

U.S. Army Corps of Engineers Public Private Partnerships for Civil Works projects

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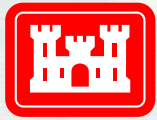


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USACE Infrastructure Strategy (UIS)



Challenges & Opportunities

- **Infrastructure Investment = Global Challenge**
- **USACE Civil Works Portfolio: 3,000+ Operational Projects, with Capital Stock Value of Approx \$190B**
- **USACE Civil Works Asset Classes are Diverse**
 - Flood & Coastal Storm Damage
 - Coastal and Inland Harbors
 - Inland Waterways
 - Hydropower
 - Dam & Levee Safety Programs
 - Water Storage
 - Aquatic Ecosystems
 - Water-Based Recreation
- **Demands for CW Infrastructure Maintenance, Operations, and Capital Investment are Expanding**
 - Civil Works New Construction Backlog → \$ 60B
 - ASCE: Dams, Levees, IWW's = "D" → \$140B
 - Civil Works Infrastructure is Aging, Experiencing Negative Performance Trends Across Portfolio (vs \$4.6B Budget....)



Why Alternative Financing?

- **We're Trying to Think Differently About Our Approach to Project Financing; Chief Personally Committed**
- **Two National Problems We Want to Address Through Alternative Financing**
 - **For Existing Infrastructure: Sustain Performance, Extend Service Life, and/or Buy Down Risk for the Nation**
 - **For New Infrastructure: Accelerate Delivery, Reduce Life Cycle Costs and Achieve Earlier Accrual of Project Benefits to the Nation**
- **Sustain National Value Proposition Associated with CW Infrastructure to Economy, Commerce, Environment, Quality of Life, and Job Creation**
 - **Exploit promise of P3/P4 Tool...**
 - **While Protecting the Tax Payer and Federal Equities**
 - **Critical Role of Sponsors....Include/Leverage Them**



Sabine-Neches Demonstration Project

- Background
 - \$1.2 billion channel deepening project in the Sabine-Neches waterway would provide \$7.8B in regional benefits annually for additional 6 foot depth
- Where we are
 - Project on hold as an existing authorities demonstration project pending revised B/C analysis and stakeholder evaluation
 - Local Sponsor is not willing to finance and charge stakeholders for the federal share of the project
 - Given low/non-competitive BCR, the project would not likely be funded from federal appropriations without special Congressional action
 - Acceptance of advanced funds would eliminate OMB scoring issue
- Next steps
 - NF sponsor assessing funding options with existing users of the SNWW
 - Update of economic/cost data expected by September 2015 may spur potential investor interest
 - Economic/cost update to assess potential project cost savings



Great Lakes Demonstration Project

- Background
 - USACE spends approx \$40M on dredging and dredged sediment disposal on the Great Lakes annually
 - Only a portion of the 135 harbors can be dredged due to funding constraints
 - 3 Challenges: dredging backlog, dredged material treated as a waste product and confined disposal facilities are nearing capacity
- Where we are
 - Sources sought released Jan 2015; Industry Forum held on 10 February; one-on-one discussions being conducted April-Jun
 - Ohio litigation regarding open water placement is pending
 - New legislation in Ohio = no open water placement by 2020
- Next Steps
 - Continue Stakeholder/Industry outreach + one-on-one discussions
 - Produce white paper following completion of one-on-one engagements
 - Identify path forward with the vertical USACE team, stakeholders and industry

