

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS FOR FISCAL YEAR 2018

WEDNESDAY, JUNE 28, 2017

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

The subcommittee met at 2:30 p.m., in room SD-138, Dirksen Senate Office Building, Hon. Lamar Alexander (chairman) presiding.

Present: Senators Alexander, Cochran, Shelby, Murkowski, Hoeven, Kennedy, Feinstein, Tester, Udall, Shaheen, Merkley, and Coons.

DEPARTMENT OF DEFENSE—CIVIL

DEPARTMENT OF THE ARMY

CORPS OF ENGINEERS—CIVIL

STATEMENT OF HON. TODD T. SEMONITE, LIEUTENANT GENERAL, COMMANDING GENERAL AND CHIEF OF ENGINEERS

OPENING STATEMENT OF SENATOR LAMAR ALEXANDER

Senator ALEXANDER. The Subcommittee on Energy and Water Development, please come to order.

Today's hearing will review the President's fiscal year 2018 budget request for the Army Corps of Engineers and the Bureau of Reclamation, which is part of the Department of the Interior.

This is the subcommittee's fourth and final budget hearing. We are doing our best to get to the head of the line among those subcommittees that have appropriations work to do.

Senator Feinstein and I will each have an opening statement. This gives me an opportunity to express, Senator, once again, how much I value the relationship we have, and the way we are able to work together with our staffs, who also work together to produce legislation that is good for this country. So I thank her for her leadership and her professionalism.

I will then ask each Senator, who is here, for up to five minutes for an opening statement after Senator Feinstein and I do. We will turn to our witnesses, then, to present testimony on behalf of the Corps and the Bureau each.

We would like to ask each of you to keep your testimony to about five minutes, which will give us time to ask questions. Then I will give Senators an opportunity to ask five minutes of questions each. We should have enough time for all the Senators to ask questions.

Senator Feinstein and I have another meeting at 4:15 p.m. that we have to go to, so we will be through by then.

I want to thank our witnesses for being here. Thanks Senator Feinstein. Our witnesses include Douglas Lamont, Senior Official, performing the duties of the Assistant Secretary of the Army for Civil Works. Lieutenant General Todd Semonite, Chief of Engineers for the U.S. Army Corps of Engineers. Alan Mikkelsen, Acting Commissioner for the Bureau of Reclamation at the Department of the Interior.

Today I will focus my questions on four main areas. One, making our Nation's water infrastructure a priority; two, properly funding our inland waterway system; three, adequately funding our Nation's ports and harbors; and four, using a more common sense approach to making funding decisions by looking at the remaining Benefit to Cost Ratio of an ongoing project instead of pretending the project is not already under construction, which is what the Corps has to do today because of the Office of Management and Budget rules.

Now, on the water infrastructure priority, based upon the number of appropriations requests we receive each year, the Corps of Engineers must be the Federal Government's most popular agency.

The Corps' projects attract the intense interest of the American people—all of the Senators who are here, including the Chairman, Senator Cochran, whom we welcome—and of their United States Senators.

I can recall when I was a member of the Environmental and Public Works Committee, after the Missouri and Mississippi Rivers floods, a whole room full of Senators showed up to ask for more money from the Army Corps to deal with what went wrong and what went right with disaster relief efforts. So, there is a real interest among Senators in what the Corps does.

The reason this year's budget request is such a problem is that the U.S. Corps of Engineers touches the lives of almost every American. It maintains our inland waterways, it deepens and keeps our ports open, looks after many of our recreational waters and land, manages the river levels to prevent flooding, and its dams provide emission-free, renewable hydroelectric energy.

It is not the first President to make a budget request that is low for the Corps of Engineers, but to make up for these shortfalls in this budget, the money has to come from somewhere else. In my opinion, we should spend more, not less, on our Nation's water infrastructure.

Last year, Congress provided record funding for our Nation's water infrastructure by providing over \$6 billion to the Corps, the largest amount of funding for the Corps in a regular appropriations bill.

Instead of building on what Congress provided last year, the President's budget request proposes only \$5 billion for the Corps, more than \$1 billion cut, or 17 percent less than what was provided and what Congress approved for the current fiscal year.

This is an enormous step backwards. In fact, if we simply approved the President's request, the Corps of Engineers would receive less than what Congress appropriated in fiscal year 2006, setting us back more than a decade.

If we look at the condition of the locks and dams that the Corps operates, for example, we can easily see exactly why we need to spend more, not less, on water infrastructure.

The National Academies of Science in 2011 said the Corps has 138 locks in operation that are over 50 years old, and that the average age of our locks is 58 years.

Using locks is the only way for inland waterway shippers to move things like grain, steel, fertilizer, and coal up and down rivers. Having to unexpectedly shut them down for extended periods of time could be catastrophic for agriculture and other commodities that rely on them to get their goods to market. Yet, as these facilities age, major upgrades, maintenance, and sometimes replacement is required.

So I think it is fair to ask, why would the President cut funding for the Corps of Engineers at a time when more funding is needed?

On June 7, 2017 at a speech in Cincinnati, President Trump talked about the importance of our Nation's waterways and emphasized the need for more spending to help address the maintenance backlog. But apparently, his message did not get through to those who write the budget.

Instead of providing more funding, his budget provides less, in fact, 17 percent less than last year, which will not help the President achieve his own goal.

Now, properly funding the waterway system, critical projects, such as Chickamauga Lock in Tennessee, have been piling up for years due to a lack of funding, and many of us in Congress have recognized that we needed to take steps to increase funding for the Corps to address this backlog.

First, Congress passed a law that reduced the amount of money that comes from the Inland Waterways Trust Fund to replace Olmsted Lock, a project in Illinois and Kentucky that was soaking up almost all of the money that is available for inland waterway projects.

Second, Congress worked with the commercial waterways industry to establish a priority list for waterways that needed to be funded, on which Chickamauga ranks near the top, in fourth place.

And third, in 2014, working together in a bipartisan way, we increased the user fee that commercial barge owners were asked to pay to provide more money to replace locks and dams across the country, including Chickamauga. These user fees are deposited in the Inland Waterways Trust Fund.

These steps increased the amount of funding that was available for inland waterways projects from about \$85 million in 2014 to \$105 million this year. These funds in the Trust Fund that are paid by waterway users are matched with Federal dollars, which allow the Corps to make significant progress to address the backlog.

Yet, the President's budget request only proposes to spend \$26 million from the Inland Waterways Trust Fund this fiscal year, leaving about 84 percent of the available funds unspent. That means, in effect, we would be collecting taxes from commercial barges to go through the locks in order to improve the locks, and then we would be keeping the money, putting it in the bank, and not spending it for the intended purpose.

The budget request also only proposes to fund one project, Olmsted Lock, and eliminates funding for the other three projects that are already under construction and that received funding last year: Lower Monongahela, Kentucky Lock, and Chickamauga Lock.

Replacing Chickamauga Lock is important to all of Tennessee and if Chickamauga Lock closes, it will throw 150,000 more trucks onto Interstate 75. Construction has been ongoing for the past 3 years, so it does not make sense for the Administration to not include the project in a budget request.

I have worked with Acting Secretary Lamont and General Semonite over the last year, and I deeply appreciate that funding for construction of Chickamauga was included in last year's work plan, which was the third consecutive year of funding for this important project.

As General Semonite and I have discussed, starting and stopping is not an efficient way to build projects. It wastes the taxpayers' money. This year's budget proposal is a huge step backward for our Nation's inland waterways.

I will be asking our witnesses today about the new user fee for inland waterways proposed in the budget, which would raise about a billion dollars over the next 10 years. This new fee would be on top of the fee that was already increased in 2014, which the Congressional Budget Office estimated would raise \$260 million over 10 years.

We need to spend the money that is already being collected before we ask the waterways industry to pay more. It makes no sense to ask barge owners to pay more in fees when the Administration is not even proposing to spend all the fees that we are collecting today.

The budget request this year also fails to adequately fund our Nation's ports and harbors, such as Mobile Harbor in Alabama, Savannah Harbor in Georgia, Long Beach Harbor in California, and many others.

Four years ago, Congress looked to provide more funding for our Nation's ports and harbors to ensure that we can compete with other harbors around the world.

We realized the Government was spending only a fraction of the taxes each year that were collected in the Harbor Maintenance Trust Fund for our ports and harbors, resulting in billions of dollars of unspent funds just sitting in a bank account that got bigger and bigger each year.

In fact, unlike the Inland Waterways Trust Fund which has virtually no balance in the trust fund, the Harbor Maintenance Trust Fund has an unspent balance today close to \$9 billion.

To provide more funding for our ports and harbors, Congress enacted spending targets for the Harbor Maintenance Trust Fund in the Water Resources Reform and Development Act of 2014. We have met these targets for the last 3 years in the Energy and Water appropriations bill.

So we have spent all the money that we collected in taxes for the inland waterways for the last 3 years. We have met our targets for three straight years on the ports and the harbors. But this budget would take us backwards.

The target for 2018 is about \$1.34 billion. However, the Administration's budget only proposes to spend \$965 million, a shortfall of \$375 million. So I will ask the witnesses how they plan to sufficiently fund our ports and harbors without requesting adequate resources to do it.

I would also like to recognize Alan Mikkelsen, Acting Commissioner from the Bureau of Reclamation. We are glad you are here. The Bureau of Reclamation delivers water to one out of every five farmers in the West, irrigating more than 10 million acres of some of the most productive agricultural land in the country.

Although Reclamation does not manage water resources in Tennessee, I know of its deep importance to Senator Feinstein and to other Senators of this Committee, and we look forward to hearing your testimony.

[The statement follows:]

PREPARED STATEMENT OF SENATOR LAMAR ALEXANDER

We're here today to review the president's fiscal year 2018 budget request for the U.S. Army Corps of Engineers and the Bureau of Reclamation, which is part of the Department of the Interior.

Today I will focus my questions on four main areas:

- Making our Nation's water infrastructure a priority;
- Properly funding our inland waterways system;
- Adequately funding our Nation's ports and harbors; and
- Using a more common-sense approach to making funding decisions by looking at the "remaining benefit to cost ratio" of an ongoing project instead of pretending the project is not already under construction which is what the Corps has to do today because of Office of Management and Budget rules.

MAKING OUR NATION'S WATER INFRASTRUCTURE A PRIORITY

Based on appropriations requests, the Corps of Engineers is the Federal Government's most popular agency.

Corps of Engineers projects attract the intense interest of the American people, and of their United States senators. I can recall when, I was a member of the Environmental and Public Works Committee, after a flooding of the Missouri and Mississippi rivers, a whole room full of senators showed up to ask for more money to deal with what went wrong and what went right with disaster relief efforts. So, there's a real interest in these proposals.

The reason this budget request is such a problem is that the U.S. Army Corps of Engineers touches the lives of almost every American. The Corps maintains our inland waterways, it deepens and keeps our ports open, looks after many of our recreational waters and land, manages the river levels to prevent flooding, and its dams provide emission-free, renewable hydroelectric energy.

This is not the first president to do this, but to make up for these shortfalls, the money has to come from somewhere else.

In my opinion, we should spend more, not less, on our Nation's water infrastructure.

Last year, Congress provided record funding levels for our Nation's water infrastructure by providing over \$6 billion to the Corps of Engineers—the largest amount of funding for the Corps of Engineers in a regular appropriations bill.

Instead of building on what Congress provided last year, the president's budget request proposes only \$5.002 billion for the Corps of Engineers, which is a more than \$1 billion cut, or 17 percent less, than what was provided last year in fiscal year 2017.

This is an enormous step backwards. In fact, if we simply approved the president's request, the Corps of Engineers would receive less than what Congress appropriated in fiscal year 2006, setting us back more than a decade.

If we look at the condition of the locks and dams that the Corps operates across the country, for example, we can easily see exactly why we need to spend more—not less on water infrastructure.

The National Academies of Science in 2011 said the Corps has 138 locks in operation that are over 50 years old, and that the average age of our locks is 58 years.

Using locks is the only way for inland waterway shippers to move things like grain, steel, fertilizer and coal up and down rivers, and having to unexpectedly shut them down for extended periods of time could be catastrophic for agriculture and other commodities that rely on them to get their goods to market.

Yet, as these facilities age, major upgrades, maintenance, and sometimes replacement is required, so I think it's fair to ask, why would the president cut funding for the Corps of Engineers at a time when more funding is needed?

On June 7, 2017, in a speech in Cincinnati, Ohio, President Trump recognized the importance of our Nation's waterways and emphasized the need for additional investment to address the maintenance backlog.

But instead of providing more funding, his budget provides less—in fact, 17 percent less—funding than last year for the Corps of Engineers, which will not help him to achieve that goal.

PROPERLY FUNDING OUR INLAND WATERWAYS SYSTEM

Critical projects, such as replacing Chickamauga Lock in my home State of Tennessee, have been piling up for years due to a lack of funding, and many of us in Congress have recognized that we needed to take steps to increase funding for the Corps of Engineers to address this backlog.

First, Congress passed a law that reduced the amount of money that comes from the Inland Waterways Trust Fund to replace Olmsted Lock, a project in Illinois and Kentucky that was soaking up almost all of the money that is available for inland waterway projects.

Second, Congress worked with the commercial waterways industry to establish a priority list for projects that needed to be funded, on which Chickamauga ranks near the top, in fourth place.

And third, in 2014, working together in a bipartisan way, we increased the user fee that commercial barge owners asked to pay to provide more money to replace locks and dams across the country, including Chickamauga Lock. These user fees are deposited into the Inland Waterways Trust Fund.

These steps increased the amount of funding that was available for inland waterways projects from about \$85 million in fiscal year 2014 to \$105 million this year.

These funds—that are paid by waterway users—are matched with Federal dollars, which allow the Corps of Engineers to make significant progress to address the backlog of work on our inland waterways.

Yet the president's budget request only proposes to spend \$26 million from the Inland Waterways Trust Fund this fiscal year, leaving about 84 percent of the available funds unspent.

That means, in effect, we would be collecting taxes from commercial barges to go through the locks in order to improve the locks, and then we would be keeping the money, putting it in the bank, and not spending it for the intended purpose.

The budget request also only proposes to fund a single project, Olmsted Lock, and eliminates funding for the other three projects that are already under construction and received funding last year—Lower Monongahela, Kentucky Lock, and Chickamauga Lock.

Replacing Chickamauga Lock is important to all of Tennessee and if Chickamauga Lock closes, it will throw 150,000 more trucks onto I-75. Construction has been ongoing for the past 3 years so it does not make sense for the administration to not include the project in the budget request.

I've worked with acting Secretary Lamont and General Semonite over the last year and I deeply appreciate that funding for construction on Chickamauga Lock was included in last year's work plan, which was the third consecutive year of funding for this important project. And as General Semonite and I have discussed, starting and stopping is not an efficient way to build projects.

This year's budget proposal is a huge step backwards for our Nation's inland waterways.

I will also be asking our witnesses today about the new user fee for inland waterways proposed in the budget which would raise about a billion dollars over the next 10 years. This new fee would be on top of the fee that was already increased in 2014, which the Congressional Budget Office estimated would raise \$260 million over 10 years.

We need to spend the money that is already being collected before we ask the waterways industry to pay more. It makes no sense to ask barge owners to pay more in fees when the administration is not even proposing to spend all the fees we are collecting today.

ADEQUATELY FUNDING OUR NATION'S PORTS AND HARBORS

The budget request this year also fails to adequately fund our Nation's harbors, such as Mobile Harbor in Alabama; Savannah Harbor in Georgia; and Long Beach Harbor in California, and many others across the country.

Four years ago, Congress took a look at the need to provide more funding for our Nation's ports and harbors to ensure we can compete with other harbors around the world.

We realized that the government was spending only a fraction of the taxes each year that were collected in the Harbor Maintenance Trust Fund for our ports and harbors, resulting in billions of dollars of unspent funds just sitting in a bank account that got bigger and bigger each year.

In fact, unlike the Inland Waterways Trust Fund—which has virtually no balance in the trust fund—the Harbor Maintenance Trust Fund had an unspent balance of about \$8.3 billion in 2014, and is about \$9 billion today.

To provide more funding for our ports and harbors, Congress enacted spending targets for the Harbor Maintenance Trust Fund in the Water Resources Reform and Development Act of 2014.

We have met these targets for the last 3 years in the Energy and Water appropriations bill.

The target for fiscal year 2018 is about \$1.34 billion. However, the administration's budget only proposes to spend \$965 million, a shortfall of \$375 million.

So I will ask the witnesses how they plan to sufficiently fund our ports and harbors without requesting adequate resources to do it.

I'd also like to recognize Alan Mikkelsen, acting commissioner from the Bureau of Reclamation.

The Bureau of Reclamation delivers water to one of every five farmers in the West, irrigating more than 10 million acres of some of the most productive agricultural land in the country.

Although Reclamation doesn't manage water resources in Tennessee, I know of its deep importance to Senator Feinstein and other Senators on this subcommittee, and we look forward to hearing your testimony.

Senator ALEXANDER. With that, I will turn to Senator Feinstein for her opening statement.

STATEMENT OF SENATOR DIANNE FEINSTEIN

Senator FEINSTEIN. Thanks very much, Mr. Chairman.

As I say every year, it still remains a delight to work with you, and I very much appreciate your cooperation.

I would like to begin by welcoming our witnesses. General, I have received your note and your comments about your recent tour of California projects. I am very pleased you had a good visit.

I know two of our witnesses are temporary stewards for their position, so we look forward to moving on and discussing some very big problems, not only with you, but with your successors as well.

I am disappointed by the proposals from both agencies and the Army Corps' budget for the Civil Works program that is cut by \$1 billion or 17 percent. That is really horrendous.

Previous administrations may have proposed similar cuts, but President Trump spoke at length during the campaign about how he would initiate dramatic new investments in America's infrastructure.

I am here to say that the Army Corps is our only real infrastructure project in America today. I am so grateful for your work. You are responsible for building, monitoring, and repairing critical infrastructure like levees, dams, and navigation channels.

I received one of the big shocks of my life with what happened at Oroville Dam a few months ago. A failure to properly invest in our water infrastructure put, I think, 200,000 lives at risk and en-

tire communities at risk as well. Oroville, I believe, stands as a warning of further collapses.

I was just looking at the numbers and we have nearly 2,000 State-regulated, high hazard dams in the United States that were listed as being in need of repair in 2015. That is according to the Association of State Dam Safety Officials. And a dam, I understand, is considered high hazard based on potential for the loss of life as a result of failure.

By 2020, 70 percent of the dams in our country will be more than 50 years old, and that is according to the American Society of Civil Engineers.

What we saw happen at Oroville was just astounding because we saw a spillway that was totally inadequate, huge sections of which just collapsed, and water just poured with abundance.

We could have real problems in the future, Mr. Chairman, with this area and I am going to take a real look at dams throughout America. We would love to work with you in putting together a kind of portfolio of need.

We came within God's good grace by not having thousands of people killed in what happened up there. And I want to just thank everybody that worked so hard to see that that dam could spill properly as soon as possible.

Over the past 3 years, I have worked hard with Chairman Alexander to invest more than \$3 million in drought response and I am very grateful to him. Last year's Omnibus marked the turning point for mitigating an ongoing drought to investing in preparations for the next drought.

And so, I am disappointed that the Bureau's budget request appears to, once again, ignore bipartisan efforts made by this subcommittee to invest in long term drought resiliency infrastructure.

Chairman Alexander was gracious enough to agree to inclusion of the first tranche of funding in the 2017 Omnibus. It is my hope that this subcommittee will appropriate the funding necessary each year to match those authorizations.

I want to be clear that we will be closely monitoring the two agencies in front of us today to ensure that the United States is prepared for the next major drought far better than we were for the last one.

This means not just helping State and local partners build new water supply infrastructure, but also other efforts, such as: investing in substantially increased monitoring of endangered fish species to better inform water pumping decisions; developing the science necessary to better predict weather phenomenon like atmospheric rivers and use those predictions to more flexibly operate dams; creating new tools to assess the safety and structural integrity of dams and levees without having to empty them or take them offline.

The other major large scale effort that the two agencies before us today, I hope, will focus on is climate change. We have seen drought in the west and southeast, increasingly erratic winter storms, floods, and potentially catastrophic sea level rise.

Climate change, I believe, will require the Army Corps and the Bureau to constantly reevaluate every piece of water infrastructure in the United States, how it is managed, how it is maintained. As

these two agencies and all of their scientists know, climate change is real and we must be prepared.

I also really want to point out that the average age of the 90,580 dams in the United States is 56 years. So I am of the opinion that we really do need a program of monitoring and preventing what could be a catastrophic outcome. I suspect we will have it.

Just one word of aside, California just has gone through its biggest drought in history, since these records were taken. Today, June, where our fire season begins in September or October, we have six big forest fires burning today.

We have 102 million dead trees, according to the Forest Service. We are expecting massive invasions of beetles and other things that fly and do damage.

So drought, and climate change, and the imprecision of both are really upon us in a major way. And given the limited resources we have available to us under the spending caps, it is really imperative that both agencies before us today think critically and creatively to stretch resources and combine multiple benefits in each project. I will give you an example.

This could mean investing in multipurpose projects. It just so happens I have one, like the San Francisco Shoreline and Hamilton City, where levees will be built for flood protection and also conduct eco-system restoration to mitigate rising sea levels and improve water quality.

My experience with the Army Corps over the past 24 years has been—Mr. Chairman, coming from a very big State—has been remarkable. I have found the heads responsive. They care. They have a scientific background. They know what they are doing and they do not resent us. And so, I think that that is a very positive syndrome for the future.

So I hope that that will be the case and I believe it will. That this Committee, and other committees like it here, could work closely with you because I really fear a collapsing dam problem throughout the United States based on age, based on certain inefficiencies in original construction, and also based on lack of proper maintenance.

So thank you very much, Mr. Chairman.

Senator ALEXANDER. Thank you, Senator Feinstein.

We will now proceed to opening statements from other Senators.

I recognize Senator Cochran, our Appropriations Committee Chairman, for any statement he may have.

Senator Cochran.

STATEMENT OF SENATOR THAD COCHRAN

Senator COCHRAN. Mr. Chairman, thank you very much for convening the hearing and presiding at this session.

We thank the witnesses for being here to help us find out more of the details of the budget request submitted for the Army Corps of Engineers.

I ask that my statement be printed in the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR THAD COCHRAN

Mr. Chairman, thank you for convening this important hearing to review the President's fiscal year 2018 budget request for the U.S. Army Corps of Engineers and the Bureau of Reclamation. I am pleased to welcome our distinguished panel of witnesses, and extend my appreciation for the contributions you make to the country in your various leadership roles.

The U.S. Army Corps of Engineers keeps our Nation's infrastructure strong during times of peace and war. In carrying out its civil mission, the Corps helps ensure continued improvements to our economic interests, public safety, and environmental health.

The Corps' civil works functions are particularly important to my State, as port dredging, construction of important flood control projects and restoration of damaged coastlines impacts the overall quality of life for Mississippians.

Ensuring that the Corps has adequate funding to meet its responsibilities is a high priority of mine. Congress continues to act responsibly to use the Energy and Water Development appropriations bills as a means to provide the Corps with necessary resources. I look forward to hearing our witnesses' testimony, and working closely with them and members of this subcommittee as we move forward with the fiscal year 2018 appropriations process.

Thank you, Mr. Chairman, for convening today's hearing.

Senator ALEXANDER. Thank you, Senator Cochran.
We will print your comments in the record.
Senator Udall.

STATEMENT OF SENATOR TOM UDALL

Senator UDALL. Thank you very much, Mr. Chairman.

I could not agree with you more that the budget on this water infrastructure is a step backwards. I look forward to working with both the Chair and Ranking on water infrastructure that you both talked about in your openings.

I think if there is going to be an infrastructure package that the President has talked about, I think water should be at the top of it and be a part of that. So I look forward to working with you there.

I want to thank Mr. Mikkelsen. The Bureau's fiscal year 2017 spending plan came out last week, as I understand it, and it includes some good investments for New Mexico, including \$4 million in additional funding for the Eastern New Mexico Water Utility Authority.

This project has \$50 million in shovel-ready work. It is just waiting on funds to put people to work, and I look forward to working with the Bureau to assure the continued robust funding for this project.

You may not be aware, but of the six rural water projects, Eastern New Mexico is the only one that supports our national security with 13 percent of the water from this project consumed by Cannon Air Force Base. Assuring that the project has robust funding is invaluable not only to the communities of Clovis, Portales, and Melrose, but also to protect the multibillion dollar investment of modernizing Cannon Air Force Base. So thank you for that.

Lieutenant General Semonite and Mr. Lamont, I want to thank you for continuing to prioritize reimbursements to entities in New Mexico through the Environmental Infrastructure Program. This year, the Corps' work provided \$1.5 million to reimburse three entities: Rio Rancho, Bernalillo County, and the MRGCD (Middle Rio Grande Conservancy District).

But our work is not over; \$9 million is still outstanding to be paid to these partners, some of which has been waiting for reimbursement for over a decade. I know \$9 million may not sound like a lot, but for these entities like Rio Rancho, Bernalillo County, and the MRGCD, I can assure you, it is significant.

Therefore, I hope you will continue to work with me to prioritize these reimbursements so these communities can reinvest their money in new water and wastewater projects and get out of this cycle of borrowing against future funds.

To each of you, President Trump has been talking about sending Congress an infrastructure package since his days on the campaign trail. Something in concept almost everyone supports and which I just mentioned.

When many people think of infrastructure, they think of roads and bridges, but in rural America, we also know that dams, levees, and rural water projects are invaluable infrastructure. In fact, it is estimated that the value of the Bureau of Reclamation's assets would be \$94.5 billion to replace, and to replace all our Federal water infrastructure would be over \$350 billion. Maintenance of these critical assets is integral to our water security, fiscal security, and national security.

We also know that for every Federal dollar spent on water and wastewater infrastructure—and I mean real dollars not a tax break—we generate \$6.35 to the GDP (gross domestic product).

Therefore, I hope you will each push the White House to include robust funding in any infrastructure proposal for water infrastructure and in particular in rural areas which need it.

Thank you and look forward to my round of questions.

Senator ALEXANDER. Thank you, Senator Udall.

Senator Shelby.

STATEMENT OF SENATOR RICHARD C. SHELBY

Senator SHELBY. Thank you, Mr. Chairman.

Mr. Chairman, thank you and Senator Feinstein for the leadership you bring here.

I was struck by the about \$8 billion. Was that the right figure in the Harbor Maintenance Trust Fund?

Senator ALEXANDER. I think it is now \$9 billion, Senator Shelby.

Senator SHELBY. Or more. We have dire needs everywhere, everybody here today has a need for infrastructure. I think we have to look.

Chairman Cochran, I hope we have a nice allocation ultimately for this Committee, but we ought to look at ways to fund these needed projects that we all are pushing for that will make this country move things, commerce, much better again.

I ask that my entire statement be made part of the record, and I look forward to the hearing.

[The statement follows:]

PREPARED STATEMENT OF SENATOR RICHARD C. SHELBY

Thank you Mr. Chairman and Ranking Member Feinstein for convening this important subcommittee hearing to review the funding request and budget justification for the Army Corps of Engineers and the Bureau of Reclamation.

Mr. Chairman, as you know, the needs for improved water infrastructure across the United States is great. Properly maintaining our inland waterway systems,

ports, and harbors is vital to ensure that commerce can continue to flow throughout the Nation. From rural water systems to port infrastructure, finding ways to fund these projects must continue to be a priority for Congress and the Administration. I look forward to working with you and the members of this committee during the 115th Congress, and I welcome our distinguished panel of witnesses.

Senator ALEXANDER. Thank you, Senator Shelby. It will be made part of the record.

Senator Shaheen.

Senator SHAHEEN. I do not have an opening statement, Mr. Chairman.

Senator ALEXANDER. Thanks, Senator Shaheen.

Senator Kennedy.

Senator KENNEDY. I pass, Mr. Chairman.

Senator ALEXANDER. Thank you.

Senator Tester.

STATEMENT OF SENATOR JON TESTER

Senator TESTER. Thank you, Mr. Chairman.

I want to echo the remarks of Senator Shelby, and thank you, and Ranking Member Feinstein for their leadership.

There are a lot of things in this world that are important, but nothing more important than clean water. You can have all the assets in the world, but if you do not have clean water, you are not moving forward economically or with life itself, because water is life.

In that vein, we have a lot of rural water projects in Montana that have been on the books for a long time now. I ran for the State legislature 20 years ago and they were on the books then, and they are still on the books, and we still have a long ways to go for completion on that.

I know money is a finite resource, but it is going to take some dollars to get those done. Whether we can do it within budget or with an infrastructure bill, it is critically important we move forward on those projects because, quite frankly, these folks need clean water.

The other thing I would just bring up, and we can flesh it out more as the committee goes on, is invasive aquatics. The zebra mussels and all the bad stuff that is in the water that is all around, Montana has just been infected with them. It is a big, big issue in a State where our outdoor economy is worth \$6.4 billion. Where we use that water for irrigation, those invasive aquatics really can be harmful.

I know it is a tough issue, but the truth is we need to work together to figure out ways to get our arms around this and move forward in a way that these little buggers do not take us out.

So thank you all for being here.

Senator ALEXANDER. Thanks, Senator Tester.

We will now recognize our witnesses to give their statements, beginning with General Semonite.

General, you may proceed.

SUMMARY STATEMENT OF LIEUTENANT GENERAL TODD T. SEMONITE

General SEMONITE. Chairman Alexander, Ranking Member Feinstein, and distinguished Members of the subcommittee.

I am Lieutenant General Todd Semonite, Commanding General of the United States Army Corps of Engineers and the 54th Chief of Engineers.

I am really honored to be here today accompanied by Mr. Lamont to provide testimony on the President's fiscal year 2018 budget for the Civil Works program for the United States Army Corps of Engineers.

I have been in Command of the Corps for just over a year, and I continue to be amazed by the breadth and complexity of the Civil Works program, as well as the expertise and dedication of the professionals that work in our organization.

While this is my first time appearing before this subcommittee, I have had the opportunity to work with a number of you individually and look forward to continuing to build our relationship during my tenure as Chief of Engineers.

It is my belief that the credibility of the Corps is measured by our ability to deliver results that are on time, on budget, and of exceptional quality.

To do this—and to maintain our status as a world class organization now and into the future—we are focusing on three fundamentals we call strengthening our foundation, delivering the program, and achieving our vision. I want to give you some highlights of those fundamentals.

As with any structure, our foundation must be our strength, the bedrock upon which our present rests and our future is built.

For the Corps, this means having the discipline to accomplish routine tasks to a high standard. It means demonstrating that we are reliable and competent partners, assisting in shared efforts to be responsible stewards of our Nation's water resources.

We are committed to transform our processes, invest in the technical competency of our most valued asset, our people, and to be collaborative and transparent.

Our strength is validated by earning trust in all we do by demonstrating technical expertise, competence, and professionalism across our organization.

We earn our credibility, our reputation, and our value by delivering our program. This is our lifeblood. This is our passion. This is our mission. And this is our number one priority. In all we do, we strive to ensure that cost, timelines, and expected quality are understood upfront and accomplished successfully in the end.

In order to achieve our vision, we endeavor to anticipate those conditions, challenges, and opportunities in an uncertain future by taking prudent, logical, and decisive steps today to prepare. We are doing this by implementing strategic transformation within the Corps, continuing pursuing four goals outlined within our campaign plan with an aim point of 2025.

Our first campaign goal is to continue to work across the globe with a presence in more than 110 countries supporting national security with our combatant commanders in civil works, military missions, and water resources.

We are proud to serve this great Nation and our fellow citizens, and we are proud of the work the Corps does to support American foreign policy.

Our second goal is to continue to work in making the Corps more efficient and effective while delivering integrated water resource solutions for national missions, and to address infrastructure challenges. This involves modernizing the project planning process, enhancing budget development for more holistic outcomes, making better risk informed investment decisions, and improving delivery methodology.

Our third major goal is to continue to be proactive in reducing disaster risk and responding to disasters under the national response and recovery support framework, as well as within our authority for flood risk management. I am very proud of our team for the work we do with FEMA and our Federal partners, as well as with State and local agencies in this area.

Our fourth and final goal is preparing for tomorrow, which focuses on our people and ensuring we have a pipeline of the best engineering and technical expertise, as well as a strong workforce development and talent management program. We continue to tailor developmental programs to employ aspirations to retain talent and instill a culture that embraces a career of service.

And on about the fourth row back, we brought in 12 people who are emerging leaders from the Corps, so they could sit here today and to learn how this process works.

In closing, I would offer that our excellence demands the commitment of every Corps employee. As Chief of Engineers, I am striving to develop what General Shinseki, former Army Chief of Staff, called irreversible momentum towards being a world class organization. World class means for the Corps to continue engineering solutions for the Nation's toughest challenges, which is our vision.

We all must be leaders of technical competency and superior integrity. You have my commitment that the teammates of the Corps have a passion to achieve that vision.

Thank you for allowing me the time to address the Committee today.

[The statement follows:]

PREPARED STATEMENT OF LIEUTENANT GENERAL TODD T. SEMONITE

Chairman Alexander, Ranking Member Feinstein and Members of the Subcommittee: I am honored to testify before your committee today, along with Mr. Douglas Lamont, the Senior Official Performing the Duties of the Assistant Secretary of the Army (Civil Works), on the President's fiscal year 2018 Budget for the United States Army Corps of Engineers (Corps) Civil Works Program. This is my first time to testify before this Subcommittee and I look forward to working together during my tenure as Chief of Engineers.

I have been in command of the Corps for just over a year, and I want to briefly update you on where we're headed.

As an organization, the Corps' credibility is measured by our ability to deliver results that are on time, on budget, and of exceptional quality. To do this, and to keep us "world class", now and into the future, we're focusing on three fundamentals we call "Strengthen the Foundation," "Deliver the Program," and "Achieve our Vision."

First, as with any structure, our Foundation must be our Strength—the bedrock upon which our present rests and our future is built. For the Corps, this means having the discipline to do the routine things to a high standard. It means demonstrating we are reliable and worthy partners to assist in a shared effort by all levels of government and the private sector to be responsible stewards of our Nation's water resources—and to earn its trust—in all we do, from top to bottom, big to small, tactical to strategic. It means having teams and processes that ask and answer the right questions, like, "do we have the capabilities, capacity, and authorities," before we launch. And, it means empowering leaders to think strategically because they are confident in the discipline of our ranks.

Second, we earn our credibility, our reputation, and our value by Delivering the Program. This is our lifesblood. This is our passion. This is our mission. And this is our No. 1 priority. In all we do, we'll ensure that costs, milestones, and expected quality are both understood and met.

Finally, to Achieve our Vision, we'll do our best to anticipate the conditions, challenges, and opportunities in an unknowable future and take prudent, decisive steps today to prepare. We're doing this by operationalizing strategic change with our Campaign Plan and its four (4) Goals—Support National Security, Deliver Integrated Water Resource Solutions, Reduce Disaster Risk, and Prepare for Tomorrow.

First, we continue our work across the globe with presence in more than 110 countries Supporting National Security and our Combatant Commanders with Civil Works, Military Missions, and Water Resources Research and Development expertise. 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. Corps civilian employees nationwide have volunteered—and continue to volunteer—to support our Nation's missions and vital interests abroad, often in harm's way. Many have served on multiple deployments.

Second, we continue to work at making the Corps more efficient and effective while Delivering Integrated Water Resource Solutions for national missions and to address infrastructure challenges. This involves modernizing the project planning process, enhancing budget development for more holistic outcomes, making better risk-informed investment decisions, and improving delivery methods.

Third, we continue to be proactive in Reducing Disaster Risks and responding to disasters under the National Response Framework, National Disaster Recovery Framework, Public Law 84-99 as amended, and Corps project authorities for flood risk management. I am so proud of our team for the work we do with our partners at FEMA and State and local agencies in this area.

Fourth, Preparing for Tomorrow remains about our people and ensuring we have a pipeline of the best Science, Technology, Engineering and Mathematics team-mates, as well as strong Workforce Development and Talent Management programs. We continue to tailor development programs to employee aspirations to retain talent and instill a culture that embraces a career of service. We've enjoyed success here, and continue to significantly improve our agency ranking in the Federal Employee Viewpoint Survey and on the list of best places to work in the Federal Government. We are proud to say that we continue to help our Nation's Wounded Warriors transition out of active duty into fulfilling careers. In fact, this year we set a goal to assist 225 transitioning Wounded Warriors. I'm proud to say that we've nearly reached this goal by assisting 185 Wounded Warriors through the end of the 2nd quarter. Over the past 5 years, we've helped just over 1,300 Wounded Warriors find meaningful careers within the Corps and other organizations.

In closing, may I say that our excellence demands the bone-deep commitment of every Corps employee. I'm striving to develop what GEN Shinseki, former Army Chief of Staff, called "irreversible momentum" toward being a "world-class" organization. I use those two words on purpose because when I talk with my Corps team, I want all of us to have something to relate to. Whether a regulatory biologist or construction engineer, a human resource specialist or dam operator, an administrative professional or general officer, "world class" means that for the Corps to continue "engineering solutions to the nation's toughest challenges," which is our vision, we all must be leaders of superior integrity and technical competence. We know our multi-billion program doesn't deliver itself. Nor is the Nation served just by the work that we do, but more importantly, by your entire Corps Team—34,000 strong. Thank you for allowing me the time to address the committee.

SUMMARY OF FISCAL YEAR 2018 BUDGET

The fiscal year 2018 Civil Works Budget is a performance-based budget, and reflects a focus on the work that will provide high economic and environmental returns to the Nation or address a significant risk to safety. Investments by the Civil Works program will reduce the risks of flood impacts in communities throughout the Nation, facilitate commercial navigation, restore and protect aquatic ecosystems, generate low-cost renewable hydropower, and support American jobs. Continued investment in critical Civil Works infrastructure projects is an investment in the Nation's economy, security, and quality of life—now and in the future.

The Budget focuses on high-performing projects and programs within the three main water resources missions of the Corps: commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration. The fiscal year 2018 Budget includes \$5.002 billion in gross discretionary funding for Civil Works activities throughout the Nation, including the construction of water resources projects that

will provide high economic, environmental and public safety returns on the Nation's investment.

The Budget also proposes the necessary level of funding for the Regulatory program to protect and preserve water-related resources of the Nation.

INVESTIGATIONS PROGRAM

The fiscal year 2018 Budget provides \$86 million in the Investigations account, and \$3 million in the Mississippi River and Tributaries account to evaluate and design projects within the Corps three main mission areas and for related work, including some research and development. The Budget also supports the Corps planning and technical assistance programs, including using its expertise to help local communities increase their resilience to, and preparedness for, flood risks such as the flood risks in coastal communities.

CONSTRUCTION PROGRAM

The Budget provides \$1.02 billion for the construction program in the Construction account, and \$108 million in the Mississippi River and Tributaries account, prioritizing projects with a high net economic, environmental and safety return to the Nation per dollar invested, as well as projects that address a significant risk to safety.

The goal of the construction program is to produce as much value as possible for the Nation from the available funds. The Corps uses objective performance measures to allocate this funding. For projects that are being funded primarily due to their economic return, these include benefit-to-cost ratios. For projects funded on the basis of their environmental return, priority is given to those projects that are highly effective at restoring degraded structures, functions or processes of aquatic ecosystems on a cost-effective basis as well as mitigation or environmental requirements. The selection process also prioritizes investments, on a risk informed basis, in dam safety assurance, seepage control, static instability correction work at dams that the Corps owns and operates.

OPERATION AND MAINTENANCE (O&M) PROGRAM

All structures age and can deteriorate over time, causing a potential decline in reliability. As stewards of a large portfolio of water resources infrastructure, we are working to ensure that its key features continue to provide appropriate levels of service to the American people.

The Corps is working to improve the efficiency and effectiveness of its operation and maintenance program. The Budget focuses on investments that address infrastructure maintenance needs on a risk assessment basis. In fiscal year 2018, the Corps will further expand the implementation of a modern asset management program, dedicating an increased amount of its O&M funding to the key features of its infrastructure and for work that will reduce long-term O&M costs in real terms. The Budget also supports an energy sustainability program and pursues efficiencies in the acquisition and operation of our information technology.

The Budget for the operation and maintenance program provides \$3.1 billion in the O&M account, and \$142 million in the Mississippi River and Tributaries account, with a focus on the operation and maintenance of key commercial navigation, flood risk management, hydropower and other facilities. The Budget gives priority to coastal ports and inland waterways with high levels of commercial traffic, and includes \$965 million for work financed through the Harbor Maintenance Trust Fund. The Budget also funds some small ports, including an emphasis on those that support significant commercial fishing, subsistence, or public transportation benefits. The Budget provides O&M funding for safety improvements at the dams and levees that the Corps owns and operates based on the risk and consequence of a failure. According to our analyses, 297 of the 715 dams in our current inventory have either already had some form of modification, or an interim risk reduction measure, or may require them over the next 50 years, if they are to continue to serve their authorized purposes. Additional measures are considered and evaluated as new and existing issues are identified.

Generally, the O&M program supports completed works owned or operated by the Corps, including administrative buildings and laboratories. Work to be accomplished includes: operation of locks and dams along the inland waterways; dredging of inland and coastal Federal channels; operating multi-purpose dams and reservoirs for flood risk reduction, hydropower, recreation, and related purposes; maintenance and repair of facilities; monitoring of completed projects; and general management of Corps facilities and the land associated with these purposes including work to serve as a responsible steward of the resources on Corps lands.

The fiscal year 2018 Budget provides \$243 million in the O&M account for hydropower activities in order to maintain basic power components such as generators, turbines, transformers and circuit breakers at Corps hydropower facilities to keep them operating efficiently and effectively. The Corps is the largest hydropower producer in the U.S., operating 24 percent of the Nation's hydropower capacity.

REIMBURSABLE PROGRAM

Through the Interagency and International Services (IIS) Reimbursable Program, the Corps assists other Federal agencies, State, local, Tribal governments, and those of other countries with timely, cost-effective solutions. These agencies can turn to the Corps, which already has these capabilities, rather than develop their own internal workforce and expertise to act as their design and construction agent. Such intergovernmental cooperation is effective for agencies and the taxpayer, and uses the skills and talents that we bring from our Civil Works and Military Missions programs.

The work is principally technical oversight and management of engineering, environmental, and construction projects. The the work itself is typically performed by private sector firms and is financed by the agencies we service. IIS Reimbursable Program activities in support of our domestic stakeholders totaled \$1.04 billion in fiscal year 2016. We only accept agency requests that are consistent with our core technical expertise, in the national interest, and that can be executed without impacting our primary mission areas.

EMERGENCY MANAGEMENT

The fiscal year 2018 Budget provides \$35 million in funding for the Flood Control and Coastal Emergencies account to enable the Corps to prepare for emergency operations in response to natural disasters. The Budget for the emergency management program also includes \$5.5 million for the National Emergency Preparedness Program—an increase of \$1 million from prior years.

An additional \$3 million is included in the Investigations account for the Corps participation in the development and expansion of intergovernmental teams, known as Silver Jackets, which collaboratively reduce the risks associated with flooding and other natural hazards. The Silver Jackets program is an innovative program, which provides a national forum to address State and local flood risk management priorities. Each team is developed at the State level. The teams share lessons learned at the State level with each other, and each team works to apply the available Federal and State resources effectively to meet its State's flood risk management priorities. There are now 48 active teams (47 States and the District of Columbia); our goal is to have a Silver Jackets team for every State. The Flooplain Management Program of the Corps complements this effort by providing technical assistance.

CONCLUSION

The fiscal year 2018 Budget represents a continuing, fiscally prudent investment in the Nation's water resources infrastructure and restoration of its aquatic ecosystems. The U.S. Army Corps of Engineers is committed to a performance-based Civil Works Program, based on innovative, resilient, and sustainable risk-informed solutions.

Thank you for the opportunity to testify today. This concludes my statement. I look forward to answering any questions you or other Members of the Subcommittee may have.

Senator ALEXANDER. Thank you, sir.

And welcome to the emerging leaders. We hope being exposed to sausage making in this stage of their careers does not discourage them, but we welcome and appreciate their leadership.

Mr. Lamont.

STATEMENT OF HON. DOUGLAS W. LAMONT, SENIOR OFFICIAL PERFORMING THE DUTIES OF THE ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

Mr. LAMONT. Good afternoon, Mr. Chairman, Ranking Member Feinstein, Chairman Cochran, and subcommittee Members.

My name is Doug Lamont. I am the Senior Official performing the duties of the Assistant Secretary of the Army for Civil Works.

Thank you, Chairman Alexander and distinguished Members for the opportunity to present the President's budget for the Civil Works program in the Army Corps of Engineers.

I am honored to be here with General Semonite, our Chief of Engineers and to also be a former 32 year member of the Corps of Engineers myself.

This year's Civil Works budget reflects the Administration's priorities through targeted investments that will reduce the flood impacts to our communities, facilitate waterborne transportation, restore aquatic ecosystems, and support American jobs.

The budget prioritizes funding for operations and maintenance of water resources infrastructure by providing \$3.1 billion in the Operations and Maintenance account, and \$142 million for operation and maintenance in the Mississippi River and Tributaries program.

Funding for maintaining commercial navigation, flood and storm damage reduction, and hydropower projects are informed by assessments that are risk-based on project condition and on the consequences of failure.

The budget includes \$765 million for operations and maintenance of inland navigation projects, and \$654 million for operation and maintenance of Flood Risk Management Projects, excluding the remaining items. These funding levels will enable continued reduction of unscheduled lock closures due to preventable mechanical breakdowns and reduce flood risk at our Flood Risk Management Projects.

The budget provides \$965 million from the Harbor Maintenance Trust Fund to maintain coastal channels and related work, which is the highest amount ever budgeted.

The budget supports a Corps program that has a diverse set of tools and approaches to working with local communities, whether this means building, funding our projects with our cost share partners, or providing planning assistance and technical expertise to help communities make better informed decisions.

Other funded Corps efforts include mitigation of impacts to fish in the Columbia River Basin and priority work on the Upper Mississippi and Missouri Rivers.

I look forward to working with the Committee to advance the Army's Civil Works program.

I would be remiss if I did not take this opportunity to express my appreciation for Mr. Let Mon Lee here, who is retiring on July 3 after 39 years of Federal service. My appreciation to Let Mon.

Thank you very much, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF DOUGLAS W. LAMONT, P.E.

Thank you Chairman Alexander and distinguished members of the subcommittee for the opportunity to present the President's Budget for the Civil Works program of the Army Corps of Engineers for fiscal year 2018. The President's Budget for fiscal year 2018 for the Civil Works program of the Army Corps of Engineers funds the development, restoration, and protection of the Nation's water, wetlands, and related resources, through studies, construction, and operation and maintenance of projects, the Corps regulatory program, the cleanup of certain sites contaminated as a result of the Nation's early atomic weapons development program, and emergency response preparedness. The Budget focuses on high performing work within

the three main water resources missions of the Corps: commercial navigation, flood and storm damage reduction, and aquatic ecosystem restoration.

The Civil Works program, which this Budget supports, relies on strong relationships between the Corps and local communities; these strong relationships allow us to work together to meet water resources needs across all of our missions.

The Budget provides \$5.002 billion in discretionary funding for the Civil Works program, including approximately \$2.098 billion to support commercial navigation; \$1.37 billion for flood and storm damage reduction; and \$335 million for aquatic ecosystem restoration. Of these amounts, \$965 million would be derived from the Harbor Maintenance Trust Fund and \$26 million would be derived from the Inland Waterways Trust Fund.

The Budget prioritizes funding to operate and maintain water resources infrastructure by providing \$3.1 billion in the Operation and Maintenance account, and \$142 million for operation and maintenance in the Mississippi River and Tributaries account. Our funding allocations for the maintenance of commercial navigation, flood and storm damage reduction, and hydropower projects are informed by assessments of risk based on project condition and the consequences of a failure.

The Budget includes \$765 million for operation and maintenance of inland navigation projects and \$654 million for operation and maintenance of flood risk management projects, excluding remaining items. These funding levels will enable continued reduction of unscheduled lock closures due to preventable mechanical breakdowns and reduced risk at flood risk management projects.

The Budget provides \$965 million to be derived from the Harbor Maintenance Trust Fund (HMTF) to maintain coastal channels and related work, which is the highest amount ever budgeted, consisting of \$923 million from the Operation and Maintenance account, \$5 million from the Mississippi River & Tributaries account, and \$37 million from the Construction account.

The Budget provides \$1.020 billion in the Construction account, and \$108 million in the Mississippi River and Tributaries account prioritizing projects with a high net economic, environmental, and safety return to the Nation. The Budget continues to include efficient funding for the Olmsted Locks and Dam project at \$175 million and proposes a new user fee to produce additional revenue to help finance future inland waterways navigation capital investments to support economic growth. This is necessary because the current excise tax on diesel fuel used in inland waterways commerce will not produce the revenue needed to cover anticipated future investment needs.

The Budget also includes \$299 million (including \$34 million for the Dam Safety remaining item) for the dam safety program. When coupled with anticipated unobligated carryover balances on these important projects, this funding will enable the Corps to evaluate and implement effective risk reduction strategies at our dams where needed.

The Budget provides \$86 million in funding for the Investigations account, and \$3 million for investigations in the Mississippi River and Tributaries account.

The Budget focuses on bringing ongoing studies to a conclusion. The Budget funds to completion 26 ongoing feasibility studies and includes \$15 million for Floodplain Management Services and \$5 million for the Planning Assistance to States program to provide local communities with technical and planning assistance to enable them to reduce their flood risk, with emphasis on non-structural approaches.

All feasibility studies funded in the Budget have signed Feasibility Cost-Sharing Agreements, and have developed a plan that outlines their scope, schedule, and cost, which has been agreed upon by the District, Division, Corps Headquarters, and the local sponsor.

The Budget also includes funds to complete the Loxahatchee River Watershed Study within the South Florida Everglades Restoration program.

Lastly, the Budget includes a proposed provision to divest the Washington Aqueduct. The Washington Aqueduct is the only local water supply system in the Nation owned and operated by the Corps. Ownership of local water supply is best carried out by State or local government or the private sector where there are appropriate market and regulatory incentives. The proposal to eliminate the Corps' role in local water supply and increase the State/local/private sector's role would encourage a more efficient allocation of economic resources and mitigate risk to taxpayers.

Thank you all for inviting me to attend today on behalf of the Administration. General Semonite will provide further remarks on the Army Civil Works 2018 Budget.

Senator ALEXANDER. Thank you very much.
Mr. Mikkelsen, welcome.

DEPARTMENT OF THE INTERIOR

BUREAU OF RECLAMATION

STATEMENT OF HON. ALAN MIKKELSEN, ACTING COMMISSIONER

Mr. MIKKELSEN. Thank you, Mr. Chairman, Ranking Member Feinstein, and Chairman Cochran, Members of the subcommittee.

Thank you for the opportunity to discuss with you the President's budget for the Bureau of Reclamation.

I am Alan Mikkelsen, Acting Commissioner.

Reclamation's fiscal year 2018 budget allocates funds to projects and programs based on objective performance based criteria. This allows us to most effectively administer Reclamation's responsibilities for our water and power infrastructure in the west.

By doing so, the Bureau has become a leader in efforts to improve western water management, confront growing imbalances in water supply and demand, address past environmental harms, and engage in efforts to adapt to increased uncertainty.

Our budget continues to emphasize the following principles. First, share responsibility through collaborative partnerships with non-Federal partners.

Second, merit-based funding through the awarding of grants and contracts based on published criteria. The selection of awards is guided by high quality evidence-based research and performance measures.

Third, the importance of increased storage capacity. The Bureau recognizes the important goal of increasing and improving storage where it is both feasible and where there is significant stakeholder support.

I believe we will continue to do great things if this budget is funded.

Let me take a moment to provide you with an understanding and an overview of some of the exciting projects that we have underway.

In our Great Plains region, home to Senators Hoeven and Tester, we continue collaborating with our stakeholders to manage, develop, and protect water resources throughout the region, as well as promote drought resiliency.

Reclamation also continues to provide safe and reliable drinking water to Native American Tribes and rural communities. Moreover, through our rural water program, Reclamation has helped these communities build the foundation for future economic development and job creation.

In the Upper Colorado region, home to Senator Udall, we request funding for two Indian water rights settlement projects, the Navajo-Gallup Water Supply Project and the Aamodt Litigation Settlement.

These settlements provide permanent water supplies by building and improving the water systems for sustainable municipal, industrial, and domestic water supplies in these communities. And of course, the Upper Colorado is home to Glen Canyon Dam and beautiful Lake Powell.

The Lower Colorado region encompasses the Lower Colorado River Basin that is home to Hoover Dam and includes some of Senator Feinstein's State of California.

Given the ongoing drought in the southwest, the priority focus here is the annual delivery of 7.5 million acre feet of water to Arizona, California, and Nevada and another 1.5 million acre feet to New Mexico. Nearly 80 percent of this region's budget is either paid for directly by our partners or through the sale of hydropower generation.

In addition to struggling with the worst drought in more than 100 years, the region is looking at additional ways to assist California with their implementation of other important water irrigation and conservation infrastructures, particularly around the Salton Sea area.

The mid-Pacific region—home to the rest of Senator Feinstein's State and a part of Senator Merkley's Oregon—has suffered from its own unique set of drought-related problems. Recent precipitation has alleviated some emergency water supply issues, but one good year will not solve all problems related to a multiyear drought.

Additionally, recent heavy rains have caused flooding concerns and have highlighted the importance of maintaining Reclamation's infrastructure. The region works with a diverse group of stakeholders to implement water solutions with the goal of balancing human and environmental needs for water.

Finally, there is the Pacific Northwest region, home to Grand Coulee Dam, one of the largest hydropower facilities in the world. This region encompasses Senator Murray's Washington, the rest of Senator Merkley's Oregon, and Idaho.

Our focus here for the coming year will be on the continued construction of the Cle Elum Fish Passage as part of Washington State's Yakama Integrated Plan, as well as continuing to manage and develop the Columbia Basin project, one of the Nation's most critical sources for sustained agriculture.

Moreover, Reclamation's Safety of Dams work, which is ongoing in Oregon's Scoggins, Hyatt, and Howard Prairie Dams remain critical to the Bureau's overall mission and ensures our ability to store water and generate hydropower for future generations.

Additionally, Reclamation provides continued flood control, forecasting, water conservation activities related to the authorized use of water, pest management, environmental audits, and recreational management for areas of Bureau lands within all of our areas.

Finally, we will implement multiple biological opinion actions as part of the Columbia and Snake River Salmon Recovery as well as in California operating under various authorities. These actions support ecosystem restoration and enhanced Reclamation's initiatives in the area of environmental recovery.

I again thank the committee and am prepared to answer questions you have about the Bureau's fiscal year 2018 budget request.

Thank you, Mr. Chairman.

[The statement follows:]

PREPARED STATEMENT OF ALAN MIKKELSEN

Thank you, Chairman Alexander, Ranking Member Feinstein, and members of this Subcommittee for the opportunity to discuss with you the President's fiscal year 2018 Budget for the Bureau of Reclamation. I am Alan Mikkelsen, the Acting Commissioner of the Bureau of Reclamation.

Reclamation's fiscal year 2018 Budget sustains Reclamation's efforts to deliver water and generate hydropower, consistent with applicable State and Federal law, in a cost-efficient and environmentally responsible manner. It also supports the Administration and Department of the Interior (Department) goals of ensuring the efficient generation of energy, provision of secure water supplies, varied use of our resources, celebration of America's recreation opportunities, and fulfilling our commitments to tribal nations.

Reclamation's fiscal year 2018 budget allocates funds to projects and programs based on objective, performance-based criteria to most effectively administer responsibilities for our water and power infrastructure in the West. It has been said that Reclamation is a leader in efforts to improve western water management, confront growing imbalances in water supply and demand, address environmental effects of its projects, engage in efforts to adapt to increased uncertainty, and manage water-supply risk and public safety.

Our budget request continues this year to emphasize the following two principles:

- First, Shared Responsibility through collaborative partnerships with non-Federal partners, and
- Second, Merit-Based Funding through the awarding of grants and contracts based on published criteria. The selection of awards is guided by high-quality, evidence-based research and performance measures.

Reclamation is requesting a net total of \$1,056,017,000 in discretionary appropriations, which is anticipated to be leveraged by approximately \$850 million in other Federal and non-Federal funds for fiscal year 2018. This reflects a decrease of 13.1 percent from the fiscal year 2017 annualized continuing resolution total discretionary funding of \$1,262,596,000. Of the total, \$960,017,000 is for the Water and Related Resources account, which is Reclamation's largest account; \$59,000,000 is for the Policy and Administration account; \$37,000,000 is for the California Bay Delta Restoration account; and \$41,376,000 is for the Central Valley Project Restoration Fund.

Reclamation's mission is to deliver water and power in an economically and environmentally sustainable manner in the interest of the American public. As such, it has designed the infrastructure it manages to account for future uncertainties related to water supplies, competing water needs, and significant variability in weather conditions from year to year. The robustness of the water system is tested through droughts and floods. Historically high precipitation throughout much of the Western United States—in particular in California during late 2016 and early 2017—is providing for a much improved outlook for water supplies as compared to recent drought stricken years. Even during these times there remain portions of the West that are still abnormally dry or in moderate drought. Additionally, long-term impacts from droughts and multi-year droughts, such as those in the Colorado River Basin, are not recovered in a single wet year.

Hydropower production is vulnerable to altered water availability resulting from weather variation. Reclamation must be in a position to manage through drought. Additionally, Reclamation must ensure that its infrastructure can appropriately handle the wet period and floods currently being experienced. The investments described in Reclamation's fiscal year 2018 budget will further these efforts.

Reclamation's dams, water conveyances, and power generating facilities are integral components of the Nation's infrastructure. Effectively managing the benefits provided by these structures is among the many significant challenges that Reclamation faces, over the next 5 years and beyond, in its ability to achieve progress in the areas of certainty, sustainability and resiliency with respect to water supplies. Increasing population and competing demands are increasingly impacting already strained systems. Reclamation's water and power projects and activities throughout the western United States are not only foundational for essential and safe water supplies for both agricultural and municipal and industrial purposes, but also provide renewable energy in the form of hydropower, and sustain ecosystems that support fish and wildlife, recreation, and rural economies.

Reclamation's budget includes a substantial request for Indian water rights settlements, continuing the high priority of this program to meet trust and treaty obligations. With the passage of the Water Infrastructure Improvements for the Nation Act (Public Law 114–322) (WIIN), the Blackfeet Water Rights Settlement will re-

quire significant funding in order to meet the settlement's enforcement date of January 21, 2025. The fiscal year 2018 Budget includes \$10 million for this settlement.

Reclamation is continuing its efforts to strengthen its evidence-based decision-making in various program components. This includes the WaterSMART program, science and technology, precipitation variability adaptation strategies, and the improved planning of future Indian water rights settlements. This effort demonstrates the effectiveness, efficiency, and innovation of in Reclamation programs.

Reclamation's projects and programs are foundational to driving and maintaining economic growth in hundreds of river basins throughout the western States. Reclamation manages water for agricultural, municipal and industrial use and also provides flood control and recreation for millions of people. Reclamation operates 53 hydroelectric power plants that account for 15 percent of the hydroelectric capacity and generation in the United States. Annually, Reclamation generates 37 billion kilowatt hours of electricity, enough to meet the annual needs of over 3.5 million households, and collects over \$1.0 billion in gross revenues for the Federal government. Reclamation's activities, including recreation benefits, provide an economic contribution of \$48.1 billion, and support approximately 388,000 jobs.

This budget is focused on meeting the Secretary's priorities on sharing and multi-use of our nation's natural resources. This is balanced with fulfilling Indian water rights obligations, creating jobs, ecosystem restoration in the California Bay-Delta and San Joaquin River, and maintaining sustainable, secure water supplies. In order to meet Reclamation's mission goals, its programs must build a better understanding of our resources and the protection and restoration of the aquatic and riparian environments influenced by its operations. Ecosystem restoration involves a large number of activities, including Reclamation's Endangered Species Act recovery programs and river restoration projects, which directly address the environmental aspects of the Reclamation mission.

ACCOUNT LEVEL DETAILS

The fiscal year 2018 budget for Reclamation totals \$1.097 billion in gross budget authority. The budget is partially offset by discretionary receipts in the Central Valley Project Restoration Fund (\$41.4 million) resulting in net discretionary budget authority of \$1.056 billion.

WATER AND RELATED RESOURCES—\$960,017,000

The fiscal year 2018 Water and Related Resources budget provides funding for five major program activities—Water and Energy Management and Development (\$313.7 million), Land Management and Development (\$44.2 million), Fish and Wildlife Management and Development (\$153.0 million), Facility Operations (\$296.0 million), and Facility Maintenance and Rehabilitation (\$153.2 million). The funding proposed in Reclamation's fiscal year 2018 Budget supports key programs important to the Department and in line with Administration objectives. These programs include:

Infrastructure: The proposed budget includes \$51.7 million for various Extraordinary Maintenance projects and activities across Reclamation. This budget is central to mission objectives of operating and maintaining projects to ensure delivery of water and power benefits. Reclamation's Extraordinary Maintenance budget is part of its overall Asset Management Strategy that relies on condition assessments, condition/performance metrics, technological research and deployment, and strategic collaboration to continue to improve the management of its assets and deal with its aging infrastructure challenges. Reclamation seeks to strategically leverage this budget; additional Extraordinary Maintenance items are directly funded by revenues, customers, or other Federal agencies.

Dam Safety: The safety and reliability of Reclamation dams is one of Reclamation's highest priorities. The Dam Safety Program is critical to effectively manage risks to the downstream public, property, projects, and natural resources. The \$88.1 million requested for the Safety of Dams Evaluation and Modification Program provides for risk management activities at Reclamation's high and significant hazard dams where loss of life or significant economic damage would likely occur if the dam were to fail. The budget also includes preconstruction and construction activities for several ongoing and planned Dam Safety modifications. In addition, funding is included in Reclamation's budget for the Department of the Interior's Dam Safety Program.

Reclamation utilizes the Safety of Dams Act to address dam safety issues related to new hydrologic, seismic or change in state-of-the-art design and construction practices. Approximately 50 percent of Reclamation's dams were built between 1900 and 1950, and approximately 90 percent of the dams were built before currently

used state-of-the-art design and construction practices were put in place. Continued safe performance is paramount and requires an emphasis on the risk management activities provided by the program.

Reclamation's efforts to address the West's water challenges are also accomplished through the WaterSMART program—Sustain and Manage America's Resources for Tomorrow. At \$59.1 million, WaterSMART helps to achieve sustainable water management and maintain economic productivity in the western United States. It addresses current and future water shortages, including drought; degraded water quality; increased demands for water and power from growing populations and energy needs; amplified recognition of environmental water requirements; and the potential for decreased water supply availability due to hydrologic variability.

In order to fully support the 17 Western States, ecosystem restoration is a key underpinning of Reclamation's mission. Ecosystem restoration involves a number of Reclamation's activities, including Reclamation's Endangered Species Act recovery programs, which directly address the environmental aspects of the Reclamation mission. Other programs that contribute towards this objective include the Columbia/Snake River Salmon Recovery Program, the Middle Rio Grande Project Collaborative Program and the Multi-Species Conservation Program within the Lower Colorado River Operations Program.

Tribal Nations: Reclamation supports tribal nations through a number of its projects and programs that range from endangered species recovery, to rural water supply, to performing its role, as designated by Congress and the Secretary of the Interior, in implementation of enacted water rights settlements. Reclamation also strives to improve coordination and application of expertise to analyze potential Indian water settlements more effectively and expediently. fiscal year 2018 funding will strengthen Department-wide capabilities in the Secretary's Indian Water Rights Office to achieve an integrated and systematic approach to Indian water rights negotiations to consider the full range of economic, legal, and technical attributes of proposed settlements.

The fiscal year 2018 budget requests discretionary funds to continue the implementation of two of the four Indian Water Rights Settlements enacted in December 2010 (Crow and Aamodt), as well as the Navajo-Gallup Water Supply Project authorized in 2009. In addition, Reclamation proposes including \$10.0 million as the first contribution for the Blackfeet Water Rights Settlement enacted in December 2016. fiscal year 2016 appropriations completed discretionary funding requirements for the Taos settlement and mandatory funds will be used to implement the White Mountain Apache settlement authorized in the Claims Resolution Act. Funding to support tribal nations is also included within a number of projects, including the Mni Wiconi Project for required tribal operation and maintenance (\$13.5 million), the Nez Perce Settlement within Columbia and Snake River Salmon Recovery Project (\$6.2 million), the San Carlos Apache Tribe Water Settlement Act (\$1.6 million), and the Ak Chin Indian Water Rights Settlement Act (\$16.2 million).

Research and Development: Reclamation has identified several key areas for investment where coordination with other Departmental bureaus will leverage results to more effectively achieve mission outcomes. Reclamation's fiscal year 2018 budget for research and development (R&D) programs include both Science and Technology, and Desalination and Water Purification—both of which focus on Reclamation's mission of water and power deliveries. Scientific and engineering innovation promotes sustainable economic growth and job creation, supports maintaining and improving our water and power infrastructure, spurs continued production of energy resources, sustains reliable water and power delivery to our customers, improves safety, limits the impacts of invasive species and ensures we can meet our environmental compliance responsibilities. These activities support the Administration's priorities for the fiscal year 2018 Budget, including job creation by supporting technology transfer activities that lead to new business opportunities for private industry. The program is also supporting research to address Administration priorities related to maintaining and improving our water and power infrastructure by partnering with the U.S. Army Corps of Engineers to foster research projects to develop technologies that extend the operating life and reduce maintenance costs of Reclamation's structures. The Administration priority related to energy from all sources is supported by research that ensures we are maximizing reliability, reducing maintenance costs, and exploring new energy development opportunities. Research on safety is ensuring our workers can perform their jobs safely and securely with some projects supported through partnership with the Office of Naval Research. The Desalination and Water Purification program priorities include development of improved and innovative methods of desalination, incorporating efficient water-energy nexus solutions into desalination processes, and reducing the costs in order to expand new water supplies in a sustainable manner and thereby relieve stress on drought stricken com-

munities, Western rural communities, Native Americans, and Western river basins. The research and testing funded out of this program supports the Administration's priorities for the fiscal year 2018 Budget, including job creation by supporting innovative new solutions that spur the creation of new businesses by entrepreneurs and advances our competitive edge in the area of water treatment and desalination.

CENTRAL VALLEY PROJECT RESTORATION FUND (CVPRF)—\$41,376,000

This fund was established by the Central Valley Project Improvement Act, Title XXXIV of Public Law 102–575, October 30, 1992. The budget of \$41.4 million is expected to be offset by discretionary receipts totaling \$41.4 million, which is the maximum amount that can be collected from project beneficiaries under provisions of Section 3407(d) of the Act. The discretionary receipts are adjusted on an annual basis to maintain payments totaling \$30.0 million (October 1992 price levels) on a 3-year rolling average basis. The reduction is the result of the 3-year rolling average provision and the lower collections scheduled in fiscal year 2018. The budget of \$41.4 million for the CVPRF was developed after considering the effects of the San Joaquin River Restoration Settlement Act (Public Law 111–11, March 30, 2009) which redirects certain fees, estimated at \$2.0 million in fiscal year 2018, collected from the Friant Division water users to the San Joaquin Restoration Fund.

CALIFORNIA BAY-DELTA RESTORATION FUND—\$37,000,000

The 2004 California Bay-Delta Restoration Act authorized multiple Federal agencies to participate in the implementation of the California Federal (CALFED) Bay-Delta Program as outlined in the August 28, 2000, Record of Decision (ROD) for the CALFED Bay-Delta Program Programmatic Environmental Impact Statement and Environmental Impact Report. This legislation directed the implementing agencies to undertake a set of broadly described programmatic actions identified in the ROD to the extent authorized under existing law. In addition, the Act authorized \$389.0 million in Federal appropriations for new and expanded authorities. The Water Infrastructure Improvement for the Nation Act (Public Law 114–322) dated December 16, 2016 reauthorized the CALFED Bay Delta Authorization Act through fiscal year 2019.

The fiscal year 2018 Budget of \$37.0 million implements Reclamation's priority activities pursuant to the Act. This budget supports actions in the Interim Federal Action Plan under the following program activities: \$2.2 million for Renewed Federal State Partnership, \$4.7 million for Smarter Water Supply and Use, and \$30.1 million to address the Degraded Bay Delta Ecosystem.

POLICY AND ADMINISTRATION—\$59,000,000

The \$59 million budget will be used to: 1) develop, evaluate, and direct implementation of Reclamation-wide policy, rules, and regulations, including actions under the Government Performance and Results Modernization Act; and 2) manage and perform functions that are not properly chargeable to specific projects or program activities covered by a separate funding authority.

WORKING CAPITAL FUND—\$0

This fund is operated for the purpose of managing financial activities such as acquisition and replacement of capital equipment, cost recovery for services provided to others, fleet management, administration of information technology services, and recovery of indirect costs in the Technical Service Center, Mission Support Organization, and regional and area offices. The fund is credited with appropriations and other funds for the purpose of providing or increasing capital. The fund operates on a self-supporting basis through user charges that are deposited in the fund. It is through the Working Capital Fund that Reclamation pays for many Departmental Centralized services.

This completes my statement. I would be happy to answer any questions.

Senator ALEXANDER. Thank you, Mr. Mikkelsen.

TRIBUTE TO LET MON LEE

Before we turn to questions, Mr. Lamont, I want to thank you for recognizing Mr. Let Mon Lee's impending retirement. He is sitting right behind you there.

We understand he is about to retire in order to spend more time with his family, especially his grandchildren. He has played a very important role for the Corps and its relationship with members of Congress, and we are grateful for that.

Mr. Lee, we thank you for your service to the United States, and to this Committee, and best wishes in your retirement.

Mr. LEE. Thank you.

[Applause.]

INLAND WATERWAYS TRUST FUND

Senator ALEXANDER. Now Mr. Lamont, let me ask you about the Inland Waterway Trust Fund.

We tried very hard the last few years to really do what a great country would do for the Inland Waterway Trust Fund. Let me just get the facts on the record.

In 2014, at the request of the barge owners, we increased the fee on a gallon of gasoline from 20 cents to 29 cents per gallon.

Is that correct?

Mr. LAMONT. Yes, sir. That is correct.

Senator ALEXANDER. And increasing the fee has raised the annual revenues to the Trust Fund by about \$20 million a year since 2014.

Is that correct?

Mr. LAMONT. Yes, sir. That is correct.

Senator ALEXANDER. And since 2014, working with the Corps, once we created the priority list of projects, Congress has appropriated all of the tax money that we collected.

All of the estimated revenues, an average of about \$106 million a year, have been used for four main projects: Olmsted in Kentucky, Lower Monongahela in Pennsylvania, Kentucky Lock, and Chickamauga Lock in Tennessee.

Is that correct?

Mr. LAMONT. Yes, sir. That is correct.

Senator ALEXANDER. The President's budget estimates the Inland Waterways Trust Fund revenues, the taxes collected, for the purpose of helping the locks for this next year, are \$105 million dollars.

Is that right?

Mr. LAMONT. Yes, sir. That is correct.

Senator ALEXANDER. Does the President's budget propose to spend all the money that is collected to fix the locks?

Mr. LAMONT. No, sir. Not at this time.

Senator ALEXANDER. How much of the \$105 million does the budget propose to spend?

Mr. LAMONT. Sir, again? Please.

Senator ALEXANDER. How much of the \$105 million that you are collecting, that we will be collecting from the barge owners in taxes to fix the locks, how much of that \$105 million does your budget propose to spend in 2018?

Mr. LAMONT. We are going to be using \$26.25 million.

Senator ALEXANDER. So we are collecting \$105 million in taxes for the purpose of fixing the locks and we are only spending \$26 million for fixing the locks?

If you are not proposing to spend what we have, why would the budget propose to increase the fee on Inland Waterway users by \$1 billion over 10 years? Why would you propose more fees when you are not even proposing to spend what you currently have?

Mr. LAMONT. Yes, sir. I appreciate the opportunity to clarify that.

Olmsted is the only project that is high performing, which means it is budgetable and that, in essence means that the Benefit Cost Ratio is greater than 2.5-to-1 at a 7 percent discount rate.

Now, the other three remaining projects—Lower Monongahela, Kentucky Lock, and Chickamauga Lock—have Benefit Cost Ratios at the 7 percent discount rate that are less than that 2.5-to-1 criterion.

The problem here is that the remaining balance to complete is over \$10 billion. The Administration is concerned about the age of the infrastructure on the inland waterway system and the ability to effectively budget and effectively deal with the need to rehab these systems.

Senator ALEXANDER. So you are thinking of not completing those three locks, those three projects?

Mr. LAMONT. I would say that there is an opportunity to discuss within the Administration and the opportunity to look at these three additional locks.

Now the President was in Cincinnati, as you mentioned, Mr. Chairman, and the emphasis was on the four R's: roads, rail, runways, and rivers. And I was very interested, as you all are, on rivers.

Senator ALEXANDER. Well, look, I am interested in rivers too, which is why I am wondering why you are collecting \$105 million from the barge owners and then not spending the money for the purpose you collect it for.

Mr. LAMONT. It is that \$10 billion and how we are going to not string it out, sir, but how we are going to be able to hopefully work with the users and work with interested parties, possibly with a P3 initiative, Public Private Partnership, to have a method of attack that can actually deal with the problem of the crumbling infrastructure and a way forward.

Senator ALEXANDER. But for the last 3 years, Mr. Lamont, we have prioritized the waterways, one through four or more. We have raised taxes on the people who go through the locks. We have appropriated all the money we needed to, to match that, and the Corps has consistently told us that if you stop and start these locks, it is wasteful and more expensive.

Why would you restart a lock for 3 years and then stop it?

Mr. LAMONT. I agree as an engineer that is a difficult thing to deal with given the funding constraints, and the priorities of the Administration, and the budgeting criteria.

I have to say no matter what Administration, Republican or Democrat, it goes back to 1992 as far as the ability to analyze benefits and costs on water resources projects.

For a budgetary ability to go forward, the Benefit Cost Ratio has to be greater than 2.5-to-1 at a 7 percent discount rate.

Senator ALEXANDER. Well, my time is up and I would like to stick to the 5 minutes. We have lots of Senators who have questions.

But I will be coming back to this subject, particularly the way the Corps calculates its Benefit-Cost Ratio.

Senator FEINSTEIN.

Mr. LAMONT. Yes, sir. Thank you.

NEW CONSTRUCTION STARTS

Senator FEINSTEIN. Thank you very much, Mr. Chairman.

I have a question on new construction starts.

Mr. Lamont, the Corps' rationale for utilizing only one new study start is that the Corps wants to prioritize ongoing projects over new projects, as I understand it.

However, I noticed that the Corps' 2018 budget includes \$1.02 billion for construction. Now, that is the lowest level of funding requested in 5 years at \$856 million, or 46 percent less, than the 2017 Omnibus provided.

If this Administration continues to emphasize only ongoing work, how will the Corps be able to address new challenges that arise from our infrastructure needs, because we have several of them in California?

Mr. LAMONT. Yes, Senator Feinstein.

We have limited resources. We have competing demands, many, many demands across the Nation. And did you want to say something? I am sorry.

Senator FEINSTEIN. Well, if we put more money in that account, would you adjust it accordingly?

Mr. LAMONT. The President's budget put an emphasis on our existing projects and there is \$3.1 billion that is allocated basically for operation and maintenance of our existing projects. That left \$1.02 billion for construction.

I understand your concerns relative to the ability to move forward. The opportunity to move forward obviously looks at the constraints that we are under relative to the President's fiscal responsibilities and also deficit reduction.

The competing demands will be: do we add to the backlog of authorized projects that may or may not compete? That gets back to the 7 percent and the Benefit Cost Ratio criterion. Or, do we focus our efforts on what is out there existing now? Trying to make sure that we are putting money, the higher risk elements, the Operations and Maintenance account, and then focusing on completing construction diligently?

Senator FEINSTEIN. Well, I mean, I listened to you. I really do not know what it all means. It seems to me the Congress has an ability, too, to add money and that we should. I do not understand.

A 46 percent essential cut in new construction, if you are going to build infrastructure in this country, you all do it in the Army Corps. That is where it is at.

And not to have an opportunity to present a project, is what you are saying, if I understand it. What you are saying is, "Do not bother. We are not going to do it."

Is that right?

Mr. LAMONT. No, Ma'am. Again, there are so many needs across the Nation.

Senator FEINSTEIN. Right.

Mr. LAMONT. There are such limited opportunities relative to the discretionary funding that is available. I share your concern wholeheartedly as to the ability to move forward here.

But again, the President's concern was what has already been under study, for example, and through past work plans. There were 16 studies that were commenced. This year with the work plan, there was only one new study that was started.

So again, that is the focus on O and M and on construction.

Senator FEINSTEIN. Got it.

Mr. LAMONT. I wholeheartedly understand exactly what you are saying.

Senator FEINSTEIN. I appreciate that and we can talk more about it. I hope you will be available.

CENTRAL VALLEY PROJECT

Let me talk about another big problem. All the way down through the Central Valley is subsidence of land caused by overusing groundwater. In some places, we are told, that if there were a big earthquake, the earth could drop 60 feet.

Having said that, there are cracks in the canal; there are cracks in the freeways from this subsidence. And in one place, the subsidence has reduced the water carrying capacity of the Friant-Kern Canal by 60 percent, severely disrupting water supply and groundwater recharge operations throughout the Friant Division of the Central Valley Project.

Let me ask Mr. Mikkelsen this question. I know that you are working on this. What resources and authorities does Reclamation have or need to address this problem in both the short and the long term?

Mr. MIKKELSEN. Thank you, Senator, for the question.

We are working. I think there is a, we are still trying to allow the, I think the use is—

There is about \$23.1 million, if I remember correctly, in the restoration fund there that we believe can be used for that. The problem is, that is not going to even come close to touching what is needed for that subsidence problem.

I was out there 2 weeks ago. There is water literally lapping at the bridges and we are down 30 percent capacity of that canal in that particular area.

I would just make an observation, I guess, since I may not have the opportunity to appear before this Committee again, that the Reclamation Fund has a current balance of about \$17 billion.

Senator FEINSTEIN. We will talk later.

Senator ALEXANDER. We have that problem, Senator Feinstein, with the Harbor Management Trust Fund.

Senator FEINSTEIN. Yes.

Senator ALEXANDER. With that Fund as well, so we need some creative financing.

Should I go on, Senator?

Senator FEINSTEIN. I think my time is up.

Senator ALEXANDER. We will try to come back, Senator Feinstein.

Senator FEINSTEIN. Thank you.

Senator ALEXANDER. With all the Senators here.

Senator FEINSTEIN. No problem.

Senator ALEXANDER. Senator Cochran.

MISSISSIPPI COASTAL IMPROVEMENTS PROGRAM

Senator COCHRAN. Mr. Chairman, thank you.

General Semonite, in 2005, Congress authorized the Army, U.S. Army Corps of Engineers to carry out the Mississippi Coastal Improvements program.

The program is intended to restore portions of the Mississippi barrier islands in response to the damages caused by Hurricane Katrina and to make the Gulf Coast more resilient against damage from future storms through an array of structural and non-structural protection measures.

Congress appropriated \$439 million for this effort in fiscal year 2009 and it is my understand that the Corps has made good progress toward executing important phases of the project, particularly restoration work on Ship Island and Cat Island.

The question is, can you provide me with a status update on the Corps' recent activities on the Mississippi Coastal Improvement program? Should Congress provide funding above the fiscal year 2018 budget request for the Corps of Engineers? How would you put those additional funds to use toward advancing programs and progress on the Mississippi Coastal Improvements Program?

General SEMONITE. Senator Cochran, thanks for the question.

I am not sure if you remember, but I was the Division Commander in Atlanta from 2009 to 2012. I have made seven trips down to see the area. I have been briefed several times and I think it is an unbelievable program.

You talk about a portfolio of ways of being able to protect the coastline. That project does exactly what we needed to do.

We made progress. You said that we made good progress. I want to continue to keep pushing. Ship Island was awarded in February of 2017. That contract, phase one, we are going to close out that contract hopefully in September of 2017. It will be completed. I am sorry, the work will begin in September of 2017 and will be done in May of 2018.

When you go to Cat Island, that restoration contract was awarded a couple of months ago. Sand placement is scheduled to begin on the Fourth of July, next week, and is scheduled to be completed within 50 days. We expect the sand grasses to be done sometime in November of 2017.

With respect to your question on future money, I think I really need to go back in and get an assessment of: how does the work this summer go? Did it go as we think we had planned? We would like to think it would.

And then, what can I do to come back to you and say, "How would that be assessed based on the risk that is still out there?" As you know, some of that was buyouts. Some of that was rebuilding the barrier islands. There were many, many different types of things.

And so the question is, would we continue to be able to allocate additional funds if we are not able to buy that risk down enough?

Senator COCHRAN. Thank you very much, General Semonite.

Thank you.

Senator ALEXANDER. Thanks, Senator Cochran.

Senator Udall.

NEW MEXICO DROUGHT FUNDING

Senator UDALL. Thank you, Mr. Chairman.

I want to turn to another area on the BOR (Bureau of Reclamation) spend plan that I am very confused about. This Committee allocated \$40 million in fiscal year 2017 to drought in the American West leaving it to the Department of Interior to direct the funding under the spend plan.

Drought in the American West deserves real attention, funding, and creative solutions to address how we are going to do more with less water in the era of climate change.

New Mexico feels the impacts of climate change and drought at almost twice the rate of other States with every degree of warming elsewhere, producing 2 degree of warming in the desert southwest.

Yet, when you look at the list of investments the Bureau of Reclamation makes in drought, the State of New Mexico is conspicuously absent despite pressing need. There is a small amount of funding the State is eligible for through the Upper Colorado River operations, but this is really just drops in the bucket for this investment. For the people of New Mexico, this lack of investments is concerning.

Mr. Mikkelsen, will you, and the Bureau, commit to working with me to ensure the drought funding for fiscal year 2017 addresses the needs of New Mexicans?

Mr. MIKKELSEN. Yes, we will, Senator.

And I was out there just last week meeting with some of your constituents and stakeholders.

Senator UDALL. Thank you.

Mr. MIKKELSEN. And I look forward to working with you on that.

Senator UDALL. Thank you very much, and we appreciate your visit.

REVIEW OF GRANTS

We also, I understand this Administration has implemented a policy requiring all grants over \$100,000 to be approved by the Secretary's office.

Will you confirm that?

Mr. MIKKELSEN. That is true at this time, but we have not experienced any significant hold ups on any of the grant applications that we have moved forward from the Bureau of Reclamation.

I would note that these are performance-based grants, as I noted in my oral testimony that are evaluated by an independent panel that we put together. And I would encourage anybody from any State—but particularly New Mexico, because of the arid nature of your State—to please make application for those and they will be acted on.

Senator UDALL. Great. Thank you.

MIDDLE RIO GRANDE WATER LEASING PROGRAM

A big priority of mine has been to support a voluntary water leasing program on the Middle Rio Grande, something that is supported by the Middle Rio Grande Conservancy District, the Bureau,

the Audubon, and other stakeholders in order to make this water system function more efficiently for all of the users.

The Bureau is very supportive of allocating \$2 million of its fiscal year 2017 operating money to this critical program to lease water with this funding to restore system function.

Will you commit today to support this request from the Albuquerque district and its partners, and to work with us to make sure this innovative, voluntary program is successful?

Mr. MIKKELSEN. Senator, we are working with all the parties on that settlement, and we commit to continue to work with all the parties.

We want to be able to move that settlement forward, as you have noted, with those voluntary transfers of pre-1907 water rights at this time. And, yes, we are moving forward on that.

Senator UDALL. Thank you.

VILLAGE OF COLUMBUS FLOODING

Mr. Lamont and General Semonite, this year, the Federal Government, in partnership with the New Mexico Border Authority, broke ground on expanding and renovating the port of entry in Columbus, New Mexico.

The Federal Government is investing \$86 million to modernize this facility to make sure customs and border patrol has the necessary facilities to fulfill its mission of keeping America's borders safe and secure, while facilitating significant increases in the number of daily crossings due to increased commercial and agricultural trade, and private vehicle, and pedestrian traffic.

Unfortunately, the Columbus port of entry has been subject to re-occurring flooding over the years. And so, as I understand it, the Albuquerque district office submitted this project as its top priority for fiscal year 2017 work plan. The neap is complete, yet the project did not receive any funding to build the berms.

Will you commit to work with me in this budget cycle to make sure we are not leaving an \$86 million Federal investment in our national security infrastructure unprotected from flooding in the village of Columbus, New Mexico?

General SEMONITE. Senator, we are certainly aware of that. I need to get into the details as far as why that did not have more justification in the budget. I will work with Mr. Lamont to be able to understand what that requirement was.

I do not have exact details right now to be able to give you a better answer.

Senator UDALL. Yes. Well, this was the Albuquerque district's number one request.

General SEMONITE. Yes, sir.

Senator UDALL. I hope you understand that.

General SEMONITE. Although there might be a number one priority in one of my 43 districts, it might not necessarily rack and stack as a national priority.

So we certainly will continue to follow up and do everything we can to try to make sure that it has all the justification to be able to compete well for funding.

Senator UDALL. Thank you, Mr. Chairman.

Senator ALEXANDER. Thanks, Senator Udall.

Senator Shelby.

MOBILE HARBOR DEEPENING AND WIDENING

Senator SHELBY. Thank you, Mr. Chairman.

General, the Port of Mobile in my State of Alabama is currently the tenth largest U.S. seaport by total volume. The Port's largest commodities are coal, crude oil, steel, and petroleum. And its activities, as you probably well know, employ over 150,000 people in my State and generate over \$23.4 billion direct and indirect in economic value.

In any given year, millions of tons of cargo move through the Port of Mobile and that number is continuing to grow. It is one of the fastest growing ports around.

In 2014, the Port Authority submitted a request to the Army Corps of Engineers to consider increasing the depth and the width of the Mobile harbor channel to its authorized dimensions. You are very familiar with this.

The Corps subsequently began a General Reevaluation Report, GRR, which examines potential costs and benefits associated with the deepening and the widening of the port. This study is expected to conclude, as I understand it, in 2019.

General, can you provide an update for us today on the Mobile GRR and is the study on schedule?

General SEMONITE. Senator, first of all, again, I was the Division Commander down in Atlanta. I know that port very, very well. I have done port deepening from Boston all the way down to Houston.

Senator SHELBY. Yes.

General SEMONITE. And I am very, very aware of the mechanics.

First of all, there is a lot of potential in the Port of Mobile, without a doubt. You mentioned it is tenth up there. We look at all the different things that are in this. There is a lot of growth in commerce.

You mentioned how many tons. It is not just tons of cargo. It is how many containers and the substantial amount of growth. You are up 14 percent this year in the amount of containers. Jobs are another big thing that is out there, 128,000 jobs, \$500 million in direct and indirect tax input.

So we see the potential of not only that port, but other port deepening, just as the Chairman said. The economy here is at unbelievable potential.

The other thing that is always important in a port deepening project is to figure out: who else has skin in the game? Is it only the Port Authority or has the State stepped up? Who else has stepped up when it comes to road infrastructure and the railroad pieces? Are the cranes in place? What about when it comes to development for warehouses and all the rest?

And Mobile Port, very similar to some of those other ones that are very, very competitive, continues to be able to put skin in the game. We see a lot of potential in that port.

You were right about the GRR. The GRR is actually on schedule to be completed in November of 2019. I said in my opening statement, deliver the program. That does not just mean build the concrete and steel. It means if we owe you a study, then we owe you

to get that study done on time. And if we cannot for some reason, we certainly owe you the ability to be able to understand where the obstacles are in it, so we can come back.

I am committed to be able to make sure that if, in fact, somewhere that gets off track, then I will come back. And I would love to think we could do it earlier than that, but I cannot promise that. We are going to be as aggressive as we can.

Senator SHELBY. General, it is imperative, for economic reasons, that in the U.S.—not only deepen the port I am bringing up in Mobile, but others and widening them, whatever we have to do—to be in the 21st century of commerce?

Is that correct?

General SEMONITE. It is certainly my opinion that there is unbelievable potential in port deepenings and not only the deepening, but the ability to get the channel widened.

Senator SHELBY. Absolutely.

General SEMONITE. These large shippers are going to go where it is the best business for them. If they have wait times, if they have to wait for the tides to go up and down, if it is too hard to get in there, if they cannot turn, or if they do not have the right turning basin. All of that is going to then require them to go somewhere else.

So we want to be able to optimize those ports that really have the potential to be national capabilities and Mobile is certainly one of those.

Senator SHELBY. Thank you.

Secretary Lamont, Section 110—you are familiar with all of this probably by the numbers—of the Consolidated and Further Continuing Appropriations Act of 2015 provides that the cost of the Mobile GRR, that I just referenced, will be 75 percent Federal and 25 percent non-Federal.

However, it is my understanding that the Corps has ignored this provision budget in the Mobile GRR in 2015, fiscal 2016 and 2017 at the 50/50 cost share, and not including the budget line in the fiscal year 2018 request.

Your staff has informed my staff that the reason Mobile's GRR budget line was not included in the 2018 budget request is because the project is hitting the so-called 50/50 threshold.

Can you explain why the Corps, if you know on your own, is disregarding the Federal statute in their budgeting request?

Mr. LAMONT. Senator Shelby, I do not think there is any deliberate attempt to ignore the law.

Senator SHELBY. Okay.

Mr. LAMONT. What I would like to do is——

Senator SHELBY. Because you have to follow the law like we all do, right?

Mr. LAMONT. Yes, sir.

Senator SHELBY. Okay.

Mr. LAMONT. But what I would like to do is to look at this a little bit further.

Senator SHELBY. Get back with me on it.

Mr. LAMONT. And work with you and your staff.

Senator SHELBY. Okay. That would be fine. I just know that I am not above the law and you are not above the law. Nobody should be, and that is what we preach, and that is what we believe.

Is it not?

Mr. LAMONT. Yes, sir.

Senator SHELBY. Thank you.

Thank you, Mr. Chairman.

Senator ALEXANDER. Thank you, Senator Shelby.

Senator Coons.

DELAWARE RIVER DEEPENING

Senator COONS. Thank you very much, Chairman Alexander and Ranking Member Feinstein.

And thank you Lieutenant General Semonite, Mr. Lamont, and Mr. Mikkelsen. Thank you for being here today and thank you for all the Army Corps and Bureau of Reclamation do for our country, and in particular, for what the Army Corps does for my home State of Delaware.

Lieutenant General Semonite, given your time in New York City as Commander of the North Atlantic Division, I am pleased you are familiar with the Delaware River Deepening Project and the importance of coastal infrastructure.

I appreciate the reprogramming of funds for the Port of Wilmington after they were initially left out of the fiscal year 2017 work plan. They are critical for dredging our Port, small but significant to us. I am pleased to see the fiscal year 2018 budget includes funding for two dredge cycles for the Port, so we can continue our 6 million tons of cargo delivered and shipped every year.

I was glad to see the fiscal year 2017 work plan allows the completion of the Delaware River Deepening from 40 to 45 feet, as well as funds to re-nourish some of our critical beaches. I understand the bids for the last phase of deepening are out this week and our region is very much looking forward to having that deeper channel.

I just want to take a moment and thank the Philadelphia District of the Corps who have been wonderful to work with and to particularly express my gratitude to Lieutenant Colonel Mike Bliss, who is about to leave command. I am looking forward to working with Lieutenant Colonel Kristen Dahle, his successor. Lieutenant Colonel Bliss has been just terrific. And the men and women of the Philadelphia District are creative, responsive, and greatly appreciated in my office.

DELAWARE RIVER BASIN COMMISSION

Let me briefly ask three questions about the Dredge McFarland, the Delaware River Basin Commission, and infrastructure generally.

Federal funding has not been provided to the Delaware River Basin Commission as required by the congressionally approved compact for 20 of the last 21 years. There have been clear congressional directives from this subcommittee, and in both the 2014 and 2007 Water Resources Development Acts, that the Federal Government should financially support the DRBC (Delaware River Basin Commission) and the other two river basin commissions and budget accordingly.

The Army Corps recently took the position that the Planning Assistance to States Program meets that Federal funding obligation. But these planning activities require a 50 percent match from the river basin commissions. Rather than financially supporting the river basin commission as required, I view this as siphoning resources away from the commissions and then sending it back to the Corps. I think it requires the commissions to use a program that may not be appropriate for their needs.

Can you or Mr. Lamont briefly explain why the Corps has not allocated funds in this budget to the Delaware River Basin Commission?

General SEMONITE. So sir, let me start out and I think Mr. Lamont can certainly pick up if I miss something.

First of all, I was on the Delaware River Commission for 3 years.

Senator COONS. Yes.

General SEMONITE. I always use that as a model of how to do a total integrated water package. Great people, very, very focused.

You are right. For the last 21 years, there has always been an expectation that the Federal Government would give cash in-kind to be able to help offset the overhead costs of the DRBC administrative work. That also applies to a couple of other river commissions, Susquehanna, and some other ones. That has not been funded.

I think what has been tried, in an effort to try to meet the intent of that contribution, was an in-kind contribution. And that is where this planning assistance to States has tried to meet that.

I will let Mr. Lamont jump in if he wants to hit as to why there was not a cash in-kind contribution, but I think that is one of the challenges where we just have a lot of bills that are on the table that do not necessarily come across the way that you would want them to come across.

Senator COONS. I understand. We are going to run out of time. So I will just be brief and move forward, if I can, generally.

DREDGE MCFARLAND

Let me express support for the Dredge McFarland. Lieutenant General Semonite, from your previous time in the North Atlantic Division, you see the importance of a fleet of highly responsive dredges. It benefits ports, not just Wilmington, Delaware: New York, Norfolk, Jacksonville, and New Orleans. I hope you will take timely steps to replace the oldest of the dredges in the fleet, the McFarland.

ADMINISTRATION'S INFRASTRUCTURE PLAN

Let me ask you a last question, if I might.

President Trump has said he wants to make significant investments in infrastructure, and I think many of us would agree that should include investments in waterways and coastal infrastructure.

Some of our budget requests for other departments and agencies have so far not been encouraging with regard to investments in infrastructure. Seaports handle 99 percent of our overseas trade by volume, support 23 million jobs.

I would like to hear from you both, if I might, briefly, how you envision the Corps' work on maintaining commercial navigation infrastructure fitting into the Administration's infrastructure plan? And how the Corps is budgeting for coastal protection given rising sea levels and increasing storms as referenced before by Senator Feinstein?

Mr. LAMONT. Senator Coons, as I indicated to Senator Feinstein, the needs in this country are just incredible as far as water resource demands. With the crumbling infrastructure, I would say this Administration sees the wake up call and I think we all do.

The challenge will be with the limited funds that we have to find a way forward, and there could possibly be initiatives, as I indicated to Chairman Alexander, in the P3 area where users have some potential skin in the game.

I do not know if General Semonite wants to add anything on.

General SEMONITE. Senator Coons, I think all of us in this room understand the importance of water resources. I do worry, and just as the Chairman said, some people think of infrastructure as road, rivers, and rail.

Mr. Lamont and I, when we heard about the infrastructure package, were aggressive to seek out the Administration, who is putting this package together, fought our way to get into the right rooms and to brief them on the requirement that the Chairman talked about; 58 percent of infrastructure that is over 50 years old.

We were able to say, not only are there great requirements that our Nation has, but here are some things you could streamline, some of those processes that do not necessarily allow the most valid requirements to get the funds.

We have proposed a couple of options, and I think some of the Senators in the room are aware of what we are looking at, to try to find a better way of putting the dollars against the requirements. Not because anybody has an agenda to do something different, but some of the rules could, in fact, limit us on meeting the most valid requirements.

Senator COONS. I appreciate your testimony and I hope we will continue to work together as this committee always has on a bipartisan basis to invest in America's water infrastructure.

Thank you, Mr. Chairman.

Senator ALEXANDER. Thank you, Senator Coons.

Senator Kennedy.

Senator KENNEDY. Thank you, Mr. Chairman.

And thanks, to all of you, for coming today.

I am going to follow up on the Senator's last question about the President's plans on infrastructure. I have read about them with interest. Clearly, we need to improve our infrastructure. We need to maintain our infrastructure.

How are we going to pay for that? Are you talking? I understand talking about the need. That is important. But are you talking about how? Is there a plan to pay for it?

Mr. LAMONT. Senator Kennedy, a common theme here, I think, not only with the Administration but also with the Appropriations Committees of both houses of Congress.

We are at a crossroads, in my view, as far as the age of our infrastructure and whether we are willing to step up to the plate—the

Federal Government, non-Federal entities—and really take a hard look at this on the way forward.

Senator KENNEDY. Well, it sounds to me, does the Administration—this is what I am asking—does the Administration have a proposal to pay for its infrastructure plan that you are aware of?

Mr. LAMONT. Senator Kennedy, as General Semonite just indicated, I have a member of my staff, he has a member of his staff actively working with the President's National Economic Council at this very time.

We are looking collaboratively with the Administration on opportunities that are out there because they realize the crossroads we are at right now.

Let me add this: we have a ways to go as far as a bill that you might see. We are at the talking stage.

Senator KENNEDY. Well, I hear talk about P3, Mr. Secretary. Those are not free. I mean, the private entities, the private sector is not going to come in and do the project out of the goodness of their heart. They have to be paid.

I mentioned this to Secretary Mnuchin the other day. I do not know how many trillions of dollars we have sitting outside of the United States because as soon as they bring the money back under our non-territorial system of taxation, they are going to be taxed on that money. Some of them have figured out ways around that, which is perfectly legal.

But I think many of those companies would bring the money back if we could reach some sort of resolution over what sort of tax they would have to pay.

Now, that is nonrecurring revenue. You obviously do not want to match up nonrecurring revenue with recurring expenses. But infrastructure, water, maritime, that is not a recurring expense.

I do not think Secretary Mnuchin liked my idea too much, but I do not understand, and it may be a bad idea, but if we do not want to do that, what are we going to do? Because my constituents keep calling me going, "I heard the President talking about the infrastructure bill, and I have a road over here. I want you to make sure you get it on the list."

Senator FEINSTEIN. Welcome to the Senate.

Senator KENNEDY. So I am asking you, how are we going to pay for it? What is wrong with the idea of using some of the money that is offshore right now?

Mr. LAMONT. Senator Kennedy, in my 40-plus years working for the Corps of Engineers and with Army Civil Works.

Senator KENNEDY. Have you been doing this 40 years?

Mr. LAMONT. Yes, 40-plus.

Senator KENNEDY. Now, you are going straight to heaven.

[Laughter.]

Mr. LAMONT. I have seen, as have you, in your lifetime the crumbling infrastructure. I think we are at a point of reckoning that, not only the Congress of the United States, but the Administration, has come to a point where we really have to look at this closely in collaboration with our partners, Federal, non-Federal, folks who are stakeholders. And really take a hard look and try to make a hard move on this.

SOUTHEAST LOUISIANA FLOOD CONTROL

Senator KENNEDY. Let me ask you this, and I have 36 seconds.

One of the advantages of going last is that I get to hear all of my colleagues. I learn a lot. I get to hear all of their projects, and I appreciate that, and I can evaluate them. And I have come to the conclusion that none of their projects is as important as the one I am about to ask you about in Louisiana.

Tell me about where we are on the Southeast Louisiana Flood Control Project?

Mr. LAMONT. Senator Kennedy, I realize your concerns on SELA (Southeast Louisiana Urban Flood Damage Reduction Project). I am going to commit to you that I want to work with the senior leadership of the Corps and my office to explore all possibilities on a way forward here.

I realize that work on SELA has progressed with the Katrina Supplemental Funds.

Senator KENNEDY. Yes.

Mr. LAMONT. I think what we are going to need to do is look hard at potential funding options here. You have my commitment to work with the Corps, and we will get back to you on that.

Senator KENNEDY. Okay. Thank you, gentlemen, for your service. Thank you, General. I enjoyed our visit.

Senator ALEXANDER. Thank you very much, Senator Kennedy.

INLAND WATERWAYS USER FEE

Before we go to Senator Hoeven, the budget document does propose \$1 billion increase over 10 years in user fee funding for inland waterways, right, or for all waterways? Which?

Senator KENNEDY. I thought it was all, Mr. Chairman.

Mr. LAMONT. Sir, I apologize. I missed your question.

Senator ALEXANDER. The budget document does propose \$1 billion user fee increase over 10 years.

Is that correct?

Mr. LAMONT. Yes, sir.

Senator ALEXANDER. For all waterways or just inland water?

Mr. LAMONT. It is in its infant stages, it is an opportunity to discuss this with Congress.

Senator ALEXANDER. It is not part of the budget?

Mr. LAMONT. There is no specific line item in the budget.

Senator ALEXANDER. Yes.

Mr. LAMONT. You are correct, sir.

Senator ALEXANDER. Usually I do not do this, but just parenthetically. I like the idea of user fees, but before we have a user fee appropriated, we need, (A), to have a plan and (B), we need to spend what we are already collecting in taxes for the purpose for which it is collected.

Senator Hoeven.

Mr. LAMONT. Mr. Chairman, General Semonite and I are actively engaged with the Administration on working forward to do just what you are saying, sir.

PUBLIC-PRIVATE PARTNERSHIPS BUDGET CONSIDERATIONS

Senator HOEVEN. Thank you, Mr. Chairman.

General Semonite, Mr. Lamont, Mr. Mikkelsen, thanks to all of you for being here. Good to see both of you again. We have done a lot of work together. I just want to express my appreciation to you both.

General Semonite, what is the backlog for construction projects in the Corps right now? How much is it, \$1 billion?

General SEMONITE. \$68 billion.

Senator HOEVEN. So we could cut that in half. Would that be a good thing?

General SEMONITE. It would be great, sir.

Senator HOEVEN. Okay. So the idea behind public-private partnerships is that for States and other localities that have the money to cut the Federal share in half that we ought to give that consideration.

Would you not say that would be a good thing to do, common sense?

General SEMONITE. I would strongly agree with you.

Senator HOEVEN. So therefore, it would not make much sense to have a Benefit Cost Ratio at the office of Management and Budget that gives absolutely no credit whatsoever for somebody coming in and putting up half the money for a project.

That does not make much sense, does it?

General SEMONITE. It is my personal opinion, as Todd Semonite, that it does not necessarily incentivize those able to put money on the table that could help relieve the stress on the taxpayer.

Senator HOEVEN. And in fact, you are committed to help changing that Benefit Cost Ratio so that it makes sense.

General SEMONITE. I am, Senator.

Senator HOEVEN. Thank you.

I would ask Secretary Lamont the same questions on the Benefit Cost Ratio.

Mr. LAMONT. Yes, sir.

The Benefit Cost Ratio, as I had indicated earlier, since 1992 at 2.5-to-1 and 7 percent has been a high bar as far as competition for Federal funds.

I understand your frustration. I understand, as General Semonite does, where project sponsors bring money to the table, there needs to possibly be the opportunity to discuss with you and within the Administration, how we can move forward on this.

Senator HOEVEN. Are you committed to helping address giving proper credit to P3 projects in the Benefit Cost Ratio that the OMB (Office of Management and Budget) uses?

Mr. LAMONT. Again, sir, I think we really need to look hard at this, and work with you and your staff, and with the Administration to come to some sort of—

Senator HOEVEN. Well, the administration, the Office of Management and Budget has committed to me that both OMB and the White House are committed to changing it.

So I just want to make sure you are onboard and can help us do that as expeditiously as possible, and I am asking for that on the record.

Mr. LAMONT. Yes, sir.

You and I have had discussions on Fargo-Moorhead, and I am very up to speed on exactly what your concerns are, sir.

Senator HOEVEN. And the reality is, with a \$68 billion backlog, this is an opportunity to help everybody. It does not force you to do anything. It just gives you the ability to do what makes sense, and that is really what we are after.

FARGO-MOORHEAD AREA DIVERSION

My next question is, General Semonite, just any update from you as to where we are in the process of getting that done?

General SEMONITE. Sir, as you are aware, the work plan for 2017 does allocate \$20 million for Fargo-Moorhead. We have already worked our way to be able to get ready to award the contract for the first big phase of Fargo-Moorhead.

There is more capability that could be applied if, in fact, there were more Federal funds. But right now, that \$20 million will be utilized to start that first control structure.

Senator HOEVEN. We need to work with you on the work plan for 2018 as well.

But the other thing is we need to complete the revisions to the CBO (Congressional Budget Office) scoring method for the P3 so that in the budgeting process, projects can be included accordingly.

General SEMONITE. Yes, sir.

Senator HOEVEN. Okay.

Again, I want to thank both of you for your help on that as well as the Chairman of the committee. I think it really is an opportunity for the country, and so, I appreciate it very much.

SOURIS RIVER FLOOD PROTECTION

I am going to switch to Minot. As you know, flood 2011, 4,000 families evacuated from their homes. A lot more people than that, obviously, if you figure the average family is three or four.

We have done a lot of work, again, State and locally to do that, build flood protection for them on the Souris River in phases. Your predecessor, General Bostick, was very helpful in helping us segment that.

What we need from you now is just a commitment, General Semonite that you will work with the St. Paul Division to make sure that we get the Corps' piece of that moving as rapidly as we can.

Again, it is phases and you all are coming in on the fourth phase.

General SEMONITE. You have my commitment to continue to keep pushing that, sir.

LAKE SAKAKAWEA AND LAKE AUDUBON

Senator HOEVEN. Then the last is on Lake Sakakawea. Are you familiar, either of you gentlemen, familiar at all with the Lake Sakakawea and Lake Audubon as far as the embankment that separates the two and the fact that we do need to take a look at that?

I am just asking that you work with us very closely before you decide on any course of action because that is a huge water resource that has many, many important uses.

General SEMONITE. Senator, I am certainly aware, but I have never been there, but I have been briefed on it.

We are doing public meetings right now in the next couple of days. The comment period will be open for 30 days, so we will continue to wrap those comments up.

If you need to, I will certainly come by and let you know what we are thinking on that once we get all the public comments in.

Senator HOEVEN. That would be fantastic. Appreciate it very much.

General SEMONITE. Yes, sir.

Senator HOEVEN. Thanks.

Senator ALEXANDER. Thank you, Senator Hoeven.

Senator Feinstein and I are going to need to go to a meeting that is related to this subcommittee's work. So I am going to turn the chairmanship over to Senator Hoeven, before Senator Murkowski asks questions.

I will submit my remaining questions for the record on the fish mitigation funding and the cost-benefit ratio in Chickamauga Lock.

So I thank the witnesses for coming, and I hope you will excuse us.

Senator Murkowski.

ARCTIC DEEP-DRAFT PORT STUDY

Senator MURKOWSKI. Thank you, Mr. Chairman.

And Chairman, thank you for being here today. Thank you for your contributions in so many areas.

General, I would like to start with you, if I may, and this relates to the Arctic. As my colleagues here on the Appropriations Committee know, I come to many of these appropriations subcommittee hearings to talk about the Arctic, and I would like to bring up the issue of Arctic infrastructure and our deep-draft port in the region.

As you know, with increasing traffic in the Bering and Chukchi, we recognize the fact that we do not have a deep-draft port there.

I am concerned about the Corps' decision not to fund ongoing work in the Corps' fiscal year 2017 work plan to continue the evaluation of the Arctic deep-draft port there in Nome.

I do recognize that the study identified Nome as the preferred location for the near term development of that port. There was also an external, independent peer review, which confirmed the validity of the study.

I do recognize that we are dealing with some challenging budget environments, but I equally appreciate the opportunity that we have here. We are seeing this unfold in front of us. We need to get on it sooner than later recognizing the lag time and how long it takes to build anything in the Arctic.

So I am looking for your commitment, General, that you will work with me to ensure that the Corps does move forward with the strategic infrastructure project and hopefully reconsider the decision on funding work in the fiscal year 2017 to complete the design for an Arctic deep-draft port.

General SEMONITE. Senator, let me talk about, first of all, the requirement and I will let Mr. Lamont jump in if he wants to talk to funding.

The bottom line is that the NDAA (National Defense Authorization Act) did direct us to take a strategic look at this. Clearly, this goes back to the following question: where is the Department of De-

fense? Where is the Coast Guard? What are the opportunities up there? As you know, we started a feasibility study that was put on pause.

What I think we all need to do is continue to be able to make sure of the situation. This was Homeland Security and Department of Defense coming together. We have not had an answer from that work that is being done as to the utility of Nome when it comes to DOD (Department of Defense) and the Coast Guard.

But I think what we need to do is continue to be able to help champion every one of these requirements, so then Congress has all the facts they need to be able to figure out what gets funded or not. We will continue to work this, and I will make sure my guys are working with you every single day, and do whatever we can to identify the potential of that particular port.

And sir, I do not know if you want to jump on the funding end, but we will certainly help justify the requirement.

Senator MURKOWSKI. Well, and I think along that line, if I may, General, making sure that it is not just an assessment or an evaluation as to the economic justification, but the fact that you have life safety reasons.

You have other socioeconomic benefits that would come, not only to Nome, but to the region as a whole. Your ability to decrease the costs of food, for instance, the cost of fuel, just the general cost of living and hopefully that is included as part of that assessment.

Mr. LAMONT. Yes, Senator. We will look at all of the aspects as we proceed on any feasibility report. I can assure you of that. This is within the Principles and Guidelines that we follow for our planning program no matter what type of project.

Senator MURKOWSKI. Well, know that this is something, again, we want to work with you. We have had conversations and I know the direction here, but I just want to keep a fire under this.

SMALL, REMOTE, AND SUBSISTENCE HARBORS

I want to scale things down. We talk a lot about big projects around here, particularly when we are talking about this infrastructure bill. I want to make sure that some of our smaller infrastructure projects that are so key to a very small, local economy that they do not get lost in the backwash of all of this activity.

I raised the issue of Section 107, a small navigation program. It is a great fit for small communities in my State that are looking to construct these small harbors or breakwaters without having to wait years for WRDA (Water Resources Developmental Act) authorization.

Is there any reason that the Corps never requests funding for this program in its budget? I mean, I know that we have projects that are waiting for funding under this authority, but it just seems it is not moving forward with that initiative. General Semonite.

General SEMONITE. Senator, all of the requirements that we have, billions of dollars we put forward; those requirements and the capabilities of those requirements continue to be outlined.

There are two specific programs you are talking about. There is a component of the Harbor Maintenance Trust Fund that is for 10 percent for small, emerging harbors.

Senator MURKOWSKI. Right.

General SEMONITE. We always try to make sure we have fence funds to be able to compete for exactly what you are talking about.

The other thing that is specifically in your area, though, is the remote and subsistence harbors.

Senator MURKOWSKI. Right.

General SEMONITE. That is the 2006 justification and that is another one where there is not a set-aside, though. Those do not come out of that 10 percent of that fenced amount of money. Those do have to compete.

There are two you have right now, Craig Harbor and Little Diomedé that I think are authorized for the funding. But those, unfortunately, do not have any additional justification to be able to bring them up high enough on the funding line.

Now, if you want to jump in, sir. But basically, we put the requirement forward, but the question is when you rack and stack, those do not have a special ability to be able to qualify for a higher level of funding.

Senator MURKOWSKI. Well, and whether it is the Section 107 or whether it is, as you point out, the opportunities for a small and remote subsistence harbors, we would like the Corps to be able to exercise this discretion that we were trying to give you in last year's language. To take into account the regional benefit that then comes when you are able to put in, like the dock that we are talking about in Emmonak, very small, but the economic benefit to that region is really quite extraordinary.

So, I guess the ask is for you to consider supporting funding specifically for building these remote or subsistence harbors to match the general investigation funds.

Is that an approach that we could work through?

Mr. LAMONT. Senator, aside from the Benefit Cost Ratio, I agree with you. We will give equal opportunity to look at the site-specific problems that these communities are facing.

General Semonite hit the nail on the head. We have two recent projects that were authorized, Craig Harbor in Alaska and of course, Little Diomedé. Getting over the bar as far as their ability to compete is on us; our job is to work within the Administration and to work with Congress. So your point is well taken.

Senator MURKOWSKI. Mr. Chairman, I appreciate a little extra time.

Sometimes it is, again, these very small projects. We get carried away with the big things, but you have mentioned a couple of projects from your State that probably are not making the front pages of major newspapers. But for the economic impact to your region, they are quite considerable.

So as we look to how we deal with infrastructure in this country, I sure hope we do not lose sight of these small, regional drivers because it does make a difference.

Thank you, Mr. Chairman.

Senator HOEVEN [presiding]. Senator from Alaska, as usual, is right on.

Senator Merkley.

DALLES DAM

Senator MERKLEY. Thank you very much, Mr. Chairman.

Pleasure to have all of you here. There are so many different things you are involved in that affect my home State of Oregon.

Mr. Lamont, thank you for working with the Northwest delegation to right the historical wrong in which the Tribes' housing was not rebuilt after the dams were constructed on the Columbia River. Really, so much progress has been made on this in a short period.

We have \$1.56 million that was obligated under the continuing resolution for the village development plan for one of those housing communities. It is a \$3 million project. My understanding is you are working to identify the balance of that \$3 million and I just wanted to check in to see how that is going.

Mr. LAMONT. Yes, Senator. Those discussions are underway as I speak right now.

Senator MERKLEY. Thank you.

I want to certainly lend enthusiasm and encouragement. These dams were built half a century ago and it is an ancient failure on our part to fulfill our end of the bargain, and I just encourage every possible effort for us to keep moving forward with the effort.

Mr. LAMONT. Yes, sir. I appreciate your concern and we will move forward on that.

CRITICAL DREDGING AT SMALL PORTS

Senator MERKLEY. Thank you. And as my colleague from Alaska was talking about the small ports, that is certainly a significant issue in my State with many coastal ports and the set aside.

And so, General Semonite, this is a situation where with our coastal ports, there is commercial activity. There is sport fishing. There is recreational activity. With the southern currents along the coast, they fill in pretty quickly and so regular dredging is key to those coastal economies.

We have done well in terms of the funding for fiscal year 2017, but I am concerned about the budget, which leaves out seven of the coastal ports in Oregon for fiscal year 2018.

I wanted to check-in to see if we can work together to try to make sure that any of those ports where there is critical dredging to occur that we are able to get them accomplished in fiscal year 2018 as well.

General SEMONITE. Senator, obviously we will work as much as we can to continue to get those that are not funded to get them to be better justified. But I think the good news is, and I sent this out about three hours ago. See all the green on this sheet?

Senator MERKLEY. Yes.

General SEMONITE. So you have 18 ports that we are specifically tracking right now, and I will just lump together the fiscal year 2017 work plan as well as the fiscal year 2018 budget. You basically have 13 of those budgeted either in the work plan, or the budget, or both. There are five that I am tracking that, in fact, do not have funds.

And that is where, again, the best we can do is to continually find ways of better documenting and hopefully being able to justify these projects for additional funds.

Senator MERKLEY. Thank you. I will look forward to continuing to work with you all on that and sometimes some of them are those

that are unfunded are more critical than others and we will try to find a way to accomplish them.

Thank you.

KLAMATH BASIN

And then, Mr. Mikkelsen, I wanted to turn to the Klamath water situation. We have worked very hard over the years. I say "we," the stakeholders, the Tribes, the ranchers, the farmers, the fishermen, the community, the delegation to try to figure out how to resolve a challenge in which water is grossly over-allocated. And how to, therefore, sustain a healthy lake, a healthy river, and a healthy economy which there is a limited supply. And we have had the three worst ever droughts in Klamath Basin in the last decade and a half.

The stakeholders at this point are far apart. There was a Klamath Basin Restoration Agreement that did not make it through Congress and the facts on the ground keep changing, which means that we have to reassemble.

But I understand you are scheduled to visit the Basin in a few weeks and I would love to have a chance for the folks on my team, who have been immersed in this, to sit down and brainstorm before your trip as we work to reassemble pieces of this puzzle.

Mr. MIKKELSEN. Thank you, Senator.

I want to actually express my appreciation right now to your staff because they took the time to meet with me for about an hour about two and a half or three weeks ago, and then meet with my special assistant or senior advisor also for another hour on top of that and I will be going out.

I will be continuing my trip from Santa Fe on the 15th, flying into Eureka, California and starting at the Yurok end of the Klamath on Sunday. And I will be in Klamath Falls by Monday, I think, the 17th. I plan on spending 3 days there right now.

I reviewed the draft itinerary yesterday and noted that on one of those days, I had an airboat ride on a refuge. As much as I would like an airboat ride on a refuge, I think that my time would be better spent meeting with some of the upper basin folks that we do not have on the itinerary at this time. So I have asked my people to go back and try to make the trip a little bit more inclusive.

And we are going to try to meet with as many stakeholders at that time as we can to just make sure everybody has a desire to try to move this process forward. We are interested in solutions.

Senator MERKLEY. It is a very complicated set of issues including the removal of dams on the river that do not produce much power. They are not used for irrigation themselves. Fish passage.

And also the Tribes' forest was taken away from them and turned into a national forest. It is the only case like this in the country and when the Tribe was restored, it was not re-provided with the land that the Federal Government took from them to turn into a forest. And those are some of the issues.

But the health of the water and the stream, and figuring out how exactly we can conserve water, use water more efficiently both in the upper basin and on the refuge in order to have a prosperous farming-ranching community in both locations, but still get enough water in the rivers.

There are a lot of pieces to assemble and the fact that you are taking 3 days to be there is really greatly appreciated. Because hopefully, and I hope in my time in office, we will finally reach a settlement and be able to get a congressional stamp of endorsement on it.

Mr. MIKKELSEN. Senator, I actually enjoy challenges like this, believe it or not. I've got about 30 or 35 years of experience in dealing with these sorts of situations and am looking forward to engaging at Klamath.

Senator MERKLEY. Well, in that case, you are the right man for this job and you are going to have a lot of fun. It is a significant challenge.

NEW STUDY STARTS

I wanted to turn back to Mr. Lamont and just note that the fiscal year 2017 Omnibus budget had slots for about six new start studies related to levees. And Oregon, and specifically in the Portland metro area, has been working to address the role of its levees and the actions that needed to be taken.

There is a lot of concern that, I think, that only one of these six new start slots was filled and Portland would like to get on the list, and figure out how to get Portland into one of these remaining five slots. I just thought I would toss that to you.

Mr. LAMONT. Yes, Senator. As I had indicated earlier in my testimony in some of the questions from the panel members, the demands on the system are incredible as far as water resource development across the Nation.

This Administration put a high premium on, within the constraint of \$5.002 billion, where to put those funds. \$3.1 billion is in operations and maintenance; that is about 62 percent of the program. About \$1 billion, \$1.002 billion, is in construction. So we look very, very hard at that.

I know there is a lot of disappointment across the membership here, but the emphasis from the Administration was on our existing projects, to ensure we are doing our best, where the risk is high, to fund those projects within our Operations and Maintenance account and to continue construction of projects that are underway. And then to allow some new starts for construction and only one new study start.

That new study start, again, as General Semonite had indicated, is an opportunity with a project sponsor that may be bringing some more into the game. That really received a high level review by the Administration.

So if there is any additional information that you need, I would be happy to work with your staff or yourself, sir.

Senator MERKLEY. Well, I take your point. The resources are constrained and you have to make choices. I respect that, but I just want to make sure you are aware of how important this is to the future of the Portland metropolitan area.

Mr. LAMONT. Yes, sir. Very aware. I grew up and worked in the planning program of the Corps, and that is the beginning of the pipeline for our new infrastructure projects.

And despite the backlog that General Semonite indicated, we have new demands on the system that deserve our attention. I will

work with you and the committee staff on anything in the future on that.

Senator MERKLEY. Thank you very much.

Mr. LAMONT. Thank you, sir.

Senator HOEVEN. Nearly adjourned.

Senator and Governor Shaheen is here. Having worked with her both as Governors and now as Senators, and formerly chairing and serving as ranking member of Homeland Security, I am not only pleased to see her, but certainly want to make sure she has an opportunity to ask, what I know, will be extremely insightful questions of each of you.

PORTSMOUTH HARBOR AND PISCATAQUA RIVER NAVIGATION

Senator SHAHEEN. Well, thank you very much, Mr. Chairman, both for that great introduction and for keeping the hearing open. And thank you all for being here today.

I apologize. I was here earlier and I had to go to another meeting. So I am glad I could get back because I wanted to ask General Semonite about two projects that are pending in New Hampshire that have to do with both economic impact and safety impact. I know that you are aware.

The first of those is the Portsmouth Harbor and Piscataqua River Navigation Improvement Project. As I know you know, General Semonite, the Piscataqua River is one of the fastest currents in the United States. It makes for a very challenging travel into the river and getting into port in Portsmouth.

The turning basin is always an issue. What we are hoping is that this project that will widen the turning basin is something that will move forward. I know that the Army Corps has submitted a favorable study for the project.

I wonder if you could just update me on what you think the current status of this is, and what we could do to support the effort to keep it moving forward?

General SEMONITE. Senator, let me talk about where we are at on it.

Senator SHAHEEN. That would be great.

General SEMONITE. And then if Mr. Lamont wants to step in on the funding end. As much as I love North Dakota, I am actually from Vermont. So many, many times I have driven across the Portsmouth Bridge up into Portland, Maine. I know that area very, very well.

So Preconstruction Engineering and Design effort was begun a couple of years ago. The non-Federal sponsor funds have been received. Design phase is underway. The project was authorized. The construction phase has not been funded.

Now, as Mr. Lamont has said earlier, this is one of those projects that has to compete.

Senator SHAHEEN. Right.

General SEMONITE. It does not get special consideration under a remote harbor or an emerging harbor. It is one of those that has to be able to compete on Benefit Cost Ratio.

Unfortunately, the BCR (Benefit Cost Ratio) for this is at 1.9 so this is where, again, the best thing that we in the Corps can do, is to continue to champion it and to be able to help justify it, in-

cluding going back and making sure the numbers are right, so when it is submitted up the chain, it is able to compete as best possible.

And sir, if you want to jump in on that.

Mr. LAMONT. Yes, Senator.

In my former life as one of the Deputy Assistant Secretaries, I worked with the planning program at the Corps of Engineers. I personally worked on the Chief's report and tried to get it through the Administration, and we did. We were successful on that. It is now authorized and I am thankful to the Congress for that.

General Semonite, again, hit the nail on the head as far as the Benefit Cost Ratio. I do not know if you heard my prior response to many, many questions about how things compete. That is what it is coming down to.

The BCR at 7 percent is 1.9. The threshold for budget ability is 2.5-to-1 at a 7 percent discount rate. Senator Alexander, Chairman Alexander had many questions on that earlier.

The problem is we have so many needs across the Nation. The Administration puts a high priority, and they have since 1992, on that Benefit Cost Ratio as being the major criterion to deal with. Of course, there are other aspects too, which could be life safety considerations, for example.

Now, in the fiscal year 2017 work plan, we considered all authorized projects that might be able to compete and go forward as new starts. Unfortunately, this one did not. I am willing to work with you in the future as far as the budget ability of this project for further consideration in fiscal year 2018.

Senator SHAHEEN. I only heard part of Senator Alexander's questions to you about this issue, but how much are we challenged in being a small State with an infrastructure project like this one that does not have the same capacity as a New York or a New Orleans? How much does that cut against us?

Does that not speak to the need to make sure that as we are looking at whatever formulas we have that we are able to accommodate small States like North Dakota, and New Hampshire, and the projects that we have?

Mr. LAMONT. I think, Senator, the issue here is we have basically two criterion relative to the Benefit Cost Ratio.

For the planning process, under the Principles and Guidelines that we follow, we have to have a Benefit Cost Ratio of 1.0-to-1 at the Authorized Discount Rate. The Authorized Discount Rate is 2.875 percent, which means that it could go forward for authorization.

Now as far as budget ability, we are back on that BCR of 2.5-to-1 or greater at a 7 percent discount rate.

Senator SHAHEEN. Okay. So explain that, not in those numbers, but in what that means for projects like this that are competing against projects in big States with big populations.

Mr. LAMONT. It really comes down, on flood damage reduction projects, for example, where real estate values may vary considerably. In urbanized areas, there are going to be high property values. In rural areas, those property values may be considerably lower.

We saw a good example of this in Iowa when Senator Grassley and Senator Ernst were concerned about an authorized project in Cedar Rapids, Iowa, and the ability of that project to go forward into construction. Again, it was constrained by that Benefit Cost Ratio and ability for it to compete with very, very limited Federal resources. That is the crux of the problem.

We must find a way to work with you all in the Congress. As I have indicated before, this President's infrastructure initiative may be the key as far as bringing all parties together at a crossroads that this country is now at relative to aging infrastructure and our ability to push forward as a Nation.

General SEMONITE. Senator, let me try to target your answer a little bit better as well.

Very, very large harbors that have a lot of throughput, a lot of containers and a lot of tonnage do compete very, very well.

Very, very small harbors have a special set-aside that the committee has designated, which we think is a great idea. They compete within a bin of only about 10 percent of that set-aside, but they do compete.

If you are somewhere in the middle, then it is a challenge and that is something that we can continue to try to give recommendations back to the committee and the Administration on how to address the issue.

Unfortunately, it is not based on recreation. It is based on industry and throughput and that is a little bit more of a stretch on those types of a harbor.

HAMPTON SEABROOK HARBOR

Senator SHAHEEN. Well, and again, that is the other project that we have in New Hampshire that is pending as well, which is the Hampton Seabrook Harbor which is really in desperate need of dredging. It is critical to our tourism industry and to the whole economy of the seacoast.

Like Portsmouth, these are both essential economic engines for the State of New Hampshire, but it is going to be the same problem, I am sure, as this project moves through the process.

General SEMONITE. But Senator, this committee over time has done a great job of understanding where some of those projects that do not compete well, how do we change the rules to be able to find ways and innovative strategies to be able to address those.

So this is where we want to continue to work with anybody on the committee to say, "Here are some other tools that are out there." Clearly, it is up to you to decide whether you want to accept those tools.

But maybe there are some more things we can do to turn the knobs a little bit better to be able to figure out: how do you approximate that share? Especially when it comes to some of the economic value, how do you make sure that we are represented?

We are more than willing to work with anything we can, to be able to help give the committee better options.

Senator SHAHEEN. Well, thank you. I think that would be very helpful and I look forward to working with you to do that.

Senator HOEVEN. Thank you, Senator.

Again, I want to thank all of you for coming and for the very important work that you have done in regard to our part of the country, both Secretary Lamont and General Semonite. Again, my sincere appreciation.

Also, Acting Commissioner Mikkelsen, thank you as well for some of the work you have done in regard to Lake Tschida and work we are trying to do now on Lake Patterson. Again, I appreciate the problem solving approach.

So again, to all of you, thank you.

ADDITIONAL COMMITTEE QUESTIONS

The hearing record will remain open for 10 days. Senators may submit additional information or questions for the record within that time if they would like. The subcommittee requests all responses to questions for the record be provided within 30 days of receipt.

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

QUESTIONS SUBMITTED TO LIEUTENANT GENERAL TODD T. SEMONITE

QUESTIONS SUBMITTED BY SENATOR SUSAN M. COLLINS

Question. I'm pleased that the Corps' budget request included funding for small ports and harbors in Maine: \$4.2 million for the Saco River, \$2.5 million for York Harbor, and \$400 thousand for Wells Harbor. This maintenance dredging is extremely important to the commercial lobster and fishing industry in Maine, and these Federal navigation projects have an outsized economic impact. General Semonite, your written statement notes that the budget funds several small port projects. How can the Army Corps continue to make sure small ports and harbors can properly compete for scarce navigation maintenance funds?

Answer. The Corps focuses funding for maintenance dredging on those projects that provide the greatest economic, environmental, and public safety returns to the Nation, but also considers many other factors. For small harbors and channels the Corps considers channel conditions as well as other factors such as use of a harbor as a critical harbor of refuge or a subsistence harbor; support for public transportation; U.S. Coast Guard search and rescue or other Federal agency use; the reliance on marine transportation for energy generation or home heating oil deliveries; and the level of commercial use. The fiscal year 2018 Budget provided nearly 10 percent (\$93.2 million) to emerging harbors of the amounts derived from the Harbor Maintenance Trust Fund.

Question. I was grateful that in April the Army Corps and the Navy were able to work together and conduct an emergency dredge of the Kennebec River to allow the USS Peralta, built by Bath Iron Works, to safely traverse the river to the open ocean. Bath Iron Works is one of only two shipyards that builds DDG-51 guided missile destroyers for the Navy, and it's absolutely essential that these destroyers are able to conduct sea trials and ultimately be delivered to the fleet for operations across the globe. Twice since 2011, shoaling of the Kennebec has required emergency dredging to ensure Navy ships built at Bath can reach the open seas. Of course, waiting until a situation becomes an emergency is never a sustainable way to deal with any issue. Will you work with Congress and the Navy to come up with a permanent solution to this reoccurring problem?

Answer. The Acting Secretary of the Army has engaged Navy leadership regarding future Navy ship building operations that may require dredging the lower Kennebec River.

Should future Navy ship building operations require dredging the lower reach of the Kennebec River, the Navy will need to be prepared to use its appropriations to execute the work, or have other stakeholders fund the work using existing Civil Works authorities providing for the use of contributed funds. The office of the Assistant Secretary of the Army for Civil Works will continue to work closely with Navy to address future funding, timing and dredging on the Kennebec River to support the Navy's ship building operations.

Question. One long-term problem Maine and the city of Saco has encountered deals with ongoing erosion of Camp Ellis Beach. To date, 37 homes have been lost due to erosion, so this truly is a pressing problem. The Corps' has been studying shore damage mitigation options under Section 111 of the 1968 Rivers and Harbors Act. My understanding is that currently, the New England District believes the total feasibility, design, and initial construction costs for the project may be greater than the current authorized statutory cap, which obviously is problematic. The District is in the process of preparing the full report and decision document for this project, which will be submitted for review and approval at Corps headquarters this summer. Will you please ensure this report is acted upon quickly so both the Army Corps and Congress can take any needed actions on the project?

Answer. Corps Headquarters, the New England District, and the Office of the Assistant Secretary of the Army for Civil Works are working to identify a path forward on this report.

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

Question. Recently a silver carp, one of several species of invasive Asian carp, was pulled out of the water in the Chicago Sanitary and Ship Canal, a mere nine miles from Lake Michigan. The carp, caught by a commercial fisherman below the T.J. O'Brien Lock and Dam was not a small fish, at a length of 28 inches and weighing 8 pounds. It is concerning that a fish this size made it past the electric barriers. This is the not the first time an Asian carp has been found past the electric barriers, the first was in 2010, when a bighead carp was found in Lake Calumet. Since the 2010 incident, a multi-pronged approach, which included maintaining the barriers and fishing to thin the population of carp within the Illinois River, has been funded by the Great Lakes Restoration Initiative, a program that the Trump Administration proposed to eliminate in the fiscal year 2018 budget. We all know the importance of keeping the invasive Asian carp out of the Great Lakes. In the Mississippi River, the carp have already shifted the ecological balance of the river significantly. We cannot ignore the Asian carp threat, which puts the ecological stability and \$7 billion annual fishing industry of the Great Lakes' at risk. In response to the silver carp caught last week, what steps is the Corps taking to ensure the safety of our Great Lakes?

Answer. It is true that one fish was found approximately nine miles from Lake Michigan. While the forensic analysis of this silver carp, which was captured on June 22, has not yet been completed, it is not possible to distinguish a fish that passed through the barrier on its own from a fish that was illegally transported around the barrier. Also, the closest known adult Asian carp populations in the Illinois River are about 47 miles from Lake Michigan and no small Asian carp have been observed closer than 88 miles from Lake Michigan.

In response to the capture, the Corps participated in a two-week intense sampling operation in the area, as outlined in the Asian Carp Regional Coordinating Committee's (ACRCC's) Contingency Response Plan, with the U.S. Fish and Wildlife Service and the Illinois Department of Natural Resources. The sampling effort, which exceeded 1,950 person-hours, consisted of setting more than 43 miles of gill net and conducting 365 electro-fishing runs in a 13-mile area from below the T.J. O'Brien Lock and Dam to Calumet Harbor. No additional bighead or silver carp were captured during this exercise.

Question. The Corps study at the Brandon Road Lock and Dam is a critical step in preventing the spread of Asian Carp and understanding what methods would best prevent their movement towards the Great Lakes. The Corps Tentatively Selective Plan or "draft study" for Brandon Road was scheduled to be released on February 28 but that release has been delayed by the current Administration. It is my understanding that the Brandon Road Study that was set to be released in February is complete. Can you confirm what is causing the delay in the Corps releasing the report?

Answer. The Brandon Road draft study report addresses a range of possible alternatives and outcomes that may impact diverse ecosystems and national economies. As such, elements of this report require extensive coordination with governmental and non-governmental stakeholders.

Question. Shortly before the expected release of the Brandon Road Study, several Members of Congress wrote to President Trump asking him to delay the study, arguing that the "non- structural actions taken thus far have successfully mitigated the risks associated with Asian Carp." Given the discovery of the Asian carp last week nine miles from Lake Michigan, is that still an accurate reason to justify the continued delay of the release of the Brandon Road Study?

Answer. The Brandon Road study will be released upon completion of the ongoing review.

Question. I was deeply disappointed to find that for the second year in a row there was no funding for the continuation of construction of the McCook Reservoir in the Administration's budget request. When completed, the reservoir will prevent over \$114 million in annual flood damages to the Chicagoland area, protect over 5 million people, and enjoy a 3 to 1 benefit cost ratio. At 91 percent complete, it is simply unacceptable for the Corps to refuse to finish the job. Since its authorization back in 1988, Congress has been clear that both stages of the project were authorized for storm water protection. Congress once again confirmed its intent on McCook in both last year's WRDA authorization bill and last year's Energy & Water appropriations bill that McCook is a storm water project and that the Corps should expedite its completion with appropriate funding. Can you help me understand why the Corps continues to ignore the clear direction from Congress on McCook?

Answer. The Budget provided funding in fiscal year 2016 to complete Stage I of the McCook project and thereby enable the non-Federal sponsor to meet the requirements of its consent decree with the Environmental Protection Agency. When it became apparent that the Corps would need more funding to meet this objective, we provided such funding in the fiscal year 2017 work plan.

Question. I appreciate that some funding for McCook was included in the Corps' fiscal year 2017 work plan, but that funding was not even enough to complete Stage 1 of McCook, which is required by consent decree to be operational by the end of this year. Can you commit that the Corps will work to secure immediate and near-term funding to make up the approximately \$11.6 million shortfall in fiscal year 2017 Federal funds for the McCook Reservoir?

Answer. We will consider whether to propose additional funding in fiscal year 2017 and, if so, would identify a source for any potential increase.

Question. Can you guarantee that funding for the McCook Reservoir will be included in the Corps' fiscal year 2018 work plan?

Answer. This project will be considered for future funding, along with other programs, projects, and activities across the Nation in competition for available Federal resources.

Question. The Metro East Levee System, which spans 75.8 miles, is made up of five levee systems: Wood River Levee, Chain of Rocks Levee, Metro East Sanitary District, Prairie du Pont, and Fish Lake Levees. This system protects 111,700 acres, 288,000 residents and employees, and \$4.6 billion in property and critical infrastructure. Due to under seepage within the system, which increases the risk of failure, the Corps in partnership with the local levee district began rehabilitating the levee system in 2007 in order to get the levees back into compliance with FEMA's 100-year flood protection requirements. Without 100-year accreditation, approximately 150,000 people and 7,000 businesses would need to purchase additional flood insurance in an area where few can afford it. The Corps and local levee districts have made significant investments in the system over the last 7 years, but the Metro East Levee system was not included in the proposed fiscal year 2018 budget. Why wasn't the Metro East Levee System included in the President fiscal year 2018 budget despite previous Federal investment in the project?

Answer. The Chain of Rocks Canal deficiency correction project was funded to completion in fiscal year 2014. The Wood River Levee deficiency correction project was funded to completion in the fiscal year 2017 Work Plan. Investigations funds were moved to the Prairie du Pont and Fish Lake project in fiscal year 2017 to conduct an economic update. The East St. Louis deficiency correction project will be considered for future funding following review of the supporting decision document.

QUESTIONS SUBMITTED BY SENATOR JOHN KENNEDY

Question. I was glad to see the Comite River project receive \$6.7 million in the fiscal year 2017 Work Plan. It has taken a long time to get here. Unfortunately, it took a major flood in Louisiana for this project to even get highlighted again. Knowing time is of the essence, what is the actual timeline for when this money can be used for actual work on the project?

Answer. The fiscal year 2017 Work Plan funds allocated for Comite are planned for execution by the end of calendar year 2017.

Question. We have a major problem maintaining our existing infrastructure, especially in Louisiana. Due to the under-funding for dredging small-to-medium-sized ports along the coast, such as the Port of Iberia, Port of Terrebonne, Port of Morgan City, the neglect is causing many of these ports to go into a death spiral. When these ports and waterways are not maintained, vessels are diverted to larger ports

along the Gulf Coast. In a sense, the Corps has created an economic disadvantage to do business in the heartland of Louisiana's coast. Businesses are being forced to close or move elsewhere. What does this budget do to address this need? While there are some ports in Louisiana that have some revenue to spend to pay for some of the dredging themselves, most of them do not since their budgets are stretched thin. How are you going to address this need?

Answer. The Corps focuses funding for maintenance dredging on those projects that provide the greatest economic, environmental, and public safety returns to the Nation, but also considers many other factors. The Budget also provides significant funding for small-to-medium sized ports across the Nation.

Question. Can you provide me an update on how close we are to reaching post-Panamax depth (-50 feet) on the Mississippi River? It is my understanding that it is still being studied. Can you give me a reasonable timeline of when the study be finished and how long it will take to start dredging to -50 feet?

Answer. The Mississippi River Ship Channel, Gulf to Baton Rouge, Louisiana General Reevaluation Report was funded to completion in fiscal year 2017 and is currently scheduled to complete in fiscal year 2018. Any future design or construction timeline is dependent on the results of the completed study.

Question. I know the President has stated that infrastructure investment is a major priority for his administration. Is the Corps actively involved in the President's infrastructure plan in regards to updating and improving our waterways? Have you been consulted as decisions are made on the overall plan?

Answer. We are working with the Administration and providing technical information, as requested.

Question. One of the biggest issues I hear from my community leaders back home is the lengthy and onerous process to receiving a permit from the Corps. Does this budget include relief to help get permits out the door faster for local projects?

Answer. The Corps strives to improve customer service in all its programs, including the Regulatory program. However, performance targets for issuing general permits as well as the more complex individual permits have consistently been exceeded. If there are specific issues that you would like to discuss, I would be happy to sit down with you to discuss those issues.

QUESTIONS SUBMITTED BY SENATOR JOHN CORNYN

Question. In the absence of fiscal year 2017 funds or inclusion in the fiscal year 2018 President's Budget, it's imperative that a Project Partnership Agreement (PPA) be executed in an expeditious manner to begin construction on the Corpus Christi Ship Channel—Channel Improvement Project (CCSC-CIP) project this year using locally contributed funds. It is my understanding that a draft PPA has been all but finalized since March 2017; however, transmittal of that PPA to the Corps Galveston District has not occurred, thus further delaying construction of the project.

Please explain the cause of the delay in the finalization and transmittal of the PPA to the Galveston District?

Answer. A project-specific PPA was developed for the CCSC-CIP that reflects the project's authorizations. Additional coordination regarding pipeline relocations and removals was needed before the draft PPA could be transmitted to the Galveston District.

Question. What are the outstanding issues and when do you expect them to be resolved?

Answer. There are no other outstanding issues.

Question. Within a week of receipt of these questions please provide my office with a specific timeline on when the Galveston District will receive the PPA?

Answer. The Corps will follow up with your office with the current status.

QUESTIONS SUBMITTED TO MR. DOUGLAS LAMONT

QUESTION SUBMITTED BY SENATOR RICHARD C. SHELBY

Question. Both the Water Resources and Development Acts (WRDA) of 2014 and 2016 included spending targets related to the Harbor Maintenance Trust Fund to ensure that our Nation's seaports dredging and maintenance needs are met. However, in recent years, the Administration's budget requests have continuously requested funding levels well below the targeted levels. Meeting these target levels is incredibly important, and Congress has met these targets now 3 years in a row. Unfortunately, the Administration's budget proposals, including this year, have not.

Acting Assistant Secretary Lamont, is there a reason why the Corps' annual budget request has not met the Harbor Maintenance Trust Fund targets?

Answer. The President's fiscal year 2018 Budget includes \$965 million in HMTF spending, which is the highest amount ever budgeted (the fiscal year 2015 and fiscal year 2016 Budgets included \$915 million and the fiscal year 2017 Budget included \$951 million). While additional funds could be expended for dredging and maintenance of our coastal harbors and channels and inland harbors, the fiscal year 2018 Budget request is an appropriate amount developed through the Budget process, which considers other potential uses of the available funds both within the Corps Civil Works program and across the Federal Government, including the need to reduce the Federal deficit.

QUESTION SUBMITTED BY SENATOR SUSAN M. COLLINS

Question. I was grateful that in April the Army Corps and the Navy were able to work together and conduct an emergency dredge of the Kennebec River to allow the USS Peralta, built by Bath Iron Works, to safely traverse the river to the open ocean. Bath Iron Works is one of only two shipyards that builds DDG-51 guided missile destroyers for the Navy, and it's absolutely essential that these destroyers are able to conduct sea trials and ultimately be delivered to the fleet for operations across the globe. Twice since 2011, shoaling of the Kennebec has required emergency dredging to ensure Navy ships built at Bath can reach the open seas. Of course, waiting until a situation becomes an emergency is never a sustainable way to deal with any issue. Will you work with Congress and the Navy to come up with a permanent solution to this reoccurring problem?

Answer. In my capacity as the Senior Official Performing the Duties of the Assistant Secretary of the Army, I engaged Navy leadership regarding future Navy ship building operations that may require dredging the lower Kennebec River.

Should future Navy ship building operations require dredging the lower reach of the Kennebec River, the Navy will need to be prepared to use its appropriations to execute the work, or have other stakeholders fund the work using existing Civil Works authorities providing for the use of contributed funds. My office will continue to work closely with Navy to address future funding, timing and dredging on the Kennebec River to support the Navy's ship building operations.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

FISCAL YEAR 2017 WORK PLAN—NEW STUDY STARTS

Question. Mr. Lamont, I am concerned that the Army Corps' fiscal year 2017 Work Plan did not align with the Congressional direction included in the Omnibus.

The Work Plan included one new study start, despite the fact that Congress provided the Corps up to six new study starts, and specifically allocated among navigation, flood reduction, and environmental restoration. This Subcommittee would not have specifically allocated each of the six new study starts if we did not intend for each of them to be utilized.

I understand that the Army Corps has prioritized studies and projects that are already underway. However, many of our communities face critical infrastructure and public safety risks that cannot be ignored simply because the Army Corps has a backlog of current projects.

How has the Corps decided to balance the need to complete ongoing projects vs. newly identified risks that require new studies?

Answer. The Army carefully considered all potential new start studies. However, there are currently over 300 specifically authorized investigations activities underway, and over 350 individually authorized construction projects at various stages of construction in the Army Civil Works portfolio. In the past 5 years, under our SMART planning process, the Corps has completed its studies more quickly. Over the same period, however, it has completed and fiscally closed out comparatively few construction projects.

Question. Why did the Corps initiate only one new study start in the fiscal year 2017 Work Plan despite the Omnibus' clear classification of all six new study starts?

Answer. While we considered funding additional studies, and evaluated each potential new study for funding, we decided to focus on ongoing studies and pre-construction engineering design work as our priority in allocating the Investigations funds added in fiscal year 2017.

One impact of the Corps' refusal to utilize all of the new study starts authorized by this Subcommittee in the Omnibus hits close to home for me.

In San Francisco, the Embarcadero Seawall provides flood protection for my home city's financial district and tens of thousands of people every day. However, it is crumbling and in urgent need of repair.

However, due to the Corps' own bureaucratic hurdles, the Corps cannot even begin studying how to repair the wall until it designates this study as a new start.

Question. Given the public safety risks and the potentially astronomical recovery costs if the seawall fails, why did the Corps choose not to designate the Embarcadero Seawall as a new start, despite having six new study starts available?

Answer. While we considered funding additional studies, and evaluated each potential new study for funding, we decided to focus on ongoing studies and pre-construction engineering design work as our priority in allocating the Investigations funds added in fiscal year 2017.

Question. How does the Corps justify refusing to use all 6 new study starts available when there are clear public safety risks associated with inaction?

Answer. The Army carefully considered all potential new start studies. However, there are currently over 300 specifically authorized investigations activities underway, and over 350 individually authorized construction projects at various stages of construction in the Army Civil Works portfolio. In the past 5 years, under our SMART planning process, the Corps has completed its studies more quickly. Over the same period, however, it has completed and fiscally closed out comparatively few construction projects.

Question. How does not utilizing 5 of the 6 new study starts actually help reduce the Corps' backlog or accelerate progress on ongoing projects?

Answer. The work plan achieves this objective by focusing on completing ongoing work.

Question. If the Corps continues to emphasize ongoing work, how will new infrastructure projects compete for funding if the Corps does not usher new studies through the project pipeline?

Answer. We will consider funding new study efforts in the future.

BALANCING CORPS MISSIONS: FLOOD RISK MANAGEMENT AND NAVIGATION

Question. Mr. Lamont, I was disappointed to see that the fiscal year 2017 Work Plan's use of new construction starts favored navigation projects at the expense of flood protection projects.

Given the significant public safety risks associated with flood protection projects, what was the process by which the Corps chose to concentrate 4 of their 6 new construction starts on navigation projects?

Answer. We consider funding for each potential new project on its own merits.

Question. I noticed that the fiscal year 2017 Work Plan includes new construction starts in Boston, Tampa, Jacksonville, Charleston, Kentucky, and Washington. Why were half of new construction starts concentrated in the South Eastern United States this year?

Answer. The Boston Harbor, Massachusetts project is a navigation project with a competitive benefit-to-cost ratio. It was selected on the basis of its economic justification. The Ohio River Shoreline, Paducah, Kentucky project would reduce the risk of flood damage. It was selected due to its economic return, which is high relative to many other projects, and because the Corps could complete the project with the funding provided in fiscal year 2017.

With regard to the Charleston Harbor, South Carolina, Tampa Harbor, Big Bend, Florida and Jacksonville Harbor, Florida projects, the non-Federal sponsors at each of those ports has voluntarily demonstrated a substantial commitment to non-Federal investment via pending or in place advanced funds agreements. The non-Federal sponsor of the Tampa Harbor, Big Bend project has said that it will cover any remaining costs beyond those funded in the fiscal year 2017 work plan.

Beneficial Use of Dredged Material

Question. Mr. Lamont, I have been particularly interested in the ability of the Corps to use taxpayer dollars efficiently and to pursue projects that have multiple benefits.

For example, I am interested in the Corps' efforts to reuse dredge material from a harbor project as fill material for a wetland restoration project. I know this is also an issue of great interest in California, particularly in the San Francisco Bay area where there are multiple ports with dredging needs and multiple wetland restoration projects that could use that same dredge material.

Mr. Lamont, how are you ensuring that such multiple benefit projects are being prioritized within the Corps?

Answer. The Corps strives to use dredged material from its navigation projects beneficially and focuses on regional sediment management, which looks for sustain-

able solutions that reduce lifecycle costs and increase benefits through more efficient and effective use of sediments across Corps civil works projects. In deciding where to place dredged material, the Corps will first identify the least cost, technically feasible, environmentally acceptable manner, which is called the Federal Standard. Beneficial use of dredged material options are assessed on a project by project basis. When a beneficial use option can be implemented for the same cost or less than the Federal Standard, it can be implemented as part of the Operation and Maintenance (O&M) dredging project. When a beneficial use option is more expensive than the Federal Standard, the additional cost must be either cost-shared under one of the Corps authorities or funded by a non-Federal sponsor. An example of where a non-Federal sponsor pursued a beneficial use project with the Corps under a separate authorization was the Hamilton Wetlands Restoration Project. In that case, the Corps partnered with the California Coastal Conservancy and received authorization for an ecosystem restoration project that resulted in a prepared site with the infrastructure necessary to create a least cost opportunity for beneficial use of dredged material from O&M navigation projects in San Francisco Bay.

Question. Please provide an update on the Corps' implementation of the beneficial use of dredged material provision that was included in last year's WIIN Act.

Answer. The implementation guidance for Section 1122 of WRDA16 is under development and our current goal is to finalize that guidance this fall.

Mr. Lamont, I understand that the Corps' own standards can serve as an impediment to projects seeking to reuse dredged material for wetland restoration.

Question. How is the Corps working with local project sponsors to leverage local funds to jumpstart beneficial reuse projects?

Answer. A local sponsor can provide funds to pay the additional cost above the cost of placement of dredged material per the Federal Standard where the cost exceeds the least cost dredged material placement alternative. The Corps has worked with local sponsors in the past to maximize opportunities for beneficial use.

Question. How is the Corps implementing a regional approach to maintenance needs to best utilize limited resources rather than looking at each project individually.

Answer. The Corps National Regional Sediment Management (RSM) Program and the South Atlantic Division RSM Regional Center of Expertise work with Corps Districts and their stakeholders to use a systems approach to work across multiple projects to manage sediments in a manner that maximizes natural and economic efficiencies. From 2000–2017, 20 coastal districts and 8 inland districts participated in the RSM Program and have successfully integrated regional approaches that include both new and existing projects. Many tools and technologies are available to assist in developing sediment management strategies including dredging optimization, regional sediment budgets, and many others to aid Districts and stakeholders in establishing and operating regional solutions.

Question. With all of the harbor dredging projects identified in the fiscal year 2017 Work Plan, will you be making an effort to reuse the dredged material for other projects?

Answer. The Corps strives to use dredged material from its navigation projects beneficially and focuses on regional sediment management, which looks for sustainable solutions that are more efficient both from a natural and from an economic perspective. The Corps is continuously seeking new partnerships where there are such opportunities.

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

Question. On February 11, 2016, I sent a letter signed by 13 of my colleagues asking the Army Corps to finalize and publish implementation guidance for Section 2106 of the Water Resources and Development Act (WRRDA). This Subcommittee secured \$25 million in funding for Section 2106 in the fiscal year 2016 Omnibus Appropriations bill and \$28 million in funding for Section 2106 in the fiscal year 2017 Omnibus Appropriations bill. I appreciate the Army Corps' work to allocate this funding through the annual Work Plan process, and understand there has been positive progress with ports who elect to use this funding to maintain infrastructure through expanded uses.

However, I am frustrated that the Army Corps has still not fully implemented the program for ports who elect to use this funding to provide rebates to importers transporting cargo through their port. Especially after working to make changes to the program in the Water Infrastructure Improvements for the Nation (WIIN) Act to make it more workable.

Mr. Lamont, what is the current status of Section 2106 and implementation of the rebate portion of the program? Since passage of the WIIN Act, have you re-engaged with U.S. Customs and Border Protection to move forward with full implementation of Section 2106? I strongly urge you to complete this work as soon as possible so that eligible ports have access to the appropriated funding and can maximize the effectiveness of Section 2106.

Answer. In July 2016, the Corps finalized Implementation Guidance for Section 2106 of WRRDA 2014, setting forth how funds were to be distributed among the donor ports and energy transfer ports. However, the ports could not come to agreement with the U.S. Customs and Border Protection as to how rebates would be distributed among the shippers and importers. The Corps is still working on completing implementation guidance for Section 1110 in the WIIN Act, which amended Section 2106 of WRRDA 2014.

Question. Similarly, I am concerned that the Army Corps has not fully implemented Section 2102 of WRRDA. Section 2102 authorizes ports which generate more Harbor Maintenance Tax (HMT) revenue than the Army Corps spends at their ports to direct HMT funds toward two new expanded uses—berth dredging and disposal of contaminated sediments. Recognizing that the Army Corps had not implemented Section 2102, Congress included a provision in the WIIN Act directing the Army Corps to publish implementation guidance for Section 2102 within 90 days. This 90 day window has now come and gone.

Mr. Lamont, what is the current status of Section 2102 implementation guidance? When does the Army Corps expect to complete this work? If berth dredging is unfamiliar territory for the Army Corps, could you explore issuing a call for projects from eligible Section 2102 ports and allow the ports to propose projects for the Army Corps' consideration?

Answer. Implementation Guidance for Section 2102 of WRRDA14 is under development and is expected to be completed this fall. Dredging of berths is not unfamiliar territory for the Corps and berth dredging and expanded uses was addressed in the July 2016 implementation guidance for Section 2106 of WRRDA 2014.

Question. Nearly 3 years after the Northwest reached a regional consensus to modernize the Columbia River Treaty, the U.S. notified Canada of our intent to begin formal negotiations on the Treaty. Since October 2016, we have been waiting for Canada to come to the table.

Mr. Lamont, I urge you to proactively raise the Columbia River Treaty at every opportunity with your Canadian counterparts. Do I have your commitment to do that?

Answer. Yes, we have excellent working relationships with our Canadian counterparts and the Columbia River Treaty will continue to be discussed at every opportunity. The Corps supports the Department of State, which has the actual negotiation authority for the Treaty; and has supported Department of State through participation in a Collaborative Modeling Workgroup comprised of modeling and policy experts from both nations. A broad range of interests are represented in this workgroup, including ecosystem function, flood risk management, and hydropower. The group is focusing on modeling objectives and defining model scenarios.

Specifically, the Corps has led discussions and shared its expertise in the way that hydro regulation computer models are used to explore scenarios, then feeding into secondary models that explore impacts. The most recent face-to-face meeting of the Collaborative Modeling Workgroup was on June 16, 2017, and was hosted by Canada in Vancouver, B.C. On October 3, 2017, a longer meeting will be held in Portland, Oregon. The Corps is also actively engaged in a smaller, Collaborative Modeling Technical Team that meets more frequently; the next meeting will occur on August 17, 2017. All of these engagements, as well as the regularly scheduled meetings related to ongoing Treaty implementation, are venues for keeping the Columbia River Treaty at the forefront of our Canadian counterparts' minds.

QUESTIONS SUBMITTED BY SENATOR JOHN KENNEDY

Question. I understand that we have to be mindful of our spending. However, you have considerable authority to work with OMB to have new projects receive funds to begin construction. With Congress beginning to pass water resources bills every 2 years, with a new one due next year to authorize more projects nationwide, how will you address prioritizing funds to newly authorized projects?

Answer. The Budget seeks each year to produce as much value as possible for the Nation from the available funds. For example, projects that met the construction performance guidelines laid out on page 52 of the fiscal year 2018 Civil Works

Budget Press Book received priority consideration for funding in the fiscal year 2018 Budget.

Question. As a follow-up to my last question, Louisiana has major projects in Louisiana that need to begin construction immediately, projects like, Morganza to the Gulf, Southwest Coastal, West Shore Hurricane Protection System, and so on. In my opinion, we can spend millions now to protect or spend billions later to recover. How are you going to address this challenge to start putting shovels in the ground and build these projects in a timely manner?

Answer. These projects will be considered for future funding along with other programs, projects, and activities across the Nation in competition for available Federal resources.

Question. The Rivers and Harbors Act of 1899 (Section 408, as it appears in the United States Code) granted the Corps broad authority to invest and regulate waterways for the purposes of commerce and navigation. It was not until the Flood Control Act of 1928 that the Corps addressed their authority to regulate and invest in waterways for flood control. The Flood Control Act, and subsequent revisions to it, held that the Corps was an advisory authority to local levee districts not a permitting authority. Congress has always held that flood control is a matter best managed at the State and local level. The Corps has been using Section 408 to stall dredge and fill permits, 404 permits. This is holding up local levee boards in Louisiana, with costly and lengthy environmental reviews that often takes years to complete in order to get permits that otherwise should not exist. Meanwhile, people are left vulnerable to flooding and are exposed to having to pay higher flood insurance premiums. Given that the River and Harbors Act gave the Corps the authority to regulate navigation, and the Flood Control Act of 1928 gave the Corps the authority to regulate flood control, what is the Corps doing to harmonize these two objectives?

Answer. The Rivers and Harbors Act of 1899 includes several sections that give the Corps of Engineers separate and distinct authorities. Sections 9 and 10 of the Rivers and Harbors Act of 1899 give the Corps the authority to regulate work and structures in navigable waters in general. One of the primary purposes of those sections was, and remains, maintaining the navigable capacity of U.S. navigable waters, and preventing obstructions to navigation. Section 14 of the Rivers and Harbors Act of 1899, codified at 33 U.S.C. Section 408, gives the Secretary of the Army authority, acting through the Chief of Engineers, to grant permission for the alteration, permanent or temporary occupation, or use “of any of the aforementioned public works when in the judgment of the Secretary, such occupation or use will not be injurious to the public interest and will not impair the usefulness of such work.” The Section 408 authority is limited to the Corps’ Congressionally-authorized Civil Works projects. Without permission from the Corps, Section 408 expressly prohibits “any person or persons to take possession of or make use of for any purpose, or build upon, alter, deface, destroy, move, injure, obstruct by fastening vessels thereto or otherwise, or in any manner whatever impair the usefulness of any sea wall, bulkhead, jetty, dike, levee, wharf, pier, or other work built by the United States.” Thus, section 408 applies to a wide range of works constructed by the Corps, and is not limited to navigation structures. As part of the evaluation under Section 408, the Corps considers whether any alteration or modification will impair the usefulness of a given project, relying on previous Congressional authorization. For example, in the case of flood control works on the Mississippi River and its tributaries, authorized as part of the Flood Control Act of 1928, the Corps ensures that any request under Section 408 to modify or alter those flood control works would be consistent with any applicable requirements in the Flood Control Act of 1928.

The Corps is taking steps to address concerns about its decisionmaking process under Section 408. In those cases where an activity that requires Section 408 authorization also requires a “dredge and fill permit” under Section 404 of the Clean Water Act, the Corps staff responsible for the Section 408 and Section 404 reviews collaborate during their respective reviews, sharing information to reduce duplication of effort. In these cases, the Corps will first issues the Section 408 decision. It does so because the Section 404 implementing regulations prohibit the Corps from granting a Section 404 permit that could interfere with a Federal project, such as a Corps Civil Works project. That determination occurs through the Section 408 review.

In addition, the Corps is evaluating and updating its policy and procedures governing Section 408 permissions to better align with other Corps authorities, institute timelines from Section 1156 of the Water Resources Development Act of 2016, improve nationwide consistency, and delegate decisionmaking to the appropriate level. The desired outcome of this effort is greater efficiency and timeliness in decisionmaking, without sacrificing the quality of the evaluation.

Question. Further, would having a 408 permit from the Army Corps of Engineers have an impact on FEMA levee accreditations, which would affect rates people pay through the National Flood Insurance Program?

Answer. Before a non-Federal sponsor who operates and maintains a federally authorized levee can alter the levee, it is required to receive a Section 408 approval from the Corps. For example, if a non-Federal sponsor of such a levee wished to raise the height of the levee or otherwise modify the levee to meet NFIP accreditation requirements, it would first seek Section 408 permission from the Corps. A Section 408 permission can be granted if the levee raise does not impact the usefulness of the levee or any other of the works covered by Section 408 and is not injurious to the public.

By contrast, if this non-Federal sponsor were instead to alter that levee without receiving permission under Section 408, the alteration could potentially contribute to an unacceptable levee system rating by the Corps, which in turn could affect FEMA's determination on NFIP accreditation.

Question. I want to broaden my questions regarding the National Flood Insurance Program and the Corps role in how FEMA constructs their flood maps. Can you tell me how the Corps plays a role in FEMA's mapping process?

Answer. Both the Corps and FEMA have a long history of partnering on flood plain mapping as part of the NFIP. Over the past 30 years, the Corps has completed thousands of studies for FEMA related to identifying the flood potential of various areas across the country. These studies involved activities such as flood plain delineations and detailed flood insurance studies. In August 2005, both agencies signed an agreement that further streamlined the process for the Corps to provide flood plain mapping and other related services to FEMA. In addition, the Corps and FEMA have entered into subsequent agreements that promote and foster information sharing and coordination between the two agencies.

The Corps cooperates with FEMA and other Federal, State, and local agencies through different avenues in support of FEMA's mapping process. These include:

- Participating in joint meetings and coordination efforts;
- Providing best available hydraulic and hydrologic models and topographic mapping;
- Performing new flood plain mapping studies or providing technical assistance directly for FEMA using funds provided by FEMA under the authority of the Economy Act;
- Working through partnerships with State and local governments under the Floodplain Management Services (FPMS) or Planning Assistance to States (PAS) Programs;
- Providing available dam and levee information collected through the Corps Dam and Levee Safety Programs;
- Sharing information collected during more detailed flood risk management studies; and Serving as an active and standing member of the Technical Mapping Advisory Council (TMAC)—a Federal advisory committee established to review and make recommendations to FEMA on matters related to the national flood mapping program authorized under the Biggert-Waters Flood Insurance Reform Act of 2012.

Question. Is there anything in statute that tells you that you are unable to provide information on non-Federal levee systems, deauthorized levees or flood risk reduction systems, or non- structural surge protection (such as, wetlands, elevated railroads and highways, etc.) for FEMA to take into consideration when they are calculating risk drawing new flood maps and calculating risk?

Answer. No.

QUESTIONS SUBMITTED BY SENATOR JOHN CORNYN

Question. The CCSC-CIP project has had to jump through several hoops over the years, including Congressional reauthorization, a determination of whether the remaining elements would be considered a "new start," and a Limited Reevaluation Review (LRR).

The December 2015 Limited Reevaluation review states, "Each of these measures was individually justified and all are considered separable elements."

Are you familiar with this project's determination? Has that determination pertaining to the project elements been changed?

Answer. Yes, I am familiar with the review. That determination has not changed.

Question. In your opinion, would each separable element be considered an individual project?

Answer. In this case, we concluded that Corpus Christi would not be subject to a new start determination.

Based on that 2015 LRR, on page 103, the BCR for Separable Element #1 (deepening and widening) at 7 percent is 2.64 to 1 and the Barge Shelves is 18.29 to 1.

Question. In your opinion, would each of these projects individually meet the Budgetary Construction Performance Guideline requiring a 2.5 to 1 BCR established by your office?

Answer. For purposes of the Budget, the BCR for the entire project is what is used to justify projects in the Budget on the basis of their economic return.

Question. Would each of these projects require a “new start” determination to receive Federal dollars?

Answer. No.

Section 1146 specifically states,

“With respect to a water resources development project that has received construction funds in the previous 6-year period, for purposes of initiating work on a separable element of the project—

- (1) no new start or new investment decision shall be required; and
- (2) the work shall be treated as ongoing work.”

Question. Therefore, if each of these projects are considered separable elements per the 2015 LRR and there has been no change in statute making these two elements one single project, please explain why the Corps is requiring another economic review to determine a total project BCR for budgetary purposes rather than using the individual BCRs for each separable element?

Answer. It is standard practice in the Budget for all budgeted projects funded on the basis of their economic return to meet a minimum BCR of 2.5 at a 7 percent discount rate for the whole project.

As I understand it, both of these projects—as separable elements—clearly meet the budget criteria set by your office, individually and together, yet have been passed over for Federal funding.

Question. Please explain the reason for this as I have constituents in my State depending on this project to increase jobs and grow our economy.

Answer. The Corps completed a reevaluation of the economics for this project, and determined that the BCR for the whole project is currently 2.65 at a 7 percent discount rate.

QUESTIONS SUBMITTED BY SENATOR JOHN ISAKSON

Question. In several cases in your fiscal year 2017 work plan you chose to initiate new deep draft navigation construction projects using the additional funding provided by Congress for fiscal year 2017 rather than using those funds to advance and complete construction of projects already underway. It would seem that a more prudent business decision would have been to finish ongoing projects as efficiently and quickly as possible so that the Nation can begin realizing the projects’ benefits. Do you believe that the language in the fiscal year 2017 appropriations act compelled you to initiate those new projects in the work plan rather than simply permitting you to do so?

Answer. No.

Question. Considering the number of deep-draft navigation projects that have been authorized but have not begun construction, and considering the fact that your fiscal year 2018 budget request made significant cuts to the Corps compared to prior year budgets, why did you add new projects in the work plan rather than fund ongoing projects to their full capability?

Answer. We do not expect there to be any out-year Federal funding requirements for the Ohio River Shoreline, Paducah, Kentucky or the Tampa Harbor, Big Bend, Florida projects. The non-Federal sponsors for both the Charleston Harbor and Jacksonville Harbor projects have advanced funds agreements either pending or in place, which will allow them to fund these projects.

Question. Did your office verify that all projects funded in the fiscal year 2017 work plan could fully utilize the allocated funds during fiscal year 2017? If any project is unable to do so, can the committee be assured that remaining funds would be redirected to other projects which are able to utilize those funds in fiscal year 2017?

Answer. Projects were provided more funds in some cases to complete a useful increment of work.

Question. Does the inefficiency of under-funding ongoing projects below standard Corps capability add to the cost of completing those projects?

Answer. There are many variables that impact cost growth on construction projects. Cost growth has been a systemic concern, which receives senior leadership attention across a wide spectrum of projects. As part of this effort, the Corps has established Cost Control Boards for projects whose cost increases exceed a set percentage of the overall project cost in a single year.

Question. 5: On average, how much longer would it take you to complete on-going deep draft coastal navigation projects based on continuing the current reduced level of funding as compared to funding those projects to standard full capability?

Answer. We do not have such an estimate. Funding streams and sources vary considerably across projects and years, and are not limited to the funds requested in the Budgets.

QUESTIONS SUBMITTED TO MR. ALAN MIKKELSEN

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

SUBSIDENCE/FRIANT KERN CANAL

Question. Subsidence is a severe problem in California's San Joaquin Valley. Many areas have dropped by 18 to 24 inches in just the last few years alone due to the drought and excessive water pumping.

In some cases, this subsidence has damaged the ability of Federal and State infrastructure to operate properly. For example, subsidence has reduced the water carrying capacity of the Friant- Kern Canal by 60 percent in some places, severely disrupting water supply and groundwater recharge operations throughout the Friant Division of the Central Valley Project.

Mr. Mikkelsen, I know that Reclamation is working on this problem. What resources and authorities does Reclamation have or need to address this problem in both the short-term and the long-term?

Answer. Reclamation is working with the Friant Division long-term contractors to better understand the subsidence challenge along the Friant-Kern Canal and determine possible means of addressing the situation. In 2010, the San Joaquin River Restoration Program evaluated flow constrictions along the entire canal. Preliminary analysis determined that authorized funding was not enough to fix the full length of the canal and therefore, the analysis was focused on the first constraints in the upstream sections of the canal with the goal of achieving the broadest benefits to the majority of the Friant contractors. Further analysis of these upstream constraints indicated that authorized funding was not enough to fix this section. Reclamation put the project on hold to conserve the authorized funding and began working with the Friant contractors to explore other opportunities to increase the available water supply to the Friant contractors.

After several years of extreme drought, downstream portions of the canal dropped up to three feet between approximately Mile Posts 98 to 112. In January 2017, flows of 1,900 cubic feet per second or less than half the design maximum capacity wetted the bottom of five bridges downstream from Mile Post 98.

In early 2017, Reclamation began working with the Friant contractors to better understand this subsidence challenge. As part of this new effort, Reclamation recently completed a brainstorming session with the Friant contractors and is working with the contractors on next steps. Reclamation has a variety of resources and authorities to address the subsidence challenge, each of these with their own pros and cons for Reclamation and the Friant contractors to consider. As we are very early in identifying the challenge and possible solutions in this area of the canal, we have not yet assessed our full suite of resources and authorities to determine if we have the resources and authorities to address the problem in the short-term and long-term.

Question. I believe the Bureau of Reclamation absolutely must invest in new groundwater recharge projects to prevent further subsidence. I understand you can do so through the Drought Response Program within WaterSMART as well as the new storage program created in the WIIN Act.

Mr. Mikkelsen, what actions have you taken to identify the most effective groundwater recharge projects and to prioritize them for funding?

Answer. In April 2015, Reclamation completed an "Investment Strategy" as part of our efforts to implement the Water Management Goal under the San Joaquin River Restoration Program. This effort included a variety of projects, including groundwater recharge projects, that work to increase water supply or more efficiently use the existing supplies in the Friant Division of the Central Valley Project.

The Investment Strategy is available here: http://www.restoresjr.net/download/program-documents/program-docs-2015/FinalInvestmentStrategy_20150403.pdf.

Reclamation developed the Investment Strategy to identify projects that, in conjunction with other activities occurring to support the Restoration Program's Water Management Goal, could cost effectively reduce or avoid water supply impacts to the Friant Division long-term contractors as a result of the Restoration Program. A prioritized list of implementable projects was developed, evaluated, and prepared to help achieve this goal. Projects evaluated for the Investment Strategy were ranked on their cost-effective ability to reduce impacts from the Restoration Program. However, this ranking is widely applicable and identifies the most effective projects, including groundwater recharge projects, which could also work to increase water supply or more efficiently use the existing supplies in the Friant Division.

REVISIONS TO BIOLOGICAL OPINIONS

Question. Last year, the Bureau of Reclamation started the process of revising the biological opinions for California's Central Valley Project and State Water Project.

I believe there is an opportunity here for a win-win outcome that would benefit both the water users and the endangered salmon and smelt. And that is focusing on some of the other factors besides water pumping that harm the fish: factors like pollutants, predators, poor habitat, and lack of food supply.

Mr. Mikkelsen, how are you prioritizing and investing in the science necessary to address pollutants, predators, and these other factors aside from water pumping that responsible for harm to fish?

Answer. Reclamation science funding is focused primarily on habitat improvement and food supply augmentation. Work on pollutants and predation has received lower priority in part because it is being supported by other partner entities (e.g., California Department of Water Resources—CA DWR, Central Valley Regional Water Quality Board, Delta Regional Monitoring Program, and the State and Federal Contractors Water Agency).

The science focused on habitat restoration includes: studies in support of a Reclamation-led effort to reintroduce winter-run Chinook salmon upstream of Shasta dam (a requirement under the National Marine Fisheries Service 2009 biological opinion); studies documenting salmon response to spawning gravel and side-channel enhancement projects in the upper Sacramento, American and Stanislaus rivers (in coordination with the Central Valley Project Improvement Act Anadromous Fish Restoration Program); research in support of efforts to improve fish passage through and habitat quality in the Yolo bypass; and research on physical and biological process operating in the Cache Slough complex, to support tidal wetland restoration called for in the 2008 Fish and Wildlife Service biological opinion.

On the food supply front, Reclamation provides partial funding for a CA DWR-led effort to study the effects of re-routed Colusa basin drain water on phytoplankton, and zooplankton production in the North Delta (part of the Delta Smelt Resiliency Plan); and is working closely with the City and Port of West Sacramento on a study to assess the viability of routing Sacramento River water down the Sacramento Ship Channel to boost Bay-Delta phytoplankton and zooplankton production. This effort also includes water quality and fish passage improvement components.

WATER STORAGE PROJECTS

Question. Between the recent \$2.7 billion bond measure passed by California voters and the WIIN Act passed by Congress last year, we finally have the opportunity to build major surface and groundwater storage projects.

The WIIN Act authorizes \$335 million for Reclamation to partner with States to build these projects, and Congress funded the first \$67 million tranche of storage funding in the fiscal year 2017 Omnibus.

Mr. Mikkelsen, what steps have you taken to ensure that Reclamation will finish its feasibility studies as quickly as possible so that you can submit recommendations to Congress on which storage projects should receive Federal funding?

Answer. Reclamation has compressed surface storage feasibility investigation schedules for CALFED storage Feasibility Reports as follows: The North-of-Delta Offstream Storage Investigation Draft Feasibility Report was provided to the Sites Joint Powers Authority (SPA) in July 2017, to support their Proposition 1 funding application. We are currently planning to provide revised reports to the SPA in August 2018, to support coordination on the State funding decision. For the Upper San Joaquin River Basin Storage Investigation, the Feasibility Report is being amended to include a locally-preferred alternative operational scenario and our current plan is to make that report available in August 2018. Los Vaqueros Phase 2 is planned

for completion in December 2018. Reclamation is also considering other eligible projects in the 17 Western States for funding recommendations to Congress. Final recommendations are subject to final review and approval within the Administration. Nevertheless, we will continue to work diligently to complete studies within the times set out by Congress.

Question. Mr. Mikkelsen, have you begun engaging with the State of California in order to align your Federal process and funding timelines with California's?

Answer. Yes, Reclamation is closely coordinating with the local Joint Powers Authorities and realigning schedules to meet California Water Commission (CWC) timeframes. Water Storage Investment Program applications for the three aforementioned surface storage investigations will be submitted to the CWC on August 14, 2017, to meet the requirements of Proposition 1 bond funding. These applications will include study information developed for the Federal feasibility reports that are nearing completion. State funding decisions on cost-share for these projects are expected from the CWC in mid-2018.

DESALINATION FUNDING

Question. Given the recent drought and the need to prepare for the next drought, California must invest in new water infrastructure. I am convinced that desalination is a key part of that infrastructure. Desalination is still expensive, but graphene and other technological breakthroughs to replace the current reverse osmosis process are within our grasp.

Congress passed the WIIN Act last December, which included new authorities for the Bureau of Reclamation to establish a competitive grant program for desalination. In the fiscal year 2017 Omnibus, Congress then appropriated \$6 million for this new desalination grant program.

Mr. Mikkelsen, will you commit to expedite Reclamation's development of evaluation criteria for the desalination program and recommend specific desalination projects for funding as quickly as possible?

Answer. Yes, Reclamation is committed to expediting the implementation of new programs from the Water Infrastructure Improvements for the Nation, or WIIN, Act amendments, including a new desalination grant program. The framework for the desalination program is already under development and Reclamation expects to post a funding opportunity announcement for desalination projects in the second quarter of fiscal year 2018. Reclamation believes this schedule will allow for additional outreach and will result in a larger pool of eligible applicants.

Reclamation will satisfy the intent of Congress with regard to construction under the WIIN desalination provision with the \$6 million provided.

In addition, and as you stated in your question, desalination is still expensive, but technological breakthroughs to replace the current reverse osmosis process may be within our grasp. The Administration believes that an important Federal role within sectors such as this one is to fund high-risk, high-reward basic research that has the potential to achieve breakthroughs that can revolutionize current processes and provide broad public benefits. To this end, a significant portion of Reclamation's R&D funding under the Desalination and Water Purification Research program will be set aside for these types of research projects, and such projects will receive special consideration relative to funding additional work at traditional and expensive desalination projects.

WATER RECYCLING PROJECTS

Question. Commissioner Mikkelsen, section 4009(g)(2) of the WIIN Act says that water reuse projects that have a completed feasibility study can "only receive funding if enacted appropriations legislation designates funding to them by name, after the Secretary recommends specific projects for funding pursuant to subsection (f)," which mandates that the Secretary establish a new water reuse competitive grant program, "and transmits such recommendations to the appropriate committees of Congress."

Mr. Mikkelsen, what steps are you taking to complete these requirements, submit your recommendations for the water reuse projects that should receive funding, and do so in time for this Committee to consider and act upon your recommendations in the fiscal year 2018 appropriations process?

Answer. Reclamation posted a funding opportunity announcement for WIIN Act water recycling projects on July 17, 2017. In order to meet the appropriations schedule, the funding opportunity is open for a limited time-frame of 30 days, with applications for funding due on August 17, 2017.

Question. Mr. Mikkelsen, I worked very hard to expand Title XVI in the WIIN Act so that Reclamation could partner with local water agencies to accelerate work

on a number of important, large-scale, regional water reuse projects throughout California and the West. We need the Secretary's recommendations by the end of September. The implications of missing our deadline is that implementation will be delayed until fiscal year 2019. That's unacceptable.

Mr. Mikkelsen, will you commit to sending this Committee your recommendations, as required by the WIIN Act, before October 1?

Answer. Reclamation has an accelerated schedule in place to complete the competitive selection process required by the statute as soon as possible. An expedited review will be conducted with the fiscal year 2018 appropriations process in mind.

Question. Mr. Mikkelsen, I am also concerned about reports that Reclamation may seek to limit the eligibility for funding under any Funding Opportunities Announcement to implement the new Title XVI WIIN Act authority. I understand there have been discussions within Reclamation to limit applicants to those entities with a completed and approved water reuse Feasibility Study several months prior to the release of the FOA.

Please confirm that any water reuse project that has a completed and Reclamation-approved water reuse Feasibility Study on or before the deadline for responses to the FOA will be eligible to respond and receive funds made available for this new initiative in fiscal year 2017.

Answer. The FOA that Reclamation posted on July 17, 2017 states that a project must have a Reclamation-reviewed feasibility study and the findings of Reclamation's review must have been transmitted to Congress by the date that the FOA was posted (i.e., July 17, 2017). The initial list of eligible projects was provided to Congress on July 12, 2017. Completed feasibility studies up to July 3, 2017, were included in the letter to Congress. Accordingly, under Reclamation's approach, entities with feasibility studies that were found complete just two weeks before the FOA was released, are eligible to apply for funding. This approach ensures clarity for project sponsors so that no applicant spends resources to prepare a proposal until review of the feasibility study for that project has been completed.

SAN JOAQUIN RIVER RESTORATION PROGRAM

Question. In 2015, Reclamation's "Revised Framework for Implementation of the San Joaquin River Restoration Program" identified a remaining Federal funding need of approximately \$1.1 billion to implement the program by 2029 (2015 Revised Framework for Implementation, Table 3-7, page 3-12). Reclamation's Framework also said that the existing appropriations authorization for the program is insufficient. (Framework Table 3-7; Reclamation Commissioner's responses to questions on the fiscal year 2016 budget, question 8, page 4).

Mr. Mikkelsen, how does Reclamation plan to address this funding need?

Answer. Reclamation is currently leading a collaborative effort with the U.S. Fish and Wildlife Service, National Marine Fisheries Service, California Department of Fish and Wildlife, and California Department of Water Resources to implement the San Joaquin River Restoration Program. Through these partnerships, along with the parties to the Settlement in NRDC, et al., v. Rodgers, et al., and the downstream landowners and water districts (generally referred to as the "Third Parties"), Reclamation will be able to determine the Restoration Program actions that can be achieved within the Program's current and anticipated future funding sources. We are working to ensure that this effort identifies a realistic and achievable path forward for the Restoration Program. We anticipate completing this effort in early November 2017.

QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

Question. Mr. Mikkelsen, farmers in the Odessa Subarea of the Columbia Basin Project have faced significant challenges for several years as groundwater from the aquifer has been declining. This rapid decline has put agriculture production and commercial, municipal, and industrial water uses at risk. According to a study conducted by Washington State University, \$840 million and 3,600 jobs are at risk if agriculture producers in the Odessa Subarea no longer have access to groundwater from the aquifer and no alternative water solution is in place.

I appreciate your ongoing work with the State of Washington and the impacted irrigation districts to prevent further depletion of the Odessa Subarea aquifer and deliver much needed surface water to agricultural lands within the Columbia Basin Project. Renewing the Master Water Service Contract with the East Columbia Basin Irrigation District (ECBID) in 2015 was a significant milestone in this process. This ensured ECBID could move forward with the development of the first of seven planned pressurized delivery systems to provide surface water to 87,700 acres of the

Odessa Subarea in the Columbia Basin Project. I understand that additional amendments to the Master Water Service Contract are needed. What is the current status of this amendment and when do you expect it to be completed?

Answer. The Renewal Master Water Service Contract (RMWSC) provided ECBID sufficient water for the 47.5 system, the first of what is expected to be eight lateral systems, this one currently designed to deliver water to about 8,500 acres, which is currently under construction. Depending on what system they start next, ECBID may have sufficient water for that as well. Also, Reclamation plans to amend the RMWSC to authorize ECBID to provide irrigation water service to an additional 70,000 acres in order to provide the full groundwater replacement to 87,700 acres within the Odessa Subarea. Reclamation sent a proposed contract amendment covering the 70,000 acres to ECBID in October 2016. The ECBID provided verbal feedback to Reclamation in January 2017. Two public negotiation sessions were held on July 17, 2017 and July 24, 2017; both parties have agreed to some minor language changes and are currently in the process of exchanging revised language for a few other sections. ECBID has also requested that Reclamation consider several water service proposals that are outside the current scope of the contract. Approval of these proposals would require additional environmental compliance, a change to the existing negotiation parameters for the contract amendment, and in some cases policy changes. Reclamation is currently awaiting a response from ECBID as to whether or not they desire to have Reclamation consider these additional proposals now, which could delay execution of the contract amendment by at least 6 months, or if they want to proceed with finalizing the RMWSC amendment for the 70,000 acres now and address these additional proposals through a separate amendment. If ECBID chooses to defer their additional requests to another amendment, we anticipate being able to execute a revised contract amendment within 2 months of being notified of their decision.

Question. Staying on the subject of the Odessa Subarea, I understand that in its current form the "Record of Decision for the Odessa Subarea Special Study Final Environmental Impact Statement" prevents the Bureau of Reclamation from including funding for the Odessa Subarea project in its annual budget request and also from using funding provided by Congress for Additional Funding for Ongoing Work within the Water and Related Resources account. Further, I understand that in order to consider Federal funding for the Odessa Subarea project, the Bureau of Reclamation would need to reevaluate the financial and economic justifications and essentially update the benefit-cost ratio. The East Columbia Basin Irrigation District has requested a review of the benefit-cost ratio, and has provided the Bureau of Reclamation with documentation. Mr. Mikkelsen, what is the current status of the Bureau's review of the benefit-cost ratio and when do you expect it to be completed?

Answer. The Record of Decision prevented Federal funding because the benefit-cost ratio was less than 1:1. Reclamation has been carefully reviewing this information and determining the best course of action, keeping in mind time constraints and costs. Reclamation will then inform ECBID, the State of Washington, and other stakeholders of the outcome of this review and our path forward.

Question. Nearly 3 years after the Northwest reached a regional consensus to modernize the Columbia River Treaty, the U.S. notified Canada of our intent to begin formal negotiations on the Treaty. Since October 2016, we have been waiting for Canada to come to the table.

Mr. Mikkelsen, I urge you to proactively raise the Columbia River Treaty at every opportunity with your Canadian counterparts. Do I have your commitment to do that?

Answer. While Reclamation is not the entity responsible for negotiations, the entities involved are the United States Army Corps of Engineers, Bonneville Power Administration, and the United States Department of State, I will encourage my Canadian counterparts to participate in negotiations as soon as possible, whenever the opportunity arises.

QUESTIONS SUBMITTED BY SENATOR TOM UDALL

TRIBAL WATER SETTLEMENTS

Question. Mr. Mikkelsen, in your testimony you mentioned a number of times the importance of maintaining our commitments to tribes by fully funding Tribal water settlements. I could not agree more. I did notice however that the fiscal year 2018 budget proposes to cut funding for the Navajo- Gallup Water Settlement by over \$20 million dollars compared to fiscal year 2017.

In addition, there are major reductions in funding to other tribes in the BIA water settlements' account to operate and maintain water projects that were built according to the terms of the settlements and whose construction was paid for from BOR's funds.

Let's be clear, we need to support all our Tribal water settlements. And we should not cannibalize some settlements in order to start others. But we need to do so in a way that will not undermine the solid progress projects like Navajo-Gallup have made and will not shift funds to the out-years. I am leery of shifting our annual responsibility to these settlement to the out-years—like a balloon payment on a mortgage, as this budget proposes.

Knowing the members of this committee, I believe they will want to uphold our commitments to the tribes—and we'll work to find money for all the projects which Congress has authorized.

Will you commit to equitably allocating and distributing that money to all the projects, as Congress directs?

Answer. The Bureau of Reclamation is committed to fulfilling all of our Tribal water settlements within the times specified within the individual public laws governing their completion as specified by Congress.

Specifically with respect to the Navajo-Gallup Water Supply Project, the project is on schedule to complete its work by the end of 2024. The President's budget request for the project in fiscal year 2018, though somewhat less than in past years, is supplemented by the remaining mandatory funds that were made available by Congress under Title VII of the Claims Resolution Act, Public Law 111–291.

Question. And will you commit to keep budgets honest and putting those costs in over a number of years—not just shifting them to the out-years in future budgets?

Answer. Yes, we will, both for prudent budgetary considerations and for maintaining efficient and timely construction schedules. Congress specifies the time by which the construction portion of the water rights settlements is to be met. Once the planning is complete and other laws, such as the National Environmental Policy Act, are met, construction, to be efficient, must be maintained at reasonable levels and that requires a sufficient appropriation.

For example, in a non-construction water rights settlement, the Taos Pueblo Indian Water Rights, Reclamation was required to make available \$20.0 million by the end of fiscal year 2016. Both the BIA and Reclamation fulfilled, in addition to the monetary requirements, all of the conditions precedent. The Secretary issued the public notice that the conditions precedent had been met in late 2016. The \$20.0 million was budgeted by Reclamation and appropriated by Congress over a period of 5 years at a rate of about \$4.0 million per year.

NAVAJO GENERATING STATION

Question. Mr. Mikkelsen, I noticed yesterday that an agreement was reached in order to keep the Navajo Generating Station open for two more years—until 2019—which is very helpful to those communities in the short term. Thank you for going out and listening to them about their needs and concerns.

I am concerned however, that in the long run, changes in operation at the Navajo Generating Station will drastically shift the economy of the four corners region. And yet there has been little planning in the region to prepare for a transition. Because of the Federal Government's tribal trust, fiduciary, and environmental responsibilities, the Department of the Interior and the Bureau of Reclamation have been key to the discussions on the future of NGS.

What options are being considered for workforce planning and transition when and if, the NGS and/or other power plants in the region close?

Answer. The Department of the Interior and the Bureau of Reclamation (Reclamation) have interacted extensively with Arizona stakeholders who benefit from or who are impacted by Navajo Generating Station (NGS) operations. Forty-plus years of coal-fired electric generation in northeastern Arizona has produced a regional coal-centric economy. Southwestern electric utilities, however, are adapting to changes in the energy market which over the past 10 years have resulted in substantial retirements and reductions of coal generation facilities.

The Navajo Nation and Hopi Tribe have initiated accelerated steps to address economic development and diversification in northeastern Arizona by requesting government-to-government consultations and technical assistance from Federal agencies and universities. Reclamation has enlisted energy market experts and provided financial and technical assistance to both tribes. Reclamation has an extensive history working with northeastern Arizona stakeholders investigating water development. In order to support workforce planning and transition, Reclamation has provided technical assistance to the tribes in the development of renewable energy gen-

eration and regional water supply on the reservations. The tribes have requested specific assistance in planning which is required for economic development and diversification. The NGS replacement lease (July 2017) contains provisions for the Navajo Nation to obtain ownership of various plant assets (the Lake Powell water pumping station, coal supply train, buildings and transmission access) as part of an economic development roadmap.

Reclamation's technical assistance team includes the National Renewable Energy Laboratory and universities with energy development expertise. The Navajo Nation, Hopi Tribe, and the Reclamation team are actively investigating water and electric generation project development as part of a transition strategy in response to changing NGS operations.

Question. How can we work together to make sure we are putting tribes, taxpayers and the environment first in addressing this issue?

Answer. On March 1, 2017, the Department of the Interior (DOI) and Reclamation initiated a facilitated stakeholder process to evaluate future NGS operations options. Several subgroups were formulated to simultaneously; (1) develop terms and conditions for operation of the NGS to the end of 2019 and, if necessary, decommission thereafter; (2) research potential owners and energy buyers to continue operations post-2019; and (3) identify strategies to minimize the socio-economic impacts of a potential NGS closure.

On July 1, 2017, the Navajo Nation approved an extension lease that provides for operation of the NGS through December 2019. This 2 year period (2017–2019) provides additional time for the parties to seek new owners. If no new owner(s) are identified, the plant will begin decommissioning at that time.

In 2013, NGS stakeholders formulated a Technical Working Group¹ and crafted an agreement containing DOI commitments to develop strategies to minimize economic impacts to the Navajo Nation and the Hopi Tribe from the closure of the NGS. In accordance with the commitments outlined in the NGS Technical Working Group Agreement, Reclamation allocated funds² and executed financial assistance agreements³ to support tribal planning of water and renewable energy generation development as part of an economic transition initiative. Reclamation's authorities are limited to planning assistance which is funded through Central Arizona Project appropriations.

In addition to Reclamation's authority, several other Government agencies (e.g., Department of Energy and Bureau of Indian Affairs) have authority to work with the tribes to develop strategies for economic development into the future. The formulation and support of a northeastern Arizona economic transition working group that includes Reclamation along with these and other agencies, could focus the objectives and tasks, improve communication, and coordinate resources needed to support workforce planning and transition.

AAMODT SETTLEMENT

Question. As you know, the Aamodt settlement was the culmination of the longest running water dispute in United States history. The settlement brought together the City and County of Santa Fe, four pueblos, and the State—no small feat. As a result, the pueblos are secure in their water rights and the non-pueblos are secure in their water supplies. But like many water settlements, the devil is in the details. And there is much work to be done to implement this settlement.

Mr. Mikkelsen, you met with my staff recently, and I understand that you will be lead on this settlement.

Can you give me your assurances that you will make full implementation of the Aamodt water settlement a priority of yours and this Administration?

Answer. The Administration and Bureau of Reclamation are committed to fulfilling all of our Tribal water settlements, including the Aamodt Litigation Settlement, within the times specified by the individual public laws governing their completion as specified by Congress. All of the parties involved in the settlement have been working diligently to complete a final design and plan for the Pojoaque Regional Water System. The Pojoaque Regional Water System is the portion of the overall Aamodt Litigation Settlement for which the Bureau of Reclamation is re-

¹ 2013 NGS Technical Working Group Agreement: Department of Interior, Gila River Indian Community, Navajo Nation, Central Arizona Water Conservation District, Environmental Defense Fund, Western Resource Advocates and Salt River Project Agricultural Improvement and Power District.

² Central Arizona Project—Operation and Maintenance Oversight.

³ National Renewable Energy Laboratory—Interagency Agreement \$2.7M; Navajo Nation—Cooperative Agreement (\$200,000); Hopi Tribe—Cooperative Agreement (\$200,000) and Gila River Indian Community—Cooperative Agreement (\$250,000).

sponsible. In fiscal year 2018, this project is expected to begin land acquisition and begin construction after completing a Record of Decision and final designs.

GILA RIVER DIVERSION

Question. Mr. Mikkelsen, in 2004, Congress passed the Arizona Water Settlements Act. The Act gave New Mexico \$66 million dollars in funds and 10 years to decide how to use Federal money to meet water needs in four rural counties.

In 2014, the New Mexico Interstate Stream Commission voted to pursue a water diversion at the headwaters of the Gila River—is one of the last undammed rivers in the West—rather than focus the money on water efficiency for agricultural and municipal users, community water systems and restoration projects—projects all allowed under the law.

Currently, the New Mexico Unit of the Central Arizona Project is working with the Bureau of Reclamation to identify a viable diversion option. And has until 2019 to complete the planning and design of the Gila Diversion. As I understand it, the New Mexico Unit intends to submit a series of plans by fall to the Bureau of Reclamation to conduct an environmental review, as outlined by the Act.

There are estimates a diversion dam could cost a billion dollars to construct. Something I don't foresee the Federal Government funding.

Do you agree the Federal Government is unlikely to appropriate this level of funding for big new water projects in this fiscal environment?

Answer. Reclamation does not plan on seeking any Federal discretionary appropriations for construction of the New Mexico Unit (Unit).

The 2004 Arizona Water Settlements Act (AWSA) provided \$66 million (indexed) from the Lower Colorado River Basin Development Fund (Development Fund) to be transferred into the State's New Mexico Unit Fund for construction of a Unit or for other water utilization alternatives in southwest New Mexico. An additional \$34 million (indexed) from the Development Fund may be available for construction of a Unit if a Record of Decision is issued by the Secretary of the Interior approving the project based on an environmental analysis. The AWSA identified an additional, \$28 million (indexed) which could be available for construction, depending on earnings in the Development Fund, which, based on current earnings is unlikely. To date, six annual payments of \$9.04 million each have been transferred to the New Mexico Unit Fund totaling \$54.2 million. The New Mexico Unit Fund is administered by New Mexico's Interstate Stream Commission (NMISC).

If New Mexico and the New Mexico Central Arizona Project Entity (Entity), as beneficiaries of the project, choose to pursue a project that will cost more than is available under the AWSA, they will need to provide any additional funding required for the project.

In the past, several diversion, conveyance, and off-stream storage options were identified. The highest cost options included diversion, reservoirs and pumping water to the Deming, N.M. area. In July 2016, the Entity submitted their proposed Unit action, a diversion and storage project to provide water for agricultural purposes in the Cliff-Gila Valley. We understand they are now revising that project, striving to limit project construction costs to funding available under the AWSA. Reclamation expects to receive an updated project proposal later this fall.

In 2014 and 2015, the NMISC voted to fund other water utilization alternatives (non-NM Unit) in southwest New Mexico totaling \$9.1 million. The projects include water conveyance improvements, effluent reuse, conservation projects and improvements to an existing diversion on the Gila River.

In addition, one of our duties as public officials is to assure that the funds of the American people are spent wisely, with proper oversight and transparency.

Question. Will you commit that you and, if confirmed, Brenda Burman the nominee to run the Bureau of Reclamation, will keep an eye out for taxpayers as Bureau of Reclamation analyzes the options for this project?

Answer. Yes, in support of our mission to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public. Reclamation will complete the required environmental compliance and appropriate technical analyses necessary to provide information to the Secretary of the Interior for use in the Record of Decision.

Question. And, because my staff and I have received incomplete information, would you commit to providing us with updates on how much money is being spent by the Interstate Stream Commission and New Mexico Entity and on what?

Answer. Funding provided by Reclamation to the New Mexico Unit Fund would be from the Lower Colorado Region Basin Development Fund as required by the AWSA. This funding would be non-discretionary funding as Reclamation must follow the payment schedule provided in the AWSA, and is not subject to the annual ap-

propriations process. Once the funding is transferred to the Interstate Stream Commission (ISC), Reclamation believes we do not have an oversight role in the spending. If desired, Reclamation can provide an accounting of payments made to the State's New Mexico Unit Fund. The State's New Mexico Unit Fund budgets and expenditures are available through the CAP Entity and ISC meeting materials as well as an annual report that the ISC submits to the legislature for the NM Unit Fund. This report is located at <http://nmawsa.org/library/reports/>.

CONCLUSION OF HEARINGS

Senator HOEVEN. The written statements of each of our witnesses will be included in the record.

And again, thank you, and we are adjourned.

[Whereupon, at 4:34 p.m., Wednesday, June 28, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]