



DEPARTMENT OF THE ARMY

U.S. Army Corps of Engineers
WASHINGTON, D.C. 20314-1000

AUG 27 1999

REPLY TO
ATTENTION OF:

Policy Division
Policy Review Branch

TO INTERESTED PARTIES

Enclosed for your information is a copy of the report on Columbia and Lower Willamette Rivers Federal Navigation Channel, Oregon and Washington, which includes the final environmental impact statement (FEIS), prepared in accordance with the National Environmental Policy Act of 1969 (NEPA). The final report consists of 8 volumes: 3 of the main report, appendices A-F, appendix G, and 3 volumes of appendix H. There were no changes to appendix G (additional addendum sheets provided) and appendix H, volume II, from the draft EIS. To reduce the overall reproduction costs, we are asking those individuals that received the entire draft EIS to replace the cover on appendices G and H, volume II, with the one provided.

The FEIS is being filed with the Environmental Protection Agency and is being made available to interested parties for review and comment pursuant to regulations of the President's Council on Environmental Quality for implementing NEPA (40 CFR Parts 1500-1508). Also enclosed is the proposed report of the Chief of Engineers. These documents are currently under review by the heads of Federal agencies and the Governors of the States of Oregon and Washington. Upon receipt of their comments, the report of the Chief of Engineers will be finalized and submitted to the Secretary of the Army for transmittal to Congress.

Any comments you may have on the FEIS should be directed to the Policy Review Branch, ATTN: CECW-AR (IP), 7701 Telegraph Road, Alexandria, Virginia 22315-3861. The official closing date for the receipt of comments is 45 days from the date on which the notice of availability of the FEIS appears in the Federal Register. This closing date may be somewhat later than 45 days from the date of this letter.

Sincerely,

A handwritten signature in cursive script that reads "David B. Sanford, Jr.".

David B. Sanford, Jr.
Chief, Policy Division
Directorate of Civil Works

Enclosures



Proposed Report¹
DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF ENGINEERS
WASHINGTON, D.C. 20314-1000

REPLY TO
ATTENTION OF:

CECW-AR (10-1-7a)

SUBJECT: Columbia and Lower Willamette Rivers Federal Navigation Channel, Oregon and Washington

THE SECRETARY OF THE ARMY

1. I submit for transmission to Congress my report on deep draft navigation improvements and environmental restoration improvements for the Columbia and Lower Willamette Rivers, Oregon and Washington. It is accompanied by the report of the district and division engineers. These reports are in final response to a resolution adopted 3 August 1989, by the Committee on Public Works and Transportation of the U.S. House of Representatives. The study resolution requested an investigation to determine the advisability of modifying the existing deep draft navigation project on the Columbia and Willamette Rivers.

2. The reporting officers recommend a plan which would deepen the existing channel from 40 feet to 43 feet Columbia River Datum, from river mile 3 to 106.5 on the Columbia River and river mile 0 to 11.6 on the Willamette River. There is no recommended change in the 600-foot width of the project. Three of the existing six turning basins on the Columbia River and all three of the turning basins on the Willamette River are recommended for deepening. Construction of the 43-foot channel would require the removal of 20 million cubic yards of sandy material, 220,000 cubic yards of hard basalt rock and 450,000 cubic yards of cemented sand, gravel and boulders. The recommended action would include disposal of construction and subsequent channel maintenance dredged material at two new ocean disposal sites, a deepwater site, and Site E. The amount of dredged material estimated for ocean disposal for the 43-foot channel alternative is estimated at 7 million cubic yards (mcy) from construction and a total of 9 mcy for maintenance over 20 years. This would be in addition to the existing average annual ocean disposal of 4.5 mcy from the Mouth of the Columbia River project. The amount of in-water disposal for the 43-foot channel alternative would be less than for the existing 40-foot channel. Most of the shift would be from in-water to upland disposal sites.

¹This report contains the proposed recommendation of the Chief of Engineers. The recommendation is subject to change to reflect Washington level review and comments from Federal and State agencies.

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3. The benefits of improving the navigation channel would result from a potential ten percent reduction in ocean transportation costs for benefiting commodities. The estimated first cost of the national economic development (NED) plan is \$181,891,000 (October 1998 price level). This plan includes deepening the navigation channel to 43 feet and an environmental restoration component. The NED initial implementation cost of channel deepening is \$176,992,000, and the cost of the ecosystem restoration component is \$4,899,000. Total average annual charges of both components of the NED plan as based on a discount rate of 6.875 percent and a 50-year period of economic analysis are estimated at \$17,400,000. Average annual economic benefits of the channel deepening component are estimated at \$34,419,000. The resulting navigation improvement benefit-to-cost ratio is 2 to 1. The net benefits of the navigation component amount to \$17,019,000. An environmental restoration component resulting from a series of workshops with Federal and State resource agencies and the public is also recommended for implementation. Its scope consists of restoring the hydraulic connection between the Columbia River and Shillapoo Lake and of fisheries habitat restoration measures. These elements, which have an initial construction cost of \$4,899,000, are included in both the NED and recommended plans. The estimated first cost of the recommended locally preferred plan is \$188,319,000 (October 1998 price level). This locally preferred plan includes the same construction footprint for channel deepening and environmental restoration but differs for the NED plan in the selection of disposal sites. The locally preferred alternative utilizes three port preferred disposal sites, including two port owned sites. The locally preferred disposal plan is still subject to further review and discussion between the Federal and non-Federal interests.

4. The recommended disposal alternative would use a total of 29 upland disposal sites, with a total land area of 1,681 acres. Fourteen of these sites, totaling 1,025 acres, are included in the no action alternative. The recommended disposal alternative would result in the direct loss of 200 acres of agricultural lands, 67 acres of riparian habitat, and 20 acres of wetland habitat. Wildlife mitigation actions would be implemented that would address impacts to wildlife resources and their habitats. This mitigation is principally associated with the eight new disposal sites. Dredging of the Willamette River channel would require full compliance with all laws including the Clean Water Act, Endangered Species Act, and the National Environmental Policy Act. The local sponsors for the proposed project, however, have requested that dredging the Willamette River be delayed to allow coordination with the Oregon Department of Environmental Quality's (ODEQ) investigation and remediation planning for the Portland Harbor. This would delay construction of the Willamette River portion of the selected plan to insure that final implementation decisions would incorporate both the investigation results and remediation plan. In addition, ODEQ would be asked to certify compliance with water quality standards for the Oregon portion of the project separately from certification of the Willamette River portion. Certification of the Willamette River portion would not occur until after the ODEQ remediation plan has been completed.

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5. Where dredged material is placed on port property it would be placed in a confined disposal area. Dredged material from the disposal facility would be available for subsequent use by the port in port development. I recommend that where disposal facilities are located on port property, the disposal facility operations, maintenance and management be accomplished at non-Federal costs without reimbursement. In other words, the sponsor would operate, maintain, and manage the disposal facilities in exchange for the opportunity to beneficially use the dredged material. Where private property owners propose to use dredged material deposited on their property, the potential value obtained for use of the material would be reflected in the payment for the real estate interest for use of the property. I recommend that the ports, as non-Federal sponsors, operate, maintain and manage certain disposal facilities. Subject to the availability of funds, I recommend that the Federal Government reimburse the non-Federal sponsors an amount equal to the actual costs of the operation and maintenance of disposal facilities performed that fiscal year or in the actual fiscal year appropriation is identified for operation and maintenance of disposal facilities, whichever is less. I recommend that when the non-Federal sponsors sell material from a disposal facility, the proceeds from the sale, less any State royalties, be deducted from the Federal payment for operation, maintenance and management of the disposal facilities.

6. The non-Federal sponsor will assist in the work of maintaining the main ship channel in the Columbia and Willamette Rivers by making available to the United States a suitable pipeline dredge in good operating condition, with full crew and equipment, without charge other than reimbursement for the full operating cost of the dredge on a basis approved by the Chief of Engineers, said operating costs to include proportionate maintenance costs based on the period of time the dredge is in use for the United States. I recommend that the Port of Portland, subject to the availability of funds, be reimbursed by the Federal Government for maintenance dredging of the project performed by the Port of Portland's pipeline dredge. The reimbursement to be afforded, subject to Government audit, will be based on the full operating cost of the Port of Portland's dredge while performing maintenance dredging of the project including proportionate cost of maintenance of the dredge based on the period of time the dredge is performing maintenance of the project that fiscal year or the actual fiscal year appropriations identified for that portion of maintenance dredging, whichever is less. Also, the reporting officers recommend that the non-Federal sponsor be authorized credit for participation in the construction of the project from river mile 95 to the upstream end of the project and improvement of embayment circulation portion of the ecosystem restoration features of the project. The proposed credit to be afforded, subject to Federal Government audit, would be applied toward the non-Federal sponsor cash contribution required for construction. This recommendation proposed by the reporting officers is subject to further Washington level review.

7. The reporting officers recommend that the Federal Government be authorized to make lump sum payment to the Oregon Department of Fish and Wildlife and the Washington Department of

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Fish and Wildlife in fulfillment of the Federal Government's responsibility to operate and maintain these mitigation areas, subject to agreement by these agencies to accomplish the operation and maintenance of the mitigation areas without further cost to the Federal Government. This recommendation proposed by the reporting officers is subject to further Washington level review.

8. I recommend that the non-Federal sponsors be given a pro-rated share of the value of lands, easements, rights-of-way, and relocations (LERR) for disposal sites needed for operation and maintenance of the existing 40-foot project against the additional 10 percent cost share for the 43-foot project if the sites will also be needed for disposal facilities for construction and subsequent operation and maintenance of the 43-foot project. The pro-rated value would be based on the actual proportionate use of disposal site capacity for the maintenance of the existing project versus the projected capacity that would be used for the construction, maintenance and operation of the 43-foot project.

9. I generally concur in the findings, conclusions, and recommendations of the reporting officers. Deepening the channel to 43-feet was found to maximize net benefits. The channel configuration is the same for both the locally preferred alternative and the NED plan. The locally preferred alternative differs only in the selection of three disposal sites, which are preferred by the port. The locally preferred alternative is selected as the recommended action for Federal implementation. The non-Federal sponsors have elected to pay the incremental difference to construct and operate and maintain the locally preferred plan. The net difference in first costs between the locally preferred plan and the NED plan amounts to \$6,428,000. The net additional annual operation and maintenance costs of the locally preferred plan as compared to the NED plan are \$450,000. The estimated cost of the recommended action, including the environmental restoration component, is \$188,319,000, which consists of \$183,420,000 for navigation and \$4,899,000 for environmental restoration. The estimated cost of the NED plan is \$181,891,000, which consists of \$176,992,000 for navigation and \$4,899,000 for environmental restoration. The NED plan navigation cost includes \$142,490,000 in general navigation features, \$18,165,000 for LERR, \$1,198,000 for non-Federal associated costs for deepening berthing areas, and \$15,139,000 for removal of utilities by utility owners. In accordance with Section 101 of the Water Resources Development Act of 1986, as amended, the first costs of the NED navigation costs would be shared \$106,867,500 Federal and \$70,124,500 non-Federal. During the period of construction, the non-Federal interest must provide a cash contribution equal to 25 percent of the cost attributable to dredging to a depth in excess of 20 feet but not in excess of 45 feet. The non-Federal share includes up to an additional 10 percent of the cost for the GNF (\$14,249,000) to be paid over a period not to exceed 30 years with the value of LERR creditable against the additional 10 percent share. In this case, the LERR at \$18,165,000 exceeds the allowable credit for LERR, against the 10 percent cost for GNF, and there is no additional 10 percent requirement. The Federal share of the recommended locally preferred navigation plan is capped at \$106,867,000, the amount of the Federal Government share to construct the NED plan.

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Accordingly, the \$183,420,000 navigation cost of the locally preferred recommended plan is \$106,867,500 Federal and \$76,552,500 non-Federal. The environmental restoration cost of the recommended locally preferred plan is \$4,899,000. The non-Federal interest is to provide the lands, easements, rights-of-way, relocations and dredged material disposal areas for the environmental restoration and pay during construction, any additional costs as necessary to make its total contribution equal to 35 percent of the separable project costs allocated to environmental restoration. The Federal and non-Federal shares of the environmental restoration component is \$3,184,000 and \$1,715,000, respectively. The total cost of the recommended locally preferred plan is \$188,319,000, with an estimated Federal share of \$110,051,000 and an estimated non-Federal cost of \$78,267,000. The annual cost for operation and maintenance of the recommended locally preferred plan is estimated at \$4,373,000 consisting of \$4,335,000 for navigation and \$38,000 for environmental restoration. The navigation operation and maintenance costs includes an estimated \$450,000 in incremental annual operation and maintenance costs over the operation and maintenance costs of the NED navigation plan which will be paid by the non-Federal sponsors. The remainder of the navigation operation and maintenance costs are Federal. The operation and maintenance costs for the environmental restoration component of the recommended locally preferred plan are non-Federal.

10. 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 nor 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 sponsors, the State, interested Federal agencies, and other parties will be advised of any significant modifications and will be afforded an opportunity to comment further.

JOE N. BALLARD
Lieutenant General, U.S. Army
Chief of Engineers