



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

DAEN

23 APR 20 20

SUBJECT: New York and New Jersey Harbor Anchorages, New York, New Jersey

THE SECRETARY OF THE ARMY

1. I submit for transmission to Congress my report on navigation improvements for the New York and New Jersey Harbor. It is accompanied by the report of the Norfolk District Commander. The project was originally authorized under Section 301 of the Rivers and Harbor Act of 1965 (Public Law 89-298). This authorization included deepening of the Gravesend anchorage to 47 feet. Subsequently this area has been constructed and maintained to its authorized depth. This study is being conducted under Section 216 of the Flood Control Act of 1970 (Public Law 91-611), which authorizes the review of completed projects in the interest of navigation and related purposes to determine the feasibility of further port improvements. Pre-construction engineering and design activities for this proposed project will be continued under the authority provided by the section cited above.

2. The cargo transportation industry continues its shift to increased use of standardized containers used for multimodal (marine, rail, and truck) freight transportation systems. Consequently, the marine vessel fleet is trending to larger, deeper-draft vessels, particularly for container ships. The larger ships currently experience transportation delays due to insufficient Federal anchorage conditions in New York and New Jersey Harbor, resulting in reduced efficiency and increased costs. Specific problems warranting federal consideration include navigation and safety considerations, engineering challenges, and concerns of those who work along or around the federal navigation project. Navigation concerns include the limited anchorage depths causing navigation inefficiencies and the limited anchorage widths that do not allow the largest vessels to anchor in the harbor. During port closures, these larger ships might have to return to the ocean anchorage, experience delays while waiting for favorable weather and tide conditions, or wait for other commercial vessels to transit the main channel. These restrictions can cause the vessel operator to forego potential transportation cost savings available from the economies of scale associated with larger ships. Restrictive anchorage conditions are currently in place that can be alleviated with anchorage improvements.

3. The reporting officers recommend authorizing a plan that addresses the need for anchorage improvements. The recommended plan is the National Economic Development (NED) Plan which includes:

- a. Deepening the Gravesend Anchorage from -47 feet to a required depth of -50 feet (MLLW);
- b. Widening the Gravesend Anchorage from approximately 2,250 feet to 3,000 feet and associated modifications of the Approach Area; and,

DAEN

SUBJECT: New York and New Jersey Harbor Anchorages

- c. A maximum designed swing area up to 3,600 feet from approximately 3,200 feet reducing swing into the channel by 400 feet.

The recommended plan would not have any significant adverse impacts to natural and cultural resources, so no mitigation measures or compensation measures would be required. Dredged material placement of approximately 950,000 cubic yards would occur in the ocean at the Historic Area Remediation Site. If any material is found unsuitable for open water disposal it will be placed upland.

4. The Port Authority of New York and New Jersey is the non-federal sponsor.

5. Project costs for the recommended plan are allocated to the commercial navigation purpose and are based on October 2019 price levels.

- a. Project First Cost. The estimated project first cost of construction is \$25,250,000 which includes the cost of construction of the General Navigation Features (GNFs).

- b. Estimated Federal and Non-Federal Shares: The estimated federal and non-federal shares of the project first cost are \$18,940,000 and \$6,310,000, respectively, as apportioned in accordance with the cost sharing provisions of Section 101(a) of WRDA 1986, as amended (33 U.S.C. 2211(a)).

- c. Additional 10 Percent Payment. In addition to payment by the non-federal sponsor of its share of the total cost of construction of the GNFs during construction, the non-federal sponsor must pay an additional 10 percent of the cost of the GNFs in cash over a period not to exceed 30 years, with interest, in accordance with Section 101(a)(2) of WRDA 1986, as amended (33 U.S.C. 2211(a)(2)). The additional 10 percent payment without interest is estimated to be \$2,530,000. The value of LERRs and the costs of utility relocations, should they become necessary, will be credited toward this amount in accordance with Section 101(a)(3) of WRDA 1986, as amended (33 U.S.C. 2211(a)(3)).

- d. Operation and Maintenance costs. The additional annual cost of operation and maintenance allocated to the recommended plan is estimated to be \$0.

6. Based on a FY20 discount rate of 2.75% and a 50-year period of analysis, the equivalent average annual benefits and cost are estimated at \$1,148,000 and \$938,000 respectively. The project is estimated to provide annual net benefits of \$210,000 and a benefit-to-cost ratio of 1.2.

7. The U.S. Army Corps of Engineers (USACE) employed the traditional providers of traffic and fleet projections to study the New York and New Jersey Harbor project. Based on existing and projected future vessel traffic, vessel fleet mix, trade route allocations, and liner services currently associated with New York and New Jersey Harbor, a single design vessel was selected based on the needs of the existing container vessel fleet. The vessel mix was allocated over time to provide benefit calculations using the HarborSym economic analysis model. The

DAEN

SUBJECT: New York and New Jersey Harbor Anchorages

characteristics of the design vessel were used to develop anchorage designs. Further refinement of the dimensions and alignment is expected during Preconstruction Engineering and Design, through application of ship simulations prior to developing final designs.

8. The goals and objectives included in the USACE Campaign Plan have been fully integrated into the New York and New Jersey Harbor study process. The recommended plan was developed in coordination and consultation with various federal, state and local agencies. A systematic and regional approach was used to formulate solutions, and evaluate the benefits and impacts that would result from the recommended plan.

9. In accordance with the USACE Engineering Circular 1165-2-217 on review of decision documents, all technical, engineering, and scientific work underwent an open, dynamic, and vigorous review process to ensure technical quality. This included District Quality Control, Agency Technical Review coordinated by the Deep Draft Navigation Planning Center of Expertise, and a USACE policy and legal review. Concerns expressed by the review teams have been addressed and incorporated in the final report.

10. Washington level review indicates that the plan recommended by the reporting officers is technically sound, environmentally and socially acceptable, and economically justified. The plan complies with all essential elements of the U.S. Water Resources Council's Economic and Environmental Principles and Guidelines for Water and Land Related Resources Implementation Studies. Further the recommended plan complies with other administration and legislative policies and guidelines. The views of interested parties, including federal, state and local agencies, have been considered.

11. I concur in the findings, conclusions, and recommendation of the reporting officers. Accordingly, I recommend that navigation improvements for New York and New Jersey Harbor, be authorized in accordance with the reporting officers' recommended plan at an estimated cost of \$25,250,000, with such modifications as in the discretion of the Chief of Engineers may be advisable. My recommendation is subject to cost sharing, financing, and other applicable requirements of federal and state laws and policies, including Section 101 of WRDA 1986, as amended (33 U.S.C. 2211). The non-federal sponsor would provide the non-federal cost share and all lands, easements, and rights of way, including those necessary for the placement of dredged material, and would perform or assure the performance of all relocations, including utility relocations. This recommendation is subject to the non-federal sponsor agreeing to comply with all applicable federal laws and policies, including but not limited to the following requirements:

a. Provide, during the periods of design and construction, funds necessary to make its total contribution for commercial navigation equal to 25 percent of the cost of design and construction of the general navigation features (GNFs);

DAEN

SUBJECT: New York and New Jersey Harbor Anchorages

b. Provide all lands, easements, and rights-of-way, including those necessary for the placement of dredged material, and perform or assure the performance of all relocations, including utility relocations, all as determined by the Federal Government to be necessary for the construction or operation and maintenance of the GNFs, all in compliance with applicable provisions of the Uniform Relocation and Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601-4655) and the regulations contained in 49 C.F.R. Part 2.

c. Pay with interest, over a period not to exceed 30 years following completion of the period of construction of the GNFs, an additional amount equal to 10 percent of the total cost of construction of the GNFs less the amount of credit afforded by the Government for the value of the lands, easements, rights-of-way and relocations (LERRs), including utility relocations, as provided by the sponsor for the GNFs. If the amount of credit afforded by the Government for the value of LERRs, including utility relocations, provided by the sponsor equals or exceeds 10 percent of the total cost of construction of the GNFs, the sponsor shall not be required to make any contribution under this paragraph, nor shall it be entitled to any refund for the value of LERRs, including utility relocations, in excess of 10 percent of the total cost of construction of the GNFs.

d. Prevent obstructions or encroachments on the project (including prescribing and enforcing regulations to prevent such obstructions or encroachments) such as any new developments on project lands, easements, and rights-of-way or the addition of facilities which might reduce the outputs produced by the project, hinder operation and maintenance of the project, or interfere with the project's proper function;

e. Provide, operate, and maintain, at no cost to the Government, 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.

f. Hold and save the United States free from all damages arising from the construction or operation and maintenance 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.

g. Perform, or ensure performance of, any investigations for hazardous substances that 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 USC 9601-9675, that may exist in, on, or under LERR that the Federal Government determines to be necessary for the construction or operation and maintenance of the GNFs. However, for lands, easements, or rights-of-way that the Government determines to be subject to the navigation servitude, only the Government shall perform such investigations unless the Federal Government provides the sponsor with prior specific written direction, in which case the sponsor shall perform such investigations in accordance with such written direction.

DAEN

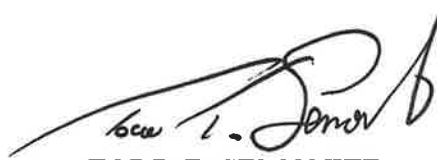
SUBJECT: New York and New Jersey Harbor Anchorages

h. Assume complete financial responsibility, as between the Federal Government and the non-federal sponsor, for all necessary cleanup and response costs of any hazardous substances regulated under CERCLA that are located in, on, or under LERRs that the Federal Government determines to be necessary for the construction or operation and maintenance of the project.

i. Agree, as between the Federal Government and the non-federal sponsor, that the non-federal sponsor shall be considered the operator of the local service facilities for the purpose of CERCLA liability, and to the maximum extent practicable, perform its obligations related to the project in a manner that will not cause liability to arise under CERCLA.

12. The recommendations contained herein reflect 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 or 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 state of New York, the state of New Jersey and the New York and New Jersey Port Authority (the non-federal sponsor), interested federal agencies, and other parties will be advised of any significant modifications and will be afforded an opportunity to comment further.

*GREAT OPPORTUNITY
TO EXPAND THE
VIABILITY OF THE
NY/NJ HARBOR -
A VITAL ECONOMIC
ENGINE FOR THE NATION!!*



TODD T. SEMONITE
Lieutenant General, USA
Chief of Engineers