address enhancing the revenues of the Inland Waterways Trust Fund (IWTF). Your announcement of the \$1 billion cost increase on Olmsted Locks and Dam would seem to make finding a solution more urgent than ever.

It is my understanding that the current 20 cent per gallon fuel tax raises about \$75–80 million annually. Is that correct?

Answer. Fuel tax revenues in fiscal year 2010 and fiscal year 2011 were approximately \$74 million and \$84 million, respectively. The projected revenues from the

existing diesel fuel tax are expected to increase to approximately \$92 million in fiscal year 2012 and \$95 million in fiscal year 2013.

Question. With the projected funding needs for Olmsted over this time period, what else will the Corps likely be able to do to address the needs of this aging inland waterway system?

Answer. In addition to providing \$144 million for Olmsted, the fiscal year 2013 budget provides for completing major rehabilitation of Lock and Dam 27 on the Mississippi River and Lockport Lock and Dam on the Illinois Waterway, and continuing some funding for the Lower Monongahela River Locks and Dams 2, 3, and 4 project. Based on projected revenues from the current fuel tax, if Olmsted Locks and Dam is provided approximately \$150 million annually, with \$75 million funded from the IWTF, approximately \$40 million to \$45 million per year (depending upon the level of actual IWTF receipts) would be available annually for other IWTF cost-shared projects for several more years. One-half of those funds would come from the general fund of the Treasury; the other one-half would come from the IWTF. This highlights the importance of enacting a long-term mechanism to increase receipts to the IWTF.

Question. Would you agree that simply raising the fuel tax, at best is a band-aid solution to the long-term funding issues of the Inland Waterways System?

Answer. Yes, we do not favor that approach. The Administration submitted a vessel user fee proposal in September 2011, which if enacted in addition to the existing level of revenue from the fuel tax, as proposed, would raise sufficient revenues to finance needed construction. To enact an increase in the fuel tax substantial enough to provide the same level of revenues would require more than doubling the current fuel tax.

Question. It would seem to me that what we need is an entirely new way to finance the Trust Fund. Has the Administration given any thought to an entirely new way to realistically fund this system? For the Harbor Maintenance Trust Fund every imported item contributes to the maintenance fund. Wouldn't a similar funding mechanism for inland waterways provide a more robust funding sources as well as inflation protection?

Answer. The budget proposes an equitable way to finance the non-Federal share of this investment, which is the responsibility of the commercial users of these waterways under current law. In September 2011, as part of the President's Jobs bill proposal, the Administration submitted a legislative proposal to the Congress to reform the laws governing the IWTF. The proposal would provide an additional source of financing for major new investments in the inland waterways to support economic growth. It includes a new vessel user fee, which, if enacted, would supplement the revenue collected from the fuel tax, and would increase the total paid by commercial navigation users sufficiently to meet their share of the costs of activities financed from the IWTF. The proposal has a provision to prevent the IWTF from accumulating too much revenue and from being depleted. It has the potential to raise an additional \$1.1 billion in additional revenue from the users over 10 years.

Question. Has any consideration been given to changing the cost sharing on Olmsted from the current 50/50 to something else such as 75 percent from the Treasury and 25 percent from the IWTF?

Answer. We do not favor that approach. The Olmsted Locks and Dam project should continue to be funded as provided in current law, under which requires construction is to be funded one-half from amounts appropriated from the general fund of the Treasury and one-half from amounts appropriated from the IWTF.

Question. Is the legislative proposal the same as proposed last year in the President's deficit reduction package?

Answer. The legislative proposal to reform the laws governing the IWTF is the legislative proposal President Obama transmitted to the Congress in September 2011, as part of his Jobs bill proposal. It would provide an additional source of financing for major new investments in the inland waterways to support economic growth.

Question. As I recall that proposal allowed the Assistant Secretary to raise fees as necessary to provide additional funds as well as continuing the current diesel tax?

Answer. Correct. The diesel fuel tax would continue to be assessed at the current rate of \$0.20 per gallon, although the diesel fuel tax would be assessed on the existing 27 inland and intracoastal waterways as well as an additional 40 waterways that are not subject to the current tax, and the Secretary of the Army would set the rates for new vessel user fees on all 67 of the inland and intracoastal waterways.

Question. Do you know what these fees might consist of?

Answer. The legislation would impose a flat annual user fee on each vessel that transports commercial cargo on the inland waterways of the United States, which would be paid by the owner of the vessel. The Secretary of the Army would determine the amount and structure of the fee each fiscal year, with the goal of ensuring that the balance of receipts in the IWTF is sufficient to cover the user-financed share of the costs of inland waterways capital investment.

Question. Why are these additional revenues targeted for deficit reduction rather than for improving or replacing the aging infrastructure of the inland waterways system?

Answer. The proposal is not for the purpose of deficit reduction. The revenues would enable an increase in investments in construction and rehabilitation of inland waterways infrastructure.

Question. Have you been given any indication that legislation allowing fee increases is being considered in the House or Senate?

Answer. No, although there are bills that would increase the fuel tax.

FLOOD CONTROL AND COASTAL EMERGENCIES

Question. Can you update us on the progress you are making on repair flood and storm damages from the \$1.7 billion that we appropriated in December?

Answer. The Corps is tracking progress on the Class I, II, and IIIB repairs. The classes are defined as follows:

- Class I is Urgent and Compelling (Unsafe).*—Heavily damaged projects that have breached or failed where there is a probable loss of life.
- Class II is Urgent (Potentially Unsafe).*—Damaged projects that are likely to fail where there is a probable loss of life and economic damage.
- Classes IIIA and IIIB are High Priority, including:
 - Class IIIB (Conditionally Unsafe).*—Damaged systems that are likely to fail where there is a potential for economic, environmental, and an indirect potential for loss of life.
 - Class IIIA (High Impact to Navigation).*—Damaged systems directly impacting high use navigation.
- Class IV: Priority (Marginally Safe).*—All other damaged systems not meeting Class I, II, or III above.

The Corps has made significant progress toward completing priority repairs. The Corps identified 11 Class I (urgent and compelling) projects and expects to complete interim protection for 10 projects by March 31, 2012. Full completion is expected (pre-event conditions restored) by March 31, 2013. There is one Class I project that anticipates completion by March 31, 2014. Similarly, the Corps identified 31 Class II (urgent) projects and expects completion of interim protection for 14 projects by March 31, 2012. Full completion is expected by March 31, 2013. Fourteen Class II repairs are anticipated to be complete by March 31, 2014, and three repairs expect completion after March 31, 2014. The Corps identified 31 Class IIIB (conditionally unsafe) projects and expects completion of interim protection for 19 projects by March 31, 2012. Full completion is expected by March 31, 2013. Twelve Class IIIB repairs are anticipated to complete by March 31.

Question. Will these funds allow you to make all of the necessary repairs to return these flood control structures to pre-disaster conditions?

Answer. A small portion of the costs of damage repairs is not covered by Presidential declarations and, therefore, not eligible for disaster relief funding. The funds will allow the Corps to make all critical repairs in areas that are covered by Presidential declarations.

Question. If not, are you budgeting for the necessary repairs through regular appropriations?

Answer. Many of the noncovered repairs from the 2011 floods successfully competed for fiscal year 2012 or fiscal year 2013 funding. Only lower priority repairs, which did not compete successfully, have been deferred and will be considered during formulation of the President's fiscal year 2014 budget.

Question. Will the flood control infrastructure on the Mississippi and Missouri Rivers, be able to provide protection from the high-water events expected this year?

Answer. Yes, Corps-owned infrastructure on the Mississippi and Missouri Rivers impacted by the 2011 Mississippi and Missouri River flood is operational at this time and will be able to provide acceptable level of interim protection from potential high water events that take place during the upcoming flood season. Along the Mississippi River interim repairs were initiated in several critical areas including Birds-Point New Madrid (BP-NM), Presidents Island and Meriwether-Cherokee to withstand possible high water in 2012. Permanent repairs in the BP-NM Floodway area are scheduled either complete by the 2013 flood season or to a level sufficient to

provide protection from an event similar to the 2011 flood and are still needed to ensure future operational safety and reliability. Damage assessments continue and additional required repairs may be identified.

In the lower Missouri Basin between Omaha and Kansas City Districts, repairs to the levee systems are in progress. Currently closure of breaches on 10 of the 13 systems has been accomplished. As we move into their flood season, traditionally late May through early July, we anticipate all breaches being closed. Any remaining vulnerabilities will be addressed through flood fighting, with on-site contractors available should that need arise.

Work to restore levees to their pre-2011 flood condition continues and is expected to complete on the Mississippi River Levees within a 3-year time-frame. Damage assessments continue and additional required repairs may be identified.

Question. How long do you project that it will take to restore these flood control structures to pre-flood conditions?

Answer. By March 31, 2014, 96 percent of the highest priority repairs are scheduled to be restored to pre-flood conditions.

PRINCIPLES AND GUIDELINES

Question. In fiscal years 2011 and 2012, the budget request proposed a new line item to prepare guidance for the revised Principles and Guidelines (P&G). It was not funded by the Congress in either year and the Congress directed that the current Principles and Guidelines should be used for fiscal year 2012. I note that this line is missing from your request for fiscal year 2013. Are the revisions of the P&G still going forward?

Answer. Yes. The Council for Environmental Quality (CEQ) leads the Administration's process of modernizing the 1983 P&G for Water Resources Planning.

Question. Are you aware of whether the Administration plans to release the revised P&G in fiscal year 2013?

Answer. The product of the first step in that revision process—called the Principles and Requirements—is currently under review within the Administration. Agency guidelines would be developed following the release of the final Principles and Requirements.

Question. Will the Corps still need new guidance to implement the revised Principles and Guidelines in fiscal year 2013?

Answer. Yes. CEQ is expected to direct agencies to develop their own procedures to conform to the interagency procedures (guidelines). Within the Corps, ER 1105–2–100 (known as the Planning Guidance Notebook) will need to be updated to incorporate new policies and procedures to reflect the revised principles and guidelines.

Question. Without this specific line item, how does the Corps plan to fund the guidance that needs to be prepared?

Answer. The budget includes funding under the Planning Support Program for updating planning guidance in general, a portion of which would be used to fund the guidance that needs to be prepared to reflect the revised principles and guidelines.

REGULATORY PROGRAM

Question. The budget request proposes \$205 million for the Regulatory Program. That is an increase of \$12 million or nearly 7 percent, over the fiscal year 2012 amount. As I recall, this program was funded at \$189.6 million in fiscal year 2011, which is the last fiscal year that is completed. How many permits did the Corps issue in fiscal year 2011?

Answer. In fiscal year 2011, the Corps issued approximately 56,000 permits. In addition, the Corps finalized approximately 26,000 other regulatory actions in fiscal year 2011 and more than 58,000 Jurisdictional Determinations.

Question. For fiscal year 2012, the Congress provided \$193 million for this program. Are you able to process permits in a timely manner in fiscal year 2012?

Answer. Yes. Our data indicate that we are able to process the majority of applications in a timely manner. We have established national performance goals for processing time for both general permits and individual permits, based on anticipated funding levels. The fiscal year 2012 goal for General Permits (GP) is to process 75 percent of all GP in 60 days or less. The fiscal year 2012 goal for Individual Permits is to process 50 percent of these actions in 120 days or less. There is regional variance in performance, although thus far in fiscal year 2012 the Corps is meeting or exceeding these goals on a national basis.

Program performance data over the past 5 years shows a direct correlation between funding levels and performance: the more funding is received, the higher the level of performance is achieved. In most years, most performance targets are met

nationally because the goals are tied to funding levels. Other program funding factors, such as increasing complexity, increased costs of litigation, and the need for technology and science to inform decisionmaking are not reflected in performance goal targets.

The program strives to deliver excellent customer service while providing legally defensible decisions based in sound science as expeditiously as possible. An increase is proposed in fiscal year 2013 to provide additional funds to Districts to sustain on-board staff, which will support increased performance and thereby increase the number of permit actions and associated program activities (e.g. mitigation site evaluations, compliance visits) completed by District staff. For the past years, funding increases have not kept up with increases in indirect expenses (rent, vehicle costs, etc.). Additional funds are needed to support existing staffing levels. The same or less funds will mean a decrease in full-time equivalents (FTEs), affecting permit review times and the number of jurisdictional determinations, permit evaluations, mitigation reviews, and compliance visits that can be completed.

Question. What is the average length of time for the processing of your permits?

Answer. The length of time to process an application depends on the type of permit requested and the complexity of the proposed action. Individual permit involve a public notice and agency coordination, are generally more complex, and are sometimes more controversial than activities that may be authorized by GP. In contrast, GP may require agency coordination but do not require a public notice and may only authorize projects that result in minimal adverse impacts to aquatic resources. To date, in fiscal year 2012, the average time to process an IP was 139 days and 28 days for a GP.

Question. Are you anticipating a significant increase in permitting activities in fiscal year 2013 or is an increase in staffing driving this cost increase?

Answer. The Army anticipates an increase in applications/decisions, jurisdictional determinations, agency coordination, and consultations, and other complex workload actions in fiscal year 2013. Staffing levels in fiscal year 2013 are anticipated to remain approximately equal or slightly decline from the current staffing levels in fiscal year 2012. Workload complexity is increasing as evidenced by a substantial increase in the number of projects requiring Environmental Impact Statements, projects requiring robust interagency coordination to include a marked increase in Endangered Species Act consultations. A 10-percent increase was noted above fiscal year 2011 levels in the total number of permit activities evaluated by USACE Districts.

HARBOR MAINTENANCE TRUST FUND

Question. The budget request for fiscal year 2013 anticipates \$848 million to be contributed by the Harbor Maintenance Trust Fund for maintaining eligible harbors and waterways. That is a \$90 million increase over what was proposed in the fiscal year 2012 budget. That is a good trend. Does this meet the needs of all of the eligible ports and waterways for the required maintenance?

Answer. The budget amount of \$848 million for Harbor Maintenance Trust Fund eligible projects reflects an appropriate amount for operation and maintenance of the Nation's coastal harbors and channels for fiscal year 2013.

Question. How much additional funding would be required to maintain eligible ports and waterways to their authorized requirements?

Answer. The cost to dredge and maintain eligible coastal harbors and channels to their authorized depths and widths is estimated at approximately \$1.35 billion per year for high and moderate commercial use projects and an additional \$0.5 billion per year for low commercial use coastal projects.

Question. How many of the ports and waterways that you elected not to fund have not been proposed for funding in the previous 5 years in an administration budget?

Answer. A total of 832 coastal navigation projects have not been proposed for funding in the last six budgets (from fiscal year 2008 through fiscal year 2013).

Question. Were these projects economically justified at the time of their authorization and construction?

Answer. The majority of them were probably viewed as economically justified according to the laws and policies at the time of their authorization and construction, which may have been many decades ago.

Question. Was the maintenance of the projects over their 50-year economic life factored into that economic analysis?

Answer. Corps navigation studies typically evaluate project maintenance over a 50-year timeframe.

Question. If these ports are meeting the tonnage projections in the studies for which they were analyzed and authorized wouldn't it follow that maintaining them would have a positive net impact on the national economy?

Answer. Not necessarily. For example, the quality of the analysis has improved since many of these projects were authorized, and also varies from project to project. Even for a project that is meeting the tonnage projections from the project studies, the type of commodities and use of the project may have changed considerably since project construction. Operation, maintenance, and rehabilitation costs may also be higher than projected.

Question. Then how are we not funding these projects?

Answer. The allocation of funds considers the economic and safety return on investment, in comparison with other potential uses of the available funds throughout the Corps Civil Works mission areas, as well as the need to reduce the Federal deficit.

Question. If the Administration has no intention of funding these in the future due to the economics of the projects, wouldn't it be appropriate for the Administration to propose that these projects be deauthorized rather than ignoring this Federal obligation year in and year out?

Answer. The fiscal year 2013 budget is performance based. The condition of projects changes over time and projects that do not compete well in some years may compete better in the future. Projects with little or no Federal interest can be proposed for deauthorization.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

Question. The President's fiscal year 2013 budget request shows a decrease in funding for nearly every important Civil Works account: Construction, Operation and Maintenance, Mississippi River and Tributaries, and Investigations. However, there is a funding increase for the Corps Regulatory Program for operational oversight and management. It concerns me that the Administration is increasing your ability to impose regulations but decreasing your ability to perform vital functions such as maintenance dredging and flood protection. Can you explain this concerning trend?

Answer. In comparison to the fiscal year 2012 budget, the fiscal year 2013 budget includes increased funding for operation and maintenance, Mississippi River and Tributaries, Regulatory, and Emergency Management. The budget is performance-based and focuses on those investments that will yield high economic and environmental returns to the Nation or address a significant risk to public safety and the environment, as appropriate, within the bounds of our statutory authorities.

Question. I understand that the reimbursement from the Harbor Maintenance Trust Fund (HMTF) needs to be around \$1.3 to \$1.6 billion annually to meet the basic maintenance dredging needs in the Corps' maintenance inventory. What percentage of Harbor Maintenance Trust revenue is actually allocated towards harbor operation and maintenance costs each year?

Answer. Approximately 50 percent to 60 percent of HMTF receipts have been allocated toward harbor operation and maintenance costs since fiscal year 2007. The fiscal year 2013 budget increased funding for harbor maintenance and related work by \$90 million, which is almost 12-percent above the level proposed in the fiscal year 2012 budget.

Question. Are the Administration and the Corps of Engineers considering ways to maximize use of the HMTF to address the critical needs of ports that must be dredged and deepened in preparation for the Panama Canal expansion?

Answer. The fiscal year 2013 budget allocated Civil Works funding based on performance. For activities funded from the HMTF the Corps uses performance criteria that focus on the economic and safety return from the investment in harbor maintenance and related work. In addition, the fiscal year 2013 budget gives priority to funding studies or preconstruction engineering and design for several proposed projects that would enable a port to accommodate larger vessels, which could transit the deepened Panama Canal, such as Boston Harbor, Brazos Island Harbor, Charleston Harbor, Houston Ship Channel, Jacksonville Harbor, Savannah Harbor, and Wilmington Harbor; and also funds construction of ports such as New York and New Jersey.

Question. There has been discussion of the needs of ports located on the east and west coasts. Is the Corps fully cognizant of the needs and the significance of our Nation's ports located in the Gulf of Mexico as they relate to the Panama Canal expansion?

Answer. The Army is aware of the significance and needs of the gulf coast ports. The budget includes funding for deepening studies for both Brazos Island Harbor and the Houston Ship Channel.

QUESTIONS SUBMITTED BY SENATOR SUSAN COLLINS

Question. Assistant Secretary Darcy, for any direct impacts to jurisdictional wetlands, the Corps' New England District has published "guidelines" for compensatory mitigation. In the case of permanent preservation, those guidelines call for a mitigation ratio of at least 15:1. For some projects, this ratio is increased to 20:1, or even 25:1, based upon the discretionary application of the permit writers valuation of functions and values. Under the State of Maine's law, the mitigation ratio for preservation is 10:1.

Under the Corps "guidelines," if one acre of wetland area is impacted for a project, the Corps has required up to 25 acres to be permanently protected. This adds significant costs to potential projects that are key to our economic recovery.

For one project in Western Maine, a constituent sought to reduce the wetland impact for a project that had been previously approved by the Corps under its prior mitigation ratios. However, due to the new higher mitigation ratios, and the requirement of both preservation and in-lieu fees, the project has not gone forward. It is my understanding that the wetland impacts would have actually been reduced, but that still the Corps was asking for greater mitigation.

Does the Corps plan to review and revise its wetland mitigation guidelines, particularly in the New England District, so that well-designed and appropriately sited projects that would reduce wetland impacts are encouraged?

Answer. As a general requirement, in accordance with section 404 of the Clean Water Act (CWA), an activity's impacts to waters of the United States must be first avoided, then minimized, and lastly compensated. Therefore, by nature of the law, projects that would reduce wetland impacts are already encouraged.

The New England District's guidance has, for many years, recommended a 15:1 ratio for preservation, although this ratio may be lower or higher, depending on the functions of the wetland being impacted as well as the ecological value of the proposed preservation. The guidance is not binding and may be updated as necessary in the future based upon new policy, guidance, or science. The New England District works with applicants to avoid and minimize impacts to waters of the United States, consistent with the requirements in the Corps regulations. When projects result in less impact to aquatic resources, mitigation requirements may be substantially reduced.

Question. Assistant Secretary Darcy, there remains a great need in my State and others around the Nation when it comes to the dredging and maintenance needs at our small ports and harbors. Without the ability to direct funding to such activity, I believe we need to pay careful attention to ensure the water infrastructure needs of all States are met.

I am pleased to see \$13 million included in the budget request for the dredging of Portland Harbor. Portland Harbor is the largest commercial port in Maine and it is one of the largest in New England. In 2009, the direct economic impact of Portland Harbor was estimated to be 3,668 jobs, \$101 million in wages, and \$209 million to the Gross State Product. An additional \$142 million of economic impact extended beyond the immediate confines the harbor. This economic impact makes the maintenance dredging of the Federal Navigation Channel critically important.

I would also like to highlight the \$30 million for operations and maintenance projects at "small, remote, or subsistence navigation" harbors and waterways that was included in the fiscal year 2012 enacted bill. This funding made a small project in Wells Harbor, Maine, possible, but many others in my State are still in need of funding.

What funding is proposed under the fiscal year 2013 budget request to meet the dredging and maintenance needs of the Nation's small ports and harbors? How do you respond to concerns that the Nation's smaller ports and harbors may be disadvantaged under the current Corps' cost-benefit metrics?

Answer. The President's fiscal year 2013 budget includes \$40 million for low commercial use coastal ports and harbors. The Army focuses first on funding those projects that provide the greatest economic and safety return on investment to the Nation. For ports and harbors with a low level of commercial use, the Army also considers a range of factors such as whether the harbor is a critical harbor of refuge or a subsistence harbor, or supports public transportation, U.S. Coast Guard search and rescue operations, the national defense, or other Federal agency use; the reli-

ance on marine transportation for energy generation or home heating oil deliveries, and the level of commercial use (albeit less than a medium level of commercial use).

QUESTIONS SUBMITTED TO HON. MICHAEL L. CONNOR

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

WATER BANKING

Question. Does Bureau of Reclamation (BOR) need additional flexibility on water banking to better manage water resources in the West?

Answer. BOR has authority for participation in water banks pursuant to section 101(d) of the Reclamation States Emergency Drought Relief Act of 1991 (Public Law 102-250, as amended). However, that authority is contingent upon Governors of the affected State or on a reservation making a request for temporary drought assistance and the Secretary of the Interior determining that assistance is merited, or upon the approval of a drought contingency plan. BOR was given additional specific authority to participate in water banks in the 2012 Consolidated Appropriations Act in the State of California. This authority enhanced water management flexibility. In particular, the act allows BOR to buy interests in water bank facilities and to pay water banking fees with Central Valley Project (CVP) water. BOR and the State of California are satisfied with the authorization, but note that it expires with the act at the end of the fiscal year. Our Lower Colorado (LC) Region has existing authority to participate in existing State water banking programs, and has issued its own regulations to correspond with water banking agreements among its States. It is unclear at this point if the same authority would be useful in other BOR regions or States.

Question. Is additional legislation needed to provide this flexibility?

Answer. It is unclear what additional authority might be needed across BOR and would depend on the extent of activity desired of BOR by the Congress in relation to water banks. The Mid-Pacific (MP) Region expects to use the authority enacted in 2012 for California and further legislation would be needed to extend it. Further determinations are needed to understand what authority exists, and therefore, what more authority would be needed, in the regions other than MP and LC. Our preliminary research indicates that BOR may lack authority to buy interests in water banks in other States.

Question. What impact does tiered pricing have on the agricultural water service contractors?

Answer. Depending on how a tiered pricing program's rates are structured, tiered pricing may provide an incentive to use water more efficiently, i.e., to use less water for crop practices that provide a lower net return compared to those crops and practices with a higher net return. This incentive is based on the concept that a direct relationship exists between the amount of irrigation water delivered to the farm and the amount the farmer pays for that water. The primary determinant of the effectiveness of tiered pricing is the change in the amount demanded relative to a change in the price (or price elasticity of demand). A rate structure that encourages conservation must effectively communicate the price of water at different levels of use to users. However, if changes in price do not result in corresponding changes to demand, a tiered pricing program will have a relatively small impact on conservation. There are a number of factors and conditions that may influence a tiered pricing program's impact on irrigators. Some of these include:

- the actual structure of the tiered pricing program;
- the efficiencies of existing water management practices;
- the cost of adopting new water technologies;
- the quantity of available water supplies versus the quantity demanded based on existing (and projected) cropping patterns; and
- the value of irrigated crops produced, as well as the potential for dryland crop production.

In the CVP, tiered pricing provisions of the Central Valley Project Improvement Act (CVPIA) are triggered when a water service contractor takes more than 80 percent of its total contract entitlement. Thus, in dry years when allocations are below 80 percent, CVPIA tiered pricing provisions do not apply. In addition, contracting actions for settlement contractors, interim contracts, and section 215 water, (which is considered to be outside of the contractor's own water allocation) is not subject to tiered pricing. Consequently, contractors that have the ability to receive additional water through transfers may be able to circumvent any potential conservation intended through the implementation of CVPIA tiered pricing.

One potential means of estimating the impact of CVPIA tiered pricing provisions to CVP water service contractors is to examine the amount of revenues collected through the application of tiered pricing provisions. BOR prepares and submits an annual financial report to the Senate Committee on Energy and Natural Resources, the Senate Committee on Appropriations, the House Committee on Natural Resources, and the House Committee on Appropriations describing CVP Restoration Fund revenues (receipts) and expenditures (uses). Revenues received from CVPIA tiered pricing provisions amounted to \$327,067 in fiscal year 2010. This was less than 3 percent of nondiscretionary CVP Restoration Fund revenues (\$11,132,008) and less than 0.7 percent of total CVP Restoration Fund revenues (\$47,968,797) received in fiscal year 2010. The fact that the application of tiered pricing results in such a small percentage of total CVP Restoration Fund revenues suggests that CVPIA tiered pricing provisions likely have a relatively small financial impact on water users. However, determining whether tiered pricing encouraged or discouraged water conservation efforts in fiscal year 2010 is less clear.

Question. Do you believe that tiered pricing encourages or discourages conservation among contractors?

Answer. In general, charging higher rates for additional water tends to encourage conservation practices by water users (assuming water can legally be treated as a commodity and deliveries can be measured). However, irrigator response to a tiered pricing program is dependent on the factors listed above—with the primary determinant being how the tiers are structured.

CVP contractors located south of the Sacramento-San Joaquin Delta receive, on average, about 66 percent of their contractual amounts. As a result, the tiered pricing provisions of CVPIA generally have limited impact on these contractors in terms of conserving water.

Question. What about in dry years?

Answer. Generally, we would expect the effects of a tiered pricing program, in and of itself, to have less of an effect in encouraging conservation among irrigators during short-term, intermittent periods of water shortages, primarily because the higher priced tiers would not be triggered with a reduced water supply. However, as indicated above, additional factors might cause irrigators to respond in unanticipated ways.

As indicated above, the tiered pricing provisions of CVPIA do not take effect until contractors take more than 80 percent of their total contract entitlement. Thus, in dry years the higher tiered prices of CVPIA will not apply.

CENTRAL VALLEY PROJECT AND STATE WATER PROJECT

Question. How can BOR and the State Water Project (SWP) in California better improve their coordination so as to improve water supply reliability for both systems?

Answer. The CVP operators and the SWP operators are co-located and closely coordinate the operations of both projects. The Delta Mendota Canal (Federal)—California Aqueduct (State) Intertie will be operational this summer to improve water supply reliability.

SIERRA NEVADAS

Question. Do you believe there could be potential water salvage benefits from better forest management practices in the forests of the Sierra Nevadas?

Answer. Potential water salvage through restoration activities that improve water quality and quantity varies due to the distribution along the Sierra Nevada Mountains of precipitation, forest types, land designations, multiple-use management arrangements, and laws, regulations, and policies. In general, restoration activities on Sierra Nevada National Forest Service (NFS) forests and wet meadows improve water quality, water quantity, and streamflow regimens with the overall effect of improving California's water supplies. Restoration activities on these lands can protect water sources from degradation, as well as improve the capacity of our NFS lands to retain, filter, and release water during low-flow periods when it is needed the most.

Question. Do you have any suggestions as to how to determine if this could result in significant water savings?

Answer. In December 2009, six Federal agencies, including the U.S. Department of Agriculture (USDA), issued an Interim Federal Action Plan for the San Francisco Bay/Sacramento-San Joaquin Delta (Bay-Delta), describing a variety of Federal actions and investments the Administration has been undertaking or will take to help address California's water supply and ecological crises. Multiple agencies within USDA contribute to implement practices that have a high impact on water resources

in targeted landscapes. In 2010, USDA identified landscapes of national importance including national forests and private working lands in and around the California Bay-Delta, and updated the contribution each agency will make to the high impact on water resources goal, in the immediate future. The Forest Service is working with Natural Resources Conservation Service (NRCS) and the Farm Service Agency (FSA) to develop outcome-based measures for 2012 and subsequent years.

The Forest Service manages resources on NFS forests land to ensure that they are sustainable and productive for water, wildlife, rangelands, timber, and the multitude of other resources found on national forests and grasslands.

The NRCS has been developing interagency and nongovernmental organizations (NGOs) partnerships to improve and protect the health of the Bay-Delta headwaters by restoring forest lands and wet meadows.

USDA Secretary Tom Vilsack and Forest Service Chief Tidwell have made clear the Forest Service's important role in water and watershed management. Chief Tidwell has said that the Forest Service understands the need to manage for water rather than mitigate for water. Managing resources on NFS lands often involves striking a delicate balance. What one may perceive as less than desirable practices might actually be needed for restoration. Consequently, "better" forest management does not mean the same thing to everyone.

CALFED

Question. Your funding for CALFED is down nearly \$4 million from fiscal year 2012. What is the primary reason for this decrease? Is this the start of a downward trend?

Answer. In the fiscal year 2012 enacted budget, BOR allocated an additional \$2.5 million to support actions in the Interim Federal Action Plan from the additional \$6 million in funds provided by the Congress under the Water Conservation and Delivery Studies, Projects and Activities Category that was not included in the President's request.

The fiscal year 2013 request accounts for increases from fiscal year 2012 and does not represent the beginning of a downward trend as the California Bay-Delta Restoration appropriation provides critical Federal support toward the co-equal goals of improved water supply reliability and an improved Bay-Delta eco-system.

KLAMATH SETTLEMENT

Question. Where are we on the Klamath settlement? Are we going to see significant increased budget requests for BOR when this settlement is resolved?

Answer. The Department of the Interior has not signed the Klamath Basin Restoration Agreement (KBRA) and the Congress has not acted on legislation introduced in the House and Senate to authorize a secretarial determination under the terms of the Klamath Hydroelectric Settlement Agreement (KHSA). However under existing law, the Department has the authority to provide water and power benefits as well as addresses our tribal trust and Endangered Species Act (ESA) obligations.

If the legislation is enacted, budget increases would be anticipated as the KBRA legislation would likely require specified levels of funding over the succeeding 15 years.

SOUTH DAKOTA PROJECTS

Question. I note that your budget request for rural water funding is increased. Will this funding level allow these projects to keep pace with inflation? My fear is that with these funding levels, these projects will never get completed. I am gratified to see that one of the projects in South Dakota is scheduled for completion in fiscal year 2013, but where are we on the others? Will they be completed on any sort of a reasonable timeline?

Answer. BOR is making progress on completing rural water projects throughout North and South Dakota, Montana, and New Mexico. The Mid-Dakota rural water project was completed in fiscal year 2006; numerous features within the Garrison Diversion Unit in North Dakota have been completed; and the Mni Wiconi Rural Water System is scheduled to be completed in 2013. Approximately \$232 million in American Reinvestment and Recovery Act (ARRA) funds were provided to rural water to further construction on these projects. Due to the additional ARRA funding, Perkins County Rural Water Project received enough funding to complete construction based on the authorized appropriations ceiling.

The budget request for rural water is a 7-percent increase from the fiscal year 2012 enacted amount and an 11-percent increase from the fiscal year 2011 enacted amount.

The total Federal cost to complete the construction of ongoing projects in BOR is approximately \$1.3 billion. The fiscal year 2013 President's request balances several priorities, including funding for constructing authorized rural water projects. Given the need to work within the framework of today's budget realities, as well as the need to be attentive to priorities associated with existing water and power infrastructure throughout the West, BOR is unable to fund all of the ongoing rural water projects at their full-capability levels.

We will continue to evaluate each project using the revised interim criteria and concentrate on finishing projects with the funding made available through appropriations.

The first priority for funding rural water projects is the required Operations and Maintenance (O&M) component, which is \$18 million for fiscal year 2013. The rural water request for construction was developed using revised interim criteria (BOR used the same approach to allocate additional fiscal year 2012 funds). These revised interim criteria address BOR's program goals and objectives by incorporating factors such as time and financial resources committed, regional watershed perspective, urgent and compelling need, tribal members served, economic impacts, and water use efficiency. BOR allocated the funds based on each project's ability to use those funds to complete distinct construction segments which would significantly advance the provision of potable water to people.

Since 1980, the Congress has directed BOR to develop 13 individual rural water supply projects at a combined cost of more than \$2.3 billion. Projects have been authorized with non-Federal contribution requirements ranging between 0 percent and 25 percent.

With a large backlog of rural water projects waiting to be constructed and limited funding available, BOR developed the revised interim criteria in order to apply a consistent and fair method for allocating funds.

SAN JOAQUIN RESTORATION FUND

Question. It is my understanding that the Friant surcharges that used to go into the CVP Restoration Fund now go into the San Joaquin Restoration Fund. However, where BOR used to appropriate those funds in the CVP Restoration Fund, that they are being treated differently in the San Joaquin Restoration Fund. Is it true that these funds are being collected but are not being appropriated as a part of the budget request?

Answer. No, BOR has requested discretionary appropriations to use funds deposited into the San Joaquin River Restoration Fund (SJRRF) in both the fiscal year 2012 and fiscal year 2013 budget requests. As described in section 10009 of Public Law 111-11, funds deposited into the SJRRF include the following:

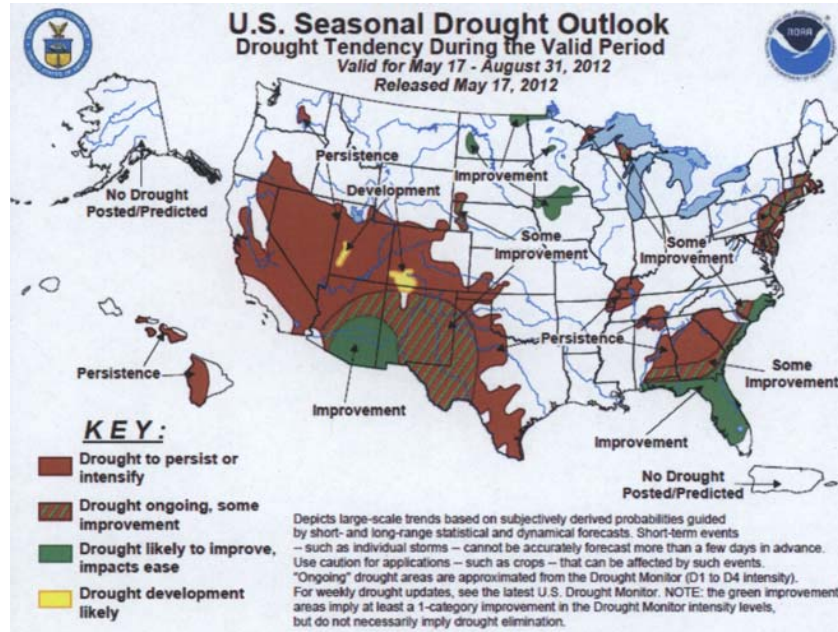
- the Friant Division Surcharge;
- the construction cost component of payments made by the Friant Division, Hidden Unit and Buchanan Unit long-term contractors;
- proceeds from the sale of water or land pursuant to the Settlement; and
- any non-Federal funds contributed for implementation of the Settlement.

The request made for discretionary appropriations to use funds deposited into the SJRRF in fiscal year 2012 and fiscal year 2013 reflects the funding needs of the restoration program.

CALIFORNIA DROUGHT

Question. What are the drought projections for this year?

Answer. Water supply conditions have improved significantly in March and April, but we still may be looking at seasonal runoff indices falling below historical average, especially in the San Joaquin Valley. The water supply in the southern part of California has not shown as much improvement due to less precipitation relative to Northern California and the difficulty of moving CVP water through the Delta. The U.S. Seasonal Drought Outlook released by National Oceanic and Atmospheric Administration (NOAA) on May 17, 2012, is attached.



Question. What are the CVP Reservoirs (capacity) current storage as of May 18, 2012?

Answer. Shasta Reservoir (4,552,000 acre-feet) now 4,436,000 acre-feet; Trinity Reservoir (2,448,000 acre-feet) now 2,350,000 acre-feet; Folsom (977,000 acre-feet) now 908,000 acre-feet; New Melones (2,420,000 acre-feet) now 1,891,000 acre-feet; Millerton (520,000 acre-feet) now 430,000 acre-feet.

Question. What is the latest projection on water deliveries from BOR projects in California?

Answer. CVP is currently at 100 percent for the Sacramento River water rights settlement contractors, 100 percent for San Joaquin water rights exchange contractors, 100 percent of level 2 wildlife refuge supply, 100 percent for Agriculture and Municipal and Industrial (M&I) users north of the Delta, 75 percent of historical use for M&I users south of the Delta, and 40 percent for agricultural users south of the Delta.

BAY-DELTA CONSERVATION PLAN

Question. Commissioner Connor, a lot of concern has been expressed to me about the Bay-Delta Conservation Plan (BDCP) process. Can you tell us what your plans are for thoroughly studying all conveyance alternatives for moving water past the Delta, not just the large, isolated conveyance facility that has been identified?

Answer. While the current BDCP effects analysis evaluates a 15,000 cubic foot/second (cfs) facility, the BDCP Environmental Impact Report/Environmental Impact Statement (EIR/EIS) is evaluating a wide range of alternatives. There are 15 action alternatives and 1 no-action alternative which will be described in the BDCP EIR/EIS. The BDCP EIR/EIS is analyzing various combinations of water conveyance configurations including capacities ranging from 3,000 to 15,000 cfs, different operating scenarios, habitat restoration, and the effects on biological resources and water supply. In addition to conveyance, the alternatives include a variety of conveyance alignments and other specifications resulting from public scoping sessions conducted in 2008 and 2009 and the California Water Reform Act of 2009.

Question. How will studies of through-Delta conveyance figure into the overall BDCP process?

Answer. The information resulting from the EIR/EIS studies (including the through-Delta conveyance) being conducted will be used for the selection of the proposed project submitted by the State of California as part of ESA section 10 application process.

Question. After all diversion and nondiversion conveyance alternatives have been identified, it is essential that a thorough benefit-cost analysis be conducted for each. Can you tell us how you plan to go about that?

Answer. As part of the overall BDCP process, several analyses are being completed that address costs and benefits. First, the current BDCP draft documents include initial cost estimates for construction and implementation of a preliminary project. Secondly, the State of California is conducting an economic analysis of the benefits associated with BDCP alternatives. Lastly, the BDCP environmental documentation will include an analysis of the socioeconomic impacts associated with alternatives. This information will be used to determine the proposed project to be included in the ESA section 10 permit application.

DELTA AND DELTA COUNTIES

Question. Will the benefit-cost analyses you undertake include all foreseeable direct and indirect economic impacts of the Delta and Delta Counties, including the impacts of any new water infrastructure and habitat conservation projects? If not, why not?

Answer. Yes, the cost and benefits analysis identified above will assist in identifying the direct and indirect economic impacts of any new conveyance facility in the Delta.

BAY-DELTA CONSERVATION PLAN

Question. It is essential that all decisions made through the Bay-Delta Conservation Plan (BDCP) process be based on the best possible science. What steps are taking to ensure that all BDCP proposals are given an independent review that involves all stakeholders, including the Delta Counties?

Answer. BOR continues to reaffirm the Federal commitment to work in close partnership with the State and key stakeholders including the Delta Counties to pursue the development of the BDCP. BOR is fully committed to a sound and credible scientific basis for BDCP. This commitment has been unwavering and has been frequently reiterated. Credible science is essential for the BDCP to meet regulatory approval standards and to garner broad stakeholder support. The science issues underlying BDCP are long standing, complex, and, in certain cases, contentious. Federal agencies have engaged independent science review under the Delta Stewardship Council's Delta Science Program and are in partnership with the State, working towards a sound and credible scientific basis for the BDCP.

Question. Does the BDCP process include establishing through-Delta flow standards, consistent with California's water rights priority system and statutory protections of area of origin prior to the adoption of BDCP? If so, please describe that process.

Answer. The BDCP process is not establishing new through-Delta flow standards. However, any BDCP proposed project must comply with State water rights, including State Water Resources Control Board flow requirements.

Question. Does the BDCP process include a science-based peer-reviewed analysis of water amounts and flows needed for use, under current law, in the Delta for determining available surplus water supply, and does the BDCP restrict the exporting of water from the Delta to only surplus water?

Answer. Yes, any water conveyed as part of BDCP must meet beneficial use standards as required by State law. No, the working assumption of BDCP does not include any reliance on surplus water.

TITLE XVI WATER RECLAMATION AND REUSE

Question. In your fiscal year 2013 budget request, you identify water conservation as one of BOR's priority goals. Can you tell us what role the title XVI Water Reclamation and Reuse program has played and will continue to play in your efforts to achieve that goal?

Answer. BOR's Priority Goal for Water Conservation is to enable capability to increase available water supply by 730,000 acre-feet of water by the end of fiscal year 2013. As a result of fiscal year 2010 and fiscal year 2011 funding, the title XVI program has contributed more than 25,000 acre-feet to the priority goal. Title XVI projects are a key part of BOR's efforts to address water supply sustainability and will continue to make an important contribution toward this priority goal. Fiscal years 2012 and 2013 funding for title XVI projects will result in additional contributions to the goal.

Question. The subcommittee is aware of the priority that BOR places on title XVI projects that seek to address water supply needs on a watershed basis. Does BOR agree that there is an opportunity to enhance the program's effectiveness through

the advancement of regional-scale projects that include multiple jurisdictions and generate environmental as well as water supply benefits?

Answer. In 2010, BOR established funding criteria for the title XVI program after incorporating comments from title XVI project sponsors, members of the public, and others (including one Member of Congress). The criteria are intended to meet a number of important program goals, such as increasing water supply and reducing the need to develop new water supplies, addressing environmental concerns, and exploring the use of renewable energy as part of water reuse, among others. As you point out, the criteria also address the extent to which a project incorporates a watershed-based approach. In fact, the criteria provide significant consideration of the extent to which a project implements a regional planning effort or includes collaborative partnerships among multiple entities to meet the needs of a region or watershed. BOR agrees that regional scale projects that include multiple partners and generate significant environmental benefits are important, and we are confident that BOR's existing funding criteria provide ample opportunity for sponsors of those projects to receive additional consideration based on those benefits. At the same time, BOR plans to review this year's process prior to development of next year's funding opportunity to ensure that title XVI program funding is allocated as effectively as possible.

Question. These regional projects can require longer planning and construction timeframes than other more narrowly focused projects. What steps has BOR taken within the overall title XVI program to advance regional-scale water reclamation and reuse projects?

Answer. In fiscal year 2011, BOR used a Funding Opportunity Announcement (FOA) for the first time in the title XVI program to allocate available appropriations. This year, BOR made significant revisions to the FOA to address feedback and to ensure that the program works, as well as possible and in a way that minimizes the burden on project sponsors. For example, under the revised FOA, sponsors of large projects may request up to \$4 million each year as planning, design, and construction activities continue, without being asked to divide those large projects into smaller phases. Again, prior to development of funding opportunities for fiscal year 2013, BOR plans to assess this year's process and will consider additional revisions, if necessary.

ANADROMOUS FISH SCREENS

Question. To date, Federal funding provided through the CVP Restoration Fund's Anadromous Fish Screen Program (AFSP) has contributed to the completion of 29 projects resulting in screening of more than 4,833 cubic feet per second of unscreened diversions. Do you agree that this program has been contributed greatly to the goals of the CVPIA?

Answer. Since CVPIA's enactment in 1992, AFSP has partnered with numerous water districts, the State of California, and other non-Federal entities in the screening of both large and small intake diversions on the Sacramento and San Joaquin Rivers. Through fiscal year 2011, 33 projects screening 5,054 cfs have been completed. The screening of these facilities has certainly reduced the entrainment of endangered fish species (winter-run Chinook salmon, Central Valley steelhead, etc.) and has contributed towards achieving the CVPIA's goals. The AFSP is funding studies and monitoring activities to help quantify fish screening benefits to Anadromous fish.

Question. For fiscal year 2012, BOR received a total of \$10,349,000 for AFSP. Can you tell how those funds will be spent?

Answer. The AFSP's budget for fiscal year 2012 is broken down as follows:

- Agency Staff Labor = \$1.072 million.
- Studies and Monitoring = \$0.765 million.
- Planning (design, environmental compliance, permitting, etc.) = \$0.165 million.
- Construction = \$8.347 million (available for the construction of the Natomas (Phase 2a), Meridian (Phase 2), and Reclamation District (RD) 2035 fish screen projects, depending on the availability of the non-Federal cost share. To date, no district has provided a non-Federal funding commitment).

Question. Can you provide us with a status report, including funding needs for fiscal years 2012, 2013, 2014, and 2015, for each of the projects currently under construction or planned for construction under AFSP?

Answer. The response for fiscal year 2012 was provided above. For fiscal years 2013, 2014, and 2015, all three projects expect to begin construction, depending on whether or not all funding sources are secured. For the Natomas (Phase 2b and 3), RD 2035, and Meridian (Phase 2) fish screen projects, the approximate Federal share is estimated to be \$9 million, \$18 million, and \$9.5 million, respectively. Con-

struction periods for the Natomas, RD 2035, and Meridian projects are 3 years, 3 years, and 2 years, respectively. All Federal funding requires the district to secure a non-Federal funding match.

In addition to the three fish screen projects mentioned above, another proposed project is the West Stanislaus Irrigation District's (WSID) fish screen project on the San Joaquin River. This project is in the early planning stage; therefore, its construction costs are not well defined at this time. Construction of WSID's project could begin as early as 2015, pending completion of all planning, environmental compliance, design, and permitting activities.

Question. Is BOR committed to providing the 50 percent Federal share of the cost of construction of the fish screen projects for RD 2035, the Meridian Farms Water Company, and the Natomas Mutual Water Company?

Answer. Subject to sufficient Federal appropriations, BOR is committed to providing up to a maximum of 50 percent of these fish screen projects' costs. However, this commitment is dependent on there being a secured non-Federal funding match.

TITLE XVI—WATERSMART

Question. While Tennessee is not a Reclamation State, the work that BOR does in the West has an impact nationwide. While water reclamation and reuse is not currently a concern in Tennessee, it could have an impact in the future, and I am interested in the program that reclamation undertakes. How are the choices made for the projects that are funded under the WaterSMART grant program? *Note:* The question refers to water reclamation and reuse; therefore, these proposed responses focus on title XVI instead of WaterSMART.

Answer. The extent to which each project will reduce demands on existing water supplies by making recycled water available; whether the project will make water available to address a specific local water supply concern and whether recycled water will continue to be available during periods of drought; the extent to which additional funding will bring a project close to completion; the extent to which the project is ready to proceed, including completion of necessary environmental compliance; the extent to which the project will improve water quality or provide water for endangered species; the extent to which the project incorporates renewable energy and addresses energy efficiency; the cost per acre-foot of water expected to be delivered by the project as compared to alternatives; the extent to which the project would help to meet the Federal Government's legal requirements such as providing water for water rights settlements or river restoration; the extent to which a rural or economically disadvantaged community would be served by the project; and the extent to which the project incorporates a watershed perspective, including use of regional planning efforts across geographically dispersed localities and collaboration among multiple entities.

Funding criteria for WaterSMART Water and Energy Efficiency Grant proposals include the following:

- The extent to which the project is expected to result in quantifiable water savings or would otherwise improve water management;
- The reasonableness of costs for the improvements proposed;
- The extent to which the project would increase the use of renewable energy in the management of water or otherwise would result in increased energy efficiency;
- The extent to which the project is expected to benefit endangered species;
- The extent to which the project proposes water marketing elements, such as establishment of a new water market or would contribute water toward an existing market;
- Other contributions to water supply sustainability, including addressing specific local concerns, promoting collaboration among parties, or helping to expedite future on-farm irrigation improvements;
- Project planning and readiness to proceed;
- The applicant's description of performance measures that will be used to quantify actual project benefits; and
- Connection to BOR project activities.

Sponsors of authorized title XVI projects and applicants for WaterSMART Grant funding are asked to apply for funding by responding to a Funding Opportunity Announcement posted for the public. A team of BOR employees applies criteria to the applications received to rank proposals and projects are prioritized accordingly.

Question. What is the maximum amount of the grants made under this program?

Answer. Each of the 53 congressionally authorized projects includes an appropriations ceiling for the project—typically \$20 million, although some authorized projects have a smaller or larger ceiling. This year, BOR's Funding Opportunity An-

nouncement informed applicants that no more than \$4 million in fiscal year 2012 appropriations would be made available to any particular project, up to the amount remaining under the appropriations ceiling for that project.

Question. Is there any allowance made for providing larger grants to regional projects?

Answer. To allocate the limited funding available under the title XVI program (approximately \$19 million in fiscal year 2012 for title XVI funding opportunities) among a number of project sponsors seeking funding, grants in excess of \$4 million were not possible this year. Project sponsors may apply for additional funding in fiscal year 2013 as construction on projects continues.

As BOR prepares a funding opportunity for fiscal year 2013, we will evaluate this year's process—including that funding level of \$4 million per project—and make revisions if necessary to ensure that the program works as effectively as possible for project sponsors.

INDIAN WATER RIGHTS SETTLEMENTS

Question. We provided about \$51 million last year for Indian Water Rights Settlements. Has all of that funding been obligated to the various tribes for which it was specified?

Answer. BOR will obligate the entire \$51 million appropriated to BOR in fiscal year 2012 by the end of the year. The following represents the funding status of each of the acts within the Claims Resolution Act.

Navajo Gallup Water Supply Project.—For fiscal year 2012, the enacted amount was \$24.5 million of which, \$17.7 million has been obligated to date. Through construction contracts and three financial assistance agreements (to provide funding to entities for design and construction portions of the project) we anticipate that all funds will be obligated by the end of fiscal year 2012.

Taos Pueblo Indian Water Rights Settlement Act.—In fiscal year 2012, \$4 million of the \$51 million enacted was appropriated for the Taos Pueblo Indian Water Rights Settlement Act. This settlement requires \$36 million to be deposited into the non-interest bearing Taos Pueblo Water Development Fund in the U.S. Treasury. This funding will be made available after the settlement enforcement date of March 31, 2017, to provide grants to plan, permit, design, engineer, and construct the Mutual Benefits Projects. All appropriated dollars will be deposited into the Taos Pueblo Water Development Fund by the end of the fiscal year.

Aamodt Litigation Settlement Act.—In fiscal year 2012, \$9.3 million of the \$51 million enacted was appropriated for the Aamodt Litigation Settlement Act. As of May 1, 2012, \$302,688 of this funding has been obligated. The majority of the \$9.3 million is expected to be obligated by September 30, 2012, for planning and engineering design data collection efforts and a National Environmental Policy Act (NEPA) support services contract for the Pojoaque Basin Regional Water System.

Crow Tribe Rights Settlement Act.—BOR and the Crow Tribe executed a Public Law 93–638 construction contract under section 405 on September 13, 2011. Under this contract, BOR has obligated the entire fiscal year 2012 appropriated amount of \$8.2 million.

White Mountain Apache Tribe (WMAT) Water Rights Quantification Act.—In September 2011, the \$3.2 million discretionary funding received for the WMAT was obligated. To date, the \$4.8 million discretionary funding received in fiscal year 2012 has not been obligated, however, is expected to be fully obligated by the end of the fiscal year.

Question. Some of this Settlement funding was to be used for water systems on the reservations. Can you give us an update on the progress of these water systems?

Answer. The following represents the status of each of the water systems within the Claims Resolution Act.

Navajo Gallup Water Supply Project.—The authorizing legislation identified eight pre-construction activities that were required to be completed prior to commencing construction of the Project. All of those activities have now been completed and the corresponding agreements and contracts have been executed. Pre-construction work, including design, Right of Way acquisition, and environmental and cultural resource compliance activities continue in fiscal year 2012 for reaches that will be constructed in the future. The pre-construction land clearances and designs have also been completed to allow for the initial construction to begin in fiscal year 2012. In addition to the pre-construction activities discussed above, construction is scheduled to begin in several areas of the project in fiscal year 2012.

Taos Pueblo Indian Water Rights Settlement Act.—BOR has requested \$4 million to be deposited into the Taos Pueblo Water Development Fund. All of the \$20 million in discretionary appropriations authorized by Public Law 111–291 (of which the \$4 million is a part) must be appropriated and deposited in the Fund by the settlement enforcement date of March 31, 2017. None of the funds are intended to be used on water systems located on reservation lands. The funds are for the Mutual-Benefit Projects, which are intended to minimize impacts on the Pueblos’ water resources by moving non-Indian ground water pumping away from the Pueblos’ lands.

A contract has been executed with the Pueblo of Taos for their share of San Juan-Chama Project (SJCP) water. The Taos Agreement should be ready for execution later this year. SJCP contracts have been negotiated with the Town of Taos and El Prado. Appraisal level designs and cost estimates are being prepared for some of the mutual benefits projects. This work has been accomplished with Native American Affairs Program funding.

Aamodt Litigation Settlement Act.—Using fiscal year 2012 appropriations, BOR has developed project management plans, begun engineering design data collection in coordination with the project stakeholders, and has initiated Government-to-Government consultations with the Pueblos of Nambé, Pojoaque, Tesuque, and San Ildefonso. BOR expects to award a contract for NEPA compliance support services in July and anticipates awarding contracts for geotechnical investigations in September.

Crow Tribe Rights Settlement Act.—For the Crow Irrigation Project within the contract initiated under Public Law 93–638, BOR reviewed and provided comments on plans and specifications to the tribe for Lodge Grass #1 and #2 diversion structures, and the tribe prepared final plans and specifications, based on BOR’s review. Procurement of materials for these facilities is starting this spring and the tribe plans to construct these facilities in the fall of 2012 after the irrigation season concludes.

White Mountain Apache Tribe (WMAT) Water Rights Quantification Act.—The WMAT is currently in the process of soliciting for and awarding design contracts to complete the design work of the Miner Flat Project to the 30 percent stage to enable completion of an Environmental Impact Statement (EIS). The WMAT is also currently in the process of soliciting and awarding a contract for environmental services for EIS development.

CENTRAL UTAH PROJECT COMPLETION ACT

Question. You have proposed reintegrating the Central Utah Project back into BOR’s budget as opposed to it being separate as it has been for the last 20 years. Why is this being proposed for fiscal year 2013?

Answer. This consolidation fits in with broader Administration efforts to implement good Government solutions and consolidate and streamline activities where possible. The Central Utah Project Completion Act (CUPCA) is the only major water project within the Department of the Interior (DOI) not managed by BOR. The proposed consolidation is intended to ensure that all major water projects within DOI receive equal and consistent consideration and treatment.

Question. Will this improve the management of the Central Utah Project?

Answer. The proposed consolidation will leave the management of completing construction of the CUPCA with the Central Utah Water Conservancy District. Oversight and administrative responsibilities will move from the Department’s Assistant Secretary for Water and Science to BOR. Consolidation of the CUPCA Office into BOR will enhance local responsiveness and program access to the functions within BOR that currently provide administrative support for implementation.

Question. Are there any cost savings by making this change to the Central Utah Project?

Answer. The consolidation will likely have very little impact on costs. No significant cost savings or increase in costs is anticipated.

Question. What happens to the personnel that are currently responsible for the Central Utah Project, are they shifted to BOR’s payroll?

Answer. We anticipate that personnel in the CUPCA Office would be shifted to BOR; however, the details of the consolidation have not been finalized.

Question. Will this change affect the responsibilities of the non-Federal partners on the Central Utah Project?

Answer. The consolidation will not impact the non-Federal partners involved with the completing CUPCA. All non-Federal responsibilities and authority as described in the original CUPCA legislation would remain unchanged.

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

ODESSA SUBAREA SPECIAL STUDY

Question. Commissioner Connor, as you know the Odessa Subarea Special Study is nearing the end of a 5½-year effort to develop alternatives to maintain the economy and jobs base of the Columbia Basin region by substituting Columbia Basin Project water supplies for groundwater irrigation. The groundwater aquifer is being rapidly depleted which threatens not only continued agricultural production but domestic and municipal water supplies for the region's cities.

I am concerned that the Study is being conducted using the rigid "Principles & Guidelines" study methodology that often does not take into account real world realities and that BOR applies overly cautious construction contingency margins that are out of line with current construction experience.

Is BOR committed to timely completion of the Study and to playing a significant role in finding solutions to the water supply problem of the Columbia Basin Project area?

Answer. Yes, BOR is committed to the timely completion of the Odessa Subarea Special Study and is in the process of completing the Final Environmental Impact Statement and planning documents by summer 2012.

The Preferred Alternative is being developed in consultation with our Study partners in response to public comment on the Draft Environmental Impact Statement. This alternative will provide a good opportunity for public private partnerships and maximizes the use of the existing Columbia Basin Project infrastructure.

Question. The State of Washington has already invested millions of dollars in the Study and other Columbia Basin Project capital projects. What are BOR's plans for integrating funding for project elements in the Administration's budget request, starting in fiscal year 2014?

Answer. BOR's cost is shared with the State of Washington on this Study as well as other Columbia Basin Project capital projects. Implementation of the project is dependent on completion of environmental compliance which is our focus in the near term.

As stated above, BOR is committed to completion of the Study; however, future budget requests are contingent upon the completion and outcome of the Study.

QUESTIONS SUBMITTED BY SENATOR LAMAR ALEXANDER

HYDROPOWER

Question. Commissioner Connor, given the Bureau of Reclamation's (BOR) ownership of thousands of megawatts of hydropower facilities, and the March 31, 2011, Department of the Interior report on the potential to create clean energy at BOR facilities, what is the Bureau doing on this issue?

Answer. BOR is focusing its efforts on creating new clean energy on two fronts. The first is by updating and improving the efficiencies of its existing hydropower generators and the second is by encouraging development of new hydropower on dams and canals where hydropower is currently unavailable.

BOR currently owns and operates 53 hydroelectric powerplants with an installed capacity of 14,803 megawatts of installed capacity. While BOR has a long history of increasing the capacity and efficiency of its hydrogenerators, this initiative could be expanded. By replacing its older hydrogenerator turbines with more efficient turbines, rewinding generators to increase capacity and optimizing operation of existing generators, clean hydropower generation could be increased by an estimated 2 to 3 percent.

To encourage new non-Federal development on BOR dams and canals, BOR has performed two hydropower resource assessments. The first identified 268 megawatts of additional hydroelectric capacity which could be developed primarily at 191 Reclamation dams. The second assessment identified 104 megawatts of hydroelectric capacity which could be developed on BOR canals and conduits. Together these studies identified 1,565 million megawatt-hours of new renewable energy which is enough to power 130,000 homes.

BOR is also revising its process for development of power at BOR facilities through lease of power privilege which is currently under review. This effort will help make the process clear to developers.

Due to these efforts, there are 20 new non-Federal hydropower plants being developed on BOR facilities.

Question. What would it take for the BOR to modernize and upgrade its facilities to result in more clean-energy production?

Answer. BOR could increase its clean hydropower generation by 2 to 3 percent through hydrogenerator turbine replacements, rewinds and optimization projects. Within BOR, 22 percent of hydroelectric generator windings and 30 percent of our turbines are 40 years old or older and have not been refurbished. Using a risk and condition based approach of prioritizing rehabilitations, BOR continues to work with its Federal power customers to better identify and schedule these opportunities.

Senator FEINSTEIN. Okay. Just so everybody here knows the impact of this, California, I should say, America's largest agriculture State is California.

In 2009 when we had a similar situation, you had 45 percent unemployment. You had farmers in bread lines. It was really a terrible, terrible situation. So what we're trying to do is essentially make certain adjustments that could provide at least a flow of water necessary to have a somewhat positive farming experience without throwing people into unemployment.

It's a huge, huge industry. You've been wonderful, and we appreciate it. Please keep going because 150 to 200 acre-feet isn't going to do it.

SUBCOMMITTEE RECESS

Senator FEINSTEIN. Everybody, I think that completes our hearing. Thank you very much, General, two Secretaries, Mike, thank you very much. The hearing is adjourned.

Ms. DARCY. Thank you, Madam Chair.

Mr. CONNOR. Thank you.

[Whereupon, at 4:30 p.m., Wednesday, March 28, the subcommittee was recessed, to reconvene subject to the call of the Chair.]