

INTERIM DREDGE DISPOSAL TASK FORCE

Date: March 9, 2011

ISSUE DATE: April 4, 2011

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+ Not present

**Attended by phone

ACTION BY	ITEM	DESCRIPTION
INFO	1.	Mike LaWell requested that portions of item 3c. from the February 9,

		<p>2011 minutes be clarified, in the second sentence, ... "If dredging stops in 2015, the port could probably survive for three years but with lighter and lighter movements of bulk materials", Mike LaWell emphasized that this strategy would put ArcelorMittal at a huge risk (of adversely affecting production). Will Friedman confirmed that ceasing dredging is not part of the (dredge material disposal) plan for either the short or long term.</p>
INFO	2a.	<p>Dave Romano commented on the President's proposed USACE budget, specifically the Cleveland Harbor portion. It is of particular interest when looking toward fill management and managing dredge material. The Cleveland Harbor Fact Sheet (attached) is produced by the Buffalo District. It describes from the District's standpoint what the needs are for Cleveland Harbor and summarizes the needs from dredging and structure repair, to the fill management activities.</p>
INFO	b.	<p>In particular, at this time of the year, it is extremely important because the President's budget was just released (in February). One can see that the Administration has some high priorities across the nation and the President is forced to make some difficult decisions, as will Congress. Fortunately, the budget for Cleveland Harbor is \$9.665 million and covers a variety of activities. One of them is dredging and that is almost fully funded. There is also some dredge material management planning work that Frank uses to fund efforts of Bill and Joe Kreitinger. There was mention of engineering and design work for the CDF and fill management activities. The first phase of fill management activities was covered to \$4 million in FY12. There are additional needs and the USACE is concerned about how that impacts our strategy to keep the harbor open through 2014 and 2015. It is important to know that this kicks off the appropriation process for FY12.</p>
INFO	c.	<p>After releasing the budget, the House of Representatives reviews it and makes comments. There's a discussion between Congress and the President as far as is more needed, less needed, or do they support the budget. The process has just started. The spotlight is on FY11. We are under a continuing resolution for another week and then we will be looking to Congress to identify what our actual funding will be for the remainder of the fiscal year. This is definitely at the forefront before we can begin to talk about FY12 and a subject of future discussions for the Task Force.</p>
INFDO	d.	<p>Mike LaWell asked, "Did you get any feedback on whether the President's budget for FY11 was going to fund the USACE's portion?"</p> <p>Dave responded with, "I did not. There are many different scenarios being considered. I think you're all familiar with the ban on earmarks. The USACE is unique in that it's one of the only project-funded organizations."</p>

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<p>INFO</p>	<p>e.</p>	<p>During the period without an approved budget, do you work under the President's recommendations for the USACE projects? Have we been spending at a level that is consistent with that?</p> <p>Yes. This year, there is the FY11 President's budget and the House and Senate reports. We are able to make conservative decisions on funding that if we are in all three of the reports for a certain level, we're operating under the pretense that we are not going to get something less. We definitely do not want to spend more than what we can get.</p>
<p>INFO</p>	<p>3a.</p>	<p>Next, Phil Berkeley gave a presentation (see attachment) on how the USACE determines "Cost Sharing for Dredging and Dredge Material Disposal". There are six components:</p> <ol style="list-style-type: none"> 1. channel dredging, 2. transport to the disposal site, 3. placement in the disposal site, 4. special handling, 5. construction of the disposal site, and 6. operation & maintenance of the disposal site. <p>Channel dredging is typically always 100% federal cost. Generally transportation to and disposal in the disposal site are also 100% federal. If dewatering or decontamination is involved, it may require cost sharing. Construction of a disposal site requires 75/25, federal/non-federal cost sharing. There is also an option for a non-federal entity to build the disposal site and make it available to the USACE at a reasonable fee (i.e. tipping fee per cubic yard). For typical the USACE CDF, internal operation and maintenance and repair of the dikes would be 100% federal while they're using it.</p>
<p>TASK FORCE</p>	<p>b.</p>	<p>The study that Joe Kreitingner and his team have been working on will result with a series of alternatives and costs. One of the things the District will do is take a look at those plans and costs, and compare them to the base plan (dredging and disposing in the existing CDFs). That boils down to a cost per cubic yard, which is compared to these alternative plans. The least cost, environmentally acceptable approach is called the Federal Standard. If the appropriation process sorts itself out, we can get funds in Cleveland, but the USACE will not be able to provide all those funds to execute those plans. After the CDFs are full and if we don't have a long-term solution, the base plan will change, be more expensive, and involve new construction. The goal is to look at the alternatives and what can be implemented before we run into that situation.</p>
<p>INFO</p>	<p>c.</p>	<p>Open lake disposal was mentioned, but in all likelihood, we're 10 to 20 years away from this being a reality, and that's only if dredged material quality continues to improve to limits established by OEPA. We need a solution by 2015.</p>

<p>USACE</p>	<p>d.</p>	<p>The report that the USACE is providing will give some direction in terms of what might make sense for characterizing sediments for open lake placement. The USACE has taken a closer look at the distribution of contaminants and even if it turns out that portions of the river are approaching levels for open lake placement, there may also be portions that are not suitable. That's the science side of the question. Then, you have to lay on top of that the operational issues related to dredging and transportation of sediment and whether you can operationally segregate out portions of the river for open lake placement. All of those issues have to be worked out. The definitive analysis will come in 2012, when the next round of five year sampling occurs and the operational issues are reviewed.</p>
<p>ERDC</p>	<p>e.</p>	<p>The assumptions to the plan should include where and how much sediment may at some point be similar to what they dredge out of Toledo, which is open lake disposed, not all – but most of it today, and would it be reasonable assumption to assume that if the OEPA continues to give Toledo a water quality certification, it would be reasonable to think that we might be able to receive the same treatment here.</p>
<p>INFO</p>	<p>4a.</p>	<p>Will Friedman reported the following that Port Authority is engaged in planning for the future, which includes more than dredge material management. The Port is trying to prepare for the transition back to the DMMP, to the long-term, once we have the interim covered. The Port Authority wants to be able to hit the ground running and here is where we would like to steer the planning work as much as possible. The goal of the Port Authority is to continue acting as the local lead, which we had done through the E. 55th Street version of the DMMP. I do not see any reason why we wouldn't continue to do that. If we are going to continue in the role, we want to make sure we are setting ourselves up to be successful. We do not want to repeat what occurred last time around – we lost time. We do not have a lot time and we need to get to decisions quickly. What really concerns me is even with interim measures in place, there is still going to be some level of uncertainty around what happens after 2014, and assuming we have maxed out the capacity in the existing facilities and we're into this interim realm. Then there is a lot of uncertainty around the ability of the federal government, Congress to provide the budgetary authorization to the USACE on an annual basis. This is a problem that we discussed before. It happens every year and unfortunately Congress doesn't say here is your money for 10 years for Cleveland Harbor. With this post-earmark era we are entering, a tremendous uncertainty over federal levels of funding, not only for the USACE, but for transportation infrastructure and infrastructure in general, what does that mean to us here in Cleveland? Is that a process we can relay on? In no way should it be interpreted as a lack of confidence in the people involved, Buffalo or elsewhere in the USACE, but this is a lot of unchartered water.</p>

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INFO	b.	If we want to be sure to keep our channel dredged to its design depth, keep commerce flowing, and not impact the companies that rely on it, what is our best path forward? We are going to be a position to speak to that and put some recommendations in front of the Port Authority Board and others in the community. One option is federal. Or should we build, upland or in water, a disposal facility and not rely on the federal process? This is something that could be remiss if we didn't look at that option in a serious way. We will be looking at that. Funding whether, it's the traditional federal approach, we still have at least our 25% share. Right now, we do not know how that will be paid for. The Port Authority needs to put some ideas out and start to lead a community dialogue around what are the options and where will that money come from? And start to get both elected, non-elected officials, and others to have a discussion around and be realistic about that.
INFO	5.	For the interim disposal concepts, the City of Cleveland is taking the lead with the Brook Park and CVIC sites, while the Port Authority more focused on the long-term. It is not formalized at this point, but the approach makes sense because the City has an active Brownfield program, has sites under its control, and a track record with CVIC of success.
INFO	6.	John Patterson from Senator Brown's office reported that in the 112 th Congress, Senator Brown is co-sponsoring a bill that would direct the Harbor Maintenance Trust Fund to be spent only for maintenance dredging of federal navigation channels. The Harbor Maintenance tax is collected based on the value of imports.
INFO	7.	LTC Bales summarized two meetings he had last month, one with the mayor and the second with the governor. In each case, it was communicated how critical it is to solve the disposal problem in order to maintain commerce along the Cuyahoga and Maumee Rivers. The Governor directed his staff to work on solutions to provide potential funding.
INFO	8.	The next meeting for the Task Force will be at 1:30PM on April 6, 2011.

Distribution: Task Force, Attendees

The above covers items discussed in the last Task Force meeting. Any additions or corrections should be forwarded to Skip Jacobsen (skip.jacobsen@portofcleveland.com).



Cleveland Harbor, OH

Harbor Features

- Located on Lake Erie in the city of Cleveland, Cuyahoga County, Ohio
- Authorization: River & Harbor Acts of 1875, 1886, 1888, 1896, 1899, 1902, 1907, 1910, 1916, 1917, 1935, 1937, 1945, 1946, 1958, 1960, 1962, Water Resources Development Acts of 1976 and 1986, Supplemental Appropriations Act of 1987 and the Energy & Water Appropriations Act of 1988
- Deep draft commercial harbor
- Authorized depths are 28 feet in the outer harbor and 23 feet in the river
- 51st leading U.S. port with 10.6M tons of material shipped or received in 2008
- Cleveland Harbor is ranked 7th among the Great Lakes Ports
- Over 5.5 miles of breakwater structures
- 5.8 miles of Federal channel on the Cuyahoga River and 1 mile of Federal channel on the Old River
- Confined disposal facilities (CDFs) are located to the east of the harbor entrance
- Major stakeholders include Cleveland-Cuyahoga County Port Authority, Burke Lakefront Airport, ArcelorMittal, U.S. Coast Guard, Lake Carriers' Association, and Cargill

Project Requirements

- A minimum of 330,000 cubic yards (CY) of material must be dredged each year. However, since 2007 the amount dredged has been reduced to 225,000 CY due to limited CDF capacity. Dredging was completed in FY10 and is scheduled for FY11
- The current sediment backlog within the functional harbor areas exceeds 1.5M CY
- Severely deteriorated west pierhead, sections of the east and west breakwaters, arrowheads and finger pier must be repaired



- The CDF's are at capacity. Interim measures must be implemented to provide additional capacity until a new long term measure is available
- The Corps is evaluating the feasibility of beneficial use alternatives to address the CDF capacity crisis. Additional work will be required to implement recommended actions
- Great Lakes Restoration Initiative funding (GLRI) will be used for the preparation of design documents to excavate dredged material from the existing CDFs
- Critical requirements include maintenance dredging, structure repair and Dredged Material fill management

Consequences of Not Maintaining the Project

- Failure to dredge the harbor will result in continued shoaling and reduced channel dimensions; resulting in light loading, increased transportation costs and unsafe navigation conditions
- Light loading; losses of between 1 and 2 feet of channel depth would result in increased transportation costs of between \$2.7M and \$6.3M annually

Consequences of Not Maintaining the Project

- Failure to fund additional repairs to the west pierhead will result in the continued degradation and eventual failure of the structure, increased future maintenance costs and unsafe navigation conditions within the entrance channel leading to vessel delays and potential damage to shoreline structure. An interim repair was completed in 2009 to minimize the deterioration of the structure and reduce the risk of failure
- Failure to repair deteriorated sections of the east and west breakwaters and arrowheads, will result in the continued degradation of the structures, increased future maintenance costs and unsafe navigation conditions within the harbor leading to vessel delays and potential damage to shoreline structures
- Failure to repair the finger pier, wharf and utilities will lead to the continued degradation and eventual failure of the structure, increased future maintenance costs and potential loss of USACE Floating Plant mooring facility
- Failure to implement critical interim and long term CDF capacity measures will lead to a further reduction in annual dredging quantities and the inability to dredge once existing CDF capacity is exhausted
- Significant loss of jobs both locally and regionally

Transportation Importance

- Major receiving and shipping port on the Great Lakes
- Critical Harbor of Refuge
- Commodities shipped or received include iron ore, limestone, sand and gravel, salt, cement and concrete, general cargo and liquid bulk
- Major iron ore transshipment facility located at Cleveland's Outer Harbor. This facility provides iron ore to inland steel mills at lower delivery costs when compared to truck or direct rail delivery
- The harbor ships more than 1M tons of salt annually, which is mainly used by local municipalities for road deicing
- Bulk commodities that pass through Cleveland Harbor generate approximately \$159M annually in direct revenue which supports over 2,611 jobs. These jobs generate over \$96M per year in personal income
- Cleveland Harbor is home port of the U.S. Coast Guard Cutter Neah Bay

**U.S. Army Corps of Engineers Fiscal Year (FY) 2010, 2011 and 2012
Cleveland Harbor, Ohio - Project Requirements and President's Budget (\$1,000)**

Work Package	FY10 Requirement	FY10 Appropriation	GLRI Funds	FY11 Requirement	FY11 President's Budget	FY12 President's Budget
Maintenance Dredging – Primary	2,482	1,362		2,600	2,600	2,730
DMMP/CDF Beneficial Use Activities	325	325	50	400		200
Dredged Material Management Operations CDF 10B Excavation						
E&D, New CDF	700	175		800	800	600
Fill Management Activities, Interim CDF (Dike 12, Phase 2)	350	350		7,000	5,000	
E&D, Dike 9 Fill Management Activities						
Fill Management Activities, Phase 1						4,000
Fill Management Activities, Phase 2						
Fill Management Activities, Dike 9	3,100	2,011				
E&D Interim CDF (Dike 9, Phase 2)				350	350	
Interim CDF Maintenance (Grading)	400			250	250	350
Snagging & Clearing Floating Plant (F/P)	50	50		40	40	60
Structure Repair. – E & W Arrowhead Breakwaters (F/P)	1,450	1,000		900	900	970
Structure Repair. – E & W Arrowhead Breakwaters (Stone)				450		
Construction, West Pierhead Repair	3,400	70		3,400		
Construction, East Breakwater Repair (Sta 84-94)	4,500	1,392		2,500		
Construction, Finger Pier Repair	6,000			6,000		
E&D, East Breakwater West End Section Repair				100		
Construction, East Breakwater West End Section Repair	2,500			2,500		
E&D/Construction, Wharf and Utility Repair	4,500			4,500		
E&D East Breakwater Repair (Sta. 94-110)				250		
E&D West Pier Repair				300		
E&D West Breakwater East End Section Repair				250		
E&D East Arrowhead Breakwater				300		
E&D West Breakwater Repair				300		
Project Condition Surveys	475	475		490	490	505
CDF ERGO Compliance				70		
Environmental Compliance (CDF Monitoring, Field)				15		
Regional Economic Data Collection	500	250		250	250	250
TOTALS	30,732	7,460	50	34,015	10,680	9,665

Congressional Interests

- Representative Dennis J. Kucinich D-OH-10
- Representative Marcia Fudge D-OH-11
- Senator Rob Portman R-OH
- Senator Sherrod Brown D-OH

COST-SHARING OF DREDGING AND DREDGED MATERIAL DISPOSAL

Cleveland Harbor

Phil Berkeley
Planning Branch
U.S. Army Corps of Engineers
9 Mar 2011



®

US Army Corps of Engineers
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Six Components of Dredging and Disposal

- **Channel Dredging – 100% Federal usually**
- **Transport to the Disposal Site – 100% Federal usually**
- **Placement in the Disposal Site – 100% Federal usually**
- **Special Handling Facilities Along the Way – May Require Cost-Sharing**
- **Construction of the Disposal Site – Varies from 75% Federal to 100% non-Federal**
- **Operation and Maintenance of the Disposal Site – Varies from 100% Federal to 100% non-Federal**



Major Factors Affecting Costs and Cost-Sharing of Dredging and Disposal

- **Sediment Quality**
- **Is the Work Regular O&M Dredging or New Construction**
- **Federal Standard**
- **Base Plan**

**Guidance concerning dredging and disposal cost-sharing
Dispersed around a number of WRDA's, CFR's, ER's and PGL's**

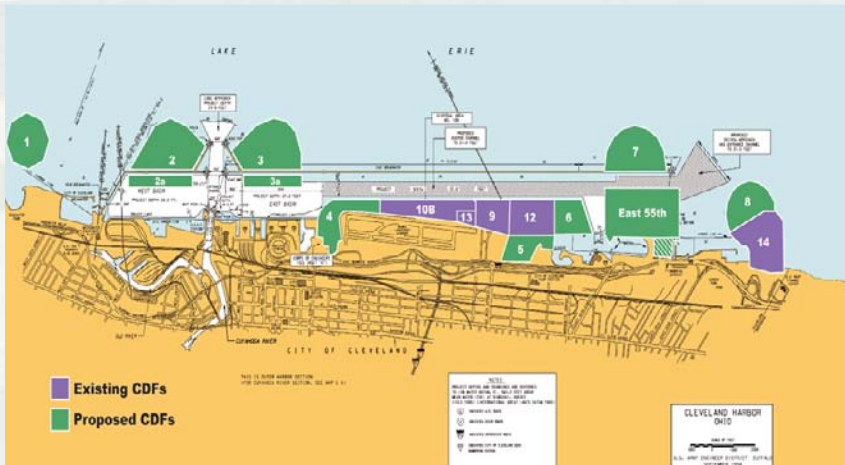


Sediment Quality

Not Contaminated
Contaminated
Toxic

Contaminated, Toxic – May require Confinement and some amount of non-Federal Cost-Sharing

Not Contaminated – Open Lake Disposal (100% Federal O&M)



O&M or New Construction

- Regular O&M with no Special Conditions or Features – 100% Federal
- New Construction – Cost-Shared depending upon what is being constructed



Federal Standard Defined

33 CFR 335.7

Federal Standard means the dredged material disposal alternative or alternatives indentified by the Corps which represent the least costly alternatives consistent with sound engineering practices and meeting the environmental standards established by the 404(b)(1) evaluation process or ocean dumping criteria

The Role of the Federal Standard in the Beneficial Use of Dredged Material from U.S. Army Corps of Engineers New and Maintenance Navigation Projects
Beneficial Uses of Dredged Materials



U.S. Environmental Protection Agency, Washington, DC

U.S. Army Corps of Engineers, Washington, DC



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Base Plan Defined

The Plan That Best Meets the Federal Standard

(3) Base Plan. It is the Corps of Engineers policy to accomplish the disposal of dredged material associated with the construction or maintenance dredging of navigation projects in the least costly manner. Disposal is to be consistent with sound engineering practice and meet all Federal environmental standards including the environmental standards established by Section 404 of the Clean Water Act of 1972 or Section 103 of the Marine Protection, Research and Sanctuaries Act of 1972, as amended. This constitutes the base disposal plan for the navigation purpose. Each management plan study must establish this “Base Plan”, applying the principles set forth below.

Base Plan does not differentiate between Federal and non-Federal Costs – It is simply the Cheapest Plan that meets the Federal Standard for a particular period of dredging and disposal



Costs of Dredging and Disposal Over and Above the Base Plan

- **Generally 100% non-Federal unless Special Authority exists for Cost-Sharing.**



Special Considerations

- **Construction of In Water or Upland Disposal Sites**
- **Beneficial Use of Dredged Material**
- **Providing Capacity for non-Federal disposal in Federal Facilities**
- **Use of non-Federal Disposal Facilities**



Dredged Material Disposal Facilities

a. The costs of constructing land-based and aquatic dredged material disposal facilities associated with the construction, operation, and maintenance of all Federal navigation harbors and inland harbors shall be considered costs of constructing a general navigation feature (GNF) of the project and shall be shared in accordance with the procedures set forth in Section 101(a) of WRDA 86. Under section 101(a) cost sharing the non-Federal sponsor will pay during construction 10 percent of the cost of constructing a disposal facility for that portion of a project with depths not greater than 20 feet; 25 percent of the cost of constructing a disposal facility for that portion of a project with depths greater than 20 feet but not greater than 45 feet; or 50 percent of the cost of constructing a disposal facility for that portion of a project with depths greater than 45 feet. The non-Federal sponsor will also provide the lands, easements, rights-of-way and relocations necessary for the disposal facility. The non-Federal sponsor will also have to pay an additional 10 percent of the cost of constructing the disposal facility, as well as other GNF costs, over a period of not to exceed 30 years but with the value of lands, easements, rights-of-way and relocations credited against this additional 10 percent payment.

b. The Federal share of the costs of operation and maintenance of the disposal facility shall be determined in accordance with Section 101(b) of WRDA 86. Under section 101(b) the Federal share of the operation and maintenance costs will be 100 percent except for disposal facilities for projects in excess of 45 feet where the non-Federal sponsor will share in 50 percent of the incremental operation and maintenance costs.



Beneficial Use of Dredged Material

Section 204 and Section 207

(1) Cost-Sharing. The cost-sharing for Section 207 projects is the same as Section 204 projects. The non-Federal interests must enter into a cooperative agreement in accordance with the requirements of section 221 of the Flood Control Act of 1970 in which the non-Federal interests agree to provide 25 percent of the cost associated with construction of the project for the protection, restoration, and creation of aquatic and ecologically related habitats, including provision of all lands, easements, rights-of-way, and necessary relocations; and pay 100 percent of the operation, maintenance, replacement, and rehabilitation costs associated with the project.

**Section 204 Project up to \$5.0M Federal;
Section 207 Project if Greater than \$5.0M Federal**

Not much gained in terms of reducing non-Federal cost-sharing if Base Plan is the construction of a new Federal Disposal Facility under WRDA 1996.



Providing Capacity for non-Federal Dredging

SEC. 217. DREDGED MATERIAL DISPOSAL FACILITY PARTNERSHIPS.

(a) ADDITIONAL CAPACITY.—

(1) PROVIDED BY SECRETARY.—At the request of a non-Federal interest with respect to a project, the Secretary may provide additional capacity at a dredged material disposal facility constructed by the Secretary beyond the capacity that would be required for project purposes if the non-Federal interest agrees to pay, during the period of construction, all costs associated with the construction of the additional capacity.

Extra capacity can be built into a Federal CDF at 100% non-Federal cost

Section 217 of WRDA of 1996



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Use of non-Federally Constructed Facilities

“(3) use of a dredged material disposal facility designed, constructed, managed, or operated by a private entity is not precluded if, consistent with economic and environmental considerations, the facility is the least-cost alternative.”

**Can the Corps Pay User Fees at a non-Federal Facility –
Yes, under certain conditions (It must be economical and
non-Federal cost sharing of the fees may be required).**

Section 201 of WRDA of 1996



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Bottom Line

- **Virtually nothing new or different comes without substantial cost to a non-Federal sponsor.**
- **Apportionment of costs can only be definitively determined after Alternative Plans have been developed and subjected to a detailed cost-estimate.**
- **Alternative Plans must then be compared to a “Base Plan” to determine apportionment of costs over and above the costs of the Base Plan.**



Questions?



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