

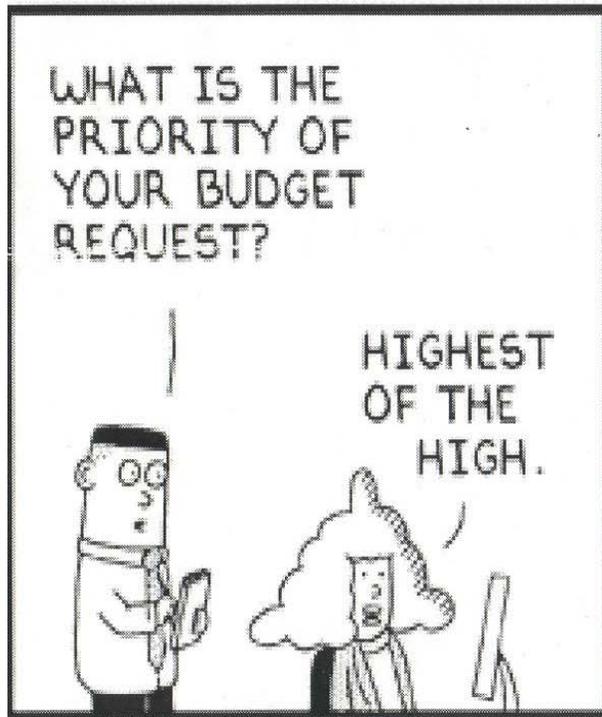


***Systems Budgeting
U.S. Army Civil Works Program***

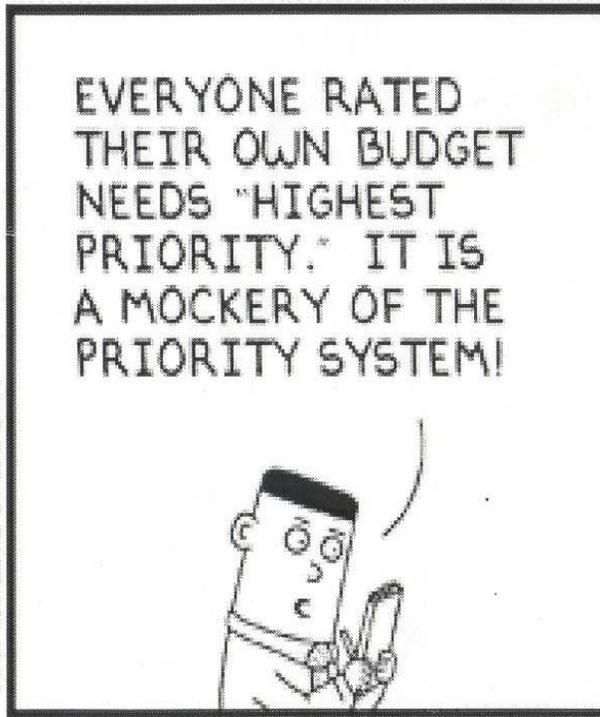
**CERB Meeting
24 Sep 2008**

***Pete Luisa, Chief, Program Development Br
Directorate of Civil Works
U.S. Army Corps of Engineers***

ESTABLISHING THE PROGRAM



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PROGRAM STRUCTURE

Business Line

Navigation

Coastal harbors; Inland Waterways

Flood Risk Management

Riverine Floods; Coastal Storms

Environment

Aquatic Ecosystem Restoration

Stewardship

Formerly Utilized Sites RAP

Hydropower

Recreation

Water Supply

Flood Control & Coastal Emergencies

Regulatory Program

(Expenses)

Account

Investigations

Construction

Operations & Maintenance

Flood Control, MR&Tribes

Regulatory Program

Formerly Utilized Sites RAP

Expenses

Flood Control & Coastal Emerg



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Key Budgeting Metrics

- FRM & NAV & HYDRO - Benefit to Cost Ratio
- FRM & NAV - Dam Safety & Seepage Stability
- FRM - People in the 100-yr floodplain
- ENR - Loss prevention for significant natural resources
-
- NAV & FRM & HYDRO - "Risk" Assessments
- NAV- Tonnage movements

- ALL - New/Continuing/Completing/Years to Complete
- ALL INV - Watershed Elements
- ALL CONST - ESA & compliance needs
- ALL O&M - Safety, Caretaker, Compliance, Subsistence



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Budget Arithmetic – FY09

FY08 Civil Works Budget Ceiling \$4,800 mil

Allocate GE, REG, FCCE, REC, FUSRAP... - 900

Allocate Base O&M (~75% of required) - 1,800

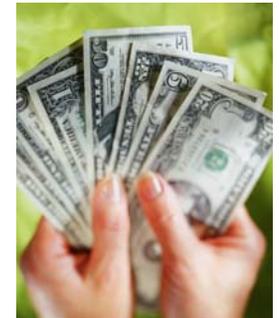
Essential Dam Safety - 400

Assign National Priorities - 500

Continuing Construction at Base Level - 700

Planning Studies - 100

Minimum Essential Allocation = **- \$4,400**



Left for all other CW Projects & Programs ~\$ 400 mil*

BUT \$400 M NEEDED to restore project O&M to reasonable levels

THAT'S IT!

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The “Luisa” Years



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CW Budget – Increment Development

Increments within Each Business Program

- **Investigations**

 - Increment 1 – same as last year**

- **Construction**

 - Increment 1 – continuing ongoing budgeted needs**

- **Operations and Maintenance**

 - Increments 1 and 2 restricted to 75% of the average over last 5 years (Field Decides)**

 - Increment 3 to bring to 100% (HQ Decides)**

 - Increment 4 to bring to 125% (HQ Decides)**

 - Increment 5 to bring to Capability**



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CW Budget – Level Development

Initial

Ceiling (Base if no number provided)

Recommended 1-3

“Current Services”

Optimal

Capability



Relative Risk Ranking Matrix

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Condition		Relative Risk Ranking Matrix				
		Condition Classification				
Consequence	Consequence Category	F (Failed)	D (Inadequate)	C (Probably Inadequate)	B (Probably Adequate)	A (Adequate)
		I	25	24	20	16
II	23	21	17	12	7	
III	22	18	13	8	4	
IV	19	14	9	5	2	
V	15	10	6	3	1	

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2010 Performance Assessments

Performance Reliability Assessment Standards for Navigation Projects	
Condition Classification	Definitions
A Adequate	<ul style="list-style-type: none"> - There is a high level of confidence that the feature will perform well under the designed operating conditions. This confidence level is supported by data, studies or observed project characteristics which are judged to meet current engineering or industry standards. - There is a limited probability that the verified degraded conditions will cause an inefficient operation, or degradation or loss of service.
B Probably Adequate	<ul style="list-style-type: none"> - There is a low level of confidence that the feature will perform well under designed operating conditions, and may not specifically meet engineering or industry standards. The feature may require additional investigation or studies to confirm adequacy. - There is a low probability that the verified degraded conditions will result in inefficient operation, or degradation or loss of service.
C Probably Inadequate	<ul style="list-style-type: none"> - There is a low level of confidence that the feature will not perform well under designed operating conditions, and may not specifically meet engineering or industry standards. The feature may require additional investigation or studies to confirm adequacy. The feature does not meet current engineering or industry standards. - There is a moderate probability that the verified degraded conditions will result in inefficient operation, or degradation or loss of service
D Inadequate	<ul style="list-style-type: none"> - There is a high level of confidence that the feature will not perform well under designed operating conditions. Physical signs of distress and deterioration are present . Analysis indicates that factors of safety are near limit state. The feature deficiencies are serious enough that the feature no longer performs at a satisfactory level of performance or service. - There is a low probability that the verified degraded conditions will result in inefficient operation, or degradation or loss of service.
F Failed	<ul style="list-style-type: none"> - The feature has FAILED - Historically the feature regularly experiences scheduled or unscheduled closures or loss of service for repairs.

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2010 Consequences Assessments

Consequences for Navigation Projects	
CONSEQUENCE ASSESSMENTS	Definitions
I	MAXIMUM
II	HIGH
III	MODERATE
IV	LOW
V	NEGLIGIBLE



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O&M Budgeting by System

- FY07-FY08:
 - 21 budgeting regions
 - Based on USGS hydrologic unit codes plus navigation tax regions
- FY09
 - 54 Regions/Systems
- FY10+
 - 52 Regions/Systems



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PROGRAM DEVELOPMENT APPROACHES

COLLECTION OF PROJECTS OR SYSTEM OR AMORPHOUS BLOB

CURRENT

THINK SYSTEMS
FILL OUT PROJECTS
EVALUATE PROJECTS
REPORT SYSTEMS

FUTURE

THINK SYSTEMS
FILL OUT SYSTEMS
EVALUATE SYSTEMS
REPORT SYSTEMS



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PROGRAM DEVELOPMENT FUTURE CHALLENGES

Budgeting

- **Performance-Based Systems**
- **Refining & Improving Incremental System Metrics**
- **System vs Congressional Hip Pocket Guide**
- **“Magic Formula”**

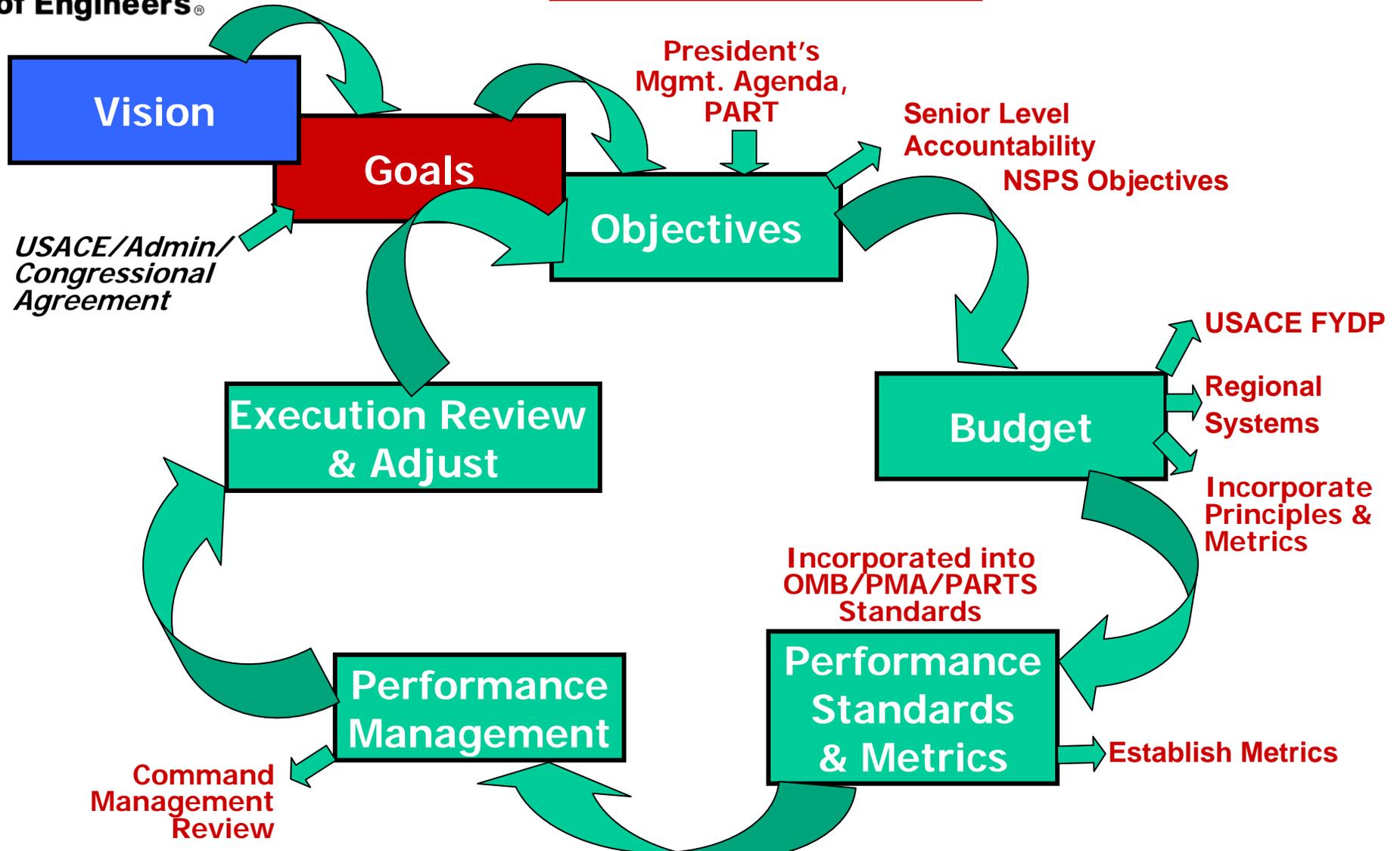
Funding Crowding Out

- **Dam Safety**
- **ESA**
- **Rehabs**



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System Program Development & Management



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How We All Contribute

COMMUNICATE !

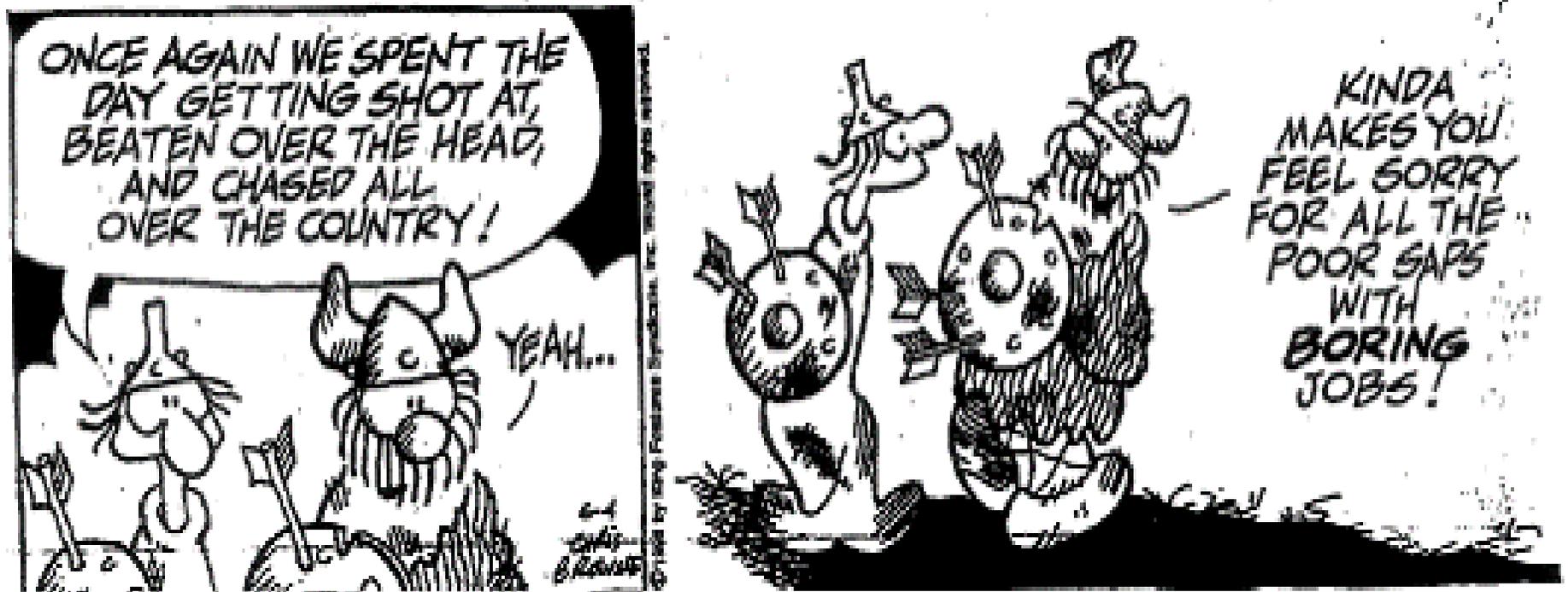
- Develop a Vision for the state of water resources
- Create NATIONAL DESIRE for water resources that serves the Nation's quality of [all] life needs, today and into the future.



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Great Job

HAGAR By Chris Browne



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