

BENEFICIAL USE OF DREDGED MATERIAL: To What Extent Do States Have A Voice?



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**Louisiana Sea Grant Legal Program
Louisiana State University
2004**

ACKNOWLEDGEMENTS

This project was sponsored by the Governor's Applied Coastal Research and Development Program.

The authors thank the following people for their contributions to this project.

Larry Simon
California Coastal Commission

Jasmin Raffington
Florida Department of Environmental Protection

Greg Ducote
Jeffrey Harris
Louisiana Department of Natural Resources

Jessica Schexnayder
Elizabeth Coleman
Louisiana Sea Grant College Program

Mindy Heidel
Geoffrey MacArthur
Laurie Marien
Amori Landry
Sea Grant Legal Program

Dr. Linda Mathies
Edmund Russo
U.S. Army Corps of Engineers

Joan Marchioro
Linda Rankin
Loree Rodkin
Washington Department of Ecology

Photo Credit
University of New Orleans



This publication was produced by the Louisiana Sea Grant College Program, a part of the National Sea Grant College Program maintained by the National Oceanic and Atmospheric Administration of the U.S. Department of Commerce. Louisiana Sea Grant is also supported by the state of Louisiana.

Louisiana Sea Grant College Program, December 2004

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Deliverables

Room 258-A Military Science Building, Louisiana State University

Baton Rouge, Louisiana 70803

Telephone Number: (225) 578-3477

FAX Number (225) 578-0403

CITATION

Suggested Citation:

Schiavinato, Lisa C. and James Wilkins. 2004. Benefial Use of Dredged Material: Tp What Extent Do States Have a Voice. Louisiana Sea Grant Legal Program. Louisiana Governor's Applied Coastal Research and Development Program, GACRDP Technical Report Series 2005, 53 p.

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Beneficial Use of Dredged Material: To What Extent Do States Have a Voice?

Abstract

Dredged material is a resource that can be used for coastal restoration. Legal issues regarding the Coastal Zone Management Act and beneficial use of dredged material in Louisiana are analyzed, with a focus on the Corps of Engineers' Federal Standard regulation, the consistency provision of the Coastal Zone Management Act and Louisiana's coastal zone management program. Tension exists between the three. The Federal Standard regulation requires the Corps of Engineers, which is responsible for the construction and maintenance of federal navigation channels, to dispose of dredged material in the least costly manner consistent with sound engineering principles and federal environmental laws, while the Coastal Zone Management Act's consistency provision requires the Corps to be consistent to the maximum extent practicable with a state's federally approved coastal management program. Louisiana's coastal management program requires beneficial use of dredged material in some instances, but the Federal Standard sometimes prohibits this use due to cost unless the state can find funding to pay for part of it. This project explores how federal and state agencies can work together, and suggests changes to law and policy, to encourage more beneficial use.

Beneficial Use of Dredged Material: To What Extent Do States Have a Voice?

Executive Summary

Coastal erosion in the United States, particularly in Louisiana, is an issue we continually struggle to resolve. Land loss also means loss of various functions and values associated with wetlands, such as commercial fisheries, recreational fishing and hunting, water quality, flood control and habitats for humans and threatened and endangered species. The Coastal Wetlands Planning, Protection and Restoration Act (CWPPRA) has been implemented to address coastal land loss in Louisiana, but it is not the only mechanism through which coastal restoration can be accomplished, and indeed, as currently constructed, CWPPRA by itself cannot restore Louisiana. Another component in Louisiana's coastal restoration efforts is beneficial use of dredged material to rebuild wetlands. Coastal restoration and specifically the beneficial use of dredged material is encouraged by the Coastal Zone Management Act (CZMA), the policy of which is to foster wise and proper use of America's natural resources and to restore coastal areas. The CZMA consistency provision allows states with federally approved coastal management plans to review federal actions, such as Corps navigation projects, and require consistency of those actions with the enforceable policies of state coastal management plans, giving states a voice in deciding how federal projects will affect their coastal resources.

Millions of cubic yards of sediment are dredged from Louisiana waters each year by the U.S. Army Corps of Engineers conducting federal navigation and maintenance projects. A large amount of dredged material could be used to restore Louisiana's eroded coastal areas, but often is not because of costs that exceed the Corps' Federal Standard regulation.

The Corps maintains that the application of the Federal Standard in planning the construction and maintenance of navigation channels means that it must dispose of dredged material in the least costly manner consistent with sound engineering principles and environmental laws. However, Louisiana's coastal management plan (CMP) requires beneficial use of dredged material in certain instances, and pursuant to the CZMA the state requires the Corps navigation projects be consistent to the maximum extent practicable with its CMP. The Corps claims that its navigation projects are consistent to the maximum extent practicable because beneficial use options that cost more than the Corps' base plan's least cost amount are prohibited by the Federal Standard. Thus, there is tension between the Federal Standard and Louisiana's coastal management plan – the Corps' Federal Standard regulation requires disposal of dredged material in the least costly manner, which many times precludes beneficial use, while the state's coastal management plan requires beneficial use in some instances. Can these roadblocks be cleared to allow for more beneficial use projects? If so, how might federal and state

actors efficiently clear them and work together to devise creative solutions to the state's coastal erosion issue? The conclusions of this study are:

- Research has shown that there is no clear Congressional statement on the Federal Standard/CZMA Consistency issue, and there is no specific Congressional mandate for the development of the Federal Standard. Moreover, this issue has not yet been litigated. Therefore, a directive from Congress on this issue would resolve the impasse between the Corps and Louisiana.
- Congress has made clear that the Ocean Dumping Act (ODA), which preempts stricter state laws does not preempt federal consistency requirements in a state CMP regarding ocean disposal of dredged material. Therefore, the Corps is subject to a state's federal consistency requirements when conducting ODA-related activities.
- The Clean Water Act's (CWA) Section 404(b)(1) Guidelines, developed by the U.S. Environmental Protection Agency, discourages the deposit of dredged material into waters of the U.S. that result in adverse effects on aquatic ecosystems. The Guidelines are to be consulted when preparing an Environmental Impact Statement to inform Congress of the effects of projects it authorizes and in the development of the Federal Standard. Louisiana currently does not have a close working relationship with EPA Region Six with regard to beneficial use issues and would benefit from closer coordination. If EPA was aware of problems a project would pose to Louisiana's eroding coast, then the Environmental Impact Statements it coordinates might favor beneficial use as a reasonable alternative. Moreover, application of the 404(b)(1) Guidelines in the context of Louisiana's ecological and economic losses from erosion could affect the calculation of the Federal Standard to make beneficial use fit more easily within it.
- Under the CZMA, states are allowed to request mediation through NOAA's Office of Ocean and Coastal Resource Management or bring a legal challenge for alleged noncompliance with the CZMA consistency provisions by a federal agency.
- The CZMA grants authority to the states to require consistency with enforceable policies of their federal approved coastal management plans, meaning that states are exercising their federally granted authority to apply federal law. The partnership between the federal government and states that participate in the federal coastal zone management program is a contract under which part of the consideration received by these states is their federal consistency authority. A state does not have absolute veto power over federal activities, but disallowing Louisiana to require consistency with the beneficial use guidelines in its CMP because of limitations imposed by the Federal Standard would be an abridgement of the federal/state contract.
- Coastal Zone Management officials from the state agencies in Louisiana, California, Florida and Washington State agree that the Corps does not have the authority to use the Federal Standard to override the beneficial use requirements of their coastal management plans, but none of these states has opted to use its authority to deny consistency to Corps navigation projects, preferring rather to

fund these projects with state money or work with their respective Corps Districts and EPA Regions to encourage beneficial use.

- Changes in current state and federal law and policy could lead to more beneficial use of dredged material:
 - Louisiana should develop a record of denying consistency to projects that violate its beneficial use guidelines because of the Corps' application of the Federal Standard.
 - Louisiana should amend its coastal management plan to strengthen its consistency procedures.
 - Louisiana could elect to set aside more funds to cover the incremental cost of beneficial use projects above the least-cost option of the Federal Standard.
 - Congress should revise the Corps' appropriations process regarding navigation projects to increase the availability of funds for beneficial use and articulate a national beneficial use policy to educate the nation about its cost and benefits.
 - The New Orleans District of the Corps should make an effort to contemplate beneficial use at the earliest practicable project planning stage and write beneficial use into their base plans.
 - Congress could amend the CZMA to further strengthen the consistency provision to make it clear that consistency is not subservient to the Federal Standard.
 - Congress should fund the Louisiana Coastal Restoration Study, which addresses beneficial use and recommends more funding for this type of project.
 - Congress and the President should heed to recommendations of the U.S. Ocean Commission to adopt regional and ecosystem-based approaches to sediment management for civil works projects, to modify existing Corps authorities to achieve this goal and to ensure that selection of the least-cost option per the Federal Standard accounts for the full range of costs and benefits for options to reuse dredged material and other disposal methods.

Section 1.0 Introduction

Coastal erosion in the United States, particularly in Louisiana, is an issue we continually struggle to resolve. Within the last fifty years, Louisiana's coastal land loss has averaged forty square miles per year, with the estimated rate in the 1990s between twenty-five and thirty-five square miles per year.¹ Natural processes such as subsidence, sea level rise and storms in conjunction with human actions have affected the rate of loss.² Collapse of Louisiana's wetlands system threatens the productivity of the state coastal ecosystems, the economic viability of industry, including a major portion of energy production from the Gulf of Mexico, and public safety.³ Land loss also means loss of various functions and values associated with wetlands, such as commercial fisheries, recreational fishing and hunting, water quality, flood control and habitats for threatened and endangered species.⁴ Coastal planning efforts to lessen the effects of land already lost and to prevent further land loss have been implemented, namely the Federal Coastal Wetlands Planning, Protection and Restoration Act (CWPPRA) in partnership with Louisiana.⁵ Since the passage of CWPPRA, hundreds of millions of dollars have been allocated to prevent further loss, and the separately funded Caernarvon and Davis Pond freshwater diversion projects are also likely to improve coastal wetlands.⁶

However, CWPPRA is not the only mechanism through which coastal restoration can be accomplished, and indeed, as currently constructed, CWPPRA by itself cannot restore coastal Louisiana. Another tool that Louisiana could and should use is the Coastal Zone Management Act (CZMA). One of the directives of the CZMA is to foster wise and proper use of America's natural resources and to restore coastal areas.⁷ Beneficial use of dredged material can help accomplish this directive. Dredged material is sediment excavated from inland or ocean waters, which is often deposited on uplands or in ocean waters. Waterways, ports and harbors must be dredged each year to maintain the nation's navigation channels for commercial, security and recreational purposes. While state and local governments, in addition to the nation, benefit economically from maintained navigation channels, the environmental impacts of dredging and dredged material is largely borne by the communities near them.

¹ Louisiana Coastal Wetlands Conservation and Restoration Task Force and the Wetlands Conservation and Restoration Authority and Louisiana Department of Natural Resources, *Coast 2050: Toward a Sustainable Coastal Louisiana* 161 (1998).

² *Id.*

³ *Id.*

⁴ *Id.*

⁵ *Id.* See also La. R.S. § 49:213 et seq.

⁶ *Id.*

⁷ See 16 U.S.C.A. § 1452.

1.1 The Issue

Dredged material sometimes can be used to benefit the environment. Beneficial use of dredged material is a constructive alternative to disposing of the material as waste. Beneficial uses include, but are not limited to, habitat development, beach nourishment, shoreline protection, and fisheries improvement. Beneficial use also is one of the principles of the National Dredging Policy set forth by the Interagency Working Group on the Dredging Process in its Report to the Secretary of Transportation in 1994, "The Dredging Process in the United States: An Action Plan for Improvement":

Dredged material is a resource, and environmentally sound beneficial use of dredged material for such projects as wetland creation, beach nourishment, and development projects must be encouraged.⁸

Financial considerations, logistics, i.e., biological, engineering, property rights issues and seemingly conflicting laws are often roadblocks to beneficial use. Can these roadblocks be cleared to allow for more beneficial use projects? If so, how might federal and state actors efficiently clear them and work together to devise creative solutions to the state's coastal erosion issue?

The pressing issue is not whether states have a voice in deciding whether dredged material is beneficially used, clearly they do. The CZMA established a mechanism for federal-state cooperation in the management and use of our nation's coastal zones in the statute's consistency provision.⁹ CZMA consistency requires that "each federal agency activity within or outside the coastal zone that affects any land or water use or natural resource shall be carried out in a manner which is consistent to the maximum extent practicable with the enforceable policies of approved state management programs."¹⁰ The more relevant question is how much of a voice states have under their CZMA authority in light of the Federal Standard. The Federal Standard is a regulation that requires the U.S. Army Corps of Engineers (Corps) to dispose of dredged material in the least costly manner consistent with sound engineering principles and environmental standards and criteria set forth by Section 404(b)(1) of the Clean Water Act (CWA) and the Marine Protection, Research, and Sanctuaries Act (the Ocean Dumping Act).¹¹ Although the Corps beneficially uses dredged material when it is both economically and practically feasible for them to do so, and has beneficially used dredged material to create over 16,000 acres of wetlands since 1985,¹² they often deny Louisiana's requests for beneficial use it exceeds the base plan (or least cost plan) of a navigation project unless

⁸ Interagency Working Group on the Dredging Process, *The Dredging Process in the United States: An Action Plan for Improvement*, A Report to the Secretary of Transportation, Section 4.0 "National Dredging Policy" (December 1994), available at <http://www.epa.gov/owow/oceans/ndt/report.html>.

⁹ 16 U.S.C.A. § 1456(c).

¹⁰ *Id.*

¹¹ See 33 C.F.R. § 335.7. See also 33 C.F.R. § 335.4.

¹² U.S. Army Corps of Engineers, *Louisiana Coastal Area Ecosystem Restoration Study Main Report*, Volume 1, November 2004 at MR-63.

the state can find funding to pay for the cost above the least cost plan.¹³ However, even when the state is willing to cost share for beneficial use projects, other factors often prevent it.¹⁴ The state has the authority through the CZMA to disagree with federal agency consistency determinations for navigation projects it deems inconsistent with its federally approved coastal management plan, which contains beneficial use guidelines.¹⁵ So far, Louisiana has chosen not to exercise its CZMA consistency authority to require beneficial use of material from navigation projects in part because denial of consistency could halt projects temporarily or permanently if the Corps opted to not construct or maintain a navigation project because the extra cost of beneficial use would exceed the Federal Standard, delaying or canceling navigation projects could cost the state economically.¹⁶ Financial costs associated with beneficial use projects, particularly in Louisiana where transportation of dredged material can be expensive, and property rights issues that may prohibit disposal on or near private property, also cannot be ignored. These issues present a challenge and require careful and considered discussion to assure that funding is available to the Corps and the states to develop beneficial use projects, and the federal government is cognizant of the importance of using dredged material beneficially when the opportunity arises.

Louisiana would like to see more beneficial use of dredged material for coastal restoration, and the state's coastal management plan requires it in many instances. On the other hand, the Corps insists it must follow the Federal Standard to make practical decisions regarding navigation projects. Therefore, the friction between the Federal Standard and the CZMA's consistency provision needs resolution. How states and the federal government reconcile the Federal Standard/CZMA consistency conflict will affect how well a state can influence federal activities to comply with its coastal zone management beneficial use goals.

This report will shed light on the tension between the Federal Standard and CZMA consistency by analyzing relevant laws and regulations affecting beneficial use and exploring avenues for strengthening the argument for it. There will be instances when, for technical reasons, dredged material cannot be used beneficially. However, when beneficial use is possible, it could be an important component in restoring the nation's, particularly Louisiana's, eroding coastlines and should be given more consideration than it has received in the past. The question is how the needs of maintaining navigable waterways for commerce and security can be addressed while protecting the coastal and marine environments. The report also will suggest revisions to laws, regulations and policy in order to encourage more beneficial use projects.

¹³ Interviews with Greg DuCote, Louisiana Department of Natural Resources, Coastal Management Division (October 13, 2004) and George Boddie, Louisiana Department of Natural Resources, Coastal Restoration Division (December 15, 2004).

¹⁴ *Id.*

¹⁵ LA. ADMIN. CODE Title 43, § 7:707.

¹⁶ Interview with Greg DuCote, Louisiana Department of Natural Resources, Coastal Management Division (October 13, 2004).

Section 2.0

Technical Aspects Of Beneficial Use

Beneficial use of dredged material is a constructive alternative to disposing of dredged material as waste, but technical issues, such as contaminant status of sediment, and dredging technology can render beneficial use infeasible in some instances.

2.1 Definition of Beneficial Use

There are three categories of beneficial use options: engineered uses, agricultural/product uses and environmental enhancements.¹⁷ Engineered uses include land creation, land improvement, berm creation, capping, beach nourishment, shore protection and replacement fill.¹⁸ Agricultural/product uses include construction materials, aquaculture and topsoil.¹⁹ Environmental enhancement uses include wildlife habitats, fisheries improvements and wetland restoration.²⁰ The type of material dredged is a major factor in determining its potential beneficial use. Contamination of sediments is another area of concern. One type of material can be best suited for engineered use, while another can be best suited for agricultural use or environmental enhancement. For instance, gravel and sand have a variety of potential engineered uses, from shore protection and land creation to beach nourishment and capping, whereas silt/soft clay is better suited to agricultural use and environmental enhancement.²¹

The federal government works with state and local governments, private entities and semi-private entities, e.g., port authorities, during the dredged material disposal process. The Corps, the federal agency responsible for maintaining the nation's navigable waterways, issues permits to persons and other agencies for disposal of dredged material, while the U.S. Environmental Protection Agency (EPA) establishes permitting guidelines via the CWA. The EPA has veto power over Corps permit decisions if the CWA's Section 404(b)(1) Guidelines are not followed.²² The 404(b)(1) Guidelines are also used in developing an Environmental Impact Statement (EIS) for a Congressionally authorized project. When Congress authorizes a Corps project based on an EIS, the Corps is exempt from Section 404 permit requirements. For ocean disposal of dredged material, EPA also recommends areas for designation as ocean disposal sites and develops criteria related to the effects of ocean disposal for evaluating permit applications and site management plans in conjunction with the Corps,²³ while the Corps is the permitting authority for

¹⁷ U.S. Army Corps of Engineers and U.S. Environmental Protection Agency, *Beneficial Uses of Dredged Material*, available at <http://www.wes.army.mil/el/dots/budm/budm.html> (accessed April 21, 2004).

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Id.*

²¹ U.S. Army Corps of Engineers and U.S. Environmental Protection Agency, *Dredged Material Sediment Types*, available at <http://www.wes.army.mil/el/dots/budm/types.html> (accessed April 21, 2004).

²² 33 U.S.C. § 1344(c).

²³ See 33 U.S.C. § 1412.

ocean disposal of dredged material, subject to EPA concurrence and use of ocean disposal criteria developed by the EPA.²⁴

2.2 Technical Analysis of Dredged Material

The decision process to determine whether to beneficially use dredged material or to dispose of it as waste involves determining the contaminant status of the materials, selecting a site, technical feasibility, environmental acceptability, cost-benefit analysis and resolution of legal issues.

Analyzing the contaminant status is an important step in the decision process because the characteristics of dredged material determine whether it can be used beneficially and, if so, the best possible uses. The Corps determines the contaminant status of dredged material by making analyses of the material's physical, engineering and chemical characteristics.²⁵ Tests of soil properties include grain size, plasticity, water retention and permeability and organic content determinations.²⁶ Engineering tests include compaction, consolidation and shear strength.²⁷ Engineering characteristics of dredged material are critical to determining the types of beneficial uses that are possible. For instance, soft, fine-grained material typically can be used only on sites not involving heavy structures or intensive activities because this type of material has little load-bearing capacity.²⁸ Chemical characteristics of material reflect the population, industry and land use of the area from which it was dredged.²⁹ Chemical analysis of material must be made to pinpoint potential detrimental effects on the environment of the disposal area. There are four potential problem areas, depending on the chemical characteristics of the dredged material: plant toxicity, animal toxicity, surface water contamination and groundwater contamination.³⁰ Plant uptake of chemicals also may be an issue if the growth or reproduction potential of the plant is altered, or if harmful chemicals are passed to higher organisms in the food chain.³¹ Chemical tests that are conducted relate to the capacity of soil particulates to absorb nutrients that become available for plant growth (known as cation exchange capacity), nitrogen and sulfur contents of the dredged material and concentrations of heavy metals.³² However, the potential of a heavy metal to become a contaminant depends on its form and availability rather than purely on concentration within dredged sediment.³³

²⁴ See 33 U.S.C. § 1413.

²⁵ U.S. Army Corps of Engineers, *Beneficial Use of Dredged Material*, EM 1110-2-5026 2-1 (1987). Chapter 2 of the Corps' Engineering Manual contains detailed discussion regarding tests for physical, chemical and engineering characteristics of dredged material.

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.* at 2-5.

²⁹ *Id.*

³⁰ *Id.*

³¹ *Id.*

³² *Id.* at 2-6.

³³ *Id.*

The Corps also considers biological limitations. Dredged material may contain soil, rock, wood, glass, metal pieces and other debris.³⁴ Contamination in the form of oil and grease, hydrofluorocarbons and other organics depends on the population and industry of the area from which the material was dredged. If dredged material contains contaminants beneficial use, while remaining a possibility, would be limited. Certain factors are considered when planning for beneficial use of contaminated material: amounts and types of contaminants, e.g., sewer waste, pesticide and petroleum products; the maximum acceptable levels for pollutants in water, soil, animals and plants, which are set by the EPA; the kinds of plants and animals that will be on the site and how the material would affect them; chances of biomagnification³⁵ in the food chain; and the impact of contaminants on the site and in surrounding areas.³⁶ Contamination can be minimized through management strategies. Examples of management strategies are stabilizing the site with plant species that do not transport contaminants into their top shoots and managing for animals that will not feed on the site, such as fish-eating birds that use it for nesting and roosting only.³⁷ Moreover, contaminated sites can be capped with clean soil or dredged material, thus allowing for beneficial uses such as nesting meadows and recreational sites.³⁸

Most dredging projects in the United States are associated with navigation projects carried out by the Corps, cost-shared with a local sponsor such as a port authority. Through the Water Resources and Development Act (WRDA),³⁹ the Corps is responsible for maintaining approximately 25,000 miles of navigation channels for commercial and national security purposes.⁴⁰ There are more than 300 ports in coastal waterways in the United States with more than 3,700 terminals that rely on navigation channels.⁴¹ The economic and recreational value of American ports is in the billions of dollars.⁴² Annual congressionally authorized navigation improvement and maintenance projects by the Corps result in the removal of an average of 300 million cubic yards of material per year.⁴³ Many of these ports also happen to be located in environmentally sensitive areas, which have recreational, economic and aesthetic values that are critical to commercial fisheries and wildlife.⁴⁴ The Corps also is responsible for permitting non-federal dredging activities under the CWA Section 404, Ocean Dumping Act Section 103 and Rivers and Harbors Act Section 10. The Corps and the states must juggle the

³⁴ *Id.* at 2-9.

³⁵ Biomagnification means an increase in concentration of a pollutant from one link in a food chain to another. THE AMERICAN HERITAGE DICTIONARY OF SCIENCE 67 (Robert K. Barnhart, ed., Houghton Mifflin Company) (1986).

³⁶ Army Corps of Engineers, *supra* note 24, at 2-10.

³⁷ *Id.*

³⁸ *Id.*

³⁹ 33 U.S.C. § 2201 et seq.

⁴⁰ U.S. Department of Transportation, An Assessment of the U.S. Marine Transportation System: A Report to Congress (September 1999), available at <http://ntl.bts.gov/DOCS/report/mtsfinal.pdf>.

⁴¹ *Id.*

⁴² *Id.*

⁴³ U.S. Environmental Protection Agency, The Dredging Process in the United States: An Action Plan for Improvement Section 2.0, available at <http://www.epa.gov/owow/oceans/ndt/s2.html> (accessed July 17, 2004).

⁴⁴ *Id.* Section 1.0, available at <http://www.epa.gov/owow/oceans/ndt/s1.html> (accessed July 17, 2004).

difficult goals of sustaining a healthy economy while at the same time protecting valuable habitats on a limited budget.

2.3 Effects of Dredging Technology and Logistics on the Beneficial Use of Dredged Material

The beneficial use of dredged material depends in part on having the right equipment in the right place at the right time.⁴⁵ The focus of our research is not dredging technology and, indeed, we do not intend to delve into a topic that we are not qualified to discuss in detail. We would be remiss, however, if we did not briefly discuss the issue and how it may affect Corps decisions. Certain types of dredges, cutterhead dredges for example, are much more efficient for transporting large amounts of dredged material to beneficial use sites than other types, such as hopper dredges.⁴⁶ Historically, the Corps has operated and maintained a fleet of dredges of various types at various sites in U.S. coastal waters.⁴⁷ Over the past few decades, the Corps has relied more and more on contracting its dredging work to private contractors and has fewer of its own dredges in operation.⁴⁸ Private contractors are, of course, in the business of making profits, and financial incentives may result in dredges concentrated in certain coastal areas while leaving other areas with limited dredging capability.⁴⁹ Not only can a dearth of dredges in a particular area pose technical hurdles to beneficial use, it can also affect the financial feasibility.⁵⁰ The government bidding process requires that bids by private contractors be no more than 125% of the government estimate.⁵¹ With fewer bidders, the bids are more likely to be above the 125% limit.

Weather conditions determine the feasibility of using cutterhead dredges with long pipelines that are more vulnerable to storm events than hopper dredges.⁵² Mobilization of dredges takes time and money, requiring long lead times and less chance that dredges will be available during favorable weather periods.⁵³

The technical and economic issues of the dredging industry need to be thoroughly examined to determine their negative effects on the beneficial use of dredged material.

⁴⁵ Interviews with Greg Ducote, Louisiana Department of Natural Resources, Coastal Management Division (November 18, 2004) and George Boddie, Louisiana Department of Natural Resources, Coastal Restoration Division (December 15, 2004). See also GlobalSecurity.org, Dredges, available at <http://www.globalsecurity.org/military/systems/ship/dredges.htm> (accessed December 16, 2004).

⁴⁶ Interviews with Greg Ducote, Louisiana Department of Natural Resources, Coastal Management Division (November 18, 2004) and George Boddie, Louisiana Department of Natural Resources, Coastal Restoration Division (December 15, 2004).

⁴⁷ GlobalSecurity.org, Dredges, available at <http://www.globalsecurity.org/military/systems/ship/dredges.htm> (accessed December 16, 2004).

⁴⁸ Interview with George Boddie, Louisiana Department of Natural Resources, Coastal Restoration Division (December 15, 2004).

⁴⁹ *Id.*

⁵⁰ *Id.*

⁵¹ *Id.*

⁵² *Id.*

⁵³ *Id.*

Such a study is beyond the scope of this paper and the expertise of the authors, but we think it is a critical component of furthering the goal of more beneficial use of dredged material.

Section 3.0

Administrative Aspects and Funding of Beneficial Use

Dredging projects are subject to specific regulatory requirements. Some of these regulations, such as the Federal Standard, which requires the Corps to dispose of dredged material in the least costly manner consistent with sound engineering principles and environmental standards, may prevent beneficial use. The Federal Standard sometimes conflicts with Louisiana's coastal management plan, which requires beneficial use of dredged material in some instances. Funding is a major impediment to beneficial use in Louisiana, and an overview of the Corps' budget and appropriations process and federal laws that provide funding and cost-sharing mechanisms for beneficial use are provided.

3.1 The Administrative Process of Navigation Projects

Dredging projects, initiated by a local demand for dredging, are subject to specific regulatory requirements. Initially, the Corps conducts feasibility studies for the proposed project, and at each step, particularly in the budgeting phase, there is interplay between the relevant Corps district office, Corps' Headquarters, the Department of the Army, the President's Office of Management and Budget and Congress.⁵⁴ With only a few exceptions, Congress authorizes the construction of navigation project on a case-by-case basis and appropriates funds for those projects on an annual basis until their completion. Congress also makes annual project-specific appropriations for the maintenance of existing channels and harbors. For new navigation projects, the Corps obtains Congressional approval and appropriations and prepares an Environmental Assessment (EA) or EIS, if required by the National Environmental Policy Act.⁵⁵ Before implementing the plan, the Corps generally must receive water quality certification⁵⁶ from the jurisdictional state and consider the EPA's CWA Section 404(b)(1) Guidelines⁵⁷ to ensure that minimal environmental harm will result from the project. If the state's coastal zone will be affected by the project, then the Corps must obtain a consistency concurrence from the state.⁵⁸ If the enforceable policies of a state's coastal management program (CMP) include beneficial use guidelines, then it is reasonable to believe that the Corps is required to follow them to the maximum extent practicable, though the Corps has argued against this rationale when cost becomes an issue.⁵⁹ The state CMP may have a beneficial use policy, but the Corps operates under the Federal Standard, and, therefore, the Corps' does not always budget for beneficial use of dredged material as required by

⁵⁴ U.S. Army Corps of Engineers, Fact Sheet: Operations and Maintenance (O & M) Budgeting and Funding Process CEMVN-OD-G, February 17, 2004.

⁵⁵ 42 U.S.C. § 4321 et seq.

⁵⁶ 33 U.S.C. § 1341.

⁵⁷ 33 U.S.C. § 1344.

⁵⁸ 16 U.S.C. § 1456.

⁵⁹ Interview with Greg DuCote, Louisiana Department of Natural Resources, Coastal Management Division (October 13, 2004).

the enforceable policies in the CMP. If the state wants beneficial use that will cost more than the base plan, then the Corps maintains the state is responsible for securing the extra funds. The state may choose to fund the cost above the base plan from its own budget, and some funding mechanisms at the federal level are available to alleviate part of the extra cost. The WRDA and CWPPRA are two such funding mechanisms, though both also require non-federal cost sharing⁶⁰ and so far have been insufficient to meet the state's needs. Louisiana's State and Local Coastal Resources Management Act (SCLRMA) (passed pursuant to the CZMA) and regulations *require* beneficial use of dredged material for wetland protection, creation or enhancement when a use or activity requires the dredging or disposal of 500,000 cubic yards or more of any waterbottom or wetland within the coastal zone.⁶¹ If a proposed use or activity requires a coastal use permit for the dredging or disposal of twenty-five thousand to five hundred thousand cubic yards of any water bottoms or wetland within the coastal zone, then the state *may require* beneficial use.⁶² The crux of the debate in Louisiana is that the Department of Natural Resources would like dredged material beneficially used according to the requirements in its CMP to facilitate coastal restoration efforts, while the Corps often asserts that it must deal with the dredged material according to the Federal Standard and its limited budget rather than being consistent with the state's CMP. Thus, the tension and impasse between the two agencies remains unresolved.

3.2 The Federal Standard

During the planning process of a federal navigation project, the Corps must decide what to do with the material it will dredge. The Corps' regulations require, as a matter of policy, that projects including the disposal of dredged material from dredging projects be conducted in an economically efficient manner commonly known as the Federal Standard.⁶³ The Federal Standard means that the Corps will use "the dredged material disposal alternative or alternatives identified by the Corps which represent the least costly alternatives consistent with sound engineering practices and meeting the environmental standards established by the CWA Section 404(b)(1) evaluation process or ocean dumping criteria."⁶⁴

The Corps published the Federal Standard regulation in 1988 to provide nationwide consistency in the management of dredged material disposal by balancing economics, engineering and environmental requirements.⁶⁵ Promulgation of the policy as a final rule was controversial. During the commenting period, two of the issues that were raised were whether alternatives to a proposed project should be developed as part of the Federal Standard before the Corps requests a CZMA consistency concurrence from the state and whether requirements for beneficial use of dredged material should be

⁶⁰ See 33 U.S.C. §§ 2201-2220 and 16 U.S.C. § 3952(f).

⁶¹ La. R.S. § 49:214.30(H)(1).

⁶² La. R.S. § 49:214.30(H)(2).

⁶³ 33 C.F.R. § 335.4.

⁶⁴ 33 C.F.R. § 335.7.

⁶⁵ Final Rule for Operation and Maintenance of Army Corps of Engineers Civil Works Projects Involving the Discharge of Dredged Material Into Waters of the U.S. or Ocean Waters, 53 Fed. Reg. 14902 (April 26, 1988) (codified at 33 C.F.R. Parts 209, 335, 336, 337 and 338).

incorporated into the Federal Standard.⁶⁶ The Corps' position was that the Federal Standard must be developed before the proposed project is submitted to a state for consistency determination because the state would be not able to make its consistency determination without having all information regarding the proposed activity, including the Federal Standard cost restrictions.⁶⁷ Regarding incorporation of beneficial use into the development of Federal Standard budget limits, the Corps responded that it is Corps policy to use dredged material beneficially using existing authority and funding, consistent with the Federal Standard development process.⁶⁸ When a state's recommendations for making a proposed project consistent with its CMP would require the Corps to exceed either its authorization or appropriation, then the Corps believes it has complied with the CZMA to the maximum extent practicable, and a non-federal sponsor becomes responsible for the costs that exceed the Congressional appropriation.⁶⁹ After additional costs are factored into the overall project cost, the project, with or without a non-federal sponsor re-evaluated by the Corps to determine continued economic feasibility in light of any state-imposed requirements that would increase cost.⁷⁰

NOAA's opinion regarding the Federal Standard was expressed in a 1989 letter to Corps Headquarters.⁷¹ The NOAA letter was a response to the Corps' promulgation of a final rule⁷² regarding its responsibilities to address requirements under the CWA and CZMA as they pertained to operations and maintenance of dredging activities. In its letter, NOAA expressed concern over the Corps' definition for the Federal Standard in a way that precludes spending above the Federal Standard's limits by adding beneficial use costs to a project. NOAA's concern was that the use of the Federal Standard was not compatible with the Corps' obligation to make its actions consistent to the maximum extent practicable with a state's federally approved CMP. NOAA argued that while guidance in the CZMA and its regulations on the meaning of the phrase "to the maximum extent practicable" recognizes that compliance with that standard may be prohibited based upon the requirements of other federal law applicable to Corps operations, "neither the CZMA or its implementing regulations contemplate the use of economic efficiency as a reason not to comply with the requirements of Section 307 of the CZMA."⁷³ NOAA's consistency regulations state that "federal agencies cannot use a general claim of lack of funding or insufficient appropriated funds or failure to include the cost of being fully consistent in federal budget and planning processes as being consistent to the maximum extent practicable" with an enforceable policy of a state CMP.⁷⁴ In the case of the

⁶⁶ *Id.* at 14904.

⁶⁷ *Id.*

⁶⁸ *Id.*

⁶⁹ *Id.* at 14906.

⁷⁰ *Id.*

⁷¹ Memorandum from the National Oceanic and Atmospheric Administration to Brigadier General Patrick J. Kelley, U.S. Army Corps of Engineers (December 15, 1989) (on file with the Louisiana Sea Grant Legal Program). At the time the Dredging Guidance Letter was written, the Corps had asked for the Department of Justice's (DOJ) opinion on the issue, and the DOJ responded that ODA Section 106(d) did preempt state regulation of ocean dumping activities covered by the Act, including CZMA consistency concurrence.

⁷² 33 C.F.R. Parts 335-338.

⁷³ *Supra* note 69.

⁷⁴ 15 C.F.R. § 930.32(a)(3).

Federal Standard it has been suggested that the Corps could argue that following the cost restraints imposed by the Federal Standard is being consistent to the maximum extent practicable because other federal laws, such as WRDA Section 204, allow beneficial use if a state or local sponsor agrees to enter into a binding cost-sharing agreement with the Corps.⁷⁵ However, the Corps has yet to make this argument, and we believe it is a weak one.⁷⁶

The Federal Standard regulations have continued to be the subject of debate between the Corps, NOAA and states such as Louisiana that are being affected by coastal erosion. To what extent then does the Federal Standard apply in light of CZMA consistency requirements, specifically Louisiana's beneficial use guidelines when funding is an issue? There is no quick and easy answer to this question because the issue is complex, and Congress has not provided clear guidance. Insight may be gleaned from Congressional intent in enacting various laws, including the CZMA, and Congressional directives to the Corps. Case law sheds little light because the issues surrounding the Federal Standard and CZMA consistency have not been litigated.

There was no specific Congressional directive to develop the Federal Standard. The Corps developed it from its interpretation of various environmental laws, Executive Orders and case law.⁷⁷ According to the final rule published in the *Federal Register*,⁷⁸ the Federal Standard was derived from the CWA, the ODA, the National Historic Preservation Act of 1966,⁷⁹ the Reservoir Salvage Act of 1960,⁸⁰ the Endangered Species Act,⁸¹ the Estuary Protection Act,⁸² the Fish and Wildlife Coordination Act,⁸³ the Wild and Scenic Rivers Act,⁸⁴ the National Environmental Policy Act,⁸⁵ CZMA Section 307(c), WRDA and Executive Orders 11593,⁸⁶ 11988,⁸⁷ 11990,⁸⁸ 12372⁸⁹ and 12114.⁹⁰ The Federal Standard gives equal weight to cost, engineering and environmental considerations. When applied to navigation projects, the Federal Standard requires the Corps to consider not only those factors, but also the impact of the failure to maintain navigation channels on the national, and in some cases regional, economy.⁹¹ Data

⁷⁵ David Kaiser, Federal Consistency Coordinator, NOAA Office of Ocean and Coastal Resource Management, Gulf of Mexico CZMA Federal Consistency Workshop, New Orleans, Louisiana (December 1, 2004).

⁷⁶ *Id.* See further discussion on page 34.

⁷⁷ *Supra* note 63 at 14902.

⁷⁸ *Supra* note 63 at 14911, 14912.

⁷⁹ 16 U.S.C. § 470a et seq., as amended.

⁸⁰ 16 U.S.C. § 469, as amended.

⁸¹ 16 U.S.C. § 1531 et seq., as amended.

⁸² 16 U.S.C. § 1221.

⁸³ 16 U.S.C. § 661 et seq., as amended.

⁸⁴ 16 U.S.C. § 1271 et seq., as amended.

⁸⁵ 42 U.S.C. § 4341 et seq., as amended.

⁸⁶ Protection and Enhancement of the Cultural Environment, May 13, 1971, 36 Fed. Reg. 8921 (May 15, 1971).

⁸⁷ Floodplain Management, May 27, 1977, 42 Fed. Reg. 26951 (May 25, 1977).

⁸⁸ Protection of Wetlands, May 24, 1977, 42 Fed. Reg. 26961 (May 25, 1977).

⁸⁹ Intergovernmental Review of Federal Programs, July 14, 1982, 47 Fed. Reg. 3959 (July 16, 1982).

⁹⁰ Environmental Effects Abroad of Major Federal Actions, January 4, 1979.

⁹¹ *Supra* note 63 at 14914.

generated by Environmental Assessments, Environmental Impact Statements, the CWA Section 404(b)(1) Guidelines and public notice coordination process also guide the Corps in formulating alternatives to disposal of dredged material.⁹²

The Congressional Record of floor debates on the CZMA and the relationship between beneficial use and the Federal Standard provide little insight into Congressional intent regarding the relationship between CZMA consistency requirements and the Federal Standard in federal navigation projects or regarding beneficial use of dredged material generally and as it relates to consistency. While beneficial use and the Federal Standard are mentioned in Congressional Proceedings and Debates, Congress makes no statement about how to resolve conflicts between the Federal Standard and CZMA consistency. Congress generally has recognized the restoration needs of America's coasts, and the vital role the Corps plays in environmental restoration, but also recognizes the Corps' limited funding is a significant hurdle to overcome.⁹³ Legislation has been introduced throughout the years to increase Corps funding for environmental restoration projects. For example, legislation introduced by U.S. Representative Walter B. Jones (R-NC) would have authorized beneficial use of dredged material for shoreline protection and restoration projects that cost more than the base plan, as long as non-federal interests agreed to pay thirty-five percent of the cost.⁹⁴ This legislation, had it passed, would have provided \$75 million per fiscal year for such projects.⁹⁵ The legislation, introduced in July 2002, remains in the Subcommittee on Water Resources and Environment.⁹⁶

The fact that Congress has been silent on the issue presents a challenge. Congress has consistently recognized the need to protect America's coastal ecosystems, while acknowledging monetary restraints to accomplishing that goal. The Corps disagrees with NOAA and coastal states as to what degree the Federal Standard affects the CZMA consistency provision, and a Congressional directive would help resolve the impasse.

3.3 Funding Beneficial Use Projects

A brief overview of the Corps' budget and appropriations process will facilitate understanding of how beneficial use projects ultimately are funded. The time period for the Corps' budget and appropriations process is approximately twenty months.⁹⁷ Budget development and execution in the Corps' Operation and Maintenance (O&M) Program takes place on a federal fiscal year basis, and the development of a budget occurs during the two fiscal years preceding the fiscal year when funding is available for the execution

⁹² *Id.*

⁹³ *See, e.g.*, 140 CONG. REC. S4334-04 (April 14, 1994) (statement of Sen. Sarbanes) and 141 CONG. REC. H6772-02 (July 11, 1995) (statement of Rep. Cardin).

⁹⁴ H.R. 5137, 107th Cong. (2002).

⁹⁵ *Id.*

⁹⁶ *See* THOMAS: Legislative Information on the Internet, Summary and Bill Status (accessed November 18, 2004) (status of H.R. 5137 is available via search engine).

⁹⁷ National Dredging Team, Dredged Material Management and State Coastal Management Programs: Lessons from a Workshop in New Orleans, Louisiana (January 1999), *available at* <http://www.epa.gov/owow/oceans/ndt/napareport/budget.html>.

of O&M projects (also referred to as the Budget Year or BY).⁹⁸ The process begins in February, two years (BY-2) before the budget year,⁹⁹ when the President's Office of Management and Budget (OMB) sets the Corps' budget ceiling for that budget year.¹⁰⁰ The Corps then allocates money for each program, and Corps district offices set priorities and amounts for each project in their areas.¹⁰¹ By September BY-2, the Corps submits its proposed budget to OMB for comments. In February BY-1, the President's administration proposes a budget for the next fiscal year (FY) in the form of an appropriations bill.¹⁰² Congress holds hearings on the proposed FY budget and may mark up the appropriations bill, meaning that the text of the bill may be revised and amendments offered before presented to the House or Senate for action. Once Congress enacts the appropriations bill, funds are available for the BY.¹⁰³ The budget schedule is relevant to dredging projects because almost all of them are funded by name with specific appropriations. There are four "zones of influence" in which state and local interests can have input on the Corps' budget:

- The budget planning usually begins in the Corps' field offices. In order to have maximum input in the design of projects, i.e., beneficial use, potential state and local sponsors should contact the District Engineer (DE) and work closely with the DE to identify and characterize dredging projects. Sponsors should present the DE with their views by February BY-2;
- Sponsors can visit Washington, D.C. when Corps Headquarters presents the proposed budget to the Assistant Secretary of the Army for Civil Works, which takes place July to August BY-2. At this stage, potential sponsors can influence specific projects or specific funding levels in the Corps' proposed budget;
- During the stage when Congress debates the administration's proposed budget, Congressional committees hold hearings, and committee members may be influenced by letters from constituents and statements from members of Congress; and
- Since appropriations committees are bound by the limitations set by their respective budget committees, project supporters should consider speaking with the budget committee to encourage adequate funding.¹⁰⁴

Although the Corps' operation and maintenance budget should be increased to meet the rising costs of adequately maintaining and constructing new navigation projects, securing increases has proved difficult over the years.¹⁰⁵ Attempts by the Corps and state and local entities with interests in dredging and beneficial use projects to influence Congress

⁹⁸ U.S. Army Corps of Engineers, Fact Sheet: Operations and Maintenance (O & M) Budgeting and Funding Process CEMVN-OD-G, February 17, 2004.

⁹⁹ *Supra* note 95.

¹⁰⁰ *Id.*

¹⁰¹ *Id.*

¹⁰² *Id.*

¹⁰³ *Id.*

¹⁰⁴ *Id.*

¹⁰⁵ National Dredging Team, Dredged Material Management and State Coastal Management Programs: Lessons from a Workshop in New Orleans, Louisiana (January 1999), *available at* <http://www.epa.gov/owow/oceans/ndt/napareport/budget.html> (accessed August 12, 2004).

during the appropriations stage will continue to be necessary. A more detailed explanation of the Corps' budgeting and funding process for Operation and Maintenance projects is located in the Appendix.

There are two ways the Corps can aid state and local water resource development projects, which include environmental restoration projects: an individual authorized study or through the Continuing Authorities Program (CAP).¹⁰⁶ An individual authorized study is the most common way a community and the Corps co-sponsor a project, which requires Congressional approval to conduct a feasibility study and construct the project.¹⁰⁷ Local sponsors share study and construction costs and ultimately are responsible for all operation and maintenance costs.¹⁰⁸ Through the CAP, the Corps has standing Congressional authority to study and build water resource projects for specific purposes and with specific funding limits per project.¹⁰⁹ The process and rules, such as cost sharing rules, for projects under the CAP generally are the same as the ones that apply to individual authorized studies, except that individual Congressional authority is not needed.¹¹⁰

There are five existing principal authorities under which the Corps typically applies beneficial use to a dredging project: 1) including a beneficial use component in the base plan, 2) including beneficial use in a Congressionally authorized navigation project, or through the CAP via (3) Section 204 of WRDA, (4) Section 206 of WRDA or (5) Section 1135 of WRDA.¹¹¹ See Figure 1 in the Appendix for a flow chart regarding the funding of beneficial use projects. When beneficial use is included in the base plan, it is incorporated into the Federal Standard, meaning it is unlikely that the beneficial use component of the project would require additional funds from the state or local interest.¹¹² The Corps New Orleans District dredges an average of 70 million cubic yards annually in Louisiana and, at this time, uses approximately 14.5 million cubic yards beneficially in the surrounding environment with funding from the Operation and Maintenance program or the Continuing Authorities Program, as defined in Section 204 of WRDA.¹¹³ However, cost sharing may be involved even if beneficial use is incorporated into the Federal Standard in some instances.¹¹⁴ With maintenance dredging projects, for example, the federal government bears the transportation and placement costs of the material,¹¹⁵ but projects involving the maintenance of disposal facilities are

¹⁰⁶ U.S. Army Corps of Engineers, *The Corps Can Help: A Guide to Community Assistance and Cost-Sharing Programs with the Corps of Engineers*, available at <http://www.swl.usace.army.mil/planning/PERbrochure.pdf>.

¹⁰⁷ *Id.*

¹⁰⁸ *Id.*

¹⁰⁹ *Id.* Note: Regulations for the CAP are located at 33 C.F.R. § 26.10 et seq.

¹¹⁰ *Id.*

¹¹¹ National Dredging Team, *Dredged Material Management and State Coastal Management Programs: Lessons from a Workshop in New Orleans, Louisiana (January 1999)*, available at <http://www.epa.gov/owow/oceans/ndt/napareport/budget.html> (accessed August 12, 2004).

¹¹² *Id.*

¹¹³ U.S. Army Corps of Engineers, *Louisiana Coastal Area Ecosystem Restoration Study Main Report, Volume 1*, November 2004 at xi.

¹¹⁴ *Supra* note 103.

¹¹⁵ *Id.*

cost-shared: the non-federal interest pays between ten and sixty percent of the cost.¹¹⁶ Construction projects involving transportation and placement of dredged material may involve non-federal costs of between ten and sixty percent, depending on the depth of the channel.¹¹⁷ These types of cost sharing are not based on paying the incremental cost of beneficial use, but on the fact that the underlying project is cost-shared.¹¹⁸

If beneficial use is included as part of a Congressionally authorized navigation project, usually a multi-use project authorized and funded by Congress, cost sharing is required. The cost-sharing process includes funding the feasibility study, obtaining Congressional authority and funding and securing an agreement between the federal interest and state or local interest to cover the non-federal share of the project's cost.¹¹⁹ This type of project usually requires a non-federal sponsor to pay twenty-five percent of the increase in incremental cost of beneficial use above the base plan and one hundred percent of the non-federal maintenance cost.¹²⁰

The WRDA provides funding mechanisms for the conservation and development of water and related resources and the improvement and rehabilitation of America's water resources infrastructure.¹²¹ Section 204 of WRDA authorizes the Corps to carry out projects "for the protection, restoration and creation of aquatic and ecologically related habitats, including wetlands, in connection with dredging for construction, operation or maintenance by the Corps of an authorized navigation project."¹²² Moreover, funding under this law can be used to cover the federal share of the cost above the base plan of navigation projects for beneficial use projects.¹²³ Section 204 provides programmatic authority, which means that the Corps does not need Congressional authorization or appropriations for each project. Projects undertaken pursuant to Section 204 are initiated only after non-federal interests have entered into a binding agreement with the Corps to provide twenty-five percent of the cost associated with the construction of the project for the protection, restoration and creation of aquatic and ecologically related habitats and also to pay one hundred percent of the operation, maintenance, replacement and rehabilitation costs associated with the project.¹²⁴ Congressionally authorized appropriations for this section are limited by law to not to exceed \$15 million annually,¹²⁵ but, according to the Corps, Section 204 authority has been underused in the past, and the Corps has received only as high as \$2 to \$3 million per fiscal year in recent years.¹²⁶ In 1999, Congress appropriated only \$350,000 because expenditures under the Section 204 program were low the previous fiscal year.¹²⁷ Under the Louisiana Coastal Wetlands

¹¹⁶ *Id.*

¹¹⁷ *Id.*

¹¹⁸ *Id.*

¹¹⁹ *Id.*

¹²⁰ *Id.*

¹²¹ 33 U.S.C. § 2201 et seq., as amended.

¹²² 33 U.S.C. §§ 2326(a) and (c). Note: § 2326 is commonly referenced as Section 204.

¹²³ WRDA 1986, Pub. L. No. 99-662, Preamble, HR 6 (1986).

¹²⁴ 33 U.S.C. § 2326(c).

¹²⁵ *Id.* at § 2326(f).

¹²⁶ *Supra* note 107.

¹²⁷ *Id.*

Conservation Plan, the state budgets approximately \$1 million annually to provide the twenty-five percent cost share for beneficial use projects associated with the maintenance of federal navigation channels via programs under WRDA Sections 204 and 1135.¹²⁸

Section 204(e) of WRDA contains a provision regarding the selection of dredged material disposal methods. Section 204(e), added to WRDA in 1996, allows the Corps to select, with the consent of non-federal interests, a dredged material disposal method that is not the least-cost option if the Corps determines that the incremental costs of the method at issue are reasonable in relation to the environmental benefits, "including the benefits to the aquatic environment to be derived from the creation of wetlands and control of shoreline erosion," as long as a nonfederal interest funds twenty-five percent of the cost for construction and one hundred percent of the maintenance cost.¹²⁹ Authority under Section 204(e) is separate from authority under Section 204 established by WRDA 1992.

Section 206 of WRDA authorizes a program for the Corps to carry out environmentally beneficial modifications to water resources projects constructed by the Corps for improvement of the environment.¹³⁰ These aquatic ecosystem restoration projects also must be cost effective and in the public interest.¹³¹ Non-federal interests are required to pay thirty-five percent of the cost of construction¹³² and one hundred percent of the operation and maintenance costs.¹³³ Individual projects are limited to \$5 million in federal cost,¹³⁴ and the Section 206 program has an annual appropriations limit of \$25 million.¹³⁵

Although not specifically oriented to beneficial use projects, Section 1135 of WRDA authorizes a program for modifications in the structures and operations of water resource projects constructed by the Corps for the purpose of environmental improvement in the public interest and to determine if the operation of such projects has contributed to environmental degradation.¹³⁶ The Corps is authorized to carry out project modifications as part of the program once the Secretary of the Army determines that they are feasible and consistent with the project's purposes and will improve the quality of the environment in the public interest.¹³⁷ The Corps has the option to carry out modifications either at the project site or at other locations that have been affected by the construction and operation of the project, if such measures do not conflict with the purposes of the authorized project.¹³⁸ Non-federal sponsors are required to pay twenty-five percent of the

¹²⁸ Louisiana Department of Natural Resources Office of Coastal Restoration and Management, Louisiana Coastal Wetlands Conservation Plan, 1997 at 21.

¹²⁹ *Id.* at § 2326(e). Note: Section 2326(e) is sometimes referenced as Section 207.

¹³⁰ 33 U.S.C. § 2330(a).

¹³¹ *Id.*

¹³² 33 U.S.C. § 2330(b).

¹³³ 33 U.S.C. § 2330(c)(1).

¹³⁴ 33 U.S.C. § 2330(d).

¹³⁵ 33 U.S.C. § 2330 (e).

¹³⁶ 33 U.S.C. § 2309a.

¹³⁷ 33 U.S.C. § 2309a(b).

¹³⁸ 33 U.S.C. § 2309a(c)(1)

project cost¹³⁹ and usually pay one hundred percent of the operation and maintenance costs. The federal monetary limit per project is \$5 million,¹⁴⁰ and the annual appropriations limit is \$25 million.¹⁴¹

In 1990, Congress passed CWPPRA in response to Louisiana's coastal land loss crisis. CWPPRA established a task force to identify and prioritize wetlands restoration projects in Louisiana that would restore, protect and enhance coastal wetlands.¹⁴² Rankings are based on cost effectiveness and include small demonstration projects that test new technology.¹⁴³ Included in CWPPRA is the Louisiana Coastal Wetlands Conservation program. This program authorizes the development of a conservation plan by the state, with approval from EPA, the Corps and the U.S. Fish and Wildlife Service (FWS), for the purpose of achieving no net loss of coastal wetlands in Louisiana.¹⁴⁴ The program also authorizes the FWS to provide matching grants to carry out coastal wetlands conservation projects,¹⁴⁵ and since approval of Louisiana's conservation plan, the state's cost share for wetlands projects developed pursuant to CWPPRA decreased from the usual twenty-five percent to fifteen percent.¹⁴⁶ CWPPRA Section 307 provides the Corps with additional authority to "carry out projects for the protection, restoration or enhancement of aquatic and associated ecosystems, including projects to protect, restore or create wetlands and coastal ecosystems."¹⁴⁷ Sediment dredged from navigation channels can be used to construct CWPPRA projects at a reduced cost-share. CWPPRA Section 307 also authorizes the Corps to conduct feasibility studies for modifying the operation of existing navigation and flood control projects "to allow for an increase in the share of the Mississippi River flows and sediment sent down the Atchafalaya River for purposes of land building and wetlands nourishment."¹⁴⁸

¹³⁹ 33 U.S.C. § 2309a(d).

¹⁴⁰ *Id.*

¹⁴¹ 33 U.S.C. § 2309a(h).

¹⁴² 16 U.S.C. § 3952.

¹⁴³ *Id.*

¹⁴⁴ 16 U.S.C. § 3953(b).

¹⁴⁵ 16 U.S.C. § 3954.

¹⁴⁶ U.S. Fish and Wildlife Service, The National Wetlands Conservation Grant Program Fact Sheet, available at http://www.fws.gov/cep/cwg_jan04.pdf.

¹⁴⁷ 16 U.S.C. § 3956.

¹⁴⁸ *Id.*

Chapter 4.0

Legal Issues Affecting Beneficial Use

The Corps has specific responsibilities affecting beneficial use under the Ocean Dumping Act, Clean Water Act, Coastal Zone Management Act and the National Environmental Policy Act that can be used to encourage more beneficial use in some instances.

4.1 Corps Responsibilities Under the Ocean Dumping Act

Ocean dumping of dredged material mostly falls under the jurisdiction of the Marine Protection Research and Sanctuaries Act, commonly known as the Ocean Dumping Act or ODA. Congress passed the ODA to prevent unregulated ocean disposal because it “endangers human health, welfare, and amenities, and the marine environment, ecological systems, and economic potentialities.”¹⁴⁹ Both the Corps and EPA have role in the regulation of ocean dumping. The ODA provides for control of both the transportation of material to be dumped and the dumping itself.¹⁵⁰

The EPA regulates the dumping of all ODA-regulated materials except dredged material, which is regulated by the Corps.¹⁵¹ However, EPA recommends designated ocean disposal sites for dredged material.¹⁵² The standard for permit issuance by the Corps is whether the dumping will “unreasonably degrade or endanger human health, welfare or amenities, or the marine environment, ecological systems and ecological potentialities.”¹⁵³ During the permit process for ocean disposal of dredged material, the Corps uses criteria promulgated by EPA and also consults with EPA throughout the process.¹⁵⁴ The EPA has developed specific environmental criteria to evaluate permit applications, and the development of these criteria is conducted in coordination with the Corps for ocean disposal of dredged material.¹⁵⁵ In developing criteria for the evaluation of permit applications, the ODA requires the consideration of elements such as: (1) the need for the proposed ocean disposal; (2) the effects on human health and welfare, fisheries resources, marine ecosystems and shorelines; (3) the “persistence and permanence of the effects” of disposal; (4) the effects of the disposal “in particular volumes and concentrations”; (5) “appropriate locations and methods of disposal or recycling, including land-based alternatives” and their impacts; and (6) the effects of disposal on “alternate uses of the oceans.”¹⁵⁶ The Department of Commerce, through

¹⁴⁹ 33 U.S.C. § 1401(a).

¹⁵⁰ *See id.* at (c).

¹⁵¹ *See id.* at § 1412.

¹⁵² *See id.* at §§ 1412 and 1413(b).

¹⁵³ *See id.* at §§ 1412 and 1413.

¹⁵⁴ *See id.* at § 1413.

¹⁵⁵ *See id.*

¹⁵⁶ 33 U.S.C. § 1412.

NOAA, also has some authority pursuant to the ODA: it conducts research on the effects on ocean systems of ocean dumping and other human-induced changes.¹⁵⁷

The section of the ODA that is most relevant to the issue in question is Section 106(d), which states, in part:

In the case of a Federal project, a State may not adopt or enforce a requirement that is more stringent than a requirement under this subchapter if the Administrator finds that such requirement—

(A) is not supported by relevant scientific evidence showing the requirement to be protective of human health, aquatic resources, or the environment;

(B) is arbitrary or capricious; or

(C) is not applicable or is not being applied to all projects without regard to Federal, State, or private participation and the Secretary of the Army concurs in such finding.¹⁵⁸

In the past, the Corps has argued that its ocean disposal projects did not require consistency with state CMPs.¹⁵⁹ While the Corps argued that the ODA preempted consistency, the agency stated that it would voluntarily comply with the CZMA as a matter of comity.¹⁶⁰ On the other hand, NOAA argued that the ODA did not preempt the CZMA. A brief summary of the Corps' and NOAA's arguments and an analysis of Congressional intent during the CZMA Reauthorization Amendments of 1990 follow.

In 1989, the Corps promulgated its final rule for discharge of dredged materials into the waters of the U.S. or ocean waters.¹⁶¹ In its 1989 Dredging Guidance Letter, which was drafted to clarify and interpret various sections of the new regulations and regulations regarding transportation of dredged material for ocean disposal,¹⁶² the Corps expressed uncertainty over the legal authority of a state to require compliance with the CZMA consistency provision for the agency's ODA-authorized ocean disposal of dredged material within the three-mile extent of the territorial sea.¹⁶³ The basis for this argument was the doctrine of federal preemption, which means that federal legislation on a subject matter is controlling over state laws on the same subject matter and precludes states from enacting laws on the same subject matter, upon either an express or implied statement from Congress to that effect.¹⁶⁴ The Corps stated it would comply as a matter of comity and submit to the consistency process as a matter of practice,¹⁶⁵ except when a

¹⁵⁷ See *id.* at §§ 1441 and 1442.

¹⁵⁸ 33 U.S.C. § 1416(d)(2).

¹⁵⁹ U.S. Army Corps of Engineers, Dredging Guidance Letter (Sept. 19, 1989) (on file with the Sea Grant Legal Program).

¹⁶⁰ *Id.*

¹⁶¹ *Supra* note 63.

¹⁶² See 33 C.F.R. § 336.2(c).

¹⁶³ See also *supra* note 63 at 14908.

¹⁶⁴ U.S. CONST. art. VI. See, e.g., *California Coastal Commission v. Granite Rock Co.*, 480 U.S. 572 (1987).

¹⁶⁵ 33 C.F.R. § 336.2(c).

state “unreasonably denies” consistency with a Corps ocean dumping project, then the Corps Division’s District Engineer (DE) would consider whether it should proceed without state concurrence, but only after consultation between the DE and Corps Headquarters.¹⁶⁶ NOAA argued that the Corps was under a legal obligation to submit to the consistency process¹⁶⁷ and stated that while the language of Section 106(d) “may leave some doubt” about the extent to which consistency may apply, the use of consistency by the states is implementation of a federal statute and not a state regulation per se.¹⁶⁸ NOAA also pointed towards a similar issue that Congress addressed in 1986 during the reauthorization of another law, the Superfund law that, according to one of its sponsors, amended the ODA in order to overturn a series of cases that held the CWA and ODA preempted state regulation.¹⁶⁹ The ODA amendment established the “general rule that state laws, standards or limitations are not preempted by the [ODA] ... where there is a potential conflict between a state authority governing environmental quality, public health or welfare and the prohibitions in Section 106(d) of the ODA, the presumption favors the continuing validity of state law.”¹⁷⁰

Congress again touched on this issue in 1990 during the CZMA Reauthorization Amendments.¹⁷¹ A U.S. House of Representatives Conference Report stated that House Bill 4450 contained a section,¹⁷² which provided that the CZMA’s consistency requirements applied to federal agency activities under the ODA, if the federal activity affected land uses, water uses or natural resources of the coastal zone.¹⁷³ This section was not included in the conference report because there was “no doubt that all federal agency activities and all federal permits are subject to the CZMA’s consistency requirements.”¹⁷⁴ The House was aware of, and rejected, the argument that requiring consistency of ODA-authorized dumping with state CMPs violated the ODA’s state preemption provision.¹⁷⁵ Thus, the Congressional Record indicates that CZMA consistency requirements are not preempted by federal law, and the argument should be even stronger with regard to regulations such as the Federal Standard.

¹⁶⁶ U.S. Army Corps of Engineers, Dredging Guidance Letter (Sept. 19, 1989) (on file with the Sea Grant Legal Program).

¹⁶⁷ Memorandum from the National Oceanic and Atmospheric Administration to Brigadier General Patrick J. Kelley, U.S. Army Corps of Engineers (December 15, 1989) (on file with the Louisiana Sea Grant Legal Program). At the time the Dredging Guidance Letter was written, the Corps had asked for the Department of Justice’s (DOJ) opinion on the issue, and the DOJ responded that ODA Section 106(d) did preempt state regulation of ocean dumping activities covered by the Act, including CZMA consistency concurrence.

¹⁶⁸ *Id.*

¹⁶⁹ *Id.*

¹⁷⁰ *Id.*

¹⁷¹ CONFERENCE REPORT ON H.R. 5835, OMNIBUS BUDGET RECONCILIATION ACT OF 1990, H. Rept. 101-964, 136 Cong. Rec. H12423-02, H12695 (1990).

¹⁷² § 7207

¹⁷³ *Id.*

¹⁷⁴ *Id.*

¹⁷⁵ *Id.*

4.2 Corps Responsibilities Under the Clean Water Act

The CWA,¹⁷⁶ passed in 1972, established federal laws for regulating discharges of pollutants into the waters of the U.S and gave the EPA primary authority to implement and enforce pollution control programs.¹⁷⁷ Section 404 of the CWA authorized the Corps to regulate the disposal of dredged or fill material into navigable waters of the U.S. in accordance with guidelines developed by the EPA which are commonly known as the 404(b)(1) Guidelines.¹⁷⁸ The purpose of the Guidelines is to restore and maintain the chemical, physical and biological integrity of the waters of the U.S. through the control of discharges of dredged or fill material.¹⁷⁹ They were developed to implement the CWA policy that dredged or fill material should not be discharged into the aquatic ecosystem, unless it can be demonstrated that it will not have an unacceptable adverse impact on the ecosystem(s) of concern.¹⁸⁰ Under the 404(b)(1) Guidelines, a discharge of dredged or fill material is not permitted if there is a practicable alternative that would have a less adverse impact on the aquatic ecosystem, so as long as the alternative does not have other significant adverse impacts.¹⁸¹ Findings of significant degradation from a proposed discharge are based on factual determinations and tests, with emphasis on the permanence and persistence of effects.¹⁸² Effects that contribute to significant degradation include significantly adverse effects on: 1) human health or welfare, 2) life stages of aquatic life and other wildlife dependent on aquatic ecosystems, 3) effects on aquatic ecosystem diversity, productivity and stability or 4) effects on recreational, aesthetic and economic values.¹⁸³ Analysis under the 404(b)(1) Guidelines comprises part of the decision of whether or not to use dredged material beneficially.

The CWA implements the 404(b)(1) Guidelines mainly in the context of Section 404 permits issued by the Corps to individuals and entities for deposit of dredged or fill material into navigable waters of the U.S. However, the Guidelines also play a role in two other important areas. Congressionally authorized federal projects including Corps activities such as dredging for navigation projects are exempt from CWA Section 404 permitting requirements only if Congress has been informed of the effects of the discharge before authorization and appropriation.¹⁸⁴ The vehicle specified by the CWA to inform Congress of the effects of projects it authorizes and funds is the Environmental Impact Statement (EIS) required by the National Environmental Policy Act.¹⁸⁵ The

¹⁷⁶ 33 U.S.C. § 1251 et seq.

¹⁷⁷ U.S. EPA, *Laws and Regulations: Clean Water Act History*, available at <http://www.epa.gov/region5/water/cwa.htm> (accessed August 2, 2004).

¹⁷⁸ 33 U.S.C. § 1344(b)(1); 40 C.F.R. Part 230.

¹⁷⁹ 40 C.F.R. § 230.1(a). *See also* 33 U.S.C. § 1251.

¹⁸⁰ *Id.* at § 230.1(c).

¹⁸¹ *Id.* at § 230.10(a).

¹⁸² *Id.* at § 230.10(c).

¹⁸³ *Id.*

¹⁸⁴ 33 U.S.C. § 1344(r).

¹⁸⁵ *Id.*

CWA specifically names the 404(b)(1) Guidelines as a consideration to be addressed in the EIS.¹⁸⁶

Another area where the 404(b)(1) Guidelines play a role is in development of the Federal Standard for navigation projects. While the Federal Standard requires that the Corps dispose of dredged material in the least costly manner, it also requires that dredged material to be disposed in a manner consistent with the 404(b)(1) Guidelines.¹⁸⁷ The technical analysis the Corps performs in determining whether or not material can be used beneficially is chemical and biological in nature, considering such factors as whether the material will cause or contribute to violations of applicable water quality and toxic effluent standards, jeopardize species listed as endangered or threatened under the Endangered Species Act or their critical habitat or violate requirements imposed by the Secretary of Commerce to protect marine sanctuaries designated under the ODA.¹⁸⁸

In discussions with other coastal states, namely California and Washington State, we learned that those states have a close working relationship with their respective EPA regions with regard to beneficial use issues.¹⁸⁹ Our discussions with the Coastal Management Division of LDNR revealed that there is little coordination between the state and EPA on beneficial use issues in Louisiana apparently because of a lack of interest by EPA Region Six.¹⁹⁰ The lack of a close-working relationship between EPA and LDNR is troublesome for the following reasons: 1) an EPA more attuned to Louisiana coastal land loss issues would be more likely to develop and apply the 404(b)(1) Guidelines in a manner consistent with the state's beneficial use and overall coastal restoration policies, and 2) not only does EPA develop and enforce the 404(b)(1) Guidelines, but the agency is also responsible for reviewing and commenting on other agencies' Environmental Impact Statements, rating their quality and referring unsatisfactory actions to the Council on Environmental Quality.¹⁹¹ EPA's important position in the EIS process means that it can have a great influence on the quality and emphasis of the document. For instance, if EPA was aware, from communication with LDNR, of particular problems a project would pose to Louisiana's eroding coast and that the ecological and economic values of beneficially used material were more likely to outweigh the costs in Louisiana, the consequences and alternatives section of an EIS might strongly favor beneficial use. On the other hand, if EPA is not well informed of Louisiana's landscape, problems and policies regarding coastal management and restoration, it is less likely to focus on those issues in the EIS. An EIS that strongly emphasizes the benefits of following Louisiana's beneficial use policies, as opposed to the costs of ignoring them, could go a long way towards changing Congress's and the Corps' authorization, funding, and operating procedures in public works projects. An EIS

¹⁸⁶ *Id.*

¹⁸⁷ 33 C.F.R. § 335.4.

¹⁸⁸ 40 C.F.R. § 230.10(b).

¹⁸⁹ Telephone Interviews with Larry Simon, Consistency Coordinator, California Coastal Commission (March 29, 2004) and Linda Rankin, Loree Rodkin and Joan Marchioro, Washington Department of Ecology (April 1, 2004).

¹⁹⁰ Interview with Greg DuCote and Jeff Harris, Louisiana Department of Natural Resources, Coastal Management Division (November 18, 2004).

¹⁹¹ See 42 U.S.C. § 7609; 40 C.F.R. §§ 1506.9 and 1506.10.

strongly favoring Louisiana's beneficial use policies would also give the state better footing should it decide to deny a consistency determination

Likewise, 404(b)(1) Guidelines developed and applied in the context of the great ecological and economic losses Louisiana is suffering could affect the calculation of the Federal Standard to make beneficial use fit more easily within it. A rebalancing of the Federal Standard costs and benefits could also help Louisiana assert its consistency authority and achieve its coastal restoration goals.

4.3 Corps Responsibilities Under the Coastal Zone Management Act

Congress passed the CZMA in 1972 to "preserve, protect, develop and, where possible, restore and enhance the resources of the nation's coastal zone and to encourage and assist the states to exercise effectively their responsibilities in the coastal zone to achieve wise use of land and water resources there, giving full consideration to ecological, cultural, historic, and esthetic values, as well as the need for compatible economic development..."¹⁹² In order to meet the challenges presented by increasing economic and population growth in the nation's coastal zone, the National Coastal Zone Management Program created a partnership between federal, state and local governments to facilitate effective communication and coordination to meet the goals of the CZMA. Under this partnership, participating states can develop and implement their own CMPs, which are approved by NOAA with input from other relevant federal agencies principally affected by the program.¹⁹³

The CZMA provision most relevant to the issues presented in this report is the consistency provision.¹⁹⁴ Consistency requires federal actions that affect any land or water use or natural resource of the coastal zone be consistent to the maximum extent practicable with the enforceable policies of a coastal state's federally approved CMP.¹⁹⁵ There are five categories of federal actions that require federal consistency reviews. The category relevant to the discussion here is federal agency activities affecting the coastal zone.¹⁹⁶

"Federal agency activities" are any functions performed by or on behalf of a Federal agency in the exercise of its statutory responsibilities, which encompasses a wide range of activities that initiate an event or series of events where coastal effects are reasonably foreseeable, e.g., rulemaking, planning, physical alteration and exclusion of

¹⁹² 16 U.S.C. § 1452.

¹⁹³ 16 U.S.C. § 1456(b). Note: "Relevant federal agencies" means federal agencies with programs, activities, projects, regulatory, financing or other assistance responsibilities in certain fields that could impact or affect a state's coastal zone. These fields are energy production or transmission, recreation of a more than local nature, transportation, production of food and fiber, preservation of life and property, national defense, historic, cultural and conservation values, mineral resources and extraction and pollution abatement and control. 15 C.F.R. § 923.2(d)(1). 15 C.F.R. § 923.2(d)(2) lists the relevant federal agencies.

¹⁹⁴ 16 U.S.C. § 1456.

¹⁹⁵ *Id.*

¹⁹⁶ 16 U.S.C. § 1456.

uses.¹⁹⁷ A determination of whether a federal agency activity has reasonably foreseeable coastal effects is subject to the “effects test,” which determines whether the federal activity will affect any natural resources, land uses or water uses in the coastal zone.¹⁹⁸ No federal agency activities are categorically exempt from this requirement.¹⁹⁹ While there has been extensive discussion and debate as to which federal actions and activities are subject to the CZMA consistency requirements, for the purpose of this discussion it can be stipulated that the disposal of dredged or fill material in a state’s coastal zone or removal of dredged material from a state’s coastal zone falls under the category of “federal agency activity” and is subject to CZMA consistency.²⁰⁰

Federal agencies consider enforceable policies of CMPs as requirements to which they must adhere, in addition to other federal statutory mandates.²⁰¹ The term in the consistency provision “to the maximum extent practicable” means consistent with the enforceable policies of a state CMP, to the extent allowed by other federal law applicable to the federal agency.²⁰² However, if an exigent circumstance creates a “substantial obstacle” that prevents complete adherence to the state CMP, then the agency may deviate from full consistency to the minimum extent necessary to address the exigent circumstance until it has passed.²⁰³ If federal appropriation acts specifically prohibit full consistency with a state’s CMP, then the agency’s actions related to appropriation will be considered consistent to the maximum extent practicable.²⁰⁴ Federal agencies cannot, however, use general lack of funding or insufficient appropriated funds or failure to include the cost of being fully consistent with CMPs in federal budget and planning processes as a basis for not being fully consistent with an enforceable policy.²⁰⁵ In situations where the cost of being consistent with enforceable policies was not included in the federal agency’s budget and planning processes, the federal agency should determine the amount of funds needed and seek additional federal funds.²⁰⁶ Federal agencies should include the cost of being fully consistent with enforceable policies in their budget and planning processes to the same extent that a federal agency would plan for the cost of complying with other federal requirements.²⁰⁷ It has been suggested that the Corps could argue that following the cost restraints imposed by the Federal Standard is not using general lack of funding or insufficient appropriated funds as a reason to avoid consistency to the maximum extent practicable because other federal laws, e.g., WRDA Section 204, allow beneficial use if a state or local sponsor agrees to enter into a binding

¹⁹⁷ 15 C.F.R. § 930.31(a).

¹⁹⁸ 15 C.F.R. § 930.11(g).

¹⁹⁹ H.R. CONF. REP. No. 964, 101st Cong., 2d Sess. 968–975, 970. *See also* 136 CONG. REC. H12423-02, H12695 (October 26, 1990).

²⁰⁰ *See* NOAA Office of Coastal and Resource Management, Federal Consistency: State Input into Federal Actions Affecting the Coast, *available at* http://coastalmanagement.noaa.gov/pcd/federal_consistency.html (accessed December 14, 2004).

²⁰¹ 15 C.F.R. § 930.32(a)(2).

²⁰² 15 C.F.R. § 930.32(a)(1).

²⁰³ 15 C.F.R. § 930.32(b).

²⁰⁴ 15 C.F.R. § 930.32(a)(3).

²⁰⁵ *Id.*

²⁰⁶ *Id.*

²⁰⁷ *Id.*

cost-sharing agreement with the Corps.²⁰⁸ The argument would be that, by negative implication, beneficial use outside the Federal Standard is only allowed by federal law with local cost-share. We believe this is a tenuous argument at best, and the Corps has yet to assert it in disagreements between it and states regarding the Federal Standard and CZMA consistency.²⁰⁹

The consistency process that federal and state agencies follow, as laid out in the Code of Federal Regulations,²¹⁰ is very complex and detailed and will only be briefly summarized here. The federal agency in charge of conducting the activity determines whether the action will affect the coastal uses or resources of a state with a federally approved CMP.²¹¹ Effects are determined by looking at reasonably foreseeable direct and indirect effects on any coastal use or resource.²¹² The federal agency may determine it is not required to submit a consistency or may coordinate with state agencies,²¹³ but federal agencies are required to “broadly construe” the effects test in favor of providing state agencies with a consistency determination²¹⁴ rather than a negative determination²¹⁵ or determination of no effects.²¹⁶ The deposit of dredged material in, or its removal from, Louisiana’s coastal zone has long since been determined an activity subject to the state’s consistency authority. Early coordination and cooperation between federal and state agencies prior to federal agency determination is, therefore, crucial to allow the parties to focus their efforts on particular agency activities of concern to that state agency.

Once a federal agency has determined that coastal effects are reasonably foreseeable, the federal agency provides the state agency “with a consistency determination at the earliest practicable time in the planning or reassessment of the activity.”²¹⁷ The consistency determination will indicate whether the activity will be undertaken in a manner consistent to the maximum extent practicable with the enforceable policies of the state’s CMP and the basis thereof.²¹⁸

The federal agency consults and cooperates with the state agency throughout the consistency process for a proper assessment of whether the activity will be consistent with the state’s CMP.²¹⁹ A consistency determination is prepared once there is sufficient information to reasonably determine the consistency of the activity with the state CMP, but before the federal agency has lost the ability to modify the project to meet

²⁰⁸ David Kaiser, Federal Consistency Coordinator, NOAA Office of Ocean and Coastal Resource Management, Gulf of Mexico CZMA Federal Consistency Workshop, New Orleans, Louisiana (December 1, 2004).

²⁰⁹ *Id.*

²¹⁰ *See* 15 C.F.R. Part C.

²¹¹ 15 C.F.R. § 930.33(a).

²¹² 15 C.F.R. § 930.33(a)(1).

²¹³ 15 C.F.R. § 930.33(a)(2).

²¹⁴ 15 C.F.R. § 930.33(a)(5)(d).

²¹⁵ 15 C.F.R. § 930.35.

²¹⁶ 15 C.F.R. § 930.33(a)(5)(d).

²¹⁷ 15 C.F.R. § 930.36(b).

²¹⁸ 15 C.F.R. § 930.36(a).

²¹⁹ *Id.*

consistency requirements.²²⁰ Consistency determinations are provided to state agencies at least ninety days before final approval of the federal agency activity, unless the federal agency and state agency agree to an alternate time period.²²¹

If the state agency objects to the federal agency's consistency determination, then the state agency is required to justify its reasoning.²²² The state agency objection is required to describe how the proposed activity will be inconsistent with the enforceable policies of the state CMP and what alternatives, if they exist, could be adopted by the federal agency to render the activity consistent.²²³

If a state agency objects to a consistency determination, and the state and federal agencies cannot resolve their differences within the ninety-day time period, then federal agencies can use dispute resolution procedures and postpone final agency action until the problems have been resolved.²²⁴ At the end of the ninety-day time period, the federal agency cannot proceed with its action over the objections of the state agency unless: (1) the federal agency has concluded that consistency with the enforceable policies of the state CMP is prohibited by existing law applicable to the federal agency, and it has described the legal impediments to consistency to the state agency in writing or (2) the federal agency has concluded that the proposed activity is fully consistent, though the state agency objects.²²⁵

In the event of a disagreement between the federal agency and state agency regarding consistency, and before the state agency renders an official determination, either party may request mediation by the Secretary of Commerce (Secretary) or through NOAA's Office of Ocean and Coastal Resource Management (OCRM) mediation services.²²⁶ Participation in mediation is voluntary, and if either party declines to participate the Secretary will cease mediation assistance.²²⁷

If the parties agree to mediation, the Secretary appoints a hearing officer who schedules a hearing in the local area concerned.²²⁸ Hearings are informal, and federal and state agencies and other interested parties may offer information at the hearing, subject to the hearing officer's supervision.²²⁹ After the hearing is closed, the hearing officer provides the Secretary with a record, after which the Secretary schedules a mediation conference²³⁰ that includes representatives from the Office of the Secretary, the disagreeing federal and state agencies, and other interested parties whose participation is

²²⁰ 15 C.F.R. § 930.36(b)

²²¹ *Id.*

²²² 15 C.F.R. § 930.43(a).

²²³ *Id.*

²²⁴ 15 C.F.R. § 930.43(d)

²²⁵ *Id.*

²²⁶ 15 C.F.R. § 930.44.

²²⁷ 15 C.F.R. § 930.112.

²²⁸ 15 C.F.R. § 930.113(a).

²²⁹ 15 C.F.R. § 930.113(c).

²³⁰ 15 C.F.R. § 930.114.

deemed necessary by the Secretary.²³¹ Secretarial mediation efforts last only as long as the federal and state agencies agree to participate.²³²

A state or federal agency that is a party to a serious disagreement may seek judicial review of a disputed consistency decision without first having exhausted the mediation process.²³³ A state or federal agency can bring a legal challenge if the complaint involves alleged noncompliance with the CZMA.²³⁴ Judicial review is obtained through the Administrative Procedure Act (APA).²³⁵ It is unclear whether a private party who is affected by the proposed federal activity can bring an action against either a state or federal agency.²³⁶ Pursuant to the APA, a federal agency's decision that its action is consistent with the state CMP, even though the state disagrees, will be set aside only if it is "arbitrary, capricious, an abuse of discretion or otherwise not in accordance with the law."²³⁷ The "arbitrary or capricious" standard is the standard of review under administrative law and is appropriate for resolutions of factual disputes implicating agency expertise, though purely legal questions and determinations of law and fact can be reviewed *de novo*.²³⁸ The arbitrary and capricious standard could be a difficult standard for a state to overcome: to prevail against a federal agency it would have to show the federal agency's consistency determination failed to meet the statutory, procedural or constitutional requirements²³⁹ of the CZMA. In light of the state's coastal problems, a good portion of which are the result of dredging operations without environmental mitigation, Louisiana could very well make its case.

²³¹ *Id.*

²³² *Id.*

²³³ 15 C.F.R. § 930.116.

²³⁴ *See, e.g.,* State of New York v. Delyser, 759 F. Supp. 982 (W.D.N.Y. 1991) and State of California v. Watt, 683 F.2d 1253, 1270 (9th Cir. 1982).

²³⁵ *See generally* 5 U.S.C. §§ 701-706.

²³⁶ Whether a party is allowed to bring action depends on if the party suffers a legal wrong because of agency action or is harmed by agency action within the meaning of the statute, in this case the CZMA, i.e., in the "zone of interests." 5 U.S.C. § 702. *See also* Association of Data Processing Service Organizations, Inc. v. Camp, 397 U.S. 150 (1970).

²³⁷ 5 U.S.C. § 706(2)(A). Federal courts ordinarily must defer to the informed discretion of the responsible federal agencies. Deference is accorded agency determinations not because the agency possesses substantive expertise, but because the agency's decision-making process is accorded a presumption of regularity. Reviewing courts consider whether the agency's decision must be based on a consideration of the relevant factors and whether there has been a clear error of judgment. *Akiak Native Community v. U.S. Postal Service*, 213 F.3d 1140, 1146 (9th Cir. 2000). *See also* Citizens to Preserve Overton Park, Inc. v. Volpe, 401 U.S. 402, 416 (1971).

²³⁸ *De novo* review to determine if agency action was unwarranted by the facts is authorized when the action is adjudicatory in nature, the agency fact-finding procedures are inadequate and when issues that were not before the agency are raised in a proceeding to enforce non-adjudicatory agency action. *See* 5 U.S.C. § 706(2)(F). *See also* Citizens to Preserve Overton Park, 401 U.S. at 415. While purely factual determinations made by an administrative agency without formal hearings are governed by the arbitrary or capricious standard, purely legal questions and mixed questions of law and fact are reviewed *de novo*, and the reviewing court may substitute its judgment for that of the agency. *See* *Akiak Native Community*, 213 F.3d at 1146.

²³⁹ 5 U.S.C. §§ 706(2)(A), (B), (C), (D).

4.4 Corps Responsibilities Under the National Environmental Policy Act

When Congress passed the National Environmental Policy Act (NEPA) in 1969, it recognized the impacts human activity has on the environment and the critical importance of restoring and maintaining environmental quality.²⁴⁰ To that end, Congress declared that it is the policy of the federal government, in cooperation with state and local governments, and other public and private organizations to use all practicable means and measures to foster and promote the general welfare to create and maintain conditions under which humans and nature can exist.²⁴¹ To carry out this policy, federal agencies are required to evaluate major federal actions significantly affecting the quality of the human environment and assess the environmental impacts of the proposed action, any adverse effects that cannot be avoided, and an analysis of alternatives.²⁴² These evaluations take the form of Environmental Assessments (EA) and Environmental Impact Statements (EIS).

During this period, federal agencies consult with each other regarding the proposed action and seek comments and views from state and local agencies and the public.²⁴³ The EIS examines both the economic and environmental effects of the disposal of dredged material, and Congress uses that analysis to determine whether a federal navigation project to be exempt from the CWA Section 404 requirements.²⁴⁴ The EIS would appear to provide an opportunity for a state to argue for inclusion of its CZMA consistency requirements in the calculation of the environmental and economic justifications for beneficial use may help it become part of the Congressionally authorized and appropriated base plan.

²⁴⁰ See 42 U.S.C. § 4331.

²⁴¹ *Id.*

²⁴² *Id.*

²⁴³ See 42 U.S.C. § 4332(C).

²⁴⁴ See 33 U.S.C. § 1344(r).

4.5 Statutory and Regulatory Tension

The tension between the Federal Standard and Louisiana's CMP beneficial use requirements seems to arise from the application of the Federal Standard and not necessarily with the Federal Standard itself. It has been stated that the Federal Standard has not been applied evenly,²⁴⁵ so it would be helpful for a study to be conducted to review applications of the Federal Standard in various situations. The results of such a study could reveal whether the application of the Federal Standard is at least partially dependent on financial assets available at the time of the request for beneficial use of dredged material rather than solely on the least-cost standard.

While the general rule is that federal law preempts state law, the Louisiana CMP derives its authority over federal activities from the CZMA, which requires federal agencies to be consistent to the maximum extent practicable with the enforceable policies of federally approved state CMPs. When a state requires a federal agency to be consistent with its federally approved CMP, the state is exercising its federally granted authority to apply federal law. The partnership between the federal government and the coastal and Great Lakes states that allows the establishment of state coastal management programs is a contract under which a major portion of the consideration received by these states is their federal consistency authority. The Stratton Commission, which made written recommendations to the President and Congress in 1969 on coastal and marine issues, recognized that coastal states were in the best position to manage and protect their coastal resources, but needed assistance in the form of federal funding and voice in the federal decision-making process.²⁴⁶ Consistency is one of the linchpins of the CZMA, and it would violate the spirit and the letter of that federal law for the Federal Standard to be used as a rationale against consistency with Louisiana's beneficial use policies.

On the other hand, the Corps maintains that the Federal Standard places the CZMA in the proper context and evaluates alternatives to disposal of dredged material consistent with federal environmental laws. While the CWA and ODA are the major environmental laws to which the Corps must comply, it also must include other federal environmental laws and the CZMA consistency requirements. Despite the inclusion of various environmental laws in the Federal Standard analysis, the U.S. Ocean Commission in its report "Ocean Blueprint for the 21st Century," has stated that navigation-related dredged material is not used beneficially "as often as perhaps it should" partly because Corps policies favor ocean or upland disposal.²⁴⁷ The Ocean Commission added that these policies might unnecessarily forego beneficial use opportunities that could have economic and environmental benefits and may have consequences for aquatic ecosystems.²⁴⁸ Furthermore, the Ocean Commission's report critiqued the Corps' view

²⁴⁵ Telephone Interview with George Boddie, Louisiana Department of Natural Resources, Coastal Restoration Division (December 15, 2004).

²⁴⁶ See Stratton Commission, *Our Nation and the Sea: A Plan for National Action* (1969) at 56, 57, available at <http://www.lib.noaa.gov/edocs/stratton/chapter3.html>.

²⁴⁷ U.S. Ocean Commission, *Ocean Blueprint for the 21st Century Final Report of the U.S. Ocean Commission on Ocean Policy – Pre-Publication Copy*, Washington, D.C. (2004) at 145.

²⁴⁸ *Id.*

of beneficial use as “extraneous to the navigation mission” and the cost-benefit methodologies it employs that tend to “undervalue the benefits of projects that use dredged material, while failing to account for the full costs, including environmental and other non-market costs, of traditional disposal methods.”²⁴⁹ This, in turn, often results in disposal as the least-cost option.²⁵⁰ Therefore, the Ocean Commission report recommended that the Corps ensure that its selection of the least-cost option reflect a “more accurate accounting of the full range of economic, environmental and other relevant cost and benefits” for beneficial use and other disposal methods.²⁵¹

²⁴⁹ *Id.* at 146.

²⁵⁰ *Id.*

²⁵¹ *Id.*

Section 5.0

Louisiana's Coastal Management Plan and Case Study

Louisiana's coastal management plan requires the beneficial use of dredged material in certain instances. Although sediment dredged from navigation channels is not always used beneficially when Louisiana's coastal management plan requires it, the state has nevertheless granted consistency to Corps navigation projects that do not meet these requirements.

5.1 Louisiana's Coastal Management Plan

Louisiana's federally approved CMP, implemented by the State and Local Coastal Resources Management Act (SLCRMA)²⁵² and Coastal Use Guidelines,²⁵³ contains specific beneficial use policies. While many coastal states have developed general beneficial use policies, Louisiana is unique in that it is the only state with a CMP that contains specific policies and includes an official definition and examples of beneficial use.²⁵⁴ The public policy of the state, as stated in the SLCRMA, echoes the public policy of the CZMA: to protect, develop and, where feasible, restore or enhance the resources of the state's coastal zone.²⁵⁵ The Louisiana Department of Natural Resources (LDNR) Coastal Management Division (CMD) administers the state's CMP and is responsible for reviewing federal projects and regulating private projects in order to protect wetlands and other sensitive coastal features, under the CZMA and SLCRMA. Coastal Use Guidelines 4.1 through 4.7 relate to beneficial use:

- Guideline 4.1 requires spoil to be deposited using the best practicable techniques to avoid disruption of water movement, flow, circulation and quality.
- Guideline 4.2 requires spoil be used beneficially to the maximum extent practicable to improve productivity or create new habitat, reduce or compensate for environmental damage done by dredging activities or prevent environmental damage. Otherwise, existing spoil disposal areas are required to be utilized to the maximum extent practicable rather than create new disposal areas.
- Guideline 4.3 states that spoil shall not be disposed in a manner which could result in the impounding or draining of wetlands or the creation of development sites unless the spoil deposition is part of an approved levee or land surface alteration project.

²⁵² La. R.S. § 49:214.21 et seq.

²⁵³ See LA. ADMIN. CODE Title 43, § 7:701 et seq.

²⁵⁴ Jennifer L. Lukens, NOAA National Ocean Service Office of Ocean and Coastal Resource Management, *National Coastal Program Dredging Policies: An Analysis of State, Territory and Commonwealth Policies Related to Dredging and Dredged Material Management Volume I of II* (April 2000), available at <http://coastalmanagement.noaa.gov/pdf/finaldredge.pdf>.

²⁵⁵ La. R.S. § 49:214.22(1).

- Guideline 4.4 states that spoil shall not be disposed on marsh, known oyster or clam reefs or in areas of submerged vegetation to the maximum extent practicable.
- Guideline 4.5 states spoil shall not be disposed in a manner as to create a hindrance to navigation or fishing or hinder timber growth.
- Guideline 4.6 requires spoil disposal areas be designed and constructed and maintained using the best practical techniques to retain spoil at the site, reduce turbidity and reduce shoreline erosion when appropriate.
- Guideline 4.7 states that alienation of state-owned property shall not result from spoil deposition activities without the consent of LDNR.²⁵⁶

The SLCRMA contains a specific mandate for beneficial use by stating that LDNR shall insure that when a “proposed use or activity requires the dredging or disposal of 500,000 cubic yards or more of any waterbottom or wetland within the coastal zone, the dredged material *shall* be used for the beneficial purposes of wetland protection, creation or enhancement, or combinations thereof, in accordance with a long term management strategies plan for each existing or proposed channel or canal” (emphasis added).²⁵⁷

Furthermore, SCLRMA states: “when a proposed use or activity requires a coastal use permit for the dredging or disposal from 25,000 to 500,000 cubic yards of any waterbottom or wetland within the coastal zone, the LDNR Secretary *may* require the beneficial use of dredged material for wetland or barrier island protection, creation, enhancement or combinations thereof” (emphasis added).²⁵⁸ Consideration includes site-specific estimated costs and the availability of a suitable disposal area, and long-term management strategies of these types of areas are required to be utilized when practical.²⁵⁹ Activities not in the vicinity of long-term management strategy disposal areas are considered on a case-by-case basis. A system of mitigation has been initiated to encourage beneficial use by permit applicants for dredging projects, and beneficial use is required when economically feasible with consideration given to the value of the established mitigation credits.²⁶⁰

When a proposed use or activity involves dredging to construct or maintain a channel or canal greater than one mile in length in the coastal zone and where failure to maintain and stabilize the banks of the channel or canal will result in a direct or indirect loss of wetlands or adverse impacts to wetlands or waterbottoms, SCLRMA requires that the banks be maintained and stabilized using dredged material or structural stabilization measures or both.²⁶¹ If dredged material placement alone is insufficient, the use of structural measures such a rock breakwaters are also required.²⁶² Any dredged material disposal and channel bank stabilization must be in accordance with a long term

²⁵⁶ LA. ADMIN. CODE Title 43, § 7:707.

²⁵⁷ La. R.S. § 49:214.30(H)(1).

²⁵⁸ La. R.S. § 49:214.30(H)(2).

²⁵⁹ *Id.*

²⁶⁰ *Id.*

²⁶¹ La. R.S. § 49:214.30(H)(3).

²⁶² *Id.*

management strategies plan for each existing or proposed channel or canal, which at a minimum must address environmental and economic concerns and emergency situations.²⁶³

Despite the specific guidelines in the Louisiana's statutory and regulatory frameworks, they are not always followed for Corps navigation projects because beneficial use under the guidelines sometimes is more expensive than the Corps' base plan.²⁶⁴ If beneficial use required by the state is not within the base plan, and the state cannot acquire the funds to pay the amount above the base plan, either through state or federal funds, then dredged material disposal is conducted in accordance with the Federal Standard. However, when the Corps has informed the state that it could not beneficially use or dispose of the dredged consistent with the state CMP during the consistency process, the state has nevertheless granted consistency.²⁶⁵ The reasons that the state has decided not to pursue the issue are uncertainty whether it would prevail in mediation or litigation and concerns over the impact a denial of consistency would have on ports, the shipping industry and the state and local economies.²⁶⁶

5.2 Case Study: Atchafalaya River Bar Channel Ocean Dredged Material Disposal Site

Although LDNR has never denied consistency to a Corps project for lack of beneficial use, the agency came close to doing so in the late 1990s. A case study of this project from a consistency/beneficial use perspective would be instructive to highlight the difficulties the state faces when administering its CMP and exercising its consistency authority.

The EPA designation of the Atchafalaya River Bar Channel Ocean Dredged Material Disposal Site (ODMDS) project began in the early 1980s. During the early phase of the process, EPA submitted a Draft EIS (DEIS) to provide information to evaluate the impacts of dredged material disposal under existing conditions before officially designating the site. In 1984, the LDNR issued a determination of inconsistency based on lack of information to support consistency and suggested alternative sites that would render the project consistent with the state CMP.²⁶⁷ The LDNR also suggested beneficial use as an alternative to open water disposal in certain nearby areas experiencing erosion.²⁶⁸ Between 1984 and 1991, EPA compiled more information, and the agency drafted and released a Supplemental DEIS. In 1991, LDNR had the opportunity to comment again on the designation of the ODMDS in light of the SDEIS. The LDNR commented that designating the site as an ODMDS would be unfavorable to the state because it would encourage the designation of other ocean

²⁶³ *Id.*

²⁶⁴ Interview with Greg DuCote, Louisiana Department of Natural Resources, Coastal Management Division (October 13, 2004).

²⁶⁵ *Id.*

²⁶⁶ *Id.*

²⁶⁷ Letter from Frank P. Simoneaux, Louisiana Department of Natural Resources, to John Hill, Ocean Dumping EIS Task Force, Environmental Protection Agency (April 18, 1984) (on file with the Sea Grant Legal Program).

²⁶⁸ *Id.*

disposal sites, making ocean disposal of dredged material more frequent than using it to address Louisiana's coastal erosion problems.²⁶⁹ The LDNR repeated the objections it had in 1984 over the inadequate consideration of beneficial use alternatives and stated that EPA had not addressed or resolved that issue in the SDEIS.²⁷⁰ There also was disagreement between EPA and LDNR over whether designation of the ODMDS would preclude the Corps from considering alternative beneficial use sites for future navigation projects. The EPA asserted that ODMDS designation did not preclude future alternative beneficial use considerations, but LDNR disagreed. The LDNR claimed that since the Corps' Federal Standard requires it to use the least costly alternative, designation of the ODMDS site would force the Corps to use that site rather than use dredged material beneficially, unless the state or other entity can provide funding for the additional cost.²⁷¹

In 1996, LDNR and the Corps New Orleans District reached an agreement to allow interim designation of the Atchafalaya ODMDS site for five years, during which beneficial use alternatives would be considered.²⁷² The LDNR was willing to concur with designation of the portion of the site in federal waters, provided that material dredged landward of the three-mile limit was used beneficially.²⁷³ However, the EPA decided to prepare a Final EIS (FEIS) and consistency determination for permanent designation of the site as an ODMDS.²⁷⁴ The EPA concluded that designating the site did not violate any enforceable policy of Louisiana's CMP, i.e., designation of the site did not preclude beneficial use. The LDNR again expressed disagreement with this conclusion because, in its opinion, designation of the ODMDS site would provide a disposal alternative so inexpensive that it would set the Federal Standard "too low" to allow beneficial use.²⁷⁵ In December 1997, LDNR sent EPA a letter, declaring the ODMDS designation inconsistent with the state CMP and asked the Secretary of Commerce to mediate the disagreement between the EPA and LDNR, pursuant to Subpart G of NOAA's consistency regulations.²⁷⁶ In its consistency denial, LDNR reiterated its argument that site designation would preclude beneficial use and also included criticisms of the Federal Standard and analysis and cost of beneficial use alternatives.²⁷⁷ The LDNR stated that the Federal Standard sets the Corps' budget, and the Federal Standard would have included the beneficial use alternative if the ODMDS was not available.²⁷⁸ The LDNR also stated that EPA overlooked the fact that the Corps may increase or attempt to increase its budget for projects, if the Federal Standard required it.²⁷⁹ The LDNR was concerned that the FEIS did not contain a direct

²⁶⁹ Letter from David M. Soileau, Louisiana Department of Natural Resources, to Norm Thomas, Environmental Protection Agency, Federal Activities Branch (February 15, 1991) (on file with the Sea Grant Legal Program).

²⁷⁰ *Id.*

²⁷¹ *Id.*

²⁷² Letter from Terry Howey, Louisiana Department of Natural Resources to Secretary William Daley, Department of Commerce (December 15, 1997) (on file with the Sea Grant Legal Program).

²⁷³ *Id.*

²⁷⁴ *Id.*

²⁷⁵ *Id.*

²⁷⁶ *Id.*

²⁷⁷ *Id.*

²⁷⁸ *Id.*

²⁷⁹ *Id.*

comparison between beneficial use and ODMDS disposal options and that reported costs for beneficial use in the FEIS were obtained without independent analysis of their reasonableness.²⁸⁰ While this inconsistency determination was sent to the EPA, it was ultimately rescinded in January 1998, after LDNR reentered negotiations with EPA and the Corps.²⁸¹ In October 1998, LDNR declared the final designation of the Atchafalaya River Bar Channel ODMDS consistent with the CMP, with a caveat: consistency concurrence should not be construed as support of offshore deposition of dredged material.²⁸² The LDNR stated that it “remained concerned that the cost estimates for beneficial use alternatives contain contingencies we believe to be greater than justified while the costs estimated for other methods have no contingencies associated with them.”²⁸³ The LDNR stated in its concurrence that it was granting consistency because, the agency acknowledged, it “may be advantageous to the state to have a disposal site available for those times when beneficial use may not be possible.”²⁸⁴

²⁸⁰ *Id.*

²⁸¹ Letter from Terry Howey, Louisiana Department of Natural Resources, to Robert Lawrence, Environmental Protection Agency (January 16, 1998) (on file with the Sea Grant Legal Program).

²⁸² Letter from Katherine Vaughn, Louisiana Department of Natural Resources, to Robert Lawrence, Environmental Protection Agency (October 9, 1998) (on file with the Sea Grant Legal Program).

²⁸³ *Id.*

²⁸⁴ *Id.*

Section 6.0

Experiences of Other Coastal States

Although coastal zone management officials in California, Florida and Washington State do not believe application of the Federal Standard should override requirements for beneficially using dredged material, rather than deny consistency to Corps projects they prefer to coordinate with the Corps, use state funds to cover the cost of beneficial use projects above the base plan, or both.

6.1 California

The California Coastal Act of 1976 (CCA) includes policies that address ports, shoreline public access and recreation, terrestrial and marine habitat protection, commercial fisheries, industrial uses, water quality, offshore oil and gas development and landform alteration and agricultural lands.²⁸⁵ The CCA contains the consistency requirements of the California CMP,²⁸⁶ and the California Coastal Commission (CCC) is responsible for the implementation of the CCA across the state except for San Francisco Bay, which is not included in the coastal zone established by the CCA.²⁸⁷ The San Francisco Bay Conservation and Development Commission (BCDC) regulates development in San Francisco Bay.²⁸⁸ The CCC partners with coastal cities and counties to plan and regulate land and water uses in the state's coastal zone.²⁸⁹ Development activities are broadly defined by the CCA to include the construction of buildings, divisions of land and activities that change the intensity of land use or public access to coastal waters and generally require a coastal permit from either the CCC or the local government with jurisdiction.²⁹⁰

Although California's statutes and regulations do not contain specific beneficial use policies, there are general policies related to dredged material disposal and beneficial use. Dredged material disposal is to be planned and carried out to "avoid significant disruption to marine and wildlife habitats and water circulation,"²⁹¹ and dredged material suitable for beach replenishment should be transported for such purposes to appropriate beaches or into suitable long-shore current systems.²⁹² The diking, filling or dredging of open coastal waters, wetlands, estuaries and lakes are permitted when there is no feasible less environmentally damaging alternative, and when feasible mitigation measures have

²⁸⁵ Cal. Pub. Res. Code §30230-30237.

²⁸⁶ See Cal. Pub. Res. Code §§ 30330 and 30400.

²⁸⁷ California Coastal Commission, Overview Page, *available at* <http://www.coastal.ca.gov/whoweare.html> (accessed August 18, 2004).

²⁸⁸ See Cal. Gov. Code Tit. 7.2, § 66600 et seq.

²⁸⁹ Cal. Pub. Res. Code §§ 30330-30344 and 30500-30526.

²⁹⁰ Cal. Pub. Res. Code § 30106.

²⁹¹ Ca. Pub. Res. Code § 30233(b).

²⁹² *Id.*

been provided to minimize adverse environmental effects.²⁹³ All port-related developments are located, designed and constructed to minimize substantial adverse environmental impacts and provide for other beneficial uses consistent with the public trust, including, but not limited to, recreation and wildlife habitat uses, to the extent feasible.²⁹⁴

While California does not have specific beneficial use policies, the state's Public Resources Code encourages beneficial use by calling for "less damaging" environmental alternatives and feasible mitigation to offset adverse environmental impacts before permitting activities, including dredging in open coastal waters and wetlands.²⁹⁵ Examples of beneficial use of dredged material in California are wetlands creation and creating buffer zones using 10'-15' thick layers of clean materials capped over contaminated areas that serve a dual function of bird foraging habitat and covering contaminants.²⁹⁶ Moreover, the San Francisco BCDC has drafted a long-term maintenance strategy that includes a fifty-year plan for dealing with beneficial use of dredged material.²⁹⁷ There are also multi-agency programs in San Francisco and Long Beach, and the ports of Los Angeles and Long Beach to coordinate the storage of dredged material for future beneficial use.²⁹⁸ Due to these strategies, the amount of dredged material dumped offshore has decreased in the past ten to fifteen years.²⁹⁹ However, beneficial use and economics are usually harmonious in California, i.e., it is less expensive to use material to nourish a beach, for example, than to dispose of it offshore.³⁰⁰ Such is not the case in Louisiana, where transportation of materials to coastal areas for beneficial use is often costly.³⁰¹

It is the opinion of the CCC that lack of funds is not a defensible constraint against beneficial use that is not part of the Corps' base plan.³⁰² However, the CCC and the Corps have a "good working relationship" and work out beneficial use plans when the state believes it is in the state's best interest in accordance with its laws and state or federal funds to cover the cost above the base plan are available.³⁰³ The CCC believes that in many cases beneficial use in the state, particularly beach nourishment projects simply should be incorporated into navigation plans as part of the cost of doing business.³⁰⁴ In the opinion of the CCC, this strategy is a reflection of good policy.³⁰⁵

²⁹³ Ca. Pub. Res. Code § 30233(a).

²⁹⁴ See Ca. Pub. Res. Code § 30708.

²⁹⁵ Telephone Interview with Larry Simon, Consistency Coordinator, California Coastal Commission (March 29, 2004).

²⁹⁶ *Id.*

²⁹⁷ *Id.*

²⁹⁸ *Id.*

²⁹⁹ *Id.*

³⁰⁰ *Id.*

³⁰¹ Interview with Greg DuCote, Louisiana Department of Natural Resources, Coastal Management Division (October 13, 2004).

³⁰² *Supra* note 313.

³⁰³ *Id.*

³⁰⁴ *Id.*

³⁰⁵ *Id.*

6.2 Florida

Florida's CMP (FCMP), a network of twenty-three Florida Statutes including the Florida Coastal Management Act,³⁰⁶ was approved in 1981. The FCMP is administered by eleven state agencies, with the Florida Department of Environmental Protection (FDEP) as the lead agency, and four of Florida's five water management districts. Local government participation is allowed also in certain circumstances.³⁰⁷ The FCMP was "designed to ensure the wise use and protection of the state's water, cultural, historic, and biological resources; to minimize the state's vulnerability to coastal hazards; to ensure compliance with the state's growth management laws; to protect the state's transportation system, and to protect the state's proprietary interest as the owner of sovereign submerged lands."³⁰⁸ Florida's coastal zone includes the geographical area encompassed by thirty-five coastal counties and territorial seas,³⁰⁹ in which federal actions throughout these areas are reviewed by the state for consistency with the FCMP.³¹⁰ Pursuant to Florida's comprehensive planning act, local governments that have developed their own coastal zone rules are also given the opportunity to determine whether federal actions are consistent with their goals and policies.³¹¹

Florida does not have a specific beneficial use policy, but beneficial use is encouraged, particularly to protect beaches. Florida law states that, as a matter of public policy, beach-quality material should be used to nourish critically eroded shorelines when cost-effective in order to properly manage and protect them³¹² and states that the Florida Legislature should "make provisions for beach restoration and nourishment projects," because they are in the public interest.³¹³ Beach restoration and nourishment projects are funded in a manner to encourage cost-saving strategies, foster regional coordination of projects, improve the quality of projects and provide long-term solutions.³¹⁴ To meet this goal, the state established an Ecosystem Management and Restoration Trust Fund (EMRTF), a dedicated revenue source, to provide funding for beach preservation,

³⁰⁶ FLA. STAT. ANN. Chapter 380, Part II.

³⁰⁷ According to FLA. STAT. ANN. § 380.24, local government units abutting the Gulf of Mexico or Atlantic Ocean or that include or are contiguous to waters of the state where marine species of vegetation listed in § 373.4211 constitute the dominant plant community are required to develop a coastal zone protection element in their comprehensive plans.

³⁰⁸ Florida Department of Environmental Protection, Federal Consistency Intergovernmental Coordination and Review, available at <http://www.dep.state.fl.us/cmp/federal/index.htm> (last visited August 1, 2004).

³⁰⁹ FLA. STAT. ANN. § 380.205(2).

³¹⁰ However, the state has limited its federal consistency review of federally licensed and permitted activities specified in the FCMP and to those federal licenses or permits for activities located in or seaward of a coastal county. See FLA. STAT. ANN. §§ 380.23(3)(c) and § 380.205(2).

³¹¹ FLA. STAT. ANN. § 380.24. See also FLA. STAT. ANN. § 163.3177(6)(g).

³¹² See FLA. STAT. ANN. Chapter 161.

³¹³ FLA. STAT. ANN. § 161.088.

³¹⁴ *Id.*

restoration and nourishment.³¹⁵ Thirty million dollars was paid into the State Treasury to the credit of the EMRTF in Fiscal Year 2000-2001 and each fiscal year thereafter.³¹⁶

Florida has not denied consistency for any federal projects based on insufficient beneficial use.³¹⁷ Although it is FDEP's opinion that the least cost alternative portion of the Corps' Federal Standard cannot be used to avoid compliance to the maximum extent practicable with the FCMP,³¹⁸ the agency has taken a pragmatic approach: coordinate with the Corps on beneficial use issues and apply the funds from the EMRTF to pay for the cost above the Corps' base plan for nourishment of critically eroded beaches.³¹⁹ The FDEP understands the cost issues the Corps faces, particularly in regard to beneficial use, and since the state believes that the public interest in healthy beaches is strong enough to warrant a EMRTF to support it, then it prefers to use state funds to pay extra costs rather than ask the Corps to request additional funds from Congress, which would only delay or eliminate the project.³²⁰ When a beneficial use application for a Corps project requires a local sponsor, and the local sponsor does not have full funding available in its budget, then the local sponsor may apply for EMRTF money.³²¹ The focus is on creating and maintaining a state-local-Corps partnership.³²²

6.3 Washington State

In 1976, Washington became the first state with a federally approved CMP. The state's Department of Ecology (WDOE) is the principal agency that administers the program. Washington chose to use existing laws rather than enact a new, all-encompassing law geared towards coastal management. This type of CMP is known as a "networked" program,³²³ and Washington's legal authorities and implementing regulations that comprise its CMP are the Shoreline Management Act,³²⁴ State Water Pollution Control Act,³²⁵ Washington Clean Air Act,³²⁶ State Environmental Policy Act,³²⁷ Energy

³¹⁵ *See id.*

³¹⁶ FLA. STAT. ANN. § 201.15(11). *See also* Telephone Interview with Jasmin Raffington, Federal Consistency Community Program Administrator, Florida Department of Environmental Protection (August 31, 2004).

³¹⁷ Telephone Interview with Jasmin Raffington, Federal Consistency Community Program Administrator, Florida Department of Environmental Protection (August 31, 2004).

³¹⁸ The rationale for this argument is that the Federal Standard is a self-imposed regulation and not a law with which the Corps must comply. *Id.*

³¹⁹ *See id.*

³²⁰ *See id.*

³²¹ Local governments with coastal zone protection elements in their comprehensive plans are eligible to apply to FDEP for available financial assistance. *See* FLA. STAT. ANN. § 380.24.

³²² *Supra* note 335.

³²³ Washington Department of Ecology, *Managing Washington's Coast: Washington State's Coastal Zone Management Program 97* (2001).

³²⁴ Wash. Rev. Code § 90.58.010 et seq. This law is the principal means of regulating land and water uses throughout the state's coastal zone.

³²⁵ Wash. Rev. Code § 90.48.010 et seq. This law is the state counterpart to the federal CWA.

³²⁶ Wash. Rev. Code § 70.94.011 et seq. This law is the state counterpart to the federal Clean Air Act.

³²⁷ Wash. Rev. Code § 43.21C.010 et seq. This law manages the preparation of EIS for major projects, trains and guides local agencies and the public, prepares rule amendments and interpretation guidance and manages a statewide information clearinghouse.

Facility Site Evaluation Council³²⁸ and Ocean Resources Management Act.³²⁹ These enforceable policies outline the permissible land uses and water uses with the coastal zone.

Washington law does not specifically address beneficial use of dredged material, but as a matter of policy in keeping with the State Environmental Policy Act³³⁰ and Aquatic Resources Mitigation Act³³¹, beneficial use is preferred when practicable. According to the Aquatic Resources Mitigation Act, it is state policy to use “innovative” mitigation measures by requiring state regulatory agencies to consider mitigation proposals for existing infrastructure projects “that are timed, designed and located in a manner to provide equal or better biological functions and values compared to traditional on-site, in-kind mitigation proposals.”³³² While this law applies to existing projects and not new ones, it is relevant because beneficial use can be applied in this context. WDOE coordinates with the Portland and Seattle Corps Districts during the consistency process for federal navigation projects. The agency prefers beneficial use to upland or ocean disposal when material is suitable.³³³ Typical beneficial uses of dredged material in the state include flowlane activities, beach nourishment and protection of nearshore habitat.³³⁴ Using the material for pilot projects and as part of adaptive management has been relatively successful, though fish and wildlife issues are involved in some cases since sand is problematic for fish.³³⁵

While the WDOE generally has smooth relations with the Portland and Seattle Corps Districts, each district has a different approach to the beneficial use and related consistency issues.³³⁶ While the Seattle District is generally favorably disposed to beneficial use applications, the Portland District is more resistant to WDOE’s argument that the Corps must be consistent to the maximum extent practicable with enforceable state policies because it maintains the state has no authority on this issue.³³⁷ This has been a bone of contention between WDOE and the Portland District, though there are

³²⁸ Wash. Rev. Code § 80.50.030 et seq. The Council provides for a state-local permitting system for large thermal energy facilities, oil refineries which process petroleum transported over marine waters and petroleum and natural gas pipelines.

³²⁹ Wash. Rev. Code § 43.143.005 et seq. This law establishes guidelines and policies for activities in the Pacific Ocean.

³³⁰ It is the state’s policy to use all practicable means and measures to protect the natural resources of the state to restore and maintain environmental quality and to improve and coordinate plans, functions, programs and resources for the general welfare. To achieve this overall policy, one of the state’s goals is to “attain the widest range of beneficial uses of the environment without degradation, risk to health or safety, or other undesirable and unintended consequences. Wash. Rev. Code § 43.21C.020.

³³¹ Wash. Rev. Code § 90.74.005 et seq.

³³² *Id.* at (2).

³³³ Telephone Interview with Linda Rankin, Loree Rodkin and Joan Marchioro, Washington Department of Ecology (April 1, 2004).

³³⁴ *Id.*

³³⁵ *Id.*

³³⁶ *Id.*

³³⁷ *Id.*

many instances when it will coordinate with the WDOE to use the material beneficially.³³⁸ Suitable material may not always be used beneficially since it is unsafe and cost prohibitive, but active coordination has played a key role in the consistency/beneficial use debate in Washington State.

Funding for beneficial use applications has been an issue in Washington. According to WDOE, the state so far has not had to provide its own funds for projects, though the state does provide funding for erosion studies.³³⁹ Local governments have provided matching funds in some instances.³⁴⁰ Most of the funding comes from the Portland and Seattle Districts under their base plans.³⁴¹ The state would consider requesting federal funds in the future, if needed.³⁴²

6.4 California Coastal Commission v. U.S.

Based on interviews with agency representatives from Louisiana, Florida, California and Washington and the fact that most states only have general rather than specific beneficial use policies, no state has denied consistency based on disputes over beneficial use.³⁴³ However, there have been instances when states have sued federal agencies over dredged material disposal. In one such case, California Coastal Commission v. U.S.,³⁴⁴ the CCC successfully enjoined the U.S. Navy from disposing of dredged material previously designated for a beach nourishment project. While this case did not concern a Corps navigation project, the U.S. Navy's project is a federal agency activity and is, therefore, relevant to the discussion. The facts of the case are complex and are summarized here to facilitate understanding of the court's rationale in its opinion.

The Navy project at issue in California Coastal Commission v. U.S. included dredging portions of San Diego Bay and using the dredged material to nourish beaches in several California coastal communities. The consistency determination submitted by the Navy called for the deposit of approximately 7.9 million cubic yards on beaches and an additional 2 million cubic yards of material not suitable for beach nourishment was designated for ocean disposal.³⁴⁵ The remaining material, unsuitable for ocean disposal, was to be confined to a new wharf structure.³⁴⁶ The CCC concurred with the Navy's project plan, and the project commenced in 1997.³⁴⁷ However, shortly after

³³⁸ *Id.*

³³⁹ *Id.*

³⁴⁰ *Id.*

³⁴¹ *Id.*

³⁴² *Id.*

³⁴³ Telephone Interviews with Jasmin Raffington, Federal Consistency Community Program Administrator, Florida Department of Environmental Protection (August 31, 2004), Larry Simon, Consistency Coordinator, California Coastal Commission (March 29, 2004) and Linda Rankin, Loree Rodkin and Joan Marchioro, Washington Department of Ecology (April 1, 2004).

³⁴⁴ California Coastal Commission v. U.S., 5 F. Supp. 2d 1106 (S.D. Cal. 1998).

³⁴⁵ *Id.* at 1108.

³⁴⁶ *Id.*

³⁴⁷ *Id.*

commencement of the project, live ordnance and munitions were discovered in the dredged material deposited on the beach.³⁴⁸ In October 1997, the Navy requested CCC concurrence with modifications to the project that would permit ocean disposal of 2.5 million cubic yards of material originally designated for beach nourishment.³⁴⁹ The Navy argued that the modifications were necessary to prevent excessive dredging expenses and possible delay of the overall project.³⁵⁰ On October 17, 1997, the Navy submitted a new consistency determination (CD-2), which proposed that some materials be used for beach nourishment and that all remaining sediment be disposed in the ocean.³⁵¹ CD-2 also recommended the use of a three-inch ordnance grate on the dredge to screen out larger ordnance, but could not guarantee that all ordnance would be removed, and proposed a second alternative whereby a three-eighths of an inch screen on the beach along with the three-inch screen on the dredge to eliminate public health risks from the ordnance.³⁵² In late October 1997, the Navy hired a consulting firm to examine available sand screening technologies and to prepare a report of its findings, referred to as the Harris Report, which outlined a number of alternatives to ocean disposal the CCC believed should have been more fully explored to resolve the ordnance issue.³⁵³ The Harris Report was submitted to the Navy in November 1997, but was not made available to the CCC until December 1997.³⁵⁴ During a CCC public hearing to discuss CD-2 in November 1997, the Navy further modified the project to limit the ocean disposal of materials to 500,000 cubic yards³⁵⁵ and modified the consistency determination again (CD-3) by proposing ocean disposal of up to 883,000 cubic yards of material.³⁵⁶ The Navy also proposed further negotiations with CCC to resolve its objections to CD-2 and explore reasonable alternatives to ocean disposal, but later withdrew that proposal.³⁵⁷ In November 1997, the Navy applied for and received a Section 404 permit from the Corps,³⁵⁸ authorizing ocean disposal of all remaining materials.³⁵⁹ The permit was approved without CCC concurrence, which the Navy argued was unnecessary.³⁶⁰

The CCC brought suit for a preliminary injunction to enjoin the Navy from dredging and disposal until the alternatives outlined in the Harris Report, CD-3 and other reports generated by the CCC were explored. The CCC argued that the Navy was in violation of the CZMA because it had not demonstrated that ocean disposal pursuant to the Navy's activity was consistent to the maximum extent practicable with the state's CMP.³⁶¹ The Navy counter-argued that: (1) the CMP was not applicable because the

³⁴⁸ *Id.*

³⁴⁹ *Id.*

³⁵⁰ *Id.*

³⁵¹ *Id.*

³⁵² *Id.*

³⁵³ *Id.* at 1109.

³⁵⁴ *Id.*

³⁵⁵ *Id.*

³⁵⁶ *Id.*

³⁵⁷ *Id.*

³⁵⁸ § 404 of the CWA gives the Corps authority to regulate the Navy's dredging and disposal operations for the project. *Id.* at 1109.

³⁵⁹ *Id.*

³⁶⁰ *Id.*

³⁶¹ *Id.*

ordnance-laden dredged material was not suitable for beaches, (2) consistency with the CMP could not require the Navy to violate other applicable federal and state laws, e.g., CWA Section 404, and (3) the discovery of the ordnance was an unforeseen event that allowed the Navy to deviate from the CMP under the CZMA.³⁶² The court held that equitable discretion would be applied on judicial review³⁶³ and granted the preliminary injunction³⁶⁴ to the CCC,³⁶⁵ reasoning that the Navy had not shown the proposed dredging and disposal was consistent to the maximum extent practicable with the state CMP because the feasibility of pending alternatives, including alternatives outlined in the Harris Report, had not been considered by the Navy or the CCC.³⁶⁶ Therefore, the court reasoned that it was illogical to conclude that ocean disposal was consistent with the state CMP.³⁶⁷ The court rejected the Navy's argument that it had submitted feasible, less environmentally damaging alternatives and provided for mitigation measures because the Navy's alternatives contained in CD-3 and other analyses were either withdrawn from consideration by the Navy or never submitted in final form to the CCC.³⁶⁸ If feasible alternatives and analyses were not properly before the CCC, then the Navy could not successfully argue it was in compliance with the state CMP or CZMA.³⁶⁹ California did get the beach nourishment it originally sought, but had to seek out additional money. The Navy placed uncontaminated material on the beaches after California lobbied Congress for the additional money.³⁷⁰

³⁶² *Id.* at 1109, 1110.

³⁶³ Although judicial review of federal agency action is typically obtained through the APA, this case was brought under the APA because the CZMA does not provide a private right of action. The district court in this case applied the principles of equitable discretion in this case because "Congress had provided in the CZMA approved more than one method" in achieving the purpose of protecting the nation's coastal zones. *Id.* at 1110.

³⁶⁴ Preliminary injunction relief is granted if the party meets one of two tests: (1) a combination of probable success and the possibility of irreparable harm, or (2) the party raises serious questions, and the balance of hardship tips in its favor. *Id.* at 1111.

³⁶⁵ *Id.* at 1110.

³⁶⁶ *Id.* at 1111.

³⁶⁷ *Id.*

³⁶⁸ *Id.* at 1112.

³⁶⁹ *Id.*

³⁷⁰ Telephone Interview with Larry Simon, Consistency Coordinator, California Coastal Commission (March 29, 2004).

Section 7.0 Suggestions for Change

If Louisiana and the Corps would like to encourage more frequent beneficial use of dredged material, then statutory, regulatory and policy revisions are needed in order to make beneficial use a priority. This section will suggest some such revisions, with the goal that they will serve as an impetus to generate discussion and additional ideas.

7.1 Actions for Immediate Change

The state could take policy action not requiring legislation that may bring about results more quickly than legal reform. For example, input from the Governor expressing her interest in beneficial use of dredged material may impress upon the Corps the importance of beneficial use to the state, especially in light of its coastal restoration crisis. Louisiana also should strengthen its resolve to use its CZMA authority to deny consistency to federal projects that violate the CMP's beneficial use guidelines. Although the state has never denied consistency to a federal navigation project for lack of or not enough beneficial use, it came close in 1997 to denying consistency to the Atchafalaya River Ocean Dredged Material Disposal Site. When beneficial use is an environmentally suitable and economically viable option in the state's opinion, then it should exercise its CZMA consistency authority. Louisiana should develop a record of denying consistency when projects do not meet the CMP's beneficial use guidelines, and no agreement can be reached between the state and the federal agency to resolve the disagreement. A consistency denial is not without risk in that it may delay or stop a dredging or navigation project that could have economic consequences for the state. It seems that Louisiana will be in no worse position by challenging the Federal Standard than it is now, even if it were to lose a legal challenge, by continuing to subjugate its beneficial use needs to that standard. While denial of consistency should be the last resort in a disagreement regarding beneficial use of the dredged material, and should be used selectively in crucial or important situations, the state should not foreclose this option.

7.2 Changes to Federal Law and Federal Appropriations Process

Revisions to the Corps' appropriations process regarding navigation projects can increase the chances for beneficial use funding. During the planning and appropriations phases, beneficial use should be contemplated and funds set aside for that purpose. Since the Corps has knowledge of Louisiana's beneficial use policies in the state's federally approved CMP, the Corps should make efforts at the earliest practicable stage of project planning to ensure that funding for beneficial use is part of project budgets. Contemplating beneficial use during the early stages of the project, i.e., writing beneficial use into the base plan, would help ensure that funding is available for it. The Corps, however, cannot be left to its own initiative to encourage more beneficial use funding. It

will take strong urging from all sectors of the state and Louisiana's Congressional delegation to overcome a traditional mindset on the issue.

A second recommendation is for Congress to articulate a national beneficial use policy. Although beneficial use provisions are included in laws such as WRDA,³⁷¹ by articulating such policy Congress could show its support for beneficial use, direct agencies such as the Corps to beneficially use dredged material when feasible and make appropriations for beneficial use. A federal policy addressing beneficial use would be a step forward in educating the nation about beneficial use, which could lead to increased funding.

Louisiana is already lobbying Congress for more CWPPRA and WRDA Section 204 funding. Although it has proven difficult over the years to secure more funding from Congress for a variety of reasons, the critical state of Louisiana's wetland loss calls for renewed efforts to use every avenue available to secure federal funding. Louisiana can strengthen its case for federally funded coastal restoration by demonstrating a strong commitment to wetlands protection and by using its federal consistency authority to show its commitment to coastal restoration.

Congress could amend the CZMA to further strengthen the consistency provision to make it clear that CZMA consistency is not subservient to the Federal Standard. Although the Corps is not allowed to exceed its Congressionally authorized appropriations limit for projects, it should, in light of its requirement to be consistent to with state CMPs, contemplate beneficial use during the planning stage and submit to Congress budgets that reflect the true costs of projects. By amending the CZMA, Congress can make its intention clear that consistency requires all federal agencies to take into account state CMPs when planning projects and ensuring that funding is available for each project to be consistent to the maximum extent practicable with the CMP, particularly when a state CMP such as Louisiana's contains beneficial use guidelines. A Congressional mandate reaffirming the consistency requirements in the CZMA would encourage more in-depth consultation and partnership between federal agencies and states with CMPs.

7.3 Changes to Louisiana Law

Changes in Louisiana law could be made to facilitate beneficial use and strengthen the state's commitment to consistency. Since funding is frequently an issue for projects, and federal appropriations for WRDA are often low, the state could elect to set aside more funds for the costs of beneficial use projects that are above the base plan when federal funding is not available to cover that extra cost. In a time of budget crises, it may not be practical for the state to allocate more funds. Nevertheless, it would demonstrate Louisiana's commitment to coastal restoration and is an option the state may wish to explore in the future.

³⁷¹ See, e.g., 33 U.S.C. § 2326(a).

A second option for Louisiana is to amend its CMP to strengthen its commitment to consistency. SLCRMA sets forth the state's beneficial use requirements,³⁷² and while the statute is specific with respect to when dredged material shall be used beneficially and the development of long-term management strategies pursuant thereto, it has no stated procedure for granting or denying consistency nor policies pertaining to disagreements between the state and a federal agency. Louisiana should amend the SCLRMA and Coastal Use Guidelines to expressly state a procedure for consistency determinations as allowed by the CZMA rather than its current practice of following federal procedures in the Code of Federal Regulations.

7.4 Louisiana Coastal Area Ecosystem Restoration Study

The Louisiana Coastal Area Ecosystem Restoration Study (LCA) is a joint effort between the Corps, the State of Louisiana, USFWS, NOAA Fisheries, EPA, U.S. Geological Survey and U.S. Department of Agriculture with the purpose of developing a strategy for addressing the long-term needs of coastal restoration in Louisiana and identifying restoration actions that could be implemented within five to ten years that will address the coastal area's most critical needs.³⁷³ Beneficial use of dredged material is addressed in the LCA, which recommends programmatic authority for the expansion of beneficial use allowing the Corps New Orleans District to take greater advantage of existing sediment resources that would become available as a result of maintenance activities.³⁷⁴ If funding is available, the study estimates that there is the potential to increase beneficial use from the approximately 14.5 million cubic yards currently used with funding from the Operation and Maintenance program or the CAP to approximately 30 million cubic yards.³⁷⁵ However, the study cautioned that not all material dredged annually would be available for beneficial use.³⁷⁶

The LCA outlined specific areas with "significant opportunity" for beneficial use: the bar channel of the Mississippi River-Gulf Outlet, the bay reach of the Barataria Waterway, the lower Mississippi River and Tributaries project at Head of Passes and Southwest Pass, the bar channel of the Atchafalaya River and Bayous Chene, Beouf and Black and the inland reach of the Calcasieu River and Pass.³⁷⁷ The LCA recommended \$100 million in programmatic authority over the initial ten years of the program to take advantage of available sediment for beneficial use purposes.³⁷⁸ According to the LCA study, programmatic authority would allow funds to be appropriated for LCA beneficial use of dredged material under guidelines established by the Secretary of the Army rather than require Congressional authorization and appropriation for each project.³⁷⁹ Approval of beneficial use projects would be given by the Secretary of the Army and managed by

³⁷² See La R.S. § 214.32(F).

³⁷³ U.S. Army Corps of Engineers, Louisiana Coastal Area Ecosystem Restoration Study Main Report, Volume 1, November 2004 at i.

³⁷⁴ *Id.* at MR 4-54.

³⁷⁵ *Id.*

³⁷⁶ *Id.*

³⁷⁷ *Id.* at MR 4-55.

³⁷⁸ *Id.*

³⁷⁹ *Id.* at MR-183.

the Division based on annually appropriated funds.³⁸⁰ LCA beneficial use has the potential to create approximately 21,000 acres of wetlands.³⁸¹

The LCA study represents a step forward in Louisiana because it recognizes the need for additional beneficial use and recommends a specific dollar amount to achieve the study's stated purpose. However, Congress has not approved the LCA, there is no guarantee that it will be approved, and the study's recommended funding level for the programmatic authority may change.

7.5 U.S. Ocean Commission Recommendations

The U.S. Ocean Commission made several relevant recommendations in its report. Two of the Ocean Commission's recommendations for managing sediment and shorelines are that Congress should 1) direct the Corps to adopt regional and ecosystem-based management approaches in carrying out its sediment-related civil works projects and should modify Corps authorities and processes necessary to achieve this goal³⁸² and 2) should ensure that its selection of the least-cost option per the Federal Standard for dredging projects reflects "a more accurate accounting of the full range of economic, environmental and other relevant costs and benefits for options that reuse dredged material, as well as for other disposal methods."³⁸³ The Ocean Commission agreed with the recommendations in the National Dredging Team's *Dredged Material Management: Action Agenda for the Next Decade*, which advocated ecosystem-based approaches and urged implementation of all of the National Dredging Team's recommendations.³⁸⁴ The Commission added that regional dredging teams should establish sediment management programs that expand from single watersheds to regional ecosystems.³⁸⁵ The Commission also recommended that Congress modify its current authorization and funding processes to require the Corps or an appropriate third party to monitor the outcomes from past Corps projects and assess the cumulative regional impacts of Corps activities within coastal watersheds and ecosystems, and these assessments should be peer-reviewed with recommendations from the National Research Council.³⁸⁶

³⁸⁰ *Id.*

³⁸¹ *Id.* at MR-182.

³⁸² U.S. Ocean Commission, *Ocean Blueprint for the 21st Century Final Report of the U.S. Ocean Commission on Ocean Policy – Pre-Publication Copy*, Washington, D.C. (2004) at 144.

³⁸³ *Id.* at 146.

³⁸⁴ *Id.* at 147. See also National Dredging Team, *Dredged Material Management: Action Plan for the Next Decade*, available at <http://www.epa.gov/owow/oceans/ndt/DredgingActionPlan.pdf>.

³⁸⁵ *Id.*

³⁸⁶ *Id.* at 148.

Section 8 Conclusion

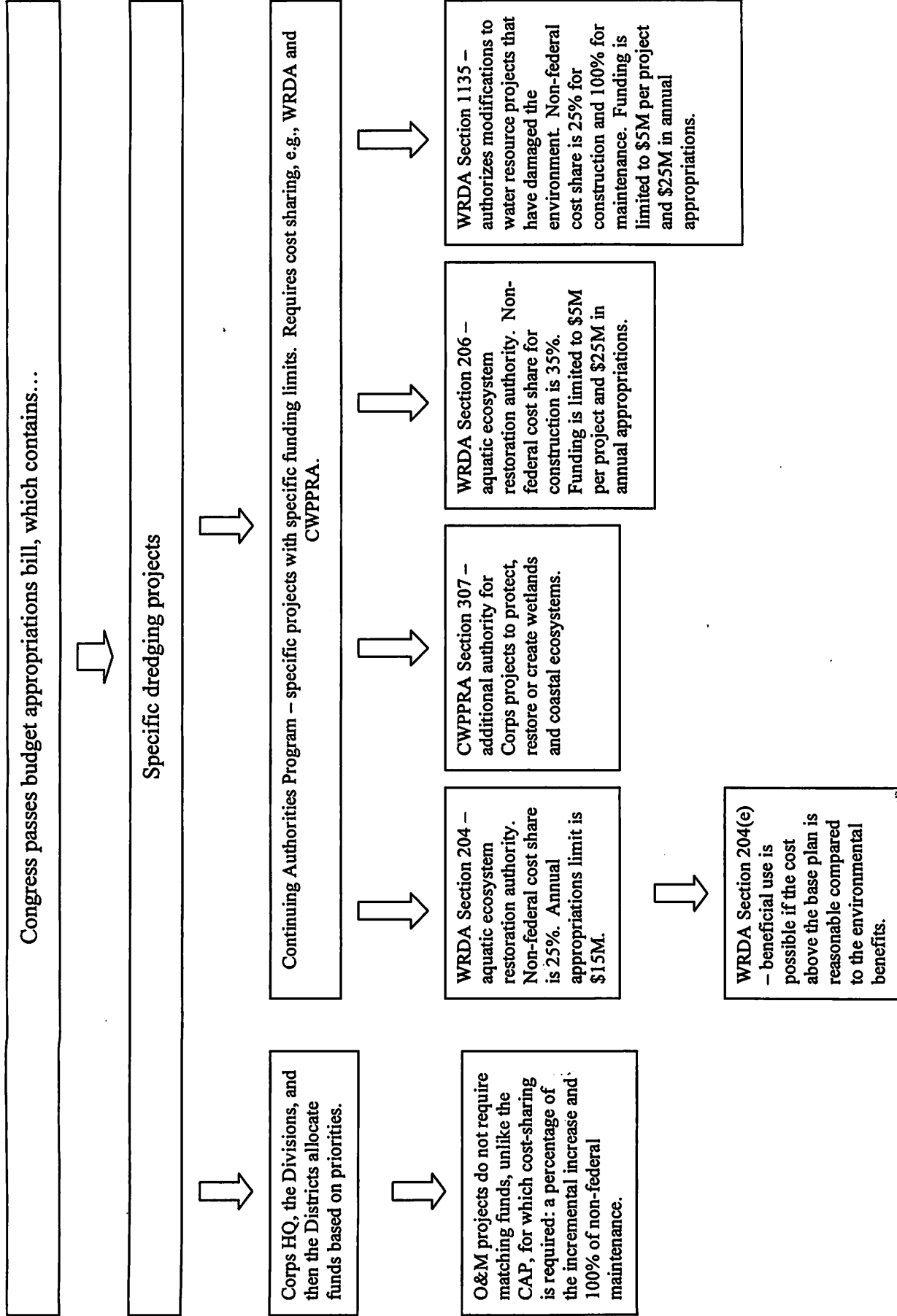
The Federal Standard/Beneficial Use issue is not one that will be easily resolved. It will require open discussion and action by both the state and the Corps. Of all the issues that may preclude beneficial use of dredged material in Louisiana, funding is perhaps the largest obstacle. New strategies need to be formulated to change federal and state mindset to increase funding at both the state and federal levels, highlighting how beneficial use projects can facilitate coastal restoration. The LCA study and recommendations in the U.S. Ocean Commission report offer constructive ideas. For its part, the state should make its case strongly to the Corps that it wants more beneficial use of dredged material, strengthen its commitment to CZMA consistency and appropriate additional state funds to pay for beneficial use projects that have incremental costs. Louisiana also should urge the state's Congressional delegation to continue seeking increased WRDA funding and increases in the Corps' budget while requiring the Corps to budget for beneficial use when drafting base plans. If the state wants more beneficial use projects to facilitate coastal restoration, then it must be prepared to take an active role to change state policy and encourage a change in Corps policy. The state should be willing to use its consistency authority to push the issue, if necessary.

The CZMA consistency provision is federal law and should take precedence over the Federal Standard, which is a federal regulation that has not been expressly mandated by Congress. Legal proceedings that attempt to resolve the conflict between CZMA consistency and the Federal Standard could render a decision unfavorable to the state merely because of the vicissitudes of legal interpretation. Even if Louisiana were to lose a decision in a particular case, it is not prevented from raising the issue again as often as it believes it can prove federal agency activities are inconsistent with its CMP and coastal restoration goals. On the other hand, in the case where it does prevail, causing delay or postponement of particular dredging projects, Louisiana should view any short-term inconveniences and possible monetary losses in light of long-term benefits of restoring its irreplaceable coastal resources.

APPENDICES

- I. **BENEFICIAL USE FUNDING FLOW CHART**
- II. **CORPS OF ENGINEERS OPERATION AND MAINTENANCE
BUDGETING AND FUNDING FACT SHEET**

Figure 1. Beneficial Use Funding



FACT SHEET

SUBJECT: Operations and Maintenance (O&M) Budgeting and Funding Process

1. Introduction.

Budget development in the O&M Program is the process to identify specific, prioritized needs and costs to operate and maintain authorized projects. Acquisition of funding is the result of the budget process. Once funds are received, they are actively managed to address project needs. Projects that are ready and required for advancement are executed on a prioritized basis.

Budget development and execution in the O&M Program occur on a federal fiscal year (FY) basis (1 OCT to 30 SEP). The budget process occurs during the two FYs leading up to the FY when funding is made available for execution. A new budget process is initiated annually. Thus, there are three budgets in various stages of development and execution at any one time.

Project funding is provided in the O&M Program annually via the Energy and Water Appropriation (E&WA). Funding for O&M of Corps projects falls into two main categories, for application respectively to projects as authorized: (1) O&M, General (O&M Gen) Appropriation, and (2) Mississippi River & Tributaries (MR&T) Appropriation. Funds cannot be transferred between O&M, General and MR&T Appropriations, nor can they be applied to projects not authorized to receive these funds.

2. Roles and Responsibilities.

The budgeting and funding process is interactive between USACE elements and elected officials. Each entity has a unique role and responsibility, as follows.

a. Office of Management and Budget (OMB). OMB is a part of the President's Administration. Reflecting the Administration's priorities from the national perspective, OMB: sets annual budgeting guidance and initial budget targets; configures and prioritizes budget requests to develop the President's Budget; and advises the Administration on the sufficiency of the E&WB for passage into law by the President.

b. Congress. Congress is composed of the House of Representatives and Senate. Congress considers the President's Budget and makes revisions based on their priorities to derive the contents of the Energy and Water Bill (E&WB). Congress bases their priorities on party aspirations, as well as on the needs of their local constituents. The wider the support for local projects, the more likely there will be Congressional interest to address those needs.

The Congress has a staff of budgeters at its disposal just as the President has the OMB. The Congressional Budget Office (CBO) is this staff. Both the House and Senate have an Appropriations Committee. Each Appropriations Committee passes their version of an E&WB. After both committees have met and formulated their version of an E&W Bill, they go into "conference," where they work to resolve differences and agree on an E&W Bill version that satisfies both the House and Senate Appropriations Committee. When this process is completed,

the Conference's E&WB version must pass a full House and full Senate vote, each a majority, before it is presented to the President for signature into Public Law. If the President veto's the bill, it must pass a full House and full Senate vote, each by at least a two-thirds majority to become law.

c. Department of the Army (DOA) and USACE. USACE reports to the Assistant Secretary of the Army, Civil Works (ASA CW). USACE higher authority includes Headquarters (HQUSACE) and Major Subordinate Commands (MSCs), i.e., division offices. District offices are grouped by region under MSCs. Each district office is considered "the field".

Division and HQUSACE offices: provide direction on budgeting and funding, based on contact with OMB and ASA (CW); consolidate budgets for Corps-wide programs and projects; communicate with elected officials on program and project needs; receive budget allocations; issue funding for program and project execution; identify changing priorities Corps-wide; and make decisions on how best to expend funds across programs for overall mission accomplishment.

District elements: review budget guidance and fiscal caps; assess project conditions and historical performance information to identify prioritized program and project needs and costs; derive justifications for budgeted items; submit budget packages to their MSC; receive budget allocations; apply funding to advance programs and projects; and when allowed by higher authority, make decisions on within-program shifts in funding (termed "reprogrammings") to meet needs as they change throughout the FY to best accomplish missions.

3. Budget Formulation Process.

a. Project Budgeting Protocols. Existing authorized O&M projects do not typically receive significant change in funding level from one FY to another unless there has been major changes in project needs and/or conditions. Funding level changes may also occur when an authorized modification is made to an existing project authority. New projects converted to federal O&M after initial construction will normally become an addition to the budget as a new line item. Funding levels of modified projects and those newly entering the O&M arena are based on authorizing document recommendations.

b. Budget Methodology and Systems. Project budgets are composed of multiple budget packages. Each budget package is aimed at addressing a specific project need, for example: repairs to a lock gate; replacement of machinery parts at a structure; maintenance of a channel reach; construction and/or maintenance of a bank protection structure, etc. Budget package development, summary reporting, and upward submittal are supported by the Automated Budget System (ABS).

Budget packages each have: a title, reflecting the O&M need; an estimated dollar amount of funding required during the FY; a funding amount estimated that will be required into the following FY, if any, to complete work initiated in the budget FY; a justification for the work; and a priority level. Each project is coded as either O&M Gen (96x3123) or MR&T (96x3112). Projects are also listed by their unique Civil Works Information System (CWIS) number. Dollar amounts are delineated as planning or execution costs.

Planning costs include management, engineering, environmental compliance, economic, and real estate considerations. Execution costs include management, contracting, construction administration, as well as the actual construction work or service rendered to complete the action. Budget packages are summarized in a roll up for each project, and there is a summary roll up for the entire O&M Program.

Budget justifications describe: project purpose and functions; customers, partners, and stakeholders; project utilization/performance information; current project conditions; actions needed to maintain required levels of service; consequences of inaction to safety, security, economics, and environment; and how long the work could be deferred until major loss of function is forecasted to occur if not funded.

When statistical data relating to project performance is available, it is presented. Performance data is acquired from the Operations Business Information Link (OMBIL) and other means of project use and performance tracking. OMBIL integrates data streams from sources such as the Waterborne Commerce Statistics Center (WCSC), Locks Performance Monitoring System (LPMS), Dredging Information System (DIS), and Corps of Engineers Financial Management System (CEFMS).

In FY 04, a new system called "P2" is being launched to improve work progress. The P2 system is aimed at integrating legacy systems for budgeting, funds management, project task and scheduling/tracking, and personnel resource management. The intent of these actions is to increase the efficiency, effectiveness, and productivity of the Corps in accomplishing its missions.

Open Plan is the current program used to perform project task scheduling and tracking. Open Plan project scheduling and tracking data is currently linked with CEFMS cost data using PROMIS. Primavera P3e software is the next generation operating interface to support P2. P3e will be used to initially extract PROMIS data, then P3e will be used for regular project and resource management.

c. Funding Cycles. O&M budget funding levels and distributions emerge from a multi-year planning and coordination effort. There are three concurrently-running budget cycles every FY. Each of these budgets is in a different stage of development and execution.

The current year budget, defined as "FY+0," or simply "FY," is the one currently under execution at any time. This traditionally means that: (1) the E&WB is passed into law; budget allotments have been made to the field; and districts are in the process of applying these funds to address project needs, or (2) that districts are operating under a Continuing Resolution Authority (CRA).

If there is no E&WA passed into law early in the FY, there may be multiple CRAs issued to fund program and project expenses that must go on despite an E&WB that has not passed. Each CRA usually has a duration of several weeks long, and normally only contains enough funding by project line item to cover minimum needs to avoid significant loss of project function.

c. Chronology. The budget development and execution process time line is described below for a single budget, from origination through execution.

(i) Origination. The Corps is provided budget directives via Budget Engineer Circular ("Budget EC"). The Budget EC is developed annually based on OMB guidance, reflective of the Administration's priorities. The Budget EC is distributed for use by USACE elements to conduct the O&M budget formulation process. The Budget EC and budget caps are distributed to districts through MSCs in the spring timeframe for two FYs forward (termed "FY+2"). Budget caps are specific to each program and project. The directives of the Budget EC define that allowable for USACE to make its budget request to the Administration.

(ii) Initial Budget Formulation and Submission. Budgeting is conducted according to EC guidelines for development of budget initial requests in FY +2. Initial budgets are formulated in the spring timeframe of FY+2.

In the last several FYs, the Budget EC has specified that only waterways having 1 billion ton-miles of commerce annually should be budgeted for and receive funding. Ton-mile data by project is tracked by the WCSC, and reported on the internet by the Institute for Water Resources (IWR), of which the WCSC is a part. The 1 billion ton-mile criteria is a high benchmark to achieve for most authorized projects, and does not necessarily represent the economic activity occurring on the waterway. The 1 billion ton-mile criteria mainly captures shallow and deep draft dry and liquid bulk commodities cargo movements.

Realizing that the ton-mile budgeting criteria does not comprehensively describe the utilization of all O&M programs and projects, districts use prudence to budget for projects that do not meet the EC's criteria. In these cases, districts base budget formulation on knowledge of the safety, security, economic, and environmental considerations not captured by the 1 billion ton-mile criteria. This may consist for example of: facility O&M for agricultural purposes; oil and gas industry waterborne needs; recreational and environmental functions; and non-bulk vessel activities, such as that to facilitate containerized cargo or offshore oil and gas production.

Project O&M costs for the budget year are based on the total of multiple budget package cost estimates. Each budget package is formulated to address a specific project need, such as channel maintenance dredging, bank protection, structure maintenance, structure operation, water control, recreation functions, etc. Budget package amounts are derived for each project by reviewing historical O&M costs, combined with the best understanding of future possible O&M needs. Budget packages are prioritized and those falling above the line of the initial project budget cap are considered funded. Those falling below the line will be unfunded. There is further elaboration on this prioritization process in that to follow.

Each budget package shows the forecasted project cost for the budget year, plus any amount that would be required in the following FY to complete project execution. The total of the funds shown for the budget year, plus that of the out-year for project completion, equals the total budget package dollar amount. The out-year cost is termed the "continuing contract" cost, i.e., the cost of continuing an on going contract into a subsequent FY than the budget FY.

Operations Managers (OMs) approach budget formulation by first inventorying the total O&M needs by project, then tabulating the associated costs for each need. The budget allotment of the previous FY is traditionally the directed starting point by project as the target of what needs can be funded. Needs can be shown as fully funded in the budget FY, or partially funded in the budget FY, with the remaining cost listed as a continuing contract cost in the following FY. Needs by project are prioritized by the OM, based on experience and judgment on what will keep projects operational and maintained to meet required levels of service.

The most critical O&M needs are shown as fully funded in the budget FY, followed by a descending list of projects shown as partially funded. It may be that a project is a significant priority, but due to the seasonality of the need, its cost may be shown as split between the budget FY and the subsequent FY. Project needs of a relatively medium to low nature may be shown as having a nominal amount of funding in the budget FY, with a majority of funds required listed in the subsequent FY. By regulation, this procedure provides these projects with the ability to be executed in the FY of budget execution, where otherwise if not listed as at least partially funded, it cannot proceed. There are exceptions, which include critical unplanned emergency work that arises and must be addressed to avoid undue adversity to project function.

Once budget FY packages are formulated for O&M projects, they undergo a prioritization process. Prioritization is made at the district level, then MSC, followed by HQUSACE. This is an interactive process among management to sequence the descending priority of budget FY project needs.

During the prioritization process, the costs associated with the descending order of project needs are cumulatively tabulated. Project needs on the sequenced list falling within that cumulative cost up to the prescribed district cap for that budget FY are considered to be "above the line," or funded in whole or part. Whole or partial funding is based on formulation of respective budget packages as described in the preceding. Project needs falling "below the line" are considered unfunded.

Projects falling below the line are important to list for several reasons. One reason to compile these project needs is to inventory what is termed the "O&M backlog". Traditionally being relatively medium to low priorities, the projects falling below the line may be carried over FY after FY until finally, possibly rising above the line for execution.

Another reason to list project needs falling below the line is that if during execution of the budget, a project need originally falling above the line is not executed as planned, unfunded projects below the line can possibly move up in priority for funding. Funded projects may not be executed as planned due to a number of reasons. Such projects may become unnecessary during that FY; actual costs to execute may be less than anticipated during budgeting; and slips in the schedule of development and execution may reduce the district's capability to expend the budgeted funds for that project during the FY.

The MSC and HQUSACE prioritize projects at increasingly higher levels above that of the district, then offer the list to OMB for review as the Corps' budget request to the Administration. The President's Budget will reflect the priorities of the Administration, based on consideration of the Corps' budget request. Because of the constraints initially set forth in the Budget EC, as well

as that of the initial budget caps, the Corps' requested budget does not reflect the full amount documented at the district level as being required for O&M. The portion of project needs shown as continuing contract costs in budget packages, as well as those project budget packages falling below the line, are not captured in the Corps' budget request made to the Administration.

USACE staff is not allowed to discuss information outside of the organization on the internal proceedings of the FY +2 budget, until after the President's Budget is released to the public. FY+2 budget documents are not for public release. The President's Budget is typically posted on the internet for access by the general public. There is normally a press release on this when released. Projects are listed by state.

(iii) Budget Package Scrub. The President's Budget is released to the public during the FEB timeframe (often at noon on the first Monday in February) of one budget year out, i.e., "FY+1". The FY+1 budget is the FY +2 budget of the previous year that has been carried forth in development. In the APR timeframe of FY+1, districts review FY+1 budget packages against current project needs and capability to execute to adjust, or "scrub" the FY+1 budget packages. The budget scrub must be kept within the budget cap, for projects falling above the line.

USACE staff is not allowed to release unpublished information on the internal proceedings of the FY +1 budget scrub. In addition, those budget documents are not for public release.

There are several reasons budget scrub exercises are conducted. In the time between initial budget submittal and scrub exercises, project needs often change. This may include an increase or shift in O&M need, and therefore, a change in estimated cost as well.

During the time between FY+2 and FY+1 budget package development, pre-construction, engineering, and design (PED) – i.e., the project planning process – may be initiated on some project budget package items. This is especially the case when project planning may be to address sizeable, complex, and/or controversial project issues required to develop the project towards a construction event.

Conducting PED in advanced of the budget year of execution (i.e., "FY+0," or "FY"), is aimed towards the district having the capability to execute, or construct, the project. PED includes: (1) problem identification and initial project scoping in the Project Delivery Team (PDT) setting, and (2) development and completion of engineering, environmental compliance, real estate requirements. The PDT includes customers, partners, stakeholders, and the Corps' interdisciplinary O&M planning and execution team. Without advanced planning, projects do not have the capability to be executed. If PED is delayed for any reason, project capability for execution may be hindered, eroding its funding expenditure potential during the budget FY of execution.

(iv) FY Budget Establishment. With input from districts and MSCs, HQUSACE prepares budget package briefing sheets during the DEC FY+1 timeframe for Members of Congress to review, as the President's Budget moves to the House and Senate for E&WB formulation. The budget package briefing sheets contain: (1) the Corps' initial budget request, (2) the full amount required to construct the project, and (3) the Corps' capability to construct the project in the budget FY.

For example, a Congressional briefing sheet will have a Corps' budget request of \$100,000, a full amount required for execution of \$1,000,000, and an execution capability of \$700,000. This means that the project is funded in the President's Budget at \$100,000; it would cost \$1,000,000 to construct; and based on when the project could be started in the budget FY, the project has an expenditure potential of \$700,000. In this example, there would be an out budget FY funding requirement of \$300,000 to complete the project. If the project can be started and finished during the budget FY, the capability amount will match the funding level required in full for project execution.

During the spring of FY+1, Congress will take the information provided in these briefing sheets into consideration to possibly provide Congressional Adds to the Administration's Budget. During this time, it is typical that Congressional officials communicate with their constituents to assess their interests in projects.

Congressional staffers will investigate the project to understand the criticality of the needs, the level of political interest, and decide on how much funding should be applied to the project. The amount that Congress will add, if any, will usually be no more than the amount of capability shown in the briefing sheets. Most Adds fall short of capability, meaning that if funded, USACE will need to size the project to within the funded amount, if at all possible.

A Congressional Add may supply funding to a project that is only partially funded in the Administration's Budget, or alternatively, add a line item with funding to the budget where no line item was provided in the Administration's Budget. Since the overall budget amount does not typically change, Adds are paid for through "Savings and Slippage," or "S&S". The definition of S&S is provided in the discussion to follow on appropriations.

The budget for FY+1 is considered by Congress during House Committee proceedings; Senate Committee proceedings; Joint House and Senate Committee negotiations (commonly referred to as "conference"); House and Senate vote to form the E&WB. The E&WB is sent to the President during late summer for consideration in passage. If the President signs the bill, a budget allotment is provided to USACE in OCT of the budget year FY.

4. Appropriations.

a. E&W Appropriations. Normally, Congressional Adds by line item are made within the initial budget cap set by the Administration in its budget proposal. Adds to the budget come at the expense of the initial budget by line item amounts across the board. To fund Adds, the budget of each line item is reduced by a percentage of the value of Adds to that of the President's Budget amount. This percentage is the definition of "S&S".

b. Omnibus Appropriations. If there is extended debate between the Administration and Congress into the FY of execution on the final formulation of the E&WB, as well as possibly other legislation, there may come a point where the Administration and Congress agree to disagree on bill passage into law. In this case, portions of the contents of un-passed bills that are agreed-upon become consolidated into an "Omnibus Bill" for passage into law. Here, it is recognized by the Administration and Congress that certain government business must go on,

and that unresolved issues would be taken up in future debates. An Omnibus Bill, passed into law, accomplishes this objective into a FY when there is extended delay in passing an E&WB.

c. Supplemental Appropriations. During the FY, Congress at times formulates supplemental appropriation bills for consideration of the President to sign into law. This usually occurs when unanticipated needs of a considerable nature arise during the FY that cannot wait for funding in the next budget cycle. In the O&M arena, this usually includes items such as critical emergency work.

5. Budget Execution Process.

a. History. The O&M budget has been relatively constant over the last decade. During this period, the budget execution process has been conducted in an environment having many competing priorities. This competitive climate originates from chronic program under funding and a mounting O&M backlog. There has been increased difficulty to address O&M needs as this problem continues. It is not expected to change in the near future.

Several contributing factors act to enlarge the O&M backlog, the longer needs remain unaddressed from FY to FY: (1) unaddressed O&M builds in scope and cost the longer it is deferred; (2) inflation acts over time to shrink the buying power of the relatively flat budget; (3) market drivers may adversely impact buying power, depending on supply and demand; and (4) as more projects arise and fall into the unfunded category, they add to the length of the backlog.

b. Funding Logistics. Funds are provided by DOA to USACE. Funds are disbursed in a Funding Authorization Document (FAD) by USACE higher authority to the field for application to program and project needs. The FY budget allotment is placed into CEFMS project accounts at the district level for execution.

Program funds are managed using the Current Year Program (CYP) tabulation. The CYP presents the funding level by project; lists the major items of work to be done during the FY; and shows a spread of funds by month for labor and contracts to address O&M needs.

The CYP identifies which project line items are underfunded, adequately funded, or overfunded. Management staff regularly meet and discuss program funding issues and regulate funds by project and line item to ensure proper program execution. Priorities change often in the program, and this tabulation is changed monthly or more frequently to reflect the most current program status.

Managers update the CYP using the current Status of Civil Accounts, which is a CEFMS query of year-to-date funds status by project and line item, for labor and contracts. Labor and contracts are identified by separate Funded Work Items (FWIs) in the Status of Civil Accounts, and the amount of funds that are uncommitted, committed, unobligated, obligated, accrued, and disbursed are shown. Funding in projects and FWIs are scheduled and tracked over the FY by management using 2101 and 3011 reports, respectively.

Funds are committed in CEFMS to accomplish work against a Purchase Request & Commitment (PR&C). This includes items such as labor and purchase of minor amounts of materials, supplies, and/or equipment. Funds are obligated in CEFMS to accomplish work on service, supply, or construction contracts.

Once work has been accomplished against a commitment or obligation, the actual dollar value is then accrued in CEFMS. A funds disbursement occurs when the accrued amount as shown in the system is actually paid out to an entity for work that is quantifiably complete. Uncommitted, unobligated, and unaccrued funds often come into question during funding reviews. Managers must explain the reasons why such funds and associated work is outstanding when compared to the 2101 and 3011 reports.

c. Program Management. In the constrained working environment that persists, USACE continually reviews and prioritizes project needs throughout the FY and takes action on the highest priorities within the allotted budget. Prioritization occurs at the district, MSC, and HQUSACE levels.

The O&M budget has no built in contingencies. Projects that end up actually costing more than was budgeted, as well as when project needs arise unexpectedly or before forecasted as a requirement, are funded out of other project budgets that have schedule slips. Often, projects that have not been executed, and have medium to low priority, may be forced to slip to fund other projects of higher priority, when shortfalls during the FY arise. Each time this occurs, the O&M backlog becomes larger.

Higher authority mandates to districts that allotted funds will not be carried over in any substantial amounts from one FY to another. If funds still reside in any projects near the end of the FY, the district must reprogram and expend the funds to accomplish some outstanding O&M item that has capability, or release these funds to higher authority for use in other districts and/or MSCs that can expend the funds to address a project need.

Large projects that have a wide range in possible funding needs during the FY, such as Mississippi River, Baton Rouge to the Gulf of Mexico, channel maintenance, are traditionally budgeted and funded for an average FY of expenditure. Such a project is also a high national priority to perform O&M. This project is unique to the New Orleans District. Its funds expenditure rate is about one-third of the total O&M Program budget. Therefore, it has a significant potential to either adversely impact the funding of other projects, or possibly assist other projects in funding.

In above-average years of need, this type of project will be under funded, and therefore, funds from other projects may be required for reprogramming to achieve the higher priority project O&M. Projects losing funds may have O&M deferrals to a later time in the FY, commensurate to the residual amount of funds available in the program for such execution. Alternatively, projects losing funds to higher priority work may be deferred to an out FY altogether.

In years that large projects have a lower than average O&M need, there may be an amount of unexpended funds without capability for use on them. In this case, these funds are reprogrammed to other priorities within the district or elsewhere in the Corps where needed. Strategically, the district keeps solicitations advertised for projects with medium to low priorities for advancement using funds that end up being unexpended on other projects as originally intended.

Through schedule slippages and below-average needs on funded projects during the FY, unfunded projects have the potential to be executed. Due in part to active program management such as this, there are no dedicated contingency accounts maintained at the district.

d. Expenditure Scheduling and Performance Tracking. Funds expenditure performance is tracked monthly by the district's Project Review Board. (PRB). This is an interactive forum of district leaders to address corporate issues, work progress challenges, as well as re-assess district priorities across programs and within programs. The PRB sets goals for performance and tracks progress. Program and project managers report on progress to the PRB and account for performance. The PRB is open for attendance by Corps' customers, partners, and stakeholders.

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