



MEMORANDUM

From: Greg Burns
To: Cambria Community Services District
Subject: Report on Activities
Date: June 20, 2011

On Wednesday June 15, the House Appropriations Committee marked-up their version of the Fiscal Year 2012 Energy and Water Appropriations bill which funds the Corps of Engineers. As expected, given the new political realities in the House of Representatives, the legislation proposes \$4.768 billion in funding for the Corps of Engineers, \$195 million above the President's request and \$89 million below fiscal year 2011. With regard to the Construction account, from which the Cambria desalination project is funded, the bill proposes \$1.48 billion, a decrease of \$133 million from Fiscal Year 2011, but an increase of \$135 million from what the Administration proposed for this fiscal year.

From a historical perspective, funding for the Corps in the range of \$4.7 billion is an extremely healthy allocation, particularly given the political bent of the new House of Representatives and the increasing focus on the deficit and long-term debt. As the Committee says in their report accompanying the bill, "This level of investment is not reflective of the Corps' importance to the national economy... Investments in the water resource infrastructure... not only provide short-term economic benefits by directly creating jobs, but also provide the foundation necessary for long-term economic growth." Clearly, the Corps maintains a robust cadre of supporters in the House. We also expect the Senate to propose a higher level of funding for the Corps, which will be good when the two bodies eventually meet to determine a final funding allocation later this year.

With regard to our interests in particular, the House also devised a new way to provide the Corps of Engineers with funding flexibility without using Congressional earmarks. For most projects proposed by the Administration (which are not considered earmarks by Congress), the Committee reduced funding for each project or program and then cobbled those funds together into a new subaccount from which the Corps will have flexibility to spend the funds as they see fit. The House Committee has proposed providing the Corps \$243,000,000 for use via this new account. The following language related to this maneuver is copied below:

"Additional Construction – The fiscal year 2012 budget request does not reflect the extent of funding needed for Corps projects under construction. The Corps has ongoing, authorized Construction projects that would cost tens of billions of dollars to complete, yet it has requested a mere fraction of the funding necessary to complete those projects. The Corps is directed to allocate the funds to specific ongoing projects based on the following set of criteria:

- number of jobs created directly by the funded activity;

- high project benefit-to-cost ratio;
- ability to obligate the funds allocated with the fiscal year, including consideration of the ability of the non-federal sponsor to provide any required cost-share;
- ability to complete the project, separable element, or project phase within the funds allocated”

This new funding account, if signed into law later this year will give us an opportunity to work with our Congressional delegation and the Corps of Engineers to secure additional funding for the project when necessary.

The Senate Appropriations Committee has not yet begun to consider Fiscal Year 2012 appropriations bills. They are expected to begin to do so later this summer.

For your information, the Construction funding proposed by the Administration for California projects as approved by the House Appropriations Committee is below.

| CORPS OF ENGINEERS - CONSTRUCTION (AMOUNTS IN THOUSANDS) | | |
|---|----------------|----------------------|
| | BUDGET REQUEST | HOUSE RECOMMENDED |
| CALIFORNIA | | |
| AMERICAN RIVER WATERSHED (COMMON FEATURES), CA | 25,548 | 23,149 |
| AMERICAN RIVER WATERSHED (FOLSOM DAM MODIFICATIONS), CA | 21,000 | 19,028 |
| AMERICAN RIVER WATERSHED (FOLSOM DAM RAISE), CA | 1,000 | 906 |
| HAMILTON AIRFIELD WETLANDS RESTORATION, CA | 8,250 | 7,475 |
| HAMILTON CITY, CA | 8,000 | --- |
| NAPA RIVER, SALT MARSH RESTORATION, CA | 9,500 | 8,607 |
| OAKLAND HARBOR (50 FOOT PROJECT), CA | 350 | 317 |
| SACRAMENTO DEEPWATER SHIP CHANNEL, CA | 3,500 | 3,171 |
| SACRAMENTO RIVER BANK PROTECTION PROJECT, CA | 10,000 | 9,061 |
| SANTA ANA RIVER MAINSTEM, CA | 20,500 | 18,575 |
| SANTA PAULA CREEK, CA | 2,078 | 1,882 |
| SOUTH SACRAMENTO COUNTY STREAMS, CA | 5,000 | 4,530 |
| SUCCESS DAM, TULE RIVER, CA (DAM SAFETY) | 18,000 | 18,000 |
| YUBA RIVER BASIN, CA | 2,000 | 1,812 |

Please let us know if you have any questions. Thank you, Greg