



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
CIVIL WORKS
108 ARMY PENTAGON
WASHINGTON DC 20310-0108

APR 07 2008

Honorable Richard Cheney
President of the Senate
U.S. Capitol Building, Room S-212
Washington, D.C. 20510-0012

Dear Mr. President:

In response to a December 2, 1970 resolution adopted by the Committee on Public Works of the U.S. House of Representatives, I am providing the report of the Chief of Engineers on a navigation improvement project for Port Lions, Alaska. The resolution requested review of the reports of the Chief of Engineers on Rivers and Harbors in Alaska, published as House Document Numbered 414, 83rd Congress, and other pertinent reports, to determine whether or not modifications to the original recommendations are advisable. The Port Lions, Alaska Navigation Improvements Final Interim Feasibility Report and Environmental Assessment, dated October 2005 were prepared in response to the resolution, and the proposal is described in the report of the Chief of Engineers dated June 14, 2006, which includes other pertinent reports and comments. The views of the Department of the Interior are set forth in the enclosed report. The project was authorized in Section 1001 (2) of the Water Resources Development Act (WRDA) of 2007. The Secretary of the Army supports the authorization, and plans to implement the project through the normal budget process at the appropriate time, considering national priorities and the availability of funds.

The project recommended in the report of the Chief of Engineers consists of construction of a 1,360-foot-long rubble-mound breakwater, which would be located southwest and east of the existing mooring basin. The breakwater would protect the design fleet from northeast and southwest waves. The breakwater would not be connected to the shore, in order to provide a 150-foot breach for fish passage. This would allow fish to remain in the shallow water near shore and minimize the threat of deep-water predation. Additionally, the width of the near-shore breach at the existing breakwater would be reduced to 30 feet by extending the existing breakwater shoreward. The breakwaters would protect a 10-acre mooring basin. The basin would provide protected moorage for a total of 124 commercial and subsistence vessels ranging in length from 22 to 55 feet. The existing basin depths range from -14 feet mean lower low water (MLLW) near the entrance channel to -8 feet MLLW at the near-shore extent of the basin. Because the recommended plan would not have any significant adverse effects, no compensatory mitigation is required. The recommended plan is the national economic development (NED) plan.

Based on October 2007 price levels, total estimated first cost of the recommended plan is \$11,192,000, and is allocated to the commercial navigation purpose. The cost of the general navigation features (GNF) for the project is estimated at \$9,951,000, and all GNF costs are associated with breakwater construction. In accordance with Section 101 of WRDA 1986, as amended by Section 201 of WRDA

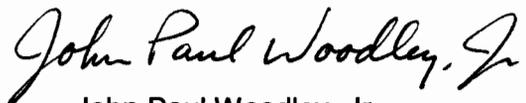


1996, the estimated Federal and non-Federal shares of GNF are estimated to be \$7,961,000 and \$1,990,000, respectively. In addition, the Federal Government would incur the costs of navigation aids, currently estimated to be \$11,000. The non-Federal share includes 10 percent of the cost of the GNF, which is based on an overall project depth of less than -20 feet MLLW and an additional cash payment of 10 percent of the costs allocated to GNF. The additional 10 percent cash payment, including interest, and less credit for land, easements, rights-of-way, and relocations, (LERR) may be paid in cash over a period not to exceed 30 years. In the case of Port Lions, there is no creditable LERR. The non-Federal sponsor, the Alaska Department of Transportation and Public Facilities, would also invest \$1,230,000 in local service facilities, which would include a mooring float system. The final cost sharing for the project would be about \$7,972,000 Federal and about \$3,220,000, non-Federal.

Total average annual costs for the recommended plan, based on a discount rate of 4 7/8 percent and a 50-year period of economic analysis are estimated at about \$593,000. This amount includes the annual cost of operation and maintenance of the project, currently estimated to be \$20,000, including \$8,000 for the Federal portion for maintenance of the breakwaters and conducting periodic hydrographic surveys, and \$1,000 for maintenance of navigation aids by the U.S. Coast Guard. The annual cost for the non-Federal sponsor to operate and maintain the mooring float system and maintain depths within the harbor is \$11,000. The average annual project benefits are estimated at about \$884,000, with annual net benefits of about \$291,000, and a benefit to cost ratio of 1.5. Environmental compliance was documented in the Environmental Assessment, and a Finding of No Significant Impact was signed on September 26, 2005, completing the National Environmental Policy Act process.

The Office of Management and Budget (OMB) advises that there is no objection to the submission of the report to Congress. A copy of its March 21, 2008 letter is enclosed. I am providing a copy of this transmittal and the OMB letter to the Senate Subcommittees on Energy and Water, and Transportation and Infrastructure.

Very truly yours,



John Paul Woodley, Jr.
Assistant Secretary of the Army
(Civil Works)

Enclosures