



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

REPLY TO
ATTENTION OF:

CECW-PE (10-1-7a)

26 JUL 1996

SUBJECT: Port of Long Beach, San Pedro Bay, California

THE SECRETARY OF THE ARMY

1. I submit for transmission to Congress my report on improvements to the existing navigation project at the Port of Long Beach, California. It is accompanied by the reports of the district and division engineers. These reports are in final response to a series of Congressional resolutions dating back to May 1967 directing the U.S. Army Corps of Engineers to promote and encourage the efficient, economic, and logical development of the Los Angeles and Long Beach Harbors, and to provisions contained in the Water Resources Development Acts of 1986, 1988, and 1990, wherein construction of navigation improvements by the Corps and crediting of construction costs for navigation improvements completed by the Port of Long Beach were authorized, subject to approval by the Secretary. Preconstruction engineering and design activities for the Port of Long Beach will be continued under the authority provided by Section 201 of the Water Resources Development Act of 1986 (Public Law 99-662) as amended.

2. The reporting officers recommend deepening the approach and entrance channels and turning basin from -60 feet mean lower low water (MLLW) to -76 feet MLLW. The recommended plan includes incorporating the channel deepening work completed by the Port of Long Beach as part of its Pier J Expansion Project (the completed portion) plus the new dredging required from the breakwater seaward to complete the deeper navigation access (uncompleted portion). Dredged material from the new dredging would be placed in nearshore borrow pit areas and Pier 400. The recommended plan would reduce waterborne transportation costs by minimizing the need for light loading of bulk shipments and by encouraging the use of larger and more efficient transport vessels. No mitigation is required. The recommended plan is the national economic development (NED) plan and is the plan preferred by the non-Federal sponsor.

3. Based on October 1995 price levels, the Government estimate of the total cost of the recommended plan (completed and uncompleted portions) is \$55,449,000. The total first cost of the uncompleted portion is estimated at \$37,288,000. The Federal share of the first costs of the uncompleted portion of the recommended plan is estimated at \$14,317,500 and the non-Federal

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share is estimated at \$22,970,500, including the additional 10 percent (\$1,652,000) non-Federal share of the general navigation features required by Public Law 99-662. The Federal and non-Federal share of project costs reflects a \$7,300,500 credit to the Port of Long Beach for work already completed by the port on the recommended project. Average annual charges, reflecting a 50-year period of economic analysis and a 7-5/8 percent discount rate, are \$3,126,000. Average annual benefits are estimated at \$35,495,000, yielding a benefit-to-cost ratio of 11.4 to 1.

4. Washington level review indicates that the proposed plan is technically sound, economically justified, and environmentally acceptable. The proposed project complies with applicable Corps planning procedures and regulations. Also, the views of interested parties, including Federal, State, and local agencies have been considered.

5. Accordingly, I recommend implementation of the proposed project generally in accordance with the reporting officers recommended plan, with such modifications as in the discretion of the Chief of Engineers may be advisable, and subject to applicable cost-sharing and financing requirements. My recommendation is made with the provision that, prior to implementation of the recommended improvements, the non-Federal sponsor shall enter into binding agreements with the Federal Government to comply with the following requirements. For the separable and joint navigation improvements allocated to the Port of Long Beach, the non-Federal sponsor shall:

a. Construct all local service facilities, and for so long as the project remains authorized, operate and maintain the local service facilities and any dredged or excavated material disposal areas 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.

b. Provide all lands, easements, rights-of-way, and suitable borrow and dredged or excavated material disposal areas, and perform or ensure the performance of all relocations determined by the Federal Government to be necessary for the construction, operation, and maintenance of the general navigation features and the local service facilities. One-half of the cost of deep-draft utility relocations or alterations shall be borne by the local sponsor, and one-half shall be borne by the utility owner.

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c. Provide all improvements required on lands, easements, and rights-of-way to enable the proper disposal of dredged or excavated material associated with the construction, operation, and maintenance of the general navigation features and the local service facilities. Such improvements may include, but are not necessarily limited to, retaining dikes, wasteweirs, bulkheads, embankments, monitoring features, stilling basins, and dewatering pumps and pipes.

d. Provide, during the period of construction, a cash contribution equal to 50 percent of the total cost of construction of the general navigation features.

e. Repay with interest, over a period not to exceed 30 years following completion of the period of construction of the project, an additional 0 to 10 percent of the total cost of construction of general navigation features depending upon the amount of credit given for the value of lands, easements, rights-of-way, relocations, and borrow and dredged or excavated material disposal areas provided by the non-Federal sponsors for the general navigation features. If the amount of credit exceeds 10 percent of the total cost of construction of the general navigation features, the non-Federal sponsors shall not be required to make any contribution under this paragraph, nor shall they be entitled to any refund for the value of lands, easements, rights-of-way, relocations, and dredged or excavated material disposal areas, in excess of 10 percent of the total cost of construction of the general navigation features.

f. Give the Federal Government a right to enter, at reasonable times and in a reasonable manner, upon property that the non-Federal sponsors, now or hereafter, own or control for access to the general navigation features for the purpose of inspection and, if necessary, for the purpose of operating and maintaining the general navigation features.

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

h. Keep and maintain books, records, documents, and other evidence pertaining to costs and expenses incurred pursuant to the project, for a minimum of three years after completion of the accounting for which such books, records, documents, and other evidence is required, to the extent and in such detail as will properly reflect total cost of construction of the general

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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 CFR Section 33.20.

i. Perform, or cause to be performed, any investigations for hazardous substances as are determined necessary to identify the existence and extent of any hazardous substances regulated under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), 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 necessary for the construction, 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 investigation unless the Federal Government provides the non-Federal sponsor with prior specific written direction, in which case the non-Federal sponsor shall perform such investigation in accordance with such written direction.

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

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

l. Comply with the applicable provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646, as amended by Title IV of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (Public Law 100-17), and the Uniform Regulations contained in 49 CFR Part 24, in acquiring lands, easements, and rights-of-way required for construction, operation, and maintenance, of the general navigation features, and inform all affected persons of applicable benefits, policies, and procedures in connection with said Act.

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

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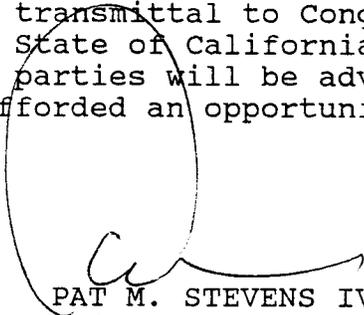
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thereto, as well as Army Regulation 600-7, entitled "Nondiscrimination on the Basis of Handicap in Programs and Activities Assisted or Conducted by the Department of the Army."

n. As part of the payments required by Section 101(a)(1) and Section 101 (a)(2) of Public Law 99-662, as amended, contribute 50 percent to the payment of total historic preservation mitigation and data recovery costs attributable to commercial navigation that are in excess of one percent of the total amount authorized to be appropriated for commercial navigation.

6. Further, in accordance with the provisions of Section 4(d) of the Water Resources Development Act of 1988, I concur with the reporting officers recommendation that the non-Federal sponsor receive credit for work which is compatible with the plan recommended for implementation, an amount currently estimated at \$7,300,500. The final credit for the work performed by the Port of Long Beach will be based on the lesser of either the Federal share of the cost of the NED Plan at the time of construction (1990) by the Port of Long Beach or on the Federal share of the actual cost incurred by the Port of Long Beach at the time the work was completed, subject to Government audit, towards the cash contribution required during construction by the Port of Long Beach.

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 nor the perspective of higher review levels within the executive branch. Consequently, the recommendation may be modified before it is transmitted to Congress as a proposal for implementation funding. However, prior to transmittal to Congress, the sponsor, the Port of Long Beach; the State of California; interested Federal agencies; and other parties will be advised of any modifications and will be afforded an opportunity to comment further.



PAT M. STEVENS IV
Major General, USA
Acting Chief of Engineers