

The primary program development budgeting process is described in Engineering Circular (EC) 11-2-181. This circular describes the “Corps of Engineers Civil Works Direct Program” and provides guidance on the development and submission of the Corps of Engineers direct Civil Works Program for the current program year and appropriate out year periods. The cultural resources program is part of the Environmental Stewardship business function of the “Operation & Maintenance, General – Project Operation and Maintenance” program, Civil Works direct program. The following paragraphs describe three of the principles that guide the O&M program.

**i) Program Development Principles.**

**(1) General Philosophy.** The Operation & Maintenance (O&M) program is developed in recognition of the need to preserve the existing infrastructure and provide justified levels of service at least cost, in accordance with established criteria. In order to do so, the operations portion of the program is constrained to the greatest degree possible so as to maximize the proportion of available resources that can be devoted to maintenance requirements (baseline). In effect, this means that additional management efficiencies must be employed at every opportunity to generate savings that can be applied toward reducing the inventory of un-funded maintenance (non-baseline).

**(2) Relationship to Program Execution.** Good program execution is an essential ingredient in securing the resources needed to ensure a viable O&M program and thereby continue to provide the Nation with the benefits for which water resources projects were constructed. Development of the program is directly related to program execution. Therefore, it is imperative to develop a sound and realistic program that can be executed as scheduled in accordance with commitments to customers. The baseline programming process has been designed to facilitate both program development as well as execution. If the procedures outlined are implemented in a consistent manner throughout the Corps, the result should be: (1) a credible program that can be defended within the Administration and Congress, (2) a sufficient allowance of O&M funds and (3) a high degree of fiscal performance.

**(3) Priorities.** The district commanders must ensure that the program request provides balanced and equitable treatment to all business functions (navigation, flood damage reduction, hydropower, environmental stewardship, and recreation).

**ii) Program Development and Review Process.** Work Packages are developed that clearly and concisely describe the program and what needs to be accomplished in the program year.

**(1) Business Functions.** The Civil Works O&M program development process reflects the Corps compliance with the requirements of the Government Performance and Results Act of 1993. Therefore, the program will be submitted in a form that reflects the five business processes/functions established for the O&M mission. These business functions are Navigation, Flood Damage Reduction, Hydropower, Environmental Stewardship and Recreation. Cultural Resources is part of the Environmental

Stewardship business function. In addition, each work package will be tied to a business performance measure and goal for the program year. The goals of this program development process are to simplify reporting requirements, reduce the number of program work packages, and create a performance-based program along the lines of the five O&M business functions.

**(2) Work Packages.** In developing a work package, all costs required to accomplish the work should be included. This includes the cost of the primary activity as well as all supporting activities that are required to accomplish the work. For example, a dredging work package should contain the cost of the actual dredging process plus the costs for before and after surveys, engineering and design, real estate requirements, contract supervision, water quality monitoring, etc. In this way, a complete and stand-alone decision package is developed, thereby avoiding situations where the primary work is funded without the necessary supporting activities, or vice versa. This process applies to all work packages.

**(3) Work Package Justification.** Every work package must relate to the accomplishment of an approved performance objective. A work package must be justified based on its contribution to attainment of one or more performance goals for the performance measure(s) of its related performance objective(s). The work package justification is presented as part of the funding argument. The amount of justification required depends on the nature of the work package-objective-measure-goal linkage. These linkages and the necessity of the work package to performance goal attainment must be made clear to all levels of reviewers, both internal and external (e.g., OMB or Congress) to the Corps. The impacts of the work package on specific areas of customer service, project performance, infrastructure investment, personnel or public safety, the local community, statutory requirements, or other considerations should be included in the funding argument, especially for packages in the Non-Deferrable and Deferrable levels. Baseline level work package funding arguments should generally remain constant from year to year; however, the funding arguments for other funding level packages are likely to need updating annually as specific work items and corresponding justifications change. All work packages in all levels should have a description and funding argument.

**iii) Funding Levels.** These funding levels are as follows: Baseline, Non-Deferrable in the Program Year, Deferrable in the Program Year, and Maintenance and Repair Beyond Ability (MRBA). Four levels of funding have been developed for all categories of work based on varying degrees of operation and care of the Nation's capital investment in completed projects. Each work package should consist of work items from a single funding level; similar or related work items that belong in different funding levels should be submitted as separate work packages. The following are general descriptions of the four funding levels:

**(1) Baseline.** Each of the following criteria must be met in order for a work item to be eligible for this level of funding, a) only the relatively fixed, non-discretionary costs of operating and maintaining Corps projects should be placed in this level, b) the work

must be required to provide a justified level of service at least cost, c) best business practices should be employed to achieve the best value at lowest cost, d) the work is necessary to attain the established Tier II performance goal in the Program Year, e) a work item must have been performed on an annual basis for at least five consecutive years to be *eligible* for baseline level funding. This does *not* mean that a work item *must* be placed in the baseline just because it has been performed five years in a row. Meeting the five-year eligibility criterion alone is not sufficient for a work item to be included in the baseline level.

**(2) Non-Deferrable In Program Year.** This level includes work packages of a non-annual nature, both one-time and cyclical, such as major maintenance, equipment replacement, dredging, special studies, e.g., major rehabilitation evaluation reports, dam safety reconnaissance reports, and others. This level includes cyclical maintenance items, e.g., periodic maintenance, and maintenance of floating plant. Hired (in-house) and contract labor required to perform non-deferrable work packages should be included as part of these packages. Non-deferrable work packages are for requirements which must be performed in the program year in order to provide for continued project operation at a justified level of service at least cost, and which, if not performed, result in an unacceptable risk of failure to attain the established Tier II performance goal in the Program Year. These work packages, if deferred, would result in a high probability of unsuccessful performance of the project, facility, or function, i.e., contribute to a high risk of failure to attain the established Tier II performance goal in the Program Year.

**(3) Deferrable in Program Year.** This level includes those O&M work packages of a non-annual nature, both one-time and cyclical, such as major maintenance, equipment replacement, dredging, special studies, and others. These work packages should be performed in the program year, and are reasonable and prudent investments, which are economically and technically justified, to preserve the integrity of the structures and ensure the future operability of the project for the justified level of service at the least cost. Delays in funding these work packages may not necessarily have an adverse impact on the operation of the project in the Program Year but may result in deterioration of project features and, consequently, increased repair costs at the time the work is performed at some future date.

**(4) Maintenance and Repair Beyond the Ability of the District (MRBA).** This funding level includes those maintenance and repair work packages having a minimum cost of \$100,000, that should be performed to provide the justified level of service at least cost, but would be physically impossible for the district to accomplish during the Program Year, regardless of funding availability.