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U.S. ARMY CORPS OF ENGINEERS PROPOSED
REORGANIZATION PLAN

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U.S. Army Corps of Engineers Propos...

HEARINGS
BEFORE THE
SUBCOMMITTEE ON
INVESTIGATIONS AND OVERSIGHT
OF THE
COMMITTEE ON
PUBLIC WORKS AND TRANSPORTATION
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRD CONGRESS
FIRST SESSION

MAY 6, AND 11, 1993

SERIAL NO. 103-23

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JACK SCHNEIDERMAN Minority Staff Director

TO: Members, Subcommittee on Investigations and Oversight

FROM: Subcommittee Staff

RE: SUMMARY OF SUBJECT MATTER for HEARINGS ON THE U.S. ARMY CORPS OF ENGINEERS PROPOSED REORGANIZATION PLAN, Thursday, May 6, 1993, Room 2167, 10:00 a.m. and a proposed second day, Tuesday, May 11, 1993, Room 2253, 1:30 p.m.

On November 19, 1992, the U.S. Army Corps of Engineers (Corps) announced a major reorganization plan which would eliminate 2,600 full-time jobs and transfer 5,000 employees. The plan, which is under review by Secretary of Defense Aspin, calls for a reduction in the number of Division offices from 11 to 6, a modification in Headquarters operations, and a restructuring of District offices. The Corps estimated the cost of implementation to be \$215 million and annual savings of \$115 million by 1995.

The Subcommittee on Investigations and Oversight will hold two days of hearings to examine the Corps reorganization plan. The first day will begin at 10:00 a.m. in Room 2167 Rayburn House Office Building where testimony will be received from Members of Congress and other parties affected by the reorganization plan. A proposed second day of hearings will begin at 1:30 p.m. in Room 2253 Rayburn Building. Testimony will be received from Corps officials and a representative of the academic community.

A background summary of events leading to the proposed reorganization and a discussion of the issues which are expected to be addressed at the hearing follows.

(VII)

BACKGROUND

The Corps' Missions

The primary missions of the Corps of Engineers are military construction and water resource development.¹ In carrying out those missions, the Corps performs a number of roles, including design and construction, regulatory oversight, emergency operations, project management, and operations and maintenance.

In addition to its primary missions, the Corps has performed engineering tasks in the past for other entities, including construction activities for the U.S. Postal Service, NASA, and the countries of Israel and Saudi Arabia. Currently the Corps is performing work for EPA in construction grants management and in the Superfund program. The Corps also has a significant role in the development of magnetic levitation passenger trains. This "support-for-others" function could become a larger part of the Corps' work program in the event of a reorganization.

The Need for Reorganization

According to Corps officials with whom subcommittee staff spoke, the nature of the Corps' work program has undergone significant change over the past decade, prompting the need for an organizational reassessment. During the first half of the 1980s, increased military expenditures meant additional work for the Corps of Engineers. However, the military construction program peaked in 1987 and the Corps is faced with the prospect of a sharply-reduced military construction program in the years ahead. At the same time, the Corps' civil works program emphasis has changed from new construction projects to the operation and maintenance of existing projects.

¹See Attachment 1 for a comprehensive outline of Corps responsibilities.

Recognizing that the scope and nature of its mission had changed over the years, the Corps began to reevaluate its organizational structure in 1988. Subsequently, Congress expressed its concern about the Corps' structure in reports accompanying the Energy and Water Development Appropriations Acts for Fiscal Years '90 and '91. In report language, Congress directed the Corps to develop "broad-based, conceptual alternatives for reorganization and to identify factors and criteria for shaping an optimally efficient organizational structure." The Bayley Report, issued to Congress on January 4, 1991, presented six broad-based alternatives for reorganization, and identified initial criteria to use in comparing merits of the different conceptual alternatives.

What ultimately emerged from the Bayley Report was a 1991 plan to close 14 of the Corps' 38 District offices and 3 of its 11 Division offices, with a fourth Division being downgraded to a District. Corps officials estimated that the plan would have resulted in annual savings of \$112 million; the cost of implementation was estimated to be \$266 million. This plan, as shall be described in more detail below, was subsequently abandoned and replaced by the plan that is currently under review.

The Defense Base Closure and Realignment Act (BRAC-91)

Following the passage of the Defense Base Closure and Realignment Act of 1990 (also known as "BRAC," and enacted as Title XXIX of the National Defense Authorization Act for FY 1991), the Army attempted to use BRAC as a vehicle for implementing the 1991 reorganization plan. BRAC was enacted to provide a process that would result in the timely closure and realignment of military installations in the United States. The process included the establishment of a commission to review proposed base closings and realignment for Corps offices. The BRAC procedure

would have required the Secretary of Defense to submit to the BRAC Commission a list of specific Corps offices to be closed or realigned. The entire package would then have been submitted to Congress for an up-or-down vote.

Responding to concerns expressed by the leadership of the Public Works and Transportation Committee, however, then-Secretary of Defense Cheney decided against including the Corps' reorganization plan in the 1991 list of BRAC base closures. Nevertheless, the BRAC Commission included the Corps' plan in its recommendations, but would have delayed implementation for one year in order to allow time for the civil works authorizing committees to develop an alternative reorganization plan.

In the fall of 1991, Congress passed legislation that blocked implementation of the plan. The FY 92 Appropriations Act for Energy and Water Development and for the Department of Defense contained language prohibiting the use of appropriated funds to implement the plan. Also, the DoD Authorization Act retroactively amended the BRAC legislation to remove the Army's authority to reorganize the Corps through the BRAC process.

1992 Reorganization Plan

In early 1992, the Corps began a reconsideration of the need for reorganization by reviewing Corps roles, missions, workload, staffing, funding, and cost-efficiency. Then-Assistant Secretary of the Army for Civil Works Nancy Dorn discussed the need for reorganization in testimony before the Subcommittee on Water Resources on March 11, 1992. Congress signaled its continued interest in Corps reorganization through passage of the Energy and Water Development Appropriations Act for FY 93, which allocated \$5 million to reorganize Corps headquarters and division offices and provided transfer authority of up to \$7 million for the same purpose. The Act

also included language prohibiting the Corps from closing any district offices.

On November 19, 1992, the Corps released a revised, two-phased reorganization plan. Phase I, which had been scheduled to go into effect on February 1, 1993, called for reducing the number of Division offices from 11 to 6 and reorganizing headquarters to expedite decisions on projects. Phase II, scheduled for 1994 (assuming available funding), would retain all District offices but realign their real estate, engineering, and planning functions.

On February 2, 1993, Chair Mineta wrote to Defense Secretary Aspin expressing concern about the disproportionately adverse effect the proposed plan would have on a limited number of cities that would lose Division offices and experience substantial reductions in force at District offices because of the establishment of technical and administrative centers at other locations. As mentioned above, Defense Secretary Aspin is currently reviewing the proposed reorganization plan. During a BRAC Commission hearing on March 15, 1993, Aspin responded to a question about the status of the Corps reorganization plan as follows:

I think it is important to know that the Corps needs to be realigned and we do need to do some work with the Corps. I was concerned about the one that was done last fall. What happened was, Congress was worried about it, made some moves, and then they went ahead and did the realignment after Congress adjourned. I thought that was not the way to do it. But sometime in the next couple of months we need to come up with a proposal on how to deal with that and we'll be back in touch with you on that. We're not just going to sit on it, but we do want to make sure that any realignment that takes place is done with the proper non-political tone to it.

CORPS OF ENGINEERS CIVIL WORKS REORGANIZATION

Current Structure

Congress has charged the Department of the Army and the Corps of Engineers with responsibility for civil works programs. "Civil works" refers to non-military Corps activities. The Secretary of the Army oversees the Corps and its civil works programs. The Office of the Assistant Secretary of the Army for Civil Works [ASACW] works closely with the Corps' Chief of Engineers on substantive management areas of the Corps, including general programming of the civil works budget, policy issues, prioritization of new construction starts, and legislative drafting requested by Members of Congress. The ASACW also reviews and transmits the proposed Corps civil works budget to the Office of Management and Budget as a basis for the President's budget recommendations to Congress.

The bulk of the civil works program is delegated to field officers and their staffs. Under the Corps' current organizational structure, Division offices supervise Corps activity in specified geographical areas, usually based on watershed boundaries. Division offices review and approve the programs of District offices, oversee the operations of District offices, and implement the plans and policies of the Chief of Engineers. There are currently 11 Division offices in the Corps.

The 38 District offices are the principal planning and project implementation offices of the Corps. District offices are responsible for:

- * Preparing water resource studies in response to specific Congressional resolutions;
- * Conducting engineering design and operations and maintenance studies;
- * Constructing civil works facilities;

- Operating and maintaining major water resource projects;
- Administering laws for the protection and preservation of the navigable waters of the United States;
- Acquiring, managing, and disposing of real estate property pursuant to carrying out civil works and military functions.

Attachment 2 and Attachment 3 depict current and future Division/District boundaries and office locations.

Proposed Structural Changes

The Corps' reorganization plan contemplates changes to both structure and process. (Attachment 4 depicts the Corps' current Civil Works structure and changes to that structure presented under the reorganization plan.)

Structural changes would:

- Reduce the number of Division offices from 11 to 6;
- Retain all 38 District offices, but consolidate technical functions into 15 Technical Centers and administrative functions into 5 Administrative Centers;
- Retain program/project management, regulatory functions, operations, and construction management at District offices; and
- Collocate military project and construction management and design at the same centers.

Under the reorganization plan, the 11 existing Division offices would be reduced to 6 during FY 93. Division offices targeted for closing are: Chicago, Dallas, New York, Omaha, and San Francisco (District offices in these cities would remain open, except for Dallas, which would be served from the District office in Fort Worth). Remaining (restructured) Division offices would include: Portland,

Vicksburg, Atlanta, Boston, Cincinnati, and Honolulu.

All current District offices would be retained, and a new one would be added in the Boston area. Planning and engineering functions for Civil Works (currently vested in all District offices) would be consolidated in 15 Technical Centers, which would be collocated with 15 Districts. Military Design and Construction would be centralized at 10 of the Districts collocated with Technical Centers.² District-specific changes are scheduled to begin in FY 94.

Over the next two years, one Administrative Center would be established for each Division, with the exception of the Pacific Ocean Division, which would continue to handle administrative functions internally. The Corps also plans to establish a single Finance and Accounting Center.

Proposed Procedural Changes

Changes in process would focus on two aspects of project development: (1) the project manager's authority to select the organization responsible for planning or designing a project, and (2) the project review process. Project managers, located at the District office level, would be responsible for project development from the initiation of the first study through project completion; they may select the most appropriate Technical Center to perform planning and design functions based on demonstrated competence, timeliness, and cost.

²These Technical Centers would thus do both military and civil design. Eight of these would also be staffed for hazardous, toxic, and radiological waste remediation design.

Division offices would no longer perform technical reviews but would, instead, ensure that Districts develop and maintain review capability. Technical review functions would be transferred to Districts with Technical Centers. A single, national center, to be named the "Central Review Center," would be responsible for all policy reviews of civil works projects. The Central Review Center would review all reconnaissance reports, feasibility reports, and other policy-sensitive project documents, eliminating duplicative reviews now performed at the Division and Headquarters level. Each Division would have an Administrative Center, in which human resources, information management, resource management, and audit functions would be consolidated. In addition, the Corps would establish a single, national Finance and Accounting Center to process all financial and accounting documentation.

Attachment 5 depicts functional changes anticipated under the reorganization plan.

Criteria for Concept Selection

To develop its plan, the Corps first identified six major alternative concepts for reorganization: Base Case (status quo), Realignment, Regionalization, Decentralization, Elimination of Divisions, and Combination of Alternatives. Next, the Corps defined criteria upon which to base the selection of a preferred concept. Those criteria, discussed by then-Assistant Secretary of the Army for Civil Works Nancy Dorn in hearing testimony before the Water Resources Subcommittee on March 11, 1992, were: cost efficiency, flexibility enhancement, retention of competence, and management effectiveness. The Corps was seeking, first, timely, cost-effective work products and services; second, the flexibility to address changing

workload and mission; third, the ability to maintain technical expertise; and fourth, the consistent administration of civil and military missions.

Using a computer program, Corps planners reviewed the reorganization concepts against the selected criteria. Each of the criteria was assigned an equal value in the analysis. The results of the analysis showed that the highest rated concept was an amalgamation of concepts which called for eliminating Divisions, retaining all Districts, and creating Technical Centers at 15 Districts. Military design and construction management would be centralized at 10 Districts collocated with Technical Centers. The number of Division offices to be retained was based on the projected Corps workload for the future, the level of funding available through the Operations and Maintenance and General Expense Accounts, and the geographical workload distribution. The Corps decided to retain six Division offices. The boundaries created among the Divisions represented a compromise between creating an approximately level workload (including civil works, military programs, and environmental work), and preserving logical groupings (particularly civil works programs with their dependence on physical geography).

Criteria for Site Selection

The Corps currently employs approximately 34,000 people in its Headquarters, Division, and District offices. The reorganization plan, as currently configured, would result in the elimination of 2,600 full-time equivalents and the transfer of 5,000 positions. In order to decide where to close Division offices, where to establish Technical Centers, and where to establish Administrative Centers, the Corps chose five site-selection criteria which had been recommended by the Field Advisory Committee. The Field Advisory Committee was comprised of one representative from each

District and Division office, and was designed to enable the Corps' reorganization program office to communicate with field offices and to serve as a conduit for receiving input from the field.

The five criteria were:

- Current Corps Office Site
- Cost of Living
- Educational Availability
- Transportation Hub Availability
- Number of Current Personnel

An additional criterion, "Central to Workload," was used in several cases where geographic considerations seemed to require it (e.g., St. Louis was chosen as a site for inland navigation planning).

These criteria took the following specific form:

1) Only sites with existing Division or District functions were considered for future office site selections.

2) All sites that were officially designated high-cost areas for Federal salary purposes (namely New York, Los Angeles, and San Francisco) were given a cost-of-living rating of 1; sites not designated as high-cost were given a rating of 2.

3) The educational availability criterion was based on the quantitative ratings for 4-year college engineering programs provided in the Gourman Report.³ Overall ratings for 4-year college programs were also used for corroborative purposes. Essentially, all sites within 75 miles of a college with an engineering program rating

³ Jack Gourman, The Gourman Report. A Rating of Undergraduate Programs in American and International Universities, 7th ed rev. 1989 (Los Angeles: National Education Statistics).

higher than 3.5 (on a scale of 5) were given an educational availability rating of 2; other sites were given a rating of 1.

4) The transportation hub criterion was used by taking FY 1991 Federal Aviation Administration data classifying airports as non-hubs, small hubs, medium hubs, or large hubs. Sites near airports classified as medium or large hubs were given a rating of 2; small hubs or non-hubs were given a rating of 1.

5) The "number of current personnel" criterion was used as a "tiebreaker" after other criteria were used to rank available sites for decisions involving District functions. When two sites were tied based on the other criteria, the site with the larger number of staff that would be affected by the location decision was given preference.

The above criteria were used to rank all existing Corps sites and to determine which Division offices should be closed and where Technical Centers and Administrative Centers should be located. Among Division offices, although Dallas was ranked higher than Vicksburg (6 to 4), Vicksburg was chosen as a Division site because of the legal requirements that the Mississippi River Commission be located on the Mississippi River and that its President be a Division Engineer. On the West Coast, although San Francisco and Portland were ranked equally (5 to 5), Portland was chosen as the Division office because the cost-savings which could be realized (the 8% federal pay differential in San Francisco would result in an additional annual cost to the government of \$1 million) were judged to be more important than access to a better engineering school.

BENEFITS OF REORGANIZATION

As stated earlier, the Corps was guided by four major criteria in selecting a reorganization concept: cost-effectiveness, enhancement of competence, flexibility, and management effectiveness. The Corps believes that, through the intended changes to structure and process, these benefits will be achieved.

First, the Corps calculates the \$215 million implementation cost of the plan to be recoverable in 1.7 years. Thereafter, annual savings of \$115 million would be realized through savings in overhead costs.

Second, the Corps believes it is essential to maintain technical competence in this era of declining traditional missions and uncertain future missions. The Corps believes that through the consolidation of technical expertise in dedicated centers, and through the reallocation of functions among Headquarters, Divisions, and Districts, the capability to perform missions on a nationwide and worldwide basis will be retained.

Third, The Corps believes that it must have the organizational flexibility to better respond to fluctuations in the nature of its work. In this era of less construction and more operations and maintenance, the Corps intends for its reorganization to allow the agency to expand its role in non-traditional areas, such as mobilization for disaster relief, rebuilding and replacing the nation's infrastructure, toxic waste cleanup, and building future land-support facilities for NASA.

Finally, by removing redundant levels of project review and consolidating technical and administrative functions, the Corps believes that management effectiveness will be increased. Consistency of policy, simplified communication, and more efficient work processes are benefits anticipated by the Corps.

CRITICISMS OF THE REORGANIZATION PLAN

Critics have raised a number of objections to the reorganization plan. These objections may be summarized as follows:

- * Consolidation of planning, design, and review functions into 15 Technical Centers will result in the loss of local knowledge and expertise.
- * Reductions in Force will be made in the field offices, with no corresponding reductions at the Headquarters level.
- * Distancing of technical expertise from the local area will increase coordination problems, travel costs, and eliminate the close coordination that is now enjoyed between Corps Districts and their customers.
- * The simple point system through which the site selection criteria were expressed did not adequately reflect the qualitative differences among engineering schools and transportation hubs.
- * Localized planning and engineering support during emergencies (e.g., in the event of a hurricane) will not be available in many areas.
- * The Corps did not coordinate its proposal with local sponsors and interest groups that are likely to be heavily affected by the reorganization.
- * Closing nearly half of the Corps' existing Division offices will result in the loss of a regional knowledge base.
- * Civil works planning and design projects already partially completed by Districts losing those functions (i.e., those Districts without Technical Centers) will be taken over by other Districts with little or no previous knowledge of the project history, the technical requirements of the geographical area, or local sponsor desires.

In the best case, this will result in lost time and efficiency; in the worst case, this will result in wasted effort if the "gaining" District decides to start from "ground zero."

WITNESSES

The following Members of Congress will provide testimony at the hearing:

Sen. Barbara Boxer (CA)

Rep. Robert E. Wise, Jr. (WV)

Rep. John Porter (IL)

Rep. Thomas Foglietta (PA)

Rep. Lane Evans (IL)

Rep. Curt Weldon (PA)

Rep. Jack Quinn (NY)

Additional Members have been invited, but, as of the time of this writing, have not confirmed their intentions to appear.

U.S. Army Corps of Engineers

G. Edward Dickey, Acting Asst. Secretary of the Army for Civil Works

Lt. General Arthur Williams, Commander, U.S. Army Corps of Engineers

Dickey's statement will detail the background of the reorganization effort.

Williams will spell out the details of the current reorganization plan.

Philadelphia/Delaware Valley Panel

Representatives of the Philadelphia Port Area, South Jersey Port Area, and

Delaware Valley will testify about the potential impact of the reorganization plan on their areas.

West Virginia Area Panel

Two mayors, the President of Marshall University, a businessperson, and the associate editor of a local newspaper are expected to testify about the plan's potential impact on the economy of Huntington, West Virginia, and the surrounding area.

Chicago/Great Lakes Panel

Chairman of the Great Lakes Commission, the Vice President of the Metropolitan Water Reclamation District, and the Director of the North Central Division Concerned Citizens Group will testify about the potential impact of the reorganization plan on the eight States which make up the Great Lakes Region.

ATTACHMENT 1

THE CORPS' CIVIL WORKS RESPONSIBILITIES

The civil works responsibilities of the Corps began with an Act of Congress in 1824 which called for the improvement of rivers and harbors for navigation. Legislation in 1879 created the Mississippi River Commission, which was given jurisdiction over navigation work and flood control related thereto on the lower Mississippi River. Legislative expansion of the Corps' responsibility for civil works has included:

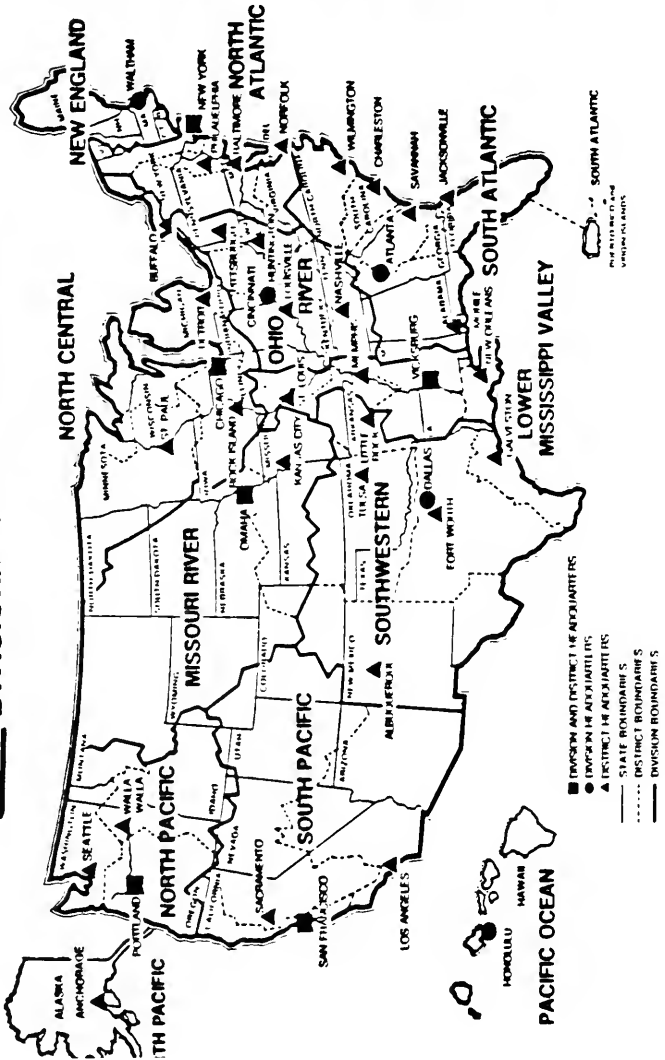
- Regulatory activities over waters
(1899, 1972, 1977, 1987)
- Hydroelectric power in dams
(1912, 1917)
- Flood control
(1917, 1927, 1936, 1974)
- Recreation navigation
(1932)
- Recreation
(1944, 1962)
- Irrigation (limited)
(1944)
- Water supply
(1944, 1958, 1965)
- Shore and beach erosion protection
(1946, 1956, 1962, 1974)
- Hurricane protection
(1955, 1958)
- Water quality
(1961, 1972, 1974)
- Environmental concern and emphasis
(1970)
- Fish and wildlife conservation
(1958, 1965, 1974)
- Wastewater management
(1972)
- Groundwater damages
(1986)

ATTACHMENT 2

Attachment 2:



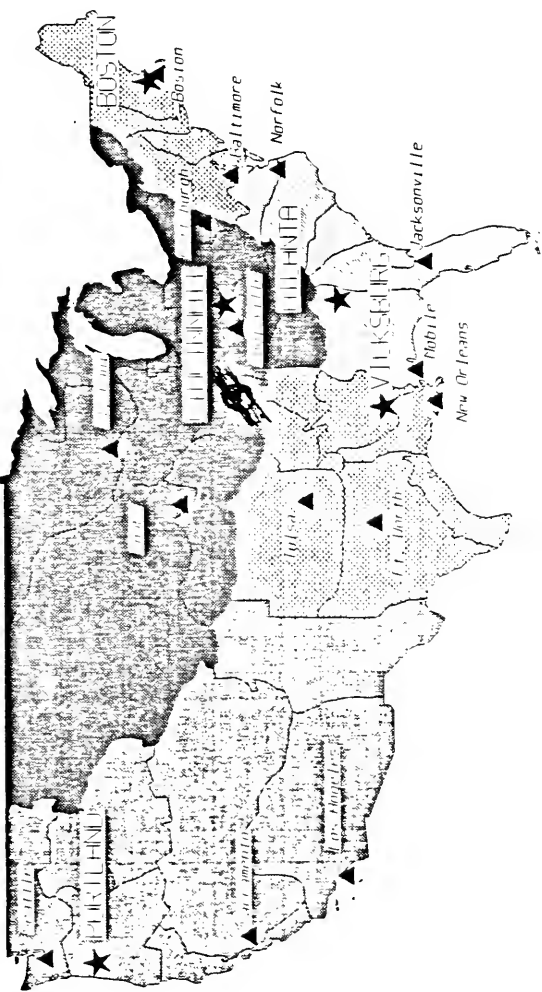
Civil Works Current Division/District Boundaries


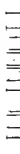


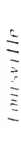



ATTACHMENT 3

CIVIL WORKS DIVISIONS

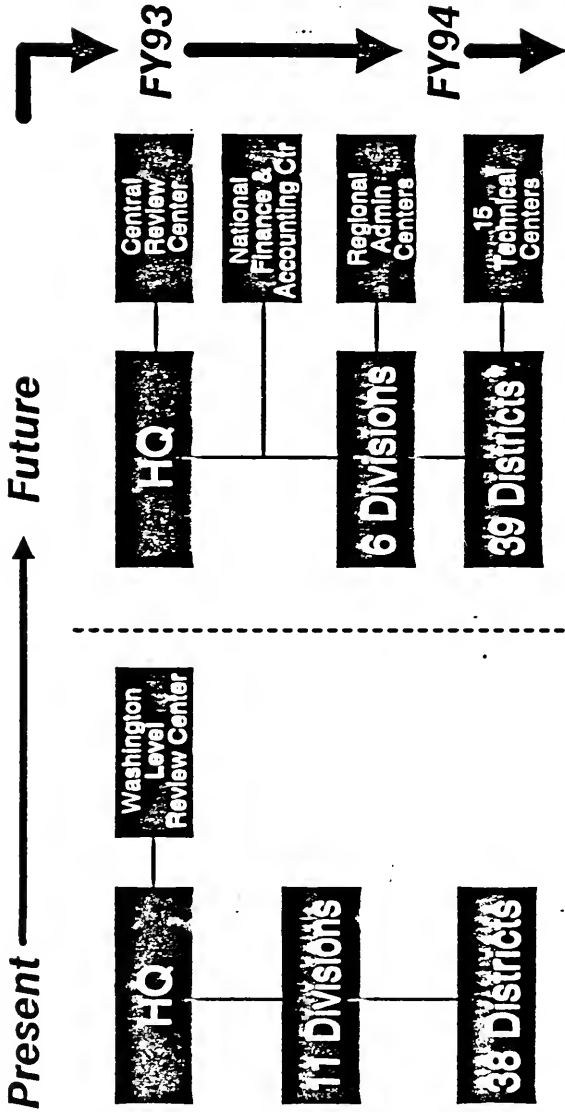
& DESIGN DISTRICTS : PROPOSED



- Division HDs   
- Design District HDs   

ATTACHMENT 4

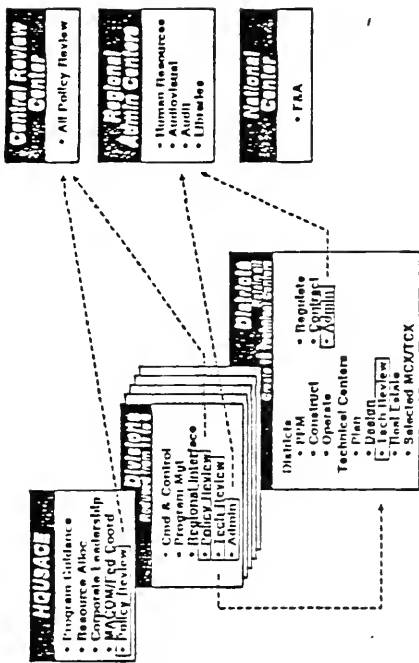
Corps Civil Works Structure



* Boston will have a District and a Division

ATTACHMENT 5

The Reorganized Corps



Benefits:

- Retains strong local customer/partner relationship
- Reduces management cost through Division consolidation
- Reduces project cost and improves timeliness through single-layer policy and technical review
- Enhances technical depth and workload/workforce balance through functional consolidations
- Achieves managerial efficiencies through admin consolidations made possible by automation and communication technologies
- All offices impacted, but no cities vacated

U.S. ARMY CORPS OF ENGINEERS PROPOSED REORGANIZATION PLAN

THURSDAY, MAY 6, 1993

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT,
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 2165, Rayburn House Office Building, Hon. Robert A. Borski (chairman of the subcommittee) presiding.

Mr. BORSKI. The subcommittee will come to order.

The subcommittee today is looking at how our massive Federal Government should operate in the 1990s. How can we make the best use of taxpayer money? And how can we provide the absolute best delivery of the valuable services that are supplied by the Army Corps of Engineers?

In this time of tighter and tighter budgets, when we in the Congress must make every effort to ensure that the American people are getting their money's worth for every single tax dollar, we must do all in our power to reduce unnecessary administrative costs, eliminate unneeded overhead, and end the duplication of services.

As President Clinton and many others have said, now is the time for us to find ways to reinvent Government. The restructuring of the Corps of Engineers to meet the challenges of the coming decades is just one example of how an outdated Government organization must be overhauled.

There is broad agreement on the need to restructure the Corps. We must assess the future mission of the Corps, determine the best structure to accomplish that mission, and then evaluate the best use of the Corps' personnel and resources to accomplish the assigned mission.

Last year, the Corps of Engineers proposed a plan that would have resulted in the first major restructuring in 5 decades. Over the objections of the leadership of this committee, the previous Administration gave its approval to the plan. However, Secretary of Defense Aspin has the issue under review.

The Corps' plan would eliminate 2,600 full-time jobs and transfer another 5,000 employees. It would reduce the number of division headquarters from 11 to 6 and restructure the district offices. The Corps estimates the cost of implementation to be \$215 million with an annual savings of \$115 million in 2 years.

The objection to the Corps' plan—and there have been many—have covered the whole range of issues. The opponents have charged that the Corps failed to take account of changes in its mis-

sion, that the reorganization does not provide the Corps with the right structure, and that personnel have been shifted from the wrong locations.

The subcommittee hopes to give all sides the opportunity to place their views on the record. The people who deal with the Corps' local offices on an everyday basis on individual projects have an extremely important part to play in letting us know the best structure for the Corps.

It should be emphasized that the purpose of the hearing is not to question the Corps' engineering capabilities, but to determine the best way to bring those services to the users. The Corps has a long and proud history of being the Nation's engineering firm providing the technical foundation for our port development, inland waterway, flood control, beach erosion control, and many other programs.

Our intention is to make an already good organization even better through a restructuring that reflects the many changes in the past 5 decades. The bottom line is that we want to work with everyone else who is involved—the Corps, the Clinton Administration, and the customers who rely on the Corps—to develop a new structure that works. A newly revitalized and reorganized Corps of Engineers can be a major positive force in our Nation's infrastructure development and environmental protection.

At this point, I would like to recognize the ranking member today, the gentleman from Tennessee, Mr. Duncan.

Mr. DUNCAN. Thank you, Mr. Chairman.

Due to a death in the family, the true ranking member of this subcommittee, Congressman Inhofe, is unable to be with us. He has asked that I fill in for him briefly during the first of these hearings.

Today we will begin 2 days of hearings on the proposed plan to reorganize the United States Army Corps of Engineers. Since 1965, the Corps' civil works, engineering, and construction workload has declined by 40 percent. The end of the Cold War has changed the need for traditional military design and construction functions of the Corps to base realignment and closure. Accordingly, we must rethink the role and organizational design of the Corps of Engineers.

We cannot rethink the Corps' new role and design within a vacuum. Careful analysis must be given to effects of reorganization on communities and ongoing Corps projects.

The testimony we will hear today will be very useful in evaluating the current proposals in light of community needs. Downsizing an organization such as the Corps is never an easy or popular task. However, we must recognize economic realities. We can no longer afford the current Corps structure. Without question, the Corps still has an important civil and military role to play, but these roles have changed and we must allow the Corps to change to meet these new challenges.

In closing, Mr. Chairman, let me welcome our distinguished colleagues, our good friends, Congressman Wise, Congressman Evans—Senator Boxer, it is certainly an honor to have you back from the other body—and my good friend Congressman Curt

Weldon. I look forward to hearing the testimony of all the witnesses.

I would also like to thank our ranking member of the full committee, my good friend, Congressman Bud Shuster, who is with us at this time.

Thank you very much, Mr. Chairman.

Mr. BORSKI. The Chair thanks the gentleman.

The gentlewoman from Michigan?

Miss COLLINS. Thank you, Mr. Chairman.

I thank you for holding this hearing on the reorganization of the Army Corps of Engineers. As we recognize the changing role of the Army Corps and consider its reorganization, we must carefully assess the impact that this reorganization would have on the various regions of the United States and on the ability of the Corps to carry out its mission.

I look forward today to an open discussion of the criteria used by the Corps. For example, when deciding on a technical center site for the North Central Division, the Corps seems to have ignored its own criteria, including its tie-breaker, and has skipped over Saint Louis and Nashville for geographic reasons.

I would contend that if the Corps would like to consider geography in the North Central Division, they should consider that none of the sites selected to be technical centers are along the Great Lakes. Although Detroit was among the cities that scored the highest on the Corps' original three criteria and is along a major waterway, the Detroit River, it did not qualify.

I look forward to an examination of the Corps' original criteria and its tie-breaking criteria. I appreciate the opportunity to hear from today's witnesses.

Thank you.

Mr. BORSKI. I thank the gentlewoman.

The distinguished gentleman from Pennsylvania, Mr. Shuster?

Mr. SHUSTER. Thank you very much, Mr. Chairman.

I certainly look forward to this hearing today and the testimony of the witnesses and the Corps, particularly with regard to their reorganization. One of the concerns that I have about the reorganization proposal is whether it goes too far in cutting field offices and not far enough in streamlining headquarters. I think this is one of the issues on which we should focus. The second area is the whole redefinition of the Corps' mission. In particular, Congressman Murtha and I have introduced legislation which has become law as an authorization to look at the question of the Corps' possible increased involvement in the development of rural water and sewer systems. This is a mission in which the Corps certainly has expertise and which I think could become an appropriate new mission for the Corps.

I will be looking forward to these issues and others as we proceed in these important hearings.

Mr. BORSKI. The Chair thanks the gentleman.

The gentlewoman from Texas?

Ms. JOHNSON. Thank you, Mr. Chairman.

Mr. Chairman, I congratulate both you and Chairman Mineta for the leadership you have shown in ensuring that our committee has

the ability to contribute through our oversight function to the reorganization of the Army Corps of Engineers.

I also want to recognize that a little later in these proceedings we will have the opportunity to hear the testimony of Mr. Steve Bartlett, the Mayor of Dallas and a distinguished former Member of this Congress. I am proud to work with Mayor Bartlett on issues of importance to the city of Dallas and I thank him for his willingness to come to Washington to testify.

I am delighted that we will have the opportunity to hear from him as well as all other witnesses we have before us today.

Today we will hear testimony from many officials expressing dissatisfaction about the methodology used by the Corps in the reorganization plan which was presented in November of 1992. Indeed, I have very strong concerns about the procedure used by the Corps in reaching their decision. I believe that these decisions go against the best interests of the Corps and the southwest region of the United States.

The Corps' 1992 reorganization plan contains so much faulty logic and seems to lack sufficiently designed process. So it is difficult for me to determine exactly where to start, but I will venture to forge ahead anyway. Let's look at the criteria used by the Corps to rank the various division office candidates. Page C-10 of the reorganization plan lays out eight criteria which were judged to be the best guides for determining future regional office sites.

But as we will get into later in this hearing, these criteria were not used consistently nor across the board. In fact, they were used selectively to help the chances of some sites and hurt the chances of others. When the criteria were used, the point ranking—one for a low grade and two for a high—made it difficult, if not impossible, to accurately assess the strengths and weaknesses of each site on any reasonable basis.

Mr. Chairman, it is difficult to understand why a reputable Government agency would base their decisionmaking upon decidedly inaccurate and incomplete information, but this appears to be what happened.

Although centrality to workload distribution was deemed to be an important criteria by the field advisory committee, the Corps only used this important factor on a very selective basis. For instance, the Corps felt that centrality of workload distribution was important in deciding where to locate the North Central and Western Division offices, but not the South Central. This is most perplexing and regrettable.

Vicksburg, Mississippi, is the eastern most point of the newly proposed South Central Division. Dallas, Texas, is in fact far more central and accessible to each of the district offices, which is where the day-to-day work will be carried out.

I am also concerned with the Corps' use of another important factor, which is the educational availability comparison for Dallas and Vicksburg. Educational availability is one important factor in helping the Corps maintain a top quality workforce. To the best of my knowledge, this is contained in the Corps' report.

The only university in the proximity of Vicksburg is Jackson State University. While Jackson State is a fine institution, they do not have an engineering school. Meanwhile, when the Corps looked

at Dallas, they could find only Southern Methodist University, which does indeed include a fine school of engineering. But somehow SMU was the only relevant university in the region which the Corps could identify. But if they had asked me, I would have been able to let them know of the University of Texas at Dallas, one of the foremost schools in math, science, and engineering, and the University of Texas at Arlington, both of which have very excellent engineering schools.

Further, Texas Christian University is an outstanding institution for learning of the sciences and even today has help the Corps secure an educated workforce for their increasing operations dealing with environmental cleanup. And we could go on. They are a lot closer than Jackson State is to Vicksburg, as a matter of fact, within 10 to 15 miles while Jackson is at least 60 to 75 miles away.

Other colleges in my area also help supplement the labor needs of the Dallas district office. Schools such as the University of Dallas, Dallas Baptist University, University of North Texas, and Texas State Technical Institute all have excellent educational programs in business and the sciences. In addition, Dallas County has seven campuses of the finest community college system in this country.

Overlooking for a moment the fact that the Corps was not able to identify these institutions of higher education in the Dallas region, they still gave the Dallas region two points for having the high grade, and Vicksburg one point for having the low grade. A spread of one point does not even begin to identify the qualitative differences in educational availability between Vicksburg and Dallas.

There are similar horror stories for each of the criteria, but the shortcomings were especially apparent when the Corps examined education, transportation infrastructure, labor availability, and centrality to workload distribution.

While no Member of Congress likes to see constituents lose their jobs, this is not the only reason for my concern. The reorganization, as presently formulated, would lead to the loss of productivity, loss of capability, loss of workforce diversification, and loss of expertise. The Southwest Region as a whole and the district offices in Galveston, Albuquerque, Tulsa, Fort Worth, and Little Rock will all be negatively impacted if this plan is carried through. Urban flood control efforts will be severely impacted, as will hazardous waste cleanup efforts.

I would rest here, Mr. Chairman, but at the hearing on Tuesday when the Corps' headquarters personnel will be present, I will direct my statement and questions toward the future internal structure of the Corps, including the Mississippi River Commission. The Corps should be following past Congressional direction to refrain from micro-managing, but it seems apparent that this reorganization plan is designed to give the Washington headquarters the ability to further micro-manage division and district offices. Also at this point I am extremely skeptical of the Corps' rationale for requiring that the South Central Division be located at the same site as the Mississippi River Commission.

Thank you very much, Mr. Chairman. I will have questions later.
Mr. BORSKI. The Chair thanks the gentlewoman.

The gentlewoman from New York?

Ms. MOLINARI. Thank you, Mr. Chairman.

First of all, let me say that it is rare that we see such a wonderful panel of experts before us to testify. [Laughter.]

I want to particularly welcome the chairman of my subcommittee, Bob Wise. It is a real pleasure to have you here with us today.

One of the terrible things that happened during the last election, as I am sure has already been noted, that while we gained more women in the United States Senate—for which we are very grateful—we lost Barbara Boxer in the House of Representatives. It is nice to see you here, Senator.

Mr. Chairman, I would like to submit my remarks for the record, but would like to state that I thank you for holding this hearing today. I know everyone who works for or with the North Atlantic Division in New York appreciates your interest in this matter. We all hope that the Corps will rethink its costly reorganization proposal.

I was pleased to hear that Secretary Aspin is concerned about the Army Corps of Engineers' reorganization plan put forth last fall. It is good to know that the Secretary is committed to ensuring that "any realignment that takes place is done with the proper non-political tone to it."

Secretary Aspin's commitment to a fair process is a welcome change from the proposal currently under consideration. The current proposal disproportionately affects large cities like New York City and San Francisco. They seem to have been targeted for closure and then a set of meaningless criteria was established to eliminate them. Even the environmental assessments were conducted after the decisions were made.

At best, we have a poorly designed realignment plan. At worst, we have a contrived set of criteria designed to eliminate division offices not favored by the Washington headquarters. In any case, we have a plan that takes decisionmaking out of the field, displaces thousands of workers, costs millions of dollars, and provides questionable returns in terms of efficiency and cost-savings.

I have an entire statement to submit for the record, Mr. Chairman, that details more specifically my problems with moving, obviously, the Corps of Engineers' headquarters field office from the New York/New Jersey region and moving it to Boston. It was a move that I think flies in the face of the authorization process we were trying to establish several years ago when we asked the Base Closure Commission not to get involved and to allow us to do proper oversight and proper thought in using some judicial discussion.

That obviously was not done and I am grateful for the opportunity not only for those of us who sit on this panel but for our colleagues to voice their concerns and dissatisfaction with where we are today.

Thank you, Mr. Chairman. I would like to enter into the record at this point statements from Representatives Don Sundquist of Tennessee, and H. James Saxton of New Jersey

Mr. BORSKI. Without objections, so ordered.

[Statements referred to follow:]

TESTIMONY OF REPRESENTATIVE DON SUNDQUIST

Mr. Chairman, Members of the Committee, I appreciate the opportunity to share with you my great concern about the reorganization plan for the Army Corps of Engineers as it affects the district offices covering my district in Tennessee, Memphis and Nashville.

I am all for efficiency and saving money. It seems to me, however, that the savings projections for this reorganization are unrealistic, better achieved in other ways, and likely to be offset out of the region. It should raise red flags everywhere when a reorganization proposal bases 90 percent of its savings on eliminating jobs at the district level, where the work gets done, while achieving only 10 percent of its savings by trimming bureaucracy higher up.

In the case of the Memphis District office, which would have its technical responsibilities shifted to New Orleans, the changes are enormously disruptive and the cost savings to the Corps are perhaps two percent, and that assumes there will be no increased costs for travel and per diem expenses—an assumption I find completely unrealistic.

Similarly, the Corps' proposal to close the Nashville district office is unwise, given the responsibilities and performance record of the Nashville District and the fact that Nashville currently has specific responsibilities not easily transferred elsewhere.

Allow me, if you will, a few moments to summarize my specific concerns about the reorganization plan's impact on Memphis and Nashville.

MEMPHIS DISTRICT

The Memphis District currently has responsibility for some 369 miles of the lower Mississippi River, a unique and difficult stretch of waterway which carries the floodwaters from 48 percent of the United States. The Memphis District has handled these responsibilities with distinction, ranking second nationally among district offices in efficiency.

When the Corps is needed to fight flooding on the lower Mississippi, as if often the case, it is the technical divisions which are called upon to do so. Yet it is these technical divisions which will be transferred from Memphis—and Vicksburg, Mississippi—to New Orleans, 400 miles away from the district's northernmost part.

From an operational standpoint, it is dangerously short sighted to strip this important region of its technical expertise, especially when the cost savings to the Corps will be negligible and probably offset by the increased travel cost incurred by New Orleans-based technical staff.

NASHVILLE DISTRICT

The Nashville District covers most of Tennessee, as well as portions of Alabama, Mississippi, Georgia, North Carolina, Virginia and Kentucky. It operates nine of the Corps' 71 hydroelectric power facilities and returns almost \$35 million annually to the U.S. Treasury through their operation. It operates a total of fourteen navigational locks on the Cumberland and Tennessee Rivers, which carry over 60 million tons of cargo each year.

The Nashville District is also the Ohio River Division's designated district for Hazardous, Toxic and Radioactive Waste. It has an impressive history of handling difficult, high profile projects, such as the Divide Cut on the Tennessee-Tombigbee Waterway, the construction of Fort Campbell, construction of the first modern dam on the Tennessee River, and the planning of a new large capacity lock at Kentucky Dam.

Nashville is home to the Corp's first and most comprehensive hydropower training program, and has a specific expertise in tunnelling technology that has been applied to projects such as the Harlan tunnels in Kentucky and the Passaic River tunnels in New York.

It seems to me that the Corps of Engineers can find a way to cut its expenses by two percent without leaving the vital waterways of the lower Mississippi, Tennessee and Cumberland Rivers without on-site technical diversions. I urge this committee to reject the changes proposed for Memphis and Nashville.

Thank you.

STATEMENT OF CONGRESSMAN H. JAMES SAXTON

REORGANIZATION OF NORTH ATLANTIC DIVISION OF THE ARMY CORPS OF ENGINEERS

I would like the Committee to be aware that I am opposed to the Corps reorganization plans, especially as it relates to the removal of Engineering and Planning resources in the Philadelphia and New York Districts and the relocation of the North Atlantic Division to the Boston area. These offices, which bring local engineering knowledge and experience and a regional perspective, have combined to bring the State of New Jersey and New York together to complete efficiently engineered projects in a timely manner.

In addition, I request no funds be appropriated for the reorganization of the Philadelphia, New Jersey and New York Division offices.

Please submit these remarks for the hearing record. Thank you.

[Ms. Molinari's prepared statement follows:]

REMARKS OF CONGRESSWOMAN SUSAN MOLINARI

Mr. Chairman, thank you for holding this hearing today. I know everyone who works for or with the North Atlantic Division office in New York appreciates your interest in this matter. We all hope that the Corps will rethink its costly reorganization proposal.

I was pleased to hear that Secretary Aspin is concerned about the Army Corps of Engineers reorganization plan put forth last fall. It is good to know that the Secretary is committed to ensuring "that any realignment that takes place is done with the proper non-political tone to it."

Secretary Aspin's commitment to a fair process is a welcome change from the proposal currently under consideration. The current proposal disproportionately affects large cities. Cities like San Francisco and New York seem to have been targeted for closure, and then a set of meaningless criteria established to eliminate them. Even the environmental assessments were conducted after the decision was made.

At best what we have is a poorly designed realignment plan. At worst what we have is a contrived set of criteria designed to eliminate division office not favored by the Washington Headquarters. In any case, we have a plan that takes decision making out of the field, displace thousands of workers, cost millions of dollars, and provides questionable returns in terms of efficiency and cost savings.

Moving the responsibilities of the North Atlantic Division to an area around Boston does not make sense logistically or economically. The move itself would set the Federal government back an estimated \$8 to \$10 million depending on the exact location in Boston. Savings after the move are limited to about \$500,000 a year in wages. This savings will occur because New York has an interim locality pay differential of up to 8%. Once locality pay comes into existence, Boston will have a comparable locality pay to New York. This savings will cease.

The closing of the North Atlantic Division office in New York City would cost the city 200 jobs and the benefits of direct oversight of vital Corps projects. New York-New Jersey harbor is one of the busiest ports in the world. Many of the projects underway in the harbor are maintenance rather than new construction. District offices do not have the resources to manage these non-construction programs. If New York is left with only a district office, these programs will suffer.

The loss of the North Atlantic Division office would be most noticeable when disaster strikes. Last December 11th a powerful Northeaster struck Staten Island and the entire coastline of New York, New Jersey, and Connecticut. The North Atlantic Division was on the scene immediately and ready to help with emergency repairs. Without the Corps division office to assist us, we would not have been able to rebound from the storms devastation. A district office alone would not be able to provide the support the North Atlantic Division extended to the community.

The North Atlantic Division office continues to help victims of the December 11th storm. In fact the Division has prepared a survey resolution to revise a 20 year old beach fortification plan for Staten Island, NY. The Public works and Transportation Committee will consider this resolution later this month. Without the North Atlantic Division office, the future of this essential project may be in jeopardy.

The contentious nature of the current reorganization plan and the many pressing projects the Corps must complete in New York led Congressman Schumer and I to contact Secretary Aspin regarding the reprogramming of funds appropriated for Corps reorganization. The \$5 million in the Energy and Water Appropriations Act for Fiscal Year 1993 could be put to much better use repairing storm damaged shoreline in New Jersey, New York, and Connecticut.

Mr. Chairman, thank you again for holding this hearing to help us all better understand the proposed realignment plan. I hope that the testimony of our witnesses today will ensure that the Corps will put forth a new plan that in Secretary Aspin's word is "done with the proper non-political tone to it."

Mr. BORSKI. The Chair thanks the gentlewoman.

The gentleman from Pennsylvania, Mr. Blackwell?

Senator BOXER. Mr. Chairman, can I make a point of inquiry?

I have been called by a Subcommittee Chair who was in an accident and can't convene a subcommittee hearing that was supposed to start at 10:00 in the other body. All I would ask is for about 3 minutes to summarize my statement, if there could be consent, so that I can help out Senator Lautenberg on the other side.

Mr. BORSKI. If the remaining members of the panel will yield, let me then turn to the distinguished chair of the committee, who I know wants to introduce our first panel.

The CHAIR. Thank you very much, Mr. Chairman.

Let me acknowledge the recognition that has already been paid to our leading witness by our colleague, Ms. Molinari. All of us in California are very, very proud of the California delegation in the Congress. Probably no election in the State of California was more significant than last November's. We are proud to have representing us in the United States Senate Barbara Boxer.

Barbara Boxer and I are—I don't want to say "old" friends—we are friends of longstanding. But from her work with Congressman Burton, her work as a member of a county board of supervisors, with her background and her work here in the House of Representatives—when she was chairing the Transportation Subcommittee on Government Operations, we worked very closely together.

But now we have lost her voice in the House, but we have gained another great voice in the Senate. So it really does give me a great deal of pleasure to welcome Senator Boxer before our Subcommittee on Investigations and Oversight.

Barbara, you know very well that you are always welcome before the Committee on Public Works and Transportation at any time. I know that you are in a rush, so I would like to go ahead and yield to you the time.

TESTIMONY OF HON. BARBARA BOXER, UNITED STATES SENATOR FROM CALIFORNIA

Senator BOXER. Thank you, Norman.

Mr. Chairman, I am really moved by the welcome I received from both sides of the aisle. All of you are so wonderfully gracious. As you know, Mr. Chairman, I sought out the Committee on Public Works and Environment over in the Senate and was so delighted that we will have this chance to work together. And that goes for all the members of this subcommittee and of the committee. If you need a helping hand, I want to help over there.

I would ask unanimous consent that I can place my statement in the record.

Mr. BORSKI. Without objection, your prepared statement will appear in the record.

Senator BOXER. I will summarize it briefly.

First of all, I am greatly relieved to hear the comments from all of you this morning. When this hits you in your area, you think

that maybe you are the only one that is going through this. But to be very candid with you, I think this plan is really a political decision in search of a rationale. It should be completely walked away from.

I can tell you—and I know many of you have experienced this—there was a set of criteria that was developed and it was ignored. In the case of San Francisco, the Corps had already used the criteria. They came down to the fact that San Francisco was the place for this consolidation to take place. And by some strange kind of immaculate conception, the next day Oregon was born as the place for this new division.

When you compare the workload, it is 10 to 1 the other way. When you compare universities, you can't compare it. When you compare airports, you can't compare it. It just goes down the line and it makes no sense.

As a matter of fact, then Senator-elect Dianne Feinstein and I swung into action with many of our colleagues, including Congresswoman Pelosi, and under the Freedom of Information Act we garnered all this material, which I would like to turn over to your subcommittee, Mr. Chairman. We think it is going to prove that all this was really a political decision, that the facts were on our side.

I am not going to go into all the details. You don't need to hear them because it looks as if there is a pattern here. I think with this information and with my testimony and that of everyone else—Congresswoman Molinari is so right. Secretary Aspin I think sees what this was. I look forward to working with you to turning this decision around.

Let's use criteria. Let's make objective, sensible decisions. Then if some of us lose out, some of us lose out. But let's find cost-savings and not put politics into the equation.

I thank you very much for your courtesies. I say to all my colleagues here that I miss you and I especially think you have perked the place up. It is wonderful to see you. Let's work together on this and many other issues.

Mr. BORSKI. The Chair thanks the distinguished Senator very much.

We would just note that we have a new chairman of the Public Works and Transportation Committee and that is why we have some new equipment here.

Senator BOXER. It is very exciting. [Laughter.]

Mr. BORSKI. I know the Senator has another important engagement to go to and I appreciate her testimony.

Senator BOXER. If you have any questions, I would answer them in writing, if that is acceptable.

Mr. BORSKI. By all means. Thank you very much.

I now turn back to our panel up here.

Does the gentleman from Pennsylvania have an opening statement to make?

Mr. BLACKWELL. Mr. Chairman, I have a statement, but I am going to do as the Senator did. I will let it be a part of the record.

I would like to say that I am delighted to hear that just about everybody here is against this plan. This plan would completely devastate the port of Philadelphia. I am hoping that what we learn

today will allow us to turn this matter around and send it in the right direction.

Thank you.

[Mr. Blackwell's prepared statement follows:]

STATEMENT OF CONGRESSMAN LUCIEN E. BLACKWELL

Mr. Chairman, I am extremely pleased that you have brought this crucial issue to the forefront of the Subcommittee agenda.

When the Army Corps of Engineers announced the details of their reorganization plan last November, I was dismayed to learn that the Philadelphia district office was slated to lose their planning and engineering sections.

That dismay turned to disgust when the rest of this misguided proposal was unveiled.

For more than forty years, I have been affiliated with the Port of Philadelphia. I started on the docks unloading cargo, and worked my way up, until I became the President of Local 1332 of the International Longshoremen's Association, a position which I regretfully resigned following my election to Congress.

Today, I faithfully remain a Commissioner of the Delaware River Port Authority. In addition, I have served on the Board of Directors of the Port Corporation and the Governor's Infrastructure Task Force. And as a Member of Philadelphia City Council, I constantly monitored activity at the Port.

My entire professional life has been connected to the Port of Philadelphia.

This is an affiliation for which I have the greatest sense of pride.

In all of my years at the Port Mr. Chairman, one thing I have truly learned is the value of the Philadelphia district office of the Army Corps of Engineers.

The Corps is charged with the incredibly difficult task of maintaining one of the most difficult shipping channels in the nation.

The Delaware River channel is chock full of shoals, and without the Corps' ability to perform emergency dredgings, the grim possibility of ruptures is a very real danger.

The Philadelphia Corps office is moving forward to expand the depth of this channel to 45 feet in order to improve the safety of this vital waterway. This project is essential for the entire economy of the Delaware Valley region, and we are grateful to have the presence of such a skilled and well maintained office in our City.

But if this critical office were stripped down, we would be confronted with the potential for massive economic devastation of the Port of Philadelphia.

At a time when we finally have a President who is committed to restoring our nation's cities, this plan stands directly opposite to his mission.

Continued development of the Port is essential for the economic well being of a countless number of minorities, women, and other economically disadvantaged residents in the City of Philadelphia.

I am extremely concerned that if the Corps does not maintain its current presence in Philadelphia, the Port will be challenged to lure the massive amounts of cargo into the area that it potentially could.

I know that you share my concerns Mr. Chairman. I am also pleased that we will receive testimony from two of our Delaware Valley colleagues, as well as several representatives of the Philadelphia and South Jersey Port areas.

But when we look at the broader picture Mr. Chairman, we will hear from every corner of the country, that this plan is seriously flawed. We must examine the following questions:

Why did the Corps fail to coordinate its proposal with local offices and interest groups which will be most affected by this plan?

In the event of emergency, or environmental catastrophe, how will a skeleton office with no planning or engineering expertise be able to handle such a disaster?

And perhaps the most revealing question which will demonstrate the incompetence of this misguided proposal, is how the Corps failed to trim the fat off of its own budget here in their Washington headquarters, while they made drastic cuts to vital offices across the nation?

I am confident Mr. Chairman, that during the course of these valuable hearings, the answers to these and other questions will emerge as we put the pieces together of this confused and muddled reorganization plan.

Yes, the Army Corps must be reorganized. But this difficult task must be conducted with the utmost, careful consideration. Reorganizing simply for the sake of reorganizing is useless.

By studying the details of this failed proposal, I am certain that we will emerge with a clear understanding of what must actually be done to formulate the most economically sensible reorganization plan possible.

I commend the Chairman and the Subcommittee staff for all of their hard work, and welcome all of our witnesses here today. Thank you, Mr. Chairman.

Mr. BORSKI. Thank you.

The distinguished gentleman from California, the full committee chair, Mr. Mineta?

The CHAIR. Thank you very much, Mr. Chairman.

Let me congratulate you, Mr. Inhofe, and the substitute, Mr. Duncan, for the leadership being exhibited by this subcommittee. There is no doubt that the proposed Corps reorganization announced last November naturally raises significant concerns for the members of this committee. Some division offices will be closed and some district offices will have dramatic staff reductions, with staff positions moved to other cities.

We all recognize that the Corps' workload is shrinking, and that the Corps does need to reduce its staff to match these reduced responsibilities. My only concern is to make sure that the reorganization is done in a way that preserves the maximum effectiveness of the Corps in serving its missions and that it is fair to all concerned. To do that, I need to get answers to several questions.

First, I want to make sure that the basic concept of the reorganization makes sense. In particular, is it appropriate to streamline the Corps' field offices without streamlining its own headquarters staff?

Second, I want to make sure that the Corps used the right criteria to select which division offices would remain open and which district offices would retain their technical staffs. For example, should the Corps have taken into account how close potential division offices are to the workload for their respective division?

Third, I want to make sure that the Corps applied its criteria appropriately. We would all agree that having access to good air transportation is important. But should an airport that FAA classifies as a medium hub be considered just as good as one it classifies as a large hub?

Fourth, I want to make sure that the criteria were applied consistently. In cases where the rather simplistic scoring system produced ties, why were different tie-breakers used in different divisions?

I think we would all agree that the Corps needs to be streamlined and that there needs to be a rational plan for doing that. I hope that today's hearing will make clear whether the proposal before us is the rational plan for which all of us are looking.

Again, Mr. Chairman and Mr. Duncan sitting in for Mr. Inhofe, thank you very much for your leadership on the subcommittee.

Mr. BORSKI. I thank the chairman very much.

Let me note, if I may, that we have a distinguished guest in our audience. The distinguished State representative from Philadelphia, David Richardson is here, a good friend and a gentleman I sat next to in the State House for several years.

The gentleman from Michigan?

Mr. BARCIA. Thank you, Mr. Chairman.

I don't actually have an opening statement, but I would like to thank the panel members for their presentation to the committee

today and applaud Chairman Borski and the staff for placing on the agenda of this committee the discussion of reorganization of the Army Corps of Engineers throughout the country.

With the 5th congressional district that I represent, in excess of 700 miles of Lake Huron shoreline, numerous inland lakes, as well as the entire Saginaw Bay, I am vitally interested in the reorganization of the Army Corps of Engineers and what impact that may have on the Great Lakes Basin and the State of Michigan, particularly the 5th congressional district.

I have no opening statement, but I would like to say that I appreciate the distinguished panel guests who are about to share their insight with us on this important and vital issue. I applaud your efforts, Mr. Chairman, and the stand of Chairman Mineta as well, for your interest in this very timely issue.

Mr. BORSKI. The Chair thanks the gentleman very much.

I have a statement for the record from Congressman William H. Zeliff that I will place in the record.

[Mr. Zeliff's prepared statement follows:]

STATEMENT OF HON. WILLIAM H. ZELIFF, JR.

Mr. Chairman, thank you for calling this hearing today to examine the U.S. Army Corps of Engineers proposed reorganization plan. This represents a major new initiative for the Corps that will have an impact across the country.

Clearly, the major emphasis today in our defense force structure is downsizing to meet the changing security needs of this country. All functions within the Department of Defense are feeling the impact of changing missions and reduced budgets.

I for one hope that the effort at downsizing the Department of Defense, whether it impacts the Corps of Engineers or the Marine Corps, is based on a careful and prudent analysis of the security needs of this country and not on political expediency.

There is no questioning the fact that the traditional mission of the Corps of Engineers has changed in recent years, and we need to take a close look at ways to streamline the Corps to make use of our tax dollars in the most practical and efficient manner possible.

The latest reorganization plan developed by the Corps would eliminate 2,600 full-time jobs, transfer 5,000 employees, reduce the number of division offices from 11 to 6, modify headquarters operations and restructure district offices. All told, the plan is expected to cost \$215 million to implement and generate annual savings of \$115 million by 1995.

Mr. Chairman, however well researched and developed this plan may be, there is no question that it will likely have an adverse impact on many areas of the country. As such, I am looking forward to hearing the testimony being offered today by our distinguished colleagues in Congress and Representatives from areas affected by the proposal.

The decision on this reorganization plan should be carefully reviewed, and I think these hearings will provide an important forum for weighing the facts.

Thank you, Mr. Chairman.

Mr. BORSKI. Now let me recognize the distinguished chairman of our Economic Development Subcommittee on Public Works and Transportation, the Honorable Robert Wise of West Virginia.

TESTIMONY OF HON. ROBERT E. WISE, JR., A REPRESENTATIVE IN CONGRESS FROM WEST VIRGINIA; HON. THOMAS FOGLIETTA, A REPRESENTATIVE IN CONGRESS FROM PENNSYLVANIA; HON. LANE EVANS, A REPRESENTATIVE IN CONGRESS FROM ILLINOIS; AND HON. CURT WELDON, A REPRESENTATIVE IN CONGRESS FROM PENNSYLVANIA

Mr. WISE. Thank you very much, Mr. Chairman.

I want to thank you and the subcommittee for your quick response to the pleas of a lot of us that this hearing be conducted and the one to come when the Corps of Engineers will be appearing because this is just vitally important to so many areas.

Looking closely at the reorganization proposal, I can see how many areas currently served by the Corps will be severely prejudiced by the massive reductions in force. I am here to speak on behalf of the Corps' Huntington district in West Virginia. I think it provides an excellent example of how the proposed reorganization plan is seriously flawed.

The proposed reorganization plan for the Huntington district contemplates a reduction of more than 350 staff. These are professional engineers, analysts, technicians, some of the most highly skilled jobs in the area. This would deal a serious blow to the local economy. But I am not here to make the argument simply because of the local economy. I am here to make this argument on behalf of the merit.

A massive staff reduction in the Huntington office would have a devastating effect on the planned and ongoing Corps projects in the Ohio River Valley, projects essential for promoting safety and increased commerce along the inland waterway system. I understand that the staff in the Huntington district has a national reputation for the excellent quality of its work, so the proposed staff cuts would not only leave the Huntington district without competent and efficient technical support, but generally disrupt Corps of Engineer activities in the region and throughout the Nation.

I am prepared to accept the need to realign the Corps in the face of budget constraints and changing military priorities. It is important for the Corps to redefine its mission and to use its limited resources more efficiently. However, a close look at the proposed reorganization plan reveals that just the opposite would happen. I think the statements already made here bear that out.

Under the current proposal, I foresee greater problems in the coordination of activities between Corps district offices and greater waste of time, energy, and money to conduct its varied activities.

Let's talk a minute about the selection criteria. The manner in which the Corps used its selection criteria to choose the larger technical centers among the district offices was crude and inconsistent. For example, although the central-to-workload criterion was used as a tie-breaker to enlarge the Saint Louis district office, the same criterion was completely ignored by moving hundreds of staff from Huntington to Pittsburgh, despite the fact that the Huntington office is so much closer to the major workload in that region.

It makes no sense that Huntington was rated dead last among the 12 districts in the proposed North Central Division, yet Huntington now supports the largest civil works mission in the division.

Another tie-breaking criterion was the consideration of the number of technical personnel, again completely ignored in the case of the Huntington office. Although the Huntington district currently has almost 80 more technical personnel than the neighboring district, the neighboring district was chosen as one of the four technical centers in the new North Central District. Yet in view of the

heavy workload in the Huntington district, this element of the reorganization plan makes no sense.

I understand that one of the criteria used for the Corps' decision to slash the workforce in Huntington was the lack of a hub airport in the vicinity. I am troubled by this because plans for a major regional airport in the Huntington/Charleston/Parkersburg area are already underway and have been on the front pages of the Huntington newspapers for several years. Congressman Rahall and I and other members of the delegation have worked hard to move that project along.

In any event, the Huntington district seems to have been unaffected by the lack of a hub airport in the past. For that reason, I question the importance of that criterion in the first place.

Interestingly enough, 2 years ago a different reorganization plan was presented by the Army Corps of Engineers. Under that plan, a number of district offices were to be closed, including neighboring district offices. Yet I cannot understand how the earlier proposal aimed to close a neighboring office and now the current proposal seeks to double that office while taking the personnel from the Huntington office.

Overall, it seems as if the selection criteria in the current proposal were used conveniently to justify desires to increase size and importance of some offices and to slash the workforce in other offices. In cases where the selection criteria did not meet the desired objective, they were simply ignored.

I have another problem in my district, but it is not just my district because it affects you all as well. We are not talking just about construction. We are talking about environmental cleanup. I have the distinction, I guess, of having two Army Corps of Engineers Superfund sites in my district. If you think construction can be a problem, try the Army Corps of Engineers in Superfund. Right now, trying to pull together meetings, the Huntington district has to depend on the Nashville and Omaha offices for direction. The resulting delays and coordination problems not only cause a waste of time and money, but exacerbate a very serious problem: the threat to the health of affected communities from highly toxic materials.

Mr. Chairman, I appreciate so much your response on this issue and we are going to get back to you on the environmental cleanup aspect of it.

The Corps of Engineers believes its reorganization would allow it to expand its role in such non-traditional areas as hazardous waste cleanup and disaster relief. However, what I have witnessed in my district thus far indicates that the Corps cannot perform these functions competently, much less expand the functions where management comes from remote offices and increases costs, delays, and response times.

Mr. Chairman, in closing, I want to bring up another concern that I have. I think it may affect many of your districts as well as mine, which is back-door reorganization. Yes, we have heard that this is on hold. The Secretary of Defense has put this on hold. The Corps assures me that this reorganization is on hold.

Let me tell you something else that is happening.

There are reports from around the country, including the Huntington district office, that the Corps is acting pursuant to the Ex-

ecutive Order calling for a 4 percent reduction in the Federal workforce and attempting to implement a de facto reorganization. Plans have been developed, although currently on hold, which include staffing and workload assignments and funding allocations which closely follow the details of the reorganization plan which the committee reviews today.

For example, the Ohio River division has targeted the Huntington district office to absorb almost 50 percent of the total cuts in the Ohio River division as part of the 4 percent reduction in overall workforce. By aligning the district office staff in accordance with the proposed reorganization plan, which is on hold, the Corps is circuitously attempting to implement the reorganization through other means. The front door got shut, so they're coming around to the back door to do much of the same thing.

I am aware that the back-door reorganization is taking place in many places in Corps offices throughout the Nation. This greatly concerns me and I want to ensure that no reductions in staff take place in any Corps district office until the reorganization plan is thoroughly reviewed and revised.

Mr. Chairman, I thank you and the subcommittee for making this hearing possible. Some have said that if this is on hold there is no need to hold this hearing. Perhaps there is a funeral about to occur, but I think it is time to put the nails in this coffin. I appreciate this subcommittee bringing this to public light.

Mr. BORSKI. The Chair thanks the gentleman very much and particularly appreciates his leadership on this question.

I now recognize my good friend and distinguished colleague from Pennsylvania, my friend and neighbor and member of the Appropriations Committee and chairman of the Urban Caucus, Congressman Foglietta.

Mr. FOGLIETTA. I would like to thank you, my colleagues, for the great job you are doing here in Congress and for the city of Philadelphia. I am sorry that our other colleague, Congressman Blackwell, has left, but I am happy to be here with Congressman Weldon, who is our adjoining district. It is quite normal for us to be together on a bipartisan basis for things that are good for the city of Philadelphia and the Delaware Valley.

Many times, most of the things that work well for us are good for the cities of America, whether Republican or Democratic areas. We work together for the urban areas of America. I would like to congratulate my colleague, Bob Borski, again for convening this hearing today.

Over the years, I have testified on the importance of the Army Corps of Engineers district office in Philadelphia and the devastating effect its loss would have on the port. Without the planning and engineering sections, this office will not be able to meet the needs of the Delaware Valley. From deep draft projects along the Delaware River to storm damage control along the New Jersey and Delaware coastlines, a fully staffed office is essential to the environmental and economic well-being of the Delaware Valley.

Simply put, a majority of the money in the North Atlantic Region is spent on projects in the Delaware Valley. That money should continue to be managed in the area.

All of my colleagues who have testified before me and those who will follow me today make compelling arguments for why their offices should stay open. In the case of Philadelphia, there are some striking differences.

Over the last 5 years, the Federal Government has done everything in its power to disinvest itself from the city of Philadelphia. The closings, restructurings, downsizings, reorganizations—they all mean one thing, and that is loss of jobs in the city of Philadelphia. I do not intend to stand by for further Federal disinvestment.

In this same time frame, the city of Philadelphia has been targeted on all three defense base closure lists. All told, Philadelphia can expect almost 50,000 direct and indirect civilian job losses. I cannot think of another congressional district in the country that has suffered more job losses as a result of the base closure process.

I think Chairman Borski and my colleagues from southeastern Pennsylvania would agree that enough is enough. I don't care if we're talking about two jobs or 2,000 jobs. This recommendation will not stand. We must stand together against this kind of disinvestment in the city of Philadelphia. Let's keep Philadelphia open, fully staffed, and fully employed.

Thank you.

Mr. BORSKI. The Chair thanks the gentleman very much for his statement and his hard work on behalf of the city of Philadelphia.

The Chair would now like to recognize my friend, colleague, and classmate from Illinois, Mr. Lane Evans.

Mr. EVANS. Thank you, Mr. Chairman.

I am here today to explain to the subcommittee why I believe that the United States Army Corps of Engineers' reorganization plan would be detrimental to the work already underway at the Rock Island district office. As you know, the plan would consolidate planning and engineering functions at various technical centers. In the case of the Rock Island district, those functions would be moved to Saint Paul, Minnesota.

This change would come at a time when the Corps is receiving funds to begin major rehabilitation work on locks and dams on the Mississippi and Illinois Rivers. Specifically, the President's fiscal year 1994 budget recommends \$5.06 million to begin rehabilitation work on Lock and Dam 13; \$11.33 million for Lock and Dam 15; and \$5.2 million for four locks on the Illinois River. At the same time, the Rock Island district office is responsible for the operation and maintenance of 18 other lock and dam sites on the Mississippi and Illinois Rivers.

In addition, the Corps is developing a major plan for increasing capacity on those rivers. These improvements would be made over the next 50 years. Seven of the ten locks and dams that require major expansion are within the current Rock Island district. In fact, Rock Island is central to a majority of the lock and dam sites on the Mississippi. Since the Rock Island office is centrally located, travel is minimized and there is greater efficiency.

It is also important to recognize that the Corps of Engineers owns the buildings it occupies in Rock Island. Only two other offices are in buildings owned by the Corps. Personnel turnover is low—5 percent compared to a Corps-wide average of 10 percent—and the Rock Island district office is only 15 minutes from the

Quad City Airport, which has regular connections to all major metropolitan areas.

Throughout the 1980s, west central Illinois suffered from a deep recession that devastated our agricultural manufacturing sectors and squeezed local resources. Maintaining the Mississippi and Illinois Rivers as a means of transportation is essential to ensuring that we can achieve a full economic recovery. These important transportation corridors are absolutely essential to the economic well-being of the region. We cannot neglect these resources.

I believe that the Corps' plan as currently proposed would jeopardize the efficient operation and maintenance of this system. For this reason, I urge the committee to oppose the plan and recommend that the Rock Island office remain a full functioning district office.

Thank you very much for this opportunity to testify before you today.

Mr. BORSKI. The Chair thanks the gentleman very much.

The Chair now recognizes my good friend from Pennsylvania, member of the Armed Services, and ranking member of the Merchant Marine Committee, Mr. Curt Weldon.

Mr. WELDON. Thank you, Mr. Chairman.

To you and the other members of this subcommittee, I am very happy to be here today.

Mr. Chairman, I am outraged at the Army Corps of Engineers and what they have proposed. I think this whole Congress is outraged at an agency that I think right now is out of control. I appreciate the opportunity to testify here not just because of some parochial concerns in the Delaware Valley that will have a dramatic impact on Philadelphia, which I do not represent, but the Delaware Valley, which as you know I do represent.

But more importantly, I am here as a member of the Armed Services and Merchant Marine Committee to talk about concerns I have in a top-heavy process that has been used to maintain the status quo of jobs inside the beltway and the command structure, but yet which is starving the offices that provide the services around the country. It is absolutely outrageous. This Congress has to stand up and fight.

I am speaking to the choir here because you personally and this subcommittee and this full committee have all been real leaders in the fight to make sure that there is a rational approach to the Corps of Engineers' reorganization as well as local efforts that affect our cities and towns across this country.

I think it is important that all members of this subcommittee and the Corps understand the depth of the concern of the entire Congress from both political parties. Those from both Republican and Democrat districts around this country have expressed outrage, as I have and as other Members are doing today. We need a more responsible approach and a more logical approach to downsize the Army Corps, which we all know has to take place.

As you know, the fiscal year 1993 Energy and Commerce Appropriations Act prohibits the closing of any Corps of Engineers district office as part of reorganization. Yet the proposed reorganization transfers the key operational functions of several district offices to other facilities and in effect precludes at least 21 district

offices from performing their work and serving the Corps' customers. That is unacceptable.

It appears that the Corps' customers and sponsors were not asked for input on the impact of the proposed reorganization on their programs and projects and future partnership relations. Fortunately, these hearings will expose the facts as we know them to be.

Mr. Chairman, you are well aware that in the Philadelphia area the Philadelphia district office provides critical services for flood control, coastal, environmental, port dredging, and emergency management needs. It has done its job very effectively. By establishing technical centers in Baltimore, Maryland and Boston the reorganization moves the Corps away from customer services in the area and forces the area to compete with other regional needs.

The expertise required to address the unique problems in the greater Delaware Valley area will be lost. The Corps' response to the recent storms along the Delaware and New Jersey coastlines illustrates the importance of the Corps' proximity to the area it serves. Put simply, the division's response time and availability would be seriously hampered by a move to Boston.

As I said earlier, all of us understand that the Corps has to reorganize and downsize. But let it start with the beltway crowd. Let it start with the leadership. Let them show us where they are willing to make the kind of cuts that will allow us to continue to serve the kinds of needs that we have across the country.

The Water Resources Development Act of 1992 provides new opportunities and missions for the Corps. I believe that any reorganization should reflect that as well as the need to protect basic timely services.

I urge this subcommittee to do three specific things, Mr. Chairman. Number one, have the Corps provide a detailed accounting of funding, implementation, and planning for each section of the water belt and an explanation of how the reorganization relates to each of these requirements.

Number two, direct the Corps to develop a plan to address the practice of billing back centrally funded activities against projects and studies. GAO strongly criticized this practice, and yet its continued use justifies centralization of resources in Washington at the expense of projects desired by Corps' customers. It is outrageous and it should come to an end.

Number three, direct the Corps to undertake a review of its Washington headquarters and related operations with a view toward minimizing resources spent on such activities. Only those roles crucial to centralized execution should be retained for Washington.

Finally, I urge this subcommittee to continue its strong oversight. You are really a key in this process. You have done a fantastic job in the past. With our support collectively on both sides of the aisle, you will have the votes on the Floor of the House to carry forth any recommendations that you bring forth to fruition.

I would say that we can take an example of what needs to be done around the country in terms of controlling spending, and that is not by taking away services that affect people, but by tightening

the belt of the crowd inside the beltway. This is a perfect case in point.

Mr. Chairman, I thank you for the time you have given us in allowing us to address this important issue.

Mr. BORSKI. The Chair thanks the gentleman very much.

Can this plan be saved, or should Secretary Aspin scratch it completely and start all over?

Mr. WISE. I believe given the Corps' track record in reorganization in the past 3 or 4 years since they came out with a plan a couple of years ago, then junked that, and then came back and announced something totally the opposite—at least in our area—in order to have the credibility, you need to go back and start again, announce the criteria in advance, let the Public Works Committee and those other involved review those criteria, and then go ahead and make those selections.

I thought Senator Boxer said it well. Any reorganization that is credibly carried out—yes, we know that some areas are going to win and some areas are going to lose. But the problem here is that no one has much faith in this final product. I would urge starting over.

Mr. EVANS. I would agree with my colleague from West Virginia. I think this plan has bipartisan distrust and that we have to start anew.

Mr. FOGLIETTA. I would agree, again. I believe we are going to be unanimous here. First of all, I believe that we have to establish the criteria and standards by which we are going to make these decisions. Then most importantly, as was said so ably by my colleague Curt Weldon, we have to hear from those people who are going to be most affected. After we have had those hearings and after we have established those standards, then I think they can start to make a plan that would be acceptable to the Congress and to the people of this country.

Mr. WELDON. Mr. Chairman, I would just add that one of the buzz words that Les Aspin has been using as our new Defense Secretary is called the “bottoms up” review. The focus is to look at what the needs are and what the missions are, and then to design whatever our support is based on what the needs and missions are.

Unfortunately, the way the Corps does it it is like a “top down” review. They take care of the niceties in the beltway, make sure they are all happy and comfortable, and not worry about the service delivery out there. We need a “bottoms up” review of the Corps. Let's start with what those services are around the country and how they are being delivered. Then decide how much overhead we want to have in Washington. I would encourage that process to be used in this decisionmaking function as well.

Mr. WISE. Mr. Chairman, assuming that goes ahead and there is another plan put forward, I would urge that if possible this subcommittee, the full committee, and others be involved in monitoring something else that is occurring parallel and that is the 4 percent FTE reduction that is occurring administratively to make sure that that doesn't parallel the reorganization that is supposedly abandoned.

I think it would be a shame if over the next year or so the Corps abandons reorganization, implements the reductions that in effect

carry that out and then come back in 2 years and say that districts like the Huntington district—it is a self-fulfilling prophecy—because they don't have the personnel they did, therefore more of their function should be eliminated.

Mr. BORSKI. The Chair thanks the gentleman and I appreciate very much all our distinguished colleagues for coming by here. This issue here certainly has a lot of interest in the Congress.

The Chair will have a very brief recess.

[Recess.]

Mr. BORSKI. The subcommittee will reconvene.

On our second panel, we would like to welcome Ms. Barbara Jones, director, government and public relations, Delaware River Port Authority; Mr. Paul Lane Ives, Jr., chairman, Joint Executive Committee for the Improvement and Development of the Philadelphia Port Area; and Mr. John P. LaRue, executive director, Philadelphia Regional Port Authority.

[Witnesses sworn.]

Mr. BORSKI. Thank you. Please be seated.

Mr. Ives, you may begin, sir.

TESTIMONY OF PAUL LANE IVES, JR., CHAIRMAN, JOINT EXECUTIVE COMMITTEE FOR THE IMPROVEMENT AND DEVELOPMENT OF THE PHILADELPHIA PORT AREA; BARBARA JONES, DIRECTOR, GOVERNMENT AND PUBLIC RELATIONS, DELAWARE RIVER PORT AUTHORITY; AND JOHN P. LaRUE, EXECUTIVE DIRECTOR, PHILADELPHIA REGIONAL PORT AUTHORITY

Mr. IVES. Good morning, Mr. Chairman and distinguished members of the subcommittee.

My name is Paul Ives and I am chairman of a group with a long name, which we call the JEC, which represents 24 public and private organizations in the Delaware Valley area. Our common cause is the main channel of the Delaware Bay and River water point commerce on the river. Our organization is well over 100 years old.

Among the members of our organization are the representatives of major port authorities we have with us today.

In our port area we have eight major port areas along 130 miles of river. We have at least 24 general cargo, bulk, and oil chemical terminals. All of this encompasses three States. Last year we moved 74 million tons of cargo through the ports and contributed over \$4 billion into the local economy.

We are a very busy port, and this is all possible largely through the maintenance and construction efforts of the Army Corps of Engineers.

In my other life as Delaware Bay and River ship pilot and president of the pilot's association, I worked almost on a daily basis with the Corps. I have the highest respect for them and think there are few Federal agencies that give the customer more for their money than the Corps. I am here to tell you today—and I am gratified to hear the discussion that has taken place so far—that we look with great foreboding on the planned reorganization.

The Philadelphia district is essential to the operation of our ports, to the ongoing day-to-day operations of all the many things they do in the area, and to the future improvements that may come

down the line in the years to come. We feel that the consolidation plan will have a devastating effect on our region.

I have prepared testimony which I have submitted to the committee and I will not take your time this morning to read it into the record.

I am privileged to have with me this morning representatives of our two main port authorities in the Philadelphia port area, Ms. Barbara Jones representing the Delaware River Port Authority, and Mr. John LaRue from the Philadelphia Regional Port Authority, of which I also serve as commissioner.

I would like to yield to Ms. Jones at this time.

Mr. BORSKI. Let me welcome Ms. Jones and remind all of our witnesses that your testimony will be made a part of the record and you may proceed in any fashion you would feel most comfortable with.

Ms. JONES. Thank you, Mr. Chairman. Good morning to you and to members of this subcommittee.

I am here this morning on behalf of the Delaware River Port Authority, which is a bi-State agency between the State of New Jersey and the Commonwealth of Pennsylvania. I have submitted a written copy of my testimony. I will not belabor the points and read through it, but I would like to highlight a few issues contained therein.

Essentially, the proposed reorganization would create extreme economic hardship for the Delaware Valley area. It would also strip us of the localized technical expertise which has proven beneficial to us in the past. And it would threaten our ability to continue to receive localized, cost-efficient, and environmentally sensitive solutions to the problems of the Delaware Valley.

On December 16, 1992, the Board of Commissioners of the Delaware River Port Authority adopted a resolution, the text of which is contained in my testimony. The Board strongly objects to the reorganization plan and we seek your assistance in helping us to preserve that office.

The Philadelphia office has been and continues to be extremely useful, cost-effective, and vital to the economic interests of the Delaware Valley. The Delaware River Port Authority firmly believes that the office should be preserved, its functional responsibilities should be maintained, and it should be permitted to continue to provide planning, design, engineering, and environmental expertise to us.

Thank you, Mr. Chairman.

Mr. BORSKI. The Chair thanks the gentlewoman.

Mr. LaRue.

Mr. LARUE. Thank you, Mr. Chairman.

It is a pleasure to be here. Thank you for including us in these hearings. I would also like to thank the members of this committee, including the Chairman, who helped to bring a stop to this hasty and ill-conceived reorganization last year.

We recognize that reorganization of all areas of government is something that is going to have to take place. Government at the Federal, State, and local levels will have to become more effective and productive. We know that we're going to have to do more with

less. But we think the Corps' approach here is dead wrong and that it will hurt and not help our Nation's ports and the environment.

In Philadelphia, the proposed elimination of the planning, engineering, and environmental units will really gut the district office, leave it a shell that we don't think can in any way respond to local needs.

Let me give you a couple of examples of this.

One of our major issues, as Captain Ives alluded to, is the depth of the channel and maintaining 40 feet. We have a very long channel that needs constant attention. This is not just an economic issue for the port, but it is also a safety and environmental issue. The loss of these key functions to another area we think could spell future disaster for our port.

Another area is permitting. We are undergoing a major rehabilitation of one of our container facilities that is about 25 years old. Key to that is permitting by the Corps of Engineers. It is our feeling that if we had to depend upon somebody flying in from Boston to help us with permits that right now we can get on the phone and have somebody on-site in less than an hour—we are not going to get that kind of service.

When you get delays and somebody says they can't fly down because there are budget or travel restrictions from Boston—those kind of delays are going to cost us money. They will lead to delays in construction, and that will cost everybody more money in the long-run.

We are not asking you in any sense to just come here and say to leave the Philadelphia office open, although I think we could because the rankings that have been done by the Corps show that office to be one of the best and most productive that we have. But we think you should challenge the Corps' basic concept and this centralization concept that they have. I think it was both Congressman Shuster and Congressman Weldon that talked about centralization within the beltway.

That is what we're afraid of. We're concerned that we're going to lose the local expertise, the people who know the port, who know the community on environmental issues and emergency planning issues, and that those eliminations from a community and centralization in Washington are going to lead to delays and disasters as we move forward in the future.

We think if the local office concept, the district office concept, has worked. If there is going to be a place to look for reorganization, it ought to be in the central office and we are willing to work with you and the Corps. They never asked in this review for any local input, which we would like to see if they start another reorganization.

Thank you.

Mr. BORSKI. I thank the gentleman very much.

In fact, that was one of the questions I had as to whether or not you were consulted at all from the Corps on this project.

Mr. LARUE. We were not and I will turn it over to Captain Ives.

Mr. IVES. I really don't think there was anyone in the port who participated in the reorganization design.

Ms. JONES. Nor were we consulted.

Mr. BORSKI. The resolution adopted by DRPA commissioners states, "the Philadelphia office of the Corps of Engineers is a lower cost office than that maintained in other areas."

Do you have any cost data you can provide to the subcommittee that compares Philadelphia to the other three district offices?

Ms. JONES. Although that is not included in the testimony that I submitted, I can submit that to the chairman in writing.

Mr. BORSKI. We would appreciate that.

Mr. Ives, in your testimony, you refer to work in various stages of completion on the New Jersey intercoastal waterway, the Salem River, the channel from Philadelphia to the Atlantic Ocean, and the Christina River channel.

Would you please detail the effects the proposed reorganization would have on these projects?

Mr. IVES. As my colleague, Mr. LaRue, pointed out, to have to go to a competing port such as Baltimore or Boston to ask for work on our channel is kind of like coming to your mother-in-law to complain about your wife. I am not so sure we would get a very warm reception.

We have a very close relationship with the Corps now, a good working relationship. We are very concerned as this gets into a centralized operation, that this will break down. I can give you an illustration of where it works today.

We have presently a 40-foot channel and we bring 40-foot ships—predominately oil tankers—up that channel. We do it very carefully and use the tides to help us get under keel clearance. Occasionally a shoal will appear in the channel unexpectedly. This causes not only a safety issue with the threat of an oil spill, but it also causes a serious economic issue if the ship cannot come up to service the refineries.

The Philadelphia district is structured to respond within a day or two for emergency dredging because they are there and the people are there and we can talk face-to-face. I question if this would operate if we had to go afield to get help.

Mr. BORSKI. Mr. LaRue, in your statement you stress the importance of dredging the Delaware River in a timely manner.

How often does the river need to be dredged to prevent the disruption of traffic?

Mr. LARUE. It is a constant effort. It is ongoing all the time. As you know, we have testified also in the past about the Corps of Engineers hopper dredge issues. Philadelphia is one of the major users of that. Our channel is about 125 miles. So there is constant activity there in keeping that open. It also affects us at our port facilities in that the Corps doesn't do any of the maintenance dredging at the piers and berths. That is our responsibility. We need to get permits to do that from the Corps of Engineers.

Again, if we have to go to Boston or if they are going to come down, we are not going to get nearly the same response as walking 5 or 6 blocks and meeting with the people we have to meet with to get it done.

Mr. IVES. Mr. Chairman, it is unfortunate that the port of Wilmington, Delaware is not represented on our panel today. That is a very busy port and a contributor to the economic picture in the Delaware Valley.

That port requires constant dredging, and it is off the main channel of the Delaware River and the Christina River. That port could not survive without continuous dredging from the Army Corps of Engineers.

Ms. JONES. Mr. Chairman, I would like to add a point on the dredging issue.

You will note in our testimony that we refer to dredging as being important as well. As an example, this year's appropriation for dredging in our area is \$13 million. That shows the significance of our dredging projects.

Mr. BORSKI. Mr. Duncan.

Mr. DUNCAN. Thank you, Mr. Chairman.

I would just like to ask the panel a couple of brief questions.

First of all, everyone who has testified this morning has recognized the fact that the entire military is downsizing and all of you have acknowledged a need to reduce or downsize the Army Corps of Engineers itself. If you think that the plan that the Corps has come up with itself is a bad plan, then it would seem to me that you would be under some obligation to come up with or propose some alternative.

Have any of you done that? Other than to simply criticize what has been done so far, do you have any suggestions? In other words, if you acknowledge the need to cut, where are we going to cut? Every place except your office?

Mr. LARUE. I would agree with you. I would echo what I heard from Congressman Shuster and Congressman Weldon. I think the first place to look is at the Corps' headquarters and look within the beltway and not outside. I think a lot of the local needs and services that we see from the Corps are being well delivered. But as I understand, this reorganization almost leaves the headquarters staff untouched.

It is a concept, and I would disagree with the concept, to centralize some of the Corps' activities and to keep a strong central office. From my experience in government, I think you get a much better response in a decentralized way with local offices with people who are there and understand the particular issues than with a centralized activity.

Mr. DUNCAN. I agree with that. In fact, I have said that our most important job as Members of Congress is to bring the Federal Government home to the people because I have heard all my life that that government is best which is closest to the people, and I believe that.

At the same time, we have to get the specifics. We apparently need to cut someplace. How much can be cut from the headquarters? How many people work there now and how many do you think can be cut? Do you have any specific suggestions or proposals or alternatives?

Mr. IVES. Mr. Duncan, I think that is part of the problem. We have not been included in this planning process at all. I would be very willing—and I am sure my colleagues would as well—to work with the Corps to start from scratch and look at how we can do this from the ground up.

I thought the gentleman from West Virginia said it very succinctly that the whole operation needs to be cut but it has to go

all the way up. We feel that we were not consulted, our input was not solicited, and the cuts seemed to be at the very local level and not above.

Mr. DUNCAN. I am not trying to defend this plan because I am not really all that familiar with it. In fact, I am just now learning about it. When I hear Congressman Wise say that 350 positions are going to be cut in Huntington but they are all going to be moved to Pittsburgh and the size of the office there is going to be doubled, I am not sure if that is really going to save any money. So I think we need to take a close look at this.

All of you have said or implied in your testimony that this reorganization is going to cause a delay or problems with the delivery of Corps of Engineers' services to the ongoing projects in the Delaware River Valley. Could you be more specific on that? Can you tell us why you think this will cause problems or delays?

We are living in an age of instant communication. I don't really believe in centralization. On the other hand, I would like to know if you can tell me any specific project that will be stopped, halted, or delayed by this reorganization?

Mr. LARUE. I think one example I used in my remarks was in some of the permitting activities as it relates—because of the Corps' location, we are able to get people—if something is changing and we are driving piles and you run into something you didn't expect—you may have to drive deeper or a particular environmental problem. In that case, we have the Corps right there. They can come and actually see the issue.

Those are the types of things you can't do by a fax or a phone call. You need that kind of local presence where they can come down and look at the site. They know the conditions of the terminal, whether it is our Packer Avenue terminal or one in Wilmington or New Jersey. They know the conditions if they are dredging. They know what to expect.

If suddenly they are centralizing everything at one location—even if they were doing it in Philadelphia and pulling people out of Boston and Baltimore—you are going to lose that expertise of the local conditions. You are going to have people who may be experts in a general sense but don't understand the particular activities of a particular port or river.

I think as you will probably hear from other port people and from some of the other congressmen, the conditions are particular and specific. You need people with that local knowledge. Just as Captain Ives, being a pilot, is very familiar with the Delaware River, I would think he might in the middle of a rainstorm, if he were taking a vessel up the Mississippi, have a difficult time. While he has all the technical expertise and knows how to handle a vessel and how to give those commands, he doesn't have that local experience of dealing with that particular project.

Mr. DUNCAN. I have no more questions, but let me say that I certainly am not criticizing anybody. The Army Corps of Engineers is going to be cut someplace. I am suggesting that all the people who don't like the plan that is out there now—it might be a good idea for you to get together and come up with a better plan. Otherwise you are going to see a plan go in that you might not like—

Ms. JONES. We welcome that opportunity.

Mr. DUNCAN. You have the opportunity. Just go ahead and do it.

Mr. BORSKI. The Chair thanks the gentleman from Tennessee. I think he is absolutely right on this question. But I also agree that our panelists have not been asked. Hopefully today we are starting to provide that forum. We do hope to receive that kind of written testimony from all our guests today as to how this organization can better work.

If there are no further questions of this panel, we thank you very much for your testimony.

Ms. JONES. Thank you.

Mr. LARUE. Thank you very much.

Mr. IVES. Thank you, Mr. Chairman.

Mr. BORSKI. We would like to welcome our third panel, Dr. J. Wade Gilley, president, Marshall University, Huntington, West Virginia.

[Witness sworn.]

Mr. BORSKI. Before you testify, I wish to recognize the distinguished Chairman of the Surface Transportation Committee for purposes of introduction, Mr. Rahall.

Mr. RAHALL. Thank you very much, Mr. Chairman.

I ask unanimous consent also that my prepared statement be put into the record.

Mr. BORSKI. Without objection, your prepared statement will appear in the record.

[Mr. Rahall's prepared statement follows:]

STATEMENT OF REPRESENTATIVE NICK J. RAHALL II

Mr. Chairman, let me take this time to thank you for holding these hearings. I believe the people who will be affected by the proposed Corps of Engineers Reorganization plan welcome the opportunity to express their views.

Huntington, West Virginia is the site of a Corps of Engineers district office which would be, in simple terms, gutted if the proposed reorganization plan were implemented. In my view, and in the view of the citizens, businesses, educators and the employees of the Corps in the Huntington area, this plan makes little sense.

The three hundred and sixty-five positions proposed to be moved from the Huntington district is a much larger percentage of Huntington's economic base than it would be of larger cities. Losing that many jobs would induce a tremendous ripple effect that would soon reach all sectors of the economy.

Furthermore, it is illogical to take people from a district office which has proven itself to be efficient and effective and which is located in an area with a low cost-of-living and move them to a city with a high cost-of-living. The Huntington district has proven itself by managing a relative large civil works budget with a relatively small staff. This plan, which is intended to save tax dollars seems to penalize them for their efficiency rather than giving them credit.

Those who promote this plan now say an economic impact analysis ought to be performed on Huntington and three other Corps facilities before the plan proceeds. I say AMEN.

But, I must ask, why such an impact analysis was not done prior to moving forward with such a plan not only in Huntington, but all Corps facilities? Why did the Corps proceed forward blindly without the express authorization of the Congress to reorganize districts?

I have pointed out many factors the Corps did not consider in this plan. Any set of criteria, the Corps has replied, is subjective.

I am reminded of Will Roger's words—An economist is a man that can tell you what can happen under any given condition, and his guess is liable to be as good as anybody else's, too."

Of course criteria are subjective, but the Corps and the executive branch must, as the Congress must, keep in mind our charge—to promote the general welfare—I believe the constitution states.

The Corps reorganization is not about a bunch of number crunching going on in somebody's personal laptop computer. No, this reorganization is about how we best serve the needs of this nation and promote the general welfare.

To do less is to violate our public responsibilities. to do more would enhance this country's infrastructure, boost our competitiveness and expand our economy.

I will stop short of Senator Hollings plea that we "shoot all economists." But perhaps a lesson or two in public service would not hurt them.

Given the opportunity, Mr. Chairman, I say the Corps ought to shelve this so-called plan and go back to the drawing board. If the Corps want to reorganize they should work with the Congress, work with those affected and together build a workable plan. I will work with them.

Mr. Chairman, it is factors such as these that the Corps seemed to ignore when devising this ill-conceived plan. I am glad to see that you have taken the initiative to hold hearings on this urgent matter.

At this time, I am pleased to introduce to you and to the members of the subcommittee Dr. J. Wade Gilley of Marshall University in Huntington. Dr. Gilley is fully aware of and seriously concerned about the adverse effects that the proposed plan will have on the entire Huntington area and on Marshall University in particular. I feel that this testimony today will be particularly meaningful as the subcommittee analyzes the full impact the reorganization, as presently formulated, will have on many areas of this nation.

Mr. RAHALL. And of course, in my statement are discussed the adverse effects that this proposed reorganization or downsizing of the Corps of Engineers would have upon its Huntington, West Virginia district office. This office is very efficient and very talented. A great deal of expertise exists in this office and they are becoming busier by the day.

This proposed downsizing would in effect gut this particular office and gut the many valuable infrastructure projects with which the Corps is involved.

The individual I now have the honor of presenting to this subcommittee is fully aware of the adverse effects this downsizing would have on the city of Huntington and on West Virginia in general.

He is the president of Marshall University, located in Huntington, West Virginia. He is one who brings a great deal of leadership and a great deal of professionalism to our education community in West Virginia. The positive impact he has had upon Marshall University, upon the city of Huntington, and upon our entire State cannot be measured.

I look forward to hearing Dr. Gilley's testimony today. We have had preliminary discussions about establishing joint engineering efforts between the Corps of Engineers and his school at Marshall University. Those efforts would only be set back by a quantum leap if this downsizing were to be approved.

I introduce to you Dr. Wade Gilley, president of Marshall University.

Thank you.

Mr. BORSKI. The Chair thanks the gentleman.

Dr. Gilley.

TESTIMONY OF J. WADE GILLEY, PRESIDENT, MARSHALL UNIVERSITY, HUNTINGTON, WV

Mr. GILLEY. Thank you, Mr. Chairman. I appreciate the opportunity to be here. I thank Congressman Rahall and Congressman Wise for inviting me.

I can't say that I am an expert on the Corps of Engineers, but there are two or three points I would like to make.

One is that the Corps of Engineers in Huntington is an essential part of our economy. We probably have three or four anchors to the economy: the Corps of Engineers, health care, petrochemical manufacturing, and possibly the university. As we look at the future of the economy of Huntington, I guess like many small cities in middle America, many of our anchors in our economy are under stress.

Our health care is a major portion of our economy. We have two major hospitals, the university as a medical school, and again that offers an uncertain future because of what is happening in health care and what may happen in the future in this country.

We look at the Corps of Engineers and they represent 300 to 400 high-paying professional jobs that contribute enormously to the Huntington economy. These are professionals who are involved in every aspect of community life. Now this anchor within our economic development strategy is also under threat.

It seems to us that if we are serious about economic development in this country, something like the reorganization of the Corps of Engineers cannot take place in a vacuum. It should be part of some comprehensive, coherent idea about where we are going as a country economically. It has to be tied in with all the other things that are happening.

It seems to me that this plan was developed without any local input apparently here along the banks of the Potomac and sprung full-bloom at the end of last year. I think we probably need to have more discussion about the economy and the impact on the local economies all across the country and have the Corps' reorganization, as well as other things happening in Government, to be an integral part of some coherent plan for the country.

The second point I would like to make is that as we look at the Corps of Engineers and their educational needs, one of the reasons that the Huntington district office was not designated as a technical center or was designated for downsizing was the lack of an engineering school within 75 miles.

When we look at the Corps of Engineers, they do have a lot of professionals, but they are not all in engineering. None of the offices depended on the local university for a supply of civil engineers or environmental engineers.

Just to digress a minute, my doctorate is in civil and environmental engineering, so I know a little about that subject.

The Corps recruits students for employees from all across the country, but they need to have the opportunity for those employees to continue to work toward master's degrees. When we look at the educational opportunities in Huntington, our university has almost 3,000 graduate students ranging from medical students to Ph.D.'s in biomedical science, M.B.A., more than 50 masters degrees in a variety of fields.

Just up the road 35 miles from us is a part of our system, the West Virginia College of Graduate Studies, which has 3,000 graduate students, including a fully accredited graduate school of engineering with master's degrees. In fact, currently in Huntington they are in the process this spring of awarding degrees in engineering management to 15 or 20 employees at the Corps of Engineers' office there.

So we cannot understand who decided that Huntington didn't meet this criteria when no one in Huntington was consulted. We were not approached on the subject, neither was the College of Graduate Studies. Together, we have more than 6,000 graduate students within a 25-minute drive of Huntington and the Corps of Engineers' office.

We would like to ask the committee to revisit this plan, look at it in terms of its technical aspects, but also to look at in terms of some coherent approach to economic development in this country as we move forward to a new economy under a new Administration and a new way of doing things.

Thank you, Mr. Chairman.

Mr. BORSKI. Thank you for your testimony.

Let me now welcome the gentleman from West Virginia, Mr. Wise.

Mr. WISE. I yield to Mr. Rahall, Mr. Chairman.

Mr. BORSKI. Mr. Rahall.

Mr. RAHALL. Thank you, Mr. Chairman.

Dr. Gilley, I appreciated very much your fine testimony.

You say that you were not consulted at all in the Corps' study of the reorganization. Is that correct?

Mr. GILLEY. Yes, sir. That is correct. In fact, I do not know anyone in Huntington, in the university, or even you that was consulted. We did not know until we read it in the paper.

Mr. RAHALL. That is what I had found all around in my discussions. That includes not only in the Huntington area but up here on Capitol Hill as well.

Evidently, there weren't even any economists consulted either in an economic analysis because in my understanding of this proposed reorganization such was not done. Now they are saying that they are going to do such, but I wonder why they proceeded so blindly with such a plan in the beginning without even having done the most simple of preliminary steps, which should have been an economic analysis study. I think if they would have done that they would have seen how large a civil works budget this particular office handles, what a small staff they have today handling that large budget, and what an efficient job they're doing.

An economic analysis should also have included the cost of living in Huntington, West Virginia, the cost of labor there, the fine quality of life we have, the effect upon worker productivity and morale, and how transferring such a workforce to another area would be counterproductive to the long-range plan of a more efficient Government and the long-range goals of deficit reduction.

I just point that out and use your response as further proof that no such consultation was done whatsoever.

Thank you, Mr. Chairman.

I yield back to my colleague.

Mr. WISE. We greatly appreciate your being here. I am happy to say that a large number of students at Marshall University are from the 2nd district as well. Thanks to Nick Rahall, I proudly wear a green jacket. [Laughter.]

You mentioned the engineering program. Did the Corps of Engineers consult with you about the engineering programs that might be available in the area?

Mr. GILLEY. We have had discussions and interaction with the local office for many years. In fact, we have a department of software engineering and they have a number of training contracts and relationships with the Corps.

But in relation to this study and the possibility of moving the office to some other location, there have been no discussions.

Mr. WISE. Were you aware that in the case of Louisville they were given credit for an engineering school that was located 75 miles away?

Mr. GILLEY. No, I was not aware of that.

Mr. WISE. If that same criterion were applied to the Huntington district, would there be engineering programs within easy access, that is, as easy as 75 miles is?

Mr. GILLEY. There is a fully accredited graduate school of engineering within 35 miles on Interstate 64 and they have an office and operation in Huntington in cooperation with Marshall University where they are now offering graduate engineering programs for the Corps of Engineers' office there.

Mr. WISE. And then if you went another 25 miles, roughly, you would be in Montgomery, where there is a fully accredited Institute of Technology with another fully accredited engineering program.

Mr. GILLEY. That's right.

Mr. WISE. I find interesting also that two factors are weighted equally—cost of living and transportation. The cost of living to the Corps is that 75 percent of its costs are in wages, 2 percent in travel, and yet they were weighted equally. Quite honestly, I am not aware of Huntington, West Virginia, nor its surrounding area, as being a high cost area compared to urban areas that I have known.

How did you get here this morning? Did you fly or drive?

Mr. GILLEY. Actually, I have been up here all week.

Mr. WISE. At some point do you fly?

Mr. GILLEY. I do fly. We lived for 10 years in Northern Virginia and our children are in Reston and Fairfax and they routinely fly. We can buy tickets 2 weeks in advance for \$149 round trip. Our son is a college student, so we are always planning ahead on him.

So transportation is adequate. We have Charleston 40 minutes away. We have no difficulty at the university. Hundreds of people fly in and out of airports all the time.

Mr. WISE. I know you are very much involved in economic development. Is it also a fact that a regional airport, which would service Huntington, Charleston, and Parkersburg, an area of over 1 million people, plus a tri-State area is presently in the works and being actively considered? Is that a fair statement?

Mr. GILLEY. Yes, sir. It is my understanding that they have narrowed it to four sites for that.

Mr. WISE. It is down to 4 from 42, and will be narrowed down to 1 in August?

Mr. GILLEY. Yes, sir.

Mr. WISE. I appreciate it because these are some facts that are important to get into the record. I greatly appreciate your involvement with this.

Mr. Chairman, some of the facts I was citing have come from statements of people who could not be here. They asked for these to be included.

One would be the statement of John Sturdivant, the national president of the American Federation of Government Employees. He points out the problems of centralization of planning and design functions and the need at this point for some decentralization.

I also have another statement by Operation Mountain Storm with members from the tri-State area. They ask that their statement be introduced. They have statistics in there, including the one about the engineering school being credited to Louisville, which is 75 miles away, as well as the issues of transportation costs and cost of living.

I would ask unanimous consent that both of these statements be included as part of the record.

Mr. BORSKI. Without objection, your prepared statement will appear in the record.

Mr. WISE. Thank you.

[Mr. Sturdivant's prepared statement follows:]

STATEMENT BY JOHN N. STURDIVANT, NATIONAL PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES (AFL-CIO)

Mr. Chairman and members of the Subcommittee; my name is John Sturdivant. I am National President of the American Federation of Government Employees, AFL-CIO, which represents over 700,000 government workers nationwide, of which 300,000 work in the Department of Defense. I thank you for the opportunity to present this statement concerning the proposed reorganization of the Army Corps of Engineers.

Mr. Chairman, I want to make it unalterably clear that AFGE strongly opposes the proposed Army Corps of Engineer reorganization. It is a clear cut fact that the dedicated and capable employees of the Corps of Engineers have made a significant and long-lasting contribution to the excellent civil works program in the United States. At a time when all America is calling for a revitalization of our highways, bridges, waterways, and airports, we must reject this draconian proposal that would dismantle the agency that plans and manages the construction of these essential facilities. In these critical times, we need to keep our talented people right where they are so they can continue to make America stronger and more competitive in the global economy.

AFGE has carefully reviewed and analyzed the Corps of Engineers reorganization plan released last November. Our evaluation is that the plan has substantial flaws, including deficient decision criteria and economic assumptions. Primarily, we find that this plan will result in decreased service to Corps customers. The reason for this decreased service is essentially because the proposed Corps organization would centralize key planning and design functions into newly-created technical centers that will serve large geographic areas. As a result of this centralization, a technical center in the North Central Division will serve an area extending from New York to Montana and as far south as Alabama. This organizational configuration yields projects that are planned in St. Paul, designed in Omaha, and constructed by the Huntington, West Virginia, district. Not only will this confuse the external customers, but it will likely baffle the very Corps workers who have to coordinate and verify a myriad of complex technical data.

We also found that the proposed plan inappropriately applied decision criteria for site selection. As an example, cost-of-living in proposed sites was given a minimal weighted value, while access to a major air terminal was used as a determining factor. This approach ignores the fact that labor costs are about 75% of expenditures and travel accounts for about 2%. There are numerous other areas in which the proposed plan inappropriately applies management efficiency criterion against cost effectiveness criterion.

In summary, Mr. Chairman, AFGE strongly opposes the Corps reorganization proposal because:

America needs to concentrate its efforts on rebuilding our infrastructure, not disrupting the agency that manages this rebuilding.

The proposed plan will result in decreased service to Corps customers.

The proposed plan has substantial flaws in decision criteria and economic assumptions.

The centralization of planning and design functions in technical centers will fragment these critical activities, geographically and organizationally, from the Corps district responsible for large project construction.

Mr. Chairman, I appreciate this opportunity to submit our statement on this important issue.

[Operation Mountain Storm's prepared statement follows:]

STATEMENT FROM OPERATION MOUNTAIN STORM

(By Dale P. Jones)

Operation Mountain Storm (OMS) is made up of a group of citizens of Huntington, West Virginia and surrounding areas. We are very concerned with the present reorganization plan proposed by the U.S. Army Corps of Engineers. While recognizing that reorganization of the Corps is needed, our goal is to assure that any reorganization be done in a way to be good for the country, the employees, and the Huntington Tri-State area. We appreciate the opportunity express our concerns and to place the following statement into the record of this hearing.

During the last three years, the Corps of Engineers has been developing plans to reorganize in an effort to streamline its operations and to better meet the demands of the future. And, clearly, there is a legitimate need for the Corps to change in response to changes in its workload.

However, no reorganization of the Corps of Engineers should be undertaken without the highest order of circumspection and forethought. The Corps is the largest and best engineering organization in the world, with a unique role in water resources development, military support and economic development in the United States. For this reason, any changes to the Corps should be the product of an open and participatory process and rigorous economic analysis.

The plan that is currently on the table is not the product of any such process or analysis. The plan was developed behind closed doors, and was sprung on Congress, the Corps and the public last November, resulting in widespread surprise and opposition, even among those district and division employees who participated on the Field Advisory Committees. The methods of analysis that were used to evaluate the alternative plans and implementation strategies were of the crudest sort imaginable.

Consequently, a very poor plan has been recommended. There are good reasons to expect this plan to result in decreased services to the Corps' customers. The plan calls for the transfer of thousands of jobs from low-cost areas to high-cost areas. The plan calls for the dismantling of exemplary Corps districts with strong workloads and demonstrated expertise, and the transfer of those jobs to districts whose superiority has not been demonstrated.

In selecting sites for civil works technical centers, administrative centers, and divisions, a very crude grading system was used.

Originally, eight criteria were to be used to select these sites, but three were eliminated from explicit consideration because it was "impossible" or "too hard" to apply them. One of the five remaining criteria was used as a first-order qualification: only existing Corps districts and divisions were to be considered. Districts and divisions were graded on three of the four remaining criteria and the fourth was used as a tie-breaker.

The first criterion that was explicitly considered was the cost-of-living criterion. This criterion was all but ignored. Three cities have been designated by the OPM as high-cost areas where federal employees are paid locality pay differentials: New York, Los Angeles, and San Francisco. These three cities alone were treated as high-cost areas, with all other cities being treated equally—as low-cost areas. The 28 high-cost cities whose locality pay is targeted to begin in 1994 were treated as low-cost areas, as were another 20 cities now being considered for locality pay.

Boston, Vicksburg, Chicago, Walla Walla, Houston and Huntington were all treated as low-cost areas and were given a score of 2 points; the three high-cost areas (New York, Los Angeles, and San Francisco) were given 1 point. Labor costs account for more than two-thirds of the Corps' non-contract expenditures and the effects of locality pay and retention pay on the Corps' cost of doing business is likely to override all other considerations. The use of such a crude measure of cost-of-living is grossly inadequate.

The next two criteria—educational availability and transportation hub availability—were graded using the same 1-point/2-point scale. Each of these two criteria were given the same weight as the cost-of-living criteria, even though training and travel costs together account for only about 2 percent of the Corps' non-contracting budget.

The selection of gaining districts and divisions was to be based on the total scores that districts received for the cost-of-living, educational availability, and air transportation criteria. Only three scores were possible: 4, 5, and 6. [A score of 3 is impossible, since New York, Los Angeles and San Francisco all have major air hubs and major engineering schools located nearby.] As should be expected, there were many tied scores.

This grading system was clearly ineffectual. Of the five new divisions, only one of the headquarters was picked by virtue of its score on the criteria listed above: Boston was selected over New York City because Boston was treated as a low-cost area. Ten of the twelve districts in the new North Central Division were tied for first place. Huntington, which was selected as a site for a Super-District under the last reorganization plan, was rated dead last.

Twenty-four decisions were to be based on this grading system: the selection of sites for fourteen technical centers, five administrative centers, and five divisions. Only two of the twenty-four decisions were based on the three graded criteria.

The number of employees whose jobs would be transferred or consolidated was to be the deciding criteria in the event of ties. However, the numbers that were used included many persons not affected by the reorganization, such as engineers working in specialized technical centers and in military construction. This criteria, used as the tie-breaking criteria, was especially important since so many of the scores were tied.

Departures from the stated methods are too numerous to list. As an example, the irregularities in the selection of sites for division headquarters are worth noting. Division boundaries were drawn so that the selection of Atlanta was uncontested. Vicksburg was chosen over Dallas even though it had a lower score. Cincinnati was picked over Omaha even though Omaha had a higher ranking.

There were also numerous irregularities in the selection of sites for technical centers. Division boundaries were shifted so that the Norfolk District could be selected as a technical center. To satisfy the educational availability criterion, Louisville was given credit for an engineering school located more than 75 miles away. Once grades and ranks were established, the architects of this plan commonly skipped through the rankings, passing over higher-ranked districts for subjective reasons.

The methods used to assess the economic impacts of the plan are embarrassingly crude. The "Rational Threshold Value" (RTV) methods have never been subjected to academic peer review and have absolutely no support whatsoever from the fields of economics or regional science. This methodology is a make-shift technique developed by engineers at the University of Illinois to work with an inadequate data set, and is loosely based on ideas borrowed from dam safety analysis. The RTV methods may be appropriate for use in some reconnaissance studies, but are grossly inadequate for use in the final analysis of plans of such great importance.

Our goal is not to prevent reorganization of the Corps of Engineers. It is to assure that the Corps reorganizes in the manner that is best for the Corps and our nation.

Plans developed behind closed doors by a handful of political appointees and other interested parties are not likely to achieve this objective. An open and participatory process is not likely to call for the dismantling of the strongest Corps districts in favor of some that have been unable to produce a major civil works project in the last 20 years.

It is our opinion that minimizing unnecessary layers of costs and delays in headquarters and divisions and strengthening the Corps where the work is done, i.e., in the districts, is an important step in the right direction. This is the objective of the Decentralization alternative.

In light of the overwhelming magnitude of labor costs and of recent and anticipated future trends toward locality pay differentials, moves to consolidate Corps functions should overwhelmingly favor low-cost areas. In terms of relative magnitude, costs of education and transportation are dust in the balance.

Thank you for your support in helping us achieve our common goal. This statement is respectfully submitted this 6th day of May, 1993.

Mr. BORSKI. The gentleman from Tennessee?

Mr. DUNCAN. Dr. Gilley, thank you for your testimony. I might just mention to you briefly that since I have been in Congress one of the very biggest things I have gotten is people coming to me wanting help in getting jobs with the Federal Government. Federal pay and benefits have gone up so much that they almost have to keep job openings hidden. If they were well-publicized I think there would be thousands of applicants for every position.

I can't imagine that the Corps of Engineers would have trouble getting well-qualified engineers to come to Huntington.

Have you ever heard of them having a problem in this regard?

Mr. GILLEY. To my knowledge, they have no difficulty.

Mr. DUNCAN. I represent Knoxville, Tennessee, which is a medium-sized city, and several smaller counties that surround Knoxville. I have always felt that with the fax machines and all that we really didn't need to put all these Federal agencies into the large cities where the land costs and the building costs are much higher and the cost of living is much higher. I think it would be good for the country if we would move more Government agencies to the small towns and rural areas of this country.

How close is Pittsburgh to Huntington?

Mr. GILLEY. About 4 hours driving.

Also, Congressman, it seems to me that corporations like Citicorp are moving their operations to South Dakota rather than consolidating them in major cities.

Mr. DUNCAN. Most of the surveys I have seen show that many of the people who live in our largest cities really don't want to be because of all the pollution, crime, and congestion type problems. They would really like to move to the smaller towns if they could, but the jobs just aren't there.

Why don't you get together with some of the people who are interested in this and see if you can get them to move the office from Pittsburgh to Huntington?

Mr. GILLEY. I heard that an earlier reorganization plan proposed moving some jobs from Pittsburgh to Huntington.

For 10 years, I lived in Vienna, Virginia before going to Huntington. I can tell you that the cost of living is far, far less, the quality of life is excellent. Not only is there a lot less traffic and good roads, but in every respect the quality of life is excellent compared to Northern Virginia. There are a lot of people who would like to come to a place like Huntington if there were only jobs. I think it would be a tragedy to move jobs out to some major city when you could save money and have more productive employees.

Mr. DUNCAN. Thank you very much.

Mr. BORSKI. The Chair thanks the gentleman.

Any further questions?

[No response.]

Mr. BORSKI. Thank you, Dr. Gilley, very much for your testimony.

Mr. GILLEY. Thank you, sir.

Mr. BORSKI. We would like to change the order of our witnesses at this point to accommodate their busy schedules. We would therefore like to welcome our next witness, the distinguished mayor of the city of Dallas, Texas, a former Member of our body. We were hoping that you would be closing our testimony today. We had a distinguished former Member as our first witness and a distinguished former Member as our last, but we are happy to accommodate you right now.

I don't know why you would leave this place with its charm and fun and go to try to do a tough job like manage a major city, but we are happy that a man of your abilities is doing such a good job.

**TESTIMONY OF HON. STEVE BARTLETT, MAYOR, DALLAS, TX;
ACCOMPANIED BY J. SCOTT CARLSON, ASSISTANT CITY AT-
TORNEY, CITY OF DALLAS, TX**

Mayor BARTLETT. Mr. Chairman, it is very good to be here. I appreciate the welcome. You and I came in in the same class together, as I recall. As I recall, you have been a friend and ally to somebody I admire a great deal in the city business, Ed Rendell, of Philadelphia. He and I share—even though different parties—a good deal of commonality in terms of reinventing government, a more efficient government, and a more effective government type of approaches.

It is very good to see you and also my good friend, John Duncan, who came in just as I was leaving, and Robert Wise, who also came in with me. This is kind of like a class reunion.

Mr. BORSKI. Before you begin your testimony, I would ask you to stand.

[Witness sworn.]

Mayor BARTLETT. Mr. Chairman, I have with me an assistant city attorney for the city of Dallas who has conducted some of the research involved in this. I don't expect that he will testify, but he may be available for technical answers.

I am here both on my own behalf and also working with a member of this subcommittee, a new Member of Congress, Eddie Bernice Johnson, who has been a long-time friend and ally of mine and she with me. As she went to Congress, I went to being mayor and our ships crossed. She and I have worked together on this issue and this testimony. I expect that she will either be here this morning or be back later this afternoon.

Mr. Chairman, I have submitted written testimony for the record and would like to have it considered in its entirety.

Mr. BORSKI. Without objection, your prepared statement will appear in the record.

Mayor BARTLETT. Mr. Chairman, I am a fan of the Corps of Engineers, so I come here with somewhat of a heavy heart with what I have to say about a particular aspect of the reorganization. I am not here to tell you that I am an expert on the reorganization as a whole, but I am here to tell you that it was my job to become an expert on the reorganization portion that concludes that the Dallas division office should be relocated to Vicksburg, Mississippi.

As a fan of the Corps of Engineers, I think they do an excellent job in one of the strongest, most effective, and professional organizations in Government. But I have to tell you that the proposal, by the Corps' own criteria, to relocate 200 individuals of Dallas division to Vicksburg, Mississippi may be one of the dumbest ideas I have seen come out of a Government agency in a long time. And I have been around long enough to have seen a fair share of dumb ideas.

I say that with a heavy heart. That is based on a review of the documents.

My testimony will not relate to the downsizing itself. And that is obviously a subject for this committee, the Corps, and the Congress as a whole. I understand that Government as a whole is going through some downsizing. But what I have to say is with regard to the location of this division office. And what I have to say

will demonstrate why a relocation to Vicksburg from Dallas will provide a higher cost to the taxpayers and a substantially lower efficiency. That is what I am going to focus on.

I am prepared to answer questions on other subjects as they come up.

You would expect the mayor of Dallas to say that, and that is why I wanted to be sure to come fully prepared with what the facts are. Most of the facts have come from the Corps' own plan itself.

Based on the Corps own determinations, the actual plan they submitted and their findings, the Dallas division office should remain in Dallas. The irony of it is that that was the Corps' conclusion based on their analysis.

The Corps' analysis identified eight criteria in their own study. The eight criteria were:

To locate the division offices in cities with existing Corps' offices. Both Dallas and Vicksburg are the same.

Cost of living. The Corps concluded that that was the same.

Educational availability; transportation hub availability; and the number of current personnel. They both have current personnel, so that is not applicable.

Labor availability; office space availability; and central to workload.

These criteria, Mr. Chairman, were developed by the Field Advisory Committee within the Corps itself. In evaluations leading to that proposed reorganization plan, the Corps then, for reasons not made clear in the report, used only the first five of the criteria and not the last three. In other words, they didn't consider labor availability, office space availability, and central location, even though the field offices said they should have. So they only used the first five and disregarded the others.

To further skew the results, the final decision only evaluated each criteria on a pass/fail system. In the mayor's business, you do a lot of corporate relocations. So you have a scale of one to ten and you have somebody who may rate an eight on one criterion and a two on another one. In this case, the Corps used a pass/fail system. You either got a one if you weren't very good or a two if you were very good.

Even with that skewed system, using only five criteria—of which Dallas was way ahead on the other three criteria—and using strictly a pass/fail system and not a qualitative system—even with that, Dallas was a superior location by the Corps' own conclusion, a rating of six points compared to four points.

I sat down and analyzed some of the criteria, and let me share with you some examples.

For example, one of the criteria is transportation availability. DFW Airport is the hub of the universe. I know people sometimes hate for us to say that, and you hate it even more when you have to go through DFW to get to anywhere in the world. In 1991, DFW Airport has 2,100 operations per day. Love Field, which also serves this division office, has an additional 500 to 600 flights per day.

Vicksburg is a wonderful city, but it doesn't have an airport at all. There is an airport in Jackson, Mississippi 60 miles away. These are government personnel from both the Federal and local governments who will have to go there from 60 miles away in Jack-

son, Mississippi. In 1991, Jackson averaged 180 daily operations, which includes both general and commercial aviation.

And it is not just air availability. Dallas is the headquarters for Greyhound bus. Dallas has the highway system, rail, and other things.

Putting transportation aside, which is just overwhelming, in terms of cost and convenience and low cost to the Government, these seven district offices that are served by this division all have access to Southwest Airlines, of which Love Field is the hub for Southwest Airlines. You would also get low-cost fares for all the district offices.

Moving on to educational availability, the Dallas/Fort Worth area is the home to Southern Methodist University, the University of Texas at Dallas with a new engineering school of first class, the University of Texas at Arlington with a long-time and well-regarded engineering school, the University of North Texas, Texas Christian University, Paul Quinn College, and Dallas Baptist University. Plus, our community college system is regarded as one of the two best in the Nation in terms of technical skills, drafting, and the kinds of people the Corps uses.

As I said a minute ago, the Corps concluded on the cost of living criteria that the Dallas and Vicksburg areas rate equally on cost of living. I am not sure if the costs are the same. I believe they are reasonably the same, but I do have to gently suggest that Dallas also has the Dallas Cowboys and a world-class symphony, and World Cup 1994, and a new NHL franchise. We are only one of two cities west of the Mississippi with all four professional sports. That simply adds convenience to the personnel, which then adds to the benefit of the Government.

Similarly, with labor force capacity, a city of 25,000 population and a metropolitan area of 4.5 million. Mr. Chairman, that doesn't make us better. It means that we can serve the needs of the Corps of Engineers better and less costly and more efficiently.

So in summary, there is no significant reason to support the closure of the Dallas division. The Corps didn't find any significant reason. They just recommended it. It is not related to the reorganization or the downsizing plan. It is something that no one can develop a reason, either qualitative or quantitative, as to why it should be changed both by the Corps' own criteria, by the skeletal criteria, and by the expanded criteria.

Now, it has been mentioned that one of the reasons might be because of the Mississippi River Commission and the need to have that in Vicksburg.

Mr. Chairman, it is created by Federal law. It is already in Vicksburg. It doesn't have a permanent staff. It uses staff from the Vicksburg office. Insofar as I know, it could use some of the staff from the Dallas office if it chose. It is not related. The Mississippi River Commission has been created by Federal law. It meets in Vicksburg, it ought to meet in Vicksburg. We would love to have it in Dallas, but there is no reason for it to be in Dallas. It ought to be in Vicksburg. It is just simply not related to what the Dallas division does.

Mr. Chairman, the committee also asked for an impact on Dallas. Let me say something about downtown.

The Federal Government spends a lot of time, effort, resources, and money—whether enterprise zones, economic stimulus packages, community development block grants, or other kinds of things—to rebuild the downtowns of big cities. Our downtown has begun to deteriorate like everyone else's. This would be a significant loss of jobs for our downtown area and run counter to the Federal Government's role.

We are also engaged as a city in a lot of flood control projects with the Corps. Currently we are building some \$25 million in flood control at our own expense. We do work with the Corps and the Corps is conducting a study currently on that project and related projects. If you move them away, it becomes less efficient and doesn't do anything for Vicksburg.

Geographic location was one of the criteria, central to workload. The cities that will report to this division office—whether it is in Dallas or Vicksburg—are Albuquerque, Tulsa, Fort Worth, Little Rock, and Galveston. All of those cities are west of Vicksburg. Indeed, Dallas is in the exact center of those cities and that is why it was organized that way in the first place.

Concerning technical conferences, this division office hosts large numbers of technical conferences, one this month of 1,500 members. Dallas is the second largest convention city in America in terms of number of conventioners. So we have the facilities. Vicksburg is a very pleasant place, but it is difficult to have very many 1,500-person symposia in Vicksburg both for travel as well as for facilities.

You also asked my recommendation on the creation of technical centers. Mr. Chairman, I am not an expert on that. My cursory review would indicate that technical centers would create an additional layer of bureaucracy. Mayor Rendell, I, and others who are reinventing government are doing everything we can in our cities to eliminate layers of bureaucracy. There may be things that I don't know about the technical centers, but from reading the Corps' report, it seems to me that it would require approval to be done by two different places and two different people, but one approval.

One of the things that we're doing in Dallas and that a lot of governments are doing is consolidating where one person does all the approval. We have a one-stop permit process in Dallas so that if you want to build a subdivision, building, or a house, you can come to one place, see one person, get one permit with one set of plans all the way from foundation through finish and electrical. So the technical centers would seem to run contrary to that.

Mr. Chairman, I appreciate the extra time and submit my testimony for the record.

Mr. BORSKI. The Chair thanks the gentleman very much.

Let me first come to the gentlewoman from Texas.

Ms. JOHNSON. Thank you, Mr. Chairman.

I am delighted that a great man of a great city has found the time to come. I appreciate it.

Are you aware of any efforts by the Corps to begin cutting back staff in the Dallas office, although the reorganization plan is on hold?

Mayor BARTLETT. We hear on a regular basis rumors of cutting staff. We have nothing definitive. We are quite concerned about

that because if staff is cut inadvertently or in anticipation of a reorganization that does not occur, then it will hurt the efficiency of the Corps. We hear that, but we have no definitive results. We would like to find out, though.

Ms. JOHNSON. Thank you.

I have read your testimony and heard your statement and agree with you very strongly on many of the points. Regarding the airports in Dallas and Vicksburg, do you know of any direct flights from Jackson, Mississippi to any of the division offices that will fall in the new South Central Division?

Mayor BARTLETT. Congresswoman, there are no direct flights to—first of all, there are no direct flights to Vicksburg at all. But Jackson is 60 miles away. There are no direct flights to Jackson, Mississippi from any of the district offices within the division except Memphis. Memphis would be in the reorganization and not currently. So there are no direct flights except Memphis. In all of those flights, in order to get to Jackson from Little Rock or Tulsa, you have to fly to Dallas first, then fly to Jackson.

Congresswoman, I might go on to say that this is for the efficiency and cost-saving of government and government employees at all levels of government because local governments have to go to see the Corps also. There are direct flights to Dallas, Texas—both Love Field and DFW—from every city in North America, including each of these district offices which have multiple daily flights morning, noon, and night that are direct with no stops. That is because we have a hub airport with DFW and it is because we have Love Field, which is the largest origin and destination airport in the country.

Ms. JOHNSON. Thank you very much.

Mr. BORSKI. The Chair thanks the gentlewoman.

The gentleman from West Virginia?

Mr. WISE. I just have an observation to the mayor.

Steve, I was on the Floor yesterday and you know that we have a new member of the Republican party named Bartlett from Maryland. I was looking at the sheet of proposed amendments today on the National Competitiveness Act, and sure enough there is a cost-cutting amendment by a gentleman named Bartlett. I said, "He is back. How did he get here? I thought he was in Dallas." [Laughter.]

It is good to see you. I really appreciate your efforts because your efforts and those of the gentlewoman from Dallas, joined with those of us who also raise exactly the same concerns, are highlighting the problems with this reorganization and the need to go back and think this one over again.

Thank you very much for taking the time to be here and for the gentlewoman.

Mayor BARTLETT. I enjoyed serving with you. We did a few of those Wise/Bartlett amendments ourselves together. It is good to see you.

Mr. WISE. Thank you.

Thank you, Mr. Chairman.

Mr. BORSKI. The Chair thanks the gentleman.

Mr. Mayor, again we want to thank you very much and wish you well in your job. I think it is the toughest job in America trying

to run a big city these days. It is a pleasure to know that someone of your abilities is there doing an outstanding job in Dallas. Hopefully you and Mayor Rendell will work well together. I know we are a little disappointed that the Cowboys beat our Eagles last year, but I guess all good things are happening in Dallas.

Mayor BARTLETT. Mr. Chairman, I would say that Ed Rendell and I get along very well 362 days a year, but there are 3 rather notable exceptions.

Mr. BORSKI. I hope that continues for several years.

Thank you again, Mayor. I appreciate your testimony.

Mayor BARTLETT. Thank you. I appreciate your time.

Mr. BORSKI. On our next panel, we would like to welcome Congressman Jack Quinn of New York; Mr. N.G. Kaul, director, Division of Water, New York State Department of Environmental Conservation, accompanied by Mr. James Kelly, chief of Flood Protection Bureau, Division of Water, Department of Environmental Conservation.

We don't swear in Members of Congress, but we would like Mr. Kaul and Mr. Kelly to rise.

[Witnesses sworn.]

TESTIMONY OF HON. JACK QUINN, A REPRESENTATIVE IN CONGRESS FROM NEW YORK; N.G. KAUL, DIRECTOR, DIVISION OF WATER, NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION, ACCOMPANIED BY RICHARD KONSELLA, CHIEF, FLOOD CONTROL PROJECT SECTION, DIVISION OF WATER, DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Mr. QUINN. Thank you, Mr. Chairman. We may not swear each other in, but we may swear at each other. [Laughter.]

Thank you for the time this morning. It is nice to be on the other side of hearings once in awhile. I will be as brief as I can.

I want to begin by saying that I am pleased to have Mr. Kaul with me today. As you have noted, he is from the New York State Division of Water of our New York State DEC. Our testimony is important to be approached in a very bipartisan way.

Also, at the end of the testimony, I would like to submit a statement and resolution from our county legislature. I will mention that toward the end of my remarks.

Mr. Chairman, I come before you this afternoon to express my opposition to the proposed plan to reorganize the United States Army Corps of Engineers as well as to propose ways to minimize the adverse affects of this reorganization plan. My opposition to the plan stems from several areas.

The reorganizational plan ignores the fundamental problems with the internal structure of the Corps, focusing instead on the physical location of Corps' facilities around the country. Consequently, this reorganization plan ignores the unique and dire needs of the Great Lakes Basin and it ignores the detrimental economic impact that would result in the State of New York and the city of Buffalo in my district.

Mr. Chairman, I agree that improvements to the organization of the Corps must be made in order to improve efficiency and realize cost savings, but I believe that we must first streamline the bu-

reaucracy before making more drastic changes that might put the Great Lakes at risk. For instance, if we look at eliminating needless and overlapping bureaucratic levels within the Corps—including the five-layer civil works review process, the reorganization plan eliminates 2,700 jobs and relocates another 4,900 people, mostly the field personnel that we need more of—we cannot improve efficiency by firing the people who actually get the work done in the field.

We cannot improve efficiency by moving the people with expertise in the Great Lakes region to offices in other parts of the country. We need total quality management. This proposed reorganization plan completely ignores the top-heavy bureaucracy within the Corps.

I realize that there must be sacrifice, but we must not and cannot sacrifice the future of the Great Lakes and we should not sacrifice the jobs of hundreds of people in Buffalo and around New York State.

I believe that the Great Lakes is one of our Nation's most precious natural resources. It comprises the largest freshwater system in the world. As a transportation route and a source of energy, the Great Lakes are vital to the economy of a vast portion of the Nation. As a source of drinking water and a habitat for animals and plants, the Great Lakes are also an integral part of the region's ecology as well. Millions of people depend on the Great Lakes for their livelihood as well as their lives.

However, under the reorganization plan, the economic and ecological value of the Great Lakes would be jeopardized. This plan would create a new North Central Division, the NCD. It would be the largest new division both in terms of sheer geography and in the number of districts subdivided within the NCD.

This North Central Division would stretch from the Allegheny Mountains in Pennsylvania to the Rocky Mountains in Montana and would include virtually all of the Great Lakes Basin. It would further subdivide into 12 regional districts, and 4 of those would include technical centers. But not one of the technical centers according to this plan would be located on the Great Lakes. The entire North Central Division would be left with the lowest percentage of technical centers, lower than any other of the new districts in the country.

The Great Lakes would be left with almost nothing. The failure to retain the specialized engineering and planning functions provided by the Corps would result in an immeasurable loss of expertise on navigation systems, remediation of contaminated sediments, and the lake level regulations within the Great Lakes Basin, and would risk the economy and environment throughout the region.

I firmly believe, Mr. Chairman, that the new North Central District needs another technical center on the Great Lakes. I propose, Mr. Chairman, that the ideal location for the additional tech center would be Buffalo, New York. Locating the Great Lakes technical center in Buffalo would help to offset some of the other losses that Buffalo and New York as a State will otherwise suffer as a result of the reorganization. New York State would lose 600 Corps jobs and an estimated \$42 million in private contracts related to Corps services and projects. Buffalo would stand to lose 141 jobs alone.

I ask you to remember that in the original reorganization study conducted under the Base Relocation and Closure Commission Buffalo would have gained jobs instead of losing 141. This is not the only reason I base my recommendation to locate the tech center in Buffalo, however. Buffalo is on the eastern doorway to the Great Lakes and affords proximity and access to the entire basin. Buffalo also offers excellent resources to the Corps. In fact, the Buffalo branch has already been working with the local engineering, educational, and business communities to help improve the system of identifying, delineating, and protecting wetlands.

Buffalo also offers a lower cost of living than other metropolitan areas around the Great Lakes. It would be more affordable to locate stuff there because of lower costs.

As I have said, Mr. Chairman, the proposed reorganization plan ignores some fundamental needs. It ignores the need to improve the efficiency and effectiveness of the Corps, and it ignores the need to protect the economic and environmental value of the Great Lakes.

I urge the Corps to consider the recommendations I have made today before this subcommittee, along with my colleague from Governor Cuomo's office, to locate a Great Lakes tech center in Buffalo, New York. Our recommendation will help ensure that the Great Lakes do not suffer and that the local economy does not suffer from the reorganization.

Without further objection, Mr. Chairman, I would like to include this testimony, resolutions passed by the common council of the city of Buffalo and the Erie County Legislature.

I thank the chairman and the committee for their time.

Mr. BORSKI. Without objection, your prepared statement will appear in the record.

Mr. Kaul.

Mr. KAUL. Mr. Chairman and members of the committee, I appreciate the opportunity to come before you to provide testimony regarding the proposed reorganization. For the record I would like to note that Mr. James Kelly is not accompanying me, instead I am accompanied by Mr. Richard Konsella who is Chief, Flood Control Project Section for the Division of Water.

I just want to start off by saying that New York State is completely opposed to this reorganization proposal. This reorganization proposal would have a tremendous impact on New York State. It would eliminate essentially the Corps' North Atlantic Division office in New York city and in Buffalo. We stand to lose over 600 jobs in New York State. If you take the multiplier effect of those jobs, we are looking at losses which will run well over \$70 million.

One of the basic reasons that we have for opposing this proposal is the way the proposal was developed. We seem to be going against the face of what American industry and American government are beginning to realize, that the way to get out of some of the inefficiencies of the past is to embody this concept of total quality management and have the people who are actually involved in the work make the decision about the work.

This notion of removing all the engineering, planning, technical work, and establishing it far away from where the real work is to be done just flies in the face of what we have learned over the past

10 to 15 years. These big centralized establishments are not the way to solve some of the problems we have. We learned this from both private and public enterprise—witness IBM. The trend seems to be more toward quality circles and smaller local control where people who know the issues solve the problems.

The concept of the partnership which Congress has time and time again encouraged between the Corps and the States would essentially be lost because we wouldn't be dealing with people who know New York and New York conditions, but we would be dealing with an added level of bureaucracy far removed from the work.

To give you some specific examples, New York State is right in the midst of fairly severe flooding. The fact that the Corps has been available to New York State, has been staffed by people who know the local programs, who know the flood control structures, who know each of the areas that have been impacted allows for a very quick response time. It allows for people who essentially have over the years designed and built these structures to come in now in time of need and work to operate and fix the structures. If we remove all the guts of these programs and send them to external sources, States like New York would experience a tremendous impact.

The whole notion of taking away a well-established functioning organization and reestablishing it elsewhere seems wrong. I would like to point out that New York State is fairly unique in one respect in that we deal with multiple Corps districts. We have some of the best technical folks that the Army Corps has to deal with the kind of problems New York faces. As Congressman Quinn said, if you look at the Great Lakes, that is a unique resource which both the Congress and the States are spending a lot of time in trying to resolve.

The Corps is now getting involved in Great Lakes activities. We need their technical input in terms of dealing with contaminated sediment, hazardous waste remediation and how to handle some of these issues. If you remove those engineering and those technical folks from the areas where the problems exist, you will have solved nothing.

We believe in cost-cutting. We believe in streamlining. That should be obvious. The issue is how one does this.

This Corps' plan, as you know, violated one of the fundamental instances that I can think of as to how you deliver a better product. The first thing you do is to ask your customer. If you look at the way this plan was done by the Corps without taking into account this partnership with States like New York that have been dealing with the Corps for years, the planning will result in a program that will not work at the local and at the State level.

One more program I would like to give special emphasis to is the New York/New Jersey Harbor drift removal program.

Mr. QUINN. If the gentleman would yield, Because of another commitment I must excuse myself, I would like to offer myself to be available for questions you may have either later today or later in the week through my office.

Mr. BORSKI. Very good. We appreciate that. Thank you very much, Congressman.

Mr. WISE. I would like to thank Jack for his role in this. It is vitally important that we have this bipartisan across-the-country show of concern over this reorganization. You have certainly been very active in that and I appreciate very much your help.

Mr. QUINN. Anything I can do.

Thank you.

Mr. KAUL. The Army Corps and the States of New York and New Jersey have been involved in the New York/New Jersey Harbor drift removal program. This single effort has resulted in tremendous economic growth in the city and the harbor area. The Corps has been a vital function in making that program happen and helping us in removing unsightly decayed wood from the waterfront.

We hope that the Corps would increase programs and not decrease them.

The Corps is involved in dredging in the New York Harbor and in the Great Lakes. New York has no upland disposal site. So it is vitally important for us that the Corps, who has all the expertise in contained dredged material disposal, remain active and stay within the areas where the problem exists.

Mr. Chairman, New York recommends first that the existing reorganization be withdrawn. If it is the judgment of the Department of Defense that an alternative plan should be developed, States should be consulted in the process. States are clients of the Corps and they understand the weaknesses and strengths of the current alignment. We can propose new structures and provide sound advice on impacts.

Secondly, the size and nature of the Corps' mission in New York justifies a formidable Corps presence in New York City and at the very least a significant technical center in Buffalo to serve the Great Lakes' needs. In particular, if you have something that works, and if you have a center in Buffalo that is functioning and serving the needs of their clients, it makes little sense to shut them down and shift them somewhere else.

I will not read any more of the testimony that is going into the record. I will be glad to address any questions or issues.

Mr. BORSKI. Thank you very much.

Mr. Kaul, I appreciate the fact that you have offered some recommendations in your testimony.

Give us your views, please, on the overall allocation of responsibilities among Corps' headquarters, divisions, and districts as envisioned in the reorganization.

Mr. KAUL. In terms of the reorganization plan, in our experience what has worked best for us is when the Corps allows its districts to get more involved in the decisionmaking. It has always caused problems when a decision that should be made at the local level in cooperation with either the locality or the State has to go back up the several layers of bureaucracy and get signed off by a third party.

So in terms of the thrust of the reorganization, the thrust seems to us to be under the guise of streamlining, under the guise of saving money. It appears to us that just the reverse will happen where decisions get made further and further removed and higher up the chain rather than leaving it at the districts that should be making the decisions in the first place.

Mr. BORSKI. Also in your testimony you talk about the problems with hazardous and radioactive waste. You say that they would be negatively impacted by the Corps' reorganization in your region. Could you expound on that a little bit?

Mr. KAUL. It is not something that we are very proud of, but unfortunately the western part of New York State and New York State is home to some of the most difficult hazardous waste sites and radioactive contaminated sites in the country.

The Buffalo office of the Corps is involved with site remediation. In terms of the total number of sites which the International Joint Commission has identified as of concern, there are 42 which stretch all across the Great Lakes, 14 of which are in Buffalo. In terms of the technical skills, the Buffalo office has the only hazardous and radioactive waste design teams in the North Central District. If we remove those people who have the technical expertise we will lose our ability to handle site remediation.

Why would you take technical people who are the only technical people in the North Central who have this hazardous waste experience and remove them from areas that they will impact, work in, and remedy and send them to some other place? The logic completely fails me.

Mr. BORSKI. Thank you, sir. I appreciate very much what you point out here.

Let me turn now to the gentleman from New Hampshire.

Mr. ZELIFF. I, unfortunately, did not hear all your testimony, but I was able to read your prepared comments.

To what extent were you consulted by the Corps of Engineers when they developed the new plan? Did you have a chance to put in any ideas or talk with them at all?

Mr. KAUL. No, sir. Absolutely none. The first time we saw the bombshell was in November of 1992.

Mr. ZELIFF. Going back to November, when you first saw the bombshell, what steps did you take to give input at that point?

Mr. KAUL. We immediately contacted our congressional delegation. The commissioner of the Department sent a letter to Senator Moynihan. We raised this issue.

The interesting thing is—and this should come as no surprise—our allies in this were the Corps' offices in New York and Buffalo who recognized what this would do to some of the work that was to be done.

Mr. KONSELLA. Besides contacting our congressional folks, we have advised the local municipal governments where the Corps is performing studies leading to flood protection projects and where projects are scheduled for construction to advise them of what our opinions were as to what the reorganization would do in terms of continuation of project development and project construction and urged them to let their congressional representatives know that this would be a disservice to the communities in New York State.

Mr. ZELIFF. I would assume, then, that your greatest concern is that they would be going to a more centralized system and you are not going to have the capacity to deal with localized needs. Is that correct?

Mr. KONSELLA. Yes. And we also feel that when a project manager, as in this plan, is free to shop around for the technical center

services that it is possible for a New York project—and we have some very unique areas in New York, hydrologically very complex, and the kind of expertise that the New York district and the Buffalo district have developed over the years is very important.

If they wind up in Portland, Oregon for planning and design services, our projects are going to be competing with other projects from around the Nation, being handled by people that are physically very far removed from the project site, and we don't see that as being anything but an impediment to efficient delivery of program services and construction.

Mr. ZELIFF. With recognition that the Corps has to cut back and downsize, too few dollars being chased by too many projects, what would you recommend if you had to do the cuts and the downsizing? What recommendations would you have to serve your area?

Mr. KONSELLA. I would reiterate what Mr. Kaul has said regarding moving decisionmaking capability back down to the district level. As a case in point, the project cooperative agreement between the sponsor and the Federal Government has to be approved in Washington and most of them have to be signed in Washington. The district commander has no flexibility to tailor a project cooperation agreement to a particular project at a particular site. We need decisionmaking capability back in the hands of district commanders.

Trim the divisions and then trim the office of the chief of engineers. That is my recommendation.

Mr. ZELIFF. So, reorganize at the top as well?

Mr. KONSELLA. Trim from the top down.

Mr. ZELIFF. Thank you.

Thank you very much, Mr. Chairman.

Mr. BORSKI. The Chair thanks the gentleman.

The gentleman from Illinois, Mr. Lipinski.

Mr. LIPINSKI. Thank you, Mr. Chairman.

What did you say your name was?

Mr. KONSELLA. Dick Konsella.

Mr. LIPINSKI. What is your historical ethnic background?

Mr. KONSELLA. It is an anglicized Polish name, which was Kondzalla.

Mr. LIPINSKI. I would like to say that I thought your testimony was absolutely brilliant here today. I am proud to see that Polish people are coming forward and testifying.

Thank you, Mr. Chairman. [Laughter.]

Mr. BORSKI. The Chair thanks the gentleman.

The Chair would like to thank our panelists very much for their input.

On our next panel we would like to welcome Mr. Joseph Hoffman, chairman, Great Lakes Commission; Mr. Donald Leonard, representative of the North Central Division Concerned Employees; and Mr. Frank Gardner, vice president, Metropolitan Water Reclamation District, Chicago, Illinois.

[Witnesses sworn.]

Mr. BORSKI. Mr. Hoffman, you may begin.

TESTIMONY OF JOSEPH K. HOFFMAN, CHAIRMAN, GREAT LAKES COMMISSION; FRANK GARDNER, VICE PRESIDENT, METROPOLITAN WATER RECLAMATION DISTRICT, CHICAGO, IL; AND DONALD J. LEONARD, REPRESENTATIVE OF THE NORTH CENTRAL DIVISION CONCERNED EMPLOYEES

Mr. HOFFMAN. Good afternoon, Mr. Chairman.

Thank you for the opportunity to be here. I work for the Pennsylvania Department of Environmental Resources, but I am here in a role as Chair, elected by the members of the Great Lakes Commission. I have submitted written testimony and would ask that it be included in the record.

Mr. BORSKI. Without objection, your prepared statement will appear in the record.

Mr. HOFFMAN. The Great Lakes Commission is extremely interested as a regional organization—and I am trying to represent the entire region—in the Corps of Engineers' reorganization plan that you are considering here today. The Commission is an organization of the eight Great Lake States working for the region in economic development, resource management, and environmental quality.

Our mission is founded in both State legislation as well as Federal law to promote the orderly, integrated, and comprehensive development, use, and conservation of the water resources of the Great Lakes Basin. The Corps of Engineers plays a vital role in that mission accomplishment. They also participate in many of these same activities. We are concerned with the impact of reorganization on the region. We are concerned about the activities the Corps provides for us.

We see three principal issues before this subcommittee as well as with the organization of the Corps. We are concerned with the loss of Basin-specific expertise. The engineering and the planning expertise that is present now in the Basin would be lost from the Basin. We see a great de-emphasis on the Great Lakes Basin in this reorganization plan and we see some potential loss of our international commitments with our sister nation to the north.

We would hope that this subcommittee, the full committee, and the Congress will work with the Corps to make appropriate changes to the plan. You have controls of the purse strings and it can be done that way. It is an opportunity to make the Corps better.

We as an organization, the Great Lakes Commission, are not opposed to reorganization. We feel that restructuring can be beneficial to our region as well as to the Nation. Certainly, consolidation of administrative support, those functions which can be done less expensively, should be undertaken to improve efficiency and save dollars in the long-run. We see some concerns with the organization. We tried to express this through a letter to the Secretary of the Army shortly after the reorganization was announced.

We suggested some comments and those are appended to my testimony. I would ask that those also be included in the record.

The Commission certainly wants to see a continued support by the Corps in our region. We see a great deal of resource planning, coordination, environmental protection activities, and management of the resource as being vital roles the Corps provides for us. Closing down the only division office in the Basin located in Chicago,

and downsizing all the districts in the Basin is going to have some significant impacts.

Eliminating positions will take away expertise. People have developed Great Lakes-specific expertise over the years. We cannot afford to have that lost. We see that potential loss by people either being relocated and performing other jobs or by individuals retiring or taking jobs out in the consultant community or working in private industry.

We see this reorganization as having some impacts upon our relationship with Canada. There are a number of Great Lakes-related activities that we share with our Canadian brothers. Such as questions of Great Lakes water quality—how we protect that water resource that we have. The Lakes are the largest freshwater resource in the world. It is 95 percent of our surface water resources here in the United States. We are a region of some 175,000 square miles. We have almost 4,000 miles of shoreline with vast, vast resources and vast, vast water that is too important to be relegated to second-class status under the proposed reorganization.

A strong physical presence of the Corps is needed in the Great Lakes Basin. We need their expertise in the Great Lakes hydrology of the basin, navigation system engineering, planning, maintenance, design, and environmental remediation. You just heard from the previous panel about the problems in New York. Those problems exist throughout the Basin. The Corps provides an ideal engineering source as well as other lines of expertise to take care of these problems. Having a strong Corps presence in the region gives us a lot of flexibility to deal with the problems we have.

We see a need for Corps activities in dealing with the existing confined disposal facilities that have been created within the Great Lakes Basin. We see the Corps as having a vital role in executing a new lock at Sault Ste. Marie funding of which is being considered in a separate action.

De-emphasis of the Corps in the Basin is a real problem for us. We see Corps functions being taken outside, not being given the emphasis that they would have. We see the Corps under the current plan of having a directorate of engineering and planning in the North Central Division in Cincinnati. We see that technical work being accomplished some place within the division, but not being given the emphasis that Great Lakes' concerns would dictate. We would see a lack of geographic proximity as being a real concern for us, that somebody in Cincinnati is more concerned with the Ohio River and the activities there than potentially the Great Lakes and the connecting channels.

Division office closure, coupled with personnel moves is going to have very significant impacts in delaying or losing opportunities for constructing, managing, and maintaining existing projects. We see a loss of hundreds of positions along with that technical expertise. We see a loss of the water resources management capabilities, a loss of commercial navigation in the area, and international coordination.

We see professionals being moved from the three district offices and the division office. In the Division office alone, we lose 33 people within the Great Lakes planning and engineering functions. And lose 500 years of specialized Great Lakes expertise. The antici-

pated dollars that would be saved by this are not worth it as far as being able to continue to manage that resource.

As I suggested earlier, we submitted a statement to the Secretary of Army in January as an organization containing several recommendations to mitigate this loss of expertise and loss of emphasis on the Basin. We suggest that a Great Lakes planning and coordination office be established and that it be tasked to carry out the roles currently being done by the districts and the division office in Chicago.

We see the North Central Division as proposed by the Corps as being a huge geographic jurisdiction. It has 12 districts, more than any of the other proposed division offices. We see and suggest that one of the technical centers which the Corps is proposing must be located within the basin to provide that focal point on Great Lakes' resources and to provide some of the expertise needed to carry out Great Lakes' functions. We feel that this technical center, as well as the other offices, must be staffed with individuals who have Great Lakes' experience.

Personnel reassignments are difficult to deal with. We are not opposed to reassignments and relocations. We see a need to analyze the work and analyze the personnel needed to accomplish the work within the basin. Eliminating Great Lakes' Regulation Section is going to produce problems in our relationship with Canada. The International Joint Commission is currently evaluating a study by a Study Board, which they completed in the March time frame. This Study Board looked at ways to better the Great Lakes' management and how we can control that system so that we don't have problems with fluctuating lake levels.

This is a function under the International Boundary Water Treaty of 1909. It is an IJC, International Joint Commission, function. But the Corps plays a vital role in this. Their expertise is vital to it.

In summary, we have suggested a number of ways in which the Corps' reorganization plan could be mitigated. We would suggest that the subcommittee and the full committee look at this and work with the Corps in establishing this Great Lakes-specific function and keep it within the Great Lakes.

Mr. Chairman, that concludes my remarks. I am available for comments or questions now or later.

Mr. BORSKI. We will hold questions until the end of the panel.

Mr. Gardner.

Mr. GARDNER. Good afternoon, Mr. Chairman and members of the committee. I respectfully request that my full statement be made a part of the record.

Mr. BORSKI. Without objection, your prepared statement will appear in the record.

Mr. GARDNER. My name is Frank Gardner. I am the vice president of the Metropolitan Water Reclamation District of Greater Chicago, the world's largest wastewater treatment agency.

On behalf of the district, I want to thank the subcommittee for this opportunity to present our views on the proposed reorganization of the Corps of Engineers and express our appreciation for the committee's support over the years of the district's pollution and flood control program, the tunnel, and reservoir project.

The Metropolitan Water Reclamation District of Chicago was established in 1889 and has the responsibility for sewage treatment, flood control, and storm water management in Cook County, Illinois. The district was established in response to an epidemic which had killed 90,000 people in 1885. It was created for the purpose of addressing the local sewage problems and by 1900 it had reversed the flow of the Chicago River to carry combined sewage away from Lake Michigan, the area's source of water supply. The district has been involved with major engineering feats ever since its inception.

At this point, I would like to take the opportunity to share with the subcommittee our deep concern over the proposed Corps of Engineers' reorganization plan announced by the Army Corps on November 19, 1992. While we were pleased to hear that in January Secretary Aspin decided to delay implementation of the proposed Corps of Engineers' plan pending full consideration and review, I remain deeply concerned about the elements of the plan and in particular its impact on the critical water resource projects in Chicago.

Absent the Secretary's delay as of the beginning of February, the first phase of the plan—the reduction of division offices from 11 to 6 nationwide, including the closure of the North Central Division in Chicago—would have been initiated. There is no question that these changes would have a negative impact on our ability to address water resource problems in a timely fashion. Given the huge workload in the Chicago area—which includes the Water Reclamation District's urban flood control project, the Chicago Underflow Plan—I believe the Corps must be allowed to continue a strong and vital presence in our area.

The need for these projects to move forward without delay has never been so apparent, as witnessed by recent events in Milwaukee. A rainfall event flushed polluted water into Lake Michigan and contaminated their water supply. According to Milwaukee health commissioners' testimony two weeks ago before the House Health and Environment Subcommittee, up to 400,000 people were sickened from the parasites carried in the polluted water. The Corps of Engineers CUP plan is directed at preventing a similar event in this region.

The impact of the reductions proposed under the plan for Chicago, in particular, are enormous and would devastate the progress we have made to date in addressing our water resource problems, particularly in the area of urban flood control. For example, under the plan beginning in fiscal year 1994, the Chicago district would have been slated to lose 103 jobs, a 61 percent loss to the district's current structure. While these numbers are dramatic, they do not begin to describe the true impact this loss will have on the critical flood control needs of our metropolitan area.

Certainly, the most significant project now currently underway in the Chicago district is the Water Reclamation District's innovative McCook and Thornton Reservoir project of the CUP, the first element of which we are seeking fiscal year 1994 new start construction funds in the upcoming Energy and Water Development Appropriations Bill. The other critical project is the O'Hare Reservoir. This has been under construction and we will be seeking construction funds for this project again this year.

Over 550,000 homes in the Chicago area are subject to flooding at any time, making timely completion of these projects absolutely critical for protection of our citizens from known flood damages. In terms of public health and safety, any threat or major disruption of this critical cost-shared effort, which is clearly posed by the delay resulting from this proposed plan, cannot be tolerated.

To take the planning, design, and engineering expertise out of Chicago at this critical point for the CUP project while we have years of sophisticated design left would be devastating. We believe it is critical to the success of our program to complete these projects with the current experienced Corps staff who are on site and have a wealth of experience and knowledge about our problems. This has been gained over the course of more than 10 years.

Due to the widespread urban flooding problems and the Chicago district's long-term experience in developing innovative flood protection resolutions, the district has become the acknowledged urban flood control experts in the Corps' national system. We simply cannot afford to lose them, and thus delay needed flood protection at this critical stage.

In addition, it is patently unfair for local sponsors who cost-share projects to pay the costs of delay which result from such a hasty shift of staff from our area. We believe that any cost savings stemming from the reorganization will be far outstripped by the additional costs of delay in having new staff attempt to handle these unique and complex problems.

For example, the Chicago Corps district has approximately a \$1.3 billion construction program over the next 10 years. If this program is delayed even 6 months, which is clearly possible under reorganization due to wholesale shifting of staff, the costs of delay could be in the range of \$25 million. It is unconscionable to shift any portion of this burden to local sponsors.

While the Corps cites fewer traditional projects as a reason to scale down, the lifeblood of the Corps' work—flood control—is thriving in our area. We believe that Chicago is well situated as a transportation center with our Corps district conveniently located in the Nation's transportation hub. We are uniquely qualified with key engineering schools near the Chicago Corps' facilities. We have a strong and active work force from which to secure continuing Corps' employment. All of these are critical in the proposed plan for determining what areas should retain technical expertise.

It is my wholehearted recommendation that the Chicago district retain, if not increase, its highly qualified technical staff. Any objective review of existing and future workload on the affected population will support this view. It is our hope that this recommendation will be considered in a newly proposed realignment of the Corps. Such a plan, given proper congressional involvement and oversight, will appropriately correspond the key personnel to the identified needs and do so in a manner that treats taxpayers fairly.

I thank you for your kind consideration of our views and I stand ready to answer any questions you may have.

Mr. BORSKI. Mr. Leonard.

Mr. LEONARD. Good afternoon, Mr. Chairman and members of the subcommittee.

My name is Donald J. Leonard. I am the Chief of the Engineering Division of the North Central Division, Corps of Engineers, located in Chicago, Illinois. It is an honor to appear before you on the Corps of Engineers' proposed reorganization plan. I am representing a group of colleagues from the North Central Division and myself. I am testifying because I strongly feel the proposed reorganization plan is inequitable to the Corps' employees in the existing North Central Division, unworkable for our customers, and virtually ignores the Great Lakes.

Most members of the Corps family recognize the need for reorganization in order to provide cost-effective, efficient services to the public we all serve. However, we agree with Secretary Aspin that we need an orderly process that ensures the fair treatment of all employees because without it we could destroy the very organization we are attempting to revitalize.

As an example of the process used, consider how the division offices were selected. Based on the Corps' reorganization report, Decision Path II, the Corps developed four criteria as follows: high cost of living; good engineering schools; quality higher education; and large or medium air transportation hubs. Chicago clearly rates higher than Cincinnati in engineering schools, higher education, and air transportation hub. In the remaining criteria, high cost of living, Cincinnati rated slightly higher than Chicago, although both sites are in high cost areas. One might assume that Chicago would be the selected site. This was not the case. By ignoring the criteria and not selecting Chicago and other clearly superior sites throughout the country, a strong demoralizing message is sent to all employees Corps-wide. That message is: the Corps will do as it pleases despite what is equitable and best for the organization.

We cannot understand how the proposed new North Central Division in Cincinnati, or any other geographic location for that matter, could possibly manage 12 districts which cover approximately one-third of the United States in all or part of 26 States having 150 congressional districts and crosses three time zones—unless, of course, there is a hidden agenda, that being the future consolidation of district offices. To provide services to our myriad of customers to be served throughout this vast area requires an understanding of the local conditions and the government operations. Responses to emergencies would be drastically reduced. In short, the proposed 12-district North Central Division is not workable.

The Great Lakes contains 95 percent of our Nation's fresh surface water and an extensive navigation system vital to the economic well-being of the upper Midwest. It is our Nation's fourth seacoast. They share 1,900 miles of border with Canada and are on the threshold of major environmental cleanup. Yet, the Corps of Engineers proposes to virtually remove all professional planning and engineering expertise from the Great Lakes.

This loss of highly specialized expertise from Chicago, as well as Detroit and Buffalo, will have devastating impacts to the Great Lakes' programs and projects while the Corps slowly attempts to reestablish such expertise in Cincinnati and at the technical centers. This would create tremendous economic losses and project delays for the region, the taxpayers and our cost-sharing partners.

Chicago is one of the 10 standard Federal regions in the country, established to increase efficiencies among Federal agencies and to be more responsive to State and local officials by providing a consistent and compatible field structure. As the entire Federal Government gets downsized and more Federal cooperative planning efforts, such as our Great Lakes' work with EPA and Coastal America are implemented, the need to be in a standard Federal region intensifies.

Additionally, division and district offices collocated in the same city, such as Chicago, allow consolidation of support functions such as logistics, information management, and resource management, which would provide additional savings. In fact, my division office is located in the same building with our Chicago District office. So there are many efficiencies that can be gained by this collocation.

Chicago itself offers greater efficiency and reduced costs of doing business through economies of scale in goods and services procured and by being the Nation's number one air transportation hub. We should be reorganizing with the future in mind and not based on traditions of the past.

The proposal to consolidate planning, engineering, and design functions at all technical centers was not well thought out. This proposal moves people away from direct contact with the customer. Planning, engineering, and design require constant and direct communication with the customers in order to develop projects that are acceptable to them. Project management, which will remain at all districts, is now an administrative, non-engineering function and if removed from planning and design it is likely to fail. Design and engineering are also separated from the construction management responsibility. This will lead to higher construction costs which will be passed onto our cost-sharing partners.

The Corps should be strengthening its move into new fields such as environmental restoration and HTRW cleanup. These programs will require constant interactions with our customers and partners, both on a regional and local basis. There are few large projects remaining to be done. We are moving toward small community action programs. Centralization is in direct conflict with our future needs.

As I mentioned at the beginning of my statement, most of the Corps family recognizes the need to reorganize, but the process has to be fair to all employees, regionally balanced, and workable. We feel that there should be decentralization that is more delegation of authority to the field—you heard that earlier today. We also believe there should be a consolidation of support services and a concurrent reorganization of all Corps offices including the Washington headquarters, the divisions, and all the field offices.

I refute the statement that there has been no major reorganizations in the Corps since 1942. I have enclosed a summary of the reorganizations that have taken place in the North Central Division alone since 1954. I use 1954 because that was the year the North Central Division office was formed. It was a consolidation of the former Great Lakes Division and the Upper Mississippi River Division offices.

Finally, I would like to close, requesting that the additional information I have brought with me be made a part of the official record. It includes documentation that supports our positions.

Also in my material, I have included a conceptual framework for reorganization for your use. We feel that if this additional information had been used during the reorganization deliberations, an equitable and workable plan could have resulted. The concerned employees of the North Central Division and myself look forward to continuing many years of loyal service to the Corps of Engineers, the Midwest, Chicago, our customers, and our partners. It is in this spirit that I offer this statement.

Thank you for your time and your consideration.

Mr. BORSKI. Thank you very much, Mr. Leonard.

Let me first go to the gentleman from New Hampshire.

Mr. ZELIFF. Thank you, Mr. Chairman.

It seems like the Corps has served your area well in the past and that you have worked very close. Is that a correct statement?

Mr. HOFFMAN. Yes, sir.

Mr. ZELIFF. Is that across the board pretty much?

Mr. GARDNER. I would like to add to that.

The Corps has not only worked closely with the Water Reclamation District of Chicago, but the Water Reclamation District's tunnel and reservoir project was the Corps' first involvement in an urban flooding problem and should serve as a model for the future for the nation in urban flooding work.

The Corps has worked very closely with the district since the inception of this program. Our staffs worked together hand-in-hand on this kind of project. To remove the planning and design staff would have a devastating effect on the progress because we couldn't be sure the same people would be there doing the same work. Also, the people working on the project would not have the kind of first-hand familiarity with their work that certainly facilitates the fine job they are doing now.

Finally, there is what I call an incentive factor. Speaking parochially here, if you have the people who are working—if it is their basements that will flood, they will certainly bring their greatest creative energies and juices to the job.

Mr. ZELIFF. That's a good point.

It sounds like you have worked very, very close. Was this reorganization a bombshell for all of you as well?

Mr. HOFFMAN. It was not a bombshell, per se, because we knew that there was reorganization talk going on. The impact and the breadth of the reorganization proposal was a shock to most of us in the region.

Mr. ZELIFF. So you had no idea that it was coming to the extent that it did until it came?

Mr. HOFFMAN. That is correct.

Mr. ZELIFF. Were you asked for input? Did you offer any ideas in the process as you became aware of the reorganization?

Mr. HOFFMAN. As an organization, the Great Lakes Commission was not consulted and we did not provide any input before. We did after the fact.

Mr. ZELIFF. How about individually in the process? You knew it was coming, so did you offer anything on a private basis?

Mr. HOFFMAN. I can't speak fully to that. I know that some of the States did have some awareness of activities and may have

consulted on their own. I am not fully cognizant as to who it may have been.

Mr. ZELIFF. Are there any opportunities at all for centralization or consolidation of functions in a centralized way?

I agree pretty much with what you're saying, but if we're going to have to cut back and we have to have some savings, are there any areas where you feel we can accomplish that?

Mr. HOFFMAN. From at least a Great Lakes Commission perspective, there are a number of ways you can do it by centralizing the administration. We need to in some way keep the service down where it is delivered down at the local level. You can certainly consolidate computer centers, billing centers, legal staff, et cetera. The Corps has consolidated many times in the past.

Right now, in Pennsylvania we deal with four different Corps districts. The Baltimore district is charged with most of the real estate responsibilities for all those districts. So that kind of consolidation has taken place in the past. It allows you to shift the workload, potentially.

There is certainly a need to move the project delivery process from the conception through reconnaissance level studies through the Congressional appropriation process to actual construction. That has to be improved. That is a time consuming and a costly process. Consolidation could help there.

Mr. ZELIFF. In your testimony, you indicated that the proposed plan would call into question the ability of the United States to meet its commitments under international treaties and associated agreements pertaining to the Great Lakes. Maybe you could just comment further. Obviously, trade is very important to us. Maybe you can elaborate.

Mr. HOFFMAN. I think the trade issue is one. I think the work we do within the region with our Canadian partners—and I think we have to look at them as Canadian partners—because we share that Great Lakes resource, is extremely important to the region and to the Nation. The Corps is an active partner in that relationship. The Corps is responsible for dredging of harbors. The Corps is responsible for many activities that take place such as the confined disposal facilities, which are part of the dredging to keep harbors open. These are essential. The Corps can play a vital role in cleaning up.

Previous panel members talked about the areas of concern on the Great Lakes. These areas need to be addressed in a solid, strong, engineering, design, and cleanup plan. The Corps can play a role in this.

Mr. ZELIFF. Thank you very much, I appreciate the testimony.

Mr. BORSKI. The gentleman from Illinois?

Mr. LIPINSKI. Let me say first of all that I appreciate the testimony of all three of these witnesses. I think they have added a great deal to this hearing this morning. I obviously have a vested interest in this situation. I, too, have a basement that Mr. Gardner alluded to earlier. [Laughter.]

I want to say that I agree with everything these gentlemen had to say. I think they have enlightened the members of this committee. I think they have advanced their cause of keeping the office in the city of Chicago.

I have been involved in this for quite a long period of time working to try to change this decision around and keep the office there in the city of Chicago. But I want to say here publicly today that the Water Reclamation District and the Corps of Engineers in the city of Chicago have really worked hand-in-glove for a long, long time developing programs and projects that have been advantageous to the Chicago community.

But many of these programs that they have worked on have been taken as pilot programs and have been introduced in other areas of the country that have been beneficial to the citizens of that part of the country. I think it would be a terrible mistake from the standpoint of developing new techniques and new technology in regard to these areas. If we were to remove the Corps of Engineers from the city, it would break down a history and tradition that has not only been effective for the city but for this entire area of endeavor.

I hope that a decision is made where the Army Corps of Engineers will continue to operate in the city of Chicago so it will be able to not only help that region but cooperate with the Water Reclamation District because, Mr. Gardner, you know—and I am sure the other gentlemen know—there is a very unique arrangement between the Water Reclamation District and the Corps of Engineers that has been beneficial to everyone.

Once again, I thank you gentlemen for your testimony.

Mr. Chairman, I want to thank you for really getting into this matter and getting it on the record.

Thank you very much.

Mr. BORSKI. The Chair thanks the gentleman very much.

We would like to thank our panelists for your contribution. It is very greatly appreciated. Thank you for coming here. This hearing is adjourned.

[Whereupon, at 12:58 p.m., the subcommittee was adjourned, to reconvene subject to the call of the Chair.]

PREPARED STATEMENTS SUBMITTED BY WITNESSES

Testimony of the Honorable Steve Bartlett, Mayor
of the City of Dallas before the Subcommittee
on Investigations and Oversight, House Public
Works and Transportation Committee

May 6, 1993

Good morning. My name is Steve Bartlett and I am the Mayor of the City of Dallas. I appreciate the opportunity to speak before this Subcommittee and, on behalf of the City Council of the City of Dallas, I want to share with you some reasons that the Dallas division office of the Corps should not be closed and its functions and personnel transferred to Vicksburg, Mississippi. I believe that the Corps and by extension the taxpayers of the United States as well as the agencies which use the Corps services would be well served to continue the Dallas division office under the reorganization and not close it and transfer its functions to Vicksburg. The City of Dallas would also benefit from the continuation of the Dallas division office.

BASED ON THE CORPS' OWN DETERMINATIONS, THE DALLAS DIVISION OFFICE SHOULD REMAIN IN DALLAS AND ITS FUNCTIONS SHOULD NOT BE TRANSFERRED TO VICKSBURG

First, let me give you some background on the Corps' evaluation criteria and the rating system applied to each criteria. Initially, the closure or relocation of any office was to be governed by eight criteria:

- 1) Locating Division offices in cities with existing Corps offices; and
- 2) Cost of Living; and
- 3) Educational availability; and
- 4) Transportation Hub Availability; and
- 5) Number of Current Personnel; and
- 6) Labor Availability; and
- 7) Office Space Availability; and
- 8) Central to Workload.

These criteria were developed by the Field Advisory Committee which was made up of personnel assigned to Corps' district and division offices throughout the United States. In the evaluations leading to the proposed reorganization plan, the ultimate Corps' decision making group, which was located in Washington, used only the first five of the enumerated criteria and disregarded the last three. In evaluating each site, a particular criterion received either a 2 for a high rating or a 1 for a low rating. The ratings assigned to the various criteria were then totalled for each site and the sites compared. With respect to criterion 1, the Corps considered only those sites which already had division or district offices.

Using the five criteria and the rating system employed by the ultimate Corps decision making team in Washington, the Dallas site received an overall rating of 6; the Vicksburg site an overall rating of 4. The Corps' own results dictate that a Dallas location is the better site for the division office than Vicksburg. Yet, the Dallas office has been slated for closure and its functions

transferred to Vicksburg. In the whole reorganization plan, this is the only instance where the site which received the higher rating was closed and its functions transferred to a site which received a lower rating. Without doubt, the results dictate that the Dallas division office remain in operation under the reorganization plan.

In analyzing the criteria and ratings more closely, it becomes apparent that the relative advantage in favor of Dallas is greater than is revealed by the overall ratings obtained for Dallas and Vicksburg from the particular criteria ratings. A rating system which assigns only a 2 for a high rating and a 1 for a low rating can not reflect large relative advantages and disadvantages in the consideration of the site criteria. Using the most glaring and a very important example, Dallas received a 2 under the criteria of Transportation Hub Availability and Vicksburg a 1. Dallas is home to D/FW Airport which is a hub for two of the country's largest airlines. Through D/FW Airport, Dallas is readily accessible from all parts of the United States as well as the world. Also, Dallas is the headquarters of one of the premiere low cost air carriers which provides service at Dallas Love Field, just minutes from downtown Dallas. This carrier provides convenient service to and from most of the district offices interacting with the Dallas division office. There is just no comparison to Vicksburg. The nearest airport to Vicksburg is located in Jackson, 60 miles to the east. This airport is certainly not as convenient and does not enjoy anything approaching the level of service provided D/FW

Airport and Love Field. The difference between Dallas and Vicksburg in terms of this criteria is much greater than the rating of a 2 and 1 respectively reflect.

An analysis of other criteria reveals similar disparities in favor of Dallas not made evident by the rating system. For instance, consider Educational Availability. The Dallas/Ft. Worth area is home to a number of higher education institutions, including Southern Methodist University, the University of Texas at Dallas, the University of Texas at Arlington, the University of North Texas, Texas Christian University, and numerous junior colleges. A number of these institutions offer technical course work and degrees. When comparing on the basis of this criterion, Dallas received a 2 and Vicksburg a 1. I am aware of no higher education institution in Vicksburg.

Based on independent federal data used in the evaluation of the Cost of Living criteria, Dallas and Vicksburg rated equally.

If the Labor Availability, Office Space Availability and Central to Workload criteria are considered, as recommended by the Field Advisory Committee, Dallas becomes an even more obvious choice. Dallas proper has a population of over one million; Vicksburg a little over 25,000. Obviously, the labor market is more dynamic in the location with such a massive population advantage. Dallas has an abundance of superior, modern office space which is available almost immediately throughout the city.

Finally, with respect to Central to Workload, district offices in Little Rock, Albuquerque, Galveston, Fort Worth and Tulsa

currently interface with the Dallas division office. Dallas is geographically central to each of these district sites, with Fort Worth being only 30 miles away. As previously mentioned, Dallas is readily accessible from the more distant district offices on a low cost air carrier which provides convenient service throughout the business day. On the other hand, Vicksburg is not close to any of the district offices located in the current Southwest division. Indeed, Vicksburg is farther east than even the easternmost district offices in Galveston and Little Rock and is not nearly as accessible as the current Dallas division office. The proximity of the Dallas division office to the current district offices argues for retention of the Dallas division offices and against relocation to Vicksburg.

In summary, from my standpoint, there is no significant reason supporting the closure of the Dallas division office and the transferring of its functions to Vicksburg. Rather, the Corps' own results and criteria dictate a contrary result; the need to retain Dallas as a division office for the Corps. Based on the evaluation of the five considered criteria developed for the site evaluation process by the Corps itself, Dallas is the preferred when compared against Vicksburg. The Dallas advantage is bolstered when the three criteria; Labor Availability, Office Space Availability and Central to Workload, which were discarded by the Corps' reorganization decision making team, are considered and included in the evaluation of the relative merit of the two sites. Finally, the Corps' rating system does not result in a valid comparisons between

sites. Assigning relative ratings of 2 and 1 does not account for significant differentials in various criteria with respect to compared sites. With respect to Dallas and Vicksburg, this is most evident when considering the Transportation Hub Availability criteria. Other criteria disparities in favor of Dallas are not reflected by such a rating system. If a rating system which accurately reflected the relative merit of two sites with respect to particular criteria were employed, I submit that the relative advantage of Dallas over Vicksburg would be even greater.

THE PROPOSED RELOCATION OF THE CORPS DIVISION OFFICE TO VICKSBURG UNDER THE REORGANIZATION PLAN

Why did the Corps in its reorganization plan disregard its own results determined from its own criteria and select the Dallas division office for closure? I have been told that it is because the Mississippi River Commission ("the Commission") is located in Vicksburg.

The Commission is established and operates under federal statute, 33 U.S.C.A. §§ 641-651. The duties of the Commission are set out in § 647 and basically encompass the surveying and development of plans and reports regarding various aspects of the Mississippi River such as flood control, promotion of trade and commerce and navigation facilitation. The Commission meets at those times established by the president of the Commission. Section 646 requires that Commission headquarters and general

offices be located at some city or town on the Mississippi River. The statute does not mandate that Vicksburg be the site.

For several reasons, the proposed reorganization would not seem to require the closure and transfer of the Dallas division office to Vicksburg on account of the Commission. First of all, the reorganization does not change the duties and charge of the Commission; the duties of the Commission are the same before and after the reorganization. For many years, the Commission has functioned with a division office in Dallas. Therefore, it is difficult to understand why the Dallas division should be closed now. Does the Commission need additional staff to support its statutorily mandated and unchanged missions? The Vicksburg district office and the Waterways Experiment Station currently employ approximately 3000 people. It seems that this would be sufficient staff to support the Commission. This apparent sufficiency becomes more evident when viewed in the context of the impetus behind the overall reorganization. One factor influencing the reorganization is the projected diminished workload for the Corps in the future. If the projection of a reduced workload is accurate, then the current staffing in Vicksburg should be sufficient to handle Commission needs.

From my standpoint, no significant reason exists for closing the Dallas division simply because the Commission is located in Vicksburg.

IMPACT ON THE CITY OF DALLAS

The City of Dallas is interested in maintaining the Corps office in Dallas for several reasons.

- 1) The Corps' Dallas division office provides over 200 jobs. The creation and retention of jobs is very important to the City.
- 2) The Corps' offices are located in downtown Dallas. As with large cities throughout the country, Dallas has witnessed an exodus of quality jobs from the Central Business District to surrounding suburban communities. The City is working hard to stem and reverse this exodus.
- 3) The Dallas division office plays a key role in flood control protection for the City of Dallas and the surrounding area. Dallas citizens have suffered for many years with severe flooding in portions of the City. Recently, the City, in coordination with the local division office, has begun to seriously address these problems. The local Corps division office brings a unique understanding and familiarity to the details, history and flooding in Dallas. This familiarity is particularly critical at this time when we are seeking to address these long neglected flood control needs. Transfer of the Dallas division office functions to Vicksburg necessarily means that Corps personnel will begin to develop solutions for this local problem from afar, without the benefit of this unique local familiarity and understanding. Although the day

to day work is done by the district, the overall policy and supervision is performed by the Southwestern Division in Dallas. To give the Subcommittee members some measure of the significance of the flooding problems and the commitment of the City in addressing them, the City has embarked upon an ambitious flood control construction program. At present, up to \$25 million of City funds (no federal dollars) have been spent, but this is only a start. The Corps is in the process of developing a comprehensive plan for the City's flood problems. We consider the Corps division office as a local partner in resolving these flood problems. To have this work managed from Vicksburg would certainly be less efficient.

4) The local Dallas Corps office employs a high percentage of minority workers. The City Council is very committed to enlarging and providing job opportunities for minorities in Dallas.

5) The Dallas division office hosts a number of technical symposium during a calendar year. Conference attendance has numbered up to 1500. This month, the Dallas division office will host a conference of up to 1500 attendees. Obviously, conferences such as this are important to the local economy and the City would like to see them continue. As an aside, I question whether a consolidated Vicksburg office could host a conference such as this.

ESTABLISHMENT OF TECHNICAL CENTERS

Subcommittee staff suggested that I address at least a portion of my remarks to the proposed establishment of technical centers. Let me start by saying that as Mayor of the City of Dallas, I feel somewhat unqualified to speak about the organizational structure of an organization of which I am not a part. I do not want my comments on the technical center to detract from my main message against the closure of the Dallas division office.

I understand that up to 15 technical centers have been proposed, in partial replacement of the functions currently undertaken by the various division offices. The technical centers would assume the planning, design and expertise functions currently performed by the various division offices. At first impression, the creation of an additional layer would not seem to achieve the reorganization goal of streamlining and making the Corps more efficient. On a much more personal level, it is my understanding that there is no assurance that those individuals employed at the proposed Corps offices will continue employment once these technical centers would begin operation. Finally, it is my understanding that with the creation of the technical centers the billing practices will change. This change will result in additional expenses for local governments. Under the current regime, once a project is under review at the division level, charges to local governments cease. With the technical centers in place, local governments will pay for activities at the technical center level.

SUMMARY

As evidenced by the Corps' own criteria and results, it would not be in the best interest of the Corps and its efficient operations to relocate the Dallas division functions to Vicksburg. From a Corps standpoint, I am not aware of any benefit to the overall Corps operation and efficiency which would result from closing the Dallas division office. Instead, the Corps' own determinations, based on its developed criteria, mandate that Dallas is the better site for the division office than Vicksburg. The overall ratings reached by assigning either a 1 or a 2 to particular criteria does not reveal the significant advantage Dallas enjoys when compared to Vicksburg. The most glaring example is the transportation hub availability criteria where Dallas enjoys an overwhelming advantage over Vicksburg. Indeed, the cost of commuting to and from Vicksburg would be excessive in both time and dollars. Similar disparities in favor of Dallas are evident with other criteria considered by the Corps decision making team. When the additional criteria disregarded by the Corps reorganization decision makers are included, the Dallas site location benefits becomes even clearer.

The negative impacts on Dallas and its citizens will be significant. The exodus of jobs from downtown will be perpetuated. A significant number of minority employees would be affected with no guarantee of finding another job. The familiarity with and

understanding of flooding problems unique to Dallas will be lost at a time when those problems are being addressed.

It is in the best interests of the Corps and the delivery of services it provides and the City of Dallas that the division office should remain in Dallas under any reorganization plan.

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Testimony of Sen. Barbara Boxer of California
before the Subcommittee on Investigations and Oversight
House Public Works Committee
U.S. Army Corps of Engineers Reorganization
May 6, 1993

Mr. Chairman, thank you for the opportunity to speak to your subcommittee today about the Corps of Engineers Reorganization of its Pacific divisions. Thank you as well for the opportunity to see many of my former colleagues from the House of Representatives.

As you know, I am a member of the Senate counterpart to your full committee, the Environment and Public Works Committee and serve on its Water Resources, Transportation, Public Buildings and Economic Development Subcommittee with jurisdiction over the Corps of Engineers. We in the Senate are also very concerned about this ill-conceived "plan," -- a loose term in this context -- to reorganize the field offices of the Corps of Engineers. This so-called plan is a political decision still in search of a rationale.

First, let me say that I am pleased that Secretary of Defense Les Aspin agreed to stop the reorganization plan until he has a chance to review the program. I appreciate your subcommittee's interest in the issue and expect it will provide a useful record for the Defense Secretary to consider.

The reorganization demands that the 11 division offices of the Corps of Engineers be consolidated to six by the end of the fiscal year 1993. The 1991 Base Realignment and Closure plan retained the South Pacific Division as a key element in the Corps structure. However, the Corps' plan consolidates the South Pacific Division in San Francisco and the North Pacific Division in Portland, Oregon as a new Western States Division, to be located in Portland.

I understand that the Western States Division site selection decision was originally made in San Francisco's favor -- after a 14-month study by the Corps. But despite that effort, it was overturned just hours before the Corps announcement, after third parties intervened through Assistant Secretary Nancy Dorn. However, a decision based on the criteria developed by the Army itself for selection of a divisional headquarters site would clearly make San Francisco the winner.

According to the Army's criteria, a divisional headquarters should be close to 1) a good engineering school, 2) quality

institutions of higher education and 3) "large to medium" air traffic hubs. The ability of San Francisco to meet all three requirements is obvious, but I will spell them out for the record. Within a few miles of the headquarters, we have the University of California at Berkeley, Stanford University and the University of California at Davis to name a few of the public institutions. Within a few miles are also three international airports: San Francisco, Oakland and San Jose.

So what's the issue? It cannot be the amount of construction managed between the respective divisions. According to the Army, the North Pacific Division is expected to handle \$37 million in projects by 1996. Meanwhile, the South Pacific Division will be in charge of nearly \$400 million. The workload in the southern division is 10 times that of its counterpart. It seems completely inappropriate, senseless even, to move divisional supervision away from where the majority of dollars will be spent and where the greatest amount of work will be done. The decision would force the layoffs of 300 experienced, skilled workers from the South Pacific Division.

So what's the issue? It cannot be the pay differential. I understand the Army is concerned about the current 8 percent pay differential which employees in San Francisco receive because of the higher cost of living in the Bay Area. But, may I point out, that the Pay Reform Act provisions are to be applied nationwide in 1993, and Portland employees expect to receive a pay differential that will bring the difference between the two down to only 2 to 3 percent. In regard to this "demerit," it should be noted that the cost of airfare to and from Portland is much higher than to and from San Francisco, and the increased travel costs will easily offset any projected pay differential savings. Also, in terms of management efficiency, the lack of frequent and convenient flights to and from Portland will result in travel time losses for division, and field office personnel. In fact, there are no real fiscal or management efficiency advantages associated with locating the Division in Portland rather than San Francisco.

The South Pacific Division carries many important responsibilities for the state of California, including supervision of critical dredging operations which keep our key ports of commerce open, as well as playing a major role in disaster--especially earthquake--emergency response plans for the state. The likelihood of one or more major earthquakes in California within the next ten years is great, and I believe moving the divisional headquarters out of the state would greatly limit the Corps' ability to respond adequately to such a catastrophe. Removing the locus of decision-making for these important roles, as well as the personnel to staff these operations, would be a tremendous loss to our region.

Finally, Mr. Chairman, I am particularly disturbed that the Corps management continues to operate as if the reorganization

plan is on track. According to the Corps staff who have contacted me, there has been a concerted effort to accomplish a de facto reorganization by reducing staffs at offices scheduled for closure or downsizing, absent any specific authorization to proceed with the full reorganization.

In December, Rep. Pelosi, Sen. Feinstein and I filed a Freedom of Information Act request with the Corps of Engineers seeking documentation of the site selection committee's decision-making process to ascertain this missing rationale. I have recently received a number of documents in response. In addition, I have an analysis of the reorganization plan with suggested questions from the Committee to Save the South Pacific Division, comprising employees affected by the decision. I would like to share these documents with the subcommittee if it so wishes, and I have them here today.

In conclusion, if there is to be a Corps reorganization -- which I would support if it achieves greater efficiency and real cost savings -- then these decisions must be made following a rational analysis of the workload and needs of the Corps offices.

STATEMENT BEFORE THE HOUSE PUBLIC WORKS AND TRANSPORTATION
SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT

May 6, 1993

Congressman Lane Evans

I am here today to explain to the subcommittee why I believe that the U.S. Army Corps of Engineers reorganization plan would be detrimental to the work underway at the Corps' Rock Island district office. As you know, the plan would consolidate planning and engineering functions at various technical centers. In the case of the Rock Island district, those functions would be moved to St. Paul, Minnesota.

This change would come at a time when the Corps is receiving funds to begin major rehabilitation work on the locks and dams on the Mississippi and Illinois Rivers. Specifically, the President's FY 94 budget recommends \$5,060,000 to begin rehabilitation work on Lock and Dam 13; \$11,330,000 for Lock and Dam 15; and \$5,200,000 for four locks on the Illinois River. At the same time, the Rock Island district office is responsible for the operation and maintenance of 18 other lock and dam sites on the Mississippi and Illinois Rivers.

In addition, the U.S. Army Corps of Engineers is developing a major plan for increasing capacity on the Mississippi and Illinois River. These improvements would be made over the next 50 years. Seven of the 10 locks and dams that require major expansion are within the current Rock Island district. In fact, Rock Island is central to a majority of the lock and dam sites on the Mississippi. Since the Rock Island office is centrally located, travel is minimized and there is greater efficiency.

It is also important to recognize that the Corps of Engineers owns the buildings it occupies in Rock Island. Only two other offices are in buildings owned by the Corps. Personnel turnover is low -- 5% compared to a Corps-wide average of 10%. And, the Rock Island District office is only 15 minutes from the Quad City Airport which has regular connections to all major metropolitan areas.

Throughout the 1980s, West Central Illinois suffered from a deep recession that devastated our agricultural and manufacturing sectors and squeezed local resources. Maintaining the Mississippi and Illinois Rivers as a means of transportation is essential to ensuring that we can achieve a full economic recovery. These transportation corridors are absolutely essential to the economic well-being of the region. We cannot neglect this resource. I believe that the U.S. Army Corps of Engineers plan as currently proposed would jeopardize the efficient operation and maintenance of this system.

For these reasons, I urge this subcommittee oppose this plan and recommend that the Rock Island office remain a full functioning district office. Thank you for the opportunity to speak before your subcommittee today.

Testimony of
Congressman Thomas M. Foglietta
Before the House Committee on Public Works and Transportation
Subcommittee on Oversight and Investigations
May 6, 1993

I would like to thank my colleague and friend from Philadelphia, Chairman Bob Borski and the members of the Subcommittee for convening this hearing today.

Over the years, I have testified on the importance of the Army Corps' district office in Philadelphia and the devastating effect its loss would have on the Port of Philadelphia. Without the planning and engineering sections, this office will not be able to meet the needs of the Delaware Valley. From deep draft projects along the Delaware River to storm damage control along the New Jersey and Delaware coastlines, a fully staffed office is essential to the environmental and economic well-being of the Delaware Valley.

Simply put, a majority of the money in the North Atlantic region is spent on projects in the Delaware Valley. That money should continue to be managed in the area.

All of my colleagues who have testified before me and those who will follow me today make compelling arguments for why their offices should stay open. In the case of Philadelphia, there is one striking difference.

Over the past five years, the federal government has done everything in its power to disinvest itself from the City of Philadelphia. The closings, restructurings, downsizings, reorganizations,--they all mean one thing--huge job losses in Philadelphia. I do not intend to stand for further federal disinvestment.

In this same time frame, the City of Philadelphia has been targeted on all three defense base closure lists. All total Philadelphia can expect almost 50,000 direct and indirect civilian job losses. I cannot think of another Congressional district in the country that has suffered more job losses as a result of the base closure process.

I think Chairman Borski and my colleagues from Southeastern Pennsylvania would agree--enough is enough. I don't care if we're talking about two jobs or two-thousand, this recommendation will not stand. Keep Philadelphia open and fully staffed.

Thank you.



Protecting Our Water Environment

Metropolitan Water Reclamation District of Greater Chicago

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Statement of

Frank E. Gardner
Vice President

Metropolitan Water Reclamation District of Greater Chicago

Regarding

The Proposed Corps of Engineers Reorganization Plan

May 6, 1993

To: U. S. House of Representatives
Committee on Public Works and Transportation
Subcommittee on Oversight & Investigation

Honorable Robert Borski
Chairman

I am Frank E. Gardner, Vice President of the Metropolitan Water Reclamation District of Greater Chicago and on behalf of the Water Reclamation District, I want to thank the Subcommittee for this opportunity to present our views on the proposed Reorganization of the Corps of Engineers and to express our appreciation for the Committee's support over the years of the District's water pollution and flood control program, the Tunnel and Reservoir Project.

The Metropolitan Water Reclamation District (MWRD) was established in 1889 and has the responsibility for sewage treatment, flood control and storm water management in Cook County, Illinois. In fact, the District was established, in response to an epidemic which had killed 90,000 people in 1885, for the purpose of addressing the local sewage problems and by 1900, had reversed the flow of the Chicago River to carry combined sewage away from Lake Michigan, the area's source of water supply. And so the District has been involved with major engineering feats since its inception.

At this point, I would like to take the opportunity to share with the Subcommittee our deep concern over the proposed Corps of Engineers Reorganization plan announced by Army officials on November 19, 1992. While we were pleased to hear that in January Secretary Aspin decided to delay implementation of the proposed Corps of Engineers Reorganization plan pending full consideration and review, I remain deeply concerned about the elements of the plan and in particular, its impact on the critical water resources projects in Chicago.

While I believe that the Corps' structure is outdated and needs retooling in order to provide better quality service and projects to its local sponsors, I believe the attempt made by the Corps in November was ill-conceived. Not only does the Corps need to reduce its overhead costs and focus key personnel where the needs are, but it should take this opportunity to provide better and timelier goods and services to its partners, the local cost-sharing sponsors across the county.

I supported the decision of the Secretary to hold the plan pending full review because without this delay as of the beginning of February, the first phase of the plan, the reduction of Division offices from 11 to 6 nationwide, would have been initiated. If this plan would have proceeded, the Chicago Division would have been closed, shifting 184 jobs out of state to Cincinnati, Ohio. This was just the very first step in a process, which if left to proceed without critical review and changes, could have resulted in the relocation of 323 essential positions currently in Illinois. There is no question that these changes would have a negative impact on our ability to address water resources problems in a timely fashion. Given the huge workload in the Chicagoland area, which includes the Water Reclamation District's urban flood control project, the Chicagoland Underflow Plan, as a big portion of its efforts, I believe the Corps must be allowed to continue a strong and vital presence in our area. The need for these

projects to move forward without delay has never been so apparent. The lesson we can now draw upon took place only about three weeks ago in Milwaukee, an urban city on Lake Michigan about 90 miles north of Chicago. A rainfall event flushed polluted water into Lake Michigan and contaminated their water supply. According to Milwaukee health commissioners' testimony two weeks ago before the House Health & Environment Subcommittee, up to 400,000 people were sickened from the parasites carried in the polluted water. The Corps of Engineers' Chicago Underflow Plan is directed at preventing a similar event in this region. This underscores the need to accelerate the schedule of the ongoing Corps of Engineers project. This reorganization plan is badly flawed and simply cannot accomplish the goals of streamlining the approvals for project implementation that it set out to achieve.

The impact of these reductions proposed under the plan for Chicago, in particular, are enormous and would devastate the progress we have made to date in addressing our water resources problems, particularly in the area of urban flood control. For example, under the plan beginning in fiscal year 1994, the Chicago District would have been slated to lose 103 jobs, a 61% loss to the District's current structure. While these numbers are dramatic, they do not begin to describe the true impact this loss will have on the critical flood control needs of our metropolitan area.

Certainly, the most significant project now currently underway in the Chicago District, is the Water Reclamation District's Innovative McCook and Thornton Reservoir Project of the Chicagoland Underflow Plan (CUP), the first element of which we are seeking FY 1994 new start construction funds for in the upcoming Energy and Water Development Appropriations bill. This project represents an innovative pioneering effort by the Corps of Engineers. It is the first urban flood control project the Corps has undertaken and will serve as a model for the nation. The other critical project, which the District is also a sponsor for is the O'Hare Reservoir, which has been under construction and we will be seeking construction funds for this project again this year. Over 550,000 homes in the Chicago metropolitan area are subject to flooding at any time, making timely completion of these projects absolutely critical for protection of our citizens from know flood damages. In terms of public health and safety, and threat or major disruption of this critical cost-shared effort, which is clearly posed by the delay resulting from this proposed plan, cannot be tolerated.

To take the planning, design and engineering expertise out of Chicago at this critical point for the CUP project while we have years of sophisticated design left would be devastating. We simply cannot afford to lose the Corps' exceptional design and engineering staffs who have worked closely with the Reclamation District as the local sponsor over many years, and have developed unique expertise in our area of need.

It is important to point out that the unique flooding expertise developed by the Chicago Corps District in working with the Water Reclamation District as local partner after 12 years of federal funding and effort has identified a clear federal interest. We believe it is critical to the success of our program to complete these projects with the current experienced Corps staff, who are on-site and who have a wealth of experience and knowledge about our problems. Due to the widespread urban flooding problems and the Chicago District's long-term experience in developing innovative flood protection resolutions, the District has become the acknowledged urban flood control experts in the Corps' national system -- we simply cannot afford to lose them, thus, delaying needed flood protection at this critical stage. In addition, it is patently unfair for local sponsors who cost-share projects to pay the costs of delay which result from such a hasty shift of staff out of the area. We believe that any cost savings stemming from reorganization will be far outstripped by the additional costs of delay in having new staff attempt to handle the unique and complex projects. For example, the Chicago Corps District has approximately a \$1.3 billion construction program over the next 10 years. If this program is delayed even six months which is clearly possible under reorganization due to wholesale shifting of staff, the costs of delay could be in the range of \$25 million. It is unconscionable to shift any portion of this burden to local sponsors.

While the Corps cites fewer traditional projects as a reason to scale down, the lifeblood of the Corps' work -- flood control and navigation -- are thriving in our state. We believe that Chicago is well-situated as a transportation hub with our Corps District conveniently located in the Nation's transportation hub. We are uniquely qualified with key engineering schools near the Corps' Chicago facilities, and we have a strong and active workforce from which to secure continuing Corps employment -- all of which are critical criteria in the proposed plan for determining what areas should retain technical expertise.

In addition, while the plan attempts to address the ongoing Corps problems of overlapping review and constant reanalysis of projects at all levels, I believe the plan falls short of its goal of streamlining the systems by failing to give the field commanders the authority to make decisions that will stick for their projects. I am also concerned that the new Central Review Center at Corps Headquarters will simply act to continue the practice of conducting additional layers of technical review. Again, the effect of this will be to duplicate technical work done in the field and stops short of promoting projects for actual construction.

It is my wholehearted recommendation that the Chicago District retain, if not increase its highly qualified technical staff. Any objective review of existing and future workload and affected population will support this view. It is our hope that this recommendation will be considered in a newly proposed realignment of the Corps. Such a plan, given proper Congressional involvement and oversight, will

appropriately correspond the key personnel to the identified needs and do so in a manner that treats taxpayers fairly.

I thank you for your kind consideration of our views and I stand ready to answer any questions you may have.

**Testimony of: J. Wade Gilley, President
Marshall University
Huntington, West Virginia**

**Before: Subcommittee on Investigations and
Oversight Committee on Public Works
and Transportation
U. S. House of Representatives**

**Room 2167, Rayburn House Office Building
10:00 a. m. May 6, 1993**

**Subject: Proposed plan to move the planning and
engineering functions from the Huntington
District Office of the U. S. Corps of Engineers**

Mr. Chairman:

I am pleased to appear before this committee today to comment on the proposed reorganization of the Corps of Engineers as it might impact Huntington, West Virginia and to bring you up to date on recent developments which I believe you should consider.

First, let me say that the District Office in Huntington is important to the economy and quality of life in our community. The jobs associated with the Corps of Engineers are among the best in our community. They represent an important resource to the community and an economic asset that would be impossible to replace should the proposed reorganization go forward.

Having professional jobs in our community such as those represented by the Corps personnel is clearly a cornerstone for any future economic development strategy. A community such as Huntington requires an economic development strategy which is multifaceted, with several anchors.

In Huntington, the economic anchors are the Corps of Engineers; Health care, including several hospitals and the university's medical school; the university itself; petrochemicals and manufacturing.

Petrochemicals, particularly refining, are under considerable pressure, which will be increased when the energy taxes included in the deficit reduction package come into play.

Manufacturing operations, including companies such as Armco Steel and International Nickel, are in difficult straits with increasing pressure from international competition.

If the Huntington area is to build an economic strategy for the future, we must maintain the Corps of Engineers presence. On the other hand, there is no way that the government can save money by moving a major government installation from a high quality, low cost area to a more congested and higher cost area. So, my question is, why not leave the work that must be done somewhere in Huntington if it means saving the government money and providing our community with a base for building a new and competitive economic strategy?

Another question which has been raised during this review and discussion has been the need for the Corps to have access to engineering and technical education within a reasonable distance. I am disappointed that whoever conducted this study did not consult with the higher education community in the Huntington area.

If they had consulted with us they would have learned that Marshall University and a sister institution, the West Virginia College of Graduate Studies, represent a major higher education center.

As I understand the situation, the Corps office in Huntington requires graduate offerings to permit its employees to continue their education while working. The Corps recruits college graduates from all parts of the country and must be able to provide continuing education opportunities for these upwardly mobile professionals.

Marshall University, in cooperation with the College of Graduate Studies, is in a strong position to meet this need.

Marshall has 13,000 students, including some 3,000 graduate students, a wide range of graduate programs and a medical school. The West Virginia College of Graduate Studies, located just 35 miles east of Huntington by way of Interstate 64, has an additional 3,000 graduate students and includes a fully ABET-accredited School of Engineering. In fact, the College of Graduate Studies presently is offering graduate level work at the Corps office in Huntington.

Science and Technology are flourishing at Marshall and we realized an impressive 19 percent increase in our College of Science enrollment last fall. Most importantly, we have just completed \$30 million worth of work on our science facilities, providing state-of-the-art laboratories and classrooms second to none for programs in chemistry, biology, physics and geology.

These facilities open many doors for the university to expand its technical education opportunities for the entire community, including the Corps of Engineers.

Marshall is well equipped to offer Corps employees advanced degree work at convenient times and places in fields such as economics, biology, business administration, software development and the physical sciences. Further, with the College of Graduate Studies we can offer Master's degrees in Huntington -- at the offices of the Corps or at Marshall University -- in Engineering Management, Environmental Engineering, Geotechnical Engineering, Geology and other fields.

Previously, these offerings and the related university resources had not been well focused but we are moving quickly to correct that deficiency. Simply stated, the two institutions -- Marshall University and the West Virginia College of Graduate Studies -- have joined with private industry and the Corps of Engineers' Huntington office to organize a *Geotechnical, Environmental and Applied Sciences Center*.

This new Center will be the focal point for interaction between the Corps of Engineers and higher education in the decade ahead.

The focus of this new center will be graduate education in the sciences and engineering; undergraduate scientific education in software engineering and software redevelopment; geology, engineering geology and geotechnical engineering as well as other pertinent areas; joint engineering and scientific research and development projects, and continuing education in a wide variety of fields.

We are confident that Marshall and the College of Graduate Studies, working together and with the Corps of Engineers, can and will build a specialized technical capability required in the 21st Century. Already we have taken concrete steps to initiate this center:

First, space for the center has been established in College of Science facilities at Marshall University.

Second, we have allocated two positions to begin building a core faculty for graduate education in Environmental Engineering and Geotechnical Engineering. Two full-time faculty should be on board in January 1994 to complement existing faculty and we intend to have a fully operational graduate center in place by that time.

Third, our software engineering department, in conjunction with a Huntington company -- Strictly Business, Inc. -- has contracted to undertake a major software reuse training program for the Corps of Engineers. Another national project in the area of software redevelopment training is under negotiation at this time.

In short, Mr. Chairman, in Huntington, at Marshall and at the College of Graduate Studies there is currently the opportunity for employees of the Corps to pursue graduate degrees in many fields, including accredited Master's degree work in engineering. And a major new graduate/research center specifically designed to respond to the educational needs of Corps employees and to provide technical assistance to the Corps planning and engineering staff is ready to begin operation.

This being the case, Mr. Chairman, it is difficult for me to understand how it is essential or cost effective to wipe out a major government facility in West Virginia, where much work remains to be done. I could understand if we were talking about a major downsizing of the Corps of Engineers, but that is not the case.

Instead, we are talking about shuffling 15,000 career employees around, damaging their lives and, in the process, wrecking whole communities. As you can tell, I find the whole episode puzzling to say the least.

Thank you for giving me the opportunity to appear and offer my opinions.

TESTIMONY BEFORE

THE SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

MAY 6, 1993

WASHINGTON, D.C.

STATEMENT BY:

JOSEPH K. HOFFMAN
GREAT LAKES COMMISSION

Good Morning. My name is Joseph Hoffman. I am the Assistant Director of the Bureau of Water Supply and Community Health for the Pennsylvania Department of Environmental Resources. I am here today in my capacity as Chair of the Great Lakes Commission. I also serve as the head of Pennsylvania's delegation to the Commission.

The Great Lakes Commission is an interstate compact agency representing the eight Great Lakes states. The Commission specializes in research, policy analysis and technical studies in the areas of regional economic development, resource management and environmental quality. Its mission, founded in state and federal law, is "to promote the orderly, integrated, and comprehensive development, use and conservation of the water resources of the Great Lakes Basin."

I am pleased to have the opportunity to appear before this subcommittee to discuss the proposed U.S. Army Corps of Engineers Reorganization Plan and particularly Commission concerns about the impact of the Plan on Corps Great Lakes Basin activities.

In my testimony I will address what we believe are the likely consequences for the Great Lakes Basin if the Reorganization Plan is fully implemented without changes. The three principal issues are: 1) loss of Great Lakes-specific expertise; 2) de-emphasis of the Great Lakes Basin in the Reorganization Plan; and 3) reduced commitment to international obligations.

It is our hope that Congress will carefully review the Reorganization Plan and work with the Corps and Department of Defense to make appropriate changes. Congress should assert itself on this matter as the holder of the purse strings and to maintain its investigations and oversight authority.

For several years, the Great Lakes Commission has been following with great interest the Army Corps of Engineers internal restructuring process. We acknowledge that a goal of this evolving process has been to consolidate certain administrative and support functions to improve efficiency and ultimately save money. We also recognize that plans are not perfect blueprints, some may have flaws. Such is the case with the current Corps Reorganization Plan, introduced in November 1992. In early January of this year, after due deliberation among the member states, the Great Lakes Commission developed a formal policy position on the Plan. The Great Lakes Commission is seriously concerned that elements of the Plan will compromise the current and potential role of the Corps as a partner in Great Lakes resource planning, coordination, environmental protection and related management activities. The Plan will close the Great Lakes Basin's only Division office (located in Chicago), downsize all three Basin District offices (at Chicago District, Detroit and Buffalo), eliminate hundreds of positions, and dismantle centers of highly specialized, much needed Great Lakes expertise. The ability of the federal government to meet United States commitments under international treaty and associated agreements pertaining to the Great Lakes will also be in question.

The Commission believes steps must be taken to preserve and protect basic Great Lakes-specific functions. The Great Lakes represent the largest freshwater system in the world and contain 95 percent of the surface freshwater in the United States. The Great Lakes Basin encompasses more than 173,000 square miles and 3,750 miles of mainland shoreline. These remarkable water bodies along with the vast watershed are too important to be relegated to second-class status under the Reorganization Plan. A strong physical presence of the Corps in the Great Lakes Basin is essential; critical expertise in Great Lakes hydraulics, hydrology, navigation system engineering, planning and maintenance and environmental remediation must be maintained as well as adequate flexibility in personnel and other Corps resources to accommodate the growing need and demand for Corps expertise. For example, new authority for Great Lakes environmental dredging coupled with expanding environmental management functions will not be fully utilized and water quality will

likely suffer as a result. Also plans for replacing existing confined disposal facilities and a new large lock at Sault Ste. Marie, Michigan could be jeopardized.

The de-emphasis of the Great Lakes Basin in the Reorganization Plan is a serious problem. The transfer of critical Corps functions outside of the Basin, along with personnel reassignments which are planned, reduces Corps Great Lakes capabilities. Under the Reorganization Plan, a new Directorate of Engineering and Planning is to be established at the new North Central Division office in Cincinnati and Directorate staff will have overall responsibility for program and project execution of the technical work within the Division. All Great Lakes Basin planning and project design activities which the Directorate will oversee will be performed at District Technical Centers, none of which are to be located in the Basin. The lack of geographic proximity to the resource and the inevitable displacement of focus will jeopardize the efficient management of Great Lakes programs and projects. The Division office closure, coupled with fewer personnel dedicated to Great Lakes activities at the existing District offices and at the new Division office, will also limit Great Lakes Basin planning, design and engineering work, resulting in delays and lost opportunities.

With this displacement of Basin focus will come the loss of Great Lakes-specific expertise. Relocation of key Great Lakes personnel to the new North Central Division is not assured, nor is the retention of such personnel in the downsized District offices. Hundreds of positions in the Great Lakes Basin will be eliminated and anticipated attrition will effectively dismantle internationally recognized centers of highly specialized Great Lakes expertise concerning water resources management, commercial navigation and international coordination. Under the Plan, the three Basin District offices will lose a total of 432 full-time equivalent positions. The elimination of all 184 full time positions at the Division office in Chicago, except for two subject to transfer to Cincinnati, will eliminate hundreds of years of Great Lakes expertise. For example, among the professional planning and engineering ranks, the loss of only 33 people will eliminate 500 years of specialized Great Lakes experience. The anticipated savings from such downsizing will be far outweighed by the loss of irreplaceable expertise.

The Commission has developed several recommendations aimed at mitigating the inevitable Basin de-emphasis that would result from full implementation of the current Reorganization Plan. We believe that the Corps of Engineers should maintain special Great Lakes expertise at the individual District level and establish and adequately staff a "Great Lakes Planning Coordinating Office" at the North Central Division office. Such a Great Lakes Basin-specific office will facilitate communication with Basin interests for on-going and future projects and will assure a degree of autonomy with respect to policy input and follow-through. This is particularly important for the North Central division office, wherever it might be located, given its huge geographic jurisdiction encompassing 12 districts, substantially more than the other proposed Division offices.

The Commission also believes that one of the 15 proposed "technical centers" must be located within the Basin to provide a focal point for Great Lakes expertise and activities. We note that the Reorganization Plan calls for 4 technical centers in a newly-constituted North Central Division and not one of these is within the Great Lakes Basin. As we understand, the technical centers are responsible for all of Corps planning, design and technical review functions as well as most real estate functions. We also believe that the planning and design functions for the multitude of Great Lakes issues and projects will be concentrated at one of the technical centers within the Division, further augmenting our case for one to be located in the Basin, staffed with existing Great Lakes-experienced personnel.

Related to these Basin-specific concerns is the prospect of a reduced commitment to international obligations that come with the Northern border territory. Through personnel reassignment and work allocation, it is unlikely that critical coordination on U.S.-Canada projects and programs in the

Great Lakes Basin will be given the attention they require. For example, the elimination of the Great Lakes Regulation Section in the Chicago-based North Central Division will pose problems for continuity of functions in the new Division, where they will be merged with a Water Management Division. Prospective loss of Corps involvement in, and support of U.S. obligations under the International Boundary Waters Treaty of 1909 and the Great Lakes Water Quality Agreement are of great concern.

In summary the Great Lakes Commission and its member states believe it is essential that the implementation of the Reorganization Plan must ensure: the retention of Great Lakes-specific expertise in the Basin and a continued strong physical presence for the Corps within the Great Lakes Basin including the establishment of a "technical center"; centralized Great Lakes expertise within each District office and a distinctive, Great Lakes-specific planning and coordination function within the North Central Division office; and adequate staffing at the Division and District level to accommodate the growing need for and breadth of the Corps presence in the Great Lakes Basin. Mr. Chairman I respectfully request that our two-page policy position on the Corps of Engineers Reorganization Plan be accepted for the record. This position statement contains more details on Great Lakes Basin activities of the Corps of Engineers and further identifies our related concerns.

Thank you

**GREAT LAKES COMMISSION POLICY POSITION:
U.S. ARMY CORPS OF ENGINEERS REORGANIZATION PLAN**

SUMMARY POSITION

The eight-state Great Lakes Commission has serious concerns about the recently released "U.S. Army Corps of Engineers Reorganization Plan." The Commission is concerned that elements of the Plan will compromise the current and potential role of the Corps as a partner in Great Lakes resource planning, coordination, environmental protection and related management activities. The Plan will close the Great Lakes Basin's only Division office, downsize all three District offices, eliminate hundreds of positions, and dismantle centers of highly specialized, much-needed Great Lakes expertise. The ability of the federal government to meet United States commitments under international treaty and associated agreements will be in question.

The Great Lakes Commission urges the U.S. Army Corps of Engineers to take the steps necessary to preserve and protect basic Great Lakes-specific functions. A strong physical presence of the Corps in the Great Lakes Basin is essential; critical expertise in Great Lakes hydraulics, hydrology, navigation system engineering, planning and maintenance and environmental remediation must be maintained as well as adequate flexibility in personnel and other Corps resources to accommodate the growing need and demand for Corps expertise.

To this end, the Great Lakes Commission urges the Corps, under the broad framework of the Reorganization Plan, to: 1) establish and adequately staff a "Great Lakes Planning Coordination Office" at the Division level to preserve a strong Corps presence in critical Basin activities; 2) ensure that one of the 15 proposed "technical centers" is located within the Basin to provide a focal point for Great Lakes expertise and activities; 3) maintain special Great Lakes expertise at the individual District level; and 4) take other actions as needed to maintain a strong partnership role with the Great Lakes Commission, the International Joint Commission, and other relevant regional agencies, organizations and programs as well as the individual state executive offices.

POSITION RATIONALE

The position of the Great Lakes Commission is predicated on three consequences of the Reorganization Plan:

- 1) Loss of Great Lakes-specific Expertise. Personnel at the North Central Division and the Buffalo, Chicago, and Detroit District offices who have acquired special expertise in Great Lakes water resources management, commercial navigation, and international coordination are not likely to continue in their current responsibilities once the Reorganization Plan is fully implemented. Relocation of key Great Lakes personnel to the new North Central Division is not assured, nor is the retention of such personnel in the downsized District offices. Hundreds of positions in the Great Lakes Basin will be eliminated, and anticipated attrition will effectively dismantle internationally recognized centers of highly specialized Great Lakes expertise. The anticipated savings from such downsizing will be far outweighed by the loss of irreplaceable expertise.
- 2) De-emphasis of the Great Lakes Basin in the Reorganization Plan. The Great Lakes Basin is a preeminent watershed with one-fifth of the world's fresh surface water, much of North America's industrial base, and an international boundary. The transfer of critical Corps functions outside of the Basin, along with personnel reassignment, reduces Corps Great Lakes capabilities. Under the Reorganization Plan, principal District planning, design and engineering responsibilities are assigned to a new Directorate of Engineering and Planning at the new North Central Division office in Cincinnati. Therefore, the planning, design and engineering activities pertaining to Great Lakes Basin projects will be directed from outside the Basin. The lack of geographic proximity to the resource and the inevitable displacement of focus will jeopardize the efficient management of Great Lakes programs and projects. The Division office closure, coupled with fewer personnel dedicated to Great Lakes activities at the existing District offices and the new Division office, will also limit Great Lakes Basin planning, design and engineering work, resulting in delays and lost opportunities.
- 3) Reduced Commitment to International Obligations. Through personnel reassignment and work allocation, it is unlikely that critical coordination on U.S.-Canada projects and programs in the Great Lakes Basin will be given the attention they require. For example, the elimination of the Great Lakes Regulation Section in the Chicago-based North Central Division will pose problems for continuity of functions in the new Division, where they will be merged with a Water Management Division. Prospective loss of Corps involvement in, and

support of U.S. obligations under the International Boundary Waters Treaty of 1909 and the Great Lakes Water Quality Agreement are of great concern.

MAINTAINING ESSENTIAL SERVICES IN THE GREAT LAKES BASIN

The eight member states of the Great Lakes Commission are united in their belief that the following vital Corps functions must be maintained under the Reorganization Plan:

- Full and substantive support of all binational Great Lakes programs and initiatives where the active presence and contribution of the U.S. federal government is a matter of legal obligation or stated policy. This includes all terms of the International Boundary Waters Treaty of 1909, the Convention on Great Lakes Fisheries (1955), and the U.S.-Canada Great Lakes Water Quality Agreements of 1972, 1978 and 1987.
- Full and substantive support to all domestic Great Lakes programs and initiatives where the active presence and contribution of the Corps is a matter of legislative requirement or stated policy. This includes active representation on the Great Lakes Commission as an observer, substantive support of its various task forces, and all other federal agency functions as stipulated in P.L. 90-419, the Great Lakes Basin Compact (1956). This also includes support for the U.S. EPA Assessment and Remediation of Contaminated Sediments (ARCS) program; enforcement actions involving sediment remediation; and representation on the U.S. Policy Committee in support of U.S. commitments under the Great Lakes Water Quality Agreement.
- A continuing role in all areas of water resources management in the Great Lakes Basin, including representation on International Joint Commission Boards of Control, lake level monitoring, projections, analyses and associated public information functions; and a future technical support and implementation role in pursuing recommendations of the IJC Lake Levels Study Board. This must include emergency response in crisis conditions as well as longer-term structural and nonstructural measures.
- Adequate expertise and staff resources directed at dredging and dredged material disposal requirements in the Great Lakes Basin, including administration of the Great Lakes Confined Disposal Facility program.
- Adequate expertise and staff resources to meet growing demands for Great Lakes environmental engineering, including technical support to state governments and the U.S. Environmental Protection Agency in remediation of designated Areas of Concern and other toxic "hot spots."
- Maintenance of the Corps' established role in the construction, operation and maintenance of the Great Lakes navigation system. This includes in-Basin expertise and staff resources to pursue authorized projects such as a new, large lock at Sault Ste. Marie, Michigan.
- Maintenance of centralized expertise and staff resources directed at 1) the compilation and analysis of Great Lakes diversion and consumptive use data; and 2) the prospective formulation of a Water Resources Management Program for the Great Lakes Basin.

To perform these and other vital Great Lakes functions, it is essential that the Reorganization Plan implementation ensure: the retention of Great Lakes-specific expertise in the Basin and a continued strong physical presence for the Corps within the Great Lakes Basin including the establishment of a "technical Center"; centralized Great Lakes expertise within each District office and a distinctive, Great Lakes-specific planning and coordination function within the North Central Division office; and adequate staffing at the Division and District level to accommodate the growing need for and breadth of the Corps' presence in the Great Lakes Basin.

Therefore, the Great Lakes Commission requests that the U.S. Army Corps of Engineers take the necessary actions to ensure that these basic Great Lakes requirements are fully accommodated during implementation of the Reorganization Plan. The Corps is further urged to consider the specific organizational measures outlined in the "summary position" presented above.

JOINT EXECUTIVE COMMITTEE
FOR THE
IMPROVEMENT and DEVELOPMENT of the PHILADELPHIA PORT AREA

ORGANIZED OCTOBER 17, 1888

913 LAFAYETTE BUILDING
PHILADELPHIA, PA 19106
(215) 925-1522

PAUL LANE IVES, JR., Chairman

Honorary Chairman:
H. WILLIS JACKSON

WILLIAM A. HARRISON, Secretary-Treasurer
LEWIS CACCESE, Consultant
SCANLAN & SCANLAN, Counsel
Consulting Organization: MARINERS' ADVISORY COMMITTEE

IDENTIFYING REMARKS

The Joint Executive Committee for the Improvement and Development of the Philadelphia Port Area is port-affairs spokesman for twenty-four Delaware Valley civic and trade associations whose names appear at the bottom of this letterhead page. Organized in 1888, this Committee has participated in and promoted all major navigation improvements to the Delaware, Schuylkill and Christina Rivers and to the Chesapeake and Delaware Canal. The members pay no dues beyond the nominal amounts needed to cover the organization's administrative expenses, and its officers serve without compensation.

Our Delaware River marine terminals in Camden, Gloucester, Pettys Island, and Salem in southern New Jersey, Morrisville, Philadelphia, and Chester in Pennsylvania, and Wilmington, Delaware; located in three states and identified collectively as the Ports of Philadelphia; handled approximately 73,790,000 million tons of international waterborne cargo during calendar year 1992. This commerce generated more than four billion dollars into the economy of the tri-state Delaware Valley region.

Seven major oil refineries; the largest refinery complex on the east coast, are located along the Delaware River. These facilities lend strong support to both the economy and to national defense. In 1992, waterborne commerce at the Ports of Philadelphia produced approximately \$420 million for the Federal Government in Customs Receipts.

TESTIMONY

The Joint Executive Committee is of the strong view that the proposed restructuring of the U.S. Army Corps of Engineers, which in the case of Philadelphia District would transfer its Planning and Engineering function to the Baltimore District, would have irreversible deleterious impacts on the Ports of Philadelphia but equally if not more so, on the entire tri-state Delaware Valley region's economy.

The Philadelphia District's five-state area covers nearly 13,000 square miles of the Delaware River Basin, encompassing most of Delaware, eastern Pennsylvania, western and southern New Jersey, a portion of northeastern Maryland at the Chesapeake & Delaware Canal, and several counties in the western Catskill area of New York where the Delaware River rises.

MEMBERS

Delaware County Chamber of Commerce
Delaware River and Bay Authority
Delaware River Port Authority
Delaware Valley Regional Planning Commission
Division of Port Operations, City of Philadelphia
Greater Philadelphia Chamber of Commerce
International Longshoremen's Association
Mariners' Advisory Committee
for the Bay & River Delaware

PENNSYLVANIA Council
Philadelphia Board of Realtors
Philadelphia Customs Brokers &
Freight Forwarders Association
Philadelphia Marine Trade Association
Philadelphia Regional Port Authority
Pilots Association for the Bay & River Delaware
Port of Philadelphia Marine Terminal Association

Port of Wilmington
Port of Wilmington Maritime Society
Ports of Philadelphia Maritime Exchange
Ports of Philadelphia Maritime Society
South Jersey Port Corporation
Tanic Club of Philadelphia
Vessel Owners & Crewmen Association
Women's International Trade Association
World Trade Association of Philadelphia

Established in 1866, the District is responsible for the federal role in water resource management of the Delaware River Basin and for federal navigation projects in the Delaware, Schuylkill, Salem and Christina Rivers, the coast of New Jersey from Manasquan Inlet to Cape May and the coast of Delaware to Maryland. The Delaware River has three major sub-basins, the Schuylkill, Lehigh and Lackawaxen in Pennsylvania. Other basin rivers include the Neversink, Cooper and Assumpink in New Jersey, the Brandywine in Pennsylvania, and the Christina in Delaware. Key cities include the state capitols of New Jersey (Trenton) and Delaware (Dover), Philadelphia and the Allentown-Bethlehem-Easton complex in Pennsylvania, Camden, New Jersey and Wilmington, Delaware.

The Delaware River Basin (portions of New York, Pennsylvania, New Jersey and Delaware) drains a relatively long, narrow basin in the northeastern United States, extending from the western slopes of the Catskill Mountains in New York some 410 miles south, to the mouth of Delaware Bay at the Atlantic Ocean between Cape May, New Jersey and Cape Henlopen, Delaware. The basin, exclusive of Delaware Bay, contains approximately 13,000 square miles.

The basin's water resources supply 3.5 billion gallons of water daily for use in homes, offices, farms, factories, and for irrigation and other uses; steam electric-generating plants use an additional 3.4 billion gallons a day for cooling. Ports in the basin annually support the transport of more than 118-million tons of goods into and out of Delaware River ports, including Philadelphia, Wilmington, Delaware and Camden and Salem, New Jersey. Delaware River Basin waters also provide outdoor recreation for millions of people from its northernmost headwaters in the Catskill to the Atlantic.

The Delaware River Basin is one of the most important industrial regions in the nation: its 8 million people have personal income totaling \$80 billion yearly. The coast of New Jersey and Delaware provide significant economic stimulus to both states in the form of tourism and commercial fisheries. The New Jersey coastal communities contribute almost \$13.0 billion to the state's economy and the commercial fishing industry is among the largest in the east coast. The District services this diverse densely populated and economically significant region.

The District performs these major missions:

MILITARY CONSTRUCTION. Philadelphia District provides design, planning, contracting and construction management support to the Army's Fort Dix Training Center and McGuire Air Force Base, in New Jersey, for Military Construction projects.

NAVIGATION. The Philadelphia District maintains the Federal Navigation Channels in the Delaware River. Permanent improvement began in 1855 with the Delaware River. Permanent improvement began in 1942 with the development of a ship channel from Philadelphia-to-the-Sea: Over the years the channel has been modified and is today 40 feet deep, with widths ranging from 400 to 1200 feet. Another authorized channel (40 feet) is maintained from Philadelphia to Fairless Hills, PA. The channel then extends to Trenton at lesser depths. A six-mile stretch of the Schuylkill River is also a federal navigation project. More than 85 percent of the Atlantic Coast's crude oil imports come into Delaware River's seven refineries. The District also operates and manages the Corps of Engineer's ocean-going Hopper Dredge

McFARLAND, scheduling its activities in federal navigation channels along the entire Atlantic coast.

The District is also responsible for the planning, design and construction of improvements to this navigation system. Currently, the District is preparing plans and specifications on two improvements to the New Jersey Intra-coastal Waterway; has completed the Design Memorandum on the deepening of the Salem River; designing a \$300 million dollar project to deepen the channel from Philadelphia to the Sea to 45 feet and is beginning the process of analyzing the Christina River channel in Wilmington Harbor.

COASTAL ENGINEERING. The District maintains coastal engineering expertise, and plans, designs and constructs federal coastal erosion and hurricane protection projects.

Recently, the District has completed construction of three Coastal projects-Barnegat Inlet, Ocean City, NJ and Cape May, NJ. The District has four ongoing cost-shared feasibility studies (two with New Jersey and two with Delaware) and three studies in the reconnaissance phase.

BASIN PLANNING. Philadelphia District maintains and develops the expertise essential to the planning, evaluation, design, construction and operation of projects, including multi-purpose dams and lakes, for the development of the Delaware River Basin water resources.

Operation of five dams in eastern Pennsylvania provides flood control, water supply storage, water quality and recreation:

BLUE MARSH LAKE -- near Reading (Berks County)
 BELTZVILLE LAKE -- near Lehigh (Carbon County)
 FRANCIS E. WALTER DAM -- near White Haven (Luzerne County)
 PROMPTON DAM -- near Honesdale (Wayne County)
 JADWIN DAM -- near Honesdale; a "dry" dam without a standing reservoir

The District also has constructed local flood control projects in Pennsylvania and New Jersey -- at Allentown and Bethlehem on the Lehigh River, and at Mt. Holly, NJ on the Rancocas Creek; these projects are operated and maintained by local governments.

The District has currently four projects in the final phases of our continuing authorities program which will be ready for construction within the next 12 months. We have three projects in the reconnaissance phase and expect to execute at least one feasibility agreement with the State of Pennsylvania this fiscal year.

REGULATORY. A major responsibility is administration of the federal regulatory program under provisions of the River and Harbor Act, Clear Water Act, and the Marine Protection Research and Sanctuaries Act -- which include regulatory jurisdiction over dredging, filling and construction activities in waters of the United States. The District's jurisdiction in these regulatory matters includes eastern Pennsylvania, Delaware, and northwestern and southern New Jersey -- involving the coastal area from Manasquan to Cape May.

EMERGENCY OPERATIONS. Under Public Law 84-99, the District has authority to assist state and local efforts in a broad range of flood-fighting activities and performs emergency repairs to federally authorized and constructed beach

erosion and hurricane protection projects damaged by floods or coastal storms. Further, Public Law 93-288 provides the Federal Emergency Management Agency the authority to task the Corps for assistance in national emergency situations. With the recent Coastal studies the District not only has supported efforts within its boundaries but has made expertise available to Florida in the aftermath of Hurricane Andrew.

SUPPORT TO OTHERS. The District provides engineering and construction management expertise to other Federal agencies on request, and since 1978 has assisted the Environmental Protection Agency in construction and administration management of municipal wastewater treatment systems in Pennsylvania and Delaware. Additionally, the District has contained toxic and hazardous waste materials at New Jersey sites under the EPA SUPERFUND Program.

The Philadelphia District Engineer is the Principal Advisor to the federal representative on the Delaware River Basin Commission -- the commission being a federal interstate agency comprising representatives of Pennsylvania, New Jersey, Delaware, New York, (and the Federal Government) with responsibility for water resources management and policy for the Delaware River Basin.

The Corps of Engineers shares its expertise, experience and resources with local governments in many ways, including water resources planning assistance to states, flood plain management services, flood-fighting assistance and major disaster recovery and assistance in times of drought. Under Section 22, Water Resources Development Act of 1974, as amended, the Chief of Engineers is authorized to assist the states in planning for development, utilization and conservation of water resources. The assistance can be applied to a broad range of needs including those in coastal zones, lake shores and drainage basins, and includes many situations not meeting the requirements of the Corps' individually authorized or Continuing Authorities programs. A letter of request from the state will initiate a Corps study of the problem.

The District also assists the Federal Emergency Management Agency in the preparation of flood Insurance Studies and Hurricane Evacuation Plans.

REORGANIZATION

1. Proposed reorganization will reduce Philadelphia District by 162 jobs. The offices remaining will have no Planning, Engineering and Environmental expertise. They will consist of Operations, Construction and a token Programs and Project Management office.
2. Problems with Proposed Plan.
 - a) Since the middle 1960s the overhead costs outside the District offices have increased by a factor of 9 while the total Corps construction budget has essentially increased by less than 1/2. The reduction of direct spaces (Planning and Engineering) will further worsen the overhead cost problem. (Overhead is defined as Indirect Costs/Direct Costs.)
 - b) Customer satisfaction was not considered as a selection variable. This ignores the partnership created by the Water Resources

Development Act of 1986 with significant cost-sharing by state and/or local governments.

- c) Will lead to the loss of local knowledge and expertise in the Planning, Engineering and Environmental areas and the loss of well established working relationships between the existing District offices and other federal and state agencies.
- d) It is a reorganization which focuses on the past and ignores any potential new directives that the new administration or Congress - that the Water Resources Development Act of 1992 and the Intermodal Impact Transportation Act has established.
- e) Creates management problems for local Districts as they no longer directly manage the funds, resources as priorities for conducting its work.
- f) Does not, in the specifics related to Philadelphia District, achieve its objectives. According to the Reorganization report issued by HQUSACE to support the BRAC plan the District was the 6th most cost effective district nationwide. Philadelphia District costs of doing business are less than Baltimore and the majority of the other centers selected.

The criteria used for selecting among reorganization options:

- 1) Cost efficiency
- 2) Flexibility enhancing
- 3) Competence maintaining
- 4) Management effectiveness

Reasons for reorganization:

- I. Shrinking Workload/Fewer Traditional Projects
- II. Workload/Work Force Imbalance
- III. Loss of Technical Expertise
- IV. High Overhead Costs

Where does Philadelphia District stand:

A. Regarding Workload:

- 1) The District currently has about fifty studies, projects or other civil works activities underway within the States of New Jersey, Pennsylvania, Delaware and Maryland.
- 2) Thirteen of these are being cost-shared by non-federal interests.
- 3) The Philadelphia District has five cost-shared feasibility studies underway - One more anticipated to be emerged shortly.
- 4) The Philadelphia District has almost \$8.0 million of Planning and Design work underway.

- 5) The Philadelphia District is currently providing design and construction management for about \$30 million of Military construction.
 - 6) The Philadelphia District has work for others agreement with Federal Emergency Management Agency, U.S. Environmental Protection Agency, the U.S. Coast Guard and the Defense Personnel Support Center and others.
 - 7) The Philadelphia District provides construction management to the U.S. EPA Construction Grants program and Superfund Cleanup program.
 - 8) The District's 10-year program forecasting future work shows a steady growth in Planning, Design and Construction over the period.
- B.
- 1) The Philadelphia District workload clearly supports its workforce and would support additional employment; however, the District has chosen to utilize the large Architect Engineer community as a significant partner in coordinating its activities. Over the next 3 years the District will provide about \$7,000,000 per year to local A/E firms for needed services. (This translates to about 200 jobs per year in the A/E community.)
 - 2) Technical expertise - Any unusual technical requirements are provided by the A/E community. Being located in Philadelphia with its Universities and large A/E community eliminates the need for the hiring of unique technical expertise.

Criteria Used:

- 1) The District's management of projects is measured by cost growth and how much has the cost changed since its initial cost estimate is among the best in the Corps - the Division office which includes Philadelphia, has the lowest rate of cost growth of all Divisions.
- 2) Management effectiveness - The District ranks 9th (lowest) for the cost of Supervision and Administration, 4th (lowest) Engineering and Design, 6th (lowest) Engineering and Design cost change among all districts nationwide.

TESTIMONY OF BARBARA G. JONES
DIRECTOR OF GOVERNMENT AND PUBLIC AFFAIRS
OF THE DELAWARE RIVER PORT AUTHORITY
SUB-COMMITTEE ON INVESTIGATIONS AND OVERSIGHT
HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
RAYBURN HOUSE OFFICE BUILDING, ROOM 2167,
THURSDAY, MAY 6, 1993

Good morning Chairman Borski and members of the Sub-Committee on Investigations and Oversight. My name is Barbara G. Jones and I am the Director of Government and Public Affairs for the Delaware River Port Authority (DRPA). It is a pleasure to be here with you this morning to share the DRPA's position on the U. S. Army Corps of Engineers proposed reorganization plan. The DRPA is a bi-state agency made up of sixteen Commissioners from the State of New Jersey and the Commonwealth of Pennsylvania. We provide the major transportation links between Southeastern Pennsylvania and Southern New Jersey by maintaining four bridges, the Walt Whitman, Benjamin Franklin, Commodore Barry and Betsy Ross, and the PATCO High Speed Rail Line. The DRPA is also charged with promoting and maintaining commerce on the Delaware River. Upon reviewing the Army Corps of Engineers proposed reorganization, the DRPA commissioners unanimously adopted the following resolution on December 16, 1992:

R E S O L U T I O N

WHEREAS: The United States Army intends to dramatically reduce the staffing and functional responsibilities of its Corps of Engineers office which serves the Philadelphia and New Jersey region; and

WHEREAS: The office of the Corps of Engineers as it is currently staffed provides substantial aid in connection with Port projects, projects related to the Delaware River, projects which benefit this region by enhancing the flow of waterborne traffic through the Ports of Philadelphia; and

WHEREAS: Among the other services provided by the Corps of Engineers are expert environmental advice and assistance, working to preserve the New Jersey coast in the aftermath of the recent major storm, and similar activities in both Pennsylvania and New Jersey; and

WHEREAS: Removing the environmental, planning and engineering functions from the Corps of Engineers office as is proposed by the United States Army would create severe economic damage to the region served by the Delaware River Port Authority without creating any substantial cost savings to the Corps of Engineers given that the Philadelphia office of the Corps of Engineers is a lower cost office than that maintained in other areas; now therefore, it is hereby

RESOLVED: That is the sense of the Commissioners of the Delaware River Port Authority that this Authority strongly opposes the proposal of the United States Army to eliminate functional areas and reduce staffing at its Philadelphia Corps of Engineers office and the Commissioners of the Delaware River Port Authority urge the Congressional delegation from Pennsylvania and New Jersey to take all responsible steps to preserve this very valuable office for the benefit of this region.

The region which encompasses Southeastern Pennsylvania, Southern New Jersey, and Delaware is known as the Delaware Valley. It is known as the Delaware Valley primarily because of the Delaware River. The Delaware River is one of the most vital economic gateways, not only to the Delaware Valley region but to the states of Pennsylvania, New Jersey and Delaware as well. In fact, the river could very well be compared to an artery. Just as an artery in a human carries the central life force that sustains life itself, the Delaware River constitutes the economic sustenance of the Delaware Valley.

Commerce on the Delaware river is responsible for 124,000 jobs in the region—35,000 of which are totally dependent on waterborne facilities. These 35,000 jobs generate annual

earnings in excess of one billion dollars. Additionally, waterborne commerce generates in excess of fifty million dollars (50,000,000) annually in state and local taxes. These numbers illustrate the vital importance of the Delaware River to the economic well being of our region. If we were to continue the analogy of the Delaware River being the artery that sustains the economic life and growth of our region, it is then appropriate to liken the Corps of Engineers to the cardiologists that keep the artery flowing.

The Delaware River each year requires substantial maintenance dredging to maintain appropriate depths and preserve the river as a vital economic link to the Delaware Valley. In fact, this year's appropriated amount is approximately thirteen million dollars (\$13,000,000) for dredging from Philadelphia to the Atlantic Ocean. The Philadelphia District Office of the Army Corps of Engineers plays a vital role in the planning and execution of dredging projects for the Delaware River. Their knowledge of our area is vast and their expertise is much needed. Likewise, the District Office has many studies and projects underway which would benefit the states of New Jersey, Pennsylvania, and Delaware. The proposed reorganization would dramatically affect these projects and prove to be detrimental to the Delaware Valley, environmentally, technically and economically.

It is estimated that the proposed reorganization would result in the loss of approximately one hundred sixty two (162) jobs within the District Office itself and approximately two hundred (200) additional related jobs in the area. Such losses would have a devastating economic impact on our area. Approximately twenty million dollars (\$20,000,000) in salaries and other economic activity would be in jeopardy, over one million dollars (\$1,000,000) would be lost in state and local taxes annually. The Delaware Valley

cannot endure that economic devastation.

The proposed reorganization would also significantly impair the environmental well being of the Delaware Valley region. The loss of local engineering, planning and environmental expertise would endanger the progress achieved thus far by the Philadelphia Office. The Philadelphia Office is well aware of the conditions in our area. It has worked effectively to provide localized, cost effective and environmentally sensitive solutions to the problems faced by the Delaware Valley. Under the proposed reorganization we would lose the advantages of local knowledge and expertise.

The Philadelphia District Office of the Army Corps of Engineers has done significant work in the protection of beaches and harbors in South Jersey. They recently concluded an erosion control project that saved the historic community of Cape May from severe damage during winter storms which pounded our shore line. They are also involved in other erosion control projects and programs designed to maintain inland waterways along the New Jersey coast. The proposed reorganization would result in a lack of availability of immediate localized support in emergency situations.

The consolidation of planning, design and engineering expertise within technical center, as delineated in the proposed reorganization, will create technical disadvantages for the Delaware Valley. If the responsibilities of the Philadelphia Office are transferred to Baltimore or Boston, costs will increase and coordination problems will exist. There will be a natural tendency to focus on areas other than the Delaware Valley and the Delaware River. Our projects will no longer receive priority treatment and we will lose the ability to control resources allocated for projects in our area.

Based upon all of the foregoing, the DRPA firmly believes that the Philadelphia Regional Office of the U. S. Army Corps of Engineers should be preserved. The functional responsibilities should be maintained and the Philadelphia Office should continue to provide planning, design, engineering and environmental expertise to the Delaware Valley. This office is useful, cost effective and vital to the economic interests of the Delaware Valley. Much like a cardiologist taking care of a heart patient, the Philadelphia Office is needed to maintain the economic health of the Delaware Valley and the Delaware River.

The DRPA and other port entities in our area, including the South Jersey Port Corporation and the Philadelphia Regional Port Authority, have made significant investments in our port facilities recently in an effort to increase the amount of cargo that flows through our region. We have taken steps to improve the health of the Ports of Philadelphia. A diminished Corps presence in our area can only result in hindering the progress which we have begun. We respectfully urge this committee and other members of Congress to assist us in our port enhancement efforts by preserving one of our valuable assets, the Philadelphia District Office of the U. S. Army Corps of Engineers.

Thank you for your consideration of our testimony.

TESTIMONY OF

N.G. KAUL

DIRECTOR OF THE DIVISION OF WATER

NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION

BEFORE THE

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

UNITED STATES HOUSE OF REPRESENTATIVES

MAY 6, 1993

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I AM N.G. KAUL, DIRECTOR OF THE DIVISION OF WATER OF THE NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION. I APPRECIATE THE OPPORTUNITY TO PRESENT TESTIMONY REGARDING THE PROPOSED REORGANIZATION OF THE CORPS OF ENGINEERS.

FIRST, LET ME STATE THAT NEW YORK STRONGLY OPPOSES THE REORGANIZATION WHICH WAS ANNOUNCED IN NOVEMBER 1992.

THIS REORGANIZATION WOULD ELIMINATE THE CORPS' NORTH ATLANTIC DIVISION (NAD) OFFICE IN NEW YORK CITY AND RELOCATE IT TO THE BOSTON AREA. THE TWO PRIMARY DISTRICTS THAT SERVE NEW YORK STATE (BUFFALO AND NEW YORK CITY) WOULD BE SIGNIFICANTLY REDUCED IN SIZE AND MISSION. THESE DISTRICTS WOULD HAVE NO EXPERTISE IN THE AREAS OF PLANNING, ENGINEERING, REAL ESTATE EVALUATION, NOR IN DEALING WITH HAZARDOUS AND RADIOACTIVE WASTE OR OTHER ENVIRONMENTAL ISSUES. THEY WOULD CONSIST ONLY OF A SIGNIFICANTLY REDUCED OFFICE HANDLING CONSTRUCTION, OPERATIONS, PROJECT MANAGEMENT AND SOME REGULATORY EXPERTISE. THE IMPACTS OF THE REORGANIZATION ON NEW YORK STATE ARE AS FOLLOWS:

ECONOMIC IMPACTS: A TOTAL OF 141 JOBS WOULD BE LOST FROM DOWNGRADING THE BUFFALO DISTRICT OFFICE; AND A TOTAL OF 470 JOBS WOULD BE LOST IN NEW YORK CITY (207 FROM CLOSURE OF THE DIVISION OFFICE, AND 263 FROM DOWNGRADING AT THE DISTRICT OFFICE). THE

TOTAL ESTIMATED WAGE LOSS WOULD BE ABOUT \$25 MILLION ANNUALLY. IF ONE ADDS TO THIS THE LOSS OF SPOUSAL INCOME; LOST INCOME AND PROPERTY TAXES; AND LOST OF EXPENDITURES IN THE STATE, THE TOTAL DIRECT ECONOMIC IMPACT ANNUALLY ON NEW YORK STATE WOULD BE ABOUT \$43 MILLION.

THERE WOULD BE APPROXIMATELY \$42 MILLION LOST IN CONSULTANT CONTRACTS ANNUALLY TO LOCAL ARCHITECT AND ENGINEERING FIRMS AS THE CORPS PLANNING AND DESIGN FUNCTIONS WOULD BE TRANSFERRED TO BOSTON. THE MULTIPLIER EFFECT BRINGS THIS TOTAL LOSS TO ABOUT \$75 MILLION ANNUALLY.

PROGRAM IMPACTS: SEPARATING PROJECT MANAGERS FROM THE PLANNING AND DESIGN TEAMS WILL ADD DELAYS AND INCREASE PROJECT COSTS FOR THE STATE AND LOCAL GOVERNMENTS AS WELL AS FOR THE FEDERAL GOVERNMENT. MORFOVER, BECAUSE ALL ENVIRONMENTAL SPECIALISTS WILL BE TRANSFERRED OUT OF DISTRICT OFFICES TO TECHNICAL CENTERS, COMPLICATED PERMIT DECISIONS WILL HAVE TO BE REFERRED TO THESE CENTERS, ADDING DELAYS AND COSTS TO TIME-SENSITIVE OPERATIONS. APPLICANTS FOR SOME WETLANDS PERMITS ARE LIKELY TO BE AFFECTED. CRITICALLY IMPORTANT PROJECTS TO NEW YORK STATE THAT MAY SUFFER INCLUDE:

GREAT LAKES: THE REORGANIZATION COMPLETELY IGNORES THE UNIQUENESS AND SPECIAL NEEDS OF NEW YORK STATE'S LOWER GREAT LAKES, AND THE GREAT LAKES IN GENERAL. THE NEW NORTH CENTRAL DIVISION WILL ENCOMPASS THE AREA BETWEEN MASSENA, NEW YORK, AND IDAHO. ALTHOUGH IT WOULD BE THE LARGEST OF THE REORGANIZED DIVISIONS, IT WOULD HAVE ONLY FOUR FULL-FUNCTION DISTRICTS, WITH NO TECHNICAL PRESENCE ANYWHERE IN THE GREAT LAKES REGION. ELIMINATING BUFFALO'S ENGINEERING FUNCTION WOULD MEAN THERE WOULD BE NO SUCH OFFICE ON ANY OF THE GREAT LAKES, OR EVEN WITHIN THE GREAT LAKES DRAINAGE BOUNDARIES. PLANNING, ENGINEERING, ENVIRONMENTAL ANALYSIS, AND REGULATION OF THE GREAT LAKES WOULD BE DONE BY SOMEONE IN ST. PAUL, OMAHA, PITTSBURGH, OR LOUISVILLE. THERE WOULD BE NO TECHNICAL CENTER IN THE GREAT LAKES AREA TO SERVE ITS UNIQUE NEEDS IN INTERNATIONAL LEVELS AND FLOW ISSUES; ITS HEAVY CONCENTRATION OF HAZARDOUS, TOXIC AND RADIOLOGICAL WASTE HOT SPOTS; AND ITS DISTINGUISHING CLIMATIC CONCERNS SUCH AS ANALYSIS AND MANAGEMENT OF HEAVY LAKE AND RIVER ICE CONDITIONS.

EMERGENCIES: CORPS SPECIALISTS WITH THE TECHNICAL ABILITY AND LOCAL HISTORICAL KNOWLEDGE WILL NO LONGER BE AVAILABLE TO GIVE PLANNING AND ENGINEERING SUPPORT TO NEW YORK STATE DURING EMERGENCIES. DURING WIDESPREAD FLOODING IN MUCH OF NEW YORK STATE DURING MARCH, APRIL, AND CONTINUING INTO MAY IN SOME AREAS, THE BUFFALO DISTRICT PROVIDED SIGNIFICANT ASSISTANCE IN FURNISHING FLOOD FIGHTING EXPERTISE, SUPPLIES, MATERIALS AND EQUIPMENT. THROUGH APRIL 1993, THE BUFFALO DISTRICT HAD DEVOTED

IN EXCESS OF 3700 PERSON HOURS TO ASSISTANCE IN FLOOD FIGHTING. DISTRICT STAFF DISTRIBUTED MORE THAN ONE MILLION SANDBAGS, LOANED PUMPS AND FURNISHED OTHER FLOOD FIGHTING MATERIALS TO LOCAL GOVERNMENTS IN NEW YORK. UNDER THE EMERGENCY AUTHORITY OF PUBLIC LAW 84-99, THE BUFFALO DISTRICT HAD EXPENDED \$320,000 IN AN ATTEMPT TO PREVENT IMMINENT FLOOD DAMAGE.

DURING THE BRUTAL DECEMBER STORM OF LAST YEAR WHICH IMPACTED NEW YORK CITY AND LONG ISLAND, THE CORPS' NEW YORK CITY DISTRICT OFFICE DISPATCHED A TEAM OF 20 PEOPLE TO THE HARDEST-HIT PARTS OF THE NEW YORK METROPOLITAN AREA. CORPS STAFF ASSIGNED TO THIS DUTY CAME WITH FIRST-HAND KNOWLEDGE OF THE AFFECTED AREA; THEY HAD SPECIFIC INFORMATION ON WHAT EXISTING STRUCTURES HAD BEEN AFFECTED AND KNEW WHAT NEW STRUCTURES WERE ALREADY IN THE PLANNING AND DESIGN STAGES. IN SHORT, THEIR RECOMMENDATIONS BASED ON THEIR KNOWLEDGE OF THE AREA SAVED THE STATE TIME AND RESOURCES IN RESPONDING TO THE EMERGENCY. SUCH LOCAL ENVIRONMENTAL AND PUBLIC WORKS EXPERTISE WILL BE LOST FOR NEW YORK IF THE REORGANIZATION PROCEEDS. AND, WE SUSPECT THE LOSS OF NEARBY EMERGENCY SUPPORT WILL CONCERN OTHER STATES AS WELL.

NEW YORK-NEW JERSEY HARBOR DRIFT REMOVAL PROGRAM: THIS IMPORTANT PROGRAM HAS ASSISTED NOT ONLY IN REMOVING NAVIGATIONAL HAZARDS TO COMMERCIAL TRAFFIC IN THE HARBOR, BUT HAS ALSO ENABLED REVITALIZATION PROJECTS LIKE THE SOUTH STREET SEAPORT TO MOVE FORWARD BY REMOVING UNSIGHTLY WOODEN DECAY FROM THE WATERFRONT.

IN RECENT YEARS THE CORPS HAS NOT BEEN INTERESTED IN PURSUING THIS PROGRAM AGGRESSIVELY DESPITE DIRECTION FROM CONGRESS THAT IT PROCEED WITH ADDITIONAL PHASES WITH ALL DUE SPEED. IT WOULD BE INTERESTING TO HEAR WHAT THE CORPS PLANS FOR THE HARBOR DRIFT REMOVAL PROGRAM WHEN ITS PROJECT MANAGERS WILL REMAIN ON LOCATION IN NEW YORK CITY BUT THE PERSONNEL RESPONSIBLE FOR FUNDING DECISIONS, PLANNING AND DESIGN ARE HOUSED IN BOSTON.

DREDGING OF THE NEW YORK-NEW JERSEY HARBOR: AS YOU KNOW, MR. CHAIRMAN, THIS IS A CRITICAL TIME FOR DREDGING ACTIVITIES IN THIS VITAL COMMERCIAL PORT. NEW PROCEDURES FOR TESTING FOR THE PRESENCE OF CONTAMINATED SEDIMENTS IN DREDGED MATERIAL HAS COMPLICATED ISSUANCE OF THE CORPS' DREDGING PERMITS AND MAY CAUSE MORE MATERIAL TO BE DISQUALIFIED FOR DIRECT OCEAN DISPOSAL. AS YOU KNOW, NEW YORK HAS NO UPLAND SITES FOR CONTAMINATED DREDGE SPOIL DISPOSAL. NEW DISPOSAL TECHNIQUES AND ALTERNATIVE SITES MUST BE IDENTIFIED. UNIMPEDED OPERATION OF THE NEW YORK - NEW JERSEY HARBOR IS CRITICAL TO THE ECONOMY OF THE STATE AND THE REGION. WE WILL NEED A WELL-COORDINATED AND PROPERLY FUNDED PROGRAM OF ASSISTANCE FROM CORPS PLANNING AND ENVIRONMENTAL SPECIALISTS, NONE OF WHOM ARE SLATED TO REMAIN IN NEW YORK CITY.

MOREOVER, IT DOES NOT APPEAR THAT THE REORGANIZATION CONTEMPLATED PASSAGE OF THE WATER RESOURCES DEVELOPMENT ACT OF 1992, UNDER WHICH CONGRESS DIRECTED THAT CORPS EXPERTISE BE USED TO ADDRESS COMBINED SEWER OVERFLOWS. IT IS HARD TO IMAGINE HOW THE CORPS WOULD, IF DIRECTED BY CONGRESS, PROPERLY ASSIST WITH PLANNING AND DESIGN OF SUCH SYSTEMS AS THOSE IN ONONDAGA COUNTY AND NEW YORK CITY, IF THESE FUNCTIONS ARE HOUSED IN TECHNICAL CENTERS SCATTERED ACROSS THE COUNTRY WHILE THE PROJECT MANAGERS ARE IN BUFFALO AND NEW YORK CITY. NEW YORK STATE HAS A VERY SUBSTANTIAL PORTION OF CSO NEEDS NATIONWIDE. IF IT IS THE INTENT OF CONGRESS TO INVOLVE THE CORPS IN MORE WORK OF THIS NATURE IN THE FUTURE, THE REORGANIZATION MAY BE AN OBSTACLE TO COST-EFFECTIVE PROGRAMMING.

MR. CHAIRMAN, NEW YORK RECOMMENDS, FIRST, THAT THE EXISTING REORGANIZATION BE WITHDRAWN. IF IT IS THE JUDGEMENT OF THE DEPARTMENT OF DEFENSE THAT AN ALTERNATIVE PLAN WILL BE DEVELOPED, STATES SHOULD BE CONSULTED IN THAT PROCESS. STATES ARE CLIENTS OF THE CORPS, AND THEY UNDERSTAND THE WEAKNESSES AND STRENGTHS OF THE CURRENT ALIGNMENT. WE CAN PROPOSE NEW STRUCTURES AND PROVIDE SOUND ADVICE ON THE IMPACTS - GOOD OR BAD - OF PROPOSALS UNDER CONSIDERATION.

SECONDLY, THE SIZE AND NATURE OF THE CORPS MISSION IN NEW YORK JUSTIFIES A FORMIDABLE CORPS PRESENCE IN NEW YORK CITY AND AT LEAST A TECHNICAL CENTER IN BUFFALO TO SERVE GREAT LAKE NEEDS,

WITH ALL PROJECTS SERVING NEW YORK STATE NEEDS MANAGED BY CORPS STAFF IN THE STATE. THE DENSELY POPULATED AREA OF NEW YORK, NEW JERSEY AND PENNSYLVANIA CONSTITUTE ONE OF THE LARGEST CIVIL WORKS MISSIONS OUTSIDE OF CALIFORNIA. THE CORPS ASSERTS THAT THE WISDOM OF ITS PLAN IS ITS ORGANIZATION AROUND DRAINAGE BASINS. YET IT IS ONLY LOGICAL THAT A DENSELY POPULATED AREA SERVED BY ONE OF THE LARGEST AND MOST ACTIVE COMMERCIAL PORTS IN THE NATION WOULD GENERATE SUBSTANTIAL CIVIL WORKS NEEDS AND REQUIRE AN ACTIVE CORPS PRESENCE TO DELIVER THOSE NEEDS, REGARDLESS OF THE LOCATION OF THE AREA WITHIN ITS DRAINAGE BASIN.

SIMILARLY, A TECHNICAL CENTER IN BUFFALO IS NEEDED TO SERVE NEW YORK'S GREAT LAKES NEEDS AND THOSE OF OTHER STATES. BUFFALO'S QUALIFICATIONS TO SERVE AS A TECHNICAL CENTER INCLUDE ITS LOW AREA COSTS; THE NUMBER OF LEADING UNIVERSITIES IN THE AREA, MANY WITH HIGH TECHNOLOGY SPECIALTIES; AND ITS PROXIMITY TO THE GREAT LAKES WHERE SO MUCH ENGINEERING AND ENVIRONMENTAL ANALYSIS IS REQUIRED. THE BUFFALO STAFF IS INTIMATELY FAMILIAR WITH THE REGION AND HAS FIRST-HAND KNOWLEDGE OF THE NATURAL AND SOCIAL PROCESSES THAT AFFECT IT, SUCH AS THE UNIQUE LAKE AND RIVER HYDROLOGY AND CLIMATE, AND THE LOCATION AND SEVERITY OF THE HAZARDOUS WASTE HOT SPOTS AND LAKESHORE EROSION AND SEDIMENTATION. FINALLY, A TECHNICAL CENTER IN BUFFALO WOULD OVERCOME ONE OF THE WORST DEFICIENCIES OF THE EXISTING REORGANIZATION, WHICH IS THE NEED IT CREATES FOR EXCESSIVE TRAVEL

M.G. Kaul, P.E.

Director

Division of Water

New York State Department of Environmental Conservation

N.G. Kaul is the director of the Division of Water, which is responsible for water quality and quantity. N.G. has been with the Department since 1975 and has worked in Water Quality Planning Studies, Non-point Source Pollution, Constructive Grants Programs, and as an Executive Assistant to the Deputy Commissioner of the Office of Environmental Quality. Prior to this assignment, N.G. was the Director of the Division of Hazardous Substances Regulation, which is responsible for programs dealing with hazardous waste, pesticides and radiation. He is a Professional Engineer with a Masters Degree in Environmental Engineering.

TESTIMONY OF JOHN P. LaRUE, EXECUTIVE DIRECTOR
PHILADELPHIA REGIONAL PORT AUTHORITY
U.S. HOUSE OF REPRESENTATIVES
PUBLIC WORKS AND TRANSPORTATION SUB-COMMITTEE
ON INVESTIGATIONS AND OVERSIGHT
WEDNESDAY, MARCH 25, 1992

GOOD MORNING. I'M JOHN P. LaRUE, EXECUTIVE DIRECTOR OF THE PHILADELPHIA REGIONAL PORT AUTHORITY WHICH IS AN INDEPENDENT STATE AUTHORITY OF THE COMMONWEALTH OF PENNSYLVANIA RESPONSIBLE FOR THE MANAGEMENT, MAINTENANCE AND PROMOTION OF THE PORT OF PHILADELPHIA AND MARITIME FACILITIES IN BUCKS AND DELAWARE COUNTIES.

I WELCOME THIS OPPORTUNITY TO ONCE AGAIN RE-STATE THE PHILADELPHIA PORT COMMUNITY'S COMPLETE SUPPORT OF THE PHILADELPHIA DISTRICT OFFICE OF THE ARMY CORPS OF ENGINEERS AND TO STRONGLY URGE YOU NOT TO ALLOW ITS CLOSURE OR DRASTIC REDUCTION IN ANY REORGANIZATION PLAN.

IN THE PAST, THE PHILADELPHIA PORT COMMUNITY BROUGHT TO THE ATTENTION OF CONGRESS AND THE ADMINISTRATION ITS REASONS FOR OPPOSING ANY CLOSING OR DOWNSIZING OF THE PHILADELPHIA OFFICE OR ITS MERGER WITH ANY OTHER OFFICE. WE IN PHILADELPHIA WERE GRATEFUL THAT YOU RESPONDED TO THOSE OBJECTIONS AND REMOVED CORPS REORGANIZATION FROM THE BASE REALIGNMENT AND CLOSURE COMMISSION AND CAUSED THE TOPIC TO BE FULLY DISCUSSED IN CONGRESSIONAL HEARINGS SUCH AS THIS.

NOW THAT CONGRESS IS CONSIDERING THE FUTURE OF THE ARMY CORPS OF ENGINEERS, I URGE YOU TO REVISIT THOSE OBJECTIONS RAISED BY THE MANY INDIVIDUALS AND ORGANIZATIONS IN THE PHILADELPHIA AREA WHO RELY ON THE PHILADELPHIA DISTRICT OFFICE AND WHO WOULD BE ADVERSELY AFFECTED IF THE OFFICE WAS NOT THERE.

IN THE BRIEF TIME ALLOTTED ME, I WANT TO TELL YOU HOW CRITICAL THE PHILADELPHIA OFFICE IS TO THE OPERATION AND COMPETITIVENESS OF THE PORT OF PHILADELPHIA.

APPROXIMATELY 3,000 VESSELS EACH YEAR CALL AT THE MARITIME FACILITIES LOCATED ON THE DELAWARE RIVER, WHICH AS A RESULT RANKS THE REGIONAL PORT SYSTEM AMONG THIS NATION'S LEADING PORTS FOR TOTAL CARGO HANDLED. FOR EXAMPLE, THE PORT IS THE TOP FRUIT IMPORTING PORT IN THE UNITED STATES AND TRANSPORTS 1.2 MILLION BARRELS OF IMPORTED CRUDE OIL ANNUALLY, FURTHER, THE DELAWARE RIVER IS 80 MILES LONG AND HAS ONE OF THE HIGHEST DREDGING COSTS IN THE NATION DUE TO THE HIGH SILT CONTENT OF THE RIVERBED. OUR ABILITY TO COMPETE WITH OTHER EAST COAST PORTS, WHICH HAVE LESS SILT AND A SHORTER DISTANCE TO THE SEA, RELIES ON SAFE AND EFFICIENT VESSEL TRANSPORT. IN ORDER TO PROVIDE SUCH SERVICE AT THIS CURRENT LEVEL, MUCH LESS AN EXPANDED LEVEL, THE ARMY CORPS OF ENGINEERS OFFICE IN PHILADELPHIA MUST BE MAINTAINED.

IT IS HIGHLY UNLIKELY THAT AN OFFICE IN A DISTANT LOCATION COULD EXECUTE DREDGING PROCEDURES IN A TIMELY MANNER TO PREVENT THE RIVER'S TRAFFIC FROM BEING DISRUPTED WHEN SANDBARS APPEAR. FURTHER, THESE SANDBARS, IF NOT ADDRESSED PROMPTLY, INCREASE THE RISK OF TANKER ACCIDENTS AND GROUNDING. THE PHILADELPHIA DISTRICT OFFICE IS ABLE TO RESPOND TO THESE PROBLEMS IN A TIMELY MANNER, GENERALLY LESS THAN 24 HOURS.

THE PHILADELPHIA DISTRICT OFFICE IS A CENTRALLY LOCATED OFFICE FOR REGULATORY OPERATIONS, MAINTENANCE AND PLANNING FOR THE DELAWARE VALLEY. THE PHILADELPHIA OFFICE HAS BEEN VERY HELPFUL IN

PROCESSING AND ISSUING PERMITS FOR MANY PROJECTS. THE CORPS EMPLOYEES ARE LOCAL PEOPLE WHO ARE INTIMATELY FAMILIAR WITH THE AREA. THEY PARTICIPATE IN LOCAL, TECHNICAL AND PUBLIC MEETINGS WHICH ENABLES THEM TO ASSIST LOCAL DEVELOPMENT AND BE RESPONSIVE TO THE NEEDS OF PORT BUSINESS WHILE DISPLAYING A PROPER CONSIDERATION FOR THE ENVIRONMENT.

FOR EXAMPLE, THE PHILADELPHIA REGIONAL PORT AUTHORITY RECENTLY EMBARKED ON A MAJOR CONSTRUCTION PROGRAM AT ITS PACKER AVENUE MARINE TERMINAL. THE NATURE OF THE PROGRAM REQUIRED THAT WE OBTAIN A NUMBER OF PERMITS FROM DIFFERENT FEDERAL AND STATE AGENCIES IN A SHORT PERIOD OF TIME. ONE OF THE PERMITS WAS A SECTION 10 PERMIT FOR THE INSTALLATION OF NEW CRANE RAIL FOUNDATION PILING. THE PHILADELPHIA DISTRICT OFFICE REVIEWED AND APPROVED THE PERMIT WITHIN THIRTY DAYS DUE TO THEIR INTIMATE KNOWLEDGE OF THE PROJECT AREA AND THE EFFICIENCY OF THE DISTRICT OFFICE. THIS APPROVAL ALLOWED THE PROJECT TO GO FORWARD AND MEET CONSTRUCTION DEADLINES.

MY COLLEAGUE, MS. JONES OF THE DELAWARE RIVER PORT AUTHORITY WILL SPEAK TO THE ENORMOUSLY VALUABLE ROLE THE ARMY CORPS WILL PLAY IN THE PROPOSED DEEPENING OF THE DELAWARE RIVER CHANNEL TO 45 FEET, A PROJECT ESSENTIAL FOR THE FUTURE VIABILITY OF THE PORT.

I HOPE YOUR COMMITTEE CONSIDERS THE ENORMOUS IMPACT REORGANIZATION OF THE PHILADELPHIA DISTRICT OFFICE WILL HAVE ON OUR REGIONAL ECONOMY. THE DISTRICT HAS APPROXIMATELY 50 STUDIES, PROJECTS, AND OTHER CIVIL WORKS ACTIVITIES UNDERWAY SERVING THE STATES OF NEW JERSEY, PENNSYLVANIA, DELAWARE, AND MARYLAND. TWELVE OF THESE EFFORTS ARE BEING CONDUCTED UNDER COST SHARING AGREEMENTS

WITH LOCAL SPONSORS, WITH TWO MORE AGREEMENTS SCHEDULED TO BE EXECUTED IN THE NEAR FUTURE. OVER THE NEXT THREE YEARS APPROXIMATELY \$7,000,000 PER YEAR IN ARCHITECT/ENGINEER SERVICES WILL BE PROCURED BY THE DISTRICT IN CONJUNCTION WITH THE EXECUTION OF THE CIVIL WORKS PROGRAM. THE IMPACT OF THE PLAN WILL CAUSE A REDUCTION OF 162 JOBS IN THE DISTRICT OFFICE AND APPROXIMATELY 200 ADDITIONAL JOBS THAT WOULD BE SUPPORTED BY THE USE OF LOCAL ARCHITECT/ENGINEERING SERVICES. THE ESTIMATED DOLLAR IMPACT IN THE LOCAL ECONOMY WOULD BE ABOUT \$21.0 MILLION PER YEAR IN SALARIES AND OVERALL ECONOMIC ACTIVITY. IN ADDITION THIS WILL LEAD TO OVER \$1.0 MILLION PER YEAR LOST TO STATE AND LOCAL GOVERNMENT TAXES. THE LOSS OF LOCAL ENGINEERING, PLANNING AND ENVIRONMENTAL EXPERTISE WILL SIGNIFICANTLY ALTER THE POTENTIAL FOR DEVELOPING LOCALIZED, COST EFFECTIVE, ENVIRONMENTALLY SENSITIVE SOLUTIONS.

I WILL CONCLUDE WITH TWO POINTS. FIRST, I AM TROUBLED BY WHAT APPEARS TO BE YET ANOTHER STEP BY THE FEDERAL GOVERNMENT TO DISADVANTAGE THE PORT OF PHILADELPHIA AND THE REGION IT SERVES. FOR YEARS THE DEPARTMENT OF THE ARMY HAS BEEN ATTEMPTING TO DOWNSIZE THE CORP'S PHILADELPHIA OFFICE DESPITE POWERFUL EVIDENCE THAT TO DO SO WAS CONTRARY TO THE NATIONAL INTEREST. DESPITE THOSE ATTEMPTS THE PHILADELPHIA OFFICE HAS DONE A REMARKABLE JOB. IN FACT, THE ARMY'S OWN RE-ORGANIZATION STUDY RANKED THE PHILADELPHIA OFFICE SIXTH BEST IN THE NATION. IT ALSO RANKED HIGHER THAN 17 OTHER DISTRICT OFFICES WHICH IT RECOMMENDED TO REMAIN OPEN, IN ITS 1991 REORGANIZATION PROPOSAL, AS CONGRESSMAN WILLIAM HUGHES PUT IT IN A LETTER TO THE SECRETARY OF THE ARMY "...THE ARMY DISREGARDED

ITS OWN FINDINGS IN TARGETING PHILADELPHIA FOR CLOSURE, OR ELSE EMPLOYED SOME OTHER UNDISCLOSED CRITERIA, SINCE ON THE MERITS IT IS CLEARLY ONE OF THE MOST EFFICIENT AND ESSENTIAL DISTRICT OFFICES IN THE COUNTRY." NOTHING HAS OCCURRED SINCE THEN TO ALTER THAT ASSESSMENT. IN FACT, THE PHILADELPHIA OFFICE HAS BEEN EVEN MORE EFFICIENT AND PRODUCTIVE.

FINALLY, MR. CHAIRMAN, I WANT TO URGE YOU AND THIS COMMITTEE TO CONVEY TO THE ARMY THAT IT IS ESSENTIAL FOR IT TO MEET DIRECTLY WITH THOSE ORGANIZATIONS WHICH RELY ON THE PHILADELPHIA ARMY CORPS DISTRICT OFFICE, STARTING WITH THE MARITIME COMMUNITY. ANY REORGANIZATION OF OUR LOCAL OFFICE, SO CRUCIAL TO OUR REGION'S LIVELIHOOD SHOULD BE A COLLABORATIVE PROCESS. I ASSURE YOU THAT AN OBJECTIVE REVIEW WILL DEMONSTRATE CONCLUSIVELY THAT THE PHILADELPHIA OFFICE SHOULD REMAIN OPEN AND IN TACT SO IT CAN FULFILL ITS VITAL MISSION IN SERVICE TO ONE OF THIS COUNTRY'S MOST IMPORTANT GEOGRAPHIC AREAS.

THANK YOU FOR YOUR CONTINUING SUPPORT.

JPL:dc
5/4/93

SUMMARY OF STATEMENT BY MR. DONALD J. LEONARD, P.E., SPOKESPERSON
FOR THE CONCERNED EMPLOYEES OF THE NORTH CENTRAL DIVISION
BEFORE THE SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT OF THE
HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE

ARMY CORPS OF ENGINEERS REORGANIZATION HEARING

May 6, 1993

Mr. Chairman and Members of the Subcommittee:

Good morning, my name is Donald J. Leonard. I am the Chief of the Engineering Division of the North Central Division (NCD), Corps of Engineers in Chicago, Illinois. It is an honor to appear before you on the Corps of Engineers' proposed November, '92 Reorganization Plan. I am representing a group of colleagues from the North Central Division and myself. My remarks reflect the collective experiences and expertise of my colleagues and my thirty plus years with the Corps. I might also add that I have known LTG Williams, the Chief of Engineers, since 1972, and have the highest regard for his integrity and sincerity, but his reorganization plan is flawed. I am testifying because I strongly believe the proposed reorganization plan is inequitable to the Corps employees in NCD, unworkable for our customers and virtually ignores the Great Lakes.

At his Senate confirmation hearings, Secretary of Defense Les Aspin said, "I am not convinced that the Army's proposed reorganization plan is the best way to go I am .. troubled by reports that political considerations may have played a role in determining which offices and units to close and which to stay open" He further stated that, " we need a fair, rational process for considering a reorganization of the Corps."

Most members of the Corps family recognize the need for reorganization in order to provide cost-effective, efficient services to the public we all serve. However, we agree with Secretary Aspin that we need an orderly process that ensures the fair treatment of all employees because without it we could destroy the very organization we are attempting to revitalize!

As an example of the process used, consider how the division offices were selected. Based on the Corps reorganization report, "Decision Path 11," the Corps developed four criteria as follows: (1) high cost demerits (i.e., cost of living); (2) good engineering schools; (3) quality higher education; and, (4) large or medium air traffic hubs. Chicago clearly rates higher than Cincinnati in engineering schools, higher education, and air traffic hub (i.e., first in the Nation). In the remaining criterion (high cost demerits) Cincinnati is slightly ahead of Chicago although both sites are high cost areas. One might assume that Chicago, would be the selected site. This was not the case! By ignoring the criteria and not selecting Chicago, and other clearly superior sites throughout the country, a strong demoralizing message is sent to all employees Corps-wide. That message is: the Corps will do as it pleases despite what is equitable and best for the organization, its employees, and the public it serves. Our key points on why Chicago should be the division office location are summarized on enclosure 1.

We can not understand how the "proposed" NCD in Cincinnati, or any other geographic location for that matter, could possibly manage twelve districts which cover approximately a third of the U.S. in all or part of 26 states having 150 Congressional Districts and crosses three time zones --

unless, however, there is a hidden agenda ... that is, the future consolidation of district offices. To provide services to our myriad of customers to be served throughout this vast area of three major watersheds (Mississippi River, Missouri River and the Great Lakes) requires an understanding of the local conditions and government operations. Responses to emergencies would slow dramatically. In short, the proposed 12-district North Central Division is not workable. Enclosure 2 summarizes the geographic/demographic facts on the proposed new NCD area.

The Great Lakes contain 95% of our nation's fresh surface water and an extensive navigation system vital to the economic well being of the upper Midwest. They share 1,900 miles of border with Canada and are on the threshold of major environmental clean up. Yet, the Corps of Engineers proposes to virtually remove all professional planning and engineering expertise from the Great Lakes basin which is a continuing trend of all NCD/Great Lakes reorganizations since 1954. This loss of highly specialized expertise from Chicago (as well as Detroit and Buffalo) will have devastating impacts to the Great Lakes programs and projects while the Corps slowly attempts to reestablish expertise in Cincinnati and at the Technical Centers. This would create tremendous economic losses and project delays for the region, the taxpayers and our cost-sharing partners.

Chicago is one of the ten Standard Federal Regions in the country, established to increase efficiencies among Federal agencies and to be more responsive to state and local officials by providing a consistent and compatible field structure. As the entire Federal government gets downsized and more Federal cooperative planning efforts such as our Great Lakes work with EPA and Coastal America are implemented, the need to be in a Standard Federal Region intensifies. We envision significant needs in the region for our engineering services -- e.g., environmental cleanup, habitat restoration, infrastructure, major rehabilitation, explosive ordnance waste cleanup, etc. -- and we see this soon. Additionally, division and district offices co-located in the same city, such as Chicago, allow consolidation of support functions, such as logistics, information management, and resource management which would provide additional savings. In fact, my Division office and Chicago District office are located in the same building. Chicago itself offers greater efficiency and reduced cost of doing business through economies of scale in goods and services procured and by being the nation's air transportation hub. We should be reorganizing with the future in mind, and not based on traditions of the past.

The proposal to consolidate planning and design functions at technical centers was not well thought out. This proposal moves people away from direct contact with the customer. Planning and design require constant and direct communication with the customers in order to develop a product that is acceptable to our cost-sharing partners. Project management, which will remain at all districts, is now an administrative, non-engineering function and if removed from planning and design, it is likely to fail. Design and engineering, are also separated from the construction management responsibility; this will lead to higher construction costs and will be passed on to our cost-sharing partners.

We do not agree that "technical review", can be effectively accomplished at District level either in-house or through peer review", as outlined in the so-called "Genetti Report" or the "Report of the Division and District Organization Task Force," dated July 1992. My office thoroughly reviewed this report and provided extensive comments to HQUSACE in August 1992 (see listing of document below being submitted for the record).

The Corps should be strengthening its move into new fields, such as environmental restoration and HTRW cleanup. These programs will require constant interactions with our customers and partners, both on a regional and local basis. Few large projects remain as we are moving

towards small community action programs. Centralization is in direct conflict with our future needs. Industry has discovered that large centrally controlled functions need to be replaced by small entrepreneurial units that are close to the customer. We must become a government that is decentralized away from Washington and close to our partners and the people we serve on the regional and local level. We look to your Committee on Public Works and Transportation and the Senate's Committee on Environment and Public Works to develop the future work efforts of the Corps. As Secretary Aspin noted at his confirmation hearings, ".... the current plan may not adequately take into account President Clinton's goals to revitalize the nation's physical infrastructure..."

Although the reorganization is officially on hold, as directed by Secretary of Defense Les Aspin, the Divisions identified for closure are currently losing critical employees because of the 12 April 1993 lifting of the district hiring freeze for GS-1 through 12 positions. This resumption of hiring could be a *de facto* reorganization. District vacancies in Chicago, estimated at 40, are required to be filled from the Department of Defense's Priority Placement Program. This program is available only for offices which are targeted for closure, such as my Division office. The departing division employees are guaranteed the same pay at a lower-graded district job, and in many instances, without moving. This tactic could start a stampede in NCD with many of our employees accepting lower-graded positions in our Chicago District office and elsewhere. If this continues, it could severely hamper our operations. We ask your help in ensuring that the reorganization remain on hold by reinstating the hiring freeze until Secretary Aspin and the Congress have a chance to evaluate and act on the current proposal.

As I mentioned in the beginning of my statement, most of the Corps family recognizes the need to reorganize, but the process has to be fair to all Corps employees, regionally balanced and workable. We feel that there should be a decentralization, a consolidation of support services and a concurrent reorganization of all Corps offices -- the Washington Headquarters, the Divisions and all the field offices.

Finally, I will close, requesting that the additional information I have brought with me be made a part of the public record. It includes news articles, letters and documentation¹ supporting our positions (both organizational structure and office location concerns) and a brief historical summary of reorganizations that have taken place in the North Central Division since 1954. Also included is a conceptual framework for reorganization for your use. We feel that if this information had been used during the reorganization deliberations, an equitable and workable plan could have resulted. The Concerned Employees of the North Central Division and myself look forward to continuing many years of loyal service to the Corps of Engineers, the Midwest, Chicago, our customers and partners. It is within this spirit that I offer this statement. Thank you for your time and consideration.

¹ These documents (which can be obtained from Concerned Employees of NCD, P.O. Box 618614, Chicago, IL 60661-8614) include

- o Newspaper articles and letters in support of the Chicago Division office.
- o "NCD Engineering Division Comments on the Report of the Division and District Organization Task Force," August 14, 1992.

- o "Critique of Corps Reorganization Plan Document" "Decision Path II" Used for Determining Site Locations," dated 23 February 1993, prepared by the Concerned Employees of NCD.
- o "White Paper on Why a Corps of Engineers Division Office Should be in Chicago Illinois," October 1992, prepared by the Concerned Employees of NCD.
- o "History of Reorganization in the North Central Division," April 30, 1993, prepared by the Concerned Employees of NCD.
- o "Conceptual Framework for Corps Reorganization," dated 9 March 1993, by Concerned Employees of NCD.

KEY POINTS FOR DIVISION HEADQUARTERS
OFFICE LOCATION
IN CHICAGO, ILLINOIS

- * Federal Regional Center (One of 10 in U.S.).
- * Workforce Availability (largest in Midwest; diversity).
- * Quality Higher Education (Nationally recognized schools - engineering and other professions).
- * National Air Transportation hub (No. 1 in the Nation).

- * Government Center (15 Federal agencies' regional HQ, and state, and local agencies).
- * International Center (3rd in nation in foreign consulates and trade centers).
- * Goods and Services Center (the center for the Midwest).
- * Strategic geographical location (straddling two of the world's most renowned watersheds -- Great Lakes and Mississippi).
- * Quality of life area (living standard, health, education, recreation, culture, transportation, etc.).
- * Excellent office facilities (professional environment; expandable; conveniently located).
- * Efficiently co-located Division/District offices (combined support; closer coordination of work; cross-training).
- * Population center (conveniently located to serve most of people and infrastructure).

Enclosure 1

Geographic/Demographic
Fact Sheet
on proposed new NCD area

- o About 2000 miles east to west (Upper New York to Western Montana); and 1000 miles north to south (top of Lake Superior to lower Mississippi River)
- o Responsibilities in all are parts of 26 States (NY, PA, WV, OH, KY, TN, IN, IL, MI, MO, KS, WI, MN, ND, NB, SD, CO, WY, MT, IA, MS, AL, GA, NC, VA, MD) and coordination with 5 Provinces in Canada (QUE., ONT., MANITOBA, SASK., ALBERTA).
- o A land and water area of 1,160,000 sq. mi. (incl. Great Lakes water surface) or about one-third of the total U.S. area (3,536,341 sq. mi.).
- o Contains 3 of world's 25 principal rivers, Missouri, Mississippi, St. Lawrence (5800 miles of very large river systems) and the world's largest freshwater lake system, Great Lakes (95,000 sq. mi.; 11,000 miles coastline; 5400 cu. miles of water volume -- amounts to 95% of the U.S. fresh surface water supply).
- o Over 2500 miles of international border with Canada requiring potential travel to 11 major Canadian centers of government (Calgary, Regina, Winnipeg, International Falls, Thunder Bay, Sault Ste. Marie, Windsor, Toronto, Ottawa, Montreal and Quebec City) in 5 Provinces.
- o Along with the 26 State Capitols, there are about 150 Congressional Districts (about 1/3 of Nation's total) nearly 1400 county seats, and over 10,000 towns and cities, having a population of about 75 million (nearly 1/3 of nation's total).
- o Contains 10 of the Nation's top 25 (about 40%) Large Metropolitan Areas: Chicago-Gary-Lake County; Detroit-Ann Arbor; Cleveland-Akron-Lorain; Minneapolis-St. Paul; St. Louis; Pittsburgh-Beaver Valley; Denver-Boulder; Cincinnati-Hamilton; Milwaukee-Racine; Kansas City -- accounting for about 30 million people (nearly 40% of total population in new NCD area).
- o There are 3 time zones covering the area: Eastern, Central and Mountain.
- o Contains 5 distinct climate zones: Highland (Mountain Zones in west); Steppe (plains states); Continental Moist (Midwest and Great Lakes); Subartic (Northern Great Lakes and lower St. Lawrence River); Subtropical Moist (southern States portion of our new NCD boundary).



November 19, 1992

M.

Concerned Employees of NCD
P.O. Box 618614
Chicago, IL 60661-8614

Dear

Your input regarding the U.S. Army Corps of Engineers is very much appreciated. As you know, a transition team has been formed to help Governor Clinton review pertinent information and to help him formulate--carefully and deliberately--policy and personnel decisions for a Clinton/Gore Administration.

Your information has been forwarded to the transition team. On behalf of Governor Clinton, I want to thank you for your willingness to help in this enormous undertaking.

Sincerely,

Sandy Hudnall
Director of Correspondence



City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Valerie B. Jarrett
Commissioner

City Hall, Room 1000
21 North LaSalle Street
Chicago, Illinois 60602
312) 744-4471 (Voice)
312) 744-2578 (TDD)
312) 744-6550 (FAX)

November 20, 1992

Concerned Employees of NCD
P.O. Box 618614
Chicago, Illinois 60661-8614

Dear Mr.:

This is in response to your letter to Mayor Daley regarding the reorganization of the Army Corps of Engineers and the possible relocation of the Chicago NCD headquarters.

Please be aware that the City of Chicago's Washington office is working very closely with the Illinois congressional delegation to keep this office in Chicago. We share your concerns and feel very strongly that the Division offices should remain here as the premier Midwest location.

We anticipate that the efforts of our Chicago staff will net positive results.

Thank you for writing and sharing your white paper with us.

Sincerely,

Valerie Jarrett
Valerie B. Jarrett
Commissioner



Commentar

CHICAGO SUN-TIMES

SUNDAY, NOVEMBER 22, 1992

EDITORIALS

Keep Army Engineers Working in Chicago

So, go ahead and close Fort Sheridan: when the Pentagon said it would, we said we understood how everyone has to tighten his belt in tough times.

Wave goodbye to the 5th Army; we said we're doing our bit. Shutter Chamute Air Force Base near Downstate Rantoul; we didn't object.

But cripple the Chicago operations of the Army Corps of Engineers?

Now the Pentagon has gone too far.

As part of a massive reorganization in the name of efficiency, the Corps says it plans to close the Midwest Division office in Chicago and to cut the Chicago District office by about two-thirds.

Hurray for the \$115 million savings the nationwide reorganization will reap. But would it be too much to wish that all the cuts come only where they make sense?

What remains of the Midwest Division office, which is mostly administrative, will be moved to St. Paul, Minn. And—who knows?—maybe someone, if he tried hard, could even make the case that it's better to do the administrative work there than here, in the nation's third largest city.

But the Chicago District office is critical to the massive Deep Tunnel flood control project, one of the largest projects ever to fall under the corps' supervision.

District engineers have worked closely with the Metropolitan Water Reclamation District of Greater Chicago not only on that project, but also with local officials on other important matters, such as the downtown tunnel flooding.

Nicholas J. Melas, president of the Water Reclamation District, and Frank Dalton, district general superintendent, are correctly worried.

They point out that it took a dozen years to get the corps involved in the control of urban flooding, and that slicing the corps' capabilities here will slow even further the efforts to keep dry the half million area basements that still flood every year.

The two point out that President-elect Clinton says he is interested in urban problems. So, good: here's one of great consequence to this urban community that'll be a good test of his commitment.

HARRIS W. FAWELL

13TH DISTRICT ILLINOIS
EDUCATION AND LABORSUBCOMMITTEE
LABOR-ANAGEMENT RELATIONS
LABOR STANDARDS
HUMAN RESOURCES
Serving Minority Member
SCIENCE SPACE AND
TECHNOLOGY
SUBCOMMITTEE
ENERGY
SCIENCE

SELECT COMMITTEE ON AGING

WASHINGTON OFFICE
435 CANNON HOUSE OFFICE BUILDING
2051 225-3815
CONGRESSIONAL DISTRICT OFFICE
118 W. 55TH STREET
SUITE 100
CLARENDON HILLS, IL 60514
(708) 854-2052Congress of the United States
House of Representatives

Washington, DC 20515-1313

November 24, 1992

Mr.

Illinois

Dear Mr.

Thank you for contacting me in support of additional funding for the Army Corps of Engineers in fiscal year 1993. I appreciate you sharing your views with me, and I apologize for the delay in my response.

As you know, the fiscal year 1993 appropriation for general expenses of the Army Corps of Engineers was \$142 million, exactly equal to the 1992 level. I understand your concern that this decision could possibly result in fewer new jobs at the North Central Division in Chicago. It is important to note, however, that this is a freeze in spending, not a reduction, which is aimed at reducing office overhead expenses, not jobs. If the Assistant Secretary for Civil Works, direct commanders, and other Corps officials adopt the suggestions made in the committee report, such as the use of interconnecting computer systems, I am confident that this funding freeze will cut office expenses without eliminating jobs.

You also expressed opposition to the proposed elimination of the North Central Division in Chicago. I share your opposition to this proposal and am taking steps to prevent its implementation. I and other members of the Illinois Congressional Delegation have cosigned three letters to Secretary of Defense Dick Cheney and the chairmen of the House and Senate Public Works Committees expressing our opposition to the proposed consolidation. In my view, this reorganization would seriously hamper the representation of Illinois and other midwestern states within the Corps. I expect the Corps will soon announce its decision on this issue, and I will consider all appropriate Congressional remedies if the Corps' action is harmful to Illinois.

Again, thank you for contacting me.

Very truly yours,



Harris W. Fawell

HARRIS W. FAWELL
 1ST DISTRICT ILLINOIS
 EDUCATION AND LABOR
 LABOR STANDARDS
 LABOR MARKET RELATIONS
 LABOR STANDARDS
 HUMAN RESOURCES
 TRAINING MINORITY NUMBER
 SCIENCE SPACE AND
 TECHNOLOGY
 ENERGY
 SCIENCE
 SELECT COMMITTEE ON AGING

WASHINGTON, D.C.
 20515-1313
 202-225-1313
 PROFESSIONAL DISTRICT OFFICE
 18 W. 65TH STREET
 CHICAGO, ILLINOIS 60634
 708-655-2052

Congress of the United States
 House of Representatives
 Washington, DC 20515-1313

December 2, 1992

Mr.
 Concerned Employees of NCD
 P.O. Box 61814
 Chicago, Illinois 60661-8614


Dear Mr

I have reviewed your petition of November 11, 1992 in which you and nine other Corps of Engineers staff persons express your apprehension regarding the imminent reorganization of Corps of Engineers division (regional) offices; you specifically urge that Chicago be retained as the Corps of Engineers Midwest division office. As you evidently expected, the Corps has now issued a public announcement confirming the reorganization.

You may not be aware that, as far back as June of 1991, the entire Illinois congressional delegation, senators and members of congress, addressed urgent written requests to Secretary of Defense Richard Cheney and to Robert Roe, chairman of the House Public Works & Transportation Committee, describing in some detail the severe procedural burdens which would be imposed on Illinois and other midwestern states as a consequence of the proposed reorganization. Regrettably, up to this point, our efforts have not been persuasive and, as you are doubtlessly aware, some of the particulars of the reorganization have been publicly announced.

I will continue to do whatever I reasonably can to convince the Department of Defense and my colleagues in the House of Representatives that any reorganization must retain for my constituents a viable system of access to the services provided by the Corps of Engineers.

Sincerely,


 Harris W. Fawell
 Member of Congress

HWF:ml



STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
SPRINGFIELD 62706

JIM EDGAR
GOVERNOR

December 3, 1992

Mr.
Concerned Employees of N.C.D.
P.O. Box 618614
Chicago, Illinois 60661

Dear Mr.

Thank you for writing to Governor Edgar about plans to move the NCD headquarters from Chicago to Cincinnati. I was asked to respond on the Governor's behalf. Since your name appears first on the list of your letter's signatories, I am addressing our response to you and ask that you share it with your colleagues.

We, too, are most concerned about the loss of Illinois jobs that would be caused by this closure. Illinois is entitled to its fair share of federal spending and we are particularly concerned about getting a greater share of defense spending. Governor Edgar's staff in Washington D.C. is working with our congressional delegation to determine whether the Administration or Congress can be persuaded to alter this plan in our favor.

I will bring your letter to the attention of our Washington office so that it is aware of your interest.

Thank you again for writing to Governor Edgar.

Sincerely,

A handwritten signature in dark ink, appearing to read "James W. Graham".

James W. Graham
Special Assistant to the Governor

JWG:sp

cc: Terri Moreland

Congress of the United States
House of Representatives
Washington, DC 20515
December 18, 1992

The Honorable Michael P.W. Stone
Office of the Secretary of the Army
Pentagon, Room 3E718
Washington, DC 20310

Dear Secretary Stone:

We are writing to express our deep concern over the proposed Corps of Engineers Reorganization Plan announced by Army officials on November 19, 1992.

While elements of this comprehensive plan may help to streamline this decentralized organization, certain major urban areas will suffer dramatically due to loss of continuity in completing significant cost-shared projects. Specifically, we are concerned over the closing of the Chicago Division office and relocating these jobs to Cincinnati. Given the tremendous workload in the region, which includes the urban flood control, inland waterway and Great Lakes expertise developed in Chicago, we believe the Corps must maintain a strong and viable presence. The relocation of 323 essential positions in Illinois will have a detrimental impact on our ability to address water resource problems in a timely fashion. It is the position of the Illinois Delegation that this Corps reorganization proposal is misguided and flawed.

The impact of these reductions and loss of continuity would be devastating to our state. For example, beginning in fiscal year 1994, the Chicago District is slated to lose 103 jobs, a 61% loss to the District's current structure, and the Rock Island office will lose 220 jobs, 26% of its current level. While these numbers are dramatic, they do not begin to describe the true impact that this loss will have on the critical flood control and navigation needs of our state. Among the key projects currently underway in the Chicago District, is the innovative McCook and Thornton Reservoir Project of the Chicago and Underflow Plan (CUP), the first element of which is in final design. Over 550,000 homes in the Chicago metropolitan area are subject to flooding at any time, making timely completion of this project absolutely critical for protecting our citizens from known flood damages. In terms of public health and safety, any threat or major disruption to this critical cost-shared effort cannot be tolerated.

To pull planning, design and engineering expertise out of Illinois at this critical point for the CUP project and other complex inland waterway navigation issues at Rock Island would be devastating. We simply cannot afford to lose the Corps' exceptional design and engineering staffs who have worked closely with local sponsors over many years. Nor can we be subject to unacceptable delays in bringing our projects to construction on schedule by sending the workload elsewhere. The next years are critical for bringing the major Chicago flood control projects through final design and preconstruction activity to construction. The loss of planning, design and engineering expertise in Chicago and the Quad Cities will dramatically undermine current efforts, casting a shadow on the local/federal partnership.

Using the Corps' own reorganization criteria in an objective way provides convincing evidence that these Illinois Districts should be maintained and even expanded. Chicago and Rock Island's workloads have been increasing steadily over the last 10 years. It is predicted that this trend will continue due to flood control needs and the rehabilitation of locks and dams.

The Honorable Michael P.W. Stone
 December 18, 1992
 Page Two

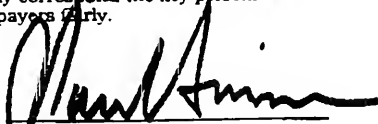
While the Corps cites fewer traditional projects as a reason to scale down, the lifeblood of the Corps' work -- flood control and navigation -- are thriving in our state. We believe that Illinois is well-situated as a transportation hub with our Corps Districts conveniently located in the Nation's transportation hub. We are uniquely qualified with key engineering schools near the Corps' facilities, and we have a strong and active workforce from which to secure continuing Corps employment -- all of which are critical criteria in the proposed plan for determining what areas should retain technical expertise.

It is important to point out that the unique flooding expertise developed by the Chicago District and its local partners with our Corps District after 12 years of federal funding and effort has identified a clear federal interest. We believe it is critical to complete these projects with the current experienced staff. Due to the widespread urban flooding problems and the Chicago District's long-term experience in developing innovative flood protection resolution, this District has become the acknowledged urban flood control experts in the Corps' national system -- we simply cannot afford to lose them, thus, delaying needed flood protection at this critical stage. In addition, it is patently unfair for local sponsors who cost-share projects to pay the costs of delay which results from such a hasty shift of staff out of the area. We believe that any cost savings stemming from reorganization will be far outstripped by the additional costs of delay in having new staff attempt to handle these unique and complex projects. For example, the Chicago District has approximately a \$1.3 billion construction program over the next 10 years. If this program is delayed even six months, which is clearly possible under reorganization due to wholesale shuffling of staff, the costs of delay could be in the range of \$25 million. It is unconscionable to shift any portion of this burden to local sponsors.

It is our wholehearted recommendation that these Districts retain, if not increase their highly qualified technical staff. Any objective review of existing and future workload and affected population will support this view. It is our hope that this recommendation will be considered in a newly proposed realignment of the Corps. Such a plan, given proper Congressional involvement and oversight, will appropriately correspond the key personnel to the identified needs and do so in a manner that treats taxpayers fairly.

Sincerely,

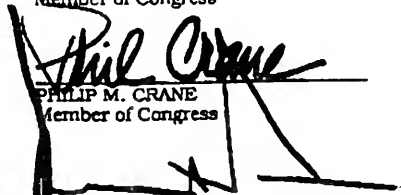

 WILLIAM O. LIPINSKY
 Member of Congress



 PAUL SIMON
 United States Senate



 DAN ROSTENKOWSKI
 Member of Congress


 ROBERT H. MICHEL
 Member of Congress

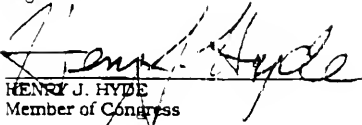

 SIDNEY R. YATES
 Member of Congress


 PHILIP M. CRANE
 Member of Congress


 CARDISS COLLINS
 Member of Congress


 JOHN EDWARD PORTER
 Member of Congress

The Honorable Michael P.W. Stone
December 18, 1992
Page Three

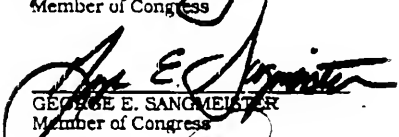

HENRY J. HYDE
Member of Congress

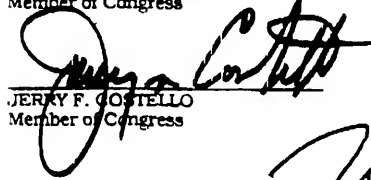

RICHARD J. DURBIN
Member of Congress

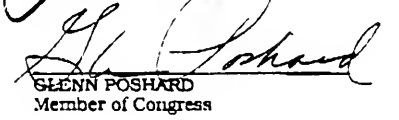

LANE EVANS
Member of Congress

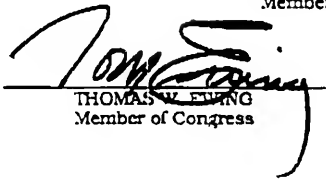

HARRIS W. FAWELL
Member of Congress


DENNIS J. HASTERT
Member of Congress


GEORGE E. SANGMEISTER
Member of Congress


JERRY F. COSTELLO
Member of Congress


GLENN POSHARD
Member of Congress


THOMAS W. EWING
Member of Congress

Moynihán Aims to Stall Corps Plan

BY DAVID C. BEEDER
WORLD-HERALD BUREAU

Washington — A plan to eliminate 2,600 jobs in the Army Corps of Engineers may be postponed indefinitely by Sen. Daniel Patrick Moynihan, D-N.Y., a spokesman for the senator said Thursday.

Moynihan, chairman of the Senate Environment and Public Works Committee, said he will demand that the corps explain the plan at a public hearing tentatively scheduled for Jan. 7, said Brian Connolly, Moynihan's press secretary.

Connolly said Moynihan called a preliminary hearing Wednesday on short notice after learning that the plan would eliminate nearly half of the corps jobs in Buffalo, N.Y.

The 30-minute hearing Wednesday, which was not previously scheduled, was attended by two newspaper reporters from upstate New York who were notified by Moynihan's office, Connolly said.

Alan Emory, Washington correspondent of the Watertown (N.Y.) Daily Times, said Moynihan told corps officials his Senate committee was not notified of the reorganization plan before it was announced in November.

"No one ever came before this committee to say what you had in mind," Moynihan told Morgan R. Rees, deputy assistant secretary of the Army, and Don Cluff, reorganization program manager.

Rees told Moynihan that the corps, with a declining number of projects, had not been reorganized in 50 years, Emory reported.

The reorganizations would reduce the number of division headquarters from 11 to six, downgrading five division headquarters to district offices. Omaha would be one of the cities downgraded to district status.

But Omaha would gain a new technical center under the corps plan resulting in a net gain of 53 corps jobs in the reorganization.

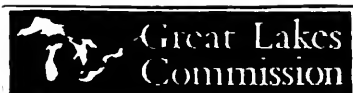
The corps, in announcing the reorganization plan in November, said it would save \$115 million a year by reducing corps personnel from 54,300 to 31,700 in two years.

Emory quoted Moynihan as saying he had "not the slightest intention" of allowing the corps reorganization plan to go into effect.

The senator said the way the corps has treated his committee "would be a court-martial offense" in the Army, Emory reported.

Moynihan said the corps, while not building as many dams or harbor facilities as it once did, should have plenty of new work when President-elect Bill Clinton takes office Jan. 20.

WORLD HERALD, OMAHA, FRI JAN 1, 1993



The Arsenal Building □ 400 Fourth Street, Ann Arbor, Michigan 48103-44
Office (313) 665-9135 □ Fax (313) 665-4444

January 5, 1993

EXECUTIVE DIRECTOR
MICHAEL J. DONAHUE, P.

Honorable Michael P.W. Stone
Secretary of the Army
The Pentagon - Room 3E718
Washington, D.C. 20310

Dear Secretary Stone:

The Great Lakes Commission has serious concerns about the recently released U.S. Army Corps of Engineers Reorganization Plan. Our eight member states (IL, IN, MI, MN, NY, OH, PA, WI) recognize the Corps' vital role as a partner in Great Lakes resource planning, coordination, environmental protection and related management activities. The states believe that implementation of the Reorganization Plan, as presently constituted, will result in the loss of invaluable Great Lakes expertise, compromise cost progress, and the limit the region's ability to address critical emerging issues here in the Great Lakes - the world's greatest supply of fresh surface water and home to a globally significant waterborne transportation system.

The Commission urges you and other Corps of Engineers officials to consider the attached Policy Position adopted by unanimous and enthusiastic vote of our eight member states. We address several issues in the position statement and also identify vital Great Lakes-specific Corps functions that need to be maintained. Specifically, we urge you to:

- establish and adequately staff a "Great Lakes Planning Coordination Office" at the Division level to preserve a strong Corps presence in critical Basin activities;
- ensure that one of the 15 proposed "technical centers" is located within the Basin to provide a focal point for Great Lakes expertise and activities;
- maintain special Great Lakes expertise at the individual District level; and
- take other actions as needed to maintain a strong partnership role with the Great Lakes Commission, the International Joint Commission, and other relevant regional agencies, organizations and programs as well as the individual state executive offices.

The attached policy position is being sent to every member of the Great Lakes Congressional Delegation.

The Great Lakes Commission will closely monitor the Plan's implementation process. We look forward to working with you and the new Congress during this important period in the best interests of the Great Lakes Basin and the nation.

I thank you for your consideration, and invite you to contact me at 717-841-7800 or Dr. Michael J. Donahue, Commission Executive Director, at 313-665-9135.

Sincerely,

Joseph K. Hoffman
Chair

cc: Asst. Secretary Nancy P. Dorn
Lt. G. Arthur E. Williams
B.G. Russell L. Fuhrman
B.G. Albert J. Genetti Jr.
Secretary of Defense (Designee) Les Aspin

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Pennsylvania Dept. of
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Wisconsin Dept. of
Administration
Madison, Wisconsin

Established in 1953 by interstate compact "to promote the orderly, integrated and comprehensive development, use and conservation of the water resources of the Great Lakes Basin."

**GREAT LAKES COMMISSION POLICY POSITION:
U.S. ARMY CORPS OF ENGINEERS REORGANIZATION PLAN**

SUMMARY POSITION

The eight-state Great Lakes Commission has serious concerns about the recently released U.S. Army Corps of Engineers Reorganization Plan. The Commission is concerned that elements of the Plan will compromise the current and potential role of the Corps as a partner in Great Lakes resource planning, coordination, environmental protection and related management activities. The Plan will close the Great Lakes Basin's only Division office, downsize all three District offices, eliminate hundreds of positions, and dismantle centers of highly specialized, much-needed Great Lakes expertise. The ability of the federal government to meet United States commitments under international treaty and associated agreements will be in question.

The Great Lakes Commission urges the U.S. Army Corps of Engineers to take the steps necessary to preserve and protect basic Great Lakes-specific functions. A strong physical presence of the Corps in the Great Lakes Basin is essential; critical expertise in Great Lakes hydraulics, hydrology, navigation system engineering, planning and maintenance and environmental remediation must be maintained as well as adequate flexibility in personnel and other Corps resources to accommodate the growing need and demand for Corps expertise.

To this end, the Great Lakes Commission urges the Corps, under the broad framework of the Reorganization Plan, to: 1) establish and adequately staff a "Great Lakes Planning Coordination Office" at the Division level to preserve a strong Corps presence in critical Basin activities; 2) ensure that one of the 15 proposed "technical centers" is located within the Basin to provide a focal point for Great Lakes expertise and activities; 3) maintain special Great Lakes expertise at the individual District level; and 4) take other actions as needed to maintain a strong partnership role with the Great Lakes Commission, the International Joint Commission, and other relevant regional agencies, organizations and programs as well as the individual state executive offices.

POSITION RATIONALE

The position of the Great Lakes Commission is predicated on three consequences of the Reorganization Plan:

- 1) Loss of Great Lakes-specific Expertise. Personnel at the North Central Division and the Buffalo, Chicago, and Detroit District offices who have acquired special expertise in Great Lakes water resources management, commercial navigation, and international coordination are not likely to continue in their current responsibilities once the Reorganization Plan is fully implemented. Relocation of key Great Lakes personnel to the new North Central Division is not assured, nor is the retention of such personnel in the downsized District offices. Hundreds of positions in the Great Lakes Basin will be eliminated, and anticipated attrition will effectively dismantle internationally recognized centers of highly specialized Great Lakes expertise. The anticipated savings from such downsizing will be far outweighed by the loss of irreplaceable expertise.
- 2) De-emphasis of the Great Lakes Basin in the Reorganization Plan. The Great Lakes Basin is a preeminent watershed with one-fifth of the world's fresh surface water, much of North America's industrial base, and an international boundary. The transfer of critical Corps functions outside of the Basin, along with personnel reassignment, reduces Corps Great Lakes capabilities. Under the Reorganization Plan, principal District planning, design and engineering responsibilities are assigned to a new Directorate of Engineering and Planning at the new North Central Division office in Cincinnati. Therefore, the planning, design and engineering activities pertaining to Great Lakes Basin projects will be directed from outside the Basin. The lack of geographic proximity to the resource and the inevitable displacement of focus will jeopardize the efficient management of Great Lakes programs and projects. The Division office closure, coupled with fewer personnel dedicated to Great Lakes activities at the existing District offices and the new Division office, will also limit Great Lakes Basin planning, design and engineering work, resulting in delays and lost opportunities.
- 3) Reduced Commitment to International Obligations. Through personnel reassignment and work allocation, it is unlikely that critical coordination on U.S.-Canada projects and programs in the Great Lakes Basin will be given the attention they require. For example, the elimination of the Great Lakes Regulation Section in the Chicago-based North Central Division will pose problems for continuity of functions in the new Division, where they will be merged with a Water Management Division. Prospective loss of Corps involvement in, and

support of U.S. obligations under the International Boundary Waters Treaty of 1909 and the Great Lakes Water Quality Agreement are of great concern.

MAINTAINING ESSENTIAL SERVICES IN THE GREAT LAKES BASIN

The eight member states of the Great Lakes Commission are united in their belief that the following vital Corps functions must be maintained under the Reorganization Plan:

- Full and substantive support of all binational Great Lakes programs and initiatives where the active presence and contribution of the U.S. federal government is a matter of legal obligation or stated policy. This includes all terms of the International Boundary Waters Treaty of 1909, the Convention on Great Lakes Fisheries (1955), and the U.S.-Canada Great Lakes Water Quality Agreements of 1972, 1978 and 1987.
- Full and substantive support to all domestic Great Lakes programs and initiatives where the active presence and contribution of the Corps is a matter of legislative requirement or stated policy. This includes active representation on the Great Lakes Commission as an observer, substantive support of its various task forces, and all other federal agency functions as stipulated in P.L. 90-419, the Great Lakes Basin Compact (1956). This also includes support for the U.S. EPA Assessment and Remediation of Contaminated Sediments (ARCS) program; enforcement actions involving sediment remediation; and representation on the U.S. Policy Committee in support of U.S. commitments under the Great Lakes Water Quality Agreement.
- A continuing role in all areas of water resources management in the Great Lakes Basin, including representation on International Joint Commission Boards of Control, lake level monitoring, projections, analyses and associated public information functions; and a future technical support and implementation role in pursuing recommendations of the IJC Lake Levels Study Board. This must include emergency response in crisis conditions as well as longer-term structural and nonstructural measures.
- Adequate expertise and staff resources directed at dredging and dredged material disposal requirements in the Great Lakes Basin, including administration of the Great Lakes Confined Disposal Facility program.
- Adequate expertise and staff resources to meet growing demands for Great Lakes environmental engineering, including technical support to state governments and the U.S. Environmental Protection Agency in remediation of designated Areas of Concern and other toxic "hot spots."
- Maintenance of the Corps' established role in the construction, operation and maintenance of the Great Lakes navigation system. This includes in-Basin expertise and staff resources to pursue authorized projects such as a new, large lock at Sault Ste. Marie, Michigan.
- Maintenance of centralized expertise and staff resources directed at 1) the compilation and analysis of Great Lakes diversion and consumptive use data; and 2) the prospective formulation of a Water Resources Management Program for the Great Lakes Basin.

To perform these and other vital Great Lakes functions, it is essential that the Reorganization Plan implementation ensure: the retention of Great Lakes-specific expertise in the Basin and a continued strong physical presence for the Corps within the Great Lakes Basin including the establishment of a "technical Center"; centralized Great Lakes expertise within each District office and a distinctive, Great Lakes-specific planning and coordination function within the North Central Division office; and adequate staffing at the Division and District level to accommodate the growing need for and breadth of the Corps' presence in the Great Lakes Basin.

Therefore, the Great Lakes Commission requests that the U.S. Army Corps of Engineers take the necessary actions to ensure that these basic Great Lakes requirements are fully accommodated during implementation of the Reorganization Plan. The Corps is further urged to consider the specific organizational measures outlined in the "summary position" presented above.

Office of the President-elect
and Vice President-elect

January 8, 1993

Mr. _____ and Friends
Concerned Employees of NCD
P.O. Box 618614
Chicago, Illinois 60661-8614

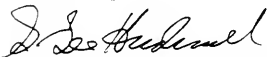
Dear Mr. _____ and Friends:

Thank you for writing to President-elect Bill Clinton asking for assistance. He has been deeply touched by the trust that the American people have placed in him. Both he and Vice President-elect Gore are strongly committed to resolving the difficult and often painful problems that we face as individuals and as a nation.

During this transition period, we believe that the most appropriate, and ultimately most effective, course is to hold your request to be referred to the appropriate federal agency after Mr. Clinton assumes office. Your letter has been placed in a priority file.

Thank you for your patience and for your confidence in President-elect Clinton.

Sincerely,



S. Lee Hudnall, Deputy Director
Correspondence Department
Presidential Transition Office



International Joint Commission

Gen. Geneva 4/4
CWI
ans copy
J [Signature]

January 19, 1993

Brigadier General Stanley G. Geneva
 Director of Civil Works
 U.S. Army Corps of Engineers
 20 Massachusetts Avenue, N.W.
 Washington, D.C. 20314-1000

Dear General Geneva:

The International Joint Commission (IJC) has had a long and advantageous relationship with the Civil Works Directorate of the Corps of Engineers. Technical support provided by the Corps to the IJC has been one of the primary mechanisms utilized by the United States Government to meet its commitments to Canada under the Boundary Waters Treaty of 1909 (copy attached). In my view it has worked extremely well.

We have recently been provided information regarding the Corps's reorganization now in progress. I personally support your objectives of cost reduction, flexibility and increased efficiency. However, I wish to bring to your attention the reorganization's potential to adversely affect our relationship and the conduct of IJC responsibilities in the Great Lakes - St. Lawrence River Basin.

The IJC is a quasi-judicial, independent, international entity created by the Boundary Waters Treaty (Treaty) to assist in the harmonious utilization and preservation of water resources by the United States and Canada. The practice of the two governments has been for the IJC to maintain a small permanent staff with the major technical support being provided by domestic agencies. This has encouraged the establishment of positive working relationships between agencies across the border and facilitated the development of international consensus on important natural resource issues along the U.S. - Canadian border. The advantage for the Commission has been to have available an extremely broad range of expertise to assist it in its decisionmaking process and field operations. The Corps has played a major role in these activities in virtually every transboundary watershed along our northern border as shown on the map included in the Treaty document.

Washington • Ottawa • Windsor

1250 23rd Street NW, Suite 100, Washington, D.C. 20440 (202) 736-9000

Our association with the Corps is almost exclusively in broad category of water quantity where the Treaty, among other things, requires approval by either the IJC or both Federal Governments for the use, obstruction or diversion of boundary waters that affect the natural level or flow of water on the other side of the boundary. The Great Lakes, their connecting rivers, and the St. Lawrence River from Lake Ontario to just below Massena, New York, are considered boundary waters with the exception of Lake Michigan.

The Treaty also invites the two Governments to request the Commission to undertake major investigations focusing generally on natural resource questions along the boundary. To respond to these requests, the IJC assembles an international team of experts to prepare a plan of study and undertake the approved tasks. Day-to-day study management is assigned to a lead agency from each country. An example of this is our International Levels Reference Study Board, Great Lakes - St. Lawrence River Basin; a \$12 million effort underway for six years and scheduled for completion in April of this year. The Corps is the lead U.S. agency and the U.S. Board co-chair is from the North Central Division. Similarly, where the IJC has a continuing responsibility, an international board of experts, drawn from the local area where possible, serves as our field operations and advisory arm. These boards carry out the necessary data collection, analyses, coordination and implementation to fulfill IJC responsibilities from monitoring and reporting levels and flows to regulating and apportioning water between two sovereign nations. Currently, we have 21 such organizations with 12 actively directed exclusively to water quantity matters. Of these 12, the Corps has membership on 10 and is the U.S. co-chair of seven, some of which are discussed below. The location, name and extremely condensed mission statement for the 10 boards with Corps membership is highlighted on the Treaty map.

The Corps-IJC interdependence on Great Lakes matters began in 1914 when Lt. Colonel Mason M. Patrick from the Corps' Detroit office testified in the IJC's first major public hearing regarding the development of hydroelectric power at Sault Ste. Marie, Michigan and Ontario, and on the associated commercial navigation and regulation of Lake Superior's levels and outflows. His testimony was essential in the deliberation that led to the IJC's May 26, 1914, Order of Approval (Order) authorizing the development. That Order also created the Lake Superior Board chaired by the Corps of Engineers (currently the NCD Commander) and a Canadian counterpart to, among other things, devise a plan for and direct the regulation of the Lake -- a function that will continue for the foreseeable future. A similar but somewhat larger Board, also co-chaired by the NCD Commander, is responsible for the regulation of Lake Ontario. Functional summaries of these two Boards are contained in the attached

document entitled, Great Lakes - St. Lawrence River Regulation. Additionally, our International Niagara Board of Control is responsible for several continuing activities in the Buffalo-Niagara Falls vicinity and is also co-chaired by the NCD Commander. The IJC's responsibilities for Great Lakes water quantity matters and in turn those of its three Boards, are complex both technically and politically. This complexity will continue to increase as the value of recreation, in stream uses and ecological concerns grows, along with the increasing demands by users for improvements in their operating conditions that require constant expansion of our regulation capability. As a result, we now find ourselves operating more frequently outside of the established regulation plans for Lakes Superior and Ontario. In addition, our Great Lakes operations are moving closer to real-time regulation with its interlocked meteorology, hydrology, and hydraulics.

It may be useful to note that the Great Lakes are significantly different from riverine systems. The Lakes are cascaded with only the uppermost and lowest regulated. They respond relatively slowly to changes in precipitation so that extreme high or low lake levels are measured in months or even years instead of days. The extensive surface areas allow large, damaging wind set-up (8 feet is not uncommon on Lake Erie) and wave run-up. Shoreline morphology is quite variable. In a quite different context, the Lake system also provides a unifying theme or focus for various social and political causes and behavior.

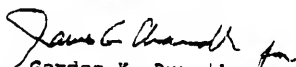
I hope this brief discussion and enclosed materials highlight some of the unique features of the Great Lakes as they relate to the work of both the Corps and the IJC. Taken together these features suggest that special care needs to be taken in considering a reorganization of the Corps' efforts in the Great Lakes Basin.

In particular, I note the potential reductions and functional relocations of Hydraulic and Hydrology - Water Control elements at the Detroit and Buffalo Districts. The existing first-hand, on-site knowledge of these elements has been invaluable to both the Corps and the IJC in responding to the multiplicity of concerns from citizens and lawmakers. This is even more important during periods of crisis when we are in daily contact with Corps personnel, evaluating conditions and making critical regulation decisions in a timely manner. A different, but no less important major asset for our small organization is the outstanding corporate memory that has always been available from the Corps' Great Lakes offices and personnel.

The IJC has, over its history, received outstanding cooperation and support from the Corps. For our organization to continue to fulfill its responsibilities and meet future demands, that support would have to continue undiminished. As both our

organizations move to improve these activities and address new ones, my expectation is that our need for support will expand. I trust that you will take these considerations into account and that we will be able, in the future as always in the past, to rely on your outstanding organization. I would be pleased to discuss with you any of these matters at your convenience.

Sincerely yours,


Gordon K. Durril
Chairman
United States Section

Attachments:
As stated.

cc: Secretary of State

Continued from Page 81

centers — none in the Great Lakes drainage basin.

"The biggest thing they've done is ignore the Great Lakes basin entirely," said James Wheeler, a civilian engineer with the Corps and president of the 220-member American Federation of Government Employees local.

Corps officials insist the expertise on coastal projects that has been developed through the years merely will be moved, not lost.

But work on pollution in the Buffalo River or the water levels of Lake Erie won't be done in the Black Rock office anymore — the planning and the studies will be done in St. Paul, Minn.; Louisville, Ky.; Omaha, Neb.; or Pittsburgh.

On Feb. 1, in a move that also will disrupt several international committees studying Great Lakes issues, the Corps' Great Lakes division, based in Chicago, will go out of business.

In its place, a mammoth new North Central Division, with headquarters in Cincinnati, which had been the Ohio River Division, will stretch from Idaho to the St. Lawrence River.

Brig. Gen. Russell L. Fuhrman, the Chicago-based division commander, will hand over all his responsibilities — including the chairmanship of three international joint commission committees monitoring the regulation of water levels in Lake Superior and Lake Ontario, and the amount of water that goes over Niagara Falls — to Brig. Gen. Albert J. Zenetti Jr. of Cincinnati.

That, Corps officials said, is a "done deal." The reorganization of district offices including Buffalo, though, faces a hurdle.

Congress has blocked funding for the \$215 million district reorganization, leaving the corps with a relatively small \$12 million to reduce its number of division headquarters from 11 to six and to start planning on the larger project.

Local congressmen have promised to try to ease the impact. But the retirement of Rep. Henry J. Nowak — a subcommittee chief whose clout led to a proposed expansion for Buffalo in an earlier but now abandoned plan — was a blow.

Sen. Daniel P. Moynihan, D-N.Y., whose Senate committee has jurisdiction over the Corps, now stands in the best position to block funding and has questioned the reorganization plan.

Moynihan "plans to look at the reorganization plan very carefully," said an aide this week. "He

has a lot of questions about it."

Moynihan, who chaired a hearing on the plan just after Christmas, told Corps officials he had "not the slightest intention" of allowing any reorganization plan his Senate Environment and Public Works Committee hadn't seen, and let them know he was irritated the committee had been bypassed to get start-up money.

"With the new administration coming in, there's going to be a lot of changes," the aide said. "I don't know how all this will shake out, but he's still going to head the environmental committee."

Wheeler, meanwhile, said: "If we can stop funding... we feel we can stop the majority of the reorganization. We feel it's all politically oriented and militarily oriented to protect military (command) jobs."

The Corps expects the change-over to save an estimated \$115 million a year and cut 2,600 jobs nationwide. But it would have a major economic impact on communities with corps offices.

Wheeler said New York state, which would lose 811 jobs and a divisional headquarters in New York City as well as the Buffalo downgrading, will be out \$75 million to \$78 million a year in lost payroll and lost fees for architectural and engineering firms awarded contracts partly because of their nearness to Corps offices and technical workers.

Other estimates have put the loss to Buffalo at \$6.3 million a year in payroll, not counting ripple effects in the local supply and service economy.

"The economic impact is unbelievable," the union leader added.

"The impact is immediate for 141 employees and their families; but what about the future?" he added, noting that the local Corps office also maintains close ties to the city's academic community and has provided dozens of jobs for local science and engineering graduates.

All of the new technical centers, which would do research and study work for the lakes and in the Mississippi drainage basin — which benefited from the last major diversion of lakes water, through a Chicago canal system, to float barges grounded in that river by a drought.

Buffalo's office would answer to the division headquarters in Cincinnati, where much of the Great Lakes planning also would be done. For administrative personnel would shift to Kansas City, Mo., while financial and technical illustration workers would move to new national centers.

the bargains

RON MOSCATEL/STAFF PHOTO

is too cold to hold holiday sidewalk sales outdoors was no problem for the merchants at Eastern Clarence. Shops throughout the mall moved sale the concourse.

Record is reached in staffing shortages

Page 81

Library patrons, now hold library 60 percent of about 750,000

more money for we got it, circulation in a couple of

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age prevented thousands of books from being restocked. The situation began to improve toward the end of the year.

"By early 1993, all our books will be out on shelves and it will certainly contribute to our circulation by making more books available," Cloudsley said.

Other changes that boosted circulation included an emphasis toward buying more materials for mainstream readers rather than scholars, limiting circulation from four to three weeks and a computerized system that speeds up filling book requests from weeks to days.

Cloudsley said a new schedule that will keep the Central Library open on many Sundays in 1993 should help get even more books and items circulating this year.

PHILIP M. CRANE

MEMBER OF CONGRESS
17TH DISTRICT OF ILLINOISWAYS AND MEANS
COMMITTEE

SUBCOMMITTEE

TRADE

VICE CHAIRMAN

SOCIAL SECURITY

REPUBLICAN STUDY COMMITTEE
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28-285-9000ROBERT C. COLEMAN
CHIEF OF STAFF

January 27, 1993

The Honorable Les Aspin
Secretary
Department of Defense
The Pentagon
Washington, D.C. 20301

Dear Mr. Secretary:

Enclosed please find a letter written by the Illinois delegation to the transition team regarding the closing of the Army Corps of Engineers sites in Illinois.

Several of my constituents working in the Chicago Division office have contacted me with regard to the cost effectiveness of this closure. Many important projects are still underway in this division and it would be detrimental and inefficient to terminate the Chicago office before their completion.

Thank you in advance for your immediate attention to this matter.

Sincerely,

Philip M. Crane, M.C.

PMC/sm
enclosure

PAUL SIMON
ILLINOIS

COMMITTEES:
LABOR AND HUMAN RESOURCES
JUDICIARY
FOREIGN RELATIONS
BUDGET
INDIAN AFFAIRS

United States Senate

WASHINGTON D.C. 20510

February 2, 1993

Concerned Employees of NCL
Box 618614
Chicago, Illinois 60661

Dear Friends:

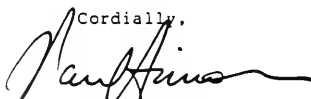
Thank you for taking the time to share your views on the Army Corps of Engineers reorganization plan. I share your concern.

Given the changing mission of the Corps, it is clear that alterations need to be made. This shouldn't be done, however, at the expense of Illinois and its many important projects. I have sent letters opposing the plan to the Corps, and I am working with the Illinois congressional delegation to see that Corps projects throughout the state are not negatively affected.

Please be assured that I share your concerns and that I will be working hard to protect Illinois and the integrity of the Corps.

Thanks again for the benefit of your views.

My best wishes.

Cordially,


Paul Simon
U. S. Senator

PS/tlh

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Great Lakes Task Force

Task Force Co-Chairmen

Dave Durcnberger

John H. Glenn, Jr.

February 3, 1993

The Honorable Les Aspin
Secretary
Department of Defense
The Pentagon
Washington, D.C. 20301

Dear Secretary Aspin:

Recently, the U.S. Army Corps of Engineers presented its reorganization plan which is intended to eliminate redundant Corps activities, improve efficiency, and save money. While we welcome any and all restructuring that promotes efficiency, we are concerned that this particular reorganization plan will have serious and negative impacts on the Great Lakes. Though some of us have expressed concerns about other aspects of the Corps' plan, this letter is devoted to concerns about the plan's effect on the Great Lakes basin.

The reorganization plan reduces the number of division offices from 11 to 6. In particular, the North Central Division office located in Chicago will be closed and moved to Cincinnati. Furthermore, the three Corps offices serving the Great Lakes (located in Chicago, Detroit and Buffalo) will lose all planning and engineering staff, most of their support staff, and retain only minimal regulatory and project management functions.

The plan will seriously hamper the Corps' ability to effectively develop and implement Great Lakes projects. In particular, the restructuring of division and district offices leaves the entire Great Lakes basin without a capable Corps office. The Great Lakes is a unique ecosystem with unique problems. Yet Great Lakes programs, under this plan, will be developed at division and technical centers that lie outside of the basin, by Corps staff likely to have less expertise or exposure to the Great Lakes. In addition, there will be no significant center for planning or coordinating Great Lakes functions.

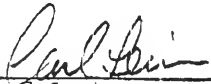
Page 2
Secretary Aspin

The Corps is recognized for its cutting edge work in the Great Lakes basin. Among other assignments, the Corps maintains navigational channels, supports EPA efforts to assess and remediate contaminated sediments, and supports international efforts to manage lake level fluctuations. These efforts will lose continuity, and interagency cooperation will be compromised with the Corps' reorganization plan.

We urge the Corps of Engineers to revise its reorganization plan to ensure that there will be a strong and continuing Corps presence in the Great Lakes basin. We do not intend to obstruct the Corps' goals or efforts in reorganization. We simply wish to ensure that the Corps' plan will explicitly address the need for Great Lakes specific Corps expertise in the basin.

The eight Great Lakes states, through the Great Lakes Commission, have suggested several revisions to the Corps' reorganization plan, which we have attached for your review. We look forward to your response to our request, and we look forward to working with you in this endeavor.


Sincerely,




Carl Levin



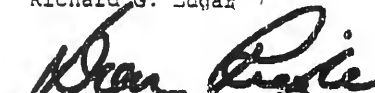
Alfonse D'Amato




Richard G. Lugar




John Glenn




Donald W. Riegle, Jr.



Paul Simon



Herb Kohl



Dan Coats



Russell Feingold

Carol Moseley Braun

NANCY ROSI
 DIRECTOR, CONGRESS
 201 225-4818
 55 CONGRESS BLDG
 PHOENIX AZ 85003
 602

Congress of the United States
 House of Representatives
 Washington, DC 20515-0508

COMMITTEE ON APPRO
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 AND RELATED
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 COMMITTEE ON
 OFFICIAL
 CONGRESSIONAL WORKING
 ON CHINA CHAIR

signed 2/3/93
Kathy

February 3, 1993

The Honorable Les Aspin
 Secretary of Defense
 The Pentagon
 Washington, D.C. 20301

Dear Mr. Secretary:

We are writing to express our deep reservations regarding the Army Corps of Engineers' Reorganization. We appreciate your quick action to postpone any implementation of the Reorganization pending a full and fair review by your Department. However, in your review, we ask for the opportunity to present to the Department information that we possess showing the flawed and ill-conceived nature of the reorganization plan.

There are several principles guiding our opposition to the proposed Reorganization. First, the ratings matrix used by the Corps in choosing between Divisional locations appears to be arbitrary; many sites which were "winners" under the 1991 reorganization plan were "losers" under the 1992 plan, and under the 1992 plan, there were many instances where the matrix produced a "tie," with little explanation given as to how a particular site was chosen over another. Second, the cost savings estimates used by the Corps are narrowly focused, and do not include the costs associated with personnel changes and relocation. Third, site selection did not appear to have any relevance to the mission of the Corps in providing engineering services and logistical support to Corps project sites. Many sites selected were located far away from major Corps projects, especially with regard to major waterways of commerce important to our nation's economy, that require a major Corps presence.

Finally, this Plan was presented for implementation after Congress had recessed, and without any opportunity for Members or the appropriate committees of jurisdiction to review and comment on the plan. Indeed, under the Corps timetable, the new Administration would have had no opportunity to review and comment on a plan that would have drastically changed the character of the Corps of Engineers. We are not convinced that the current Reorganization Plan conforms to the mission and workload of the Corps.

Secretary Aspin
February 3, 1993
Page Two

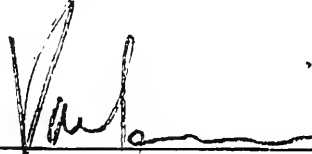
Individual members will be contacting your office with specific rebuttals to the rationale provided by the Corps for its current Reorganization Plan. The above principles, however, seem to be consistent to all objections to the current Plan.

Thank you for your time and attention to this important matter. We look forward to the opportunity to work with your Department on the reorganization of the Corps.

Sincerely,



NANCY PELOSI, M.C.



PAUL SIMON, U.S.S.



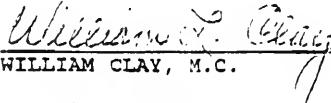
GARY ACKERMAN, M.C.



BARBARA BOXER, U.S.S.



JACK BROOKS, M.C.



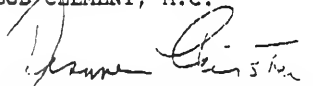
WILLIAM CLAY, M.C.



BOB CLEMENT, M.C.



JOHN CONYERS, M.C.



DIANNE FEINSTEIN, U.S.S.



RONALD DELLUMS, M.C.



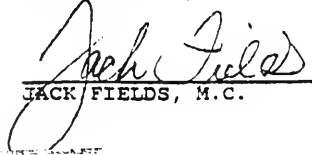
RICHARD DURBIN, M.C.



BILL EMERSON, M.C.



LANE EVANS, M.C.



JACK FIELDS, M.C.

Congress of the United States
House of Representatives
Washington, DC 20515

February 3, 1993

The Honorable Les Aspin
Secretary of Defense
The Pentagon
Washington, D.C. 20301

Dear Mr. Secretary:

We are writing to express our deep reservations regarding the Army Corps of Engineers' Reorganization. We appreciate your quick action to postpone any implementation of the Reorganization pending a full and fair review by your Department. However, in your review, we ask for the opportunity to present to the Department information that we possess showing the flawed and ill-conceived nature of the reorganization plan.

There are several principles guiding our opposition to the proposed Reorganization. First, the ratings matrix used by the Corps in choosing between Divisional locations appears to be arbitrary; many sites which were "winners" under the 1991 reorganization plan were "losers" under the 1992 plan, and under the 1992 plan, there were many instances where the matrix produced a "tie," with little explanation given as to how a particular site was chosen over another. Second, the cost savings estimates used by the Corps are narrowly focused, and do not include the costs associated with personnel changes and relocation. Third, site selection did not appear to have any relevance to the mission of the Corps in providing engineering services and logistical support to Corps project sites. Many sites selected were located far away from major Corps projects, especially with regard to major waterways of commerce important to our nation's economy, that require a major Corps presence.

Finally, this Plan was presented for implementation after Congress had recessed, and without any opportunity for Members or the appropriate committees of jurisdiction to review and comment on the plan. Indeed, under the Corps timetable, the new Administration would have had no opportunity to review and comment on a plan that would have drastically changed the character of the Corps of Engineers. We are not convinced that the current Reorganization Plan conforms to the future mission and workload of the Corps.

age Three

Jerry Costello
 JERRY COSTELLO, M.C.

Thomas Foley
 THOMAS FOLEY, M.C.

Richard Gephardt
 RICHARD GEPHARDT, M.C.

Jack Kingston
 JACK KINGSTON, M.C.

Susan Molinari
 SUSAN MOLINARI, M.C.

Nick Joe Rahall II
 NICK JOE RAHALL II, M.C.

Mel Reynolds
 MEL REYNOLDS, M.C.

George E. Sangmeister
 GEORGE SANGMEISTER, M.C.

Ike Skelton
 IKE SKELTON, M.C.

Pete Stark
 FORTNEY PETE STARK, M.C.

Ray Thornton
 RAY THORNTON, M.C.

Thomas Foglietta
 THOMAS FOGLIETTA, M.C.

Martin Frost
 MARTIN FROST, M.C.

Luis V. Gutierrez
 LUIS GUTIERREZ, M.C.

Tom Lantos
 TOM LANTOS, M.C.

Jerrold Nadler
 JERROLD NADLER, M.C.

Charles Rangel
 CHARLES RANGEL, M.C.

John D. Rockefeller
 JOHN D. ROCKEFELLER, U.S.S.

Steven Schiff
 STEVEN SCHIFF, M.C.

Jim Slattery
 JIM SLATTERY, M.C.

Jim Talent
 JIM TALENT, M.C.

Harold Volkmer
 HAROLD VOLKMER, M.C.

Secretary Aspin
February 3, 1993
Page Two

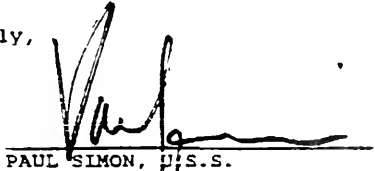
Individual members will be contacting your office with specific rebuttals to the rationale provided by the Corps for its current Reorganization Plan. The above principles, however, seem to be consistent to all objections to the current Plan.

Thank you for your time and attention to this important matter. We look forward to the opportunity to work with your Department on the reorganization of the Corps.

Sincerely,



NANCY PELOSI, M.C.



PAUL SIMON, U.S.S.



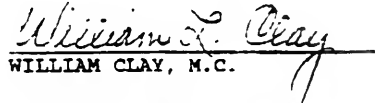
GARY ACKERMAN, M.C.



BARBARA BOXER, U.S.S.



JACK BROOKS, M.C.



WILLIAM CLAY, M.C.



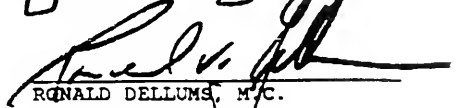
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JOHN CONYERS, M.C.



DIANNE FEINSTEIN, U.S.S.



RONALD DELLUMS, M.C.



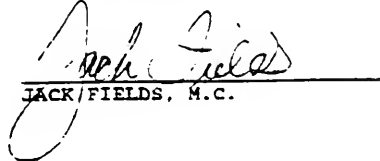
RICHARD DURBIN, M.C.




BILL EMERSON, M.C.



LANE EVANS, M.C.



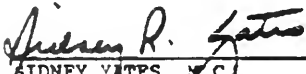
JACK FIELDS, M.C.



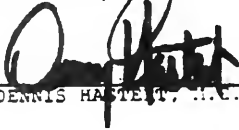
TRIG A. WASHINGTON, M.C.



ROBERT WISE, M.C.



SIDNEY YATES, M.C.



D. DENNIS HASTER, M.C.



ALAN WHEAT, M.C.



LYNN WOOLSEY, M.C.



GEORGE MILLER, M.C.

THE WHITE HOUSE
WASHINGTON

February 4, 1993

Dear Mr. Leader:

Thank you for your recent letter concerning the proposed reorganization of the Army Corps of Engineers. As you know, the Corps implements military and civil works infrastructure projects and serves as an important national civil engineering resource.

I am well aware of the controversy surrounding the Army's proposed reorganization plan. Although we must organize the Corps so that it can best meet the challenges we will face in the future, it is not clear to me that the current plan meets this objective.

Secretary of Defense Les Aspin will be reviewing the Army's proposal in the months ahead to ensure that the Corps of Engineers is organized to help us meet the military and economic national security imperatives of the future. In the interim, rest assured that the Army's current reorganization plan is on hold.

With best wishes,

Sincerely,



The Honorable Richard A. Gephardt
House of Representatives
Washington, D.C. 20515



NORTHEAST-MIDWEST CONGRESSIONAL COALITION

Great Lakes Task Force

Task Force Co-Chairs
 Arno Houghton
 James Oberstar
 Fred Upton

February 5, 1993

Secretary of Defense Les Aspin
 Office of the Secretary
 The Pentagon
 Washington, D.C. 20301

Dear Secretary Aspin:

Recently, the U.S. Army Corps of Engineers presented its reorganization plan which is intended to eliminate redundant Corps activities, improve efficiency, and save money. While we welcome any and all restructuring that promotes efficiency, we are concerned that this particular reorganization plan will have serious and negative impacts on the Great Lakes.

The reorganization plan reduces the number of division offices from 11 to 6. In particular, the North Central Division office located in Chicago will be closed and moved to Cincinnati. Furthermore, the three Corps offices serving the Great Lakes (located in Chicago, Detroit and Buffalo) will lose all planning and engineering staff, most of their support staff, and retain only minimal regulatory and project management functions.

This plan will seriously hamper the Corps' abilities to effectively develop and implement Great Lakes projects. In particular, the restructuring of division and district offices leaves the entire Great Lakes basin without a capable Corps office. The Great Lakes is a unique ecosystem with unique problems. Yet Great Lakes programs, under this plan, will be developed at division and technical centers that lie outside of the basin, by Corps staff likely to have less expertise or exposure to the Great Lakes. In addition, there will be no significant center for planning or coordinating Great Lakes functions.

The Corps is recognized for its cutting edge work in the Great Lakes basin. Among other assignments, the Corps maintains navigational channels, supports EPA efforts to assess and remediate contaminated sediments, and supports international efforts to manage lake level fluctuations. These efforts will lose continuity, and interagency cooperation will be compromised with the Corps' reorganization plan.

Enclosure

U.S. HOUSE OF REPRESENTATIVES

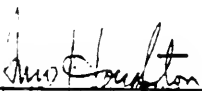
530 Ford House Office Building, Washington, D.C. 20515 • (202) 225-3822

February 5, 1993
Page 2

We urge the Corps of Engineers to revise its reorganization plan to ensure that there will be a strong and competent Corps presence in the Great Lakes basin. We do not intend to obstruct the Corps' goals or efforts in reorganization. We simply wish to insure that the Corps' plan will explicitly address the need for Great Lakes specific Corps expertise in the basin.

The eight Great Lakes states, through the Great Lakes Commission, have proposed several revisions to the Corps' reorganization plan, which we have attached for your review. We look forward to your response to our request and we look forward to working with you in this endeavor.

Sincerely,

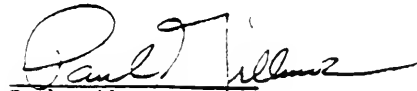

Amo Houghton


Fred Oton


James Oberstar


William O. Lipinski


William Ford

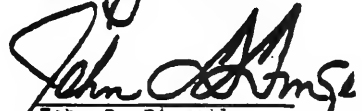

Paul Gillmor


Dale E. Kildee


Marcy Keptur


Sherwood L. Boehlert


James Garcia


John D. Dingell


Louis Stokes


Jack Quinn

February 8, 1993
Page 3

Bart Stupak
Bart Stupak

Thomas J. Ridge
Thomas J. Ridge

Sander M. Levin
Sander M. Levin

Bill Paxson
Bill Paxson

Barbara M. Obey
Barbara M. Obey

James T. Walsh
James T. Walsh

John M. McHugh
John M. McHugh

Maurice Hinchey
Maurice Hinchey

Susan Molinari
Susan Molinari

John LaFalce
John LaFalce

Mel Reynolds
Mel Reynolds

Carissa Collins
Carissa Collins

PAUL SIMON
U.S. SENATOR

COMMITTEES:
LABOR AND HUMAN RESOURCES
JUDICIARY
FOREIGN RELATIONS
BUDGET
INDIAN AFFAIRS

United States Senate

WASHINGTON, D.C. 20510
February 19, 1993

Concerned Employees of NCD
Box 618614
Chicago, Illinois 60661-6614

Dear Friends:

Thank you for taking the time to share your views on the Army Corps of Engineers' reorganization plan. I share your concern.

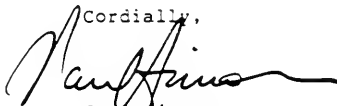
Given the changing mission of the Corps, it is clear that alterations need to be made. This shouldn't be done, however, at the expense of Illinois and its many important projects. I have sent several letters opposing the plan to the Corps and to Secretary of Defense Les Aspin. I am also working with the Illinois congressional delegation to see that Corps projects throughout the state are not negatively affected.

You may be aware that President Clinton recently sent a letter to Rep. Gephardt, indicating that Secretary Aspin would review the proposal. I think this will give both the Administration and Congress the time needed to consider this issue carefully and make changes in a fair and sensible manner.

Again, thanks for your views. You can be assured that I share your concerns and that my staff and I will be working hard to protect Illinois and the integrity of the Corps.

My best wishes.

Cordially,



Paul Simon
U. S. Senator

PS/tlh
Enclosure

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TDD 202/224-5489

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312/353-4952
TDD 312/786-0308

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217/492-4960
TDD 217/544-7524

250 WEST CHERRY
ROOM 115-B
CARBONDALE, IL 62901
618/457-3653

PRINTED ON RECYCLED PAPER

United States Senate

WASHINGTON, DC 20510

January 28, 1993

The Honorable Les Aspin
Secretary
U.S. Department of Defense

Dear Mr. Secretary:

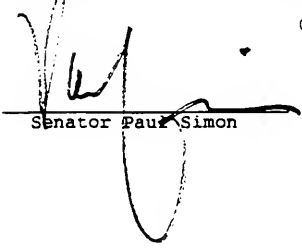
After review of the organizational changes proposed for the Army Corps of Engineers, we are very concerned about the probable negative impact on Illinois projects resulting from loss of technical expertise. It is our understanding that you will be reviewing the proposed changes in the near future and we are writing to request that you take our concerns into consideration.

Illinois relies heavily on Lake Michigan, as well as the Mississippi, Illinois and Ohio rivers. These critical bodies of water require constant navigational improvement, flood control projects, and shoreline protection enhancements.

The Corps' proposal would remove all technical personnel from the three District Offices -- Chicago, Rock Island and St. Louis -- who are primarily responsible for Illinois projects. A critical responsibility of the personnel currently staffing these offices is navigational improvements along the Illinois and Mississippi rivers. These efforts are essential to agricultural shipments, to flood control projects that ensure the safety and health of the Chicago metropolitan area, and to the environmental protection of the Upper Mississippi river. Loss of the intrinsic technical expertise inherent in each District office will lead to delays, cost overruns, and less effective results.

Again, we urge you to review this proposal with a critical eye. The Chicago, Rock Island and St. Louis offices each offer special expertise, which Illinois can ill afford to lose. We would be happy to work with you in developing a reorganization plan that will maintain the highest possible level of service to Illinois.

Cordially,



Senator Paul Simon

Carol Moseley-Braun
Senator Carol Moseley-Braun

Wetland Program

In early 1993 the City of Chicago Department of Environment will conduct an inventory of sites in the City that are suited for wetland restoration and creation. The survey will allow the City to determine the most appropriate locations to proceed with restoration and creation, and the process by which implementation can be most readily achieved. The survey will contribute to scientific research and educational efforts on the natural history of the area, complement other ongoing land-planning activities, and facilitate the preservation of habitats for native biota. The goal of the survey is to identify six sites for wetland restoration and creation. The City plans to begin work on two sites in 1994 with an additional site started in each of the four following years. *Objective:* Secure appropriations to initiate restoration and creation of wetlands sites.

XXII. PLANNING AND DEVELOPMENT

Army Corps of Engineers: Chicago Offices

The Corps' operation in Chicago is of great importance to the City for a variety of reasons, including flood control, shoreline protection, navigation, and site remediation. Corps is proposing a two phase reorganization plan that would have a devastating impact on Chicago. The first phase, to be implemented during FY93, calls for the closure of the North Central Division Office located in Chicago. The second phase proposes changes at the District Office level. The second phase includes the elimination of planning and engineering activities at the district level and the creation of 15 Technical Centers, which would provide planning and engineering functions for all of the district offices. Under this plan there would be no technical center in Chicago or in the State of Illinois. The dismemberment of the planning and engineering functions of the Chicago District Office would scatter highly knowledgeable personnel throughout the United States. It is improbable that personnel working on projects now would be working on them after the reorganization, therefore the intimate knowledge of the area by Corps would be lost. It is almost a certainty that Corps presence in Chicago would be minimal at best. As a result costs of transfer functions, learning curves, and impacts of virtually "starting over" on projects would add significantly to the costs of all projects. Local communities and states would bear a substantial portion of the cost of the reorganization. *Objective:* Retain Corps Division Office in Chicago and the District planning and engineering functions at the Chicago District Office.

PLANNING

- Environmental Remediation (See TAXES and NATURAL RESOURCES)
- Illinois and Michigan Canal Heritage Corridor: The Illinois and Michigan Canal Heritage Corridor was designated by Congress in 1984. It was the first "partnership park" and now serves as a model for such parks throughout the country. The Water Resources Development Act of 1992 authorized funding capital improvements along the Illinois and Michigan Canal. *Objectives:*
 - Secure multi-year authorization for capital improvement projects under the Department of Interior's construction budget.
 - Secure appropriations in FY94 under both the Department of Interior's construction budget and the United States Army Corps of Engineers' budget for certain capital improvement projects.
- Lake Michigan (See NATURAL RESOURCES)

MEL REYNOLDS
 1 DISTRICT ILLINOIS

COMMITTEE ON WAYS AND MEANS
 SUBCOMMITTEES
 HUMAN RESOURCES
 SOCIAL SECURITY

Congress of the United States
 House of Representatives
 Washington, DC 20515-1302

4 CASH
 WASHINGTON
 2021 225
 25 E 10
 CHICAGO IL
 60611 568
 928 5
 SUITE 1
 HOMERWOOD
 60131 957

March 5, 1993

Ms.

ILLINOIS

Dear

Thank you for your recent letter expressing opposition to the Army Corp of Engineers reorganization plan. I appreciate your thoughts and recognize your concerns.

During the first six weeks in office, I joined other Members of Congress in writing repeated letters to Secretary of Defense Les Aspin to express our deep reservations regarding the reorganization plan. We have asked Secretary Aspin to take quick action to postpone any implementation of the plan pending a full and fair review. Moreover, we have sought the opportunity to present to the Department of Defense information showing the flawed and ill-conceived nature of the reorganization plan.

Know that as this situation further develops I will keep our thoughts in mind.

Again, thank you for sharing your views with me, and I hope you will never hesitate to contact me whenever you believe I can be of service.

Sincerely,



Mel Reynolds
 Member of Congress

MR:PGS

PAUL SIMON
ILLINOIS

COMMITTEES
LABOR AND HUMAN RESOURCES
LEGISLATIVE
FOREIGN RELATIONS
BUDGET
INDIAN AFFAIRS

United States Senate

WASHINGTON DC 20510-1302

March 11, 1993

Concerned Employees of NCD
P.O. Box 618614
Chicago, IL 60661-8614

Dear Friends:

Thank you for taking the time to share your views on the Army Corps of Engineers' reorganization plan. I appreciate the evaluation paper enclosed with your letter. I share your concern.

Given the changing mission of the Corps, it is clear that alterations need to be made. This shouldn't be done at the expense of Illinois and our many important projects. I have sent several letters opposing the plan to the Corps and to Secretary of Defense Les Aspin. I am also working with the Illinois congressional delegation to see that Corps projects throughout the state are not negatively affected.

According to the Army, the reorganization plan that was announced last November is being reviewed by the new Administration. Implementation of the plan will not occur until it has been reviewed.

I think this will give both the Administration and Congress the time needed to consider this issue carefully and make changes in a fair and sensible manner.

Again, thanks for your views. You can be assured that I share your concerns and that my staff and I will be working hard to protect Illinois and the integrity of the Corps.

My best wishes.

Cordially,



Paul Simon
U. S. Senator

PS/saf/jbs

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SPRINGFIELD, IL 62701
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TDD 217/544-7524

250 WEST CHERRY
ROOM 115-B
CARBONDALE, IL 62901
618/457-3663

WILLIAM O. LIPINSKI
13 DISTRICT ILLINOIS

COMMITTEE
PUBLIC WORKS AND TRANSPORTATION
MERCHANT MARINE AND FISHERIES
CHAIRMAN
SUBCOMMITTEE ON MERCHANT MARINE AND
LAKES
COCHAIRMAN
GREAT LAKES TASK FORCE

Congress of the United States
House of Representatives
Washington, DC 20515

March 11, 1993

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601 LONGWORTH HOUSE OFFICE OF
WASHINGTON, DC 20515-4000
202 525-8791
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312 889-0481
12717 SOUTH RIDGELAND AVE
PALM HEIGHTS, IL 60465
708 371-7400
8218 WEST 7TH STREET
SUITE 2A
DURHAM, IL 60419
(708) 680-0104

The Honorable Les Aspin
Secretary of Defense
Pentagon, Room 20301-1000
Arlington, VA 20310

Dear Secretary Aspin:

The United States Army Corps of Engineers has proposed to eliminate its Chicago District office and simultaneously move its North Central Division regional headquarters from Chicago to Cincinnati. As a resident of Chicago and a ranking member of the House Committee on Public Works and Transportation, I am deeply concerned about the effects of this reorganization plan on Corps projects in the Great Lakes region.


The transfer of the Corps' District office from Chicago to Cincinnati and the relocation of 323 essential engineering positions will undermine local efforts to address water resource problems in a timely and cost-effective fashion.

For example, the Metropolitan Water Reclamation District's planned construction of the O'Hare, McCook and Thornton Reservoirs, which will produce annual benefits of \$75 million, would suffer huge cost overruns from delay caused by staff turnover. In addition, the proposed reorganization plan would have a detrimental impact on efforts to solve Chicago's flood control problems. Since over 550,000 homes in the Chicago metropolitan area are subject to flooding, timely completion of these projects are absolutely critical for protecting citizens from additional flood damages.

Chicago is world-renowned for quality scientific institutions, top notch design and engineering staffs, and extensive transportation facilities. There is still much work necessary to complete flood control projects and rehabilitate locks and dams. The loss of planning, design and engineering expertise in Chicago will devastate our current efforts and cast a shadow on the existing local/federal partnership.

It is my recommendation that the North Central Division headquarters remain in Chicago with its highly qualified technical staff. I am confident that your objective review of the existing and future workloads, and the great number of people negatively affected by the present Corps proposal, will support my view that the Chicago offices remain open and viable. I look forward to the completion of your ongoing review.

Sincerely,


WILLIAM O. LIPINSKI
Member of Congress

WOL/cjt/jh



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, DC 20310-0108



REPLY TO
ATTENTION OF

12 MAR 1993

Honorable William O. Lipinski
House of Representatives
Washington, D. C. 20515

Dear Congressman Lipinski:

Thank you for your letters of January 26 and February 5, 1993, to the Honorable Les Aspin, Secretary of Defense, concerning the reorganization of the Army Corps of Engineers.

President Clinton recently stated that he wants to ensure the Corps is organized to best meet the challenges the country will face in the future. The national engineering and construction capability of the Corps will be important in improving and maintaining the country's public works and military infrastructure.

With this in mind, Secretary Aspin is reviewing the Corps reorganization plan announced last November to assess whether that plan meets the Administration's objectives. As part of his review, Secretary Aspin is considering the Corps current funding constraints and various management options for addressing them. In the interim, the current reorganization plan is on hold.

The Administration is committed to working with Congress toward the goal of making the Corps a more efficient agency, while maintaining its technical expertise, in order to fulfill the responsibilities we bear toward the taxpayers of this country.

Sincerely,

G. Edward Dickey
Acting Assistant Secretary of the Army
(Civil Works)

City to Fight Cutbacks in Army Corps Of Engineers

By Basil Talbott

Washington Bureau / Chicago Sun-Times

WASHINGTON—Mayor Daley's chief lobbyist in Washington declared Thursday the city would try to block plans to reduce the staff of the Chicago district office of the Army Corps of Engineers.

The proposed cut, which was announced Thursday, is part of a nationwide reorganization of the corps that aims at saving \$115 million annually by cutting 2,600 jobs and consolidating offices.

David Yudin, chief of Daley's office here, also questioned plans to close the corps' regional-division headquarters in Chicago and move it to Cincinnati, but didn't say the city would fight the move. A total of 184 Chicago positions would be lost.

Rep. William O. Lipinski (D-Ill.) plans hearings by his House Public Works and Transportation Committee on the matter.

Officials of the city and the Metropolitan Water Reclamation District contend the shift of staff from the Chicago district office would slow ongoing flood control projects and delay future public works projects.

Under the reorganization, five of the corps' 11 divisions would be eliminated, with work transferred to restructured division headquarters. All 38 of the corps' district offices, which report to division offices, would be retained, but some of their staffs would be consolidated. Five administrative centers would be created to centralize support functions.

In announcing the plan, Lt. Gen. Arthur E. Williams, commander of the corps, didn't shed much light on the decision to cut the Chicago district staff by 61 percent in 1994, moving 103 technical staffers to St. Paul, Minn., and keeping only 65 other employees. Williams said only that it was "partly workload."

Ross Fredenburg, chief of public affairs for the North Central Division, said the Chicago district "has a pretty heavy workload for the small area they cover."

Among the district's tasks are supervising completion of the Deep Tunnel flood control project, developing a plan to preserve the Lake Michigan shoreline, rebuilding Casino Pier in Jackson Park and studying flooding in the Jeffrey Manor area reaching into the south suburbs.

7 in Des Plaines



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 103^d CONGRESS, FIRST SESSION

Vol. 139

WASHINGTON, THURSDAY, MARCH 11, 1993

No. 30

House of Representatives

ARMY CORPS MUST REMAIN IN CHICAGO

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 11, 1993

Mr. LIPINSKI. Mr. Speaker, I recognize and support the need for increased efficiency within the Army Corps of Engineers. Unfortunately, the corps' most recent reorganization plan will have a severe impact on Chicago and its suburbs. This is unacceptable to me and I hope the new Secretary of Defense feels the same way.

In 1991 the corps recommended closing both the Chicago Division and District offices. Fortunately for the people of Chicago, Congress passed legislation to prevent such a reckless reorganization plan from ever being implemented.

I could never understand why the Great Lakes region was singled out for such extreme consolidation measures. After all, it's home to nearly 25 percent of the Nation's population. Chicago is also strategically located between the Great Lakes and Mississippi waterways.

Now, 18 months later, the corps has presented us with another plan. But, instead of dealing with Congress this time, the corps tried to reorganize while Congress was in adjournment, if almost as if the corps thought we wouldn't notice.

Well, we did notice. Along with other Members of this House, I spent 3 months last year meeting with the corps, the Department of Defense, and the administration, to hear just what I thought was wrong with the new reorganization proposal.

Apparently, Secretary of Defense Aspin had been listening to our concerns. Shortly after the inauguration, he put all elements of the reorganization on hold. The Secretary is presently reviewing the plan and will hopefully issue a report in the next few months.

I would just like to take the opportunity to remind Secretary Aspin of the need to keep the corps active in Chicago. I strongly encourage the Secretary to seriously consider the impact that closure or reduction of the Chicago offices will have on projects in the Great Lakes region.

The corps should not be allowed to relocate or eliminate hundreds of jobs in the Chicago metropolitan region. If this happens, important projects will not be monitored adequately or efficiently. In addition, the costs of resulting delays will have to be shifted to local project sponsors.

For example, the Chicago district has a \$1.3 billion construction program planned over the next 10 years. Delays of even 6 months could increase the cost of this program by nearly \$25 million. Why should local sponsors and local residents be forced to shoulder this corps-imposed financial burden?

Chicago serves as America's transportation hub and has some of the finest educational and medical facilities in the world. The city is home to some of the Nation's premier technical centers and universities. The corps has no problem recruiting from the large numbers of locally trained engineers and scientists.

In addition, Chicago serves as the home of the Environmental Protection Agency's region 5. It is well known, that in the future, EPA and the corps will be doing more work together. If the corps closes its Chicago office all environmental projects will certainly be jeopardized.

I hope that Secretary Aspin will observe that over the past two decades, the corps and Chicago's Metropolitan Water Reclamation District have developed a very productive partnership. Together, they have produced effective solutions to our flood control and water quality problems. This partnership is now in danger of being dissolved.

The Chicago metropolitan area consists of the city and 51 nearby suburbs. There are over a half-a-million homes presently subject to flooding at any time. I think it is fair to say that the Federal Government, through the corps, has an obligation to protect my district from known flood dangers. It is also fair to say that this new reorganization plan could seriously threaten public health and safety.

Mr. Speaker, I also would like to add that I am deeply concerned about the corps' proposal to force personnel reductions in the Chicago division and district offices. The relocation of 237 positions out of Illinois will impair the corps' ability to address water resource problems in a timely fashion.

Again, I would just like to encourage Secretary Aspin to examine the impact of closing the Chicago offices. If the corps reorganization proposal is allowed to continue unchanged, the effect will be a total devastation of flood control programs in Chicago and its suburbs.

The corps reorganization needs to be developed by individuals outside of the Department of Defense. Members of Congress, corps employees and citizen representatives must be consulted throughout the process. Only then can we guarantee increased corps efficiency without ignoring local needs.

MEL REYNOLDS
12 DISTRICT ILLINOIS

COMMITTEE ON WAYS AND MEANS

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March 20, 1993

Concerned Employees of NCD
P.O. Box 618614
Chicago, Illinois 60661-8614

Dear Friends:

Thank you for your recent letter expressing opposition to the Army Corp of Engineers Reorganization Plan and the proposal to close the Corps North Central Division Office (NCD) in Chicago. I appreciate your thoughts and recognize your concerns.

I have joined other Members of Congress in writing repeated letters to Secretary of Defense Les Aspin, including the Northeast-Midwest Congressional Coalition letter, to express our deep reservations regarding the reorganization plan. In response, the Department of the Army has informed me that Secretary Aspin is reviewing the Corps Reorganization Plan announced last November to assess whether that plan meets the Administration's objectives to improve and maintain the country's public works and military infrastructure. As part of his review, Secretary Aspin is considering the Corps current funding constraints and various management options for addressing them. In the interim, the current reorganization plan is on hold.

Please note, however, that the Northeast-Midwest Congressional Coalition still seeks the opportunity to present to the Department of Defense information showing the flawed and ill-conceived nature of the reorganization plan.

Again, thank you for sharing your views with me, and I hope you will never hesitate to contact me whenever you believe I can be of service.

Sincerely,

Mel Reynolds

Mel Reynolds
Member of Congress

MR: PGS

UCD

Testimony of Congresswoman Marcy Kaptur
Energy and Water Development Appropriations Subcommittee

March 31, 1993

Thank you, Mr. Chairman, for the opportunity to testify before the Subcommittee. I am here to testify on items of importance to the Great Lakes maritime and environmental community. I would first like to speak in support of a maritime priority of the Great Lakes community including the ports, the Great Lakes inter-lake carriers, and related manufacturing and agricultural interests. This group has proposed an action agenda for the Great Lakes maritime community which I have included with my testimony. I am pleased to support them in their efforts.

Industry experts and the U.S. Army Corps of Engineers agree that a new large lock is needed at Sault ("Soo") Ste. Marie, Michigan, to replace two old, obsolete locks that have outgrown their usefulness. A new large replacement lock was first authorized in the 1986 Water Resources Development Act and reauthorized in the 1990 bill. The proposed lock is essential for efficient interlake movement of iron ore for the steel industry, export grain, and low-sulfur coal. This major public investment requires a large non-federal cost share, on that no locality can afford for such a large project that has both regional and national benefits. At least eight states directly benefit from the operation of the St. Lawrence Seaway system and depend on the operation of the lock system. There is more interlake tonnage carried on the Great Lakes than through the Panama Canal. The anticipated cost of a replacement lock at the Sault Ste. Marie is \$400 million and rising.

Please let me point out that all other inland river lock and dam construction facilities require no direct local cost share whereas the local share for deep draft improvements is 35%. For example, lock facilities along the Mississippi River benefit at least 11 states directly and all other states who ship along the Mississippi River but no local cost share was required for this construction. With respect to the Soo Lock, there appears to be no feasible way to attract funding from one entity as improvements to the Soo Lock benefit the entire Great Lakes region. The fact that the financing procedure for deep draft locks is unfair and unduly burdensome compared with that for inland river locks, justifies reconsideration of its funding basis. I would request that the Subcommittee make a federal commitment to this project by funding the initial design and engineering for the eventual construction of a new lock at Sault Ste Marie.

I would also like to bring to your attention, items of importance from the Northeast-Midwest Congressional Coalition's Great Lakes Task Force. The Coalition is a bi-partisan coalition that promotes and endorses issues that affect the northeast and midwest areas of the country. Among the Coalition's accomplishments in the past year is to challenge the Census Bureau's attempt to adjust population figures in ways that would have shifted hundreds of millions of federal dollars out of the Northeast-Midwest region. The Coalition's Great Lakes Task Force has been active in the past promoting appropriations that will help the Great Lakes region. I am happy to be able to personally testify on the importance of this Subcommittee with respect to funding for programs that affect the Great Lakes.

The Great Lakes are a vital commercial and recreational resource and a fragile natural environment. 60% of U.S. agricultural commodities are produced and processed in this corridor and over one-half of the U.S. manufacturing base is within easy reach of this corridor. The Great Lakes deserve a strong commitment from the Army Corps of Engineers. There are substantial needs for Army Corps activities in our region, including important infrastructure maintenance, navigational dredging, sediment management and support in managing lake level fluctuations. An enhanced Corps commitment to these functions is critical to the economic viability and environmental sustainability of the Great Lakes/St. Lawrence Seaway system - a system which annually generates \$1.7 billion in private revenues and supports an estimated 45,000 jobs.

Yet, a look at the recent proposal for the Army Corps projects in the economic stimulus package reveals a continuing regional disparity which disadvantages the Great Lakes. Only 6% of the proposed Army Corps stimulus funding for "ready-to-go" projects designed for projects in the Great Lakes basin, an area which contains fully 95% of our nation's surface fresh water. This is a comparison to the South and West regions which received 71% of the Army Corps proposed funding. Unfortunately, this sharp regional disparity is consistent with past funding levels for Army Corps proposed funding. In contrast to these funding levels for Corps projects in the Great Lakes, there are vast needs for enhanced Corps activities in our region, including no shortage of ready-to-go Corps projects in the Great Lakes.

In the Great Lakes region, with so many sites containing contaminated sediments, cleanup of these sediments means economic opportunities for our harbor communities. The Water Resources Development bill of 1990 includes two important provisions which authorize the Army Corps to work on contaminated sediments. The Corps was authorized at \$3 million per year to provide technical planning and engineering assistance to States and local governments in the development and implementation of cleanup plans for contaminated sediments for areas of concern in the Great Lakes. Corps was also given specific authority to dredge contaminated

sediments from navigable waters, in consultation with the Environmental Protection Agency. Costs for dredging are to be divided equally between the local government and the Corps; Congress authorized \$10 million annually for this purpose in the 1990 bill. Neither provision has ever been funded. I urge your Subcommittee to provide funding for these authorized initiatives.

As you well know, late last year the Corps of Engineers announced a plan to reorganize the Corps in an attempt to streamline operations. It is my understanding that Secretary of Defense Les Aspin has put that reorganization effort on hold including the plans for Fiscal Year 1993, of which funding has been appropriated. The Northeast-Midwest Coalition's Great Lakes Task Force wrote to Secretary Aspin last month to protest this plan. I would like to go on record to express my concern about the realignment of the Corps that was announced in the fall of last year.

The pending plan could have serious negative impacts on the Great Lakes. The first stage of the plan would close the division headquarters that serves the Great Lakes, and move it out of the basin. The second stage of the plan would remove staff out of the remaining three Great Lakes basin Corps offices, Chicago, Detroit and Buffalo, leaving those offices with only minimal regulatory and project management functions, where once they had engineering and planning capabilities.

The shift of Corps expertise out of the Great Lakes would mean that the entire Great Lakes basin would be without a capable Corps presence. Programs for the Great Lakes would be developed at offices outside the basin by Corps personnel likely to have less expertise or exposure to the Great Lakes. Considering the fact that the Great Lakes contain 18% of the world's fresh water, that the Great Lakes support an active shipping system, and that the Corps is responsible for overseeing a number of navigational and environmental initiatives, I request that no further funds be appropriated for the Corps reorganization until the plan is changed to include a strong and competent Corps presence in the Great Lakes.

I am concerned about regional disparity with regard to Corps operations, and would like to see a stronger commitment from the Army Corps to its Great Lakes activities which are so critical to the long term economic and environmental health of our region. I encourage the Subcommittee to consider the objectives of the Great Lakes Members of Congress as it formulates spending priorities for the Fiscal Year 1994 Energy and Water Development Appropriations Bill.

Thank you, again, Mr. Chairman, for the opportunity to testify today.

What's at Core of Engineers' Move?

If the Army Corps of Engineers wants to create a new office that will be in charge of, among other things, its Great Lakes water projects, wouldn't it make sense to at least put it somewhere in the vicinity of the Great Lakes?

Nope. Instead of keeping the division headquarters here, on the shores of the largest group of freshwater lakes in the world, the corps wants to pack it up and ship it off to—where else?—Cincinnati.

Which is about as far away as you can get from the Great Lakes and still be in Ohio. Which is closer to the hills of Kentucky than to Lake Erie.

The move is part of a reorganization proposed by the corps during the Bush administration's waning days that would eliminate five of the corps' 11 divisions, including Chicago's. We'd become part of a new division, including all or parts of 26 states, running from upper New York to western Montana and from the top of Lake Superior to the mid-South. I'm not sure what map the corps was looking at when it crafted its reorganization, but mine has Chicago a lot closer to the center of the region than Cincinnati, and 200 miles closer to the shores of the Great Lakes.

On its face, the move looks so moronic that one suspects political skulduggery. I confess, though, I haven't found any evidence of it, which—and this is the scary part—indicates that someone in the corps actually thought this made sense.

Now, thanks to a Freedom of Information request filed by concerned corps employees, we can all savor the corps' logic. A document called "Decision Path II" lists five explicit criteria for the move: The current site, cost of living, educational availability, transportation hub availability and number of current personnel.

"Concerned" employees say the Chicago office is clearly superior to Cincinnati's, in such things as space, expandability, completeness of facilities and professional environment. The employees regard cost of living as a close call, unless you include certain economies of scale, such as reduced travel requirements, which weigh heavily in favor of Chicago. And while the Cincinnati division now has 26 more people than Chicago, when you include the corps' Chicago district office (which is slated for staff reductions), you have more affected employees here.

These points, I suppose, are arguable. But not so the corps' astonishing conclusion that Cincinnati scores out Chicago when it comes to educational and transportation hub availability.

Regarding engineering schools, Cincinnati has the University of Cincinnati. Chicago has the premier Northwestern University, the Illinois Institute of

Technology and University of Illinois. Chicago also cleans up Cincinnati with other schools on which the corps relies, including law, management and physical sciences.

And Chicago, the last I look, remained the nation's transportation hub, and aoly providing quicker, cheaper and more consistent connections, particularly to states to be added by the new division.



Dennis Byrne

curiously, "centrally located to the workload" was not an explicitly stated criterion, even though Cincinnati was picked "because of its greater proximity to the large civil works workload along the inland waterway system." This is mystifying, as if nothing else was happening in the division, including the \$1.3 billion in corps construction planned over the next 10 years just in the Chicago area.

Chicago, in short, has plenty of advantages, including being located in the same city as the regional headquarters of the U.S. Environmental Protection Agency and other federal bureaus that do a lot of work

closely with the corps. But the corps didn't stop the corps in 1991 from proposing a reorganization that would have eliminated both the division and the district offices in Chicago—until Congress stepped in. This time, the Clinton administration has put the corps' plans on hold, pending further consideration.

Nearly everyone agrees that the corps, which hasn't been reorganized since 1942, needs to be updated and streamlined. But can we agree to do it in a way that makes sense?

Dennis Byrne is a member of the Chicago Sun-Times editorial board.

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WASHINGTON DC 20510

April 13, 1993

Concerned Employees Of NCD
P.O. Box 618614
Chicago, Illinois 60661-8614

Dear Friend:

Thank you for taking the time to share your views on the Army Corps of Engineers' reorganization plan. I share your concern.

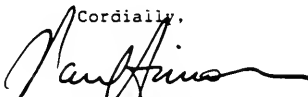
Given the changing mission of the Corps, it is clear that alterations need to be made. This shouldn't be done, however, at the expense of Illinois and its many important projects. I have sent several letters opposing the plan to the Corps and to Secretary of Defense Les Aspin. I am also working with the Illinois congressional delegation to see that Corps projects throughout the state are not negatively affected.

According to the Department of the Army, the reorganization plan announced last November is being reviewed by the Clinton Administration, and implementation of the plan will not occur until this review is completed. I think this will give both the Administration and Congress the time needed to make fair and sensible decisions.

Again, thanks for your views. You can be sure that my staff and I will be working hard to protect Illinois and the integrity of the Corps.

My best wishes.

Cordially,



Paul Simon
U. S. Senator

PS/tlh

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April 14, 1993

Concerned Employees of NCD
 P.O. Box 618614
 Chicago, IL 60661-8614

Dear Friends:

I received your recent communications regarding the proposed reorganization of the Army Corps of Engineers.

As you may know, I have cosigned several letters to various federal officials over the last two years expressing my opposition to the current reorganization plan. I support maintenance of a Chicago Division office and will continue to work with my fellow House Members, Senators, state and local officials and affected persons to prevent the current plan from being implemented. I appreciate very much having the input of the Concerned Employees of NCD. I hope you will continue to stay in touch with me on this issue.

At this time, the reorganization remains on hold pending a review by the Clinton Administration. Other information regarding the timetable of the review and other important issues remain unavailable at this time. I am continuing to monitor the situation closely.

I appreciate the time you took to contact me on this important topic, and I hope you will always feel free to communicate with me on the issues of concern to you coming before the Congress.

Sincerely,

John Edward Porter
 Member of Congress

JEP:jsg

Report of the Division and District Organization Task Force

July 1992

REPORT OF THE DIVISION
AND DISTRICT ORGANIZATION
TASK FORCE

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ABBREVIATIONS USED IN FIGURES

BCA	Board of Contract Appeals
BERH	Board of Engineers for Rivers and Harbors
CERB	Coastal Engineering Research Board
CD	Construction (division, directorate)
CM	Construction Management Division
CO	Construction/Operations (division, directorate)
CT	Contracting (office, division, directorate)
CW	Civil Works Division
DD	Deputy Commander
DE	Commander (division, district)
DP	Deputy District Engineer for Programs and Project Management
DS	Directorate of Support
EA	Executive Assistant
ED	Engineering (division, directorate)
EM	Engineering Management Division
EO	Equal Employment Opportunity
HIST	Office of History

ABBREVIATIONS USED IN FIGURES (CONT)

HR Human Resources (office, division, directorate)
 IG Inspector General
 IM Information Management (office, division, directorate)
 IR Internal review Office
 ISMP Information Systems Modernization Plan
 LM Logistics management (office, division, directorate)
 MP Military Programs Division
 MRC Mississippi River Commission
 OC Office of Counsel
 OM Operations Management Division
 OR Operations and Readiness division
 PARC Principal Assistant Responsible for Contracting
 PA Public Affairs Office
 PD Planning (division, directorate)
 PLM Planning Management division
 PM Programs and Project Management (division, directorate)
 RD Research and Development Directorate
 RE Real Estate (division, directorate)
 REM Real Estate Management Division
 RM Resource Management (office, division, directorate)
 SADBU Small and Disadvantaged Business Utilization Office
 SD Support Division
 SL Security and Law Enforcement Office
 SFO Support for Others
 SO Safety Office
 TD Technical Support Division
 TM Technical Management Directorate
 VE Value Engineering Office

CHAPTER 1

GENERAL

1. BACKGROUND

The United States Army Corps of Engineers (the Corps) has provided quality water resources management and engineering services to the nation and its armed forces in a timely manner throughout its extensive and distinguished history. Over time it has structured itself to adequately respond to the country's infrastructure and emergency needs and to efficiently manage large geographic construction workloads. The current organizational structure reflects essentially the workload requirements of the Corps from the 1940s through the 1970s. Through the 1980s and 1990s, the workload of the Corps has declined and the geographic location of work has shifted. Coupled with the added management and cost implications of laws enacted in recent decades, these factors suggest the need for a thorough examination of means by which the Corps can continue to provide quality products and services while enhancing its stewardship of the public trust.

2. RECENT ACTIVITY

a. Congress directed the Corps, by Public Law 101-514, the Fiscal Year 1991 Energy and Water Development Appropriations Act, to conduct a review of the organizational structure of the Corps. The result of this review was a report completed in January 1991, titled U.S. Army Corps of Engineers Reorganization Study Report which defined conceptual structural approaches to the organization of the Corps and identified factors and criteria for shaping an optimally efficient organizational structure.

b. A followup in-depth study was then conducted using the process required by the Defense Base Closure and Realignment Act of 1990 (BRAC-91), Public Law 101-510, to determine the comprehensive reorganization plan that would be consistent with the Corps vision for the future and would accomplish its mission into the 21st century and beyond. The study addressed all Corps divisions and district headquarters located within the continental United States and recommended realignment and consolidation which, it was believed, would enhance mission accomplishment, lower the cost of doing business, improve technical competence and provide the flexibility needed to operate more effectively. The resultant report (BRAC Plan) was submitted to the Secretary of Defense for inclusion in the Department of Defense (DOD) recommendations to the BRAC Commission. The Secretary concluded that the Civil Works missions of the Corps should not be included under the authorities for which BRAC-91 was submitted and therefore removed the report from the DOD recommendations. Although the

BRAC Commission subsequently reviewed the Corps BRAC plan, it was not included in the final plan approved by the Congress and signed by the President.

3. TASK FORCE CHARTER

Although authority to implement the BRAC Plan was not achieved, the need to examine more efficient means of accomplishing the Corps mission remains. To this end, the present Task Force (TF) was chartered to develop more specific alternatives by which Corps districts and division headquarters might be structured within the parameters established by the January 1991 Engineer Reorganization Study Report (Bayley Study). The TF was charged with developing, in detail, and analyzing each alternative in the Bayley Study along with other alternatives of significance. It was within the TF charter to screen out alternatives which are very weak or unworkable. It was NOT within the TF charter to recommend district or division headquarters closures, exactly how many districts or divisions should comprise the Corps, staff size of any element or geographic locations of any Corps elements.

4. TASK FORCE MEMBERS

BG AL GENETTI	COMMANDER OHIO RIVER DIVISION
COL HAL ALVORD	COMMANDER PITTSBURGH DISTRICT
MR. WILLIAM C. ANGELONI	CHIEF, PLANNING/ENGINEERING SAN FRANCISCO DISTRICT
MR. DWIGHT BERANEK	CHIEF, POLICY AND ANALYSIS SECTION CEMP, HQUSACE
MR. DEAN CALDWELL	ASSISTANT DIRECTOR, PLANNING LOWER MISSISSIPPI VALLEY DIVISION
MR. ED COHN	DIRECTOR, PLANNING NORTH ATLANTIC DIVISION
MR. JOE DUNCAN	CHIEF, REAL ESTATE SEATTLE DISTRICT
MR. DOYLE OWENS	CHIEF, OPERATIONS OMAHA DISTRICT
MR. BOB POST	CHIEF, ENGINEERING ST. PAUL DISTRICT
MR. GERALD SLUSHER	DIRECTOR, HUMAN RESOURCES SOUTHWEST DIVISION

MR. JIM WITHAEGER

PROGRAMS/PROJECT MANAGEMENT
FORT WORTH DISTRICT

MR. STAN WRENN

DIRECTOR, RESOURCE MANAGEMENT
SOUTH ATLANTIC DIVISION

CHAPTER 2

STUDY APPROACH

1. GENERAL

The initial charter of the TF was to determine the division headquarters structure that would enhance mission accomplishment while lowering the cost of doing business and would maintain or improve technical competence and flexibility. During the initial work efforts of the TF it became apparent that any division restructuring would have direct impacts on how the Corps headquarters and the districts would be structured. As a result of this conclusion, the charter of the TF was expanded to include the structure of Corps districts. Although the TF had access, for reference purposes only, to all recent studies addressing possible reorganization of all or parts of the Corps, it was not constrained by the conclusions of any previous works. Because the Congress, the Army leadership and the Corps leadership had accepted the Bayley Study, and because this report outlined the predominant conceptual approaches to reorganization, the six concepts outlined in the report were adopted as a starting point by the present task force.

2. STUDY OBJECTIVES

The TF was provided with four objectives defining why the Corps should reorganize. Two additional objectives were developed which the TF believed to be equally important to any Corps reorganization. The TF assigned no priority order to these objectives in the belief that the focus of any reorganization must be to gain as much enhancement as possible in as many objective areas as possible. The objective areas are:

- a. Management Efficiency Maximum utilization of resources to accomplish timely completion of work efforts.
- b. Flexibility The ability to adapt to new missions and fluctuating workloads while maintaining an effective national emergency response capability.
- c. Competency The resources and experience to complete a task with the maximum quality.
- d. Cost The savings accomplished with the reduction of layering and overhead, or the refinement of processes/functions.

- e. Customer Service The cost, quality and timeliness of products and services to be delivered to external customers (cost sharing partners, military customers, the general public, etc.) and internal customers (other Corps elements).
- f. Regional Interface Coordination and cooperation with other Federal and State agencies, major Army Commands and geographically regionalized interests.

3. FUNCTIONAL ASSIGNMENTS

A major TF effort in formulating and evaluating alternative structures was the identification of functions at division headquarters and district levels. Identification of major functions currently performed at both levels was first accomplished by the Field Advisory Committee (FAC) and provided to the TF. Through evaluation, the TF arrived at relatively concise and workable functional listings. The district function Support for Others is defined more broadly than the established Corps definition. Under the TF definition, this category would include such programs as homeowners Assistance Program, Military Leasing, work done for military and other customers by real estate, contracting, human resources or other district elements, etc. The functions used by the TF were:

a. Division Headquarters Functions

- (1) Policy/program oversight
- (2) Technical review
- (3) Emergency management
- (4) Regulatory
- (5) Resource allocation
- (6) Programming/testimony
- (7) Water control
- (8) Centralized functions
- (9) Regional interface
- (10) District guidance and support

b. District Functions

- (1) Plan
- (2) Design
- (3) Construct
- (4) Operate
- (5) Maintain
- (6) Regulate
- (7) Emergency management
- (8) Mobilization
- (9) Support for others

4. EVALUATION CRITERIA

The TF developed a listing of impact assessment factors to be used in evaluating the impacts that each organizational alternative would have on Corps headquarters, division and district operations. The impact assessment factors, again in no priority order, are:

- a. Management efficiency
- b. Flexibility
- c. Competence
- d. Costs/savings
- e. Customer Service
 - (1) External customers
 - (2) Internal customers
- f. Regional perspective
- g. Product quality
- h. Processes
- i. Staffing
- j. Command/control relationships
- k. Impacts on the headquarters
- l. General officer (GO)/Senior executive service (SES) supportability/progression
- m. Miscellaneous advantages/disadvantages

5. FORMULATION OF INITIAL ALTERNATIVES

a. A matrix approach was used to define possible reorganization alternatives and to provide a framework for screening and evaluation. The horizontal set of the matrix consists of the six conceptual alternatives outlined in the January 1991 Engineer Reorganization Study Report as follows:

(1) The Base Case - The organizational structure remains the same without realignment or restructuring. Prospective future changes would be incremental, determined on an as-needed basis by future funding levels (which may fluctuate significantly within individual field offices and/or headquarters) and by unknown or unresourced future missions.

(2) Realignment - Military, Civil, and Regulatory boundaries would be realigned to better balance workloads. The results could be fewer, more robust offices responsible for mission execution. The purpose of this alternative would be to ensure that all field offices which result from realignment are fully justified by workload and mission, and are capable of performing assigned missions at lower cost.

(3) Regionalization - Consolidate technical and support activities at division headquarters or other regional locations within or across divisions and reduce the functions performed at districts. District offices would continue to perform locality driven functions such as local liaison, construction, operations and regulatory programs. Headquarters would continue to execute its policy function while the regional

offices would assume greater operational responsibilities for mission execution.

(4) Decentralization - The operational aspects of both technical and support functions would be placed at the district level. Some functions and/or processes might be eliminated from the Corps headquarters. Division headquarters would provide regional guidance and staff support, with no operating responsibilities.

(5) Elimination of All Division Offices - All division headquarters would be removed from the Corps structure. Districts would assume all operational responsibilities for mission execution and would report directly to Corps headquarters. Functions currently accomplished at the division level would be eliminated or reassigned to Corps headquarters or districts.

(6) The Combination Option - Combination options could be created with the assembly of the most desirable and compatible features from the above alternatives.

b. The vertical set of the matrix consists of possible reorganization outcomes at the division level. Possible outcomes could be no change to current division organization, no divisions at all or some combination of the same number, fewer or more divisions each of which might be larger, smaller or the same size as current divisions. The terms larger and smaller encompass both staff size and geographic areas of responsibility. For example, one outcome would be fewer divisions but each being larger in size. This option is reflected as #6 in the screening matrix at Figure 1.

c. Although the vertical set was developed before the TF charter was expanded to include districts, a reexamination of its utility when district review is added yielded consensus that it remained applicable as a screening vehicle.

FIGURE 1

SCREENING MATRIX

Basic Alternatives No. and Size of Div. Off.	A Base Case	B Realignment	C Regionalization	D Decentralization	E Elimination of Div. Off.	F Combination
1 No Change						
2 None						
3 Same						
4 Larger						
5 Same						
6 Smaller						
7 Fewer						
8 Same						
9 Larger						
10 More						
11 Smaller						

INITIAL ALTERNATIVE SCREENING

a. An initial round of screening was accomplished to eliminate those potential horizontal and vertical matches which are clearly not attainable. For example, the base case (no change to current structure) will not match with any basic alternative labeled B through F in Figure 1. It would also be impossible to achieve realignment with no change in the number or size of division headquarters, regionalization with fewer division headquarters of the same size, or a number of other potential matches. Nonmatches eliminated in this manner are designated with a Not Applicable (N/A) symbol in Figure 2 - INITIAL SCREENING.

b. A second round of screening was then conducted to eliminate potential matches which are physically possible, or appeared on first examination to yield some promise, but which on further examination were determined to be incompatible with the stated objectives of the study. For example, with a pure realignment of divisions, fewer division headquarters of current or smaller staff size (5B, 7B) could not realistically be expected to accomplish current functions with expanded workload. The same holds true for division headquarters under the pure regionalization model (5C, 7C). Those alternatives which considered a larger number of divisions than are currently in the Corps structure (8B-F, 9B-F, 10B-F) would offset potential cost savings or increase costs and provide little, if any, opportunity to achieve enhanced flexibility or competency. The potential matches eliminated in this second round of screening are annotated with an X in Figure 2.

c. No further discussion is provided herein regarding the options eliminated in the initial screening rounds. Sufficient detailed examination was accomplished to satisfy the TF that the options eliminated in this process should be considered no further.

7. SUMMARY

At the conclusion of initial screening, ten viable potential matches remained. These are identified by shading in Figure 2. These remaining options, which are examined in detail in succeeding chapters, are:

- a. Base Case (A1). No change to existing structure or assignment of functions.
- b. Elimination of All Division Headquarters (E2).
- c. Regionalization. The consolidation of technical functions, support functions, or both, within a division area of responsibility. Two possibilities exist:

FIGURE 2

INITIAL SCREENING

Basic Alternatives No. and Size of Div. Off.	A Base Case	B Realignment	C Regionalization	D Decentralization	E Elimination of Div. Off.	F Combination
1 No Change		N/A	N/A	N/A	N/A	N/A
2 None	N/A	N/A	N/A	N/A		N/A
3 Same Larger	N/A	N/A		N/A	N/A	Same as 3C
4 Same Smaller	N/A	N/A	X		N/A	Same as 3D
5 Fewer Same	N/A	X	X	N/A	N/A	Potential
6 Fewer Larger	N/A		X 1/	N/A	N/A	Combinations
7 Fewer Smaller	N/A	X	X	X 1/	N/A	of B, C, D
8 More Same	N/A	X	X	N/A	N/A	X
9 More Larger	N/A	X	X	N/A	N/A	X
10 More Smaller	N/A	X	X	X	N/A	X

1/ Considered as part of "combination" option

- (1) Same number of division headquarters as currently exist, within current geographic boundaries and each with larger staffs (C3). This is the "by definition" option.
 - (2) Fewer division headquarters than currently exist, each with larger staffs and expanded geographic boundaries (C6). This is, in essence, a combination option since the creation of fewer division headquarters incorporates a realignment.
- d. Decentralization. The "powering down" of functions to the lowest workable level. Two possibilities exist:
- (1) Same number of division headquarters as currently exist, within current geographic boundaries and each with smaller staffs (D4). This is the "by definition" option.
 - (2) Fewer division headquarters than currently exist, each with smaller staffs and expanded geographic boundaries (D7). This is, in essence, a combination option since the creation of fewer division headquarters incorporates a realignment.
- e. Realignment (B6). Realignment of division boundaries such that each remaining division would command and control a larger number of districts. By definition, this option would result in fewer divisions, each of which would likely have a larger staff and expanded area of responsibility.
- f. Combination options (F5,F6,F7). The selection of combination options is addressed in succeeding chapters.

CHAPTER 3

WHAT IS A DISTRICT?

1. GENERAL

a. If the Corps was being organized for the first time today, it could undoubtedly approach organizing itself using a zero-based strategy. It would have no history, no political constituencies, no loyal and experienced workforce with which to be concerned and no preconceived ideas grown in centuries of tradition and beneficial service to the nation. For these very reasons, the Corps is not afforded the luxury of addressing reorganization using such an approach.

b. As one delves ever more deeply into the Corps' organization, it becomes apparent that its current structure evolved neither frivolously nor unrelated to need. The history of every element of the Corps can be traced to a precise or perceived need which arose at some point in its history. Like any organization, and federal agencies in particular, elements, once created, tend to expand their mission and grow their staffs. As the need decreases and disappears, the organization remains, seeking new justification for its continued existence. Typically, this phenomenon results in the creation of work which is not necessarily required.

c. Accepting the preceding discussion, it becomes paramount to any examination of the Corps' organization to first determine where the Corps' work is accomplished and identify the minimum requirements at that level.

2. THE DISTRICT DEFINED

a. The Assistant Secretary of the Army (Civil Works) [ASA(CW)] has defined the district as "the Corps' face to the nation." Although this definition accurately reflects where the Corps' work is currently accomplished, it draws no conclusions as to where work should be accomplished, how districts should be configured or how many districts should comprise the Corps. Determining how many districts should comprise the Corps is not central to a conceptual examination and is not pursued herein. The development of conceptual and combination alternatives later in this report addresses where work might be accomplished. The question remaining then is how districts should be configured.

b. Some of the Corps' face to the nation is embodied in those personnel who provide day-to-day operation and maintenance of Corps facilities: lock and dam operators, park rangers, equipment mechanics, repair parties, hydropower operators, etc. Some of the face is also provided by regulatory personnel, emergency managers and the staffs of area, resident and project offices. Many would probably stop at this point, believing the

face to be fully drawn. This would be an unfortunate and woeful misunderstanding of how the Corps does business at the field level and the root of its success over the decades.

c. In reality, every element of a district is in frequent, if not daily, contact with the general public, cost-sharing partners, local and state officials, other federal agencies and other customers. Although Washington's attention tends to focus on large multimillion dollar projects, these are generally not the measures by which the American public judge the Corps nor the base for the Corps' longstanding political support. The Corps is more broadly recognized and appreciated for providing the solutions to myriad smaller problems such as local flooding, streambank erosion, local navigation, shoreline erosion, etc. Understanding that Corps people are local people and that distance from a problem often generates insensitivity to it, capable district organizations, in numbers somewhat close to the current structure, are necessary to the continued health, viability and effectiveness of the Corps. Drastic change to this face will eventually drive customers and partners to seek assistance elsewhere, taking their base of political support with them.

d. The minimum district is that field organization which is responsible for managing the nine functions identified as district functions. This definition does not require that all work inherent in the nine functions be performed at the district but it does require that cost-sharing partners, customers and the public which the Corps serves see the district as their sole contact for these purposes. Organization of the minimum district is reflected at Figure 3. Elements deemed essential to the minimum district are:

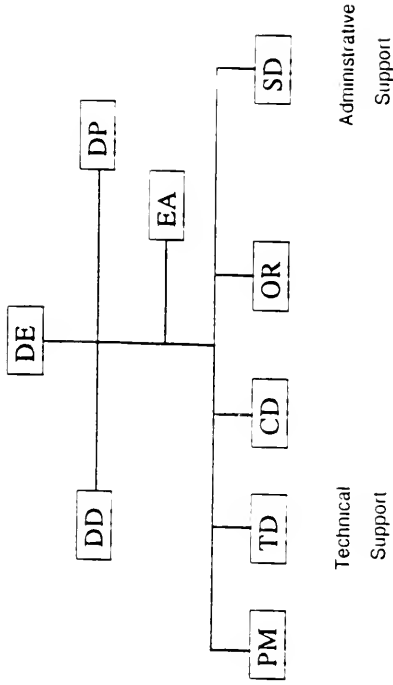
(1) Programs and Project Management (PPM).

(a) There are generally two basic arguments for implementing PPM in the Corps. One maintains that it was internally necessary to provide a life-cycle approach to project development with emphasis on the handoff of products from one district element to another. The other maintains that PPM's importance lies in its providing a single point of contact to the customer. The truth is that its criticality encompasses both arguments. If the sole purpose for PPM were handoff management, there would be no need for it. If the sole purpose were customer contact, it must exist at the district. In combination, then, it must also exist at the district.

(b) The customers and partners with whom districts deal on projects are the same customers and partners with whom they constantly deal on a wide variety of other matters. To place PPM at any other level of the Corps is to return customers to the days of multiple points of contact. The most efficient and effective arrangement of project managers and technical elements is colocation. However, in executing their project management plans (PMP), project managers today must manage and coordinate a wide variety of activities with elements

Figure 3

MINIMUM DISTRICT ORGANIZATION



which lie outside district control. These include divisions, OUSACE, OASA(CW), OASA(ILE) laboratories, contractors, and consultants, among many others.

(c) Equally critical is understanding that project management occurs only at districts. With the possible exception of divisions, no other element of the Corps should bear a title which includes the term "project management." Although other elements assist project management through policy review and problem resolution, they do not perform it.

(2) Construction Management. Exercise of the construction function includes area, resident and project offices and whatever small control element is required at the district office to supervise their operations.

(3) Technical Support. Whether or not technical activities are regionalized, some technical capability is required at the district to support day-to-day activities, reconnaissance studies and the Continuing Authorities Program (CAP). Just the operation of Corps facilities generates technical needs which are relatively small, but operationally significant, and frequently require site visits. Obtaining such support from regional technical centers (RTC) would be inefficient and ineffective. Experience indicates that if such support is not built into the district, it will be grown over time, usually within the Operations Division.

(4) Operations. Included in this area are the operation and maintenance of Corps' facilities, regulatory management, emergency management and mobilization support.

(5) Administration and Support. Again regardless of the existence of regional support centers (RSC), the district requires some minimum capability to support itself and to meet the myriad requirements of law, policy and regulations.

3. THE "O&M" DISTRICT

a. A concept often discussed is that of the "O&M" district, referring to a district which performs only the operation and maintenance of Corps facilities. The regulatory function is frequently included in this concept but all other functions are purposely excluded. Without doubt, it is possible to create O&M districts. Before instituting such organizations, however, the Corps must have a clear understanding of what it is creating and why it would want to do so.

b. Conceptually, management of the O&M functions can be centralized or regionalized as readily as any other function. Beyond span of control, there is no unique aspect to O&M (that does not also exist for the other district functions) which mandates local management. Should all functions other than O&M be removed from the district, what remains is an area office. If

efficiency and cost are primary concerns, the remaining organization would be titled an area office and assigned to a larger organization. Titling this organization a district automatically incurs costs and overhead which are avoided with an area office. With the exception of some site specific issues, O&M districts would have to refer virtually every question, public contact or request for assistance to the division headquarters for resolution.

c. The only remaining rationale for retaining O&M districts as herein described is political. This too carries some risk. While the announcement of retaining O&M districts may initially allay Congressional concerns, the loss or movement of a considerable number of jobs will soon have constituents in contact with their elected officials. Thus, conversion to O&M districts could have essentially the same effect as district closures and generate considerable political resistance. Too, a decision to implement O&M districts Corps-wide could, by definition, eliminate some districts. Some districts have little or no O&M mission.

CHAPTER 4

ORGANIZING SUPPORT ELEMENTS

1. GENERAL

a. A review of organization diagrams of HQUSACE, division headquarters and districts reflects a large number of disparate elements all reporting directly to the commander. Omitting boards and commissions, the HQUSACE diagram shows nineteen separate elements reporting directly to the Chief of Engineers. The average number at districts is eighteen. This suggests that any structural review should include an examination of effective and efficient alternatives to this type organization.

b. The development of conceptual and combination alternatives in later chapters addresses technical organization. Because support elements contribute less directly to Corps products and services, there are alternatives to their organization which will work under any restructuring approach. It is important to examine these alternatives now for, at worst, the Corps may have only one opportunity to reorganize; at best, it may be advisable to avoid numerous reorganizations over multiple years.

c. The ideas put forth in this chapter are not essential to any major Corps restructuring. Nor does this discussion imply that support elements are less important than technical elements. All elements are critical to successful mission accomplishment.

2. INTEGRATING RELATED ELEMENTS

a. Five offices which bear close resemblance to other elements currently stand alone. The programs which these offices oversee required command attention and emphasis at their inception so as to ensure successful institutionalization. These programs are no less critical today than they were at inception, but they have been institutionalized. It is possible, therefore, to consider integrating these offices into the larger support elements with which they are programmatically aligned. The offices are:

(1) Value engineering (VE). VE has already been integrated into engineering directorates at most division headquarters. This integration can be accomplished with equal effectiveness at the district level.

(2) Safety. The safety office (SO) can be effectively integrated into construction, operations or a combined construction/operations (CONOPS) division at the district and into the CONOPS directorate at division. Such

integration should have no impact on safety performance since the success of the Corps' safety program rests principally with commanders, managers and supervisors. The SO can serve district needs with equal effectiveness as a part of one of these operational elements.

(3) Internal review (IR). The IR, or audit, office can be effectively integrated into the resource management office. This marriage may raise concerns since IR is required to perform annual audits on some aspects of resource management. These audits are conducted for the commander and would continue to be so. Fears that a resource manager may attempt to shape audit results says little for the Corps' ability to recruit and select ethical professionals.

(4) Equal employment opportunity (EO). The EO office can be effectively integrated into the human resources office at all levels. This combination will facilitate the closer and more effective coordination of EO with such personnel activities as recruiting, selection, training, etc.

(5) Public affairs (PA). PA is the management of information. The marriage of information management and PA is a natural one. PA currently relies heavily on many elements of the information management organization in providing its services and products.

b. The suggestion that these combinations be pursued is likely to encounter strong resistance. Arguments will be put forth that these programs are those of the commander and can only be successfully executed if direct access to the commander is maintained. In reality, few, if any, of the staff principals involved in oversight of these programs report directly to commanders today. Despite organization charts, most report to, and are rated by, deputy commanders. This has not degraded the importance of, or command attention to, these programs. Commanders will continue to devote appropriate time and attention to all critical aspects of the mission, regardless of the lines on a diagram, just as they do now.

3. THE SUPPORT DIVISION CONCEPT

a. There are also opportunities to gain management efficiencies in the organization of resource management, human resources, information management, logistics management, counsel and contracting. The principal approach to maximizing these opportunities is the formation of a Support Division (at districts) or Directorate (at divisions and HQUSACE) which would provide management of these elements. Arguments supporting the creation of such an organization are as follows:

(1) It would reduce the commander's span of control and more accurately reflect current operational practice. Most of the principals responsible for providing these services are currently supervised and rated by deputy commanders.

(2) It would contribute to retaining focus on the basic products and services which the Corps provides and assist administrative and support elements in understanding their roles and contributions relative to these products and services. In other words, it would help foster a corporate approach to mission accomplishment.

(3) It would provide continuity to the management of administrative and support elements in the organization. Current Corps practice relies on commanders (who rotate each 2 to 3 years) and deputies (who rotate each 3 to 4 years) to provide effective integrated management of these elements. This concept would allow for civilian professionals to provide more continuous integrated management over longer periods.

(4) It would provide an opportunity to better coordinate and balance the myriad requirements embodied in the administrative and support areas.

(5) It would provide flexibility in achieving organizational goals and objectives in the administrative and support areas.

(6) It would broaden the perspectives of administrative and support personnel thereby contributing to enhanced competency.

(7) It would provide more high grade opportunities for which minorities, women, and persons with disabilities can equitably compete.

(8) It is an effective management approach which is finding ever broader application in the private sector.

b. There are considerations which would mitigate against the formation of support divisions and directorates. These must be examined, as well. Principal concerns which argue against the concept are as follows:

(1) There are costs associated with implementation. The most measurable and immediate will be the labor and space costs of creating new managerial and clerical positions. It is possible that these costs may be offset or overcome as management efficiencies are gained in other aspects of the administrative and support areas.

(2) If the concept is not instituted with commitment and optimism, Corps professionals who provide these critical services may perceive a loss of importance or prestige in the fabric of the organization. Degraded morale could ensue.

(3) Strong resistance will be encountered. Arguments similar to those reflected in paragraph 2.b., above, will apply.

(4) There will be difficulty rating some positions, like Counsel, that provide direct advice to the commander on specific or unique issues. There is no doubt that such unique situations will exist. However, there are very effective ways to handle these. The commander can provide input to the rating official and/or serve as the Reviewing/Approving Official.

(5) It will be difficult to find qualified individuals to manage such a disparate group of functions. This may be true initially, although the transition should be no more difficult than that which each new commander and deputy must negotiate. In the longer term, the Corps will benefit for the same reasons given in paragraph a.(3), above.

CHAPTER 5

PURE CONCEPTUAL ALTERNATIVES

1. GENERAL

a. The remaining options reflected in Figure 2 at 1A, 2E, 3C, 4D and 6B are, by definition, pure conceptual alternatives and could be implemented in their purest form. It is therefore necessary to more fully develop and assess these options in pure form. Such is accomplished in this chapter.

b. It is recognized that, developed in this manner, any or all of these pure options may contain aspects which would not be acceptable due to resulting inefficiencies or disadvantages. Had the options not been examined in this fashion, however, it would be impossible to determine which aspects offer potential for eventual adoption and which aspects should be avoided in the later identification of combination options. With the exception of the Base Case, each option is developed within the conceptual definition, to include organizational diagrams, functions are reassigned as necessary and the option is measured against the impact assessment factors.

2. BASE CASE.

The Base Case option yields little or no change from the Corps' current division and district structure. Both divisions and districts would continue to perform current functions essentially as they do now. Any efficiencies gained within this option would be achieved through process changes, regional operational changes effected by division commanders or in reaction to direct funding reductions or further workload shifts. Process changes do offer significant potential for gaining increased efficiencies and are addressed in Chapter 9. Traditionally, federal agencies, in fact, most organizations, find comfort in existing structure and operational processes and, with the exception of expansion, resist changes to either. If the Congressional approach to General Expense (GE) funding for FY 93 is a valid indication, acceptance of the No Change option likely places the Corps at risk of having to react to a series of resource reductions. History again reflects that such reactionary exercises do not necessarily produce effective or efficient results.

3. ELIMINATE ALL DIVISION HEADQUARTERS

a. **Division Functions.** The elimination of division headquarters would require that division functions be shifted to appropriate levels or discontinued. The most effective disposition of division functions is as follows:

(1) Policy/program oversight. Shift to HQUSACE. Cannot be performed at district level.

(2) Technical review. Shift to districts. Technical review of all planning, engineering, real estate and project management products can be effectively accomplished at district level either in-house or through peer review (one district performs technical review on the products of another). Districts already accomplish this function for technical products produced by architect engineer (A-E) and other contractors. Effective and efficient accomplishment of this function at HQUSACE is not likely; a significant increase in HQ staff would be required, the review would occur too far from where the work is performed and timeliness would likely be lost. Placement of this function at the district level provides potential for gaining time in the review process.

(3) Emergency Management. Accomplished totally at district level. This will add to district requirements the regional and national coordination currently accomplished at division level during an emergency response. Under current operations, the district which is responding to an emergency in its area is able to focus on the response effort while the division solicits needed support from outside the district, coordinates related efforts, monitors and reports.

(4) Regulatory. Accomplished totally at district level. In divisions where regulatory authority is retained at the district, this function is essentially advisory at the division level and little change will ensue. In divisions where some decision authorities have been elevated to the division commander, these authorities would be returned to the district. A greater impact may occur at HQUSACE, which would now provide the only avenue of appeal for members of the public who are dissatisfied with regulatory decisions.

(5) Resource allocation. Accomplished totally at HQUSACE.

(6) Programing/testimony. Accomplished totally at HQUSACE. Attempting to schedule every district engineer for Congressional testimony would be resource-intensive and virtually unmanageable. HQUSACE and the Assistant Secretaries of the Army [ASA(CW), ASA(ILE)] already provide testimony to the appropriate committees. If the project-specific testimony currently provided by division engineers to the one committee is deemed essential, it could be provided by means of Congressional inserts. Considering the time and resources devoted to preparation of division engineers for Congressional testimony, elimination of this testimony may, in itself, offer unanticipated efficiencies.

(7) Water control. Accomplished totally at district level. Currently, in some divisions water control (reservoir regulation and flow control) is accomplished centrally at division headquarters while in others water control is

essentially accomplished at district level with monitoring and oversight accomplished at the division. In either case the division function is critical in that it provides the capability to manage unique conditions (floods, droughts, etc.) across a complete water system such as the Mississippi River and Tributaries (MRT) or Ohio River system. In some cases, such as MRT, a requirement for system-wide management is based in law. Without division headquarters, day-to-day water control could be placed totally at district level but a system-wide control mechanism would still be required. Although more awkward, a district could be designated as "lead district" for system-wide water control within each system when conditions necessitate. Corresponding changes in existing laws would be required. On analysis, centralized management at HQUSACE of all inland and coastal waterways in the nation is not a workable option.

(8) Centralized functions. The current Corps structure finds a wide variety of consolidations from division to division. Most of these are administrative and support activities, such as Finance and Accounting (F&A) or Human Resources, but there are some technical consolidations, as well. Management of these activities would be shifted to district level; these capabilities could be distributed to each district or some districts could support others. A single Corps-wide F&A center is technically and operationally workable.

(9) Regional interface. Although not directly measurable, this is high among the most critical functions performed by divisions and cannot be effectively accomplished at districts or HQUSACE. The Corps provides essentially homogenous products and services nationwide, grounded in common laws, policies and programs. However, interest and concern at how these occur vary widely from region to region across the nation. The application of law, programs and Corps policies to regional interests, concerns and requirements occurs at divisions. Activities include establishing common direction for multiple districts which operate within one state or over one waterway system, single point of contact coordination with regional offices of other federal agencies and military commands, etc.

(10) District guidance and support. This function includes the wide variety and multitude of daily operational contacts between divisions and districts wherein divisions assist districts in resolving problems, clarifying issues, interpreting local guidance, etc. Because divisions provide the transition between policy and implementation, this function cannot be effectively or efficiently accomplished at HQUSACE.

b. District Functions. The elimination of division headquarters would create some changes in the accomplishment of district functions. Under this option, the status of district functional accomplishment would be as follows:

(1) Plan. The technical review of planning products would be added to those planning functions already accomplished at district level.

(2) Design. Technical review would be added to the functions already performed at the district.

(3) Construct. No change.

(4) Operate. No change.

(5) Maintain. No change.

(6) Regulate. For those districts where no decision authorities have been elevated to the division commander, there would be no operational change. Some districts would have to resume authorities which currently reside at division level. Under current structure, regulatory complaints and appeals are handled quickly and informally. With HQUSACE as the sole absorber of complaints and appeals, districts will likely expend more resources in the response and resolution process.

(7) Emergency management. Unchanged except that, in an emergency response situation, districts would assume the added coordination burden currently borne by divisions.

(8) Mobilization. No change.

(9) Support for others. No change.

c. **Structure**. Because division headquarters would no longer exist under this option, no organization diagram is provided. The manner in which districts might be organized is reflected at Figure 4.

d. **Impact assessment**.

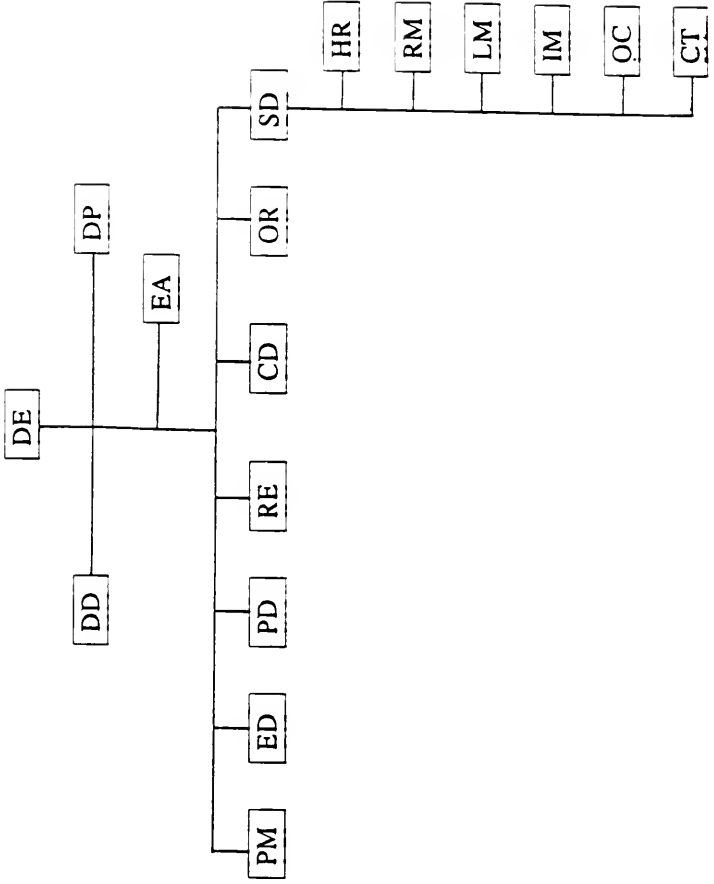
(1) Management efficiency. The elimination of a complete layer of review, reporting and management controls can result in enhanced management efficiency. This gain could be lost, however, if the elimination of divisions were to be offset at HQUSACE with added control structure and/or processes.

(2) Flexibility. Flexibility is unlikely to be either gained or lost under this option. This is a critical consideration only if one assumes that inadequate flexibility currently exists. Considerable flexibility now exists at district level in the form of A-E and other consultant services. Many districts make excellent use of open-ended contracts which allow them to absorb unanticipated or short-term work.

(3) Competence. The competency of Corps personnel is likely to be neither degraded nor enhanced under this option. This is a critical consideration only if one assumes that the current competency of the Corps is lacking. Despite complaints regarding cost and timeliness, the high quality of Corps products and services is broadly recognized. Coupled with the Corps' continued leadership in navigation and flood control, and its developing leadership in environmental matters, this reputation may indicate that competence is not a major issue.

Figure 4

DISTRICT ORGANIZATION
(WITH ELIMINATION OF DIVISION HEADQUARTERS)



at may be lost under this option is the sharing of good ideas and new technologies which is often generated at the division level. This could be accomplished by other means, such as functional newsletters.

(4) Costs/savings. Clearly, the elimination option provides considerable potential for cost savings. Significant costs would be incurred in effecting division eliminations; once completed, however, virtually all costs associated with maintaining the current division structure would be avoided. Depending on how the technical review function is managed at the districts, there could be some increases in direct project costs.

(5) Customer service.

(a) External customers. With the loss of a complete layer of the Corps organization, customers and partners will perceive, at least initially, that their service has been enhanced. If the Corps remains committed to enhanced customer service, significant time and cost savings could be realized. If, however, new control structure and/or processes are created to offset the elimination of divisions, enhanced customer service may be lost. Customers and partners who deal primarily with division headquarters, such as multi-district states and the regional offices of other federal agencies or military commands, will perceive the loss of customer service. There are no effective alternatives for dealing with these customers and partners.

(b) Internal customers. If the support and technical services currently consolidated at divisions are returned to districts, internal customers (primarily district personnel) will perceive that their service has been enhanced. If these services are returned to districts unaccompanied by sufficient resources to accomplish them, the perception will be short-lived and internal service will be degraded. The downward flow of information could be enhanced and this too would be seen as enhanced internal service. Some activities, such as materials testing, would be accomplished by contract, thus affording districts more direct and timely control.

(6) Regional perspective. This critical function cannot be effectively replaced. Although "lead districts" could be designated for the various regions, they lack the necessary resources, rank or command authority. Under this option, the membership and staff of such bodies as the Mississippi River Commission (MRC), International Joint Commission (IJC) and Board of Engineers for Rivers and Harbors (BERH) must be addressed.

(7) Product quality. In that divisions add value to the programming and budget processes, degradation in these products may be expected. Deviation in the quality of other district products, if any, would likely be slight and of short duration.

(8) Processes. All processes in which divisions are currently involved, particularly review, approval and reporting, could be significantly simplified and streamlined under the elimination option. This again assumes the avoidance of micro-management or added control structure at HQUSACE and/or OASA(CW).

(9) Staffing. The elimination option will require notably reduced staffing. Both manyears and numbers of personnel will be affected. The path which divisions now provide for civilian career progression and professional development will be lost. The shifting of functions to HQUSACE and districts may require some added staffing at those levels.

(10) Command and control relationships. This alternative significantly increases the span of control of the Corps headquarters; it is unlikely that HQUSACE, as currently organized, could provide effective command and control. A workable mechanism would have to be developed to minimize or avoid the impacts of duplicative or uncoordinated guidance. If not devised with exceptional caution, this mechanism could negate gains in other areas. Inspector General support to districts would be provided by HQUSACE.

(11) Impacts on the headquarters. The greatest impact on the Corps headquarters would be command and control. Regional interests, concerns and requirements will continue and HQUSACE will require a means of dealing with these. The pool of experienced Corps personnel who have developed broader perspectives, and from which Corps headquarters traditionally recruits, will disappear. It is also likely that HQUSACE will become much more deeply involved in operational issues, particularly project-specific problems.

(12) GO/SES supportability/progression. This alternative can be supported with general officers (GO) and senior executives (SES) at expected future numbers. It would virtually eliminate traditional career paths for GO/SES within the Corps. An SES career path from district to HQUSACE will work; the broadening of perspectives will occur at HQUSACE rather than divisions. A more severe and irreplaceable break occurs in the career progression of Corps general officers. The elimination of divisions wipes out the majority of Corps of Engineers one-star GO requirements; over time, the promotion pyramid for Corps GO will become inverted and the two-star GO requirements of the Corps will become unsupportable. Under the elimination option, membership in such bodies as BERH and MRC must be addressed.

(13) Other. The elimination of division headquarters reduces the number of positions and locations to which the Corps can recruit to achieve greater cultural balance and ethnic diversity. This could inhibit the success of the Corps' Equal Employment and Affirmative Action programs. It is also the

option which will demand the greatest Corps commitment to risk management and under which the Corps will experience the loss of the greatest number of seasoned Corps professionals.

4. REGIONALIZATION

a. **Division Functions.** The pure regionalization model is developed assuming the same number of divisions as currently exist. Understanding that the ultimate form of regionalization is the disappearance of districts as they are now known and the creation of ten "megadistricts" (now known as divisions), one must first determine what constitutes a district and why districts would be retained in the Corps structure. Given these determinations, reflected in Chapter 4, the most effective disposition of division functions under the pure regionalization alternative is as follows:

(1) Policy/program oversight. No change.

(2) Technical review. No change.

(3) Emergency Management. Regionalize. All planning for, and response to, natural disasters would occur at division Emergency Management centers.

(4) Regulatory. No change.

(5) Resource allocation. No change.

(6) Programming/testimony. No change.

(7) Water control. Reservoir regulation and flow control would be accomplished for the division area from a consolidated water control center. No capability to perform these functions would be retained at the district level.

(8) Centralized functions. Most planning, engineering and real estate activities would be accomplished at regionalized centers. All human resources, internal review, contract audit, security, law enforcement, safety and value engineering support would be provided from the division. Many of the support activities of Counsel, Resource Management and Information Management would also be centralized. Specific activities to be regionalized are reflected in more detail at Figure 5.

(9) Regional interface. No change.

(10) District guidance and support. No change.

b. **District Functions.** A high degree of regionalization drives considerable change in how districts accomplish their missions. The status of district functional accomplishment under the pure regionalization model is as follows:

1) Plan. The responsibility for, and management of, planning products would reside at the district under the purview of Project Management. All technical aspects of the development of planning products would be accomplished at a (RTC).

(2) Design. Most design would be accomplished at a RTC.

(3) Construct. No change.

(4) Operate. No change.

(5) Maintain. No change.

(6) Regulate. No change.

(7) Emergency management. Planning and conduct of emergency management would occur at a regional center.

(8) Mobilization. Planning and conduct of mobilization support would occur at a regional center.

(9) Support for others. The management of most activities in this category would be accomplished by a project manager at the district with technical support provided by the RTC. Some programs, such as military leasing or Homeowners Assistance Program (HAP) could be managed completely from the RTC.

c. Structure. The manner in which divisions and districts might be organized under regionalization is reflected at Figures 5 and 6 respectively.

d. Impact assessment.

(1) Management efficiency. The management of technical efforts, consolidated at RTCs, could become more efficient while the job of the project manager is likely to become more difficult. Assuming current processes to remain intact, there is little probability that significant management efficiencies will be gained with this alternative.

(2) Flexibility. RTCs would be formed from the core of the technical workforces which exist at district level today. It can be reasonably assumed that the number of spaces assigned to a RTC will be less than the sum of the spaces which currently reside at the districts. The workload transferred to the RTC would be the same workload currently accomplished at the districts. If workload increases and delays in the new or current work are to be avoided, the RTC will increase staff or seek A-E or other consultant services. If workload decreases, the RTC will do more work in-house. These means of accommodating workload variation already exist throughout the Corps. Some flexibility may be gained by the combination of fractions of unutilized man-years in some disciplines or the capability to share work among RTCs. Too, RTCs will overcome the

DIVISION HEADQUARTERS ORGANIZATION (WITH REGIONALIZATION)

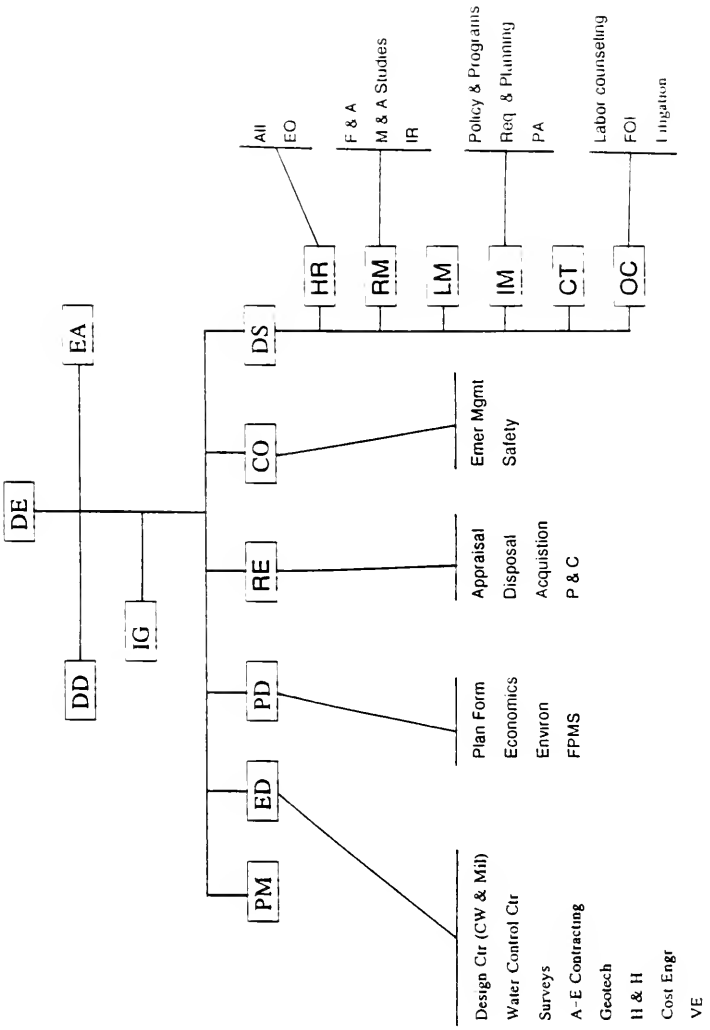
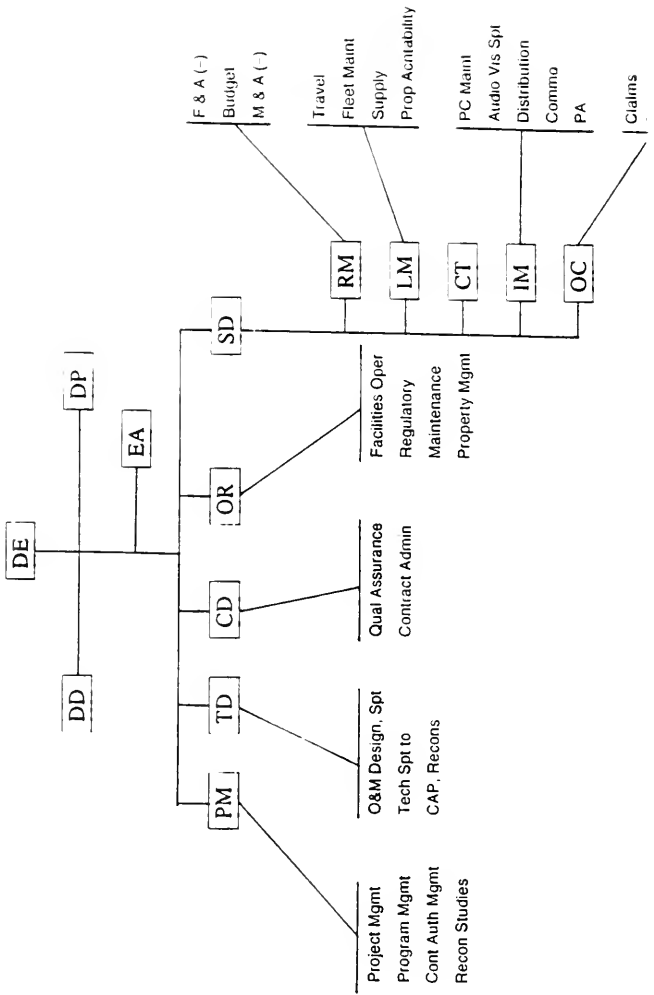


Figure 6

DISTRICT ORGANIZATION
(WITH REGIONALIZATION)



lesser flexibility of districts whose staff size is too small to readily accommodate large workload variations. Some flexibility gains may also be gleaned in the consolidation of administrative and support services.

(3) Competence. Gains in competency through regionalization are likely to be most significant in those technical disciplines which exist in small numbers in many districts today. Examples might be electrical and mechanical engineers or architects. Where very small numbers exist there may be little or no capability for mentoring or timely development within the discipline. Greater numbers at a RTC could provide these. RTCs could also apply broader standardization of designs and other activities which might be viewed as enhanced competency. Opportunities for enhanced competency may be greater in the consolidation of administrative and support services. Large regional support centers (RSC) may offer an opportunity to develop and retain skills which currently experience high turnover due to relatively low grades and external opportunities. Examples would be voucher examiners, personnel specialists, etc.

(4) Costs/savings. Once implemented, regionalization would yield considerable savings as a result of reduced staff. The creation and staffing of RTCs would generate significant short term costs.

(5) Customer service.

(a) External customers. Although the project manager remains in close proximity to the customer, the distancing of technical activities may be viewed as degraded service, particularly if the distancing results in delays or increased costs. A staunch commitment to timeliness and cost control could negate such customer perceptions.

(b) Internal customers. Internal customers (district personnel) are likely to perceive a loss in service. Internal services and support could be provided at lower cost and with improvements due to economies of scale. As proven in the Corps' centralized pay operations, a commitment to responsive and quality service can allay such perceptions. Similar quality support may be achieved in the technical areas, although project managers and others who must coordinate more detached support are likely to remain unconvinced. Regardless of commitment, one must understand the impact of distance on level of service for distance equals time and the loss of opportunity for face-to-face coordination. Some loss in both of these areas cannot be avoided under regionalization.

(6) Regional perspective. No change.

(7) Product quality. The Corps' products are not developed by people who spend all their time behind a drafting table or CADD unit. Much of the quality results from frequent site visits and coordination with customers, both external and

Corps personnel who will operate completed projects. The frequency of these activities will decline with the advent of RTCs and some would argue that the consequent quality of the product will be less.

(8) Processes. The creation of regional centers will force changes in current Corps processes, such as review, approval, reporting and budgeting. Although considerable turbulence will be encountered in the transition, workable alternatives will evolve over time.

(9) Staffing. Many year and personnel savings will be realized with the elimination of staff. This alternative has the potential for extensive personnel turbulence and the loss of a large number of seasoned Corps personnel. Whereas the workforce entry point for technical personnel is currently at the district, regionalization would shift the entry point to the RTC. The few technical personnel remaining in the district would have to be experienced generalists. Because promotion and development opportunities will exist largely at the RTCs, recruiting to district positions may become very difficult. Difficulty may also be encountered in recruiting sufficient interns to meet the needs at the fewer RTC locations.

(10) Command and control relationships. The external spans of control of HQUSACE and the division headquarters would remain essentially unchanged. Internally, organizational management at the divisions will become more complex while that at the districts will be less complex.

(11) Impacts on the headquarters. Regionalization will have little impact on the Corps headquarters.

(12) GO/SES supportability/progression. The career paths and progression for GO and SES within the Corps would remain unchanged. With expected future authorizations for these grades, the pure regionalization model cannot be supported with sufficient GO or SES. Should a high degree of regionalization drive district commander grades to the lieutenant colonel level, the pool of command-experienced colonels from which the Corps' GO will be drawn will shrink significantly.

(13) Other. Regionalization generates the greatest loss of seasoned Corps journeymen professionals. This option also diminishes the Corps' opportunity to enhance cultural balance and ethnic diversity through the application of its EO and AA programs.

e. Location of technical and/or support centers. The supervision and location of RTCs and RSCs can be accomplished in a variety of ways. They could be mandated by HQUSACE or left to the discretion of the division commander. Allowing division commanders latitude in this regard affords the best opportunity for addressing unique regional concerns. Each option will require considerable examination within each division. The options are:

(1) At division or separate location, under division control. This selection is likely to provide balanced support to districts and maximize management efficiencies. It will create maximum personnel turbulence and incur the greatest costs.

(2) At a district location, under division control. This selection maintains balanced support but with less cost and personnel turbulence.

(3) At a district location, under the control of a district commander. This selection will incur less cost than locating at division or a separate site. Perceptions of less balanced support may surface.

(4) Fragmented to all districts in the division. This is the least desirable option. There would be little or no implementation cost. There would also be little or no savings and little, if any, gain in efficiency, effectiveness or flexibility.

5. DECENTRALIZATION

a. **Division Functions.** Understanding that the most extreme application of decentralization is the elimination of divisions, this conceptual model is developed assuming no change in the number of divisions. A critical assumption is that HQUSACE and division headquarters perform only policy and staff functions and program management as opposed to project management. The most effective disposition of division functions in the decentralization model is as follows:

(1) Policy/program oversight. No change.

(2) Technical review. Accomplished totally at districts. Rationale is the same as for elimination of divisions. A critical assumption inherent in this model is the elimination of technical review at all levels above division. Thus the continued need for the Washington Level Review Center (WLRC) must be addressed. The continued operation of WLRC as it currently functions will drive the continuation of technical review at all levels between it and districts and the potential gains of powering down this function will not be realized.

(3) Emergency Management. Accomplished totally at district level. Analysis mirrors that for elimination of divisions.

(4) Regulatory. Accomplished totally at district level. In some divisions, this would require returning some authorities to the districts.

(5) Resource allocation. No change.

(6) Programming/testimony. No change.

(7) Water control. Accomplished totally at district level. In some divisions this would necessitate a change in current operations. A monitoring capability would be retained at the division so as to coordinate system-wide requirements. Addressal of existing laws in some regions would be required.

(8) Centralized functions. The current Corps structure finds a wide variety of consolidations from division to division. Analysis mirrors that for elimination of divisions.

(9) Regional interface. No change.

(10) District guidance and support. Diminished with the reduction in staff.

b. District Functions. The decentralization model generates some changes in how districts accomplish functions. Disposition of district functions under this alternative is as follows:

(1) Plan. The technical review of planning products would be added to those planning functions already accomplished at district level.

(2) Design. Technical review would be added to the functions already performed at the district.

(3) Construct. No change. Quality control/quality assurance (QC/QA) activities would be performed only at the district level.

(4) Operate. No change.

(5) Maintain. No change.

(6) Regulate. Some districts would have to resume authorities which currently reside at division level.

(7) Emergency management. Essentially unchanged.

(8) Mobilization. No change.

(9) Support for others. No change.

c. Structure. The manner in which divisions and districts might be organized under decentralization is reflected at Figures 7 and 8 respectively. Although numbers of spaces have not been assigned, by definition, the number of personnel assigned to division headquarters will decrease while the number of personnel assigned to districts may increase slightly.

DIVISION HEADQUARTERS ORGANIZATION (WITH DECENTRALIZATION)

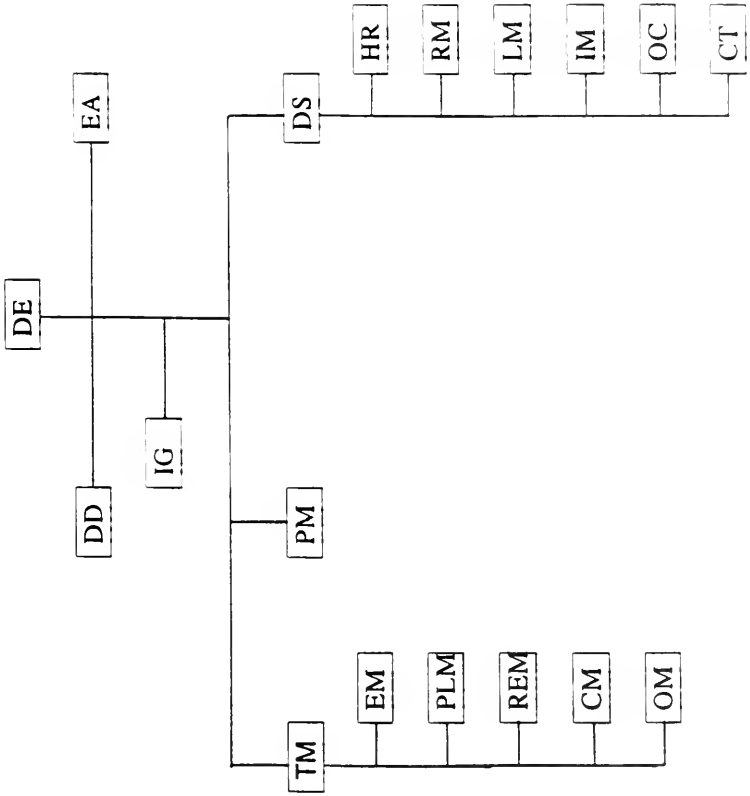
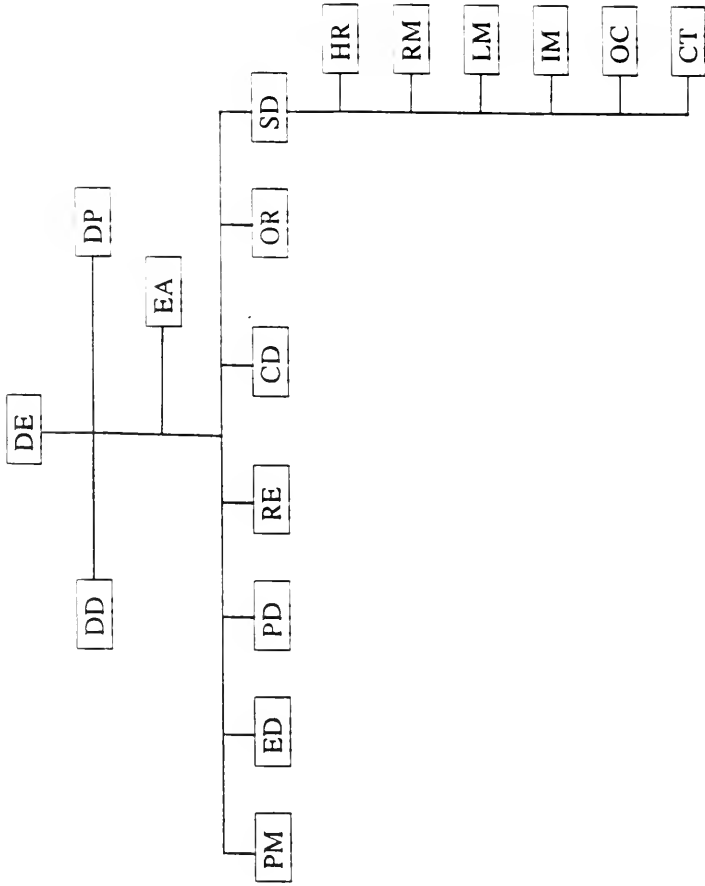


Figure 8

DISTRICT ORGANIZATION
(WITH DECENTRALIZATION)



d. **Impact assessment.**

(1) Management efficiency. Through the elimination of one or more layers, considerable management efficiencies can be gained in those functions which are decentralized.

(2) Flexibility. No change. Analysis mirrors that for elimination of divisions.

(3) Competence. Little, if any, long term change from current posture. Analysis mirrors that for elimination of divisions. Some competence which will be lost is that found in senior grade (GS13 thru 15) nonsupervisory reviewers at levels above district. Since similar grades cannot be justified at the district level, journeyman professionals who seek continued nonsupervisory advancement may migrate out of the Corps.

(4) Costs/savings. Since direct funded spaces above district level would be reduced, savings in the GE and OMA appropriations would accrue. There is also potential for reducing billbacks. Depending again on how expanded functions at the district are instituted and managed, there could be an increase in costs billed to projects. As in the elimination model, these could be minimized or avoided.

(5) Customer service.

(a) External customers. As with the elimination option, if decentralization is pursued with total commitment, customers will perceive and realize enhanced service.

(b) Internal customers. Same impact and analysis as for elimination of divisions.

(6) Regional perspective. No change.

(7) Product quality. Same impact and analysis as for elimination of divisions.

(8) Processes. There will be no change in processes which are unaffected by decentralization, such as budgeting and reporting. Technical processes would be simplified considerably, with corresponding savings in time and cost.

(9) Staffing. Moderate savings will be realized with the elimination of spaces at division and higher levels.

(10) Command and control relationships. While this alternative would not change the overall span of control or command relationships within the Corps, the span of control within division headquarters would be simplified. As with the elimination option, savings and efficiencies gleaned from decentralization will be highly dependent on the Corps' commitment to accept a greater degree of risk management.

(11) Impacts on the headquarters. The elimination of technical review at HQUSACE provides the opportunity for more timely and focused policy review and the savings associated with reduced staff. Streamlining in a variety of peripheral associated processes could also be achieved.

(12) GO/SES supportability/progression. The career paths and progression for GO and SES within the Corps would remain unchanged. Expected future authorizations for Corps GO and SES will not meet Corps requirements for this model if the current number of divisions is retained in the structure.

(13) Other. Decentralization will generate the loss of a relatively small number of seasoned Corps professionals. However, it does offer the best opportunity to accept losses through attrition rather than reduction in force (RIF).

6. REALIGNMENT

a. Division Functions. Realignment assumes the redrawing of division boundaries and the retention of current Corps processes and practices. By definition, this alternative yields fewer division headquarters, each commanding more districts. The most extreme application of realignment is the elimination of divisions. Understanding that the impacts of realigning divisions may differ for different numbers of divisions, impact assessment is addressed for two ranges: five to seven divisions and two to four divisions. The disposition of division functions under realignment is as follows:

- (1) Policy/program oversight. No change.
- (2) Technical review. No change.
- (3) Emergency Management. No change.
- (4) Regulatory. No change.
- (5) Resource allocation. No change.
- (6) Programming/testimony. No change.
- (7) Water control. No change.
- (8) Centralized functions. No change.
- (9) Regional interface. No change.
- (10) District guidance and support. No change.

b. District Functions. The disposition of district functions with the realignment of divisions, is as follows:

- (1) Plan. No change.
- (2) Design. No change.

- (3) Construct. No change.
- (4) Operate. No change.
- (5) Maintain. No change.
- (6) Regulate. No change.
- (7) Emergency management. No change.
- (8) Mobilization. No change.
- (9) Support for others. No change.

c. **Structure.** The manner in which divisions and districts might be organized under division realignment is reflected at Figures 9 and 10 respectively. Because all else remains unchanged, there is little variation from current organization.

d. **Impact assessment.**

(1) Management efficiency. Given fewer divisions with which to deal, some slight improvement will be seen at the Corps headquarters. Since all other processes and practices remain unchanged, no additional management efficiencies will be realized.

(2) Flexibility. In order to effectively supervise more districts, remaining divisions will undoubtedly require more staff. This slight increase in staff size may provide some added flexibility at division level. In the larger context of flexibility, however, few changes will be noted.

(3) Competence. As with flexibility, a slight increase in division staffs may result in opportunities for enhanced mentoring, professional development and sharing good ideas. Realignment also offers the opportunity to expand standardization over larger areas.

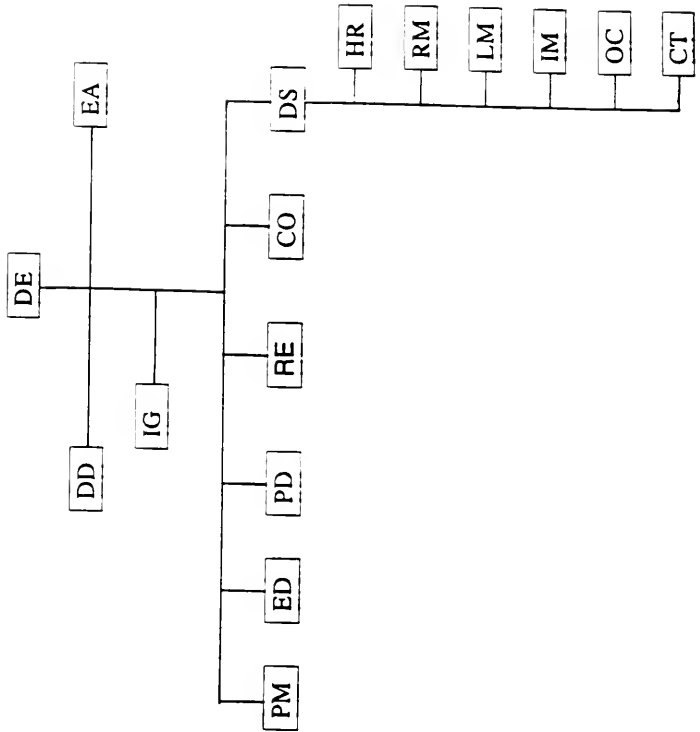
(4) Costs/savings. Savings would accrue in direct proportion to the number of divisions removed from the Corps structure. Closing division offices will bear considerable cost; once implemented, however, all costs currently associated with these offices will be avoided. Costs incurred by the remaining divisions will increase in proportion to any increase in staff size.

(5) Customer service.

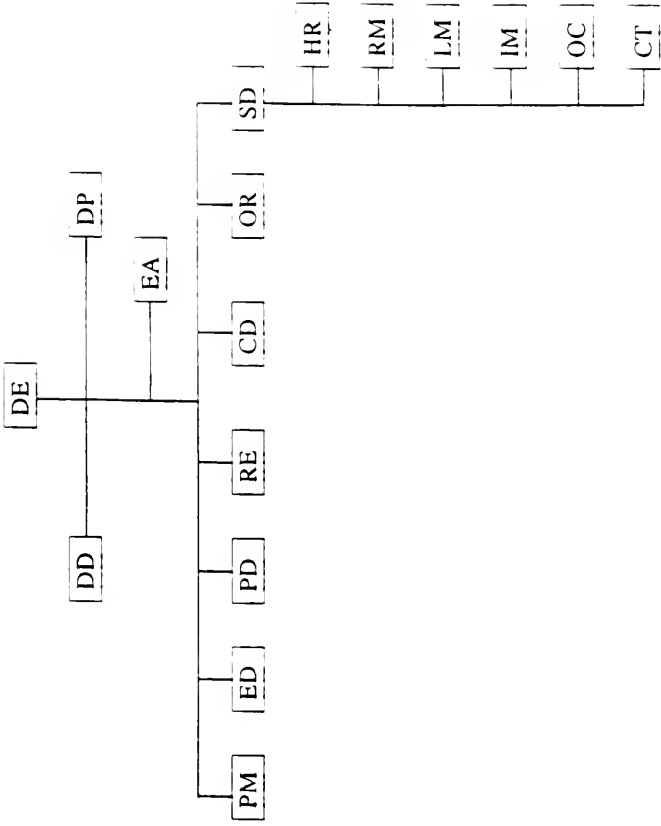
(a) External customers. Little change in customer service is likely to occur or be perceived if remaining divisions number from five to seven. The retention of two to four divisions increases the risk of degrading customer service, particularly if divisions are not provided with adequate resources to effectively supervise a much larger number of districts.

Figure 9

DIVISION HEADQUARTERS ORGANIZATION (WITH REALIGNMENT)



DISTRICT ORGANIZATION
(WITH DIVISION REALIGNMENT)



(b) Internal customers. Same impact and analysis as for external customers.

(6) Regional perspective. With five to seven divisions, it is likely that necessary regional perspective can be accommodated. With two to four divisions, regional perspective may be severely degraded or lost altogether.

(7) Product quality. The quality of Corps products can likely be maintained with five to seven divisions. Reductions beyond this level, from two to four, without investing in adequate division resources, could result in reduced product quality exacerbated by increases in time and cost.

(8) Processes. Processes themselves remain unchanged with this option. HQUSACE will find it easier to manage processes with fewer divisions. Division process management will become more complex, particularly as the number of divisions declines. In the two to four range, division commander Congressional testimony may become unmanageable, budgeting and programming could become more difficult and considerable time could be lost in routine reporting and staffing processes. The retention of two to four divisions will require greater commitment to risk management and avoidance of the tendency to micromanage.

(9) Staffing. Corps manyear and personnel requirements will decline in direct proportion to the number of divisions retained in the structure.

(10) Command and control relationships. With any lesser number of divisions, HQUSACE span of control is reduced. In the five to seven range, divisions incur an increased but manageable span of control. In the two to four range, division span of control exceeds accepted management ratios and related inefficiencies can be expected.

(11) Impacts on the headquarters. Beyond command and control considerations, there will be few impacts on the Corps headquarters.

(12) GO/SES supportability/progression. The retention of any number of divisions maintains traditional career paths for GO and SES within the Corps although the progression pyramid becomes narrower at the base. Corps requirements for GO under this option are probably supportable; supportability of SES requirements is more questionable. In the two to four range, Corps requirements for both GO and SES can likely be met with reduced future authorizations. As with the elimination option, realignment in the low range may not provide sufficient Corps one-star GO to feed two-star requirements. BERH membership would also have to be addressed at this range.

(13) Other. The Corps' ability to enhance cultural and ethnic diversity will decline as the number of divisions decreases. Similarly, loss of seasoned Corps professionals will increase as the number of divisions is reduced.

e. Realignment of districts.

The realignment of districts is an option which may also be considered. As with divisions, this would entail the redrawing of district boundaries. By definition this would result in fewer districts remaining in the Corps structure. A decision to align districts could be taken independent of, or in combination with, other alternatives. For the purposes of this analysis it is considered independently and no change in current Corps processes and practices is assumed. There is no change in core functions are accomplished; the functions of a realigned district are absorbed into those of another. The assessment of impacts is as follows:

(1) Management efficiency. Management efficiencies will be achieved where a relatively small program and workload can be easily incorporated into those of a neighboring district. There is a point of diminishing return which would be exceeded with a large number of district realignments.

(2) Flexibility. Gains in flexibility may be achieved in low density disciplines or where less flexible organizations are realigned.

(3) Competence. Impacts in this area will be similar to those of the regionalization option, but on a much smaller scale.

(4) Costs/savings. Earlier studies have determined that the average annual savings achieved in realigning districts is relatively small; approximately \$1 million per year per district. There are transition costs associated with district realignments; these would increase relative to the number of realignments.

(5) Customer service.

(a) External customers. Customers, partners and the general public in a realigned geographic area will perceive a loss of service. The perception will become reality if the absorbing district does not provide equal attention and responsiveness to these customers and partners.

(b) Internal customers. Field personnel remaining in the realigned area will perceive a loss of service. Avoidance of real loss of service will require a strong commitment to these personnel by the absorbing district.

(6) Regional perspective. There is likely to be no change over the larger region (division area); there could be

some change in perspective regarding needs or concerns within the realigned geographic area.

(7) Product quality. Increased distance from project and study areas could impact site specific considerations in planning, engineering, and operations products and services.

(8) Processes. Processes would remain the same. Some localized disruption could result in the realigned area while the transition is effected.

(9) Staffing. Fewer manyears and personnel would be required; staff needs will decline in direct proportion to the number of districts realigned. Personnel turbulence will increase as more districts realign.

(10) Command and control relationships. A reduced division span of control would result.

(11) Impacts on the headquarters. None.

(12) GO/SES supportability/progression. No Change. The realignment of a large number of districts will eventually reduce the pool of command-experienced colonels from which Corps GO will be drawn.

(13) Other.

(a) To the majority of the Corps workforce, and those outside the Corps who know it well, district realignments represent the greatest and most threatening aspect of change. Because change is more acceptable when it does not threaten security and when it follows earlier successful change, realignment of districts will be more difficult to accomplish than any other reorganizational alternative.

(b) As discussed in Chapter 3, districts provide the base of political support which the Corps enjoys. The disturbance created in that political base when district realignments are proposed has been recently experienced. It is likely that district realignments will continue to encounter strong political resistance.

CHAPTER 6

COMBINATION ALTERNATIVES

1. GENERAL

Three combination options are addressed in this chapter. These options were developed by assembling, in various configurations, the most positive aspects of the conceptual models.

2. COMBINATION #1 - REALIGNMENT/REGIONALIZATION(Admin)/
DECENTRALIZATION(Tech)

a. **Construction of the option.** Principal components of this alternative include realignment of divisions, decentralization of technical functions and regionalization of administrative and support activities. Critical assumptions include the elimination of the technical review function and construction QC/QA activities at all levels above district, adoption of the process improvements addressed in Chapter 9 and the assignment of MILCON/HTRW work to all districts.

b. **Division Functions.** The most effective disposition of division functions is as follows:

(1) Policy/program oversight. No change.

(2) Technical review. Accomplished totally at districts.

(3) Emergency Management. Accomplished totally at district level. A monitoring and coordinating capability is retained at the division.

(4) Regulatory. Accomplished totally at district level. Some districts would resume authorities currently residing with the division commander. No monitoring capability is retained at the division.

(5) Resource allocation. No change.

(6) Programming/testimony. No change. However, ASA(CW) and HQUSACE would work with appropriate Congressional committees to eliminate the requirement for division commander testimony.

(7) Water control. Accomplished totally at district level. A monitoring and coordinating capability is retained at the division. Laws mandating unique circumstances such as MRT may need to be addressed.

(8) Centralized functions. Functions or activities to be accomplished in regional centers are reflected at Figure 10.

(9) Regional interface. No change.

(10) District guidance and support. No change.

c. **District Functions**. Under Combination , the position of district functions is as follows:

(1) Plan. The technical review of planning products would be added to those planning functions already accomplished at district level.

(2) Design. Technical review would be added to the functions already performed at the district.

(3) Construct. No change. A key assumption is the elimination of QC/QA at levels above district.

(4) Operate. No change.

(5) Maintain. No change.

(6) Regulate. Accomplished totally at district level. Some districts would resume authorities which currently reside at division level. No capability remains at division.

(7) Emergency management. No change.

(8) Mobilization. No change.

(9) Support for others. No change.

d. **Structure**. The manner in which divisions and districts might be organized under Combination #1 is reflected at Figures 11 and 12 respectively.

e. **Impact assessment**.

(1) Management efficiency. Significant gains achieved with elimination of layered review and approvals and adoption of process improvements.

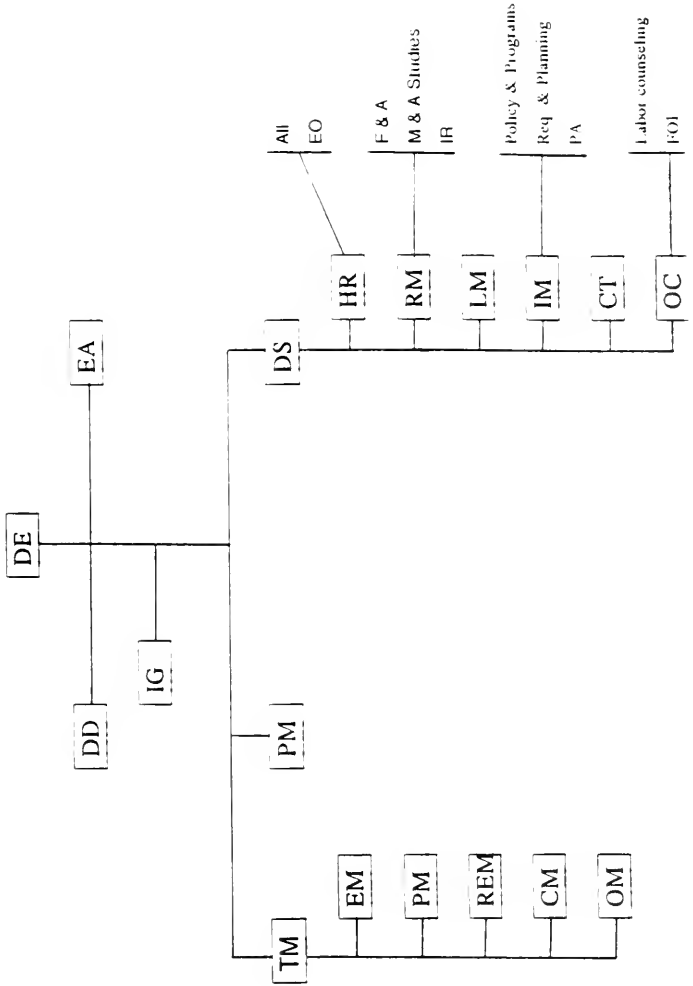
(2) Flexibility. Slight, if any, improvement to be gained in technical areas. Some gains may be achieved in the support areas.

(3) Competence. Slight, if any, increase in technical areas. Some gains may be achieved in the support areas.

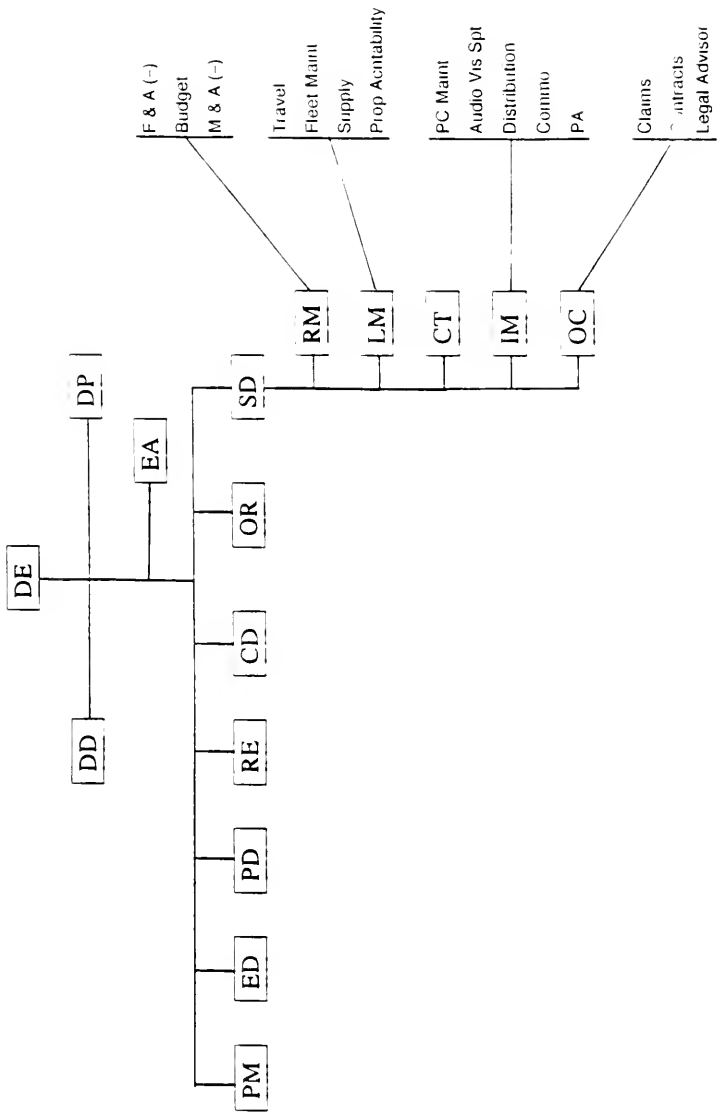
(4) Costs/savings. Considerable direct savings in GE and OMA funds with realignment of divisions; these savings grow with fewer divisions. Additional savings result from decentralization of technical review and adoption of process improvements. Depending on how technical review is incorporated

Figure 11

DIVISION HEADQUARTERS ORGANIZATION/COMBO #1
 (WITH REALIGNMENT/DECENTRALIZATION[Tech]/REGIONALIZATION[Admin])



DIVISIONAL ORGANIZATION/COMPONENT
 (WITH DIVISION REALIGNMENT/DECENTRALIZATION[Tech]/REGIONALIZATION[Admin])



at the district level, there could be some increase in direct project costs; these can be minimized and unseen by the customer. There will be one-time costs associated with division realignments; these will grow in direct proportion to the number of realignments.

(5) Customer service.

(a) External customers. Customers, partners and the general public will perceive and realize enhanced service.

(b) Internal customers. Internal customers will perceive a loss of service in the support areas, at least initially. Economies of scale, automation and some enhancements in flexibility and competence offer opportunities for improvements.

(6) Regional perspective. No change if five to seven divisions retained. Degradation may occur if only two to four divisions are retained.

(7) Product quality. With the retention of five to seven divisions, degradation of product quality, if any, is likely to be slight and of short duration. With the retention of only two to four divisions, programs and budgets could be affected.

(8) Processes. The decentralization of technical activities and adoption of process improvements will significantly enhance Corps processes. With more support activities being accomplished at RSCs, reports from districts may also be simplified and reduced.

(9) Staffing. Staffing requirements will be reduced at all levels in direct proportion to the number of division realignments. Realignments and support consolidations will result in moderate losses of seasoned Corps professionals; these losses will increase in direct proportion to the number of division realignments.

(10) Command and control relationships. There will be no change in command relationships. HQUSACE span of control will be reduced. Division spans of control will be increased; assuming no realignment of districts, they will remain manageable in the five to seven range but could become difficult in the two to four range.

(11) Impacts on the headquarters. Broad opportunities exist for achieving significantly enhanced efficiency, effectiveness and streamlining through elimination of technical review and reduced micromanagement.

(12) GO/SES supportability/progression. The GO requirements of a five to seven division structure can be met; SES requirements may be more difficult to fill. Adequate career ladders for both are maintained with this number of divisions.

th the GO and SES needs of a two to four division structure
 1 be met. Although career ladders for both are maintained, the
 01 of one-star GO may eventually shrink to a point which will
 : support Corps two-star needs. Membership of BERH must also
 addressed in this range.

(13) Other. With reduced staff size and fewer
 cations to which to recruit, the Corps' ability to achieve
 eater cultural balance and ethnic diversity may be impacted.

COMBINATION #2 - REALIGNMENT/REGIONALIZATION(Tech & Admin)

a. **Construction of the option.** Principal components of
 is alternative include realignment of divisions and regionali-
 tion of technical, administrative and support activities. This
 tion does not automatically assume the adoption of process
 improvements.

b. **Division Functions.** The most effective disposition of
 vision functions Combination #2 is as follows:

(1) Policy/program oversight. No change.

(2) Technical review. No change.

(3) Emergency Management. Regionalize.

(4) Regulatory. No change.

(5) Resource allocation. No change.

(6) Programming/testimony. No change.

(7) Water control. Regionalized.

(8) Centralized functions. Most planning, engineering
 and real estate activities would be accomplished at regionalized
 centers. All human resources, internal review, contract audit,
 security, law enforcement, safety and value engineering support
 could be provided from the division. Many of the support
 ctivities of Counsel, Resource Management and Information
 Management would also be centralized. Specific activities to be
 regionalized are reflected in more detail at Figure 13.

(9) Regional interface. No change.

(10) District guidance and support. No change.

c. **District Functions.** The disposition of district
 functions under Combination #2 is as follows:

(1) Plan. Managed at the district level with
 regional technical support provided.

(2) Design. Managed at the district level with
 regional technical support provided.

- (3) Construct. No change.
- (4) Operate. No change.
- (5) Maintain. No change.
- (6) Regulate. No change.
- (7) Emergency management. Regionalize.
- (8) Mobilization. Regionalize.

(9) Support for others. The management of most activities in this category would be accomplished by a project manager at the district with technical support provided by the RTC. Some programs, such as military leasing or Homeowners Assistance Program (HAP) could be managed completely from the RTC.

d. Structure. The manner in which divisions and districts might be organized under Combination #2 is reflected at Figures 13 and 14 respectively.

e. Impact assessment.

(1) Management efficiency. The management of technical efforts, consolidated at RTCs, could become more efficient while the job of the project manager is likely to become more difficult. Assuming current processes to remain intact, there is little probability that significant management efficiencies will be gained with this alternative.

(2) Flexibility. Some flexibility may be gained by the combination of fractions of unutilized manyears in some disciplines or the capability to share work among RTCs. Too, RTCs will overcome the lesser flexibility of districts whose staff size is too small to readily accommodate large workload fluctuations. Some flexibility gains may be gleaned in the consolidation of administrative and support services.

(3) Competence. Gains in competency are likely to be most significant in those technical disciplines which exist in small numbers in many districts today. Greater numbers at a RTC could provide opportunities for increased mentoring and professional development. RTCs could also apply broader standardization of designs and other activities which might be viewed as increased competency. Opportunities for enhanced competency may also exist in the consolidation of administrative and support services. Large regional support centers (RSC) may offer an opportunity to develop and retain skills which currently experience high turnover due to relatively low grades and external opportunities.

(4) Costs/savings. The creation and staffing of RTCs, along with division realignments, will generate significant

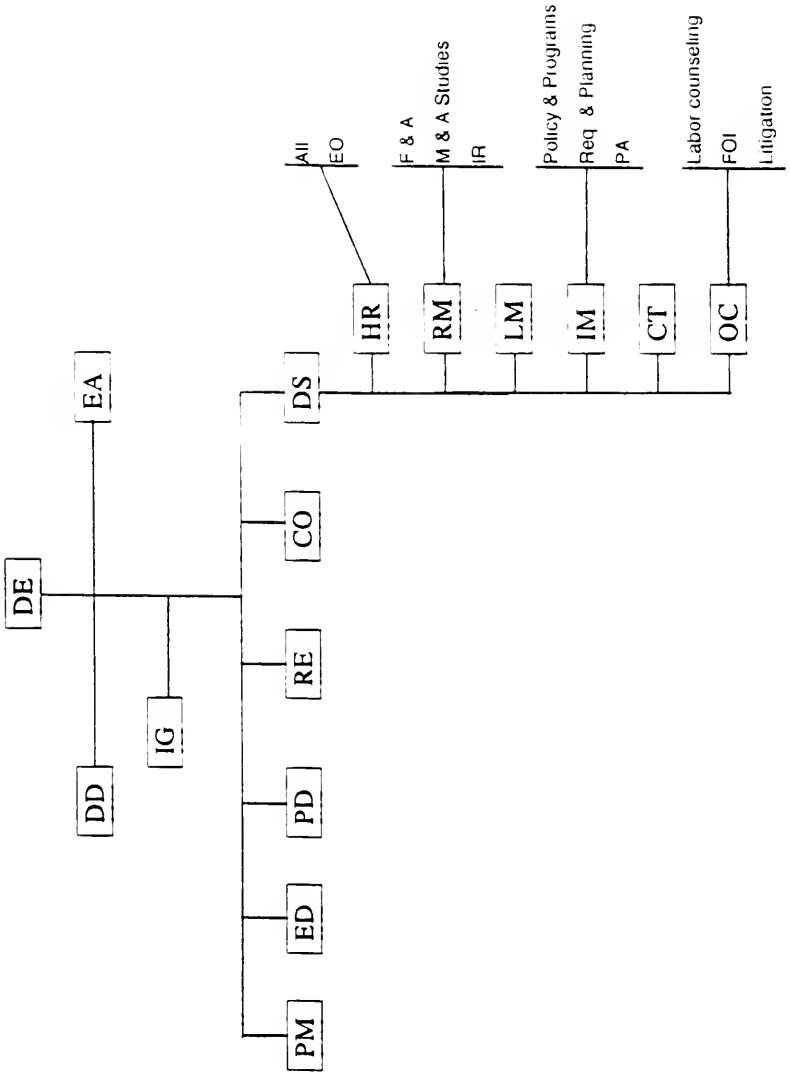
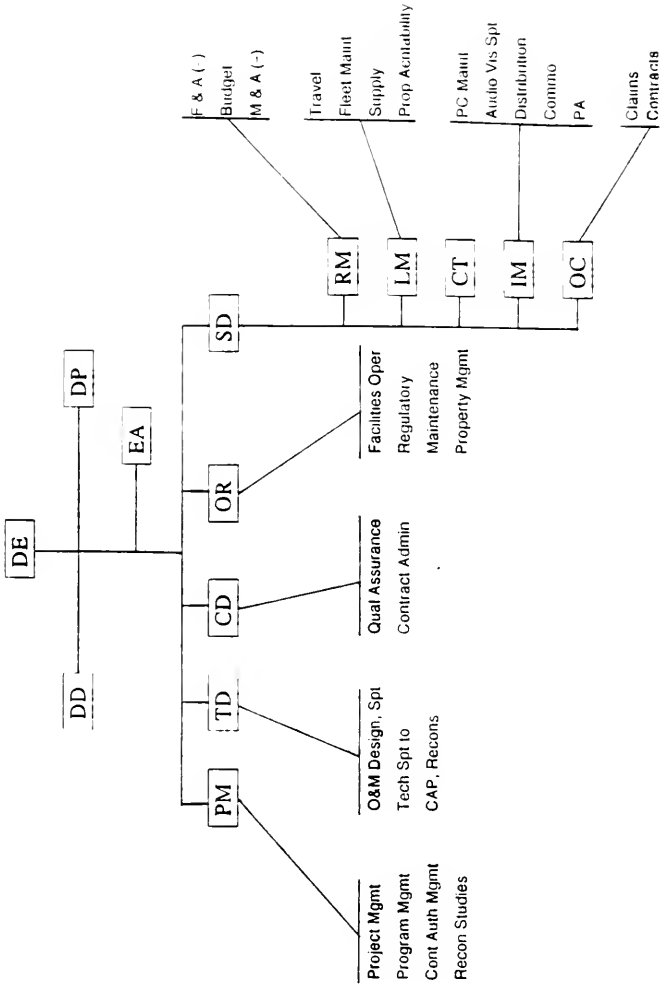


Figure 14

DISTRICT ORGANIZATION/COMBO #2
 (WITH DIVISION REALIGNMENT/REGIONALIZATION[Tech & Admin])



short term costs. Once implemented, this alternative would yield considerable savings.

(5) Customer service.

(a) External customers. Although the project manager remains in close proximity to the customer, the distancing of technical activities may be viewed as degraded service, particularly if the distancing results in delays or increased costs. A staunch commitment to timeliness and cost control could negate such customer perceptions. Assuming the continuation of current Corps practices and processes, there may be little change in service to external customers.

(b) Internal customers. Internal customers are likely to perceive a loss in service. Internal services and support could be provided at lower cost and with improvements due to economies of scale. A commitment to responsive and quality service can allay such perceptions. Similar quality support may be achieved in the technical areas, although project managers and others who must coordinate more detached support are likely to remain unconvinced. The impacts of distance on level of service and lost opportunities for face-to-face coordination cannot be avoided under this alternative.

(6) Regional perspective. The retention of five to seven divisions will yield no change. With two to four divisions, some degradation may occur.

(7) Product quality. Reduced frequency of site visits and less direct coordination with customers which will accompany the advent of RTCs may impact product quality. These impacts could be exacerbated with only two to four divisions in the structure.

(8) Processes. The creation of regional centers will force changes in current Corps processes, such as review, approval, reporting and budgeting. Although considerable turbulence will be encountered in the transition, workable alternatives will evolve over time.

(9) Staffing. Many year and personnel savings will be realized with the elimination of staff which results from both regionalization and realignment. This combination option creates the most extensive personnel turbulence and the greatest loss of seasoned Corps personnel, to include journeyman professionals. Because promotion and development opportunities will exist largely at the RTCs, recruiting to technical positions in the districts (journeyman and generalist) may become very difficult. Difficulty may also be encountered in recruiting sufficient interns to meet the needs at the fewer RTC locations.

(10) Command and control relationships. Command relationships throughout the Corps will remain essentially unchanged. With fewer divisions, HQUSACE span of control will decrease. Assuming no district realignments, division external

spans of control will increase; these will be acceptable in the five to seven range but may become difficult in the two to four range. Internally, organizational management at the divisions will become more complex while that at the districts will be less complex.

(11) Impacts on the headquarters. Beyond span of control, this alternative generates no impacts on the Corps headquarters.

(12) GO/SES supportability/progression. The GO requirements of a five to seven division structure can be met; SES requirements may be more difficult to fill. Adequate career ladders for both are maintained with this number of divisions. Both the GO and SES needs of a two to four division structure can be met. Although career ladders for both are maintained, the pool of one-star GO may eventually shrink to a point which will not support Corps two-star needs. Membership of BERH must also be addressed in this range. Should a high degree of regionalization drive district commander grades to the lieutenant colonel level, the pool of command-experienced colonels from which the Corps' GO will be drawn will shrink significantly.

(13) Other. This alternative diminishes the Corps' opportunity to enhance cultural balance and ethnic diversity through the application of its EO and AA programs. Fewer divisions will magnify this impact.

4. COMBINATION #3 - REALIGNMENT/REGIONALIZATION(Admin)

a. Construction of the option. Principal components of this alternative include realignment of divisions, decentralization of technical functions and regionalization of administrative and support activities. The primary difference between this option and Combination #1 is the retention of the technical review function at the division, i.e., one level of review. Critical assumptions include the elimination of technical review above division level, the elimination of construction QC/QA activities above district level and the adoption of process improvements.

b. Division Functions. The most effective disposition of division functions is as follows:

(1) Policy/program oversight. No change.

(2) Technical review. No change.

(3) Emergency Management. Accomplished totally at district level. A monitoring and coordinating capability is retained at the division.

(4) Regulatory. Accomplished totally at district level. Some districts would resume authorities currently residing with the division commander. No monitoring capability is retained at the division.

(5) Resource allocation. No change.

(6) Programming/testimony. No change. However, ASA(CW) and HQUSACE would work with appropriate Congressional committees to eliminate the requirement for division commander testimony.

(7) Water control. Accomplished totally at district level. A monitoring and coordinating capability is retained at the division. Laws mandating unique circumstances such as MRT may need to be addressed.

(8) Centralized functions. Functions or activities to be accomplished in regional centers are reflected at Figure 15.

(9) Regional interface. No change.

(10) District guidance and support. No change.

c. **District Functions.** Under Combination #1, the disposition of district functions is as follows:

(1) Plan. The technical review of planning products would be added to those planning functions already accomplished at district level.

(2) Design. Technical review would be added to the functions already performed at the district.

(3) Construct. No change. A key assumption is the elimination of QC/QA at levels above district.

(4) Operate. No change.

(5) Maintain. No change.

(6) Regulate. Accomplished totally at district level. Some districts would resume authorities which currently reside at division level. No capability remains at division.

(7) Emergency management. No change.

(8) Mobilization. No change.

(9) Support for others. No change.

d. **Structure.** The manner in which divisions and districts might be organized under Combination #3 is reflected at Figures 15 and 16 respectively.

e. **Impact assessment.**

(1) Management efficiency. Significant gains achieved with elimination of layered review and approvals (but less than Combination #1) and adoption of process improvements.

Figure 15

DIVISION HEADQUARTERS ORGANIZATION/COMBO #3
(WITH REALIGNMENT/REGIONALIZATION(Admin))

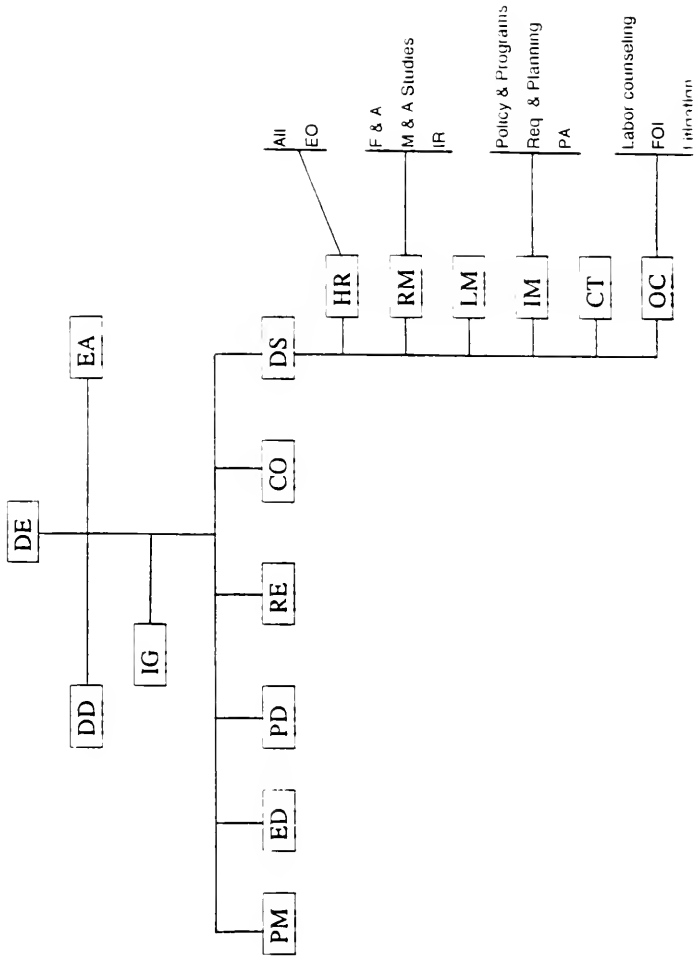
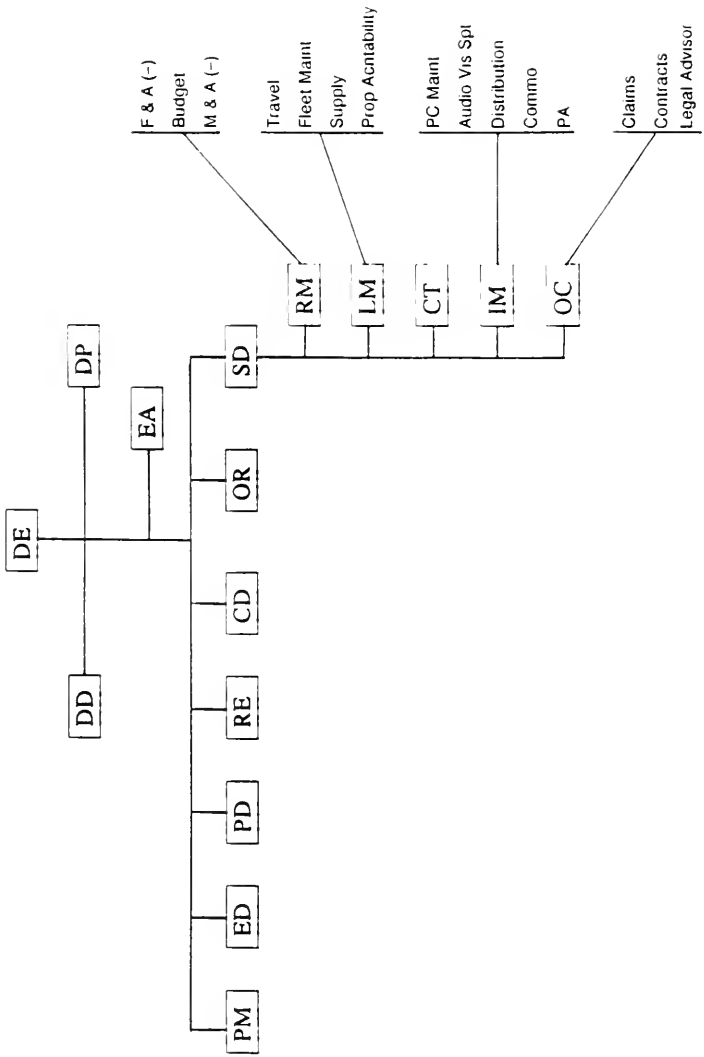


Figure 16

DISTRICT ORGANIZATION/COMBO #3
(WITH DIVISION REALIGNMENT/REGIONALIZATION[Admin])



(2) Flexibility. Slight, if any, improvement to be gained in technical areas. Some gains may be achieved in the support areas.

(3) Competence. Slight, if any, increase in technical areas. Some gains may be achieved in the support areas.

(4) Costs/savings. Considerable direct savings in GE and OMA funds with realignment of divisions; these savings grow with fewer divisions. Additional savings result from decentralization of technical review (but less than Combination #1) and adoption of process improvements. Depending on how technical review is incorporated at the district level, there could be some increase in direct project costs; these can be minimized and unseen by the customer. There will be one-time costs associated with division realignments; these will grow in direct proportion to the number of realignments.

(5) Customer service.

(a) External customers. Customers, partners and the general public will perceive and realize enhanced service.

(b) Internal customers. Internal customers will perceive a loss of service in the support areas, at least initially. Economies of scale, automation and some enhancements in flexibility and competence offer opportunities for improvements.

(6) Regional perspective. No change if five to seven divisions retained. Degradation may occur if only two to four divisions are retained.

(7) Product quality. With the retention of five to seven divisions, little, if any, degradation of product quality is likely to occur. With the retention of only two to four divisions, technical products, programs and budgets could be affected.

(8) Processes. The decentralization of technical activities and adoption of process improvements will significantly enhance Corps processes. With more support activities being accomplished at RSCs, reports from districts may also be simplified and reduced.

(9) Staffing. Staffing requirements will be reduced at all levels in direct proportion to the number of division realignments. Realignments and support consolidations will result in moderate losses of seasoned Corps professionals; these losses will increase in direct proportion to the number of division realignments.

(10) Command and control relationships. There will be no change in command relationships. HQUSACE span of control will be reduced. Division spans of control will be increased; assuming no realignment of districts, they will remain

manageable in the five to seven range but could become difficult in the two to four range.

(11) Impacts on the headquarters. Broad opportunities exist for achieving significantly enhanced efficiency, effectiveness and streamlining through elimination of technical review and reduced micromanagement.

(12) GO/SES supportability/progression. The GO requirements of a five to seven division structure can be met; SES requirements may be more difficult to fill. Adequate career ladders for both are maintained with this number of divisions. Both the GO and SES needs of a two to four division structure can be met. Although career ladders for both are maintained, the pool of one-star GO may eventually shrink to a point which will not support Corps two-star needs. Membership of BERH must also be addressed in this range.

(13) Other. With reduced staff size and fewer locations to which to recruit, the Corps' ability to achieve greater cultural balance and ethnic diversity may be impacted.

CHAPTER 7

HQUSACE ORGANIZATION

1. GENERAL

a. Attempting to effect real, effective and lasting change in the bottom portions of an organization without a corresponding and equally strong commitment to change at the top dooms the attempt to failure. The analysis of alternative division and district structures and functions leads one logically to a similar analysis of the Corps headquarters.

b. As a result of anticipated GE and OMA funding levels for FY 93 and beyond, HQUSACE must affect some change internal to the headquarters and some which affects at least division headquarters. Implemented wisely, it can set the tone and commitment for the change which must occur throughout the remainder of the Corps.

c. This chapter addresses a structural approach to affecting change within HQUSACE. Process approaches are addressed in Chapter 9.

2. FUNCTIONS OF THE HEADQUARTERS

Just as divisions and districts are defined by, and organized to accomplish, specific functions, so too is the headquarters. An effective organization cannot be constructed without an understanding of its functions. Stated in most basic terms, the functions of the Corps headquarters are:

- a. Policy oversight.
- b. Executive direction and management.
- c. Program development and management.
- d. Legislative coordination.

3. CURRENT HEADQUARTERS STRUCTURE

a. The current structure of the headquarters reflects an early intent to organize programmatically. Given the functions it serves, a programmatic structure is prudent. However, the current structure also reflects that commitment to the early intent was not fully prosecuted. The result is a mix of programmatic, functional and special focus elements.

b. In large measure, the current structure of the headquarters has ownership of current Corps processes and practices. Retention of the current organization will drive retention of existing procedures and practices; even if some are

eliminated in the short term, they will be regrown in the long term. Consequently, no effective or lasting change will occur in the Corps as long as the current structure is maintained.

4. ALTERNATIVE HEADQUARTERS STRUCTURE

An alternative structure for the headquarters is offered at Figure 17. Key aspects and considerations to this organization are as follows :

a. The organization embodies a manageable and efficient internal span of control.

b. The organization invites balanced input as pertains to the products and services which the Corps provides.

c. The Programs Management Directorate provides clear focus on the major program functions of the headquarters. This directorate would accomplish program development and management, legislative coordination, oversight for policy established by ASA(CW) and ASA(ILE) and some aspects of executive direction and management. HQUSACE Project Review Boards would be conducted by this directorate. This organization would be particularly appropriate to the decentralization of the MILCON and HTRW missions as discussed in Chapter 8.

d. The Technical Management Directorate serves the needs of the Corps in providing the leaders which the technical "stovepipes" seek without duplication of structure or effort. This directorate would provide executive direction and management as pertains to technical matters, establish policy guidance (as opposed to detailed implementation guidance) in technical matters and accomplish some aspects of policy oversight.

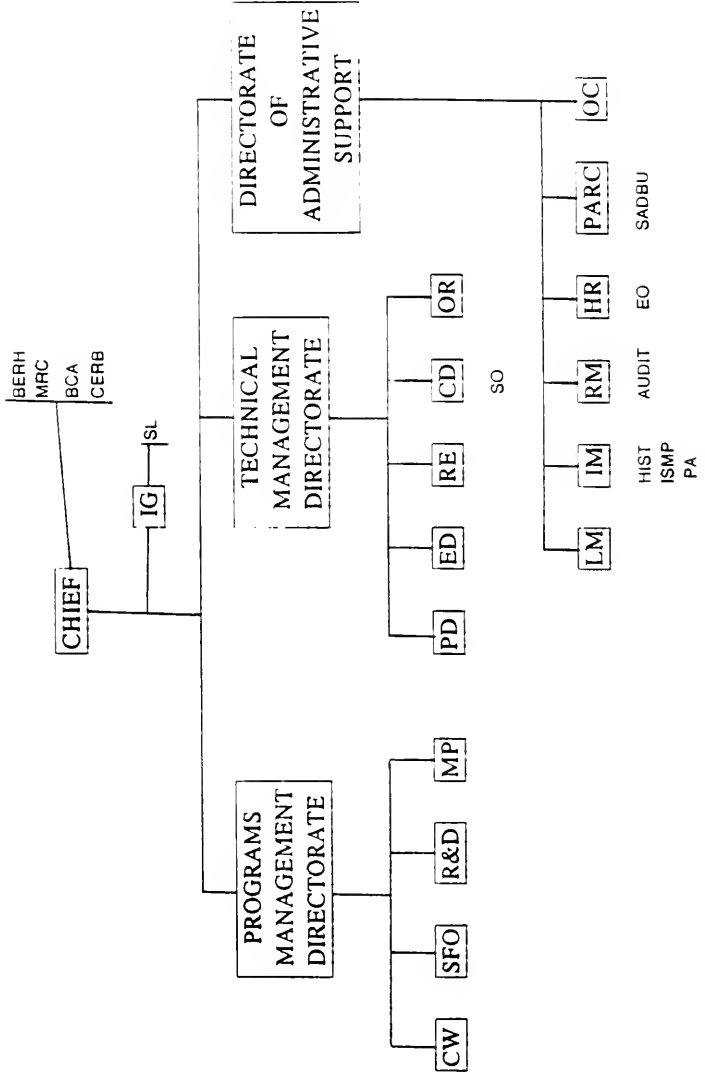
e. The organization of support elements addressed in Chapter 4 can be applied with equal effectiveness in the headquarters. The Directorate of Administrative Support serves the needs of the Corps in providing the leaders which the administrative and support "stovepipes" seek. This directorate would provide executive direction and management in administrative and support matters, establish policy guidance (as opposed to detailed implementation guidance) in administrative and support matters and accomplish some aspects of policy oversight.

f. A single office should have sole responsibility for the issuance of all documents and correspondence, regardless of source, from the headquarters. The Information Management Division of the Directorate of Administrative Support may be a likely candidate.

g. A single office should have sole responsibility for the development of environmental policy and guidance. The Engineering Division of the Technical Management Directorate may be a likely candidate.

Figure 17

HQ USACE - TOMORROW



h. Remembering that the key functions of the headquarters are of a policy and program nature, and that work will grow to meet the staff and time available, minimalization should be a design criteria for every element of the organization.

i. No element in the headquarters should bear a title which includes the term "Project Management."

CHAPTER 8

MILCON/HTRW ASSIGNMENT

1. GENERAL

Current Corps practice is to assign military construction (MILCON) and hazardous, toxic and radiologic waste (HTRW) missions only to selected districts. In the MILCON arean, such assignment is thought to enhance cost control and customer service. In the HTRW area, such assignment is thought to be necessary due to the complex nature of the work. As the Corps contemplates alterations to its structure, it is appropriate, even necessary, to reexamine how MILCON and HTRW might best be assigned.

2. ASSIGNMENT OF MILITARY CONSTRUCTION

a. Arguments for continued centralization.

(1) With the downsizing of the military services, and after the BRAC process is complete, there will be fewer active military bases requiring MILCON support.

(2) The MILCON mission requires a dedicated staff with a sense of urgency which differs significantly from that required for civil works.

(3) Centralized MILCON can capture cost savings resulting from economies of scale.

(4) Not all districts possess the charging discipline or funds control integrity required to successfully manage MILCON.

(5) MILCON requires close supervision by HQUSACE. This is more easily accomplished with fewer districts being given the MILCON mission.

(6) Some military customers prefer a single Corps element do all their work.

b. Arguments for decentralization.

(1) In addition to active Army and Air Force commands, the Corps' military customers include the reserve components of these services. By virtue of size alone, the reserve components will provide a greater proportion of the future MILCON workload. Both the Reserve and Guard, who are demanding greater service and responsiveness, now have the option of getting MILCON support outside the Corps. Responsiveness to both active and reserve components could be enhanced if more districts provided MILCON support. Several reserve component

reserve component commands have already requested that support be provided by geographically closer districts. At a time when the Corps' MILCON mission is being challenged in the Defense Management Review process, such a shift may be wise.

(2) The trend appears to be toward smaller, less complex future military projects. Thus districts providing MILCON will require smaller, less specialized staffs. More, if not most, existing districts already possess the skills required to successfully manage these essentially maintenance and rehabilitation type jobs.

(3) Military customers demand a considerable amount of the district commander's time. In districts with large military workloads, this impact is considerable. If more district commanders were responsible for MILCON, all district commanders could more equitably allot time and attention to both the civil works and military missions.

(4) Centralized F&A operations, which divisions have already adopted to varying degrees, can effectively and economically accomplish the necessary accounting for multiple district MILCON assignment. CEFMS and PROMIS, which offer even greater potential for enhanced cost control, will further support multiple district MILCON assignments.

(5) The staffs of Directors of Engineering and Housing (DEH) and Base Engineers (BE) continue to decline in size and capability as the military services absorb funding cuts and reduced manpower. The DEHs and BEs are turning more and more to the Corps for expanded services. Increasing the number of districts which would provide the expanded support is a means of accommodating this demand without significant staffing up.

(6) With all districts assigned the MILCON mission, the MILCON and civil works boundaries of divisions and districts draw much closer together (ideally coincide) and become more understandable to the many agencies and customers with whom the Corps deals.

(7) Districts which are currently assigned both missions enjoy a synergy in technical areas and a flexibility for absorbing workload fluctuations which are not available to districts with only a civil works mission. MILCON assignment to all districts would allow these desirable impacts to be gained throughout the Corps.

(8) The trend to more reimbursable type work heightens customer desire for a closer, more responsive support provider. This trend also reduces the need for unique accounting.

(9) The added diversity of work can provide broadened opportunities for the professional development of technical personnel in all districts of the Corps.

3. ASSIGNMENT OF HTRW WORK

a. Arguments for continued centralization.

(1) A Corps HTRW design center, which boasts considerable expertise, has already been established.

(2) Some HTRW problems are so complex that the design solution requires highly specialized skills. The Corps cannot afford to build this capability in every district.

b. Arguments for decentralization.

(1) Although some HTRW problems are highly complex and require sophisticated design solutions, the large majority are considerably less complicated than generally perceived. Most, if not all, districts already possess the engineering and construction capabilities to manage most HTRW projects. A relatively small Corps HTRW design center could be maintained for problems requiring highly sophisticated design solutions.

(2) Environmental work, to include HTRW, is growing rapidly. This growth will soon surpass the Corps' ability to keep pace. The required involvement of a Corps or division center in most HTRW issues will add unnecessary time and cost to these projects.

(3) One of the most complicated aspects of HTRW projects is knowledge and conformance with federal and state laws and policies, local government ordinances, etc. Districts, as a result of constructing and operating current projects, are already familiar with the state and local requirements, as well as the federal laws.

(4) Also as a result of constructing and operating current projects, districts have been required to become knowledgeable of the technical aspects of HTRW issues involved in these projects. Most, if not all, districts have had the foresight to ensure the HTRW training of technical personnel.

(5) A growing number of potential projects in the Support for Others arena include environmental/HTRW issues. The added cost and time generated by a requirement for mandatory consultation with a Corps or division center may drive potential SFO customers to seek support elsewhere.

4. SUMMARY

Arguments traditionally used to support centralized assignment of MILCON and HTRW should be more closely examined. There are strong and effective arguments for aligning the Corps for the future by providing essentially uniform capabilities throughout the Corps organization. Flexibility can be given to division commanders for managing costs and specific assignments within division boundaries.

CHAPTER 9

PROCESS IMPROVEMENTS

1. GENERAL

a. Neither process nor structure exists independent of the other. This is particularly true in the Corps, where process is closely knitted to structure. Although process examination was not within the stated charter of the TF, it became evident in the course of analysis that some process change will automatically accompany structural change. Other processes were identified which beg examination for future utility.

b. Some management experts will suggest that structural and process changes should not be implemented simultaneously; this theory surmises that simultaneous implementation precludes identification of those changes which achieved the desired results. If the Corps had the luxury of addressing change in a laboratory environment, this theory could be applied. However, the Corps is not afforded this luxury and must ever remember that change is more acceptable when it is planned than when it is experimental. Consequently, the processes identified in the next paragraph must be seriously considered for implementation in conjunction with structural change.

2. OPPORTUNITIES FOR IMPROVEMENT

Processes, practices and considerations offered as opportunities to improve and support organizational change are:

a. Manpower allocation. The allocation of Full Time Equivalents (FTE) is an artificial process which consumes considerable effort, time and cost, often generating management actions which are disruptive to both workload and workforce. The goal of the Corps should be managing workforce to budget. Any discipline which the system may require should be provided by division headquarters on a case-by-case basis.

b. Mandatory centers of expertise (MCX). MCX result from two phenomena: the assumption of new and complex work or a desire to maintain an organization which is no longer justified by workload. The former are often needed to develop parameters for new work. Such MCX should be established with sunset dates and a clear objective which defines completion of the transition. Without such foresight these centers will become the latter. The latter are already inefficient and beg elimination. A disciplined review of MCX, to include laboratories, data collection organizations, study centers, etc., should be accomplished.

c. O&M budgeting and allocation. The current process was designed essentially to improve the Corps' annual obligation and expenditure rates in the O&M appropriation. It accomplished these objectives, but is extremely labor-intensive, has not kept

pace with latest fiscal procedures and often impacts ability to achieve goals in other areas, such as small and disadvantaged business (8a) programs. This process should be reviewed with an eye to conforming to the Annual Operating Budget (AOB) process.

d. Project reporting. The current procedure of reporting all projects in the project management system consumes excessive time and resources and invites micromanagement. Districts should be required to report (in Project Executive Summaries (PES)) only those projects requiring assistance or issue resolution above district level. Similarly, divisions should be required to report to HQUSACE (in PES) only those projects requiring assistance or issue resolution above division level. Such a process would save time, both in reporting and the conduct of PRBs, and avoid the creation of issues where none previously existed.

e. Standard organizations. Headquarters guidance on the organization of divisions and districts currently exists in ER 10-1-3. This guidance is extremely broad and its application appears to be somewhat undisciplined. The result is a wide range of dissimilar organizations throughout the Corps which defy standardization and often encompass considerable inefficiencies. A disciplined system which defines standardization to the branch level at districts is achievable, manageable and promising of considerable savings and efficiencies.

f. Centralized accounts (billbacks). The current billback process begs discipline. At a time when districts are striving for effective fiscal management and accountability, billbacks, into which they have no input and over which they have no control, are received three to five months into the budget year. Such a process defies AOBs. A disciplined system which has zero billbacks as a goal and which provides bills several months before the start of the budget year is clearly required.

g. Classification guidelines. Untold effort is expended at districts in attempting to achieve equitable grade levels for many positions which are unique to the Corps. This results, in part, from the lack or obsolescence of realistic classification guidelines. Current guidelines, developed in conjunction with the Office of Personnel Management (OPM), will allow more equitable grade determination, effective system discipline and the avoidance of considerable effort.

h. Policy and guidance changes. Changes in policy and guidance which affect the requirements for technical products are often implemented without "grandfathering" considerations for those products which are already in the review and approval process. This frequently requires products in process to be returned to the source for conformance with the new guidance, often several times. The results are extensive delays and additional costs which frustrate originators, generate unanticipated costs to partners and contribute to the oft-stated

belief that "the Corps takes too long and is too expensive." Every policy and guidance change should include adequate grandfathering.

i. Civil Works approval authorities. Local Cooperation Agreements (LCA) and Feasibility Study Cost Sharing Agreements (FSCSA), although essentially boilerplate formats, require OASA(CW) approval, often several times (draft and final). Some require ASA(CW) execution. This process generates extensive and costly review, comment and requirements to revise at every level of the Corps; ever growing requirements for accompanying or preapproved technical documents exacerbate the impacts. Generally, the authority for approving and executing these agreements should reside with the district commander. It is understood that ASA(CW) maintains interest in projects with significant dollar value or unique political considerations. Criteria to define such projects could be easily developed.

j. Career management screening processes (SKAP/ACCESS). These systems, with associated panels and ratings, consume considerable time and generate considerable costs. Too, they require considerable dedicated manpower at HQUSACE. Allowing all screening to be accomplished at the selecting level is a not unreasonable alternative; it can be accomplished in this manner as easily, rapidly and effectively with considerably less cost.

k. Meeting and conference management. Innumerable annual meetings and conferences, generally functionally oriented, are held across the Corps. Typically, the dates for such events are not established sufficiently in advance to consider in budget development. Some of these are necessary, some are beneficial but less critical and the frequency of others could be extended considerably with no impact on Corps efficiency or effectiveness. A process for meeting management which provides fiscal year meeting schedules early in the previous fiscal year would yield significant cost savings and avoid disruption in workload planning.

l. Quick reaction warranty capability. In both civil works and military programs, completed projects sometimes fail to operate as required. In some instances, the capability or funding to immediately correct the problem does not exist; before corrective action can be taken, exhaustive and time-consuming reviews for possible design deficiency, A-E liability, etc., are required. The customer cares not where the fault lies; he/she simply wants an operable facility. If the Corps is to be truly committed to customer service, a capability for immediate correction of such occurrences is required.

m. Macromanagement versus micromanagement. A plethora of Engineer Regulations (ER) and guidance or policy letters detail what is to be done and how it will be done. Some of these are an attempt to establish standards; others are an attempt to preclude identified problems from recurring. These detailed requirements become hurdles which must be negotiated in the review and approval process, often generating increased costs

and time without adding value to the product. Some serve as a substitute for leadership involvement in problem resolution. Guidance from HQUSACE should be policy oriented, refrain from detailed "how to" direction, and be organized and published in such a manner as to be easily referenced. To this end, a "scrub" of existing ER and guidance letters, with an eye to eliminating as much unneeded direction as possible, would be appropriate.

CHAPTER 10

NATIONAL CENTERS

1. GENERAL

Workload in some traditional areas has declined significantly and workload in some new areas may not reach a level which would justify Corps-wide capabilities. Both circumstances may justify, in fact invite, the retention of only one corps center for each of a number of activities. Such activities are considered here.

2. SINGLE CENTER OPPORTUNITIES

a. Centralized payroll

In 1966 the Corps consolidated payroll activities into two centrally located sites within the Missouri River Division, with Kansas City processing payrolls for all Corps divisions in the southern half of the nation and Omaha accommodating the northern half. This operation has been efficient and effective. At a minimum, the current organization should be continued; closer examination might be given to the advisability of creating a single payroll center.

b. Corps national finance center

(1) Given the current downsizing in DOD, the initial approach of capitalization of all DOD Finance and Accounting Resources by DFAS defined in DMRD 910 and the temporary deferral received by USACE, the establishment of one Corps Finance and Accounting Center might be pursued.

(2) It is imperative that local commanders, who are allocated funds, be assured of retaining managerial accounting capability and provided timely, quality responsive service in all finance and accounting activities. Paramount to holding a commander accountable and responsible for funds is the ability to support the unique requirements peculiar to that appropriation. Since the Corps is the only DOD agency having responsibility for the civil works appropriations it follows that it is the most knowledgeable in accounting for those funds. These appropriations have certain features that are unique, i.e. cost sharing, hydro-power accounting, asset capitalization and income, and require a comprehensive detailed cost accounting system unparalleled in other DOD appropriations.

(3) The establishment of one finance and accounting center for the Corps appears to be the best opportunity for retaining the required capability. Establishment of one center would be an indication of intent to provide the service by the most economical means, an expression of good faith by the Corps,

and maybe the only chance to ensure district/division commanders receive appropriate financial advice, administration, support or civil works appropriations.

c. Chemical demilitarization center

In accordance with plans developed in the 1970's and congressional direction in the DOD Authorization Act of 1986, the army will develop, design, construct and operate multiple highly specialized disposal facilities to accomplish the ecologically safe disposal of chemical munitions. Full scale demilitarization will be accomplished at eight disposal systems located at selected continental United States (CONUS) sites and at Johnson Atoll in the Pacific. The limited geographic application of this program, coupled with sophisticated design and operational requirements, fully justifies the centralized management of the Chemical Demilitarization Program.

d. Hydropower design center

Workload in designing federal hydropower facilities has declined. Much of the work now involves rehabilitation or major maintenance items. Given administration policy and the growth of non-federal hydropower projects, the retention of a single hydropower design center is warranted.

e. Hospital design center

The design and construction of military hospitals is a relatively low density activity which mandates certain specialized skills. Given these parameters, serious consideration should be given to designating a single center for the design of such facilities. The responsibility for construction management of such projects could be retained by the geographic district with support from the design center.

f. Sophisticated HTRW design

Although most HTRW work can be accomplished in districts, there will be some cases where sheer magnitude or technical complexity will demand highly specialized skills. A single center which maintains such capabilities is warranted and desirable. Criteria should be developed which would specify the projects or issues in which the involvement of this center would be required.

DECISION PATH II

INTRODUCTION

After more than two years of continual Corps of Engineers studies and efforts to prepare an effective field reorganization plan for the Corps of Engineers (see Appendix ?), a group of senior Corps and Army officials met in a series of workshops at the Pentagon to create such a plan. These meetings began late in August 1992 and extended into late October.

To create a complete plan, the participants in these workshops had to consider and make recommendations in the following seven major areas:

- A. The review and definition of major conceptual alternatives.
- B. The review and definition of criteria on which to base selection of a preferred conceptual alternative.
- C. Selection of a preferred conceptual alternative through the use of a computerized decision support system to facilitate making and recording the selection.
- E. Decisions on the numbers of divisions, the nature and location of division boundaries, and the numbers of district engineering centers.
- F. The definition and approval of the criteria and rating systems to be used for office site selection.
- G. The selection of Division Headquarters office locations.
- H. The selection of District Engineering Center locations
- I. The selection of Admin Center locations
- J. The selection of Centers of Expertise locations.

SELECTING A MAJOR ALTERNATIVE

The initial work in defining major reorganization alternatives was performed by the Bayley Task Force in 1990. This group created a set of 6 major alternatives which served as the building blocks for all future alternative development. These 6 alternatives were:

- 1. Base Case
- 2. Realignment
- 3. Regionalization
- 4. Decentralization
- 5. Elimination of Divisions
- 6. Combination

The Bayley Task Force also identified 3 fundamental criteria against which to judge any major alternative, to which one further criterion was presented in congressional testimony by the Assistant Secretary of the Army for Civil Works. These 4 fundamental criteria are:

Cost Efficiency
Flexibility Enhancing
Competence Maintaining
Management Efficiency

THE SELECTION OF THE PREFERRED CONCEPTUAL ALTERNATIVE

The workshop participants were thoroughly briefed on the various Bayley alternatives as developed by the Genetti Task Force (plus the 3 combination alternatives it developed), and several variations of the Genetti Task Force combination alternatives as modified by HQUSACE. After discussions extending over several days, all participants agreed that the Genetti Combination Alternatives and the HQUSACE alternatives were superior to the Base Case (considered wholly unacceptable) as well as the other "pure" Bayley alternatives.

Two of the 3 Genetti Combination Alternatives (#1 & #3) called for maintaining all current technical functions in all existing districts. Because the workshop participants believed it was essential to consolidate and strengthen at least the Corps's planning and engineering functions into fewer locations, these two Combination Alternatives were also removed from further consideration.

The other Genetti Combination Alternative (#2) was a full Regionalization option. Although the Genetti Report was not explicit on this point, most readers of the report inferred that this Combination Alternative assumed that all existing 10 CONUS Divisions would be kept open. Because of this, the workshop participants removed Genetti Combination Alternative #2 from further consideration in favor of HQ Combination #1 (which was essentially the Genetti Combination Alternative #2 with an assumed number of 5-6 Divisions rather than 10).

Thus, the workshop participants selected 3 combination alternatives for detailed final consideration. These 3 major combination alternatives selected for detailed rating were referred to in the workshops as: 1) Headquarters Combination #3, 2) Headquarters Option 3, and 3) Elimination of Divisions with Robust/Operating Districts. Figure ? is a schematic representation of these three final alternatives.

THREE USAGE HEADQUARTERS
REGIONALIZATION ALTERNATIVES

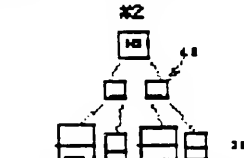
ALL POLICE
ALTERS REPORTS
FOR ALL TO 48 CITY DIVISIONS
AND 57 FUNCTIONS



OPERATIONS
FULL FUNCTION

TRAINING
OPERATIONS
POLICE

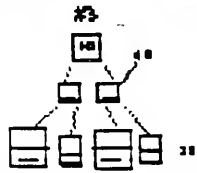
REGIONAL
CENTERS
POLICE
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POLICE
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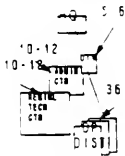
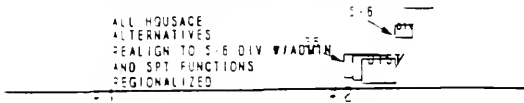
POLICE
TRAINING
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THREE USACE HEADQUARTERS
REGIONALIZATION ALTERNATIVES

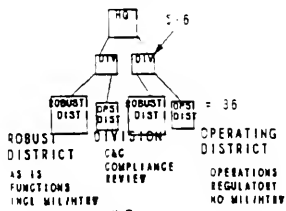
ALL HOUSAGE
ALTERNATIVES
REALIGN TO S-6 DIV W/ADMIN
AND SPT FUNCTIONS
REGIONALIZED



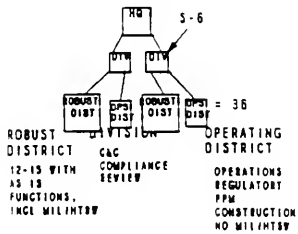
DIVISION
FULL FUNCTION

DISTRICT
OPERATIONS
REGULATOR

REGIONAL
CENTER
PPM
PLANNING
ENGINEERING
CONTRACTING
REAL ESTATE
MIL INTBW



2



The workshop participants rated the three final conceptual alternatives against the 4 fundamental criteria which had been publicly announced and presented in testimony to the Congress early in 1992. These criteria were: 1) Management Effectiveness, 2) Cost Efficiency, 3) Flexibility Enhancing, and 4) Competence Maintaining. See Figure 7 for the detailed definitions of these criteria, as approved by the workshop participants.

**SELECTION CRITERIA
(REORGANIZATION PRINCIPLES)**

<u>CRITERIA/PRINCIPLE</u>	<u>INDICATORS</u>
COST EFFECTIVENESS	Overhead costs Span of control Duplication of effort Speed of product delivery Product cost
COMPETENCY ENHANCING	Size of work units Variety of related work Opportunities to train Established/vital career paths Available pool of candidates
FLEXIBILITY ENHANCING	Size of work force Variety of work Opportunities to train Clear & adaptable work processes Enough work to retain a skilled & experienced staff
MANAGEMENT EFFECTIVENESS	Number of organizational layers Consistency of policy Speed of upward & downward commo Product quality Individual accountability

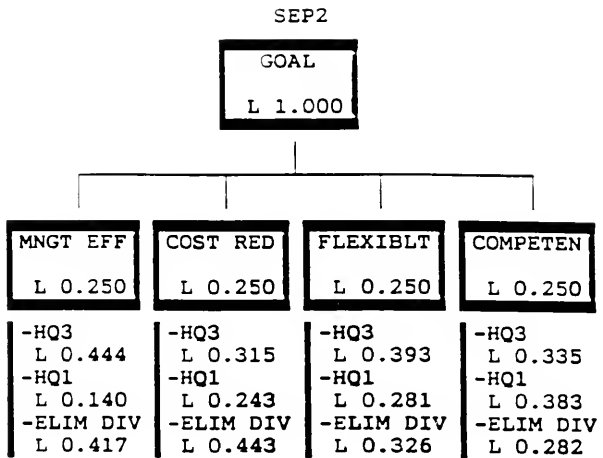
Headquarters Combination #3 was a variation of the Bayley Regionalization Option. Its main components included: 1) a reduction in the number of Divisions to 5-6, 2) the creation of 10-12 Regional Centers performing nearly all technical and administrative functions under the direction of a Division, and 3) The establishment of all districts as operations and regulatory districts.

Headquarters Option 3 was an alternative whose main components included: 1) a reduction in the number of Divisions to 5-6, 2) the creation of 12-15 District Engineering Centers performing all planning and engineering functions, 3) the maintenance of all operations, regulatory, program/project management, and construction functions in all existing districts, 4) the elimination of all technical and policy review at division offices by transferring division technical review responsibility and positions to district engineering centers and by transferring division policy review responsibility and positions to the Washington Level Review Center, and 5) the creation of 5-6 administrative centers.

The Elimination of Divisions (with Robust/Operating Districts) alternative was a variation of the Bayley "Elimination of Divisions" option. Its main components included: 1) The elimination of all Division offices, 2) The creation of 12-15 Robust Districts performing all technical and administrative functions, 3) The maintenance of operations and regulatory functions in all existing districts, and 4) The transfer of all technical and operational division functions and positions to the Robust Districts, and the transfer of all policy and management functions and positions to the Washington Headquarters level.

These 3 major alternatives were rated against the 4 fundamental criteria of Cost Efficiency, Flexibility Enhancing, Competence Maintaining, and Management Efficiency. The rating was performed using a microcomputer decision analysis package, called "Expert Choice". Expert Choice allowed the group to interactively create consensus judgments of the relative merits of each of the 3 major alternatives as measured against each fundamental criterion and presented a summary of all the judgments against all four criteria. The results of the ratings displayed by the Expert Choice decision model are shown in Figures 1-3.

ESSC



COMPETEN --- Competence Maintaining and Enhancing
 COST RED --- Cost Control & Reduction
 ELIM DIV --- Eliminate Divisions with Robust/Ops Districts
 FLEXIBLT --- Efficient adaptability to changes in workload & missions
 HQ1 --- HQ Combination #3
 HQ3 --- Headquarters Option 3
 MNGT EFF --- Red of Org or Funct Layers, Improv Proc Time, Pol Consistency

L --- LOCAL PRIORITY: PRIORITY RELATIVE TO PARENT

Figure 1.

ESSC

SEP2

Sorted Details for Sorted Synthesis of Leaf Nodes with respect
to GOAL

LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4
LEVEL 5			
-----	-----	-----	-----

MNGT EFF =0.250			
	HQ3	=0.111	
	ELIM DIV	=0.104	
	HQ1	=0.035	
COST RED =0.250			
	ELIM DIV	=0.111	
	HQ3	=0.079	
	HQ1	=0.061	
FLEXIBLT =0.250			
	HQ3	=0.098	
	ELIM DIV	=0.081	
	HQ1	=0.070	
COMPETEN =0.250			
	HQ1	=0.096	
	HQ3	=0.084	
	ELIM DIV	=0.070	

Figure 2.

ESSC

SEP2

Sorted Synthesis of Leaf Nodes with respect to GOAL

OVERALL INCONSISTENCY INDEX = 0.00

HQ3	0.372
-----	-------

ELIM DIV	0.367
----------	-------

HQ1	0.262
-----	-------

=====	
1.000	

ELIM DIV --- Eliminate Divisions with Robust/Ops Districts

HQ1 --- HQ Combination #3

HQ3 --- Headquarters Option 3

Figure 3.

The output from the model, as displayed, divides the scores for different alternatives from a total possible score of 1.0. Splitting this total score of 1.0 among the three rated alternatives; the Headquarters Option number 3 (at 0.372) ranked slightly higher than Elimination of Divisions (at 0.367), and considerably higher than Headquarters Combination # 3 (at 0.262).

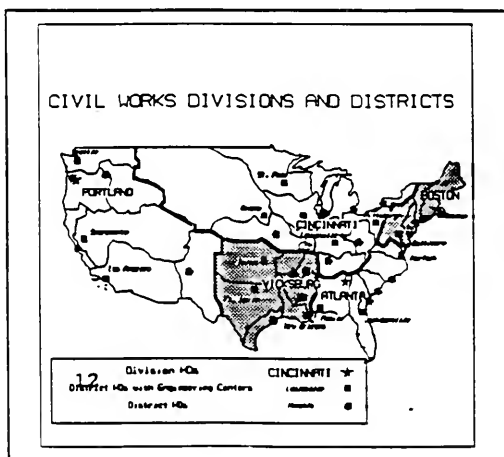
After reviewing the results of their ratings, and further discussion, the workshop participants selected their highest ranked alternative, Headquarters Option 3 (Design Districts/Operating Districts) as their recommended field structure for the Corps of Engineers.

DIVISION BOUNDARIES, NUMBERS OF DIVISIONS, AND NUMBERS OF ENGINEERING CENTERS

The workshop participants considered the possibility of creating common Division and District boundaries for both Military Programs and Civil Works Programs, but decided the nature of the two programs, and their customers, was too different to create a set of common boundaries suitable for both. It was agreed, however, that all future Division HQs would perform both military and civil work functions.

The number of Divisions was selected based on the projected size of the future Corps workload, the amount of funding available for Division offices through the OMA and GE accounts, and the geographic dispersion of workload. Workshop participants then reviewed a variety of alternatives with 4-5 divisions. This review was conducted on a real-time interactive basis using "Mapinfo", a microcomputer software package. This allowed the participants to rapidly try out different combinations of division boundaries and see the comparative workload balances, as well as geographic relationships. The final boundaries which were selected are shown in Figures x and y.

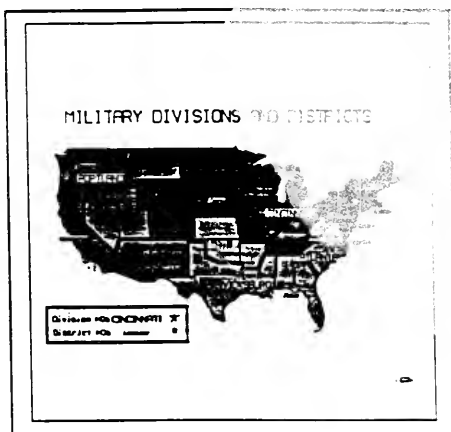
These boundaries maintain 5 Divisions and Division Headquarters offices in the new field structure. The boundaries selected were the best compromise between creating an approximately level total workload (including Civil Works, Military Programs, and Environmental work), and preserving logical groupings (particularly for the Civil Works



programs with their dependence on physical geography).

The selected Civil Works divisional boundaries combined: First, the current NPD and SPD (plus Albuquerque District from SWD); Second, the current LMV (minus St. Louis District) + the current SWD (minus Albuquerque District); Third, the current MRD, NCD, and ORD (plus St. Louis District from LMV); Fourth, the current NED and NAD (minus Norfolk District); and Fifth, the current SAD (plus Norfolk District from NAD) (See Figure 4. Minor adjustments were made to Military Programs divisional boundaries in order to better align both sets of boundaries (See Figure 5).

The recommended conceptual alternative called for restructuring and retaining all existing Districts, as well as creating District Engineering Centers. Based on input from the Military Programs and Civil Works directorates from HQUSACE on the amount of workload necessary to support healthy planning and engineering elements (for Civil Works) and design elements (for Military Programs), numbers of District Engineering Centers ranging from 12 to 16 were considered. After reviewing levels of personnel strengths and geographic coverage, it was decided to create 15 such Engineering Centers nationwide (for Civil Works), with at least two in each of the new Divisions. Because of the differing nature and amount of military programs work, it was decided to create only 10 such Military Engineering Centers (with two in each of the new Divisions), all of which would be collocated with one of the Civil Works District Engineering Centers.



SITE SELECTION CRITERIA

The workshop participants approved the explicit use of 5 of the 8 major site selection criteria which had been proposed/recommended by the Field Advisory Committee. These 5 explicit criteria were:

1. Current Corps Office Site
2. Cost of Living
3. Educational Availability

4. Transportation Hub availability
5. Number of Current Personnel

The three criteria which were not explicitly used were:

1. Labor Availability
2. Office Space Availability
3. Central to Workload

It proved impossible to find a way to compare locations quantitatively, with an accurate and common database for either labor availability or office space availability. For different reasons, the criterion of "Central to Workload" was too difficult to apply because the boundaries are almost infinitely variable, and because the proposed work process allows the assignment of work to different Engineering Centers. Nevertheless, the "Central to Workload" criterion was used in a very few cases, where geographic considerations seemed to require it.

The 5 criteria which were explicitly used, were entered into a master matrix (see Figure ?) which employed the criteria in the following ways:

1) The only sites which were considered for either division or district functions were those which already had division or district offices. Thus criterion 1 was used as the basic starting point for future office site selections.

2) The Cost of Living criterion was used by giving all sites which were officially designated high-cost areas for Federal salary purposes a Cost of Living rating of 1, those sites which were not high-cost were given a Cost of Living rating of 2 in the master selection matrix.

3) The Educational Availability criterion was used by reviewing the quantitative ratings for 4-year engineering colleges provided in the Gourman Report, with the overall ratings for 4-year college programs also used for corroborative purposes (These ratings are shown as Figure 5). All colleges which met the engineering program criteria of 3.5 or higher, also met the overall 4-year college program criteria of being 3.5 or higher. Essentially, all sites within 75 miles of a college with an engineering program rating higher than 3.5 (on a scale of 1 to 5) were given an Educational Availability rating of 2, the others were given an Educational Availability rating of 1. These ratings are from The Gourman Report, A Rating of Undergraduate Programs in American & Intl. Universities, 7th ED rev. 1989, National Education Statistics, Los Angeles. by Dr. Jack Gourman.

Educational Availability Ratings

Off. ID	City	College Rated	Engineering Rating	Overall 4-yr Rating	Above 3.6 Eng. Rating
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LMK	Vicksburg, Dist	Jackson St Univ	Not Rated	2.86	No
LMM	Memphis	Memphis St Univ	2.86	3.81	No
LMN	New Orleans	Tulane Univ	3.95	4.45	Yes
LMS	St. Louis	Washington Univ	4.53	4.44	Yes
LMV	Vicksburg, Div	Jackson St Univ	Not Rated	2.86	No
MRD	Omaha, Div	Univ of Nebraska, Lincoln	3.56	4.07	Yes
MRK	Kansas City	Univ of Kansas, Lawrence	4.26	4.33	Yes
MRO	Omaha, Dist	Univ of Nebraska, Lincoln	3.56	4.07	Yes
NAB	Baltimore	John Hopkins Univ	4.45	4.72	Yes
NAD	New York, Div	Columbia Univ	4.62	4.8	Yes
NAN	New York, Dist	Columbia Univ	4.62	4.8	Yes
NAO	Norfolk	Old Dominion Univ	2.73	3.35	No
NAP	Philadelphia	Drexel Univ	3.91	3.98	Yes
NCB	Buffalo	St Univ of NY, Buffalo	4.27	4.66	Yes
NCC	Chicago, Dist	Northwestern Univ	4.7	4.82	Yes
NCD	Chicago, Div	Northwestern Univ	4.7	4.82	Yes
NCE	Detroit	Univ of Michigan	4.79	3.83	Yes
NCR	Rock Island	(Univ of Iowa)	4.25	4.65	Yes
NCS	St. Paul	Un of Minn, Twin Cities	4.77	4.79	Yes
NED	Waltham	M.I.T.	4.9	4.85	Yes
NPA	Anchorage	U of Alaska, Anchorage	2.15	3.49	No
NPD	Portland, Div	Portland St Univ	2.52	3.29	No
NPP	Portland, Dist	Portland St Univ	2.52	3.29	No
NPS	Seattle	Univ of Washington	4.47	4.7	Yes
NPW	Walla Walla	Walla Walla Coll/Whitman Coll	2.36	3.18	No

Off. ID	City	College Rated	Engineering Rating	Overall 4-yr Rating	Above 3.5 Eng. Rating
ORD	Cincinnati	Univ of Cincinnati	4.19	3.92	Yes
ORH	Huntington	Marsnail Univ	Not Rated	3.18	No
ORL	Louisville	Univ of Kentucky	3.81	3.96	Yes
ORN	Nashville	Vanderbilt Univ	3.78	4.57	Yes
ORP	Pittsburgh	Carnegie-Mellon Univ	4.73	4.61	Yes
POD	Honolulu	Univ of Hawai	3.84	3.85	Yes
SAC	Charleston	The Citadel	2.8	3.29	No
SAD	Atlanta	Ga Inst of Tech	4.65	4.54	Yes
SAJ	Jacksonville	Univ of Florida	4.33	4.01	Yes
SAM	Mobile	Univ of S. Alabama, Mobile	2.67	3.69	No
SAS	Savannah	Armstrong St	Not Rated	2.95	No
SAW	Wilmington	Univ of NC at Wilmington	Not Rated	3.46	No
SPD	San Francisco, Div	Univ of Ca, Berkeley	4.89	4.9	Yes
SPK	Sacramento	Univ of Calif, Davis	4.34	4.64	Yes
SPL	Los Angeles	Cal Tech	4.88	4.84	Yes
SPN	San Francisco, Dist	Univ of Ca, Berkeley	4.89	4.9	Yes
SWA	Albuquerque	Univ of NM	3.79	3.86	Yes
SWD	Dallas	SMU	3.67	3.96	Yes
SWF	Fort Worth	SMU	3.67	3.96	Yes
SWG	Galveston	Univ of Houston	4.23	3.67	Yes
SWL	Little Rock	Univ of Arkansas, Little Rock	Not Rated	3.53	No
SWT	Tulsa	Univ of Tulsa	3.89	3.72	Yes
HND	Huntsville	Univ of Alabama, Huntsville	3.15	3.59	No

4) The Transportation Hub criterion was used by taking the Federal Aviation Administration's classification of airports into Non-Hubs, Small Hubs, Medium Hubs, and Large Hubs (see Figure 6). All sites with airports classified as Medium or Large Hubs were given a higher Transportation Hub rating than those with Small Hubs or Non-Hubs. This data is from : Federal Air Traffic Activity, FY 91. US Department of Transportation, Federal Aviation Administration, Washington, DC., 1992.

Transportation Hub Ratings

Office ID	City Name	FAA Category
LMK	Vicksburg, Dist	Small Hub
LMM	Memphis	Medium Hub
LMN	New Orleans	Large Hub
LMS	St. Louis	Large Hub
LMV	Vicksburg, Div	Small Hub
MRD	Omaha, Div	Medium Hub
MRK	Kansas City	Large Hub
MRO	Omaha, Dist	Medium Hub
NAB	Baltimore	Medium Hub
NAD	New York, Div	Large Hub
NAN	New York, Dist	Large Hub
NAO	Norfolk	Medium Hub
NAP	Philadelphia	Large Hub
NCB	Buffalo	Medium Hub
NCC	Chicago, Dist	Large Hub
NCD	Chicago, Div	Large Hub
NCE	Detroit	Large Hub
NCR	Rock Island	Small Hub
NCS	St. Paul	Large Hub

Office ID	City Name	FAA Category
Office ID	City Name	FAA Category
NED	Waltham	Large Hub
NPA	Anchorage	Medium Hub
NPD	Portland.Div	Medium Hub
NPP	Portland, Dist	Medium Hub
NPS	Seattle	Large Hub
NPW	Walla Walla	Non Hub
ORD	Cincinnati	Medium Hub
ORH	Huntington	Non.Hub
ORL	Louisville	Medium Hub
ORN	Nashville	Medium Hub
ORP	Pittsburgh	Large Hub
POD	Honolulu	Large Hub
SAC	Charleston	Small Hub
SAD	Atlanta	Large Hub
SAJ	Jacksonville	Medium Hub
SAM	Mobile	Small Hub
SAS	Savannah	Small Hub
SAW	Wilmington	Non.Hub
SPD	San Francisco, Div	Large Hub
SPK	Sacramento (sharing San Francisco hub)	Large Hub
SPL	Los Angeles	Large Hub
SPN	San Francisco, Dist	Large Hub
SWA	Albuquerque	Medium Hub
SWD	Dallas	Large Hub
SWF	Fort Worth	Large Hub
SWG	Galveston (sharing Houston hub)	Large Hub
SWL	Little Rock	Small Hub
SWT	Tulsa	Medium Hub

5) For site selection decisions involving district functions, the number of current personnel was used as a final deciding point after the other criteria were used to rank available sites. The data for the number of personnel was taken from an HQ data call managed by the Directorate of Resource Management in the fall of 1991. This listed all Corps personnel by 10 "technical" and 14 "administrative and advisory" functions. The specific numbers used were the FY 91 End Strength / FY 92 Beginning Strength "personnel on board", summed from the three functions of Planning, Engineering, and Program/Project Management.

These functions were selected as the best representation of numbers of personnel from the larger district technical functions which were under consideration for transfer or consolidation. The numbers of current personnel were not used as a final rating criterion for Division Headquarters site selection because Division functions were changing so dramatically that decisions based on technical function strength in the "before" condition would not be very relevant to the "after" condition.

DIVISION OFFICE SITE SELECTION

The above criteria were used to rank all of the existing Division offices within each of the new Division boundaries (See Figure 8).

--In the NE Division, Boston ranked above New York and was selected as a future Division Headquarters location.

--In the SE Division, only one existing Division office was within the boundaries of the new division, so it was selected as a future Division Headquarters location.

--In the West Coast Division, Portland ranked above San Francisco and was selected as a future Division Headquarters location.

In the North Central Division, all 3 of the existing Division office locations (Cincinnati, Chicago, and Omaha) ranked equally. Of these 3, Cincinnati was selected by the workshop participants as a future Division Headquarters location primarily because of its greater proximity to the large Civil Works workload along the inland waterway system.

In the South Central Division, although Dallas ranked higher than Vicksburg, Vicksburg was chosen because of the unique legal requirements for the Mississippi River Commission, with its own separate appropriations and its legislative requirement for the President of the Commission to be the Division Engineer responsible for the Lower Mississippi River. In addition to these legal considerations, the ongoing Civil Works mission of the Corps in this region is centered along the waterways of the Mississippi River. For all of these reasons, Vicksburg was selected as a future Division Headquarters. This was the only

case in which a division site selection was made which did not correspond to the explicit site selection criteria.

Division Location Ratings

City	Division	Pln.Eng.Ppm		High Cost	Trans. Hub	Educ/ Univ	Sum
Waltham*	1	167		2	2	2	6
New York	1	59		1	2	2	5
Atlanta*(M)	2	63		2	2	2	6
Dallas*(M)	3	79		2	2	2	6
Vicksburg	3	87		2	1	1	4
Portland*(M)	4	161		2	2	1	5
San Francisco	4	79		1	2	2	5
Omaha	5	129		2	2	2	6
Cincinnati*(M)	5	86		2	2	2	6
Chicago	5	59.6		2	2	2	6

District Engineering Center Site Selection Criteria

Using the above criteria, all of the existing district offices were ranked within the boundaries of the new Divisions (See Figure xx).

For these purposes, the New England Division, an operating division which performs both division and district functions, was also counted as a district.

Figure X. Location Ratings for District Engineering Centers

City	Sum of 3 Scores	Fed High Cost	Transportation Hub	Education Availability	# of Plng+ Eng+PPM Personnel	Rank in Div ²
Baltimore*(M)	6	2	2	2	257	1
Waltham*(M)	6	2	2	2	167	2
Philadelphia	6	2	2	2	117	3
New York	5	1	2	2	141	4
Jacksonville*	6	2	2	2	253	1
Norfolk*(M)	5	2	2	1	160	2
Mobile*(M)	4	2	1	1	464	3
Savannah	4	2	1	1	263	4
Wilmington	4	2	1	1	125	5
Charleston	4	2	1	1	78	6
New Orleans*	6	2	2	2	486	1
Ft Worth*(M)	6	2	2	2	370	2
Tulsa*(M)	6	2	2	2	305	3
Gaiveston	6	2	2	2	121	4
Memphis	5	2	2	1	198	5
Vicksburg	4	2	1	1	363	6
Little Rock	4	2	1	1	171	7

² Within each Division, location ranked by score in 2nd column. (equal to sum of ratings for a) Federal high cost location (2 if not, 1 if high cost), b) Transportation hub, (2 if large or medium air hub, 1 if small or non-hub), and c) Education Availability. (2 if college is rated 3.5 or better in Gourman rankings for Engineering, 1 if rated lower).

For ties, locations then ranked by numbers of personnel in the 3 technical functions of Planning, Engineering, and Program/Project Management

City	Sum	High Cost	Trans. Hub	Educ/ Univ	# of Ping+ Eng+PPM Personnel	Rank in Div ²
Sacram*(M)	6	2	2	2	495	1
Seattle*(M)	6	2	2	2	234	2
Albuquerque	6	2	2	2	144	3
Los Ang*(M)	5	1	2	2	316	4
Portland	5	2	2	1	190	5
San Francisco	5	1	2	2	77	6
Walla Walla	4	2	1	1	154	7
Omaha*(M)	6	2	2	2	600	1
Kansas City	6	2	2	2	334	2
Louisville*	6	2	2	1	290	3
St. Paul*	6	2	2	2	245	4
St. Louis	6	2	2	2	219	5
Nashville	6	2	2	2	179	6
Pittsburgh*	6	2	2	2	177	7
Detroit	6	2	2	2	117	8
Chicago	6	2	2	2	101	9
Buffalo	6	2	2	2	99	10
Rock Island	5	2	1	2	157	11
Huntington	4	2	1	1	252	12

Figure 8 (cont). Location Ratings for District Engineering Centers

² Within each Division, location ranked by score in 2nd column, (equal to sum of ratings for a) Federal high cost location (2 if not, 1 if high cost), b) Transportation hub, (2 if large or medium air hub, 1 if small or non-hub), and c) Education Availability, (2 if college is rated 3.5 or better in Goursam rankings for Engineering, 1 if rated lower).
For ties, locations then ranked by numbers of personnel in the 3 technical functions of Planning, Engineering, and Program/Project Management

CIVIL WORKS ENGINEERING CENTERS

Within the NE Division, Baltimore and Boston (Waltham) ranked highest and were selected as District Engineering Centers.

Within the SE Division, Jacksonville, Norfolk, and Mobile ranked highest and were selected as District Engineering Centers.

Within the South Central Division, New Orleans, Fort Worth, and Tulsa ranked highest and were selected as District Engineering Centers.

Within the West Coast Division, Sacramento, Seattle, and Albuquerque were the 3 highest ranking locations, with Los Angeles ranking 4th. Sacramento and Seattle were selected as District Engineering Centers. Because almost all of the Civil Works workload for far Southwest is centered near Los Angeles itself, it was decided to locate the District Engineering Center for that area in Los Angeles rather than 500 miles to the east in Albuquerque. This was one of three cases in which a District Engineering Center site selection was made which did not correspond with the explicit site selection criteria.

Within the (new) North Central Division, Omaha and Kansas City were the two highest ranking locations. Because they are located within 100 miles of each other, in the far western regions of the new Division, and are far from the major Civil Works workload in the new Division, only one of these could be selected as a District Engineering Center. Omaha was selected because it was the highest ranking of the two. The two next highest ranking locations were Louisville and St. Paul, and those two were selected as District Engineering Centers. St. Louis was the next highest ranking location, followed by Nashville and Pittsburgh (in a statistical tie). For geographic reasons, Pittsburgh was selected as the 4th District Engineering center in the (new) North Central Division.

Military District Engineering Centers

It was determined that the projected Military Programs workload would only support 10 military District Engineering Centers, 2 in each new Division, which would be collocated with the Civil Works District Engineering Centers. The locations of these future Military District Engineering Centers thus were determined by the same criteria as those for Civil Works District Engineering Centers, plus certain military workload considerations.

In the North East Division, there are only two Civil Works District Engineering Centers. Thus, both of them (Baltimore and Boston) were selected as military engineering centers.

In the SE Division, only 2 of the 3 Civil Works District Engineering Centers now perform military work (Norfolk and Mobile). Because of this, those 2 were selected as Military

District Engineering Centers.

In the South Central Division, only 2 of the 3 Civil Works Engineering Centers now perform military work (Ft. Worth and Tulsa). Because of this, those 2 were selected as Military District Engineering Centers.

In the West Coast Division, only 2 of the 3 Civil Works District Engineering Centers now perform the full spectrum of military work (Sacramento and Seattle). Because of this, those 2 were selected as Military District Engineering Centers.

In the (new) North Central Division, only 2 of the 4 Civil Works District Engineering Centers now perform military work (Louisville and Omaha). Because of this, those 2 were selected as military engineering centers.

Admin Center Selection Process

The workshop participants decided that there should be one administrative center per division, primarily performing Human Resources, Audit, Information Management, and Resource Management functions. The explicit site selection criteria used was similar to that for choosing other consolidated offices, i.e., 1) Cost of Living, 2) Education availability, and 3) Transportation Hub availability. For most divisions, this leaves several locations available for selection within each division. The final decisions were based on the various management judgments explained below.

The proposed Northeast Division contains 4 headquarters locations available for consideration as an admin center: Boston, New York, Philadelphia, and Baltimore. Three of these are tied with the highest ratings for the above 3 factors: Boston, Philadelphia, and Baltimore. Because Baltimore is already the current site of a consolidated human resources center, Baltimore was selected as the site of the Northeast Division administrative center.

The proposed Southeast Division contains 7 headquarters locations available for consideration as an administrative center: Atlanta, Norfolk, Wilmington, Charleston, Savannah, Jacksonville, and Mobile. Two of these, Atlanta and Jacksonville, are tied with the highest ratings for the above 3 factors. Because of Atlanta's more central location and its status as the Southeast's major air hub, Atlanta was selected as the site of the Southeast Division administrative center.

The proposed South Central Division contains 8 headquarters locations available for consideration as an administrative center: Dallas, Vicksburg, Memphis, Little Rock, New Orleans, Tulsa, Galveston, and Ft. Worth. Four of these are tied with the highest ratings for the above 3 factors: Dallas, New Orleans, Tulsa, and Ft. Worth. Because Ft. Worth is already the current site of a consolidated human resources center, and because of its

status as the region's major air hub, Ft. Worth was selected as the site of the South Central Division administrative center.

The proposed Western Division contains 7 headquarters locations available for consideration as an admin center: Albuquerque, Los Angeles, Sacramento, San Francisco, Portland, Walla Walla, and Seattle. Three of these are tied with the highest ratings for the above 3 factors: Sacramento, Seattle, and Albuquerque. Because Sacramento is already the current site of a consolidated human resources center, Sacramento was selected as the site of the Western Division administrative center.

The proposed North Central Division contains 13 headquarters locations available for consideration as an administrative center: Cincinnati, Pittsburgh, Huntington, Louisville, Nashville, Buffalo, Detroit, Chicago, St. Paul, Rock Island, St. Louis, Kansas City, and Omaha. Eleven of these are tied with the highest ratings for the above 3 factors: Cincinnati, Pittsburgh, Louisville, Nashville, Buffalo, Detroit, Chicago, St. Paul, St. Louis, Kansas City, and Omaha. Of these eleven, six have airports designated as large hubs: Pittsburgh, Detroit, Chicago, St. Paul, Kansas City, and St. Louis. Kansas City has the largest current Human Resources staff of the six, so Kansas City was selected as the site of the North Central Division administrative center.

Centers of Expertise

23 Feb 1993

CRITIQUE OF CORPS REORGANIZATION PLAN DOCUMENT
"DECISION PATH II" USED FOR DETERMINING SITE LOCATIONS

On December 14, 1992, the Concerned Employees of NCD, requested, in accordance with the Freedom of Information Act, the decision document used for selecting the sites of the new division offices. On February 8, 1993, 8 weeks later, we received a document entitled, "Decision Path II" (Encl. 1). Decision Path II recommendations ignore its own criteria in recommending Cincinnati over Chicago, as the new North Central Division office and, thus, the report is flawed.

We are using as the primary basis of our analysis, a document entitled, "White Paper on Why a Corps of Engineers Division Office Should Be in Chicago, Illinois" dated October 1992 (Encl. 2). All references used in this analysis are listed in Encl. 9.

The decision process in the "Decision Path II" document lacks substantial depth of analysis and is fraught with inconsistencies and arbitrariness. In particular, on pages 13 and 14, the document lists the five explicit criteria used as: 1. Current Corps Office Site; 2. Cost of Living; 3. Educational Availability; 4. Transportation Hub Availability; and, 5. Number of Current Personnel. Those criteria not explicitly used are: 1. Labor Availability; 2. Office Space Availability; and, 3. Central to Workload. Concerning the last criterion, it was stated that, "Central to Workload" was too difficult to apply because the boundaries are almost infinitely variable, and the proposed work processing allows the assignment of work to different Engineering Centers. "Nevertheless, the "Central to Workload" criterion was used in a very few cases, where geographic considerations seemed to require it."

The main reason, in fact the only reason, that Cincinnati was picked over Chicago was "because of its greater proximity to the large Civil Works workload along the inland waterway system" (see page 20). The document also attempts to justify why Vicksburg, Mississippi was chosen over Dallas, Texas. It notes that it is because of the "unique legal requirement" connected with the Mississippi River Commission. It then states, "This (Vicksburg selection) was the only case in which a division site selection was made which did not correspond to the explicit site selection criteria." This is not correct! Cincinnati was chosen without regard to the explicit site selection criteria indicated.

In objectively evaluating the five explicit criteria for Chicago vs. Cincinnati, the following analysis would result:

1. Current Corps Office Site

Cincinnati and Chicago both have Corps Division offices which superficially makes them equal. However, there are other inherent aspects which clearly favor Chicago. For example, Chicago District is co-located in the same building, additional economies can be realized by combining support facilities (libraries, logistical support, etc.) Other points include: 1) expandability; 2) full complement of facilities (e.g., large conference room; fitness/training rooms); 3) opportunity to share cost/facilities/support with other federal agencies (a federal regional center objective); 4) ideally situated in city for convenient/affordable services; 5) good security system for facility; and, 6) professional environment.

2. Cost of Living

It is not totally clear what is intended by the cost of living criteria. Chicago has a slightly higher cost of living, but it does not cost the government... only the employee. There is a sufficient labor pool in the area so employee retention is not a major consideration. The salaries and grade structures are basically the same in the Chicago and Cincinnati offices. Therefore, this is not a consideration. However, there are economies of scale that favor Chicago as follows: cost-sharing (Division/District) of accommodations/ facilities and support; reduced transportation costs (e.g., lower airfares/better connections, less time required, and less requirement for travel when located in a regional center of government operations); and reduced-cost of supplies/equipment/services due to economies of scale in Chicago. Besides, if cost of living were such a key factor, why does the Corps Headquarters office remain in Washington, D.C.? It remains in Washington D.C., because it is the Nation's center of government. Similarly, Chicago is the regional government center of the North Central United States. Therefore, the regional Corps office should remain in Chicago.

3. Educational Availability

This criterion indicates Chicago is significantly above Cincinnati even if only one University (Northwestern) was used as a comparison to the University of Cincinnati for its engineering schools. However, Chicago has two other major engineering schools -- Illinois Institute of Technology and University of Illinois - Chicago. Yet, the decision paper rated Chicago and Cincinnati as equal. This is incorrect and arbitrary. In addition, one should also consider the educational availability needs of the other major professions of the Corps -- law, economics, physical, biological, cultural and social sciences, computer science, finance, accounting, and administration. Many great universities in Chicago offer these curricula including the University of Chicago, Loyola, DePaul, John Marshall Law School, etc. There is absolutely no

comparison. Chicago's institutions of higher education exceed, by far, those of Cincinnati.

4. Transportation Hub Availability

Chicago is the nation's central transportation hub-- air, rail, highway and waterway. To rate Chicago and Cincinnati as equals is completely indefensible and wrong. If Cincinnati is ultimately selected there will be substantial added costs of conducting business because of: significantly higher airfares; time inefficiencies due to fewer flights/connections; and, increased travel to the Federal regional center of business. It is inconceivable that Chicago and Cincinnati could be considered as equals for this criterion. Further, it is beyond comprehension how this could be construed as inconsequential, particularly, as related to efficiency of operation and cost of doing business.

5. Number of Current Personnel

It is noted that Cincinnati has in its Engineering, Planning and Program and Project Management about 26 more people than the NCD office in Chicago. However, if you consider the total number of potentially affected people in the Chicago District (101) as well as NCD, the total becomes about 161 in Chicago versus about 86 in Cincinnati. This adds to a greater overall reorganization cost (more PCS moves) disruption and inefficiencies. This appears to be a moot point, since it is stated (page 20) that "The numbers of current personnel were not used as a final rating criterion for division headquarters site selection."

Consider now the three criteria which were "not explicitly used":

1. Labor Availability

Chicago has one of the largest labor forces in the nation (3.2 million), by far the largest in the midwest. In addition, during 1991, the midwest led the nation in job growth, and Chicago placed 6th in new jobs created among the top 20 U.S. metropolitan areas rated. The primary professional talent the Corps is concerned with is the global engineering, scientific, and construction capability residing in the Chicago area. There are 130 consulting engineering firms; it has the midwest's largest percent of engineers and scientists; there are several excellent engineering/scientific educational institutions and research facilities; and, there are numerous professional engineering, architectural, and scientific societies. The combined synergism of the engineering and scientific communities makes Chicago a world-renowned center of technology. This is possible because of the partnering and networking among all the technical communities-- government engineering organizations, consulting engineering firms, educational institutions, private research facilities, and professional societies. There is no question that Chicago's current and future labor availability is

excellent. Also, the Chicago District is a source of trained, experienced personnel for Division positions (without relocation expense -- again, cost-effective).

2. Office Space Availability

Office space availability in the downtown Chicago area abounds. Recently, both the staffs of the NCD Division and the Chicago District (which are efficiently co-located in the same excellent office building) spent considerable time and effort in searching, analyzing and deciding on the best overall location and facility accommodations. Our current office is strategically located for efficient business coordination and transportation. It offers superb office facilities in a professional environment. These facilities efficiently accommodate our existing workforce and could readily accommodate the expanded, merged operations resulting from reorganization. The NCD Division headquarters office in Chicago is one of the most efficient and professionally suited Corps Division Office facilities in the country.

3. Central to Workload

It was noted on page 14 that this criterion "was too difficult to apply ...Nevertheless.. was used in a very few cases where geographic considerations seemed to require it." This was the only criterion which was used to distinguish between Chicago, Omaha, and Cincinnati Division office site locations. In all other criteria it stated, "...all 3 of the existing Division office locations (Cincinnati, Chicago and Omaha) ranked equally. Of these 3, Cincinnati was selected.... primarily because of its greater proximity to the large Civil Works workload along the inland waterway system." We believe it is obvious from the foregoing analysis that the three locations are not equal and Chicago is superior.

Nonetheless, in considering this criterion, key questions are what type of workload, with whom, where, and when? We are reorganizing for the 21st Century and what that will bring, not for today's conventional planned workload.

Support to other Federal agencies is a major future mission of the Corps, and promises to be much greater in the future, particularly in environmental engineering. The customers in this mission are regional offices of Federal agencies. Chicago is the home to about 15 Federal agency regional offices (including OSHA's National Training Institute), some of which we currently work for. A partial list of these regional Federal agencies in Chicago are as follows:

- U.S. Environmental Protection Agency (Region 5 and Great Lakes National Program Office) (USEPA)
- U.S. Department of Interior (USDI)
- Housing & Urban Development (HUD)

Federal Emergency Management Agency (FEMA)
 Federal Energy Regulatory Commission (FERC)
 Department of Commerce, Economic Development
 Administration (DOC-EDA)
 Federal Aviation Administration (FAA)
 Federal Highway Administration (FHWA)
 Department of Energy (DOE)
 General Services Administration (GSA)
 Occupational Health & Safety Administration (OSHA)

A Corps division headquarters office co-located with these agencies in Chicago is central to this important, and growing workload. There would be additional costs for the Federal and state agencies if Cincinnati is the new NCD.

NCD (Chicago) is currently supporting USEPA-GLNPO and Region V in the Lakewide Monitoring Program (LaMPS) for the Great Lakes. LaMPS is a 10-12 year study to determine contaminated loadings on the Great Lakes. NCD is supporting the LaMPS program initially through database development, database management, GIS and model development. After the study is complete, NCD will support EPA with remediation efforts worth tens of millions of dollars.

NCD (Chicago) is also supporting USEPA-GLNPO in the Green Bay Mass Balance Study (1993-1994).

NCD (Chicago) is proposing to assist USEPA, Region 5 in developing a pilot study for the Environmental Monitoring and Assessment Program (EMAP) program. The EMAP program is a several hundred million dollar program.

Over the next 15-25 years, the current NCD (Chicago), MRD and St. Louis District will have tens of billions of dollars in workload (CG, GI, O&M (DERP and OEW), SFO, etc.). Examples include: St. Lawrence River L&D Rehab - \$100's millions; Soo Control Dams and Hydropower Rehab - \$100's of millions; Mississippi River L&D Rehab - \$100's of millions; Great Lakes Shoreline Geographic Information System (GIS) Mapping of Flooding and Erosion - \$10's of millions; O&M (ongoing) for NCD, MRD and St. Louis existing projects - \$100's of millions; Hazardous/Toxic/Radiologic Waste which includes the Defense Environmental Restoration Program potentially - \$100's of millions; Support for Others - \$100's of millions; and Infrastructure for the Nation - \$10's of billions.

It is assumed that ORD will have a comparable amount of work. However, Chicago is the most centrally and conveniently (Nation's transportation hub) located (see map Encl 3) and the most efficient and cost-effective means of handling the entire area of the new NCD. Chicago is more centrally/suitably located in the proposed NCD region as related to: geography; population density; political areas; time zones; transportation connections; the major water-courses; Federal agency regional center; workforce availability;

engineering/scientific technological center; major educational institutions; major governmental center; ethnic and cultural diversity center; economic production (GNP); and center for major trade, distribution, and services. This all translates into increased efficiencies and reduced cost of doing business. Simply, as one example, the airfare costs from Chicago to the 12 District offices is approximately 60 percent of the cost from Cincinnati (Encl. 4).

Accessibility, is the key for the Corps to adequately handle/accommodate projects for the large, populous, important, and diverse region of the new NCD (see Encl. 5). Accessibility is essential to accomplish the most cost-effective and time-efficient work. Chicago is the premier (not medium or mediocre) transportation hub (see Encls. 3, 4 & 6). Chicago's location in the heart of the Nation, minimizes air travel distances, time, and cost to any place in the country. Chicago with the nation's busiest airport, O'Hare, has more than one arrival or departure every minute (800,000 incoming and outgoing flights each year). Flexibility in scheduling is maximized, while time and cost are minimized. The centralized location of Chicago as the Nation's transportation hub permits the lowest overall transportation costs, and fewest number of executive flying hours (which translates to better service and cost savings), among the Nation's ten largest cities. Enclosure 6 shows that the airfares from Chicago to the 26 State capitals and 11 Canadian centers of Government, served by the proposed NCD are about 70 percent of the cost from Cincinnati. There are also more flights including more non-stop flights by more airlines from Chicago than Cincinnati. There are more flights from Chicago to the 150 Congressional Districts, the nearly 1,400 counties, and the more than 10,000 cities (all potential customers) than Cincinnati (see Encl. 6). It is noted that Chicago is closer/more central to 60% of the Congressional Districts, counties, cities, Canadian centers of Government, and population density as compared to Cincinnati. In addition, Chicago is closer and/or more centrally located to: 80% of the land and water area; 70% of the top 25 Large Metropolitan Areas (see Encls 7 & 8); the world's largest freshwater lake system; the 3 Time Zones; and, the 5 Climate Zones. In addition, Chicago is closer to over 60% of the District offices and is more central to and has better accessibility to all the Districts--more flights and lower airfares (Encl 4).

Accessibility is also key for coordination with the other Federal agency regional offices -- which is going to become increasingly important as the Government consolidates and shares expertise and services. Chicago is the designated Standard Federal Region in the midwest, north central area (reference OMB April 1974 Memo, Subject: Standard Federal Regions). Cincinnati is not a standard Federal region. Chicago has more than 50 Federal agencies with more than 15 Federal regional headquarters offices like NCD (Chicago). In addition, Chicago is an international government center of operations with nearly 50 foreign consulates and trade centers (3rd only to Washington, D.C. and New York).

Accessibility will continue to be a factor into the 21st century for which the Corps is reorganizing. Chicago is a world center of Government, business, commerce, trade, culture, transportation, education, technology, services, ethnic and cultural diversity. It will continue to provide better capability for a Government agency regional headquarters office for more cost-effectively and efficiently serving the north central region of our Nation. For example, Chicago will have a third major airport facility; also, high-speed rail and MAG-LEV service hubs will likely become available first in a major rail center like Chicago; additionally communications technology will develop first and be more prevalent as a center of communications in Chicago than other parts of the midwest's north central region.

We cannot be certain where the workload will be in the 21st century. Therefore, we must reorganize and locate our regional headquarters for maximum flexibility and accessibility to provide service to all of our regional area in the most cost-effective and time-efficient manner we can. This could best be done by retaining the midwest north central regional headquarters in Chicago -- the current Standard Federal Region and a world center of commerce, business, trade, services, government, transportation, technology, education, culture, and ethnic and cultural diversity.

Chicago is the City that works.

"DECISION PATH II"
(separately bound)

"WHITE PAPER"

on

Why a Corps of Engineers Division Office
Should Be in Chicago, Illinois"

(separately bound)

Encl 2

CONTRACT AIR FARES
 ROUNDTrip COSTS TO EACH DISTRICT IN THE NEW NCD

<u>DISTRICTS</u>	<u>DIVISION</u>	
	<u>CHICAGO</u>	<u>CINCINNATI</u>
1. Buffalo	\$324 nonstop	\$180 nonstop
2. Chicago	-0-	230 nonstop
3. Detroit	96 nonstop	182 nonstop
4. Rock Island	152 nonstop	382 connect in Chicago
5. St. Paul	142 nonstop	408 nonstop
6. Omaha	214 nonstop	444 connect in Chicago
7. Kansas City	84 nonstop	408 nonstop
8. Huntington	520 connect in Pitts.	430 nonstop
9. Louisville	206 nonstop	118 nonstop
10. Nashville	150 nonstop	300 nonstop
11. Pittsburgh	220 nonstop	194 nonstop
12. St. Louis	90 nonstop	328 nonstop
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TOTAL	\$2,198	\$3,604*

*AIR FARES ARE APPROXIMATELY 40 PERCENT LESS FROM CHICAGO.

NOTE: Air fares to the Headquarters Office in Washington, D.C. are essentially the same for Chicago and Cincinnati.

NCD (Chicago) spends about \$300K/year on travel. This would increase by approximately \$300K if the new NCD is located in Cincinnati. Adding in MRD, and ORD travel, we would guess that this could triple to a \$300K/year advantage for Chicago over Cincinnati. Also, greater cost advantages would likely be gained as a result of additional customer service travel in the expanded new NCD regional area (as considered in Encl. 6).

Geographic/Demographic
Fact Sheet
on proposed new NCD area

- o About 2000 miles east to west (Upper New York to Western Montana); and 1000 miles north to south (top of Lake Superior to lower Mississippi River)
- o Responsibilities in all are parts of 26 States (NY, PA, WV, OH, KY, TN, IN, IL, MI, MO, KS, WI, MN, ND, NB, SD, CO, WY, MT, IA, MS, AL, GA, NC, VA, MD) and coordination with 5 Provinces in Canada (QUE., ONT., MANITOBA, SASK., ALBERTA).
- o A land and water area of 1,160,000 sq. mi. (incl. Great Lakes water surface) or about one-third of the total U.S. area (3,536,341 sq. mi.).
- o Contains 3 of world's 25 principal rivers, Missouri, Mississippi, St. Lawrence (5800 miles of very large river systems) and the world's largest freshwater lake system, Great Lakes (95,000 sq. mi.; 11,000 miles coastline; 5400 cu. miles of water volume -- amounts to 95% of the U.S. fresh surface water supply).
- o Over 2500 miles of international border with Canada requiring potential travel to 11 major Canadian centers of government (Calgary, Regina, Winnipeg, International Falls, Thunder Bay, Sault Ste. Marie, Windsor, Toronto, Ottawa, Montreal and Quebec City) in 5 Provinces.
- o Along with the 26 State Capitols, there are about 150 Congressional Districts (about 1/3 of Nation's total) nearly 1400 county seats, and over 10,000 towns and cities, having a population of about 75 million (nearly 1/3 of nation's total).
- o Contains 10 of the Nation's top 25 (about 40%) Large Metropolitan Areas: Chicago-Gary-Lake County; Detroit-Ann Arbor; Cleveland-Akron-Lorain; Minneapolis-St. Paul; St. Louis; Pittsburgh-Beaver Valley; Denver-Boulder; Cincinnati-Hamilton; Milwaukee-Racine; Kansas City -- accounting for about 30 million people (nearly 40% of total population in new NCD area).
- o There are 3 time zones covering the area: Eastern, Central and Mountain.
- o Contains 5 distinct climate zones: Highland (Mountain Zones in west); Steppe (plains states); Continental Moist (Midwest and Great Lakes); Subartic (Northern Great Lakes and lower St. Lawrence River); Subtropical Moist (southern States portion of our new NCD boundary).

COMPARISON OF ROUNDTRIP AIRFARES
FROM CHICAGO AND CINCINNATI TO THE
26-STATE CAPITOLS AND 11 CANADIAN
GOVERNMENT CENTERS
IN THE PROPOSED NCD AREA

<u>TO: STATE CAPITALS</u>	<u>FROM: CHICAGO</u>	<u>FROM: CINCINNATI</u>
Albany, NY	\$276 nonstop	\$246
Harrisburg, PA	308 nonstop	228 nonstop
Charleston, WV	402 nonstop	460
Columbus, OH	220 nonstop	240 nonstop
Frankfort, KY	328	340
Nashville, TN	150 nonstop	308 nonstop
Indianapolis, IN	140 nonstop	272 nonstop
Springfield, IL	178 nonstop	384
Lansing, MI	212 nonstop	230
Jefferson City, MO	144 nonstop	362
Topeka, KS	292	520
Madison, WI	168 nonstop	520
St. Paul, MN	176 nonstop	408 nonstop
Bismark, ND	602	780
Lincoln, NB	360 nonstop	640
Pierre, SD	740	900
Denver, CO	236 nonstop	362 nonstop
Cheyenne, WY	238 nonstop	920
Helena, MT	940	1,120
DesMoines, IA	235 nonstop	646
Jackson, MS	284	534 nonstop
Montgomery, AL	284 nonstop	456
Atlanta, GA	304 nonstop	436
Raleigh, NC	302 nonstop	434 nonstop
Richmond, VA	446 nonstop	540
Annapolis, MD	290	436
 <u>TO: International Government Centers</u>		
Ottawa, Ontario	\$588 (via NY)	\$686 (via NY)
Toronto, Ontario	280 nonstop	377
Montreal, Quebec	440	586 (via NY)
Quebec, Quebec	594	594
Calgary, Alberta	653	693
Regina, Saskatchewan	594	798
Winnipeg, Manitoba	456	574
Windsor, Ontario/Detroit MI	96 nonstop	182
Thunder Bay, Ontario	495	554
Sault Ste. Marie Ontario/Sault St. Marie, MI	495	554
Ft. Frances, Ontario Int'l Falls, MN	495	554
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TOTAL	\$13,441	\$18,874
	(30% less cost)	

Note Also that there are more non-stop flights from Chicago to the destinations indicated.

Encl 6

Jurisdiction of
Proposed NCD: States, Cities, Land Area, Population, Counties, Congressional Districts,
State Capitols and International Government Centers

No.	Estimated % of State	State	Closest to Capital	Chgo/Cinci	Estimated to # Cities	Estimated Land area (sq. mi.)	Estimated Population (millions)	Estimated Counties	Estimated # Cong'l Distts.	State Capitals	
1	20	NV	X		300	9,445	1.5	12	5	Albany	
2	25	PA	X		400	11,205	1.5	13	5	Harrisburg	
3	100	WV	X		350	24,087	1.8	55	4	Charleston	
4	100	OH	X		1100	40,953	10.9	88	21	Columbus	
5	100	KY	X		950	39,732	3.7	120	7	Frankfort	
6	90	TN	X		300	37,098	4.3	84	7	Nashville	
7	100	IN	X		675	35,870	5.6	92	10	Indianapolis	
8	100	IL	X		1075	55,593	11.5	102	22	Springfield	
9	100	MI	X		750	56,809	9.4	83	18	Lansing	
10	75	MO	X		600	51,674	4.8	86	7	Jefferson City	
11	45	KS	X		250	36,820	1.1	47	3	Topeka	
12	100	WI	X		600	54,314	5.	72	9	Madison	
13	100	MN	X		630	79,617	4.4	87	8	St. Paul	
14	100	ND	X		230	68,994	0.6	53	1	Bismarck	
15	100	NB	X		300	76,878	1.6	93	3	Lincoln	
16	100	SD	X		300	75,898	0.7	67	1	Pierre	
17	30	CO	X		130	31,119	1.2	17	3	Denver	
18	80	WY	X		180	77,684	0.4	18	1	Cheyenne	
19	90	MT	X		230	131,000	0.72	50	2	Helena	
20	100	IA	X		650	55,875	2.8	99	6	Des Moines	
21	2	MS	X		40	938	.05	5	1	Jackson	
22	8	AL	X		50	4,060	0.15	5	1	Montgmy	
23	2	GA	X		15	1,158	.05	3	1	Atlanta	
24	7	NC	X		50	3,410	0.15	6	1	Raleigh	
25	6	VA	X		30	2,376	0.15	5	1	Richmond	
26	8	MD	X		50	782	0.10	3	1	Annapolis	
							10,285	1,063,389	74.15	1,365	149

State Capitols - 26

Cong'l Districts - 149

Counties - 1,365

Cities - 10,285

National Government Center - Washington, D.C.

International Government Centers - Ottawa, Toronto, Windsor, Thunder Bay, Sault Ste. Marie and

International Falls, Ontario; Montreal & Quebec City, Quebec; Calgary, Alberta; Regina/ Sas-

katchewan; Winnipeg, Manitoba

Standard Metro Statistical Areas in the Proposed NCD
(Rank, Population, Proximity to Chicago/Cincinnati)

Rank	Std. Metro Statis. Area	Population (millions)	Closer Proximity	
			Chicago	Cincinnati
3	Chicago-Gary-Lake County (IL,IN,WI)	8.07	x	
6	Detroit-Ann Arbor MI	4.7	x	
13	Cleveland-Akron- Lorain, OH	2.8		x
16	Minneapolis-St. Paul MN, WI	2.5	x	
17	St. Louis, MO, IL	2.4	x	
19	Pittsburgh-Beaver Valley, PA	2.2		x
22	Denver-Boulder, CO	1.8	x	
23	Cincinnati-Hamilton OH, KY, IN	1.7		x
24	Milwaukee-Racine, WI	1.6	x	
25	Kansas City, MO, KS	1.56	x	

Ten (i.e., 40%) of the nation's top 25 Large Metropolitan Areas are located in the new NCD area and seven (i.e., 70%) of the ten are geographically closer to Chicago than to Cincinnati. In addition, the proposed NCD has all or a major portion of three of the world's 25 principal rivers, Missouri, Mississippi, and St. Lawrence Rivers, as well as for the world's largest freshwater lake system, the Great Lakes.

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March 9, 1993

Conceptual
Corps of Engineers
Reorganization Plan

The November '92 Corps reorganization plan is another failed attempt to provide a robust organization which meets the needs of the nation. WRDA '92 provides Congressional insight and direction for the Corps to meet the needs of the nations decaying infrastructure and environmental mandates. Infrastructure concerns were identified for water supply, combined sewer outflows and new waste water reuse technologies. Additional infrastructure concerns recently identified include upgrading the railroads and its technology such as the high speed magnetic levitation, just to mention a few.

The need to reorganize the Corps of Engineers is recognized and supported throughout the Corps family. However, reorganization should not jeopardize the very existence of the agency its attempting to revitalize. Reorganization that jeopardizes up to 70% of the staffs in the 5 closed Divisions and 21 reduced District offices is irresponsible. Shifting significant numbers of highly skilled scientists and engineers from the Division to lower graded District technical centers is a recipe for failure. Who will select an agency that stifles career opportunities particularly for experienced professionals which are in short supply (scientists and engineers)?

The Corps reorganization needs to be formulated by knowledgeable people outside of the Corps of Engineers and the Department of Defense to include: Congress, locals, cost sharing partners, Corps employees and the public (taxpayer) at large. The Corps needs to streamline the review process to meet the needs of the regional and local levels to include elimination of the Washington Level Review Center. We must get the ASA(CW) office out of the management and report review business. We must re-think the project management concept to insure our best and brightest are formulating and designing the projects and not tracking dollars and maintaining schedules. We must insure that we can retain and attract highly skilled and competent employees which will serve the nation now and into the 21st century. It is within these tenants that we propose a conceptual plan for reorganization of the Corps.

Conceptual
Corps of Engineers
Reorganization Plan

HQUSACE

- o Decentralize and reduce personnel by 30 - 50%
- o Policy development and guidance only
- o Mission Development/Future Initiatives
- o Overall Budget development, including testimony
- o Congressional liaison
- o only review projects requiring congressional authorization, and then only to insure the recommendations recognize the intent of the legislation

DIVISIONS

- o Six or seven existing offices co-located with federal regional centers (reduction of 30 - 40%)
- o Oversee policy implementation of Districts
- o major transportation hub
- o Span of control of 5 to 7 Districts maximum
- o final authority on all report reviews and approval of all schedules and cost estimates
- o availability of trained labor pool
- o retain specialize expertise/areas of concern (i.e. Great Lakes)
- o consolidate District/Division support functions such as Human Resources, Resource Management, Audits etc., into select offices within regional centers.
- o combine duplicative workforces (i.e. budget personnel from programs office and operations, etc.)
- o assign projects to the Districts based upon expertise, workload, and best service to the public, not watersheds

DISTRICTS

- o retain all offices and functions
- o implement project planning, design and construction
- o combine duplicative workforces (i.e., environmental personnel from regulatory and planning; budget personnel from programs office and operations, etc.)

DEVELOP LEGISLATIVE AUTHORITIES AND APPROPRIATIONS FOR

- o water supply
- o combined sewer outflows
- o new water reuse technologies
- o modernization of railroads
- o environmental engineering (i.e., clean-up, remediation), etc.

WHITE PAPER
ON
WHY A CORPS OF ENGINEERS DIVISION OFFICE
SHOULD BE IN CHICAGO ILLINOIS



OCTOBER 1992

WHITE PAPER
ON
WHY A CORPS OF ENGINEERS DIVISION OFFICE SHOULD BE
IN CHICAGO, ILLINOIS

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Preface

The Assistant Secretary of the Army for Civil Works (Corps of Engineers) has testified in the FY93 appropriation hearing that she intends to reorganize the Corps of Engineers (COE). The Senate Subcommittee on Energy and Water Development in the FY93 Appropriation Bill, for the Corps of Engineers, describes its intentions to reorganize the COE in FY93.

This white paper is intended to describe the current and anticipated future work efforts of the North Central Division and to apply, to our Chicago location, the reorganization site selection criteria that the Chief of Engineers used in the previous reorganization plan (BRAC Plan) of 1991. The BRAC plan has been discarded and the Chief of Engineers has a new study team preparing a new proposal. Based on a draft report we previously had reviewed and commented on (see References 35 and 36), the likely results will be to reduce the number of division offices. This effort apparently will be completed very soon. It will be used by an executive committee headed by the new Chief of Engineers. A report will be submitted for the approval of the Secretaries of Defense and the Army about October-November 1992.

This white paper, highlighting the advantages of having a Corps Division office to remain in Chicago, has been prepared by a volunteer group of concerned employees of the North Central Division. The efforts in preparing this information have been accomplished on our own time. We believe that a midwest Corps of Engineers Division Office should remain in Chicago.

EXECUTIVE SUMMARY

The Corps of Engineers is going to reorganize its division offices. This paper documents why Chicago is the most logical site for the midwest region division office. We have used, as the basis of our analysis, the 1991 BRAC Corps-wide reorganization study criteria as applied to Chicago. Because of the vast amount of pertinent information gathered, the paper contains this Executive Summary, the main body and several appendices (providing significant details on key aspects of this matter). The main body of the paper is quite robust. Some background information has been summarized for describing both the Chicago site and the current NCD organization. Finally, we get to the heart of the matter, and that is, Chicago is the premier world class city which should be retained as the location of the Corps of Engineers midwest division office. The key reasons are:

O QUALITY OF LIFE:

- Excellent for the professional workforce.
- Employment is the largest in the midwest and sixth largest in employment growth in the country.
- Health care ranks third in the nation and it has the nation's largest medical center complex.
- Commuter transportation is the most efficient, effective, and affordable system in the nation.
- Recreation and entertainment is as diverse and cosmopolitan as any in the nation.
 - o Numerous parks, golf courses, forest preserves, nature centers, beaches, lakes and rivers.
 - o Chicago shoppers have some of the finest stores in the nation.
 - o Chicago fronts on 29 miles of beautiful Lake Michigan shoreline.
 - o Recreational boating is second only to Michigan in the midwest.
- Education is ranked third in the nation.
 - o Chicago includes some of the nation's finest technological academies and universities.
 - o Library system is outstanding -- University of Illinois is the third largest in the nation for a public university; constructing nation's

most sophisticated high-tech engineering library; and, Harold Washington Center in Chicago is the largest public library building.

- Culture and the Arts are ranked third in the nation.
 - o Chicago has cosmopolitan sophistication with midwestern country charm.
 - o Chicago Architecture dominates American design; three of the world's five tallest buildings reside here; and it is the home of Frank Lloyd Wright.
- Services and Infrastructure in Chicago are second to none in the nation.
 - o Best transportation system in the nation.
 - o The largest modern wastewater treatment facility in the nation.
 - o One of the nation's largest public water supply systems.
 - o One of the nation's largest and most unique urban flood control and pollution prevention project.
 - o The longest system of lakeshore public infrastructure (e.g., parks, beaches, boating)
- Financial powerhouse of the nation's midsection.
 - o Chicago's investment markets are second only to New York.
 - o Several of the nation's largest banks.

o **TRANSPORTATION HUB:**

- Chicago is the transportation hub of the nation -- air, rail, highways, and waterways.
- O'Hare is the nation's busiest airport.
- Illinois has the largest waterway system in the nation (more tonnage than the Panama Canal).
- Chicago is an international port.

- Illinois has more miles of interstate highway than all but two other states in the nation.
- Chicago has the largest railroad gateway in the nation.
- Illinois has 25 railroads providing service to every part of the United States.

○ **FEDERAL REGIONAL CENTER:**

- The Standard Federal Region 5 is located in Chicago.
- Fifty Federal agencies, 15 of which are major regional centers, including NCD, are located in Chicago.
- Federal workers total 30,000 in Chicago and 50,000 in Illinois.

○ **COLLOCATION WITH OTHERS:**

- Chicago is collocated with several significant military, Corps of Engineers offices, laboratories, and major projects, involving investments of tens of billions of dollars.

○ **AVAILABILITY OF TRAINED LABOR:**

- Chicago is a world-renowned engineering and scientific community.
- Illinois has the largest percent of engineers and scientists in the midwest (4.3 percent of the U.S. total).

○ **GOVERNMENTAL CENTER OF OPERATIONS:**

- Includes International, Federal, state, county, and city.
- Governor of Illinois maintains an office in Chicago.
- The Council of Great Lakes Governors has its headquarters office in Chicago.
- The Center for the Great Lakes (a bi-national public and private organization) is headquartered in Chicago.
- Illinois ranks third in the nation in the number of foreign consulates and trade offices.

○ COST-OF-DOING-BUSINESS ADVANTAGES:

- Collocation and combined support between the Division and Chicago District would provide significant economy.
- The centralized location of Chicago provides for efficient and economical travel; greater choice of flights, lowest overall costs and fewest flying hours, compared to the nation's ten largest cities.
- Chicago is the retail, wholesale and distribution center for the midwest.
- One-third of the GNP is produced within a 300-mile radius of Chicago.
- Illinois can supply almost any sub-assembly or finished product needed.
- Chicago ranks third in retail sales made.
- Illinois is a major player in international markets.
- Illinois exports rank third in the nation in agriculture; seventh in manufactured exports; and sixth in total exports.

○ OPERATIONAL EFFICIENCY/FLEXIBILITY:

- Maximum economy in travel cost, time and flexibility.
- Advantages in cost and time from the economies of scale of Chicago being the midwest's retail, wholesale, and distribution center.
- Current modern professional office facility ideally and strategically located for business communications, coordination, and transportation.
- Federal agency regional center, governmental center, and international center for the midwest.
- Engineering/scientific technological center of the midwest -- educational institutions, A-E consulting firms, contractors, public agencies, research facilities, and professional societies.

Chicago, being a major Federal regional center for the midwest, and a world-renowned technical engineering and scientific community, is a natural, logical location to continue a Corps of Engineers division office. It is geographically centrally locat

ed to continue to handle the entire Great Lakes system, Souris-Red-Rainy Rivers basin, Upper Mississippi River basin, plus additional boundary expansion, including the middle Mississippi River basin area, and Ohio River basin area. Essayons.

WHITE PAPER
ON
WHY A CORPS OF ENGINEERS DIVISION OFFICE SHOULD BE
IN CHICAGO, ILLINOIS

I. Introduction

In 1673, Louis Joliet and Father Jacques Marquette recognized the vital importance that this location (now known as Chicago) was destined to play in history -- the water gateway to the interior of the New World. About 200 years later, Chicago became the site of one of the greatest civil and environmental engineering accomplishments of the world -- it was recognized as one of the seven wonders of American engineering by ASCE. The project involved cutting through the continental divide to turn a river (Chicago River) in its course. This resulted in protecting against disease and death due to the polluted water; mastering storm and flood; and, linking (ultimately) the Atlantic Ocean and the Gulf of Mexico, via the Great Lakes system, the Illinois and the Mississippi Rivers.

Today, Chicago remains at the crossroads of the North American continent, being centrally located between the two world famous resources that the North Central Division (NCD) develops and protects -- the Mississippi River and the Great Lakes system.

As in the past, the future of the Chicago area still rests on gift and legacy -- the gift of nature's bountiful resources and the human legacy of technical skill, energy, foresight and resolution by which men, for themselves, their posterity, and the nation, built upon these great resources.

It is these unique natural and human resources that make Chicago the heart of America. A city of contrasts, Chicago is a world-class city with many surrounding, small communities known for their midwestern values and friendliness. The area combines to provide a major center for global business operations and a high quality of living area for the major professional engineering and scientific community that resides here.

II. Current NCD Organization

The North Central Division is an active, aggressive command of the U.S. Army Corps of Engineers staffed with professionals who are committed to leading the way into the 21st century toward better partnerships, improving the environment, global engineering, and total quality management (see Appendix A for details).

A. Division Area

North Central Division covers the watershed areas of the Great Lakes, the Upper Mississippi River, and the Souris-Red-Rainy Rivers. This includes all or parts of twelve states from

North Dakota to New York and contains 95 congressional districts as well as 1,900 miles of Canadian border. Our region is home to 95 percent of the nation's surface fresh water supply, where about 22 percent of the nation's income and 21% of the production are generated; also, it is where 20 percent of the U.S. population is served. There are 290 million tons of cargo transported yearly on NCD's waterways. We are one of twelve divisions of the U.S. Army Corps of Engineers answering directly to our national headquarters in Washington, D.C.

B. Major Products

We plan, design, construct, operate, and maintain projects dealing with navigation, flood control, beach erosion control and environmental restoration. We also provide disaster assistance to the nation and significant support to the International Joint Commission. In addition, we regulate shoreline construction as well as the filling of wetland areas.

C. Field Offices

NCD, which is commanded by a brigadier general (one star), has five subordinate districts, located in Buffalo, New York; Detroit, Michigan; Chicago, Illinois; Rock Island, Illinois; and, St. Paul, Minnesota. Each district also has several field offices. Four of these five districts are commanded by colonels, while Chicago District is commanded by a lieutenant colonel.

D. Members

Work Years: We have 2,850 team members in the division and 5 districts; some 200 are at our division headquarters. We employ team members from a wide variety of career fields. In the division office, the professional categories include 47 engineers; 17 environmental scientists; and, 28 financial managers.

E. Workload in FY92

General Investigations	\$ 17 million
Construction General	\$ 97 million
Operations and Maintenance	\$198 million
Other	<u>\$ 56 million</u>
TOTAL	\$368 million

F. Division-wide Issues

Corps of Engineers BRAC Reorganization. The Reorganization Plan announced in the spring of 1991, involved NCD more than any other division. According to that plan, four of five districts and the division headquarters would close. Detroit and Chicago District offices would be absorbed into Buffalo District, and Rock Island and St. Paul District offices would become part of St. Louis District. The Division headquarters would move to

Cincinnati, Ohio. As a result, members throughout the division and its districts watched the actions of the Base Closure Commission, the Administration, and Congress carefully through the summer and fall of 1991. In late November 1991, Congress passed legislation stopping implementation of that Reorganization Plan. Corps reorganization studies have not stopped. Most NCD members see the need for restructuring the Corps in accordance with its workload, but are understandably concerned that NCD may take more than its fair share of the hurt.

III. Corps' 21st Century Chicago Division Office

As a world economic and business center, Chicago is currently the premier business location and will continue to be for future global business, for both private and public businesses. The Chicagoland Chamber of Commerce lists over 1,200 major businesses, many of which are Fortune 500--whose headquarters or regional centers are in Chicago. Illinois is headquarters to 46 of the Fortune 500 companies -- second only to New York. Also, Chicago is a Federal agency regional center as well as a governmental center (international, national, state, and local).

A. Future Work

In addition to similar ongoing work as described above in II. B., major future work efforts will be support for others (SFO) and environmental engineering. We anticipate significant SFO work in our north central region of the country. In FY92, NCD had about \$18 million of work effort, of which \$10 million was for FEMA on the Great Chicago Flood. The primary near-future work for NCD is in environmental engineering -- this will include DERP (currently a \$10 million program) as well as SFO environmental restoration work for other Federal agencies. NCD has been positioning itself and developing its expertise in these areas.

As a Federal agency regional center and international government and business center, Chicago provides an excellent opportunity to coordinate and carry out SFO work. Major Federal agencies with significant problems and the need for engineering expertise, have been given significant budgets (billions of dollars) to solve their problems. These agencies include the Department of Energy (DOE) and U.S. Environmental Protection Agency (USEPA), both of which have regional centers in Chicago. Other key Federal agencies for which there is a good potential for SFO work include: FHMA (Agriculture), GSA, FAA, FEMA, State Department, HUD, BIA, NASA, and FHWA. Chicagoland is a Federal regional center for most of these agencies. It also has 47 foreign consulates, 3rd in the nation, behind only Washington, DC and New York City. This also positions us for coordinating international SFO work for other countries. An example of the type and magnitude of SFO work we can cultivate and assist our nation in is seen through a consideration of a continuing, superb working relationship between the USEPA Region 5 (including the

Great Lakes National Programs Office (GLNPO)) and the North Central Division (see Appendix B).

B. BRAC Site Selection Criteria

The reorganization site selection criteria that the Chief of Engineers used in the BRAC plan are used here to evaluate Chicago as a most logical location for a Midwest Corps of Engineers division office.

1. Quality of Life

The Chicago area quality of life for the professional workforce is considered excellent. One of the basis for this is the fact that the Places Rated Book shows Chicago has excellent ratings in 6 of 9 key factors (jobs; health care and environment; transportation; education; the arts; and, recreation).

The lower the cumulative score, the better the rating, as shown by the following table.

Factors:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Chicago:	269	18	326	3	7	3	3	16	211	851	18
Cincinnati:	214	75	138	108	63	34	41	56	95	820	14

- (1) Cost of Living
- (2) Jobs
- (3) Crime
- (4) Health Care & Environment
- (5) Transportation
- (6) Education
- (7) The Arts
- (8) Recreation
- (9) Climate
- (10) Cumulative Score
- (11) Overall Rank

The Cost of Living and Crime is shown to be higher in Chicago than in Cincinnati. However, the Cost of Living and Crime rates are lower in many of the suburbs than in either the City of Chicago or in Cincinnati. The suburbs are easily accessible, since they are served by the excellent transportation system which allows you to get into and out of the City of Chicago with safe, affordable mass transit. There are over one hundred quality suburbs, many of which have lower cost of living and less chance of encounter with crime.

The climate is somewhat more varied in the Chicago area than the Cincinnati area. Chicago is less humid and cooler than the Cincinnati area. It is noted that the cost of air conditioning is more expensive than the cost of heating; therefore, the Chicago area cost of living would be reduced as well for this category (i.e., an advantage as related to climate).

Even without the corrections, as stated above, the raw scores of Chicago(851) and Cincinnati(820) are very close, and with corrections due to the suburbs lower crime rate and more economical cost of living, e.g., housing, food, education, etc., the cumulative score of the Chicago area would be considerably less than the Cincinnati area. Therefore, with this adjusted cost of living consideration, lower crime in the suburbs, as well as the much better ratings for health care and environment, transportation, education, recreation, jobs, and the arts, it would point to the Chicago area as a very high quality of living area.

(a) Cost of Living

Consider the breakdown of cost of living comparison between Chicago and Cincinnati as shown in the following table:

Chicago, IL	Cincinnati, OH-KY-IN
Typical Household	Typical Household
Income: \$52,841	Income: \$46,738
State and Local	State and Local
Taxes: \$3,230	Taxes: \$2,117
Housing Cost Indexes	Housing Cost Indexes
Median Price: 108	Median Price: 80
Utilities: 134	Utilities: 112
Property Taxes: 146	Property Taxes: 74
Miscellaneous Living	Miscellaneous Living
Cost Indexes	Cost Indexes
College Tuition: 123	College Tuition: 149
Food: 103	Food: 103
Health Care: 123	Health Care: 106
Transportation: 109	Transportation: 105
Places Rated Score: 10,780	Places Rated Score: 9,400
Places Rated Rank: 269	Places Rated Rank: 214

It reveals that those in the miscellaneous category (college, food, health care, and transportation) are generally a wash. The main difference appears to be in taxes and housing costs. Here again, depending on where in the Chicago Metro area one chooses to live, there appears to be a wide diversity to choose from.

Also, based on tax information from other sources, it would appear that, at best, the overall taxes may be the same, if not a little cheaper in Illinois - Chicago area -- see the following table (sources are Greater Cincinnati Community Profile, World Book Encyclopedia and personal tax experience):

<u>Taxes</u>	<u>Illinois-Chicago Area</u>	<u>Ohio-Cincinnati Area</u>
State Income	3%	4-5%
Sales Tax	6.25 - 8.75% (but only 2% on food & drugs)	5%

County Income	None	1%
City Income	None	2%
Property Tax	6.7 per \$100	5.4 - 6.5 per \$100

Concerning the housing costs, another source of data and comparison analysis are made between Chicago metro area and the Cincinnati area.

The American Chamber of Commerce Research Association's (ACCRA) Cost of Living Index for the first quarter of 1992 shows a composite index for the following areas:

Chicago, Illinois, PMSA	124.0
Schaumburg, Illinois	
Cincinnati, Ohio-Kentucky-Indiana PMSA	106.7
Cincinnati, Ohio	

Reference 26 (see Appendix H) shows indexes for breakdowns of various categories that make up the composite index. Housing represents the greatest reason why the Chicago area's index is higher than the Cincinnati area. Comparing housing indexes, they are as follows:

Cincinnati	112.6
Chicago	164.5

This is about a 47 percent difference between the two cities, but this difference does not have to be that great, because the real estate values vary markedly throughout the metropolitan area, even between adjacent municipalities in the Chicago area.

The 1991 Chicago House Hunt Book, "Living in Greater Chicago", published by the Chicago Sun-Times, lists average home values. The average home value is \$158,000 in Bloomingdale compared to \$114,000 in Lombard and \$103,600 in Villa Park, right next door. The same reference compares income needed to buy the average house. For Bloomingdale, it lists \$51,400, and for Lombard and Villa Park, it lists \$37,000 and \$34,000, respectively. The quality of living in Lombard and Villa Park are very much equal to that in Bloomingdale, and the commute distance and excellent means of transportation to downtown Chicago are about the same. It is noted that the purchase of a house in the Chicago area remains a good investment, which can be recouped along with a good rate of return when sold. The Chicago area was rated #1 (among 100 major metro areas) in maintaining its real estate values, as reported in a recent U.S. News & World Report survey. This is because the Chicago area is a viable quality of life area that supports a stable job base through its infrastructure and other amenities it offers.

Under the 1990 Pay Reform Law, locality-based general schedule pay is designed to virtually close local pay gaps over nine years. It is to be paid on top of basic annual raises linked to national pay and benefit trends. The Bureau of Labor Statistics currently is doing detailed salary surveys in 28 major cities, including Chicago. The law requires the White House to announce by the end of this year the pay zone boundaries and the amount of the first year's raises. Raises should be starting in 1994. With this occurring, the higher cost-of-living for Chicago area should become much less of a factor for Corps personnel considering relocating to Chicago.

(b) Job Center

Chicago, due to its large population and its being a regional center, has one of the largest skilled and unskilled labor forces in the nation. Currently, total employment is about 3.2 million, by far the largest in the midwest, and one of the largest in the country. Traditionally, Chicago has served as the heart of the midwest economy. A recent study indicates that metropolitan Chicago actually created more jobs between 1983 and 1987 than any other area, except Los Angeles. The key is that Chicago is adjusting to the economic realities of the service-intensive 1990's. There are also developments on the small business front. According to Dun and Bradstreet, new business incorporations climbed 40% in Chicago between 1980 and 1985.

A recent U.S. Department of Labor statistics analysis showed that, during 1991, while the rest of the nation was mired in recession, the midwest led the nation in job growth, and Chicago placed 6th in new jobs created among the top 20 U.S. Metropolitan areas rated.

This is extremely important considering the majority of the families depend on two incomes, it would be much easier for the spouse of a transferred Corps employee to find a new job/career in an area with a large job base (the midwest's largest by far) that is also growing. This, in effect, could account for one of the largest cost of living factors, depending, of course, on the contribution of the non-Corps employee's spouse to the family's 2-salary income -- probably, on average, it is estimated to be from 20 to 50%. Also, if the spouse is a private sector employee, their salary for a new job in Chicago would be, on average, about 15 to 25% greater than other midwest metropolitan areas -- thus, helping offset the somewhat higher housing costs. In addition, if the spouse is a Federal government employee, their chances of finding a comparable Federal job in Chicago are much greater, since it is a Federal agency regional center.

(c) Health Care

Chicago is home of the American Medical Association and the American Dental Association. Chicago ranks 3rd in the nation in Health Care and Environment (Places Rated Almanac); it maintains numerous health care facilities and about 226 doctors for every 100,000 residents. There are also numerous practicing specialists in Chicago. It is considered a bright area in the future of Chicago.

The University of Illinois Medical Center in Chicago is the nation's largest teaching hospital/health services complex. Illinois has two public medical schools at 5 sites and six private medical schools. Four of the largest healthcare products manufacturers in the United States are headquartered in Illinois, along with more than 350 medical technology-related products manufacturers (most of these facilities are located in Chicago). Illinois is also a leading producer of dental and surgical equipment. The state benefits from the expertise developed at four dental schools.

There are 242 hospitals in Illinois (85 of these with about 30,000 beds are in Chicago), and more than 900 nursing homes. More than 35,000 physicians and surgeons and more than 9,400 dentists are licensed to practice in Illinois.

Illinois was the first state, and is one of only two states in the nation, with a trauma center network to provide immediate specialized treatment to the seriously injured.

High quality health care, as just described above, has got to be one of the premier quality of life factors to be considered in any site location for a Corps of Engineers midwest division office -- maintaining good health and sustaining life are paramount.

(d) Transportation

Going from here to there ... anywhere ... is easy in Chicago. Planes zoom into O'Hare and Midway Airports and Meigs Field. Metra trains from the suburbs zip into downtown Chicago. The subway runs under the city and the El track encircles Chicago's Loop. The CTA trains also provide fast, efficient and very affordable (only \$1.50 one way), transportation to and from O'Hare International Airport and the Chicago Loop. The CTA buses bustle through city streets. The PACE buses service suburban train stations, shopping malls, main streets, and work corridors. The PACE buses stop in many apartment communities and shuttles suburban residents to the train depots. Commuter ferry boats skim along the Chicago River from downtown train stations to near north side businesses. Expressways circle the city and extend to the farthest suburban limits. The expressways also provide an effective means of, not only commuting to jobs throughout the metropolitan area, but also of getting back and forth between the

suburban area and O'Hare and Midway Airports by means of the fast, efficient and affordable airport limousine services existing throughout the area. The CTA, Metra, and PACE systems offer commuters special savings and services through various ticket and passport packages. Metra train lines include the Chicago and Northwestern (North, West and Northwest trains), Norfolk Southern, Metra Electric, Milwaukee District (North and West trains), Rock Island, Burlington Northern, Heritage, and Route #835. A sample of suburb-to-downtown Chicago times are:

Wheaton - 41 minutes
 Arlington Heights - 37 minutes
 Oak Lawn - 41 minutes
 Richton Park - 45 minutes
 Schaumburg - 42 minutes
 Oak Forest - 41 minutes
 Naperville - 34 minutes
 Downers Grove - 27 minutes

Metra is safe, comfortable, and economical, with an on-time performance record that is second to none. It serves many communities in the city and suburbs including as far away as Wisconsin and Indiana. Nearly 600,000 people use these mass transit systems to get to work each day. A majority of the commuters still rely on the large and effective expressway system. As an example of how well the Chicago transportation system works, it is noted that on the day of the Great Chicago Loop Flood on April 13, 1992, nearly 1,000,000 people were orderly, safely, and efficiently evacuated within a matter of hours.

(e) Recreation and Entertainment

Chicagoans live in urbane downtown settings, unique city neighborhoods, and picturesque suburban towns. Chicagoans relax in a panoramic playground of recreation and entertainment. Chicagoans enjoy music. They appreciate every note--from the classical sounds of Orchestra Hall, Civic Opera House and ballet, to the country songs of sell-out concerts. They applaud blues, dixieland, folk and rock bands. This includes the famous on-going seasonal open-air concerts at Grant Park, Ravinia, Poplar Creek and World Music Theater among other special events like the Taste of Chicago and the Lake Front Air & Water Show.

Chicago theaters spotlight original performances and import Broadway and London shows. Chicagoland's theatrical scene is enhanced by community productions. Further, it is becoming a major on-site location for Hollywood movie-making.

Stars shine at Adler Planetarium. Fish show-off at Shedd Aquarium, augmented by the new \$45 million Oceanarium addition (recipient of ISPE 1992 Outstanding Engineering Achievement) which overlooks scenic Lake Michigan. Art takes center stage at the Art Institute, the Museum of Contemporary Art and private galleries. The Field Museum of Natural History and the Museum of

Science and Industry educate and entertain. Exotic animals star at Lincoln Park and Brookfield Zoos. Other museums throughout Chicagoland highlight unique collections.

Chicagoans cheer other animals--the Bulls (2-time World Champions), Cubs, and Bears. They soar with the Black Hawks and swing with the White Sox. Hundreds of local clubs add to Chicago's sports fervor.

Nightlife shines in the city that never sleeps and sparkles in suburban settings. Rave review restaurants, neighborhood pubs, slick bistros, ethnic dining rooms and outdoor cafes entice Chicagoans and visitors. The Magnificent Mile of Michigan Avenue (lined by some of the nation's finest stores), downtown department stores, major suburban malls and local boutiques tempt shoppers.

For children and adults alike, there are well over 100 quality living communities which offer a high quality of life. They have an abundance of swimming pools, clubhouses, tennis courts, health clubs, picnic tables, volleyball pits, bicycle and jogging trails all of which encourage family fun-times. The large number of quality communities has an abundance of affordable housing to fit most any pocketbook. Chicago and the suburbs offer a panorama of recreational opportunities with parks, golf courses, forest preserves and park land, as well as museums, entertainment centers, theme parks, recreational and nature centers. The needs of parents with young children are met with day care facilities, public and private schools, park district programs, YMCA, and Scouting.

Chicago fronts on 29 miles of beautiful Lake Michigan shoreline. Such a location invites boaters, wind-surfers, walkers, sunbathers, swimmers, fishermen, and spectacular sunrises. Recreational boating is a major force in Illinois (2nd only to Michigan in the number of marinas in the midwest -- 135) and Chicago. North Point Marina, just north of Chicago, is the largest (designed for over 1,700 units) on Lake Michigan and one of the largest on the entire Great Lakes. The Chicago River winds through the city and smaller lakes and rivers ebb through outlying towns. City and suburban parks spread grass-green welcome mats. Chicagoland golf courses host local duffers and national matches. Chicagoland contains almost one-third of the 600 golf courses in Illinois. More than a few were designed by giants of the game. And more of them - more than in any other state - have earned a place on Golf Digest's top 25 public courses list. Chicagoland courses, such as Medinah, Butler, Cog Hill and others have hosted major national golf matches.

(f) Education

Illinois elementary and secondary school systems are among the finest in the United States. Illinois ranked seventh in 1988 in total state and local government expenditures for

public elementary and secondary education. The comprehensive curriculum includes gifted, special and bilingual education, as well as a strong emphasis on academic study. The Illinois Math and Science Academy, located in metro Chicago, is a public residential high school for our most talented math and science students. In contrast, to meet the needs of the less fortunate, there are almost 50 programs designed for employment and training services for everyone from the youth to the elderly. Each year, about 50 percent of the state's 108,000 public high school graduates seek specialized education at colleges and universities. Approximately 45 percent of Illinois public high school graduates complete vocational training programs.

The Illinois education system includes 678 high schools, 50 community colleges, 30 area vocational centers, and more than 430 approved private, business, vocational, and self-improvement schools. There are 189 public and private institutions of higher education that include such nationally-recognized schools as the University of Chicago, Northwestern University, the University of Illinois, Loyola, DePaul and Illinois Institute of Technology. Total enrollment in Illinois public and private educational institutions, beyond the 12th grade, was over 732,000 in 1990.

Illinois ranks fourth nationally in the number of doctorates awarded in scientific and engineering disciplines. During the 1987-1988 academic year, doctorate-granting Illinois institutions conferred 768 Doctorate and 2,370 Masters degrees in the fields of computer and information sciences, engineering, life sciences, mathematics, and physical sciences.

Education outside of the classroom is enhanced by the research facilities available. Illinois ranks seventh among the states in total number of industrial research labs. Over 31 percent (195) of Illinois industrial research labs are located in the City of Chicago. The surrounding communities of Des Plaines, Oak Brook, and Skokie are also popular locations. Chicagoland's DuPage County's "Research Row" is reported to be the fastest growing private research area in the nation. These facilities, plus the federally supported labs of Fermilab and Argonne, coupled with the significant research facilities at the University of Chicago, University of Illinois, Northwestern University, and the Illinois Institute of Technology, provide an ideal environment for engineering and scientific research related needs. Additionally, the federal government maintains/supports many research facilities in Illinois as follows:

Advanced Environmental Control Technology Center
 Argonne National Laboratory
 Armament Research Development and Engineering Center
 Army Engineer Construction Engineering Research Lab
 Army Industrial Engineering Activity
 Department of Rehabilitation Research and Development
 Center

Fermi National Accelerator Laboratory
 Industrial Waste Elimination Research Center
 Manufacturing Technology Information Analysis Center
 National Center for Supercomputing Applications
 Northern Regional Research Center
 Illinois-Indiana Sea Grant Office
 Midwestern Climate Center

Education and research in Chicagoland is supported by one of the country's best library systems. The University of Illinois contains more than five million volumes and more than three million other reference documents, making it the nation's third largest at a public university. Also, it is currently constructing one of the most sophisticated and extensive high-tech engineering libraries in the nation. Its collections are available to others (including the Corps' NCD office) by means of a computerized circulation network. Other impressive Chicagoland library collections include those of Northern Illinois University, University of Chicago, Northwestern University, and the Chicago Public Library system. In fact, the Harold Washington Center in the Loop is the nation's largest public library building.

The taxpayers have generously supported higher education. Therefore, education remains the single largest component of the state budget. The diverse educational opportunities available in Chicagoland provide broad access to higher education for all citizens and a variety of vocational and academic programs at both public and private institutions.

(g) Climate

Chicago is predominantly continental, with warm to hot summers and mild to cold winters. The climate of the downtown city area is modified by the lake, with summer temperatures near the shore often 10 degrees cooler than elsewhere. Summer hot spells - an uncomfortable combination of high temperature and humidity - may last for several days, then end abruptly with a shift of winds to the north or northwest. They are often accompanied by thunderstorms. The normal heating season lasts from October to early June. The air conditioning season lasts from mid-June to early September. For those individuals who like changeable seasons, it is ideal. The annual snowfall is 30 inches, and the annual rainfall is 34 inches. The average monthly temperature ranges from 24 degrees Fahrenheit in December, to a high of 75 degrees Fahrenheit in July.

The principal assets of the Illinois climate are its adequate, but seldom excessive, rainfall and the lack of severe extremes. A similar climate prevails throughout the heavily populated and productive section of the United States which extends from the upper Mississippi Valley eastward to the middle Atlantic states. The daily and seasonal variability promotes health and vigor.

Because prevailing winds are westerly and storm systems move from the same direction, the influence of Lake Michigan on Illinois' weather is not large. However, there is some moderation effect on the near-shore area of Chicago and other communities, where approximately one-half of the state population lives. When the wind blows from the Lake toward the shore, which it does for approximately one-fourth of the time during spring and summer, and for about one-eighth of the time during fall and winter, the result is a moderation of temperature. In addition to the general occurrence of onshore winds, there is the local "sea breeze" effect on summer afternoons which is usually observable in a narrow strip near the lakeshore.

(h) Culture and Arts Center

Cosmopolitan sophistication combines with midwestern country charm in Chicago and Illinois. Illinois is one of the nation's most cosmopolitan states. Chicago, for example, has the largest Polish population outside Warsaw, and one of the largest Greek populations outside Athens and Slonika. Many Illinois cities have maintained the color and traditions of their early ethnic settlers and host annual festivals and other celebrations.

Chicago has more than 5,000 restaurants representing the cuisine of nearly every nation on earth. There are more than 17,000 eating and drinking establishments in the state. Cities and towns throughout Illinois play host to hundreds of thousands of diners at annual Pumpkin, Sweet Corn, Apple, Beef, Pork, Popcorn, and Deer Festivals.

Almost everyone of the state's 102 counties has an annual fair in the finest old-time tradition; and, the Illinois State Fair in Springfield is the largest agricultural exhibition in the world.

Many of Chicago's boulevards rival those of Rome and Paris, and plush international fashion salons, discriminating retail establishments and fine hotels and restaurants make up the City's Magnificent Mile along the world-famous Michigan Avenue.

The finest retail firms in the nation are represented at shopping malls in most major Illinois communities; and, small shops in the smaller communities offer local handiwork and produce. There is a total of more than 60,000 retail establishments in Illinois, and the state ranks sixth nationally in annual retail sales.

Chicago's architecture dominates American design. Architects and engineers travel from around the world to study how graduates of the Chicago School shaped today's spectacular and innovative Windy City skyline.

Most major Illinois cities maintain symphony orchestras

and community theater groups, and Chicago boasts the internationally-respected Chicago Symphony Orchestra and Lyric Opera. The City's acoustically-perfect, 5,000 seat Auditorium Theatre plays host to the Bolshoi Ballet and the latest folk, classical, country and rock musicians.

The Art Institute of Chicago's renowned collection of works by French Impressionists is only a small part of the Institute's treasures which include works by Van Gogh, Rembrandt, Goya and da Vinci, to cite a few.

Chicago is also home to the 3,000 square-foot Chagall mosaic Four Seasons; a 50-foot-high steel Picasso sculpture: Calder's 50-ton stabile Flamingo; and, Moore's Nuclear Energy sculpture marking the site of the world's first controlled atomic chain reaction.

Chicago theatre includes Shakespeare, Japanese Kabuki, drama and musicals and a number of local theater groups which have launched the careers of nationally-acclaimed writers and performers. The Goodman, the Shubert, the Chicago, the famous Auditorium Theaters to cite a few, are centers of performance that continue to attract people from all over the world.

This factor is not only important for enhancing the quality of life of our individual families, it is also a key factor in doing business -- operational efficiency and flexibility. The reason is that it helps to develop and maintain ethnic and cultural diversity that is considered important in the future workforce and very important in carrying out global business in the 21st century.

(i) Services

The Chicago metropolitan area's services and infrastructure supports a high quality of life in all aspects. These include: abundance of energy, quality water, storm and sanitary facilities, transportation, communications, financial/investment centers, health care (about 125 hospitals), spiritual needs, education (95 institutions of higher learning), recreation/entertainment, social, nutrition/fitness, public safety/security, and business. This high quality lifestyle community and center of business, commerce, education, culture, and the arts was not developed "overnight" nor by happenstance; it was rather by well thought out planning, commitment, team work, financing, and talent.

Chicago is the transportation hub of the nation--air, rail, highway, waterways, and soon to be MAG-LEV high speed transportation system. It is unsurpassed both from an intermodal, as well as a commuter transportation standpoint. It is undoubtedly, the best overall commuter transportation system in the nation, serving all area communities at a very affordable cost. It is both an international port for lake and sea-going

vessels as well as a river barge navigation community requiring a large and complex system of developed and maintained channels, locks & dams, docks, harbors, ports and other marine infrastructure.

Chicago is a national communications center, having developed one of the best systems of telecommunications, teleconferencing, cellular, satellite, cable, and computer networking in the country. This currently provides for (and will, even more so in the future) a more efficient and flexible means of doing business especially in the 21st century.

(j) Financial Center

Chicago has been and will remain the financial powerhouse of the nation's midsection. The city is home to the Midwest Stock Exchange (second largest securities exchange in the U.S. after NYSE), the 7th Federal Reserve Bank, and the Chicago Board of Trade (CBT). The CBT, founded in 1848, is the oldest exchange in the United States. The Chicago Mercantile Exchange is the busiest market for perishable goods. Between the CBT and the Mercantile Exchange over 70% of all futures are traded through Chicago.

In addition, there are a number of major banking institutions in Illinois and Chicago. Its status as a financial center continues to grow each year. Illinois has more than 1,150 banks -- these national and state banking facilities control nearly 6% of the total bank assets in the United States. Chicago is home to the 5 largest banks in Illinois -- First National Bank of Chicago; Continental Illinois National Bank; Harris Trust and Savings; The Northern Trust Company; and American National. Four of the largest banks rank 12th, 17th, 49th and 57th in the Fortune Service 500 list of the 100 largest commercial banks in the U.S. There are also 69 international banks that have established branches or representative offices in Chicago.

The financial facilities provide the strength and diversity required to provide billions of dollars in capital needed to finance industrial and commercial development projects. This is very important from a quality of life standpoint. It allows adequate and readily available capital for infrastructure, housing and business developments. Also, it makes readily available and affordable (reasonable interest rates) loans for mortgages, home equity, personal or business. This could be a significant factor also in the cost of living -- i.e., available loan dollars at rates possibly below the national average. Additionally, it can provide greater opportunities for a family in making savings/investments, i.e., for education, business opportunities and/or retirement.

(k) Parks/Forests/Open Space

Chicago's slogan, "Urbus in Horto" or City in a Garden, is more than a slogan, it's a fact. Chicago has 572 parks which cover a total area of more than 7,300 acres. Many of these are connected by tree-lined boulevards that lace through the residential areas. The county forest preserves in the city add another 3,500 acres of recreation while the surrounding communities have more than 62,000 acres of forested and recreational parkland. There are over 140 golf courses throughout metropolitan Chicago and virtually every community has an athletic field for every sport imaginable. The winter sport enthusiasts will find six areas which feature tobogganing ramps among the myriad of ice skating rinks and cross country and downhill ski areas.

Chicago's incomparable lakefront includes 16 beaches, 9 yacht clubs, and 13 boat launching sites, and is the center of many special events such as the Chicago to Mackinac Island sailboat racing event. Outside Chicago, the state has more than 282,000 acres of lakes and ponds and more than 430 rivers which feature 2,000 miles of navigable canoe routes.

2. Transportation Hub

Illinois and, particularly, Chicago is America's transportation center. This role as a transport hub grows in significance every time the price of fuel climbs. A modern, international transportation system provides direct and efficient routes to all parts of the U. S. and the world (including international ports, since the Great Lakes is the nation's "fourth seacoast"). This also provides for significantly reduced travel and transportation costs for businesses. Its truck, rail and airline facilities are some of the greatest in the world.

Being the transportation hub of the nation, Chicago and Illinois play a major role in the nation's and world's business because of its superb highway, air, waterborne, and rail transportation systems (including a future high-speed rail system).

Illinois transportation system includes 137,500 miles of highways and nearly 2,000 miles of interstates (third largest in the nation). Illinois lies at the heart of the nation's interstate highway system. Three coast-to-coast interstates (I-80, I-90, and I-70) pass through Illinois. Major east/west and north/south interchanges are located at more than a dozen locations, from the Quad-Cities area in northwestern Illinois to Mount Vernon in the southeast. Additionally, the state is served by I-55, I-57, I-94, I-39, I-88, I-72, I-74, I-64, and I-24. All totaled, 1,939 miles of interstate (more miles than all but two other states) provide direct highway access to every point in the nation. An additional 27,411 miles of highways make these interstate routes accessible from every region of the state.

Chicago has the largest railroad gateway in the nation. Using the gateways, Illinois' 25 railroads provide service to every part of the United States. National railroads serving Illinois include Atchison, Topeka & Santa Fe; Burlington Northern; Chicago Central & Pacific; Chicago & Northwestern; Consolidated Rail Corporation; CSX Transportation, Inc.; Grand Trunk Western; Illinois Central; Norfolk & Southern; Soo Line; and, Union Pacific. Approximately 55 percent of Illinois' communities have rail service, compared to 35 percent nationally.

Illinois has kept pace with twentieth century transportation demands and is also a center for air transport. There are approximately 1,100 airports, landing areas and heliports in Illinois. Virtually every Illinois city with a population over 30,000 is served by a business jet airport or commercial airline. More than 57.6 million travelers pass through Chicago's O'Hare International Airport each year (the nation's busiest).

Illinois has the largest waterway system in the nation, with 900 miles inland from the Mississippi and Illinois Rivers to the Great Lakes (fourth seacoast) with ocean vessels traveling the St. Lawrence Seaway to international seaports, including Chicago. Its waterways handle more cargo than the Panama Canal.

Illinois' history as a center for industry and trade was due in large part to the 1,110 miles of navigable waters which border or pass through the state. Providing Illinois with a direct link to the Atlantic Ocean (via the Great Lakes and the St. Lawrence Seaway) and the Gulf of Mexico, the waterways and port facilities are taking on renewed emphasis as part of Illinois' transportation system.

The Port of Chicago, with major docks on the Lake Michigan shoreline and extending six miles inland along the Calumet River, offers shippers unloading and loading facilities at approximately 75 terminals. About twenty-five of these terminals handle ocean and lake vessels, while the rest service barges. These berths, elevators and cargo storage facilities can handle steel shipments as well as liquid bulk and dry bulk cargoes. The Iroquois Landing Lakefront Terminal, with 225,000 square feet of storage space and 90 acres of paved land, is the newest containerized shipping facility on the Great Lakes. Operated by the Illinois International District, the Lake Michigan port is served by four railroads and has direct access to Interstates 90 and 94.

3. Federal Regional Center

There are nearly 50 Federal agencies in Chicago, with 15 having regional centers including the North Central Division, Corps of Engineers in Chicago (see Appendix C). In fact, Chicago is the center for the Standard Federal Region 5. It is also a Great Lakes regional center for binational groups and the Council of Great Lakes Governors (see Appendix D). There are nearly

30,000 Federal workers in Chicago and over 50,000 in Illinois -- which is the region's most populous state (6th in the nation with 11.5 million people).

This is significant from the standpoint of the efficiency and flexibility of doing business with Federal and other regional agencies, which is considered the Corps of Engineers third major mission -- Support for Others. A major player that NCD closely associates with now (and will continue in the future) is the USEPA Region 5 and the Great Lakes National Program Office (see Appendix B). Also, this regional center is important for a Federal government employee (including Corps employees), i.e., as related to career advancement and higher potential grade levels. Transferring spouses of Corps employees (transferred due to reorganization) who are Federal government workers, would have a greater opportunity for finding a comparable or higher level job. This is a very significant cost of living factor for 2-income families, which are a majority today.

4. Collocation with Other Military, Major Corps Offices and Projects

Chicago is co-located with several other military and Corps offices, labs, and projects. These include: the Corps of Engineers' Chicago District; nearby Corps of Engineers Construction Engineering Research Lab (Champaign, Urbana); Fort Sheridan; Great Lakes Naval Base; Glenview Naval Air Base; the 416th Engineer Command; and, the Illinois Air National Guard at O'Hare International Airport.

The Chicago metropolitan area includes part of the Lake Michigan drainage basin and portions of the Mississippi River basin tributaries. The Illinois River is formed by the confluence of the Kankakee and Des Plaines Rivers just 40 miles southwest of Chicago. This unique geographic location provides Lake Michigan deep-draft harbors and international ports (via the St. Lawrence Seaway) in Chicago's lakefront area, along with barge traffic connecting to the Mississippi River (and hence the Gulf of Mexico) via the Illinois Waterway.

The key projects we are collocated with include: locks, (Chicago and O'Brien and Lockport Locks and Dams), waterways, diversions, harbors, recreation facilities, urban water/wastewater projects and flood control (e.g., Chicago Underflow Plan tunnels and reservoirs) and coastal projects. These are located on Lake Michigan, Illinois Waterway, Calumet - Sag and Sanitary Ship Canal Projects, and the Chicago and Des Plaines Rivers. Many of these projects are of national importance and involve Federal, state and local investments of tens of billions of dollars.

Previous Chicagoans reversed the flow of the Chicago and Calumet Rivers and, by intercepting certain drainage areas along the lakeshore, added about 673 square miles of area from

the Lake Michigan watershed to the Illinois River watershed. The Illinois Waterway and Great Lakes navigation projects are adjacent to the Chicagoland area. The Chicago River and O'Brien Locks control the water between the Great Lakes and ultimately the Mississippi River (and the Gulf of Mexico) for commercial/recreational navigation. This also involves a major water management responsibility assigned by the U. S. Supreme Court to the Corps of Engineers, involving measuring, monitoring, and accounting procedures for the water diversion from Lake Michigan at Chicago. The Illinois Waterway 9-foot Navigation Project for Lake Michigan to Lockport, Illinois, Lock and Dam is about 36 miles long. It is controlled at the south end by the Thomas J. O'Brien Lock and Dam located near the Lake Calumet area. The Chicagoland Deep Tunnel Project required Corps-designed and constructed reservoirs to contain flood waters. O'Hare Reservoir is under construction now, and McCook Reservoir, a \$1 to 2 billion project, is in the final design phase with a construction start expected in FY94. Thornton Reservoir will be constructed thereafter. Also, consideration is being given to hydropower facilities collocated with nearby Corps of Engineers' locks and dams projects (i.e., Starved Rock Lock and Dam.)

The 416th Engineer Command (ENCOM) has its headquarters located at 4454 West Cermak Road, Chicago, Illinois. This unit is the highest level engineer reserve unit in the U.S. Army. There is only one other comparable level reserve unit, the 412th Engineer Command, which is located in Vicksburg, Mississippi.

The 416th has two main missions which correspond to the two portions of the ENCOM. The ENCOM's primary mission is to provide theater level engineer support to coordinate engineer activities during partial or full mobilization. Their area of emphasis is southeast and southwest Asia. Their unit includes approximately 250 personnel.

The other mission of the 416th is facility engineering. To accomplish this other mission, another organization, the 416 Facility Engineer TDA was created. The "TDA" headquarters is collocated with the Engineer Command in Chicago, Illinois. The purpose of this unit is to maintain and enhance the quality of the U.S. Army Reserve facilities.

5. Availability of Trained Labor

The primary professional talent we are concerned with is the global engineering, scientific, and construction capability within the Chicago area. There are 130 consulting engineering firms--many of them world-renowned (see Appendix E). It is the combined synergism of the engineering and scientific community that makes it a world-renowned center of technological operations. This is possible because of the partnering and networking among all the technical communities--educational institutions, private consulting firms, public organizations, research facilities, and professional societies.

Chicago has long been noted for its engineering and scientific achievements: the significant feat of connecting Lake Michigan and the Illinois River; Manhattan Project; Coal and Freight Tunnel System; world's tallest office buildings; Fermi Accelerator Lab; Chicago Underflow System; the longest system of lakeshore infrastructure (public beaches, park, recreation, boating facilities); and, others. It continues to be a world leader in the engineering and scientific arena: DuPage County's high tech corridor research facilities; major technical high schools, colleges, and universities; about 130 engineering consulting firms; major public engineering organizations (Federal, State, County, and City); and numerous professional engineering, architectural and scientific societies (see Appendix F) for fostering professional development, ethics, partnering, training, and leadership. Thus, Chicago has irrefutably earned the reputation as a world-renowned technical engineering and scientific community and is poised and ready to provide global engineering and scientific leadership to help solve our nation's and the world's problems into the 21st century and beyond (see Appendix G).

6. Proximity to State Government and a Governmental Center

This criteria relates to the proximity of Chicago to state level governmental organizations as well as being a governmental center. An office of the Illinois Governor is located in the Loop's State of Illinois Building. The States of Wisconsin, Michigan, and Indiana, maintain trade/tourism offices in Chicago.

The Council of Great Lakes Governors is a major organization with which NCD coordinates. It was formed in 1983 by the 8 Great Lakes States' Governors to provide a vehicle for the stewardship of the Great Lakes and regional economy (see Appendix D). This organization is closely affiliated with the Chicago based Center for the Great Lakes with which NCD also coordinates. The Center is a binational (U.S. and Canada) public and private organization formed in 1982. Its purpose is to promote the enhancement of the Great Lakes regional environment, quality of life and economy.

Chicago, as the heart of the nation, is serviced by a network of transportation and communication systems linking the rest of the country and the world. As such, it is no surprise that Chicago is a major governmental center. It is the center for the Standard Federal Region 5 area. There are nearly 50 Federal agencies in Chicago including the Corps of Engineers. These 50 Federal agencies (15 of which are regional centers) employ 30,000 workers in Chicago, while the State of Illinois population of Federal workers is over 50,000.

Chicago is also home to the Illinois Federal congressional offices, the State of Illinois Building office center, county and city offices. Also, about 65 countries staff consul-

ates and trade offices in Chicago, employing hundreds of people who promote commerce worth billions of dollars to the midwest every year. Since its beginning in 1855, Chicago's diplomatic corps has developed into a virtual United Nations of government diplomats and trade-minded technocrats with the latest marketing reports. There are 47 of these foreign consulates listed in the table that follows.

FOREIGN CONSULATES IN ILLINOIS

Argentina	Egypt	Italy	Senegal
Australia	Finland	Japan	South Africa
Austria	France	Liberia	Spain
Belgium	Germany	Luxembourg	Sri Lanka
Canada	Greece	Mexico	Sweden
Chile	Guatemala	Monaco	Switzerland
China	Haiti	The Netherlands	Thailand
Columbia	Hungary	Paraguay	Turkey
Costa Rica	India	Peru	Uruguay
Denmark	Indonesia	Philippines	Venezuela
Dominican Republic	Ireland	Poland	Yugoslavia
Ecuador	Israel	Portugal	

There is no question that this points to the rapidly growing global business operations, and the fact that Chicago is the midwest region's center of operations. Government business is also trending to global operations, and will require a center for international coordination.

7. Cost of Doing Business

Retaining a division office in Chicago could provide for a very efficient and effective cost of doing business because of the collocation with Chicago District. There are a number of logistic and support type activities that can be combined to provide a lower cost of doing business. The economics of the division/district sharing facilities is a definite plus. The sharing of conference rooms and other office facilities, in addition to sharing certain support functions, are certainly worthwhile.

As previously discussed, Chicago is a world class transportation center, which certainly allows the maximum economy for travel to districts, project areas, Canadian international activities and HQSACE in Washington, DC. There are maximum benefits possible for air travel both in convenience of flight (fewer stops, connections and flight hours), as well as lowest possible airfares.

Because its location is in the heart of the nation, Chicago minimizes air travel distances. With more than one arrival or departure at O'Hare every minute (800,000 incoming and outgoing flights each year), flexibility in scheduling is maxi-

mized. The centralized location of Chicago permits the lowest overall transportation costs, and fewest number of executive flying hours, among the nation's ten largest cities. For example, a comparison of air flight costs for Chicago vs. Cincinnati for seven key cities to which NCD personnel frequently travel, shows that Chicago is 40 percent cheaper (see table below).

ROUND-TRIP AIR FARES

TO	FROM	
	Chicago	Cincinnati
Washington, D.C.	\$ 352	\$ 292
Detroit, MI	96	182
Buffalo, NY	322	182
St. Paul, MN	174	400
Rock Island, IL	260	420
St. Louis, MO	94	322
Ottawa, Ontario, Canada	460	660
TOTAL	\$1,758	\$2,473 (40% higher cost)

There are "cost of doing business" advantages in Chicago due to the economies of scale related to the cost of goods, services and supplies, as well as the timeliness of delivery and service of such. This results from the fact that Chicago is the retail, wholesale and distribution center for the midwest region.

Illinois, located in the heart of the midwest, is serviced by a network of transportation and communication systems linking the rest of the country - and the world - to its resources. It is the nation's industrial center.

Two-thirds of all the goods and services produced nationwide are produced within 500 miles of Illinois' borders. This market proximity allows industry to ship or receive finished goods, semi-finished products or resources without incurring high transport costs or time delays.

Illinois is at the center of the nation; it has the largest industrial market in the midwest. Nearly one-third of the total gross national product (GNP) is produced within a 300-mile radius of Chicago. With everything from bolts to bulldozers produced in Illinois, the state can supply almost any sub-assembly or finished product needed.

The strength of the marketplace is reflected by a Sales and Marketing Management survey of industrial purchasing power which lists Cook County as number two in the nation in terms of value of manufacturing shipments. Illinois ranks fifth among all states - third among the Great Lakes States - in value of manufacturing shipments.

Illinois is also located in the center of one of the most dynamic retail markets in the country. Illinois ranks sixth among the states in percent of national retail sales (4.6 percent). Chicago, where 2.6 percent of all U.S. retail sales are made, is the third ranking MSA (Metropolitan Statistical Area) in this category. Additionally, more than 17 percent of all U.S. retail sales, over \$259 billion in 1987, are made in Illinois and its bordering states.

International markets play a major role in the Illinois economy. The state placed third in the nation in agricultural exports; sixth in total exports; and, seventh in manufactured exports.

Based on the foregoing discussion, there should be no doubt that Chicago offers definite economies of scale to doing business, resulting in cost advantages and operational efficiencies.

8. Operational Efficiency/Flexibility

Chicago is a world class transportation center, and this allows for the maximum economy for travel to districts, project areas, international activities areas and our headquarters in Washington, D.C. There are maximum benefits possible for air travel, both in convenience of flights as well as lowest possible air fares. For supplies, equipment and services, there are also cost and timeliness advantages due to the fact that Chicago is the midwest regional retail, wholesale and distribution center.

Our current office is strategically located for business coordination and transportation, and offers superb office accommodations which efficiently and effectively fit our "lean and mean" workforce, but could readily fit the expanded merged operations resulting from reorganization. Our projected workload is expected to greatly increase to satisfy the expected engineering and scientific needs of other Federal agencies, including international work activities, in the coming decades. As a Federal agency regional center, governmental center and international government consulate center for the midwest region, Chicago superbly satisfies the need for carrying on anticipated future business missions, e.g., support for others (SFO). Also, to efficiently and effectively carry out our operations, we require the engineering, scientific, and construction capability that exists within the Chicago metro area. It is the combined synergy of this engineering and scientific community which makes Chicago a world-renowned center of operations. This is possible because of the partnering and networking among all the technical community available -- educational institutions, private consulting firms, contractors, public organizations, research facilities and professional societies. Chicago has undeniably earned the reputation as a world-renowned technical engineering and scientific community, which can provide global engineering and scientific

leadership, to help solve our nation's and the world's problems, into the 21st century.

IV. Conclusion

Chicago is the heart of mid America. Being centrally located, it enhances the long-term efficiency of the Corps of Engineers operations. Chicago is a culturally diverse world-wide important city, which offers an unsurpassed quality of life. Chicago is Big City, USA, with a neighborly flavor. Over 7.8 million people call Chicagoland home. Chicago is the city that works.

Chicago, being a major Federal regional center for the midwest, and world-renowned technical engineering and scientific community, is a natural logical location to continue a Corps of Engineers division office. It is geographically, centrally located to continue to handle the entire Great Lakes, the Souris-Red-Rainy Rivers basin, the Upper Mississippi River basin, plus additional boundary expansion to include the Middle Mississippi River basin area and the Ohio River basin area. Essayons.

APPENDIX A

The North Central Division (NCD) Regional Headquarters

This is a look at NCD's mission as it exists today. We are here to plan, design, construct, operate and maintain navigational systems, flood control measures, restore fish and wildlife habitat and provide disaster assistance, primarily to the Upper Mississippi River, the Great Lakes and the Souris-Red-Rainy River basins. We also regulate shoreline construction as well as the filling of wetland areas and provide technical support to the International Joint Commission for overseeing the boundary waters we share with Canada.

Region of Responsibility

Our region of responsibility provides plentiful opportunities for us to perform NCD's important missions. As civil works responsibilities are apportioned within the Corps by river, lake, and coastal basins, rather than state boundaries, we are responsible for an area that contains three major drainage basins: the Great Lakes, the Upper Mississippi River, and the Souris-Red Rainy Rivers basins. This area includes all or parts of twelve states, ninety-five congressional districts, and over 1,900 miles of international border. It is home to 95 percent of the nation's surface fresh water supply, where 22 percent of the nation's income and 21 percent of its production is generated, and where we serve 20 percent of the U.S. population. 290 million tons of cargo is transported every year on NCD waterways.

Organizational Structure

Reviewing our organizational structure shows how we are organized to accomplish our mission in this important region. First our command relationships are explained and then our NCD structure. We are both a lake and river division with 10,000 miles of shoreline.

We are one of twelve divisions, answering directly to U.S. Army Corps of Engineers headquarters in Washington, D.C. We have six operating staff, ten support staff, and five field commands within the NCD.

Programs and Project Management, planning, engineering and construction/operations, direct our projects from concept through engineering design, and construction to operation and maintenance. Our real estate staff obtains the land for our projects and oversees the execution of local cooperation agreements. Our resource management and emergency management offices complete our operations staff.

We have support staffs to provide the administrative functions that keep the division operating smoothly. Some of these form the basis for centralization of district support functions.

Much of the effort of the NCD Headquarters is devoted to partnering with international, Federal, state, and regional entities.

Resources

Turning now to the resources of our division, our primary resources are our team members and the funds we receive. We have approximately 2,850 team members to do the division's work. Of that number, approximately 200 (with student hires) work at the NCD Division Headquarters office in Chicago. Almost half our division office workforce is professional or technical. The division office employs team members from a wide variety of career fields, including engineering (47), environmental sciences (17), and financial management (28).

As for our monetary resources, we have averaged about \$350 million annually, in recent years, to perform our mission. Our FY92 funding was \$368 million. The funding comes from the U.S. Federal budget as decided by the Administration and Congress. We receive our funding in four broad categories: General Investigations, Construction General, Operations and Maintenance, and Other Funds.

A review of the current workload demonstrates the kinds of work we do. We will highlight examples of our workload in each of the major appropriation categories.

General Investigations

Our FY92 General Investigations program funding was \$17 million for surveys and preconstruction engineering and design, which represents 5 percent of our total work. Studies include investigating flooding problems in metropolitan Milwaukee, navigation improvements on the Upper Mississippi River and Illinois Waterway, flood control along the Des Plaines River in suburban Chicago, a flood control reservoir at McCook, Illinois as part of the Deep Tunnel Project, and flood control at Ft. Wayne, Indiana.

In FY92 NCD completed all 8 scheduled recon studies ahead of schedule with an average completion time of 11 months.

Construction General

Our FY92 Construction General program funding was \$97 million, which represents 26 percent of our total work. The projects include three flood control reservoirs along the North Branch Chicago River, another three reservoirs to supplement the Deep Tunnel Project in Chicago, a shore protection project at Presque Isle near Erie, Pennsylvania, a flood control project in Rochester, Minnesota, and an international flood control project along the Souris River, in Canada and North Dakota. We also have flood control projects along Bassett Creek in Minneapolis, MN, and along the Sheyenne River in Fargo, North Dakota.

Through the Command Management Review (CMR) process we reported on 7 PED projects with only one (Portage, WI) increasing in schedule or cost during FY92. We also reported on 17 construction projects with none increasing in cost or schedule during FY92.

NCD has also been a leader in execution of LCA's. As reported in the CMR, since 1985, NCD has completed 41 LCA's and 14 MOA's (EMP Program) for a total of 55 of the 177 completed nationwide.

One of our high priority efforts is the unique Upper Mississippi River System Environmental Management Program. This involves the rehabilitating of important fish and wildlife habitat, along with the implementing of long-term monitoring of important resources in the five states bordering the Upper Mississippi River. We are also involved in environmental restoration in several other ways. For instance, our Weaver Bottoms Environmental Project in Pool 5 of the Upper Mississippi River, was awarded the Chief of Engineers' highest environmental award in 1989, the Award of Excellence. The project used previously dredged material to re-close side channels and build waterfowl islands. This will reduce future maintenance costs due to less sedimentation in the navigation channel and increase capacity at the site for economical future disposal of dredged material. Other NCD environmental efforts in Defense Environmental Restoration Program cleaning up of formerly used defense sites and a construction role in EPA's Superfund and Construction Grants Programs.

Operations-Maintenance

Our FY92 budget included \$198 million for project operations, maintenance and rehabilitation efforts, which was 54 percent of the total work. This 54 percent deals with operating, maintaining, and rehabilitating 72 commercial shipping channels and harbors, 42 commercial locks, and approximately 900 miles of navigable waterways on the Mississippi and Illinois Rivers. In addition, we operate 16 reservoirs, primarily for flood control, and manage over 250,000 acres of land and 680,000 acres of water, primarily for recreational purposes. In all, we have over 10,000 miles of shoreline to oversee.

A major component of our operations and maintenance workload is the work we do to maintain our channels and harbors. Much dredging and structural repair is necessary to keep our navigation systems operating. In FY92, we had \$20 million for dredging and \$29 million for structures. We dredge about 4 million cubic yards of material every year. Much of the material from Great Lakes Harbors is not polluted so it can be deposited in the open lake. Turning to the diked disposal projects, on the Great Lakes, we must confine polluted material dredged from some harbors and channels. Under the Diked Disposal Program, 27 disposal sites have been completed. New disposal facilities projects are

now being designed and will be constructed when necessary.

The next category is locks and dams. Locks and dams on the Great Lakes, Mississippi River and Illinois Waterway are essential for commercial navigation. We had \$102 million in FY92 for operations and maintenance of our locks and dams, primarily on the Upper Mississippi River and Illinois Waterway. We have substantial major rehabilitation work to accomplish. Our navigation structures are old, some having been originally constructed in the 19th century. Consequently, we have underway a large-scale major multi-year rehabilitation program, totaling \$458 million.

International Activities/Emergency Management/Mobilization Master Planning

Turning now to our separately funded workload areas, our long common border with Canada creates unique responsibilities for us with the International Joint Commission. The Division Commander serves as Chairman of the U.S. Section on three IJC Boards of Control dealing with the levels and flows of the Great Lakes.

The International Lake Superior Board regulates control works of the St. Mary's River at Sault Ste. Marie, Michigan, and Ontario, Canada. The Niagara Board is responsible for preserving the scenic beauty of Niagara Falls while providing for hydropower generation. The St. Lawrence River Board regulates outflows of that river, which affects water levels for Lake Ontario and downstream and navigation, hydropower and other interests on the St. Lawrence River. A fourth board, the IJC Great Lakes Levels Reference Study Board, is examining the effects of fluctuating water levels throughout the Great Lakes system.

A different dimension of the Corps' mission involves regulation of navigable waters. We must evaluate requests to build structures or to discharge materials into the nation's waterways and wetlands.

We have a number of emergency authorities and have provided assistance in many disasters. In April and May 1992, we headed the plugging and draining operations that were necessary after the Chicago River leaked into the city's vast underground freight tunnel system. The waters had filled the tunnels and then the sub-basements of many Loop buildings, forcing their closure. The waters also forced the closure of two subway lines and threatened to close a major expressway. An estimated \$1 billion in damage was caused before we drained the water.

To be prepared for future natural emergencies, each of our districts has prepared vulnerability assessments, to measure their readiness to respond to various natural disasters. Underlying all the activities is a fundamental mission of the Corps: namely, supporting the Army and mobilizing the nation during a national emergency. To this end, we have a mobilization plan and

we participate in periodic command post exercises to maintain our readiness to aid in a mobilization.

In addition, NCD is the coordinating headquarters for the Corps-wide Mobilization Master Planning for Army Materiel Command Production Facilities and Military Traffic Management Command Transportation Facilities.

Because we care for our people, we have a number of "people-oriented" programs ongoing in the division. We have an active Army Communities of Excellence Program, (ACOE) that is upgrading several services which are important to our team members. The theme of our 1992-93 ACOE submission is Total Quality Management (TQM), which we feel reflects our philosophy at NCD.

Whoever the customer or whatever the activity, we do our best to provide a quality product. We are proud of what we do and are honored to be the ones making the Corps vision a reality in the important midwest region of the nation.

APPENDIX B

The North Central Division (NCD) and USEPA Region 5 Association

Region 5 of the USEPA is responsible for the administration and regulation of most Federal environmental programs within the States of Ohio, Michigan, Indiana, Illinois, Wisconsin, and Minnesota. The Region's geographic area is almost entirely within the North Central Division, and includes a majority of the Great Lakes and Upper Mississippi River basins in the U.S. This area also includes some of the most environmentally progressive states and local communities in the country. Region 5 administers several regulatory programs with which the Corps is routinely involved, including NEPA, Clean Water Act, RCRA, TSCA, and CERCLA (Superfund).

The Great Lakes National Program Office (GLNPO) is responsible for the coordination of all USEPA activities within the Great Lakes basin. This includes coordination with the three EPA Regions which have regulatory authority in the basin (Regions 2, 3, and 5) and coordination with Canada and the Provinces of Ontario and Quebec. Most of the Congressionally directed studies and programs specifically authorized for the Great Lakes are managed by GLNPO.

The offices of USEPA Region 5 and GLNPO are both located in downtown Chicago, in close proximity to NCD. This proximity, and the working relationships established with the EPA staff and management have produced a number of benefits for the Corps of Engineers. These include a number of cooperative efforts to solve shared problems and improve the environment. For example, in 1986 there was significant public and agency concern about the long-term environmental effects of Corps' confined disposal facilities (CDFs) for polluted dredged materials. NCD and Region 5 established a CDF work group that developed joint studies to address these concerns. In 1990, NCD and Region 5 began joint development of a regional testing manual for dredged materials. In 1991, NCD joined Region 5 in a resolution for Ecosystems Management. NCD is currently working with GLNPO and Region 5 on the development of Lakewide Management Plans (LaMPS) for Lake Michigan and Lake Superior.

The working relationship with EPA has expanded to include significant amounts of reimbursable support. The Construction Grants program for sewage treatment facilities work, obtained by NCD through Region 5, represented about 25 percent of the entire national program. With the decentralization of Corps support to the EPA Superfund program, the opportunities for increased design, as well as construction oversight support, will grow. The states within Region 5 contain a higher proportion of the National Priorities List (NPL) sites in the nation.

NCD is also providing support to GLNPO for the Assessment and Remediation of Contaminated Sediments (ARCS) program. Over \$4 million of support has been provided to this program since 1988. In 1990, NCD initiated support to the Region 5 enforcement initiative, which further utilizes the Corps' expertise with the management of contaminated sediments. Currently, NCD is coordinating with Region 5 on other reimbursable support activities, including modeling and data base management in support of the Lake Michigan LaMP development.

The working relationships between NCD and EPA Region 5 and GLNPO are significantly enhanced by the ability of our staffs to coordinate face-to-face, in scheduled and unscheduled meetings. It is unlikely that this close working relationship would be maintained if our offices were in remote locations. Reimbursable support to EPA for environmental engineering services is likely to become a larger mission of the Corps. The NCD has extraordinary relationships with EPA Region 5 and GLNPO, which could only be damaged by a relocation of the NCD Division office.

Federal Emergency Management Agency
 Federal Energy Regulatory Commission
 Federal Executive Board
 Federal Home Loan Bank Board of Chicago
 Federal Job Information Center
 Federal Labor Relations Authority
 Federal Trade Commission
 General Services Administration--Regional Office-V
 U.S. Government Printing Office
 Health and Human Services--Region V
 Housing and Urban Development--Region V
 Information Agency
 Voice of America, Midwest Bureau
 Department of the Interior
 Office of Environmental Affairs
 Interstate Commerce Commission
 Office of Compliance/Consumer Assistance
 Department of Justice
 Anti-trust Division
 U.S. Attorney
 Office of Inspector General
 Bureau of Prisons
 Community Relations Service
 Drug Enforcement Administration
 Immigration Review
 Immigration and Naturalization Services
 U.S. Marshal's Office
 U.S. Trustee's Office
 Department of Labor--Region V
 Merit Systems Protection Board--Regional Office
 National Credit Union Administration--Region IV
 National Labor Relations Board--Region 13
 National Mediation Board/National Railroad Adj. Board
 Neighborhood Reinvestment Corporation
 Occupational Safety & Health Review Commission
 Peace Corps
 Office of Personnel Management--Chicago Region
 Securities & Exchange Commission--Chicago Region
 Small Business Administration--Chicago Regional/District
 Department of State
 Council of State Government
 Diplomatic Security Service
 Passport Agency
 Department of Transportation
 FAA--Chicago Airway Facilities Sector
 FAA--DuPage Flight Standards District Office
 FAA--Midway Sector Field Units
 Federal Railroad Administration
 Office of Inspector General
 United States Coast Guard
 Urban Mass Transportation Administration
 Department of the Treasury
 Bureau of Alcohol, Tobacco, Firearms
 Comptroller of Currency, District Office

APPENDIX C

Federal Agencies/Regional Centers in Chicago

ACTION -- Region V
 Department of Agriculture
 Marketing Services
 Animal/Plant Health Inspection
 Food & Nutrition Service
 Food Safety & Inspection Service
 Office of General Counsel
 Office of the Inspector General
 Audit
 Investigations
 Central Intelligence Agency
 Department of Commerce
 Bureau of Export Administration
 Census Bureau
 Economic Development Administration
 International Trade Administration
 Minority Business Development Agency
 National Weather Service
 Commodity Futures Trading Commission
 Congress--United States
 Senatorial Offices (2)
 Congressional Offices (12)
 Consumer Products Safety Commission
 Courts of the United States
 U.S. Bankruptcy Judges
 U.S. Court of Appeals--7th Circuit
 U.S. District Court
 Federal Defender
 Federal Protective Service
 Judicial Council
 U.S. Probation & Parole Office
 Department of Defense
 U.S. Air Force--Office of Public Affairs
 U.S. Army Corps of Engineers
 North Central Division
 Chicago District
 Defense Contract Audit Agency
 Defense Investigative Service
 Marine Corps--Recruiting Station
 Office of Naval Research
 Department of Education--Office of Secretary's Regional Rep.
 Environmental Protection Agency--Region V
 Equal Employment Opportunity Commission
 Chicago District Office
 Office of U.S. Trustee
 Federal Communications Commission
 Field Operations Bureau
 Regional Office
 District Office

Customs Service--Regional Commissions, District
Financial Management Service--Regional
Office of Inspector General
Internal Revenue Service--Regional, District
U.S. Secret Service
U.S. Tax Court
Veterans Administration--Regional Office

APPENDIX D

COUNCIL OF GREAT LAKES GOVERNORS FACT SHEET

The Environmental Stewardship by the Governors of the Great Lakes States

Background

The Council is the personal organization of the eight governors of the Great Lakes states. The Council was formed in 1983 to provide a vehicle for the governors' stewardship of the Lakes and the regional economy.

Through the Council, the governors created the nation's first public regional environmental endowment, the \$100 million Great Lakes Protection Fund, and exercise direct responsibility for the preservation of the quantity and quality of the Lakes.

Direction of Diversion Policy

Under federal law, each governor must approve all requests for out-of-basin diversions. Through a process establishment by the Great Lakes Charter in 1985, the Council coordinates the consultation process through which the governors and premiers review diversion process. This effort is being led by Michigan Governor John Engler.

Providing a Catalyst to Pollution Prevention

In April of 1991, the governors and EPA administrator William Reilly committed to make the Great Lakes region a "world laboratory" for prevention-based environmentalism.

Under this initiative, the governors have undertaken the following:

- Created the nation's first award for total quality environmental management. Through the Council of Great Lakes Industries, over 200 businesses, including Dow, 3M equivalent of the Baldrige award. The goal is to harness the revolution in total quality management to improve environmental quality.

- Launched industry-wide prevention strategies. Under the leadership of Governor Engler, the Big 3 auto producers have agreed to develop an industry-wide prevention strategy. Together with suppliers, the firms have identified 5 target substances for reduction and will develop a cooperative prevention program that begins with a joint training program this fall.

Creating a Regional Regulatory Framework

One of the first actions undertaken by the Council was a commitment by the governors to not compete for jobs on the basis of environmental standards.

In order to create a regional framework for environmental regulations, the governors have committed to harmonizing water and air regulations. Through the Council, the States and provinces reached agreement on common standards for new air permits. In September 1991 the Governors commissioned a study by DRI/McGraw-Hill to analyze the most effective strategy for harmonizing water quality standards.

Protecting the Great Lakes from the Threat of Spills

In May 1992, the governors and representatives of the eight major oil companies that operate in the Great Lakes basin began a cooperative to protect the Lakes from oil spills. The joint program includes a collaborative effort to identify response needs and create a basin-wide prevention program.

APPENDIX E

A-E CONSULTING FIRMS IN THE CHICAGO AREA

ARLINGTON HEIGHTS

Ritzel/York - Surveyors Engineers
Paul A. Spies & Associates

AURORA

Bucher, Willis & Ratliff
Crawford, Murphy & Tilly, Inc. (Branch)
Walter E. Deuchler Associates, Inc.
Edward H. Fauth & Associates

BUFFALO GROVE

Northwestern Engineering Consultants

CHICAGO

ASC American Surveying Consultants (Branch)
Alvord, Burdick & Howson
Avila & Associates, Inc.
B+A Engineers, Ltd.
Baker Engineering, Inc.
Barrientos & Associates, Inc.
BASCOR, Inc.
Beling Consultants, Inc. (Branch)
Alfred Bennesch & Company
Louis Berger & Associates, Inc.
Michael Best & Associates, Inc.
Robert G. Burkhardt & Associates, Inc.
CRSS Of Illinois, Inc.
Camp, Dresser & McKee
Homer L. Chastain & Associates (Branch)
Christian-Roge & Associates Inc.
Clorba Group, Inc.
Clark Dietz, Inc. (Branch)
Melvis Cobeia & Associates, Inc.
Bert Cohn Associates, Inc.
Collins Engineers, Inc.
Conscer, Townsend & Associates
Donohue Associates, Inc.
Envirodnye Engineers, Inc.
Environmental Science & Engineering (Branch)
Epsteia Civil Engineering
Robert J. Freund Consulting Engineers
Gumze-Korobkin-Cakger, Inc.
Gassman Engineers, Inc.
Getty, White & Mason Structural Engineers
Graef, Ansualt, Schloemer & Associates
Greeley and Hasses
HDR Engineering, Inc.
Harza Engineering Company
Harza Environmental Services
Hazelet & Erdal, Inc.
Howard Needles Tammen & Bergendoff

CHICAGO (cont'd)

Klein & Hoffman, Inc.
 H.W. Lochner, Inc.
 McDonough Associates Inc.
 Mid-America Engineers, Inc.
 Midwest Consulting Engineers, Inc.
 H.S. Nackman & Associates, Inc.
 Denes Nagy Associates, Ltd.
 PRC Environmental Managemnt, Inc.
 John Pantizis & Associates
 Parsons Brinckerhoff Quade & Douglas
 Peco & Associates, Inc.
 Rubinos & Mesia Engineers, Inc.
 STV/Seelye, Stevenson, Value & Knecht
 Sundoval Engineers, Inc. (Branch)
 Sargent & Lundy
 Soodan and Associates, Inc.
 Stanley Consultants
 Sherwin Stenn Engineers, INC (Div. of Hurst-Roeche
 Engineers, Inc)
 TRH Engineering
 Teag & Associates, Inc.
 Tensey Pavoal Ssociates, Inc.
 Tornrose, Campbell & Associates
 Wolfson Engineering
 Zimmer Consultants, Inc.

CRYSTAL LAKE

Baxter & Woodman, Inc.

DEERFIELD

Stuart K. Jacobson & Associates
 Lee Rose & Associates

DES PLAINES

Paul Weir Company

ELGIN

Civil Design Group, Inc.
 Hampton, Leaziai & Reawick, Inc.
 Everett Scheflow Engineers, P.C.
 Walker Parking Consultants/Engineers

ELMHURST

Gage-Babcock & Associates, Inc.
 Claude H. Hurley Company

EVANSTON

CH2M Hill, Inc.

GENEVA

Rempe-Sharpe & Associates, Inc.

GLEN ELLYN

Environmental Science & Engineering.
 Patrick Engineering, Inc.

HARVEY

George J. Chalebicki & Associates

ITASCA

Civiltech Engineering, Inc.
Cowhey Gudmundson Leder, Ltd.

JOLIET

Beling Consultants, Inc. (Branch)
Norman D. Claassen Engineers-Land Surveyors
Robert E. Hamilton Consulting Engineers, P.C.
Reiter & Associates, Inc.
Strand Associates, Inc.
Willett, Hofmann & Associates (Branch)

LAGRANGE

Huff & Huff, Inc.

LAKE FOREST

Bleck Engineering Company
David Liu & Associates

LAKE VILLA

Jorgensen & Associates

LEMONT

Donald G. Eddy Company

LIBERTYVILLE

Pearson, Brown & Associates
Rezek, Henry, Meisenheimer & Gende (Branch
office of Henry, Meisenheimer & Gende)

LINCOLNSHIRE

Charles W. Greengard & Associates, Inc.

LOCKPORT

Baird & Company

LOMBARD

Alvord, Burdick & Howson (Branch)
Brooks & Choporis, Inc.

MCHENRY

Beam Engineering Company
Smith Engineering Consultants, P.C

MOUNT PROSPECT

The Consulting Engineers Group, Inc.
Peter R. Olesen & Associates, Inc.
Shive-Hattery Engineers And Architects, Inc.

NAPERVILLE

Eldredge Engineering Associates, Inc.
Rynear & Son, Inc.

OAK BROOK

Bollinger, Lach & Associates, Inc.
SDI Consultants, Ltd.
WVP Corporation (Branch)

OAKBROOK TERRACE

Harding, Lawson Associates

PARK RIDGE

Ralph Burks Associates, Inc.

ROLLING MEADOWS

National Engineering Technology Corporation

ROSELLE

Pavia-Marting & Company
Wilbur Smith Associates

ROSEMONT

Christopher B. Burke Engineers, Ltd.

ST. CHARLES

Russell and Associates

SCHAUMBURG

Donohue & Associates, Inc.
Triton Consulting Engineers, Ltd.

SKOKIE

Barry A. Goldberg & Co.

VERNON HILLS

Donald Manhard Associates, Inc.
Roy F. Weston, Inc.

WESTMONT

Engineers International, Inc.

WHEATON

Webster, McGrath & Ahlberg, Ltd.

Wheeling

Seton Engineering Company

WINFIELD

Morris Engineering, Inc.

APPENDIX F

Engineering-Architect- Scientific
Professional Organizations
in Chicago

1. American Society of Civil Engineers (Chicago Chapter)
2. National Society of Professional Engineers
 - a. Illinois Society of Professional Engineers
 - (1) Chicago Chapter
 - (2) Dukane Chapter
 - (3) Joliet Chapter
 - (4) Lake County Chapter
 - (5) North Suburban Chapter
 - (6) South Creek Chapter
 - (7) South Suburban Chapter
3. Western Society of Engineers
4. Society of Women Engineers
5. Society of American Military Engineers
 - a. Great Lakes Region
 - (1) Chicago Post
 - (2) Great Lakes Post
6. American Society of Structural Engineers
7. American Institute of Chemical Engineers/Chicago
8. Institute of Electrical & Electronics Engineers/Chicago
9. American Society of Heating, Refrigerating and Air Conditioning Engineers/Chicago
10. American Society of Landscape Architects/Chicago
11. American Society of Safety Engineers
12. Institute of Industrial Engineers/Chicago
13. Society of Fire Protection Engineers/Chicago
14. American Nuclear Society
15. American Institute of Mining, Metallurgical and Petroleum Engineers Chicago
16. Society of Tribologists and Lubrication Engineers
17. American Water Works Foundation/Chicago
18. Society of American Registered Architects
19. American Institute of Architects
20. Association of Information Systems Professional
21. Association for Women in Science
22. Chicago Computer Society
23. Chicago High Tech Association
24. Society of Architectural Administrators
25. Society of Manufacturing Engineers

APPENDIX GIllinois/Chicago Center for Technology Transfer

For many years, Illinois has recognized its responsibility to aid not only in the rate of technological development, but also in the transfer of that technology to the business sector. For example, Dr. Enrico Fermi did his pioneering work on atomic energy at the University of Chicago. The high-speed digital computer was developed at the University of Illinois; a recent study for the National Research Council ranked the University of Illinois' computer sciences program as the best in the nation.

To encourage continued technological advances, the Illinois legislature has enacted laws that provide grants or loans to link research activities in universities with businesses which can bring them into the marketplace. These programs provide rental space for new businesses, start businesses, develop new or modify existing technology, upgrade equipment, and train personnel.

Technology Advancement and Development Act

Passed in 1989, the goal of this act is to find, develop, and commercialize Illinois-based technology for world markets. The act contains technology challenge grants, investment, venture capital, modernization assessment, retooling, and development corporation programs to encourage new products.

Governor's Science Advisory Committee

Created in 1989, this committee consists of scientific and educational leaders who make recommendations on investments to the state. The committee is headed by the science and technology advisor to the governor and is located in Chicago.

Based in Washington, D.C, the Institute for Illinois is a bipartisan, nonprofit organization seeking federal, state, and private initiatives to strengthen the state's science and technology base. Started in 1986, the institute uses these initiatives to accelerate the transfer of technology to commercial products and services. Its activities complement the Governor's Science Advisory Committee.

Technology Center Program

This program fosters R&D in advanced technologies that lead to new products to be marketed or manufactured by the state's businesses. Started in 1984, the program links academic talents in research and engineering with the entrepreneurial skills of small businesses.

Illinois Coalition

The not-for-profit coalition convenes business and government leaders, academicians, and scientists to consider high-tech research projects.

Chicago High-Tech Association

Organized by the City of Chicago in 1984, this association is dedicated to the translation of high-technology into entrepreneurial products. It offers networking and seminars on such topics as developing export businesses and financing new ventures in specific technologies.

Illinois' strong state and local commitment to science and its developments is another reason the Land of Lincoln is home to more than 600 industrial research laboratories. The list includes such names as Bell Telephone, Amoco, Nalco Chemical, General Electric, the U.S Army Corps of Engineers' Construction Engineering Research Laboratory, Fermi National Accelerator Laboratory (Fermilab), and many others.

Fermilab employs more than 1,000 scientists and technicians from around the globe and is the nation's largest high-energy physics research center. Operated for the U.S. Department of Energy, the Argonne National Laboratory employs more than 2,000 scientists and technicians in the development of new methods for efficient energy use and energy conservation.

Technology Commercialization Program

The Illinois Technology Commercialization Program, started in, 1984, fosters research and development in advanced technologies, leading to new products which could be manufactured or marketed by Illinois businesses. The emphasis on the program is the linkage of the technological resources and expertise in the academic sectors with the research, engineering and commercialization needs of small business.

The major goals of the Technology Commercialization Grant-in-Aid Program are to more fully develop small businesses in the industrial and service sectors of the Illinois economy and to foster an expanded university role in such development. The program has resulted in the formation, retention, and expansion of small and growing businesses throughout Illinois. Under this program, developing businesses may obtain work space and a business address.

Inventors Council

The Council was incorporated in 1983 as a non-profit corporation. It accelerates technology transfer from inventors to manufacturers by providing liaison activities which help inventors license inventions to manufacturers.

The Illinois Math and Science Academy

The Illinois Math and Science Academy, located in Aurora, is a public residential high school for talented math and science students and was opened in the fall of 1985. The school will not exclude students based on ability to pay. The admission process is competitive with enrollment at 502 in 1989-90 academic year.

Technological resources are decentralized across the curriculum and available wherever needed. They are linked to the supercomputer at Cornell University and to the University of Illinois and include The Plato system, which is a computerized tutoring system developed at the University of Illinois.

The school was awarded first place in the national supercomputing contest in 1989.

Illinois Manufacturing Technology Alliance Act

This law was enacted to promote the use of modern commercially available technologies by existing small and medium sized Illinois manufacturers.

Illinois Space Institute

The Institute, created in 1987, is composed of all interested institutions in Illinois involved in space related activities, including universities, laboratories, and private enterprise. The Institute is devoted to coordinating, promoting, and supporting space related research and development on university campuses and in industrial and federal laboratories throughout the state.

Science and Technology Advisor to the Governor

This office was created within the Executive Office of the Governor in 1989 to advise the Governor on science and technology, productivity, competitiveness and economic development. The advisor is to work in conjunction with the Illinois Coalition to advise the Governor on state policies important to science and technology. Dr. Leon Lederman was appointed as the state's first advisor.

Institute for Illinois

The Institute was started in 1986 as a Washington, DC, bipartisan, non-profit organization designed to foster public/private cooperative initiatives for building a sustainable competitive advantage for Illinois. It seeks federal, state, and private initiatives to strengthen the state's science and technological base and accelerate the transfer of technology to commercial products and services.

Illinois Research and Development Parks

Chicago Technology Park
 312 Administration Office Bldg
 1737 W. Polk Street
 Chicago, IL 60612
 Contact: Nina Klarich, Director
 (312) 996-7018
 Affiliation: University of Illinois at Chicago

Evanston/University Research Park
 Evanston Inventure
 Evanston, IL 60201
 Contact: Ronald Kysiak, (708) 864-9334
 Affiliation: Northwestern University

Illinois Institute of Technology Research Institute
 10 W. 35th Street
 Chicago, IL 60616
 Contact: Morton J. Klein
 (312) 567-4000
 Affiliation: Illinois Institute of Technology

It is noted from the above that Illinois and Chicago are truly a renowned technological center. Also, this is seen from the fact that Illinois has the largest percentage of engineering and scientists in the midwest area as indicated in the following table:

Percent of U.S. Total of Scientists and Engineers by Selected States

Illinois -----	4.3%
Michigan -----	3.8%
Minnesota -----	1.8%
Indiana -----	1.7%
Wisconsin -----	1.6%

APPENDIX H

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History of Reorganizations in the North Central Division

The North Central Division with its headquarters in Chicago, Illinois was created in September 1954 as a result of the consolidation of the Upper Mississippi River Valley Division with its headquarters in St. Louis, Missouri., and the Great Lakes Division with its headquarters in Chicago, Illinois. The Great Lakes Division headquarters had been previously moved from Cleveland, Ohio in early 1942 to be in a more central location for the war effort. There have been five reorganizations within the North Central Division since 1954, with a continual trend toward de-emphasizing a Corps presence and capability in the Great Lakes basin. These reorganizations were as follows:

1. May, 1955--the Milwaukee and Duluth districts were downgraded to area offices with Duluth being assigned to the St. Paul District and Milwaukee assigned to the Chicago District.
2. 1970--reorganization of division and district boundaries with respect to military design and construction function. The North Central Division became a civil works division without military design and construction responsibilities.
3. October, 1970--the Lake Survey District was closed and most of its duties transferred to NOAA.
4. December, 1977--the boundaries of the Detroit, St. Paul, and Buffalo districts were realigned to reduce the number of districts the individual states had to deal with on coastal issues.
5. November, 1979--The boundaries of the Chicago, St. Paul, Rock Island and Detroit districts were modified to implement an organizational concept of "river districts" and "lake districts". The Chicago district was practically eliminated, being reduced to 6 counties in Illinois and 2 in Indiana, and basically serving only the metropolitan Chicago area. The St. Paul District responsibilities within the Great Lakes Basin were transferred to the Detroit District.

March 9, 1993

Conceptual
Corps of Engineers
Reorganization Plan

The November '92 Corps reorganization plan is another failed attempt to provide a robust organization which meets the needs of the nation. WRDA '92 provides Congressional insight and direction for the Corps to meet the needs of the nations decaying infrastructure and environmental mandates. Infrastructure concerns were identified for water supply, combined sewer outflows and new waste water reuse technologies. Additional infrastructure concerns recently identified include upgrading the railroads and its technology such as the high speed magnetic levitation, just to mention a few.

The need to reorganize the Corps of Engineers is recognized and supported throughout the Corps family. However, reorganization should not jeopardize the very existence of the agency its attempting to revitalize. Reorganization that jeopardizes up to 70% of the staffs in the 5 closed Divisions and 21 reduced District offices is irresponsible. Shifting significant numbers of highly skilled scientists and engineers from the Division to lower graded District technical centers is a recipe for failure. Who will select an agency that stifles career opportunities particularly for experienced professionals which are in short supply (scientists and engineers)?

The Corps reorganization needs to be formulated by knowledgeable people outside of the Corps of Engineers and the Department of Defense to include: Congress, locals, cost sharing partners, Corps employees and the public (taxpayer) at large. The Corps needs to streamline the review process to meet the needs of the regional and local levels to include elimination of the Washington Level Review Center. We must get the ASA(CW) office out of the management and report review business. We must re-think the project management concept to insure our best and brightest are formulating and designing the projects and not tracking dollars and maintaining schedules. We must insure that we can retain and attract highly skilled and competent employees which will serve the nation now and into the 21st century. It is within these tenants that we propose a conceptual plan for reorganization of the Corps.

Conceptual
Corps of Engineers
Reorganization Plan

HQUSACE

- o Decentralize and reduce personnel by 30 - 50%
- o Policy development and guidance only
- o Mission Development/Future Initiatives
- o Overall Budget development, including testimony
- o Congressional liaison
- o only review projects requiring congressional authorization, and then only to insure the recommendations recognize the intent of the legislation

DIVISIONS

- o Six or seven existing offices co-located with federal regional centers (reduction of 30 - 40%)
- o Oversee policy implementation of Districts
- o major transportation hub
- o Span of control of 5 to 7 Districts maximum
- o final authority on all report reviews and approval of all schedules and cost estimates
- o availability of trained labor pool
- o retain specialize expertise/areas of concern (i.e. Great Lakes)
- o consolidate District/Division support functions such as Human Resources, Resource Management, Audits etc., into select offices within regional centers.
- o combine duplicative workforces (i.e. budget personnel from programs office and operations, etc.)
- o assign projects to the Districts based upon expertise, workload, and best service to the public, not watersheds

DISTRICTS

- o retain all offices and functions
- o implement project planning, design and construction
- o combine duplicative workforces (i.e., environmental personnel from regulatory and planning; budget personnel from programs office and operations, etc.)

DEVELOP LEGISLATIVE AUTHORITIES AND APPROPRIATIONS FOR

- o water supply
- o combined sewer outflows
- o new water reuse technologies
- o modernization of railroads
- o environmental engineering (i.e., clean-up, remediation), etc.

HONORABLE JACK QUINN

**Testimony before the Subcommittee on Investigation and Oversight
Hearing on the Reorganization of the United States Army Corps of Engineers
Thursday, May 6, 1993**

Thank you Mr. Chairman and Mr. Inhofe:

I come before you this afternoon to express my opposition to the proposed plan to reorganize the United States Army Corps of Engineers, as well as to propose ways to minimize the adverse effects of the reorganization plan.

My opposition to the plan stems from several areas: The reorganization plan ignores the fundamental problems with the internal structure of the Corps of Engineers, focusing instead on the physical location of Corps facilities; consequently, the reorganization plan ignores the unique and dire needs of the Great Lakes basin, and it ignores the detrimental economic impact that would result in the state of New York and the City of Buffalo.

Mr. Chairman, I agree that improvements to the organization of the Corps of Engineers must be made in order to improve efficiency and realize cost savings. But I believe we must first streamline the bureaucracy before making more drastic changes that will put the Great Lakes at risk.

For instance, let's first look at eliminating needless and overlapping bureaucratic levels within the Corps -- including the five-layer civil works review process.

The reorganization plan eliminates 2,700 jobs and relocates another 4,900 other people -- mostly the field workers we need more of. We cannot improve efficiency by firing the people who actually get the work done in the field. We cannot improve efficiency by moving the people with expertise on the Great Lakes to offices in other

parts of the country.

What is needed is total quality management -- not the proposed reorganization plan that completely ignores the top-heavy bureaucracy within the Corps of Engineers.

I realize that there must be sacrifice, but we cannot and must not sacrifice the future of the Great Lakes -- and we should not sacrifice the jobs of hundreds of people -- and these are the field workers we need more of -- hundreds of jobs in Buffalo and around New York for no legitimate reason.

Mr. Chairman, I believe that the Great Lakes are our nation's most precious natural resource. They comprise the largest fresh water system in the world. As a transportation route and a source of energy, the Great Lakes are vital to the economy of a vast portion of this nation. As a source of drinking water and a habitat for animals and plants, the Great Lakes are also an integral part of that region's ecology as well. Millions of people depend on the Great Lakes for their livelihoods and their lives.

However, under the reorganization plan, the economic and ecological value of the Great Lakes would be jeopardized. The plan would create a new North Central Division -- the NCD. It would be the largest new division both in terms of sheer geography, and in the number of districts subdivided within the NCD. The NCD would stretch from the Alleghany Mountains in Pennsylvania to the Rocky Mountains in Montana -- and would include virtually all of the Great Lakes basin.

The NCD would be subdivided into twelve regional districts, and four of those would include technical centers -- but not one of the technical centers would be located on the Great Lakes.

The entire North Central Division would be left with the lowest percentage of technical centers -- lower than any of the other new districts in the country -- and the

Great Lakes would be left with nothing.

The failure to retain the specialized engineering and planning functions provided by the Corps will result in an immeasurable loss of expertise on navigation systems, remediation of contaminated sediments, and lake level regulation within the Great Lakes basin -- and will risk the economy and environment throughout the region.

I firmly believe, Mr. Chairman, that the new North Central District needs another technical center -- and we need it on the Great Lakes.

And I propose, Mr. Chairman, that the ideal location for this additional tech center is in Buffalo, New York.

Locating the Great Lakes technical center in Buffalo would help offset some of the other losses that New York and Buffalo will otherwise suffer as a result of the reorganization.

New York State would lose 600 Corps jobs and an estimated \$42 million in private contracts related to Corps' services and projects. Buffalo will lose 141 jobs.

I ask you to remember that in the original reorganization study conducted under the Base Closure and Reorganization Act and in the BRAC Commission's recommendations made in 1991, Buffalo would have gained 900 jobs -- instead we are losing 141.

This is not the only reason I base my recommendation to locate the tech center in Buffalo, though, Mr. Chairman.

Buffalo is the eastern doorway to the Great Lakes and affords proximity and access to the entire basin. Buffalo offers excellent resources to the Corps. In fact, the Buffalo branch has already been working with resources in the local educational, engineering and business communities to help improve the system of identifying,

delineating and protecting wetlands. And Buffalo offers a lower cost-of-living than other metropolitan areas around the Great Lakes, making it a more affordable place to live for Corps staff.

As I have said, Mr. Chairman, the proposed reorganization plan ignores some fundamental needs -- it ignores the need to improve the efficiency and effectiveness of the Corps of Engineers, and it ignores the need to protect the economic and ecological value of the Great Lakes.

I urge the Army Corps of Engineers to consider the recommendation I have made today before this subcommittee, along with Governor Cuomo's office to locate a Great Lakes technical Center in Buffalo, New York. Our recommendation will help ensure that the Great Lakes do not suffer and that the local economy does not suffer from reorganization.

Without objection, Mr. Chairman, I would like to include with my testimony resolutions passed by the Common Council of the City of Buffalo and the Erie County Legislature.

I thank the Chairman and the Committee for their time and attention.

STATE OF NEW YORK

RECEIVED

1993

LEGISLATURE OF ERIE COUNTY

CLERK'S OFFICE

BUFFALO, N. Y., January 27 19 93

TO WHOM IT MAY CONCERN:

I **Hereby Certify**, That at the 2ND Session of the Legislature of Erie County,

held in the County Hall, in the City of Buffalo, on the TWENTY-SEVENTH

day of January A.D. 19 93 a Resolution was

adopted, of which the following is a true copy:

RESOLUTION SUBMITTED BY
LEGISLATOR DUSZA AND ET AL

WHEREAS, recently, a local U.S. Army Corps Engineer said that "the people who are going to be stewards of the Great Lakes are no longer going to be people who live in the Great Lakes area," and

WHEREAS, a new plan will trim the Buffalo Corps of Engineers office almost in half and cut 141 jobs, sending all its planning and technical experts to other offices, and

WHEREAS, such work on problems of pollution in the Buffalo River or the water levels of Lake Erie will not be done in the Black Rock office any more but in St. Paul, Louisville, Omaha or Pittsburg, and

WHEREAS, Senator Daniel Moynihan, whose Senate committee has jurisdiction over the Corps, can block funding for this proposed move, and well he should, and

WHEREAS, New York State is projected to lose some \$78 million per year in lost payroll and lost fees for architectural and engineering firms awarded contract because of their nearness to Corps offices and technical workers as well as over 600 jobs, and

WHEREAS, the loss to Buffalo alone will be some \$6.3 million a year in payroll, not counting the ripple effect on the local economy such a loss would inevitably create, and

WHEREAS, some 141 local employees will lose their jobs and the close ties to the city's academic community will be severed, ties that have provided dozens of jobs for local science and engineering graduates, and

WHEREAS, all the new technical centers which would do research for the lakes are located in the Mississippi drainage basin while Buffalo's Corps office would answer to the division headquarters in Cincinnati where much of the Great Lakes planning would also take place, and

WHEREAS, such a plan, if carried out as proposed, would be greatly detrimental to Buffalo and the local economy already facing hard times due to the recession,

STATE OF NEW YORK

LEGISLATURE OF ERIE COUNTY
CLERK'S OFFICEBUFFALO, N. Y., January 27 1993

TO WHOM IT MAY CONCERN:

J Herrby Certify. That at the 2ND Session of the Legislature of Erie County, held in the County Hall, in the City of Buffalo, on the TWENTY-SEVENTH day of January A.D. 19 93 a Resolution was adopted, of which the following is a true copy:

NOW, THEREFORE, BE IT

RESOLVED, that the Erie County Legislature does hereby go on record in opposition to the Army Corps of Engineers plan to move the Great Lakes planning centers from New York and locate them in the midwest, and be it further

RESOLVED, that this Body is deeply concerned over the negative economic impact such a move would have on New York State and the Western New York area specifically, and be it further

RESOLVED, that this Body requests New York Senator Moynihan to re-examine this proposed move by the Army Corps of Engineers and do what he can to change such plans so that the planning centers can remain in New York State and so that Buffalo can also retain its local planning office, and be it further

RESOLVED, that such a plan comes from the Bush administration and the Clinton administration should take a hard look at it before it is carried out to completion, and be it further

RESOLVED, that a certified copy of this resolution be sent to Governor Mario Cuomo; Senators Moynihan and D'Amato; the entire Congressional delegation from Western New York and the entire state delegation from Western New York as well as County Executive Gorski and Mayor James Griffin of Buffalo for their review.

FISCAL IMPACT: None for Resolution
REFERENCE: Int. 2-9
AS AMENDED.

ATTEST



 Clerk of the Legislature of Erie County

REFERENCE: _____

CITY CLERK'S OFFICE

CITY HALL

BUFFALO, February 19, 19 93

To Whom It May Concern:

I **Herby** Certify, That at a Session of the Common Council of the City of Buffalo, held in the City Hall, on the 16th day of February 19 93, a resolution was adopted, of which the following is a true copy:

No. 149

By: Meera. Amos, Bell, Perle, Arthur, Zuchlawak

Proposed Reorganization of the Corps of Engineers

WHEREAS The Federal Government intends to reorganize the Corps of Engineers to centralize and consolidate its functions, and

WHEREAS The reorganization plans for the Buffalo area include the transferring of Engineering and Planning functions from District Centers to Technical Centers 300 to 1,500 miles away, and

WHEREAS The proposed reorganization plan include the elimination of 141 positions in the Buffalo area resulting in approximately \$6 million (\$6,000,000) in lost Federal (payroll) money, and

WHEREAS: The loss of the 141 jobs coupled with the loss of spousal income of \$2 million (\$2,000,000) and an additional loss of 35% of Engineering work which is contracted out to area Architect/Engineering firm, the magnitude of this move could cost this area \$10 to \$12 million in per year, and

WHEREAS The losses in federal monies and tax revenues coupled with the economic impact on local business and unemployment could cost the area over \$30 million (\$30,000,000); and

WHEREAS Monetary losses would be compounded by cuts in services because the new Technical Centers lack the expertise in designing projects for the Great Lakes and little confidence exists in the idea that fifteen (15) Technical Centers could provide the same services that thirty eight (38) District Centers can, and

NOW, THEREFORE BE IT RESOLVED THAT:

This Common Council requests the Federal Government to reconsider its position for reorganizing the Corps of Engineers District Centers because of the potential loss of services to the Great lakes and the Buffalo area waterway and because it will add to the economic despair that already exists in the area, and

BE IT FURTHER RESOLVED THAT:

The City Clerk forward a certified copy of this resolution to United States Senator Daniel P. Moynihan and Senator Alfonse M D'Amato and the Western New York delegation to the United States House of Representatives.

ADOPTED.

ATTEST.

City Clerk.

BOB WISE
2D DISTRICT, WEST VIRGINIA

COMMITTEES
COMMITTEE ON THE BUDGET
SELECT COMMITTEE ON AGING
COMMITTEE ON
PUBLIC WORKS AND
TRANSPORTATION
CHAIRMAN, SUBCOMMITTEE
ON ECONOMIC DEVELOPMENT

Congress of the United States
House of Representatives
Washington, DC 20515-4802

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102 E. MARTIN STREET
MARTINSBURG, WV 25401
304-264-8810

STATEMENT OF CONGRESSMAN BOB WISE
OF WEST VIRGINIA
BEFORE
THE SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT
OF THE HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

MAY 6, 1993

Mr. Chairman, I want to thank you for the opportunity to testify before the Committee today. I believe this Subcommittee is serving a critical function in thoroughly reviewing the proposed reorganization plan for the Army Corps of Engineers. I am aware that the Subcommittee will be receiving a considerable amount of testimony on this subject so I will keep my remarks brief and to the point.

The Army Corps of Engineers plays a vital role in building and maintaining the infrastructure in my congressional district and I strongly believe the proposed Corps reorganization plan would fundamentally hamper the Corps' ability to achieve its mission in my district. Looking closely at the reorganization proposal I can see how many areas currently served by Corps will be severely prejudiced by massive reductions in force. The area served by the Corps' Huntington District in West Virginia is one such example and the effect of the proposed reorganization plan on Huntington illustrates clearly how the proposed plan is seriously flawed.

The proposed reorganization contemplates a reduction of more than 350 staff from the Huntington District. The Huntington office currently maintains the second most active Army Corps district in the nation in terms of new construction activity, with numerous mammoth navigation projects planned and underway. I believe the proposed cuts from the Huntington office are unwarranted in view of all the activity in that district.

A massive staff reduction in the Huntington office would have a devastating effect on the planned and ongoing Corps projects in the Ohio River Valley, projects which are essential for promoting safety and increased commerce along the inland waterways in that region. I understand that the staff in the Huntington District has a national reputation for the excellent quality of its work, so the proposed staff cuts would not only leave the Huntington District without competent and efficient technical support but could also generally disrupt Corps of Engineers activities in the region and throughout the nation.

Statement of Congressman Bob Wise (cont.)
May 6, 1993
page 2

The direct connection between infrastructure investment and economic growth is well-known by now and any changes which might reduce or hamper the Corps' ability to perform its essential functions would likewise hamper economic growth. In addition, most of those affected by the proposed plan in the Huntington office are professional engineers, scientists or highly-skilled technicians and the loss of so many highly-skilled jobs from Huntington would deal a serious blow to the local economy.

Without a doubt, there is a need to realign the Army Corps of Engineers in the face of budgetary constraints and changing military priorities. It is important for the Corps to redefine its mission and to work toward using its limited resources more efficiently. However, a close look at the current proposed reorganization plan reveals that just the opposite would happen. Under the current proposal I foresee greater problems in the coordination of activities between Corps district offices and greater waste of time, energy and money in conducting its varied activities.

The manner in which the Corps used its selection criteria to choose the larger "technical centers" among the district offices was crude and inconsistent. For example, although the "central to workload" criterion was used as a tie-breaker to enlarge the St. Louis District office, the same criterion was completely ignored by moving hundreds of staff from Huntington to Pittsburgh, where the Huntington office is so much closer to the major workload in that region. It makes no sense that Huntington was rated dead last among the 12 districts in the proposed North Central Division where Huntington now supports the largest civil works mission in the Division.

Another "tie-breaking" criterion, the consideration of the number of technical personnel, was also completely ignored in the case of the Huntington office. Although the Huntington District currently has almost 80 more technical personnel than the Pittsburgh District, the Pittsburgh District was chosen as one of the four technical centers in the new North Central District. In view of the heavy workload in the Huntington District, this element of the reorganization plan makes no sense.

I understand that one of the criteria used for the Corps' decision to slash the workforce in Huntington was the lack of a "hub" airport in the vicinity. I am troubled by this because plans for a major regional airport in the Huntington-Charleston-Parkersburg area are already underway and I have worked hard to help move that project along. It is distressing to note that the Corps of Engineers did not take this into account when formulating its reorganization plan. In any event, the Huntington District seems to have been unaffected by the lack of a "hub" airport in the past, so I question the importance of that criterion in the first place. This is another illustration of how the current plan to reorganize the Corps of Engineers is seriously defective.

Statement of Congressman Bob Wise (cont.)
May 6, 1993
page 3

Two years ago a different reorganization plan was presented by the Army Corps of Engineers. Under that plan a number of district offices were to be closed, including the Pittsburgh District. I cannot understand how the earlier proposal aimed to close the Pittsburgh office and the current proposal now seeks to double the size of the Pittsburgh office, taking its additional personnel from the Huntington office. Overall, it seems as if the selection criteria in the current proposal were used conveniently to justify desires to increase the size and importance of some offices and to slash the workforce in other offices. In cases where the selection criteria did not fit the desired objectives they were simply ignored.

In general, I believe the consolidation of planning, design and review functions in a small number of district offices will not only result in the loss of local knowledge and expertise but will cause unnecessary delays and coordination problems between district offices. I am already seeing this happen in my congressional district, where the Huntington District office is responsible for two very large Superfund hazardous waste sites. Inexorable delays have already taken place because of crossed signals and differences of opinion between district offices as to how the hazardous waste should be removed and treated. Where the Huntington District must depend on the Nashville or Omaha offices for direction, the resulting delays and coordination problems not only cause a waste of time and money but also exacerbate the serious threat to the health of the affected communities and to the environment from the presence of highly toxic materials.

The Corps of Engineers believes its reorganization would allow it to expand its role in such non-traditional areas as hazardous waste cleanup and disaster relief. However, what I have witnessed in my congressional district thus far indicates that the Corps cannot perform those functions competently, much less expand those functions, where management from remote offices increases costs and delays response times. I believe decentralization of the planning, design and review functions would serve the Corps more effectively, allowing for more efficient use of resources in each office for the projects handled by each office.

I am most concerned about the apparent attempt to reorganize the Corps through the back door. There are reports from around the country, including from the Huntington District office, that the Corps is acting pursuant to the Executive Order calling for a four percent reduction in the federal workforce and attempting to implement a de facto reorganization. Plans have been developed, although currently on hold, which include staffing and workload assignments and funding allocations which closely follow the details of the reorganization plan which this Committee is reviewing today.

Statement of Congressman Bob Wise (cont.)
May 6, 1993
page 4

For example, the Ohio River Division has targeted the Huntington District office to absorb almost 50 percent of the total cuts in the Ohio River Division as part of the four percent reduction in overall workforce. By aligning the district office staffs in accordance with the proposed reorganization plan, which is on hold, the Corps is circuitously attempting to implement the reorganization through other means. I am aware that this back-door reorganization is taking place in many places in Corps offices throughout the nation. This greatly concerns me and I want to ensure that no reductions in staff take place in any Corps district office until the reorganization plan is thoroughly reviewed and revised.

Mr. Chairman, thank you again for the chance to express my views in this important matter. I look forward to working on this Subcommittee to see that the reorganization of the Army Corps of Engineers is rational and effective, allowing for the Corps to respond to changing circumstances without hampering its ambitious mission.

ADDITIONS TO THE RECORD

SUBMITTED BY THE OFFICE OF REP. BOB CLEMENT (D-TN)

Significant Effects of Closing
the Nashville District

The loss of the Nashville District Corps of Engineers would affect many facets of the everyday public as well as businesses and agencies that deal with the Corps of Engineers. The Nashville District affects the majority of Tennessee, northern Alabama, southern Kentucky, and parts of Georgia, Mississippi, North Carolina, and Virginia. Some of the services lost as a result of closing the Nashville District are listed below:

1. The public would lose easy and ready access to the Corps. The Nashville District interacts closely with the public concerning flooding, regulatory programs, natural resources, mapping, and many other items.
2. The middle Tennessee area would lose a center for Federal employment information.
3. The Architect-Engineer community would lose several hundred thousand dollars per year in engineering service contracts.
4. Suppliers in the area would lose millions of dollars per year in supply and equipment contracts.
5. The Nashville and middle Tennessee area would suffer a loss of over 600 highly-skilled professional employees. A loss of 350 working spouses would also be experienced.
6. The area would suffer from the loss of \$26,000,000 gross salary plus another \$15,000,000 in spousal income.
7. The area would suffer from the loss of tax income and spending power that the above-mentioned salaries represent.
8. The southeast region would lose an agency with an aggressive program for hiring minority and small businesses.
9. The public would eventually see a deterioration of vital services along the Tennessee and Cumberland Rivers.
10. The public would experience a downgrading of boat ramps, campgrounds, and recreation areas due to reduced priority and funding.
11. The navigation industry would experience a deterioration of service from lock closures and maintenance down time.
12. The public would lose many of the natural resource programs sponsored by the Nashville District at the major projects.
13. Local public schools would lose sponsorship by the Nashville District and the personal support that district employees give to the schools.
14. Local colleges would lose a hiring agency for student aids and students on cooperative education.

15. The region would lose a leader in environmental protection and maintenance.
16. Response time to natural disasters would be greatly hindered by the increased travel and remote locations.
17. The public will experience added cost and frustration by having to call long distance to discuss their concerns.
18. The local region would not only lose in the present sense, but it would also lose all opportunities for future work and programs that could benefit the area.

Statement of Congresswoman Barbara-Rose Collins
15th District, Michigan

May 6, 1993

MR. CHAIRMAN. I THANK YOU FOR HOLDING THIS HEARING ON THE REORGANIZATION OF THE ARMY CORPS OF ENGINEERS.

AS WE RECOGNIZE THE CHANGING ROLE OF THE ARMY CORPS AND CONSIDER ITS REORGANIZATION WE MUST CAREFULLY ASSESS THE IMPACT THAT THIS REORGANIZATION WOULD HAVE ON THE VARIOUS REGIONS OF THE U.S. AND ON THE ABILITY OF THE CORPS TO CARRY OUT ITS MISSION.

I LOOK FORWARD TODAY TO AN OPEN DISCUSSION OF THE CRITERIA USED BY THE CORPS. FOR EXAMPLE, WHEN DECIDING ON A TECHNICAL CENTER SITE FOR THE NORTH CENTRAL DIVISION, THE CORPS SEEMS TO HAVE IGNORED ITS OWN CRITERIA, INCLUDING ITS TIE-BREAKER AND HAS SKIPPED OVER SAINT LOUIS AND NASHVILLE

FOR GEOGRAPHIC REASONS.

I WOULD CONTEND THAT IF THE CORPS WOULD LIKE TO CONSIDER GEOGRAPHY IN THE NORTH CENTRAL DIVISION, THEY SHOULD CONSIDER THAT NONE OF THE SITES SELECTED TO BE TECHNICAL CENTERS ARE ALONG THE GREAT LAKES. ALTHOUGH DETROIT WAS AMONG THE CITIES THAT SCORED THE HIGHEST ON THE CORPS' ORIGINAL THREE CRITERIA, AND IS ALONG A MAJOR WATERWAY, IT DID NOT QUALIFY.

I LOOK FORWARD TO AN EXAMINATION OF THE CORPS' ORIGINAL CRITERIA AND ITS TIE-BREAKING CRITERIA AND APPRECIATE THE OPPORTUNITY TO HEAR FROM TODAY'S WITNESSES.

DIANNE FEINSTEIN
CALIFORNIA



United States Senate

WASHINGTON, DC 20510-0504

STATEMENT BY SENATOR DIANNE FEINSTEIN
HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
MAY 6, 1993

Mr. Chairman, and other members of the committee, thank you for allowing me this opportunity to testify. I would like to take this opportunity to express my great concern over the proposed reorganization of the United States Army Corps of Engineers. It is my sincere belief that the process leading to the decision to close the South Pacific Division of the Army Corps of Engineers, located in San Francisco, is severely flawed, and I thank Secretary Aspin for his decision to delay the reorganization for further review. I would also like to thank Chairman Borski and his subcommittee for their efforts to explore this issue further.

I maintain that the entire reorganization should be reviewed and that the South Pacific Division should remain in San Francisco as a vital piece of the Corps structure.

The Army Corps of Engineers has a proud history and throughout this country has played a critical role in the construction and maintenance of our nation's infrastructure, as well as a role in emergency response. Though I support efforts to review the Corps' current structure, any efforts to reorganize should be based on maintaining the Corps' high standard of service to the communities which it serves. I do not believe that the current plan for reorganization that was announced on November 19, 1992, achieves that goal. The current reorganization demands that the 11 division offices of the Army Corps of Engineers be consolidated to 6 by the end of fiscal year 1993.

It is important to note that in the 1991 Defense Base Closure and Realignment Commission report the South Pacific Division located in San Francisco was retained as a key element of the Corps's structure. The announced reorganization consolidates the South Pacific Division in San Francisco with the North Pacific Division in Portland, Oregon into a new Western Division to be located in Portland. I believe that this decision and the process by which it was reached demands reconsideration.

The South Pacific Division carries many important responsibilities for California, including supervision of critical dredging operations which keep our key ports of commerce

open, as well as playing a major role in disaster--especially earthquake--emergency response plans for the state. The likelihood of one or more major earthquakes in California within the next ten years is great, and we believe moving the divisional headquarters out the state would greatly limit the Corps' ability to respond adequately to such a catastrophe. Removing the locus of decision-making for these important roles, as well as manpower to staff these operations, would be a tremendous loss to our region.

The Army based their decision to realign divisions on a number of criteria, primarily the proximity to transportation hubs and educational facilities (engineering schools in particular), as well as the cost of living and the number of current personnel. Lesser criteria included the availability of labor, and the division's proximity to its workload.

Let me express why I believe this decision is flawed:

1) The Army's evaluation of education availability, and its awarding of points is arbitrary and imbalanced. In the Army's evaluation of engineering schools, Portland State University, located in Portland, Oregon did not even meet the Army's minimum rating of 3.5 (on a scale of 1 to 5). The University of California at Berkeley, located a short distance from San Francisco's South Pacific Division received a 4.89, the second highest rating of any school evaluated. In addition, South Pacific Division's proximity to Stanford University, one of the nation's top universities, was not even considered, though it falls well within the 75 mile radius the Army required. Yet, in the Army's evaluation, Portland was ranked with an overall Educational Availability point value of 1, while San Francisco received a 2. As you can see, this awarding of points appears arbitrary and imbalanced.

2) The evaluation of transportation hubs is also flawed. On the Army's Transportation Hub Availability point scale, both San Francisco and Portland were rated equally (both given a rating of 2), though the Army listed Portland's transportation hub as "medium", while San Francisco is "large." South Pacific Division is well within a 75 mile radius of three international airports (San Francisco, Oakland, San Jose), yet is ranked equally with an area whose transportation hub is merely of "medium" size.

3) The number of personnel located at each site is comparable. Portland currently has more personnel than San Francisco (285 to 198). Following the proposed reorganization though, Portland's divisional work force will be reduced to 229, a staff that would not be significantly larger than South Pacific Division's current staff.

4) The concern over cost of living in San Francisco has been overstated. Currently, federal employees in San Francisco

receive an 8 percent pay differential to compensate for the high cost of living. This differential should be significantly reduced when the Federal Employee Pay Comparability Act is implemented nationwide beginning in 1994. Though the exact numbers are not yet available, the difference may eventually be reduced to 2 or 3 percent.

5) Greater emphasis should have been placed on a division's proximity to its workload. Projected federal appropriations targets for general construction managed by the South Pacific Division, according to the Army, will reach nearly \$400 million by 1996, while the projected outlay for North Pacific Division is expected to be just under \$40 million. South Pacific Division's workload is expected to reach a level 10 times that of North Pacific Division! It seems inappropriate to move divisional supervision away from where the majority of dollars will be spent, and from where the greatest amount of work will be done.

I believe that it is the intention of the Army to maintain the high level of service provided by the Army Corps of Engineers during and after the reorganization. I do not believe though that the current plan for reorganization will be able to achieve that intent. By the Army's own criteria, I believe that South Pacific Division should remain an important part of the Corps' structure and continue to serve the state of California and the Western States.

STATEMENT BY THE HONORABLE WILLIAM J. HUGHES, M.C.,
HOUSE SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT,
MAY 6, 1993

Thank you very much, Mr. Chairman. I am William J. Hughes, Member of Congress, representing New Jersey's Second Congressional District. I appreciate the opportunity to testify in opposition to the proposal by the Department of the Army to dramatically downsize the operations of the Philadelphia District office of the U.S. Army Corps of Engineers.

At the outset, I would like to make it clear that I am not opposed to the concept of reorganizing the Army Corps, to increase efficiency and cost-effectiveness. In this difficult fiscal climate, no federal agency should be exempt from review. I appreciate your Subcommittee's efforts to develop a responsible reorganization plan, and look forward to working with you in support of such an effort.

Unfortunately, the reorganization plan which was proposed by the last Administration does not meet either of these standards, particularly as it relates to the Philadelphia District office. Under this plan, the planning and engineering functions would be transferred out of Philadelphia to new technical centers which would be established in Baltimore and Boston.

As a result, the many needs along the New Jersey and Delaware coastlines, and throughout the Delaware Valley region, would have to be served from a much greater distance. This would be disruptive to both the Army Corps and the many communities and industries it serves.

For example, my District in southern New Jersey encompasses some 180 miles of coastline along the Atlantic Ocean and Delaware Bay, and includes some of the finest beaches, fishing and shellfishing areas on the east coast.

These resources are the mainstay of the multi-billion dollar tourism, recreational boating and fishing industries in New Jersey. They provide tens of thousands of jobs and generate hundreds of millions of dollars in tax revenues throughout our region. We depend on the Army Corps for assistance in maintaining and protecting these valuable resources.

Just as importantly, the beaches provide our last line of defense against the forces of nature. Indeed, had it not been for the protective beaches constructed by the Army Corps in Cape May and Ocean City, damages may well have been catastrophic during the recent winter storms.

At the present time, there are three major navigation and beach erosion control projects in my District in the planning stages at the Philadelphia District office. There are also a number of maintenance dredging activities planned or underway along the Intracoastal Waterway and various Inlets along the Jersey shore.

If the planning and engineering functions are transferred from Philadelphia to new technical centers in other cities, the continuity of these projects could be disrupted, leading to delays and added costs.

In addition to navigation and beach restoration, the Army Corps provides other vital services to our region as well, including maintenance of the Delaware River channel and harbors, flood control, water supply and water quality, cleanup of toxic waste sites, enhancement of fish and wildlife habitat, and a host of permitting activities.

Again, I am greatly concerned that these services--which are crucial to the economy of our region--could not possibly be provided in a timely and effective manner through new technical centers which lack the proximity to our area and the familiarity with our needs.

I would also like to call your Subcommittee's attention to the reorganization study which was prepared by the Military Base Closure and Realignment Commission in 1991. That study found that Philadelphia was the sixth most efficient District office in the nation.

I am concerned that the latest reorganization proposal did not take these findings into account, and did not accurately reflect the long and productive history of the Philadelphia District office. Even more importantly, I am convinced that the proposal did not give full or fair consideration to the tremendous economic impact we would suffer if the Philadelphia office is downsized.

I would urge the Subcommittee to reject this proposal, and to develop an alternative reorganization plan that will indeed increase the efficiency and cost-effectiveness of the Army Corps. I look forward to working with the Subcommittee in this regard.

#

JAMES A. LEACH
1ST DISTRICT IOWA



COMMITTEES
BANKING, FINANCE AND URBAN AFFAIRS
FOREIGN AFFAIRS

CONGRESS OF THE UNITED STATES

May 11, 1993

The Honorable Robert A. Borski
Chairman
Subcommittee on Investigations and Oversight
H2-586 Ford HOB
Washington, D.C. 20515-6259

Dear Mr. Chairman:

I am writing to invite your attention to a report prepared by the Quad-City Economic Development Group which documents the considerable questions raised by the decision to reduce the planning and engineering staffs at the Rock Island District of the U.S. Army Corps of Engineers and to consolidate many of these positions in a technical center in St. Paul, Minnesota. A copy of the report is enclosed.

At issue is whether the Corps' own stated criteria in formulating the plan was adequately applied to the Rock Island District. With regard to workload, for example:

- * While the Corps cites fewer traditional projects, Rock Island has awarded \$30 million in construction annually for flood control and navigation work for the past 20 years. In FY93, the District will award over \$50 million in such payments;
- * Further, Rock Island's workload has been increasing annually for the past 10 years with predictions for more work in the next decade in the rehabilitation of the lock and dam system;
- * Finally, the Corps cites geographic proximity to workload as an important consideration, and Rock Island is clearly the most prudent location given that seven of the 10 top navigation locks in the nation that require major expansion are within the Rock Island District. Moreover, Rock Island is the study manager for a \$23,000,000 feasibility study for new locks, potentially the largest Corps project ever undertaken;

The Rock Island District should, in fact, be expanded to become the technical center for flood control and navigation planning and engineering on the upper Mississippi.

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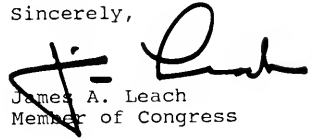
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Page 2
The Honorable Robert A. Borski
May 11, 1993

I hope the findings contained in this report will be taken into consideration as plans for reorganizing the Corps go forward.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Leach". The signature is stylized with a large, looped "L" and a small "J".

James A. Leach
Member of Congress

JL:bhh

enclosure

KEEP THE PEOPLE WHERE THE WORK IS

QUAD CITIES' LOWER COST
RESPONSE TO 1992
U.S. ARMY CORP OF ENGINEERS
REORGANIZATION PLAN

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EXECUTIVE SUMMARY

The decision to reduce the planning and engineering staffs at the Rock Island District of the U.S. Army Corps of Engineers and consolidate many of those positions in a technical center in St. Paul, MN:

- Moves planners and engineers away from where current and future work is to be performed.
- Vacates space already owned by the government and creates the need to lease substantially higher cost space in an area where living costs are higher.
- Threatens the loss of 70 per cent of a staff fully familiar with the Mississippi River system where much of the future's work is to take place.
- Runs counter to the reasons given for reorganizing the Corps.
- Contradicts and misapplies the criteria given by the Corps for determining its treatment of current district offices in the reorganization.
- Threatens impacts which are negative to the Corps' short term and long term interests in terms both of costs and operating effectiveness.
- Creates, because of the size of the Quad Cities compared to the St. Paul region, disproportionate negative economic impacts on the community.

Using the Corps' own rationale and criteria, the Rock Island District should be designated as a technical center rather than its planning and engineering capacities eliminated.

CORPS REASONS TO REORGANIZE COMPARED TO ROCK ISLAND DISTRICT CHARACTERISTICS

Reason to Reorganize Corps-wide

Rock Island District

Fewer traditional projects

Traditional projects are assumed to be the flood control and navigation projects. For the past 20 years Rock Island District has awarded approximately \$30,000,000 in construction annually for navigation and flood control work. In FY 93 the District will award over \$50,000,000 in major rehab of locks and dams and local flood protection projects. This upward trend continues for the next several years.

Rock Island District currently serves as study manager for a 3 District, \$23,000,000 study to determine the feasibility of building new locks (\$500-700m each). This is potentially the largest project the Corps of Engineers has ever undertaken. The feasibility study begins in FY 93 and will take approximately 6 years to complete.

The Inland Waterway Needs Assessment of 1990 shows that 7 of the 10 top navigation locks in the entire nation that require major expansion are within the current Rock Island District.

1. Port Allen (New Orleans Dist)
2. Lock 25 (St. Louis Dist)
3. Lock 24 (St. Louis Dist)
4. Lock 22 (Rock Island Dist)
5. Lock 21 (Rock Island Dist)
6. Lock 20 (Rock Island Dist)
7. Lock 17 (Rock Island Dist)
8. Lock 18 (Rock Island Dist)
9. Lock 16 (Rock Island Dist)
10. Lock 15 (Rock Island Dist)

Shrinking Workload

Contrary to a shrinking workload, the Rock Island District workload has been increasing every year for the past 10 years. Corps Headquarters' predictions are that the District's workload will continue to increase for the

Cost efficiency/productivity measures General concept

Measure	Description	Implications	District Median	Rock Island District's Rate	Efficiency Standline
Overhead Rate	Efficiency of indirect costs. Ratio of all indirect costs (fringe plus technical indirect plus administrative & advisory costs) over direct labor dollars (without fringe).	If this ratio is too high, indirect costs exceed amount necessary to perform mission.	1.20	0.86	3rd
Breakeven Multiplier	Measure of competitiveness: lowest possible rate per unit of direct labor to breakeven (recover all direct costs plus labor fringe) on a project. Ratio of all direct (labor and nonlabor) costs to direct labor (without fringe).	If this multiplier is too high, "other direct costs" exceed the amount necessary to perform mission.	1.89	1.83	13th
Net Multiplier	Measure of overall cost performance of the organization. Determines the amount necessary per dollar of direct labor to keep the organization solvent. Ratio of total costs -- direct (other than contracts) and indirect -- to direct labor costs (without fringe).	If this multiplier is too high relative to other organizations, total costs exceed reasonable amount to charge customers.	2.67	2.31	3rd

*Information on Rock Island District's standings with respect to all other Corps districts and divisions were measured by Headquarters, Office of the Chief of Engineers for efficiency. A total of 37 organizations were measured.

SITE SELECTION CRITERIA FOR REORGANIZED CORPS OF ENGINEERS DISTRICT OFFICES

<u>Criteria</u>	<u>Rock Island District Factors</u>						
<u>Current Corps office site</u>	Rock Island District is 126 years old. It was the first District on the Upper Mississippi River. Of all Corps Civil Works Districts it was ranked in the upper third in size, according to FY 1990 workload data.						
<u>Cost of Living</u>	Housing and other costs in the Quad City area are significantly lower than the national average and well below St. Paul. With lower cost of living, employee's net income increases.						
	<u>ACCRA Cost of Living Index</u>						
	<table border="0" style="width: 100%;"> <tr> <td style="text-align: left;"><u>COMPOSITE NATIONAL AVERAGE</u></td> <td style="text-align: right;">100%</td> </tr> <tr> <td>Quad Cities</td> <td style="text-align: right;">95.5%</td> </tr> <tr> <td>St. Paul</td> <td style="text-align: right;">107.2%</td> </tr> </table>	<u>COMPOSITE NATIONAL AVERAGE</u>	100%	Quad Cities	95.5%	St. Paul	107.2%
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<u>HOUSING NATIONAL AVERAGE</u>	100%						
Quad Cities	96.5%						
St. Paul	117.7%						
<u>Education Availability/ Quality of Workforce</u>	<p>Within one hour drive of the Rock Island Island District office there is access to the University of Iowa. Several colleges and smaller universities, and the Quad City Graduate Center, a consortium of 10 major universities and colleges, are located in the Quad Cities.</p> <p>It is noted that the state of Iowa educational system has ranked as No. 1 or No. 2 within the nation for quality education as measured by ACT and SAT scores for the past several years.</p>						
<u>Transportation Hub Availability</u>	It takes only 15 minutes to get from the District office to the Quad City Airport. There are regular connections to all major metropolitan areas. Flying time to two major hubs and subsequently direct flights to most locations is only 30-45 minutes. The Quad City Airport was recently						

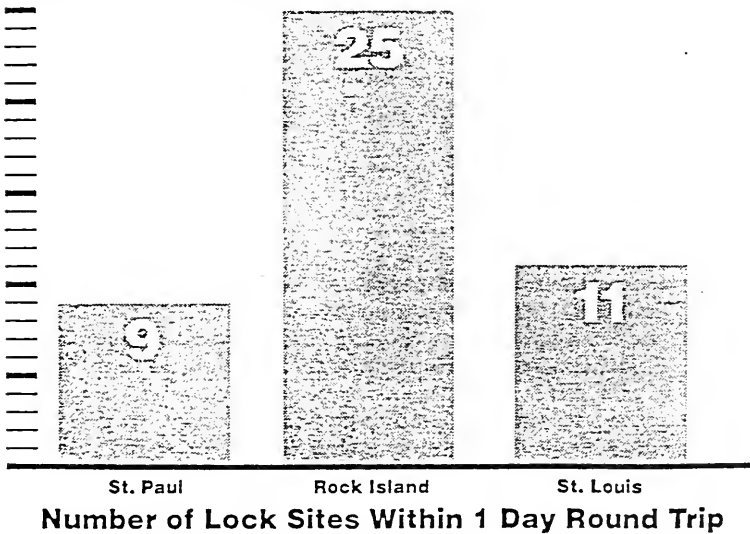
doing all engineering and planning work for the Upper Mississippi River System, work that is currently handled by St. Paul, Rock Island and St. Louis Districts. One technical support center in Rock Island for the planning and engineering support work would eliminate the need to establish one in St. Paul now and one in St. Louis, if and when the navigation expansion projects are initiated as currently recommended in the reorganization proposal.

Logic dictates that technical center should be in a central location within the area being served.

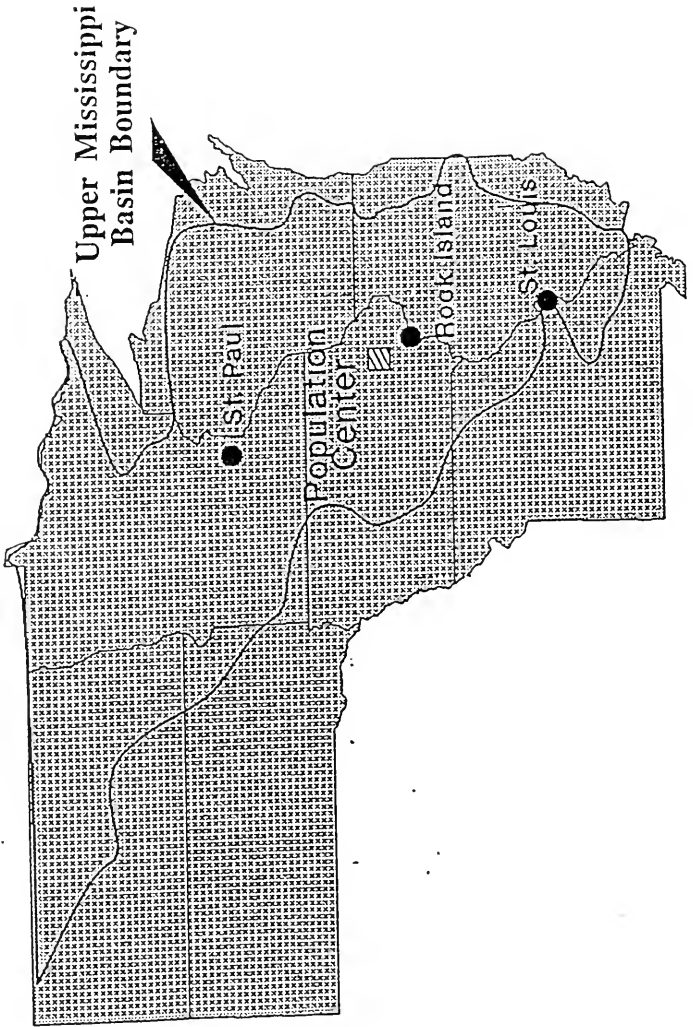
The importance of keeping workers close to the work is cited several times in the Corps' own analysis, but this key factor is not adequately taken into account in the analysis leading to the Corps' proposal.

The following charts make the Rock Island District's locational advantage abundantly clear.

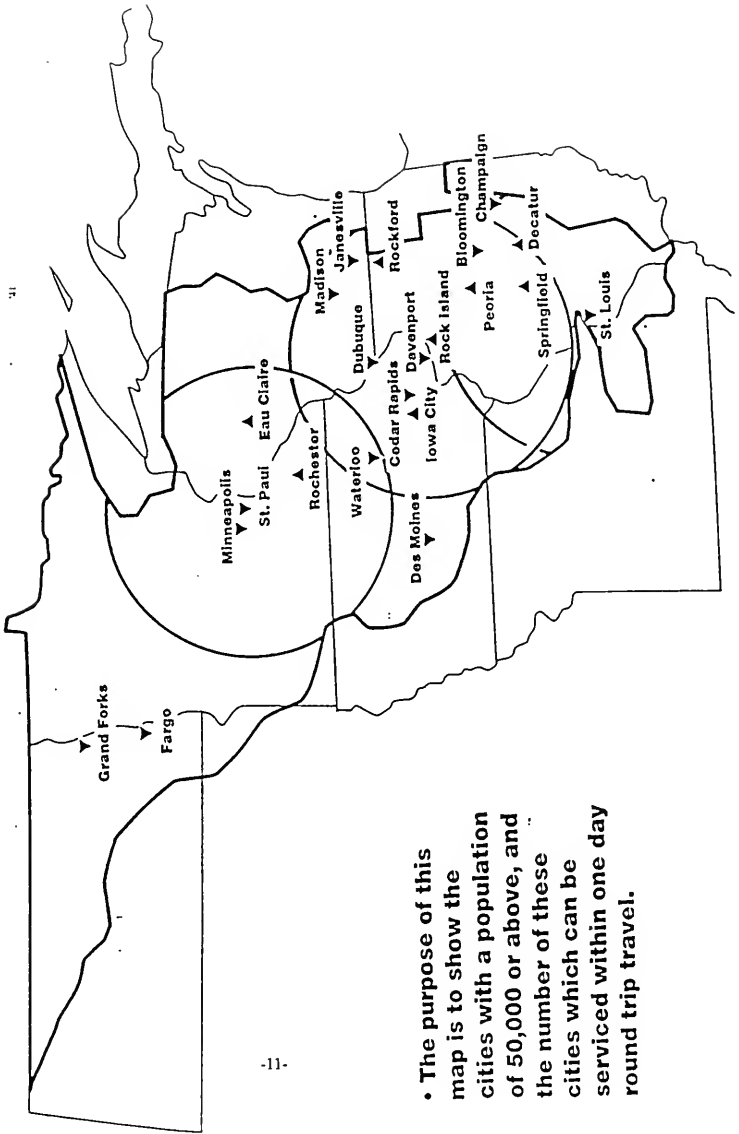
PROPOSED UPPER MISSISSIPPI RIVER DISTRICT



UPPER MISSISSIPPI RIVER Population Center



UPPER MISSISSIPPI RIVER



- The purpose of this map is to show the cities with a population of 50,000 or above, and the number of these cities which can be serviced within one day round trip travel.

POTENTIAL IMPACTS OF IMPLEMENTING REORGANIZATION OF CORPS OF ENGINEERS DISTRICTS AS PRESENTLY PROPOSED

1. The loss of 70% of the engineering and planning expertise from 23 of the existing Corps Districts will be very costly. The 70% is based on the assumption made in the reorganization proposal that only 30% of the impacted employees will relocate to the new office location. This loss of institutional knowledge and technical expertise will take years to replace and represents a significant lost investment for the United States. It takes more than \$200,000 to train a new engineer. It is noted that the BRAC plan proposed the elimination of engineering and planning functions at only 14 offices compared to the present proposal for 23 Districts to lose the engineering and planning function which may not comply with the intent of Congress on not closing Districts.
2. President Elect Clinton has indicated his desire to stimulate the economy through infrastructure improvements. The Corps has historically played a key role in awarding additional construction contracts through Jobs Bill type programs. If the proposed reorganization plan is implemented, the Corps will be unable for the next 3 to 4 years to have the stability to take on this extra effort.
3. As long as the threat of reorganization hangs over the heads of Corps of Engineers employees, there will be employees leaving Federal service, high levels of family stress, hiring freezes, and inability to attract high quality new employees. According to the Corps reorganization plan, it is assumed 48% of the impacted positions will result in a reduction in force (RIF). A RIF typically affects 3 employees for each employee that loses his job. Thus, 48% of the 6500 impacted District employees will actually subject 9000 Corps employees to the impacts of a reduction in force. (Reference Appendix E of the Corps Reorganization Plan.) One of the commitments of the proposed reorganization is to "provide an organization change that is transparent to our customers and partners." The severe impact to the Corps technical staff will certainly jeopardize this goal.
4. Sufficient time is needed for public comment and review of the Environmental Assessment and Community Impact Statement prepared by the Mobile District for the proposed 1992 reorganization plan.
5. Prior to implementation of the plan, an investigation should be made on calculations regarding pay back period and implementation costs. It appears the potential savings to locate Corps offices at alternate locations where new office construction would not have to take place was not addressed. The Corps has been reducing the size of its personnel by up to 1% for the past several years. The proposed 2600 (7.5%) job reduction appears to include the existing annual reduction. If this is the case, the reported savings and pay back calculations may be overstated.

RECOMMENDATIONS

1. Congress should not appropriate funds for implementing the reorganizing the District offices of the Corps of Engineers as proposed in the 1992 plan.
2. Obtain public input on the proposed reorganization plan. The importance of field input and public comment was very apparent in 1979 when Corps Headquarters announced plans to close the Rock Island District. After further study it was determined the District should not be closed but expanded to include the 8 locks and dams on the Illinois Waterway, a 40% increase in geographical area.
3. Preserve the Rock Island District as a full functioning District. The efficiency of one technical center at Rock Island surpasses that of implementing two technical centers as proposed. The Rock Island District has none of the symptoms the Corps has identified for reorganizing. It passes all the tests for determining which Districts should remain as a full functioning District. It is centrally located on the Upper Mississippi River system and offers significant savings to the taxpayer due to low office costs, high efficiency and lower cost of living for the employees. This is not the time to break the 126 year tradition for the Rock Island District.

COMPARISON BETWEEN THE BRAC 91 PLAN AND THE 1992 REORGANIZATION PLAN

The 1992 reorganization plan is essentially the same plan as the Corps submitted to the Base Realignment and Closure Commission (BRAC) in 1991. That plan was rejected by Congress.

The following table compares the BRAC 91 Plan for reorganizing the Corps and the 1992 Reorganization Plan. It is noted that following the Corps' attempt to reorganize as a part of BRAC, Congress directed through the FY 93 Energy and Water Resources Development Appropriations Act that Divisions be reorganized starting in FY 93 but Districts should not be closed. The 1992 Reorganization Plan proposed 4 technical support centers be located in the new North Central Division located in Cincinnati. These 4 centers would do the engineering and planning support for 12 existing Districts. The technical support centers would be located in St. Paul, Louisville, Omaha and Pittsburgh. An administrative center for the North Central Division is proposed to be located in Kansas City and would handle Human Relations, Resource Management and Information Management functions.

The proposed plan contains two technical centers for the Upper Mississippi River, one located at St. Paul and one at St. Louis as described on page 17 of the Reorganization Plan, "Technical Center Locations.

NOTE: A navigation planning cell would be located at the St. Louis District even though the District is not initially designated to have a technical center. The navigation planning cell should serve as the small nucleus of a future technical center when and if the significant projected navigation workload develops along the Upper Mississippi and Illinois Rivers."

St. Louis would also be designated as a mandatory center of expertise for Inland Navigation Planning and Engineering.

BRAC 91 Plan

38 Planning and Engineering functions at District offices are consolidated into 22 District offices.

Operations functions stay in existing locations as area offices.

Rock Island District loses 264 personnel (200 to St. Louis, 64 to Administrative Center of Cincinnati)

1992 Reorganization Plan

38 Engineering and Planning functions at District offices are consolidated into 15 full functioning Districts.

Operations functions stay in existing locations as part of streamlined District offices.

Rock Island District loses 220 personnel (some to St. Paul, some to Admin Center in Kansas City)

TESTIMONY SUBMITTED TO
THE U.S. HOUSE OF REPRESENTATIVES
PUBLIC WORKS AND TRANSPORTATION COMMITTEE
SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT

THE HONORABLE ROBERT A. BORSKI
CHAIRMAN

HEARING ON THE ARMY CORPS OF ENGINEERS REORGANIZATION

MAY 6, 1993

BY
THE HONORABLE CAROL MOSELEY-BRAUN OF ILLINOIS

**MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE INVESTIGATIONS AND
OVERSIGHT SUBCOMMITTEE:**

As the Department of Defense continues its review of the proposed Army Corps of Engineers Reorganization Plan, I would like to take this opportunity to highlight the problems the plan creates for Illinois.

There is no question that it is time to reorganize the Army Corps of Engineers. The Corps headquarters announced a number of reasons why reorganization is necessary, such as disproportionate staffing levels to workloads, shrinking assignments, and high overhead costs. While these are compelling reasons to reorganize, this plan, as it pertains to Illinois, does not meet these objectives. In fact, given the expanse of the inland waterway system in my state, the plan leaves Illinois with a serious dearth of skilled personnel at a time when the magnitude of waterway issues requires the increased attention of the Corps.

This plan fails to recognize that one of the most extensive networks of navigable waterways in the United States is in Illinois. Lake Michigan, and the Illinois, Ohio and Mississippi rivers require constant navigational improvement, flood control maintenance and shoreline protection enhancement. It is unlikely that personnel working from technical centers outside the region will have the exposure or be as familiar with Illinois water resource issues. Given the immense range and unique characteristics of these projects, the reorganization plan ought to recommend that the level of expertise in Illinois Corps offices be reinforced.

There are four Corps offices which provide important service to Illinois: The North Central Division office in Chicago, and the District offices in Chicago, Rock Island, and St. Louis. Under the current plan, the Division office will be closed and its functions reassigned to Cincinnati, Ohio. Planning, engineering and design functions located at the District offices will be reassigned to technical and administrative centers located far from the projects to be managed. In total, Illinois will be losing 798 specialists. No other geographic area is so adversely affected.

Centrally located in the Great Lakes Region, Chicago Corps offices perform about \$350 million in work annually on 10,000 miles of Great Lakes shoreland and 900 miles of navigable waterways on the Mississippi River. The Chicago North Central Division office will lose 184 positions to a city located hundreds of miles away from the shores of the Great Lakes. This action leaves the Great Lakes region without any viable Corps office. The plan also proposes transferring two-thirds of the planning, engineering and design staff in the Chicago District office. With the significance of water resource issues in the region, and the years it has taken personnel to develop flood control specialization, Chicago - and certainly the Great Lakes basin - should be the logical place to keep a Corps presence, rather than a logical place to lose one.

To the west of Chicago, the Rock Island District has responsibility for navigational planning and the Environmental Management Plan for the Illinois River and much of the Mississippi. This District also oversees the nation's oldest and most deteriorating lock and dam system along the Upper Mississippi River. A plan that proposes to pull 220 skilled personnel from the Rock Island District at this time is a plan that ignores the urgency of upgrading of this aging navigation system.

The shortcomings of this reorganization plan are further underscored by the removal of 295 personnel from the St. Louis District Office. St. Louis, located at the convergence of three major rivers, is the second largest inland port in the United States. Nearly half of the nation's waterway commerce travels through these waterways. Economic reasons alone are enough to demand a strong Corps presence for maintaining favorable conditions for navigation. The importance of keeping this highly qualified staff may be best illustrated by the first Corps reorganization plan of 1991, which proposed that the staff of the St. Louis District be significantly increased.

This reorganization proposal also comes at a time when the workload in Illinois couldn't be greater. Projects such as the Chicago Underflow Plan, a network of water control tunnels and overflow storage reservoirs, protects 550,000 Chicago area homes from flood dangers. The Chicago Shoreline Protection Project has personnel working against the clock to repair deteriorating shoreline revetments protecting downtown Chicago. The workload of the Rock Island District, which grew noticeably over the last decade, also is anticipated to increase with activities associated with the rehabilitation of the aging lock and dam system along the Mississippi. The St. Louis District also faces ongoing issues, including siltation problems at the Tri-City Port District and the St. Louis Harbor, operations of the Mel Price

Lock and Dam, deteriorating levees protecting private property, upgrading locks and dams, and increasing recreational activities. These are only a few of the dozens of construction, operations and maintenance projects underway, but any delay resulting from the massive staff losses proposed by the reorganization plan will have serious consequences at a time when project workloads in Illinois are increasing.

The costs and delays which will likely occur from new personnel handling unfamiliar waterway issues are certain to outweigh any cost savings achieved by the reorganization plan. In order to have a sensible reorganization of the Corps, we must put the people where the work is. I urge the Army Corps of Engineers to develop a reorganization plan that meets Illinois' needs, that recognizes the scope and extent of the inland waterway systems in Illinois, and that reflects an understanding of the importance of these systems to my state.

STATEMENT OF REPRESENTATIVE NANCY PELOSI
BEFORE THE SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT
COMMITTEE ON PUBLIC WORKS
MAY 6, 1993

Mr. Chairman, Members of the Subcommittee:

Thank you for your attention to concerns regarding the proposed corps of engineers reorganization plan.

As you know, under the proposed Reorganization the Corps has directed that the South Pacific Division (SPD) and the North Pacific Division (NPD) be consolidated into a new Western division located in Portland, Oregon, diminishing the functions of the San Francisco District. These two proposed changes would cost the San Francisco Bay Area over 300 civilian jobs and, more importantly, adversely affect the Corps' mission throughout the State of California.

Mr. Chairman, much of the information I have obtained regarding the proposed plan, through Freedom of Information requests and Committee requests, seriously questions the validity of the decision-making concerning the SPD closure and Western Division realignment.

From documents I have obtained, it appears that the current reorganization began in late August, 1992. Prior work by a Corps Field Advisory Committee recommended that the Corps utilize eight (8) criteria for selection of Divisional consolidation. Under the 1991 plan, which was conducted more openly and at greater length, San Francisco was the outright winner for the consolidated division. In 1992, under the accelerated timetable and with little public notice, and while using only four (4) of the eight selection criteria, San Francisco still tied Portland for site selection for the Western Division.

In a letter written by then-Assistant Secretary Nancy Dorn, she stated that the justification for selecting Portland over San Francisco was based on "minimizing the impact on Corps employees," because "there are approximately 50 percent more

people working at the North Pacific Division." (Dorn Letter, page 1) Yet, internal Corps documents, specifically, "Decision Path II," state that number of current personnel were not to be used as a final rating criteria for Division site selection because of fluctuations in technical strength based on Corps needs.

Indeed, this caution is borne out by current Corps Divisional strength reports, which show that "on-board" personnel at the SPD (San Francisco) is 238, and at the NPD (Portland) is 224. Further, other documents show that SPD strength may be significantly higher. Thus, even using the Corps' faulty criteria (which we do not endorse), at this time San Francisco would prevail over Portland in terms of minimizing the impact on Corps employees.

If other Decision Path II tie-breaking criteria are used, San Francisco would also prevail. The Corps' selection of Cincinnati as a new Divisional site may be instructive. In a three-way tie between Cincinnati, Chicago, and Omaha, the Corps selected Cincinnati because of its proximity to the large civil works workload." (Decision Path, page 20). Utilizing this criteria, San Francisco is clearly far closer to the workload than Portland. As I have shown in previous correspondence, the dollar value of the workload in California versus Oregon is 10 times greater for California. Indeed, a "center of work" analysis would place the center just south of San Francisco for the entire realigned Division.

Therefore, the use of personnel impact is not only invalid, it is contrary to the stated need for closer supervision of major Corps projects, the vast majority of which are located in California.

Mr. Chairman, there are also serious questions regarding the Corps' cost criteria projected for the consolidation. Corps salary data provided to us shows that SPD has the second lowest effective salary rate among traditional Corps Division, and the NPD has the third highest, even factoring in 8% locality pay in the SPD. Further, SPD overhead is within the norm, while NPD is among the highest overhead divisions. Finally, the add-on costs of locating personnel in Portland, such as the cost and convenience of air transportation to and from Corps projects, would be significantly higher in Portland than in San Francisco.

Therefore, I question whether there is any validity behind the Corps' projected cost "savings" for the relocation to Portland. A closer study might reveal just the opposite -- that the real savings in personnel, overhead, and other costs would be found in locating the Division closer to the center of work -- California.

The lack of any serious attempt at fulfilling the requirement of the National Environmental Policy Act (NEPA) is very evident in the Corps' own documents. As stated earlier, the timeline for preparation of the current Reorganization was extremely abbreviated; documents obtained show that the Corps asked for waivers based only on the assumption that the realignment was civil works oriented; the impact on socio-economic considerations was not evaluated. Accordingly, there was no noticed comment period for the public, local government, and elected officials to express their opinions. Instead, the Corps states that they ran a "computer model" to estimate socioeconomic impacts. (Dorn letter, page 2)

Mr. Chairman, these are serious deficiencies. The entire Corps planning process may be susceptible to legal challenge on the single issue of noncompliance with NEPA. This apparent vulnerability argues for a more thorough NEPA review process that allows for input from affected communities.

Finally, Assistant Secretary Dorn assured me, in a single sentence, that "[e]mergency response . . . will continue at the same high level of quality." That statement offers little comfort to a state that comprises over 10% of the nations' population and which offers significant infrastructure challenges should a major temblor strike. Locating key personnel hundreds of miles away from California, when communication, power, and other infrastructure may be seriously compromised, makes no sense when the stated goal of emergency response is to achieve swift control of a potentially dangerous and deteriorating situation. The Regional Director of the Federal Emergency Management Agency has expressed serious concerns about the proposed reorganization and its impact on emergency response in California. Most alarming, a January 6, 1993 memo from the Corps concedes that under the proposed reorganization, the new Western Division will be "unready" to assume SPD's emergency response role.

The stated goal of emergency response is to be ready now, not some indeterminate time in the future. The fact that FEMA, Red Cross, and Corps personnel were located in San Francisco after the Loma Prieta earthquake greatly enhanced the response time to the temblor. This synergy of agencies was instrumental in rebuilding critical infrastructure, such as the Bay Bridge. It is unacceptable that the realignment will, according to the Corps' own documents, seriously compromise Corps participation in disaster response efforts.

Nevertheless, the Corps is preparing for your review several contingency plans and fiscal projections to show that, at this point, there is no other choice but to proceed with the reorganization plan.

I understand, for example, that the Corps is recommending that the Headquarters reorganization go forward pending your review. While on its face the Corps argues that this would be a relatively noncontroversial move, in reality it has immense consequences for Corps projects in the West. The reorganization would remove authority and responsibility for Corps projects from the Districts, which are working on projects in close coordination with local authorities, and place the point of contact and review in Washington, D.C..

Thus, for an ongoing Corps project such as San Francisco Bay dredging, much decision-making would be removed off-site. Currently, Congress has appropriated funds for several years for a specific multi-agency review process called the Long Term Management Strategy (LTMS), which directs the Corps to coordinate federal, state, local, and other interested parties to develop a plan for disposal of dredged materials in an environmentally responsible manner. The loss of the South Pacific Division support, coupled with the loss of decision-making at the District level, could jeopardize the LTMS, which is slated to present a plan in late 1994. In addition, interim solutions for disposal of current dredge spoils for simple maintenance purposes have required the Corps to work closely with agencies to facilitate spoils removal, and, again, removal of authority could seriously hamper these ongoing efforts.

According to information I have received, this scenario would be implemented by removing Planning and Design elements from every Division office, and assigning those functions to the Washington office. The removal of Planning and design expertise from the Divisions is one of the major dysfunctional aspects of the Reorganizational plan, for it removes the regional knowledge and authority base necessary for providing even the most basic services to Corps customers.

Therefore, Mr. Chairman, I would strenuously oppose the proposed Headquarters reorganization until the entire Reorganization plan is reviewed by your office. Indeed, as mentioned before, if the goals of Reorganization are to cut costs, make the Corps more efficient, and deliver quality services to Corps customers, relocating the centers of authority, whether in Portland or Washington, D.C., is directly contrary to these goals.

I also understand that the Corps is preparing an argument stating that the their FY93 budget was predicated on the reorganization and, thus, unless they are allowed to proceed they will experience a funding shortfall. Indeed, Corps personnel are

telling all Corps employees that they face furloughs up to 24 days unless the Corps is allowed to proceed. For the South Pacific Division specifically, Corps spokespersons have stated that the entire Division will lose funding for the last quarter of FY93 and be closed de facto as a result.

Indeed, Corps officials are attempting to outplace employees at the South Pacific Division by insisting that reorganization will proceed and, therefore, employees should leave as soon as possible to maximize their re-employment prospects. This is causing a serious deterioration of morale, not to mention creating a situation where a manpower shortage may be deliberately created by such efforts at outplacement.

I believe this argument seeks to place an unreasonable condition on your Department's review. Certainly, the threat of closure is real under the Corps' present budgeting targets. However, the Corps can easily remedy this situation through alternative budgeting and reprogramming, if necessary. I do not believe that this perceived threat should be dispositive of the real issue at hand: whether the flawed reorganization plan is in the best interests of the Corps and of this country.

While I support the goals of Reorganization, it must be done responsibly. Considerations of improved service, efficiency, impact on Corps missions such as disaster response, cost containment, and cost reductions are real and must be addressed by the Corps. The proposed Reorganization, insofar as the impact on the South Pacific Division is concerned, meets none of these goals.

Mr. Chairman, thank you again for holding this important hearing. I appreciate the opportunity to submit my statement before the subcommittee today.

**Testimony of the Honorable John Edward Porter
Before the House Public Works and Transportation
Subcommittee on Investigations and Oversight**

May 6, 1993

Mr. Chairman, Congressman Inhofe and members of the Subcommittee, I would like to thank you for granting me this opportunity to submit testimony to the Public Works and Transportation Subcommittee on Investigations and Oversight. I appreciate the fact that the Subcommittee holding this hearing on the reorganization plan of the Army Corps of Engineers.

Mr. Chairman, I represent the roughly 600,000 people of the Tenth Congressional District of Illinois. My district includes a number of Chicago's north and northwest suburbs and urban and rural areas in northern Illinois. It runs along the shore of Lake Michigan between the Village of Wilmette and the Illinois-Wisconsin state borders and includes several large rivers and a number of harbors. As such, my constituents have great need for efficient and effective Army Corps services, including those in the areas of flood control, harbor maintenance and environmental clean up. They depend on the Corps' Chicago Division and District offices for those services. Indeed, the Corps' Chicago offices and the services they provide play a vital role in maintaining and improving the environment and economy of the Chicago area and other nearby Midwestern states.

I am glad the Clinton Administration has decided to put the reorganization of the Corps on hold pending further review. As you both know, the Corps announced its reorganization plan after the 102nd Congress adjourned and prior to the start of the 103rd Congress. This was a questionable time at which to announce the plan given its importance. While the need for reorganization is well recognized, valid concerns have been raised about how well the Corps has explained the process that led to adoption of the current reorganization plan as well as about how objectively it applied the criteria it used in developing the plan. I hope today's hearing will help answer these concerns.

I am disappointed with the Corps' decision to remove its Division office from Chicago because of the importance of Chicago Army Corps operations. Chicago is, and would continue to be, an ideal location at which to base the Corps' Midwestern operations. The city is the transportation hub of the nation, is home to several exceptional scientific and technical universities and boasts numerous talented engineering professionals. The city's location on Lake Michigan and near several major rivers such as the Mississippi makes it a particularly appropriate location given the need for flood control, beach erosion, harbor maintenance and other Army Corps services. In addition, Chicago is home to the U.S. Environmental Protection Agency's Region Five headquarters. Having both of these important agencies based in the same city helps engender an effective working relationship between them.

The Corps' Chicago District has responsibility for a \$1.3 billion construction program over the next ten years. If this program is delayed -- an outcome clearly possible under the proposed reorganization, due to a wholesale shifting of staff -- the costs of delay could be in the range of \$25 million. It would be unfair to expect local sources to pay for these costs. Moreover, I am concerned about the extent to which the Corps would be able to effectively oversee projects in Illinois if it closed its Chicago Division office and moved its operations to Cincinnati.

The Honorable John Edward Porter
Army Corps Reorganization Testimony
Page Two

Mr. Chairman, I hope the Subcommittee will continue to review this issue and help those of us affected by the reorganization plan to find an equitable solution to this problem. Thank you for granting me this opportunity to testify.

STATEMENT OF SENATOR PAUL SIMON
BEFORE THE HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE
SUBCOMMITTEE ON OVERSIGHT & INVESTIGATIONS
UNITED STATES SENATE
MAY 11, 1993

Mr. Chairman, I appreciate having this opportunity to express my concern with the proposed Army Corps of Engineers' Reorganization Plan.

After reviewing the organizational changes proposed for the Army Corps of Engineers, I am very concerned about the negative impact these changes will have on Illinois projects, due to the loss of technical expertise. I hope that as the Committee reviews the proposed changes, my specific concerns for Illinois will be taken into consideration.

Illinois relies heavily on Lake Michigan, as well as the Mississippi, Illinois and Ohio rivers. These critical bodies of water require constant navigational upkeep, flood control management, and shoreline protection enhancements.

The Corps' proposal would close the Chicago Division office and remove all technical personnel from the three District Offices -- Chicago, Rock Island and St. Louis -- which have primary oversight of Illinois projects. A critical responsibility of the

personnel currently staffing these offices is navigational improvements along the Illinois and Mississippi rivers. These efforts are essential to agricultural shipments, to flood control projects that ensure the safety and health of the Chicago metropolitan area, and to the environmental protection of the upper Mississippi river. Loss of the technical expertise inherent in each District office will lead to delays, cost overruns, and less effective results.

I urge you to review this proposal with a critical eye. The Chicago, Rock Island and St. Louis offices each offer special expertise, which Illinois cannot afford to lose. My staff and I would be happy to work with you in developing a reorganization plan that will maintain the highest possible level of service to Illinois.

At his Senate confirmation hearing, Secretary Les Aspin said: "...we need a fair, rational process for considering a reorganization of the Corps...". I wholeheartedly agree.

Mr. Chairman, I want to reiterate my appreciation to you and to the Committee for allowing me the opportunity to voice my concerns with this proposal.

CHARLES E. SCHUMER
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Congress of the United States
House of Representatives
Washington, DC 20515-3210

COMMITTEES
JUDICIARY
CHAIRMAN
SUBCOMMITTEE ON
CRIME AND CRIMINAL JUSTICE

BANKING, FINANCE
AND URBAN AFFAIRS

INTERIOR AND
INSULAR AFFAIRS

NEW YORK STATE
DEMOCRATIC DELEGATION
TREASURER

WHIP AT-LARGE

May 13, 1993

Robert A. Borski
Chairman
Subcommittee on Investigations and Oversight
Committee on Public Works and Transportation
H2-586 Ford HOB

Dear Mr. Chairman:

I would like to take the opportunity to submit the following information for your consideration and for the record in connection with the recent hearings held by your subcommittee on the proposed reorganization of the U.S. Army Corp of Engineers.

I am particularly concerned about the proposed move of the Army Corps North Atlantic Division Headquarters from New York City to Boston and the reallocation of several duties currently under the auspices of the New York District Office.

The proposed Army Corps reorganization will cause the New York District and North Atlantic Division Offices to lose 470 employees, a total amounting to 61% of its staff. Although I understand the need to reconsider Army Corps operations in light of ongoing defense budget cuts, it is critical that any consolidations be determined by consideration of the effects on the areas served by the Corps Offices. A reorganization which results in a drastic reduction of the critical services provided by the Corps to a major metropolitan area such as New York City will be unlikely to result in long term efficiency.

I am particularly concerned about the loss of staffing in the New York offices in the aftermath of the recent storm that caused hundreds of millions of dollars in damage to New York City and its coastline. The Army Corps is playing a critical role in the repair and rebuilding efforts that are being undertaken to recover from the effects of the storm and to provide long term protection from future storms and resulting shore erosion. Reducing the New York offices' ability to apply its unique expertise to our region is likely to lead to disastrous consequences.

The following listing of relevant issues summarizes why I believe this reorganization to be misguided.

- Effect of loss of Corp experts who know the NYC area at a time when the shorefront is recovering from the December northeaster and at a time that projects are in the pipeline to repair the damage done by the storm.
- Effect of long distance coordination with NY State officials. For example NY State DEC officials are prohibited from traveling out of state.
- Loss of emergency response capability in country's most densely populated region.
- Move doesn't make sense when Corp's own reorganization location criteria are considered:
 - a) near quality schools
 - b) near engineering schools
 - c) major airports
 - d) labor availability
 - e) office space
 - f) central to workload distribution (FY93 Civil Works budget for Corps in NY District \$103 million, for Boston \$40 million)
 - g) number of current personnel (North Atlantic Division in NY has 207 division level spaces, New England Division in Boston has 13 division level spaces - it makes no sense to move 207 spaces to Boston rather than 13 to New York).
 - e) cost of living - although there is an 8% locality pay differentiation for federal employees in NY, this is only a short term difference because locality pay is likely to change.

I have taken the liberty of attaching further information for your review and hope the subcommittee will find it useful. I am also enclosing a letter from the New York State House and Senate delegation on this issue. Thank you for your consideration.

Sincerely,



CHARLES E. SCHUMER
Member of Congress



THE NEW YORK STATE CONGRESSIONAL DELEGATION



January 29, 1993

The Honorable Les Aspin
Secretary of Defense
The Pentagon
Washington, DC 20310

Dear Mr. Secretary:

The New York State Delegation would like to express our strong concern about the proposal to reorganize the U.S. Army Corps of Engineers. Under that plan, the North Atlantic Division Office in New York City would be closed, and district offices in both New York and Buffalo would see severe staff reductions, resulting in the loss of more than 500 positions statewide.

We believe that a nationwide reorganization of the Corps should await your office's thorough review, especially considering President Clinton's clear desire to revitalize our Nation's infrastructure. The Corps should play a valuable role in rebuilding and restoring roads, bridges and other important elements of our country's physical infrastructure.

Secondly, as Representatives of a state severely affected by a recent storm, we are concerned about the Corps moving many of its personnel to another area of the country. As we are sure you know, the Northeast storm that struck Long Island and much of the New York metropolitan area on December 10th damaged and destroyed roads, harbors, and shorelines, all of which the Corps is uniquely qualified to help rebuild. A substantial reduction in the Corps' personnel in the New York area could hamper this and future repair work.

Furthermore, we are concerned about the economic impact of the plan on the state, especially in Western New York. Under the bi-partisan Base Relocation and Closure Commission (BRACC) plan, the Buffalo District Office would have been expanded to over 900 employees. The new reorganization plan, however, would force almost half the personnel in the Buffalo District Office to lose their jobs. Moreover, transfer of engineering and related technical functions from Buffalo, as proposed by the Corps, would eliminate technical expertise from anywhere on the Great Lakes.

Finally, we think that it is important to note that some of the anticipated payroll savings from moving employees out of the New York metropolitan area may be overestimated. Although Federal workers in and around New York City receive pay

page 2

adjustments for living in a high-wage area, all regions of the country are now being surveyed to determine pay disparities between Federal and non-Federal workers. Beginning in 1994, Federal workers living in other areas with wage disparities will receive locality adjustments in addition to General Schedule increases, as they now do in the New York metropolitan area. Since available evidence indicates that Boston is in an area with significant pay disparities, it is virtually certain that employees stationed there will be entitled to locality adjustments beginning in 1994, thus diminishing to a significant extent the Corps' anticipated savings.

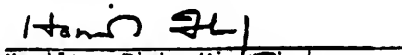
For all of these reasons, we urge that the Corps be instructed to suspend and reevaluate the proposed reorganization. Thank you for your attention to this important matter.

Let us also take this opportunity to congratulate you on your appointment as Secretary. We are confident that you will serve with both skill and honor.

Sincerely,



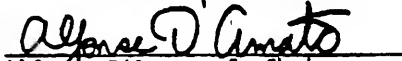
 Charles Rangel, Chairman




 Hamilton Fish, Vice Chairman



 Daniel P. Moynihan, Co-Chair



 Alfonse D'Amato, Co-Chair



 Gary L. Ackerman, Secretary



 Charles E. Schumer, Treasurer

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 Nita Lowey
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Carolyn Maloney
 Thomas Manton
 Susan Molinari
 Jerrold Nadler
 Major Owens
 Bill Paxon
 Jack Quinn
 Jose Serrano
 Louise Slaughter
 Gerald Solomon
 Edolphus Towns
 James Walsh
 Nydia Velazquez

REORGANIZATION FACT SHEET
Impacts on New York

1. The proposed reorganization will eliminate the North Atlantic Division (NAD) office in New York City and relocate it to the Boston area. The two primary Districts which service New York State, Buffalo District and New York District (NYD) will be significantly reduced in size and mission. These Districts will have no planning, engineering, environmental or real estate expertise, but will consist of a token project management office and construction and operations offices.

2. Direct Impacts.

a. Federal Jobs. Buffalo will lose 141 jobs and New York will lose 470, 207 from NAD and 263 from NYD. Estimated wages lost would be \$25 million annually. When combined with lost spousal income, lost income and property taxes, and lost money spent in the state, the total annual impact will be over \$45 million.

b. Private-sector Jobs. Both Districts currently utilize the local A/E community extensively. The combined loss of this group would be over \$42 million per year in contracts which would now be administered at technical centers anywhere in the country. The total annual loss, counting all factors, will exceed \$75 million.

c. Construction. In addition, there are approximately \$4.5 billion in potential construction encompassed in the various studies and projects being designed by the Districts and A/E community. The transfer of design to technical centers unfamiliar with the projects will result in inevitable delays in schedule and increases in cost. This, coupled with diminished personal commitment, could result in a loss of this construction and all the benefits associated with it for the state of New York.

3. Programmatic Impacts.

a. Loss of Expertise. There will be a loss of senior staff at the Districts and Division, many of whom have over 20 years of experience in addressing the water resources needs of the State. Their stature in the Corps of Engineers, institutional knowledge, and innovative solutions have resulted in the advancement of studies and projects which would otherwise not be funded. This expertise on local issues is not likely to be duplicated by the proposed reorganization.

b. Local Coordination. Distancing of the work from the local area will increase coordination problems, travel costs and eliminate the close coordination that takes place in all aspects of current work. New York's ability to manage its interface with the Corps will be significantly reduced because of distance. In fact, routine coordination will be very difficult because the New York State Department of Environmental Conservation, the state's agent for dealing

with the Corps, is currently prohibited from travelling outside the state boundary.

c. Disruption of Program. New York State encompasses lacustrine, riverine/estuarine, and oceanic environments of national significance. Priorities in place in the existing Districts to systematically address this wide range of water-related issues could be altered because the residual Districts would no longer control priorities, monies and/or resources of technical centers. In fact there will be no corps of Engineers planning, environmental or engineering personnel available on site with the local expertise necessary to help the state manage its resources.

d. Environmental Concerns. The reorganization would increase the difficulty for state environmental agencies to coordinate with Corps environmental centers as local environmental expertise is eliminated. There would also be an increased potential for difficulties regarding the disposal of dredged material.

e. Emergency Situations. Localized planning and engineering support to New York during emergency periods will no longer be available.

FACT SHEET #2
NEW YORK DISTRICT
NEW YORK vs BOSTON

The Corps of Engineers has proposed elimination of its engineering and related planning missions in New York City in favor of Boston. This proposal will cost the City of New York 407 jobs (see p. F-5, U.S. Army Corps of Engineers Reorganization Plan). This loss to New York is unnecessary.

The Corps violated its own criteria for realigning district offices. These criteria were (p. C10, Reorganization Plan):

1. Quality higher education
2. Excellent engineering schools
3. Large or medium size air traffic hub
4. Labor availability
5. Office space availability
6. Central to workload/geographic distribution
7. Number of current personnel
8. Cost of living.

Obviously, the New York area has quality higher education, both public and private, such as New York University, Rutgers, Stony Brook and Hofstra. It has many outstanding nationally and regionally prominent engineering schools, including Princeton, New Jersey Institute of Technology, Columbia and the Polytechnic Institute of New York. It has three major airports--Kennedy, LaGuardia and Newark--and a good mass transit system.

New York City clearly has highly-qualified labor available. There is an abundance of office space available. In fact, two Federal office buildings are being constructed by the General Services Administration adjacent to the District office.

The Corps failed to consider the fact that the Corps regional workload is centered in the New York area, not Boston. For example, the total FY92 Civil Works budget for New York District was \$103 million and for Boston (NED) it was \$44 million. In FY93, the trend continued with the New York District Civil Works Budget at \$115 million and the Boston (NED) budget at \$40 million.

During the recent storm in December 1992, the New York District planning and engineering staff were able to respond to project areas almost immediately, something not possible from Boston.

Currently, Boston District (NED) is staffed with 563 personnel and New York District with 568. With the workload concentrated in New York District, it makes no sense to transfer planning and engineering spaces from New York to Boston.

The cost of living is higher in Boston than in New York for lower income families and about the same for intermediate income families.

The Corps does have an 8% locality pay differentiation in New York, as do all federal agencies. This differentiation is needed for recruitment and retention of highly qualified personnel was fully supported by the Secretary of the Army. The differential has resulted in the turnover rate dropping from 30% to 5%.

The pay raise initiative was designed to keep jobs in our hard hit urban areas with minority population and high unemployment. The Department of Defense supported that initiative. Therefore, it is incredible that it should be used as a criterion.

Furthermore, upon implementation of the Federal Pay Reform Act in 1994, there will be pay parity between New York City, Boston and all other areas. Therefore, using this current short-term differential as criteria is irrelevant.

3) What formulation criteria were used - what is the without project condition? What is the least-cost alternative? What are the benefits?

6. Future

a. New Missions. WRDA 92 authorizes the COE to undertake a wide range of new missions. It appears that the entire reorganization is a retrenchment strategy with little acknowledgement of the Congressional Committees' desires as presented in WRDA 92. An obvious question arises about the Corps ability to implement WRDA 92 given reorganization.

b. Regional Program. Currently, there is a large and expanding program in the states of NY, NJ & PA serviced primarily by the NY and Philadelphia Districts. If not giving up on this work, the reorganization will greatly impair the program in this region.

c. Non-Project Services. Several programs currently managed by District Planning Divisions will be all but abandoned because of the reorganization. Floodplain management services and Planning Assistance to States are location-specific. In addition, these programs, and the support for others program are fostered by local awareness and responsiveness.

7. Abandonment of Urban Areas

a. Based on the information presented in the reorganization plan as well as 1990 U.S. Census figures, it appears that EEO goals and objectives will be severely impacted by the proposed reorganization. For example, the figures indicate 56.8% of New York City population to be minority-based, as compared to 22% for the Boston area and 15.1% for Fort Devens. Due to competitive area decisions and limited positions available, it is highly probable that current minority employees will be disproportionately affected.

b. In light of recent urban tensions caused mainly by economic pressure on our cities, this reorganization is not sending a proper message to the American people. Ninety percent of Corps employees in the New York area rely on mass transportation to get to and from the office. A move to a location not serviced by mass transit would affect a great percentage of employees who do not have a drivers license, much less an automobile.

DELAWARE RIVER PORT AUTHORITY
OF
PENNSYLVANIA AND NEW JERSEY
BRIDGE PLAZA
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HARRY J. KENNEDY, JR.
MANAGER GOVERNMENT RELATIONS

May 18, 1993

The Honorable Robert A. Borski
2161 Rayburn House Office Building
Washington, D.C. 20515-3803

Dear Congressman Borski:

In testimony given before your sub-committee on Investigations and Oversight on May 6, 1993, the written testimony submitted by Barbara Jones referenced a resolution passed by the Delaware River Port Authority. That resolution pointed out that the Philadelphia District Office of the Corps of Engineers is a lower cost office than district offices in other areas. Your question asked for substantiation of that fact. The cost multiplier that is utilized by the Corps, which is the cost of direct labor as well as other factors involved in providing services, comes to a multiplier in the Philadelphia district of 2.35. The nearest district office, Baltimore, has a cost multiplier of 2.45. Both district offices are well below the target amount of 2.65 which is the Corps target amount.

It is also interesting to note that the Base Closure Realignment Committee also recorded the Philadelphia District Office as the sixth most cost effective district in the entire nation. These facts would suggest that, in addition to providing excellent service to the Philadelphia region, the district office also provides very cost effective service.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Harry J. Kennedy, Jr.", written in dark ink.

Harry J. Kennedy, Jr.
Manager, Government

HJK:dlh

Town of Matewan

MAYOR
Johnny Fullen
RECORDER
William F. Stewart

INCORPORATED 1897 - MINGO COUNTY
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Phone 304/426-4092
P.O. Box 306

COUNCIL MEMBERS
David Smith
Edward Nenni
Deborah Moore
Robert K. Allara
Jeanette Collins

May 5, 1993

Subcommittee on Investigations and Oversight
U.S. House of Representatives
Committee on Public Works and Transportation
Suite 2165 Rayburn House Office Building
Washington, D.C. 20515

Dear Subcommittee Members:


As Mayor of the Town of Matewan, West Virginia since 1987, I maintain very close contact with the United States Army Corps of Engineers, Huntington District. Currently, the Corps is building a Flood Protection Wall around the central business district of Matewan as well as undertaking general flood reduction projects in Matewan and throughout the Tug Valley under Section 202 of the Energy and Water Development Act of Public Law 96-367.

Maintaining close contact with the Corps is essential in a project of this magnitude. The Huntington District provides ready access to those individuals making design decisions concerning the future of Matewan, as those decisions have extremely significant impacts on the town it is important that the decision makers be in close proximity to the site. If anything, greater involvement and sensitivity to the town by the Corp would be desirable.

The proximity of the Huntington District to the Tug Valley has been an invaluable asset to the Flood Protection Program Section 202. I feel that it is of the utmost importance to maintain the Huntington District at the current level and capacity. Consolidating and transferring function elsewhere in the system, in my opinion, would only serve to isolate the Corps even more from serving the public.

Thank you for this opportunity to submit my comments to the Sub-committee on Investigations and Oversight.

Sincerely,



Johnny W. Fullen
Mayor

JWF\ad

MARITIME ADVISORY COUNCIL OF NEW JERSEY

New Jersey Department of Commerce & Economic Development

CN 823, Trenton, New Jersey 08625
609-292-0700

John L. Buzzi, Ph.D., P.E., Chairman
Joseph T. Grossi, Executive Director

May 28, 1993

*The Honorable Robert Borsk, M.C., Chairman
House Public Works and
Transportation Committee
Investigations and Oversight
Subcommittees
Ford House Office Building, Room H2-586
Washington D.C. 20515*

Dear Chairman Borsk:

**RE: U.S. ARMY CORPS OF ENGINEERS
REORGANIZATION HEARING, MAY 6, 1993
LETTER FOR THE RECORD**

The Maritime Advisory Council of New Jersey wishes to take this occasion to express our opposition to the proposed reorganization of the U.S. Army Corps of Engineers Offices. This reorganization will have a serious negative impact upon New Jersey's entire civil works program.

This Council, established in 1983, comprises a membership of organizations representing port, harbor pilot, government, business, labor, towboat and barge, and other maritime interests in the State of New Jersey and from our neighboring states of Delaware, New York and Pennsylvania. The purpose of the Council is to advise the New Jersey Department of Commerce and Economic Development on maritime and civil works matters affecting the State of New Jersey and to emphasize that industry's impact on our State and the regional economy.

MARITIME ADVISORY COUNCIL AFFILIATE ORGANIZATIONS

BRIDGETON MUNICIPAL PORT AUTHORITY
DELAWARE RIVER AND BAY AUTHORITY
DELAWARE RIVER PORT AUTHORITY
INTERNATIONAL UNION OF OPERATING ENGINEERS
JOINT EXEC. COMMITTEE FOR THE IMPROVEMENT OF THE DELAWARE
MARINE TRACERS ASSOCIATION OF NEW JERSEY
MARITIME ASSOCIATION OF THE PORT OF NEW YORK-NEW JERSEY
NEW JERSEY ALLIANCE FOR ACTION
NEW JERSEY CHAPTER, NATIONAL DREDGING ASSOCIATION
NEW JERSEY MARINE SCIENCES CONSORTIUM
NEW JERSEY STATE CHAMBER OF COMMERCE
NEW JERSEY STATE COMMISSIONERS OF PILOTAGE
PENJERDEL COUNCIL
PERTH AMBOY WATERFRONT COMMITTEE
PORT AUTHORITY OF NEW YORK & NEW JERSEY
PORTS OF PHILADELPHIA MARITIME EXCHANGE
SOUTH JERSEY PORT CORPORATION
THE PILOT'S ASSOCIATION FOR THE BAY AND RIVER DELAWARE
TOWBOAT & HARBOR CARRIERS ASSOC. OF NEW YORK/NEW JERSEY
UNITED NEW YORK & NEW JERSEY SANDY HOOK PILOTS ASSOCIATION

*The Honorable Robert Borsk
May 28, 1993
Page Two*

In addition to the negative economic impacts which will result from this reorganization, which include the loss of 632 Corps jobs and 650 industry-wide architect/engineer positions, the total direct impact to the area will be \$41 million in wage losses and an overall adverse impact of approximately \$75 million annually. These economic impacts are further exacerbated by the programmatic impacts which will result. The loss of senior staff, planning, engineering and environmental expertise, and the systematic approach to solving New Jersey's shore protection, flood control, water supply and navigation problems will also be seriously compromised.

The Maritime Advisory Council believes that the proposed reorganization of the U.S. Army Corps of Engineers, which would reduce the New York and Philadelphia District Offices and eliminate the North Atlantic Division Office in New York, would cause economic damage and reduce vital Corps services to New Jersey.

On behalf of the Maritime Advisory Council, the civic, trade, port, labor and maritime interests which we represent, and myself, we urge that you oppose the implementation of this proposed reorganization plan, and any appropriations necessary to implement this change, prior to Congressional oversight and adequate discussion of the plan's merits and flaws with those who will be impacted. We trust you will continue to intervene in this effort to keep the Corps functions at the New York and Philadelphia Offices, and thank you for this opportunity to present our position.

Sincerely,

JOHN L. BUZZI

*John L. Buzzi, P.E., Ph.D.
Chairman*

nj

Testimony Regarding the U.S. Army Corps of Engineers
Reorganization Plan

In recent years our community has faced the possibility of a major U.S. Army Corps of Engineers reorganization taking place.

I am confident such an effort to streamline the Corps' operation is necessary and warranted and I commend the Corps leadership for their recognition of this need.

However, it is evident that the proposed plan if implemented, will have a disproportionately harsh economic impact upon our region as compared to other cities where districts are now in place.

The reduction of nearly 400 workers from this community would be devastating to our region in comparison to larger cities where the same loss would be small when taken against the population.

This District is one of the largest civil works Districts within the Corps. I could comment upon the historical accomplishments of this District but I know they are well documented.

The scope of the Corps' future mission is now being discussed as it relates to the changes one can foresee as opposed to the mission they have fulfilled.

I reject the argument that a Corps district with such a sterling record of work and expertise will be unable or ill prepared to step into the next century and the next set of challenges.

Indeed, it is my belief that the abundance of current projects within their District will provide such a workload for many years that moving those workers essential to their completion elsewhere holds no benefit in efficiency or in any cost savings.

In fact, many arguments can be made that such a plan would be costly from many standpoints including travel, per diem costs and the higher wages they would need to live in these higher-cost areas.

It might be said many of us are practicing "Not in my back yard" politics. However, whether that is the case or not, any plan that takes nearly 400 productive workers from a city of 54,000 including a loss of average incomes over \$18,000 per year in a state that is 49th in personal income and where the state's unemployment rate has been one of the highest in the nation for many years show, either an incomplete analysis on the part of the plan's drafters or perhaps, a blatant disregard for this community.

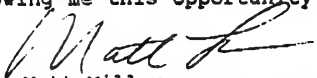
Reorganization is wise and prudent for many organizations including the Corps, however it is unwise during tenuous economic

times to devastate an already hard-pressed economy in our region and add these jobs to other areas where the economic gain will be negligible. This is especially brought home to us when we know that our workers and this community can adapt to serve any capacity necessary in the Corps' future missions. We have done so with distinction for the Corps in their past mission and will do so if given that opportunity in the future.

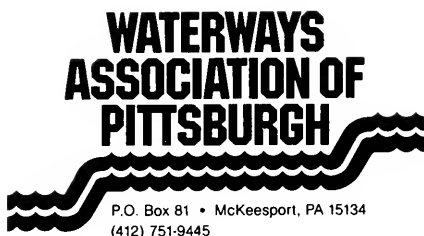
Many national leaders, including these within this administration have called for an economic revitalization that is based upon an increase in infrastructure and civil works programs nationwide. I applaud this commitment to the improvement of our nation's neglected and aging facilities.

However, I ask the Corps and this body not to rob Peter to pay Paul in this reorganization. Economic Revitalization must begin in the Huntingtons of this country. They have the greatest and most urgent need. The logic of taking 400 workers from our community at a cost estimated to exceed \$40 million annually just to ship those same workers back in from another city to help revitalize our economy with infrastructure projects is highly questionable. As for the rather nebulous reasoning that says this community cannot meet the needs for any future Corps mission I ask "why not?" I fail to see any reasoning put forth so far in this plan that warrants the devastation that our economy will face. We can meet any challenge for the future mission of the Corps.

Thank you for allowing me this opportunity to present these arguments.



Matt Miller
Board of Directors Member
Huntington Regional Chamber of Commerce
522 9th Street
Huntington, WV 25701



May 5, 1993.

Hon. Robert Borski, Chairman,
Investigative and Oversight Subcommittee,
House Public Works & Transportation Committee,
585 Ford Building,
Washington, D. C. - 20515.

Dear Mr. Borski:

I am writing to you at the suggestion of Charles Ziegler, Esq. to make part of your committee's record the view of the Waterways Association of Pittsburgh regarding the Corps of Army Engineers Reorganization.

Last year, we opposed the proposed plan of reorganization which was set aside by the Congress.

The later study, the one you are considering now, is one we do support and urge its adoption.

We had many questions regarding the BRAC report, most of which have been taken care of in the new study.

One major concern was the layers of bureaucracy and "red tape" which exists; especially with regard to getting projects approved and moving ahead. This has been taken care of by cutting down the number of Corps Divisions from 10 to 5 and by giving the Divisions the ability to move projects more quickly.

The new plan promises quicker action on project reports with fewer and shorter delays. This will result in saving not only time but of money.

The addition of Technical Centers will make the entire project procedure more competitive and less expensive.

Over a period of time, the cost of operating the Corps will be lowered since there is a provision for phasing out personnel through attrition. The removal of these 2600 positions will bring about a saving of \$215 million annually after the plan has been fully implemented.

- 2 -

Significantly, the savings should not affect performance for the jobs in the field - at locks and dams, flood control facilities, at recreational sites, with the environmental people, etc, - are not being done away with. The attrition takes place at Headquarters, in the Divisions and at the District level.

But the provision for the Technical Centers and the realignment of responsibilities at the office levels will make for a leaner, more efficient management.

Certainly some oxen are going to be gored at a political level, but as the President and Congress have both indicated there has to be some lowering of the cost of government, especially within the Defense Department. This new Corps Reorganization plan provides a head start in the process.

We hope the Sub-Committee will support the reorganization plan as submitted for it does the job we all looked for when the BRAC plan was so vigorously opposed insofar as Corps reorganization is concerned.

The Waterways Association of Pittsburgh represents the "customers" of the Corps in Western Pennsylvania, Northern West Virginia and Eastern Ohio; all part of the Port of Pittsburgh. The Port of Pittsburgh is the largest inland port in the country based on tonnage.

Our members are the river transportation companies and their customers who use the river for the shipment and receiving of goods.

We work closely with the Corps and we know the valuable services they provide, not only here, but throughout the inland river system.

Very truly yours,



Arthur Parker,
Executive Vice-President.



SAM G. KAPOURALES
MAYOR

City of Williamson

OFFICE OF THE MAYOR

P. O. BOX 1517 • PHONE (304) 235-1510

Williamson, West Virginia 25661

JUNE BLEVINS
CITY CLERK

We have had an excellent working relationship with the Corps in the Huntington office. Their ability to respond to problems immediately and efficiently minimized the impacts of construction activities in Williamson. During the construction of the Central Business District floodwall, a major concern to the downtown businesses was the disruption of traffic and access, especially during the placement of the interceptor lines in City streets. The impacts could have been devastating, particularly during Christmas. The Huntington District took our concerns to heart and worked out a plan with the contractor to minimize those impacts and still completed the project over a year ahead of schedule.

We think the approach the Army has taken to become more responsive and efficient in the work they perform has totally missed the area where these goals could be achieved. It has been our experience that during the review and approval processes for the project by the Huntington District's higher authority, frivolous and non-productive comments, additional work, and guidance was given the District. It put the District in an unenviable position to try to rationalize with us the benefit of the additional work they had to do, but they did it admirably. However, we have observed that it appears the main function of the review and approval process is to evaluate a project to try and kill it -- not to try to make it work. The majority of the additional work accomplished by the District did not change the project, it just caused delays and some higher bureaucrat thought they had done their job by making a comment and requiring the District to jump through hoops.

One suggestion we would have to allow the Corps to become more responsive and efficient is to allow more decisions to be made at the District level and eliminate the constant and repetitive reviews, especially at the Washington level. Those reviews always add cost and time to a project. Where our projects are basically 100% Federal cost, the only impacts we suffered were delays in getting the project complete. A cost shared project was just approved in another part of our County and these delays cost the County and taxpayers more money -- and the project did not change from the original plan first submitted by the Huntington District four years ago.

Another recommendation is that when Congress authorizes and funds a project (and in our case, directed the Corps to design and build a project), lets get on with it and build the project. No more discussions should occur to determine the authority, Federal interest and other items that have already been determined when Congress authorized the project.



SAM G. KAPOURALES
MAYOR

City of Williamson

OFFICE OF THE MAYOR

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JUNE BLEVINS
CITY CLERK

During the formulation and development of the nonstructural programs for the Williamson, Matewan and Mingo County areas, continual policy and procedural revisions were necessary to adapt to the dynamics of the programs themselves as well as the field conditions within the project area. The effective and efficient formulation of these programs and projects were the product of day-to-day coordination with the planning, engineering, real estate and project management staff in the Huntington District office who are committed to this project. I am certain that had these expertises within the Corps been located at some other office outside the state or region, we would not be experiencing the progress we have made to date in this area with regard to flood control.

Change orders, design changes, unknown conditions, difficult relocations and a myriad of other activities required almost daily "hands on" efforts by the Huntington District engineering professionals. Had this team of professionals not been close at hand, you can be assured that our projects would have been more costly, untimely and inefficient.

I think that I can safely say that the Huntington District has formulated and implemented a plan for flood damage reduction in the Tug Fork and Levisa Fork basins that is second to none in the history of the Corps, both in terms of magnitude and uniqueness. As you know, such efforts do not just happen by themselves. It takes joint commitment and perseverance from both the Corps and the non-Federal sponsors to bring these projects to fruition. Commitment of this type does not come from official government regulations, memos or directives but it comes from the heart of the people involved. This common commitment is solidified through shared heritage, shared values, shared experiences and shared concerns. The majority of the people who are working on these projects in the District office participated in the aftermath of the cleanup of the April 1977 flood which was the stimulus for our efforts here today. Let me assure you that we don't have to explain our problems to the staff of the Huntington District; they know our problems and concerns because they have witnessed and experienced these same problems and concerns with us. I believe that the Corps has a byline that says something to the effect, "Customer care, a way of doing business". This is what we have experienced with the Huntington District and this is what has gotten us to the milestone we are at today with regard to flood control in Southern West Virginia.

U.S. ARMY CORPS OF ENGINEERS PROPOSED REORGANIZATION PLAN

TUESDAY, MAY 11, 1993

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT,
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
Washington, DC.

The subcommittee met, pursuant to call, at 1:30 p.m., in room 2253, Rayburn House Office Building, Hon. Robert A. Borski (chairman of the subcommittee) presiding.

Mr. BORSKI. The subcommittee will come to order. The subcommittee this afternoon will continue hearing testimony on the proposed reorganization of the Army Corps of Engineers.

On Thursday we heard from a long list of people who objected to the plan that has been proposed. Today we will hear from the people who created that plan as well as others.

Let me emphasize again that the purpose of our hearings is to use the reorganization process to promote the restructuring of the Corps, to meet the challenges of the 1990s and the 21st century.

We want to find the best possible structure for the Corps' exceptional engineering talents while at the same time meeting our mandate from the American people for a more efficient cost-conscious government.

For more than a century and a half, the Corps has done an outstanding job of building the infrastructure of our Nation. Those contributions should and must continue in the years ahead.

We now recognize the Ranking Minority Member of the subcommittee, the gentleman from Oklahoma.

Mr. INHOFE. Thank you.

I do have a statement that I would like to submit for the record. I was not here last week when we had the hearings and I am one of those who feels that this current proposal is a far superior one than the first plan.

In the last three days, I had the opportunity to view on a first-hand basis the very fine work of the Corps of Engineers in controlling a flood situation in Tulsa, Oklahoma. In fact, it got down to the point, General, where it was going to be within inches of being a disastrous flood or one that we could survive.

The Corps of Engineers made a determination that they would release 100,000 cubic feet per second and if it had been slightly more than that, it would have been a devastating flood, but we survived it. When the dam was built several years ago the Corps said they could give us this level of precision, and of course they demonstrated clearly that they are capable of doing that. And I think

this is an excellent example of the precision engineering and why Tulsa was selected as a proposed site for a technical center.

There are however, some disturbing aspects of this plan that I want to explore. For instance, one of the written testimonies that came in, someone was quoted as saying the main function for the review and approval process is to evaluate a project to try to kill it and not to try to make it work, and I can testify to this firsthand.

For the last four years, we have been talking about what to do with the Montgomery Point Lock and Dam. This is a lock and dam where it comes from the Mississippi into the Arkansas River. It was in the original plans back in 1944.

When the waterway was completed, that was left off and as a result of this we now have a situation where the shippers don't have enough confidence that we are going to be able to keep it open 365 days out the year to be able to effectively use it.

We had an original investment in that waterway of \$1.5 billion. That is up to now over \$4 billion. I look at that as an investment we want to protect.

So I think we need to move on a lot of these things and not study these things to death. And hopefully we can proceed on and adopt a plan.

Mr. Chairman, I applaud you for holding this hearing.

[Mr. Inhofe's prepared statement follows:]

STATEMENT OF HON. JAMES M. INHOF

Thank you Mr. Chairman. Although I was unable to attend the hearing last week on the proposed Corps of Engineers reorganization plan, I understand that several of the same concerns were expressed by all the witnesses. First, input from Corps partners was not asked for. Secondly Corps selection criteria for division and technical center sites was not followed. Third, Geographic regions, such as the Great Lakes, are not sufficiently represented. Finally, geographic boundaries of new divisions tend to ignore unique regional concerns. I look forward to discussing these and other concerns with the corps.

On balance, I believe this current proposal is far superior to the first plan. In the last three days, I have had the opportunity to view first hand the superior technical capabilities of the Tulsa Corps of Engineers Office. As you may have heard, Texas and Oklahoma have been on the receiving end of tornados and torrential rains. However, due to the technical expertise of the Tulsa Corps office, Tulsa has not experienced severe flooding which would normally accompany this type of weather. The Corps successfully controlled the release of discharge from Keystone Lake to 110,000 cubic feet per second which brought the discharge within inches of a disastrous flood.

This excellent example of precision engineering is a clear illustration of why Tulsa was selected as a proposed site for a technical center. When keystone lake was built, I remember the Corps telling us that there would come a time when they would be able to control the lake in such a way so as to protect Tulsa. This goal has been achieved and it is due solely to the outstanding skill and knowledge of the Tulsa office.

However, there are several disturbing aspects of the proposed plan that I hope our witness will address. For instance, it has been suggested that the "main function of the review and approval process is to evaluate a project to try and kill it—not to try to make it work." Mr. Chairman, I can testify to this first hand. Over the last four years, I have been working with local sponsors and the Corps on a project on the McClellan-Kerr navigation system. The project, a lock and dam at Montgomery Point, was initially planned when the McClellan-Kerr navigation system was authorized in 1944. However, at the time of construction, the Montgomery Point Lock and Dam was not included. Since that time, the waterway has changed dramatically. The unanticipated low water levels and high sediment build-up at the confluence of the Mississippi River has resulted in an average of 42 days per year when navigation on the system is restricted.

Not surprisingly, the confidence of the shippers on the McClellan-Kerr has been eroded which has resulted in a steady decline of tonnage shipped. The Federal Government has already invested \$1.2 billion in the McClellan-Kerr and since construction there has been additional public and private investments of \$3.5 billion.

Although, the local Corps engineers support the project and believe it is necessary to preserve and protect the Federal Government's investment, the Washington headquarters has consistently delayed the project by requiring additional study. The longer we delay this project, the cost will increase and the confidence of the system will decrease. This will result in a negative cost/benefit ratio which will mean the economic justification for the project will not be there. Consequently, the public and private investment along the waterway will suffer and jobs will be lost.

As I understand the pending proposal, one layer of review has been eliminated. However, projects will still go through review in Washington. I fully support a vigorous review process and believe that Washington has an important role to play in the review process, but a process that is designed to kill projects by requiring non-sensical studies does not serve anyone well.

Again, thank you Mr. Chairman and I look forward to a productive and informative hearing.

Mr. BORSKI. The Chair would recognize the gentleman from West Virginia, Mr. Wise.

Mr. WISE. Mr. Chairman, I thank you.

Mr. BORSKI. The gentleman from New York.

Mr. QUINN. Thank you.

Mr. Chairman, I appreciate the opportunity to be here today.

Dr. Dickey, we thank you for testifying today. I have been active in the issue of Corps reorganization even before I became a Member of Congress in January. In fact, I testified last week with a representative from New York Governor Mario Cuomo's office and have written Secretary Aspin expressing my opposition to the proposed plan.

I have offered proposals to minimize the adverse economic and environmental impacts of the reorganization and I will be happy to make those available to you or Secretary Aspin. I believe there is a flaw, primarily with this plan. The Corps is top heavy.

The proposed plan laid out before us focuses on cutting in the field where Corps resources are most needed. Consequently, the reorganization plan fails to significantly cut or restructure the bureaucracy here in Washington, DC.

In proposing large field cuts, which for me specifically means in Buffalo, New York, the plan does not address the needs of the Great Lakes Basin and further ignores the harsh economic impact upon our local communities, like the City of Buffalo.

I have proposed establishing an additional technical center to be located in Buffalo. A tech center in Buffalo would offset the losses both in New York State and in the City of Buffalo that the results of the reorganization would impose. The proposal would ensure that the Great Lakes do not suffer and the local economy does not suffer as well.

I look forward to the testimony and questions further on.

[The statement of Mr. Quinn follows:]

OPENING STATEMENT OF HON. JACK QUINN

Thank you Mr. Chairman, I appreciate the opportunity to be here today. Dr. Dickey, thank you for being here today. I have been very active in this whole issue of corps reorganization even prior to becoming a Member of Congress.

I testified last week with a representative from Governor Mario Cuomo's office, and have written to Secretary Aspin expressing my opposition to this plan. In addition, I have offered my own proposals to minimize to some of the adverse environ-

mental and economic impacts of reorganization. I would be happy to make that available to you and Secretary Aspin for your consideration.

Dr. Dickey, I believe the reorganization plan is flawed. It ignores one of the fundamental problems with the corps—it's top heavy. The proposed plan laid out before us focuses on cutting in the field—where corps resources are needed most. Consequently, the reorganization plan fails to significantly restructure or cut the bureaucracy here in Washington.

In proposing large field cuts, and for me specifically in Buffalo, this plan does not address the unique and dire needs of the Great Lakes basin, and further ignores the harsh economic impact upon the local communities, like the City of Buffalo.

I have proposed establishing an additional technical center in Buffalo. A tech center in Buffalo would offset some of the losses that New York and Buffalo will suffer as a result of reorganization. My proposal will help ensure that the Great Lakes do not suffer, and that our local economy does not suffer as a result of the reorganization.

Thank you Mr. Chairman.

Mr. BORSKI. The Chair recognizes the gentleman from Pennsylvania, Mr. Blackwell.

Mr. BLACKWELL. Thank you.

I would like to express my appreciation, Mr. Chairman, for all of your hard work and persistence on this serious issue. Last Thursday I voiced my concerns over several troubling aspects of this plan for the reorganization of the Army Corps of Engineers.

I expressed dismay over the fact that the Port of Philadelphia would be devastated if they were to lose the Corps' vital assistance in maintaining an extremely hazardous shipping channel.

Just as representatives from the port testified last week, I would stress that if the port suffers, the entire Delaware Valley suffers. In particular, a busy port is essential for the economic well being of a countless number of minorities and women in the region and disadvantaged residents in the City of Philadelphia.

I was hardly surprised when we received testimony from our distinguished colleagues last week from around the nation. Concern for this misguided proposal is echoed from every part of the country. A distinct pattern of questions emerged from each of our witnesses, all of whom are concerned with the common flaws in the reorganization plan.

I am confident, Mr. Chairman, as we receive testimony from our witnesses today, we will have a better picture of what the Corps actually intended to accomplish with the plan they announced last November. I am certain that they did not deliberately calculate a proposal so flawed and shortsighted that it caused confusion and concern from representatives all over the Nation.

I would once again like to stress that reorganization just for the sake of reorganization is useless and will not be tolerated. I look forward to working with our witnesses today to ensure that the grave concerns voiced in this room last week will be taken into consideration when any new plan for reorganization is considered. But I would also like to make it crystal clear that this plan, as it currently stands, is unacceptable to the Port of Philadelphia.

Whether we look at it portion by portion or the entire proposal, the message is clear. It is flawed and should not stand.

I would like to voice the concerns of my colleagues by stating that congressional consent and approval is essential before any plan for reorganization goes forward.

Once again, I would like to thank you, Mr. Chairman, for the all the hard work on this hearings.

Mr. BORSKI. The gentleman from California, Mr. Baker.

Mr. BAKER. Thank you very much.

Briefly, we have discovered now that the evil empire is gone that the military means jobs. No one wants to go out of business. The Corps doesn't want to go out of business. They are not in favor of closing their bases any more than any other people are in favor of closing military bases. However, we are going to have to close facilities if we are going to become more efficient. We simply must have some plan for reorganization just as General Motors did and just as IBM has done, and every other sector in this economy.

We are going to have to have a plan, too.

I don't like losing San Francisco. It is not in my district, but we need a Corps presence in the Bay area because of the wetlands and waterways that we have there, but I am not going to hold my breath until I turn blue.

If someone else has a presence that we can access that will be sufficient. I sympathize with your duties, Doctor. I know how difficult it is to make good budget sense and carry out an ever expanding mission at the same time. It is not just military, but development in endangered species and wetlands and we would all love to have a Corps influence in our district because we have constituents that have these problems. So I am happy that we are holding these hearings.

I know how difficult it is for each one of us that have a Corps presence to keep that presence at the same time making sure that we are leaner and meaner so that the public will once again be on the side of government instead of including us as the enemies.

Mr. BORSKI. The gentleman from West Virginia.

Mr. RAHALL. I have no statement.

Mr. BORSKI. The gentlewoman from Texas.

Ms. JOHNSON of Texas. Thank you, Mr. Chairman.

I, too, appreciate the work that has gone into the preparation for the committee and appreciate the efforts gone into the reorganization plan. However, I do have some problems. So I look forward to hearing from Dr. Dickey and General Williams.

I appreciate you being here, and I hope that you can understand and appreciate the serious concerns held by a large portion of this committee.

At a minimum, the testimony on Thursday conclusively showed that they have a lot of questions to answer. I also believe that the testimony on Thursday explicitly revealed major flaws and inaccuracies in the Corps' reorganization plan. These speak to the unclear way in which the process was carried out.

Undoubtedly what the Corps should have or could have done is to develop straightforward, articulate criteria and followed their own standards in arriving at their decisions. They should have perhaps checked with this committee and other congressional committees for review if nothing else but out of courtesy. But above all, it would have helped if they had followed their own criteria.

Such a process would have ensured that the final decisions would be at least reasonable. Had a clear-cut procedure been followed, we could argue over perhaps slight misjudgments or subjective decisions, but the process would have been anchored in accuracy. But

none of that happened, thus we are here today seeking clarifications.

Although Dallas, Texas rated higher than Vicksburg, Mississippi in determining the proposed South Central Division Site, the Corps overturned this decision because of a supposed statutory requirement concerning the Mississippi River Commission.

A quote directly from the November 1992 report says, and I quote, "Although Dallas was rated higher, Vicksburg was selected because of the legal requirement that the Mississippi River Commission be located on the Mississippi River and headed by the Division Engineer responsible for the lower Mississippi River."

Mr. Chairman and members of the subcommittee, I am not an attorney, but I looked at volume 33 of the U.S. Code, Section 646 and could not locate this requirement. I asked my staff to look at the code and they couldn't find where the code stated what the Corps concluded. So we contacted an attorney with the Congressional Research Service to get an impartial legal opinion.

Mr. Chairman, this is no small matter. This portion of the legal code was used by itself to justify the relocation from Dallas of the future Army Corps of Engineers Division Office.

On Thursday, I believe we established why Dallas is a much better site for the Corps, especially when you consider all of the related criteria set forth by the Corps themselves.

The Congressional Research Service was very prompt and professional in getting me their report.

Mr. Chairman, at this point I request consent to have the entire opinion by the American Law Division of the Congressional Research Service entered into the record.

Mr. BORSKI. Without objection, so ordered.

[The information received follows:]



Congressional Research Service • The Library of Congress • Washington, D.C. 20540-7000

May 8, 1993

TO : Hon. Eddie Bernice Johnson
Attention: Doug Mink

FROM : American Law Division

SUBJECT : U.S. Army Corps of Engineers Reorganization: The
Mississippi River Commission and Division Office Site
Selection.

You have requested that we provide our legal opinion concerning the Army Corps of Engineers' Reorganization Plan selection of Vicksburg as the Division office site for the South Central Division. The Plan refers to two reasons for the selection of the Vicksburg site: first, because of the legal requirement that the Mississippi River Commission (MRC) be located on the Mississippi River and headed by the Division Engineer responsible for the lower Mississippi River, and second, due to the Corps ongoing civil works mission in the region being centered on the Mississippi River. Your request specifically concerns the first of these two reasons; our analysis is accordingly focused on that single issue. In addition, on May 10, 1993 you forwarded us a brief issue paper concerning the Vicksburg site selection. The Corps' issue paper refers to Vicksburg being chosen "because of the unique legal situation surrounding the MRC," and contains a background paragraph citing 33 U.S.C. § 646 and referring to 33 U.S.C. § 642, 642a.

We conclude that the statutory language does not require that the South Central Division be located on the Mississippi River. In reaching that conclusion, we have reviewed and analyzed the present organizational structure of the Corps, the reorganization plan, and the MRC statutory requirements. There do not appear to be any relevant Corps regulations¹ that impact on this analysis.

¹ See generally, 33 C.F.R. Chapter II. Although not relevant to this analysis, note that 33 C.F.R. § 209.50 sets forth regulations concerning public observations of MRC meetings.

I. CORPS STRUCTURE AND REORGANIZATION PLAN

The organizational structure of the Civil Works program includes Divisions and Districts. The Divisions have jurisdiction over specified geographic areas; each is comprised of a number of Districts. The Divisions

(a) Administer the mission of the Chief of Engineers involving civil works planning, engineering, construction, operation and maintenance of facilities and related real estate matters.

(b) Command and supervise districts assigned to their control. This supervisory responsibility includes review and approval of the major plans and programs of the districts, implementation of plans and policies of the Chief of Engineers and review and control of district operations.²

As the principal planning and project implementation offices of the Corps, the Districts

(a) Prepare water resource studies in response to specific congressional resolutions.

(b) Conduct engineering design and operations and maintenance studies.

(c) Construct civil works facilities.

(d) Operate and maintain major water resource projects.

(e) Administer the laws for the protection and preservation of the navigable waters of the United States.

(f) Acquire, manage and dispose of real estate in connection with civil works functions and assigned military functions.³

The Energy and Water Development Appropriations Act of 1991 directed the Corps to submit a report on potential field organization structures.⁴ The

² U.S. ARMY CORPS OF ENGINEERS DIGEST OF WATER RESOURCES POLICIES AND AUTHORITIES 4-2.c(1). (EP 1165-2-1 February, 1989)

³ *Id.* at 4-2.c(2).

⁴ 1991 Energy and Water Development Appropriations Act, Pub. L. No. 101-514, Title I.

". . . Provided, That the Secretary of the Army, acting through the Chief of Engineers, is directed to complete the conceptual study of potential field organization structures. . . .

The history of this provision goes back to the 1990 Energy and Water Development Appropriations Act, Pub. L. No. 101-101. See H.R. Conf. Rep. No. 235, 101st Cong., 1st Sess 16 (1989): "The conferees agree with the language contained in the Senate report directing the Chief of Engineers to initiate a conceptual study of potential Corps of Engineers field organization structures. The conferees emphasize that this study is to be conceptual in nature only, and shall not recommend specific geographic changes to the existing organization nor shall the Corps make any such changes during fiscal year 1990. Any proposals made for changes in the Corps organizational structure shall be submitted to the appropriate Committees of Congress for review." See also S. Rep. No. 83, 101st Cong., 1st Sess 56 (1989): (" . . . Accordingly, the Chief of Engineers is directed to initiate a broad based conceptual study of potential field organization structures that would respond to the following: (1) alternative structures which would reduce the program costs without adversely impacting the quality of service; (2) identification of factors and criteria for shaping an optimally efficient organizational structure; (3) identification of existing constraints which would interfere with the Corps implementation of an improved field structure; and (4) those factors, criteria, constraints, and alternative structures which must be considered and addressed to best position the Corps of Engineers to address this Nation's future engineering and environmental challenges. The Committee again cautions the Chief of Engineers that this study is to be conceptual in nature only, and shall not suggest or recommend specific geographic changes to the existing organization nor shall the Corps make any such changes during the current fiscal year. After completion of the study, it is the hope and expectation that the appropriate congressional oversight committees will then work closely with the Army to decide on specific reorganization proposals.") The 1992 and 1993 Energy and Water Development Acts also contained provisions of interest. See 1992 Energy and Water Development Act, Pub. L. No. 102-104, Title I, § 110 ("None of the funds appropriated in this Act or any prior Act shall be used to close any Corps of Engineers Division or District headquarters office.") See also S. Rep. No. 80, 102d Cong., 1st Sess. 58 (1991): ("The Committee adopted an amendment providing bill language under title I, general provisions, which is self-explanatory, as follows: Section 105. None of the funds in this act may be used to recommend closure or realignment of any U.S. Army Corps of Engineers civil works office, or by the U.S. Army Corps of Engineers to terminate, merge, or substantially reduce the work force of any such office prior to the enactment by Congress of legislation authorizing such a policy.") See 1993 Energy and Water Development Act, Pub. L. No. 102-377, Title I. ("Funds are provided for. . . , except that such funds shall not be used to close any district office of the Corps of Engineers. To further a more efficient headquarters and division office structure, the Secretary may transfer not to exceed \$7,000,000 from other appropriations under this title. . . .). See also S. Rep. No. 344, 102d Cong., 2d Sess 58 (1992): (" . . . This one-time special authority is designed to facilitate the transition to a smaller, more efficient Civil Works work force that will yield greater savings in future years. In addition, this provision prohibits the use of funds herein appropriated for activities to close U.S. Army Corps of Engineers district offices."). You may also be interested in the following questions and

Corps intention was to pursue further studies and possible reorganization under procedures prescribed by the Defense Base Closure and Realignment Act of 1990 (BRAC). However, the Secretary of Defense felt that the Corps dual mission - civil and military - and differing committee jurisdictions argued in favor of separate freestanding legislation with respect to the Corp.⁵ In early 1992, the Corps began planning to restructure and published a reorganization plan.⁶

Presently, there are eleven Civil Works Divisions (Ohio River, Southwestern, Missouri River, North Pacific, South Atlantic, Lower Mississippi Valley, South Pacific, North Central, New England, North Atlantic and Pacific Ocean,). The proposed 1992 Reorganization plan calls for reducing the 11 Civil Works Divisions to six (Northeast, Southeast, West Coast, North Central, South Central, and Pacific Ocean).⁷ The new boundaries are as follows:

answers concerning organizational structure contained in the FY 1993 Energy and Water Development Appropriations Hearings:

Senator JOHNSTON. In the absence of authorizing legislation, how do you plan to use the \$5.0 million included in your 1993 budget request for reorganization activities?

Ms. DORN. The \$5.0 million in the GE account would be utilized to proceed initially with reorganization of the division headquarters offices. In the absence of specific authorizing language on reorganization, we could proceed using our existing management authorities.

Senator JOHNSTON. If Congressional authorization committees do not address this problem, how would you bring about the needed organizational changes? What options are available if Congress does not act on this issue?

Ms. DORN. We presently have existing management authorities which would allow for some reorganization and realignment of the organization. However, let me hasten to add that we understand the necessity of developing a plan acceptable to the Congress. Implementation of any reorganization plan will require congressional support through the appropriations process.

See Energy and Water Development Appropriations for Fiscal Year 1993: Hearings on H.R. 5373 Before a Subcommittee of the Senate Appropriations Committee, 102d Cong., 2d Sess. 414 (1992).

⁵ *See Energy and Water Development Appropriations for Fiscal Year 1992: Hearings on H.R. 2427 Before a Subcommittee of the Senate Appropriations Committee, 102d Cong., 1st Sess. 170, 177 (1991).*

⁶ U.S. ARMY CORPS OF ENGINEERS REORGANIZATION PLAN

⁷ The Corps intends to retain all current District offices. Of the five Divisions recommended for closing, four (all but Dallas) have District offices.

1st Division (North East Division): current New England Division and North Atlantic Division (minus Norfolk District);

2d Division (South East Division): current South Atlantic Division (plus Norfolk District);

3d Division (South Central Division): current Southwestern Division (minus Albuquerque District) and Lower Mississippi Valley Division (minus St. Louis District);⁸

4th Division (Western Division): current North Pacific Division and South Pacific Division (plus Albuquerque District);

5th Division (North Central Division): current Missouri River Division, North Central Division, and Ohio River Division (plus St. Louis District);

6th Division: current Pacific Ocean Division retained (not included in Reorganization Plan consolidation at this time).

II. THE MISSISSIPPI RIVER COMMISSION (MRC)

As you are aware, 33 U.S.C. § 645 states in part

The headquarters and general offices of said commission shall be located at some city or town on the Mississippi River, to be designated by the Secretary of the Army,

In addition, 33 U.S.C. § 642 states that the President shall appoint seven commissioners with the advice and consent of the Senate -- "three of whom shall be selected from the Engineer Corps of the Army, . . ." The President "shall designate one of the commissioners appointed from the Engineer Corps of the

The Reorganization Plan, at p. iii, states: "There will be no change in the District offices this year, other than the migration of some technical review positions out of Division offices. District-specific changes will begin in FY 94." The Plan also adds a new District headquarters in the Boston area -- thereby increasing the total number of Districts from 38 to 39. In addition, the Plan creates 15 Technical Centers and provides each of the five consolidated Divisions with Administrative Support Centers -- each located at an existing Division office. The 1993 Energy and Water Development Appropriations Act (EWDA) prohibited the use of funds to close any District offices. Interestingly, the 1992 EWDA prohibited the use of funds to close any *Division* or District offices. The legislative history of prior EWDA's indicates Congress' intent for the Corp to initiate a conceptual study with organizational structure proposals submitted to Congress for review and the enactment of authorizing legislation.

⁸ The reorganized 3d Division has seven Districts: Fort Worth, Galveston, Little Rock, Memphis, New Orleans, Tulsa, and Vicksburg.

Army to be president of the commission." Upon retirement, the President of the MRC will receive the rank, pay, and allowances of a retired Major General.⁹

The statutory mission of the MRC is to "take into consideration and to mature such plan or plans and estimates as will correct, permanently locate, and deepen the channel and protect the banks of the Mississippi River; improve and give safety and ease to the navigation thereof; prevent destructive floods; promote and facilitate commerce, trade, and the postal service;"¹⁰

The original jurisdiction of the MRC was for the improvement of the Mississippi River from the Head of the Passes near its mouth to its headwaters.¹¹ The MRC's jurisdiction was extended to include "that part of the Arkansas River between its mouth and the intersection thereof with the division line between Lincoln and Jefferson Counties, . . ."¹² The "harbor at Vicksburg, Mississippi, and the Ohio River from its mouth to the mouth of the Cache River," were also transferred to the jurisdiction of the MRC.¹³ Funds appropriated by Congress for improving the Mississippi River between Head of Passes and the mouth of the Ohio River (allotted to levees) can be expended within the limits of the extended jurisdiction.¹⁴ In addition Sec. 301 of the Water Resources Development Act of 1992 (WRDA) extended the jurisdiction of the Commission to include: (1) Terrebonne Parish, Louisiana; and (2) the area bounded by the East Atchafalaya Basin Protection Levee, the Mississippi River Levee, and Bayou Lafourche and extending from Morganza, Louisiana, to the Gulf of Mexico, insofar as such area is affected by the flood waters of the Mississippi River. The MRC's boundary extends from Cairo, Ill, to the river's mouth.¹⁵ The Corps holds out the MRC's jurisdiction as

. . . . the Mississippi River and its tributaries and outlets in its alluvial valley, so far as they are affected by Mississippi River backwater, between Head of Passes (mile 0), and Cape Girardeau, MO (1,006 miles AHP)¹⁶-

⁹ 33 U.S.C. § 642a. See also 33 U.S.C. § 702h stating that the President of the Commission shall be the executive officer and shall have the title, rank, pay, and allowances of Brigadier General while actually assigned to such duty.

¹⁰ 33 U.S.C. § 647.

¹¹ See 33 U.S.C.A. § 641 Historical Note.

¹² 33 U.S.C. § 648

¹³ 33 U.S.C. § 649.

¹⁴ 33 U.S.C. §§ 648, 650.

¹⁵ *Supra* note 1 at 4-2.d(3).

¹⁶ AHP refers to river mileage and is an abbreviation for Above Head of Passes.

Lower Mississippi mileage terminates at mile 954 AHP) and Baton Rouge, LA (234 miles AHP); and for stabilization of the lower 7 miles of the right bank of the Ohio River, to former mouth of Cache River. It is also charged with prosecution of certain flood control works on the Mississippi River and tributaries, as far as they are affected by back-water, between Cape Girardeau, MO, and Rock Island, IL (1,437 miles AHP), and with prosecution of improvements on designated tributaries and outlets below Cape Girardeau for flood control, navigation, major drainage, and related water uses.¹⁷

The New Orleans, Vicksburg, and Memphis Districts conduct the operations of the MRC below Cape Girardeau. In addition, the St. Louis and Rock Island Districts report directly to the Commission on matters concerning levee construction under § 6 of the Flood Control Act of 1928.¹⁸ The MRC and its work are funded separately from other Civil Works projects under "Mississippi River and Tributaries."

III. CONCLUSION

Although there is a statutory requirement for the MRC to be located on the Mississippi River, there does not appear to be any statutory or regulatory requirement for the Division Office site to be the same as the MRC site. In addition, the geographic jurisdiction of the South Central Division is clearly greater than that of the MRC.¹⁹ From a strictly legal perspective,²⁰ application of the statutory requirement (33 U.S.C. § 646) does not result in the legal conclusion that Dallas could not be selected as the Division office site for the South Central Division. There does not appear to be any legal barrier to the South Central Division office being located anywhere within that Division, so long as the MRC maintains headquarters and offices at some city or town on the Mississippi River. Although there may be practical reasons for locating the MRC at a Division Office site, there is no legal requirement to do so.

Insofar as the requirement that the MRC be headed by the Division Engineer responsible for the Lower Mississippi, we find no statutory or regulatory requirement for the "Division Engineer responsible for the lower

¹⁷ See ANNUAL REPORT OF THE SECRETARY OF THE ARMY ON CIVIL WORKS ACTIVITIES FOR FY 1991 at 41-1.

¹⁸ *Id.*

¹⁹ As stated earlier in this memorandum, the reorganized 3d Division consists of seven Districts; three of those districts conduct the operations of the MRC in the Division as well as two additional districts outside the Division.

²⁰ Policy and fiscal considerations are outside the scope of this memorandum.

Mississippi River²¹ to head the MRC. Although the President may choose to designate that person as a Commissioner and President of the Commission, it is not a statutory mandate; the President may designate any one of the three Army Corps appointees as President of the Commission. Under the Reorganization, the new 3d Division (South Central Division) will consist of both the current Lower Mississippi Valley Division (minus St. Louis District) and the current Southwestern Division (minus Albuquerque District). Presumably, there will no longer be a Lower Mississippi Valley Division Engineer but a South Central Division Engineer with broader geographic jurisdiction.²²

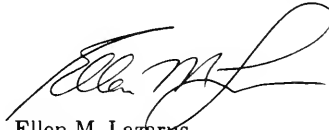
You have also inquired why Atlanta had no competition for selection as a Division office while the other sites competed with at least one other site. The answer to that question appears to be based on the Corps Reorganization Plan recommendation to close five Division office sites (Chicago, Dallas, New York, Omaha, and San Francisco). In restructuring its consolidated Divisions, the Corps selected five existing Division office sites -- Boston, Atlanta, Cincinnati, Vicksburg, and Portland -- as the five Division headquarters. Four of the five consolidated Divisions contained more than one Division site; the Corps developed site selection criteria to choose between these sites.²³

²¹ This quote is taken from the Corps justification for Division office site selections. We assume that reference to the "Division Engineer responsible for the lower Mississippi River" is intended to mean the Lower Mississippi Valley Division Engineer.

²² 33 U.S.C. § 646 requires the headquarters and general offices of the MRC to be located at some city or town on the Mississippi River. Meetings of the MRC must be held at the headquarters except for those held on Government boats during semiannual inspection trips. However, there is no statutory requirement that the President of the Commission be permanently located at such headquarters.

²³ In the 2d Division, Atlanta was the only Division office. In the 1st Division, Boston/Waltham scored 6 and New York 5. In the 4th and 5th Divisions, each of the sites tied with their competition; selection was made by weighing criteria or applying additional criteria. Portland and San Francisco were tied in the 4th Division; the Corps selected Portland based on giving the cost of living criterion greater weight than the engineering school criterion. Omaha, Cincinnati, and Chicago were tied in the 5th Division; the Corps selected Cincinnati based primarily on its proximity to large civil works workload. These additional factors, however, were considered in instances in which sites "tied," in the 3d Division, Dallas had 2 more points than Vicksburg.

If we can offer you any additional assistance, please feel free to contact me at 707-2433.

A handwritten signature in black ink, appearing to read "Ellen M. Lazarus". The signature is fluid and cursive, with a large, sweeping initial "E" and "L".

Ellen M. Lazarus
Legislative Attorney

Ms. JOHNSON of Texas. In short, this legal opinion finds absolutely nothing in the law that remotely required that the division headquarters be located adjacent to the Mississippi River. Because there was still the possibility that perhaps I, my staff, and the attorneys may have overlooked something, we went ahead and contacted the Corps to see if we could gain their understanding of this supposed legal requirement. But the Corps had no information supporting their conclusion concerning the Mississippi River Commission.

In fact, after they issued their report, they apparently received so many internal questions regarding their misstatement about the Mississippi River Commission that they were forced to issue a statement clarifying what they meant to say. This alleged clarification, which is also addressed by the CRS legal opinion, is not based on the reality of what the Corps' legal requirements are.

Despite what the Corps claims and as the legal documentation I have submitted supports, the jurisdiction of the division offices is much broader than the Mississippi River Commission. Therefore, there is no good reason to require that the division office be located adjacent to the Mississippi River Commission, and there is certainly no legal requirement to do so.

Mr. Chairman, I hope that the gentlemen before us have had an opportunity to review the statements of the members of this committee and of the witnesses that appeared before us this past Thursday. If they had truly heard the concerns and the analyses presented on Thursday, I believe that they are here today to educate us on their rationale for their recommendations. There must be something we have all missed, because they are here apparently in strong defense of the process used and the conclusions reflected in the plan.

Clearly it has been pointed out that as far as all the areas in which they mention as criteria, Dallas is far superior in every one of them. I look forward to a question period.

Thank you.

Mr. BORSKI. The Chair thanks the gentlewoman.

The gentleman from New Hampshire.

Mr. ZELIFF. In the interest of time, I ask unanimous content to enter my full statement in the record.

I must say that in New Hampshire, we have enjoyed a good relationship with the Corps and look forward to that continuing. Downsizing is not an easy process.

[The statement of Mr. Zeliff follows:]

STATEMENT OF HON. WILLIAM H. ZELIFF, JR.

Mr. Chairman, I want to thank you for calling the Subcommittee together for this second day of hearings on the proposed reorganization plan for the Army Corps of Engineers. I am eager to hear the testimony of the Acting Assistant Secretary of the Army for Civil Works, G. Edward Dickey, and Lt. General Arthur Williams, Commander, US Army Corps of Engineers on the background and details of the plan.

Mr. Chairman, we heard compelling testimony last week regarding the problems associated with the Corps' latest effort at downsizing, and yet there was general agreement that such downsizing is both needed and warranted.

I believe there is no questioning the fact that we need to adjust the force structure of the Corps to meet our changing military and civilian needs. I hope that as we do so, however, we consider every possible opportunity to limit the economic impact of this plan and other Department of Defense downsizing initiatives.

The Corps used a number of criteria in shaping its reorganization plan and determining site selection. We will no doubt hear an in-depth discussion of these in the testimony being presented today.

However, I would like to offer a suggestion in the context of the criteria used for site selection: the proximity of recently closed military bases. As you know, the wave of base closures that has swept across the country has left a wake of economic hardship in its path. The Corps, through the reorganization plan, could help to mitigate the economic damage caused by the closures to some degree by examining the feasibility of using former bases as sites for new Corps facilities.

In my own district, the former Air Force base at Pease would in my view offer a prime location for a new Corps of Engineers facility. The other site selection criteria used by the Corps are sensible and should be met, but I also believe that it is entirely reasonable to consider the proximity of a recently closed base when seeking to locate a new facility.

I would like to pursue this question with you further later in the hearing.

Thank you, Mr. Chairman.

Mr. BORSKI. The gentleman from Michigan, Mr. Barcia.

Mr. BARCIA. Thank you very much, Mr. Chairman.

I would like to express my gratitude to you, Mr. Chairman, for holding these hearings and giving the members of this committee the opportunity to look at this very important issue.

I would like to thank our witnesses, Secretary Dickey and Lieutenant General Williams, for joining us to answer our questions and also the previous gentleman's remarks in saying that I too have enjoyed a long and I think a very good working relationship with the Corps of Engineers having been a state legislator from the thumb region of Michigan for the past 16 years and currently in the Fifth Congressional District representing between 600 and 700 miles of Great Lakes shoreline on Lake Huron.

I would like to begin my statement by saying our hearing notes for today stated that this hearing would focus on four major issues: the rationale for reorganization; the process used for developing of the plan; the criteria upon which the closings and downsizing were based; and fourthly, the plan's impact on the Corps' ability to meet its mission, to do the job which the Congress has authorized and funded it to do.

Coincidentally, Mr. Chairman, this happens to correspond directly with the areas that cause me serious concern about the reorganization plan.

On the plus side, let me say that I agree with the basic commitment to fiscal responsibility which gave rise to this reorganization plan and even downsizing of the Army Corps of Engineers. In this time when we are trying to make government run smoothly with the smallest amount of resources, we all must be willing to sacrifice.

Mr. Chairman, because the Great Lakes are such a significant and unique resource, I question the rationale behind placing the Great Lakes region between the same North Central Division of the Corps as portions of Montana, Kentucky, and Nebraska.

While it would seem that the other divisions of the country would have at least some corresponding interest, I am hard pressed to find any similarity between the needs of such cities as Saginaw, Tawas and Bay City, Michigan and the Cities of Great Falls, Montana, Louisville Kentucky, Omaha Nebraska, and Pittsburgh, Pennsylvania.

My second concern refers to the process of Corps reorganization.

Although I was not here last year Mr. Chairman, I wonder if the Congress was involved enough in the process of developing the plan. Since the Congress has legislatively instructed the Corps not to close down any district offices, can we believe that the process was true to congressional intent when this plan guts every Great Lakes basin office?

Further, I agree wholeheartedly with my colleague, the gentleman from Michigan who has criticized this plan for not having a regional approach. It is my understanding that the three Great Lakes Basin Offices, Chicago, Detroit and Buffalo, will lose significant responsibilities and will only retain simple regulatory and management functions. This will consist of mere oversight of programs which have been designed by other Corps offices. Of these other offices, the nearest technical centers are well beyond the Great Lakes boundary.

I question the criteria upon which the closings and downsizing were based. There are serious misgivings regarding the accuracy of cost estimates in the reorganization, which I assume was one of the criteria used.

It has become clear that our Federal agencies must work closely together if they are to manage our natural resources in a cost-effective manner. I question whether it will be cost effective not to have anyone within the Great Lakes Basin with the ability to design projects for or review environmental impact on the Great Lakes.

I wonder if the Great Lakes Basin was even considered when the Corps designed the new North Central Division. I cannot identify in the plan whether there will be one office in this Nation which would have the capability to serve as a central point for Great Lakes issues.

This leads me to our last major issue for today's hearing which is directly related to the other three. Given the questionable rationale, process, and criteria for this reorganization plan, I wonder how the Corps can continue to meet its mission for the Great Lakes when it seems that its functions such as infrastructure maintenance, navigational dredging, sediment management and support in managing lake level fluctuations will be totally decentralized.

Mr. Chairman, the viability of our Great Lakes appropriately referred to as our fourth sea coast is one of this Nation's most significant responsibilities. They represent the largest fresh water system in the world and 95 percent of our Nation's surface fresh water. This is an extremely vital system, but is a fragile environmental and recreational resource which supports diverse plant and animal life.

The lakes support thousands, perhaps millions of jobs and support more tonnage in interlake shipments than the Panama Canal. The Great Lakes region supports the production and processing of 60 percent of U.S. agricultural commodities and over half the Nation's manufacturing base.

I cannot see, Mr. Chairman, how we can have competent management of the Corps' mission in our region under the current reorganization plan and I will oppose it until such presence can be guaranteed.

I would like to thank you for your indulgence and letting me share that opening statement.

[The statement of Mr. Barcia follows:]

STATEMENT OF CONGRESSMAN JAMES A. BARCIA

I would like to thank you once again Mr. Chairman, for holding these hearings and giving members of the committee the opportunity to look at this very important issue. I would also like to thank our witnesses, Secretary Dickey, and Lt. General Williams for joining us to answer our questions.

Our hearing notice for today stated that this hearing would focus on four major issues: (1) The rationale for reorganization, (2) The process used for developing the plan, (3) The criteria upon which the closings and downsizings were based, and, (4) The plan's impact on the Corps' ability to meet its mission, to do the job which the Congress has authorized and funded it to do. Coincidentally, Mr. Chairman, these happen to correspond directly with the areas that cause me serious concern about the reorganization.

On the plus side, let me say that I agree with the basic commitment to fiscal responsibility which gave rise to a reorganization, and even downsizing, of the Army Corps of Engineers. In this time when we are trying to make Government run smoothly with the smallest possible amount of resources, we all must be willing to sacrifice.

Mr. Chairman, because the Great Lakes are such a significant and unique resource, I question the rationale behind placing the Great Lakes region within the same North Central Division of the Corps as portions of Montana, Kentucky and Nebraska. While it would seem that the other divisions of the country would have at least some corresponding interests, I am hard pressed to find any similarity between the needs of such cities as Saginaw, Tawas and Bay City, Michigan, and the cities of Great Falls, Montana, Louisville, Kentucky, Omaha, Nebraska and Pittsburgh, Pennsylvania.

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Further, I agree wholeheartedly with my colleague, the gentlewoman from Michigan, who has criticized this plan for not having a regional approach. It is my understanding that the three Great Lakes Basin offices, Chicago, Detroit and Buffalo, will lose significant responsibilities, and will only retain simple regulatory and operational management functions. This will consist of mere oversight of programs which have been designed by other Corps offices. Of these other offices, the nearest technical centers are well beyond the Great Lakes Basin boundary.

Third, I join other members in questioning the criteria upon which the closings and downsizings were based. There are serious misgivings regarding the accuracy of cost estimates in the reorganization, which I assume was one of the criteria used. It has become clear that our Federal agencies must work closely together if they are to manage our natural resources in a cost effective manner. I question whether it will be cost effective not to have anyone within the Great Lakes Basin with the ability to design projects for, or review environmental impact on, the Great Lakes. I wonder if the Great Lakes Basin was even considered when the Corps designed the new North Central Division. I can not identify in the plan whether there will be one office in this nation which would have the capability to serve as a central point for Great Lakes issues.

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Mr. Chairman, the viability of our Great Lakes, appropriately referred to as our fourth sea coast, is one of this Nation's most significant responsibilities. They represent the largest fresh water system in the world and 95 percent of our Nation's surface fresh water. This is an extremely vital system, but is a fragile environmental and recreational resource which supports diverse plant and animal life.

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rent reorganization plan, and I will oppose it until such a presence can be guaranteed.

Mr. BORSKI. Do other Members desire recognition?

The gentleman from Texas?

Mr. LAUGHLIN. Thank you, Mr. Chairman.

General Williams, as you can hear from these opening statements, there is a lot of concern and as I am a member of this full committee, I hope that at the conclusion of these hearings, that we do see either a reorganized plan or a support for this plan. We will see support and logic justifying the location of particular offices and someone with your background and the staff that you have, we will be able to see that, but it doesn't make sense to Members to have substantial Corps work in a area of our country and an office be located several hundred miles away, whether it is in the same State or a different State.

I am hopeful, as a member of the committee, that we will see that the Corps is understanding the mission and the work that has to be done by the Corps offices will have some proximity to the work that has to be done.

Thank you.

Mr. BORSKI. On our first panel, we will welcome Dr. G. Edward Dickey, Acting Assistant Secretary of the Army, and Lieutenant General Arthur E. Williams, Commander of the U.S. Army Corps of Engineers.

Before I swear you in, General Williams, let me particularly thank you. I understand that you had to rearrange your schedule on several different occasions to be with us today and we appreciate you having done so.

Let me ask you please to rise and raise your right hand.

[Witnesses sworn.]

Mr. BORSKI. Dr. Dickey.

TESTIMONY OF DR. G. EDWARD DICKEY, ACTING ASSISTANT SECRETARY OF THE ARMY FOR CIVIL WORKS, AND LT. GEN. ARTHUR E. WILLIAMS, COMMANDER, U.S. ARMY CORPS OF ENGINEERS

Dr. DICKEY. Thank you very much, Mr. Chairman and members of the committee.

I am pleased to be here to discuss the proposed reorganization plan of the Corps of Engineers that was announced last November. In accordance with your invitation, I will address the current status of and the reasons for the Corps' proposed reorganization. I will then summarize the events leading up to the proposed reorganization plan, and the process and criteria that were used to develop the plan.

General Williams will address specifically the contents of the reorganization plan and the other issues identified in your letter.

With your indulgence, Mr. Chairman, I will go quickly through my statement, but I would ask that it be included in the record; the Corps' reorganization plan itself.

Mr. BORSKI. Without objection.

Let me remind you, if I may, that your entire statements will be part of the record and you may proceed in any manner in which you feel comfortable.

Dr. DICKEY. The proposed reorganization of the Corps of Engineers is on hold at the direction of the President until the Secretary of Defense has reviewed the plan. In putting the plan on hold, the President acknowledged the Corps as an important national civil engineers resource that must be organized to meet the Nation's future challenges.

On March 15, in response to a question from a member of the Base Realignment and Closure Commission, Secretary of Defense Les Aspin stated that he recognized the need to realign the Corps and that he intended to develop a proposal over the next couple of months.

In the interim, the Corps is operating under a freeze on the hiring of permanent civil works employees in order to stay within its current funding levels and personnel ceilings. Consistent with the current status of the reorganization plan, the fiscal year 1994 budget, which I testified to last week, contains no funds for reorganization.

Let me turn briefly to the question for the need for the Corps to reorganize. It is something that has been recognized for many years. It stems from a long time decline in the number of new civil works projects. For example, since 1962, the Corps' engineering construction work load has declined by nearly 40 percent in constant dollars.

Now in recent years, the Civil Works program has been relatively constant in real terms. So it has really been from the civil works perspective a number of years that reorganization has been required.

Moreover, it is important to reduce the costs of managing the Corps and particularly the costs of overhead that are charged to project sponsors. This has been a particular issue since 1986.

Thirdly we have severe work load imbalances among districts that result in very large variations in project overhead costs and finally we have very large fluctuations. When you have just a few projects in each district, you have the work load fluctuating enormously as you go through the planning, construction, and then operational status, and that creates a tremendous management problem for individual districts in terms of hiring and training and providing meaningful work for a skilled professional work force, which I think we all would agree characterize the Corps of Engineers.

I would also point out to improve the way the government works is an important element of the President's long-term economic plan as described in the Vision of the Change for America.

The President has taken a number of direct actions to reduce the size and cost of government. He has issued specifically two Executive Orders that will have significant impact on the Corps as well as other agencies.

Executive Order 12839 requires the Federal civilian work force to be reduced by 100,000 by the end of fiscal year 1995 with at least 10 percent of that reduction coming from the ranks of management.

Executive Order 12837 requires the government to reduce the administrative cost by at least 14 percent over the next four years.

Implementation of these two Executive Orders will require the Corps to reduce its current work force by about 1,100 full-time equivalent work years by the end of 1995 and to reduce administrative costs by some \$27 million by the end of 1997. Such reductions can be made either in a random fashion, such as not filling vacancies as they occur, or using a managed approach to achieve the reductions.

I think that we would all agree that the latter approach, i.e., managed reductions, is the better one.

Let me turn briefly just to the history of the recent reorganization efforts. Back in 1989, the Congress in the reports accompanying the Energy and Water Appropriations Act, noted the need for the Corps to develop a plan.

The fiscal year 1991 Energy and Water Development Appropriations Act directed the Corps to conduct a broad-based conceptual study of potential field organizational structure and identify factors and criteria for shaping an efficient organization.

Reflecting the concern of Congress about the very issue which we will focus on today, and that is the site selection, the Congress was very clear in this report that it asked to be developed that it not address geography but conceptual organizations and that was reported in the Bayley Report and was provided to Congress.

In transmitting that report, the Army informed the concerned committees which included, of course, the Authorization and Appropriations Committees, the follow-on effort would be included in the BRAC process. Those of you who have been around know that the Bayley Report was indeed the basis of the BRAC recommendations, which ultimately, although the Congress accepted the BRAC passage, subsequent legislation removed the Corps part of that proposal from the BRAC authority.

So the BRAC, the so-called BRAC plan, went off the screen, and yet we learned a lot from that plan which carried over in this most recent effort.

Indeed, the Corps embarked on the development of a plan and that is discussed briefly in my statement. I won't dwell on that, but I would point out that the President's budget for fiscal year 1993 requested funding to initiate implementation of Corps headquarters and division reorganization.

In her testimony in early 1992 before both the House and Senate Appropriations Subcommittees on Energy and Water Development, the former Assistant Secretary of the Army for Civil Works, Nancy P. Dorn, emphasized the pressing need to reorganize the Corps and in her March 11, 1992, testimony before the Subcommittee on Water Resources of the House Committee on Public Works and Transportation, Assistant Secretary Dorn further addressed the need for restructuring the Corps and outlined the principles to guide reorganization.

Those principles were to increase cost-effectiveness, enhance technical expertise, enhance flexibility, and finally to improve management effectiveness.

The Energy and Water Development Appropriations Act for fiscal year 1993 reduced the Corps' general expenses request to the 1992 appropriated level. Congress did this—that is reduced the general expense funding level over the President—below the President's re-

quest, in an effort to hold constant the government-wide salary accounts. And as a result of that, the funding, which the Corps has now for fiscal year 1993, is not at a level to support the 1992 level.

As a consequence of that, we have had to make adjustments in the level of our staffing in headquarters by some 7 percent this year. We have reduced the staff.

But moreover, going back to the Appropriations Act, the Congress anticipated that the Corps would be implementing a reorganization plan during fiscal year 1993 by providing authority to transfer funds from other appropriation accounts to finance headquarters and division reorganization.

It did, however, also preclude the expenditure of any 1993 money to close any district office. The suggestions, recommendations, and analyses that resulted from prior studies were reviewed and considered at length in a series of reorganization meetings that the Corps held with the Army secretariat that culminated in the development of our plan in the fall of 1992, and that is the plan which was announced in November of 1992 and the plan which is now on hold.

In developing that plan, a number of organizational structures were considered without reference to the geographic location of the organized offices and functions. And again the alternatives were based on how well they addressed the criteria that Secretary Dorn outlined.

Once a recommended plan was adopted, it was considered to be important that it be implemented expeditiously because the funding was again not available in fiscal year 1993 to support the then on-board staff of the headquarters.

But, of course, in November as the plan was finished up, it was clear that the administration was going to change and, therefore, implementation of the plan, which originally was intended to be implemented in the fall of 1992, was put off until February to allow the new administration an opportunity to review that proposed plan.

I might also point out that when the plan was announced, it was envisioned that reorganization would begin in 1993, and then funding for completion of the headquarters and division part of the reorganization would follow on and then ultimately funding of district reorganization would also be budgeted in future years.

The proposed plan was anticipated to result in a stronger Army Corps of Engineers reflecting the structural efficiency made possible by today's communications technology and organized with flexibility necessary to accommodate change without sacrificing quality.

As to the impact of this proposed plan on Corps' interactions with its customers, the public, and other Federal and State agencies, these customers were to benefit from a more responsive, more efficient Corps that would provide services at lower costs.

Mr. Chairman, this concludes my statement. General Williams will make his and then we will address your questions.

Mr. BORSKI. General Williams.

General WILLIAMS. Mr. Chairman, and members of the subcommittee, I am Lieutenant General Arthur Williams, Chief of the U.S. Army Corps of Engineers. I am pleased to be here today to

provide testimony on the proposed Corps reorganization plan which, as Dr. Dickey said, was announced in November of 1992.

As Chief of Engineers I have overall responsibility for the execution of all the Corps' civil works which includes the regulatory program, planning, construction, operating and maintaining our Nation's water resources projects which are authorized by Congress and I have the overall responsibility for the engineering and construction—military construction program for the Army and 80 percent of the Air Force design and construction program.

Our annual program for all of these missions is currently about \$11 billion. Of that \$11 billion, about \$4 billion is related to civil works. About \$6.5 billion is for the Military Construction program, which is outlined, and \$0.5 billion is reimbursable work that we do for other Federal agencies.

To make the best use of the tax dollars we spend, we need an efficient and flexible organization. The present 1940 vintage structure of the Corps is not what we need today or in the future.

Mr. Chairman, I strongly believe the Corps must reorganize.

As a result of the process that Dr. Dickey has just described, the reorganization plan was developed. The November 1992, proposed plan recognizes that by making use of modern communication technology and other techniques, we can create a smaller and more efficient Corps without sacrificing the quality of our products.

The new organization would retain a strong technical work force and could be operated with lower overhead costs and could allow for faster reviews and approvals. It would have the flexibility to respond to changing work loads and missions well into the 21st century.

The proposed plan calls for closing some division offices and reducing functions at some districts, but all existing 38 districts remain open. Certain aspects of how we do business would also change.

I would like to make a few brief remarks about our site selection criteria. Once we decided on the general structure of the new organization, that is fewer divisions and consolidation of some technical functions plus consolidation of some administrative functions, we went about an orderly process of selecting which cities could host the offices in the reorganized Corps.

Among the first proposals adopted by the workshop participants was that all sites must be existing divisional office sites and that all sites to be considered for technical centers must be existing district sites.

We then ranked the eligible cities within the boundaries for each new division to identify the optimum location for the division office. Cities were ranked on three primary criteria. One, the cost of doing business in each site, the availability of higher quality—the availability of quality higher education in each area, and the ease of transportation to and from each current office site.

In two cases where cities within a reorganized division were ranked equally based on the three primary criteria, the workshop participants selected the site which in their judgment was the best. The same three ranking criteria were used in identifying locations for the fifteen technical centers. In cases where districts within the same reorganized division were tied based on the three primary cri-

teria, the approximate number of technical personnel at the district offices was used as a tie-breaking criteria.

Additionally, there were other instances where judgment modified conclusions that would have been reached based on strict adherence to the criteria.

Our proposed plan would close five current division offices. Those are in Chicago, Dallas, New York, Omaha and San Francisco. The geographic responsibilities now discharged by those offices would be consolidated with current division offices located in Atlanta, the Boston area, Cincinnati, Portland and Vicksburg.

The Corps would also consolidate planning, engineering, and real estate functions into technical centers co-located with some of our districts. There would be fifteen technical centers that would perform civil works functions. Ten of those fifteen would also serve as technical centers for military construction programs.

I have enclosed a map that shows the location of these technical centers and the division offices.

The proposed plan would create five consolidated administrative centers. These centers could carry out personnel and information management functions. They would be staffed primarily with personnel from district offices, although division personnel would also contribute to their staffing.

The locations of these centers are illustrated on the map that I have included for the record.

To assure continued flexibility to handle new missions and evolved work load related to domestic infrastructure, all of the current district office would retain responsibility for the project management and the construction.

In addition, all the districts would retain their district engineer who is the decision maker. They retain all their ongoing project operations. They retain all their regulatory responsibilities. There are no field or project offices affected, such as our reservoir and locks and dams sites. They would not be affected, nor would any of our construction offices be affected, nor would any of our emergency operation offices be affected.

Concurrently with the reorganization, we would execute a major change in the way the Corps does business. Projects would continue to be managed from their current districts, but the technical work would be done at one of the technical centers. All project review responsibilities would be removed from the Division offices, thereby eliminating one level of review.

Technical review would be performed at the district level through peer review at a different technical center. Policy review would be performed only at the Washington level at a consolidated and newly created central review center.

Currently the policy review is performed at both divisions and our headquarters, and thus we have two layers of policy review.

The funding made available to the Corps in the fiscal year 1993 appropriations, as well as the personnel ceilings established by the administration, mandate the Corps to make personnel reductions. With the proposed reorganization plan, these reductions could be made in a manner that leaves an organization that is fully capable of meeting its current and future missions, has a greater depth of

expertise nationwide, and one that has greater flexibility in responding to its fluctuating work load.

The proposed plan is estimated to save the equivalent of 2,600 full-time positions compared to our fiscal year 1991 staffing levels. Of these, about 2,000 are civil funded. Once in place, the proposed plan would reduce the Corps cost by an estimated \$115 million annually compared to the fiscal year 1991 level.

This included savings of \$94 million annually in civil funds.

I emphasize that this proposed reorganization plan is divided into two phases. The headquarters and division phase we have called phase one, for which partial funding was appropriated by the Congress in our fiscal year 1993 appropriation; and the district phase, which we have called phase two, for which no funds have been requested or appropriated.

We have always intended to consult with Congress prior to implementing the district phase.

Reorganization of only the Corps headquarters and division, or phase one as we call it, could achieve significant annual savings by increasing productivity and decreasing overhead. This phase could be implemented independently from the district phase, or phase two as we call it.

Two important aspects of any reorganization plan are its impacts on employees and its customers. Extra efforts have been made, and will continue to be made, to ensure that every affected Corps employee is treated fairly under the civil service and army personnel rules and is aware of employment rights and options.

We have already produced and distributed two publications to each Corps member, one pamphlet entitled "Why Reorganize" was mailed to all 40,000 civilian employees to their home address. We also produced a booklet entitled "You, the Corps, and the Future: Employment Options Under Reorganization." That pamphlet, which I have copies of, was also made available to every Corps employee.

Our customers would benefit after reorganization from a more efficient and flexible Corps. Customers would continue to deal with the district offices they currently use to discuss the planning, the construction, the operation of a project or to inquire about the dredge and fill permits.

In summary, we have a plan that meets the criteria and objectives we set. We are working with Secretary Aspin's staff to gain approval of our proposed plan. It positions the Corps for its current mission and allows flexibility to better address new missions, should they evolve. This will be a more efficient Corps that better utilizes the tax dollars appropriated to us.

We can accomplish this reorganization without adversely impacting our service to the customers and with minimum impact on the lives of our current employees.

Mr. Chairman, that concludes my statement and I will try my best to answer your questions.

Mr. BORSKI. Thank you, sir.

One of the issues that has arisen in the reorganization debate is what the proper relationship should be between headquarters and field offices. Could you each please briefly describe your experience in headquarters and the field for the record?

Dr. DICKEY. Let me start.

Mr. Chairman, basically, the function of the headquarters from the Secretary's Office is to promulgate the policy which the Secretary's Office, of course, is responsible for developing, to enforce that policy, if you will, through the review process and also to perform the management functions in terms of the allocation of both personnel and financial resources and to ensure that the districts who are, of course, the executors of the mission, they are the ones that actually do the planning, that do the design, that do the construction and indeed where the Corps continues to operate, to prioritize projects to ensure that all of those things are carried out in accordance with the regulations and laws which govern the administration of civil works program.

Mr. BORSKI. Dr. Dickey, if I may, what I am trying to find out is your experience in the field and in headquarters. Do you have particular experience in the field as well as headquarters?

Dr. DICKEY. I have never been any place but the Secretary's Office.

General WILLIAMS. Yes, sir, let me start to answer your last question with regards to my personal experience.

I have been in the Army 30 years; the first half of my career with Army Troop Engineer Units, the last 15 years with the Army Corps of Engineers, the command that we are addressing today. I have been in two districts.

I have commanded one of the districts. I have commanded two of the divisions. I have had four different jobs in the headquarters' Civil Works-Military programs. I have been the Director of Civil Works and of course my current job. I have had some experience at district, division, and headquarters level.

In regards to the responsibilities or the functions of the three levels of management—headquarters, division, and district offices—I would start out by saying that we look at ourselves as centralizing policy and decentralizing execution.

Policy emanates at the headquarters and the Washington level. Resources are allocated at the headquarters to the Divisions, the Divisions then looks at the work load, reallocates those resources and brings together a program from a regional perspective and provides the command and control of the districts and the districts are the people that execute.

The districts are the people that do the design, and the construction and the operation of our projects and the districts are the people that we look to to interface with our customers and the American public.

Mr. BORSKI. Thank you, General.

General, some critics have dubbed the reorganization plan a bottom-up plan, because very few personnel at headquarters level would be affected by reorganization. Why are so many positions eliminated in the field when so few are eliminated at headquarters?

General WILLIAMS. I don't think that that is a correct statement, sir, based on the numbers that I have. In the reorganization plan, about 10 percent reduction in general expense funding occurs at the Headquarters, whereas if you look at the entire Corps of Engineers and the reorganization plan and the general expense funding,

that is a separate funding that takes care of people at the division headquarters, dealing with civil works; and at the Headquarters, it is about 7 percent.

If you also look at the headquarters, Corps of Engineers, in regards to reduction in people that have occurred in the recent years, there have been several initiatives that have impacted the headquarters starting with 1988. We have gone through a Department of the Army Vanguard initiative that looked at the headquarters. We have gone through the defense management review decisions that have impacted the headquarters. We have taken actions within our own authorities to reduce the headquarters.

So if you look at the number of people that were on board in 1988 versus the 1992 time frame, there are about 600, almost 700 people that have been reduced in the headquarters. So let me see if I can provide some additional comments for you. It is a very important point, a very important point, because I don't think that it is understood clearly.

Dr. Dickey talked about the amount of funds that were appropriated to the Corps in 1993 for our general expense account, or GE, as we call it. Those funds pay for people at headquarters and the division offices that are involved with civil works programs. The general expense manpower decreases due to GE funds' decreasing. If you tally that up for fiscal years 1992, 1993 and 1994, to include the cuts we are going to have to take, there is a total reduction of 142 full-time equivalent spaces. Of those, 53 (or 40 percent) are from the headquarters, but the headquarters only represents 32 percent of the GE spaces. To be more specific in regards to headquarters manpower level reductions between fiscal year 1988 and today, the staffing level in the Washington Metropolitan area has dropped from 2,709 to 2,035, a decrease of 674 spaces. This occurred for those reasons that I gave before, for the Defense Management Review decisions, Army Vanguard management review decisions, and the other reorganizations that we have taken.

Mr. BORSKI. General, I guess you are talking about what has happened over the last several years, and I am curious about the plan itself. Does it not make headquarters stronger and the divisions and localities weak?

General WILLIAMS. No, sir, I think that is a misunderstanding. Let me clarify that if I might.

I think the misunderstanding comes from standing up, if you will, a new element called the Central Review Center, which does not currently exist now. What does exist now is we have people within the headquarters that deal with policy review. We also have people in each of our division headquarters that deal with policy review.

What we are proposing is to eliminate a level of policy review, rather than have one at the headquarters and one at each of our division headquarters. So if you take all the spaces that are currently in policy review in our headquarters and our divisions right now, it totals up to currently 172 spaces. And what we are proposing is to consolidate those 172 spaces into a new organization called the Central Review Center that would only have 58 spaces. So there is a savings of 114 spaces.

Mr. BORSKI. And I guess my question is, could you reverse that process and reduce the number in the headquarters and increase the number in the field?

General WILLIAMS. Well, sir, the—

Mr. BORSKI. Yes. I am sorry.

General WILLIAMS. One of the problems that was discussed during this whole process of looking at changes and work processes for the Corps, was trying to take things that are done in different locations and centralize things so you can reduce the number of spaces, gain some efficiencies and gain some effectiveness by making sure you have consistency in your policy. And that is the whole thrust behind this. Instead of having a policy that emanates from the headquarters, it currently gets disseminated, gets interpreted differently in each of our division offices.

Mr. BORSKI. All right. My time has expired for now.

Let me turn to the gentleman from Oklahoma, Mr. Inhofe.

Mr. INHOFE. Thank you, Mr. Chairman. I would certainly defer to Mr. Mineta—

The CHAIR. Go ahead; I will follow.

Mr. INHOFE [continuing]. Or Mr. Shuster. Let me just bring out a couple of things.

First of all, I appreciate the presentation, and I was not able to be in town when we initially were talking about some of these things, but I am very interested. Of the many accomplishments of this hearing, one will be to remind us over again that all politics is local. First of all, this is on Secretary Aspin's desk; is that correct?

Dr. DICKEY. Yes.

Mr. INHOFE. Do you have any indication when you will get some kind of response from the Secretary?

Dr. DICKEY. No, I do not.

Mr. INHOFE. If he is favorable to this plan, then it will go through, unless there is congressional action to the contrary; is that correct?

Dr. DICKEY. No, that is not really the case, in the sense that there is no money to implement it other than \$7 million in 1993 money, which would be available to, if not fully but partially, implement the division and headquarters part of it.

But in terms of the district part of it, that would require additional appropriations and, in fact, be funded in a different mechanism than the headquarters and division part of reorganization.

So, in fact, a decision to proceed would really be a decision to take certain steps associated with what General Williams referred to as Phase I, which was the division and headquarters part of the reorganization; and then we would look to the Congress in future years to make available the necessary funds to allow any district reorganization to take place.

Mr. INHOFE. All right. You had mentioned in your testimony that you have two approaches you can take, one would be a random approach and one would be a managed approach. It appears that a random approach might be where we end up—I mean, just as an opinion that I am expressing, even though I am supportive of your reorganization plan; I think you have done fine work. But I also see some opposition out there.

Is there any way to measure the end result of a managed approach as opposed to a random approach, which I would assume would be through attrition and just leaving everything alone and stirring the pot as little as possible?

Dr. DICKEY. General Williams was talking about the elimination of the layer of policy review at division level there. That represents a process change. There are some other process changes in the reorganization. The one thing about a random approach is, it doesn't allow you to implement those process changes, which are in addition to, if you will, the changes in the number of units—you know, the number of divisions, the number of technical centers and so forth. That produces a certain kind of savings, which of course we wouldn't be able to realize either.

So the random approach would deny us two important sources of real efficiency. One is consolidation and the other is process change. And without those, you may meet the funding targets or the personnel targets, but you don't get the payoff in terms of increased productivity and so forth that you get with reorganization. Now, I don't know how to quantify that.

Mr. INHOFE. It would be difficult to quantify. I think a statement, though, that a random approach might be politically more expedient, certainly is not going to be as efficient as managed approach.

I think you have done a very fine job.

Mr. BORSKI. The Chair thanks the gentleman.

The gentleman from California, distinguished Chair of the full committee, Mr. Mineta.

The CHAIR. Thank you very much, Mr. Chairman. I wasn't going to do this, but maybe I am going to have to reiterate or to reread my statement from the original day of the hearing. And I hope Members of the committee, as well as the audience, would not mind my doing this. Because what I have heard here doesn't reassure me.

The proposed Corps reorganization announced last November naturally raises significant concerns for the Members of this committee. Some division offices will be closed; some district offices will have dramatic staff reductions, with staff positions moved to other cities. We all recognize that the Corps' work load is shrinking and the Corps needs to reduce its staff to match its reduced responsibilities. My only concern is to make sure that the reorganization is done in a way that preserves the maximum effectiveness of the Corps in serving its missions, and that it is fair to all concerned. To do that, I need to get answers to several questions.

First, I want to make sure that the basic concept of the reorganization makes sense. In particular, is it appropriate to streamline the Corps' field offices without streamlining its headquarters staff?

Second, I want to make sure that the Corps used the right criteria to select which division offices would remain open and which district offices would retain their technical staffs. For example, should the Corps have taken into account how close potential division offices are to the work load for that division?

Third, I want to make sure that the Corps applied its criteria appropriately. We would all agree that having access to good air transportation is important, but should an airport that FAA classi-

fies as a medium hub be considered just as good as one that it classifies as a large hub?

Fourth, I want to make sure that the criteria were applied consistently. In cases where the rather simplistic scoring system produced ties, why were different tie breakers used in different divisions?

Now, I think we would all agree that the Corps needs to be streamlined and that there needs to be a rational plan for doing that. Frankly, after hearing both Dr. Dickey and General Williams, I am not sure that we have met even the four tests that Dr. Dickey referred to in then Assistant Secretary Nancy Dorn's criteria. First of all, in order to do anything, whether it is in the Congress or in the executive agency, there has to be credibility.

Now, Dr. Dickey, just as everybody else, we are all sworn to uphold the law; isn't that correct?

Dr. DICKEY. Right.

The CHAIR. Sometimes, even with the law in place, the response of the civil works sector of the Secretary of the Army has been "it is not our policy." At that point do you not think that policy has been superseded by law?

Dr. DICKEY. The issue that you are raising, Mr. Chairman, is an important one, and it really deals with the prerogatives of the executive branch to budget. And I am well aware of the particular case I am sure you have in mind.

We recognize that Congress authorizes and indeed directs the Secretary to do many, many things, and in varying degrees specifies the terms under which those are to take place. On the other hand, the Secretary of the Army and indeed the President, in assembling the annual budget submissions, has to make choices with regard to priorities and so forth. And indeed the President does have the prerogative with regard to the things which he is willing to budget for.

The CHAIR. But once the Appropriations Committee directs the Secretary of the Army to implement something specific, and the President signs that into law, can you still say, well, it is against Corps policy?

Dr. DICKEY. I would say indeed, Mr. Chairman, I do not think you will find any case of where we have failed to follow appropriations law.

The CHAIR. And, of course, you would refer to the Santa Clara County Water District program?

Dr. DICKEY. Yes.

The CHAIR. What about in the 1992 Water Resources Act, where Congress directed the Corps to take measures to stop the release of drift and debris from the Blue Stone Lake project in West Virginia, yet the Corps has determined that it will not take such steps?

Dr. DICKEY. Mr. Chairman, we have not decided that. The Congress again authorized us to do that—indeed, directed, as you say—and we are finishing a report that addresses that issue. I believe it costs about a million dollars a year to do that. If we were to proceed with that, we would, of course, be requesting money for the funding of that, and Congress may or may not provide that funding.

And, again, to do anything in the government you need two things: You need authorization and appropriations.

The CHAIR. Another example, the Mid-Peninsula Regional Open Space District purchased former Almaden Air Force Station at fair market value in 1986 and has been in contact with the Corps since then to explore clean-up of the site so it can be made accessible to the public. On December 2nd, 1991, the site was determined eligible for the Defense Environmental Restoration program.

In February of 1992, the Corps announced that the project had been funded and the Corps requested entry permits to begin the next phase of the project. Those permits were issued, but for some unfathomable reason, the Corps stopped all work on the project. It seems that funding for this project was withdrawn and diverted to another project without any explanation being provided.

The Open Space District is still unable to find out exactly what is going on. The Corps' Sacramento office recently reiterated nothing more than the project was funded in February of 1992 and that a team from Sacramento would be in contact to coordinate the project. To date, no time schedule has been established and no substantive answers have been provided.

Dr. Dickey, is this the standard procedure for the Corps when working with local interests?

And it seems to me—I mean, I have just got a few examples, and I can go through the kinds of examples. I have one here from Congresswoman Kaptur; I have got all kinds of examples where the Corps has not implemented public law on the basis that it is not Corps policy.

Now, here you come in with a reorganization. Everyone admits, work load is going down; there are some district offices and divisions that are having more work to do than others, and then we don't see the kind of—again, what I would call rationale or even fairness.

I look at it, for instance, in terms of reduction-in-force, what happens to an affirmative action program—last hired, women and minorities? What happens in this kind of a program where you have a reduction-in-force?

First of all, I don't see the Corps with, from what I can gather, a very good program or a good result in terms of affirmative action; but even in terms of tight budgets, it makes it even tougher. And so, frankly, from my perspective, there is really very little credibility when the Corps comes with a plan and says, this is what we are going to do.

And I can go through, you know—I just have another letter from the FEMA Director in Region IX in California, and again here the Director of FEMA writes concerning the Corps' reorganization plan, indicating that the Portland Division office, is an unready posture rating and that that would extend until at least 1996, even under the proposed plan.

The memo further indicated that the proposed Western Division office, with its planned staffing, would be unable to perform many of the duties associated with emergency preparedness which are routinely performed by the current South Pacific Division headquartered in San Francisco. The announced deficiencies included, one, the inability to conduct planning initiatives or exer-

cises necessary for preparedness, the inability to provide command and control by a full capable Corps Division emergency operation center with staffing capability for sustained around-the-clock operation, and the inability to coordinate with FEMA and military commands except through Corps District.

Now, it seems to me that here, as you have indicated in your testimony, because of the forthcoming change in administration—now, that happened on the 3rd of November, as I recall, and yet the Corps released their report on the 19th of November, knowing already that there is going to be a change in the administration as a result of the election on the 3rd of November. My question is, why then having to—why at that point did you try to rush it through? And as far as I am concerned, in your statement you try to doctor it up by quoting from Executive Order 12839 and Executive Order 12837. But what were the dates on those Executive orders?

Dr. DICKEY. Well, those, of course, were in February.

The CHAIR. Yes, so you can't use those then to justify—

Dr. DICKEY. I was not intending to do that.

The CHAIR [continuing]. Your reorganization effort, are you?

Dr. DICKEY. I am not trying to do that. I am trying to say the Corps, in announcing the event in November, was in recognition of the fact that the Congress had not provided sufficient funding in fiscal year 1993 to maintain the then level of staffing. And as a consequence, we have had a RIF action in the Corps headquarters to reduce the staff without the benefit of having the opportunity to go to a more rational structure.

We also had to use \$5 million, which is set aside for reorganization, to pay salaries this fiscal year, because we haven't been able to go ahead.

So the desire of the administration in November to proceed is driven, as I said, by the funding context in which it was operating.

The CHAIR. Were a lot of those employees allowed to transfer to other divisions within the—

Dr. DICKEY. Yes, places were found for those people.

The CHAIR. For all the employees?

Dr. DICKEY. Yes.

The CHAIR. Now, that is for headquarters. What about for divisions, as well as for districts; will they—will all of the employees be offered other positions?

Dr. DICKEY. If we were to proceed with the reorganization, the one signal certainly that we have gotten with regard to the new administration is that, as we see other reorganization efforts in the Department of Defense, the administration has made it clear that one takes advantage of all of the opportunities which Congress has provided to offer voluntary programs of separation, whether it be retirement or voluntary resignations, as alternatives to forced reductions.

I would also point out that the Corps, in anticipation of a reorganization, has done, I think, a commendable effort in putting together a brochure and an information system and a priority placement process to provide maximum opportunity for affected Corps employees to find jobs elsewhere.

The CHAIR. Did you say all the employees have been placed somewhere else?

Dr. DICKEY. Yes, the ones to date. But of course there have been very few people that have been RIFed recently.

We are not implementing reorganization. The adjustments that have been made are quite minor. But I am saying that is the intention of the Corps, indeed the intention of the Department of Defense, to minimize the impacts on personnel affected by reorganization by offering them maximum opportunity to take advantage of early retirement programs or to find other jobs within the Federal establishment.

Now, whether or not that is successful—and indeed, to take advantage of those opportunities, often one has to move; and for one reason or another, many people are not willing to do that.

The CHAIR. Now, I take it that—or do you—I shouldn't assume anything, frankly, I guess. What happens with women and minorities?

Dr. DICKEY. Well, they of course are within the system, are treated as any other employee.

The CHAIR. And the system is based on seniority?

Dr. DICKEY. Yes.

General WILLIAMS. If you are going to a RIF situation; is that when you are talking about, Congressman?

The CHAIR. Right.

General WILLIAMS. Then there are prescribed rules you go through, and it is primarily based on seniority.

The CHAIR. The—well, I guess part of this whole issue, too, is when you have local agencies that are now going to have to—who have been dealing with some relatively close office, are now going to have to be traveling long distances, like, I think, Santa Clara Valley Water District having to go to Portland to deal with some of the very issues they have been dealing with San Francisco or Sacramento, in some instances.

General WILLIAMS. Mr. Congressman, may I address that, please?

I think there may be some misunderstanding in regards to what the divisions and the districts do, and under the reorganization plan, where our customers would still get their services provided. And if I might use a district, for example, let me use Sacramento since that is the one that I am the most familiar with since I commanded that one.

At all the districts, under the reorganization plan, you still have the district commander, who is the decision-maker. And that is one of the key things that everybody insisted upon that we have when we went through the plan that we put together, under the BRAC process.

The CHAIR. A decision-maker on what?

General WILLIAMS. He is the decision-maker for pulling together all of the programs within his district—the contracting, the construction, so forth. So the things that get done today in the districts will still remain, under the reorganization, such as you still have the district engineer—he still has all his project managers that he has today, who are the developers who meet with the community to put together the plans, track the projects, tell you the

status and so forth. Nothing changes there, and there are engineers and planners who are the project managers.

You still have all the construction organization, who is responsible for all the construction, to include whether it is buildings or the operations people who are responsible for all of the dredging, whether it be maintenance dredging or new dredging. You still have all of the regulatory people, who handle all the permits and the 404 program and all those things associated with the regulatory program.

You still have all of the emergency management people, who respond to any of the emergency managements that we have in the district. You still have some administration people.

You still have within all those elements that I have just described all of the experts that deal with the day-to-day decisions that have to be made on projects in dealing with our customers and so forth. You still have within the construction operation office engineers, who have to do the day-to-day quick-type-small types of fixes.

What we are proposing is that you take the engineers and planners who are not involved with the day-to-day operation, and you consolidate them into larger groups we call "technical centers" for the sake of this discussion, and those people are co-located together so you have a larger nucleus that will provide the kind of competence and the expertise that are called upon and be flexible enough to handle increases in not only the size of a work load, but the breadth or scope of missions that would come your way.

Districts do that today. Not all of their engineers and planners are located within the district. For example, 50 percent of the planning and design done for civil works projects are not done in the districts. They are done by contractors, architect-engineers, that are spread across the entire country. They compete for the projects. The district reviews the people that want to compete, they select the contractor; the contractor meets wherever he has to meet to include with local people. Sometimes it is on site, sometimes it is in the district office or wherever, and they do whatever they have to do.

Those architect-engineers then go back, in some cases all the way across the country to their home offices, and they get together as they need to.

Meanwhile, on a day-to-day basis, all of the people that are currently in the district that are working with the local community are still there.

The CHAIR. Well, if you outline it as you have, and use that template, then, Dr. Dickey, why is it then for Santa Clara Water District we still don't have the design, the sign-off, I believe, on the general design memorandum and that we are still hung up? And that starts with the public law that was signed by President Bush when he directed the Secretary of the Army to go ahead and implement the general design memorandum. We are still hung up in that project in Santa Clara County.

General Williams was able to describe it beautifully, but somewhere there is a big difference in the distance between the cup and the lip, between what General Williams has outlined as to how it is supposed to work and how it, in fact, is working right now.

I probably spend more time on that Guadalupe project, an inordinate amount of time. I have had to call on Congressman Beville, the Energy and Water Appropriation Subcommittee; and I don't know whether you are purposely doing it to get at me, or what it is, but it—in any event, it is not only that, but I have letters from other Members of Congress about their projects, about why things get held up.

If the template is so good, as outlined by General Williams, then I wonder why is it then this committee gets so many letters about the inadequacy of the Corps of Engineers to do their job?

Dr. DICKEY. Mr. Chairman, let me just speak first of all to the Santa Clara issue. I am unaware that we have any problem with that project at all. I will check into that immediately, but I thought that issue was long past and the local cooperation agreement was signed.

The CHAIR. Well, it should have been done because of law, but you remember that conversation when I said, it is now public law; and the response I got from you was, it is against Corps policy. And I had to remind you and Nancy Dorn that you can take Corps policy and shove it in your ear. This is now public law. And I had to remind her that the person who signed her appointment to her job was the person who signed that legislation into public law. So that is why I asked you.

You are sworn to uphold the law; not Corps policy, the law.

Dr. DICKEY. And again, the issues are whether the President is going to budget for one of these projects or not. Each one of those letters, I believe, is the reflection of a disappointment—

The CHAIR. Budget. Budget can fly. Is not an appropriations a little higher in authority than budget?

Dr. DICKEY. Yes, it is, sir.

The CHAIR. Well, then what is the reference to budget? It is not a question of whether the President requests it in his budget. What I have reiterated to you is the energy and water appropriations bill that gets signed into law. So it has no reference to Corps policy, it has no reference to the President's budget; it is a question of whether or not you, in doing your job, are upholding the law.

Dr. DICKEY. And I would assert, sir, that we in each case act in full accordance with the law.

The CHAIR. But I have got to also remind you I think that was after a little bit of browbeating.

Dr. DICKEY. I thought we reached a happy compromise. We accommodated both concerns.

The CHAIR. Well, I would appreciate your checking into the present status of it. From what I can gather from the City of San Jose and Santa Clara Water District, that is not the case when I look at my correspondence I get as Chair of the House Committee on Public Works and Transportation from my colleagues. General Williams outlined it very well, but that, in practice, is not what has happened.

Thank you, Mr. Chairman.

Mr. BORSKI. I thank the gentleman.

General Williams, let me ask a quick follow-up question if I may. One question we have is whether the commander of districts will continue to be colonels or will they be downgraded to majors.

General WILLIAMS. I didn't catch the last part, or whether they will be downgraded to what?

Mr. BORSKI. To majors, the district commanders.

General WILLIAMS. The intention right now within current Corps organization, forget the proposed reorganization, most of our districts are commanded by colonels, 06 commanders. Some of our districts are commanded by lieutenant colonels. Under the proposed reorganization, I would suppose that we are going to have colonels and lieutenant colonels. And it will be driven by the availability of both of those grades within the Department of Army.

Mr. BORSKI. Okay. Thank you, sir.

Let me now recognize the distinguished gentleman from Pennsylvania, Ranking Member of the committee, Mr. Shuster.

Mr. SHUSTER. Thank you very much, Mr. Chairman. I am very glad to have you here today.

I understand, with declining budgets, there has got to be reorganization, and I support reorganization. One of my concerns is that if the reductions come, that headquarters take a substantial portion of that. And I worry that, under the plan, that may not be the case.

Did I understand you correctly to say that you could proceed with your reorganization as far as headquarters was concerned, but it would require a future appropriation to proceed with the district reorganization?

Dr. DICKEY. We could proceed to a limited degree with the headquarters and division reorganization; that is right.

Mr. SHUSTER. How much money would be saved by proceeding with headquarters and division, and how much money would be saved by getting a future appropriation and proceeding at the district?

Dr. DICKEY. Our estimate was \$50 million annually.

Mr. SHUSTER. Fifty million?

Dr. DICKEY. Annually.

Mr. SHUSTER. From headquarters and division?

Dr. DICKEY. Yes.

Mr. SHUSTER. And what cost is associated with doing that? As I understand, your overall reorganization was—the cost, one-time cost would be about \$215 million, but you would have an annual savings of \$115 million.

General WILLIAMS. Sir, let me be more specific to try to understand; this gets very complicated.

In the proposed plan, if carried all the way to conclusion, we would cut about 2,600 spaces; and we would save about \$115 million annually, and we would have a one-time cost of \$200—I forgot the exact number now; \$215 million, I believe was the figure.

If you only do the Phase I, which is the headquarters and the division headquarters, there is an approximate cost of about \$33 million, and there would be about 1,100 positions that would be cut from those divisions; and some of those 1,100 positions would be eliminated, about 250 would be eliminated, and the remainder would move to other organizations where we would consolidate things.

So for the money that you are saving as a result of cutting 250 spaces, there is an annual savings there of about \$14 million.

Mr. SHUSTER. So it is going to cost you \$33 million to save—one-time cost, to save \$14 million?

General WILLIAMS. The payback is less than three years.

Mr. SHUSTER. Right. If you can do that without legislation, why aren't you doing it?

Dr. DICKEY. We are waiting for the Secretary of Defense to complete his review and approve the plan.

Mr. SHUSTER. So you would plan to proceed if it is approved then?

General WILLIAMS. Right, and we were proceeding in the 1993 budget. The 1993 budget and the funds that were allocated to us were directed to start the reorganization of the headquarters and the division headquarters.

Mr. SHUSTER. All right. Thank you very much.

Thank you, Mr. Chairman.

Mr. BORSKI. The Chair would now recognize the gentleman from West Virginia, Mr. Wise.

Mr. WISE. Thank you. I thank the Chair, and I greatly thank him for calling these hearings, which a number of us had requested, this essential discussion.

I, of course, Dr. Dickey, General Williams, am concerned about the Huntington District, but I think since I have got the Gallipolis Locks under construction; the Winfield Locks hopefully under construction at some point; the Marmet Locks to be authorized, but real estate and other discussions taking place; and two major hazardous waste clean-up sites—three environmental problems in my district that I know about right now, two of them are Corps of Engineers. And so the Huntington District, of course, on top of having a number of employees living in my district—is essential.

Dr. Dickey, General, I am going to, in the interest of time, make some statements; and if I am wrong—I am trying to get them into the record—if I am wrong, I would appreciate you stopping me right there, so that the record is correct.

Am I correct that in developing criteria for selecting the location of the new civil works technical centers, that it was a field advisory committee composed of district and division employees that helped develop the selection criteria?

General WILLIAMS. That is correct.

Mr. WISE. Am I correct, General, that this field advisory committee, though, did not actually participate in deciding which criteria would be used and what weight each criterion would be given?

General WILLIAMS. That is correct.

Mr. WISE. And who did make those final decisions?

General WILLIAMS. Let me just back up so you fully understand it.

The field advisory committee, which was composed of about 50 senior civilians, one from each of our districts and one from each of our divisions, composed the field advisory committee. One of the recommendations that they made to us were eight criteria selections, which I can go into, and those criteria selections were used or reviewed by the decision-making group.

Five of the eight were used and three were not, which I can go into.

Mr. WISE. But am I correct—

General WILLIAMS. And I believe the other part of your question was who was the decision—

Mr. WISE. Yes, once the field advisory committee, this group from each of the districts and divisions, recommended selection criteria, who actually decided which would be used and what weight each would be given?

General WILLIAMS. That was done by the smaller decision-making group of which Dr. Dickey and I were part.

Mr. WISE. Okay. What kind of open process was that? Was that subject to anybody's comment? Did the field advisory committee have any input into that?

General WILLIAMS. The field advisory committee was chaired by Mr. Don Cluff, our senior executive civilian, who was our project manager for the reorganization plan. He was the one that chaired all those meetings, and so he was the one present at our decision-making process, and he presented all those to us.

We asked questions of Mr. Cluff in regards to the details and the backup of each of those criteria, what they really meant. And from there, we had an open discussion from the decision team to decide which of the criteria we wanted to use. Also it was an open discussion in regards to the weight that we used for each of the criteria that we selected.

Mr. WISE. Open in what regard?

General WILLIAMS. Eight people, eight or nine people sitting around the table discussing it openly and deciding, trying to come to a consensus as to what the weight ought to be.

Mr. WISE. But those criteria were not submitted to Congress; they were not reviewed outside that group in any way, were they?

General WILLIAMS. No, they were not, no.

Mr. WISE. Okay. Am I correct that the Corps' noncontracting budget for the labor—or that labor costs are about 75 percent of the Corps' noncontracting budget?

General WILLIAMS. I don't know the answer to that question, sir.

We will try to provide that for the record.

Mr. WISE. I am going to—that is, some of the information we received is that, but I would like to see if that bears out with you.

[The information received from General Williams follows:]

With regard to the Corps Civil Works activities, non-contracted work is about \$1.9 billion annually of which \$1 billion is payroll (labor). Therefore, about 53% of non-contracted budget is labor.

Mr. WISE. And the next question then is asking what percentage of the Corps' noncontracting budget would constitute transportation and training costs? And I received a figure of roughly 2 percent. Would that be correct, in the ballpark?

General WILLIAMS. I don't have that figure, but we will provide that for you, sir.

[The information received from General Williams follows:]

Administrative costs for the Corps of Engineers are about 5% of the non-contracted budget. The Corps estimates that transportation and training are less than 1% of the total budget.

Mr. WISE. Well, it is making my chain of questioning a little difficult here, because my next question then, if we are even anywhere in the ballpark—can we stipulate that labor costs would

probably be a much larger part of the noncontracting budget for the Corps than transportation or training?

General WILLIAMS. Sure.

Mr. WISE. Okay. Then where labor costs constitute the vast majority of the Corps' budget, why is it that transportation and training criteria were weighted so heavily?

General WILLIAMS. Let's see if I can approach that differently. And I need to go back in time for a moment.

The reorganization plan that was put together under the BRAC process did not get approved for a variety of reasons. We used that experience to learn some lessons. Part of the lessons was to go out and form the committee—the field advisory committee representing the entire Corps—to find out what their concerns were in regards to the types of criteria that someone in the decision-making process at the headquarters ought to take into consideration. That field advisory committee, representing each of their respective districts, came back with a list of criteria that we talked about and felt very strongly that the employees that they represented felt very strongly about the criteria that they recommended to us.

And one of those criteria was in regards to the availability of what they called the transportation hub or the airport that we have been talking about. And another one of the criteria was cost of living. Another criterion was the availability of higher education, particularly higher education in engineering schools, but also other higher education for all the employees. And another concern criteria that they had was to take into consideration the number of people currently located in the existing organizations.

And so they were the ones representing what was coming up from the bottom, representing what is important to the people out there who are doing, executing our programs.

Mr. WISE. Then when we get down to savings, labor constitutes a high cost and the cost of living is an obvious consideration, and yet transportation and training get a much higher weight than what they proportionately are of the budget, which I find interesting.

Let me get on to centrality of work load, because this gets to the heart of one of my concerns. The centrality to work load criterion seemed, at least in the case of the Huntington District, to have either been discounted or omitted from consideration. For example, in the Huntington District, which supports the second largest civil works mission in the Nation, it is my understanding, and within the new North Central Division which would support the largest civil works mission, yet it was ranked dead-last among the 12 cities in this new division.

I also add to that the fact that the Huntington District has been assisting the West Virginia Department of Environmental Protection tremendously with the Clean Water Act, Section 202, the construction grants program, in addition to the other work that I mentioned.

Doesn't this cast serious doubts on these selection criteria? I just find it—I find it incredible that the district that has the largest civil works mission in the new division and has, according to the statistics we have seen, the second-largest civil works mission in the Nation, is the one that takes the hit.

General WILLIAMS. Let me try to address several parts of your question.

Number one, Huntington District is a great district. It has performed extremely well——

Mr. WISE. We want to keep it that way.

General WILLIAMS. Yes, sir—performed extremely well in the past, is performing well and will continue to perform well. The problem that we had with looking at strictly work load, is that work load is misleading.

If I tally up all of our districts, for example, their total work load, Huntington District, as far as all the work load and equating or orienting all of our districts, Huntington District would be about 18th of the 37 districts that we have, if you just look at work load.

Mr. WISE. Do you have that in an analysis that we could have for the record?

General WILLIAMS. Right, I will provide the data used for the reorganization plan, for the record.

[The information received from General Williams follows:]

Annualized Workload Projections by District

DISTRICTS	TOTAL WORKLOAD
Vicksburg	\$158,517
Memphis	\$141,852
New Orleans	\$246,321
St. Louis	\$91,530
Kansas City	\$262,431
Omaha	\$406,015
Baltimore	\$447,264
New York	\$261,025
Norfolk	\$200,204
Philadelphia	\$207,064
Buffalo	\$37,847
Chicago	\$41,447
Detroit	\$75,463
Rock Island	\$131,253
St. Paul	\$67,139
New England	\$107,586
Alaska	\$117,213
Portland	\$249,009
Seattle	\$92,098
Walla Walla	\$100,011
Huntington	\$158,005
Louisville	\$375,427
Nashville	\$95,658
Pittsburgh	\$137,467
Charleston	\$51,222
Jacksonville	\$147,312
Mobile	\$423,331
Savannah	\$395,451
Wilmington	\$95,016
Sacramento	\$459,518
Los Angeles	\$392,293
San Francisco	\$75,741
Albuquerque	\$87,017
Fort Worth	\$442,740
Galveston	\$168,114
Little Rock	\$131,273
Tulsa	\$238,534

*Annualized projections of workload used during reorganization planning for division workload balancing. In thousands of dollar

General WILLIAMS. Work load is very misleading. You need to get inside and look at the work load. If you say, the Huntington District, for example, right now has, say, about \$150 million annual work load, I would say that most of that work load is being performed on a construction site—for example, on the construction of Gallipolis Locks and Dam. That is a construction office, and all those people that do construction, and all the dollars associated with that do not leave the district after reorganization.

If there is dredging in the district, all the dollars associated with the dredging are under the operations or construction-operations office, and that element stays in the district.

The element that is associated with all that work load that deals with design is what will be reduced; and that is a very small dollar amount that is associated with the design effort, a very small percentage.

Mr. WISE. But yet a significant work load is occurring. My time is running short, so I have to ask you two questions, but I want to leave you an example and then I am going to ask the question on whether—going around the barn to get to the same result. But I think it goes to what you are pointing out.

You were aware of the environmental problems at the Winfield Locks. And this is why I get concerned about this problem reorganization taking place. At a February 24th, 1993, Huntington, West Virginia symposium, the Army distributed a work plan including the dates that draft documents would be available to the public, specified review periods and when construction was started. We were also promised risk analyses and assessments relating to the particular components of construction.

Now, interestingly enough, as the months have passed—this is, as you know, personally, a very emotional, controversial topic; Dr. Dickey and you, General, both have been directly involved in this. As the months have passed, we have been provided with copies of all construction plans and specs on schedule, those that are written in Huntington. However, the corresponding risk analysis and assessment—most of which have been contracted to consultants, mostly in Atlanta through the Nashville District—have been consistently late, if received at all.

My concern is that we have got problems with—we have got an umbrella committee, we have State agencies that have to sign off on construction plans and specs, and yet we can't get the basic analysis that needs to be performed for that.

I am going to save this overall topic for another day, which I hope we have, but my concern is that—how on earth can I expect better coordination with my constituents and the State agencies, when the personnel that handle these things are moved several hundred miles away?

Now, I know you want to answer it and I want you to answer it, but I have got to ask this question before we go; and so I will be happy if you want to submit that in writing.

[The information received from General Williams follows:]

With or without carrying through the proposed reorganization at the district level, many of the same people currently coordinating with local interests, the project managers, would still be in Huntington, as in all the other districts. Congressman Wise properly notes with regard to the Winfield project that the plans and specs, performed in-house at Huntington, have proceeded on schedule while the contracted

work, done in other cities, has been delayed. This delay is related more to the difficulty of the analyses being performed by the contractors than to their location, or to the location of the Corps office contracting with them. We do not believe implementing the proposed reorganization would retard project progress.

Mr. WISE. Executive Order 12839, February 10th, 1993, called for a 4 percent reduction in the program work force over the next three fiscal years. The Ohio River Division targeted a reduction in its FTEs, Full-Time Equivalent personnel, as follows: Cincinnati Division, one; Pittsburgh Division, 12; Louisville Division, 16; Nashville Division, 36, which is 28 percent of all the cuts; Huntington District, 60, which took 47 percent of the cuts.

To me, the reorganization is on hold. That has been stated. The Secretary of Defense is reviewing it. Others have indicated that they don't think it is going anywhere, but the implementation of this order seems like a circuitous attempt, back door if you will, to align the district office staffs with the proposed reorganization plan, which is supposed to be on hold.

Could you comment on that?

General WILLIAMS. Yes, sir, I can. It is—

Mr. WISE. Mr. Chairman, I will stay if you all want to go, and then I will be glad to recess it.

Mr. BORSKI. Why don't we do just that? We will take a very brief recess at the conclusion of Mr. Wise.

Mr. WISE. You all go on if you want. I will just recess. Only one of us should have to be late for the vote.

General WILLIAMS. Mr. Chairman, do you want me to—

Mr. BORSKI. Yes, please.

General WILLIAMS. Okay. It is true that we are under Executive order to cut personnel like other agencies are. And we have, in fact, analyzed at our headquarters the cuts and divided those up to each of our divisions. Those cuts that we divided up to the divisions were based upon a ten-year projection for civil works and a five-year projection for military programs. Based on that work load for each of our divisions, we took the percentage cut that each of those divisions would have to take.

We then gave those cuts out to the divisions, in this case the Ohio River Division. The Ohio River Division, in turn, has looked at the districts within its division. The division has looked at the work load for each one of those districts and taken a proportional share of the cuts.

So it is based upon work load. And in the case of a reorganization, what you are going to find is that, if you do not reorganize, that is how you have to operate; it will be work load driven or market driven, if you will.

And so what you may have in the particular case of the Huntington District, which is the case in several districts that we have within the Corps, is that they currently have on board more people than can be justified with the work load you have; and now you are finding a situation where we are trying to bring it back in balance.

Mr. WISE. Just, I appreciate—once again, I understand it went to the—you assigned those cuts to the division, the Ohio River Division, but I have got to presume that the Huntington District—as a new district in the new division, I have got to assume the

Huntington District has the largest civil works load, it has the environmental clean-up in both McClintic and Winfield, which are Superfund sites technically, plus the additional work it has been doing, and yet you say that it takes a proportional share of the cuts. Forty-seven percent of the cuts for the entire division are not proportional for that work load, Dr. Dickey.

Dr. DICKEY. I have recently spent more time on this issue than I would like to, within the last 24 hours particularly, and let me just say that the work load, the manpower allocations done by the division, were based on their computer model which is based on work load. In implementing that and issuing the final guidance there, they modified the results slightly to reduce the effect of the strict application of the computer model. So it is based on work load.

I would be happy to sit down with you separately and go through that.

But indeed, that is the work load driven model.

Mr. WISE. Well, we are looking forward to going through that. With two of the seven approved inland waterway projects under construction in that district alone, I think that we had better go back and look at the software.

I would just like to say, what is the status of that? Is this also on hold, this FTE reduction?

Dr. DICKEY. The FTE reduction is projected for 1994 and 1995. We do these twice a year, and it is to give the district offices guidance as to what the direction of their program is in terms of their manpower.

Mr. WISE. Okay. We will be back and revisiting this, Dr. Dickey. General, thank you.

At this point, by all the authority herein vested, I declare this in recess until somebody comes back.

[Recess.]

Mr. BORSKI. The subcommittee will reconvene. The Chair recognizes the gentleman from New Hampshire, Mr. Zeliff.

Mr. ZELIFF. Thank you, Mr. Chairman. Looking over your five criteria here and some of the testimony that has gone before us, how much effort was there to take a look at work load? Admittedly there is a 40 percent reduction in work load since 1962, but what about existing work load and the establishment of where the district offices should be located?

Dr. DICKEY. Well, one of the problems using work load is to project it. We don't have a very good projection of our work load at all. General, maybe you could address this as well. The longest projection we have is for the civil program because the planning process is so long, but in terms of the other things we do, civil is only \$4 billion out of a total of \$11 billion program. There is a lot more uncertainty in the other stuff.

General WILLIAMS. We do have data on work loads. As I indicated earlier in my statement, in our civil works mission, we try to project out the best we can for 10 years. The farther out you get, the figures become questionable. And our military construction program in our database, we have a database of five years into the future. So those work load data were available by districts.

We used it in the previous plan which we did under the base realignment and closure. We found that the work load really was not something that we were using as a criteria for the decision-making process. We felt that the field advisory committee, the recommendations that they made with regards to the criteria, I would have to go back and refresh my memory on what all of them were—but I don't recall that the work load per se was one of the criteria.

Mr. ZELIFF. So it wasn't necessarily designed to be areas of responsibility or circles of responsibility based on work load?

General WILLIAMS. No, because as I tried to explain earlier, the work load can be misleading. You need to go in and understand what the work load is. A couple of examples, if I might; the dredging that you do has a dollar associated with it which associates to work load. All of that under the proposed reorganization is still done at the districts so that work load doesn't go away to some other technical center and so forth.

The construction of new projects, such as I was mentioning, the dollars associated with that work load still remain with the district as of today and in the proposed reorganization. All of the dollars associated with operating and maintaining our permanent projects such as locks and dams and reservoirs and recreation areas and so forth, all of that stays with the current district.

So the things that have dollars associated with them as work loads that in some cases would go somewhere else would be those design dollars, which are a very small portion of what is work load. So if you just tally up all the dollars associated with different work loads, it can be misleading and you really don't get a true picture of what it is that you are trying to pull together as far as an organization to accomplish the mission, at least that was our judgment.

Mr. ZELIFF. In your field advisory committee—and in hearing some of the testimony here, did you go outside of that group in your own group? Did you talk to people that you have been working with over time in various groups relative to the reorganization, getting any input from the outside as well? Or was it pretty much a sort of a tight-knit closed decision process?

General WILLIAMS. The final decision process, the decision was made by a small group of people. But I can go into that if you desire. The gathering of information was a very open process. It started, for example, of being directed by Congress to prepare a report, which we gave to Congress on the 4th of January of 1991, and it said, here is at least six different types of organizational structures that one could consider and these are the three criteria that we would probably use to evaluate these alternatives.

So that was the first piece of information that was public information that people could respond to and we did get input from that.

The second way we got information was when we prepared our reorganization process under the BRAC process and that process required that you not have an open process until you made the decision, then it became public. As soon as it became public, that plan then produced a lot of input from a variety of sources, both internal and external to the Corps and that was put into the memory bank, if you would.

The field advisory committee was an organization that represented 50 people from senior management throughout our districts and divisions and they had access to not only people within the Corps, but other outside access, professional societies, people they worked with and so forth. So they had opportunities to express concern and so forth.

We testified before the House and Senate authorization committees and the House and Senate Appropriations Committees this past year to outline where we were going and the criteria that we were going to use. Subsequent to that, people gave us feedback in more ways than one; either verbal, telephone calls, writing, meetings with various people, some staff members that we presented briefings to and we got feedback from that.

We also used a hotline and an organization which we called the reorganization office in my headquarters that was composed of people from the field, both district and division, that represented those people. We got hotline calls from people both inside and outside the Corps. We also used senior advisory groups within the Corps at different levels to provide feedback.

We tasked a separate committee, a task force headed up by Brigadier General Albert J. Genetti, and he had about 10 or 12 people on it that came from various districts and divisions. That task force was recommended by the field advisory committee. The field advisory committee suggested a task force, the field advisory committee suggested what the scope of work would be for the Genetti task force. And the field advisory committee recommended several other things.

So there was a combination of all of those that allowed input. What we did not do is take the prepared plan with the specifics, the plan that we now know as the reorganization plan, and prior to going public on the 19th of November, make it public; whether it be in congressional committees, within the Corps of Engineers or anyone else. To do that, I think, is unrealistic.

Mr. ZELIFF. I would agree. Let me just ask you this, then: In looking at your mission, again recognizing that there is a major reduction in work load since 1962, 40 percent, did you look at areas of opportunity such as Superfund? I have worked with Superfund now up in New Hampshire. And basically with EPA and a lot of the money and a lot of the resources of EPA are going to outside vendors, and I have said right along that we should be using the Corps to a far greater extent than we are.

Did you—was some of this considered? I know you deal with some Superfund sites, particularly DOD and places like that where you have base closures. But how much effort was put into expanding the mission rather than just cutting back the Corps?

General WILLIAMS. We did look at missions such as the one you suggested in regards to environmental cleanup. For several years now we have been involved with environmental cleanup, whether it be working on a reimbursable basis for the Environmental Protection Agency or the Department of Energy or in charge of the Defense Environmental Restoration Program for active installations or formerly used defense sites, the Corps has the responsibility for the Department of Defense in those cleanups.

Currently, we do about \$300 million a year of design and remedial cleanup for EPA.

Mr. ZELIFF. \$300 million is a very small percentage of the total potential out there.

General WILLIAMS. Right. And we do about \$60 million of environmental design and cleanup for the Department of Energy and we are involved with about \$800 million of environmental cleanup for Defense. So it is a very substantial effort that the Corps is involved in.

We have continued to build up our expertise in that area. We have done a good job in those areas. Our customers have told us that. The Corps thinks that—and I concur—that we have a very talented group. We have a lot of capability to take on additional work load if the EPA or Department of Energy or others decide to use the Corps.

Mr. ZELIFF. Mr. Chairman, on the way back you and I talked. It may be best that we reserve this—a lot of the questioning for another hearing, but what I see, and I am a businessman from New Hampshire and I see it everyday down here, here we do a major cutback in the Corps in terms of dollars and your mission and everything else and, on the other side, we watch the EPA go out and hire a lot of the stuff that you guys can be doing on the private sector and that is okay too.

And I agree, my experience with the Corps has been it is an outstanding resource of the Federal Government. And you know, it just seems to me that we have a resource that we should be expanding before we cut back to levels that would eventually put you in a situation where you are not doing the job that you are ultimately able to do.

It just seems to me that we ought to evaluate some of that in terms of increasing the mission.

Mr. WISE. Would the gentleman yield?

General WILLIAMS. Sir, we would welcome an increase in that mission. I am in the process of trying to get Mrs. Browner to talk about the Corps' capability and to discuss our services to date for the EPA. The reorganization plan that is on the table does not decrease the people that are currently associated with the environmental design and restoration.

In fact, the plan's intent is to develop organizations that will have the capability and the flexibility to respond to increased work load in whatever mission you may have.

Mr. WISE. Would the gentleman yield for a follow-up?

Mr. ZELIFF. Sure.

Mr. WISE. You mentioned work load and we have been talking about that; you said work load could not be measured just by dollars, I think is the gist that I got. Construction, work load, a lot of dollars, maybe you don't have as much work would be the assumption, then Dr. Dickey, you had said to my last question on the FTE reduction that you worked off of a computer program using a work load.

Is that the same criteria that you used in the reorganization?

Dr. DICKEY. The computer model looks at the categories of work. It addresses the problem that General Williams indicated. It looks

at labor-intensive kinds of activities. Design versus construction, and so forth.

Mr. WISE. Would that computer program have been used in the reorganization as well in making the basic decisions in measuring the work load?

Dr. DICKEY. We didn't make our decisions in the reorganization based on work load.

Mr. WISE. You did or did not?

Dr. DICKEY. Did not.

Mr. ZELIFF. Can I add one fast comment and finish it up? As you look for new areas to relocate to, and I think of your move to Boston and the expansion of Boston facilities, I would encourage you to include in your outreach in looking for the ideal area, university support, transportation support. Pease, the first base to close in the Base Closure Act in New Hampshire, would be a good idea.

Mr. BORSKI. The gentleman from West Virginia, Mr. Rahall.

Mr. RAHALL. Thank you, Mr. Chairman. Dr. Dickey, General Williams, you did not do an economic environmental evaluation study prior to announcing this reorganization; is that right?

Dr. DICKEY. We did an environmental assessment.

Mr. RAHALL. You did do an environmental assessment? Who did it? Internally?

Dr. DICKEY. Internally.

General WILLIAMS. I can try to address that. We did prepare environmental documents in accordance with NEPA. The question initially was should we follow the Army regulation or should we follow the engineer regulation that deals with NEPA. Since the decision was made by others that the BRAC process did not apply to the Corps of Engineers, therefore, Army counsel decided that the Army regulation and the requirements for NEPA should not be followed, and that since the argument was being made that our reorganization should not follow the BRAC process, that we ought to follow the NEPA process more closely associated with civil works.

And therefore we did not use the Army regulation, we used the Corps of Engineers regulation that deals with NEPA documents. We did an environmental assessment and it was determined that there was not significant physical nor natural degradation caused by the proposed reorganization to any of the district offices and division offices that we were doing.

So instead of doing an environmental impact statement, we did an environmental assessment. It was done by our Mobile district for the entire plan looking at each one of the division offices and I signed in early November of 1992 what we call the finding of no significant impact, or FONSI we call it.

While we were doing our environmental assessment, we did look at the socioeconomic potential impacts on each of the divisions and districts that we have. And in that environmental assessment, it was indicated that there were probably four districts that would require more detailed socioeconomic study. Those four districts were Huntington, Vicksburg, Walla Walla and Savannah. Our intent was to do a socioeconomic study for each of those.

Each costs about \$25,000 and we were prepared to start those when we were told to put the reorganization study on hold.

Mr. RAHALL. So those site-specific studies are on hold.

General WILLIAMS. Yes, sir.

Mr. RAHALL. What about economic analysis?

General WILLIAMS. That is what I am talking about, the socio-economic impact analysis at those four specific sites.

Mr. RAHALL. So your followup site-specific studies, if they are going to be conducted, will look at economics as well?

Dr. DICKEY. Yes.

General WILLIAMS. Yes, the economic impact of either drawing down people in a specific organization or adding people to it.

Mr. RAHALL. Are there any people being laid off today due to the reorganization plans?

Dr. DICKEY. No.

General WILLIAMS. No.

Mr. RAHALL. But those that are receiving pink slips, if they are, are due to RIF procedures, early retirement or other normal government reduction methods?

General WILLIAMS. There are people currently leaving the Corps for a variety of reasons. Retirement, in some cases. Some people because of the uncertainty that we have had the Corps of Engineers on a bungee cord for three years, which I think is totally unfair.

Once the reorganization study was announced on the 19th of November, those people in offices that were announced as potential closures have the right under the Department of Defense priority placement system to apply to that system and if they are given a job offer, then they can take that job offer or turn it down.

In some cases, our people have left their current organization and taken a job under that Department of Defense priority placement system.

There are no people out in the divisions or districts that have been given, as you say, pink slips nor have we had any RIFs. The actions that are ongoing right now as result of the executive order which downsizes the government civilian force by 100,000, our share of that is 1 percent in the remainder of fiscal year 1993.

Although we had thought that we would take action and have to RIF people, we were informed by OMB that no, you cannot RIF people during 1993, you must take that by attrition. So I don't have any control of trying to manage it effectively. I just have to sit back and whoever wants to leave, they leave. And if they want to leave out of the environmental area where we have a very important mission for hazard toxic wastes, they leave.

The hiring freeze, I can't fill those jobs back up because we are trying to come down in numbers.

Mr. RAHALL. What about those that do not wish to retire, do not wish to relocate, are very content where they are and feel that their talent is being put to work on worthwhile projects, what would your advice be to them today with the hoopla over the reorganization and downsizing and their concern about whether they will have a job next year, next week, next month?

General WILLIAMS. My advice is the same as I have given to them since day 1, and I have been involved in this for two-plus years in the reorganization, and my advice hopefully has been consistent: Don't make any hasty decisions. Sit still. Try to think this thing through. There are a lot of decisions that are going to be made along the way and don't burn your bridges right now.

I am totally convinced that the Corps needs to reorganize. I am totally convinced that if people currently employed by the Corps of Engineers have some degree of mobility, then they can be placed in other parts of the Corps of Engineers' organization. And lots of people within the Corps have welcomed that opportunity.

Mr. RAHALL. But a lot would not, as well.

General WILLIAMS. I have also had lots of people say that although they would like to move, they cannot for a variety of reasons, and I have had lots of people tell me regardless of what, they just don't want to move.

So if they do have some flexibility, and some of them don't, health or families or whatever it is, they just can't and I understand that. For those people that are in that particular category, we are going to exercise all of the programs that we have within our authorities to make that transition as easy as possible, whether it be severance pay, early retirement, training programs for new jobs. In some cases in some of our districts, they have already gone out and helped those people find other jobs outside the Corps and some in the same hometown.

Mr. RAHALL. You said earlier that the work loads would remain within the current districts if the reorganization were to be affected; is that right, like the dollars and everything involved with the Robert C. Byrd locks and dam on the Ohio would stay with that district?

General WILLIAMS. I don't know the exact percentage of it. I would guess it must be close to 90-plus percent stays there. There is a very small percentage of the work load that goes with the planners and designers.

Mr. RAHALL. So you are talking about design work that would be shifted under the reorganization.

General WILLIAMS. Now, the salaries to pay those people obviously go with those people, so the salary is a loss to the communities.

Mr. RAHALL. Will that go into your economic impact analysis?

General WILLIAMS. Yes.

Mr. RAHALL. It did not the first time around though.

General WILLIAMS. Yes, sir, it did.

Mr. RAHALL. It did?

General WILLIAMS. It went into developing our costs and savings and that is documented in our plan. It did go into that. And when we go to our socioeconomic analysis for those four specific sites, that is the type of thing that we do in more detail.

Mr. RAHALL. Are you shifting any design work around the districts now?

General WILLIAMS. In some cases we do that, yes. It is not a large percentage. That is part of the problem that we have to explain for several years. Because of the uncertainty in the work load over an extended period of time, you have districts that will bring on a large project, they ramp up for it and there is no follow-on project. Now you have all these people located in a particular area and you have to do something with them.

That is why we have these ups and downs. And that is one of the reasons that we felt that we could minimize that problem to

a large extent by having the type of organizational structure that we are proposing.

In many of our districts, you have people that come and go. All of the construction projects, for example, whether it be civil works or military construction, those people go to a specific site, do that project, and upon the completion of that project, they have to move somewhere.

Mr. RAHALL. My time is up. Mr. Chairman, one more question and it is not directly related to the reorganization but it goes back to the question Chairman Mineta asked earlier about following policy or following law in regard to the Blue Stone Lake project. As you are aware in the Water Resources Development Act, there was a law passed that prohibited the pass-through of trash and debris through the Blue Stone Lake dam.

You have since passed it through, based on your legal position that was not a violation, it was law and then you followed that up with your basis being that you do not have the money to remove the trash and debris before it is passed through. Do you not have jurisdiction within operation and maintenance projects, as this project is, to reprogram funds within that category?

General WILLIAMS. The short answer is yes. And what we would do is to look at all the requirements of things to be done, and balance that up against the funds that are available and try to prioritize in—

Mr. RAHALL. So you could reprogram and follow the law as we passed in the act?

General WILLIAMS. We could reprogram without asking the Congress for more money. In particular this is a question of the priority and use of available funds. All of the things we do, dredging this harbor and that harbor, so forth, controlling the debris, are all authorized activities.

And we have to decide, given the money we have, which of those, if we don't have enough money to do all of them, which ones we are going to do.

Mr. RAHALL. Thank you, Mr. Chairman.

Mr. BORSKI. The gentleman from New York.

Mr. QUINN. Thank you Mr. Chairman. Gentlemen, thanks for being with us this afternoon. Dr. Dickey, you said in your earlier testimony that the alternatives in terms of site selection were considered without geographical location as one of the prime factors; rather, it was conceptual.

Dr. DICKEY. Yes, in terms of what kind of organization you want. Do you want to eliminate all the divisions? That was addressed independent of where, if you have divisions, they would be located.

Mr. QUINN. And what is the advantage to not using geography?

Dr. DICKEY. The reason we did it that way was because, as reflected in this hearing and reflected in the hundreds of letters that have been received by the Secretary of Defense and the President and the Secretary of the Army, is that site questions are the real questions.

So we left that very contentious issue, if you will, of site selection to the last. In other words, once we arrived at the idea that we were going to retain divisions, the question became how many divisions. We determined that with the benefit of a very interesting

and helpful computer model which would tell you what the work would be associated with different division boundaries.

And then having determined that it would be five divisions, then we dealt with that most contentious of questions: Where is that division headquarters going to be?

Mr. QUINN. That brings me back to my original comments, in regard to the whole Great Lakes question and the tech centers and looking at that new North Central division. The NCD will be the largest division in the country, stretching from the Allegheny mountains in Pennsylvania to the Rocky mountains in Montana. There will be 12 regional districts in the NCD, with four tech centers, but not one tech center on the Great Lakes.

And that concerns me and Buffalo, New York and the State of New York. It concerns me as a follow-up question on environmental impact statements.

I am a former town supervisor near Buffalo, and we were used to doing these environmental impact statements. But overall in my opinion, and it is not professional, when you are talking about not addressing the Great Lakes with a tech center, there are some environmental concerns that I have and I wish you might address.

General WILLIAMS. The Great Lakes is very important to us, as are the districts that surround the Great Lakes, Detroit, Buffalo and Chicago and the other support offices throughout the Corps. In the environmental assessment that we did, we looked at the impact whether there was significant impact that we would cause by closing an office, moving and so forth, and we didn't feel it was anything significant.

The environmental problems that you referred to around the Great Lakes and other parts of our Nation are definitely of concern to us and hopefully we are working in a positive way to address some of those.

In regards to the expertise that the three districts around the Great Lakes have, I think that perhaps there may be a misunderstanding that all of the expertise that is currently located in those districts move from those districts. I would contend that that is not the case at all. That certainly isn't the intent.

For example, I explained earlier all of the things that would remain in the district under the proposed reorganization. If you go back to that comment, within the construction and operation offices in those districts, you normally find the people that are making decisions on how they are going to operate. Those people still stay there. Those are the experts.

The people that are dealing with regulatory permits that involve things in U.S. waters that relate to environmental things that could happen in the area that you are talking about, all of those technical experts still remain where they are today. You also have remaining in the proposed plan technical experts and they may be planners, they may be engineers who are project managers that still remain in the districts.

If we have, as we have today, if we have a specific problem that cannot be handled by that district, then we have the entire Corps of Engineers to call upon, whether it is our labs or other districts; or we hire people.

So I don't necessarily buy the idea that those three offices are losing the technical expertise. Now, what we have told the divisions, after we presented the plan, was this is our conceptual plan. This is how we see it based upon the information we have. What we have asked the divisions to do is to come back to us and tell us specific problems that we have overlooked. Maybe you have a nucleus of people in a particular area that have some expertise that we have overlooked, and we are willing to deal with those on a one-by-one basis.

Mr. QUINN. You came to my second question when you responded to Chairman Mineta. Now, it is a few hours ago in terms of the answer you just gave me; all of the things that are staying in the district. This is staying, this is staying, this is staying. What isn't?

General WILLIAMS. What is not? Basically three areas. From each of the division headquarters and each of the district headquarters, we would take administrative functions, information management, those types that we call administrative support. There would be small elements that would remain to provide the day-to-day support, but you would consolidate those types of things. You could consolidate the engineers and planners, not all of it, but you would consolidate the functions that we call planning and engineering into a central area, what we call the tech centers where it would accomplish several things.

You have a larger nucleus of people, that attracts quality people to come to your organization, and because it provides a variety of jobs, it helps you retain the quality of people that you want in your organization and need.

Mr. QUINN. I understand. Okay. If those things that leave the district would be assumed into a tech center somewhere, it is my feeling that there ought to be a tech center for the Great Lakes for all the right reasons.

There are an awful lot of good reasons, and you have said some here this afternoon.

Thank you. I will stop.

Mr. BORSKI. The gentleman from Michigan, Mr. Barcia.

Mr. BARCIA. Yes, thank you very much. I have some questions along the lines that you have been responding to.

And first of all, as a new Member from Michigan, the general perception in our State is that the Corps is basically forsaking the Great Lakes region. It has been typical in the past if a property owner on the Great Lakes or a U.S. navigable water, such as the Saginaw River, would need a permit from the Corps of Engineers, for example, to replace a break wall that maybe has deteriorated or to put in a new break wall, the average turn-around time would be somewhere in the area of three to five years, something like that. There was a break wall that was built that entailed a 25-year process.

There is a tremendous amount of concern that if the closest office at which we can get even a minor permit is perhaps Omaha, Nebraska, or Louisville, Kentucky, that we are, you know, that we are going to simply be without any response at all from the Corps.

Would you be willing to relinquish some of the responsibilities relative to shoreline development to perhaps the EPA or perhaps the Michigan Department of Natural Resources and the informa-

tion—could be incorrect—that we have is that there will be no district headquarters, no administrative centers or technical centers.

But you intend to continue to operate regional offices or will your employees work out of their homes or how would a person get a reaction from the Corps, especially the regulatory paperwork.

General WILLIAMS. Sir, I would be glad to answer that. Some of the information that you have is incorrect information and I have tried to clarify that today. In regards to the regulatory, right now, today's organization, permit applications are filed at the district level and decided at the district level. Under the proposed reorganization, that doesn't change.

Mr. BARCIA. So we have district offices but not district headquarters per se.

General WILLIAMS. No, you still have district offices and a district headquarters. The same responsibilities, the only exception I have just addressed to Mr. Quinn, so the decision-making on the receiving of a permit application today goes to a district. It is decided by that district headquarters. The same holds true in the region.

Mr. BARCIA. Okay. Could I follow up on that? That is good to know because we assumed back in Michigan they were closing down your operation pretty much in the Great Lakes.

General WILLIAMS. No.

Mr. BARCIA. Will the Corps be—continue to be helping with the design of projects and will there be central offices handling this design or as you said, where nobody else can do it, the Detroit office will, or what incentive is there for qualified experts?

We are hearing reports that a lot of personnel are now requesting transfer to the various offices and that they are pulling up stakes in the Great Lakes region and shifting to other parts of the country and so we are going to have a talent drain from the State of Michigan.

Would you care to comment on that?

General WILLIAMS. Yes, sir. Those are all very valid concerns. Let me try to address each of them. Look at the regulatory question that you just had, the same holds true with the design. If a customer is currently going to the Detroit district to help solve a problem under the region, they still go to the Detroit district, they still deal with the project manager that is in the Detroit district.

Today, the project manager within the district is responsible for meeting the public, trying to define what the problem is, and the project manager is responsible for getting the necessary resources to solve the problem, whether he gets the resources in-house or letting a contract for an architect to provide some of the design.

The face-to-face contact that currently exists, continues to exist. So the Corps has the capability now and will continue to have the capability and our hope is that it is enhanced, to take care of the problems that our customers have across the Nation, regardless of what they are in the areas that we are talking about.

Mr. BARCIA. Would the backlog of applications be excessive in the Great Lakes or is that typical across the country?

General WILLIAMS. No, sir, first off, the regulatory permit program is not changed. It continues to be the same under the reorganization plan that it is now.

Now, I will reference the backlog. Several years ago the Corps of Engineers did have a backlog of permits. We have several different types of permits, individual permits, we must get about 15,000 of those requests per year. And then there are thousands of permit applications that are handled under general permits or nationwide permits. There are thousands of those.

During the past two years, we have increased the staff and increased the grade of the staff that deals with permitting actions. We have, the Corps average, I don't know the exact percent but it is somewhere in the neighborhood of 80 percent of the individual permit actions are processed within 60 days. And another 10 percent are processed within 120 days.

And there are some, that take a year, and some that take more than a year, but those are examples.

Mr. BORSKI. Thank you. The gentleman from Texas, Mr. Laughlin.

Mr. LAUGHLIN. Thank you, Mr. Chairman.

General Williams, I want to applaud the Corps of Engineers for even considering a reorganization plan. In these days when many of our companies, large and small, are having to reorganize with the economic problems of our country, it is refreshing that some Federal agency is considering downsizing its operation and if people don't like it, then maybe they will stand in line and want to increase taxes, but they certainly aren't doing that any place in this country that I hear. So I commend you.

Now, I want to ask why is it necessary to keep division headquarters when you have the other division offices, as I understand, and why can't they be combined into one operation? And I look, you have Vicksburg as a division headquarters and downstream, maybe a couple of hundred miles, is the design district headquarters in New Orleans. And why don't you have that in one place, why is it necessary to have these design headquarters—I mean division headquarters—such a short distance from the design district headquarters, or division district offices?

General WILLIAMS. Sir, I am not sure I fully understand your question. Is the question—

Mr. LAUGHLIN. Why do you have two locations? Why wouldn't you just combine them? Would you save money? I am looking at division headquarters as a big star for Vicksburg, Mississippi and downstream at New Orleans, you probably have a very significant operation there with a triangle; I read that to be the design district headquarters.

Why don't you put them both at one place or the other?

General WILLIAMS. We do in some cases. Let me see if I can backtrack a bit here. We have three levels of management. We have the headquarters, Washington, D.C., the next level of management is the division headquarters and the next level is what we call the districts.

The design, construction, operation, maintenance, the execution things, the people that do that are in districts, they are not in division headquarters. If the question is, why do you need division headquarters, is that—

Mr. LAUGHLIN. That is part of the question, but why do you have a division headquarters and a design district headquarters separately located?

General WILLIAMS. We have that today. I mean right today we have, for example, in Dallas we have the Southwest Division headquarters and across in Fort Worth, we have the Fort Worth district that does all the design and so forth.

In San Francisco we have the South Pacific Division office and then we have the San Francisco district and we have other cases like that throughout the country.

Mr. LAUGHLIN. My point is that it is appearing that you are trying to consolidate to save money and why don't you co-locate some of these design headquarters with division headquarters? They appear to be fairly close and that is certainly a factor for your people to consider. I will move on.

As I understand your mission, from what has been stated here several times and I am sure it wasn't complete, the infrastructure maintenance is one of your missions of the Corps of Engineers, navigational dredging, sediment management and management of lake level fluctuations.

My question is going to be very specific. What other missions do you have out of the Fort Worth district office or regional headquarters or division headquarters that impact the State of Texas and that region?

General WILLIAMS. The Fort Worth district has primarily three different types of missions. The Fort Worth district does the civil works mission which is related to water resources, flood control, navigation, operation of reservoirs, hydropower reconstruction; all of those things associated with the reservoirs. That is the civil works mission we call it.

The Fort Worth district is one of the districts that also has responsibility for design and construction of military construction projects both for the Army and the Air Force.

Mr. LAUGHLIN. Is any of that going on in Texas these days?

General WILLIAMS. Yes, sir, it is.

Mr. LAUGHLIN. Where?

General WILLIAMS. You name any Air Force and any Army installation in Texas, it is going on.

Mr. LAUGHLIN. Okay.

General WILLIAMS. The other mission that they have is what we in the Corps call support for others. It may be doing either design or remediation for environmental work for the EPA, or the Department of Energy or other Federal agencies. I would expect that the Fort Worth district has some of that work.

Mr. LAUGHLIN. Well, the Galveston district office is not in my district, but I certainly have an interest in that operation because my sitting on this committee now for four years, most of the work that has come through this committee dealing with the Corps of Engineers in my State and region of the country has to do with the coastal area.

Dollar volume-wise, work-wise, any way that you have measured the Corps has measured, as I have heard it come through here, it has dealt with our intercoastal canal. Transportation Department statistics that show that there are not enough rail cars in all of

Texas to carry the product that is just carried through the barge canal. There are not enough 18-wheel trucks to carry all the product that goes through that barge canal in a day's time, yet we are going to downsize to some degree or lessen the importance of this facility and move it to Fort Worth.

And the best that I can determine is because it is a large city near a hub airport. And I will say, General Williams, that having sat on this subcommittee having dealt with the transportation department of the State of Texas, they think that all headquarters need to be in some big city in Texas.

And I ask you to give an analysis by the Corps back to the Chairman on the volume of work done in the Gulf Coast of Texas compared to the rest of the State, and you divide it up any way you want. We have some by measurements, the largest port in the Nation by Houston, by others second, third, fourth, fifth, depending on who is counting the numbers and whether it is tonnage or ships or oil products, whatever it is, it will rank from first to fourth or fifth.

And I have cited these things and I know my State well enough to know that that is not going on in Fort Worth or Dallas. There is no dependence on water transportation in that part of the State and the bulk of your work dollar-wise and volume-wise is done in this part.

And I ask that you do an analysis before you complete your reorganization and present it to the Chairman of this committee and the Ranking Member.

And the other part of that inquiry is just recently a new building was dedicated. I was invited, but unfortunately couldn't go, again, in Galveston. An office costing in excess of \$11 million, which certainly could use expansion. And now we are going to transfer design engineers to the design headquarters in Fort Worth. And I am going to support your reorganization plan, I think, unless you flat close down the entire Gulf Coast of the United States as far as Corps operation is concerned.

I don't think you all would do that. But it seems to me that we have taken a look at the map of Texas and seen this big city up there near a huge airport and we have decided that maybe that is a good place to put your operations and I submit to you that I meet your people down in my district all the time and there is not even a commercial airport in my district. So this hub business doesn't sell with me.

I look at where your people need to be and where they have to work. The truth of the matter is that from Galveston, they can drive in less than an hour and get on an airplane and fly all over the southwestern United States on the only profitable airline in America today flying out of Hobby and at the lowest fares. And Herb Kelleher, president of that airline, testified before our committee about 30, 40 days ago.

And I think there are factors there that the Corps ought to look at and if they come back and say it is best to locate it in Fort Worth or Dallas or Amarillo, then I will accept your analysis. But it seems to me that we are moving the engineers away from the work, the design people.

And if you say to us in your analysis that they got more work to do in that lake out by Paducah than they do in the Port of Houston and more work to do in Sweetwater than in the intercoastal barge canal, and support it with documentation, I will support it.

General WILLIAMS. Sir, just a couple of points to clarify and make sure that you understand what the intent is. It is true that in the proposed new divisional area that Fort Worth is one of the technical centers, but in that division area there are two other technical centers. One is in New Orleans and one is in Tulsa.

So for detailed design work of a major scope that is beyond the capability of the remaining engineers and planners in the Galveston district, the Galveston district can go to Fort Worth, New Orleans, or Tulsa for additional work or go anywhere in the Corps if it is really a specialized work.

The work that is currently done in Galveston, some of the space that is associated with the engineers and planners, those spaces don't all migrate to Fort Worth. Some of them go to Fort Worth, some go to Tulsa, some go to New Orleans. And some of them go to administrative centers in Fort Worth-Dallas I mean.

Mr. LAUGHLIN. I would ask the Corps of Engineers to present to the Chairman some analysis of work done out of the two facilities. And as I received the contracts coming through this committee, it won't be hard to come up with that number because I don't see us doing dredging work in the Sweetwater Lake and I don't see us doing ship channel work in the Paducah area.

And I am being facetious when I say that, but I know that that part of Texas doesn't have the demands for the Corps of Engineers that the ship channel in Houston does, the intercoastal canal that provides an invaluable service to people even in El Paso because of the product that it moves on the water that never gets in 18-wheel trucks or trains. And that was the point that I was trying to make.

General WILLIAMS. But all of those contracts are still let by the Galveston district. They will still be supervised and constructed and they are still doing all the maintenance dredging contracts, the correction of any project. They are still doing all of that.

Mr. LAUGHLIN. Thank you very much, General.

Thank you, Mr. Chairman.

[The following was received from General Williams:]

COMPARISON OF WORKLOAD AT GALVESTON AND FORT WORTH DISTRICTS

[In millions of dollars]

District	Fiscal year—			
	1991	1992	1993	1994
CIVIL WORK PROGRAM				
Galveston	95.4	98.1	97.5	133.8
Fort Worth	131.0	104.0	88.0	105.0
MILITARY PROGRAM				
Galveston	0	0	0	0
Fort Worth	99.0	218.0	318.0	359.0

Mr. BORSKI. I thank the gentleman. I have several questions from Members who unfortunately had to leave. These are on behalf

of the gentlewoman from Texas, Ms. Johnson. Volume 33, Section 642 of the U.S. Code states that the President shall appoint seven commissioners to the Mississippi River Commission, three of whom shall be selected from the Corps of Engineers of the Army.

The U.S. Code further provides that the President will designate one of the commissioners from the Corps to be President of the Commission. By requiring that the commander of the South Central Division also serve as the president of the Mississippi River Commission, is the Corps taking away the legal right of the President of the United States to appoint the president of the commission?

Was this statutory right of the President considered at your reorganization meetings?

General WILLIAMS. I don't recall that at our decision-making sessions that we ever discussed whether or not we were taking away presidential decision-making authorities. That was never discussed. It was discussed in regards to the responsibilities of the Mississippi River Commission and where it is located and how many people are associated with the Mississippi River Commission on day-to-day work and so forth.

Mr. BORSKI. Another question also that she asked, is there any history in the Army of some commanding officers being permanently stationed away from their supporting staff? Apparently many have suboffices and they have apportioned their time among these suboffices as might be required.

Do you see any reason why the support staff of the Mississippi River Commission remains in Vicksburg and an experiment station could not operate in this manner?

General WILLIAMS. I guess like anything in life; you can make things work. It is a question of efficiency. I think it is impractical to have the president of the Mississippi River Commission be sitting someplace else other than Vicksburg where his staff is.

Having been the president of the Mississippi River Commission, I think I can speak from experience that it is a day-to-day, eyeball-to-eyeball situation.

Mr. BORSKI. And the gentlewoman from Virginia asked that these questions be asked of you. Are you changing current district boundaries before reorganization is carried out?

General WILLIAMS. District boundaries are not being changed, either before or upon implementation of the reorganization plan. District boundaries remain the same, division boundaries change.

Mr. BORSKI. In the interim are there any piecemeal changes that might affect reorganization that we should be made aware of?

General WILLIAMS. We are not taking any actions under the reorganization plan. We are taking actions in response to the executive order cut of civilians in the government.

Mr. BORSKI. This question is a follow-up to what Mr. Laughlin of Texas was inquiring. Since the Corps does more and more work for other agencies like EPA and FEMA, why don't you put more emphasis on placing Corps offices in major Federal regional cities such as Philadelphia, Chicago, and Dallas, San Francisco where these agencies have their regional offices?

General WILLIAMS. Mr. Congressman, there are ten Federal regional offices, headquarters, and you have named some of them.

Under our current organization, we only have division offices in six of those ten. We certainly can't afford to expand to the whole ten.

Under the new plan, the Corps would still have a division office or a district office in all of the Federal regional cities except Denver. And Dallas, if you want to consider it, although we have an office right there in Fort Worth, so it is not that far away.

Mr. BORSKI. Dr. Dickey, the reorganization plan that was announced in November of 1992 called for the establishment of 15 technical centers. What was that number based on and what was the decision-making process used to settle on that number?

Dr. DICKEY. The idea is of course to get two things, one, a sufficiently large group to give you the depth of expertise that General Williams spoke of, and secondly, to have inherent in that group, the mix of skills and the flexibility to handle the fluctuating work load. One of the ways that the Corps handles the fluctuating workload is by the amount of work that it contracts out.

And as I recall, General Williams may want to amplify this, that 15 was kind of the number that looked right in terms of the size we wanted and in light of what we saw as a reasonable range of probable futures was.

General WILLIAMS. Yes, sir, right now we have 38 districts and all of our districts have engineering and planning and all of the other functions that we have been talking about today. The basis of going into reorganization was that you cannot afford to have every one of those districts have everything. It was a question of where can you consolidate to save some money and to also do the other things that we were talking about, the flexibility and the competence, et cetera.

We started out in our decision-making groups saying I don't think we can afford 37, maybe it is somewhere in the range of 12 to 18. And we started discussions and looking at the work load that you would have associated with 12, 13, 14, or whatever. And we eventually, through a discussion, came down to 15. Fifteen looked pretty good.

We had five divisions; we would have at least two technical centers for each division and in some cases we have three. So we had a pretty good geographical dispersion as far as from a regional perspective that each division would have at least two. They would not have to go long distances. They could stay within their region and they would have at least two for competitive reasons.

And that competitiveness hopefully would drive down your costs also and we zeroed in on 15.

Mr. BORSKI. The Corps has emphasized as a rationale for consolidating technical staff in technical centers the need to achieve a critical mass of technically qualified staff. How many staff in each specialty do you need to achieve this critical mass?

General WILLIAMS. Sir, I don't know if there is a correct number by discipline. I would try to answer that question as follows: In some of our districts we currently have maybe one or two of a particular discipline. Maybe we only have one mechanical engineer, one electrical engineer, and I would contend that is not very healthy.

It is not healthy for the district, I don't think it is healthy for the individual. And I don't think it is healthy for the customers you are trying to support.

So the idea was being you need to build up a larger number of people in each of those particular disciplines, whether it is mechanical, civil, electrical, environmental, whatever. And there is a lot of advantages that we see and our employees see in having that.

It gives them, one, job opportunities for upward promotion. It gives them the ability to talk to other people in their respective disciplines, to exchange ideas and keep current. It also allows you to give them a variety of jobs and challenging jobs and, hopefully, that will retain those quality people that you have on board.

Mr. BORSKI. General, in the site selection scoring process for technical centers, the number of district personnel employed in planning, engineering and program project management was used as a tie breaker. Why was there no explicit tie breaker in the divisional site selection process?

General WILLIAMS. Why was that not a tie breaker in the division?

Mr. BORSKI. Site selection process.

General WILLIAMS. Prior to going into the site selection process, the group that we had assembled decided what were the criteria we were going to evaluate, what the items were going to be and the process that we were going to use for selecting division offices and the process we were going to use for district offices. And we all came to agreement that is the process that this decision-making group would have. And the decision—so it was the group decision that we would not use the tie breaker of the program, project manager, those types of people in the tie breaker.

What we did do was where you had a tie breaker for a division office, then we used our best judgment. Best judgment may be in personal experience or looking at whatever you think is important, whether it be the differential pay, the number of people that you are trying to displace, and so forth. So it was an individual judgment that came to a collective decision.

Dr. DICKEY. Let me amplify that. The reason we looked at the number of technical people at the district level is—remember this is where the work is actually done and, frankly, we wanted to minimize the number of people that are adversely impacted by the reorganization. Because these are the special skills of the Corps of Engineers and you want to keep as many of those as possible, recognizing that somebody has to move if you are going to reduce the number of places where you carry on that function, where that is not the case at the division level.

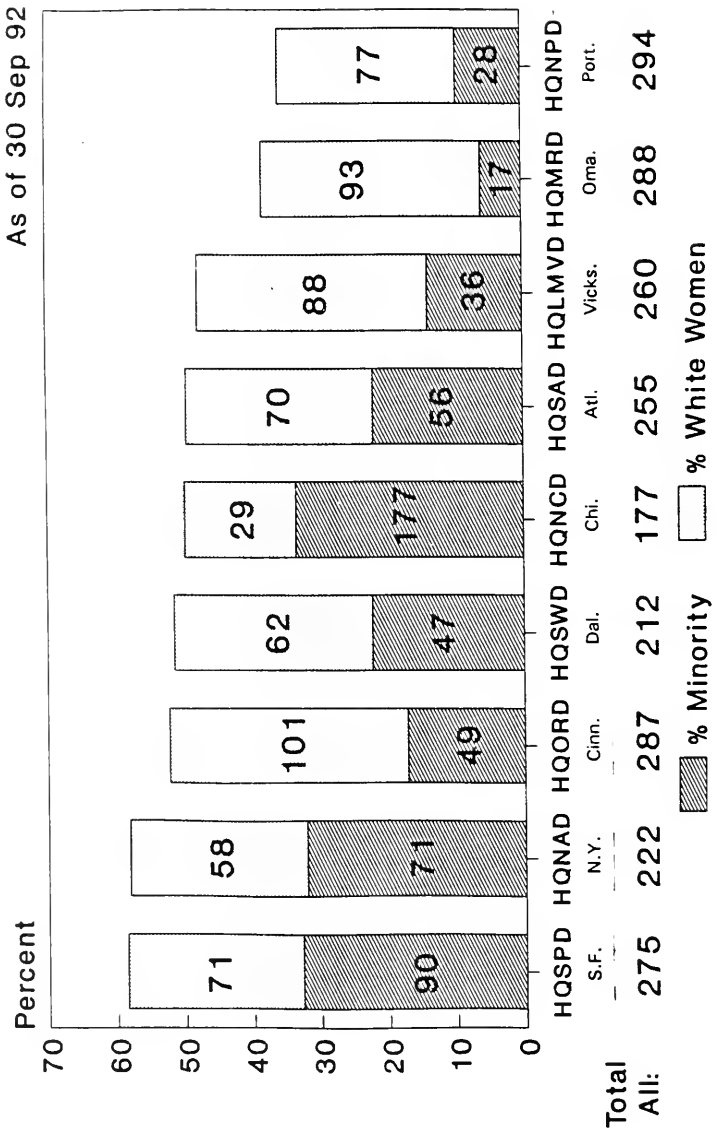
Mr. BORSKI. Dr. Dickey, let me ask a question, a follow-up question, on a point that Chairman Mineta raised earlier, but I don't think he ever asked explicitly. I understand that in the preparation of the environmental documentation associated with the reorganization plan, some impacts on human environment were not analyzed, namely, the impact on minorities and women.

What were the rankings of each district and division in their percentage of women and minority employees?

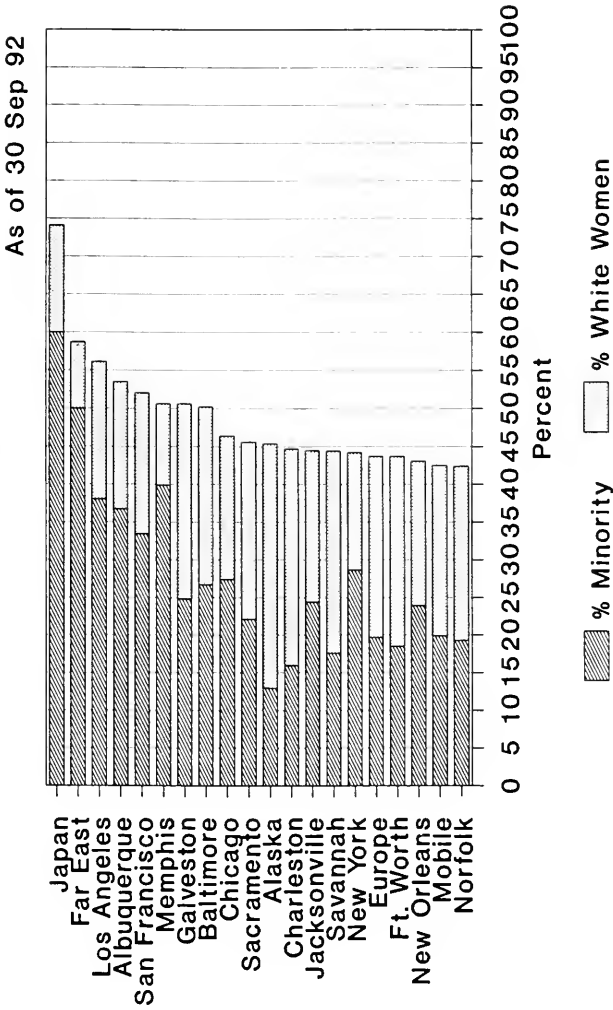
Dr. DICKEY. We have that information, we will supply it for the record.

[The following charts were received from Dr. Dickey:]

U.S. Army Corps of Engineers
 MINORITIES AND WOMEN IN DIVISION HQS
 As Percent of Total Work Force

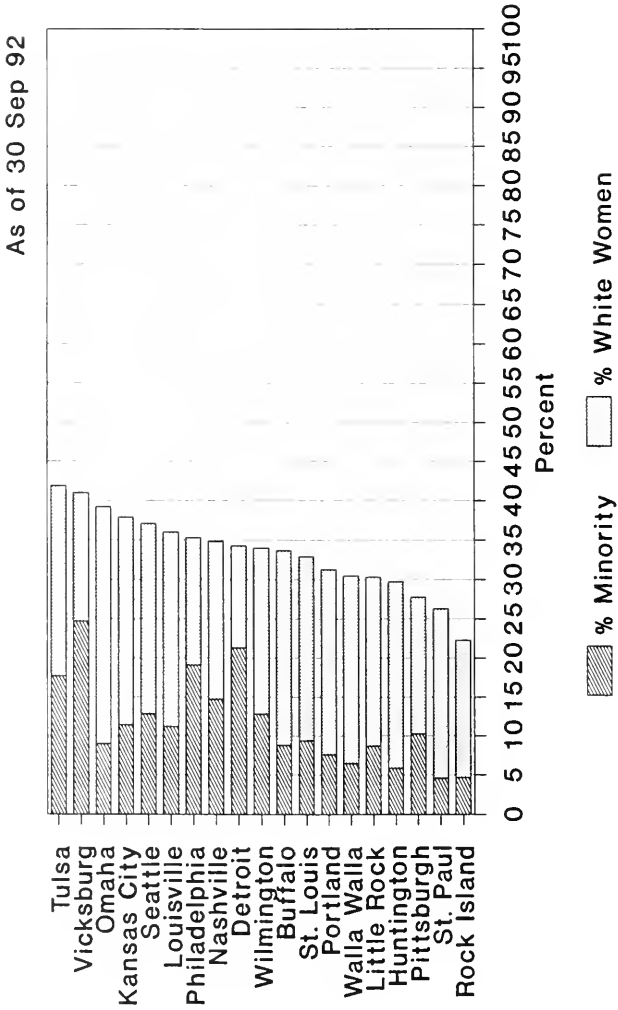


U.S. Army Corps of Engineers
MINORITIES AND WOMEN IN CORPS DISTRICTS
 As Percent of Work Force
 (Chart 1 of 2)



Source: ACPERS

U.S. Army Corps of Engineers
MINORITIES AND WOMEN IN CORPS DISTRICTS
 As Percent of Work Force
 (Chart 2 of 2)



Source: ACPERS

Mr. BORSKI. Was this factor not considered in the site selection?

Dr. DICKEY. It was not part of the decision, that is correct.

Mr. BORSKI. Dr. Dickey, the reorganization plan of November, 1992, is very different from the plan that was submitted in April of 1991. Under the earlier plan, for example, San Francisco and New York would have been retained as division offices, whereas under the current plan, Portland and Boston would be retained instead.

How did the criteria for site selection in the 1991 plan differ from the 1992 plan?

Dr. DICKEY. I am sure General Williams will want to say something about that, but let me say there are two fundamental differences. One is that in the BRAC plan, closing of districts was, of course, on the table, okay. That was not on the table in connection with this.

The other difference was that here changes in process were considered, and indeed form an essential element of the reorganization plan. Under the BRAC plan, there was no contemplation of changes in the processes, in the work processes.

General WILLIAMS. I would make the same points.

Mr. BORSKI. General Williams, as I understand your testimony, under the reorganization plan technical review will be performed at the district level through peer review at a technical center. Technical review currently takes place at the division level.

How would moving the technical review from a division office to a technical center increase efficiency?

General WILLIAMS. One of the complaints that we have both internally and externally is that we have too many layers of things. One of the layers that we are talking about here is that we have too many layers of technical review or policy review.

So one of our goals was to diminish and, hopefully, eliminate some layers. So we went to the division headquarters, which currently do a policy review, so does the Headquarters.

Division headquarters do some technical review, so do the districts. So we did what people and the Congress were telling us, that is to decentralize and push down. We pushed down technical review to the districts and we eliminated that layer of both technical and policy at the division level.

Hopefully, that, number one, is going to save spaces, which translates to significant dollars. Number two, the intent is that it will speed up the process, which is another goal that we have.

Mr. BORSKI. Gentlemen, your prepared testimony refers to partial funding having been appropriated in fiscal year 1993 for the headquarters and division office reorganization. If the current reorganization plan is approved, what additional funding would you request for Phase I? How much funding for district office reorganization?

General WILLIAMS. Sir, I don't have the exact numbers. We had in our fiscal year 1993 appropriation \$5 million to start the reorganization of headquarters and divisions, plus we had requested additional \$7 million of transfer authority, for a total of \$12 million in 1993 to start the reorganization of headquarters and divisions. It was intended that it would take two years, so we would have to

request additional money in our 1994 budget. That has not come to be, we have not been allowed to do that.

I don't know what the exact number at this point in time is for the money to be expended for Phase I reorganizations. Part of that money, as explained earlier by Dr. Dickey, that part of that \$5 million has been used to pay salaries because we have not been able to reorganize.

Mr. BORSKI. Dr. Dickey, how much of the \$12 million which Congress appropriated to reorganize the Corps headquarters and division offices has been used?

Dr. DICKEY. Of the \$12 million? The \$7 million remains untouched because it can only be used for reorganization, and we have spent the balance. The \$5 million, by end of the fiscal year, will all be expended. About a million of it will have been expended on the planning, maintaining the staff supports, the organization planning and getting ready to implement. And the balance will be just to pay salaries of the ongoing unit expenses there, the general expense funded people.

Mr. BORSKI. General, much of the testimony that the subcommittee received last Thursday concerned the adverse impact of the loss of local technical expertise. Under the reorganization plan, I assume there will be a transition period before newly configured offices become fully operational and, in some cases, before new personnel become familiar enough with projects that have been transferred to begin or continue technical planning and design. Has the Corps included these learning-curve costs in its estimate for implementation and will local sponsors be required to share in any of these costs?

General WILLIAMS. Sir, we did not in our cost estimate, we did not go into that kind of detail. We do recognize the fact that there is going to be a transition period.

Basically, if you were allowed to do the district reorganization, it would probably take a three-year period, but we also realize that each district needs to look at each project on a case-by-case basis. In some cases, you can transition a project very quickly, in others it will be done over probably a period of years. And so we would leave it up to the districts and divisions to make that decision, with the ideal goal that the customers are not going to be negatively impacted.

Our ultimate goal is that the service provided to the customer will be enhanced and the cost of the products will decrease.

Mr. BORSKI. Another song that everyone last week was singing was that they were not consulted with at all, customers, if you will. Is there any particular reason why they weren't? Is it just impractical or—

General WILLIAMS. Well, I think it depends on how you ask the question. If the question to them was were you consulted prior to November 19, 1992, about the specific plan and districts, the answer is correct, we did not consult with them. Because I don't know how you would ever put together a plan because everyone you would go to would have an objection, and so forth. You would never get to a plan to put on the table for people to talk about.

So from that aspect, yes, they are correct, we did not coordinate this with anyone, to include Congress or even people within the Corps of Engineers, other than the people that were working on it.

On the other hand, I do take exception that people did not have the opportunity to provide input on the criteria, the types of structures we were looking at, and any other things that they wanted to bring to our attention. And many people, hundreds of people, both inside and outside the Corps, did, in fact, do that.

Mr. BORSKI. Okay.

Thank you very much.

Let me ask, I know that, as you can tell by the tremendous response from the Members today, there may be other questions that we, perhaps, will be submitting to you in writing. I would appreciate your responses.

[Additional questions were subsequently submitted to Dr. Dickey from Representative Eddie Bernice Johnson. The questions and responses follow:]

ANSWERS TO QUESTIONS SUBMITTED BY CONGRESSWOMAN EDDIE BERNICE JOHNSON TO G. EDWARD DICKEY, ACTING ASSISTANT SECRETARY OF THE ARMY, CIVIL WORKS

Question. I understand that prior to 1988 some Corps Division offices did not have to submit a large majority of their project proposals in advance to Headquarters. However, since that time Headquarters has required that Division offices submit most of their projects to Headquarters for review and approval. Once headquarters took control of this approval authority, Congress heard many concerns from Corps clients about serious delay in obtaining final project approval. As a result, Congress inserted language in legislation, specifically, the FY 93 Appropriations Act for the Corps, recommending reduction in micromanagement at the top of the Corps' management structure. However, in the Corps' reorganization plan, a new Central Review Center will be established, possibly resulting in more micromanagement from the top. To minimize the potential for micromanagement would you agree that more functions should be taken from Headquarters and assigned to Division and District offices?

Answer. Functions should be assigned where they are most appropriately performed. The Corps Headquarters is, and should remain, responsible for Corps policy matters. The proposed creation of a Central Review Center, which would deal with review of policy matters, would eliminate redundant policy reviews of civil works project reports. In a specific attempt to reduce micromanagement, technical review functions are proposed to be transferred entirely to the district level.

Question. Under the Bush Administration, the Corps was to be reorganized under the umbrella of the Base Realignment and Closure [BRAC-'91] Plan. However, because the plan was not adequately coordinated with Congress, it was deleted from BRAC '91. Now it seems as if the current Corps plan is coming under the same type of scrutiny. Why was this plan, which was announced in November of 1992, not properly coordinated with Congress as was requested?

Answer. The Corps was removed from the jurisdiction of the Base Realignment and Closure Commission because it was felt that an organization performing significant public works activities as well as military construction activities should not be considered for reorganization through a solely military-oriented process. During 1992, the need for and the status of planning for Corps reorganization was briefed to Congress on several occasions, and the Energy and Water Development Appropriations Act for FY 93 specifically provided funding for reorganization at the headquarters and division level. In testimony before Congress in March 1992, Assistant Secretary Nancy P. Dorn and Lieutenant General Arthur E. Williams specified the criteria under which a plan would be developed, and they also solicited congressional guidance.

Question. Now that the schedule for implementing the proposed reorganization plan has been delayed and there are no funds in the FY 94 budget request for reorganizing the Corps, what is your recommendation for proceeding with the reorganization?

Answer. After the announced plan has been reviewed, the Corps will follow whatever directions are received from Secretary of Defense Aspin regarding Corps reorganization.

Question. In the event that the current reorganization plan is not approved by Secretary of Defense Aspin, what type of reorganization do you think the Corps should consider?

Answer. The announced plan represents the Corps position on reorganization. What other kind of reorganization the Army will consider, if any, will depend on the guidance that is received from Secretary Aspin.

Question. From my analysis of this reorganization plan, it appears that the actual savings under the plan are vastly overestimated. Any savings to the Corps seem likely to come in the form of salary reductions at the Division offices. But in the reorganization plan, I did not see any analysis of cost increases that may result from a new internal organization. For instance, the lack of available transportation to and from Vicksburg will likely add substantial costs associated with additional time and travel requirements. Was any data collected and analyzed by the Corps relative to this additional cost?

Answer. The primary dollar savings which would result from implementing the announced plan would be from reduced salary costs at all levels. There would also be dollar and time savings from the recommended changes in the work and review processes. The proposed plan did not attempt to quantify either these savings or the incremental travel cost increases which might come from having fewer division offices nationwide. The changed work process and more efficient use of modern electronic communications would minimize potential travel cost increases.

Question. According to the Corps document, Decision Path II, although Dallas ranked higher than Vicksburg in the division office site selection process, Vicksburg was chosen because of the unique legal requirements for the Mississippi River Commission, with its own separate appropriations and its legislative requirement for the President of the Commission to be the Division Engineer responsible for the lower Mississippi River. If Vicksburg was seen as the only alternative for locating the South Central Division office, why did the Corps even bother to compare the relative benefits of Vicksburg and Dallas?

Answer. All division and district office locations nationwide were evaluated in the same manner and by the same criteria. Siting decisions were only made after evaluation by these criteria and the consideration of many other relevant factors.

Question. According to my information, almost every Division Office that is projected to absorb another Division office does similar work and, therefore, shares similar expertise. Apparently, the one instance in which this is not occurring is with the Vicksburg and Dallas offices. As you know, Vicksburg concentrates on civil works navigation and water development. Dallas also does that type of work, as well as military construction. In fact, Dallas has the largest military construction program and the most expertise of this type in the nation. Dallas also does a lot of work with former defense sites, which, I understand, is one of the faster growing Corps programs. To my knowledge, Vicksburg does not do any work of this nature. Was this expertise of the Dallas office overlooked? If not, what provisions has the Corps made to ensure that this knowledge is retained by the South Central Division?

Answer. The announced reorganization plan allocates one-half of the planning and engineering spaces now in all of the Corps division offices to their subordinate districts. For the Southwestern Division Office in Dallas, this means that those personnel spaces would be allocated to Albuquerque, Fort Worth, Galveston, and Tulsa, where the real design and construction work is performed. Certain of the military-specific functions now performed in the Dallas office, and their incumbent personnel have been identified for movement to Vicksburg in a transfer-of-function.

Question. Corps testimony during the Subcommittee's May 11th hearing indicated that the impact of the proposed reorganization upon women and minorities was not considered. It is my understanding that Army Regulation AR 5-10, 'Reduction and Realignment Action,' requires studies of the impact of any closures on equal employment opportunity. I interpret this regulation to mean that all alternatives should have been explored prior to any final decision regarding the proposed reorganization. Why was the required study not performed in accordance with this regulation?

Answer. The required analysis of equal employment opportunity impacts was performed, although it was not one of the criteria used in site selection.

Question. One of the Corps' stated reasons for reorganization was to enhance technical capabilities. It appears that in the proposed reorganization many of the highly experienced engineers in Division offices would be lost through forced retirements or job reductions. Since the most experienced engineers are located in Division offices, how does the proposed reorganization plan tie in with the Corps' goal of enhancing technical capabilities?

Answer. The proposed plan would enhance technical capabilities over the long-term by consolidating technical personnel, and what has been a declining workload,

into fewer locations to create more consistent and challenging work opportunities for larger, more competent individual workforce units.

Question. Another reason for reorganization cited by the Corps was the need to reduce overhead costs. Page 20 of the Corps publication "Why Reorganize" shows that overhead costs for Division offices and Headquarters are about five percent of the total civil works budget for FY 92. Further, I have reviewed data showing that in the first quarter of this year Headquarters went through a paper reorganization in which jobs were abolished, but only one employee was released. Apparently, this employee wanted to retire. Page 22 of "Why Reorganize" shows that while there has been a steady decline in workload over the last 10 years, there has been a steady increase in Headquarters staffing during the same period. If the Corps' concern is to reduce overhead costs, why is there no evidence of a reduction in Headquarters staff in the reorganization plan?

Answer. The announced plan, in fact, is primarily a field reorganization plan. Since 1988, the Washington-area offices of the Corps (Headquarters and Field Operating Activities) have sustained a total drawdown of about 674 spaces from a level of about 2,709. Meanwhile, difficult decisions on cuts to the field offices have been postponed in the absence of an approved plan for field restructuring.

Question. In the Corps publication "Why Reorganize," I see very little information pertaining to why division offices should be reorganized or closed. Why is the Corps trying to implement the reorganization of Division offices without defining goals or objectives in advance?

Answer. Three criteria for evaluating Corps reorganization alternatives were proposed in the report of the Bayley Task Force which was sent to Congress on January 4, 1991. These were: 1) cost effectiveness, 2) enhanced flexibility, and 3) enhanced competence. These three criteria, together with a fourth, management effectiveness, introduced by the Assistant Secretary Dorn, were presented in congressional testimony in March 1992. These criteria (or goals and objectives) were used to evaluate the reorganization alternatives for the entire Corps. There were no separate criteria for evaluating alternatives for particular organizational levels within the Corps.

Question. If the reorganization does not proceed past the closing of Division offices, the only savings I see are from reductions in salary. Is this your objective for closing Division offices?

Answer. Phase I of the announced reorganization plan includes significant changes to the Corps work and review process, in addition to the consolidation of division offices. Policy review would be reduced from two levels to one, and technical review would be moved downward from division level to the district level, in addition to the transfer of personnel spaces to the district level. These changes would provide significant process benefits in addition to the proposed overall reduction in personnel spaces and salary costs. The savings in division and headquarters level costs will reduce the Corps agency overhead costs and thus contribute to the objective of improving the Corps cost-effectiveness.

Question. I understand that any Corps Division office needs to do a fair amount of coordination with other federal agencies such as the Federal Emergency Management Agency, the Environmental Protection Agency, and the Fish and Wildlife Service. How will the Corps effectively coordinate with these other agencies from a Division headquartered in Vicksburg?

Answer. The Corps currently has several division, and many more district, offices located in cities which are not among the headquarters of the ten Federal regions. The Corps coordinates effectively with them now, just as it would in the proposed future structure. Modern transportation and electronic communications methods diminish the effects of distance, whether that distance is from other Federal agencies or from regional and local units of government.

Question. Do you see any disadvantage for any region of the country where the Corps Division office has poor access to other federal offices?

Answer. The Corps coordinates effectively with other Federal agencies in all regions of the country.

Question. The way that the Corps Division offices are currently set up, there seem to be good policy reasons to have the Mississippi River Commission partnered with the Lower Mississippi Valley Division. The roles of these two offices are basically mirror images. But by expanding the Division hundreds of miles to the north and west you would seem to lose good policy reasons to require that the Division office also be permanently located on the Mississippi. How will placing the South Central Division office in Vicksburg, with that office's historic dedication to the Mississippi River, benefit the District offices in such cities as Fort Worth, Little Rock, and Galveston?

Answer. The district offices nationwide, like the Corps customers and taxpayers in general, should benefit from the proposed changes in work and review processes (which reduce the roles of division offices), the reduced costs, and the enhanced emphasis on placing more technical resources at the district level relative to the division level.

Question. As I read it, 33 U.S.C. section 642 states that the President shall appoint seven commissioners to the Mississippi River Commission, ' . . . three of whom shall be selected from the Engineer Corps of the Army.' The Code further provides that the President shall designate one of the commissioners appointed from the Corps to be President of the Commission. It seems to me that by requiring the head of the South Central Division to also serve as President of the Mississippi River Commission, the Corps is taking away the legal right of the President of the United States to appoint the President of the Mississippi River Commission. In its reorganization proposal, did the Corps consider the statutory right of the President to make an appointment of his own choosing?

Answer. We do not believe the announced reorganization plan limits or interferes with the Presidential statutory rights in any way.

Question. There seems to be a long history of Army commanding officers being permanently located away from some of their staff. As I understand it, many commanders have sub-offices, and they apportion their time among these sub-offices as may be required. Is there any reason that the support staff of the Mississippi River Commission—remaining in Vicksburg along with a District office and the Waterways Experiment Station—could not operate in this manner?

Answer. It is possible to make any structure function, but it is clearly more efficient to have a commander co-located with his staff.

Mr. BORSKI. Let me thank you very much for your cooperation. We appreciate it very kindly, and again, General, thank you for being as accommodating as you were.

General WILLIAMS. I appreciate the opportunity to appear before you today, sir.

Mr. BORSKI. I will call our next panel, we would like to welcome Mr. Ken Smith, President, Coastal Advocate, Incorporated, Ship Bottom, New Jersey, and Professor F.H. Griffis, Director, National Center for Infrastructure Studies, Columbia University.

Gentlemen, before you sit down, let me ask you to stand up.

Would you please raise your right hand?

[Witnesses sworn.]

Mr. BORSKI. Thank you very much.

Mr. Smith.

TESTIMONY OF KEN SMITH, PRESIDENT, COASTAL ADVOCATE, INC., SHIP BOTTOM, NEW JERSEY; AND F.H. (BUD) GRIFFIS, PROFESSOR OF CIVIL ENGINEERING (CONSTRUCTION) AND DIRECTOR OF THE NATIONAL CENTER FOR INFRASTRUCTURE STUDIES AT COLUMBIA UNIVERSITY

Mr. SMITH. I will be brief. My statement is brief and I will try to keep it as short as possible.

Mr. Chairman, thank you very much for the opportunity to testify on this important issue. My firm represents a number of communities at the New Jersey shore, over 400 individual businesses and property owners, and 16 citizens associations, with a combined membership of about 50,000 people.

I am also Vice President of the American Shore and Beach Preservation Association and our relationship with the Corps goes back many years to our inception in the 1920s. We don't lobby and we generally don't take positions one way or the other in congressional hearings. But I could just say very safely that the individual Board members that I have talked to want to see the Corps become more efficient. They are interested in the process of reorganization. Some

of the things that have come up have been proximity and work load, that are important factors to be considered.

The focus of my firm's activities is on shore protection and the maintenance of beaches that support and protect the multi-billion dollar coastal tourism industry.

The rationale for reorganization, which may be valid nationally, should be reexamined in its application to the Philadelphia, New Jersey, New York region, with almost 40 million people, two major, major ports. And a large coastal tourism industry.

In fact, the New Jersey shore is really a microcosm of developed coasts nationwide, intensely developed. Our proximity to the Philadelphia and New York urban areas has predetermined our role as a provider of tourism facilities. And the protection of that coast is not only really getting underway now with Corps projects, it is likely to expand dramatically in the future.

The revenues that are generated by our coast, in addition to the beach-related revenues, the revenues of the ancillary businesses that are affected are enormous throughout the country. I have left some material in that regard as to the economic value of the coastal zone, and I won't get into all that now, but there is no question that with one of the largest military and civil works planning, design and construction work loads in the country, the North Atlantic Division is a major center of Corps activity.

These activities require close cooperation between the Corps staff and local and regional governmental entities. We are concerned that the reorganization plan would deplete the districts and the division of key personnel in the most important functions, the planning and engineering operations, many of whom have years of experience and contacts with the local decision makers.

I would like to focus my remarks just on one issue, and that is the plan's impact on the Corps of Engineers' ability to continue its important and expanding responsibilities to the region, particularly, in my area of interest, the protection of the New Jersey coast. Responsibility for that is shared by the Philadelphia and the New York districts.

The New York district is close to bid on the first section of the Sandy Hook to Barnegat Inlet Project, a 50-mile long, eventually, project of beach erosion control at the Jersey shore. Very important, many years of planning, with really the same people who have worked with us to bring this project to fruition.

The Philadelphia District, in 1990, completed their Limited Reconnaissance Phase Study of the middle and southern regions of the New Jersey coast. That is ongoing.

There are projects that have been constructed, some feasibility studies going, and another project in Cape May.

Just to summarize, the process of Corps review and permitting which leads to Federal beach restoration projects is really going to increase, with a significant expansion, as I see it, over the next five years. In New Jersey we have come a long way toward our partnership with the Corps. The State is expected to fund its share of these projects, and we are absolutely dependent on the expertise and the long-standing, close working relationship that we have with the districts and the division staff.

We truly cannot afford to have the critical planning and engineering operations shifted to Boston or Baltimore, and we just can't understand how a shift of one of the most active division offices from New Jersey to Boston would benefit the most densely populated area of the country.

There are three other basic criteria in addition to the criteria for reorganization that need to be considered, in any type of Corps activity, and that is basically the three "E's": Engineering, environment and economics. And in all three of those parameters, we have tremendous needs in that region that need to be addressed, ongoing and expanding.

So in closing, let me just thank you for allowing me to make our case, and I would urge you to review the submitted information and reconsider the reorganization plan.

Mr. BORSKI. Thank you, sir.

Professor Griffis.

Mr. GRIFFIS. Good afternoon, Mr. Chairman.

I am pleased to present testimony before this subcommittee on the current plan to reorganize the Corps of Engineers. I will be brief and summarize my six-page statement. There are a couple of points though that I do want to make.

I feel I am qualified to present my views on certain parts of the reorganization plan. As Professor of Construction at Columbia, I provide students to the New York District. I interact professionally with the district and division employees through the New York City Post of the Society of American Military Engineers.

I am the Director of the National Center for Infrastructure Studies and it is a consortium of seven universities, Columbia, Cooper Union, City University of New York, Manhattan College, New Jersey Institute of Technology, Polytechnic University, and Rutgers. It is actively involved right now in establishing INFRATECH, which will be the research element of the administration's infrastructure initiative to develop the world's best communication, transportation and environmental systems.

INFRATECH will actively involve the Corps of Engineers' infrastructure. I am a contractor to the Corps through my firm of Robbins, Pope and Griffis and can speak on the impacts of architect engineering and construction engineering in the current organization plan.

Finally, I was the New York District Engineer from March of 1983 until September of 1986, when I retired after 26 years of proud service as a Corps of Engineer Officer.

So my testimony is in three parts: One, I want to talk about the Corps. Second, I want to talk about moving the division office to Boston. And then I want to talk about moving a major portion of the New York District to Boston. And I will summarize most of those.

But the Corps is an organization of which I am very proud. I have never known the Corps to take actions that they did not truly believe was in the public interest. It is a resource to the Nation, both in peace and war. And my message to you is that you ought to direct the Corps to move into different missions. Rebuild the infrastructure, do what they did—do what they did when they reopened New York Harbor in the 19th century, okay—let them re-

build the Nation's infrastructure. I think it will be a requirement that they do that.

As far as the reorganization plan, there is no question the Corps has to downsize and it has got to reorganize. In my opinion, reducing the divisions from 11 to 6 is a prudent move.

The Corps has always followed the management concept of centralized planning and policy and decentralized execution. The districts are the execution arms of the Corps. Eliminating the divisions' review function and defining their roles as the planning organization makes sense and ought to be done right away.

Establishing administrative centers also may be a good idea. That will consolidate functions, consolidate functions and maybe get higher quality services.

On the other hand, there is a penalty for that. It won't be as responsive to the people that they are servicing, but this can be managed.

Establishing centers of expertise, now that is not—I am not saying technical centers, that is centers of expertise, as called for in the plan, and is a relatively nonconfrontational item and should be done. And that part of the plan, which they are calling Phase I, which they should not call Phase I, in my opinion, they should call that the "Division Reorganization Plan," should go ahead, proceed with it.

I think this committee should let the administration know that they should make a decision quickly, because this has really been affecting Corps of Engineer employees over the past three years. They are losing awfully good employees.

Now, while the plan is good, while the plan is good, the establishment of technical centers in some districts, I think that needs to be looked at again. I think it needs further study. I think it should be dropped out of the plan and just call the first part the plan, okay, because nobody is going to approve Phase I if there is a possibility of a Phase II.

Now, while there are some good parts to the overall Corps reorganization plan, an incredible mistake is about to be made in the northeast, truly incredible. The Corps plans to close the North Atlantic Division in New York and open a new Northeast Division in Boston. This is a bad decision and it has no basis.

The Corps should reconstitute the North Atlantic Division as the Northeast Division and leave it in New York. That doesn't mean it shouldn't downsize, okay. They can still downsize it, but they are moving it. They are spending \$8 million to \$10 million to move it to Boston to perform the exact same function now and the rationale is not there.

There are currently 13 division-level spaces in Boston that deal with water resource projects in the New England area. There are no spaces that deal with military construction.

New York has 207 division-level spaces that deal with water resource projects from Virginia to New England, and all military construction from Virginia, Maine, and Greenland. The point is this whole issue revolves around military construction. You haven't noticed that, I don't suspect, this being a civil works subcommittee.

The plan to move 92 spaces to Boston and establish the Northeast Division responsible for water resource projects and military

construction from Washington, DC, to Maine and Greenland, is a very poor decision. While the reduction of division spaces in the northeast from 220 total division spaces down to 105 may be meritorious, why eliminate the spaces totally in New York and create them in Boston?

The reasons are, one, the cost of living. In a simplistic rating model, Boston scores a score of two, whereas New York was given a score of one, since Federal employees now receive internal geographic adjustments to their basic pay.

Beginning in 1994, Federal employees across the country will be entitled by law to locality-based comparable pay and they are paid less for Federal workers doing the same type of the same level of work. If one looks at the true economic indicators, the true economic indicators such as consumer price index, both cities are about the same.

For instance, in the "Places Rated Almanac," it shows that the cost of living in New York is 319, and for Boston, it is 318. Neither city is a low-cost area.

Most division-level professionals are managing engineers. The National Society of Professional Engineers places this group's median salary as 2.5 percent higher in Boston than it is in New York. So and keep in mind, that is the only reason to move the division.

They rated it, the second criteria, engineering schools—Boston University used an overall rate—got an overall rating of 4.85, they used MIT as their comparison school.

New York received a score of 4.80, using Columbia as its comparison school. It is sort of ridiculous, this result in both having a score of two for education. But most of the Corps' employees don't come from MIT and they don't come from Columbia, okay. Most of the employees graduate from City University of New York, Manhattan, NJIT, Rutgers, Pratt, Stephens, Polytechnic, NYU, NIT, and others. In Boston, they graduate from Boston University, Boston College and others.

The third factor was transportation, and transportation was key to the Federal Aviation Administration classification of airports. Both New York and Boston have major hub airports, so they got a score of two. In fact, New York, that has three airports. Although both cities scored two, the case of getting to Logan, LaGuardia, JFK, or Newark, is nothing really to brag about in either location.

Therefore, the sum of the criteria, the three scores, Boston got six, New York got five. Quoting from a report of the selection group, in the Northeast Division, Boston ranked above New York and was selected as future division headquarters.

Something is wrong with that logic. It is difficult to entice people to move to New York, but it is equally impossible to get New Yorkers to leave New York.

Establishing a Northeast Division in Boston will lose the institutional knowledge of the military construction in Greenland. Construction dealing in Greenland, you have to deal with the government of Denmark. So you have to open bids in Denmark, so you have to deal with Denmark construction rules, Denmark environmental law, as well as Greenlandic environmental law. You lose all that. It will upset long-standing customers support and local sponsoring relations for no reason, okay.

The division support for the Passaic flood control tunnel, that flood control project that has been studied since 1936, two years before I was born, is essential if the deadly Passaic is ever going to be controlled. Loss of a reasonable perspective of the priorities of regional resource project, a major loss in the local expertise of the kind so vital to local sponsors and the customers, and a loss of sensitivities to specialized customers at the current North Atlantic Division and the current New York District deal with, like West Point and its historic structures. Very specialized care.

The loss of the sensitivity dealing with the National Security Agency, you know, there are some very sensitive-type construction, engineering construction points there. The Space Command, it will be very, very difficult to rebuild these.

And these five points apply to the division and to that portion of the New York District that is planned to be moved to Boston. My conclusion is that the Corps should make the necessary changes in divisional organization and strength, but keep the divisional headquarters in New York.

Moving it to Boston would be a serious mistake based on faulty logic. Now, the major point and the reason that I spent Mother's Day in Austin writing this testimony, and getting here at 2:00 a.m. this morning so I could deliver this testimony, is to try to correct the incredible, incredible decision of moving the New York District from New York—moving the technical center of the New York District from New York into Boston. It is a disastrous and much more serious mistake than moving the division. It is totally illogical.

The plan eliminates 263 spaces from the New York District. It establishes 168 new spaces performing the exact same functions in Boston. Again, because it scored one—it scored two—and New York scored one in the cost arena.

While the reduction in the number of spaces may be called for, the resultant spaces will be doing exactly the same jobs at Boston as they are presently doing in New York, and the rationale is based on the same thing that they based the decision on.

The consequences of moving the technical center from New York to Boston are grave, both for the region and for the Corps of Engineers itself. It amounts to moving military construction and engineering functions, real estate functions, and planning functions from New York to Boston.

Now we go to water resource planning, okay. Both the New York District and the New England Division—which is really a district, it is not a division, but it is a division in name only, and that was because we tried to change the name in 1983 and Tip O'Neill, 1982, Tip O'Neill didn't allow the name to be changed. They have active water resource planning programs, both districts. Both are well-known to the customers, both do the job well.

The plan calls for moving 42 planning spaces to Boston. These spaces will continue to plan for the engineering of the Passaic flood control tunnel, Sea Bright storm protection, Asbury Park.

If you don't know these names, these are New Jersey names and New York names. Coney Island storm protection, Westhampton Beach storm protection, Long Beach beach restoration, protection of the lighthouse at Montauk Point, and the flood control project at Nepera Park in Elmsford, in New York, Westchester County, and

the Sawmill River, and the Greenbrook project in the Raritan Basin.

In the 19—in December, 1992—the Nor'Easter that came in and destroyed all the flood protection on the Jersey shore and the south shore of Long Island, the engineer's planning and engineering personnel were the first people

The centroid of the water resource planning is in the New Jersey, southern New York and eastern Pennsylvania for that whole region, and yet we are going to move that planning region to Boston. Incredible.

Vital to the operation—now this is another very important fact—vital to the operation of the Port of New York, okay, and New Jersey, is the operation of the Mud Dump site for the disposal of dredge material. If the Mud Dump closed, New York Harbor ceases to be a competitive harbor.

The natural depth of New York Harbor is 19 feet. We bring in ships with 45 feet draft. And that is the entrance of the harbor. In order to have the Mud Dump, you have got to have a place to put dredge material, you need the Mud Dump.

The operation and environmental analysis of the Mud Dump and other disposal alternatives will be done jointly by the Planning and Operations Division of the district. As a matter of fact, the main environmental group is in the planning division that is going to go to Boston. Their continued stay in New York is essential.

All the institutional knowledge associated with that Mud Dump site, it has extremely technical areas, and it will be lost. The consequences are really grave.

In real estate, New York handles all military real estate matters in the northeast and civil real estate matters in the Hudson drainage basin. The plan calls to move 58 real estate spaces from New York, leaving three; move from 58 to 3, while at the same time, increasing the Real Estate Division in Boston from 18 people to 66. These real estate employees will be performing the exact same function they are performing now.

Why move them to Boston? To save money? Incredible.

Engineering and military construction. And then I am just about done.

Engineering and military construction. The plan is to eliminate 102 engineers in military construction spaces and 48 support spaces in New York. At the same time, establishing 90 new engineering and military construction spaces and 38 support spaces in Boston. This move virtually makes New York an area office to the Boston District.

The consequences are extremely grim and the move is for no or, at least, arbitrary reasons. Now the current—the average—work load for the New York District is \$261 million a year. For the New England Division in Boston, the current work load is about \$100 million, \$107 million. Okay.

We have about \$4.5 billion under design. With this move to Boston, now, the transfer of the—transfer of design to a technical center unfamiliar with the projects—will work in inevitable delays to these \$4.5 million projects.

In addition, there will be a loss of senior staff, okay, many of whom have 20 years of experience with the specialized needs of our

customers in New York. Their stature in the Corps of Engineers, their institutional knowledge and their innovative solutions have resulted in the advancement of studies and projects in the New York District which would otherwise not be funded.

The expertise on local and special customers not likely to be duplicated by a proposed remote organization. The metropolitan area will be left without an emergency response capability.

I talked to General Williams before about that. He says he doesn't agree with that. We are leaving the emergency functions in the district. But the emergency functions consists of two people. That emergency operations has to call on engineering and he has to call on planning to have the bodies to work with.

The fact that they are leaving the function there means that they are leaving some management without the capability. Without engineering, the construction operations and planning efforts cannot succeed.

Again, that is not agreed to by the Corps of Engineers. The architect engineering community in the metropolitan area will be severely impacted.

The center of mass of the A/E community is New York City. They are part of the Corps of Engineers. The Corps of Engineers doesn't do anything, okay. As a general rule, the Corps of Engineers is a contracting agency that deals with a team of contractors, architect-engineers and constructors. That is who they deal with. And they have to be thought of as a team.

You know, if you think about a little thousand-man district headquarters as being able to do all the work, the incredible amount of work that the Corps of Engineers does, they don't do it. They use their team of contractors to do it. And to move them away from that is—to move them away from that would be wrong.

Now, in the metropolitan region there are severe, really severe infrastructure problems that the Corps should be authorized to do. Right now they are not, but the Corps should. The waste stream problem, for instance, in New York City cannot be solved. Thirty-one thousand tons of solid waste going to Fresh Kills landfill every day. You know, it is already the highest point on the East Coast, higher than ex-Congressman Molinari's house.

In addition, the other waste—in addition, the other waste stream, the other waste stream, is dewatered sewage sludge that is currently being trucked to Virginia to be put in a landfill. The long-term solution hasn't been developed, what to do with the sewage sludge. Toxic waste is not being handled at all. And we have 8 to 10 million cubic yards of dredge material that is dredged out of the harbor every year that has to go to the Mud Dump site.

Somebody ought to tackle that problem, okay. The Port Authority of New York is not going to do it. None of the city agencies or State agencies, they are elected for four years, they are not going to tackle a problem like this that can hardly be started in four years.

An agency like the Corps ought to tackle this problem. It is the only—it is going to be the only thing that can help—the Federal Government is going to have to help the metropolitan area eventually, and other areas.

Now this reorganization study was done in a difficult time in New York City history, I mean New York District history, and that

may be the reason that it is so anti-New York. During the 1980s, we had a large increase in work load. We had—involving Thule Air Force Base in Greenland, we were working on the DEW line for the Air Force. We had a large program at West Point, and we designed and constructed a major new Army Post at Fort Drum, okay. Built up a nice staff, a very, very competent staff.

The 1990s, the work load started going down. In 1990, the former North Atlantic Division Engineer was hired as the President of the School Construction Authority, an agency established by the State of New York. He hired his deputy and a senior project manager from the North Atlantic Division, who knew the “movers and the shakers” in the district. And they went in and selectively removed the middle managers who actually got things done, hired them with a 50 percent increase in salary.

Now that is—that is commendable—because the School Construction Authority was very successful, okay. But what it did, it severely hurt the New York District.

Now things—the impact has passed. Some former employees have returned, the younger ones have risen to the challenge, and this may have influenced the study group.

And my conclusion, six lines, a full-service district must remain in New York. The North Atlantic Division should be redesigned as the Northeast Division, it should remain in New York. There is no reason to move either organization.

There seems to be a mind-set against the New York Metropolitan Region. I sensed that when I was a district engineer. Members of my staff could come to Washington, walk into the Pulaski Building, say good morning, and then everybody was mad at each other.

I can't say that the decision to move the 470 jobs from New York City was New York bashing, but I am hard-pressed to find any other reason.

Mr. Chairman, I thank you for your indulgence.

Mr. BORSKI. Well, thank you, sir.

Let me start with you, professor.

In your opinion, how can the Corps best achieve its stated goals of increasing cost-effectiveness, enhancing flexibility, enhancing technical expertise and improving management effectiveness in a major reorganization?

Mr. GRIFFIS. I think as much as they can downsize the division headquarters, is an essential part. As a matter of fact, the division headquarters should be just a planning headquarters and should do the planning for the testimony to justify civil works projects. That, in my opinion, that is the only necessary function for them.

They are an extra layer between the district and OCE. I think there are areas in the headquarters that can be reduced and probably should be reduced, although I think as a congressional staff increases and as the Pentagon staff increases, that may lead me to think they can't, they have to keep up with the paper flow in this town.

I think the districts—the districts have had traditionally rising and falling work loads, and districts go through RIFs and they go through hiring. When we ramped up for Fort Drum, I took 10 percent of all the other parts of engineering staff and let them work an 11-hour day. So there are ways that you can manage the per-

sonnel fluctuations or the job—or the work load fluctuation with personnel. It is just—you know, it just has to be handled like a business.

I think they ought to start keeping track of their overhead. I used to keep my overhead in my shirt pocket. That is one of the problems with hiring ex-military people in the civilian work force, they don't—they rarely have a thought about what overhead costs.

Once you have a private fund and you have to pay for that overhead yourself, then you recognize there is certain things you have to cut back on that you don't like to.

Mr. BORSKI. You mentioned in your testimony, you talked a little bit about the criteria the Corps used for office site selection. What additional criteria should they have considered?

Mr. GRIFFIS. I think there should have been a much more detailed analysis into who the customers are, where is the work. There should be an analysis as to how many people—how many people—you need to design a certain level program and what is the minimum amount of people that you need to be able to accomplish your mission.

In the back of your mind, you have to remember that the Corps still has to provide for mobilization, you know, in time of war. So there is a certain minimum staff below which they shouldn't go, you know. I mean whether it is overhead or not, they should keep a certain minimum staff in there.

I don't think there is any practical way, any practical way, of closing districts and consolidating districts. The only real variable that we are talking about changing in these districts is which districts perform military construction. And the districts that have the technical centers are the districts that are going to perform military construction, because they are going to award the A/E contracts, they are going to do all the—do all the design, except for minor day-to-day things. But they are going to do all the design.

So I personally think that every district should have, should have a minimum capability, and that minimum capability should be to be able to perform design and construction.

Mr. BORSKI. Mr. Smith, let me turn to you.

The professor mentioned a Nor'Easter in December of 1992 that caused extensive damage to the Jersey shore. Was the Corps involved in any beach restoration activities subsequent to that event?

Mr. SMITH. Yes, Ocean City and Cape May, I believe. Much of the coast is just coming on line with—we are coming up to bid for projects so that it is not really—there are not Federal projects in place for much of the coast where the Corps can come back in as part of the project commitment. But they can respond to a request by FEMA through the State, which was done. And oh, yes, they did help us, sure.

Just in addition to what Bud had just said, one thing that I would suggest is, and I don't know that it has been considered as much as it should have been, is a projection of future work load of certain districts, perhaps some longer-term planning, to get a handle of what is going to be expanding in particular districts and how that work load may increase. I think we can get a pretty decent handle five years out very easily.

Mr. BORSKI. Let me ask you, how would the transfer of the Corps' technical functions from Philadelphia and New York, to Baltimore or Boston respectively, how would that affect similar activity in the future?

Mr. SMITH. Well, I mean this is a computer age, you know, and high-tech and everything. But there is that quick response to local problems, not just on an emergency basis, but on a planning and engineering design basis; that when we need to get to Philadelphia, when we need to get up there, physically sit down and talk with somebody, we have personnel that have been there for a long time. I think those relationships need to be considered. And particularly now that we are entering a phase in New Jersey where we expect to see a lot of work at the shore.

I am just afraid that if that goes to Baltimore or to Boston, we are going to lose—we are going to have delays—and maybe some projects may just not happen.

Mr. GRIFFIS. Could I add just a second to that?

Mr. BORSKI. Yes, sir.

Mr. GRIFFIS. There is more to it than that. It is not just the day-to-day contacts and the fact that he knows—you know—the local guys know the local guy. These shorelines are tricky. They are really tricky.

In the New York District, there is a cell of ocean engineers and hydraulics that know everything about the south shore of Long Island, and they know when you have to dredge Shinnecock, they know when you have to dredge Moriches. They know what to do—well, I am not sure they know what to do—with the new inlet that came through Westhampton Beach. They are working on that, they have already let the contract for that now.

But they know these things, and you just don't pick up this knowledge overnight. You start as a young hydraulic engineer and you work up. You listen to the old guys and you finally learn it.

Now can they learn it in Boston? Well, I don't think they will be that close to it. It is hard to get in the car and drive out to Long Island. It is hard to drive down to Sandy Hook. So I think there is more to it than just a personal friendship or—

Mr. SMITH. He said it better than I could. And he is absolutely right.

Mr. BORSKI. All right.

Let me thank you very, very much for coming in today, and your testimony. We heard a great deal of testimony last week based on local concerns.

Perhaps we would be better off if we had reached out to you for that hearing and would have saved you from working all day on Mother's Day and flying in so late, and Mr. Smith giving up some beautiful weather in South Jersey this fine day.

Thank you very, very much.

Okay. This subcommittee hearing is adjourned.

[Whereupon, at 5:28 p.m., the subcommittee was adjourned.]

PREPARED STATEMENTS OF WITNESSES

DEPARTMENT OF THE ARMY
COMPLETE STATEMENT OF
G. EDWARD DICKEY
ACTING ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

BEFORE THE
SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
U.S. HOUSE OF REPRESENTATIVES

MAY 11, 1993

Mr. Chairman and members of the Subcommittee, I am Ed Dickey, Acting Assistant Secretary of the Army for Civil Works. I am pleased to be here today to provide testimony on the proposed reorganization plan that was announced last November for the Army Corps of Engineers.

I will address the current status of, and reasons for, the proposed Corps reorganization. I will then summarize events leading up to the proposed reorganization plan, including the history of recent efforts to reorganize the Corps, and the process and criteria that were used to develop the proposed plan.

Lieutenant General Arthur E. Williams, the Chief of Engineers and the Commander of the Army Corps of Engineers, will discuss the contents of the plan that was proposed last November and which is currently being reviewed by Secretary of Defense Les Aspin's staff. His discussion will address the criteria that were used in site selection, the impacts of reorganization on the current Corps organization, and the benefits to current and future missions that could be anticipated from the reorganization.

Current Status of Reorganization

The proposed reorganization of the Corps is on hold, at the direction of the President, until the Secretary of Defense has reviewed the proposed plan. In putting the proposed reorganization on hold, the President acknowledged the Corps as an important national civil engineering resource that must be organized to meet the Nation's future challenges.

On March 15, in response to a question from a member of the Base Realignment and Closure (BRAC) Commission, Secretary Aspin stated that he recognized the need to realign the Corps and that he intended to develop a proposal over the next couple of months. In the interim, the Corps is operating under a freeze on the hiring of permanent Civil Works employees, in order to stay within its current funding levels and personnel ceilings. Consistent with the current status of reorganization, the Fiscal Year (FY) 1994 budget contains no funds for reorganization.

The Need For Reorganization

The need to reorganize the Corps has been recognized widely for several years. This is reflected in recent legislative history as well as in the conclusions of several different studies and task forces.

The need for reorganization stems from a number of factors: (1) There has been a long-term decline in the number of new Civil Works projects -- for example, since 1962, the Corps engineering and construction workload has declined nearly 40 percent in constant dollars; (2) It is essential to reduce the cost of managing the Corps, particularly the cost of overhead that is charged to project sponsors; (3) Severe workload imbalances among districts have resulted in variations in project overhead costs approaching 20 percent between small and large districts; and (4) Significant year-to-year fluctuations in some districts' workloads make it difficult to hire, train, and maintain a highly skilled, professional work force. This has created a need to enhance the consistency of the technical expertise available throughout the Corps.

The current organizational structure, dating mainly from the 1940's, evolved as the construction program grew and was not designed with the flexibility necessary to accommodate the regional and technical variability inherent in the Corps current or future missions.

Moreover, improving the way the Government works is an important element of the President's long-term economic plan. As described in "A Vision of the Change For America," dated February 17, 1993, the President has taken a number of direct actions to reduce the size and cost of the Government. To achieve this end, the President issued two Executive Orders that will have a significant impact on the Corps, as well as on other agencies. Executive Order 12839 requires the Federal civilian workforce to be reduced by 100,000 by the end of FY 1995, with at least 10 percent coming from the ranks of management. Executive Order 12837 requires the Government to reduce its administrative costs by at least 14 percent over the next 4 years.

Implementation of these two Executive Orders will require the Corps to reduce its current workforce by 1,098 full-time equivalent (FTE) workyears by the end of FY 1995 and to reduce administrative costs by \$27 million by the end of FY 1997. Such reductions can be made in either a random fashion -- such as not filling job vacancies as they occur -- or by using a managed approach to achieve these reductions, by reexamining the Corps mission and organizational structure in an effort to determine if program efficiencies and effectiveness can be achieved. I think we all agree that the latter approach is the better one.

The History of Recent Reorganization Efforts

The Army received direction to develop alternative organizational structures for the Corps in 1989 in committee reports accompanying the Energy and Water Development Appropriations Act for FY 1990.

The FY 1991 Energy and Water Development Appropriations Act directed the Corps to conduct a broad-based conceptual study of potential field organization structures and to identify factors and criteria for shaping an efficient organization. This effort produced the "Bayley Report," which identified options for organizational structure ranging from maintaining the status quo to eliminating all divisions, but made no recommendations. In transmitting the Bayley Report to Congress, the Army informed interested committees that follow-on efforts related to reorganizing the Corps would be incorporated under the procedures set forth in the Defense Base Closure and Realignment Act.

The Bayley Report was the foundation for the restructuring concepts in the realignment that was considered during development of the Secretary of Defense's 1990 Base Realignment and Closure (BRAC) recommendations and was subsequently recommended by the BRAC Commission. Although Congress accepted the BRAC package, subsequent legislation excluded most Corps facilities from realignment under BRAC authority.

After Congressional rejection of Corps reorganization under BRAC authority, the Corps began anew its effort to develop a reorganization plan. A Field Advisory Committee, made up of nearly 50 representatives of Corps division and district offices, was established to facilitate consideration of comments and ideas from Corps field offices. A new District and Division Organization Task Force was formed, under the leadership of Brigadier General Al Genetti, to develop in greater detail the concepts for reorganization identified in the Bayley Report.

The President's budget for FY 1993 requested funding to initiate implementation of Corps headquarters and division reorganization. In her testimony in early 1992 before both House and Senate Appropriations Subcommittees on Energy and Water Development, the former Assistant Secretary of the Army for Civil Works, the Honorable Nancy P. Dorn, emphasized the pressing need to reorganize the Corps. In her March 11, 1992, testimony before the Subcommittee on Water Resources of the House Committee on Public Works and Transportation, Assistant Secretary Dorn further addressed the need for restructuring the Corps and outlined principles to guide the reorganization. These principles were:

- > increase cost effectiveness;
- > enhance technical expertise;
- > enhance flexibility; and
- > improve management effectiveness.

The Energy and Water Development Appropriations Act for FY 1993 reduced the Corps General Expenses request to the FY 1992 appropriated level. Congress did this in an effort to hold Government-wide salary accounts below FY 1992 levels. The resultant funding for FY 1993 was below that needed to maintain the level of personnel currently on board in headquarters and division offices. Moreover, in anticipation of implementation of a reorganization plan during FY 1993, this act also provided for the transfer of funding to permit an orderly drawdown of Corps personnel during reorganization of headquarters and division offices, and it expressly precluded the expenditure of FY 1993 funds for the closing of any district.

The suggestions, recommendations, and analyses that resulted from the prior studies were reviewed and considered at length at a series of reorganization meetings held in August, September, and October of 1992. Assistant Secretary Dorn and Lieutenant General Williams participated in these meetings, along with the former Assistant Secretary of the Army for Installations, Logistics and Environment; several Army and Corps deputies, including me; and a small staff. This group produced the plan which was subsequently announced on November 19, 1992.

Development of the Proposed Reorganization Plan

In the planning process, numerous possible Corps organizational structures were considered. The alternative structures that were compared at the 1992 reorganization meetings

were evaluated, without consideration of the geographical location of reorganized offices and functions, based on their satisfaction of the four fundamental criteria: Cost effectiveness; enhancement of technical competence; enhancement of flexibility; and management effectiveness. After reaching consensus on a new organizational structure, the workshop participants turned to the question of site selection.

Once a recommended plan was adopted, it was considered to be important that it be implemented expeditiously, in the light of the pressing need for reorganization and the reduced level of FY 1993 funding in the General Expenses account for Corps management and executive direction. However, because of the forthcoming change in Administration, it was decided to defer implementation until February, to allow the new Administration an opportunity to review the plan. Funding to complete the reorganization of the Corps headquarters and divisions and to carry out the reorganization of districts was expected to be budgeted in future years.

The proposed plan announced last November was anticipated to result in a stronger Army Corps of Engineers, reflecting the structural efficiency made possible by today's communications technology and organized with the flexibility necessary to accommodate change without sacrificing quality. As to the impact of this proposed plan on the Corps interactions with its customers -- project sponsors, the public, and other Federal and State agencies -- these customers would benefit from a more responsive, more efficient Corps that could provide services at a lower cost.

Mr. Chairman, this concludes my statement. Lieutenant General Williams will now address the content of the November 1992 reorganization plan, which is under review by the new Administration, after which he and I will be happy to answer any questions.

F.H. (Bud) Griffis
Testimony before the
Subcommittee for Investigation and Oversight
of the
House Public Works and Transportation Committee
May 11, 1993

Good afternoon, Mister Chairman and members of the Subcommittee. I am pleased to present testimony concerning the current plan to reorganize the U.S. Army Corps of Engineers. I am Bud Griffis, Professor of Civil Engineering (Construction) and Director of the National Center for Infrastructure Studies at Columbia University in the City of New York. In addition, I am a Principal in the consulting firm of Robbins, Pope and Griffis, P.C.

I feel that I am qualified to present my views on certain parts of the reorganization plan. As Professor of Construction at Columbia, I provide outstanding students to the New York District and interact frequently with the District and Division employees through the New York City Post of the Society of American Military Engineers. The National Center for Infrastructure Studies, a consortium of seven universities in the Metropolitan area (Columbia, Cooper Union, City University of New York, Manhattan College, New Jersey Institute of Technology, Polytechnic University, and Rutgers), is actively involved in establishing INFRA TECH which will be the research element of the administration's infrastructure initiative to develop the world's best communication, transportation and environmental systems. INFRA TECH will actively involve the Corps of Engineers' infrastructure. I am a contractor through RPG, P.C. to the Corps and can speak to the impacts on the architect, engineering and construction industry of the current reorganization plan. Finally, I was the New York District Engineer from March 1983 until September 1986 when I retired after 26 proud years as a Corps of Engineer Officer.

The Corps of Engineers. The Corps of Engineers is an organization of which I am very proud. I have never known the Corps to take actions that it did not consider to be in the public interest. It is a resource of the Nation both in peace and in war. Advantage should be taken of its capabilities in a time of peace. The Corps and the Administration must recognize the need to meet the great challenge facing the United States as it moves to maintain its position of world leadership into the next century. The Nation's infrastructure is the foundation upon which that future rests. As the Nation looks to the future, so must its engineering resource, the Corps of Engineers. The Corps must be permitted to adjust to the changing demands of the Nation, to be more responsive to the environmental mandate of America and to help in rebuilding the Nation's infrastructure.

Nowhere is this more evident than in the need for environmental infrastructure. The health of our Nation's waterways and water supplies is crucial to our future. An area of continued concern is the link between the quality of our waters and the safety of our water supplies. The Congress recognized that wholesale increase in infrastructure appropriations were not possible.

In recognition of these realities, the Water Resources Development Act of 1992 made prudent initial steps toward Corps participation in such vital new areas as combined sewer outflows and innovative waste water reuse. This Act represents a carefully-crafted, bipartisan agreement between Congress and the executive branch.

Further, the Corps and the Administration need to recognize that the Corps is a National resource as a civil engineering agency. It should not be considered as just another part of the Department of Defense. For example, the modernization of the Nation's railroad technology in an environmentally sound manner is central to the intermodal future of American transportation systems. In that context, the Assistant Secretary of the Army for Civil Works was authorized by ISTEA, Section 1036, to participate in bringing the high speed transportation technology, such as magnetic levitation, from the concept stage to reality. The Corps capability to assist Federal and State agencies in environmental and civil engineering should be encouraged by the Assistant Secretary.

There is no question that the Corps must bring its overhead costs in line and reorganization and down-sizing is necessary. However, the new and evolving missions must be considered.

In my opinion, reducing from eleven to six divisions is a prudent move. The Corps has always followed the management concept of centralized planning for operations and decentralized execution. The Districts are the execution organizations of the Corps. Eliminating the Division's review function and defining their role as a planning organization makes sense and should be done right away.

Establishing administrative centers has certain management efficiencies associated with it. Consolidating functions in Administrative Centers will bring increased expertise and higher-quality services. However, this will come with some lack of responsiveness to the organization being serviced but this can be managed.

Establishing Centers of Expertise is a relatively non-confrontational portion of the plan and is valuable.

The establishment of Technical Centers with in some Districts and not in others needs to be reexamined, particularly in light of potential new missions. There should be a good and valid reason to remove a technical center of a full service District.

The movement of the North Atlantic Division from New York to Boston.

While there are good parts to the overall Corps reorganization plan, an incredible mistake is about to be made in the Northeast. The Corps plans to close the North Atlantic Division in New York and open a new North East Division in Boston. This is a bad decision. The Corps should reconstitute the North Atlantic Division as the North East Division and leave it in New York.

There are currently 13 division level spaces in Boston that deal with water resource projects in New England. There are no spaces that deal with military construction or water resources elsewhere in the North East.

New York has 207 division level spaces that deal with water resource projects from Virginia to New England and all military construction from Virginia to Maine plus Greenland.

The plan is to move 92 spaces to Boston and establish a North East Division responsible for water resource projects and military construction from Washington, D.C. to Maine and military construction in Greenland.

While the reduction of Division spaces in the North East from 220 to 105 may be meritorious, why eliminate the spaces totally in New York and create them in Boston? The reasons given are:

1. The cost of living. In a simplistic rating model, Boston was given a score of 2 whereas New York was given a score of 1 since federal employees now receive internal geographic adjustments to their basic pay. Beginning in 1994, federal employees across the country will be entitled, by law, to locality-based comparable payments when they are paid less than non-federal workers in the same locality for the same level of work. If one looks at some true economic indicators such as the consumer price index, both cities rank relatively the same. For instance, the Places Rated Almanac shows that the cost of living for New York is 319 and for Boston is 318. Neither city is a low cost area. Most division level professionals are managing engineers; the National Society of Professional Engineers places this group's median salary in Boston as 2.5% higher than those in New York City.

2. Engineering Schools. Boston received an overall rating of 4.85 using MIT as its comparison school whereas New York received a score of 4.80 using Columbia University as its comparison school. This resulted in a score of 2 for both Boston and New York. The bulk of Corps engineers do not come from MIT or Columbia. Most graduate from City University, Manhattan, NJIT, Rutgers, Pratt, Stevens, Polytechnic, Cooper Union, NYU, NY IT and others. In Boston, they graduate from Northeastern, Boston College, Boston University and others.

3. Transportation. The transportation criteria was keyed into the Federal Aviation Administration classification of airports. Both New York and Boston have major hub airports; in fact New York has three. Although both cities scored 2 in this factor, the ease of getting to Logan, LaGuardia, JFK or Newark is nothing to brag about.

Therefore, the sum of these three scores ranked Boston with 6 and New York with 5. Quoting a report of the selection group: "In the NE Division, Boston ranked above New York and was selected as a future Division headquarters location." Something is wrong with that logic.

It is difficult to entice people to move to New York and the Metropolitan area and it is almost impossible to get New Yorkers to leave. Establishing the North East Division in Boston will

1. Lose the institutional knowledge of military construction in the North East and Greenland. Greenland is a unique construction area requiring close coordination with the environmental and contracting laws of both Greenland and Denmark.

2. Upset long standing customer support and local sponsor relations for no reason. Division support for the Passaic flood control tunnel, a flood control project that has been studied since 1936 is essential if the deadly Passaic flooding is to ever be controlled.

3. Loss of a regional perspective of the priorities of water resource projects.

4. Major loss of local expertise of the kind so vital to local sponsors and their customers.

5. Loss of sensitivity to specialized customers. Institutional knowledge of specialized customers such as the U.S. Military Academy and its historic structures, the Defense Intelligence Agency and its specialized requirements, the Space Command, etc. will be difficult to rebuild.

My conclusion is that the Corps should make the necessary changes in the Division organization and strength but keep the Division headquarters in New York City. Moving it to Boston would be a serious mistake based on faulty logic.

Elimination of full service District in New York and establishing a full service District in Boston. This is a much more serious mistake than moving the Division from New York to Boston and is totally illogical. This plan eliminates 263 spaces from the New York District and establishes 168 new spaces in the same functions in Boston. While the reductions in the number of spaces maybe called-for, the resultant spaces will be doing exactly the same job in Boston that they are presently doing in New York. The rationale for moving the District spaces is the same as for the movement of the Division headquarters which is basically none.

The consequences of moving the technical center from New York to Boston are grave, both for the region and for the Corps of Engineers. It amounts to moving the military construction and engineering, real estate and water resources planning functions to Boston.

Water Resource Planning. Both the New York District and the New England Division (which is really a district and a division in name only) have active water resource planning programs. Both are well known to their customers and both do their jobs well. The plan calls for moving 42 planning spaces to Boston. These spaces will continue to plan for the engineering of the Passaic flood control tunnel, Seabright storm protection, Asbury Park beach erosion, Coney Island Storm protection, Westhampton Beach storm protection, Long Beach beach restoration, protection of the lighthouse at Montauk Point, flood control at Nepera Park and Elmsford on the Sawmill River and the Greenbrook project in the Raritan Basin. The December 1992 Nor'Easter destroyed most of the New Jersey and Long Island shore protection; members from the New York District planning and engineering organizations were the first on the scene.

The centroid of the water resource planning work is in New Jersey, Southern New York and Eastern Pennsylvania not in Boston.

Vital to the operation of the Port of New York and New Jersey is the operation of the Mud Dump site for the disposal of dredged material. If the Mud dump is closed, the Port will no longer be competitive for world trade. The operation and environmental analyses of the Mud Dump and other disposal alternatives are done jointly by the Planning and Operations Divisions of the New York District. Their continued stay in New York is essential. All of the institutional knowledge of these important and extremely technical areas will be lost with a move to Boston. The consequences of the move to New York Harbor are grave.

Real Estate. The New York District handles all military real estate matters in the North East and civil real estate matters in the Hudson River drainage basin. The plan calls for reducing the strength of the Real Estate Division in New York from 58 to 3 while at the same time increasing the Real Estate Division in Boston from 18 to 66! These real estate employees will be performing the exact same function and they are doing now. Why move them to Boston? To save money? Incredible.

Engineering and Military Construction. The plan is to eliminate 102 engineering and military construction spaces and 48 support spaces in New York and establish 90 new engineering and military construction and 38 support spaces in Boston. This move virtually makes New York District an area office to the Boston District. The consequences are extremely grim and the move is for no, or at least arbitrary, reasons. New York District has an average work load \$261 million as compared to \$107 million in the New England Division.

There are approximately \$4.5 billion in potential construction encompassed in the various studies and projects being designed by the Districts and the Architect and Engineering community. The transfer of design to a technical center unfamiliar with the projects will result in inevitable delays in schedule and increases in cost. This, coupled with diminished personal commitment, could result in a loss of this construction and all benefits associated with it.

There will be a loss of senior staff, many of whom have over 20 years of experience in addressing the specialized needs of our customers as mentioned in my discussion of the deactivation of the North Atlantic Division. Their stature in the Corps of Engineers, their institutional knowledge, and innovative solutions have resulted in the advancement of studies and projects which would otherwise not be funded. This expertise on local and special customers is not likely to be duplicated by the proposed reorganization.

The Metropolitan area will be left without an emergency response capability.

Without engineering, the operations, construction and planning efforts cannot succeed.

The architect and engineering community in the Metropolitan area will be severely impacted. The center of mass of the A/E community is New York City. They are part of the Corps of Engineers. The Corps is not just the Divisions and Districts. The Corps depends upon a team of architect and engineering firms. It is a responsibility of the Corps to keep and mold that team. The team is formed in the Metropolitan area and performs very well. To move the engineering function to Boston will destroy the team and severely impact the community and the Corps.

There are severe infrastructure problems in the Metropolitan area that makes it imperative to keep a full functioning district in the region. The waste stream problem must be solved and the Corps is the logical agency to lead the effort. The solid waste going into Fresh Kills land fill at the rate of 31,000 tons per day, dewatered sewage sludge being trucked to land fills in Virginia, toxic waste that is not being handled at all, and 8 to 10 million cubic yards of dredged material going to the Mud Dump are all being treated with temporary measures. The Corps should be the agency to save the region as it did in the 19th century when it tried to open Hell Gate and finally deepened Ambrose channel. This allowed the Harbor to regain its shipping competitiveness.

The reorganization study was made at a difficult time in the New York District's history. During the 1980's, the District had a large and increasing work load with large projects involving the rehabilitation of Thule in Greenland, a large program at West Point, and the design and construction of a completely new Army post at Fort Drum. The 1990's found the District with a decreasing work load on the military side and a relatively steady civil works work load. In 1990 a former North Atlantic Division Engineer was selected as President of the New York City School Construction Authority, an agency authorized by the State of New York with a view to expediting the design and construction of New York City schools. He hired some senior managers from the North Atlantic Division who in turn, knowing the "movers and shakers" in the District, hired those middle managers at up to 50% increase in salary. The School Construction Authority had high early success at the expense of the New York District productivity. The impact has passed; some former employees have returned and younger ones have risen to the challenge. This may have influenced the study group.

Conclusion. A full service district must remain in New York. The North Atlantic Division should be redesignated as the North East Division and should remain in New York. There is no reason to move either organization. There seems to be a mind-set against the Metropolitan region. I sensed that as District Engineer. Members of my staff would come to Washington and say good morning and everyone was mad at each other. I can not say that the decision to move 470 jobs from New York City was New York Bashing, but I am hard pressed to find another reason.

COASTAL ADVOCATE, Inc.



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STATEMENT

The Proposed Reorganization of the U.S. Army Corps of Engineers

May 11, 1993

House Public Works & Transportation Committee

Investigations and Oversight Subcommittee

The Honorable Robert Borski, Chairman

Mr. Chairman and members of the committee:

Thank you for the opportunity to testify on this important issue today. My firm represents eight coastal communities at the New Jersey shore, over 400 individual businesses and homeowners, and sixteen citizen organizations from New Jersey to Florida, with a combined membership of over 50,000 property owners. The focus of my firm's activities is on shore protection and the maintenance of the beaches that support and protect our nation's multi-billion dollar coastal tourism industry. Beyond the dollar figures are the invaluable benefits of the healthful recreation of a shore vacation, rewards that, while often unquantifiable, are very tangible and lasting to millions of Americans.

The reorganization process has, as you know, required much effort and planning, and I very much appreciate the opportunity for dialogue and further review, particularly of the potential impact of reorganization on the northeast and middle Atlantic coast.

The rationale for reorganization, valid as it may be nationally, should be re-examined in its application to the Philadelphia-New Jersey-New York region, with 38 million people, two major ports, and a major coastal tourism industry. The New Jersey shore generates approximately \$11 billion in tourism revenues annually. To put this in perspective, the 127 miles of the Jersey shore generate almost three times the annual total box office gate from every motion picture theater in the nation. The revenues generated by our coast have an effect on ancillary businesses throughout the northeast and indeed, throughout the country.

In fact it is the industries that are indirectly related to coastal resources that account for more than 30% of the nation's GNP, according to a study commissioned by the National Oceanic and Atmospheric Administration. I am including copies of the summaries of that study for your review. It is pertinent to the reorganization issue in that it shows the significant revenues of the northeast coastal zone states (1985 figures, chart attached). The NAO and the Philadelphia/New York District offices

Coastal Management Services
Beach Restoration Lobbying

Kenneth J. Smith
President

are heavily involved in the activities that support the continued economic viability of this region, and to function adequately they must be centered where the action is.

There is no question that, with one of the largest military and civil works planning, design and construction workloads in the country, the North Atlantic Division is a major center of Corps' activities. These activities require close cooperation between the Corps staff and local and regional governmental entities. The reorganization plan would deplete the Districts and the Division of key personnel, many of whom have years of experience and contacts with local decisionmakers.

To keep my testimony brief, I am submitting for the record a fact sheet which details our concerns with the effects of reorganization on the northeast. I would like to focus my remarks on one issue: the plan's impact on the Corps of Engineers' ability to continue its important and expanding responsibilities to the region, particularly in my area of interest, the protection of the New Jersey coast.

Purview over the New Jersey shore protection responsibilities is shared by the New York and Philadelphia Districts. The New York District is close to bid on the first section of the Atlantic Coast of New Jersey Sandy Hook to Barnegat Inlet Beach Erosion Control Project, an important project which has involved years of review, planning and design. The project will provide protection for over 50 miles of shoreline, and is crucial to the continued economic health of the coast.

The Philadelphia District in 1990 completed a Limited Reconnaissance Study of the middle and southern regions of the New Jersey shore, as the initial phase of a congressionally authorized New Jersey Shore Protection Study. Several of the study areas are now in subsequent study phases, and projects have been constructed in Ocean City and Cape May.

To summarize, the process of Corps review and permitting which leads to federal beach restoration projects is ongoing and the workload is going to increase dramatically over the next several decades, with a significant expansion over the next five years. New Jersey is committed to funding its share of these projects, and we are absolutely dependent on the expertise and longstanding, close working relationships with the Districts and the Division staff. We truly cannot afford to have the critical planning and engineering operations shifted to Boston or Baltimore, and we cannot understand how a shift of one the most active Division offices from New York to Boston would benefit the most densely populated area of the country.

In closing let me just thank you again for allowing me to make our case. I would urge you to review the submitted information and reconsider the reorganization plan, especially the impact it will have on our area. If I may be of further service to your committee, please contact me.

Sincerely,



Kenneth J. Smith
President
Coastal Advocate, Inc.

CORPS OF ENGINEERS REORGANIZATION IMPACTS ON NEW JERSEY

ECONOMIC IMPACTS

- *Loss of 632 jobs. Estimated annual wage loss of \$21 million.
- *Loss of 650 jobs for the A/E (Architect/Engineer) community. Estimated annual wage loss of about \$20 million.
- *Total direct impact to the area: \$41 million in wages lost annually and a total adverse impact of about \$75 million annually.

PROGRAMMATIC IMPACTS

- *Loss of senior staff at the District and Division offices, many of whom have over 20 years of experience in addressing New Jersey's water resource needs.
- *Planning, engineering and environmental expertise will be abolished in New York and Philadelphia District offices.
- *The environmental expertise needed to process complex permits would have to be obtained from technical centers in Boston or Baltimore.
- *Civil Works contracts will be let from Baltimore or Boston offices; for New Jersey, Military, Superfund and HTRW contracts will be let from Baltimore.
- *Increased difficulty for NJ DEPE to coordinate with Corps environmental centers because local expertise is eliminated.
- *Disruption of existing systematic approach to New Jersey's water resources problems including shore protection, flood control and dredging. Priorities in place with existing Districts could significantly be altered since residual districts no longer control priorities, monies and resources of technical centers.
- *Distancing the work from the local area will increase coordination problems, travel costs. The close coordination that takes place in all aspects of current work will be eliminated.
- *Localized engineering and planning support to New Jersey during emergency periods (like December '92's Northeaster storm) will no longer be available.

DEPARTMENT OF THE ARMY

COMPLETE STATEMENT OF

LIEUTENANT GENERAL ARTHUR E. WILLIAMS
COMMANDER, U.S. ARMY CORPS OF ENGINEERS

BEFORE THE

SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
U.S. HOUSE OF REPRESENTATIVES

MAY 11, 1993

Mr. Chairman and members of the Subcommittee, I am Arthur Williams, Commander of the U.S. Army Corps of Engineers. I am pleased to be here today to provide testimony on the proposed Corps reorganization. You have asked for the details of the plan announced last November. I will explain the plan and the criteria used in its development, but I must emphasize the following:

1. The plan is not approved;
2. The plan and criteria I will describe are the subject of the ongoing review by Secretary Aspin's staff; and
3. There is a good probability the plan I will describe will be changed before it is approved.

As Chief of Engineers, I have overall responsibility for execution of all Corps Civil Works and Military Programs including the regulatory program, planning, constructing, operating and maintaining water resource projects authorized by the Congress. To make the best use of the tax dollars we spend, I need an efficient and flexible organization. The present 1940-vintage structure of the Corps is not what we need today or in the future. Mr. Chairman, I believe the Corps must reorganize.

As a result of the process that Dr. Dickey has just described, the reorganization plan was developed. The November proposed plan recognizes that by making use of modern communications technology, we can create a smaller and more efficient Corps without sacrificing the quality of our products. The new organization would retain a strong technical workforce, could be operated with lower overhead costs, and would allow for

quicker reviews and approvals. It would have the flexibility to respond to changing workloads and missions well into the Twenty-first Century. The proposed plan called for closing some division offices and reducing functions at some districts. Certain aspects of how we do business would also change.

Site Selection Criteria

Once we decided on the general structure of the new organization, that is, fewer divisions and consolidation of technical functions, we went about an orderly process of selecting which cities would host offices in the reorganized Corps. Among the first proposals adopted by the workshop participants was that all sites to be considered for new division offices must be existing division office sites and that all sites to be considered for technical centers must be existing district sites. We then ranked the eligible cities within the boundaries for each new division to identify the optimum location for the division office. Cities were ranked on three primary criteria: The cost of doing business at each site, the availability of quality higher education in each area, and the ease of transportation to and from each current office site. In two cases where cities within a reorganized division were ranked equally, based on the three primary criteria, the workshop participants selected the site that, in their judgment, was best.

The same three ranking criteria were used in identifying ideal locations for 15 technical centers. In cases where districts within the same reorganized division were tied based on the three primary criteria, the approximate number of technical personnel at the district offices was used as a tie-breaking criterion. Additionally, there were other instances where judgment modified conclusions that would have been reached based on strict adherence to the criteria.

Description of the Proposed Plan

Our proposed plan would close five current division offices: Those in Chicago, Dallas, New York, Omaha, and San Francisco. The geographic responsibilities now discharged by those offices would be consolidated with current division offices located in Atlanta, the Boston area, Cincinnati, Portland (Oregon), and Vicksburg (Mississippi).

The Corps also would consolidate planning, engineering, and real estate functions into technical centers collocated with some of our districts. There would be 15 technical centers that would perform Civil Works functions; 10 would also serve as technical centers for Military Programs. I am enclosing a map that shows the locations of these technical centers and the division offices.

The proposed plan would also create five consolidated administrative centers. These centers would carry out personnel and information management functions. They would be staffed primarily with personnel from district offices, although division personnel would also contribute to their staffing. The locations of these centers are illustrated on the enclosed map.

To assure continued flexibility to handle new missions and evolving workload relating to domestic infrastructure, all current district offices would retain responsibility for project management and construction. In addition, all districts would retain their ongoing project operations and regulatory responsibilities. No field or project offices, such as our reservoir and locks-and-dam sites, would be directly affected by the proposed reorganization plan.

Concurrently with reorganization, we would execute a major change in the way the Corps does business. Projects would continue to be managed from their current districts, but the technical work would be done at one of the technical centers. All project review responsibilities would be removed from division offices, thereby eliminating one level of review. Technical review would be performed at the district level, through peer review at a different technical center. Policy review would be performed only at the Washington level at a consolidated and newly created Central Review Center. Currently, policy review is performed at both divisions and Headquarters.

Impacts of the Proposed Plan

The funding made available to the Corps in the FY 1993 appropriations, as well as the personnel ceilings established by the Administration, mandate that the Corps will make personnel reductions. With the proposed reorganization plan, these reductions could be made in a manner that leaves an organization that is fully capable of meeting its current and future missions, has a greater depth of expertise nationwide, and one that has greater flexibility in responding to its fluctuating workload. The proposed plan is estimated to save the equivalent of 2,600 full-time positions compared to FY 1991 staffing levels. Of these positions, about 2,000 are civil funded. Once in place, the proposed plan would reduce the Corps costs by an estimated \$115 million annually compared to the FY 1991 level. This includes a savings of about \$94 million annually in civil funds.

I emphasize that this proposed reorganization plan was divided into two phases: the headquarters and division phase, called phase I, for which partial funding was appropriated in FY 1993; and the district phase, called phase II, for which no funds have been requested or appropriated. We have always intended to consult with Congress prior to implementing the district phase. Reorganization of only the Corps headquarters

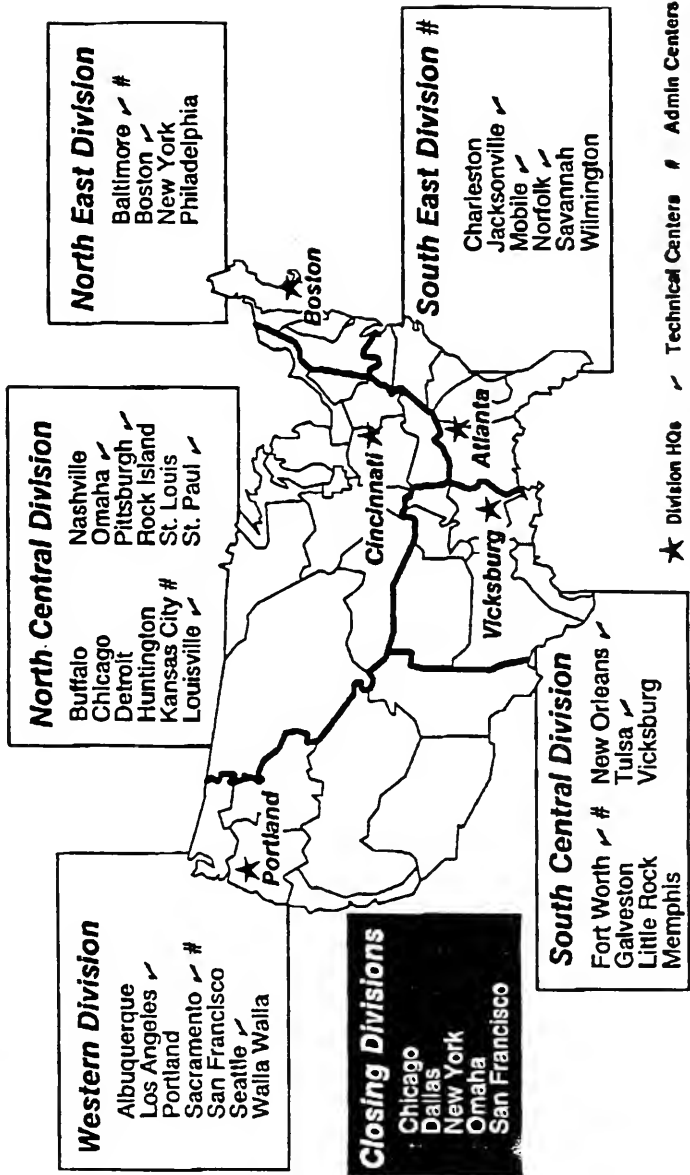
and divisions, phase I, could achieve significant annual savings by increasing productivity and reducing overhead. This phase could be implemented independently from the district phase, phase II.

Two important aspects of any reorganization plan are its impacts on team members and customers. Extra efforts have been made, and will continue, to ensure that every affected Corps member is treated fairly under the Civil Service and Army personnel rules and is aware of employment rights and options. We have already produced and distributed two publications to every Corps member -- one pamphlet entitled "Why Reorganize?" and a booklet entitled "You, the Corps, and the Future: Employment Options Upon Reorganization." Our customers would benefit after reorganization from a more efficient and flexible Corps. Customers would continue to deal with the district office they currently use to discuss the planning, construction, or operation of a project or to inquire about a dredge-and-fill permit.

In summary, we have a plan that meets the criteria and objectives we set. We are working with Secretary Aspin's staff to gain approval of our proposed plan. It positions the Corps for its current missions and allows flexibility so that we can better address new missions should they evolve. This will be a more efficient Corps that better uses the tax dollars appropriated to us. We can accomplish this reorganization without adversely impacting our service to the customer and with minimum impact on the lives of current team members.

This concludes my statement. Dr. Dickey and I will be happy to answer any questions.

Restructured Divisions with Districts



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ADDITIONS TO THE RECORD

Congress of the United States
House of Representatives
Washington, DC 20515-2205

COMMITTEE ON PUBLIC WORKS
AND TRANSPORTATION
SUBCOMMITTEES
ECONOMIC DEVELOPMENT
INVESTIGATIONS AND OVERSIGHT
WATER RESOURCES
COMMITTEE ON SCIENCE
SPACE AND TECHNOLOGY
SUBCOMMITTEES
SCIENCE
SPACE

STATEMENT OF CONGRESSMAN JAMES A. BARCIA

before the
Subcommittee on Investigations & Oversight

Tuesday, May 11, 1993

I WOULD LIKE TO THANK YOU ONCE AGAIN, MR. CHAIRMAN, FOR HOLDING THESE HEARINGS AND GIVING MEMBERS OF THIS COMMITTEE THE OPPORTUNITY TO LOOK AT THIS VERY IMPORTANT ISSUE. I WOULD ALSO LIKE TO THANK OUR WITNESSES, SECRETARY DICKEY, AND LT. GENERAL WILLIAMS FOR JOINING US TO ANSWER OUR QUESTIONS.

OUR HEARING NOTICE FOR TODAY STATED THAT THIS HEARING WOULD FOCUS ON FOUR MAJOR ISSUES: 1) THE RATIONALE FOR REORGANIZATION, 2) THE PROCESS USED FOR DEVELOPING THE PLAN, 3) THE CRITERIA UPON WHICH THE CLOSINGS AND DOWNSIZINGS WERE BASED, AND, 4) THE PLAN'S IMPACT ON THE CORPS'S ABILITY TO MEET ITS MISSION, TO DO THE JOB WHICH THE CONGRESS HAS AUTHORIZED AND FUNDED IT TO DO. COINCIDENTALLY, MR. CHAIRMAN, THESE HAPPEN TO CORRESPOND DIRECTLY WITH THE AREAS THAT CAUSE ME SERIOUS CONCERN ABOUT THE REORGANIZATION.

ON THE PLUS SIDE, LET ME SAY THAT I AGREE WITH THE BASIC COMMITMENT TO FISCAL RESPONSIBILITY WHICH GAVE RISE TO A REORGANIZATION, AND EVEN DOWNSIZING, OF THE ARMY CORPS OF ENGINEERS. IN THIS TIME WHEN WE ARE TRYING TO MAKE GOVERNMENT RUN SMOOTHLY WITH THE SMALLEST POSSIBLE AMOUNT OF RESOURCES, WE ALL MUST BE WILLING TO SACRIFICE.

MR. CHAIRMAN, BECAUSE THE GREAT LAKES ARE SUCH A SIGNIFICANT AND UNIQUE RESOURCE, I QUESTION THE RATIONALE BEHIND PLACING THE GREAT LAKES REGION WITHIN THE SAME NORTH CENTRAL DIVISION OF THE CORPS AS PORTIONS OF MONTANA, KENTUCKY AND NEBRASKA. WHILE IT WOULD SEEM THAT THE OTHER DIVISIONS OF THE COUNTRY WOULD HAVE AT LEAST SOME CORRESPONDING INTERESTS, I AM HARD PRESSED TO FIND ANY SIMILARITY BETWEEN THE NEEDS OF SUCH CITIES AS SAGINAW, TAWAS AND BAY CITY, MICHIGAN, AND THE CITIES OF GREAT FALLS, MONTANA, LOUISVILLE, KENTUCKY, OMAHA, NEBRASKA AND PITTSBURGH, PENNSYLVANIA.

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DISTRICT OFFICE
5409 PIERSON ROAD
FLUSHING, MICHIGAN 48433
☐ TELEPHONE (313) 732-7501

DISTRICT OFFICE
301 EAST GENESEE
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THIS STATIONERY PRINTED ON PAPER MADE WITH RECYCLED FIBERS

MY SECOND CONCERN REFERS TO THE PROCESS OF CORPS REORGANIZATION. ALTHOUGH I WAS NOT HERE LAST YEAR, MR. CHAIRMAN, I WONDER IF THE CONGRESS WAS INVOLVED ENOUGH IN THE PROCESS OF DEVELOPING THE PLAN. SINCE THE CONGRESS HAS LEGISLATIVELY INSTRUCTED THE CORPS NOT TO CLOSE DOWN ANY DISTRICT OFFICES, CAN WE BELIEVE THAT THE PROCESS WAS TRUE TO CONGRESSIONAL INTENT WHEN THIS PLAN GUTS EVERY GREAT LAKES BASIN OFFICE.

FURTHER, I AGREE WHOLEHEARTEDLY WITH MY COLLEAGUE, THE GENTLEWOMAN FROM MICHIGAN, WHO HAS CRITICIZED THIS PLAN FOR NOT HAVING A REGIONAL APPROACH. IT IS MY UNDERSTANDING THAT THE THREE GREAT LAKES BASIN OFFICES, CHICAGO, DETROIT AND BUFFALO, WILL LOSE SIGNIFICANT RESPONSIBILITIES, AND WILL ONLY RETAIN SIMPLE REGULATORY AND OPERATIONAL MANAGEMENT FUNCTIONS. THIS WILL CONSIST OF MERE OVERSIGHT OF PROGRAMS WHICH HAVE BEEN DESIGNED BY OTHER CORPS OFFICES. OF THESE OTHER OFFICES, THE NEAREST TECHNICAL CENTERS ARE WELL BEYOND THE GREAT LAKES BASIN BOUNDARY.

THIRD, I JOIN OTHER MEMBERS IN QUESTIONING THE CRITERIA UPON WHICH THE CLOSINGS AND DOWNSIZINGS WERE BASED. THERE ARE SERIOUS MISGIVINGS REGARDING THE ACCURACY OF COST ESTIMATES IN THE REORGANIZATION, WHICH I ASSUME WAS ONE OF THE CRITERIA USED. IT HAS BECOME CLEAR THAT OUR FEDERAL AGENCIES MUST WORK CLOSELY TOGETHER IF THEY ARE TO MANAGE OUR NATURAL RESOURCES IN A COST EFFECTIVE MANNER. I QUESTION WHETHER IT WILL BE COST EFFECTIVE NOT TO HAVE ANYONE WITHIN THE GREAT LAKES BASIN WITH THE ABILITY TO DESIGN PROJECTS FOR, OR REVIEW ENVIRONMENTAL IMPACT ON, THE GREAT LAKES. I WONDER IF THE GREAT LAKES BASIN WAS EVEN CONSIDERED WHEN THE CORPS DESIGNED THE NEW NORTH CENTRAL DIVISION. I CAN NOT IDENTIFY IN THE PLAN WHETHER THERE WILL BE ONE OFFICE IN THIS NATION WHICH WOULD HAVE THE CAPABILITY TO SERVE AS A CENTRAL POINT FOR GREAT LAKES ISSUES.

THIS LEADS ME TO OUR LAST MAJOR ISSUE FOR TODAY'S HEARING, WHICH IS DIRECTLY RELATED TO THE OTHER THREE. GIVEN THE QUESTIONABLE RATIONALE, PROCESS AND CRITERIA FOR THIS REORGANIZATION PLAN, I WONDER HOW THE CORPS CAN CONTINUE TO MEET ITS MISSION FOR THE GREAT LAKES WHEN IT SEEMS THAT ITS FUNCTIONS SUCH AS INFRASTRUCTURE MAINTENANCE, NAVIGATIONAL DREDGING, SEDIMENT MANAGEMENT, AND SUPPORT IN MANAGING LAKE LEVEL FLUCTUATIONS WILL BE TOTALLY DECENTRALIZED.

MR. CHAIRMAN, THE VIABILITY OF OUR GREAT LAKES, APPROPRIATELY REFERRED TO AS OUR FOURTH SEA COAST, IS ONE OF THIS NATION'S MOST SIGNIFICANT RESPONSIBILITIES. THEY REPRESENT THE LARGEST FRESH WATER SYSTEM IN THE WORLD AND 95 PERCENT OF OUR NATION'S SURFACE FRESH WATER. THIS IS AN EXTREMELY VITAL SYSTEM, BUT IS A FRAGILE ENVIRONMENTAL AND RECREATIONAL RESOURCE WHICH SUPPORTS DIVERSE PLANT AND ANIMAL LIFE.

THE LAKES SUPPORT THOUSANDS, PERHAPS MILLIONS OF JOBS, AND SUPPORT MORE TONNAGE IN INTERLAKE SHIPMENTS THAN THE PANAMA CANAL. THE GREAT LAKES REGION SUPPORTS THE PRODUCTION AND PROCESSING OF 60 PERCENT OF U.S. AGRICULTURAL COMMODITIES AND OVER HALF OF THE NATION'S MANUFACTURING BASE. I CAN NOT SEE, MR. CHAIRMAN, HOW WE CAN HAVE COMPETENT MANAGEMENT OF THE CORPS'S MISSION IN OUR REGION UNDER THE CURRENT REORGANIZATION PLAN, AND I WILL OPPOSE IT UNTIL SUCH A PRESENCE CAN BE GUARANTEED.

SIDNEY R. YATES
9TH DISTRICT, ILLINOIS

COMMITTEE
APPROPRIATIONS
CHAIRMAN, INTERIOR AND
RELATED AGENCIES

Congress of the United States
House of Representatives
Washington, DC 20515-1309

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230 S. DEARBORN STREET
CHICAGO, IL 60604
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2100 ROGGE AVENUE
EASTON, IL 60021
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May 14, 1993

The Honorable Robert Borski
Chairman
Subcommittee On Investigations
and Oversight
H2-586
Washington, DC 20515-3803

Dear Mr. Chairman:

I regret very much that I was unable to be present and give testimony during your hearing earlier this week on the Army Corps of Engineers reorganization plan. I congratulate you for holding the hearing and I would very much appreciate your making this letter a part of the permanent hearing record.

I want you and the Committee to know that I have very serious objections to the plan that the Bush Administration put forward in November. While there may be a need to reorganize the Corps, this plan is not a balanced and reasonable way to cut expenditures and increase efficiency. It is, in fact, quite damaging to a number of the Corps most busy and productive Divisions and Districts. That is clearly the case in Chicago where the Division office will be closed and the District office reduced by 103 employees -- a 61 percent loss from its current structure.

There is no logical justification for this assault on Chicago and I suggest to you that there are a number of very valid reasons why it should be retained as the location for the Corps' Midwest Division Office. The key reasons are the following:

- QUALITY OF LIFE:

- Excellent for the professional workforce.
- Employment is the largest in the midwest and sixth largest in employment growth in the country.
- Health Care ranks third in the nation and it has the nation's largest medical center complex.
- Commuter transportation is the most efficient, effective, and affordable system in the nation.
- Recreation and entertainment is as diverse and cosmopolitan as any in the nation.

Chairman Borski
May 14, 1993
Page Two

- Numerous parks, golf courses, forest preserves, nature centers, beaches, lakes and rivers.
 - Chicago shoppers have some of the finest stores in the nation.
 - Chicago fronts on 29 miles of beautiful Lake Michigan shoreline.
 - Recreational boating is second only to Michigan in the midwest.
- Education is ranked third in the nation.
- Chicago includes some of the nation's finest technological academies and universities.
 - Library system is outstanding -- University of Illinois is the third largest in the nation for a public university; constructing nation's most sophisticated high-tech engineering library; and, Harold Washington Center in Chicago is the largest public library building.
- Culture and the Arts are ranked third in the nation.
- Chicago has cosmopolitan sophistication with midwestern country charm.
 - Chicago Architecture dominates American design; three of the world's five tallest buildings reside here; and it is the home of Frank Lloyd Wright.
- Services and Infrastructure in Chicago are second to none in the nation.
- Best transportation system in the nation.
 - The largest modern wastewater treatment facility in the nation.
 - One of the nation's largest public water supply systems.
 - One of the nation's largest and most unique urban flood control and pollution prevention project.

Chairman Borski
 May 14, 1993
 Page Three

- The longest system of lakeshore public infrastructure (e.g., parks, beaches, boating)
- Financial powerhouse of the nation's midsection.
 - Chicago's investment markets are second only to New York.
 - Several of the nation's largest banks.
- TRANSPORTATION HUB:
 - Chicago is the transportation hub of the nation -- air, rail, highways, and waterways.
 - O'Hare is the nation's busiest airport.
 - Illinois has the largest waterway system in the nation (more tonnage than the Panama Canal).
 - Chicago is an international port.
 - Illinois has more miles of interstate highway than all but two other states in the nation.
 - Chicago has the largest railroad gateway in the nation.
 - Illinois has 25 railroads providing service to every part
- FEDERAL REGIONAL CENTER:
 - The Standard Federal Region 5 is located in Chicago.
 - Fifty Federal agencies, 15 of which are major regional centers, including NCD, are located in Chicago.
 - Federal workers total 30,000 in Chicago and 50,000 in Illinois.
- COLLOCATION WITH OTHERS:
 - Chicago is collocated with several significant military, Corps of Engineers offices, laboratories, and major projects, involving investments of tens of billions of dollars.

Chairman Borski
May 14, 1993
Page Four

- AVAILABILITY OF TRAINED LABOR:
 - Chicago is a world-renowned engineering and scientific community.
 - Illinois has the largest percent of engineers and scientists in the midwest (4.3 percent of the U.S. total).
- GOVERNMENTAL CENTER OF OPERATIONS:
 - Includes International, Federal, state, county, and city.
 - Governor of Illinois maintains an office in Chicago.
 - The Council of Great Lakes Governors has its headquarters office in Chicago.
 - The Center for the Great lakes (a bi-national public and private organization) is headquartered in Chicago.
 - Illinois ranks third in the nation in the number of foreign consulates and trade offices.
- COST-OF-DOING-BUSINESS ADVANTAGES:
 - Collocation and combined support between the Division and Chicago District would provide significant economy.
 - The centralized location of Chicago provides for efficient and economical travel; greater choice of flights, lowest overall costs and fewest flying hours, compared to the nation's ten largest cities.
 - Chicago is the retail, wholesale and distribution center for the midwest.
 - One-third of the GNP is produced within a 300 mile radius of Chicago.
 - Illinois can supply almost any sub-assembly or finished product needed.
 - Chicago ranks third in retail sales made.
 - Illinois is a major player in international markets.

Chairman Borski
May 14, 1993
Page Five

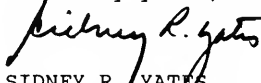
- Illinois exports rank third in the nation in agriculture; seventh in manufactured exports; and sixth in total exports.
- OPERATIONAL EFFICIENCY/FLEXIBILITY:
 - Maximum economy in travel cost, time and flexibility.
 - Advantages in cost and time from the economies of scale of Chicago being the midwest's retail, wholesale, and distribution center.
 - Current modern professional office facility ideally and strategically located for business communications, coordination, and transportation.
 - Federal agency regional center, governmental center, and international center for the midwest.
 - Engineering/scientific technological center of the midwest -- educational institutions, A-E consulting firms, contractors, public agencies, research facilities, and professional societies.

Chicago, being a major Federal regional center for the midwest, and a world-renowned technical engineering and scientific community, is a natural, logical location to continue a Corps of Engineers division office. It is geographically centrally, located to continue to handle the entire Great Lakes system, Souris-Red-Rainy Rivers basin, Upper Mississippi River basin, plus additional boundary expansion, including the middle Mississippi River basin area, and Ohio River basin area.

I urge the Committee to consider the facts as you review the plan and the way it was constructed by the previous Administration.

With kindest regards,

Sincerely yours,



SIDNEY R. YATES
Member of Congress

COMMITTEE TO SAVE SPD (COTOSS)

P.O. Box 26435
 San Francisco, CA 94126
 11 January 1993

Honorable Les Aspin
 Secretary of Defense-Designate
 U.S. House of Representatives
 2336 Rayburn House Office Building
 Washington, D.C. 20515-3031

Dear Mr. Secretary-Designate Aspin:

Our committee has been very active in working to delay implementation of the announced reorganization of the U.S. Army Corps of Engineers. Having heard reports of the questions addressed to you during the confirmation hearings and your answers regarding the Corps reorganization, we believe that you share our interest in having time to reexamine the proposed (now being implemented) plan in light of the new Administration's and the new Congress' priorities and programs.

The Congressional delegation from the San Francisco Bay area have given us much support. Senators Feinstein and Boxer, along with Congresswoman Pelosi, had already asked the Secretary of the Army and the Chief of Engineers to delay implementation until the new Administration is in office and the new Congress has a chance to examine the plan. Congressmen Dellums and Lantos have also indicated that they want some answers from the Corps before it proceeds with the plan. Many of us in the Corps "family" had been greatly heartened by the announced plans of President-elect Clinton and his Administration to create more jobs in America, to rebuild the nation's failing infrastructure and to undertake environmental restoration across the country in the coming years. All of these activities are ideal missions for the Corps: We have the trained technical experts; we have the experience in developing and implementing plans and vast experience working with the private sector in planning, design and construction; and we have the authorities ready and waiting to go to work almost immediately to create jobs, rebuild and restore. The reorganization plan that was announced has absolutely NO consideration for these future actions and missions included in its criteria.

Our committee has produced several different analyses of the plan's many flaws. Among them are the highly politicized nature of the gerrymandered district and division boundaries, the failure to comply with the National Environmental Policy Act, the failure to conduct analyses required by Army Regulation AR 5-10 which governs reduction and realignment activities, the diminution of regional responsiveness for emergency actions (such as earthquakes, floods, hurricanes), and the skewed nature of the decision process which would emerge under the new plan. If you or your staff is interested, we can furnish the analytical information we have gathered.

We have been informed that a major change is occurring in the way Congressional testimony is handled for appropriations. The new plan will have the Assistant Secretary of the Army for Civil Works [ASA(CW)], the Chief of Engineers and the Director of Civil Works testify. The six Division Commanders, representing the remaining/new Divisions, will sit in the audience, but there will not be direct

testimony, as in the past. Information in response to questions will be "provided for the record." This will mean that, in our case, there will be no representation from California, the southwestern states or the Midwest at all.

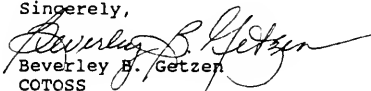
None of us is opposed to making a more efficient, streamlined organization. However, we strongly believe that this current plan does not achieve and cannot achieve the claimed efficiencies. Had some of us "worker-bees" had an opportunity to participate in the development of a plan, we would never have developed a plan which totally "counter-decentralizes" decision-making processes by bringing all the policy review and decisions to an expanded Washington-level center, nor would we have destroyed the regional knowledge base as does this plan.

While you are taking on new responsibilities, we encourage you to keep this reorganization high on your priority list and put a halt to its immediate implementation. We support the idea of having the new Administration and the new Congress give some review and oversight to this plan before it proceeds further.

Many actions are planned for the immediate future, including the 1 February 1993 deadline for issuing new orders putting the new command and executive structures into place. Even if Congress did not appropriate any funds to continue in FY 94, severe damage will already be done in FY 93 unless someone forces a halt now. In fact, proceeding now in face of potential lack of funding next year would leave behind a disabled workforce and incomplete organizations at all levels which would make it impossible for new missions and new work to be undertaken. Just last week, operating funds for the 4th quarter of this Fiscal Year were withdrawn from the offices slated to close, thus further embedding this reorganization decision in place. Furthermore, new flags and new stationery for the new Division offices have already been ordered and will be used starting 1 February 1993.

We provide vital, much-needed services for our area. We ask that you continue to work to help us in our desire to continue to serve the nation and our region here on the West Coast. If we can provide additional supporting information to you, please contact me at (415) 705-1560, and I'll respond quickly. We welcome your help and support in obtaining a fair, balanced review.

Sincerely,


Beverley E. Getzen
COTOSS

U.S. ARMY CORPS OF ENGINEERS
BUDGET COMPARISONS
 FY 93

NOTE: The President's Budget Request for FY 94 has not yet been released.

PLANNING (= Study + Design) (Figures in thousands of dollars)
 The size of the Planning program is a good indicator of the future.

* SPD (San Francisco)	\$ 32,440	(14,088 + 18,352)
** NAD (New York)	\$ 32,280	(9,542 + 22,738)
ORD (Cincinnati)	\$ 19,010	(11,019 + 7,991)
* SWD (Dallas-Ft. Worth)	\$ 17,130	(6,200 + 10,930)
SAD (Atlanta)	\$ 14,158	(5,363 + 8,795)
* NCD (Chicago)	\$ 13,235	(5,805 + 7,430)
LMVD (Vicksburg)	\$ 12,823	(5,773 + 7,050)
NPD (Portland)	\$ 8,033	(5,675 + 2,358)
* NED (Waltham, MA)	\$ 4,141	(921 + 3,220)
* MRD (Omaha)	\$ 3,143	(2,218 + 925)
POD (Honolulu)	\$ 808	(308 + 500)

CONSTRUCTION 93**O&M 93**

ORD (Cincinnati)	\$ 261,689	SAD (Atlanta)	\$ 249,240
LMVD (Vicksburg)	\$ 253,911	* SWD (Dallas-Ft. Worth)	\$ 212,801
SAD (Atlanta)	\$ 186,227	ORD (Cincinnati)	\$ 204,954
* SPD (San Francisco)	\$ 166,596	* NCD (Chicago)	\$ 201,063
** NAD (New York)	\$ 142,713	NPD (Portland)	\$ 173,932
* SWD (Dallas-Ft. Worth)	\$ 130,277	LMVD (Vicksburg)	\$ 170,831
NPD (Portland)	\$ 128,440	** NAD (New York)	\$ 130,862
* NCD (Chicago)	\$ 90,771	* MRD (Omaha)	\$ 86,067
* MRD (Omaha)	\$ 29,216	* SPD (San Francisco)	\$ 74,683
* NED (Waltham, MA)	\$ 9,429	* NED (Waltham, MS)	\$ 25,002
POD (Honolulu)	\$ 6,532	POD (Honolulu)	\$ 4,753

TOTAL 93

ORD (Cincinnati)	\$ 485,653
SAD (Atlanta)	\$ 449,625
LMVD (Vicksburg)	\$ 437,565
* SWD (Dallas-Ft. Worth)	\$ 360,208
NPD (Portland)	\$ 310,401
** NAD (New York)	\$ 305,855
* NCD (Chicago)	\$ 305,069
* SPD (San Francisco)	\$ 273,719
* MRD (Omaha)	\$ 118,426
* NED (Waltham, MA)	\$ 38,572
POD (Honolulu)	\$ 12,093

* = Division Office abolished

** = Division Office relocated to Boston, absorbs New England Division. New District established in Boston, MA, also.

COMMITTEE TO SAVE SPD (COTOSS)

P.O. Box 26435
San Francisco, CA 94126

7 January 1993

Honorable Daniel P. Moynihan
SR-464 Russell Senate Office Building
Washington, D.C. 20510-3201

Dear Senator Moynihan:

Our committee has been very active in working to delay implementation of the announced reorganization of the U.S. Army Corps of Engineers until the plan can be examined. Having seen the news article concerning your hearing with selected Corps officials, we believe that you share our interest in having time to reexamine the proposed (now being implemented) plan in light of the new Administration's and the new Congress' priorities and programs. We also thank you for representing the real Corps family which is struggling to understand the implications of this reorganization while, at the same time, keep up the real work and real missions of the Corps.

The Congressional delegation from the San Francisco Bay area have given us much support. Senators Feinstein and Boxer, along with Congresswoman Pelosi, had already asked the Secretary of the Army and the Chief of Engineers to delay implementation until the new Administration is in office and the new Congress has a chance to examine the plan. Congressmen Dellums and Lantos have also indicated that they want some answers from the Corps before it proceeds with the plan. Many of us in the Corps "family" had been greatly heartened by the plans in the coming years to create more jobs in America, to rebuild the nation's failing infrastructure and to undertake environmental restoration across the country. All of these activities are ideal missions for the Corps: We have the trained technical experts; we have the experience in developing and implementing plans and vast experience working with the private sector in planning, design and construction; and we have the authorities ready and waiting to go to work almost immediately to create jobs, rebuild and restore. However, none of this would be possible if the organization continues in its current chaos and disarray. The reorganization plan announced had absolutely NO view for the future included in its criteria.

Our committee has produced several different analyses of the plans' many flaws. Among them are the highly politicized nature of the gerrymandered district and division boundaries, the failure to comply with the National Environmental Policy Act, the failure to conduct analyses required by Army Regulation AR 5-10 which governs reduction and realignment activities, the diminishment of regional responsiveness for emergency actions (such as earthquakes, floods, hurricanes), and the skewed nature of the decision process which would emerge under the new plan. We can provide these items if you or your staff would be interested in seeing them. We are networked with our colleagues

in the North Atlantic Division and the New York District and have exchanged with them many of our working papers, one of which is attached.

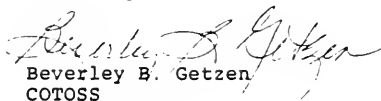
We have been informed that a major change in the way Congressional testimony is handled for appropriations is planned. The new plan will have the ASA(CW), the Chief of Engineers and the Director of Civil Works testify. The six Division Commanders, representing the remaining/new Divisions, will sit in the audience, but there will not be direct testimony, as in the past. Information in response to questions will be "provided for the record." This will mean that, in our case, there will be no representation from California or the southwestern states at all.

None of us is opposed to making a more efficient, streamlined organization. However, we strongly believe that this current plan does not achieve and cannot achieve the claimed efficiencies. Had some of us "worker bees" had an opportunity to participate in the development of a plan, we would never have developed a plan which totally "counter-decentralizes" decision making processes by bringing all the policy review and decisions to an expanded Washington level center, nor would we have destroyed the regional knowledge base as does this plan.

While you are taking on new responsibilities, we encourage you to keep this reorganization high on your priority list and continue to work to put a halt to its immediate implementation. We support the idea of having Congress give some review and oversight to this plan before it proceeds further. Many actions are planned for the immediate future, including the 1 February 1993 deadline for issuing new orders putting the new command and executive structures into place. Even if Congress did not appropriate any funds to continue in FY 94, enough damage will already be done in FY 93 unless someone forces a halt now. In fact, proceeding now in face of potential lack of funding next year would leave behind a disabled work force and incomplete organizations at all levels which would make it impossible for new missions and new work to be undertaken.

We provide vital, much needed services for our area, as do the offices in New York and elsewhere. We ask that you continue to work to help us in our desire to continue to serve the nation and our region here on the West Coast. If we can provide additional supporting information to you, please contact me at (415) 705-1560, and I'll respond quickly. in the
North Atlantic Division office, a former colleague of mine, has provided some information to your staff already. We welcome your help and support in obtaining a fair, balanced review.

Sincerely,


Beverley B. Getzen
COTOSS

COMMITTEE TO SAVE SPD (COTOSS)

22 March 1993

The case for Divisions

or

"Why not 'reorganize' just the Divisions?"

= = = = =

1. HQUSACE causes delays and takes months to make decisions
 - inevitable result from being a remote office
 - lack of urgency felt because of lack of involvement
 - out of contact with local sponsor
 - examples of being out of touch with regional needs
 - Guadalupe Recreation Cost Share Agreement
 - Walnut Creek Recreation Cost Share Agreement
 - Tropicana & Flamingo Washes
 - HQ office is too large/inefficient
2. Centralization instead of decentralization
 - no policy setting authority left in region (Div or Dist)
 - opposite of Senate language
 - avoid micromanagement from the top
 - reduce paper flow upwards
 - monthly report documents several inches thick
 - not decentralization according to "Reinventing Govt"
 - low ranking Major or Captain commanding District will have no influence with 2 star General commanding Division
 - company commander telling General Patton what to do
3. Plan destroys reviews
 - microreview by competing Tech Centers
 - or non-review to make money: ("I can do it cheaper.")
 - no one in Div with expertise to referee technical differences between Tech Centers
 - no one in HQ will know sponsor or local conditions
 - continuous climbing of learning curve everywhere
 - project in CRC with pile of projects from 38 other Dist
 - no ability of District Engineer to influence project
 - this is prohibited "micromanagement" from top
4. Regional presence needed
 - emergency management responsibility in the region
 - should not be many miles away and "UNREADY"
 - need knowledge of bridges, roads, cities etc.
 - for development of water project testimony
 - better presentation by those in the region
 - closer to customer
 - institutional knowledge of projects, local areas possible only if located in the region
 - relationships with local sponsors would be broken by planning, design and construction by several Dist
 - relationships with private, regional, state agencies lost with departure of local/regional experts
 - to comply with "Federal Regional Center" policy

5. Span of control
 - too many design Districts to adequately oversee (w/Ph I)
 - can not control or supervise more than 4 or 5 Dist
 - high numbers in proposed plan (up to 12)
 - once Div go, then smaller Dist are sure to follow
 - they cannot be supervised
 - they do nothing important (w/Ph II)
 - no planning or design, no policy setting authority
 - refer all questions to Division
 - O&M "District" is a myth (really is just an Area Office)
 - retained for political reasons, not economic or functional reasons
 - Div needed to represent true ethnic, cultural and physiographic characteristics of the region
6. Boundary problems
 - existing conflicts left unresolved or made worse
 - states and regional agencies familiar with "no change" alternative (i.e. current boundaries)
 - new boundaries add confusion
 - example is introducing Los Angeles (the fifth Dist) into Colorado (civil designer for Albuquerque)
 - some areas served by three Dist (e.g. New Mexico: SPK (mil dsgn & const), SPL (civ design), SWA (civ const)
 - who does state turn to for help?
 - who is responsible for failures?
7. Need new EIS if only Divisions are reorganized (Phase I only)
 - drastically changed plan to close only Div
 - new approval needed by Sec Army/Sec Defense
 - higher % (more) RIFs because no Tech Center/CRC to go to
 - new study of alternatives needed
 - e.g. VERA/bonus to make spaces
 - impacts not all studied (e.g. EEO)
 - new study must comply with laws/regulations
8. Savings possible w/o losing local/regional presence
 - need real benefit/cost study
 - shift resources to where the work is
 - use humane methods (e.g. attrition, VERA, voluntary moves)
9. Hidden sponsor costs from eliminating Div reviews
 - learning curves on projects transferred to new offices
 - reviews by project funded Dist, not by GE funded Div
 - costs to coordinate between Dist during plan, design, const
 - added overhead from split (mil-civ) const field offices
 - sponsors will want Congress to pay
10. Professional workforce quality enhanced with regional office
 - job progression is from project to District to Region to National
 - preserves/fosters regional knowledge/perspective
 - need to know what subordinate organizations do to be able to supervise them
11. Overhead can be saved by better defining roles at each level
 - we now try to do it all at every level
 - separate execution, review, regional and national policy

Green Brook Flood Control Commission

VERNON A. NOBLE, CHAIRMAN

111 GREENBROOK ROAD
GREEN BROOK, NEW JERSEY 08812
908-968-2018R E S O L U T I O N

February 3, 1993

WHEREAS, the Green Brook Flood Control Commission was organized pursuant to New Jersey law to support and advance the efforts to prevent disastrous flooding in the Green Brook Sub-Basin of the Raritan River Basin; and,

WHEREAS, the Corps of Engineers of the U.S. Army has been authorized by Congress to carry out planning and engineering design of a flood protection project to protect the people and property of the Green Brook Sub-Basin; and,

WHEREAS, the work of the Corps of Engineers on this project is being conducted by the New York District of the Corps of Engineers having its offices in lower Manhattan, conveniently situated for access by public transportation from New Jersey; and,

WHEREAS, technical personnel of the New York District have been actively at work on this project for a number of years, including several who have a history of project involvement extending over at least 10 years; and,

WHEREAS, the reorganization plans announced recently by the Office of the Chief of Engineers of the Corps of Engineers, Washington, D.C., propose to eliminate the planning, engineering and design functions of the New York District, Corps of Engineers, and to transfer such activities to an office in the Boston area, or possibly other offices located in cities at a greater distance from North Jersey; and,

WHEREAS, even those experienced technical persons familiar with the project from long experience in the New York District who may be offered a position at the new Boston Office of the Corps, or other offices of the Corps, may not choose to relocate, but rather to leave the Corps altogether; and,

WHEREAS, these proposed changes by the Corps of Engineers will have a severely negative effect on the timely and cost efficient completion of the Green Brook Flood Control Project; now, therefore,


BE IT RESOLVED by the Green Brook Flood Control Commission that because the proposed Corps of Engineers reorganization will have a severe and negative impact on the accomplishment of flood protection for the people and property of the Green Brook Sub-Basin, for which the Commission has worked for many years, the Commission hereby expresses its strong opposition to the changes proposed for the New York District by the Corps of Engineers; and,

BE IT FURTHER RESOLVED that the Commission requests the two United States Senators from New Jersey and the members of the House of Representatives whose Districts include the Green Brook Sub-Basin, as well as all other members of Congress from New Jersey, and also the Secretary of Defense of the United States, The Hon. Les Aspin, to promptly and vigorously oppose the aspects of the Corps of Engineers proposed reorganization which would affect the New York District, and further that they act to insist that the planning, engineering and design functions of the Corps of Engineers for the Green Brook Flood Control Project be carried out in their present location, close to the Green Brook Sub-Basin; and,


BE IT FURTHER RESOLVED that a copy of this Resolution be forwarded to The Hon. Jim Florio, Governor of the State of New Jersey, with the request that New Jersey express the most vigorous possible opposition to any plans which will act to slow progress on the Green Brook Flood Control Protection Project.

Adopted by the Commission at its Regular Meeting held February 3, 1993.

Attest:



Vernon A. Noble, Chairman



Tina Totten, Secretary

ELLIS S. VIESER
President

New Jersey

PHILIP K. BEACHEM
Executive Vice President

ALLIANCE for ACTION INC.

P.O. Box 6438 • Raritan Plaza II • Edison, New Jersey 08818-6438
FAX (908) 225-4694 • (908) 225-1180

WRITTEN TESTIMONY

BY

ELLIS S. VIESER
PRESIDENT
NEW JERSEY ALLIANCE FOR ACTION

ON

U.S. ARMY CORPS OF ENGINEERS PROPOSED
REORGANIZATION PLAN

TO

SUBCOMMITTEE ON INVESTIGATIONS
AND OVERSIGHT
PUBLIC WORKS AND TRANSPORTATION COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

The New Jersey Alliance for Action strongly opposes the proposed reorganization of the U.S. Army Corps of Engineers which would reduce the New York and Philadelphia District offices serving New Jersey and transfer the North Atlantic Division office from New York to Boston.

The Alliance for Action is a statewide non-profit, non-partisan coalition of some 500 business, industry, labor, professional, academic and governmental organizations. It is committed to improving the quality of life for the people of New Jersey through economic progress and the creation of jobs balanced by responsible protection of the environment.

Opposition to the proposed reorganization of the Corps has been virtually unanimous throughout New Jersey. It is bipartisan and inclusive of both business and labor and all geographic parts of the state. Governor Jim Florio, a Democrat, is strongly opposed. The State Legislature's Republican majorities, with support by the Democratic minority, has passed a resolution opposing the plan.

More than 150 of our members convened, on short notice, in an emergency meeting late last January to unanimously adopt a resolution of opposition. The resolution cited the economic damage the plan would cause in New Jersey --- the loss of \$41 million in wages and a total adverse economic impact of \$75 million annually.

The proposal also would mean the loss of vital services the Corps now provides to New Jersey, particularly in protecting our precious water resources. The following are some of the negative impacts the proposal would inflict on the people of New Jersey:

- The proposal would trigger the loss of senior staff at the District and Division offices, many of whom have over 20 years of experience in addressing New Jersey's water resources needs.

- There would be increased difficulty for State environmental agencies to coordinate with Corps environmental centers.

- The plan would disrupt the Corps' existing systematic approach to New Jersey's shore protection problems, which have been greatly exacerbated by the recent Northeastern storm.

- The probability is reduced of achieving innovative solutions to New Jersey needs which reflect an intimate knowledge of local conditions.

- Distancing the Corps from New Jersey's local areas will increase coordination problems and travel costs and eliminate the close cooperation that now occurs.

- Localized engineering and planning support during emergencies will no longer be available.

- There will be minimal Corps engineering or environmental local expertise on hand to help New Jersey manage the two major estuaries of national importance it borders --- the Hudson and Delaware Rivers.

For those reasons, we strongly urge that the proposed reorganization plan be set aside. Thank you for your consideration.

###

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY

Lillian C. Liburdi
Director
Port Department

June 17, 1993

The Honorable Robert Borski
Chairman
Investigations and Oversight Subcommittee
Committee of Public Works and Transportation
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I would like to comment on the proposed reorganization plan of the Corps of Engineers and respectfully request that this letter be included in the Hearing Record of the Investigations and Oversight Subcommittee if the opportunity still exists.

While The Port Authority of New York and New Jersey agrees that the Corps requires reorganization to streamline its process and reduce its budget to be able to adjust to increasing demands and successfully manage its new missions, we find the proposal to be seriously deficient. The most apparent flaw of the plan is the disregard of a regional perspective and customer satisfaction as fundamental criteria for development of the reorganization plan. Even if we ignore regional perspective and customer satisfaction, we still find it very difficult to believe that the Corps' proposed plan as reported provides:

- cost effectiveness
- flexibility
- competence when and where needed
- management effectiveness

The above criteria were established by the Corps to determine areas suitable for future Corps operations. The New York/New Jersey metropolitan region meets the criteria. It is a center of education with many nationally recognized engineering schools of higher learning. Transportation should not be an issue, since the region includes three major airports, intercity rail services and mass transit systems providing broad coverage and convenience. The cost of living differential, which defines New York/New Jersey as a high cost area, will be in effect nationally in 1994 thus it will no longer be an applicable factor for Boston as all northeastern metropolitan areas will receive the increment and their cost of living will be comparable to New York.

The reorganization proposal calls for abolition of the North Atlantic Division in New York City and relocation of personnel to the newly established New England Division in Boston.

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY

The Honorable Robert Borski

-2-

June 17, 1993

In addition, the Corps intends to relocate the New York District's planning and engineering functions to Boston's newly created technical center under this plan. The technical center will also provide real estate services which are normally performed locally.

A majority of the present Corps work load is performed and done within the New York/New Jersey region by the Division and District. The plan will reduce the New York presence to a skeleton force leaving project management staff and very limited technical expertise in place. The expected loss of senior staff, because of refusal to relocate, will exacerbate the loss of local engineering knowledge crucial to understanding complex issues and, in the face of a natural disaster, may create a situation where a much needed response is not forthcoming in a timely and competent manner.


While the reorganization attempts to create central areas of expertise, it is most unlikely that this will occur. History has shown us that large, centrally located bureaucracies do not work, given turnover problems, low service grade structure and lack of future career path opportunities. By its own admission, the Corps estimates a loss of more senior personnel when the plan is implemented, and staffing difficulties faced by large, centralized bureaucracies lead us to believe that personnel with limited experience will fill most vacancies, thereby negating any possible increase in technical review efficiencies.

Technical Centers cannot provide the local presence of much needed technical elements as the current organization presently provides. Interactions between Corps technical staff and client which take place on a daily basis will be delegated to a project manager who cannot provide the input in the same manner as the client. Therefore, implementation of Technical Centers will weaken or negate the Corps' ability to implement design work, negotiate Local Cooperation Agreements, address local and environmental concerns including real estate considerations, certify cultural requirements and garner public support for studies and projects.

In conclusion, we believe that the proposal is flawed and will fail to accomplish what was intended, because it fails to consider local needs and distances the Corps from its primary customers.

If you wish to further discuss our views or require additional information or examples from us, please let me know.

Sincerely,



Lillian C. Libardi
Director
Port Department

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY

The Honorable Robert Borski

-3-

June 17, 1993

cc: The Honorable Robert Franks
The Honorable Dean A. Gallo
The Honorable Robert Menendez
The Honorable Susan Molinari
The Honorable Jerrold Nadler

STATE OF NEW YORK

LEGISLATURE OF ERIE COUNTY
CLERK'S OFFICEBUFFALO, N. Y., January 27 19 93

TO WHOM IT MAY CONCERN:

I Heresby Certify. That at the 2ND Session of the Legislature of Erie County, held in the County Hall, in the City of Buffalo, on the TWENTY-SEVENTH day of January A. D. 19 93 a Resolution was adopted, of which the following is a true copy.

RESOLUTION SUBMITTED BY
LEGISLATOR DUSZA AND ET AL

WHEREAS, recently, a local U.S. Army Corps Engineer said that "the people who are going to be stewards of the Great Lakes are no longer going to be people who live in the Great Lakes area," and

WHEREAS, a new plan will trim the Buffalo Corps of Engineers office almost in half and cut 141 jobs, sending all its planning and technical experts to other offices, and

WHEREAS, such work on problems of pollution in the Buffalo River or the water levels of Lake Erie will not be done in the Black Rock office any more but in St. Paul, Louisville, Omaha or Pittsburg, and

WHEREAS, Senator Daniel Moynihan, whose Senate committee has jurisdiction over the Corps, can block funding for this proposed move, and well he should, and

WHEREAS, New York State is projected to lose some \$78 million per year in lost payroll and lost fees for architectural and engineering firms awarded contract because of their nearness to Corps offices and technical workers as well as over 600 jobs, and

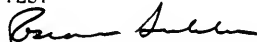
WHEREAS, the loss to Buffalo alone will be some \$6.3 million a year in payroll, not counting the ripple effect on the local economy such a loss would inevitably create, and

WHEREAS, some 141 local employees will lose their jobs and the close ties to the city's academic community will be severed, ties that have provided dozens of jobs for local science and engineering graduates, and

WHEREAS, all the new technical centers which would do research for the lakes are located in the Mississippi drainage basin while Buffalo's Corps office would answer to the division headquarters in Cincinnati where much of the Great Lakes planning would also take place, and

WHEREAS, such a plan, if carried out as proposed, would be greatly detrimental to Buffalo and the local economy already facing hard times due to the recession,

ATTEST



Clerk of the Legislature of Erie County

REFERENCE:

STATE OF NEW YORK

LEGISLATURE OF ERIE COUNTY

CLERK'S OFFICE

BUFFALO, N. Y., January 27 1993

TO WHOM IT MAY CONCERN:

I **Hereby Certify.** That at the 2ND Session of the Legislature of Erie County, held in the County Hall, in the City of Buffalo, on the TWENTY-SEVENTH day of January A. D. 19 93 a Resolution was adopted, of which the following is a true copy:

NOW, THEREFORE, BE IT

RESOLVED, that the Erie County Legislature does hereby go on record in opposition to the Army Corps of Engineers plan to move the Great Lakes planning centers from New York and locate them in the midwest, and be it further

RESOLVED, that this Body is deeply concerned over the negative economic impact such a move would have on New York State and the Western New York area specifically, and be it further

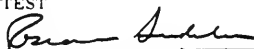
RESOLVED, that this Body requests New York Senator Moynihan to re-examine this proposed move by the Army Corps of Engineers and do what he can to change such plans so that the planning centers can remain in New York State and so that Buffalo can also retain its local planning office, and be it further

RESOLVED, that such a plan comes from the Bush administration and the Clinton administration should take a hard look at it before it is carried out to completion, and be it further

RESOLVED, that a certified copy of this resolution be sent to Governor Mario Cuomo; Senators Moynihan and D'Amato; the entire Congressional delegation from Western New York and the entire state delegation from Western New York as well as County Executive Gorski and Mayor James Griffin of Buffalo for their review.

FISCAL IMPACT: None for Resolution
 REFERENCE: Int. 2-9
 AS AMENDED.

ATTEST



 Clerk of the Legislature of Erie County

REFERENCE.

U.S. Army Corps of Engineers
REORGANIZATION PLAN

Headquarters
U.S. Army Corps of Engineers
Washington, DC



Executive Summary

The Secretary of the Army has approved recommendations of the Assistant Secretary for Civil Works and the Assistant Secretary for Installations, Logistics and Environment, and the Chief of Engineers to reorganize the Corps of Engineers headquarters and field structures. The Corps reorganization study is summarized below.

Background

Corps leaders have long recognized that the Corps needs to reorganize if it is to maintain its status as a world class engineering organization. Over the last 14 months, the Army has coordinated with Congress regarding reorganization, including testimony before the House and Senate authorization and appropriation committees on the need for a comprehensive reorganization of the Corps of Engineers. The FY 93 appropriations bill includes \$5 million and transfer authority for another \$7 million to reorganize the Corps Divisions and headquarters. A provision of the FY 93 Energy and Water Development Appropriations Act prohibits closing any district offices. It is also important to note that without a reorganization and the savings achieved by it, the Corps would be compelled to institute an across-the-board cut to reach budgetary targets established by Congress resulting in RIFs and furloughs.

In addition to changing the organizational structure of the Corps, Army-approved reorganization study includes a new process for managing both Civil Works and Military Programs projects. This new process is based on a single layer of review. Management efficiencies and substantial dollar and time savings are realized by focusing technical review at the district level and eliminating duplicate policy review of projects at the Division level. Implementation of the process changes and the Division and headquarters reorganization will be accomplished in FY 93; district-related reorganization will begin in FY 94.

Headquarters, Corps of Engineers

The Headquarters of the Corps of Engineers is being reorganized concurrently with the field structure and processes. More than 37 actions will be implemented to remove redundancy, improve efficiency, and reduce costs of



the headquarters. As part of the reorganization, the Planning and Engineering Divisions of the Directorate of Civil Works will be reduced in size as the technical review functions are eliminated and the policy review functions are transferred to the Washington Level Review Center--renamed the "Central Review Center." These changes eliminate redundant reviews, expedite project approval significantly, and reduce staff resources.

Division Offices

During FY 93, the 11 Civil Works Divisions will be reduced to 6 as shown in Figure i below.

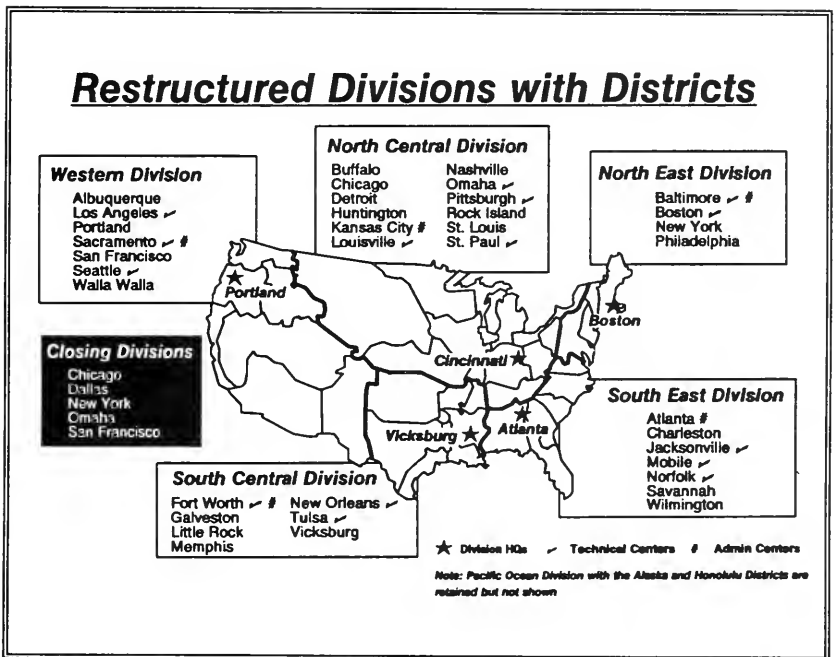


Figure i



In addition to reducing the number of Civil Works Divisions by nearly 50 percent, we are removing the technical and policy review functions from the Division offices. The combination of these two actions will:

- Significantly reduce the Corps management costs.
- Eliminate the Division project review process, facilitating more timely delivery of our products and services.
- Equalize the distribution of work between the Divisions.
- Accommodate the recent trend of reduced leadership positions as the Army downsizes.

District Offices

The proposed plan retains all current CONUS Districts, while adding one new District headquarters in the Boston area. Two functions currently in all Districts, planning and engineering, are consolidated in the 15 Technical Centers which will be collocated with 15 Districts. Military Design & Construction will be centralized at 10 Districts collocated with Technical Centers to provide more efficient service. The plan will retain and enhance the functions that are essential to providing quality customer service in each District. It will also significantly improve skills development for both our engineers and planners by assuring a wide variety of work challenges and a workforce that is large enough to sustain fairly significant changes in the volume of work.

There will be no change in the District offices this year, other than the migration of some technical review positions out of Division offices. District-specific changes will begin in FY 94.

Benefits to Corps Customers

When implemented, all Districts will consist of program and project management, operations, regulatory, construction, and the necessary support services. The recent adoption of the project management concept is further strengthened by allowing the project manager to select the Technical Centers which can best satisfy the requirements of the customer. This addition of competition should help to constrain cost growth and develop a greater commitment to keeping schedules. The project sponsors will continue to deal with the same District engineer, project manager, and construction/operations team they have dealt with



in the past. From the customers' perspective, the changes brought about by reorganization will bring positive change through expedited decision making, reduced costs and enhanced responsiveness.

Over the next two years, one Administrative Center will be established for each of the five Divisions. Division Administrative Centers will include elements from information management, management analysis, human resources, and internal audit. In addition, the Corps will centralize into a single Finance and Accounting Center to process all F&A documentation. The consolidation of this function was made possible by application of advanced processing techniques in establishing a Corpwide data network (CEAP) and the introduction of the new Corps of Engineers financial management system (CEFMS).

Summary Impacts

The cost and personnel impacts of the process of structural changes described above are summarized in **Figure ii**. This plan is structured so that implementation costs incurred in any given year are usually recovered within two years.

STATISTICS	
Current Headquarters, Division & District strength	34,300
Proposed strength	31,700
FTE reductions	2,600
Positions impacted (includes FTE reductions)	7,600
Cost to implement	\$215 million
Annual savings	\$115 million
Time to recover investment	1.7 years

Figure ii



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Introduction

The Corps of Engineers has not undergone a major reorganization since 1942. Times have changed, but the Corps structure has not. In 1988, the Chief of Engineers initiated a reevaluation of mission, goals, and structure.

Subsequently, Congress expressed its concern about the Corps' organizational structure. Committee reports accompanying the Energy and Water Development Appropriations Acts for fiscal years 1990-91 directed the Corps to prepare conceptual alternatives and criteria for reorganizing the Corps. The Bayley Phase I Report was furnished to Congress on 4 January 1991.


After Congress passed the Defense Base Closure and Realignment Act of 1990 (BRAC-91), BRAC appeared to be an appropriate vehicle for developing and implementing an agency-wide reorganization. The Corps plan under BRAC estimated significant savings and a two to three year payback. However, Congress did not believe that the Corps Civil works program was appropriately considered under BRAC and passed legislation in the fall of 1991, which took the Corps out of the BRAC process.

In early 1992, the Corps began planning to restructure by reviewing the case for reorganization. The Corps looked at its roles, missions, workload, workforce, funding, and cost efficiency. This review confirmed the Corps needs to reorganize for several compelling reasons which are summarized in the recent publication, *Why Reorganize*.

Why Reorganize

The case for reorganization is summarized below. A fuller explanation can be found in Annex A.

- Fewer traditional projects
- Shrinking workload
- Workload/workforce imbalances
- Loss of technical expertise
- High overhead costs



During the past several years while the Corps was constrained from reorganizing, there have been management adjustments in an effort to become more efficient and cost effective. The piecemeal process simply has not worked. The Corps has tried to adapt to each of these problems individually with little success. The Corps is now convinced that only a comprehensive reorganization will enable the Corps to satisfactorily resolve these problems.

Congressional Coordination

An important objective during the development of the Corps reorganization plan was to provide Congress an opportunity to become involved in the development of the criteria against which any reorganization plan would be judged. Not only did the Corps request appropriations specifically for reorganization, the Assistant Secretary of the Army for Civil Works (ASA(CW)) and the Chief of Engineers testified on the reorganization before both the Senate and House appropriations and authorization committees. In addition, the Assistant Secretary and Corps leaders met with concerned members and their staff as well as staff of the relevant committees. At each of these meetings, the Corps discussed the four criteria (management efficiency, flexibility, skill enhancement, and cost effectiveness) which would be used to develop the plan. Congress was invited to add to or amend the list.

By the end of the congressional session, Congress passed the FY 93 Energy and Water Development Appropriations Act. The Act included \$5 million to finance reorganization of the CONUS Division offices. Additionally, the Act provided a \$7 million transfer authority in FY 93 for reorganization and precluded the closure of any Corps Districts.

Developing the Plan

In designing the 1992 Corps reorganization plan, Corps and Army leaders have pursued an open and participatory process. Annex B explains in some detail how the plan was developed. The goal was to solicit widespread and unconstrained input from Corps leaders, employees, and Congress. Through the use of electronic communications, task forces, and workshops, the Corps involved a large segment of the work force in the planning process. The decisions on which solution to recommend to the Secretary of the Army were reserved for the ASA(CW), Assistant Secretary of the Army for Installations, Logistics and the Environment (ASA(IL&E)), and the Chief of Engineers.

Figure 1 depicts the range and nature of participation in the Corps of Engineers reorganization planning process.

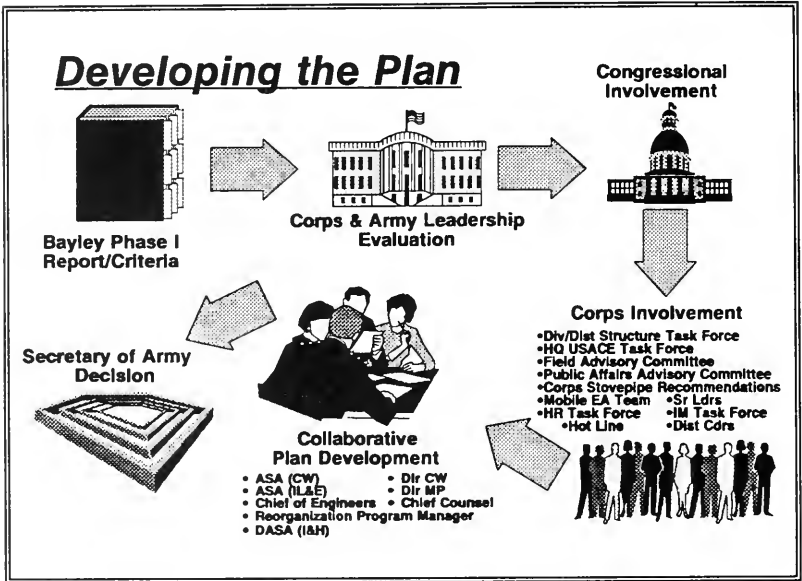


Figure 1

Decision Path

In developing this reorganization plan, Corps leaders followed a process that was focused on the objectives of management effectiveness, flexibility, competence enhancing, and cost effectiveness. Figure 2 summarizes the Corps' decision path.

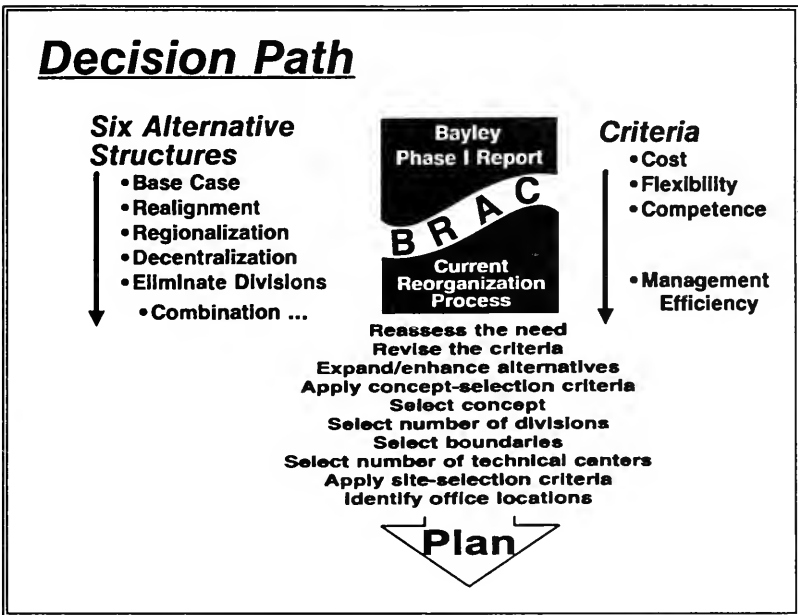


Figure 2

This figure depicts the chronological development and events leading to the recommendations and the ultimate decisions:

- The six alternative structures define the full range of feasible future organizational designs. These alternatives were initially defined in the 1991 Bayley Phase I report and were expanded and enhanced by the Genetti task force and a HQUSACE task force which focused on detailed development of several realignment/regionalization combination alternatives.
- The criteria for selecting a plan (also known as the Corps reorganization principles) were cost effectiveness, flexibility, competency enhancing, and managerial efficiency.



- Site-selection criteria for the various types of organizations--Division headquarters, District headquarters, Technical Centers, and Administrative Centers--were developed by the field advisory committee and further refined by the District commanders.

Annex C discusses each step in the decision path and specific applications to individual types of offices and locations. The result is the Corps Reorganization Plan.



The Plan

Concept

The plan recommended by the Corps and accepted by the Secretary of the Army is a comprehensive reorganization of the Corps of Engineers. It will affect USACE Headquarters (HQUSACE), all Corps Division and District headquarters offices, and the Washington Level Review Center as it becomes the Central Review Center. It will have only minimal effects on the field area office structure. The new reorganization plan is a carefully designed "combination" option. It draws on:

- Features of the realignment, decentralization, and regionalization alternatives which were initially identified in the Bayley Phase I report,
- Detailed refinement of the realignment and decentralization alternatives by the Genetti task force, and
- The best aspects of three regionalization variations, which were developed by a special HQUSACE team.

Figure 3 provides an overview of the Corps plan. The plan changes both structure and process. It:

- Reduces the number of Division headquarters from 10 to 5, thereby generating significant savings in overhead expenditures and thus promoting cost effectiveness.
- Retains all District headquarters offices to guarantee the continued strong customer/partner interface which ensures more cost-effective and responsive project design. These offices include all of those functions which require public and local agency access.
- Enhances Corps competency and cost effectiveness through appropriate consolidations of technical and support functions— rather than closure of offices.

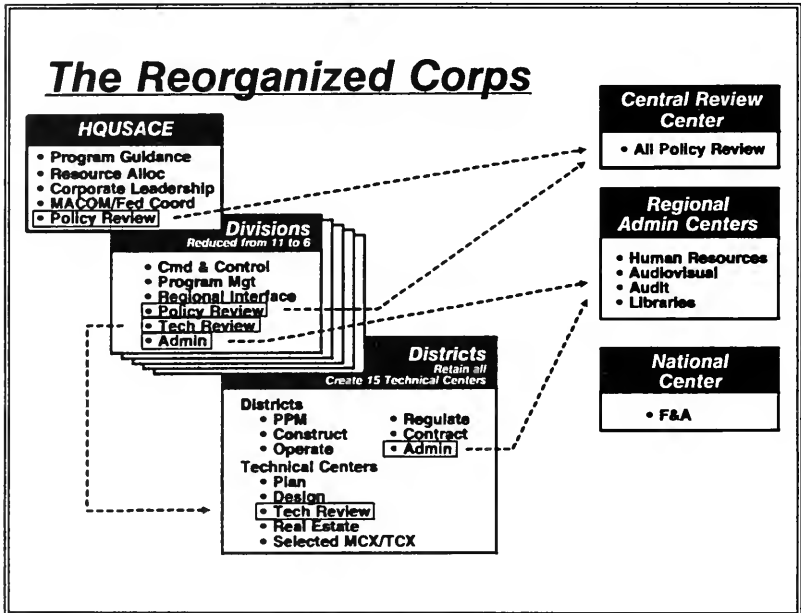


Figure 3

- Creates 15 Civil works Technical Centers, which provide greater concentrations of planning, design, real estate, and review experts. Of these 15 Technical Centers, 10 centers (2 per Division) will also do military design and construction work. The centers are designed to balance the peaks and valleys of workload variations and to provide stronger technical organizations. Of the 10 Technical Centers doing both military and Civil design, 8 centers will also be staffed for hazardous, toxic and radiological waste (HTRW) remediation design.

- Creates 5 Administrative Centers in CONUS, 1 per Division.



- Continues the Corps' commitment to efficient delivery of customer oriented service by retaining program/project management and regulatory, operations, and construction management capability at all District headquarters to provide an organizational change that is transparent to our customers and partners but will deliver more economical and timely projects.
- Collocates military project and construction management and design at the same centers for maximum efficiency.
- Clarifies the concept of Technical Centers of Expertise (TCX) within the Corps of Engineers and specifies a baseline philosophy for establishing Mandatory Centers of Expertise (MCX). It stipulates the collocation of these TCX and MCX at the newly created Technical Centers to guarantee continued technical competence and workload balance. Annex D gives a detailed discussion of the Centers of Expertise concept.

Process Changes

During development of the final recommendations, it became apparent that it would take more than simple structural changes to achieve the desired management efficiencies. The process change focus was on two aspects of project development: the project manager's authority to select the organization responsible for planning or designing a project, and the project review process.

Selection of Planning and Design Teams. Project managers will be responsible for project development from the initiation of the first study to project completion and will select the most appropriate Corps Technical Center to perform planning and design functions based on demonstrated competence plus timeliness and cost considerations. Technical Centers will support project managers at more than one District within the Division. Project managers may also use Technical Centers outside their Divisions as long as they have received approval from their Division commanders. This should create a sense of competition into the Technical Centers and should encourage them to develop more cost-effective and time-sensitive internal processes.

Changes in the Review Process. Key to the new review process is adoption of the philosophy that any project or report should only be subjected to one technical review and one policy review and that those reviews should



be performed as near the relevant expertise as possible and by those with that expertise, if possible.

- *Technical Review.* Each District that has a Technical Center will also have a technical review element. The review element is to be permanently established in the Technical Center, but will be staffed by a rotating complement of senior planners and engineers and will be responsible for the technical review of both military and Civil project work of other Technical Centers. While the Division will no longer perform separate technical reviews, they will be responsible for ensuring that the Districts develop and maintain a competent, independent technical review capability. The review team within a Technical Center may not formally review the work performed by other elements within that Technical Center; it will only review work performed by other centers.
- *Policy Review.* The Central Review Center will become responsible for all policy reviews of Civil works projects. This will eliminate the duplicative reviews performed in the Division offices and HQUSACE. Reconnaissance reports, feasibility reports and other policy sensitive documents will be transmitted to the Central Review Center. Release of the feasibility report by the project manager will trigger the release of the Division Engineer's notice calling for comments from federal, state and local agencies. In accordance with the Water Resources Development Act of 1992, the Board of Engineers for Rivers and Harbors will be eliminated, further compressing the review process and reducing the cost of policy reviews.

Structural Changes

Figure 4 summarizes the theory for restructuring the standard Corps Division and District organizations. A revised *OM 10-1* (Organization Manual) will be issued 60 days after issuance of this plan. It will formalize the standard organizational elements described below.

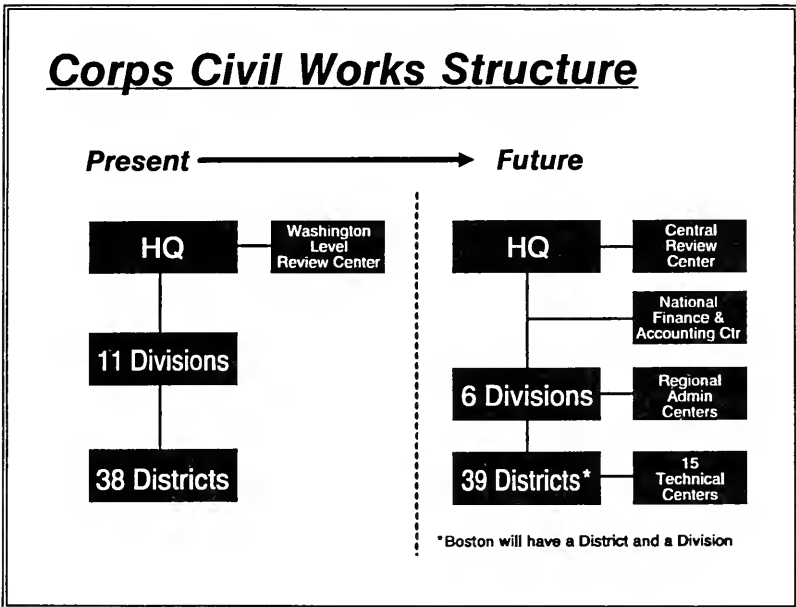


Figure 4

Divisions. There will be 6 restructured Corps Divisions requiring the Corps to abolish 5 of its current Divisions. The most significant structural changes relate to transferring the technical review function from Division headquarters to those Districts with Technical Centers and transferring the policy review functions to the Central Review Center. In addition, several administrative functions will be consolidated into Division Administrative Centers that will be located with either a Division or District headquarters office.

- *Division Roles and Missions.* The Divisions are responsible for:
 - Supervising and managing their subordinate Districts, holding them accountable for the application of policy, and ensuring the development and retention of competence and flexibility within the Districts.



- Ensuring that program execution by the Districts is in accordance with Corps' policy and follows approved work processes.
- Ensuring the effective allocation of financial resources to Districts within the Division consistent with workload and ensuring the efficient use of personnel.
- Ensuring that each of their Districts establishes and follows an adequate independent technical review process.
- Monitoring and reporting to HQUSACE on the progress of all programs and regionally aggregating data as required.
- Serving as the regional Corps interface with other regional federal offices and non-federal entities within the Division boundaries.
- Testifying to Congress regarding the status of work within the respective Divisions.

The changes discussed above all relate to the CONUS Divisions and Districts. There are also several changes with respect to the (OCONUS) Pacific Ocean Division:

- The Alaska District will become a part of the Pacific Ocean Division and will not report to the Western Division.
- The Pacific Ocean Division commander is directed to study the process and organizational changes which are discussed in this document and report his recommendations for the Division to the Chief of Engineers within 120 days.

No changes were recommended for the Transatlantic Division, which supervises work in Europe, Africa, and the Middle East, or the Huntsville Division, which provides training and specialized technical design.

- *Division Structure.* The Divisions will be structured as shown in **Figure 5**. Division staffs will number between 100-240 employees, slightly below the current level of staffing in individual Division offices, although responsible, on average, for much larger geographic areas. Annex F provides more detailed information about the structure and boundaries of individual Divisions.

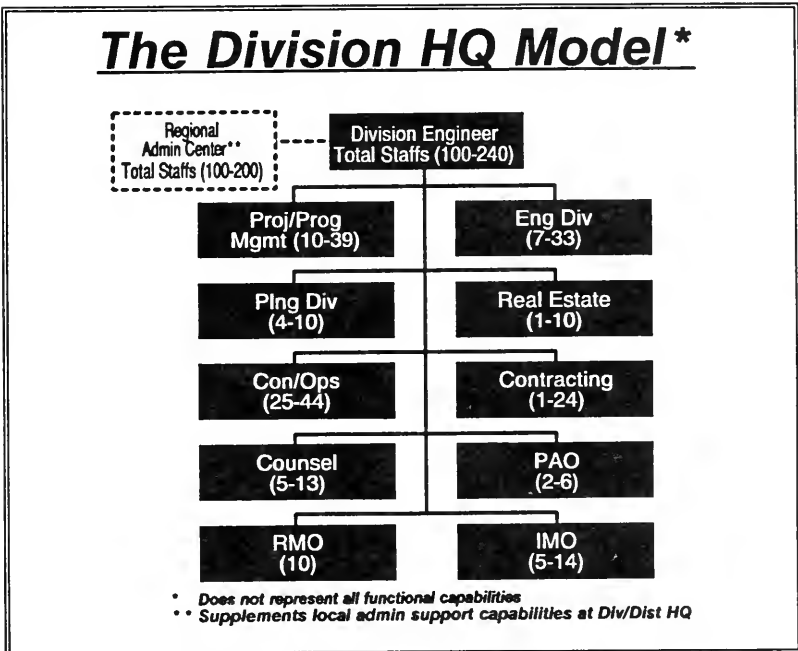


Figure 5.

- *Division Headquarters Locations.* The 6 Division headquarters will be Boston, Atlanta, Cincinnati, Vicksburg, Portland, and Honolulu. Their Civil Works and Military Programs boundaries are shown on the maps in **Figures 6 and 7** respectively.

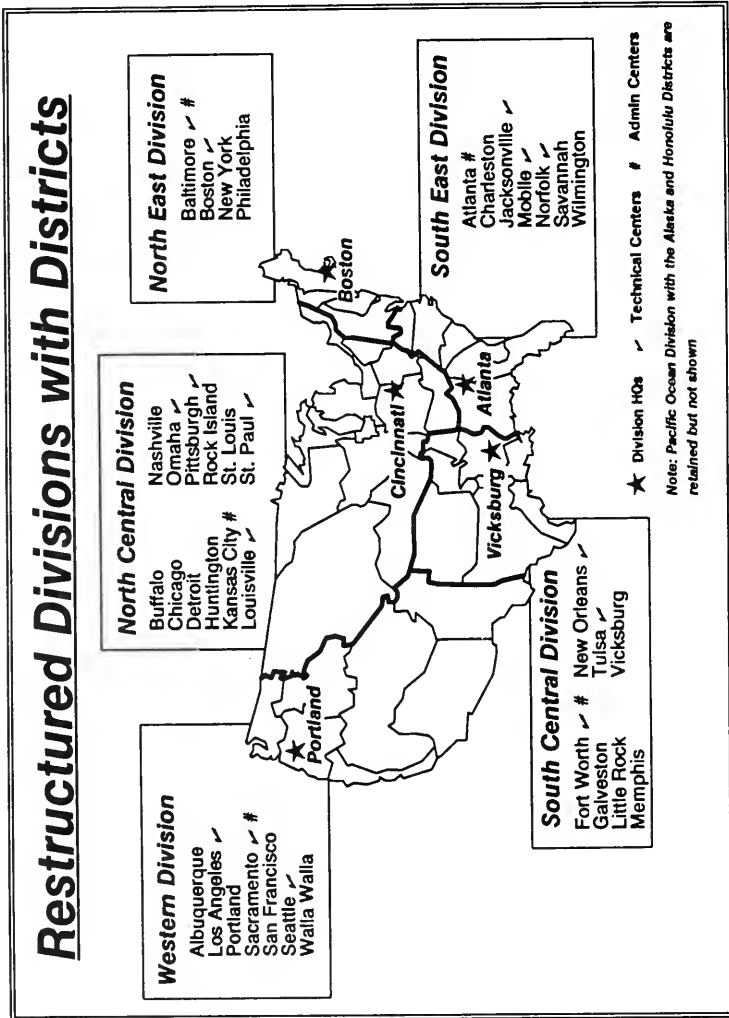


Figure 6.

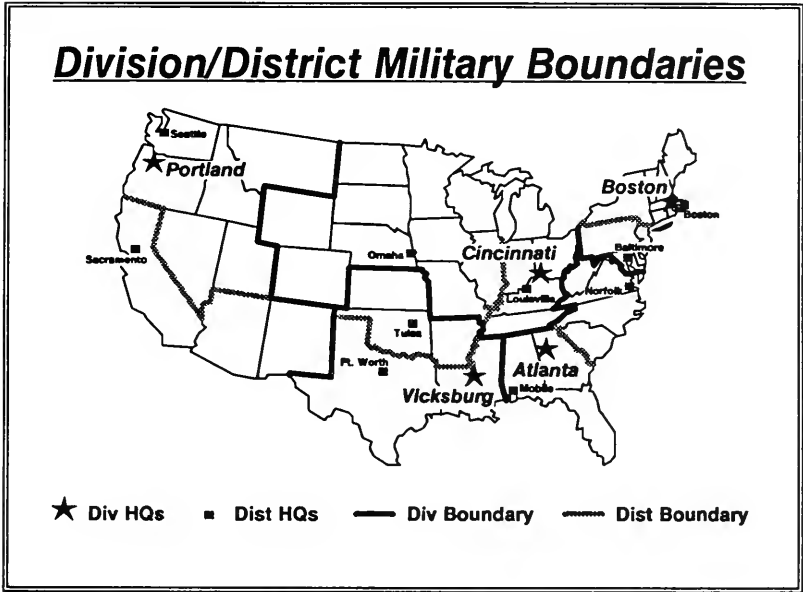


Figure 7

Districts. All current District offices will be retained and will continue to perform the traditional local customer service functions they do today. Additionally, a new District will be established at Boston. Every District headquarters will have complete Civil works program and project management, regulatory, operations, and construction functions.

The program and project management function within each District is significantly enhanced. The project manager may request a specific Technical Center to perform work based on the needs of the project. In addition, the Deputy District engineer for project management's role will be enhanced significantly as the current military deputies for Civil works are phased out.



Any Civil works engineering design staff not assigned to the Technical Center will work in construction/operations Division and must be paid from O&M funds. All planning O&M services must be obtained from 1 of the 15 Technical Centers. Any on-site planning and engineering services obtained by the project manager must remain under the supervision of the Technical Center and be paid for by project dollars. The project manager remains responsible for coordination of the planning and design effort, cost changes, and project delays. In addition, the project manager is responsible for ensuring that the project is in full compliance with all existing policies.

- *District Roles and Missions.* This plan retains the Civil Works Districts' roles and missions as defined in 1988. It is consistent with the operating practices of military programs. The role of the project manager is strengthened and clarified with the addition of cost, timeliness, and expertise into the individual selection of a Technical Center for each project.
- *District Structure.* District headquarters will be structured as shown on the organization chart in **Figure 8**. The District headquarters will vary in size from 44 at the smallest to 245 at the largest (excluding the people assigned to the fifteen Technical Centers). For more details on District structure, see Annex F.
- *District Headquarters Locations.* The existing Districts will be realigned into the revised Division boundaries as shown in **Figure 6**. No District office will be closed.
- *District Executive Office Structure.* The District executive office structure will be changed to reflect the growing role of the deputy District engineer for program and project management by reducing the number of Army officer deputies to 1. While the roles of the deputies are up to the discretion of the District engineer, it is assumed that the deputy District engineer for program and project management will be responsible for the general direction and oversight of all project-related matters while the military officer deputy will be responsible for the general direction and oversight of all remaining functions within the District.
- *Job Structure.* The Corps' tradition of establishing all like jobs at the same grade level will be abandoned to reflect the growing difference in size and scope of workload among the Districts of the Corps and to facilitate the career growth pattern of the Corps staff.

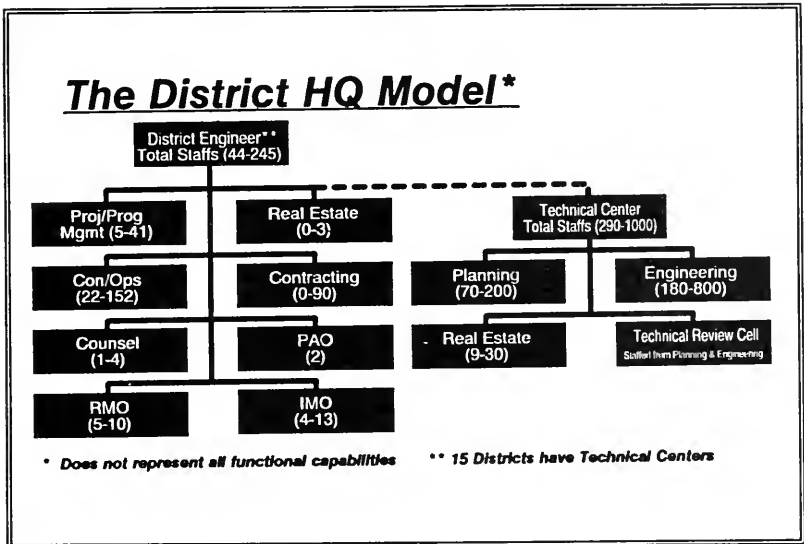


Figure 8

Technical Centers. The Corps will create 15 Technical Centers, which will perform all of the Corps planning, design, and technical review functions and most of the real estate functions. These centers will be located at and report to District headquarters offices as discussed above and will consist of consolidated planning, engineering, real estate, and technical review functions and elements. The number of centers doing military programs and HTRW design may vary as the workload changes.

- **Technical Center Roles and Missions.** Under this plan, Technical Centers are responsible for performing all of the Corps' planning, design, and technical review functions. In addition, they perform significantly consolidated real estate functions. All these "technical" services are available to project managers at the Districts on a project-by-project basis as negotiated. Military construction will be centralized at 10 Districts collocated with Technical Centers to provide efficient service. Of the 10



Technical Centers, 8 centers will also be staffed as regional centers for HTRW remediation. Support to specific programs, such as HTRW at the Department of Energy's Hanford facility, may be provided by on-site offices or Technical Center personnel located at a nearby District office.

- *Technical Center Structure.* The organizational elements for the 15 Technical Centers are shown as a part of the District headquarters organizational chart in **Figure 8**. The planning, engineering, and real estate functions belong in the center. Additionally, the centers must contain a technical review branch to perform the review function for the other Technical Centers. In addition, each center will be required to develop a special unit or process for the planning and design of continuing authority projects and other small projects which will focus on rapid turnaround and low cost. The Technical Center will be managed by one of the functional chiefs (e.g., planning, engineering, or real estate) who will be dual hatted.

- *Technical Center Locations.* **Figure 6** shows the Districts with Technical Centers. There will be 15 Technical Centers, 10 of which will perform military design work.

NOTE: A navigation planning cell will be located at the St. Louis District even though the District is not initially designated to have a Technical Center. The navigation planning cell should serve as the small nucleus of a future Technical Center when and if the significant projected navigation workload develops along the upper Mississippi and Illinois Rivers.

Administrative Centers. Consolidation of appropriate administrative functions is a significant part of this reorganization plan. Each Division will have an Administrative Support Center which consolidates certain human resources, information management, resource management, and audit functions (see **Figure 9**). The Administrative Support Center functional chief will report to the Deputy Division Commander. In addition, the Corps will establish a single Administrative Center for finance and accounting to process all finance and accounting documentation. Consolidation of this function was made possible by application of advanced processing techniques made available by the establishment of a Corpswide data network (CEAP) and the



introduction of the new Corps of Engineers financial management system (CEFMS).

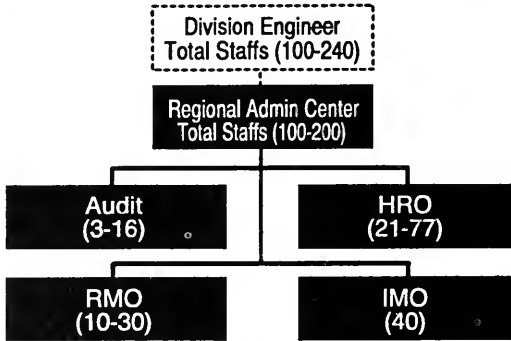
- *Administrative Center Roles and Missions.* The mission of an Administrative Center is to support the work and workforce of each Division in an effective and cost-efficient manner. These functions are collocated for reasons of economy, but are administratively under the command of the Deputy Division Engineer. The human resources functions to be consolidated at Administrative Centers are those which lend themselves to centralization (i.e., processing of personnel actions). Management analysis will be consolidated at Administrative Centers. Audiovisual services and library resources are two information management functions to be consolidated at the Administrative Centers. Most other information management, human resources, and resource management resources will remain at the Division and District locations to be locally responsive to the employees' needs. Both internal review and Civil works contract audit functions will consolidate into Administrative Centers, with internal review also remaining at the Districts with Technical Centers.

- *Administrative Center Structure.* Administrative Centers are not command organizations; they are collocated groups of administrative and support employees who continue to technically function within their current stovepipes. **Figure 9** depicts the typical Administrative Center. Of the 5 centers, 3 perform the Civil Works contract audit function. The other functions are represented in all of the 5 Administrative Centers.

- *Administrative Center Locations.* As shown earlier in **Figure 6**, the 5 Administrative Centers are located in the following Districts: Baltimore, Atlanta, Fort Worth, Sacramento, and Kansas City. The selection process for these sites is explained in Annex C. For the most part, these selections were based on the existence of transportation hubs, educational institutions, and numbers of existing support staff.



The Admin Center Model*



*** Does not represent all functional capabilities**

Figure 9

Centers of Expertise. HQUSACE reviewed both the concept and specifics of Corps Centers of Expertise. This process validated the concept and identified several centers for inclusion in the new Corps structure (see **Figure 10**). During Division implementation of this plan, the centers listed in Appendix D will be reviewed and, providing the need and the skill base still exist, revalidated—as will the criteria for designating/approving/specifying centers.

- **Centers of Expertise Roles and Missions.** Centers of Expertise are designated Corps organizations that have a demonstrated technical capability in a specialized area. They consolidate and optimize use of specialized engineering talent and resources and enhance Corpswide service and consistency. The Civil Works Directorate is the program proponent, with technical guidance and oversight by Civil works or military



programs as appropriate. HQUSACE will conduct a biennial validation of criteria for establishing and maintaining centers and a review of Corps needs within these parameters. Local Technical Centers will manage their Centers of Expertise.

- *Centers of Expertise Structure.* There will be three types of "Centers of Expertise." Structurally, they will usually be separable elements of, but collocated with, some of the Technical Centers which have been established at 15 Corps District headquarters. They are defined in Annex D.
- *Centers of Expertise Locations.* **Figure 10** lists the locations of Mandatory Centers of Expertise, the maintenance or establishment of which will be a part of this reorganization plan. Other validated Centers of Expertise are noted in Annex D.

MANDATORY CENTERS OF EXPERTISE	
LOCATION	CENTER
Portland	Hydroelectric Design Center
Norfolk	Marine Design (Naval Arch, Marine Eng, and Contract Mgmt)
St. Louis	Inland Navigation Ping & Eng
TBD	Ports & Harbor Nav. Ping Ctr
Huntsville	Utility Mon & Control System
Huntsville	Intrusion Detection System
Huntsville	Army Range & Trning Land Prog.
Huntsville	Ordnance & Expl Waste (OEW)
Omaha	Protective Design (PD)
Omaha	Transportation Systems (TS)
Omaha	Haz, Toxic, & Radioact Waste

Figure 10



Headquarters, USACE. During the process of gathering data in preparation for a decision on the new Corps organization structure, it was determined that the Corps needed to review the structure and processes at HQUSACE as well as those in the Divisions. The Chief of Engineers established a headquarters study board (HSB) chaired by the Chief of Resource Management. The Deputy Directors of Civil Works and Military Programs were also on the board. Their objective was to develop a set of recommendations that could be announced and implemented simultaneously with the reorganization of the Divisions. See Annex G for a summary list of the headquarters study board recommendations.

- **Recommendations.** The study board developed eight recommendations which impact on the field structure of the Corps of Engineers. These recommendations, keyed to the reorganization study team's report numbers (in parentheses), are discussed below:

(1) HQUSACE should not institute Division approval of HTRW products. The field reorganization is not adversely impacted by this recommendation. The headquarters study board projects this would result in not adding 3 to 5 FTEs per Division.

(2) Technical review for Civil works design documents should occur at one organization level, i.e., at the Technical Centers. This recommendation is fully compatible with the process changes discussed earlier in this report.

(12) Eliminate Division review of the Military Construction Project Data Form (DD Form 1391). This recommendation is compatible with the field structure reorganization concept which eliminates the Division-level review process.

(17) Eliminate the Division's separate review layer from the review process for Civil works project decision documents. Again, this recommendation is consistent with the process changes discussed earlier in this report.



(18) The Corps should centralize all Civil Works project policy reviews in the Washington Level Review Center, and should rename it the "Central Review Center" (CRC). The Central Review Center will be an HQUSACE organization and will serve as a staff function to both the Director of Civil Works and the Assistant Secretary of the Army for Civil Works. It will be located in the Washington, DC area. This recommendation is consistent with the process changes discussed earlier in this report.

(27) The CEAP-1A program management office should be reduced to a level which can provide policy development and program management. All other staff positions should be transferred to the Portland and Vicksburg processing centers. This recommendation is consistent with the field reorganization plan, and thus we have included these transfers in our restructuring calculations as reflected in new organization sizes and estimated costs and savings.

(34) HQUSACE AE selection authority should be delegated to Divisions for further delegation to the Technical Centers. This action will not impact on positions or structure of either the Division or District offices.

The other recommendations do not impact on the field structure and are not discussed in this report.

- *Headquarters, USACE, Roles and Missions.* The HQUSACE mission will change primarily because of the revised approach to the policy review function. Other Headquarters changes will reflect Department of the Army initiatives such as the new Army Environmental Center.
- *Headquarters, USACE, Structure.* (As applicable to the field structure and the field structure studies). The major Headquarters change relevant to field reorganization is the development of the Central Review Center (CRC), which will be under the command and control of the USACE headquarters.
- *Headquarters, USACE, Location.* Most of the changes cited above do not have locational aspects. Those that do, however, call for relocation of some Headquarters, USACE, personnel or Division personnel to the Central Review Center. The Central Review Center location will be in the



Washington, DC area and will be determined in time for establishment of the center in FY 93.

Overview

Over the next four years, the Corps will undergo significant changes, although the reorganization plan is designed to minimize impacts on our customers and partners. Specifically, the Corps will retain its current structure—a headquarters at Washington, DC, Division headquarters located throughout the United States, and District headquarters subordinate to the Division headquarters. There will, however, be changes in the degree of consolidation among some functions and the ways that some work process are performed. The personnel and dollar impacts on the Corps CONUS Division and District structure, plus HQUSACE, are summarized in **Figure 11** below. Annex E provides a further explanation of the cost and benefits. Annex F provides changes in FTE allocations.

STATISTICS	
Current Headquarters, Division & District strength	34,300
Proposed strength	31,700
FTE reductions	2,600
Positions impacted (includes FTE reductions)	7,600
Cost to implement	\$215 million
Annual savings	\$115 million
Time to recover investment	1.7 years

Figure 11

Implementation

Concept

The Corps reorganization will be implemented as rapidly as possible, within available funding, and with sensitivity to the impacts on our people. The implementation phasing is shown in broad outline in **Figure 12** below and discussed on the following pages.

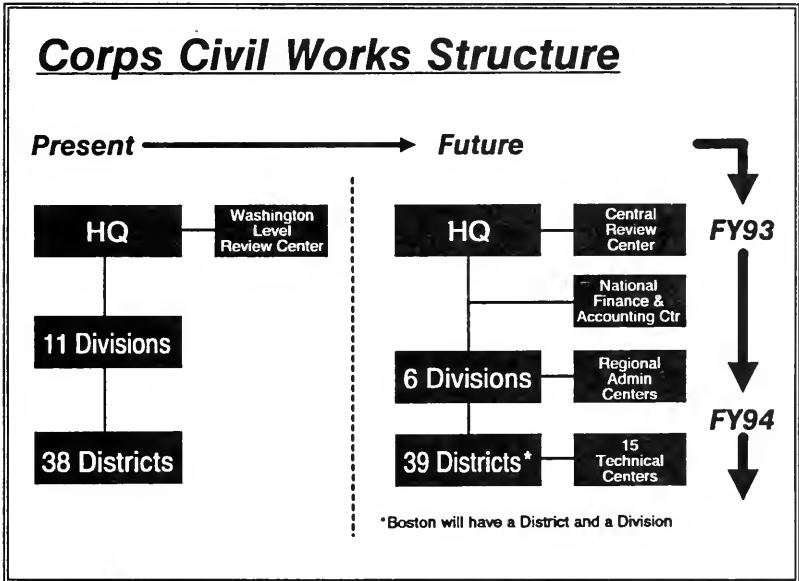


Figure 12



Process and Schedule

- Announce reorganization, issue implementation guidance, impose a Corpwide hiring freeze.
- Issue appropriate paperwork establishing the newly established Division headquarters offices in FY 93.
- Abolish 5 Division headquarters by transferring their command function and their personnel in FY 93.
- Assign the new command personnel for the six newly established Division headquarters offices in FY 93.
- Transfer the technical review function from the Division headquarters to the Districts with Technical Centers in FY 93.
- Transfer the policy review function from the Division and USACE HQ offices to the Central Review Center in FY 93, if funding permits.
- Transfer administrative positions from all 11 current Division headquarters offices, as appropriate, to their new locations in FY 93, if funding permits.
- Begin transferring the planning, engineering, and design functions of the 21 Districts and merging with those elements at 15 other Districts in order to create the new Technical Centers. This transfer will start in FY 94, funding permitting.
- Transfer administrative personnel from District headquarters offices to Administrative Centers in FY 94-95, if funding permits.
- Additional implementation guidance will be forwarded to Division and District commanders under separate cover at the time of the announcement.

**Human Resources Philosophy**

The Corps is dedicated to taking care of its people as the reorganization is implemented. This includes—

- Providing timely information
- Providing services and benefits
- Using an outplacement program designed to attract rather than force people to jobs
- Treating people with dignity and respect

A handbook, *You, the Corps, and the Future*, is being distributed to all Corps employees. It explains employee options and entitlements if an individual's job is affected by reorganization. The Corps outplacement program, an alternative to the reduction-in-force (RIF) process, allows displaced employees to register as priority candidates for jobs and locations of their choice. Managers will make selections when more than one person is available. The imposition of a Corpswide hiring freeze maximizes the number of placement opportunities available.

After a long and thorough evaluation of the competitive area alternatives (applicable to reduction in force procedures) and their impact in relation to the selected plan, the Chief of Engineers has decided to retain all competitive areas as they are today. Retention of the Corps' existing competitive areas disrupts the fewest people and provides maximum opportunity to honor the rights of those whose lives are disrupted. (See Annex H for competitive area rationale.) For those unable to take advantage of the available opportunities within the Corps maximum assistance is provided through transition workshops, other government and non-government placement programs, counseling, and entitlements such as grade retention, severance pay, and early retirement.



Annex A

Why the Corps Needs to Reorganize

- **Fewer Traditional Projects.** The Corps is doing less of its traditional Civil and Military Programs engineering and construction work. Only the Civil Works O&M workload is increasing (slightly) as we assume responsibility for operating those projects we complete. There is growth in the environmental and HTRW areas. Thus, the Corps cannot afford to retain its current structure which turns out less of the traditional workload and more of the specialized support for others and environmental work, which we were not performing when our Corps structure was set in 1942.
- **Shrinking Corps Workload.** Recent history indicates that we can expect to see fewer Civil Works projects coming out the congressional funding pipeline. Military programs workload is anticipated to decrease further with the reduction in the Armed Forces. This being the case, we cannot afford to staff and otherwise resource as many full-service district-level design elements.
- **Workload and Workforce Imbalances.** Although the Corps' workload and workforce are generally balanced nationwide, at the local level there is serious imbalance. Some districts have such severe peaks and valleys (as much as 50 percent) in workload from year to year that it is impossible to staff efficiently.
- **Loss of Technical Expertise.** Some smaller Corps offices have only one or two people in given specialized areas. This adversely impacts on the Corps' technical capabilities. Such a token presence is not cost effective and necessitates extensive brokering of project work.
- **High Overhead Costs.** High overhead is a problem for both Civil Works and Military Programs. For example, Civil Works overhead and management costs are about 25 percent of the Civil Works program. The small districts have overhead rates 20 percent higher than those at large districts. These overhead factors combine with the workload and expertise factors to indicate a serious need for reorganization.



Annex B

Developing the Plan

The Corps has kept its members, customers, and partners informed regarding reorganization and has sought their input to alternatives and criteria. Specifically—

- The Corps has built on the criteria for reorganization which were developed in 1990 by a task force of senior Corps field executives (the Bayley Task Force) charged with developing a report to Congress on Corps reorganization (the Bayley Phase I Report). Those criteria of cost effectiveness, competency, and flexibility served as the basis for the seven principles which were briefed to Congress and by which reorganization alternatives were subsequently rated.
- The Corps designated a reorganization program manager (RPO) with the responsibility to coordinate planning efforts with field elements and solicit their input. The reorganization program manager issued periodic newsletters (*Updates* 1 through 37) and operated a hot line for collecting Corps concerns and input. Feedback on hot line issues was through publication in the *Update*. *Updates* were issued by means of a Corpswide electronic mail hookup (Corps mail) and thus were uniform, simultaneous, and timely.
- Congressional committees and committee staff were briefed on the need for and status of the reorganization. Additionally, the ASA (CW) and the Chief of Engineers testified before Congress on the need to reorganize and the proposed principles for developing a new reorganization plan and solicited their advice.
- The Corps established a Field Advisory Committee (FAC) composed of senior (SES or GM-15) personnel—one from each Corps District and Division office—who were empowered to make recommendations based on their experience. They were also charged with serving as a two-way



communications conduit between their organizations and the reorganization initiative.

- The USACE Headquarters established an oversight committee to provide advice from the SES and functional chiefs on reorganization planning.
- A task force was established to develop detailed division and district organizational structures for a wide array of reorganization alternatives. This task force was chaired by BG Genetti and was composed of field advisory committee members, some division and district office representatives.
- A Headquarters, USACE, task force was charged with developing a detailed organization plan for a technical center under the regionalization alternative.
- A Corps human resources task force which previously had been designing and testing a consolidated HR center interfaced extensively with the reorganization program manager's staff to share the benefits of their early work on centralized support elements.
- The human resources community, additionally, collaborated in the development of a handbook describing services and benefits available to Corps employees affected by the reorganization.
- Individual Corps support (administrative and technical) functional elements were tasked with providing input to the planning process covering reorganization alternatives. They were asked to define the impact of several alternatives on their operations and to suggest process changes and consolidation rules which would improve Corps cost effectiveness, management efficiency, flexibility, and competence.
- The Mobile District was tasked to develop a generic environmental assessment and community impact statement for all of the alternatives under consideration.
- Corps commanders (division and district level) were kept up to date and asked for their input at the District Engineers Conference (April 1992) and the Senior Leaders Conference (October 1991 and May 1992).



- A public affairs advisory committee was established in March 1992 to provide communications input and advice and to facilitate the public affairs aspects of implementing any Corps reorganization plan.

After pursuing this lengthy and participatory reorganization planning effort, the Chief of Engineers and selected Corps leaders met (31 August to 4 September 1992) with the Assistant Secretaries of the Army (for Civil Works and for Installations, Logistics and the Environment) to review and further develop alternatives which had been developed based on widespread Corps input. Their goal was to identify a recommended plan for streamlining the roles, functions, and structures of headquarters, divisions, and districts. After a number of meetings extending over a period of two months, they agreed as a group on the plan outlined in this document. That plan was presented to the Secretary of the Army who approved the recommendation and its announcement in November 1992. The attached plan provides for FY 93 implementation consistent with anticipated FY 93 funding.



Annex C

Decision Path

Introduction

After more than two years of continual Corps of Engineers studies and efforts to prepare an effective field reorganization plan for the Corps of Engineers, a group of senior Corps and Army officials met in a series of workshops at the Pentagon to finalize such a plan. These meetings began late in August 1992 and extended into late October.

To create a complete plan, the participants in these workshops considered relevant information and issues in the following order.

1. Review and define major conceptual alternatives.
2. Review and define criteria on which to base selection of a preferred conceptual alternative.
3. Select a preferred conceptual alternative (using a computerized decision support system to facilitate making and recording the selection).
4. Decide on the numbers of Divisions, the nature and location of Division boundaries, and the numbers of District Technical Centers.
5. Select Division headquarters office locations.
6. Select District Technical Center locations.
7. Select Administrative Center locations.
8. Select Centers of Expertise locations.



Selecting a Major Alternative

The initial work in defining major reorganization alternatives was performed by the Bayley task force in 1990 (See Annex B). They created a set of six major alternatives which served as the building blocks for all future alternative development. These six alternatives were:

1. Base case
2. Realignment
3. Regionalization
4. Decentralization
5. Elimination of divisions
6. Combination

The Bayley task force also identified three fundamental criteria against which to judge any major alternative. Subsequently, one more criterion - management efficiency - was added and included in testimony to Congress on reorganization. These four fundamental criteria are:

1. Cost efficiency
2. Flexibility enhancing
3. Competence maintaining
4. Management effectiveness

Selection of the Preferred Conceptual Alternative

The workshop participants were thoroughly briefed on the various Bayley alternatives as developed by the Genetti task force (plus the three combination alternatives it developed) and three variations of the Genetti task force combination alternatives developed by HQUSACE. After discussions extending over several days, all participants agreed that the base case (the status quo) alternative was wholly unacceptable. Three other pure Bayley alternatives (realignment, decentralization, and regionalization) were also considered unacceptable as stand-alone alternatives. This left one of the Bayley pure alternatives (eliminate divisions) and six combination alternatives (three from the Genetti task force and three from the HQUSACE staff) to be considered.

Early on, the participants concluded that an "eliminate divisions" alternative could only be considered if it were combined with regionalizing the technical functions at some of the districts. This decision was based on the opinion that without division support, some of the smaller districts were not capable of



providing the full range of services essential to performing the Corps mission. This combination was referred to as the "eliminate divisions" option.

Two of the three Genetti combination alternatives (1 and 3) called for maintaining all current technical functions in all existing districts. After several hours of discussion, the workshop participants concluded projected workload and workforce imbalances demanded consolidation to strengthen the Corps' planning, engineering, real estate and certain administrative functions into fewer locations. Thus, these two combination alternatives were also removed from further consideration.

The other Genetti combination alternative (2) was a regionalization option. Although the Genetti report was not explicit on this point, most readers of the report inferred that under this combination alternative, all ten existing CONUS divisions would be kept open. This alternative was very similar to a HQUSACE staff alternative, except the HQUSACE alternative called for eliminating at least four divisions offices.

The three HQUSACE staff alternatives were quite similar, each consisting of a combination of realignment (reducing the number of divisions) and regionalization of technical functions. Headquarters alternative 1 established regional technical centers reporting directly to the division offices, while headquarters alternatives 2 and 3 each had the technical centers reporting to the district commanders. Headquarters alternative 2 included program and project management and construction at the technical centers, while headquarters alternative 3 left project management and construction at the districts and instituted the policy of a single layer of review.

After several hours of discussion, the workshop participants combined Genetti combination alternative 2 and the headquarters alternative 1 (which was essentially the Genetti combination alternative 2, but with an assumed number of 5-6 divisions rather than 10). They also eliminated from further consideration headquarters alternative 2 because it severed the link between the local district commander and the project planning and construction.

Thus, the workshop participants selected three alternatives for final consideration. The combination alternatives selected for detailed review were referred to in the workshops as:



- Headquarters 1
- Headquarters 3
- Elimination of divisions

Using a computerized decision tool (Expert Choice), the workshop participants reviewed the three final conceptual alternatives against the four fundamental criteria which had been publicly announced and presented in testimony to Congress early in 1992. These criteria were:

- Cost efficiency
- Flexibility enhancing
- Competence maintaining
- Management effectiveness

Figure C-1 shows detailed definitions of these criteria, as approved by the workshop participants.

All participants agreed that each of the four criteria should bear equal weight in the comparative analysis.

The results of the side-by-side comparison of each possible paring of the alternatives and assessment as to which of the two best met the criteria follows (**Figure C-2**).

Figure C-1. Selection Criteria (Reorganization Principles)	
Criteria/Principle	Indicators
COST EFFICIENCY	Overhead costs
	Supervisory ratio
	Duplication of effort
	Speed of production delivery
	Production cost
FLEXIBILITY ENHANCING	Size of work force adjustable to workload
	Responsive to a variety of workload
	Development Opportunities
	Clear and adaptable work processes
	Enough work to retain a skilled and experienced staff
COMPETENCE MAINTAINING	Size of work units
	Variety of work (Civil & Military Synergy)
	Development Opportunities
	Established/vital career paths
	Available pool of candidates
MANAGEMENT EFFECTIVENESS	Number of organizational layers
	Consistency of policy
	Efficiency & quality of upward and downward (internal and external) communications
	Product quality
	Simplicity of structure
	Span of Control
	Efficient Work Processes
	Organizational and individual accountability



Figure C-2. Goal = L1.000

COST EFFICIENCY	FLEXIBILITY ENHANCING	COMPETENCE MAINTAINING	MANAGEMENT EFFECTIVENESS
L0.250	L0.250	L0.250	L0.250
HQ3	HQ3	HQ3	HQ3
L0.315	L0.393	L0.335	L0.444
HQ1	HQ1	HQ1	HQ1
L0.243	L0.281	L0.383	L0.140
Eliminate Divisions	Eliminate Divisions	Eliminate Divisions	Eliminate Divisions
L0.443	L0.326	L0.282	L0.417

Applying the above scores to the weights assigned each of the criteria, yields the following:

COST EFFECTIVENESS	0.250
Eliminate Divisions	0.111
HQ3	0.079
HQ1	0.061
FLEXIBILITY ENHANCING	0.250
HQ3	0.098
Eliminate Divisions	0.081
HQ1	0.070
COMPETENCE MAINTAINING	0.250
HQ1	0.096
HQ3	0.084
Eliminate Divisions	0.070
MANAGEMENT EFFECTIVENESS	0.250
HQ3	0.111
Eliminate Divisions	0.104
HQ1	0.035



The percentile weight of each alternative in order of merit is:

HQ3	0.372
Eliminate Divisions	0.367
HQ1	<u>0.262</u>
	1.001

Overall inconsistency index 0.00

The output from the model, as displayed, divides the scores for different alternatives from a total possible score of 1.0. Splitting this total score of 1.0 among the three rated alternatives, HQ3 (at 0.372) ranked slightly higher than eliminate divisions (at 0.367), and considerably higher than HQ1 (at 0.262).

After reviewing the results of the Expert Choice process, and further discussion, the workshop participants selected their highest ranked alternative, HQ3 as their recommended field structure for the Corps of Engineers.

Division Boundaries, Numbers of Divisions, and Numbers of Engineering Centers

The workshop participants considered the possibility of creating common division and district boundaries for both military programs and civil works programs, but decided that the nature of the two programs, and their customers, was too diverse to create a set of common boundaries suitable for both. It was agreed, however, that all division headquarters would perform both Military and Civil Works functions.

The number of divisions was selected based on the projected size of the future Corps workload, the amount of funding available for Division offices through the OMA and GE accounts, and the geographic dispersion of workload. Workshop participants then reviewed a variety of alternatives with 4-5 Divisions. This review was conducted on a real-time interactive basis using "Mapinfo," a microcomputer software package. This allowed the participants to rapidly try out different combinations of Division boundaries and see the comparative workload balances, as well as geographic relationships. The final boundaries which were selected are shown in **Figures C-3 and C-4**.

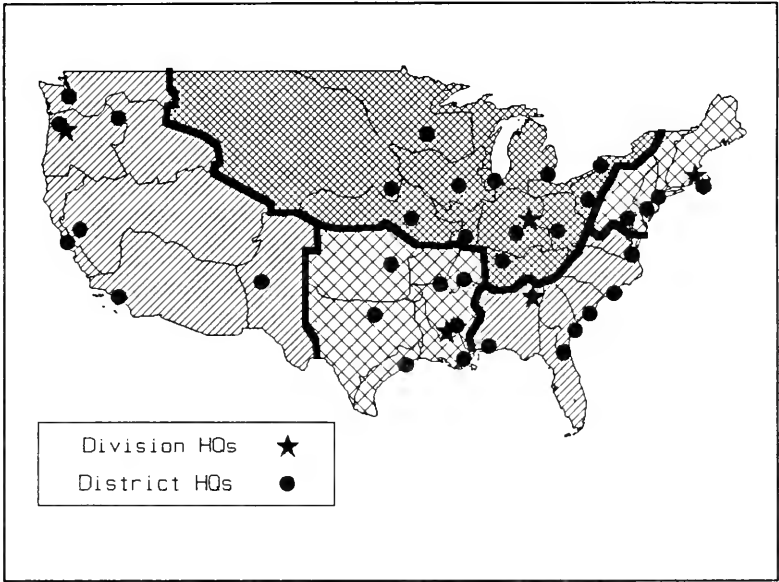


Figure C-3. Civil Works Divisions and Districts

These boundaries maintain five Divisions and Division headquarters offices in the new field structure. The boundaries selected were the best choice for creating an approximately level total workload (including Civil Works, Military Programs, and environmental work), while also preserving logical groupings (particularly for the Civil Works programs with their dependence on physical geography).

The selected civil works divisional boundaries combined:

- The current NPD and SPD (plus Albuquerque District from SWD).
- The current LMV (minus St. Louis District) + the current SWD (minus Albuquerque District).

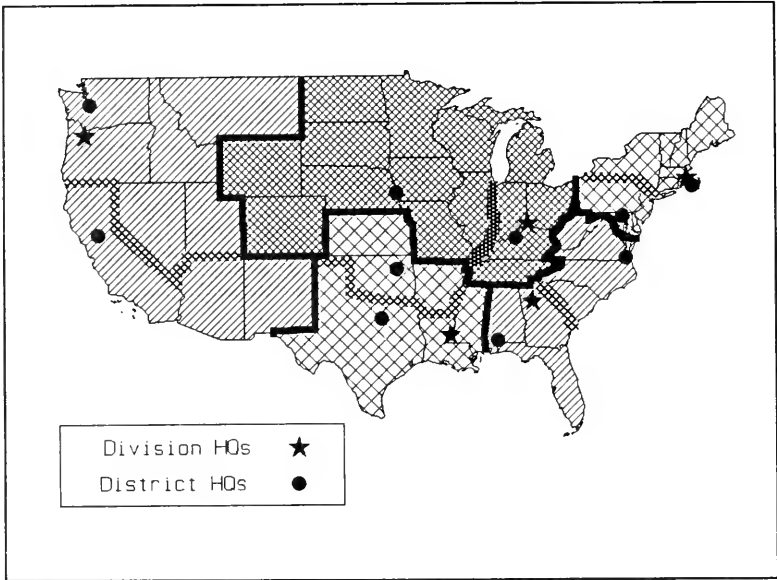


Figure C-4. Military Districts and Divisions

- The current MRD, NCD, and ORD (plus St. Louis District from LMV).
- The current NED and NAD (minus Norfolk District).
- The current SAD (plus Norfolk District from NAD).

Minor adjustments were made to Military Programs divisional boundaries to better align both sets of boundaries.

The recommended conceptual alternative called for restructuring and retaining all existing Districts, as well as creating District Technical Centers. Based on input from the Military Programs and Civil Works directorates from HQUSACE on the amount of workload necessary to support healthy planning



and engineering elements (for civil works) and design elements (for military programs), numbers of District Technical Centers ranging from 12 to 16 were considered. After reviewing levels of personnel strengths, workload and funding, and geographic coverage, the workshop participants recommended creating 15 Technical Centers nationwide (for Civil Works), with at least two in each of the new Divisions. Because of the differing nature and amount of Military Programs work, it was decided that only 10 of the 15 Technical Centers would be identified as Technical Centers for Military Programs work, two in each of the new divisions.

Site Selection Criteria

The workshop participants considered and used the eight major site selection criteria which had been proposed/recommended by the Field Advisory Committee.

1. Current Corps office site
2. Cost of living
3. Educational availability
4. Transportation hub availability
5. Number of current personnel
6. Labor availability
7. Office space availability
8. Central to workload/geographic distribution

It proved impossible to find a way to compare locations quantitatively, with an accurate and common database for either labor availability or office space availability, yet they remain important issues and thus were retained as factors to consider. The criterion of "central to workload" was also difficult to apply because the boundaries are almost infinitely variable, and because the proposed work process allows the assignment of work to different Technical Centers. Nevertheless, the "central to workload" criterion was used in a few cases where geographic considerations seemed to require it; e.g., in identifying St. Louis as the site for an inland navigation planning cell.

The criteria were considered consistent with the following rules:

1. The only sites that were considered for either Division or District functions were those which already had Division or District offices. Thus current Corps office site criterion was used as the basic starting point for future office site selections.



2. The cost of living criterion was defined as all sites which were officially designated high-cost areas for federal salary purposes.
3. The educational availability criterion was used by reviewing the quantitative ratings for 4-year engineering colleges provided in the Gourman Report, with the overall ratings for 4-year college programs also used for corroborative purposes. These ratings are from *The Gourman Report, A Rating of Undergraduate Programs in American and International Universities*, 7th ed rev. 1989, National Education Statistics, Los Angeles, by Dr. Jack Gourman.
4. The transportation hub criterion was used by taking the Federal Aviation Administration's classification of airports into Non-Hubs, Small Hubs, Medium Hubs, and Large Hubs (see Figure 6). This data is from : *Federal Air Traffic Activity, FY 91*. U.S. Department of Transportation, Federal Aviation Administration, Washington, DC., 1992.
5. For site selection decisions involving District functions, the number of current personnel criterion was also used as a way to minimize the number of people required to move and to reduce the overall cost of the reorganization effort. The data for the number of personnel was taken from an HQ data call managed by the Directorate of Resource Management in the fall of 1991. This listed all Corps personnel by 10 "technical" and 14 "administrative and advisory" functions. The specific numbers used were the FY 91 end strength/FY 92 beginning strength "personnel on board," summed from the three functions of planning, engineering, and program/project management.

These functions were selected as the best representation of numbers of personnel from the larger District technical functions which were under consideration for transfer or consolidation.

The above criteria were also used to determine the location of the new Division offices and Administrative Centers.



Annex D

Centers of Expertise

The Directorate of Civil Works is assigned the overall responsibility as program proponent with technical guidance and oversight accomplished in the individual Directorates. Three separate categories of Centers of Expertise have been identified: Mandatory Centers of Expertise (MCX), Technical Centers of Expertise (TCX), and Support Centers (SC). These categories are defined below. The Directors of Civil Works and Military Programs are assigned the responsibility for evaluation of needs, approval, designation and periodic (usually biennial) review of those centers which provide their primary support to those two programs. Designated MSC's, District commands, FOAs and Corps' laboratories will provide management for their respective centers. HQUSACE will conduct a biennial review of Corps-wide needs and expertise, particularly for TCXs and SCs, updating the designated offices as well as publishing the criteria for designating/approving/specifying centers.

Definitions

- **Centers of Expertise.** Centers of Expertise are designated Corps organizations that have a demonstrated technical capability in a specialized area. They consolidate and optimize use of specialized engineering talent and resources and enhance Corps-wide service and consistency. The Civil Works Directorate is the program proponent, with technical guidance and oversight by Civil Works or Military Programs as appropriate. HQUSACE conducts a periodic validation of criteria for establishing and maintaining centers and a review of Corps needs within these parameters. Local Technical Centers will manage their Centers of Expertise.

- **Mandatory Centers of Expertise (MCX).** An MCX is a an MSC or District command that has been **approved** by HQUSACE as having an exceptional technical capability (beneficial to other USACE command elements) in a specialized subject area applicable to projects performed for the Military, Civil Works, or Support for Others programs. The MCX renders its reimbursable services on a **mandatory** (by regulation) basis.



o **Technical Centers of Expertise (TCX).** A TCX is an MSC, District command or a Technical Center that has been **approved** by HQUSACE as having expertise in a specialized subject area, (beneficial to other USACE command elements) in a specialized subject area applicable to projects performed for the Military, Civil Works, or Support for Others programs. The designated capability is resident in an organizational unit of the command. The services rendered by a TCX are **advisory** on a reimbursable basis.

o **Support Centers (SC).** An SC is an MSC, a District command, a Corps Technical Center, an FOA or a laboratory that is **designated** by HQUSACE to maintain a specified state-of-the-art capability in a specific function, and to provide such support to other Corps offices on a reimbursable basis. Most SC are at laboratories and, thus, outside the scope of this study--though they would fall under the purview of the annual review.

Mission

Designated USACE Centers of Expertise will maintain state-of-the-art technical expertise in their assigned function. They will support HQUSACE in the development of criteria, standards and training. The centers will provide assistance to other Corps elements on a reimbursable basis.

HQUSACE reviewed Corps Centers of Expertise in conjunction with the reorganization study. **Figure D-1** lists those centers which will be part of the reorganization.



Figure D-1. Mandatory Centers of Expertise

Location	Center
Portland	Hydroelectric Design Center
Norfolk	Marine Design (Naval Arch, Marine Eng, and Contract Mgmt)
St. Louis	Inland Navigation Plng & Eng
TBD	Ports & Harbor Nav. Plng Ctr
Huntsville	Utility Mon & Control System
Huntsville	Intrusion Detection System
Huntsville	Army Range & Trning Land Prog.
Huntsville	Ordnance & Expl Waste (OEW)
Omaha	Protective Design (PD)
Omaha	Transportation Systems (TS)
Omaha	Haz, Toxic, & Radioact Waste



Annex E Cost and Benefit Analysis

Introduction

This annex discusses the data and procedures which were used to prepare the estimates for both the quantifiable dollar costs of implementing the approved reorganization plan and the quantifiable dollar benefits. National averages were used for all of the factors, i.e., salaries, retirement eligibles, those likely to retire, attrition rates, estimated permanent changes of station costs, office moving costs, and severance pay. The only site-specific numbers used were those for the numbers of positions at existing and future locations. The personnel data base from which the estimated position moves were prepared was a HQUSACE Directorate of Resource Management database (using the FY 91 end strength figures). The actual numbers of people impacted, the costs, and the benefits will depend upon the number of people in specific locations as the plan is implemented.

Costs

Figure E-1 shows the major factors used in estimating costs for a Corps field reorganization.

Figure E-1. Implementation Cost Factors		
CATEGORIES	DIVISION FACTORS	DISTRICT FACTORS
Average salary	\$45,000	\$35,000
Average severance pay	\$27,000	\$21,000
Percent retirement eligible	30 percent	20 percent
Percent retiring	18 percent	12 percent
Percent attrition	10 percent	10 percent
Moving cost (PCS)	\$50,000	\$50,000
Percent choosing to relocate with Corps	30 percent	30 percent
Office moving costs (per position)	\$3,000	\$3,000



The Simplified Cost Formula:

Total Costs = Cost of PCS Moves + Cost of Severance Pay + Office Furniture Moving Costs.

For 100 Division Positions = \$1.5 M + \$1.1 M + \$.3 M = \$2.9 M.

For 100 District Positions = \$1.5 M + \$1 M + .3 M = \$2.8 M.

Applications of the Cost Factors:

These cost factors were used in the following ways:

- The average salary is used for computing severance pay costs, and was determined from HQUACE Human Resources data.

The average severance pay is estimated at 60 percent the average salary.

- The percentage of people eligible for discontinued service retirement is used in determining those who will likely retire.

The percentage of people actually retiring is estimated at 60 percent of those eligible to retire.

- The attrition figure is the estimated percentage of those people in an affected office who would choose to remain in their home areas and leave their employment with the Corps (after an announcement of a reorganization plan, but prior to formal severance).
- Moving and other Permanent Change of Station (PCS) relocation costs for an average household were estimated at \$50,000.
- The percentage choosing to relocate with the Corps is used to estimate total PCS costs.
- The cost of relocating/replacing office furniture and equipment is estimated at \$3,000 per position.



Cost Calculation Procedures:

The national cost estimates:

- Assume 30 percent of the people whose positions are cut from their current locations will move to new locations.
- Assume 10 percent of those people will leave their positions prior to being severed.
- Assume 60 percent of those eligible for retirement whose positions are being impacted will choose to retire.
- Assume all remaining people whose positions are being impacted will be severed through Reduction-In-Force measures and will be paid severance pay.

Individual cost estimate calculations:

Cost of PCS Moves = (# of Positions Impacted) x 0.3 x \$50,000.
 For 100 Positions = $100 \times .3 \times 50,000 = \1.5 M.

Number of People Retiring = (# of Positions Impacted) x (Percentage Eligible for Retiring) x (60%).
 For 100 Division Positions = $100 \times 60\% \times .30 = 18.$
 For 100 District Positions = $100 \times 60\% \times .20 = 12.$

Number of People Leaving Through Attrition = (# of Positions Impacted) x 0.1.
 For 100 Positions = $100 \times .1 = 10.$

Number of People Receiving Severance Pay = [(# of Positions Impacted) - (# of People Moving) - (# of People Retiring) - (# of People Leaving Through Attrition)].
 For 100 Division Positions = $100 - 30 - 18 - 10 = 42.$
 For 100 District Positions = $100 - 30 - 12 - 10 = 48.$



Severance Pay Costs = (Number of People Receiving Severance Pay) x (Average Salary) x (0.6).

For 100 Division Positions = $42 \times \$45,000 \times .6 = \1.1 M.

For 100 District Positions = $48 \times \$35,000 \times .6 = \1 M.

Office Furniture Moving Costs = (# of Positions Impacted) x \$3,000.

For 100 Positions = $100 \times \$3,000 = \$300,000.$

Cost Summary Table

	Military Program Positions	Military Program Costs	Civil Program Positions	Civil Program Costs	Total Positions	Total Costs
Divisions	240	\$7M	890	\$26 M	1130	\$33 M
Districts	1310	\$37M	5160	\$145M	6470	\$182M
Total	1550	\$44M	6050	\$171M	7600	\$215M

Benefits

The primary quantifiable dollar benefits are those from salary (and government-paid benefits) reductions through the reduction in the total number of people employed. Savings in office space (and related equipment) costs is estimated at 5 percent of the salary and benefit costs. Thus, the benefits are directly related to the number of positions reduced. Government paid benefits are estimated at 20 percent of salaries.

The annual dollar benefits from a reduction in Division positions are thus estimated at $[\$45,000 + .2 \times \$45,000] \times 1.05 = [\$45,000 + \$9,000] \times 1.05 = \$54,000 \times 1.05 = \$56,700/\text{position}.$

The annual dollar benefits from a reduction in District positions are thus estimated at $[\$35,000 + .2 \times \$35,000] \times 1.05 = [\$35,000 + \$7,000] \times 1.05 = \$42,000 \times 1.05 = \$44,100/\text{position}.$



The average annual benefits (in FY 92 dollars) shown in Figure E-2 are those which would be reached after the reorganization had been completed and all positions staffed at their future levels. These numbers are shown separately for the Divisions and the Districts, and need to be considered together to reflect the total picture of the approved process changes.

**Average Annual Benefits
Summary Table**

	Military Program Positions Reduced	Military Program Dollar Benefits	Civil Program Positions Reduced	Civil Program Dollar Benefits	Total Positions Reduced	Total Dollar Benefits
Divisions	50	\$2.8 M	200	\$11.3 M	250	\$14.1 M
Districts	470	\$20.7 M	1880	\$82.9 M	2350	\$103.6 M
Total	520	\$24 M	2080	\$94.2 M	2600	\$117.7 M (Rounded down to \$115 M)

Although these numbers have been used for planning purposes, during the actual implementation period, these estimates will be further refined and reflect actual costs as they are experienced.



Annex F

FTE Allocations

Introduction

The following pages show, for each existing division and district office (and for the newly created admin centers, the new F&A center, and the new central review center) the calculated FTE. The first page (F-2) is a national summary. The following pages are alphabetically arranged by city name. The numbers shown as "existing spaces" are the FY 91 end strength/FY 92 beginning strength numbers. The numbers shown as "new spaces" are those resulting from the movements of functions and from the space reductions called for in the reorganization plan, and represent the number of spaces which would be in those locations when the reorganization plan has been implemented. The "change" column lists the positive or (negative) changes in numbers of positions, and their percentage changes.

ANNEX F

US ARMY CORPS OF ENGINEERS REORGANIZATION
CORPS-WIDE -- SUMMARY RESULTS
ALL DIVISIONS, DISTRICTS, AND CENTERS

TOTAL -- CIVIL WORKS AND MILITARY PROGRAMS SPACES									
Activities	Existing Spaces			New Spaces			Percent		
	HQ	FIELD	Total	HQ	FIELD	Total	Change	Change	
Divisions	2,060	79	2,139	897	79	976	(1,163)	-54%	
Districts	18,391	12,751	31,142	15,887	12,751	28,638	(2,504)	-8%	
Admin Centers	0	0	0	634	0	634	634	NA	
F&A Center	0	0	0	324	0	324	324	NA	
Central Review Center	35	0	35	80	0	80	45	129%	
TOTAL	20,486	12,830	33,316	17,822	12,830	30,652	(2,664)	-8%	

CIVIL WORKS SPACES									
Activities	Existing Spaces			New Spaces			Percent		
	HQ	FIELD	Total	HQ	FIELD	Total	Change	Change	
Divisions	1,518	37	1,555	658	37	695	(860)	-55%	
Districts	14,051	11,419	25,470	12,123	11,419	23,542	(1,928)	-8%	
Admin Centers	0	0	0	465	0	465	465	NA	
F&A Center	0	0	0	261	0	261	261	NA	
Central Review Center	35	0	35	80	0	80	45	129%	
TOTAL	15,604	11,456	27,060	13,587	11,456	25,043	(2,017)	-7%	

MILITARY PROGRAM SPACES									
Activities	Existing Spaces			New Spaces			Percent		
	HQ	FIELD	Total	HQ	FIELD	Total	Change	Change	
Divisions	542	42	584	239	42	281	(303)	-52%	
Districts	4,340	1,332	5,672	3,764	1,332	5,096	(576)	-10%	
Admin Centers	0	0	0	169	0	169	169	NA	
F&A Center	0	0	0	63	0	63	63	NA	
Central Review Center	0	0	0	0	0	0	0	0%	
TOTAL	4,882	1,374	6,256	4,235	1,374	5,609	(647)	-10%	

US ARMY CORPS OF ENGINEERS REORGANIZATION
 CORPS-WIDE -- SUMMARY RESULTS
 TOTAL -- CIVIL WORKS AND MILITARY PROGRAMS SPACES
 ALL DIVISIONS, DISTRICTS, AND CENTERS

CITIES	Existing Spaces			New Spaces			Percent	
	HQ	FIELD	Total	HQ	FIELD	Total	Change	Change
ALBUQUERQUE TOTAL	252	87	339	68	87	155	(184)	-54%
Albuquerque District	252	87	339	68	87	155	(184)	-54%
ATLANTA TOTAL	217	0	217	236	0	236	19	9%
SouthEast Division	217	0	217	115	0	115	(102)	-47%
SouthEast Admin. Center	0	0	0	121	0	121	121	NA
BALTIMORE TOTAL	730	451	1,181	861	451	1,312	131	11%
Baltimore District	730	451	1,181	767	451	1,218	37	3%
NorthEast Admin. Center	0	0	0	94	0	94	94	NA
BOSTON TOTAL	403	173	576	663	173	836	260	45%
NorthEast Division	13	0	13	105	0	105	92	708%
Boston District (in Waltham)	390	173	563	558	173	731	168	30%
BUFFALO TOTAL	250	64	314	109	64	173	(141)	-45%
Buffalo District	250	64	314	109	64	173	(141)	-45%
CHARLESTON TOTAL	165	25	190	48	25	73	(117)	-62%
Charleston District	165	25	190	48	25	73	(117)	-62%
CHICAGO TOTAL	343	9	352	56	9	65	(287)	-82%
(Former NorthCentral Division)	184	0	184	0	0	0	(184)	-100%
Chicago District	159	9	168	56	9	65	(103)	-61%
CINCINNATI TOTAL	285	0	285	248	0	248	(37)	-13%
NorthCentral Division	285	0	285	248	0	248	(37)	-13%
DALLAS TOTAL	179	18	197	0	18	18	(179)	-91%
(Former Southwest Division)	179	18	197	0	18	18	(179)	-91%
DETROIT TOTAL	326	371	697	138	371	509	(188)	-27%
Detroit District	326	371	697	138	371	509	(188)	-27%

US ARMY CORPS OF ENGINEERS REORGANIZATION
CORPS-WIDE -- SUMMARY RESULTS
TOTAL -- CIVIL WORKS AND MILITARY PROGRAMS SPACES
ALL DIVISIONS, DISTRICTS, AND CENTERS

CITIES	Existing Spaces			New Spaces			Percent	
	HQ	FIELD	Total	HQ	FIELD	Total	Change	Change
FORT WORTH TOTAL	764	411	1,175	932	411	1,343	168	14%
Fort Worth District	764	411	1,175	810	411	1,221	46	4%
SouthCentral Admin. Cente	0	0	0	122	0	122	122	NA
GALVESTON TOTAL	325	87	412	167	87	254	(158)	-38%
Galveston District	325	87	412	167	87	254	(158)	-38%
HUNTINGTON TOTAL	505	475	980	140	475	615	(365)	-37%
Huntington District	505	475	980	140	475	615	(365)	-37%
JACKSONVILLE TOTAL	530	231	761	596	231	827	66	9%
Jacksonville District	530	231	761	596	231	827	66	9%
KANSAS CITY TOTAL	685	378	1,063	344	378	722	(341)	-32%
Kansas City District	685	378	1,063	152	378	530	(533)	-50%
NorthCentral Admin. Center	0	0	0	192	0	192	192	NA
LITTLE ROCK TOTAL	387	524	911	135	524	659	(252)	-28%
Little Rock District	387	524	911	135	524	659	(252)	-28%
LOS ANGELES TOTAL	636	137	773	543	137	680	(93)	-12%
Los Angeles District	636	137	773	543	137	680	(93)	-12%
LOUISVILLE TOTAL	643	546	1,189	987	546	1,533	344	29%
Louisville District	643	546	1,189	987	546	1,533	344	29%
MEMPHIS TOTAL	425	648	1,073	115	648	763	(310)	-29%
Memphis District	425	648	1,073	115	648	763	(310)	-29%
MOBILE TOTAL	978	890	1,868	830	890	1,720	(148)	-8%
Mobile District	978	890	1,868	830	890	1,720	(148)	-8%

US ARMY CORPS OF ENGINEERS REORGANIZATION
CORPS-WIDE -- SUMMARY RESULTS
TOTAL -- CIVIL WORKS AND MILITARY PROGRAMS SPACES
ALL DIVISIONS, DISTRICTS, AND CENTERS

CITIES	Existing Spaces			New Spaces			Percent	
	HQ	FIELD	Total	HQ	FIELD	Total	Change	Change
NASHVILLE TOTAL	374	500	874	129	500	629	(245)	-28%
Nashville District	374	500	874	129	500	629	(245)	-28%
NEW ORLEANS TOTAL	1,314	81	1,395	1,792	81	1,873	478	34%
New Orleans District	1,314	81	1,395	1,792	81	1,873	478	34%
NEW YORK TOTAL	623	152	775	153	152	305	(470)	-61%
(Former North Atlantic Division)	207	0	207	0	0	0	(207)	-100%
New York District	416	152	568	153	152	305	(263)	-46%
NORFOLK TOTAL	322	104	426	747	104	851	425	100%
Norfolk District	322	104	426	747	104	851	425	100%
OMAHA TOTAL	1,312	611	1,923	1,365	611	1,976	53	3%
(Former Missouri River Division)	237	47	284	0	47	47	(237)	-83%
Omaha District	1,075	564	1,639	1,365	564	1,929	290	18%
PHILADELPHIA TOTAL	359	151	510	197	151	348	(162)	-32%
Philadelphia District	359	151	510	197	151	348	(162)	-32%
PITTSBURGH TOTAL	370	593	963	631	593	1,224	261	27%
Pittsburgh District	370	593	963	631	593	1,224	261	27%
PORTLAND TOTAL	827	563	1,390	397	563	960	(430)	-31%
Western Division	285	14	299	215	14	229	(70)	-23%
Portland District	542	549	1,091	182	549	731	(360)	-33%
ROCK ISLAND TOTAL	339	496	835	119	496	615	(220)	-26%
Rock Island District	339	496	835	119	496	615	(220)	-26%
SACRAMENTO TOTAL	919	261	1,180	1,094	261	1,355	175	15%
Sacramento District	919	261	1,180	989	261	1,250	70	6%
Western Admin. Center	0	0	0	105	0	105	105	NA

US ARMY CORPS OF ENGINEERS REORGANIZATION
 CORPS-WIDE -- SUMMARY RESULTS
 TOTAL -- CIVIL WORKS AND MILITARY PROGRAMS SPACES
 ALL DIVISIONS, DISTRICTS, AND CENTERS

CITIES	Existing Spaces			New Spaces			Change	Percent Change
	HQ	FIELD	Total	HQ	FIELD	Total		
SAN FRANCISCO TOTAL	401	8	409	85	8	93	(316)	-77%
(Former South Pacific Division)	198	0	198	0	0	0	(198)	-100%
San Francisco District	203	8	211	85	8	93	(118)	-56%
SAVANNAH TOTAL	604	289	893	136	289	425	(468)	-52%
Savannah District	604	289	893	136	289	425	(468)	-52%
SEATTLE TOTAL	530	301	831	859	301	1,160	329	40%
Seattle District	530	301	831	859	301	1,160	329	40%
SAINT LOUIS TOTAL	474	398	872	179	398	577	(295)	-34%
Saint Louis District	474	398	872	179	398	577	(295)	-34%
SAINT PAUL TOTAL	435	423	858	851	423	1,274	416	48%
Saint Paul District	435	423	858	851	423	1,274	416	48%
TULSA TOTAL	620	584	1,204	739	584	1,323	119	10%
Tulsa District	620	584	1,204	739	584	1,323	119	10%
VICKSBURG TOTAL	982	1,266	2,248	505	1,266	1,771	(477)	-21%
SouthCentral Division	255	0	255	214	0	214	(41)	-16%
Vicksburg District	727	1,266	1,993	291	1,266	1,557	(436)	-22%
WALLA WALLA TOTAL	339	337	676	113	337	450	(226)	-33%
Walla Walla District	339	337	676	113	337	450	(226)	-33%
WILMINGTON TOTAL	279	187	466	111	187	298	(168)	-36%
Wilmington District	279	187	466	111	187	298	(168)	-36%
TO BE DETERMINED								
Finance and Accounting Ctr	0	0	0	324	0	324	324	NA
Central Review Center	35	0	35	80	0	80	45	129%



Annex G

HQUSACE Study Board Recommendations

1. Eliminate division approval of HTRW products. Execute HTRW design and remedial action at one level with review accomplished by HTRW MCX.
2. Eliminate sequential Division and HQUSACE approval of Civil Works technical documents.
3. Eliminate unnecessary Mandatory Centers of Expertise and Technical Centers of Expertise. Require revalidation of requirement every five years.
4. Eliminate DOD approval of 35 percent design of military medical facilities (requires OSD approval).
5. Transfer medical facilities design office to the Installation Support Technical Center, a new FOA in the Washington, DC area; transfer all project work out of HQUSACE.
6. Consolidate military technical criteria development. Study the possibility to realign selected technical functions performed in CEMP, OACE, EHSC, and USATHAMA to eliminate redundancy.
7. Provide Districts authority to award indefinite delivery order type AE contracts up to \$1 million for criteria development with a \$200,000 limit on each delivery order.
8. Simplify the process for developing Civil Works technical criteria.
9. Transfer technical monitoring functions of certain research projects from the Army Environmental Office to EHSC or USATHAMA.
10. Transfer program development responsibility for selected project managed activities to the Programs Division.



11. Study the potential to create a single (CW/MIL/HTRW) HQUSACE Technical Center.
12. Simplify the process of the Military Construction Project Data Form (DD Form 1391) review.
13. Transfer MILCON PAX, AMPRS, funds management, and other selected functions to the project management division and rename it the programs management division.
14. Eliminate redundancy between OACE and CEMP on the Army Family Housing Program.
15. Examine USATHAMA's roles after DA decisions on the Army Environmental Office; transfer selected project execution functions from USATHAMA to Districts or FOAs.
16. Reaffirm guidance to consolidate program and project management information systems.
17. Eliminate MSC review of civil works decision documents.
18. Limit performance of policy compliance reviews of Civil Works documents to HQUSACE. Establish a Central Review Center (CRC) to clarify review responsibilities and eliminate redundant reviews.
19. Establish a Washington-level LCA/PCA Center of Expertise to support better agreements prior to formal staffing.
20. Integrate budget and manpower guidance.
21. Integrate and simplify the budget execution process.
22. Improve Headquarters' input to military technology research priorities.
23. Periodically reexamine the need for HQUSACE legal review of R&D related documents.
24. Disestablish the Information Systems Modernization Project Office and the Center for Information Engineering. Incorporate both into the



Directorate of Information Management.

25. Develop more straightforward project management controls for the lifecycle management of information systems.
26. Reduce the number of IRM committees and boards from 10 to 4.
27. Reduce CEAP IA program management staff; transfer operational activities to field offices.
28. Transfer all project-type activities performed in DIM to field offices. Focus DIM efforts on policy and program management.
29. Improve DIM management of support service contracts. Transfer some contracts to field offices.
30. Disestablish the Engineer Procurement Activity for Information Resources. Transfer functions to appropriate organizations.
31. Consolidate HQUSACE IM support (software) services in HECSA.
32. Consolidate HQUSACE and ACE automation (hardware) support in HECSA.
33. Transfer automation security to the Office of Security and Law Enforcement. Improve the ADP security program.
34. Delegate HQUSACE AE selection authority to MSC commanders.
35. Integrate MSC staffing and budget guidance for executive direction and management activities.
36. Transfer operational control of Engineer Strategic Studies Center, Office of Strategic Initiatives, and the Fusion Center FOAs to the Deputy Commander.



Annex H Competitive Area Decision

CERPO

28 October 1992

MEMORANDUM FOR CHIEF OF ENGINEERS

SUBJECT: Request for Decision Regarding Competitive Area

1. The issue of competitive areas has been a topic of much discussion since immediately after the BRAC plan announcement in April, 1991. There has been a unanimous desire on the part of everyone I have spoken to (e.g., commanders, FAC members, HR community) for an early decision on this issue. I believe that decision should be announced concurrently with our reorganization plan. This memo provides my recommendation (Tab B) and seeks your concurrence.
2. During the past year, I have been publicly discussing my intent to make this recommendation. While many have expressed their agreement, a large number of people in divisions and districts formerly announced for realignment have said they were not being treated fairly!
3. The perception of fairness to the entire Corps family will be difficult to achieve. No decision will make everyone happy. I am convinced, however, that placing people through the reduction in force (RIF) process should be a last resort. We have developed an effective Corps-wide outplacement program, based on employee choice. Similar programs, although applied on a smaller scale, have been very successful in the past.
4. Many people do not fully understand the competitive area issue. They believe the competition is one based on merit, i.e., a determination of who is the best qualified, as when you apply for a job through a vacancy announcement or the SKAP system, rather than a competition based on RIF factors. Our announcement needs to fully explain the difference.



5. This is an extremely emotional issue. No matter what you decide, a large segment of our family will conclude that what we are doing is unfair. For that reason, I encourage you to discuss this issue with your most trusted advisors.

BACKGROUND

6. When Federal agencies are required to close or reduce the size of a work force, the ultimate or final tool is RIF. Under RIF procedures a person whose job is to disappear has the right to take another employees' job if he/she ranks higher on the retention register. The factors used to determine a person's place on the retention register are length of service, tenure, veteran's preference, and performance as measured by performance appraisals.

7. The person who was "bumped" or "retreated on" then has the right to do the same thing to another person, ad infinitum. Usually one of the most junior people is finally removed from the government payroll. All other impacted people, providing they have been in grade for one year, may retain their grade for a two year period and may be eligible for retained pay, regardless of the grade level or job they occupy at the end of the process.

8. One of the controlling factors is the competitive area. That is the geographic or organizational area within which your bump and retreat rights exist. In the Corps each district and each division are their own competitive area. In other words, today folks in NPD have no right to bump anyone in either Portland or Seattle Districts. Any change in competitive area must be in accordance with Army, Defense, and Office of Personnel Management regulations and must be fully negotiated with labor unions.

9. If we were bringing new functions to a location from another division/district, the employees now doing the work would have the right to transfer with their function and compete for jobs at the new location under RIF procedures. In our reorganization plan, however, almost all of the work that is moving is in functions already being performed at the gaining location. In that case, the employees have no right to transfer with the work under RIF.

10. District employees will be able to compete in a RIF in their own District. For example, Engineering Division employees in Walla Walla could bump Construction or PPMD employees whose jobs are not being moved.

11. Some of the impacted people are hoping we will redefine (you have the authority but unions, higher headquarters and OPM must concur) the competitive area so that all but the most junior people in the realigned districts and divisions are "guaranteed a job".

12. A Corps-wide competitive area has the effect of putting people in all divisions and districts at equal risk. Division-wide competitive areas would spread the risk across the geographic boundaries of the new division. But they are not "fair" in that they result in a more negative impact on people in some divisions, such as North Central where three divisions are merging into one, than South East where the one existing division will remain. Since the broader the competitive area the more difficult it becomes to run our voluntary placement program, neither of these options are "fair" in that people have no choice about what jobs they are offered or where they go. Additionally, many more Corps employees will be disrupted by bumping.

13. Whatever the competitive area, in the end, you will have reduced the Corps by about 2600 people. Widespread disruption is not necessary. Although changing the competitive area spreads the turbulence more equally, it offers its own brand of unfairness. If we retain our traditional competitive areas as I am recommending, the real test of fairness-- given the reality that most people in realigned divisions and functions are being told they must give up their chosen jobs-- will be in the choices we offer them short of RIF.

14. I am totally convinced that we can offer everyone who is mobile a job, and offer them retained grade for two years and retained pay if they are eligible. Our people on grade and pay retention will continue to be priority candidates for jobs at their original grades and should re-achieve their grade and position within that two year period.

15. Competitive area options are explained at Tab A. My recommendation is at Tab B. Should you concur, I will advise the MSC commanders and HQUSACE divisions and directorates by providing them copies of the explanatory material and cover letter (Tab C) when the reorganization plan is announced.



16. RECOMMENDATION: Retain existing competitive areas while initiating an aggressive outplacement program.

Concur LTG Williams Nonconcur _____ with enclosed recommendations.

/s/

DON B. CLUFF
Reorganization Program Manager

Encls
Tabs A-C

TAB A**Four Competitive Area Options****OPTION 1 - Retain Existing Competitive Area**

In the Corps most of the functions being moved from one geographic location to another are already being performed at the gaining location. For example, the Nashville District engineering and planning functions are being transferred to Louisville. However, since those are functions already performed in Louisville, this realignment does not meet the definition of transfer of function (TOF) in personnel regulations. In a TOF members have a right to transfer with the function to the new location and compete for jobs there under the RIF procedures. This makes them part of the competitive area for the gaining district or division and gives them bumping rights to jobs for which they are qualified.

This means that throughout the Corps most employees affected by reorganization will not have "bumping rights" in the organizations to which their work is transferred. However, a significant number of new positions will be established in those organizations. Vacancies will also be created by attrition from existing positions.

Employees will be able to express their interest in specific jobs and/or specific locations. While not everyone's first choice can be honored, maximum consideration will be given to employee preferences when making placements. With the exception of some supervisory personnel, (especially at higher grades), there should be job opportunities at every member's current grade.

If the filling of supervisory positions is restricted and an early out retirement authority is obtained, a much higher than normal number of supervisory vacancies will exist to be used for outplacement.

Existing priority placement programs (i.e., DOD & OPM), as well as an outplacement contract for non-federal job assistance, will be used to place people who wish to remain in their present geographic area or those who cannot be placed at their current grade. Employees will be subject to reduction in force within their current organizations. District personnel will



be able to compete under RIF rules for jobs remaining in the district headquarters and for jobs in the field. Personnel at the five remaining divisions, which will lose jobs in some areas, will be able to compete for jobs at their respective restructured divisions.

Those offered lower grade jobs, who have held their grade for a year, are eligible for grade retention for two years and pay retention indefinitely. Those being separated are eligible for severance pay. Members eligible for retirement who elect that option in lieu of RIF can receive a lump sum annuity, a popular option which has been eliminated for other retirees.

Many employees whose jobs are being affected by reorganization will perceive this option as unfair to them. They will think that because they don't have "rights" to a job they are being disenfranchised. That is not, in fact, the case. A comprehensive and effective outplacement program is critical under this option.

A major communication challenge will be to properly explain its rationale and impact if it is chosen.

OPTION 2 - Division Wide Competitive Area

If competitive areas are widened along the new division boundaries, all functions currently being performed in the single district/division competitive area will be transferred to the new competitive area, i.e., the definition of transfer of function will be met. Consequently, all positions become subject to placement under reduction in force procedures. This means that an employee whose job has been abolished will have "bumping rights" through out the new division-wide competitive area.

For example, a Buffalo District employee bumps a Kansas City employee who then bumps a St. Paul employee who bumps an Omaha District employee. As individuals decide to retire, resign, or gain other federal employment, the RIF is rerun to accommodate these changes. Placement through RIF is a mechanical procedure. Everyone competes for jobs in a very objective manner based on standing on a retention register. The factors which determine this standing are veterans preference, career tenure, and length of service as adjusted by a factor based on the three most recent performance appraisals.



Neither management nor the individual employee have control over or input into what job placements will be. Newly created positions in all remaining divisions and custom districts can not be filled through voluntary reassignment, but must be held for placement under RIF rules. The entire work force in the newly drawn competitive area will be subject to disruption. Costs will be substantially increased.

Changes in competitive areas must be negotiated with every affected union local in the Corps, i.e. we can not change the competitive area without their agreement. Unions in districts which are not downsizing are very unlikely to agree to change. Bargaining impasses are referred to mediation, then to the Federal Service Impasses Panel. The panel can, and will, decide, at each location where there is an impasse, what the competitive area will be.

Nevertheless, we can not discount the sentiments of a significant number of people in the divisions and districts which will be closing or getting smaller. They don't have a high degree of trust in our promise to give everyone a job. They would rather have a "right" than a promise. I understand and sympathize with their position, and were I not absolutely sure that we can and will deliver on this promise, I would consider this option more seriously despite the cost and disruption to the entire workforce.

OPTION 3 - Broaden Competitive Area To Include Organizations Among Which Functions are Being Realigned

You can't define competitive areas differently by function within an organization. For example, if the planning function of District A is moving to District B and the HR function is moving from District A to District C, you can't break District A into two or more competitive areas.

The way work is being moved in this reorganization plan, the minimum area that includes all organizations with merging work would be Corps-wide. Here's why. Some of SPD's work is going to NPD. Some of SPD and NPD's work is going to the custom districts in the new West Coast Division, Sacramento, Los Angeles, and Seattle. Those districts are getting work from Albuquerque, San Francisco, Portland, and Walla Walla. In addition, some of SPD and NPD's work is going to HQUSACE. HQUSACE is also getting work from every other division. This same scenario plays out at every other district and division.

Hence, option 3 is really not an option.



OPTION 4 - Corps Wide Competitive Areas

The impacts would also be similar to Option 2. Bumping rights would be across the Corps. Disruption, cost, and administration difficulties would be maximized. Necessary revisions to competitive levels, the grouping of similar jobs at the same level, which form the basis for RIF placements, would be exceedingly difficult and require a large amount of time and resources. Many within the HR community believe we do not possess the capability to do this one.

TAB B**RECOMMENDATION:**

Retain existing competitive areas while using voluntary reassignments/outplacement to fill positions at the remaining organizations.

Impact:

- Placement rights under reduction in force (bump and retreat rights) could only be exercised within the existing competitive area, e.g., district engineering and planning staff could bump into remaining district positions
- Division and district staff would not have bump and retreat rights in the remaining divisions and design districts unless they work in a function transferring to a competitive area where the function is not now performed.
- The aggressive outplacement program we have developed will be used to offer job opportunities and choices to affected members.

Rationale:

- Offers broadest opportunity for choice for displaced members through a well-managed internal placement program using voluntary reassignment.
- Impacts the least number of Corps members.
- Widening competitive areas unnecessarily disrupts entire workforce since most members can be placed at present grade levels with the competitive area as is.
 - Provides greatest degree of stability for our sponsors and customers.
 - Significantly limits the number of secondary impacts on the Corps structure, family and customers.
 - Least cost solution.
 - May be the only practical solution as it is unlikely that labor unions at remaining division and design district offices would agree to bargaining away the "protection" of their current contract.
 - Any change to long-standing practice (single district competitive areas) is far more difficult to defend to the Office of Personnel Management, Merit Systems Protection Board, and other third parties who will be reviewing our actions.



Annex I

LIST OF ABBREVIATIONS

AE	Architect/Engineer
ASA(CW)	Assistant Secretary of the Army (Civil Works)
ASA(IL&E)	Assistant Secretary of the Army (Installations, logistics, and the Environment)
BRAC	Base Closure and Realignment Act
CEAP	Corps of Engineers data network
CEMP	Directorate of Military Programs
CEFMS	Corps of Engineers Financial Management System
CONUS	Continental United States
CRC	Central Review Center
CW	Civil Works
DIM	Directorate of Information Management
DOD	Department of Defense
EA	Environmental Assessment
EHSC	Engineering Housing Support Center
F&A	Finance and Accounting



FAC	Field Advisory Committee
FOA	Field Operating Activity
FTE	Full-Time Equivalents
FY	Fiscal Year
HECSA	Humphrey Engineer Center Support Activity
HND	Huntsville Division
HR	Human Resources
HTRW	Hazardous, Toxic, and Radiological Waste
HQUSACE	Headquarters, United States Army Corps of Engineers
IM	Information Management
LCA	Local Cost Sharing Agreement
LMV	Lower Mississippi Valley
MCX	Mandatory Centers of Expertise
MILCON	Military Construction
MP	Military Programs
MRD	Missouri River Division
MSC	Major Subordinate Command
NAD	North Atlantic Division
NCD	North Central Division
NED	New England Division
ORD	Ohio River Division



O&M	Operations and Maintenance
OPM	Office of Personnel Management
ORD	Ohio River Division
OSD	Office of the Secretary of Defense
PAO	Public Affairs Office
PCA	Project Cooperation Agreement
PCS	Permanent Change of Station
POD	Pacific Ocean Division
R&D	Research and Development
RIF	Reduction-in-Force
RMO	Resource Management Office
SAD	South Atlantic Division
SC	Support Centers
SPD	South Pacific Division
TAD	Transatlantic Division
TBD	To Be Determined
TCX	Technical Centers of Expertise
USATHAMA	US Army Toxic and Hazardous Materials Agency

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