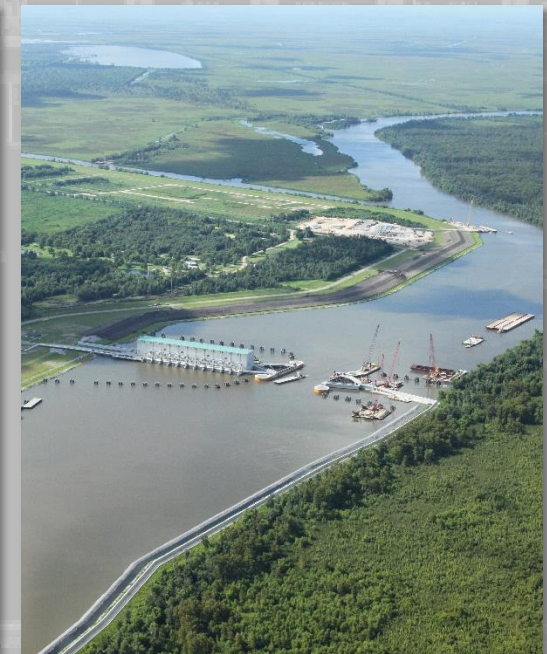


REVOLUTIONIZE USACE CIVIL WORKS

U.S. Army Corps of Engineers
April 2019



US Army Corps
of Engineers®



REVOLUTIONIZE USACE CIVIL WORKS



AGENDA

- Background on Revolutionize USACE Civil Works
- Describe 3 objectives of Revolutionize USACE Civil Works
 - ▶ Accelerate Project Delivery
 - ▶ Transform Project Financing and Budgeting
 - ▶ Improve Permitting and Regulation Reform
- Communication
- Next Steps
- Q&A



SECURING OUR NATION'S FUTURE THROUGH WATER



370+ Million Visits Annually
Generate \$16B in Economic Activity



2008-2017, Prevented
\$873B in Total Damages



50% of Americans Live
w/in 50 Miles of Coast



404 Lakes / Rivers
in 43 States



20% US Jobs and 1/3 GDP
in Waterborne Commerce

Navigation - Commerce, Int'l Markets, Trade

USACE Operates 25,000 miles of Commercial Waterways; **Generates \$18B Annually;**
Supports 20% of US Jobs, 1/3 of GDP;
Transportation = Decisive US Competitive Advantage

Flood and Disaster Risk Reduction

USACE Prevents ~ \$10 in Flood Damages per \$1 Invested;
14,700 Miles of Levees → 12,700 Miles = Local O&M;
700 USACE Dams vs 87,000 National Inventory of Dams

Environment - Ecosystem Restoration and Environmental Stewardship

Hydropower - Inexpensive, Sustainable

USACE is the Nation's Largest Renewable Energy Producer
25% of US Hydropower, 3% of Total US Electricity

Drinking Water

USACE Produces 6.5 Billion Gallons per Day

Quality of Life – Local Economic Engines

USACE is Major Federal Provider of Outdoor Recreation, Contributing >\$11 B to Local Economies

Disaster Preparation/Response

Regulatory



Weather – Related Disasters
3X in Last 30 years



Move 98% US Imports and Exports @ \$2T/Year



Drinking Water for
96 Million People



25% US Hydropower and
3% Total US Electricity



CIVIL WORKS CHALLENGES & OPPORTUNITIES



- **Infrastructure Investment = Global Challenge**
- **Corps Civil Works Portfolio:** 3,000+ Operational Projects, with Replacement Value of ~\$268B
- **Expanding Demands for CW Infrastructure Maintenance, Operations, and Capital Investment**
 - Civil Works New Construction Backlog → \$ 76B
 - Dam Safety Backlog (DSAC 1 & 2) → \$ 20B
 - Some Negative Performance Trends Across Portfolio
 - Aging CW Systems → Recapitalization Phase of Lifecycle
 - \$2.5B Deferred Maintenance Backlog
- **Expanding Demands Serviced by ~\$4.6B Annual Budget Nationally.....Requirements Significantly Outpacing Resources**





CURRENT CIVIL WORKS REALITIES



- Traditional Funding and Delivery Models Increasingly Inadequate. New, Agile Processes and Tools are Necessary
- Administration, Congress and Partners Increasingly Demanding Change in both Federal Permitting and Delivery of Federal Programs
 - Historic Level of Congressional Oversight Engagements
 - More Partners Turning to Alternative Delivery Models
- Significant Challenges and Opportunities
 - Historic FY18 and FY19 Appropriation Levels
 - Historic Storm Supplemental (\$17.4B)
 - Infrastructure Investment an Administration and Congressional Priority
- How is the Corps Responding?
 - Drive to Deliver on Projects, Programs, Commitments
 - Powering Down Decision-Making
 - Working Closely with and Listening to Partners
 - Revolutionize USACE Civil Works
 - New tools for delivery (P3 and WIFIA)





GENERAL THOUGHTS



- USACE Budget Continues to be Constrained, Addressing the Nation's Infrastructure Investment Gap a Shared Federal, State and Local Responsibility
- America's Infrastructure must be a National Priority to Assure Adequate Levels of Investment
- The Corps Doesn't Deliver Anything by Itself... Critical to focus on our Partners, Stakeholders, and Commitments
- Infrastructure Investment is Key to National Economy, Jobs, global competitiveness, and public safety.
- New tools are needed because doing things the same way and expecting different results is not a viable strategy.



REVOLUTIONIZE USACE CIVIL WORKS



REVOLUTIONIZE U.S. Army Corps of Engineers

World-Class Delivery  **Real-World Impact**

GOAL: Revolutionize USACE Civil Works (CW) will expedite delivery of our nation's infrastructure by synchronizing actions, developing new tools, and streamlining activities.

WHO: Dedicated and resourced USACE Infrastructure Team of HQ and field staff to lead efforts working with a Senior Review Group composed of HQ CW and ASA(CW) leadership.



REVOLUTIONIZE USACE CIVIL WORKS



THREE OBJECTIVES

Accelerate Project Delivery

Start and finish projects faster

**Transform Project Financing
and Budgeting**

**More efficient project delivery using
alternative financing tools and new
budgeting processes**

**Improve Permitting and
Regulation Reform**

**Streamlined permit processes and
elimination of duplicative reviews to
expedite delivery of projects**



REVOLUTIONIZE USACE CIVIL WORKS



Accelerate Project Delivery

Problems to Address:

- Projects take too long
- States and local entities want to be more involved

Focus Areas:

- Enterprise project delivery strategies
- Acquisition processes
- Risk-informed decision-making and delegate decision authority
- Innovation



REVOLUTIONIZE USACE CIVIL WORKS



Accelerate Project Delivery

Accomplishments to Date:

▪ **Project Delivery:**

- ✓ Established aggressive schedules for all emergency supplemental projects
- ✓ Identified alternative contract methods to reduce schedules/costs for emergency supplemental activities
- ✓ Streamlined contracting processes (e.g. Increased threshold for certain contract consolidations)

▪ **Risk Informed Decision Making and Delegations of Authority:**

- ✓ Section 408 permissions
- ✓ Independent External Peer Reviews
- ✓ Design and Construction deficiencies <\$500K
- ✓ MSC approval of feasibility milestones



REVOLUTIONIZE USACE CIVIL WORKS



Accelerate Project Delivery

Key Actions In Progress:

- ❑ **Execution of Authorized Projects by Non-Federal Sponsors:**
 - ❑ Developing guidance to implement recent WRDA legislation for to allow potential credit for reimbursement of the Federal share.
 - ❑ Developing guidance on recent WRDA amendment that negates Federal permit requirement when a non-Federal interest constructs a USACE project under certain conditions.
- ❑ **Continued Streamlining Acquisition:** Identify and implement additional acquisition changes to support accelerated project delivery.



REVOLUTIONIZE USACE CIVIL WORKS



Transform Project Financing and Budgeting

Problems to Address:

- Insufficient funding for the Nation's infrastructure needs
- Unpredictable funding for federal projects

Focus Areas:

- Implement Alternative Financing Tools
 - Water Infrastructure Finance and Innovation Act (WIFIA) Loans
 - Public-Private Partnership (P3) policy
- Revolutionize Civil Works Budgeting
- Increase Funding Flexibility



REVOLUTIONIZE USACE CIVIL WORKS



Transform Project Financing and Budgeting

Accomplishments to Date:

▪ **P3 Policy:**

- ✓ Guidance from ASA(CW) issued September 2018
- ✓ Request for information – 60 day Federal Register notice – Feb 2019.

▪ **WIFA Loans:**

- ✓ MOU with EPA signed
- ✓ Developed program consistent with OMB A-129 and A-11
- ✓ Credit subsidy model (draft completed)

▪ **Civil Works Budgeting:**

- ✓ Completed analysis on cost of inefficient funding streams
- ✓ Developed draft metrics that increase leveraging of Federal funds and accelerate completion of existing portfolio



REVOLUTIONIZE USACE CIVIL WORKS



Transform Project Financing and Budgeting

Key Actions In Progress:

P3 Call for Proposals:

- P3 pilot proposals due 2 April 2019 – will be evaluated by team
- Up to 10 pilots will be selected (summer 2019)

WIFIA:

- Finalize credit subsidy model
- Development of program structure and rules (summer 2019)
- Credit subsidy appropriation necessary to issue loans

Civil Works Budgeting:

- Finalize multi-year capital plan approach
- Develop justification and support for new approach
- Develop specific actionable recommendations (internal and external)



REVOLUTIONIZE USACE CIVIL WORKS



ALTERNATIVE FINANCING AND DELIVERY (P3 and WIFIA)

- **Develop tools that can be used to:**
 - Accelerate project delivery
 - Reduce cost to taxpayers
 - Reduce risk to population and infrastructure
 - Reduce scheduling and funding risks
 - Reduce USACE backlog of projects





REVOLUTIONIZE USACE CIVIL WORKS



Why Do Public Private Partnerships (P3)

- Delivers projects faster – up to 20% on average
- Delivers project more cost effectively – up to 20% on average
- Transfers risk and responsibility to entities most able to handle the risk
- Contractually includes operations and maintenance for a set period of time



REVOLUTIONIZE USACE CIVIL WORKS



USACE P3 PILOT PROGRAM

Process and Timeline

Call for information (internal and external) –

- **Feb – Apr** – Federal Register notice for external proposals
- **Spring 2019** - Preliminary projects identified as pilots and for future development, includes coordination with submitter, sponsor, and USACE district.
- **Summer 2019** – Coordination with ASA(CW) on possible pilots
- **Summer 2019** - Feedback from participants to improve future process.

Annual request for information will be issued and posted in the Federal register around January.



REVOLUTIONIZE USACE CIVIL WORKS



Why Do Water Infrastructure Finance Innovation Act (WIFIA)

- Significant leveraging of limited Federal funding.
 - EPA was able to turn a \$25M appropriation into more than \$2B in loans
- Saves municipal and local governments up to 30%
- Provides loans with flexible terms and low interest rates to local and state governments.
- Allows local interests to implement infrastructure sooner.



REVOLUTIONIZE USACE CIVIL WORKS



WIFIA PROGRAM OBJECTIVES

- Reduce backlog of authorized, unconstructed projects.
- Increase infrastructure investment without increasing federal appropriations
- Help non-federal interests make investments in infrastructure where they have funding & implementation responsibility



REVOLUTIONIZE USACE CIVIL WORKS



USACE WIFIA PROGRAM

Process and Timeline

Program Development –

▪ **Fiscal Year 18**

- MOU with EPA
- Draft Credit Subsidy Model
- Program development plan consistent with OMB Circular A-129

▪ **Fiscal Year 19**

- Develop initial credit policies
- Develop application requirements and review processes
- Draft program implementation rule
- Finalize credit subsidy model.

▪ **Fiscal Year 20**

- Finalize program development
- Formalize team and processes
- Issue interim program implementation rule
- Issue notice of funding availability, subject to appropriations
- Process first loan packages.



REVOLUTIONIZE USACE CIVIL WORKS



Regulatory Mission

To protect the Nation's aquatic resources and navigation, while allowing reasonable development through fair and balanced decisions.

- **56,000 written authorizations**
 - **95% General Permits**
(84% verified w/in 60 days)
 - **5% Individual Permits**
(58% issued w/in 120 days)
- **27,000 jurisdictional determinations**
- **Nationwide and Regional General Permits are an important efficiency...and environmental protection tool**

Data from FY 18



REVOLUTIONIZE USACE CIVIL WORKS



Improve Permitting and Regulation Reform

Problems to Address:

- Permitting process takes too long
- Duplicative requirements and oversight

Focus Areas:

- Simplify Environmental Reviews and Permits
 - Executive Order 13807 guidance for “One Federal Decision”
 - Section 10/404 permits and Section 408 permissions
- Mitigation
 - Credits, criteria and processes for third party mitigation
- Regulation Reform
 - 53 regulations identified under Executive Order 13777



REVOLUTIONIZE USACE CIVIL WORKS



Improve Permitting and Regulation Reform

Accomplishments to Date:

- ✓ Streamlined Section 408 Permission Requests (see <https://www.usace.army.mil/Missions/Civil-Works/Section408/>)
- ✓ Alignment of Section 404/10/103 and 408 Programs
 - ✓ Single Point of Contact
 - ✓ Single Decision Document and Transmittal Letter
- ✓ Lead District policy for projects that span multiple districts
- ✓ Improved Public Access to Tracking Systems
- ✓ Mitigation - Regulatory Guidance Letters:
 - on removal of obsolete structures
 - on credit release schedules for mitigation banks and equivalency in service areas
- ✓ One Federal Decision Implementation Guidance
- ✓ Guidance for State Assumption under Section 404(g)
- ✓ Regulation Reform – reviewed 53 regulations



REVOLUTIONIZE USACE CIVIL WORKS



Improve Permitting and Regulation Reform

Key Actions In Progress:

- ❑ **Mitigation:**
 - ❑ Revise 2008 Mitigation Rule to streamline third party mitigation process/approvals
- ❑ **Tracking Systems:** Establish public website to view the status of submitted individual permit applications
- ❑ **Nationwide Permits:** Streamline processes and pre-construction notification (PCN) requirements
- ❑ **Civil Works Projects:** Eliminate duplicative reviews for authorized Civil Works projects undertaken by non-Federal interests
- ❑ **Regulation Reform:** Continue working efforts to repeal, replace, or modify regulations



REVOLUTIONIZE USACE CIVIL WORKS



STRATEGIC COMMUNICATION

- Working to share information on our efforts and get feedback from our partners on a regular basis
- In-person partner sessions, webinars, discussions at partner sessions
- Website, social media posts, email updates
- What do you want to see?
How can we best communicate with you?

USACE Civil Works leaders visit the Folsom Dam Joint Federal Project. By partnering with the Bureau of Reclamation, USACE completed the project faster and more cost effectively. Photo by Michael J. Newsom

REVOLUTIONIZE
U.S. Army Corps of Engineers
WORLD-CLASS DELIVERY ■ REAL-WORLD IMPACT
February 2019

Revolutionize USACE Civil Works
The U.S. Army Corps of Engineers (USACE) is working to revolutionize delivery of the nation's infrastructure.

Successful USACE Civil Works project delivery supports the nation's current and future infrastructure priorities. Speeding up project delivery—focusing on innovative ways to deliver high quality outcomes sooner—is a top USACE priority.

USACE Civil Works initiatives and related enterprise actions have been grouped into **three mission-critical objectives**:

- OBJECTIVE 01** Accelerate Project Delivery
- OBJECTIVE 02** Transform Project Financing and Budgeting
- OBJECTIVE 03** Improve Permitting and Regulation Reform

U.S. Army Corps of Engineers
BUILDING STRONG

www.usace.army.mil
cw.infrastructure.team@usace.army.mil



REVOLUTIONIZE USACE CIVIL WORKS



NEXT STEPS AND FURTHER INFORMATION

- **USACE website for information:**
<http://www.usace.army.mil/Missions/Civil-Works/Infrastructure/>
- **USACE CW P3 public website:**
https://www.usace.army.mil/Missions/Civil-Works/Infrastructure/Infra_P3_program/
- **Direct input, feedback, or meeting requests to:**
CW.Infrastructure.Team@usace.army.mil



QUESTIONS?