

**STATEMENT OF**  
**DAVID R. CONRAD**  
**WATER RESOURCES SPECIALIST FOR THE**  
**NATIONAL WILDLIFE FEDERATION**

**FOR HEARING ON**  
**PROPOSALS FOR A WATER RESOURCES DEVELOPMENT ACT OF 2002**

**BEFORE THE**  
**SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT**  
**OF THE**  
**HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE**  
**U.S. HOUSE OF REPRESENTATIVES**

**APRIL 10, 2002**

On behalf of the National Wildlife Federation (NWF), I would like to thank the Chairman, Ranking Minority Member and the members of this Subcommittee for the opportunity to present the Federation's views on proposals for a Water Resources Development Act (WRDA).

I am David R. Conrad, Water Resources Specialist for the National Wildlife Federation. We are the nation's largest not-for-profit conservation, education, and advocacy organization with more than four million members and supporters and nine natural resource centers throughout the United States. The National Wildlife Federation's family also includes forty-six state and territorial affiliate conservation organizations. Founded in 1936, the National Wildlife Federation works for the protection of wildlife species and their habitat, and for the conservation of our natural resources.

The National Wildlife Federation and our affiliates have a long history of interest and involvement with the development of our nation's water resources, particularly as it relates to projects and programs of the U.S. Army Corps of Engineers.

Much of our nation's wildlife is dependent on critical aquatic habitat, which includes rivers, streams, bays, estuaries, wetlands and coastlines. But, our wildlife resources are hurting. Artificially altering waterways – along with water pollution and introduction of foreign species – have been identified by the scientific community as the principal causes of the shocking state of decline of aquatic ecosystems and wildlife that has been experienced in many regions across the country. Through its Civil Works and regulatory programs, the U.S. Army Corps of Engineers has a profound impact on the health of aquatic ecosystems. While much of the Corps' work in the 20<sup>th</sup> Century has had devastating impacts on the natural environment, NWF believes that with the right direction from Congress, the 21<sup>st</sup> Century Corps can become the premier federal agency for restoring and protecting our nation's aquatic ecosystems and the species that depend on them.

As this Subcommittee considers proposals for a Water Resources Development Act, a fundamental goal must be to address the serious and growing **crisis in confidence**, which the Corps of Engineers is suffering among much of the American public. A series of recent reports and investigations over the past several years by policy experts and scientists have found that the Corps' planning process for major water resource projects is failing in fundamental ways to address contemporary needs of communities and regions in an environmentally sound and cost effective manner. A Water Resources Development Act presents Congress with a critical opportunity to provide the Corps greater oversight and clearer direction to meet the nation's water resource needs, and restore confidence in this agency.

NWF congratulates the members of this Subcommittee and other Members of Congress who have sponsored legislation that would make critical reforms in Corps programs. These Corps reform bills include: (1) the Corps of Engineers Reform Act of 2001, H.R. 1310 in the House and S. 646 in the Senate, (2) the Army Corps of Engineers Reform and Community Relations Improvement Act of 2001, H.R. 2353, and (3) the Corps of Engineers Modernization and Improvement Act of 2002, S. 1987. NWF believes many of the reforms included in these bills are critical to making needed changes and improvements in Corps programs. We look forward to working with the Subcommittee to incorporate these reforms into the next WRDA bill.

I will now spend a few minutes discussing some of the problems that have plagued the Corps and that the Corps reform bills seek to address.

## **CORPS CRISIS IN PUBLIC CONFIDENCE.**

### **There Is No Effective, Independent Technical and Policy Review of Corps Projects.**

Mr. Chairman, among the most critical issues we believe must be addressed in any potential WRDA legislation is the establishment of an effective, truly independent system of technical and policy review by outside experts for Corps of Engineers projects. For years, the public, other federal and state agencies, academicians and scientists, government auditors, and many Members of Congress have questioned the accuracy of Corps planning documents, and, in some cases, whether under the present system, the Corps is capable of being truly objective in planning its projects. In the 1980s, the General Accounting Office identified numerous serious issues in this regard. A critical means to help ensure objectivity in the planning process is to formally engage outside experts to conduct public reviews of Corps plans and their underlying studies and assumptions.

In recent years, the number of major concerns regarding the quality and accuracy of Corps plans has increased in both seriousness and number, and the need for independent review has become increasingly clear. During the 1990s, several factors converged to bring about this situation.

#### **Changes in the Review Process.**

Since the early 1990s, the level of effective project review has dramatically decreased within the Corps. In part, this is in response to continuing calls for “streamlining” the planning process and changes in the general focus of the Corps to operate more as a service agent, particularly to local project sponsors.

Over the past decade, the Corps has instituted substantial changes that have greatly weakened what was already a weak and inadequate review process. Up to the early 1990s, the primary mechanism for independent review was the congressionally established Board of Engineers for Rivers and Harbors. This Board, consisting primarily of Division Engineers, and supported by a staff of 30 to 40 professional project reviewers, was independent of Corps Headquarters management, and had the job of top-to-bottom review of all new Corps project proposals. In WRDA 1992, however, in an effort to cut expenses and improve efficiency, the Board was abolished, and the professional staff was reorganized into a Washington Level Review Center, still organizationally outside the Headquarters Division of Civil Works. In 1995, in another reorganization, the Review Center became a Review Branch within the Headquarters Division of Civil Works. The staff was cut from 35 to about 24, and their responsibilities were substantially expanded to include other duties.

In a series of steps, the responsibility for project technical reviews was devolved to the Corps Districts themselves, and the Washington level review became focused on policy compliance only. The District-level technical reviews are generally conducted by peer staff or are focused on reviewing the work of Corps contractors. Two years ago, in yet another reorganization, the

Project Review Branch became the Policy Compliance Support Branch and the Washington level review staff was cut to a dozen.

Time frames for review have been cut to a minimum with final reviews by other federal agencies and states running concurrently with Corps headquarters. In recent years, many Corps Districts rush to complete project plans in order to seek “contingent authorization” in even-years for inclusion in WRDA bills, which puts immense and inordinate pressure on the Corps to approve projects while deferring many studies and often deferring serious unresolved issues until after construction authorization.

The result of all this reorganization has been a substantial reduction in resources and emphasis on critical review of projects within the Corps. The devolution of much oversight to the local District level – where the greatest pressures exist to justify the projects sought by local sponsors and promoters – often comes at a far greater ultimate cost to the taxpayers and the environment than it should.

### **Lessons From the Upper Mississippi River.**

The case of the potential \$1.2 billion Upper Mississippi River Navigation Expansion project illustrates the strong need for a system of truly independent review, outside of the agency. The \$50 million study to expand a system of locks and dams on the Upper Mississippi River was among the most expensive in Corps history. It became the subject of an Army Inspector General investigation after a Corps economist alleged that the books had been cooked in order to justify the project. In addition, the Department of Defense requested that the National Academy of Sciences (NAS) review the economic analysis in the Corps’ feasibility report. The Army Inspector General and the NAS found evidence of bias in the planning process, utter failure by the Corps to evaluate alternatives to large-scale construction that would be less expensive and less environmentally damaging, such as scheduling and tolls, and flawed economic analysis.

The Army Inspector General’s November 2000 investigation found: “Nearly all the economists expressed a view that the Corps (or individuals within the Corps) held an inherent preference for large scale construction.” The Inspector General made clear that problems were not limited to a single project, but in fact, agency-wide: “Although this investigation focused on one study, the testimony and evidence presented strong indications that institutional bias might extend throughout the Corps. Advocacy, growth, the customer service model, and the Corps reliance on external funding combined to create an atmosphere where objectivity in its analyses was placed in jeopardy.” In addition, the report concluded, “The overall impression conveyed by testimony of Corps employees was that some of them had no confidence in the integrity of the Corps study process.”

In the follow-up February 2001 report of the National Academy of Sciences, *Inland Navigation System Planning: The Upper Mississippi River – Illinois Waterway*, the NAS recommended: “The feasibility study would benefit from a second opinion from an independent, expert, and interdisciplinary body from outside the Corps of Engineers and Department of Defense. *Congress should thus direct the Corps to have the waterway system management and lock extension feasibility study reviewed by an interdisciplinary group of experts – including*

*environmental and social scientists – from outside the Corps of Engineers.”* (emphasis in original).

The Corps has attempted to diffuse the significance of the Inspector General and NAS findings in the Upper Mississippi River Navigation Expansion case by stating that the feasibility study was in draft form. This argument may have carried some credibility if there was a strong independent review process in place. But as I have just explained, that process has been weakened – without the Inspector General or the NAS, there is no guarantee that anyone would have checked the Corps’ math. Since then, the Corps has rescoped the Upper Mississippi Navigation study and is now engaged in a collaborative process with other state and federal resource agencies, and stakeholders. NWF would strongly oppose any attempts to prematurely authorize construction of the expansion project before the Corps submits a completed report to Congress. A comprehensive approach must not focus solely on the transportation issues without addressing the very serious environmental impacts associated with the project. An authorization request at this time is nothing more than an attempt to once again short-circuit the planning process.

### **Other Examples of Projects Under Investigation.**

As documented by the Inspector General and NAS reports, problems within the Corps’ planning process are not limited to a single project study. Other examples of where the Corps’ planning process has failed or is currently under serious investigation include:

- ***The Delaware River Deepening Project*** is a \$311 million, 106 mile dredging project that suffers from highly questionable economic benefit claims and is struggling to identify appropriate locations for disposing more than 80 million cubic yards of new dredge spoils. The General Accounting Office (GAO) is currently investigating this project.
- ***The Oregon Inlet Jetties Project*** in North Carolina is also the subject of a General Accounting Office investigation. There, the Corps has continually refused to consider alternatives to constructing stone jetties on environmentally significant public lands, despite more than two decades of objections from other responsible federal agencies and independent economists, who believe the Corps economic justification is false.
- ***Columbia River Deepening Project*** was recently the subject of a six-month investigation by a Portland newspaper, which found that the Corps had overestimated project benefits by 140 percent, and that the benefits only amount to 88 cents on the dollar. The proposed dredging of 103 miles of the lower Columbia has also raised huge questions about the Corps’ proposed mitigation for water quality and wetlands impacts, and impacts to salmon and other sport and commercial fisheries habitats. After the newspaper stories ran, the Corps agreed to review its economic analysis.
- ***Savannah Harbor Expansion Project*** in Georgia received contingent authorization for \$230 million of construction in 1999. The Chief of Engineers approved the project despite numerous basic environmental and economic issues that were left unresolved over the objections of other federal and state agencies, and the State of South

Carolina to post-construction authorization. The project is now a subject of litigation and the Corps is undertaking a major new planning study.

- ***Dallas Floodway Extension Project*** in Texas is yet another example of where the Corps has refused to give serious consideration to a cheaper and more environmentally friendly alternative, involving buy-outs and voluntary relocations being sought by a lower income community in south Dallas. Last year, the Office of Management and Budget concluded that the Corps had failed to follow its own planning guidelines and rules in designing the \$127 million project by not identifying the most cost-effective alternative consistent with protecting the environment. The Administration has refused to budget this project.
- ***Projects in the Lower Mississippi River Basin, such as the Yazoo Pumps and the Big Sunflower River Dredging Project*** in the State of Mississippi would cost more than \$200 million and threaten to destroy hundreds of thousands of wetlands acres, even though less costly and more environmentally sound options exist to reduce flood damage risks in the region. An independent economic analysis of the Corps' Yazoo Backwater pumping plant in Mississippi, revealed that the Corps overestimated just the agricultural benefits of that project by \$144 million, and that even if all of the remaining benefit calculations were correct, it could not justify construction of the project. For the Big Sunflower Project, the U.S. Fish and Wildlife Service found that the Corps significantly overestimated the costs of purchasing easements, which could achieve the project objectives without dredging.

### **Independent Project Review Would Strengthen the Corps' Program.**

At a minimum, Congress should require that studies of all Corps projects representing a significant investment of taxpayer dollars, and studies of all projects that generate controversy because of threats posed to the environment be reviewed by a panel of qualified and independent experts in various fields, such as economics, engineering, biology, geology and hydrology. This type of review can take place without delaying the overall planning process and would help to restore confidence in the process. Perhaps most importantly, a system of independent project review would provide the Corps' own study preparers with a strong incentive to resist pressures to "cook the books." It would help to ensure that the Corps projects that do proceed to construction are the best they can be. NWF strongly supports implementing a system of independent project review, which is a critical element in each of the Corps reform bills, H.R. 1310, H.R. 2353, S. 646 and S. 1987.

### **Corps' Approach to Planning and Developing Water Resource Projects Gives Short Shrift to the Environment.**

Among the key findings of recent National Academy of Sciences reports are the need for the Corps' planning process to be updated to reflect current economic and environmental procedures and approaches to water resources development and management. The 1999 report, *New Directions in Water Resources Planning for the U.S. Army Corps of Engineers*, points out that the 1983 *Principles and Guidelines for Water and Related Land Resources Implementation Studies* ("P&G") have been frozen in time for almost 20 years. At the same time, economic and

environmental sciences have increasingly evolved sophisticated methodologies to evaluate benefits and costs of structural and nonstructural approaches in response to changing public needs and attitudes toward the environment and natural resources.

The need to amend the *P&G* to require that national economic development and environmental protection and restoration be afforded co-equal status in the formulation of Corps of Engineers projects is even more relevant today than it was when the NAS made the recommendation three years ago. We believe this is a fundamental change that is needed in the Corps' project planning that must be included in any future Water Resources Development Act.

### **Update the *P&G* to Reflect 21<sup>st</sup> Century Principles and Practices.**

The NAS 1999 *New Directions* report recommended updating the *P&G*, including these specific examples:

- (1) Movement away from consideration of the National Economic Development (NED) account as the most important concern in order to encourage consideration of innovative and nonstructural approaches to water resource planning, which can often better address ecological and social concerns.
- (2) Many aspects of the Corps' environmental programs are not reflected in the *P&G* requirements because they were enacted after the *P&G* was approved in 1983. The *P&G* needs to be updated to reflect these new and important Corps programs.
- (3) The *P&G* should be updated to reflect new advances and techniques for risk and uncertainty analysis.
- (4) The *P&G* should be updated to eliminate biases or disincentives that work against nonstructural approaches, and to ensure that the benefits of flood damages avoided by nonstructural projects are consistently and uniformly considered.

The *P&G* were written by the Water Resources Council (WRC), which was created in the 1960s to coordinate the formulation and execution of federal water policies. The WRC is dormant today because of lack of funding. The lack of procedural clarity for how to update the *P&G* should be eliminated by identifying a clear mechanism for review.

The Corps' customer-service model, aimed at providing services to local communities that are sharing the cost of a project, is undermining the Corps' responsibility to promote the national interest in its water planning activities. To promote efficient plans and projects across the nation's river basin systems, the Corps should use the watershed or river basin, estuarial region, and coastal unit as the basic spatial units in water project planning, when and where it is appropriate and circumstances allow. The use of such hydrologic units for planning can help account for downstream effects of flood damage reduction projects, for example, or provide a system to account for cumulative effects of Corps projects. Most of the nation's large river basins cross state lines, which requires federal involvement to store and manage data, model hydrology and analyze system-wide impacts.

The 1999 *New Directions* report strongly recommends modernization and revision of the *P&G*, and a requirement that ecosystem protection and restoration be established as co-equal goals with economic development in the *P&G*. The report also recommends that Corps planning be more

oriented to watershed and regional perspectives, particularly where projects have significant upstream and downstream impacts, or for functions that serve or impact regions, such as ports and harbors. Advances in scientific knowledge, ecological sciences, and economic analytic techniques should be further incorporated in Corps planning procedures.

Several of these key elements are included in H.R. 1310, S. 646 and S. 1987, and we strongly urge that these provision be incorporated into WRDA legislation.

### **Corps Projects Continue to Threaten Enormous Amounts of the Nation's Critical Wetland Resources and the Corps Fails to Mitigate Losses.**

The National Wildlife Federation is very concerned about the Corps' growing backlog of mitigation for Civil Works projects. Although the Corps is required to mitigate for wetlands lost as a result of a Civil Works project, the existence of a growing mitigation backlog means that the mitigation is not being done and the environment is suffering.

Despite requirements that mitigation occur concurrently with Civil Works projects, the Corps has failed to follow through on significant amounts of acres of mitigation required for projects that are well underway, or for all practical purposes, completed. For example, in the Lower Mississippi River Valley, the Corps has been authorized to purchase tens of thousands of acres of mitigation land that have not been purchased. The mitigation backlog in the Vicksburg District alone currently exceeds 28,000 acres. The time lag in completing mitigation for water resources projects is resulting in an enormous temporal loss of wetland functions and values in many valuable and vulnerable watersheds.

Ironically, the Corps reports that permits issued by the Corps under the entire Section 404 dredge and fill permit program of the Clean Water Act account for 24,000 acres of direct wetlands loss per year. The U.S. Fish and Wildlife Service estimates that on average just under 30,000 acres of wetlands were lost each year between 1987 and 1997 from urban and rural development. Yet the Corps Civil Works program currently threatens 300,000 acres of critical bottomland hardwood losses from just a handful of projects that are among the most controversial in the nation to reduce flooding in what are often low-lying areas in two-year floodplains to promote marginal soy bean production. We urge the authorizing Committee to help redirect the Corps away from such activities that are environmentally damaging to wetlands and toward programs that would help rural economies benefit from restoring wetland resources and develop sound, sustainable economies that benefit from these special resources.

### **Improvements in Wetland Mitigation.**

NWF strongly supports the mitigation provisions of H.R. 1310 and S. 646, which would clarify the definition of concurrent mitigation, improve the standards for mitigation, including improving the probability of cost-effectively and successfully mitigating habitat losses. In addition, H.R. 1310 and S. 646 would address the mitigation backlog by requiring the Corps to establish a tracking system to identify the status of mitigation.

We further recommend that the Corps prepare a Mitigation Backlog Management Plan that is updated each year and will enable the Corps to eliminate its backlog of mitigation by seeking to

have lands in place by FY 2005, and future schedules for initiating and completing mitigation activities in a timely fashion. Further, as proposed in H.R. 1310 and S. 646, new requirements should be placed upon mitigation for Corps Civil Works projects, to ensure that at least 50% of mitigation is completed in advance of the start of construction, with mitigation to be completed by the time construction is complete. All mitigation should be, in addition, initiated and completed at least within two years of a resource impact due to a Civil Works project. NWF also supports proposals in the Corps reform bills that would disallow benefits for increased private property and service values derived from draining wetlands. Corps projects that would destroy hundreds of thousands of wetland acres should not be authorized because the extent of environmental destruction could never be fully mitigated.

Additionally, NWF objects to the Corps' reliance upon preservation or enhancement of existing lands or wetlands as the sole mitigation for destruction of natural habitats. When mitigation is limited to protecting or enhancing existing habitats, a net loss of habitat occurs. The Corps has further entrenched this concept in its Regulatory Guidance Letter [RGL 01-01] on wetlands compensatory mitigation, allowing unlimited use of preservation of existing wetlands, and even upland areas as mitigation for the loss of natural wetlands. NWF calls on the Subcommittee to substantially elevate mitigation requirements, evaluation and monitoring for Civil Works projects, using the recommendations of the National Academy of Sciences report on *Compensating for Wetlands Losses Under the Clean Water Act* (National Research Council, 2001) to ensure that no net loss of ecosystem functions or values occur in the construction of Civil Works projects, as required by the 1990 WRDA "no net loss of wetlands" policy.

### **Corps' Construction Backlog Is Out of Control.**

Mr. Chairman, the Corps has a huge construction backlog with some estimates as high as \$52 billion dollars worth of projects. This enormous stockpile of uncompleted projects serves no one well. With hundreds of projects in various stages of construction and hundreds more having passed through the authorization process, the backlog can only be expected to increase. It prevents the Corps from completing a smaller number of projects sooner, which in turns adds to the ultimate cost of all projects. Congress authorizes new projects faster than the Corps can reasonably complete them. Unfortunately, this means that many new projects that would address contemporary needs, including critical environmental restoration projects, cannot be completed efficiently. The Corps continues to assume an optimal construction schedule in its cost-benefit analysis, even though the optimal schedule is not at all realistic because of the project backlog, which has the effect of artificially understating project costs and overstating project benefits.

### **Expedite Deauthorization for Outdated, Unconstructed Projects and Prioritize.**

Throwing more money at the Corps' construction backlog without prioritizing and focusing the Corps' work only perpetuates the problem. In order to effectively address the ever-mounting project backlog, we urge this Subcommittee to adopt a mechanism that identifies the projects that no longer make economic or environmental sense in light of current circumstances, and to impose some discipline on the new projects that are authorized. NWF urges this Subcommittee to seriously consider provisions in H.R. 2353 and S. 1987 that would expedite the current deauthorization process.

In addition, Congress could insure that high priority projects are completed in a timely manner by deauthorizing those projects that are no longer economically beneficial or that are proven to be environmentally destructive. Wasteful Corps projects can be replaced with positive developments by submitting them to rigorous economic analyses and environmental impact reviews. H.R. 2353 and S. 1987 propose updating the current 1.0 to 1.0 benefit-to-cost ratio, which was originally established in the 1930s, with a more modern 1.5 to 1.0 ratio. We urge the Subcommittee to consider including such a provision in a WRDA to help prioritize among the nation's water resource investments. Finally, NWF strongly supports President Bush's policy decision in the fiscal year 2003 budget to focus the Corps on its traditional mission areas of flood damage reduction, navigation and environmental protection.

### **Beach Sand Pumping Projects Are Exploding.**

Funding for beach sand pumping projects is consuming increasingly larger portions of the Corps' budget. Currently, the federal government pays 65% of the cost of construction and periodic renourishment of beach projects authorized before 2000. Beginning in 2003, the federal portion will be 65% for construction and 50% for renourishment of new beach projects authorized after 2000. For currently authorized beach projects, it could easily cost federal taxpayers more than \$10 billion in the next several decades to continue to put sand on beaches that is literally washed away to sea. In many cases, these projects tend to promote high-risk development along coastlines. The Corps is currently pumping sand onto the beaches of 18 of America's 200 richest towns listed in *Worth Magazine*, including Gulf Stream, Florida, where the typical home sells for \$1.5 million.

While sand pumping activities have existed in certain locations for decades, America's coastlines have never been subject to the magnitude of sand pumping activity that would be represented if Congress stays on the present course of authorizing large numbers of new projects in each WRDA bill. For instance, virtually the entire Atlantic shoreline in New Jersey is authorized for beach sand pumping. NWF is extremely concerned about the long-term ecological effects that are likely to accompany such massive and expensive shoreline dredging and pumping activities. Sand pumping projects, which generally involve dredging sand from one location and dumping it on another, put aquatic wildlife and their habitat at great risk. Among the most immediate effects of beach projects is the burial of habitats and organisms living in these zones. Sand pumping projects also pose a problem to the nesting patterns of both sea turtles and bird species. Nesting turtles and birds can be easily deterred by the pipelines, lights and noise that accompany beach projects. In addition, the success of hatching eggs is affected by changes in the incubating environment, such as density, color, moisture content, compaction, and gas exchange of the beach sands. The dredged material used for the beaches often contains a different composite than the natural sands.

### **Reduce the Federal Government's Burden for Sand Pumping Projects.**

While there are instances where sand pumping may be either economically justified or can serve as temporary measures to allow communities that face erosion problems to make permanent adjustments, such as relocating at-risk buildings, a fundamental concern is that many believe this should not be largely a federal responsibility, given the range of demands on the federal budget. NWF strongly urges the Subcommittee to seriously consider supporting a substantial reduction in

the federal cost-share for beach nourishment activities, such as proposed by H.R. 2353 and the President's fiscal year 2002 budget recommendation. In addition, we urge the Subcommittee to resist new authorizations until a much clearer picture can be gained of the ecological impacts that may be represented by expanding federal beach nourishment activities.

### **A Race To The Bottom Among Ports and Harbors Is Bad for Taxpayers and the Environment.**

Our nation's ports and harbors are valuable resources for our economy and our environment and they must be managed in a manner that continues to support both. In 1999, NWF testified before this Subcommittee about our concern that a number of ports and harbors are engaged in a race to deepen their channels in order to accommodate many of the largest and deepest draft ships operating on the trans-oceanic routes. At the same time, port authorities have sought to increase federal subsidies for deep draft harbor dredging by modifying current cost-share formulas to treat ports from 45 to 53 feet in depth the same as 45-foot depth or less general cargo ports. This would amount to a 25% increase in federal costs for deep draft dredging.

We caution the Subcommittee about relying on generalized future growth in trade predictions as a rationale for an across the board effort to deepen our ports. For instance, just two years ago at the time predictions were made that trade would double over the next 20 years, eastbound trans-Pacific trade grew at very high rates of 12% to 14% per year. Since then, trade traffic has seen far less significant growth. According to recent reports in the Journal of Commerce, cargo volumes in the eastbound Pacific increased by only 2% last year, and despite the U.S.'s recovering economy, volumes are expected to grow by single digit rates through next year. *See, e.g., Bill Mongelluzzo, The Dire TransPacific, Journal of Commerce, March 18, 2002.* The uncertainties associated with port and harbor needs argue even more strongly for the development of regional port planning to integrate the Corps program with national transportation policy.

### **The Corps Should Strive to Focus Deep Draft Port Dredging Activities to the Most Efficient, Environmentally Sound Ports.**

We must invest in our ports wisely. Growth tends to be concentrated in a few major U.S. ports. More than half is concentrated in 20 ports and more than a quarter is handled by just five ports. In 1997, 25 ports handled 98% of the foreign container cargo, and the leading 10 ports accounted for 80% with the Los-Angeles-Long Beach port complex responsible for 1/3 of all container traffic. The 50 leading U.S. ports handle nearly 90% of all waterborne commerce. (NAS, *Applying Information Systems to Ports and Waterways Management*, 1999).

NWF supports provisions from H.R. 2353 and S. 1987 that would require the Corps to conduct comprehensive coordinated planning to look regionally at shipping needs and the economic and environmental cumulative impacts of deepening ports and harbors. In WRDA 1986, Congress wisely established a cost sharing formula that requires the very deepest ports – those with channels dredged deeper than 45 feet – pay a higher share of the costs for dredging than those below 45 feet. We believe any decision to increase the federal subsidy, such as the proposal sought by the port authorities to increase the subsidy by 25%, would unnecessarily fuel major expansions of capacity at too many locations that would have dire long-term environmental

consequences. There is no reason to believe that the current formula will not allow the necessary capacity to meet the nation's transportation needs where the business exists. Instead, we urge the Subcommittee to require regional port planning as an element of helping to guide the federal interest in ensuring U.S. ports can meet national transportation needs, consistent with protecting the environment.

## **21<sup>ST</sup> CENTURY VISION FOR THE CORPS: THE PREMIER ECOSYSTEM RESTORATION AND PROTECTION AGENCY.**

The National Wildlife Federation is greatly encouraged by the substantial efforts made by this Subcommittee and Congress in past WRDAs to authorize environmental programs, such as Section 1135 Project Modifications for Improvement of the Environment, Section 206 Aquatic Ecosystem Restoration, Floodplain Management Services, the Comprehensive Everglades Restoration Plan, the Upper Mississippi River Environmental Management Program, and numerous others. We remain concerned, however, that without a focused and highly disciplined Corps program, there will be, in fact, insufficient resources available for the Corps' environmental programs to make the critical contributions that the public seeks. We note that the Corps has received no funding to date for the landmark Challenge 21 program, which provides the Corps with substantial opportunities to add nonstructural approaches to its flood damage reduction programs. These are areas where the need for priority-setting becomes of paramount importance.

## **CONCLUSION.**

In sum, the Corps of Engineers has a vital role to play in managing the nation's water resources. Continuing business as usual, however, is not acceptable. Several new reports by the National Academy of Sciences and others, the results of extensive audits and investigations, as well as much thoughtful legislation, have provided critically important recommendations for long-needed reforms. We applaud the Corps of Engineers for taking a first step in signaling its commitment to a sustainable environment by formalizing a set of "Environmental Operating Principles" applicable to its decision-making and programs. These principles were recently articulated by the Chief of Engineers, Lt. General Flowers, at the dedication of the Davis Pond Fresh Water Diversion Project in Louisiana. We urge the Transportation and Infrastructure Committee to directly address the Corps' **crisis in confidence** by including important legislative reforms in the next WRDA. These reforms would provide critical direction for all Corps programs, including direction for what may be among the Corps' most important functions in the twenty-first century – ecosystem restoration and protection.

Mr. Chairman, once again, we thank you for the opportunity to present our views, and we look forward to working with you to help the Corps in the 21<sup>st</sup> Century by incorporating reforms in the next WRDA legislation. I am happy to respond to any questions the Members may have.

## APPENDIX

### The State of the Nation's Aquatic Resources

The U.S. leads the world in species number for many freshwater organisms including insects, snails, salamanders, turtles, and mussels. It also ranks high for subterranean invertebrates and freshwater fishes. This vast array of diversity is primarily the result of the unparalleled system of watersheds that filter through the country. It is no coincidence that the greatest species loss has occurred in the precise regions where large water projects have rearranged the natural landscape. The impacts of water development affect 30% of the listed endangered species, ranking behind only agriculture and commercial development. According to the Association for Biodiversity Information, "Species that depend on freshwater ecosystems are, as a whole, faring the worst of any group of U.S. organisms." The deteriorating conditions are undeniable with the list of extinct/imperiled species growing every year. Modern science has concluded that the three leading threats to aquatic species are agricultural non-point pollution, alien species, and altered hydraulic regimes due to dams and impoundments. Many Corps projects and programs are directly involved in exacerbating these threats.

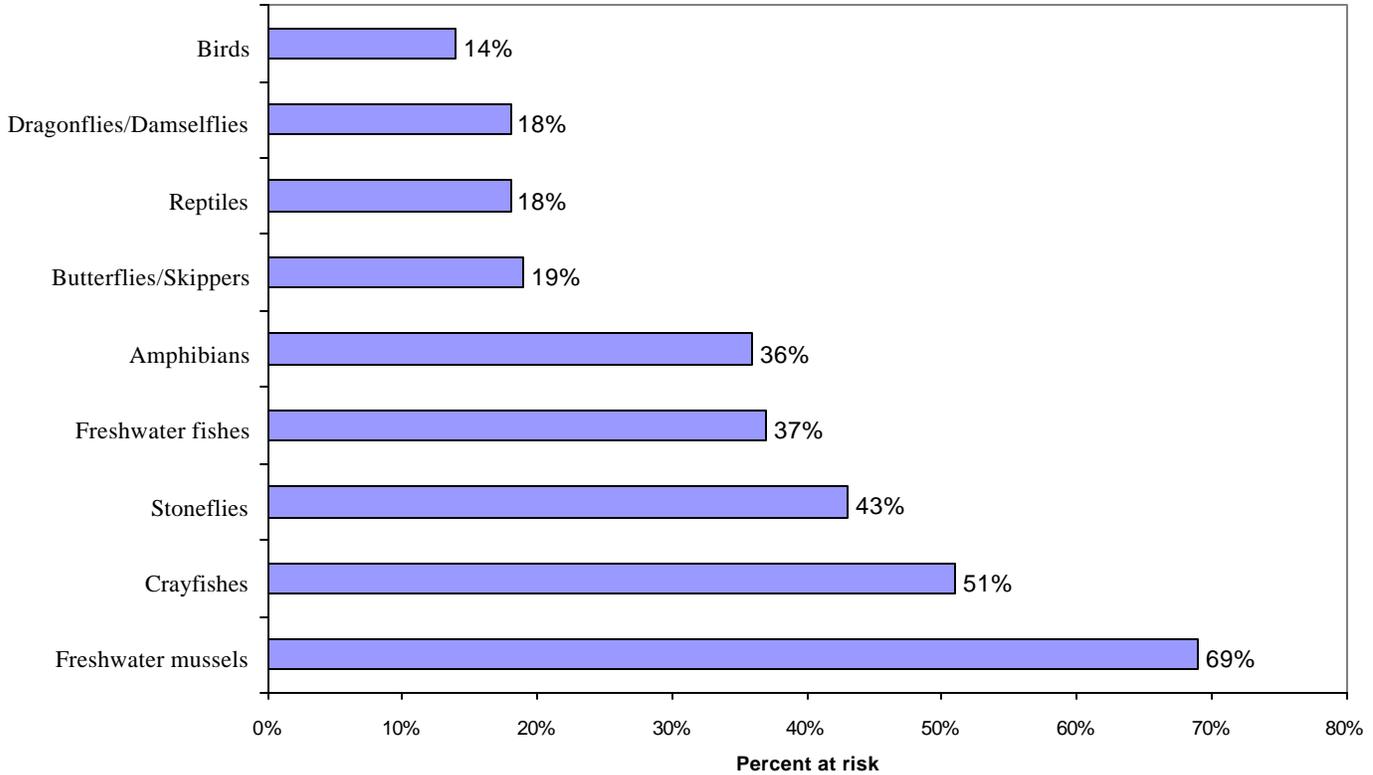
#### **Global Significance of Select U.S. Plant and Animal Groups/Species:**

<u>Mammal:</u>	416 in U.S. out of 4600 globally	9% of total
<u>Bird:</u>	768 in U.S. out of 9700 globally	8% of total
<u>Reptile:</u>	283 in U.S. out of 6600 globally	4% of total
<u>Freshwater Fish:</u>	799 in U.S. out of 8400 globally	10% of total
<u>Amphibian:</u>	231 in U.S. out of 4400 globally	5% of total
<u>Salamander:</u>	140 in U.S. out of 350 globally	40% of total
<u>Freshwater Mussel:</u>	292 in U.S. out of 1,000 globally	29% of total
<u>Freshwater Snails:</u>	661 in U.S. out of 4,000 globally	7% of total
<u>Crayfishes:</u>	322 in U.S. out of 525 globally	61% of total
<i>Freshwater insects:</i>		
<u>Caddisfly:</u>	1400 in U.S. out of 10769 globally	13% of total
<u>Mayfly:</u>	590 in U.S. out of 1967 globally	30% of total
<u>Stonefly:</u>	610 in U.S. out of 1525 globally	40% of total

All information in this Appendix is from *Precious Heritage: The Status of Biodiversity in the United States*. The Nature Conservancy & Association for Biodiversity Information. Oxford University Press (2000).

# Disappearance of U.S. Aquatic Species

**Proportion of species at risk**



## Sources of Harm For at Risk Species

Percentage of federal endangered, threatened, and proposed species harmed by types of habitat destruction and degradation.

	<b>Overall</b> (n=1207)	<b>Vertebrates</b> (n=329)	<b>Invertebrate</b> (n=155)	<b>Bird</b> (n=91)	<b>Reptile</b> (n=39)	<b>Amphibian</b> (n=16)	<b>Fish</b> (n=116)	<b>Insect</b> (n=39)	<b>Mussel</b> (n=69)	<b>Mollusk</b> (n=23)
<b>Agriculture</b>	38	40	57	42	33	63	45	56	64	35
<b>Commercial Development</b>	35	30	42	33	56	44	16	67	29	13
<b>Water Development</b>	30	47	66	22	28	63	91	21	99	48
<b>Outdoor Recreation</b>	27	16	19	15	31	25	9	41	4	26
<b>Livestock grazing</b>	22	17	10	20	8	19	16	15	1	9
<b>Pollutants</b>	20	27	66	10	21	25	55	26	97	48
<b>Infrastructure development</b>	17	16	12	8	28	38	17	23	6	9