



DEPARTMENT OF THE ARMY
GALVESTON DISTRICT, CORPS OF ENGINEERS
P. O. BOX 1229
GALVESTON, TEXAS 77553-1229

February 17, 2006

Executive Office

Dear :

I would like to update you on the funding situation the Galveston District is facing in Fiscal Year (FY) 2007 with respect to our planning, construction, operations and maintenance programs. As integral members of TEAM GALVESTON, I want to share with you the fiscal picture so you can plan accordingly.

Last week the President released the FY 2007 Budget to the public. The following paragraphs summarize, by project and appropriation, the proposed funding for all Galveston District projects for FY 2007.

The District is budgeted to receive \$2.6 million in General Investigation (GI) for various projects in the planning stages in FY 2007. This is a 56% reduction of the \$5.9 million received in the FY 2006 GI Appropriation which fund our planning studies. Only two projects in this appropriation are to receive the full funding required, while the rest of the projects either receive partial or no funding at all. Many of these studies will be sustained only at minimum level activities and will result in extended study schedules. Below is a detailed listing of all FY 2007 GI projects (budgeted and unbudgeted) along with funding amounts that could be used for FY 2007:

<u>Project</u>	<u>FY 2007 Budget</u>	<u>Amount that Could Be Used in FY 2007</u>
a. Brazos Island Harbor (Feas)	\$ 500,000	\$ 750,000
b. Freeport Harbor (Feas)	\$ 500,000	\$ 750,000
c. Sabine-Neches Waterway (Feas)	\$ 400,000	\$ 400,000
d. Sabine Pass to Galveston Bay (Feas)	\$ 270,000	\$ 270,000
e. Texas City Channel (PED)	\$ 900,000	\$ 1,500,000
f. Buffalo Bayou & Tribs- White Oak Bayou (Feas)	\$ 0	\$ 100,000
g. Buffalo Bayou and Tribs – Main Stem (PED)	\$ 0	\$ 100,000
h. Cedar Bayou (PED)	\$ 0	\$ 696,000
i. Colonias (PED)	\$ 0	\$ 500,000
j. Corpus Christi Ship Channel (PED)	\$ 0	\$ 114,000
k. GIWW – Brazos to Pt. O'Connor (Feas)	\$ 0	\$ 700,000
l. GIWW – High Is to Brazos Realignment (Feas)	\$ 0	\$ 700,000
m. GIWW - High Is to Brazos (PED)	\$ 0	\$ 579,000
n. GIWW - Pt. O'Connor to CC Bay (Feas)	\$ 0	\$ 628,000
o. GIWW – Matagorda Bay (PED)	\$ 0	\$ 387,000

p. GIWW – Modifications (Feas)	\$	0	\$ 1,000,000
q. GIWW - Vicinity of Port Isabel (Feas)	\$	0	\$ 1,000,000
r. Greens Bayou (PED)	\$	0	\$ 488,000
s. Halls Bayou	\$	0	\$ 100,000
t. Lower Guadalupe River (Feas)	\$	0	\$ 1,000,000
u. Lower Sabine River (Feas)	\$	0	\$ 500,000
v. Matagorda Ship Channel (Feas)	\$	0	\$ 826,000
w. Neches River Basin	\$	0	\$ 1,000,000
x. Raymondville Drain (PED)	\$	0	\$ 1,500,000
y. Resacas (Feas)	\$	0	\$ 500,000
z. Roma Creek Watershed (Feas)	\$	0	\$ 800,000
<u>aa. South Main Channel</u>	\$	<u>0</u>	<u>\$ 313,000</u>
 Total FY 2007 GI Budget		 \$2,570,000	 \$17,201,000

The District's Construction General (CG) program has a more improved financial picture than GI in FY 2007. The CG program is budgeted to receive \$85.5 million compared to \$61.4 million received in FY 2006. The Sims Bayou and Houston-Galveston projects, currently among the most important construction projects in the Corps, received adequate funding although additional funds could still be used to complete scheduled work in FY 2007. Below is a detailed listing of all FY 2007 CG projects (budgeted and unbudgeted) along with funding amounts that could be used for FY 2007:

<u>Project</u>	<u>FY 2007 Budget</u>	<u>Amount That Could Be Used in FY 2007</u>
a. Brays Bayou	\$20,000,000	\$40,800,000
b. Houston-Galveston	\$43,076,000	\$71,280,000
c. Sims Bayou	\$22,400,000	\$44,771,000
d. Cedar Bayou	\$ 0	\$ 1,500,000
e. Clear Creek	\$ 0	\$ 1,500,000
f. Corpus Christi Ship Channel	\$ 0	\$ 5,000,000
g. GIWW – Matagorda Bay	\$ 0	\$ 8,350,000
h. GIWW – High Island to Brazos River	\$ 0	\$ 5,000,000
i. Greens Bayou	\$ 0	\$ 1,600,000
j. Hunting Bayou	\$ 0	\$ 100,000
k. Mouth of Colorado	\$ 0	\$ 2,100,000
<u>l. North Padre Island</u>	<u>\$ 0</u>	<u>\$ 1,541,000</u>
 Total FY 2007 CG Budget	 \$85,476,000	 \$183,542,000

The District is budgeted to receive \$86.8 million in the Operations and Maintenance (O&M) appropriation for FY 2007. This represents a slight decrease from the \$88.9 million budgeted in FY 2006. Although some of the projects listed below received Emergency Supplemental Funds in FY 2006 from the damages caused by hurricanes, many projects will still be severely under-funded. Below is a detailed listing of all FY 2007 O&M projects (budgeted and unbudgeted) along with funding amounts that could be used for FY 2007:

<u>Project</u>	<u>FY 2007 Budget</u>	<u>Amount That Could Be Used in FY 2007</u>
a. Brazos Island Harbor	\$ 3,480,000	\$ 6,160,000
b. Buffalo Bayou and Tributaries, TX	\$ 2,164,000	\$ 4,214,000
c. Channel to Port Bolivar	\$ 310,000	\$ 400,000
d. Channel to Victoria, TX	\$ 3,120,000	\$ 6,070,000
e. Corpus Christi Ship Channel, TX	\$ 7,000,000	\$14,730,000
f. Freeport Harbor, TX	\$ 4,400,000	\$ 6,420,000
g. Galveston Harbor & Channel	\$ 2,600,000	\$10,600,000
h. Gulf Intracoastal Waterway, TX	\$33,190,000	\$58,187,000
i. Houston Ship Channel, TX	\$13,225,000	\$19,860,000
j. Inspection of Completed Works	\$ 175,000	\$ 175,000
k. Matagorda Ship Channel, TX	\$ 5,367,000	\$ 5,367,000
l. Project Condition Surveys	\$ 500,000	\$ 500,000
m. Sabine-Neches Waterway, TX	\$ 7,972,000	\$25,804,000
n. Texas City Ship Channel, TX	\$ 850,000	\$ 1,850,000
o. Wallisville Lake, TX	\$ 2,437,000	\$ 2,437,000
p. Barbour Terminal	\$ 0	\$ 750,000
q. Bayport Ship Channel	\$ 0	\$ 3,200,000
r. Cedar Bayou	\$ 0	\$ 1,350,000
s. Channel to Harlingen	\$ 0	\$ 1,200,000
t. Channel to Port Mansfield	\$ 0	\$ 3,200,000
u. Chocolate Bayou, TX	\$ 0	\$ 100,000
v. Greens Bayou	\$ 0	\$ 100,000
w. Mouth of Colorado	\$ 0	\$ 3,000,000
x. <u>Trinity River & Tribs</u>	<u>\$ 0</u>	<u>\$ 1,700,000</u>
Total FY 2007 O&M Budget	\$86,790,000	\$177,374,000

As represented in the previous paragraphs, there are funding shortages and/or unfunded requirements in all three of the District's major programs. In past years we have been able to address many of these shortages by reprogramming funds from other projects having excess funds available. This option is no longer readily available. New reprogramming guidelines limit or even eliminate reprogramming of FY 2006 appropriated funds. Only funds determined to be excess to the project can be reprogrammed and if reprogrammed, they will not be paid back to the source project. The limit for reprogrammings in the GI, CG, and O&M appropriations is up to 50% of project base amount not to exceed \$2,000,000.

In addition, there are changes affecting use of the continuing contracts. A request for use of the Continuing Contract Clause must be submitted to the Secretary of the Army for Civil Works along with thorough justification and a plan to pay for future year's obligations prior to solicitation for bids.

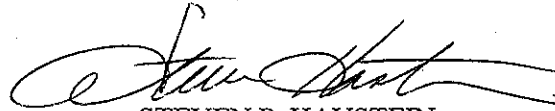
Project Sponsors continue to have the primary interaction with Members of Congress outlining funding needs for local water resources projects. This will be even more important and critical under the current reprogramming practices. Generally speaking, from this point forward if there is no appropriated funding by Congress for a specific project in a Fiscal Year the work in that project will be suspended until appropriated funds are received. In a case where funds are insufficient to fully fund a specific project, work will continue until the funds are expended at which time the work will be suspended. The primary burden of obtaining appropriated funds is clearly upon the sponsor, not the Corps.

Many of you have written to express your concerns and frustrations with the lack of funding in the programs discussed above. I urge all of you to continue communicating your concerns and arguments for increased project funding with me and more importantly, with your elected officials. Throughout FY 2007, I will continue to be personally engaged with managing the limited resources designated for all vital infrastructure along the Texas coast.

I would like to take this opportunity to thank you and your staff for all the outstanding support during FY 2006. You are a vital member of Team Galveston. With your essential support, the Galveston District received additional funds during FY 2006 which is helping meet the goals for projects under study, in construction, operated and maintained. We could not have received additional funds to perform the work without your help.

I hope to receive your continued support as we work together on projects that are critical to the economy of Texas and the Nation. A copy of this letter can be found on the Galveston District web page under the "Hot Topics" column at <http://www.swg.usace.army.mil/>. If we can be of service to you in any way, please feel free to contact me or civilian deputy, Mr. Arthur Janecka.

Sincerely,



STEVEN P. HAUSTEIN
Colonel, Corps of Engineers
District Commander