

THE WATER RESOURCES REFORM AND DEVELOPMENT ACT of 2014

HOUSE TRANSPORTATION & INFRASTRUCTURE COMMITTEE



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GENERAL INFORMATION

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WHAT IS WRRDA?

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America is blessed with an unparalleled network of natural harbors and rivers. The ports, channels, locks, dams, and other infrastructure that support our maritime and waterways transportation system and provide flood protection for our homes and businesses are vitally important to a healthy national economy and job growth. Ensuring a sound infrastructure network is a shared responsibility, with a strong federal role recognized by our Founding Fathers.

The Water Resources Reform and Development Act (WRRDA) of 2014 promotes our Nation's competitiveness, prosperity, and economic growth by upholding the seminal federal responsibility to maintain a strong transportation infrastructure and ensure the efficient flow of domestic and international commerce.



Through WRRDA, Congress authorizes the key missions of the U. S. Army Corps of Engineers, including developing, maintaining, and supporting the Nation's economically vital waterway infrastructure and supporting effective and targeted flood protection and environmental restoration needs.

WRRDA also provides Congress the opportunity to make much needed policy reforms, strengthen oversight, cut red tape, reduce bureaucracy, and open the door to innovation and stronger partnerships that will improve infrastructure development. Since such a measure has not been enacted since 2007, Congress has been silent on needed reforms and has failed to take action to develop, maintain, and support our Nation's vital water infrastructure needs.



THE TIME FOR CONGRESS TO ACT IS NOW.

THE IMPORTANCE OF WATER RESOURCES INFRASTRUCTURE

JOB TRADE COMPETITIVENESS ECONOMIC DEVELOPMENT

Since the establishment of the Nation, our inland waterways and seaports have linked America directly to the global economy. This remains true today. Goods from all over the world reach our store shelves after arriving here through our ports, and products grown and made in the U.S.A. get to market overseas using our water transportation network.

The importance of the U.S. Army Corps of Engineers mission to maintain our port and waterways infrastructure will only increase with time. Expansion of the Panama Canal is expected to be completed in 2015, allowing more and larger ships to call on America's ports. Our trade volume is expected to double within a decade, and to double again by 2030. We have to be ready for this expected growth in order to remain globally competitive.

The economic benefits of the Corps' mission are not limited to navigation and commerce. Levees, dams, reservoirs, and other measures within the Corps' mission scope provide flood protection for homes and businesses, protecting property and life.

- **Nearly one-third of our Gross Domestic Product (GDP) is derived from international trade, and 99 percent of that trade passes through the Nation's ports.**
- **Approximately \$1.4 trillion worth of goods move each year through our ports, from and to every corner of America and the world.**
- **30 million jobs are related to international trade, and \$200 billion in federal, state, and local tax revenue is generated by our ports every year.**
- **Transportation accounts for as much as 10 percent of the total product cost for the food, clothing, and other goods we buy on a daily basis.**
- **Every single U.S. state relies on at least 15 seaports to handle its imports and exports. The effectiveness of this indispensable infrastructure has profound economic impacts on us all.**
- **Nationwide, the benefits-to-cost ratio for flood protection projects is 7-to-1.**
- **Annual flood damage prevented through the Corps mission are estimated at \$22.3 billion.**

CLEAR FEDERAL ROLE

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From the earliest days of our Nation, our history has included a strong federal role in transportation.

Adam Smith, the father of modern economics and author of the *Wealth of Nations*, argued the three essential duties of government are to provide security, preserve justice, and erect and maintain public works to facilitate commerce.

The Framers of our Constitution also came to fully understand the important role of the national government in carrying out these responsibilities. The Articles of Confederation failed in large part because they provided no means for Congress to regulate commerce between the States. This weakness, underscored by a dispute between Maryland and Virginia regarding navigation rights on the Potomac River, helped bring about the Constitutional Convention.

Our Founding Fathers, in Article I, Section 8 of the Constitution, directed Congress to establish post roads and regulate interstate commerce. In doing so they laid the groundwork for connecting the country through trade and travel and recognized the critical role of an efficient, robust infrastructure network that links American consumers, manufacturers, and farmers to domestic and world markets.

Congress must continue to uphold the federal commitment to provide a robust and unifying physical platform upon which the American people and businesses can compete and prosper.

CONSEQUENCES OF INACTION

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Without passing new water resources development legislation:

- The Corps of Engineers and the Administration continue to operate without new direction and oversight from Congress
- The federal bureaucracy continues unchecked and unreformed
- Needed project improvements recommended by the Corps Chief of Engineers that have been fully vetted and heavily studied – but require Congressional approval – remain stalled and American competitiveness continues to erode
- The Corps review process for developing our water infrastructure remains inefficient, costing us time and money and preventing action
- Ongoing Corps construction activities that need modifications requiring Congressional authorization have stalled or stopped, resulting in stranding of capital investment and increased project costs
- Studies that could lead to potential Corps activities to address port, inland waterways, flood control, and environmental restoration issues are unable to move forward
- Flexibility for state and local governments and opportunities for private sector involvement remain limited
- Other countries continue to modernize their infrastructure and increase their ability to attract private sector job-creators and investment, leaving the United States behind on global trade

WRRDA 2014 HIGHLIGHTS

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The Water Resources Reform and Development Act of 2014 is one of the most policy and reform focused measures of its kind in the last two decades. WRRDA streamlines the project delivery process, promotes fiscal responsibility, and strengthens our water transportation networks to promote competitiveness, prosperity, and economic growth. WRRDA contains no earmarks and makes major reforms to increase transparency, accountability, and Congressional oversight in reviewing and prioritizing future water resources development activities.

Reforms Bureaucracy, Accelerates Project Delivery, and Streamlines Environmental Reviews

- Sets hard deadlines on the time and cost of studies
- Consolidates or eliminates duplicative or unnecessary studies and requires concurrent reviews
- Streamlines environmental reviews and improves coordination

Fiscally Responsible

- Deauthorizes \$18 billion of old, inactive projects that were authorized prior to WRDA 2007
- More than fully offsets authorizations with deauthorizations
- Sunsets new authorizations to prevent future project backlogs
- Reduces the inventory of properties that are not needed for the missions of the Corps

Strengthens Oversight, Transparency, and Accountability

- NO earmarks
- Establishes a new, transparent process for future bills to review and prioritize water resources development activities with strong Congressional oversight

Increases Flexibility for Non-Federal Interests and Leverages Private Sector Investments to Multiply the Effect of Federal Funding

- Maximizes the ability of non-federal interests to contribute their own funds to move studies and projects forward
- Expands the ability of non-federal interests to contribute funds to expedite the evaluation and processing of permits
- Establishes a Water Infrastructure Public Private Partnership Program and new options to expand the local role in project implementation
- Creates innovative methods to invest in and finance water resources infrastructure and municipal drinking water and wastewater needs

Enhances Safety and Protects Communities

- Strengthens dam and levee safety
- Improves Army Corps of Engineers responses to extreme weather events
- Encourages resilient construction techniques and the use of durable, sustainable, and innovative materials

Improves Competitiveness, Creates Jobs, and Strengthens Water Resources Infrastructure

- Authorizes needed investment in America's ports, strengthens ports that move the majority of the Nation's commerce, and ensures equity for those ports that contribute the most to the Harbor Maintenance Trust Fund
- Supports underserved, emerging ports
- Reforms and preserves the Inland Waterways Trust Fund
- Authorizes priority water resources infrastructure improvements recommended to Congress by the Chief of the Army Corps of Engineers to improve navigation and commerce and address flood risk management, hurricane and storm damage risk reduction, and environmental restoration needs

REFORMS BUREAUCRACY, ACCELERATES PROJECT DELIVERY, AND STREAMLINES ENVIRONMENTAL REVIEWS

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OLD PROCESS

15+ YEARS

NEW PROCESS

3 YEARS

While it once took the Corps of Engineers three to five years to complete a study, it has now become common for this process to take 10 to 15 years. The unwieldy review process excess costs us time and money and prevents action. Congress must change the way the Corps of Engineers does business. Specifically, WRRDA:

- **Sets hard deadlines on the time and cost of studies:** WRRDA limits most Corps of Engineers feasibility studies to three years. Currently these studies have no time limit. Additionally, WRRDA caps the federal cost of Corps of Engineers feasibility studies at \$3 million. Currently there is no cap.
- **Requires concurrent reviews:** WRRDA requires District, Division, and Headquarters personnel to concurrently conduct reviews of a feasibility study, eliminating the current practice of sequential reviews.
- **Streamlines environmental reviews:** WRRDA accelerates Corps of Engineers studies and reviews by requiring the Secretary of the Army coordinate with all agencies involved in the environmental review process, requires concurrent environmental reviews, sets deadlines in a consultative process, and ensures collaboration among all agencies involved.
- **Consolidates studies and eliminates duplicative analyses:** WRRDA creates an accelerated process which allows non-federal project sponsors and the Corps of Engineers to proceed directly to a feasibility study and repeals a requirement that the Corps re-evaluate cost estimates immediately after initial cost estimates have been completed.
- **Expedites the evaluation and processing of permits:** WRRDA provides the Corps of Engineers permanent authority to accept funds from non-federal public interests - and a pilot program for public utility companies and natural gas companies - to expedite the processing of permits within the regulatory program of the Corps of Engineers.

FISCAL RESPONSIBILITY

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Our water resources infrastructure is critical to maintaining America’s competitiveness, but our financial resources are limited. To ensure greater fiscal responsibility, WRRDA:

- **Deauthorizes \$18 billion of old, inactive projects:** Fiscal responsibility is a top priority. It is vital that Congress sets priorities for the Corps of Engineers and takes old, inactive projects off the books. WRRDA establishes a process that will deauthorize old, inactive projects authorized prior to the Water Resources Development Act of 2007 that have not begun construction, or if they have begun construction, have not received any funds (federal or non-federal) in the last six years. Additionally, this process prioritizes deauthorization of the oldest projects that have been inactive for the longest.
- **More than fully offsets authorizations with deauthorizations:** All authorizations in WRRDA are more than fully offset by deauthorizations. Specifically, WRRDA deauthorizes approximately \$6 billion more than it authorizes.
- **Sunsets new authorizations to prevent project backlogs:** In order to prevent the accumulation of future backlogs, WRRDA terminates the authorization for any project authorized by the legislation after seven years unless construction has been initiated.
- **Reduces the inventory of properties that are not needed for the missions of the Corps of Engineers:** To save taxpayer dollars and allow the Corps of Engineers to focus on core missions, WRRDA requires an assessment of all properties under the control of the Corps of Engineers and the development of an inventory of properties that are not needed for the missions of the Corps, and provides an opportunity for non-federal interests to take over those properties..

STRENGTHENS OVERSIGHT, TRANSPARENCY, AND ACCOUNTABILITY

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Traditionally, Water Resources Development Acts authorized studies, modifications, and other specific projects that had not been recommended by the U. S. Army Corps Chief of Engineers, through a process driven by requests from Members of Congress. Under the current rules of the House of Representatives, authorization activities are no longer executed in this manner.

The Water Resources Reform and Development Act (WRRDA) 2014 is one of the most policy and reform focused measures of its kind in the last two decades. The importance of identifying, prioritizing, and authorizing vital future water resources infrastructure activities remains, and WRRDA provides a path forward by increasing transparency, accountability, and Congressional oversight without ceding Constitutional Congressional responsibility to the executive branch.

WRRDA contains no earmarks and establishes a new, transparent process to review and prioritize water resources development activities with strong Congressional oversight. The groundbreaking, transformative process established in the House passed WRRDA bill is carried forward in the WRRDA Conference Report.



- WRRDA requires the Corps of Engineers to annually publish a notice in the Federal Register requesting proposals from non-federal interests regarding water resources development needs.
- The Corps of Engineers will review proposed submissions for inclusion in an annual “Report to Congress on Future Water Resources Development” according to statutorily established criteria.
- Upon completion of their review, the Corps of Engineers will submit to Congress and make publicly available the annual report of those activities that meet the criteria established by Congress.
- Detailed information on each proposal will be included in the report, including a description of the potential benefits; the name of the associated non-federal interest(s), a letter or statement of support from each associated non-federal interest, the purpose of the proposal, and an estimate of the federal, non-federal, and total costs.
- Congress will use the information provided in the Corps’ “Report to Congress on Future Water Resources Development” to determine authorization priorities in future water resources development legislation, and only those proposals included in the report will be eligible for authorization.

ENHANCES SAFETY AND PROTECTS COMMUNITIES



- **Strengthens dam and levee safety:** Of the approximately 84,000 dams in the United States, the average dam is 52 years old, and roughly 14,000 dams are considered “high-hazard,” meaning failure would cause significant loss of life and damage to surrounding areas. WRRDA strengthens the National Dam Safety Program to provide stronger safety requirements, upgrade emergency preparedness plans to prevent dam failures, and improve recovery plans. WRRDA also enhances the safety of our Nation’s levees, authorizing the Corps of Engineers, in consultation with the Federal Emergency Management Agency, to establish voluntary levee safety guidelines and provide technical assistance to states to support local levee safety programs.

- **Improves Army Corps of Engineers responses to extreme weather events:** WRRDA works to ensure that best practices are used to address threats from floods, droughts, and storms, and requires GAO reviews and a partnership with the National Academy of Sciences to evaluate options for reducing risks and response measures to mitigate the impacts of extreme weather events. Additionally, to improve responses, WRRDA provides the ability for rapid, post-disaster assessments to implement small projects and the authority for the Secretary to recommend larger improvements to Congress through the new “Report to Congress on Future Water Resources Development.”

- **Encourages resilient construction techniques and the use of durable, sustainable, and innovative materials:** Mitigating the potential damage to water resources infrastructure projects from major disasters saves taxpayer dollars, reduces destruction, and can help prevent the loss of lives in disaster prone areas. WRRDA encourages corrosion prevention, the use of durable, sustainable, and innovative materials, and resilient construction techniques that allow a water resources infrastructure project to resist hazards due to a major disaster and reduce the magnitude or duration of a disruptive event to a project.

INCREASES FLEXIBILITY FOR NON-FEDERAL INTERESTS AND LEVERAGES PRIVATE SECTOR INVESTMENTS TO MULTIPLY THE EFFECT OF FEDERAL FUNDING

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Current law limits the ability of non-federal interests to spend their own money to move forward with authorized federal studies and projects. These roadblocks hold back the development of our water resources infrastructure. WRRDA breaks down these barriers, unlocking the opportunity for increased non-federal investment and partnerships with the private sector. Specifically, WRRDA:

- **Maximizes the ability of non-federal project sponsors to contribute their own funds to move studies and projects forward:** WRRDA authorizes non-federal project sponsors to provide funds to the Corps of Engineers to carry out studies and authorizes non-federal project sponsors to carry out federal water resources development projects.
- **Authorizes the Secretary of the Army to accept funds from non-federal entities to operate, maintain, and improve the nation's inland waterways transportation system.**
- **Establishes a Water Infrastructure Public Private Partnership Program and new options to expand the local role in project implementation:** WRRDA establishes an innovative financing mechanism to carry out and manage the design and construction of Corps projects by involving the private sector. WRRDA also expands opportunities for non-federal interests with new options for locals to carry out feasibility studies and projects.
- **Creates innovative methods to invest in and finance water resources infrastructure and municipal drinking water and wastewater needs:** Modeled after the highly successful Transportation Infrastructure Finance and Innovation Act (TIFIA) program for surface transportation, WRRDA establishes a Water Infrastructure Finance Innovations Authority (WIFIA) to provide credit assistance for drinking water, wastewater, and water resources infrastructure projects. This five-year pilot program leverages federal funds by attracting substantial private or other non-federal investments to promote increased development of critical water infrastructure and to help speed construction of local projects.

IMPROVES COMPETITIVENESS, CREATES JOBS, AND STRENGTHENS WATER RESOURCES INFRASTRUCTURE

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Effective water resources infrastructure is vital to a healthy national economy and job growth. Water transportation represents the least expensive, most fuel efficient, and safest way to move cargo. However, our water transportation system is only as effective as the quality of its infrastructure, and the most cost-effective goods delivery system we have is quickly becoming obsolete. To strengthen America's ability to remain globally competitive, WRRDA:

- **Authorizes needed investments in America's ports:** Our nation's ports are significantly underfunded – the American Society of Civil Engineers (ASCE) has projected that at current funding levels there will be a \$28 billion dredging shortfall by 2040. However, each year only approximately half of the \$1.8 billion paid by users and collected in the Harbor Maintenance Trust Fund (HMTF) for maintenance and dredging is being used for its intended purposes and to keep America competitive. WRRDA sets target expenditures from the HMTF, increasing each year, so that by fiscal year 2025 and beyond, 100 percent of the funds collected go towards intended operation and maintenance activities.

- **Focuses on priority needs:** In those years where expenditures from the HMTF are greater than fiscal year 2012 levels, funds above the FY 2012 baseline will be allocated to meet priority needs including deep draft harbors and medium harbors; underserved, emerging harbors; the Great Lakes; and specific expanded uses, to consist of the dredging of berths and the dredging and disposal of contaminated sediments affecting a federal navigation project.

- **Supports underserved, emerging ports:** WRRDA allocates 10 percent of annual HMTF expenditures for fiscal years 2015 and 2022 on harbors that have throughput of less than one million tons annually. This ensures that emerging ports, the needs of which have often been ignored, also receive an equitable share from the HMTF to improve their harbors and enhance their competitiveness. Additionally, in those years where expenditures from the HMTF are greater than fiscal year 2012 levels, 10 percent of funds above the FY 2012 baseline will be dedicated to emerging ports and 5 percent will be dedicated to underserved ports. WRRDA also authorizes non-federal interests to enter into agreements with the Secretary of the Army to provide the Corps of Engineers with an economic justification in order to receive priority federal operation and maintenance funding for authorized projects.



- **Prioritizes Operations and Maintenance Needs:** In order to ensure HMTF funds are distributed appropriately, WRRDA requires an assessment of the operation and maintenance needs of U. S. harbors, and prioritizes future operations and maintenance expenditures based on an equitable allocation among all harbor types.

- **Reforms and Preserves the Inland Waterways Trust Fund:** The Inland Waterways Trust Fund (IWTF) finances construction and major rehabilitation on the Nation's inland waterways and supports more than 250 locks at approximately 200 sites on more than 12,000 miles of inland waterways. Commercial users of waterways contribute to the Trust Fund through user fees. Expenditures for construction and major rehabilitation on inland waterways are cost-shared on a 50/50 basis between the federal government and commercial users through the IWTF.

In recent years the Olmsted Lock and Dam has required the vast majority of IWTF appropriations, creating a significant backlog of other Corps inland waterways priorities. Without reform, this situation is not expected to change for the foreseeable future. WRRDA 2014 addresses this critical issue with a balanced approach that sets the IWTF's support for the Olmsted project at a cost share of 15 percent, freeing up funding to support additional priorities and reduce the backlog of inland waterways projects without placing the full burden of the Olmsted project on the federal government.

Additionally, WRRDA includes important structural reforms to the planning process to prevent future situations like Olmsted. Specifically, these include requiring the use of certified project managers for all capital improvement projects on the inland waterways navigation system, utilizing risk-based cost estimates, identifying best management practices to speed project delivery, and developing a portfolio of standard design for inland navigation locks. To increase oversight, the Corps will also be required to submit annual financial plans for any inland navigation project that costs more than \$500 million.

- **Strengthens Water Resources Infrastructure:** WRRDA authorizes 34 vital water resources projects that have completed technical review by the Corps of Engineers and have been recommended by the Corps' Chief of Engineers. The construction activities are authorized to be carried out in accordance with the plan and subject to the conditions described in their "Chief's Reports," the formal Corps documents, signed by the Chief of Engineers, making final recommendations to authorize specific construction activities.

Based on extensive studies, a Chief's Report provides a detailed description of the need for construction, a justification of feasibility and estimated construction costs along with a breakdown of federal and non-federal cost shares. Once authorized, federal funds for construction can be provided through the appropriations process. These important authorizations construct ship channels to maintain navigation and commerce, and address flood risk management, hurricane and storm damage prevention, and environmental restoration needs.