

Lesson 6

CONSTRUCTION ACCOUNT AND PROGRAM

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Construction Account and Program

- Appropriations Language
- Business Lines
- Project Taxonomy
- Project Development Life Cycle
- FY 2009 Budget Policy for Continuing Projects and Programs
- FY 2009 Budget Policy for New Work
- Project Partnership and Cost Sharing

Appropriations Language

- Purpose
- Amount
- Time
- Earmarks in Law
- Conference Report Language

Business Lines

- Navigation – Commercial
- Flood Risk Management
- Ecosystem Restoration – Aquatic
- Hydropower – Replacement
- Incidental Water Supply & Recreation

Project Taxonomy

- Specifically Authorized Projects and Elements
 - Federal Implementation
 - Reimbursable
- Modifications to Constructed Projects under New Authority (details to follow)
- Modifications to Constructed Projects under Existing Authority (details to follow)
- Continuing Authority Programs (details to follow)
- Other Remaining Items (details to follow)

Modifications to Existing Projects under New Authority

- Reconstruction Projects
- Other Modifications Beyond CAP Limits
 - Navigation Mitigation (beyond section 111)
 - Sediment Management (Beneficial Uses of Dredged Material) (beyond section 204)
 - Environmental Modifications (beyond section 1135)

Modifications to Constructed Projects under Existing Authority

- Rehabilitation
- Design or Construction Deficiency Correction
- Dam Safety Assurance
- Endangered Species Act Compliance

Authorized Modifications -- Rehabilitation

- Section 205, WRDA 92
 - \$1M efficiency, \$5M effectiveness, \$8M IWW effectiveness – plus inflation
- Types
 - Replacement – principal components producing business line outputs
 - Seepage Control
 - Static Instability Correction
 - Other Rehabs (to O&M in budget)

Authorized Modifications -- Design / Construction Deficiency Correction

- Structural or Performance Deficiency
- Not deferred O&M or changed H&H
- At Non-Federally Operated, or Federally Operated over \$5M

Authorized Modifications -- Dam Safety Assurance

- Section 1203, WRDA 86 – criteria and cost sharing
- Hydrologic/Seismic/State of the Art – not seepage or static instability
- 15% Cost Shared per Original Cost Sharing

Authorized Modifications -- Endangered Species Act Compliance

- Project Modifications to Comply with Biological Opinions
- Mostly Columbia River and Missouri River
- To O&M in Budget

Continuing Authority Programs

AUTHORITY	PROJECT PURPOSE
Section 14, Flood Control Act of 1946, as amended	Stream bank and shoreline erosion protection of public works and non-profit public services
Section 103, River and Harbor Act of 1962, as amended (amends Public Law 79-727)	Beach erosion and hurricane and storm damage reduction
Section 107, River and Harbor Act of 1960, as amended	Navigation improvements
Section 111, River and Harbor Act of 1968, as amended (to O&M in Budget)	Shore damage prevention or mitigation caused by Federal navigation projects
Section 204, Water Resources Development Act of 1992, as amended (to O&M in Budget)	Regional sediment management
Section 205, Flood Control Act of 1948, as amended	Flood control
Section 206, Water Resources Development Act of 1996, as amended	Aquatic ecosystem restoration
Section 208, Flood Control Act of 1954, as amended (amends Section 2, Flood Control Act of August 28, 1937)	Removal of obstructions, clearing channels for flood control
Section 1135, Water Resources Development Act of 1986, as amended	Project modifications for improvement of the environment

Continuing Authority Program Limits

Authority	Per Project Limit	Annual Program Limit
Sec 14	1,500,000	15,000,000
Sec 103	3,000,000	30,000,000
Sec 107	7,000,000	35,000,000
Sec 111	5,000,000	Not Applicable
Sec 204	Not Applicable	15,000,000
Sec 205	7,000,000	55,000,000
Sec 206	5,000,000	50,000,000
Sec 208	500,000	7,500,000
Sec 1135	5,000,000	40,000,000

Other Remaining Items

- Dam Safety, Seepage Control, and Static Instability Correction “Wedge” – studies, PED, initial construction
- Dredged Material Disposal Facilities Program
 - Cost shared “General Navigation Feature”
 - Really a “Wedge” To Fund Authorized Modifications
 - To O&M in Budget
- National Estuary Habitat Program
- Aquatic Plant Control R&D / Operations
- Shoreline Erosion Control Development / Demonstration
- Abandoned Mine Restoration
- Inland Waterways Users Board
- Worker Compensation
- (Actions for Change)

Project Development Life Cycle

- **Study and PED in Investigations Account until Authorized and Line Item Funded in Construction Acct**
 - Specifically Authorized
 - Reconstruction
 - Navigation Mitigation (beyond CAP section 111)
 - Sediment Management (beyond CAP section 204)
 - Environmental Modifications (beyond CAP section 1135)
- **Study and PED in O&M Account until Line Item Funded in Construction Acct**
 - Deficiency Correction (ICW for Non-Federally Operated)
 - Replacements
 - Other Rehabilitations
 - Endangered Species Act Compliance
- **Plan (DMMP) in O&M Account, Fund Design and Construction from “Wedge” in Construction Account**
 - Dredged Material Disposal
- **National Portfolio Assessment in O&M Acct, then Study and PED for Action Class I and II in “DSS Wedge” in Construction Acct until Line Item Funded**
 - Dam Safety Assurance
 - Seepage Control
 - Static Instability Correction
- **Two-Phased CAP Process (Feasibility, Construction) in Construction Acct**

FY 2009 Budget Policy for Continuing Projects and Programs

- “Continuing” = Under Physical Construction in BY-1 to BY-3 or First Funded BY-1 to BY-3
- Must Be in 3 Main Mission Areas (commercial NAV, FRM, aquatic ER)
- Fund Already-Awarded Continuing Contracts (“Initial Increment”) for $BCR \geq 1.5$
- Fund Action Class I and II DSS Projects at Capability
- Ensure Continuation of Work on Projects with High Life Savings
- Provide Additional Funds for High-Performing and National Priority Projects
- CAPs Mimic Specifically Authorized, but 2 Phases and No Continuing Contracts
- Reimbursable Projects: Budget Only for Costs First Reimbursable in BY

FY 2009 Budget Policy for New Work

- Types of New Work
- Eligibility Criteria
- Budget Policy

Types of New Work

- New Start (Previously Unfunded) for Specifically Authorized Project
- New Start Separable Element of Previously Funded Project
- Resumption of Physical Construction (already funded, but not qualifying as “Continuing”)

New Work Eligibility Criteria

- Technically Sound
- Support from Prospective Cost Sharing Partner
- Justified (BCR $>$ 1.0 at 7% discount rate or based on Aquatic ER outputs)
- Environmentally Acceptable (NEPA mitigation, historic preservation, etc.)
- Ready to Construct in BY (or initiate real estate acquisition leading to construction in BY+1)

FY 2009 Budget Policy for New Work

- Must be for 3 Main Mission Areas (commercial NAV, FRM, aquatic ER)
- Must Perform as Well as Top 20 Percent of Budgeted Projects (“death spiral rule”)
- Receives Funding Comparable to Top 20 Percent (DSS, national priority, etc.)

Project Partnership and Cost Sharing

- Specifically Authorized Project or Modification, or CAP project
 - Public or Non-Profit Partner
 - Cost Sharing: Section 103, WRDA 86
 - Partnership Requirements: Section 2003, WRDA 2007
 - O&M
 - Lands, Easements, Rights of Way, Relocations
 - Work in Kind (optional)
 - Indemnification / Liquidated Damages

Project Partnership and Cost Sharing (continued)

- Modifications to Constructed Projects under Existing Authority
 - Rehabilitation: like O&M, except IWW is 50/50 from IWTF
 - Design or Construction Deficiency Correction: like new specifically authorized
 - Dam Safety Assurance: section 1203, WRDA 1986
 - Endangered Species Act Compliance: 100 percent Federal in C account; like O&M in O&M account
- Project-Based Remaining Items (DSS, DMDF, Estuary, APC Ops, Mine) – like new projects
- Other Remaining Items – mostly 100 percent Federal

BACKUP MATERIALS

- Act Language
- Report Language
- Budget Engineer Circular, Annex B