

NATIONAL WATERWAYS ALLIANCE

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DRAFT for HOUSE & SENATE Budget and Appropriations Committees -- Call or e-mail Worth by Friday COB

Member
 House Budget Committee
 U.S. House of Representatives
 Address
 Washington, DC 20515

Dear Member:

An adequately funded and well-maintained water resources infrastructure is crucial to America's economic and environmental well-being. Our citizens depend on first-class ports and waterways, life-saving flood control, and abundant water supplies as well as shore protection, water recreation, environmental restoration, and hydropower production. Unfortunately, the FY 2006 budget submitted by the Office of Management and Budget for the U.S. Army Corps of Engineers is inadequate to meet the growing needs in each of these vital civil works missions. In 2004, the Corps expended \$4.812 billion -- which means OMB's budget request of \$4.513 billion will not only delay or terminate projects, it will cost U.S. taxpayers millions of dollars in benefits-foregone and higher bills. We're not moving ahead; we're falling far behind. The chart below outlines the need for a modest increase in the civil works program, as part of a strategy to begin addressing our country's waterways infrastructure needs in a timely, methodical fashion. We must do something quickly to address the critical backlog of \$1.01 billion in O&M work and the \$25 billion needed to complete ongoing construction projects.

(In \$Millions) Civil Works Program:	FY02 Expended	FY03 Exp.	FY04 Exp.	FY05 Act	FY06 Budget	Estimated minimum FY 2006 NEEDS	Estimated Capability for FY 2006
General Investigations	\$163	\$148	\$131	\$145	\$95	\$150	\$300
Operation & Maintenance	2,055	2,135	2,128	1,931	1,979	2,550	3,775
Construction General	1,821	1,812	1,741	1,796	1,637	2,030	3,200
Miss. River & Tribs.	342	340	317	324	270	346	625
Other*	472	470	495	477	532	520	575
ASA (CW)	0	0	0	4	0	4	
Total	\$4,855	\$4,905	\$4,812	\$4,705	\$4,513	\$5,600	\$8,475



An alliance of waterway related businesses in aluminum, building materials, cement, chemical, coal, grain and feed, fertilizer, iron and steel, paper and wood products, petroleum, salt, and other industries; port authorities; labor unions; water carriers; river valley and industry associations; banks; utilities; agricultural and electric power cooperatives; flood control and coastal protection proponents; dredging and waterway service firms; shipyards and repair facilities, and terminals, serving millions of customers, clients and consumers. Visit our website: www.waterways.org

This year the Corps of Engineers applied performance-based budgeting principles to all of their missions, which served to highlight just how crucial each project is to national economic and environmental prosperity. Unfortunately, within a constrained budget ceiling, we now find that projects with a three-to-one return to the government are in danger of being terminated.

Each year, the marine transportation system moves \$1 trillion of domestic and inter-national freight, including some 280 million tons of coal, over 85 percent of which is used to generate electricity, and more than 60 percent of the nation's grain exports. Navigation infrastructure underpins the employment of more than 13 million of our citizens. Ocean-going ships move more than 95 percent of U.S. overseas trade by weight and 75 percent by value, and international trade is projected to at least double by 2020, or possibly as soon as 2014. Goods imported through U.S. seaports pay approximately \$17 billion a year in Customs duties — money that goes directly into the U.S. Treasury. Deep-draft coastal and Great Lakes channels, which are constructed and maintained by the Army Corps of Engineers in partnership with state and local port authorities and the dredging industry, are vital components of the nation's transportation infrastructure. As other nations rush to modernize their transportation facilities, the United States must not fall behind.

The stakeholders of our navigation system are willing partners in trying to maintain and improve our infrastructure. Inland users currently contribute a 20-cent per gallon fuel tax to the Inland Waterway Trust Fund, which pays for one-half of the cost of construction and major rehabilitation of locks and dams. That trust fund now has a surplus of over \$300 million. Maintenance of our ports and harbors is financed through the Harbor Maintenance Trust Fund (HMTF), which is estimated to grow to almost \$3.1 billion at the end of FY 2006. If current funding levels continue, the HMTF surplus could reach \$5 billion by the end of the decade.

Flooding is still the most common and costly natural disaster in America. Millions of our residents, particularly in the Lower Mississippi Valley, rely on a vast network of levees and upstream reservoirs to protect their homes and businesses. All across the nation, flood control projects have prevented over \$700 billion in riverine and coastal damages since 1928. In fact, for every \$1 invested in flood control projects, almost \$6 in potential damages is prevented. Likewise, shore protection projects help to limit the impact of natural disasters such as hurricanes along our fragile coastlines.

Since 1824, the Congress has charged the Corps of Engineers with the responsibility of making wise and prudent navigation improvements. Flood control became a national priority following the disastrous Ohio and Mississippi River floods of the 1920s and 1930s. Later, water supply and water recreation were added as Corps missions. As a matter of fact, more Americans visit the thousands of Corps-operated recreation sites every year than all of the national parks, spending about \$15 billion annually on trip expenses and durable goods, which supports 500,000 jobs and generates \$17 billion in income.

Many projects are multipurpose — the Corps is now the country's largest operator of hydroelectric power dams that produce enough electricity to supply 4.64 million homes with power and produce \$533 million in Federal treasury revenues—largely an incidental benefit of structures whose primary purpose is navigation or flood control. More recently, the Corps has begun a far-sighted program of environmental restoration. Clearly, these missions are in the national interest, as Congress has repeatedly affirmed.

The current FY 2006 budget proposal clearly indicates that on-going construction projects will have to be stretched out, slowed down or terminated. Such unnecessary delays in construction schedules mean that projects cost more and that the realization of project benefits is delayed, effectively costing the nation hundreds of millions of dollars. Also, over half our locks and dams have exceeded their life expectancy. We have already experienced over 12 unexpected outages in our waterways system within the last 15 months due to lack of maintenance funds. The dollars are stretched as thinly and strategically as possible. However, O&M bills for all of our rivers are increasing geometrically, disastrously affecting the reliability of our transportation network — when just a \$1 investment in O&M can return an average of \$14.10 in transportation savings — a 14-1 return!

One of the President's budgetary priorities is strengthening the economy. Fully funding the projects on our nation's waterways offers an opportunity to take advantage of the high productivity level of our nation's contractors, thus providing needed economic job growth, as well as enhancing the transportation network for international trade. At the same time, it provides the shippers of America's building blocks — steel, coal, fertilizer, sand and gravel, cement, salt, petroleum, chemicals, grains etc. — a safe, cheap and eco-friendly transportation alternative. Our infrastructure is literally crumbling before our eyes due to insufficient funding. But, with proper investment, our waterways have the potential to help grow our economy, help ease our Nation's growing congestion problem, and provide a finer quality of life.

In considering the water development portion of Function 300 of the FY 2006 Budget Resolution, we respectfully urge you to provide the necessary funding to keep America's water resources infrastructure functioning as a major contributor to the Nation's wealth and prosperity.

Sincerely,

Agricultural Retailers Association
Agriculture Ocean Transportation Coalition
Alabama State Ports Authority
Alexandria (Louisiana) Regional Port Authority
American Association of Port Authorities
American Council of Engineering Companies
American Farm Bureau Federation
American Great Lakes Ports Association
American Shore and Beach Preservation Association
American Society of Civil Engineers
American Soybean Association
American Waterways Operators
Arkansas Basin Development Association
Arkansas-Oklahoma Port Operators Association
Arkansas Waterways Association
Arkansas Waterways Commission
Associated General Contractors of America
Atlantic Intracoastal Waterway Association
Bay Planning Coalition
Board of Mississippi Levee Commissioners
Boat Owners Association of The United States (BoatU.S.)

Boaters are Voters
Brunswick County Beaches Consortium (NC)
Buffalo-Putnam Port District Authority
Caddo-Bossier Parishes (Louisiana) Port Commission
California Marine Affairs and Navigation Conference
Carpenters' District Council of Greater St. Louis
Town of Caswell Beach (NC)
Cemex USA
CHS Inc.
CITGO
Cleveland Cuyahoga County Port Authority
Columbiana County Port Authority
Coosa-Alabama River Improvement Association, Inc.
Town of Creedmoor (NC)
Dredging Contractors of America
The Fertilizer Institute
Fire Island Association (NY)
Florida Inland Navigation District
Galveston County Office of Emergency Management (TX)
Georgia Ports Authority
Greater Harbor of Depoe Bay (OR)
Greater Lafourche Port Commission
Greenville Port Commission
Gulf Intracoastal Canal Association
Hampton Roads Maritime Association
HDR
Helena-West Helena-Phillips County Port Authority (AR)
Town of Holden Beach (NC)
Howland Hook Container Terminal
Town of Imperial Beach (CA)
Independent Liquid Terminals Association
Inland Ports and Navigation Group
Inland Rivers Ports & Terminals, Inc.
Interstate Conference on Water Policy (ICWP)
Kaskaskia Regional Port District
Lake Carriers' Association
The Little Rock Drainage District
Little Rock Port Authority (AR)
Long Island Coastal Alliance (NY)
MARC 2000
Maritime Exchange for the Delaware River and Bay
Martin County (FL)
Minnesota Farm Bureau
Minnesota Grain and Feed Association
Mississippi Valley Flood Control Association
Mississippi Water Resources Association
Missouri Levee & Drainage District Association
Missouri Farm Bureau
MO-ARK Association

Missouri Port Authority Association
Natchez-Adams County (MS) Port Authority
National Association of Flood and Stormwater Management Agencies (NAFSMA)
National Association of Maritime Organizations
National Association of Wheat Growers
National Corn Growers Association
National Grain and Feed Association
National Grain Trade Council
National Grange
National Harbor Association
National Industrial Transportation League
National Mining Association
National Oilseed Processors Association
National Rural Electric Cooperative Association
National Waterways Conference, Inc.
Nation'sPort
New Madrid County Port Authority
New Madrid County Industrial Development Authority
North American Grain Export Association
North Carolina State Ports Authority
North Carolina Shore and Beach Preservation Association
NSA Agencies, Inc.
Town of Oak Island (NC)
Town of Ocean Isle Beach (NC)
Ohio Council of Port Authorities
Oklahoma Department of Transportation, Waterways Branch
Oregon Economic and Community Development Department
Ouachita River Valley Association
Pacific Coast Council of Customs Brokers and Freight Forwarders Associations
Pacific Northwest Waterways Association
Pemiscot County (MO) Port Authority
Port Authority of New York & New Jersey
Port of Astoria (OR)
Port of Bandon (OR)
Port of Brookings Harbor (OR)
Port of Coos Bay (OR)
Port of Gold Beach (OR)
Port of Hood River (OR)
Port of Lake Charles (LA)
Port of Memphis (TN)
Port of Morrow (OR)
Port of Muskogee (OK)
Port of New Orleans (LA)
Port of Newport (OR)
Port of Oakland (CA)
Port Orford (OR)
Port of Pasco (WA)
Port of Palm Beach (OR)
Port of Pittsburgh Commission

Port of Portland (OR)
Port of Redwood City (CA)
Port of Reepsport (OR)
Port of Shreveport-Bossier
Port of Siuslaw (OR)
Port of South Louisiana
Port of St. Helens (OR)
Port of The Dalles (OR)
Port of Umatilla (OR)
Port of Umpqua (OR)
Port of Vancouver (WA)
Port of Victoria (TX)
Port of West St. Mary
Portland Cement Association
Ports of Indiana
The Propeller Club of the United States
Red River Valley Association
Red River Waterway Commission
River Navigation Coalition
Rosedale-Boliver County Port Commission
Salt Institute
Shipbuilders Council of America
South Carolina State Port Authority
Southern Illinois Builders Association
Southeast Missouri Regional Port Authority
Steamship Association of Louisiana
Tennessee River Valley Association
Tennessee-Tombigbee Waterway Development Authority
Tennessee-Tombigbee Waterway Development Council
Town of Topsail Beach (NC)
Transportation, Elevator & Grain Merchants Association
Tri Rivers Waterway Development Association
Tulsa Port of Catoosa (OK)
U.S. Chamber of Commerce
United States Great Lakes Shipping Association
U.S. Wheat Associates
Upper Mississippi, Illinois and Missouri Rivers Association
Upper Mississippi Waterway Association
Upper Monongahela River Association, Inc.
City of Venice (FL)
Walton County (FL)
Warren County (MS) Port Commission
Warrior-Tombigbee Waterway Association
Waterways Council, Inc.
West Virginia Public Port Authority
Wheat Export Trade Education Committee