



DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS, HONOLULU DISTRICT
FORT SHAFTER, HAWAII 96858-5440

REPLY TO
ATTENTION OF:

August 4, 2010

Civil and Public Works Branch
Programs and Project Management Division

Ms. Kate Stanley
Chair
Hawaii State Capitol
Legislative Federal Economic Stimulus Program Oversight Commission
415 South Beretania Street, Room 206
Honolulu, Hawaii 96813

Dear Ms. Stanley:

In response to your letter dated June 8, 2010, we are providing the enclosed containing detailed responses to the Department/Agency Questionnaire on Air Force and Civil Works projects funded by the American Recovery and Reinvestment Act (ARRA).

Representatives from our office will be attending the meeting on August 10, 2010 and present information on the numerous ARRA projects.

Should you have any questions beforehand, please feel free to contact me at (808) 438-1634 or Mr. Derek Chow, Chief, of the Civil and Public Works Branch, at (808) 438-7009.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony J. Paresa".

Anthony J. Paresa, P.E.
Deputy District Engineer for
Programs and Project Management

Enclosure

**Responses to
DEPARTMENT/AGENCY QUESTIONNAIRE**

USACE, HONOLULU CIVIL WORKS PROJECTS

1. *For each group/category or program/project for which ARRA funds have been obtained, please provide the following information.*

(a) A brief summary of the program/project, including goals;

The U.S. Army Corps of Engineers (USACE) received \$5.1M of American Recovery & Reinvestment Act (ARRA) funds for five (5) Civil Works program activities. These include the Haleiwa Harbor Maintenance Dredging Project, Waianae Harbor Maintenance Dredging Project, Barbers Point Regional Visitors Center A/C Replacement Project, Barbers Point Regional Visitors Center Bathroom Renovations/Display Upgrade Project, and Regulatory staffing. Of the five activities, two (2) activities utilized ARRA funding. These were the Haleiwa Harbor Maintenance Dredging Project and the Barbers Point Regional Visitors Center A/C Replacement. Simultaneously, USACE received regular appropriation funding via the FY2009 Energy & Water Appropriations Act; rules dictated that regular appropriations be utilized before any ARRA funds were utilized.

\$700,000 of ARRA funds was used to award a \$1,150,000 maintenance dredging contract at Haleiwa Harbor, Haleiwa, Oahu and \$54,747.87 was used to award an air-conditioner replacement contract at the Regional Visitors Center (RVC), Waikiki, Oahu. The goal of the Haleiwa Harbor maintenance dredging work is to restore the channel to original depth to improve navigation safety. The goal of the RVC air-conditioner replacement work is to replace obsolete equipment and increase energy efficiency of the facility's cooling system.

(b) Whether funds were appropriated for expenditure by a federal agency, were awarded as a formula/block grant to a State or county agency, or were awarded on a competitive grant basis;

Funds were appropriated for expenditure by USACE (federal agency).

(c) Whether matching funds are required, and if so.

(i) Are they available;

(ii) Have they been secured;

(iii) If they have not been secured, why not; and

(iv) Will the State be required to continue that match or provide increased/full funding in the future;

No matching funds were required.

(d) If there are additional requirements to receive funds, what are they;

There are no additional requirements to receive these funds.

(e) The amount of funds involved and the state/federal fiscal year within which the funds must be expended (e.g. SFY 2009-2010 or FFY 2009-2010);

A total of \$754,747.87 of ARRA funds that were provided in FFY 2009 has been obligated before the September 30, 2010 deadline.

(f) What criteria were used to identify the program/projects as a priority and how does the program/project meet them;

The criteria used for nominating projects for ARRA funding was projects that were ready to be constructed; i.e., "shovel ready". Both the Haleiwa Harbor maintenance dredging and RVC air-conditioner replacement projects were designed and awaiting construction funding prior to enactment of ARRA.

(g) Efforts undertaken to coordinate application for funds and administration of the program/project, including expenditure of funds, with other federal, state, and county agencies;

Coordination and consultation of the projects with federal, state, and county regulatory/resource agencies were conducted during the planning and design phases. Having conducted this coordination and resolving any issues during design and construction made possible the receipt of ARRA funds for these projects.

(h) The criteria used to select activities for the program/project;

The main criteria used to identify projects eligible for ARRA funds were those ready for construction. The selection of projects was performed by USACE HQ, and not at the District level. The District merely executed those projects selected by our higher authority.

(i) Efforts made to provide public notice and seek public comment/input or, if public comment/input was not sought, why;

Public involvement was accomplished during the planning and design phases of the project development. This included coordination with resource agencies, preparation of any environmental documentation, notification of Users, etc.

(j) Efforts made during the bidding/award process to ensure that it was transparent and that the funds were awarded based on merit and in a prompt, fair, and reasonable manner;

The Haleiwa Harbor maintenance dredging project solicitation was competed as full and open, while the RVC air-conditioner replacement was directed to a preselected services contractor.

(k) Measures employed to (1) reduce duplication of efforts, (2) ensure that funds were used for authorized purposes, and (3) prevent cost overruns, fraud, waste, error, and abuse;

The projects were developed, executed, and managed by experienced USACE personnel using the USACE Business Process, including program and project review reporting, and other policies and guidance's. Additionally, regular agency reporting was performed in the detail and frequency dictated by USACE HQ.

(l) Current status of the program/project, including percentage of awarded funds that have been obtained, percentage of awarded funds encumbered and/or expended, and what part(s) of program/project have been completed; and

Physical construction of the Haleiwa Harbor maintenance dredging project (\$700,000 ARRA funds expended) was completed on January 19, 2010; ARRA funds remain in contingency until such time the contractor claim is resolved. The contract of the RVC air-conditioner replacement was awarded (funds obligated) on March 22, 2010; the A/C units were installed during the week of July 26, 2010.

(m) Actual or anticipated economic impact to the State of the program/project, including the number of jobs saved/created and the long-term public benefits of the program/project.

The projects likely provided a boost to small-business construction contractors, although the exact impact (positive) these projects have on the economy are beyond USACE's ability to assess. Aside from the benefit of these projects to construction jobs, the Haleiwa Harbor maintenance dredging project provides safer ingress and egress from the harbor to recreational and commercial (tour, sport fishing) boaters.

2. *For other programs/projects, if ARRA funds, such as competitive grants, were available for a program/project but were not sought or were denied, please briefly describe why the funds were not sought or why they were denied.*

ARRA funds were provided for all Honolulu District CW projects that qualified ("shovel ready") for ARRA funding and had not received regular appropriation funding.

3. *Please describe:*

(a) Any legal/operational barriers/constraints encountered in the award, receipt, encumbrance, or expenditure of funds, including procurement, late/delayed federal guidance, and reporting requirements;

ARRA funds were prohibited for use on agency planning, coordination, and management efforts; ARRA funds were provided solely for the construction of the projects. ARRA funds were also to be utilized only after regular appropriated funds were first exhausted. ARRA funded projects required additional agency reporting beyond the normal reporting requirements and frequency. ARRA funds allocated to Regulatory staff were not utilized because regular appropriated funds were available.

(b) The effect of those barriers/constraints; and

Fortunately, the effect of the prohibition from using ARRA funds on planning, coordination, and management was mitigated through the use of regular appropriations that were simultaneously provided by the FY 2009 Energy & Water Appropriations Act for in-house planning, coordination, and management (including reporting) efforts. Though ARRA funds were not utilized for the construction of the Waianae Harbor Maintenance Dredging Project and the RVC Bathroom Renovation/Display Upgrades, regular appropriations were utilized.

(c) If and how they were mitigated.

The effects were mitigated by the use of regular appropriations to fund in-house planning, coordination, and management efforts not funded by ARRA and for other projects where regular appropriated funds were provided.

AIR FORCE PROJECTS

1. For each group/category or program/project for which ARRA funds have been obtained, please provide the following information.

(a) A brief summary of the program/project, including goals;

\$1.6M U.S. Air Force program in four repair and minor construction projects at Kaena Point Satellite Tracking Station, Waianae, Oahu, Hawaii. Projects include: Repair Water Storage Tanks; Install Erosion Control catchment; Dillingham Waterline booster pumps repair and Improvements to potable water system. Goals of these projects are to replace/repair/protect existing systems.

(b) Whether funds were appropriated for expenditure by a federal agency, were awarded as a formula/block grant to a State or county agency, or were awarded on a competitive grant basis;

Funds were appropriated for expenditure by the US Air Force (federal agency).

(c) Whether matching funds are required, and if so.

(i) Are they available;

(ii) Have they been secured;

(iii) If they have not been secured, why not; and

(iv) Will the State be required to continue that match or provide increased/full funding in the future;

No matching funds were required.

(d) If there are additional requirements to receive funds, what are they;

There are no additional requirements to receive these funds.

(e) The amount of funds involved and the state/federal fiscal year within which the funds must be expended (e.g. SFY 2009-2010 or FFY 2009-2010);

\$1.6 M was identified by the 50th Space Wing, Schriever Air Force Base, Colorado for expenditure on the Wing's installations at Kaena Point, Oahu. Funds were made available for FFY 2009-2010 execution although original agency guidance was to expend funds in FFY 2009.

(f) What criteria were used to identify the program/projects as a priority and how does the program/project meet them;

The priorities of these projects were established by the 50th Space Wing in their execution list to the U.S. Army Corps of Engineers (USACE). USACE does not have information on how the projects were prioritized.

(g) Efforts undertaken to coordinate application for funds and administration of the program/project, including expenditure of funds, with other federal, state, and county agencies;

The expenditure of the funds was managed as a single action for the Kaena Point Satellite Tracking Station. The funds were executed through the USACE Honolulu District. No other federal, state, or county agencies were involved in financing or administration of these projects.

(h) The criteria used to select activities for the program/project;

The Air Force 50th Space Wing determined the project selection criteria and provided USACE with only those projects selected to be implemented. USACE has no knowledge of the criteria used.

(i) Efforts made to provide public notice and seek public comment/input or, if public comment/input was not sought, why;

Any public involvement would have been conducted by the US Air Force prior to the design and construction phases; no public involvement was conducted by USACE in the design and construction phases of the projects.

(j) Efforts made during the bidding/award process to ensure that it was transparent and that the funds were awarded based on merit and in a prompt, fair, and reasonable manner;

The projects were competed amongst previously screened construction contractors. This competition ensured the government with the best price and no favoritism in contractor selection. USACE adheres to Federal Acquisition Regulation requiring that the solicitation and award process was conducted in a fair and reasonable manner.

(k) Measures employed to (1) reduce duplication of efforts, (2) ensure that funds were used for authorized purposes, and (3) prevent cost overruns, fraud, waste, error, and abuse;

The projects were developed, executed, and managed by experienced USACE personnel. USACE utilized subject matter experts experienced in annually executing and managing millions of dollars in Sustainment, Restoration and Modernization (SRM) and Military Construction, Army (MCA) programs. Additionally, the USACE Business Process was used to manage and administer the projects to ensure quality and timeliness of project execution, including regular Project Review Board meetings involving senior management personnel.

(l) Current status of the program/project, including percentage of awarded funds that have been obtained, percentage of awarded funds encumbered and/or expended, and what part(s) of program/project have been completed; and ARRA funds for the construction contract amount, contingencies, and administrative costs have been fully obligated; approximately 10% of funds have been expended as of late June 2010. The remaining unobligated funds are in the process of being returned to the HQ for use on other ARRA funded projects.

(m) Actual or anticipated economic impact to the State of the program/project, including the number of jobs saved/created and the long-term public benefits of the program/project.

The projects likely provide a boost to small-business construction contractors, although the exact impact (positive) these projects have on the economy are beyond USACE's ability to assess.

2. *For other programs/projects, if ARRA funds, such as competitive grants, were available for a program/project but were not sought or were denied, please briefly describe why the funds were not sought or why they were denied.*

No other Air Force ARRA funds were made available to USACE. USACE played a limited execution role.

3. *Please describe:*

(a) Any legal/operational barriers/constraints encountered in the award, receipt, encumbrance, or expenditure of funds, including procurement, late/delayed federal guidance, and reporting requirements;

ARRA funds were prohibited from use for agency planning, coordination, and management efforts. Additionally, ARRA project development supplanted existing priorities causing the agency to suspend many normal activities and focus on ARRA funded projects.

(b) The effect of those barriers/constraints; and

There was a financial burden on the agency and lack of progress on non-ARRA funded activities since ARRA funds could not be used for agency labor, planning, coordination, and management of ARRA funded projects. The unanticipated workload, late funding, conflicting guidance, and restricting rules of engagement, along with the normal construction workloads, overloaded agency staff.

(c) If and how they were mitigated.

To meet ARRA mandates, non-ARRA projects were placed on hold or at least delayed until ARRA projects were underway. Personnel were pulled from their normal offices to serve on special project delivery teams to scope, design, and develop project solicitation packages. The burden of conducting hazardous material testing and securing of permits was shifted to construction contractors and likely added costs to the projects. Agency staff overtime was used in an attempt to mitigate delays to non-ARRA projects.