

GAO Highlights

Highlights of [GAO-16-106](#), a report to congressional requesters

Why GAO Did This Study

The Corps operates over 700 dams, which are aging and may require major repairs to assure safe operation. At some dams, sponsors that benefit from dam operations share in the cost of operating and repairing these dams based on original congressional authorizations for dam construction or subsequent agreements with the Corps. Since 2005, the Corps initiated an estimated \$5.8 billion in repairs at 16 dams with urgent repair needs; sponsors are to share repair costs at 9 of these dams.

GAO was asked to examine cost sharing for Corps dam safety repairs. This report examines how, over the last 10 years, the Corps (1) determined cost sharing and (2) communicated with sponsors regarding cost sharing. GAO reviewed relevant laws and Corps regulations; analyzed dam safety projects' documentation for the 16 dams the Corps selected for repairs since 2005; conducted site visits to a non-generalizable sample of three dams based on cost share determinations and range of sponsors; and interviewed Corps officials and sponsors.

What GAO Recommends

GAO recommends that the Corps clarify policy guidance on (1) usage of the state-of-the-art provision and (2) effective communication with sponsors to establish and implement cost sharing agreements for all dams, including the three named in this report. The Department of Defense concurred with GAO's recommendations.

View [GAO-16-106](#). For more information, contact Lori Rectanus at (202) 512-2834 or rectanusl@gao.gov.

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ARMY CORPS OF ENGINEERS

Actions Needed to Improve Cost Sharing for Dam Safety Repairs

What GAO Found

The U.S. Army Corps of Engineers (Corps) determined sponsors' (such as water utilities and hydropower users) share of costs for dam safety repairs pursuant to regulations, but did not apply a provision in a statutory authority that reduces sponsors' share. The Corps determined these cost shares based on analyses of the potential ways each dam could fail, and in consideration of statutory requirements regarding which type of cost sharing arrangement, or authority, would apply given these possible failure scenarios.

- The Corps applied its *Major Rehabilitation* authority at 11 of the 16 dam safety repair projects GAO reviewed for repairs associated with typical degradation of dams, such as embankment or foundation erosion through seepage. Under this authority, sponsors are to pay their full agreed-upon cost share of the repair.
- The Corps applied its *Dam Safety Assurance* authority at 5 of the 16 dam safety repair projects GAO reviewed for repairs that resulted from the availability of new hydrologic or seismic data. Under this authority, sponsors' agreed-upon cost share is reduced by 85 percent.

The Corps did not apply one provision of its *Dam Safety Assurance* authority—related to repairs needed due to changes in state-of-the-art design or construction criteria (state-of-the-art provision)—since the enactment of the enabling legislation in 1986. Since that time, the Corps has not provided guidance on the types of circumstances under which the state-of-the-art provision applies and has not had a consistent policy position regarding the provision. For example, the Corps' latest regulation states in one section that the state-of-the-art provision will not be applied because of the difficulty in defining terminology, while another section allows for consideration on a case-by-case basis. Without clarifying the circumstances under which the state-of-the-art provision applies, and implementing the policy consistently, the Corps is at risk of not applying the full range of statutory authorities provided to it, contributing to conditions under which, as discussed below, sponsors have taken actions opposing the Corps.

In GAO's review of 9 dams with sponsors, the Corps did not communicate with or effectively engage all sponsors. For example, a federal sponsor that markets hydropower generated at two dams disagreed with the Corps' decision to not apply the state-of-the-art provision of its *Dam Safety Assurance* authority, which, if used, would reduce this sponsor's cost share by about \$410 million. This sponsor has proceeded to set its power rates in anticipation of paying the reduced cost share, creating uncertainty for the recovery of federal outlays for repairs. In addition, GAO found the Corps was not effective in reaching agreement with other sponsors on cost-sharing responsibilities at three dams because it did not have clear guidance for effectively communicating with sponsors. For example, the Corps did not engage a sponsor to ensure cost share payment at one dam and, at another dam, delayed executing agreements that would ensure sponsors' cost shares. Because the Corps did not effectively engage these sponsors, some are deriving benefits absent agreements with the Corps, while others that have agreements have not been notified of their final cost-sharing responsibility. As a result, these sponsors' cost share payments (about \$3.1 million) are uncertain.