Congress of the United States
Washington, DC 20515

October 7, 2015

The Honorable Shaun Donovan
Director, Office of Management and Budget
Eisenhower Executive Office Building, Room 252
1650 Pennsylvania Ave NW
Washington, DC 20503

Dear Mr. Donovan:

As the Office of Management and Budget begins the important work of preparing the President's FY 2017 budget request for projects within the U.S. Army Corps of Engineers (USACE), we would like to call to your attention the fact that construction of the Savannah Harbor Expansion Project (SHEP) will be at an important crossroads in that fiscal year. Up until that time, the vast majority of funding for SHEP construction will have come from the State of Georgia – $214 million for the state's local sponsor share plus an additional $52 million for related state SHEP expenses – reaffirming the state's commitment to seeing this joint project completed.

We appreciate the assurance that you and others in the Executive Branch have given that you consider completion of SHEP to be a national priority. Accordingly, we would like to point out that the key to the success of this project will be whether the Administration's budget proposal next year includes at least the approximately $100 million that USACE has identified as the level that would keep the project on the path to timely and cost-effective completion.

The $100 million-per-year schedule would not represent any special treatment or accelerated funding for SHEP; rather, it would be consistent with funding provided to similar projects of high national importance in recent years. It would simply allow use of standard contracting practices that provide normal cost efficiencies in channel dredging projects. In contrast, if federal funding in FY 2017 and beyond continued at the funding level recommended by the Administration for FY 2016 –and even if that amount were supplemented to approximately $50 million through use of additional funding provided to you by the Congress - the USACE calculates that the resulting five year delay in project completion would cost taxpayers almost $1 billion. This includes $100 million in additional construction costs as well as the unrecoverable loss of the $174 million in annual economic benefits to the nation that would begin upon project completion.

We recognize that for FY 2017, as for all years, difficult decisions must be made in establishing the priority of individual projects within the overall funding levels for USACE construction. Accordingly, we ask you to consider these factors among others:

PRINTED ON RECYCLED PAPER

- SHEP is the most exhaustively studied and extensively validated deep draft navigation project in Corps history.
- An annual funding level of $100 million for SHEP is typical and appropriate for a project of this size and national importance. As one example, the recently completed deepening of the New York/New Jersey Harbor was a project of similar size and scope and which was routinely funded at or above the $100 million annual level.
- SHEP's National Economic Development (NED) analysis shows that it has one of the highest estimated benefit-to-cost ratios (5.5) of any construction project in the Corps' portfolio. Further, it is quite likely that the actual benefit-to-cost ratio is much higher, as this estimate was based on 2008 shipping forecasts which have already been far exceeded.
- Savannah continues to be the fastest-growing container port in the nation, most recently reporting a 17 percent increase in containerized cargo volume in the fiscal year ending in June. It has in place today the landside, multi-modal facilities that can immediately accommodate increased trade volume. However, the port's ability to continue to increase national economic activity and stimulate job growth remains seriously impaired by a channel that cannot fully accommodate the current generation of the post-Panamax vessels, much less the larger vessels anticipated to use the expanded Panama Canal.

The World Trade Organization estimates that international trade through U.S. ports now accounts for about 32 percent of our nation's economic output, and that figure is expected to grow to 60 percent in just 15 years. By every measure, our ability to grow our economy is tied to our ability to have competitive international shipping rates, and those rates are determined by having cost-efficient port infrastructure. No port infrastructure project in the nation can more efficiently and more quickly stimulate job growth in our country than SHEP.

Accordingly, we respectfully urge the President's USACE FY 2017 budget request include at least the $100 million required to allow SHEP to move forward and become a driving force for economic growth in our country for years to come.

Sincerely,

Johnny Isakson
United States Senator

David Perdue
United States Senator

Earl L. "Buddy" Carter
Member of Congress

Sanford Bishop
Member of Congress

Lynn Westmoreland
Member of Congress

John Lewis
Member of Congress

Rob Woodall
Member of Congress

Doug Collins
Member of Congress

Barry Loudermilk
Member of Congress

David Scott
Member of Congress

Henry 'Hank' Johnson
Member of Congress

Tom Price, M.D.
Member of Congress

Austin Scott
Member of Congress

Jody Hice
Member of Congress

Rick Allen
Member of Congress

Tom Graves
Member of Congress