

GAO Highlights

Highlights of [GAO-14-290](#), a report to the Ranking Member, Subcommittee on Water Resources and Environment, Committee on Transportation and Infrastructure, House of Representatives

Why GAO Did This Study

The Corps is responsible for dredging sediment from waterways to maintain shipping routes important for commerce. One dredge type, a hopper dredge, performs much of the dredging in ports and harbors, and the Corps uses its own fleet of hopper dredges and contracts with industry to carry out the work. In 2003, GAO examined the Corps' hopper dredging program and made recommendations to improve its management. GAO was asked to review changes to the program.

This report examines (1) actions the Corps has taken to address GAO's 2003 recommendations for improving the information needed to manage its hopper dredging program and develop cost estimates for industry contracts; (2) effects since 2003, if any, of the statutory restrictions placed on the use of the Corps' hopper dredges; and (3) key challenges, if any, the Corps faces in managing its hopper dredge fleet. GAO reviewed laws, regulations, and policies governing the Corps' use of hopper dredges, and related Corps reports. GAO analyzed dredging contract and financial data for fiscal years 2003-2012, assessed the reliability of these data, and interviewed Corps and dredging stakeholders.

What GAO Recommends

GAO recommends the Corps provide written direction to its district offices on consistently populating its database with no-bid and high-bid solicitations and develop a written plan for a study to obtain and periodically update certain hopper dredging cost data for its cost estimates. The Department of Defense concurred with the recommendations.

View [GAO-14-290](#). For more information, contact Anne-Marie Fennell at (202) 512-3841 or fennella@gao.gov.

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ARMY CORPS OF ENGINEERS

Actions Needed to Further Improve Management of Hopper Dredging

What GAO Found

The U.S. Army Corps of Engineers (Corps) has taken actions to address GAO's 2003 recommendations for improving information related to hopper dredging, but some data gaps remain. First, in response to GAO's recommendation to obtain and analyze data needed to determine the appropriate use of its hopper dredge fleet, the Corps established a tracking log to document urgent or emergency work its dredges carry out. The Corps also modified its dredging database to track solicitations for industry contracts that received no bids and bids exceeding the Corps' cost estimate by more than 25 percent, referred to as high bids. Corps district offices, however, do not consistently enter data on these solicitations, and Corps headquarters has not provided written direction to the district offices to ensure data are consistently entered. Tracking and analyzing no-bid and high-bid solicitation data could enable the Corps to identify and address gaps in industry's ability to fulfill certain dredging needs as the Corps plans its future hopper dredging work. Second, in response to GAO's recommendation, the Corps took action to assess the data and procedures it used for developing cost estimates when soliciting industry contracts. However, certain industry cost data the Corps relies on remain outdated. For example, some of the data it uses on hopper dredge equipment date back to the late 1980s. A senior Corps official stated that a study could be conducted to update the data, but the Corps has no plans to conduct such a study. Having a plan for obtaining updated data is important for developing sound cost estimates.

Statutory restrictions on the use of the Corps' hopper dredges since 2003 have resulted in costs to the Corps, but the effect on competition in the hopper dredging industry is unclear. Restrictions limiting the number of days that Corps dredges can work have resulted in additional costs such as costs to maintain certain Corps dredges while they are idle; the Corps incurs many of the costs for owning and operating its hopper dredges regardless of how much they are used. The restrictions, however, help ensure the Corps has the ability to use these dredges to respond to urgent or emergency dredging needs when industry dredges are unavailable. It is not clear to what extent restrictions have affected competition in the dredging industry. The number of U.S. companies with hopper dredges has not changed, but the number and size of these dredges have decreased since 2003. In addition, GAO did not find evidence of increased competition based on the number of bidders and winning bid prices for Corps hopper dredging projects since 2003.

Key challenges facing the Corps in managing its hopper dredge fleet are (1) ensuring the fiscal sustainability of its hopper dredges and (2) determining the fleet's appropriate future composition. In 2012, the Corps determined that because of increasing ownership and operating costs, among other things, its hopper dredges would become unaffordable unless actions were taken, including increasing the daily rates charged to projects using the Corps' dredges. Factors such as the aging of the Corps' fleet and the effect on industry of possible changes to the Corps' fleet make it difficult for the Corps to determine the best fleet composition. In studies it conducted in 2011 and 2012, the Corps identified actions that could help address these challenges, such as reviewing the operating costs of hopper dredges to evaluate the affordability of certain dredges.