



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

REPLY TO  
ATTENTION OF:

CECW-PE (10-l-7a)

13 OCT 1998

SUBJECT: Sand Point, Alaska

THE SECRETARY OF THE ARMY

1. I submit for transmission to Congress my report on Sand Point, Alaska. It is accompanied by the report of the district and division engineers. These reports are in partial response to a resolution by the Committee on Public Works of the House of Representatives dated 2 December 1970. The committee requested review of the reports of the Chief of Engineers on Rivers and Harbors in Alaska, published as House Document Number 414, 83rd Congress, and other pertinent reports, with a view to determine whether any modifications of the recommendations contained therein are advisable at the present time. Preconstruction engineering and design activities for this proposed project will be continued under the authority provided by the resolution cited above.

2. The reporting officers recommend construction of an enclosed 8.6-acre basin and maneuvering area and a 3-acre entrance channel area. A 650-foot extension would be added to the south breakwater of the existing harbor. A second breakwater, 730 feet long, would be constructed from shore. The crest elevation of the breakwaters would be +16 feet at mean lower low water (MLLW). The entrance channel and maneuvering area would be dredged to a depth of -18 feet MLLW, and the mooring basin would be dredged to a depth of -17 feet MLLW. The float layout would accommodate 37 large vessels ranging in length from 80 to 150 feet. The plan would provide year-round moorage for large vessels, reduce vessel operating costs, and provide a harbor of refuge.

3. Project costs are allocated to the commercial navigation purpose. The estimated first cost of the general navigation features (GNF) of the recommended plan based on October 1997 price levels is \$8,370,000. The GNF costs include channel excavation and breakwater construction. In accordance with Section 101 of the Water Resources Development Act (WRDA) of 1986, as amended by Section 201 of WRDA 1996, the ultimate Federal and non-Federal shares of GNF are estimated to be \$6,780,000 and \$1,590,000, respectively. In addition, the Federal Government would incur the costs of navigation aids currently estimated to be \$8,000. The non-Federal portion includes 10 percent of the cost for the general navigation facilities which are based on an overall project depth less than -20 feet MLLW and an additional cash payment of 10 percent of costs allocated to GNF, including interest, less credit for land, easements, rights-of-way, and relocations over a period not to exceed 30 years. Creditable non-Federal lands,

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easements, rights-of-way, and relocations are estimated to be \$65,000. In addition to this amount, the local sponsor, the Aleutians East Borough, will be investing \$3,085,000 in local service facilities which include a float system, dredging of the moorage basin, and real estate for the non-Federal moorage basin. 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 \$11,463,000. Project benefits are from commercial fishing travel cost savings and reduction in vessel damages associated with reduction in vessel rafting. Average annual benefits and costs, based on October 1997 price levels and a discount rate of 7 1/8 percent, are estimated at \$1,739,000 and \$905,000, respectively, with a resulting benefit-cost ratio of 1.9 to 1. Net benefits are estimated at \$834,000 annually. The annual Federal operation, maintenance, repair, replacement, and rehabilitation cost of \$6,000 includes breakwater armor replacement, hydrographic surveys, maintenance of navigation aids, and increased Federal maintenance dredging. The non-Federal operation, maintenance, repair, replacement, and rehabilitation of \$22,000 include float maintenance and repair and dredging of berthing area.

4. Washington level review indicates that the proposed plan is technically sound, economically justified, and environmentally and socially acceptable. The proposed project complies with applicable U.S. Army Corps of Engineers planning procedures and regulations. Also, the views of interested parties, including Federal, State, and local agencies have been considered. I concur with the findings and conclusions of the reporting officers. Accordingly, I recommend that deep draft navigation improvements for Sand Point, Alaska, be authorized generally in accordance with the recommended plan, with such modifications as in the discretion of the Chief of Engineers may later be advisable. My recommendation is subject to cost-sharing, financing, and other applicable requirements of WRDA 1986 and WRDA 1996 for this kind of project. Also, this recommendation is subject to the non-Federal sponsor agreeing to comply with applicable Federal laws and policies, including the following requirements:

a. Provide, operate, maintain, repair, replace, and rehabilitate, at its own expense, the local service facilities 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. The mooring basin and the mooring facilities have been identified as local service facilities;

b. 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, operation, maintenance, repair, replacement, and rehabilitation of the general navigation features (including all lands, easements, rights-of-way, and relocations necessary for dredged material disposal facilities and the local service facilities);

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

d. Provide, during the period of construction, a cash contribution equal to the following percentage of the total cost of construction of the general navigation features which include the construction of land-based and aquatic dredged material disposal facilities that are necessary for the disposal of dredged material required for project construction, operation, or maintenance and for which a contract for the facility's construction or improvement was not awarded on or before 12 October 1996: 10 percent of the costs attributable to dredging to a depth not in excess of 20 feet;

e. Repay 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 general navigation features depending upon the amount of credit given for the value of lands, easements, rights-of-way, and relocations provided by the non-Federal sponsor 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 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;

f. 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 general navigation features for the purpose of inspection and, if necessary, for the purpose of operating, maintaining, repairing, replacing, and rehabilitating the general navigation features;

g. Hold and save the United States free from all damages arising from the construction, operation, maintenance, repair, replacement, and rehabilitation 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;

h. Keep, and maintain books, records, documents, and 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, and other evidence is required, to the extent and in such detail as will properly reflect total cost 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 CFR, Section 33.20;

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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, maintenance, repair, replacement, or rehabilitation of the general navigation features. However, for lands that the Government determines to be subject to the navigation servitude, only the 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 investigations in accordance with such written direction;

j. Assume complete financial responsibility, as between the Federal Government and the non-Federal sponsor, 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, maintenance, repair, replacement, and rehabilitation 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, as amended by Title IV of the Surface Transportation and Uniform Relocation Assistance Act of 1987, and the Uniform Regulations contained in 49 CFR Part 24, in acquiring lands, easements, and rights-of-way required for construction, operation, maintenance, repair, replacement, and rehabilitation 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 (42 U.S.C. 2000d), and Department of Defense Directive 5500.11 issued pursuant 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. Provide a cash contribution equal to the non-Federal cost sharing percentage of the project's total historic preservation mitigation and data recovery costs attributable to commercial navigation that are in excess of 1 percent of the total amount authorized to be appropriated for commercial navigation;

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o. 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;

p. Enter into an agreement which provides, prior to construction, 25 percent of preconstruction engineering and design (PED) costs;

q. Provide, during construction, any additional funds needed to cover the non-Federal share of PED costs; and

r. Do not use Federal funds to meet the non-Federal sponsor's share of total project costs unless the Federal granting agency verifies in writing that the expenditure of such funds is expressly authorized.

5. 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 authorization and implementation funding. However, prior to transmittal to the Congress, the non-Federal sponsor (the Aleutians East Borough), the State of Alaska, interested Federal agencies, and other parties will be advised of any modifications and will be afforded an opportunity to comment further.

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