



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

OCT 26 2012

Honorable Joseph R. Biden, Jr.
President of the Senate
U.S. Capitol Building, Room S-212
Washington, D.C. 20510-0012

Dear Mr. President:

In response to section 101(b)(9) of the Water Resources Development Act (WRDA) of 1999, the Secretary of the Army recommends the Savannah Harbor Expansion Project (SHEP), Georgia and South Carolina, described in the supplemental report of the Chief of Engineers, dated August 17, 2012, for authorization. The Final General Re-evaluation Report (GRR) and Environmental Impact Statement (FEIS), dated January 2012 (updated July 2012), are submitted in fulfillment of the conditions in WRDA 1999, to provide detailed information on project features including mitigation, and support a statutory modification to increase the authorized total project cost. WRDA 1999 authorized construction subject to completion of a Chief's report, which was signed on October 21, 1999. Section 101(b)(9) stated that the project could only be carried out after:

(i) the Secretary, in consultation with affected Federal, State of Georgia, State of South Carolina, regional, and local entities, reviews and approves an environmental impact statement for the project that includes—

(I) an analysis of the impacts of project depth alternatives ranging from 42 feet through 48 feet; and

(II) a selected plan for navigation and an associated mitigation plan as required under section 906(a) of the Water Resources Development Act of 1986 (33 U.S.C. 2283(a)); and

(ii) the Secretary of the Interior, the Secretary of Commerce, the Administrator of the Environmental Protection Agency, and the Secretary approve the selected plan and determine that the associated mitigation plan adequately addresses the potential environmental impacts of the project.

The enclosed GRR and FEIS for the SHEP meet these requirements. Letters were received, in July 2012, from the Department of the Interior, the Department of Commerce and the Environmental Protection Agency approving the selected plan and the mitigation plan. The project would reduce the navigational and economic inefficiencies of light loading and tidal delays at Savannah Harbor by deepening the channel from its current depth of -42 feet to a depth of -47 feet Mean Lower Low Water (MLLW). The deeper channel would increase marine transportation savings by improving cargo loading efficiency for all commercial vessels and by allowing larger container ships with more capacity to call at the port.



The recommended plan would require dredging and subsequent placement of about 24 million cubic yards of new work sediments. Approximately 54 percent of this material would be deposited in existing upland dredged material containment areas (DMCAs) and about 46 percent would be deposited in the Environmental Protection Agency-approved Ocean Dredged Material Disposal Site or existing DMCAs. The selected plan for navigation improvements consists primarily of the following:

- a. Extending the existing entrance channel 7.1 miles from Stations -60+000B to -97+680B and deepening to -49 feet MLLW from the new ocean terminus to Station -14B+000B, then deepening to -47 feet MLLW from Stations -14B+000B to 0+000 and, deepening the inner harbor to -47 feet MLLW from Stations 0+000 to 103+000;
- b. Widening bends on the entrance channel at one location (Stations -23+000B to -14+000B) and in the inner harbor channel at two locations; (Stations 27+700 to 31+500, and Stations 52+250 to 55+000);
- c. Constructing two meeting areas (Stations 14+000 to 22+000 and Stations 55+000 to 59+000);
- d. Deepening and enlarging the Kings Island Turning Basin to a width of 1,600 feet; and
- e. Restoring dredged material volumetric capacity in existing DMCAs.

A mitigation plan to address the environmental impacts is also included in the recommendation. The features of this plan include:

- a. Construction of a fish bypass around the New Savannah Bluff Lock and Dam in Augusta, Georgia. Construction of this feature would compensate for loss of shortnose and Atlantic sturgeon habitats in the estuary by allowing the endangered shortnose sturgeon and the endangered Atlantic sturgeon access to historic spawning grounds at the Augusta Shoals that are currently inaccessible;
- b. Construction of a series of flow re-routing features in the estuary to include a diversion structure, cut closures, removal of a tidegate structure, and construction of a rock sill and submerged sediment berm to minimize impacts to ecologically unique tidal freshwater wetlands;
- c. Acquisition and preservation of 2,245 acres of freshwater wetlands;
- d. Restoration of approximately 29 acres of tidal brackish marsh;
- e. Construction of an oxygen injection system, to compensate for adverse effects on dissolved oxygen levels in the Savannah River estuary;
- f. Construction of a raw water storage impoundment for the City of Savannah's

industrial and domestic water treatment facility to offset increased chloride levels at the intake on Abercorn Creek during periods of low flow and high tide;

g. Construction of a boat ramp on Hutchinson Island to restore access to areas in Back River made inaccessible due to construction of the flow re-routing features;

h. One-time payment to Georgia Department of Natural Resources for a striped bass stocking program, to compensate for loss of striped bass habitat;

i. Recovery, documentation and curation of the items of historic significance of a Civil War ironclad (*CSS Georgia*), listed on the National Register of Historic Places;

j. Monitoring to ensure that (1) the impacts described in the FEIS are not exceeded, and (2) the dissolved oxygen and wetland mitigation features function as intended. Monitoring will occur prior to construction, during construction, and up to 10 years post-construction; and

k. Adaptive management would be implemented as outlined in the FEIS if monitoring indicates modification to the mitigation plan features is warranted. In accordance with the FEIS, an Adaptive Management Team would be established, with the active participation of the cooperating agencies, for the purpose of effectively implementing the mitigation plan.

The Georgia Department of Transportation will act as the non-Federal sponsor for the implementation of the project. Based on October 2011 (FY12) price levels, the estimated project first cost is \$652,000,000, which includes the cost of constructing the General Navigation Features (GNFs) and the value of lands, easements, rights of-way and relocations (LERRs) estimated as follows: \$257,000,000 for channel modification and dredged material placement; \$311,000,000 for environmental and other mitigation; \$84,000,000 for pre-construction engineering and design and construction management, and \$163,000 for the value of LERRs (except utility relocations, of which there are none) provided by the non-Federal sponsor. Included within the environmental mitigation costs are \$35,600,000 for monitoring and \$24,600,000 for adaptive management. The estimated Federal and non-Federal shares of the project first cost are \$454,000,000 and \$198,000,000, respectively, as apportioned in accordance with the cost sharing provisions of section 101(a)(1) of WRDA 1986, as amended (33 U.S.C. 2211(a)(1)).

The additional annual costs of operation, maintenance, repair, replacement, and rehabilitation (OMRR&R) for the recommended plan are estimated to be \$5,100,000. In accordance with section 101(b)(1) of WRDA 1986, as amended (33 U.S.C. 2211(b)(1)), the non-Federal sponsor and the Federal government would each be responsible for 50 percent of the costs of OMRR&R for that portion of the project that exceeds a depth of -45 feet MLLW. This cost is estimated at \$303,000, with the non-Federal sponsor's share being \$152,000 and the Federal government's share being the remaining \$152,000. As specified in the 1999 Chief's report, the costs of OMRR&R for the raw water storage impoundment would remain a City of Savannah responsibility and would not be operated or maintained as a project GNF. The OMRR&R would be considered

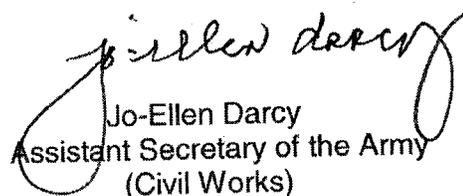
separate from the GNF related OMRR&R and there is no Federal cost sharing requirement for this feature. Similarly, the boat ramp on Hutchinson Island would be transferred to a local entity upon completion of construction and the local entity would be responsible for the OMRR&R. Lands acquired for wetland preservation would be transferred to the Savannah National Wildlife Refuge and the OMRR&R costs would be borne by the Department of the Interior, with no Federal Corps cost sharing requirement.

The recommended project is expected to significantly increase navigational transportation efficiencies. Based on October 2011 price levels, a 4 percent discount rate, and a 50-year period of analysis, the total equivalent average annual costs of the -47 foot depth project are estimated to be \$38,900,000. The average annual equivalent benefits are estimated to be \$213,100,000. Average annual net benefits are \$174,200,000 and the benefit cost ratio for the recommended plan is 5.5 to 1.

The FEIS contains a Clean Water Act (CWA) subsection 404(b)(1) evaluation and documents that the recommended plan is in compliance with the CWA requirement for a CWA section 401 water quality certificate from any State whose waters would be affected by the discharge of dredged or fill material. The Corps obtained water quality certificates from the States of Georgia and South Carolina on February 16, 2011 and November 15, 2011, respectively. The Corps will comply with all of the applicable conditions outlined in each of these certificates. However, one of the certificates has become the subject of litigation within the state of issuance. Consequently, I am seeking a CWA subsection 404(r) exemption in order to prevent inappropriate delays to this project due to pending litigation. Therefore, when the Congress authorizes this project or next appropriates funds for construction after receipt of this FEIS, it would be providing an exemption from Section 401 of the CWA.

The Office of Management and Budget (OMB) advises that there is no objection to the submission of the report to Congress and concludes that the report recommendation is consistent with the policy and programs of the President. OMB also advises that should Congress authorize this project for construction, the project would need to compete with other proposed investments in future budgets. A copy of OMB's letter, dated October 23, 2012, is enclosed. I am also providing a copy of this letter and a complete report package to the Authorization and Appropriations Committees of both the House and the Senate, because of the CWA subsection 404(r) exemption request. I am also sending an identical letter to the Speaker of the House.

Very truly yours,


Jo-Ellen Darcy
Assistant Secretary of the Army
(Civil Works)

Enclosures

8 Enclosures

1. Record of Decision
2. Letter, OMB, Oct 23, 2012
3. Report of the Chief of Engineers, Aug 17, 2012
4. Letter, GA DOT, Feb 9, 2012
5. Approval letter, DOC Jul 5, 2012
6. Approval letter, DOI, Jul 9, 2012
7. Approval letter, EPA, Jul 11, 2012
8. Savannah Harbor Report Savannah Harbor Extension Project
Final GRR and EIS (CD), January 2012 (Revised July 2012)



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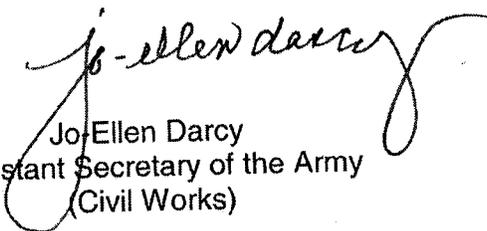
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