

**CORPS OF ENGINEERS BUDGET
FOR FISCAL YEAR 2002**

HEARING

BEFORE THE

**COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE**

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

ON

**THE PROPOSED BUDGET OF THE PROGRAMS OF THE U.S. ARMY CORPS
OF ENGINEERS FOR FISCAL YEAR 2002**

APRIL 26, 2001

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(II)

C O N T E N T S

Page

APRIL 26, 2001

OPENING STATEMENTS

Baucus, Hon. Max, U.S. Senator from the State of Montana	11
Inhofe, Hon. James M., U.S. Senator from the State of Oklahoma	1
Voinovich, Hon. George, U.S. Senator from the State of Ohio	2

WITNESSES

Flowers, Lt. Gen. Robert B., Chief of Engineers, U.S. Army Corps of Engineers	8
Prepared statement	26
Responses to additional questions from:	
Senator Inhofe	29
Senator Wyden	31
Tornblom, Hon. Claudia, Deputy Assistant Secretary of the Army (Management and Budget)	6
Prepared statement	21

CORPS OF ENGINEERS BUDGET FOR FISCAL YEAR 2002

THURSDAY, APRIL 26, 2001

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
SUBCOMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The committee met, pursuant to notice, at 9:55 a.m. in room 628, Senate Dirksen Building, Hon. James M. Inhofe (chairman of the subcommittee) presiding.

Present: Senators Inhofe, Voinovich and Baucus.

OPENING STATEMENT OF HON. JAMES M. INHOFE, U.S. SENATOR FROM THE STATE OF OKLAHOMA

Senator INHOFE. Senator Baucus is not here, but he is en route and told us to go ahead.

Today, the subcommittee will receive testimony from the Deputy Assistant of the Army for Management and Budget, Claudia Tornblom and Lt. Gen. Robert B. Flowers, Chief of Engineers, U.S. Army Corps of Engineers regarding the fiscal year 2002 request from the Corps of Engineers.

As a fiscal conservative, I appreciate the efforts of the Administration to rein in Government spending. Each program in the Federal budget must undergo careful scrutiny with an eye toward less spending as opposed to more spending. Certainly, the Corps budget is no exception, and it would appear the Administration has done just that with this budget request.

While I will reserve judgment in the appropriate funding level for the 2002 Corps Civil Works Program until after I have heard from our witnesses, I will admit some concerns with the amount. A 14 percent decrease over fiscal year 2001 enacted levels appears to me to be unrealistic given the existing backlog. That is especially true when you consider the flooding that is taking place right now in the Mississippi River in the Midwest. The proposed request would cut flood control along the Mississippi River by 20 percent over 2001 enacted levels and almost 10 percent less than the 2001 requested level.

I recognize that Congress has a habit of increasing the level of funding for the Corps' programs above the President's request and I expect this year will be no different. Perhaps that is a part of the calculation when developing the request. My concern is it is this type of gamesmanship that results in unnecessary spending. It would be far better for Congress to be presented with a realistic

budget request up front than to be subject to endless upward revisions.

In short, I think we are making it too easy for us to spend more money because it would appear you have sent us a request that does not meet the need. I hope I am wrong and have merely misunderstood your proposal.

There are so many things out there now that should be funded, should be begun. We will have a chance to talk about some of these things with the General. I look forward to your testimony.

[The prepared statement of Senator Inhofe follows:]

STATEMENT OF HON. JAMES M. INHOFE, U.S. SENATOR FROM THE STATE
OF OKLAHOMA

Today the subcommittee will receive testimony from Deputy Assistant Secretary of the Army for Management and Budget, Claudia L. Tornblom and Lt. General Robert B. Flowers, Chief of Engineers, U.S. Army Corps of Engineers regarding the fiscal year 2002 budget request for the U.S. Army Corps of Engineers.

As a fiscal conservative I appreciate the efforts of the Bush Administration to reign in Government spending. Each program in the Federal budget must undergo careful scrutiny with an eye toward less spending as opposed to more spending. Certainly, the Corps budget is no exception and it would appear that the Administration has done just that with this budget request. While I will reserve judgment on the appropriate funding level for the fiscal year 2002 Corps Civil Works program until after I have heard from our witnesses, I will admit to some concerns with the amount. A 14 percent decrease over fiscal year 2001 enacted levels appears to me to be unrealistic given the existing backlog.

This is especially true when we consider the flooding that is taking place right now along the Mississippi River in the Midwest. The proposed request would cut flood control along the Mississippi River by 20 percent from fiscal year 2001 enacted levels and is 10 percent less than the fiscal year 2001 requested level. I recognize that Congress has a habit of increasing the level of funding for the Corps program above the President's request and suspect that this year it will be no different . . . perhaps that is part of the calculation when developing the budget request. My concern is that it is this type of "gamesmanship" that results in unnecessary spending. I believe it would be far better for Congress to be presented with a realistic budget request up front then one subject to endless upward revisions. In short, you are making it too easy for us to spend more money because it would appear you have sent us a request that does not meet the need. I hope I am wrong and have merely misunderstood your proposal.

With that said, I am anxious to hear the explanation of our witnesses of the fiscal year 2002 budget request.

Senator INHOFE. Senator Voinovich, will you have an opening statement?

Senator VOINOVICH. Yes, I do.

**OPENING STATEMENT OF HON. GEORGE V. VOINOVICH,
U.S. SENATOR FROM THE STATE OF OHIO**

Senator VOINOVICH. As chairman of this subcommittee during the 106th Congress, I was pleased to have an opportunity to help develop the Water Resources Development Act of 1999 and especially pleased to use that experience in drafting the Water Resources Development Act of 2000, including provision to restore the Everglades.

Authorizations are very important and are the first part of the process of developing and maintaining our Nation's water infrastructure. Equally important is having a liquid level of funding to construct as well as operate and maintain the water resource projects Congress authorizes.

Under the Bush Administration's fiscal year 2002 proposal, overall funding increases were 4 percent, although the Army Corps of Engineers faces significant cuts. I note that the budget funds no new starts and that there is only 60 percent of the optimum funding level needed for projects to move forward on schedule. For instance, the Corps construction budget is nearly \$100 million less, a 23 percent cut in the level appropriated for fiscal year 2001.

Further, the Corps budget for Operation and Maintenance is \$150 million less than the level appropriated for fiscal year 2001, an 8 percent cut. This cut increases the backlog of critical maintenance needs from \$415 million in fiscal year 2001 to \$835 million in fiscal year 2002. That is a 100 percent increase. Overall in the President's budget, the Corps will sustain a reduction of 14 percent in fiscal year 2002 as compared to fiscal year 2001.

As you know, this Nation has an aging water resources infrastructure. If we continue to ignore the upkeep, the deterioration of our locks and dams, our flood control and storm damage projects for navigation channels will continue and we will risk disruptions in waterborne commerce, and decreases in protection from floods and damages to the environment.

I think it is up to us to ensure that the operation and funding levels are adequate and efficiently allocated to priority needs. Since I have been a member of this committee, I have been concerned about the overall Corps infrastructure investment requirement estimate of \$38 billion. There are already more water resources projects authorized for construction than can be completed in any timely and efficient construction schedule.

At the current levels of general funding, it would take 25 years to complete the active projects and the backlog, not even considering additional project authorizations that were included in WRDA 2000, let alone future WRDA bills. There are a number of reasons why the Corps has such a backlog and most significant is the decreasing Federal investment in water resources infrastructure. We need to make those unmet needs a priority. I believe we need to spend our Federal resources on the right things, and among the right things that are not receiving adequate funding are many of the worthy projects authorized by this subcommittee. We need to sit down and make some hard choices about where to allocate taxpayer money, where we want to increase spending, where we want to make cuts or we want to flat fund.

For example, for the National Institutes of Health, the President included a generous increase in the amount of money the NIH will receive in its budget, boosting NIH spending to \$2.8 billion in fiscal year 2002, almost a 14 percent increase. Then the Senate added another \$700 million to NIH funding. Therefore, under the Senate's plan, NIH funding will rise by over 17 percent.

Do I think we should spend money on important health research? By golly, I do, but what we need to remember and what is missing around this place is the true cost of what we spend in the Federal budget is not just a dollar figure, it is what you give up or what you could have purchased with that money. Economists call the concept "opportunity costs." When the Senate thinks about spending money on one thing, we need to recognize that we are giving up the ability to use that money for other worthy purposes.

Another thing we need to remember in figuring opportunity costs is the fact that we have a number of unmet Federal needs, needs that are a Federal responsibility. One of the things we talked about is school construction. Not our responsibility, it is a State and local responsibility. In my State we have undergone the most active, expensive, rebuilding of a school program. That is a State responsibility. Now the Federal Government wants to get into school construction and we cannot provide the money for infrastructure needs, take care of the Army Corps needs and some of those things. It doesn't make sense.

We have to look at the way we deal with our money. We increase the budget over the President's proposal by 4 percent. That is a 333 percent increase over what the President proposed and not a dime of it was involved in any of these things that have come before this subcommittee. We cannot continue to increase money for good things.

I know the subcommittee members who are not here, all of us have things we would like to do and nobody wants to say you can't increase education spending 20 percent and not have something else suffer. I am saying it is time for us as a subcommittee to face some of the responsibilities that we have in terms of some of the realities and not keep putting these things in the drawer, hoping they will go away. Some of our colleagues say we have to spend more money and the answer is, let's go from 8 percent to 12 percent, or let's do what we did last time, 14.5 percent for non-defense discretionary spending over the budget and didn't do diddly in terms of the problems we have in this committee.

I am exercised about this and we need to communicate this to our colleagues.

[The prepared statement of Senator Voinovich follows:]

STATEMENT OF HON. GEORGE V. VOINOVICH, U.S. SENATOR FROM THE STATE OF OHIO

Thank you, Mr. Chairman. As chairman of this subcommittee during the 106th Congress, I was pleased to have had the opportunity to help develop the Water Resources Development Act of 1999, and especially pleased to use that experience in drafting the Water Resources Development Act of 2000 including a provision to protect the Everglades.

Authorizations are a very important first part of the process of developing and maintaining our Nation's water resources infrastructure. Equally important is having an adequate level of funding to construct as well as operate and maintain the water resources projects Congress authorizes. Under the Bush Administration's fiscal year 2002 budget proposal, overall funding increases by 4 percent, although the Army Corps of Engineers faces significant cuts. I note that the budget funds no new starts, and provides only 60 percent of the optimum funding level needed for projects to move forward at an efficient schedule. For instance, the Corps' construction budget is nearly \$400 million less—a 23 percent cut—than the level appropriated for fiscal year 2001. Further, the Corps' budget for operation and maintenance is over \$150 million less than the level appropriated for fiscal year 2001—an 8 percent cut. This cut increases the backlog of critical maintenance needs from \$415 million in fiscal year 2001, to \$835 million in fiscal year 2002. That's a staggering 100 percent increase!

Overall, under the President's budget, the Corps will sustain a reduction of 14 percent in fiscal year 2002 as compared to fiscal year 2001. Mr. Chairman, as you know, this Nation has an aging national water resources infrastructure. If we continue to ignore the upkeep, the deterioration of our locks and dams, our flood and storm damage control projects and our navigation channels will continue, and we will risk disruptions in waterborne commerce, decreased protection against floods and damages to the environment. It is up to Congress to ensure that operation and maintenance funding levels are adequate and efficiently allocated to priority needs.

Mr. Chairman, since I have been a member of this subcommittee, I have been concerned about the Corps overall infrastructure investment requirement estimate of \$38 billion. There are already more water resources projects authorized for construction that can be completed in any timely and efficient construction schedule. At the current low levels of general construction appropriations, it would take 25 years to complete the active projects in the backlog without even considering additional project authorizations that were included in WRDA 2000, let alone future WRDAs.

There are a number of reasons why the Corps has such a large backlog. The most significant reason is the decreasing Federal investment in water resources infrastructure over the last several decades. At the same time, the Corps' mission continues to expand into areas like environmental restoration. I strongly believe that Congress and the Administration need to develop a strategy to address the Corps' growing backlog. This strategy should give paramount consideration to effective management of the backlog to assure that it only includes needed projects that are economically justified, environmentally acceptable, and supported by willing and financially capable non-Federal sponsors.

Senator Graham and I recently wrote to General Flowers asking the Corps to develop and implement a process of regular review for existing Corps projects and to make recommendations about the Corps' future involvement in those projects.

To determine the extent of unmet needs throughout our Nation, I have asked the General Accounting Office (GAO) to conduct a study on the unmet infrastructure needs of our Nation. This includes such items as: highways, mass transit, airports, drinking water supply and wastewater treatment, public buildings, water resources (flood control and navigation), and hydropower generating facilities. Addressing these unmet needs should be a priority in the Senate, and I intend to make it so.

I believe we need to spend our Federal resources on the right things, and among the right things that are not receiving adequate funding are many of the worthy projects authorized by this committee.

We need to sit down and make some hard choices about where to allocate the taxpayers' money, where we want to increase spending, where we want to make cuts or where we want to flat-fund.

Take the National Institutes of Health, for example. The President has included a generous increase in the amount of money that the NIH will receive in his budget, boosting NIH spending by \$2.8 billion in fiscal year 2002—a 13.8 percent increase.

The Senate added an additional \$700 million in NIH funding. Therefore, under the Senate's plan, NIH funding would rise by 17.2 percent over last year.

Do I think we should spend money on important health research? Absolutely. But, how much is enough?

We need to remember that the true cost of what we spend in the Federal budget is not just the dollar figure, it is what you give up, or what you could have purchased with that money. Economists call the concept "opportunity cost." When the Senate thinks about spending money on one thing, we need to recognize that we are giving up the ability to use the money for other worthy purposes.

Another thing we need to remember in figuring opportunity costs is the fact that we have a number of unmet Federal needs—needs that are a Federal responsibility, and which we should address as part of our full and balanced approach to the Federal budget.

Do we spend Federal dollars on things like school construction, which is a State and local responsibility, or do we prevent flood and storm damage from ravaging people's property?

These are the kinds of spending decisions that we, as elected officials, have to make. I realize that in virtually any situation, the easy decision would be to simply increase spending.

However, it is that logic that has caused us to spend well-beyond the rate of inflation over the past few years. In my view, we need to stiffen our "backbones" and bring an end to Congress' spending habit. Families need to carefully budget their resources, and so do cities and States. So, too, should the Federal Government.

The American people want us to make hard choices regarding our budget priorities. I believe it should be this committee's responsibility to make sure that the projects we have authorized get funded.

We must convince our colleagues about the seriousness of the Corps' construction and operation and maintenance backlog and that the necessary resources for the Corps to adequately meet its current responsibilities must be provided.

I appreciate and support the fact that the President restrains the growth of Federal spending in his 2002 budget proposal. He made hard choices that needed to be made. However, I would have placed greater emphasis on funding an important Federal responsibility such as those undertaken by the Corps. With an overall cut

of 14 percent in the Corps' fiscal year 2002 budget, we will not be able to fulfill these responsibilities. I'm sure many of my colleagues would agree with me.

Again, I don't believe that we should simply "tack on" new spending as some would like to do, and which the Senate did in the budget resolution, increasing spending by 8 percent of last year's level.

To counter rampant spending, we should re-establish our priorities, and shift funds away from clearly non-Federal responsibilities, or, in the alternative, from programs that are clearly "over-funded" in order to more evenly distribute funds to cover a broader range of unmet needs.

Absent such action, I would be interested to hear if today's witness could possibly shed some light on how the Corps can address its backlog while simultaneously absorbing the reductions proposed in its budget request.

I look forward to the testimony of General Flowers and Ms. Tornblom and their responses to any questions that may follow.

Thank you, Mr. Chairman.

Senator INHOFE. We are going to wait and not hear from our witnesses until Senator Baucus gets here, at least for a few minutes. I have to comment on some of the things you said. I agree.

One of the questions I am going to be asking is concerning the Montgomery Point Lock and Dam. We have been working with that for so many years and to have that slide at this point, it is going to end up costing considerably more—I don't think anyone questions this—in the long run by not meeting the construction schedule that we had set initially.

This is one of those projects that if you don't get on it right away and show and demonstrate to the potential carriers out there that we are going to correct that problem, they are not going to make the long term decisions that will get the maximum use out of the waterways.

I don't know if you were here when I mentioned that it just seems to me we get in the habit of depending on the upgrades, so we don't have a realistic budget to start with. Maybe that is my suspicion and others don't share it, but I suspect that might be the case.

Senator VOINOVICH. Sometimes I think they do that. They low-ball it and they know we will make it up so they can add on to the spending.

Senator INHOFE. We will go ahead and start with our witnesses. We will start then with Ms. Tornblom. Your entire statement will be entered into the record. Try to keep your comments a bit abbreviated.

STATEMENT OF HON. CLAUDIA TORNBLOM, DEPUTY ASSISTANT SECRETARY OF THE ARMY (MANAGEMENT AND BUDGET)

Ms. TORNBLOM. Good morning.

I appreciate the opportunity to testify today on the President's Budget for the Civil Works Program of the Army Corps of Engineers for fiscal year 2002.

Accompanying me today are Lt. Gen. Robert Flowers, the 50th Chief of Engineers, and Mr. Rob Vining, Chief of the Civil Works Programs Management Division.

The 2002 Civil Works budget reflects the President's overall goals to slow the growth of Federal spending, provide for a tax cut, and reduce the national debt, while providing greater emphasis on education and protecting Social Security. The budget for Civil Works requires appropriations of \$3.9 billion. In addition to these

appropriations, about \$514 million will be contributed by Bonneville Power Administration, non-Federal cost-sharing sponsors, and other sources. In combination, these funds will support a total Civil Works Program for 2002 of \$4.4 billion.

The budget emphasizes the principal Civil Works missions of commercial navigation, flood damage reduction and environmental restoration. As you have already mentioned, the program currently has a significant active construction backlog which is about \$40 billion. Of this amount, \$26 billion represents requirements to complete projects currently budgeted for either construction or pre-construction engineering and design. In order to address this backlog, available funding in 2002 is directed toward the construction of continuing projects. As a result, no new project construction starts or project-specific study starts are budgeted.

Although no project specific studies are budgeted, the budget does propose two new national studies that will provide information needed by the Army and the Chief of Engineers to assess potential changes in Civil Works policies and procedures. The first of these new studies, which was authorized in Section 223 of the Water Resources Development Act of 2000, is a 12 year program to monitor the economic and environmental results of up to five projects constructed by the Corps of Engineers.

The second new national study was authorized by this committee in the Water Resources Development Act of 1999, Section 215. This study will assess the extent, causes and impacts of shoreline erosion on the coastal shores of the United States.

The 2002 budget presents a new Administration policy toward shore protection projects that involve beach nourishment. For initial sand placement of these projects, the Administration proposes no change in the currently authorized 65 percent Federal, 35 percent non-Federal cost sharing. However, for subsequent periodic renourishment of such projects, the Administration will seek a 65 percent non-Federal share, reducing the Federal share to 35 percent. This policy would apply to all renourishment work funded in 2002 and beyond.

Until now, beach nourishment projects started since 1995 have not received budgetary support. However, due to this policy change, the budget includes funding for projects with 2002 requirements regardless of when they were started. Altogether, \$82 million is budgeted this year for beach nourishment projects.

For the Mississippi River and Tributaries Project, the budget targets funds to high priority flood damage reduction projects, which are on the mainstem of the Mississippi River and in the Atchafalaya River Basin in Louisiana.

In the Operation and Maintenance Program, the budget gives priority among port and harbor and inland waterway activities to those that support higher commercial navigation use. Funds for the operation and maintenance of shallow-draft harbors are limited to \$47 million. Among shallow-draft harbors, the subsistence harbors in isolated communities and harbors that involve relatively greater use for commercial cargo and fishing are given priority, whereas harbors that are essentially recreational in nature are deemphasized.

The budget includes \$42 million for operation of low commercial-use inland waterways, or waterways with less than 1 billion ton-miles of traffic per year. Funds for maintenance of low commercial-use inland waterways are limited to \$25 million for maintenance dredging. Again, these funds are targeted at the waterway segments with relatively greater commercial use.

Recreation user fees will be increased in order to raise 2002 receipts by about \$10 million to an estimated total of \$44 million. This is the first step of a 4-year effort to increase recreation user fees by a total of \$25 million. About \$4 million of this total will be realized by increasing fees under current authority. In addition, we plan to transmit proposed legislation to Congress to authorize certain changes in current fee collection authorities. All of the increase in fees would be available without further appropriation for operation, maintenance, and improvement of Corps recreation facilities.

In the Army Secretariat we are working closely with the Chief of Engineers to identify opportunities to strengthen the Civil Works planning process. In addition, as indicated in the President's Budget Blueprint, the Army is considering options for strengthening the ability of the Office of the Assistant Secretary for Civil Works to ensure appropriate policy oversight of project planning. Already, General Flowers and I have agreed to restore the past practice of concurrent vertical involvement of all organizational levels, including the Office of the Assistant Secretary, at critical steps in the formulation of projects.

The Army Corps of Engineers is the premiere Government agency for water resources project planning, construction and operation, for protection of the Nation's waters and wetlands, and for emergency response. As a decentralized, watershed based organization with strong engineering, environmental and research capabilities, the Corps is well positioned to continue developing integrated solutions to complex, modern water resources problems.

With the Corps' strong emphasis on technical and analytical approaches to these problems, the Army Civil Works Program is a wise investment in the Nation's future.

Thank you. This concludes my statement.

Senator INHOFE. Thank you.

General Flowers.

**STATEMENT OF LT. GEN. ROBERT B. FLOWERS, CHIEF OF
ENGINEERS, U.S. ARMY CORPS OF ENGINEERS**

General FLOWERS. Thanks for inviting me to come before you again in support of the President's fiscal year 2002 budget for the Civil Works Program. The prepared statement we have furnished, I ask you make it a part of the record.

Senator INHOFE. Without objection.

General FLOWERS. Two days ago, the Mississippi River reached a flood crest at Davenport, IA. Their homegrown levee held back the flood waters from the snow melt and the heavy spring rains that have brought floods to the upper Midwest. I was in Davenport, IA on Sunday and met local officials together with residents and volunteers as they engaged in a heroic effort to keep flood damage

at a minimum. Their actions are an affirmation of the spirit of that community.

I am proud to say our Army Corps of Engineers provided assistance for the flood fighting effort in Davenport and other communities large and small. Corps men and women have been helping to keep high water from overwhelming homes, farms, businesses and livelihoods. I would like to describe two of our heroes.

Michelle Schneider and Terry Zien of our St. Paul District were checking the main tributaries of the Minnesota River on the afternoon of April 7. After a night of heavy rain, they were checking the flood waters and observed a large volume on the Pomme de Terre River upstream of Appleton, Minnesota. They immediately notified city officials who had not yet begun flood-fighting preparations. The city quickly began sandbagging operations and was able to keep ahead of the flood waters. The river rose 8 feet overnight. Thanks to their rapid response, damage to the community was averted.

You can be proud of these public servants. They are 150 strong and have been working around the clock to control the effects of high water on the Red, the Minnesota and the Upper Mississippi. Their efforts and expertise are paying off for the citizens of hometown America.

While we stayed on course in carrying out our missions, we have been surrounded by controversies the past year. When I became Chief last October, I found an organization that as on solid ground. Our very capable men and women have soldiered on to provide sound solutions to our Nation's water resources problems while we have had our credibility assailed and our integrity challenged.

When I testified before you a few weeks ago, I offered my reactions to the investigation of our Army Inspector General and the review of the National Academy of Sciences on our Upper Mississippi Navigation Study and the whistleblower allegations. I commented that it was unfortunate the Inspector General did not have the benefit of the National Academy of Sciences review available when his report was published. I believe he would have taken an entirely different view of the proceedings.

My view is this: If the Inspector General had had that report, he would have found good, decent and honorable people coming to grips with both a flawed economic model and insufficient data. Since then, I have met with a wide spectrum of Americans with different interests and viewpoints and all have thanked me for speaking up for the quality and the integrity of the scientific and engineering services that we offer our Nation.

Let me assure you again, the Corps has sound systematic processes that consistently provide decisionmakers, the Congress, the Administration and the American people with solid recommendations based on sound engineering, scientific fact and objectivity. Our intent is to achieve a synergy between economic objectives and environmental values.

I submit that the Corps program is subject to more Executive Branch and Congressional oversight than any other Federal activity. Corps projects are separately authorized in a bill passed by Congress and signed into law by the President. Every project is reviewed annually by both the Administration and the Congress as

part of the appropriations process. Each is also subjected to a benefit cost ratio that is unique among Federal agencies.

I think we receive this scrutiny because of our profound impact on the Nation's well-being. For example, U.S. deep water ports, coastal and inland harbors and waterways move \$2.3 billion tons of domestic and foreign commerce annually. Flood and shore protection projects prevent \$22 billion in damages each year. Over 120,000 acres of wetlands, aquatic and flood plain ecosystems have been added to the national habitat since 1998.

The Nation's investment in the Corps of Engineers produces a 26 percent annual rate of return and has put \$30 billion in tax revenues and savings into the Treasury. These statistics confirm my belief that the American people have invested wisely in our Nation's investment in water resources infrastructure.

Your Corps of Engineers has responded to our Nation's call for over 2 centuries, from the time we first explored and mapped the western frontier to this day when we are helping to save lives and protect property. We have sought to improve the quality of life for our citizens.

Today, however, our population has increased and our infrastructure has aged. Our investment in water resources has decreased. The Corps today has a \$40 billion backlog of authorized, but unfunded, new capital investments that, when implemented, will provide benefits to the American people. Our critical maintenance backlog amounts to over \$800 million. As the infrastructure ages, the costs escalate.

Have we as a society, and as a Nation, paid enough attention to the future? I say no. In the report card recently released by the American Society of Civil Engineers, the Nation's navigable waterway infrastructure received a D+. We also heard that same answer from 1,300 people, a cross section of concerned stakeholders from all walks of life in all areas of the country when we went out and listened to their concerns last year.

These sessions raised important issues. Examples include the need to make improvements to our water transportation system, the need to manage our flood plains better, and the need to restore and protect the environment.

In closing, I am firmly convinced our Army Corps of Engineers has a critical contribution to make in solving our country's problems today and in the future. Ours is an organization that has built flexibility into its structure to seek out the best economic, environmental and social solutions to our Nation's toughest jobs. We strive to bring synergy to problem-solving. I am proud that America looks to us when it needs the best.

That concludes my remarks. We are prepared to respond to your questions.

Senator INHOFE. Thank you.

We have been joined by our ranking member, Senator Baucus, and I would recognize him now for an opening statement.

**OPENING STATEMENT OF HON. MAX BAUCUS,
U.S. SENATOR FROM THE STATE OF MONTANA**

Senator BAUCUS. I thank the witnesses and thank General Flowers. It is not the first time we have seen him and I doubt it will be the last.

I am concerned about the Administration's budget request for the Corps of Engineers. I think, frankly, it is way too low. In fact, as you all know, the budget has been slashed by about 14 percent in the President's proposal. That is at a time when the Corps is facing lots of challenges, a construction backlog of over \$40 billion to name one.

In addition, the Administration's budget, I must say, has hit my State of Montana very hard and it has hit where it hurts. Basically, the eastern part of Montana. Those of you may not know a lot about Montana, but let me tell you eastern Montana is a part of the State where we don't have near as many people as in the western part of the State and recreation on the Ft. Peck Reservoir and the Ft. Peck Dam is key, critical to the economy in eastern Montana, but for some agriculture and even that is getting a bit shaky at times. We desperately need help and the Administration's budget does not help us in any way whatsoever. We receive no funding under the Administration's budget request for the Ft. Peck Reservoir projects.

I emphasized at the last hearing we had with you, General Flowers, that recreation is really everything to the economy around the Ft. Peck Lake. One project in particular is the fish hatchery that was authorized by the Water Resources Development Act of 2000. It is very popular. I have to tell you whenever I am home, even in Helena several hundred miles away from Ft. Peck, people walk up to me and say, "Max, thanks so much for that fish hatchery." You won't believe, on a per capita basis, I probably get more compliments on that fish hatchery than on any other project in the State and I'll bet you more than any other Senator receives on any project in his or her own State. It is incredible. I emphasize on a per capita basis because there aren't a lot of people in eastern Montana. It is extremely popular and will bring huge environmental benefits, and economic benefits to Montana, environmental—improving fish stocks—because that is a wonderful fishing opportunity there, help for the endangered sturgeon and basic recreation. It is a wonderful opportunity for those people.

Private individuals are searching for ways to raise money for hatchery design, but they are waiting for the Corps to come through with its money. As you know, there are no dollars proposed in this budget for the fish hatchery.

A few weeks back, this subcommittee explored some criticisms about the Corps management and the Corps alleged bias toward large projects. I believe at that time, General, you were very sincere in your expressed efforts to respond to the criticisms that had been leveled at the Corps. We even held out hope there would be real reform in the way the Corps does business.

I must say my enthusiasm has dampened a bit basically because I don't think this budget allows the Corps to achieve the reforms it would like. You have to have resources. Sometimes that is not

popular to say, but you have to have resources to get the job done. You don't want to waste resources, but you have to have resources.

I look forward to hearing the testimony of the General and other witnesses and I hope they can persuade me that the President's budget will allow the Corps to faithfully respond to some of the criticisms that have been waged, legitimate ones I might add, to help ensure the integrity of the Civil Works planning process.

I also have concerns about the Administration's proposal to substantially increase recreation user fees. I don't know how that is going to work. I know how it is going to work in one sense, I don't know how it is going to work in another. I worry about how it will be implemented and I must say again, when you talk about places like eastern Montana, Montana per capita income, wage per capita income is 50th in the Nation. That is statewide. Think of those people in eastern Montana. It is a lot lower and they have to pay user fees? There is just no way. It's not going to work.

We are a huge country, there are projects in New Orleans, all over this country, that are much different. There is dredging, there are barges, locks and so forth, but there are also fish hatcheries in eastern Montana. I just want you to realize we are a very varied, complex country. We are not all locks and dams along the Mississippi and we are lots of other things in this country that are as valid, as important and don't cost as much. I deeply regret they are not included in this budget.

In short, General, as usual, I want to get these things solved, but we need some help.

Thank you.

[The prepared statement of Senator Baucus follows:]

STATEMENT OF HON. MAX BAUCUS, U.S. SENATOR FROM THE
STATE OF MONTANA

Thank you, Mr. Chairman. I would like to thank our two witnesses for attending this hearing today. I know this is a busy time for you. I have a lot of concerns about the Administration's Budget Request for the Army Corps of Engineers Civil Works program. The President has slashed the Corps' budget by 14 percent, at a time when the Corps is facing a construction backlog of over \$40 billion and has been asked to explore serious institutional reforms. Not only that, but the Administration's budget has hit my State pretty hard, and hit it where it hurts—the recreation economy of Central and Eastern Montana. Several authorized projects in my State, mostly around Fort Peck Reservoir, will receive no funding under the Administration's budget request.

As I emphasized at the last hearing that General Flowers attended, recreation is everything to the economy of my State around Ft. Peck Lake. One project in particular that was authorized by the Water Resources and Development Act of 2000 provides for a Fort Peck Fish Hatchery. This project is hugely popular because it will bring many environmental and economic benefits to my State, including improved fish stocks, help for the endangered pallid sturgeon, and economic opportunities for Central and Eastern Montana communities. Private individuals, in cooperation with the State of Montana, have already begun laying plans for the hatchery, and are even now searching for ways to raise money for a hatchery design until the Army Corps comes through with funding. However, no funding has been proposed.

A few weeks back, this committee explored some serious criticisms about the Corps' management practices and the Corps' alleged bias toward large construction projects. I believe at that time General Flowers was sincere in his expressed desire to respond to the criticisms leveled at the Corps. He held out the hope that there would be real reform in the way the Corps does business, that we would see independent review of large Corps projects, that we could see more public participation in the development of projects.

However, I don't hold out a lot of hope that the President's Budget Request will allow the Corps to achieve real reform because I don't think the budget gives them

the resources to do it. I look forward to hearing the testimony of the witnesses on this issue, and I hope they can persuade me that the President's budget will allow the Corps to faithfully respond to criticisms, and will ensure the integrity of the Civil Works planning process.

I also have concerns about the Administration's proposal to substantially increase recreation user fees. I have concerns about how such a proposal will be implemented, and what the impact increased fees will have on the residents of my State. In short, I question the ability of the Corps to carry out the reforms it has been asked to undertake, attend to its huge backlog of projects, and meet its many other responsibilities to the citizens of my State and the country.

Again, I would like to thank General Flowers and Claudia Tornblom for being here. I look forward to exploring these and other issues with them at today's hearing.

Senator INHOFE. Thank you, Senator Baucus.

Mr. Vining, I assume you are here for support?

Mr. VINING. Yes, sir.

Senator INHOFE. I am going to reverse the order of the questions because of a couple of things Senator Baucus said and I do agree with him. In my opening, I said essentially the same thing about the inadequacy of parts of this budget and with the things out there, the reforms that are needed and the projects that are ongoing, do you really believe this budget is adequate?

Ms. TORNBLOM. This budget needs to be considered in the context of the overall government-wide budget of the President of the United States. It is in that context that the budget can be understood as directing the limited resources that were available, in light of the President's other priorities, directing them to the highest priority missions of the Corps of Engineers, those being flood damage reduction, commercial navigation and environmental restoration.

Senator INHOFE. That didn't really answer the question. As far as the construction programs underway right now and the schedules we have had, do you feel it adequately keeps us on those schedules?

Ms. TORNBLOM. I can certainly confirm that it does not keep them on schedule. The budget provides approximately 57 percent of what would be needed to keep the ongoing construction projects on schedule.

Senator INHOFE. General Flowers, I mentioned this to you briefly before and some of this Senator Baucus said, and it is certainly true in Oklahoma. As I go around and have our town meetings, it is very difficult for me to be near any of our Corps lakes without having a lot of the complaints concerning upcoming increases in the camping fees. I have calculated in just one of our areas what I think it would be if I understand correctly. We go from \$11 to \$17.

I am going to make an effort to try to keep from having to raise these fees. I think this is probably a good forum in which I can make that statement. I would like to get a response from you concerning these fees if you would.

General FLOWERS. Yes, sir. I am probably the last person to favor raising the fees, even though an argument could be made about market value of the services provided, but I won't do that. What I will tell you is we are very interested in trying to modernize the services at our recreation parks. We have attempted in the past to budget those and it has not been permitted.

In part what was happening with the increase in user fees was an attempt to try and see to some of that modernization with a commitment that the increase in fees would be plowed back into the facilities. I think what we were trying to seek is some way to improve those facilities.

I will give you an example. Last week I was visiting the Northwest and I visited Hood Park by the confluence of the Snake and Columbia Rivers. That park was probably put in back in the 1950s.

Senator INHOFE. Where is that?

General FLOWERS. It is in the State of Washington near the confluence of the Snake and Columbia Rivers, near the town of Pasco.

The park was built probably 30 or 40 years ago and 20 amp was the standard in those days for electrical plug-in. Today with more modern appliances and rigs, you need substantially more. In an attempt to keep service available for people, I saw a junction box there that had a coat hanger stuck on top of it. I was wondering what that was all about and they told me that's where they put a drip bottle so that when they plug in new rigs, the water can drip and keep the box cool. We have to do better than that. Not only do I question the safety of that, but it is our park rangers and others trying to provide a service to the public and keep things open and available, we have to do a better job in seeing to those. I think the attempt to try and increase the fees was to try and shed some light on that and perhaps get some funds to help modernize.

Senator INHOFE. We have had fee increases and I want you to know we would be concerned about that.

I have several things to get into, including Montgomery Point Lock and Dam which has been a concern for some time. We are all concerned about the energy crisis we have right now. I'd like to have you tell us how your projects would relate to the energy crisis and how it would affect it?

General FLOWERS. I think most of our effects would be in the area of the hydropower we provide. Is it possible for us to provide more power? Yes, sir, it is. In a number of projects, space has been left to add additional capacity, so that's one thing that could be done. I think the effectiveness of our generating systems would be improved if we could do something about the maintenance backlog.

While in the Northwest, I visited the Bonneville powerhouse, the first one constructed on the Columbia River. They are replacing the generators in the original powerhouse built in the 1930s. That project was scheduled for completion in about 2003 and because of the budget, it has been stretched and I think will now complete in about 2009 if my memory serves me correctly. Those new generators provide a fairly significant increase in efficiency and in the amount of power that can be generated. They also are an environmental benefit in that the new design of the turbines reduces cavitation and improves fish survival of any fish that pass through those turbines.

Hydroelectric power is used to provide peak power and that peak power is probably the most expensive.

Ms. TORNBLOM. In addition what the Chief has stated, the Corps regulatory staff, particularly in California, has been very actively working with the State government and the regional representatives of the other Federal agencies to expedite the permitting proc-

ess so that those sites being considered by the State and private developers can be very quickly passed through the regulatory process and get approved for construction.

Senator INHOFE. I had in mind also the predictability of barging capacity.

General FLOWERS. That's a great point. What happens when you have to delay projects that are under construction, I'll give you a typical example. Marmet Lock and Dam in West Virginia, I learned from Senator Byrd, has more lockages than any other lock and dam in the system. The prime commodity moved through there is coal that is moving to power plants, so if you improve the efficiency of your system to carry, then you improve the efficiency to supply those critical plants for power supply.

Senator INHOFE. Thank you.

Senator Voinovich.

Senator VOINOVICH. I concur with the chairman, and Senator Baucus, you didn't have a chance to hear my remarks prior, but the overall 23 percent cut in the appropriated fiscal year 2001, the 8 percent cut in terms of maintenance is not acceptable. I really think you have an obligation, General, and the Secretary of the Army has a responsibility to come back with some realistic numbers in terms of getting the job done that needs to be done.

The money that has been appropriated in the past hasn't been enough and now we are cutting back from that. The least you should have received is a cost-of-living increase in your budget. This is ridiculous. As I pointed out, we just added 4 percent spending increase over what the President proposed, and that's a 333 percent increase and we didn't do anything about some of these needs and other unmet needs of the Federal Government. Yet, we increased NIH spending astronomically, we are going to increase spending for education astronomically. Education is not fundamentally a responsibility of the Federal Government; it is basically a State and local responsibility. We are not doing the things the Federal Government is supposed to be doing.

I think it is the obligation of the Administration and you ought to take it back to Mr. Daniels and I will call him and tell him and Mr. O'Keefe that there are certain Federal responsibilities and local and State responsibilities. Our fundamental job is to take care of our Federal responsibilities.

I think the least you should ask for is a cost-of-living increase, the least.

Ms. TORNBLOM. I am sure the new Secretary of the Army and Assistant Secretary for Civil Works will be working within the Administration to take up these matters as soon as they come on board.

Senator VOINOVICH. I am relatively new to this business and Senators are always talking about projects in their State and ordinarily I don't do that, I talk about the big picture of things. As Governor and as Senator, we have worked very hard on a floodwall for Columbus, OH, it's a big deal. We know one of these days we are going to have a big flood and that wall is not finished yet. We have asked for some \$11 million and I think you allocated \$6 million for that floodwall.

I have talked with Secretary Westphal about the dredging of harbors in the Great Lakes, the water level is at its lowest in 30 or 40 years. It is almost impossible for some of our commercial vessels to get in and we need more dredging to be done. There is nothing in this budget to take care of that problem.

Senator Baucus talks about recreation. One of the things I've tried to get the Corps to do is look at the economic impact recreation has on States. Recreation in the Great Lakes is enormous and has more to do with our economy than commercial travel by some of our lake carriers. Yet, it is not a priority in terms of this issue of dredging. I'd like to know what we are going to be able to do about this dredging problem we have in the Great Lakes in moving not only commercial boats and some of our recreational vehicles in and out of the harbors. I want an answer, what are you going to do about it? What does this budget do to take care of that situation?

I have a steel mill in Ohio, LTV Steel that we are trying to keep alive, a big deal. They are trying to get loans from the Federal, State and so on, but they have a big problem and that is they have to get their big boat in to bring their taconite to the facility. We need to get an answer from the Corps of Engineers. We are not asking for money from the Corps, but they are asking for permission to dredge that and put the stuff that is dredged into a facility the Corps has. We have been trying to get that done now for several weeks and haven't gotten an answer. I want an answer, I'd like to know. All I need is permission for them to go ahead and dredge this material and put it in one of your disposal sites.

General FLOWERS. Let me respond about LTV Steel. That is a critical need. There are some issues with respect to making available the existing combined disposal facility, there is a process to get that approval. We received the package to support that a week ago. Two days ago, the letter was signed over to the Secretary's office to get the Secretary of the Army's approval. We are anticipating that, which would allow the dredging to proceed as the need has identified in the month of May.

Ms. TORNBLOM. That letter has not arrived at my desk yet. I will make sure that I pay attention to it as soon as I get back this afternoon.

Senator VOINOVICH. I appreciate it.

Senator INHOFE. Senator Baucus.

Senator BAUCUS. I am curious about why we got left out? What were the priorities?

General FLOWERS. The priorities were to continue work that had been begun, albeit at a reduced level. As the Secretary testified, it's about 57 percent of what we would like, an average. Some are better, some are a little lower. We made a conscious decision to try not to terminate any projects and proceed with projects already underway. What that means is there are no new starts. So if it falls into a category of something that would have to be started this year, it was not put in the budget.

I am in absolute agreement with you that projects like the hatchery at Ft. Peck are fantastic projects and we sure would like to do them, but we are going to do the absolute best job we can with the money that has been made available.

Senator BAUCUS. Have you given much thought to Lewis and Clark Bicentennial?

General FLOWERS. Yes, sir and part of my trip last week through the Northwest was to visit several places. That was why I was at Hood Park. It is near one of the campgrounds we anticipate between the years of the Bicentennial 2003 to 2006, a substantial increase in visitation to a lot of the places in that part of the country. I am very concerned about our ability to handle the public that will come there for that celebration. I am trying to find ways to get those facilities up to snuff.

Senator BAUCUS. I agree, there will be a lot of people. It is going to be an important event. My sense is there is not adequate planning, not adequate preparations for it. Have you read Steve Ambrose's book?

General FLOWERS. "Undaunted Courage"?

Senator BAUCUS. Yes.

General FLOWERS. Yes.

Senator VOINOVICH. And Senator, I'm halfway through it. I read it 15 minutes every night before I go to sleep and it's wonderful.

Ms. TORNBLOM. One of the things we have highlighted in the budget this year as a new line item, although there was a minor level of ongoing activity prior to this, was the funding to pay for a Lewis and Clark coordinator, the hours, expenses and activities of that person who is located in the Corps' Omaha District.

Senator BAUCUS. When are we going to see some actual projects commemorating the Bicentennial? When are we going to see some recommendations by the Administration to the Corps?

Ms. TORNBLOM. I am not aware of any proposals by the Administration. We did have in past years a recreation modernization plan, but that did not receive funding when the past Administration proposed it.

Senator BAUCUS. I made my points in my statement basically. I am very concerned that it is a bit weak, I am really distressed at the budget levels. I don't want to get into political argument here and I won't, but I heard you say, Ms. Tornblom, that this request is consistent with the President's other priorities and I do think there is another priority which is causing this and that is the tax cut, the proposed \$1.6 trillion tax cut. Money is not free and it is a zero sum game. You have to budget these things and if there is no money, there is no money.

I know the chairman may disagree with me, but I hope the budget resolution that comes back is more realistic with respect to the size of the tax cut so that some of these items can be more appropriately considered. America has many, many needs. One of them is getting the surpluses back in the hands of the people, that is clear, but we also have needs like the ones we are addressing here today.

In the Corps backlogged projects, as the Senator from Ohio said, we have a national responsibility here and the Corps fits into that category as an agency with national responsibilities compared to some other spending that we do engage in around here.

I hope you send the message back with whatever influence you have that if the Administration starts to negotiate the budget resolution, maybe save a bit for the Corps.

Senator INHOFE. I do disagree, but we all have different philosophies. When you look at what is the function of Government, the infrastructure is way up there. I was talking to a prominent Senator yesterday who was not aware that we are navigable in Oklahoma, yet with the billions of dollars of cost in which my father-in-law was very involved, it may have been considered to be a boondoggle at the time, but the investment is there and we have certain things necessary to keep that up. One is the Montgomery Point Lock and Dam and I do want to talk about that.

Toward the end of your statement, General Flowers, you talked about these listening sessions. The Corps has had some PR problems. I'd like to know if that was what you were using these for, and if so, are you getting things from them? How are you going to convey that to Congress?

General FLOWERS. We have put the listening sessions almost in toto on our website, we have created a brochure that captures an executive summary of what we heard in the listening sessions and did take that information and included it in a strategic plan for our Civil Works function. That plan is currently being reviewed at the Secretariat and at OMB. That is how we would propose to communicate that.

Senator INHOFE. Montgomery Point Lock and Dam, we have been dealing with this for some time. The delays built into this with this year's budget are of great concern to me for one major reason. When you go upstream and have people making decisions that are not decisions as to what are they going to do this year, but making bargaining decisions that are done years in advance, there has to be an assurance they know by some year, whether 2002, 2003 or 2004, that it is going to be able to handle the draft capacity in order to get those goods shipped back and forth.

Without that certainty, decisions are going to be made to use other forms, maybe expensive forms, of transportation. I've been told as far as the Montgomery Point Lock and Dam, we're only asking for about \$18 million. That is less than half of what is really going to be necessary to get it done and keep it on schedule.

Also I've been shown and had demonstrated to me that if we don't do it, it is going to end up costing considerably more by lagging the construction schedule we had. I would like to have you address that specific project.

General FLOWERS. Your assessment is absolutely accurate. As part of the desire to keep all ongoing projects ongoing, we have had to cut back on the funding of all projects to include Montgomery Point Lock and Dam. For all project benefits foregone, we are probably looking at about \$5.8 billion and another \$.5 billion in costs which would be mostly inflation, so it is over \$6 billion in costs on all projects.

Senator INHOFE. When you say all projects, you are talking about all ongoing projects like Montgomery?

General FLOWERS. Yes, all projects and about 10 months delay on average for each project. Specifically, on Montgomery Point Lock and Dam, in the budget is \$18 million. With that it's going to delay completion, probably if the budget continues that way, year to year until December 2005.

Senator INHOFE. As opposed to when?

General FLOWERS. As opposed to December 2003. It will delay that project 2 years. If we were working at max capacity on Motgomery Point, we would need \$60 million in fiscal year 2002 and the impact if we delay is about \$42 million benefits lost.

Senator INHOFE. That is my point. That is why I agree with both the other Senators. We don't always share the same philosophy. Economically, we are better off to go ahead and get these things done. This has a far greater cost than just the direct cost you mentioned, because it has the cost of those people who are planning to use that improvement in order to ensure they are able to carry their goods in the future.

I am going to be working pretty hard to see if we can't get that accelerated on that specifically.

In the Tulsa District, recently the office, in response to concerns raised by the Fish and Wildlife Service, decided to stop issuing dock permits on Corps lakes. Is this in that particular district, or is this happening all over? And kind of give me the reasons as you understand them. and if not, you can answer it for the record. I'd like to get some response as to why this is being done and the reasons behind it.

Mr. VINING. Let me respond in part and then provide a more complete answer for the record.

[The information follows:]

DOCK FACILITY PERMITS AT CORPS OF ENGINEERS PROJECTS IN TULSA DISTRICT

A moratorium has been placed on the issuance of new shoreline management permits for private boat docks at eight Tulsa District Corps of Engineers projects. A moratorium period of 30 to 60 days is a normal part of the periodic review process to receive public review and comment on shoreline management plans every 5 years. The moratorium was extended, however, to allow further coordination with the United States Fish and Wildlife Service and two Oklahoma State agencies concerning cumulative environment impacts of the entire shoreline management program. This moratorium is scheduled to be lifted before the end of May 2001, thus allowing resumption of issuance of permits for private boat docks. Permit requests for boat docks in new areas not currently zoned for this type of use will still be held in abeyance until the implications of cumulative environmental impacts are more thoroughly evaluated.

For the lakes in question, there is a plan that provides for a programmatic approval of permits for dock facilities that is periodically updated every 5 years. There have been issues raised particularly by the State Historic Preservation Office, also Fish and Wildlife Service. We are working through those now and anticipate to have that resolved by May, which will allow the permit activities to resume in the area presently covered by those plans.

Our normal update of those plans would be next year, which would allow for an expansion of the permit activities perhaps beyond what is presently contained in the geographic scope.

I could give you a very specific answer for the record.

Senator INHOFE. I would like that. When would that be?

Mr. VINING. We could have that next week.

Senator INHOFE. Candy Lake, are you familiar with that?

Mr. VINING. I am happy to talk about Candy Lake.

Senator INHOFE. For those not familiar, this is a problem where we are trying to return land to original owners. However, because of the problem we are having with NEPA and the cultural artifacts, we seem to have gotten into a standstill that I'd like to work our-

selves out of. I would like the feeling of the Corps as to how we can resolve this problem.

Mr. VINING. As you know, we own the land around Candy Lake so we are required to go through NEPA process on that. Whether that is an environmental assessment or an EIS is going to have a significant impact on the schedule. Our hope is we can get through with an environmental assessment on that and can give you a specific schedule at that time within 6 months.

Senator INHOFE. How about Kaw Lake? That's a situation where a town has relocated and the two wells are a nominal amount, but in terms of who is responsible, I'd like to get some dialog there.

General FLOWERS. In general, I think what we can do to help Kaw Lake falls probably in the realm of providing technical assistance to try and assess and help out with the issues and problems there. If it's going to involve any subsequent work or construction, following that we would probably need some authority's help.

Senator INHOFE. For the record, you might provide a little more detail as to what type of authority that would be.

[The information follows:]

KAW CITY, OK, WATER SUPPLY FACILITIES

Construction of water supply and related facilities near Kaw Lake for Kaw City, OK, are considered to be a non-Federal responsibility by the Administration. Consequently, bill language and construction, general funding of \$1,500,000 would be required to authorize and direct the Corps of Engineers to design and construct this project. Bill language similar to the following would be needed: "Using the \$1,500,000 provided herein, the Secretary of the Army, acting through the Chief of Engineers, is directed to design and construct new wells near Sarge Creek in Oklahoma, that are capable of producing 500 acre-feet of water annually, and to design and construct a pipeline from the wells near Sarge Creek to Kaw City, OK at full Federal expense."

I also chair the Senate Armed Services Readiness Committee, so between those two, we do have the total jurisdiction so we will be seeing a lot of each other. I am looking forward to working with you.

We know there have been some problems in the past—and PR problems. We want to work through those things. I think we had a good start with our last hearing. On these items I mentioned today, four of them, I want to become very active on those. One of those was the campsite increase. I am a little more familiar with that than most, because in the real world for 30 years, I was somewhat involved in the private sector in that type of recreation.

When Senator Baucus talks about the type of people who use these facilities, a lot of them are not real wealthy people. These are facilities, most of them, built for a totally different reason, but this is an auxiliary benefit that has a huge benefit to the local areas in terms of tourist attraction.

I do want to specifically talk to you and your staff about what we can do with this budget to keep from having to raise those fees. I have strong feelings about that.

Is there any question or statement the three of you would like to make specifically concerning the budget, but about anything else also?

General FLOWERS. I'd like to close by telling you, with your connection with Armed Services, we in the Corps are engaged in about 93 countries around the world providing, in part, technical assist-

ance to help shape the peace, some water resources help in places like sub-Saharan Africa, providing technical assistance in trying to get power plants restarted in Nigeria and Kenya.

One of the side benefits that is not very well understood by the American public, and maybe not by most members of the Armed Forces, is the tremendous benefit our Nation derives from having the U.S. Army Corps of Engineers involved in Civil Works activities. We are unique in the world in that, and this Nation is able to leverage that expertise every day, particularly when we have to transition from peace to conflict. It gives us a distinct advantage. No other nation can do what we can do, because the U.S. Army Corps of Engineers can leverage this expertise when it needs to help our men and women in uniform around the world.

Senator INHOFE. I appreciate that. You mentioned Nigeria and I have been active in a mission in West Africa for a number of years from Nigeria, Gabon, Togo, Congo, Rwanda and Burundi and I agree with you. I'd like to look at some of the things you are doing in that general area.

Other comments?

Ms. TORNBLUM. We appreciate the opportunity to present the President's budget to you today.

Senator INHOFE. Thank you. Let's see how this ends.

We are adjourned.

[Whereupon, at 10:42 a.m., the subcommittee was adjourned, to reconvene at the call of the chair.]

[Additional materials submitted for the record follows:]

STATEMENT OF HON. CLAUDIA L. TORNBLUM, DEPUTY ASSISTANT SECRETARY OF THE
ARMY (MANAGEMENT AND BUDGET)

INTRODUCTION

Mr. Chairman and distinguished members of the subcommittee: Thank you for the opportunity to testify before this subcommittee of the Appropriations Committee and to present the President's budget for the Civil Works program of the Army Corps of Engineers for fiscal year 2002.

Accompanying me this morning are Lt. Gen. Robert B. Flowers, Chief of Engineers; Major General Hans A. Van Winkle, Director of Civil Works; and Mr. Robert F. Vining, Chief of the Programs Management Division, Directorate of Civil Works. My statement provides an overview of the fiscal year 2002 Army Civil Works program and discusses highlights of the program.

FISCAL YEAR 2002 ARMY CIVIL WORKS PROGRAM

The Army Corps of Engineers is the premier Federal agency for managing water resources project planning, construction, and operation; protecting the Nation's waters and wetlands; and responding to emergencies. As a decentralized, watershed-based organization with strong engineering, environmental, and research capabilities, the Corps is very well positioned to continue developing integrated solutions to complex, modern water resources problems. To carry out the Civil Works program, the Corps works in partnerships with other Federal agencies, States, and local communities, including the non-Federal cost-sharing sponsors for studies and projects.

The President's fiscal year 2002 budget for the Army Civil Works program includes \$3.9 billion in appropriations. Of the \$3.9 billion, about \$765 million will be derived from the Harbor Maintenance Trust Fund, the Inland Waterways Trust Fund, and other sources offsetting general revenues. In addition to the \$3.9 billion, about \$514 million will be contributed by the Bonneville Power Administration, non-Federal cost sharing partners, and other sources supplementing appropriated funds. Details are presented in Table A.

The budget reflects the President's overall goals to slow the growth of Federal spending, provide for a tax cut, and reduce the national debt, while providing great-

er emphasis on education and protecting social security. The President is committed to a collegial, bipartisan approach to working with Congress. We look forward to working with you throughout your deliberations on the President's fiscal year 2002 budget for the Army Civil Works program.

HIGHLIGHTS OF THE FISCAL YEAR 2002 ARMY CIVIL WORKS PROGRAM

The fiscal year 2002 Army Civil Works program includes a number of proposals and initiatives, such as targeting funds on continuing work with high priority outputs, increasing user fees for recreation services, and modifying the cost sharing for periodic renourishment at shore protection projects.

The budget emphasizes the principal Civil Works missions of commercial navigation, flood damage reduction, and environmental restoration. The budget also provides funds for storm damage reduction studies and projects and for multiple purpose studies and projects that include other outputs such as hydroelectric power, water supply, and recreation. No funds are provided to continue additional missions that, in the view of the Administration, should remain the responsibility of non-Federal interests. In addition, the budget does not fund individual studies and projects that are inconsistent with established policies governing the applicable missions.

Construction Backlog

There is a construction backlog of about \$40 billion, including about \$26 billion to complete ongoing regular construction projects, about \$6 billion to complete ongoing Mississippi River and Tributaries construction projects, and about \$8 billion for projects in Preconstruction Engineering and Design. Available funding is directed toward construction of the continuing projects, and no new project construction starts or project-specific study starts are budgeted.

Shore Protection Policy

The fiscal year 2002 budget presents a new Administration policy toward shore protection projects that involve periodic sand renourishment. Until now, beach nourishment projects started since fiscal year 1995 have not received budgetary support. However, ongoing shore protection projects that involve periodic renourishment and that are otherwise consistent with established policies are supported in the fiscal year 2002 budget, no matter when these projects were started, provided that non-Federal interests agree to pay 65 percent of the costs of renourishment work funded in fiscal year 2002 or thereafter. This increased non-Federal cost share reflects the substantial economic benefits that these projects provide to State and local economies and ensures that the Federal Government's long-term nourishment obligations do not crowd out other important funding needs. The existing cost sharing for initial sand nourishment, which is 65 percent Federal and 35 percent non-Federal in most cases, is not affected by the new policy.

The new 65 percent non-Federal cost share would apply to all periodic renourishment costs for which the Federal share is financed with funds allocated to the project after fiscal year 2001. The Army Corps of Engineers will develop amendments to the project cooperation agreements to establish the new 65 percent non-Federal cost share for periodic renourishment.

In addition, beach nourishment study phases started since fiscal year 1995 have not received budgetary support until now. With the policy change, this restriction has been lifted. Project reports will recommend the same new cost sharing formula for the resulting projects. Altogether, the budget provides \$82 million for beach nourishment projects.

Recreation User Fees

Recreation user fees will be increased by \$10 million, to an estimated \$44 million per year. This is the first step of a 4-year effort to increase recreation user fee receipts by a total of \$25 million per year. All of the increase in fees will be made available to the Corps of Engineers, without further appropriation, for operation, maintenance, and improvement of Corps recreation facilities. A portion of these increases will be accomplished by increasing day use fees, camping fees, annual pass fees, and special use permit fees under existing authority. For the other portion of the increases, we plan to transmit proposed legislation to Congress to authorize certain changes in current fee collection authorities.

General Investigations

The budget for the Civil Works study program is \$130 million. This funding level is intended to slow the growth of the ongoing construction backlog and avoid unrealistic funding expectations among non-Federal project sponsors. Cost-sharing spon-

sors, who are being asked to invest in these studies, expect timely construction, once studies and design are completed and the projects are authorized.

No project-specific new study starts are included in the budget. However, policy-consistent studies that are under way will continue to move seamlessly from the reconnaissance phase to the feasibility phase and from the feasibility phase to preconstruction engineering and design, as they receive the necessary levels of review and approval within the Corps and the Army.

The budget proposes two new national studies that will provide information needed by the Army and the Chief of Engineers to assess potential changes in Civil Works policies and procedures. The first of these new studies was authorized in Section 223 of the Water Resources Development Act of 2000 and involves a Project Monitoring Program to monitor the economic and environmental results of up to 5 projects constructed by the Corps. The budget includes \$100,000 to initiate the monitoring program.

The second new national study, a National Shoreline Study, was authorized by Section 215 of the Water Resources Development Act of 1999 and will assess the extent, causes, and impacts of shoreline erosion on the coastal shores of the United States. The budget includes \$300,000 to initiate this study.

A number of continuing studies focus on basin-wide solutions to interrelated water resources problems, where the Corps of Engineers can be especially effective as an integrator of multi-agency efforts. These studies include the comprehensive studies initiated in fiscal year 2001 for the Rio Grande River Basin, the White River Basin, and the Yellowstone River Basin.

Coordination, technical assistance, and research activities also will be continued. Ongoing coordination of Federal estuary management activities will include funds to enable Army participation in the National Estuaries Council.

Construction, General

The fiscal year 2002 budget for the Civil Works Construction, General program is \$1.324 billion. Of the total, \$61 million would be derived from the Inland Waterways Trust Fund and \$9 million would be derived from the Harbor Maintenance Trust Fund.

Funds are included for continuing projects that are consistent with established policies, including congressional adds that have completed Administration review and are policy consistent. No funds are included to initiate construction of new specifically authorized and funded projects, new projects funded in the Dredged Material Disposal Facility Program, or new projects under the Continuing Authorities Program. A number of projects added to the construction program in fiscal year 2001 have not completed Administration review and, thus, are not known to be policy-consistent. Where a project report is being prepared during fiscal year 2001 and additional funds are needed in fiscal year 2002 to complete the project report, the fiscal year 2002 budget includes the needed funds.

The budget emphasizes the continuing, multi-agency efforts to restore the South Florida and Everglades ecosystem and to mitigate the impacts of projects on the Columbia and Snake Rivers on threatened and endangered salmon species.

\$139 million is budgeted for the South Florida and Everglades program, including \$28 million for the Comprehensive Everglades Restoration program authorized in Title VI of the Water Resources Development Act of 2000, \$65 million for other elements of the Central and South Florida project, \$26 million for the Kissimmee River restoration, and \$20 million for critical restoration projects.

\$81 million is budgeted for the salmon impact mitigation program. These funds are needed to comply with Biological Opinions issued by the National Marine Fisheries Service and the U.S. Fish and Wildlife Service under the Endangered Species Act, while continuing to operate the projects for authorized flood control, navigation, and hydroelectric power purposes. Potentially conflicting requirements of the Endangered Species Act and the Clean Water Act also must be reconciled.

The budget provides \$88 million for planning, design, and construction of projects under the Continuing Authorities Program. These are small projects for flood damage reduction, navigation, beach erosion control, shore and streambank protection, navigation project impact mitigation, clearing and snagging, aquatic ecosystem restoration, beneficial uses of dredged material, and project modifications for improvement of the environment.

Flood Control, Mississippi River and Tributaries

The budget includes \$280 million for the Mississippi River and Tributaries program. The budget targets funds to high priority flood damage reduction projects, which are on the mainstem of the Mississippi River and in the Atchafalaya River Basin, Louisiana.

Operation and Maintenance, General

The overall budget for the Operation and Maintenance, General, account is \$1.745 billion. Of this amount, \$666 million would be derived from the Harbor Maintenance Trust Fund and \$29 million would be derived from Special Recreation User Fees. In addition to these funds, operation and maintenance of hydropower facilities in the Pacific Northwest will be directly financed by a transfer of approximately \$114 million from Bonneville Power Administration revenues, pursuant to an agreement signed 4 years ago. Among port and harbor and inland waterway projects, recreational shallow-draft harbors and low commercial-use inland waterway segments are de-emphasized so that scarce resources can be available for navigation facilities with higher commercial use, as well as for other project purposes.

Operation and maintenance funds for shallow draft harbors are limited to \$47 million. These are harbors that have authorized depths of 14 feet or less. Among shallow draft harbors, the subsistence harbors for isolated communities and the harbors that involve higher use for commercial cargo and commercial fishing are emphasized, while the harbors that are essentially recreational in nature are de-emphasized. The budget includes \$42 million for operation of low commercial-use inland waterways, that is, inland waterways with less than 1 billion ton-miles of traffic per year. Funds for maintenance of low commercial-use inland waterways are limited to \$25 million for maintenance dredging, and the dredging funds are targeted at the waterway segments with relatively higher commercial use. No funds are requested for structural maintenance on the low-commercial use inland waterways.

As always, funds will be reprogrammed as necessary for emergencies, such as to protect human health and safety, to perform emergency repairs, or to perform emergency dredging of shoaled-in waterways.

Regulatory Program

The budget for the Regulatory Program is \$128 million, an increase of \$3 million over the fiscal year 2001 amount for labor cost increases. These funds are needed to help maintain program performance, protect important aquatic resources, and support partnerships with States and local communities through watershed planning efforts. These funds will be used for permit evaluation, enforcement, administrative appeals, and studies and environmental impact statements, in order to provide effective regulation of the Nation's waters and wetlands.

Formerly Utilized Sites Remedial Action Program (FUSRAP)

FUSRAP is an environmental cleanup program that was transferred by Congress from the Department of Energy to the Army in fiscal year 1998. We are continuing to implement needed clean-up at contaminated sites. This year's budget includes \$140 million in new appropriations for this program.

Flood Control and Coastal Emergencies

Funding that remains available from prior year appropriations is sufficient to fund normal program activities during 2002. In order to finance responses to emergencies that may arise during the year, the Administration is proposing a governmentwide emergency reserve fund. Civil Works is one of the programs that will be able to tap this proposed nationwide emergency reserve fund, in the event that response costs for qualifying emergencies exceed available funds.

General Expenses

Funds budgeted for the General Expenses program are \$153 million. These funds will be used for executive management and direction activities of the Corps of Engineers headquarters, the Corps Division headquarters, and related support organizations. Among these funds, \$1.8 million will be used to continue the management study authorized by section 216 of the Water Resources Development Act of 2000. This study, which is being initiated in fiscal year 2001, is examining Corps of Engineers planning and review procedures.

Harbor Maintenance Trust Fund

The President's fiscal year 2002 budget proposes that \$675 million be derived from the Harbor Maintenance Trust Fund, including \$666 million in the Operation and Maintenance, General program for harbor maintenance, and \$9 million in the Construction, General program for the addition of dredged material disposal facilities at existing projects.

GOVERNMENT PERFORMANCE AND RESULTS ACT

A performance plan is in preparation for the Army Civil Works program, based on the fiscal year 2002 budget. After completion of Administration review, the plan will be submitted to the Congress, as required by the Government Performance and Results Act of 1993.

In fiscal year 2002, we plan to maintain high use commercial navigation facilities in a fully operational state at least 90 percent of the time, maintain flood damage reduction facilities in a fully operational state at least 95 percent of the time, and achieve “no net loss” of wetlands by creating, enhancing, and restoring wetlands functions and values that are comparable to those lost.

PROJECT PLANNING AND REVIEW

The Army is working closely with the Chief of Engineers and others to identify opportunities to strengthen the Civil Works planning process. In addition, as indicated in the President’s Budget Blueprint, the Army is considering options for strengthening the ability of the Office of the Assistant Secretary for Civil Works to ensure policy oversight of project planning. Already, General Flowers and I have restored the past practice of concurrent, vertical involvement at all organizational levels—including the Office of the Assistant Secretary—at critical steps in the formulation of studies.

CONCLUSION

In summary, the President’s fiscal year 2002 budget for the Army Civil Works program is a solid one. It continues support to ongoing work, emphasizes primary missions and applies resources to areas likely to have the greatest national economic benefit. The Army Civil Works program is a wise investment in the Nation’s future.

Thank you.

Table A.—FY 2002 Direct Program-President’s Program Funding, by Account and Source

	Amount (\$)
Requested Discretionary Appropriations:	
General Investigations	130,000,000
Construction, General	¹ 1,324,000,000
Operation and Maintenance, General	² 1,745,000,000
Regulatory Program	128,000,000
Flood Control, Mississippi River & Tributaries	280,000,000
General Expenses	153,000,000
FUSRAP	140,000,000
Total Appropriation Request	3,900,000,000
Sources of Appropriations:	
General Fund	(3,135,200,000)
Harbor Maintenance Trust Fund (gross)	(675,000,000)
Inland Waterway Trust Fund	(61,000,000)
Special Recreation User Fees	(28,800,000)
Total Appropriation Request	3,900,000,000
Additional New Resources:	
Rivers and Harbors Contributed Funds	³ 315,000,000
Bonneville Power Authority Transfer	114,000,000
Coastal Wetlands Restoration Trust	⁴ 49,976,000
Permanent Appropriations	⁵ 15,992,000
San Gabriel Basin Restoration Fund	⁶ 8,615,000
Total Program Funding	4,413,583,000

¹ Includes \$61,000,000 from the Inland Waterways Trust Fund and \$9,000,000 from the Harbor Maintenance Trust Fund.

² Includes \$666,000,000 from the Harbor Maintenance Trust Fund and \$28,800,000 in Special Recreation User Fees receipts.

³ Cost-sharing contributions required by law for budgeted work and work financed 100 percent by non-Federal interests.

⁴ Transferred from the Sport Fish Restoration Account of the Aquatic Resources Trust Fund for planning, protection, and restoration of coastal wetlands in the State of Louisiana.

⁵ Included \$8,000,000 in rent of project lands, \$92,000 in fees for use of a Hydraulic Mining Debris Reservoir in California for other purposes, and \$7,900,000 in license fees.

⁶ Estimated non-Federal contribution. In addition, a portion of Federal funds appropriated in fiscal year 2001 (estimated at \$16,000,000) would become available in fiscal year 2002 as non-Federal contributions are provided.

STATEMENT OF LT. GEN. ROBERT B. FLOWERS, CHIEF OF ENGINEERS, U.S. ARMY
CORPS OF ENGINEERS

INTRODUCTION

Mr. Chairman and members of the subcommittee: I am honored to be testifying to your subcommittee today, along with the Deputy Assistant Secretary of the Army (Management and Budget), Ms. Claudia L. Tornblom, on the President's fiscal year 2002 budget for the United States Army Corps of Engineers Civil Works Program. I am proud of my association with this program, first as a field engineer and research project manager for the Portland District, then as commander of the Mississippi River Valley Division, and, since October, as Chief of Engineers. I am especially honored to have the opportunity to lead the Corps through its current challenges to serve this great Nation in meeting its many water and related land resources management needs.

Thanks to this subcommittee's support, the Civil Works Program remains strong, balanced, responsive, and highly productive. I look forward to working with you in furtherance of our partnership in prosecuting this fine program, so broadly beneficial to our Nation. In this statement, I will focus on significant challenges for the Nation in water and related land resources management. I will say just a few words about the budget, then devote the balance of my testimony to an assessment of national water and related land resources management needs.

Accordingly, my statement covers just these two topics:

- Summary of the Civil Works Program Budget, and
- Assessing the Nation's Needs for Water and Related Land Resources Management.

SUMMARY OF CIVIL WORKS PROGRAM BUDGET

Introduction

This is a good budget. New funding for the Civil Works Program, including the Direct and Reimbursed programs, is expected to approach \$5.11 billion.

As shown in Table 1, Direct Program funding, including discretionary and mandatory amounts appropriated directly to the Corps, totals \$4.41 billion. Discretionary amounts total \$3.90 billion; additional amounts total \$514 million. Reimbursed Program funding is projected to be \$700 million.

Direct Program

The proposed budget reflects the Administration's commitment to continued sound development and management of the Nation's water and related land resources. It provides for continued efficient operation of the Nation's navigation, flood protection, and other water resource management infrastructure, fair regulation of the Nation's wetlands, and restoration of the Nation's important environmental resources, such as the Florida Everglades. It is consistent with the President's overall domestic priorities and continued commitment to a balanced budget. The budget provides for continued funding of nearly all studies and projects underway, including many started in fiscal year 2001. It also provides for funding of two new starts under the General Investigations (GI) program.

Reimbursed Program

Through the Interagency and Intergovernmental Support Program we help non-DOD Federal agencies, States, and other countries with timely, cost-effective implementation of their programs, while maintaining and enhancing capabilities for execution of our Civil and Military Program missions. These customers rely on our extensive capabilities, experience, and successful track record. The work is principally technical oversight and management of engineering, environmental, and construction contracts performed by private sector firms, and is fully funded by the customers.

Currently, we provide reimbursable support for about 60 other Federal agencies and several State and local governments. Total reimbursement for such work in fiscal year 2002 is projected to be \$700 million. The largest share—nearly \$270 million—is expected from the Environmental Protection Agency (EPA) for cleanup of wastes at numerous sites under its Superfund program. 90 percent of Reimbursed Program funding is provided by other Federal agencies.

ASSESSING THE NATION'S NEEDS FOR WATER AND RELATED LAND
RESOURCES MANAGEMENT

Introduction

Water and related land resources play major roles in how Americans live and work. There are many competing and conflicting demands on use of these limited resources. When, where, how, to what extent, by whom, and by what means should the demands be addressed? Over the years, the Corps has employed various means to gather information for use in defining and understanding national water and related land resource management issues. Recently, it has employed "Listening Sessions" to improve the accuracy, currency, and relevancy of its information.

Initial Assessment of Circumstances

Last year, through assessment of trends and results of research, literature searches, and consultations with selected water and related land resource management experts, we concluded that the Nation is facing important water and related land resources management challenges with serious implications. We made the following observations and interpretations:

- As the world's climate changes, changing hydrology and water distribution and, in turn, environmental and socioeconomic conditions, we must anticipate need for changes in and additions to the Nation's water and related land resources management facilities, systems, and practices, and effect such changes as opportunely as feasible.
- As global markets expand, international commerce will demand more efficient domestic ports and harbors, and improved vessel and intermodal cargo handling facilities.
- With many properties and major populations located in the Nation's floodplains, flooding will continue to threaten national welfare. Moreover, as pressures continue to develop, flood-prone lands and natural flood management systems will be compromised, and the threat of flood damage will increase.
- Ongoing migration of the Nation's population to coastal plains and coasts, and attendant property development, will increase risks of loss from coastal erosion, floods, and hurricanes.
- The ongoing migration to coastal plains and coasts will put increasing pressure on coastal habitat, especially wetlands, and other fish and wildlife ecosystems.
- Through Water Resources Development Acts of 1996 and 1999 (WRDA 96 and WRDA 99), the American public placed national environmental health in the forefront of social priorities. These acts, providing additional authorities to the Corps for ecosystem and watershed protection and restoration, increase emphasis on national need for ecosystem restoration, wetlands management, and nonstructural floodplain management.
- As the Nation's water and related land management infrastructure ages, it must be rehabilitated, modified, replaced, or removed.
- As the Nation's population grows, there will be growing conflicts among multiple interests within watersheds wanting to use available water and related lands for diverse needs.
- The American public has a strong and growing interest in downsizing the Federal Government and, in turn, its workforce. In light of this, ongoing outsourcing and privatizing for accomplishment of government work, including engineering, will increase. An implication of this is that the nonFederal sector, comprising States and private interests will have to share greater responsibility in water and related land resources management.

Challenges Based on Listening Sessions

In light of these observations, particularly, the last one, the Corps invited Americans to "Join the Dialogue" about management of the Nation's water and related land resources.

The purpose of the dialog was twofold, specifically, to provide opportunities for citizens to:

- identify and discuss water and related land resources management needs, opportunities, and problems impacting their lives and future sustainability of their communities and environments; and,
- express what they believe the Federal role should be in addressing these issues.

This dialog was carried on from June through November 2000 in 16 listening sessions—14 regional and two national—at locations across the country. A cross-section of stakeholders, totaling nearly 1300, participated in the sessions. This included representatives from Federal, State, and local agencies, tribes, environmental organizations, port authorities, private companies, legal professionals, farmers, navigators,

journalists, and homeowners. The sessions were open to the public and comprised a combination of small group and plenary sessions. Corps participation generally was limited to note-taking. Consensus on water resources issues was not sought.

Detailed reports on each session are available at the website of our Institute for Water Resources. We invite you to read them, particularly our summary report: America's Water Resource Challenges for the 21st Century: Summary Report on Identified Water Resource Challenges and Water Challenge Areas. Views expressed in this document, although not reflecting official policies or positions of the Corps, nevertheless, and importantly, accurately reflect views of the participants. This information will be used in dialog on water and related land resources challenges in the future. Significantly, we have already used it in developing goals and strategies for our Civil Works Program Strategic Plan.

Participants in the listening sessions identified more than 3,400 water and related land resources management issues and grouped them into sets of challenges, forming 30 to 50 sets at each regional session, and 542 sets all told. We then distilled these sets into 18 for the above-cited report, and, ultimately, into 10.

Solutions to these challenge sets are complex and will require the concerted effort of many government organizations, at all levels, working for the collective good of the Nation. Moreover, optimal solutions will require involvement and participation of all Americans. The more, the better.

CONCLUSION

The President's Budget for the Corps of Engineers is a good one. We must continue to find ways to reduce our costs and shift more of those remaining to direct beneficiaries of our services. Meanwhile, we will do our very best to execute the Civil Works Program for maximum benefit to the Nation.

Thank you Mr. Chairman and members of the committee. This concludes my statement.

Table 1.—Department of the Army Corps of Engineers Civil Works

[FY02 Direct Program—Funding]
(New obligation authority in \$K)

Source/Program/Account	Fiscal Year		
	Actual 00	Actual/Assumed 1/01 ¹	Requested 02
APPROPRIATION:			
Discretionary and Related Additional (Defense):			
Formerly Utilized Sites Remedial Action Program (FUSRAP)	\$150,000	\$140,000	\$140,000
Domestic:			
General Investigations/General Fund			
Appropriation	164,497	160,520	129,947
Receipts	68	66	53
Total	164,565	160,586	130,000
Construction General/General Fund			
Appropriation	1,259,362	1,566,409	1,253,975
Receipts	26	32	25
Harbor Maintenance Trust Fund	9,000	5,000	9,000
Inland Waterway Trust Fund	104,618	119,724	61,000
San Gabriel Basin Groundwater Restoration, California	0	25,000	0
Total	1,373,006	1,716,165	1,324,000
Operation and Maintenance, General (General Fund)			
Appropriation	1,106,596	1,128,114	1,035,640
Receipts	15,483	15,835	14,560
Harbor Maintenance Trust Fund	701,000	725,000	666,000
Special Recreation User Fees Fund	32,539	28,826	28,800
Total	1,855,618	1,897,775	1,745,000
Flood Control, Mississippi River and Tributaries (General Fund)			
Appropriation	309,326	350,356	279,919
Receipts	90	102	81
Total	309,416	350,458	280,000
Regulatory Program	117,000	124,725	128,000

Table 1.—Department of the Army Corps of Engineers Civil Works—Continued

[FY02 Direct Program—Funding]
(New obligation authority in \$K)

Source/Program/Account	Fiscal Year		
	Actual 00	Actual/Assumed 1/01 ¹	Requested 02
General Expenses	149,500	151,666	153,000
Flood Control and Coastal Emergencies	0	0	0
Total	3,969,105	4,401,375	3,760,000
Total Defense and Domestic	14,119,105	4,541,375	3,900,000
Additional, Only/(Defense)			
Formerly Utilized Sites Remedial Action Program (FUSRAP)	20,000		
Domestic:			
Permanent Appropriations	14,530	15,408	15,992
Coastal Wetlands Restoration Trust Fund (CWRTF)			
Corps	679	679	13,500
Others	52,228	51,980	46,476
Total	52,907	52,659	59,976
Rivers and Harbors Contributions	318,705	376,118	315,000
Bonneville Power Administration Transfer	107,000	108,000	114,000
South Dakota Terrestrial Wildlife Restoration Trust Fund	0	0	0
San Gabriel Basin Restoration Fund	0	0	0
Washington Aqueduct (borrowing authority, excluded)	0	0	0
Total	493,142	552,185	513,583
Total Defense and Domestic:	513,142	552,185	513,583
TOTAL	4,632,247	5,093,560	4,413,583

¹ Discretionary and related additional is actual; additional, only, is assumed.

RESPONSES BY LT. GEN. ROBERT B. FLOWERS TO ADDITIONAL QUESTIONS FROM
SENATOR INHOFE

TULOCH RULE

Question 1. Has the Corps considered the potential impact of this rule in extractive industries, such as those involved in aggregate mining? If so, how is the regulation of aggregate mining, which is essentially an extractive industry, under section 404 consistent with the holding of the Court of Appeals in *National Mining Association v. Corps of Engineers*, 145 F. 3d 1399, 1403 (DC Cir. 1998), that section 404 does not allow the regulation of activities involving the “net withdrawal” of material from the waters of the United States?

Response. Most mining activities will continue to be regulated. Examples of those activities that involve the discharge of dredged or fill material include the construction of roads, fill pads, dikes, berms, and containment ponds. Where there is more than incidental fallback the actual extraction of the material also would require a permit.

Question 2. Has the Corps considered the costs of gathering the “project-specific evidence” that the activity “results in only incidental fallback?”

Response. The gathering of “project-specific evidence” normally will not be required unless the applicant asserts that the activity will not result in only incidental fallback. Generally, the “project-specific evidence” will involve a description of the actual physical methods of removal and disposal of the excavated material, the location of its disposal, and any other information that would demonstrate whether the activity will result in only incidental fallback. At this time, we have no reliable basis for estimating any costs that might be incurred for gathering such information, but we do not believe that this requirement would pose a large burden to any applicant.

Question 3. The rule says that it qualifies as a “significant regulatory action” under Executive Order 12866 only because it “raises novel legal or policy issues arising out of legal mandates.” To what extent did the Corps conduct any economic

impact analysis in order to determine that the impact of the rule does not exceed the \$100 million threshold under that Executive Order?

Response. Although the Corps generally considered the effects of this rule on applicants and on the environment, we did not conduct a detailed economic analysis. This determination was based upon the fact that the rule does not alter or enlarge Clean Water Act jurisdiction. Its purpose is to clarify which activities the Corps and EPA view as requiring prior approval in the form of a Department of the Army permit, pursuant to the Clean Water Act.

Question 4. What type of “project-specific evidence” would the Corps consider sufficient to prove that a proposed activity will not involve “incidental fallback?”

Response. As discussed earlier, this “project-specific evidence” generally will involve a description of the actual physical methods of removal and disposal of the excavated material, the location of its disposal, and any other information that would demonstrate whether the activity will result in only incidental fallback.

Question 5. Will the Corps eventually use field data to exempt certain activities?

Response. An “exemption” is not possible. However, the Corps district offices will consider data for certain classes of activities to determine whether there is a sufficient basis to conclude that no permit would be required for those types of activities.

Question 6. Will the Corps issued field guidance? If so, when?

Response. The Corps Headquarters, after coordination with the Office of the Assistant Secretary of the Army for Civil Works, will issue working guidance to the field. The guidance is under development; we have not yet established a timetable for implementation.

Question 7. The Corps states that it has dropped the “rebuttable presumption” concept. Please explain the difference between the “rebuttable presumption” in the proposed rule and the language in the final rule where the Corps states that it “regards the use of the mechanized earth moving equipment to conduct land clearing . . . instream mining . . . that results in discharge unless project-specific evidence shows that the activity results in “incidental fallback.”

Response. The proposed “rebuttable presumption concept” would have provided that any excavation would result in a discharge of dredges or fill material, unless the landowner proved otherwise. In other words, under the proposal of providing that the discharges are incidental, although the rule states that the Corps and EPA generally regard excavation as a discharge of dredged material, unless case-specific information indicates that there will be only incidental fallback, the Government has the burden of proving that the discharges are more than incidental.

Question 8. Doesn’t this language still place the burden on the regulated party to demonstrate that the activity will not result in a discharge? If not, please explain.

Response. In most cases, the permit applicants provide, as part of their application or notification packages, sufficient information for the Corps to determine whether a particular project would result in more than incidental fallback. In some cases, the Corps may need to request additional information.

Question 9. The final rule states that the Corps may “rely on any available information” as well as “site visits or field observations during and after project execution” to determine if a unpermitted discharge has occurred. Has the Corps considered the risk to the regulated community of applying such a standard? Given the vagueness of the rule, explain how this standard is consistent with notices of due process?

Response. Case-by-case determinations have been, and will continue to be, made regarding whether an activity requires a Department of the Army permit. The Corps has great experience in the administration of the regulatory program, and our staff have been making decisions regarding incidental fallback for some time. I am confident that overall sound decisions are being made. However, as noted in response to a previous question, we are in the process of developing clarifying guidance.

Question 10. How is the definition of this rule more consistent with the Clean Water Act than was the original Tulloch Rule?

Response. The new definition clarifies the definition of discharge of dredged material and also reflects the relevant court decisions on what would not require a Department of the Army permit.

Question 11. As discussed in the *National Mining Association* decision, how does the rule meet the intent of Congress that “either a temporal or geographic separation between excavation and disposal” is necessary in order to meet the require-

ments under section 404(a) that dredged material be discharged at “specified disposal sites?”

Response. The temporal separation can be fairly immediate, as in the case of side casting. In a pure excavation activity, the geographic separation would be off-site or to waters of the United States that have not been excavated.

GUADALUPE RIVER FLOOD CONTROL PROJECT AT SAN JOSE, CA

Question 12. The President’s budget proposes \$4 million for the Guadalupe River flood control project in Sane Jose, CA. It has been suggested that the Corps will reprogram an additional \$8 million from other projects, which are not ready for construction to bring the total for the Guadalupe River project to \$12 million. Is this accurate?

Response. The Corps will consider reprogramming funds based on conditions as they exist during the year.

MONTGOMERY POINT LOCK AND DAM, AR

Question 13. Although we discussed Montgomery Point Lock and Dam (MPLD) during the hearing, I would appreciate it if you could provide the same information in writing. Specifically: What is the dollar amount needed to keep the work on schedule?

Response. The budget amount is \$18 million. Subject to the usual qualifications on capabilities, one capability is \$60 million. The schedule will be adjusted to reflect the availability of funds.

“Although project and study capabilities reflect the readiness of the work for accomplishment, they are in competition for available funds and manpower Army-wide. In this context, the fiscal year 2002 capability amounts shown consider each project or study PY itself without reference to the rest of the program. However, it is emphasis that the total amount proposed for the Army’s Civil Works Program in the President’s budget for fiscal year 2001 is the appropriate amount consistent with the Administration’s assessment of national priorities for Federal investments. In addition, the total amount proposed for the Army’s Civil Works Program in the President’s budget is the maximum that can be efficiently used. Therefore, while we could utilize additional funds on individual projects and studies, offsetting reductions would be required in order to maintain our overall budgetary objectives.”

[Hereafter, this statement is referred to as “the usual qualifications.”]

Question 14. If there is a shortfall, can the balance needed be made available to the Little Rock District through reprogramming?

Response. If there is a shortfall, we expect to be able to reprogram most of the balance by restoring funds previously reprogrammed from the project.

Question 15. What is the Corps construction capability in fiscal year 2002 for MPLD?

Response. Sir, subject to the usual qualifications on capabilities, the fiscal year 2002 construction capability is \$60 million.

Question 16. What impact will \$18 million proposed in the President’s budget request for FT02 have on construction—how much extra time will be required to finish it and at what estimated cost?

Response. The balance to complete after fiscal year 2001 is \$84 million. The scheduled completion date, without reprogramming, is December 2005. The maximum rate at which we can spend funds efficiently would result in a completion date of December 2003. This can be attained through additional appropriations, reprogramming, or a combination of the two. Accelerating the schedule by the entire 2 years could reduce budgetary costs by \$5 million (which reflects the estimated impact of inflation.)

RESPONSES BY LT. GEN. ROBERT B. FLOWERS TO ADDITIONAL QUESTIONS FROM
SENATOR RON WYDEN

COLUMBIA RIVER FISH MITIGATION

Question 1. At a funding level of \$81 million for the Columbia River Juvenile Fish Mitigation Program, will the Army Corps be able to meet all of the requirements in the National Marine Fisheries Service Biological Opinion? If not, how much is needed to meet these requirements and what are likely impacts if the necessary funding is not provided?

Response. Not all measures called for in the Biological Opinion (Biop) will be undertaken in fiscal year 2002 at a funding level of \$81 million. The Corps has expressed a capability of \$110 million, which would allow us to address additional measures. The overall project currently consists of approximately sixty (60) separately executed measures established in response to prior and new biological opinions. Prioritization of the list of measures is coordinated with regional, Federal, State and tribal interests in anticipation that actual annual appropriations will not be sufficient to address all of the measures in a given fiscal year and some measures will need to be deferred. The new Biop provides ten (10) years to meet performance goals for improved juvenile and adult survival for the ESA listed stocks. The additional amount would assist in completing the project within this timeframe. Increased funding levels will be required in the future in order to meet the requirements within the 10-year performance plan.

WILLAMETTE BASIN PROJECTS

Question 2. The Administration's budget request for the Willamette Valley operating projects is less than requested last year. Is this year's request adequate to fund all ongoing operations and maintenance requirements and address new Endangered Species Act requirements for the Willamette Basin?

Response. Subject to the usual qualifications regarding capabilities, we have the capability to use another \$1,000,000, in addition to the budget request, to carry out additional actions associated with the biological opinions that address the Endangered Species Act for the Willamette Valley operating projects. That additional \$1,000,000 would need to be spread among the Fern Ridge, Cougar, Detriot-Big Cliff, Green Peter-Foster, and Lookout Point-Dexter projects.

COLUMBIA RIVER AND TILLAMOOK ESTUARIES

Question 3. No funds have been included in the Administration's budget request to begin work on the projects authorized by section 536 of the Water Resources Development Act of 2000. Doesn't the Corps need to have funding in order to initiate these important projects in the Columbia River and Tillamook Estuaries in fiscal year 2002? And, if so, what is the funding level needed to proceed with work in these estuaries?

Response. Yes, the Corps requires funding in order if we are to initiate projects in the Columbia River and Tillamook estuaries in fiscal year 2002 under section 536 of WRDA 2000. The Corps has stated a capability of \$7.5 million to collaborate with stakeholders, identify and prioritize restoration actions and identify non-Federal sponsors to cost share, plan, design and construct restoration projects.

COLUMBIA RIVER CHANNEL IMPROVEMENTS

Question 4. No funds have been included in the Administration's budget request to continue the consultation and planning for the Columbia River Channel Improvements Project. What is the funding level needed to continue the consultation and planning for this project?

Response. We are using funds appropriated for fiscal year 2001 to continue the consultation and planning for this project. However, we could use an additional \$500,000 in fiscal year 2002 to accelerate this effort. This amount has been expressed as capability for fiscal year 2002.

TILLAMOOK BAY AND BAR

Question 5. Only \$14,000 was included in the Administration's budget request for operation and maintenance work on the Tillamook Bay and Bar. Tillamook County and the Port of Garibaldi estimate \$550,000 is needed to repair and restore the jetties, which were last repaired in 1991 and have since experienced serious erosion. In light of this erosion problem, which has worsened since the Corps began preparing its budget request for fiscal year 2002, why was the Administration's request only \$14,000?

What level of funding would be required in fiscal year 2002 to enable the Corps to complete a Major Maintenance Report and Plans and Specifications for the restoration and repair of the North and South Jetties on Tillamook Bay?

Response. The Corps has not developed as estimate for repairing and restoring the jetties, but the amount mentioned in the question, \$550,000, might cover the cost of the major maintenance report and the plans and specifications. Our next step would be to initiate the Major Maintenance Report. Subject to the usual qualifications regarding capabilities, we have the capability to use up to \$200,000 to prepare a major maintenance report for repairing the north and south jetties at Tillamook

Bay and Bar. After completion of a favorable report, we would prepare the plans and specifications in a future fiscal year. Due to overall budget constraints, we could not include the funds necessary for the Major Maintenance Report in the President's fiscal year 2002 budget.

TILLAMOOK BAY AND WILLAMETTE ESTUARY

Question 6. No funds have been included in the Administration's budget request for the "Challenge 21" program authorized by section 212 of the Water Resources Development Act of 1999. This law designated Tillamook County and the Willamette Basin in Oregon as priority areas for flood damage reduction and conservation projects under this program. Doesn't the Corps need to have funding in order to initiate these important projects in Tillamook County and the Willamette Basin in fiscal year 2002? And, if so, what is the funding level needed to proceed with work in these areas?

Response. A General Investigations study for Tillamook Bay and Estuary is approved and the ongoing cost-shared feasibility study began in August 1999. \$500,000 is already included in the fiscal year 2002 President's budget. No additional capability has been stated. \$170,000 is included in the fiscal year 2002 President's budget, under General Investigations, for the Willamette River Basin Floodplain Restoration Study. This level of funding is adequate to initiate Phase I of the feasibility study for the Willamette Basin. Additional funding under section 212 of WRDA is not required in fiscal year 2002.

ENVIRONMENTAL VALUES

Question 7. The Corps has testified before Congress that the agency is concerned about the environmental impacts of proposed projects and project operations. But a 2001 National Academy of Sciences (NAS) panel found that the Corps' analysis underestimates the environmental impacts of its projects. How will the Corps ensure that environmental impacts of its projects are fully considered and addressed in its planning and implementation of projects?

Response. The Corps of Engineers routinely includes the full integration of environmental values in all our planning processes. First, all planning teams are consistently and conscientiously comprised of a truly multidisciplinary planning team that includes members representing ecological/biological/and environmental disciplines, staff formally trained in cultural, historical and archeological disciplines, as well as engineers, economists and real estate experts. Further, in response to specific criteria provided in the Water Resources Council's "Economic and Environmental Principle and Guidance for Water and Related Land Resources Implementation Studies," the Corps of Engineers has promulgated their own Planning Guidance Regulation that explicitly, and fully, includes strict planning criteria addressing proper and thorough consideration of all environmental values throughout the planning, project identification and implementation process. Finally, in response to compliance with the Council on Environmental Quality's "Regulations for Implementing the Procedural Provisions of the National Environmental Policy Act (NEPA)", the Corps rigorously, and simultaneously fully addresses those requirements for each and every planning effort, while at the same time being fully integrated with the study/planning process.

It should also be noted that the Corps has several programs whose sole goal is to produce environmental values. These include section 1135 (Modification of Existing Projects for the Improvement of the Environment), section 204 (Beneficial Use of Dredge Material), and section 206 (Aquatic Ecosystem Restoration), all under the Continuing Authorities Program. There is also the ecosystem restoration mission added as a separate mission by the Congress whose purpose is to plan ecosystem restoration projects for authorization.

Question 8. The Corps recently testified before Congress that Corps projects seek to achieve both economic and environmental values. But the Corps' planning guidelines require the Corps to maximize economic benefits. And the recent NAS panel criticized the Corps for failing to update regulations to include environmental restoration as a project purpose and not providing guidance on including environmental improvements in project planning. How will the Corps address the NAS criticism and achieve its goal of maximizing both economic and environmental values?

Response. The Corps has already expanded and revised its methods for evaluating environmental values during the formulation of its projects. Further, the Corps has numerous initiatives underway which are looking at better defining and evaluating environmental benefits and incorporating environmental sustainability into Corps projects.

We continue to refine our benefit evaluation methodologies to keep up with advances in economic evaluation and environmental science. We have placed particular emphasis in our research program in looking at ways to measure and value environmental outputs. We have refined our planning processes to achieve better synergy between economic and environmental values. For example, in April of last year, we improved our planning guidance to clarify our ability to develop projects for environmental restoration.

The Corps guidance for the conduct of feasibility studies provides the framework and criteria to be used in the evaluation of projects both in terms of costs and benefits, monetary and non-monetary. We are continually striving to improve our methodologies and processes for evaluating all alternatives and options. There are basic guidelines on methodologies and criteria for making determinations of appropriate factors for inclusion in different evaluations. These guidelines allow for the use of new, improved or different methodologies, but require validation of variations from proven techniques. The guidelines are also updated to assure that all alternatives are evaluated in an unbiased manner. We recently revised the guidelines on the methods to be used to calculate benefits for non-structural measures as well as revising and expanding our methods for evaluating environmental values.

FY 2002 O & M Critical Backlog

Crosses all Business Processes

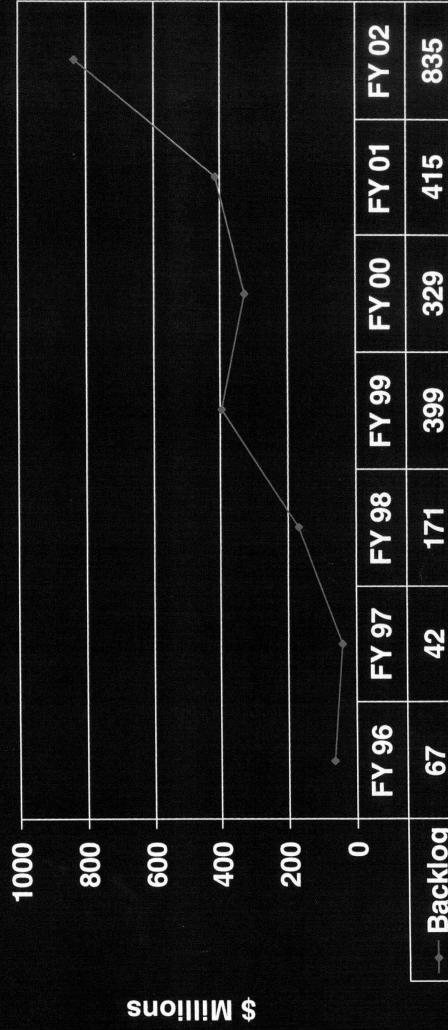
- Navigation
- Flood Control
- Hydropower
- Environmental Stewardship
- Recreation

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Directorate of Civil Works

1

FY 2002 Critical Backlog *Civil Works O&M Program*



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Directorate of Civil Works

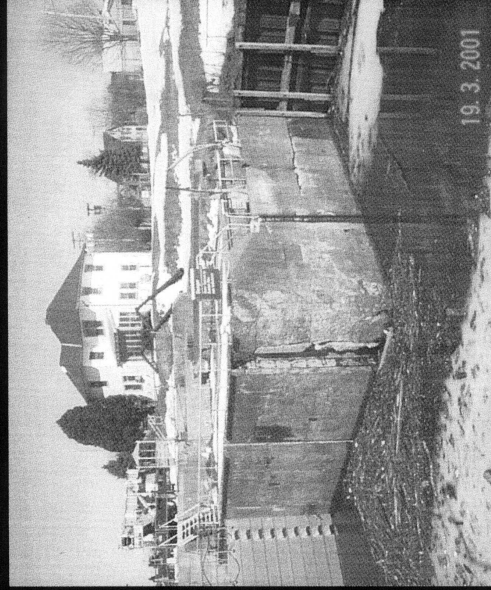
**FY 2002 Critical Backlog
Business Process: *Navigation***

New York District

Troy Lock and Dam, NY

Repair concrete lock guide walls, emptying culvert & valve recesses, and dam gallery access shaft

Estimated cost: \$1,500,000



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Directorate of Civil Works

FY 2002 Critical Backlog

Business Process: *Navigation*

- North Landing Bridge (AIWW) surface and sheet pile encasements deteriorated; require replacement
- Failure to fund would result in failure to meet 97% lock availability goal
- Extended failure to fund could mean loss of project feature, with
 - Threat to marine safety,
 - increased cost of commerce, and
 - possible curtailment of Navy operations in area

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4

FY 2002 Critical Backlog
Business Process: *Flood Control*

Portland District

Bonneville Lock and Dam

replace spillway power
distribution system
electrical equipment

Estimated cost: \$1,540,000



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FY 2002 Critical Backlog
Business Process: *Flood Control*

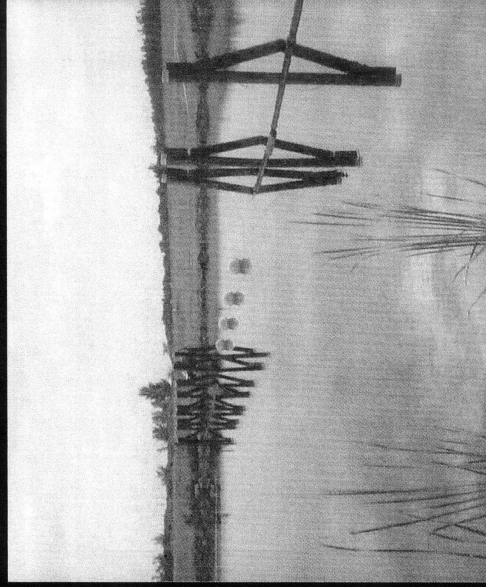
- FY 2000 savings from deferred routine maintenance - \$80,000 (e.g., paint, change oil, test, check secondary equipment, etc.)
- Repairs needed as a result of deferred maintenance - \$1,540,000
- Impact if deferred indefinitely -
 - ability to control Lower Columbia spill at risk;
 - salmon program threatened;
 - not in compliance with legal requirements

FY 2002 Critical Backlog
Civil Works O&M Program

**Jacksonville District
Central and Southern
Florida**

Repair five spillway debris
barriers that have deteriorated
and missing pilings

Estimated Cost: \$476,000



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Directorate of Civil Works

FY 2002 Critical Backlog
Business Process: *Hydropower*

- Each circuit breaker tank contains 1850 gallons of oil
- no longer environmentally acceptable
- replace with Gas Circuit Breakers
- July 2000, major failure of one of the oil breakers could have ruptured tank due to cross arm breaking
- Increased safety and environmental risk, especially in light of recent failure.