



STATEMENT OF  
THE WATER RESOURCES COALITION  
TO THE  
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE  
U.S. HOUSE OF REPRESENTATIVES  
FOR A HEARING ON  
INFRASTRUCTURE INVESTMENT: THE ROAD TO RECOVERY  
OCTOBER 29, 2008

Mr. Chairman, Ranking Member Mica, and members of the Committee, the Water Resources Coalition is submitting this statement for inclusion in the record of your October 29, 2008 hearing on how infrastructure investment will lead our economy down the road to recovery.

The Water Resources Coalition was established in 2007 to promote the development, implementation and funding of a comprehensive national water resources policy. With member organizations representing state and local governments; conservation, engineering, and construction; ports, waterways, and transportation services, the Coalition works to ensure that a comprehensive, national water resources policy is developed, implemented, and funded to provide a sustainable, productive economy; healthy aquatic ecology; and public health and safety. Because of the breadth of the Coalition's membership, many of our members have extensive experience with various types of federal, State, and local water resources projects ranging from water supply to environmental restoration, to storm damage reduction and navigation. At the federal level, each of us works closely with both the Corps of Engineers and the Bureau of Reclamation.

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**improve, prevent, save**  
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The Coalition urges this Committee to recommend to the full House economic stimulus activities, such as infrastructure investment, that would have an immediate positive impact on economic activity. **We urge the Congress to include substantial investment, at least \$5 billion, in water resources as part of any package.**

### **State of the Economy**

The recent financial crisis has also hampered the ability of state and local governments and public agencies to borrow short term, delaying or eliminating various infrastructure improvement projects. At the state and local level, budgets have declined significantly because of the decline in home values, resulting in lower property tax collections. The recent financial crisis has also hampered the ability of state and local governments and public agencies to borrow short term, delaying or eliminating various infrastructure improvement projects. According to Municipal Market Advisors, a consulting firm that specializes in municipal bonds, \$100 billion of new infrastructure projects have been delayed because of the constricted credit markets.

The continued lack of substantial investment in our nation's infrastructure is reflected in increasing nationwide unemployment numbers. Heavy and civil engineering construction employment peaked in June 2007 and has steadily decreased over the past 16 months. There was more than a 5 percent decrease in these jobs over that period, which equates to 52,000 construction employees now out of work. This worrisome trend should be stopped now.

An infusion of federal infrastructure funding would have a direct stimulus effect by putting more contractors and their employees back to work and many leading economists agree that infrastructure investment does have a powerful stimulating effect on the U.S. economy.

### **Water Resources Development**

The Corps of Engineers operates and maintains 240 locks at 195 locations along 12,000 miles of inland waterways. The average lock on these waterways is 53 years old—past the 50-year service life. It costs on average about \$600 million to replace a lock. If we were to replace just half of the 240 locks that are known to be beyond their design life, we would need to spend \$72 billion. Simply to rehabilitate the other half of the system would cost another \$30 billion. That's more than \$100 billion just to bring our antiquated waterways into the 21<sup>st</sup> century. At the annual rate of spending of \$180 million in the administration's budget proposal for FY 2009, it would take the Corps 20 years simply to fund all the inland waterways projects authorized in WRDA 2007.

We estimate that \$5 billion invested in water resource projects would create over 140,000 new jobs. Of this total, almost 40,000 would be new private sector jobs with average salaries ranging from \$38,000 to \$42,500. Over 100,000 additional new jobs would be created in industries supplying the water resource projects funded by the stimulus and the goods and services needed by the workers and their families.

Both the U.S. Army Corps of Engineers and Bureau of Reclamation have construction and operations and maintenance backlogs for which additional funding would create immediate employment opportunities. While the time it would take to ramp up would vary depending on the project, the good news is that the stimulus would continue for several years, particularly for a very large construction project. However, expenditures—and thus, job creation—for on-going and smaller projects, including dredging and operations and maintenance work, would be higher up front. In the case of on-going projects, contractors are already mobilized and performing work, but the amount of work they can perform is limited by available funds. With additional funding, contractors could hire more workers immediately and complete the project more quickly.

There are several other important benefits to stimulus funds for water resources projects identified by the Corps of Engineers. Such funding would:

- Substantially reduce the backlog of critical maintenance and repairs at approximately 360 multiple purpose flood control, hydropower, recreation, water supply, and navigation projects.
- Repair several high risk dam safety projects.
- Rehabilitate and upgrade hydropower plants to achieve an industry standard 98 percent availability.
- Recapitalize the oldest and most at-risk projects on our inland waterways system.
- Fully dredge to authorized depth the nation's 296 highest use, deep draft, commercial ports.
- Fully dredge our inland waterways to authorized depth and width.
- Repair and upgrade critical coastal protection projects that serve as defense to key population centers.

The nation's Marine Transportation System contributes 30 percent of the nation's Gross Domestic Product through the movement of petroleum, coal, and other energy products to power plants and consumers and through the export of agricultural and other products to global trade partners improving the nation's balance of trade. Approximately 2.6 billion tons, or 94 percent, of the nation's commercial import and export commerce, valued at over \$620 billion, is moved on the channels and waterways. Failure to maintain channels creates a drag on the economy and may slow economic growth. Additional investment in our nation's waterways would be used to improve channel availability of our coastal ports from 32 percent to 95 percent, and would improve inland waterway lock and channel reliability and availability by reducing lock closures due to mechanical failures from 27,000 hours to 10,000 hours per year.

Finally, investment in this sector will greatly expedite the construction of critical environmental projects, completing projects sooner, returning critical ecosystems to a more natural state. Projects producing beneficial impacts on more than 1 million acres could be expedited. Of these outputs, approximately 90 percent are nationally significant and would contribute greatly to long-term environmental sustainability.

## **The Harbor Maintenance Trust Fund**

The current state of the nation's ports and harbors requires a significantly larger increase in spending. Accordingly, we remain concerned about the current balance in the Harbor Maintenance Trust Fund (HMTF). As of September 30, 2006, the balance in the HMTF was \$3.306 billion, an increase of \$523 million (18.8 percent) over the FY 2005 year-end balance, even after all fund transfers to the Corps. The balance in the HMTF increased to \$3.749 billion in FY 2007 and to an estimated \$4.728 billion in FY 2008. Revenues have substantially exceeded transfers to the Corps for a number of years despite the demonstrated need for harbor improvements.

As Congress considers additional opportunities to invest in water resources spending to stimulate the economy, the surplus in the HMTF should not be overlooked as an immediate source of revenue to fund these critical projects. Furthermore, as Congress looks towards long-term investment, the Coalition strongly recommends enactment of legislation setting the obligation authority each year equal to projected prior-year revenues collected in the HMTF.

## **Economic Stimulus Legislation**

The Water Resources Coalition greatly appreciates the action taken by the House in September in passing H.R. 7110, which would provide additional supplemental appropriations for a number of major federal construction programs to stimulate economic recovery through infrastructure investment and direct and indirect job creation. That bill would provide almost \$5.5 billion in additional water resources investment, including \$5 billion for the U.S. Army Corps of Engineers and \$426 million for the Bureau of Reclamation. The Coalition strongly supports this additional investment and urges the Congress to reconsider this or other similar legislation as soon as possible in the upcoming weeks.

Thank you for this opportunity to comment. The Water Resources Coalition looks forward to working with the Committee on this critical issue.