



DEPARTMENT OF THE ARMY
CHIEF OF ENGINEERS
2600 ARMY PENTAGON
WASHINGTON, D.C. 20310-2600

DAEN

31 MAY 2022

SUBJECT: Port of Long Beach Deep Draft Navigation, Los Angeles County, California – Supplemental Chief's Report

THE SECRETARY OF THE ARMY

1. I submit for transmission to Congress this supplement to the Chief's Report on navigation improvements for the Port of Long Beach (POLB), Los Angeles County, California. The purpose of this supplement is to clarify the cost sharing proposed for the project.
2. The recommendation in the October 2021 Chief's Report that the navigation improvements for the POLB be authorized in accordance with reporting officers' recommended plan, with such modifications thereof as in the discretion of the Chief of Engineers may be advisable, was made subject to cost sharing, financing, and other applicable requirements of federal laws and policies, including Section 101 of the Water Resources Development Act (WRDA) of 1986, as amended (33 U.S.C. 2211).
3. The POLB is a deep-water port. Based on the construction of the general navigation features (GNF) attributable to dredging to a depth in excess of -50 feet Mean Lower Low Water, in accordance with Section 101 of WRDA 1986, as amended, the October 2021 Chief's Report stated that the total funding contribution for the non-federal sponsor would be 50 percent of the design and construction costs of the GNF. The purpose of this supplement is to clarify the recommendation's estimated project first cost for the GNF resulting from the costs associated with the planning, engineering, and design (PED) and construction management (CM) costs for the electric substation.
4. To support dredging by an electric clamshell dredge at the Pier J Basin, the Approach Channel, and Turning Basin, a new electric substation is required to be constructed to mitigate for air quality impacts. In the October 2021 Chief's Report, the PED and CM costs associated with the electric substation, which is a GNF, were incorrectly added into the local service facilities (LSF) costs. Such costs should have been cost shared and added to the GNF PED and CM costs. Based on this revised cost allocation, the estimated project first cost of the recommended plan increased from \$145,433,000 to \$148,529,000. This project first cost includes the cost of construction of \$120,845,000; lands, easements, rights-of-way, and relocations (LERRs) costs of \$1,462,000; planning, engineering, and design costs of \$18,127,000; and construction management costs of \$8,095,000.

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5. The new total estimated federal and non-federal shares of the project first cost are \$73,533,500 and \$74,995,500, respectively, in accordance with Section 101 of WRDA 1986, as amended.

6. In addition to the non-federal sponsor's estimated share of the project first cost determined in paragraph 5 above, the non-federal sponsor must pay an additional 10 percent of the costs of the GNF of the project less credit for LERRs, in cash over a period not to exceed 30 years, with interest. The additional 10 percent payment is estimated to be \$13,244,700.

7. Total associated costs for the project did not change with the cost allocation and are estimated at \$21,358,000. These costs include approximately \$20,516,000 for deepening the Pier J Basin, dredging berth areas adjacent to Pier J, and structural improvements to the Pier J breakwaters, which will be the responsibility of the non-federal sponsor. The associated costs also include approximately \$842,000 for new aids to navigation, which is a U.S. Coast Guard expense.

8. Based on October 2021 price levels, a discount rate of 2.25 percent, and a 50-year economic analysis, the project average annual benefits and costs are estimated at \$21,379,000 and \$6,037,000, respectively, resulting in a net average annual benefits of \$15,342,000 and a benefit-to-cost ratio of 3.5.

9. My recommendation is subject to the non-federal sponsor agreeing to comply with applicable federal laws and policies. This supplement to the October 2021 Chief's Report modifies the project costs for the recommended plan (paragraph 4); the total estimated federal and non-federal shares (paragraph 5); the additional 10 percent of the GNF payment (paragraph 6); and the total associated costs (paragraph 7).

A handwritten signature in black ink, appearing to read "Scott A. Spellmon". The signature is fluid and cursive, with a large initial "S" and "A".

SCOTT A. SPELLMON
Lieutenant General, USA
Chief of Engineers