

Criteria

Corps of Engineers FY 2015 Construction Performance Guidelines

To qualify, a project must be authorized for construction; have an approved Chief's report, major rehabilitation report, or Dam Safety modification report; and, where applicable, successfully completed review under Executive Order 12322.

- Project Purpose – Ongoing construction projects, including those funded in the Mississippi River and Tributaries account, are assigned based on their primary purpose to one of the three main mission areas of the Corps (flood and storm damage reduction, commercial navigation, and aquatic ecosystem restoration) or to hydropower.
- Projects funded to address dam safety assurance, seepage control, and static instability correction problems – Projects that are funded for construction to address a dam safety action classification 1 or 2 concern will receive the maximum level of funding that the Corps can efficiently and effectively spend each year.
- Projects funded on the basis of their economic return – Ongoing construction projects that are funded based on their economic return and have a benefit-to-cost ratio (BCR) of 2.5 to 1 or higher, calculated at a seven percent discount rate, are eligible for funding. Projects with a BCR below this threshold will not be funded unless they are eligible for funding under other criteria of these guidelines.
- Projects funded on the basis of their environmental return – Ongoing construction projects to restore degraded ecosystem structure, function, and process to a more natural condition are eligible for funding.
- Projects funded to address a significant risk to human safety – Flood and storm damage reduction projects that are funded to address a significant risk to human safety will receive funding to support an uninterrupted effort.
- New starts and resumptions – The start of a priority new construction project, and the resumption of work on a priority construction project, will be eligible for funding.
- Mitigation or environmental requirements – Mitigation work at ongoing construction projects, and work needed to comply with treaties or biological opinions, will be funded to meet those requirements.
- Non-structural flood damage reduction projects – Ongoing non-structural flood damage reduction projects will be eligible for funding if the project has a BCR of 1.0 to 1 or above, at a seven percent discount rate.
- Dredged Material Disposal Facility (DMDFs) for high and moderate use segments of commercial deep draft, shallow draft, and inland projects which are no longer included in O&M and should be budgeted under Construction.
- Qualifying Continuing Projects with Continuing Contracts – Projects under the original continuing contract clause.
- Coastal navigation projects – Consistent with guidance provided in the Statement of Managers accompanying the 2012 Energy and Water Development Appropriations Act, ongoing coastal navigation projects will be eligible for funding to the extent that completion of the project, separable element, or project phase would support jobs or economic activity.
- Project completions – Ongoing projects that can complete all remaining construction work during the budget year may be funded at the level needed to complete that work if the project has a BCR of 1.0 to 1 or above, at a seven percent discount rate.

Corps of Engineers
FY 2015 Operation and Maintenance (O&M) Performance Guidelines

The Corps uses objective performance-based criteria to allocate operation and maintenance funds to Corps projects. These criteria give priority to key infrastructure and consider the condition of the project and the potential consequences (e.g., economic, environmental, and public safety impacts) for project performance if the O&M activity is not undertaken in the budget year, as well as legal factors. The criteria, with an explanation of how the Corps applies them, are provided below:

- **Project Purpose** – Each proposed O&M activity at all projects that the Corps operates and maintains, including those funded in the Mississippi River and Tributaries account, is assigned to one of six program areas: commercial navigation, flood and storm damage reduction, environment, recreation, hydropower and water supply. For projects with multiple purposes, the separable activities are assigned to the program area that they serve. Joint activities are allocated among all program areas served by the project based upon a project-specific allocation formula.
- **Economic Impacts** – The benefits that will be accrued for the dollars spent to improve the level of service are considered during the evaluation. For O&M funding decisions, an informed judgment is made using performance data to estimate the economic impact of the activity. Those with a higher return on investment receive a higher priority in the budget process. For example, the evaluation for commercial navigation includes the current and five-year average tonnage (coastal) and ton-miles (inland waterways), cost per ton and cost per ton-miles, as well as other factors such as support for commercial fishing or public transportation (passenger ferries) or for energy generation. For flood and storm damage reduction, it includes the risk of loss of life or property; for recreation, it includes the economic impacts of visitor attendance measured as National Economic Development benefits; and for hydropower, the risk of facility closure.
- **Asset Management** – Reliability of projects is evaluated to determine a project's ability to adequately perform its intended function in a consistent and dependable manner when field conditions allow. Condition classification guidelines are used to determine overall project condition, with component condition assessments performed to evaluate the condition of individual critical components. Consequence rating criteria are used to determine the impact (dollars, lives, etc.) of reduced availability. The results of the condition and consequence evaluations lead to a risk level based on an established matrix for each program area. The risk of not funding the proposed work is evaluated in the budget year in terms of the intended function. Cost-effectiveness measures are used to determine the lowest cost solution to improve the overall reliability of the project. These results incorporate both economic and public safety values, as well as any residual risk, which are used to help with project reliability determinations, based on those specific performance measures.

- **Public Safety** – Public safety is also a factor used in ranking O&M activities. A proposed work package is given greater consideration if its purpose is to reduce the risk of a failure that could result in loss of life. For commercial navigation, other factors include whether the harbor is a critical harbor of refuge, supports a subsistence harbor or supports other Federal requirements such as the U.S. Coast Guard search and rescue or national security requirements.
- **Environment and Stewardship Concerns** – O&M work to address a significant environmental concern is evaluated based on its environmental return (benefits per funding amount). Those O&M activities that are time-sensitive, involve management for sensitive species or habitat impacts, management of cultural resources or that reduce the relative risk of significant impacts or negative consequences are given a higher consideration for funding. Master plan priorities are based the currency of the Master Plan and on threats to land use as well as risks resulting from development pressures.
- **Legal Requirements** – Projects with O&M-related legal requirements are also given a higher consideration for funding, e.g., projects with requirements to address Indian tribal rights or whose operation involves ongoing mitigation needs. Projects with authorized O&M work to mitigate the impact of Corps activities are funded in increments beginning with the minimum critical mitigation requirements followed by critical work packages based on the risks related to the potential taking of a species under the Endangered Species Act. For FY 2015, Endangered Species Act and mitigation activities were budgeted under the business line for which the requirements were created.