

MEMORANDUM FOR COMMANDERS, MAJOR SUBORDINATE COMMANDS

SUBJECT: Policy Guidance Letter (PGL) No. 62, Navigation (Harbors) Cost Sharing Policy Applications

1. Purpose: This PGL provides policy guidance on application of navigation cost sharing as contained in Section 101 of the Water Resources Development Act of 1986, as amended, to various situations where existing guidance is unclear or incomplete.
2. Policy Where There Is No Channel Deepening: For navigation projects that involve no deepening, for example a widening-only project or a project involving addition of a breakwater, the entire General Navigation Feature (GNF) costs are shared at either the cost sharing associated with the existing project depth or, if there is no improved depth, the natural controlling depth.
3. Policy Where Channel Deepening Is Limited To One Depth Zone (for example where a channel is deepened from 40 to 45 feet): The cost sharing for the entire cost of GNF associated with that deepening project is determined by the improved depth. For example, if there is channel widening associated with a project deepened from 40 to 45 feet, all the widening costs will be cost shared at the percentage which applies to the 45 foot depth (25 percent during construction) even though the widening may be in areas adjacent to the existing channel that have depths of 20 feet or less. The same would apply to a new turning basin or new anchorage area associated with such a project. This case is illustrated in the enclosed Figure 1.
4. Policy Where Channel Deepening Is Not Limited To One Depth Zone (for example where a channel is deepened from 40 to 50 feet):
 - a. Cost sharing is determined as shown in Appendix G to ER 1165-2-131. This approach also applies to GNF features associated with such a project which involve deepening which crosses different depth zones such as widenings, turning basins, and anchorage areas. The existing and improved main channel depths will be used to determine cost sharing. For example, for a channel deepened from 40 to 50 feet, there are two depth zones – one to 45 feet and one to 50 feet – even though widening or other GNF features may be in areas that have natural depths of 20 feet or less. This case is illustrated in the enclosed Figure 2.
 - b. The GNF costs of non-depth related features such as breakwaters, non-specific depth related mitigation features, and other project costs unrelated to depth such as

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mobilization and demobilization will be assigned to the depth zones in the same proportion that dredging costs are assigned to each zone.

c. Where more than one disposal site would be used for a specific reach of channel being dredged in one dredging operation and the disposal sites have different costs per unit of dredged material, the cost of disposal for deepening that reach of channel will be assigned to the depth zones proportionally. In other words, each depth zone will be assigned a proportionate share of lower and higher cost disposal. For example, a reach of channel is being deepened from 40 feet to 50 feet involving dredging and disposal of 1 million cubic yards of material with 600 thousand cubic yards of material in the 40 to 45 feet depth zone (25 percent non-Federal cost during construction) and 400 thousand cubic yards in the 45 to 50 feet depth zone (50 percent non-Federal costs during construction). There are two disposal sites for this reach of channel each having a capacity of 500 thousand cubic yards (one-half of total capacity) with one site having a cost of \$2 per cubic yard and the other site \$4 per cubic yard. The disposal costs assigned to the 40 to 45 feet depth zone will be \$1.8 million (300 thousand cubic yards (one-half of disposal) times \$2 plus 300 thousand cubic yards (one half of disposal) times \$4). The disposal costs assigned to the 45 to 50 feet depth zone will be \$1.2 million (200 thousand cubic yards (one-half of disposal) times \$2 plus 200 thousand cubic yards (one half of disposal) times \$4).

d. Where more than one disposal site would be used for a specific reach of channel where dredging is being done in phases (at different times due to such things as landside, vessel or other non-budget conditions) and the disposal sites have different costs per unit of dredged material, the cost of disposal for deepening that reach of channel will be assigned to the depth zones for which the disposal site is used. In other words each depth zone will be assigned its actual cost of disposal. For example, a reach of channel is being deepened from 40 feet to 50 feet involving dredging and disposal of 1 million cubic yards of material with 600 thousand cubic yards of material in the 40 to 45 feet depth zone (25 percent non-Federal cost during construction) and 400 thousand cubic yards in the 45 to 50 feet depth zone (50 percent non-Federal costs during construction). There are two disposal sites for this reach of channel each having a capacity of 500 thousand cubic yards (one-half of total capacity) with one site having a cost of \$2 per cubic yard and the other site \$4 per cubic yard. The channel is to be dredged to 45 feet and then, when conditions permit, the channel will be further deepened to 50 feet. Assume that the first dredging will use the least expensive site. The disposal costs assigned to the 40 to 45 feet depth zone will be \$1.4 million (500 thousand cubic yards (use the least expensive site first) times \$2 plus 100 thousand cubic yards (remainder goes to the next most expensive disposal site) times \$4). At some future date, the disposal costs assigned to the 45 to 50 feet depth zone

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will be \$1.6 million (400 thousand cubic yards (use the remaining space in the more expensive disposal site) times \$4).

5. Policy Where Channel Deepening Is In Segments and Where Channel Segments Are In Two Different Cost Sharing Zones (for example a portion of the channel is deepened from 40 to 45 feet and a portion of the channel is deepened from 45 to 50 feet):

a. Cost sharing for the entire cost of GNF associated with the deepening of each segment is determined by the improved depth for that segment. The same would apply to widening, a new turning basin or a new anchorage area associated with the work in each segment. Follow guidance in paragraph number 3, and as illustrated in the enclosed Figure 1.

b. The GNF costs of non-depth related features such as breakwaters protecting both channel segments, non-specific depth related mitigation features, and other project costs unrelated to depth such as mobilization and demobilization will be assigned to the depth zones in the same proportion that dredging costs are assigned to each zone.

c. Where non-depth related features are associated with only one of the channel segments, such as a breakwater protecting only one channel segment, that feature is cost shared in accordance with the depth of that channel segment.

6. Policy for Cost Sharing of a Disposal Plan Which Consists of Construction of a Rehandling Facility for Dewatering and Stabilization of Dredged Material, Excavation From the Rehandling Facility and Transportation to a Commercial Landfill and Payment of a Tipping Fee: The costs for the disposal plan would be shared as general navigation features for both disposal of material from operation and maintenance of an existing Federal project or disposal of material from construction of a Federal harbor improvement (new work).

7. Policy Where Existing Channel Is a Non-Federal Channel: The cost sharing for the entire cost of the GNF associated with the deepening or widening beyond the depth and width provided by non-Federal interests are determined by the improved depth. The cost of deepening or widening the channel from its current condition to the dimensions that were provided by the non-Federal channel is a 100 percent non-Federal cost. The same would apply to a new turning basin or a new anchorage area associated with such a project.



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8. Permanent Guidance. The guidance in this PGL will be incorporated into permanent
guidance as it is updated.

FOR THE COMMANDER:

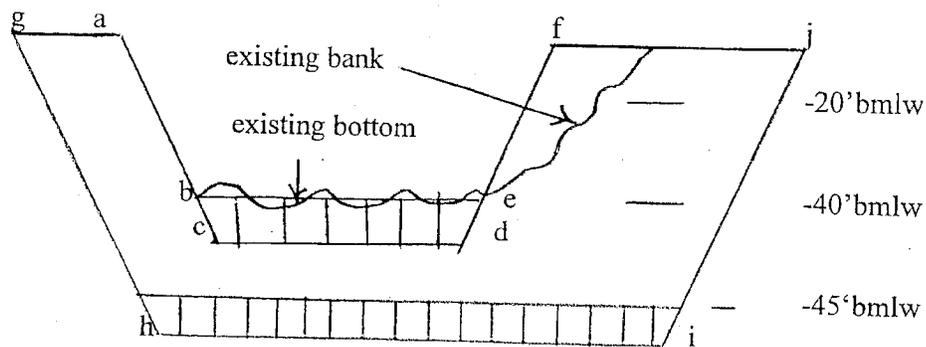
Encl

/s/

HANS A. VAN WINKLE
Brigadier General, USA
Deputy Commander for Civil Works



FIGURE 1
Deepening and Widening From 40 Feet to 45 Feet



O&M = acdf

25% Cost Sharing = acdfjihga

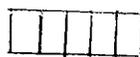
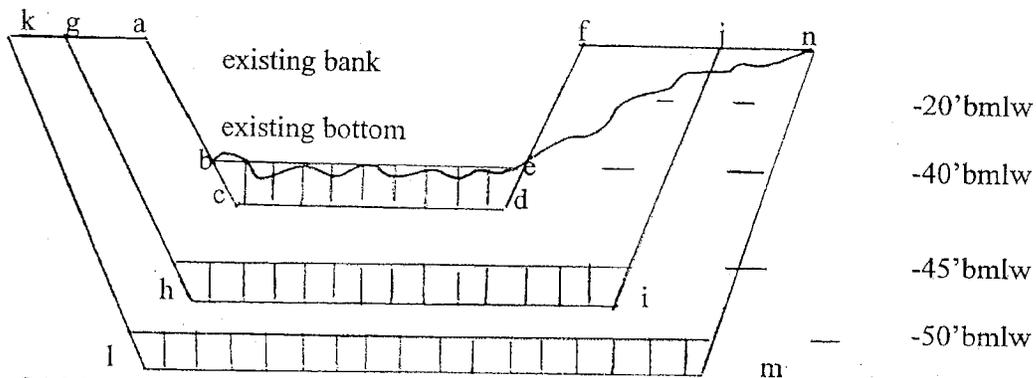
 = Overdepth dimensions

FIGURE 2
Deepening and Widening From 40 Feet to 50 Feet



O&M = acdf

25% Cost Sharing = acdfjihga

50% Cost Sharing = ghijnmlkg

 = Overdepth dimensions