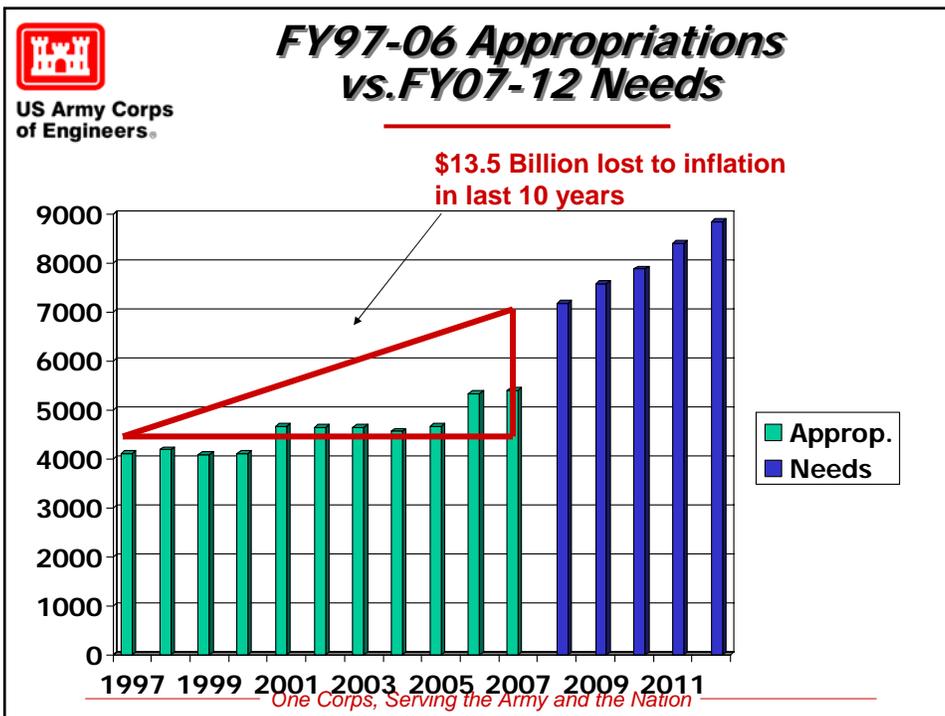
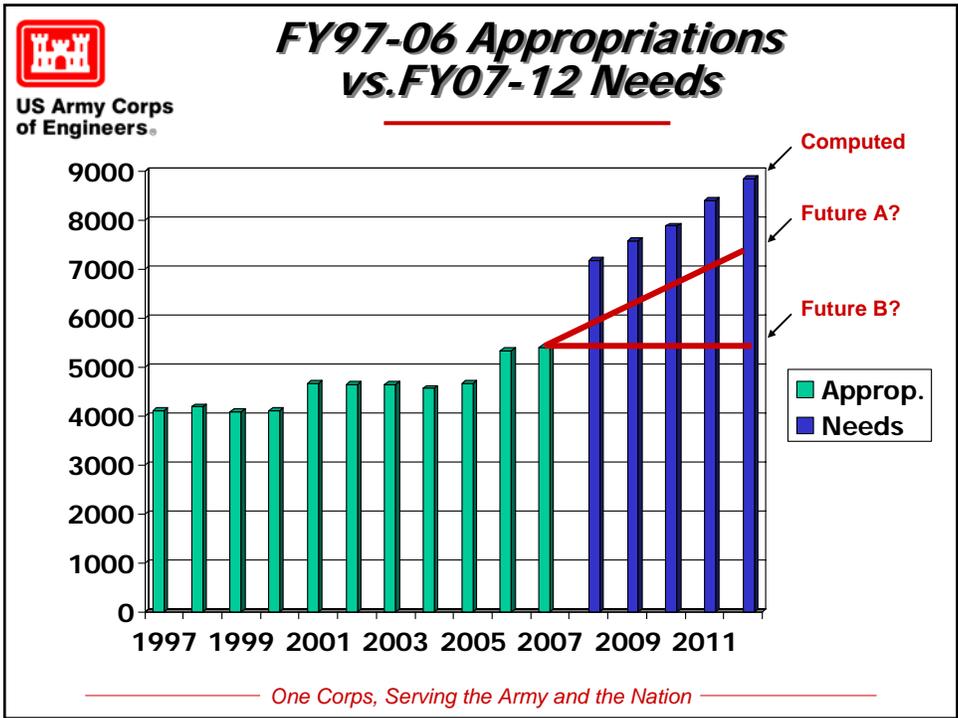


Program Development & Management: U.S. Army Civil Works Program

National Dredging Meeting
June 13, 2007

Jim Walker, Navigation Business Line Manager
Directorate of Civil Works
U.S. Army Corps of Engineers







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Observations ***Budget and Financial Management Practices***

- Congress, Admin, Field, Stakeholders
 - No Vision, “A collection of projects”
 - No goals, objectives, metrics as req’d by President’s Management Agenda (PMA)
 - Supporting materials not timely, accurate
 - Not responsive to local and regional priorities
 - Basis for decisions changes from year to year; difficult to plan for the future
 - Complex, complicated; difficult to understand reasons for budget decisions
 - Projects funded inefficiently
 - Appropriation not administered as Congress intends



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How are we doing today? ***Improvements and Successes***

- Implemented FY06 legislative reforms
 - ER 11-2-189
 - Reprogramming
 - Continuing contracts
 - Reporting
 - Accurate, timely reports
- OMB PMA/PARTS—serious effort to improve
- Enforcing one project--one ‘capability’ rule
- Restoring discipline to budgets and estimates
- More timely, accurate
- Improved Five Year Development Plan (FYDP)
 - Agreement with OMB & Congress on content of FY07 FYDP



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How are we doing today? Improvements and Successes

- Some Administration agreement on important budget principles (discussions continue)
 - Capital investment decisions are for 30+ years
 - Less reliance on remaining benefit/remaining cost ratio; more reliance on BCR
 - More use of other-than-economic decision factors (safety, legal, environment, watershed)
- Agreements with Administration & Congress on future directions
 - PARTS
 - FYDP
 - Willingness to discuss the larger issues
- Full funding of HQUSACE
- Refocusing and integrating our strategic efforts

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Civil Works Budget

The President's Overall Budget Priorities:

- Continue Long Term Economic Growth
- Win the Global War on Terrorism
- Secure the Homeland



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Washington Post May 10, 2007

What should public servants be working on?

- 17% quality, affordable health care
- 16% ensure national security and prevent terrorism
- 14% reduce dependency on foreign oil
- 13% improve quality of public education and access to higher education



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Conclusions...



We must commit to realizing our strategic plan and vision!

•We must focus on:

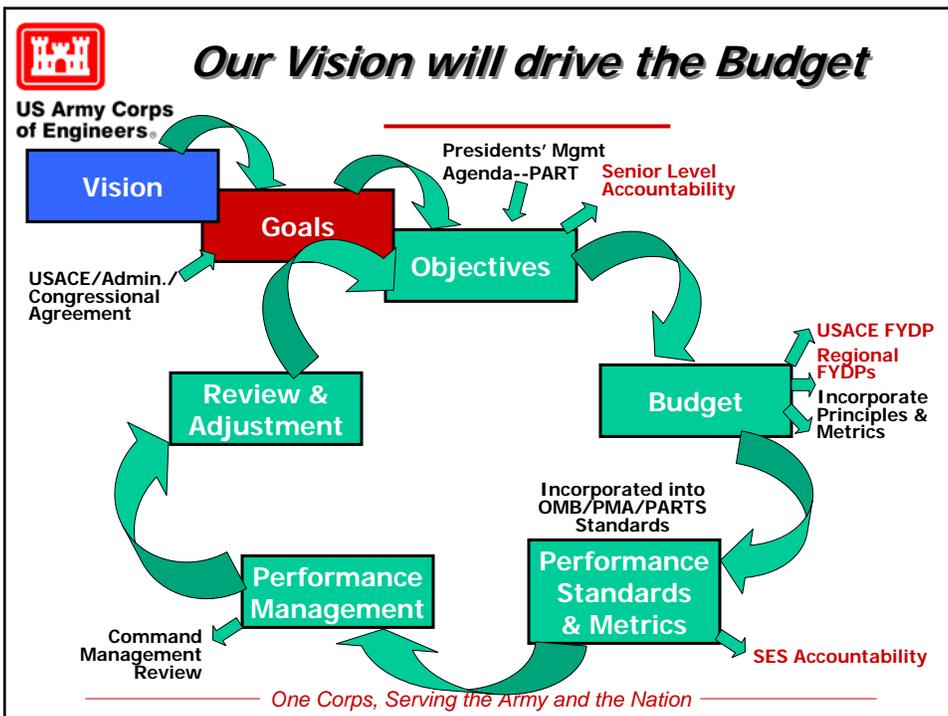
- Integration of vision, goals and long range planning into budget development—especially for new projects and recapitalization of existing projects
 - Project decisions must be consistent with strategic decisions
 - More consistent decision making from year to year
 - Enable Districts and Stakeholders to plan into the future

•We must convince the political establishment (the electorate) that recapitalization and maintenance of our critical infrastructure is a nation priority

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Vision– About those we Serve

I see rivers with tows of bulk cargo, industrial materials and containers. I see a River Control Office using GPS to track all commercial traffic on the waterway. I hear the Controller advising the tows on optimal speed and distance for safety and efficiency. I see locks automatically opening gleaming steel gates as the tows approach. The company account is automatically debited as the entire tow enters the lock. I see fish jumping, wildlife, fishermen, water supply intakes, and families.





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FY09 & Beyond

- HQ/ASA/OMB establish
 - National Goals
 - USACE Five Year Plan: Budget & 'E'
 - More Stable Guidance
 - Image Management
- Field/Stakeholders
 - Watershed/system goals & objectives
 - Five Year Plans
 - Budget in context of policy & amounts available
- HQ/ASA/OMB ensure policy compliance, measure performance

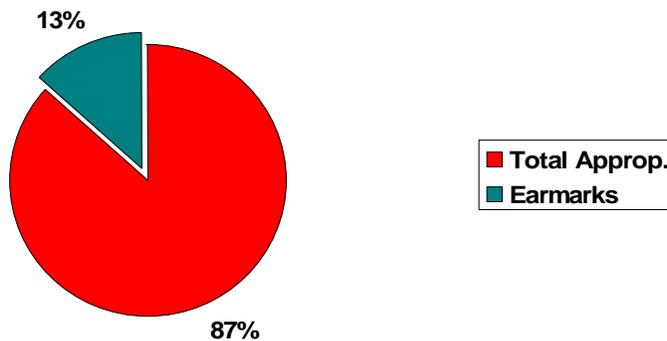


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FY05 E&WD ACT CW EARMARKS As a % of the FY05 Appropriation



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Stephen Flynn
"We Were Warned"

Anderson Cooper Interview, Apr 2007

"The biggest thing that we're not coming to grips with as a society is we're becoming more brittle. We're becoming more fragile. The infrastructure that we rely on was built largely by our grandparents and great grandparents in the early part of the 20th century. And it wasn't designed to last forever. There are bridges that are failing. **There are locks and dams that move barges up and out in our inland waterway systems to get farmers' goods to market that are falling apart.**"

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Stephen Flynn
"We Were Warned"

Anderson Cooper Interview, Apr 2007

"We need to make [it] a focus [that] building a resilient nation within our borders is as much a priority as confronting threats beyond our borders. I think we can do that."

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How Can We All Contribute?

- **USACE Leadership:**
 - Provide the vision, goals, objectives in an open, collaborative way
 - Be "Thought Leaders"
 - Lead the discussion to create the solutions to achieve the vision
 - Implement the Strategic Vision and Five Year Plan
 - **Administration:**
 - Listen
 - "Walk the performance-based budget talk."
 - Trade control for funding
 - **Stakeholders:**
 - Contribute to vision, Goals, Objectives, Metrics
 - Participate in Full Cost Pricing Solutions
 - Communicate!
 - Adopt the Vision to be the desired future state of water resources development
 - Create a national desire for a water resources infrastructure that will serve this Nation's economic, quality of [all] life and defense needs, today and into the future.
- ~~Support the budget/financing that enables the vision~~ —————

