



DEPARTMENT OF THE ARMY
GALVESTON DISTRICT, CORPS OF ENGINEERS
P. O. BOX 1229
GALVESTON, TEXAS 77553-1229

March 18, 2004

Programs Management Office

Dear Partners and Stakeholders:

A few months ago I sent you a letter to raise your awareness of the funding problems Galveston District is currently experiencing with much of our planning, construction, and operation and maintenance programs. As our partner and stakeholder, it is important that I keep you updated on the funding status of these programs that are critical to water resource requirements and environmental sustainability issues along the Texas coast.

The District's on-going planning (study) and construction programs will continue to face funding shortages over the remainder of this year resulting in extended feasibility study schedules or construction delays for these projects. Even with the funding shortage these programs face, many of the projects can continue to be sustained at a minimal level.

That is not the case with the operations and maintenance program for the District. The imminent crisis I described to you previously in this program is now upon us. We currently have a 50 percent funding shortfall for fiscal year 2004. No additional funding this fiscal year will immediately create a severe shortage of funds for next fiscal year. I do not anticipate receiving additional funds this year, if that is the case we will not award any additional operation and maintenance contracts for the remainder of this fiscal year. Critical maintenance dredging for both deep and shallow draft channels will not be performed. There are existing shoals in some channels and I anticipate shoaling to continue. I understand this will have adverse impacts on the industries that use the channels. In an effort to better inform you of the specifics of this impact, I have listed the projects below that were scheduled to have maintenance contracts awarded in Fiscal Year 2004, but will not have contracts awarded this year.

<u>Project Name</u>	<u>Type of Work</u>
Bayport Ship Channel	Dredge Flare
Channel to Harlingen	Dredge Channel
Channel to Palacios	Dredge Channel
Chocolate Bayou	Dredge Main Channel
Colorado River Jetty Walkway	Repair Storm Damage
Colorado River Locks	Repair Gate Structure
Corpus Christi Ship Channel	Dredge Inner Basin to La Quinta
Corpus Christi Ship Channel	Dredge La Quinta and Turning Basin
Corpus Christi Ship Channel	Removal of Mooring Structures

<u>Project Name</u>	<u>Type of Work</u>
Freeport Harbor	Dredge Entrance Channel
Freeport Harbor	Dredge Inside Channel
Galveston Harbor	Dredge Galveston Channel
Gulf Intracoastal Waterway	Dredge Port O'Connor to San Antonio Bay
Houston Ship Channel	Dredge Sims to Turning Basin
Houston Ship Channel	Rehab Peggy Lake Placement Area
Mouth Of Colorado	Dredge Entrance Channel
Sabine-Neches Waterway	Dredge Outer Bar and Bank Channel

In addition to the regularly scheduled maintenance contracts that will not be awarded, there are five contracts that have already been or will be awarded this fiscal year, but will not be fully funded due to the funding shortage. Those five contracts are listed below.

<u>Project Name</u>	<u>Type of Work</u>
Houston Ship Channel	Repair East Clinton Placement Area *
Northern Gulf Intracoastal Waterway	Erosion Repair *
Southern Gulf Intracoastal Waterway	Erosion Repair *
Houston Ship Channel	Dredge Lower Bay **
Galveston Harbor	Dredge Entrance Channel **

* Contracts Awarded in Fiscal Year 2003

** Contracts Funded with both Construction General and O&M Funding

Over and above these maintenance contracts that will not be awarded nor funded this year, the funding shortage will severely limit or may even preclude award of any emergency contracts for the remainder of this fiscal year. This is particularly serious since we are quickly approaching the onset of spring rains and the hurricane season, which officially begins in June. With over 400 miles of the Texas coastline vulnerable to these rains and storms, it is highly likely a tropical storm or hurricane will strike somewhere along the Texas coastline this year, which will accelerate shoaling in the coastal channels. With every event there are immediate and severe impacts to your coastal channels, and the critical funding needed to address the pending impacts will not be available this year.

Under current funding constraints, our plan is to continue with preparation of plans and specifications and solicitation packages for all of the contracts listed above. By doing so, we will be positioned to rapidly put these contracts in place should any additional funding be identified through the rest of this fiscal year.

I will continue to be personally involved in managing the limited resources designated for all of the vitally important infrastructure along the Texas Coastline. We are your Federal partners and our partnership with non-Federal partners, stakeholders, and elected officials is critical to the successful management of this infrastructure. I invite you to participate in our monthly Project Review Boards where many of these issues will be addressed. Please contact Mr. Arthur Janecka (409) 766-3018 to be added to the notification list.

I thank you and your staff for your continued support as we work together on projects that are essential to the economy of Texas and our Nation. Since my last letter, many of you have actively communicated your concern and support through letters and meetings. I sincerely appreciate your active involvement as we efficiently use the funds available to us. A copy of this letter can be found on the Galveston District web page under the "Hot Topics" column at <http://www.swg.usace.army.mil/>. If we can be of service to you in any way, please feel free to contact me or my civilian deputy, Mr. Herbie Maurer at (409) 766-3910.

Sincerely,

LEONARD D. WATERWORTH
Colonel, EN
Commanding