



DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
WASHINGTON, D.C. 20314-1000

CEMP-POD (1105-2-10a)

JUN 14 2006

SUBJECT: Port Lions, Alaska

THE SECRETARY OF THE ARMY

1. I submit for transmission to Congress my report on navigation improvements for Port Lions, Alaska. It is accompanied by the report of the district and division engineers. These reports are in partial response to a resolution adopted by the Committee on Public Works of the House of Representatives on 2 December 1970. The study resolution requested review of the reports of the Chief of Engineers on Rivers and Harbors in Alaska, published as House Document 414, 83rd Congress, and other pertinent reports, with a view to determine whether any modifications of the recommendations contained therein are advisable. Preconstruction engineering and design activities for the Port Lions, Alaska, project will be continued under the authority provided by the resolution cited above.
2. The reporting officers recommend constructing navigation improvements of the existing harbor at Port Lions, Alaska. The recommended plan provides a new rubble-mound breakwater, 1,360 feet in length, located southwest and east of the existing mooring basin. The new breakwater would protect the design fleet from northeast and southwest waves. The new breakwater would not be shore-connected to provide a 150-foot opening for fish passage. This would allow fish to remain in the shallow water near the shore and minimize the threat of deep-water predation. Additionally, the width of the near-shore opening at the existing breakwater would be reduced to 30 feet by a combination of extending the existing breakwater 40 feet shoreward and by extending the existing stub breakwater 75 feet seaward. 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 mitigation measures (beyond management practices and avoidance) or compensation measures are required. The recommended plan is the national economic development plan.
3. Project costs are allocated to the commercial navigation purpose. The estimated initial implementation cost of the general navigation features (GNF) of the recommended plan based on an October 2005 price level is \$9,300,000. All GNF costs are associated with the breakwater construction. In accordance with Section 101 of the Water Resources Development Act (WRDA) 1986, as amended by Section 201 of WRDA 1996, the ultimate

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Federal and non-Federal shares of GNF are estimated to be \$7,440,000 and \$1,860,000, respectively. In addition, the Federal Government would incur the costs of navigation aids currently estimated to be \$10,000. The non-Federal share includes 10 percent of the cost of the GNF, which is based on an overall project depth less than -20 feet MLLW and an additional cash payment of 10 percent of costs allocated to GNF. The additional 10 percent of GNF, including interest, and less credit for land, easements, rights-of-way, and relocations, may be paid in cash over a period not to exceed 30 years. The non-Federal sponsor, the Alaska Department of Transportation and Public Facilities, would invest \$1,150,000 in local service facilities, which would include a mooring float system. Total costs for all features required to obtain the projected navigation benefits, including GNF; lands, easements, rights-of-way, and relocations; local service facilities; and aids-to-navigation are estimated to be \$10,460,000.

4. The total equivalent annual cost of the project, based on a discount rate of 5 1/8 percent and a 50-year period of economic evaluation, is \$641,000. This amount includes the equivalent 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. The equivalent 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 U.S. Coast Guard would maintain the navigation aids at an annual cost of \$1,000. Equivalent annual benefits are estimated at \$884,000, for a benefit-to-cost ratio of 1.4 to 1 and average annual net benefits of \$243,000.

5. Washington level review indicates that the plan recommended by the reporting officers is technically sound, economically justified, and environmentally and socially acceptable. The plan conforms with essential elements of the U.S. Water Resources Council's Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies and complies with other applicable administration and legislative policies and guidelines. Also, the views of interested parties, including Federal, State and local agencies, have been considered.

6. I generally concur in the findings, conclusions, and recommendation of the reporting officers. Accordingly, I recommend that navigation improvements for the Port Lions, Alaska, project be authorized generally in accordance with the reporting officers recommended plan and with such modifications as in the discretion of the Chief of Engineers may be advisable in the future. My recommendation is subject to cost sharing, financing, and other applicable requirements of Federal and State laws and policies, including Public Law 99-662 (WRDA 1986), as amended by Section 201 of Public Law 104-303 (WRDA 1996). This recommendation is subject to the non-Federal sponsor

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agreeing to comply with all applicable Federal laws and policies, including the following requirements:

a. Provide, during the period of design, 25 percent of design costs allocated by the Government to commercial navigation in accordance with the terms of a design agreement entered into prior to commencement of design work for the project; and provide, during the first year of construction, any additional funds necessary to pay the full non-Federal share of design costs allocated by the Government to commercial navigation in accordance with the cost sharing as set out in paragraph b., below;

b. Provide, during construction, 10 percent of the total cost of construction of the general navigation features attributable to dredging to a depth not in excess of 20 feet; plus 25 percent of the total cost of construction of the general navigation features attributable to dredging to a depth in excess of 20 feet but not in excess of 45 feet; plus 50 percent of the total cost of construction of the general navigation features attributable to dredging to a depth in excess of 45 feet;

c. Pay with interest, over a period not to exceed 30 years following completion of the period of construction of the project, up to an additional 10 percent of the total cost of construction of the general navigation features. The value of lands, easements, rights-of-way, and relocations provided by the non-Federal sponsor for the general navigation features, described below, may be credited toward this required payment. If the amount of credit exceeds 10 percent of the total cost of construction of the general navigation features, the non-Federal sponsor shall not be required to make any contribution under this paragraph, nor shall it be entitled to any refund for the value of lands, easements, rights-of-way, and relocations in excess of 10 percent of the total cost of construction of the general navigation features;

d. Provide all lands, easements, and rights-of-way, and perform or ensure the performance of all relocations determined by the Federal Government to be necessary for the construction or operation and maintenance of the general navigation features (including all lands easements, and rights-of-way, and relocations necessary for dredged material disposal facilities);

e. Accomplish all removals determined necessary by the Federal Government other than those removals specifically assigned to the Federal Government;

f. Provide, operate, maintain, repair, replace, and rehabilitate, at its own expense, the local service facilities consisting of the existing float system and additional floats added to

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accommodate the fleet designed for the recommended project in a manner compatible with the project's authorized purposes and in accordance with applicable Federal and State laws and regulations and any specific directions prescribed by the Federal Government;

g. Shall not use funds from other Federal programs, including any non-Federal contribution required as a matching share thereof, to meet any of the non-Federal obligations for the project unless the Federal agency providing the Federal portion of such funds verifies in writing that expenditure of such funds for such purpose is authorized;

h. Shall prepare and implement a harbor management plan that incorporates best management practices to control water pollution at the project site and to coordinate such plan with local interests;

i. Comply with all applicable provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646, as amended (42 U.S.C. 4601-4655), and the Uniform Regulations contained in 49 CFR Part 24, in acquiring lands, easements, and rights-of-way required for construction or operation and maintenance of the general navigation features and the local service facilities, including those necessary for relocations, the borrowing of materials, or the disposal of dredged or excavated material and inform all affected persons of applicable benefits, policies, and procedures in connection with said Act;

j. Give the Federal Government a right to enter, at reasonable times and in a reasonable manner, upon property that the non-Federal sponsor owns or controls for access to the project for the purpose of operating and maintaining the general navigation features;

k. Hold and save the United States free from all damages arising from the construction or operation and maintenance of the project, any betterments, and the local service facilities, except for damages due to the fault or negligence of the United States or its contractors;

l. Keep and maintain books, records, documents, or other evidence pertaining to costs and expenses incurred pursuant to the project, for a minimum of 3 years after completion of the accounting for which such books, records, documents, or other evidence are required, to the extent and in such detail as will properly reflect total costs of construction of the general navigation features, and in accordance with the standards for financial management systems set forth in the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments at 32 Code of Federal Regulations (CFR) Section 33.20;

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m. Comply with all applicable Federal and State laws and regulations, including, but not limited to: Section 601 of the Civil Rights Act of 1964, Public Law 88-352 (42 U.S.C. 2000d) and Department of Defense Directive 5500.11 issued pursuant thereto; Army Regulation 600-7, entitled “Nondiscrimination on the Basis of Handicap in Programs and Activities Assisted or Conducted by the Department of the Army”; and all applicable Federal labor standards requirements including, but not limited to, 40 U.S.C. 3141- 3148 and 40 U.S.C. 3701 – 3708 (revising, codifying and enacting without substantial change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti-Kickback Act (formerly 40 U.S.C. 276c *et seq.*);

n. Perform, or ensure performance of, any investigations for hazardous substances that are determined necessary to identify the existence and extent of any hazardous substances regulated under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), Public Law 96-510, as amended (42 U.S.C. 9601-9675), that may exist in, on, or under lands, easements, or rights-of-way that the Federal Government determines to be required for construction or operation and maintenance of the general navigation features. However, for lands that the Federal Government determines to be subject to the navigation servitude, only the Federal Government shall perform such investigations unless the Federal Government provides the non-Federal sponsor with prior specific written direction, in which case the non-Federal sponsor shall perform such investigations in accordance with such written direction;

o. Assume, as between the Federal Government and the non-Federal sponsor, complete financial responsibility for all necessary cleanup and response costs of any hazardous substances regulated under CERCLA that are located in, on, or under lands, easements, or rights-of-way that the Federal Government determines to be required for construction or operation and maintenance of the general navigation features;

p. To the maximum extent practicable, perform its obligations in a manner that will not cause liability to arise under CERCLA; and

q. Comply with Section 221 of Public Law 91-611, Flood Control Act of 1970, as amended (42 U.S.C. 1962d-5b), and Section 101(e) of the Water Resources Development Act of 1986, Public Law 99-662, as amended (33 U.S.C. 2211), which provides that the Secretary of the Army shall not commence the construction of any water resources project, or separable element thereof, until each non-Federal sponsor has entered into a written agreement to furnish its required cooperation for the project or separable element.

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7. The recommendation contained herein reflects the information available at this time and current departmental policies governing formulation of individual projects. It does not reflect program and budgeting priorities inherent in the formulation of a national civil works construction program or the perspective of higher review levels within the executive branch. Consequently, the recommendation may be modified before it is transmitted to the Congress as a proposal for authorization and implementation funding. However, prior to transmittal to the Congress, the non-Federal sponsor, the Alaska Department of Transportation and Public Facilities; interested Federal agencies; and other parties will be advised of any modifications and will be afforded an opportunity to comment further.

A handwritten signature in black ink, appearing to read 'Carl A. Strock', with a long horizontal line extending to the right.

CARL A. STROCK
Lieutenant General, US Army
Chief of Engineers