

The Oldest City in Minnesota

October 17, 2018

VIA EMAIL & U.S. MAIL

Col. Samuel L. Calkins
U.S. Army Corp of Engineers
180 5th St. East, Ste. 700
St. Paul, MN 55101-1678

RE: Proposed section 217(d) agreement for inclusion in the Lower Pool 4 Dredged Material Management Plan (DMMP)

Dear Col. Calkins:

We are writing on behalf of the City of Wabasha (City) and the Wabasha Port Authority to submit the attached proposal for a public-private partnership agreement pursuant to section 217(d) of the Water Resources Development Act ("WRDA"). We submit this for consideration by you and the leadership team and staff of the St. Paul District, U.S. Army Corps of Engineers (USACE), and to request a meeting with USACE to discuss the details of our proposal. This proposal is responsive to the Memorandum of Understanding (MOU) entered into by the City and USACE on June 5, 2018, and has the following key benefits:

- (1) It serves a realistic least-cost dredge material disposal alternative consistent with federal law, USACE regulations, and previous section 217(d) agreements entered into by USACE throughout the Country.
- (2) It would eliminate USACE's need to use the controversial South Side Fitzgerald, Drysdale and Drysdale Farms sites as permanent dredge material transfer and/or placement sites.
- (3) It serves as the basis for a long-term least-cost plan for managing dredged material in Lower Pool 4 that is supported and could be sustained by the City/WPA in partnership with USACE and the United States Congress.¹

Our proposal outlines a framework for section 217(d) agreement with an initial term of ten (10) years that would be incorporated into a twenty (20) year DMMP consistent with USACE

¹See Section 163 of the Water Resources Development Act of 2018. H.R.8, 115th Cong. (2017-2018) (encouraging USACE to enter into public-private partnership agreements pursuant to section 217(d)).

regulations—that would provide sufficient capacity to provide a final resting place for roughly 4,636,022 cubic yards of dredge material.

The 20-year DMMP as proposed relies upon dredge material transfer/placement alternatives generally consistent with our most recent discussions with USACE and would be implemented using a phased approach: phase 1 of the plan would be implemented through the first 10 year section 271(d) agreement, and phase 2, which could be implemented by a renewed section 217(d) agreement, would be identified for future implementation in the DMMP.

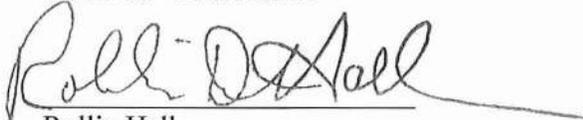
The attached proposal also contains a detailed preliminary analysis related to the City's (and its contractors) costs to carry out the proposed agreement and assumes a reasonable return on investment of 4.125%, which is consistent with other section 217 (d) agreements entered into by USACE.

Our expectation going forward is continue to work in good faith with USACE on the finalization of a section 217(d) agreement that meets the needs of USACE and the City; however, regardless of our ability to reach a final section 217(d) agreement, the City's position and current understanding is that the Southside Fitzgerald, Drysdale and Drysdale Farms sites will not be included as recommended alternatives in the updated 20-year DMMP.

We thank you and the St. Paul District's leadership team and staff for your significant efforts to work with the City of Wabasha, the WPA, and the residents in our community to address our concerns with the DMMP thus far, and we look forward to the continued cooperation on this important matter.

Sincerely,

CITY OF WABASHA



Rollin Hall
Its Mayor



Chad Springer
Its City Administrator

WABASHA PORT AUTHORITY



John Friedmeyer
Its President

Attachments:

City/WPA proposal for Section 217(d) agreement and exhibits 1-3

CC: U.S. Senator, Amy Klobuchar
U.S. Senator, Tina Smith
U.S. Representative, Jason Lewis
USACE, Channel Maintenance Coordinator, Paul Machajewski
USACE, Operations Manager, Steven Tapp
USACE, Project Manager, Bob Edstrom
USACE, Assistant District Counsel, Alex Webb

**THE CITY OF WABASHA
AND
WABASHA PORT AUTHORITY**

**PROPOSAL TO DEVELOP A PUBLIC-PRIVATE PARTNERSHIP FOR THE DESIGN,
CONSTRUCTION, MANAGEMENT, OR OPERATION AND MAINTENANCE OF A
DREDGED MATERIAL PLACEMENT FACILITY PURSUANT TO SECTION 217(d)
OF THE WATER RESOURCES DEVELOPMENT ACT OF 1996**

The City of Wabasha (“City”) and the Wabasha Port Authority (“WPA”) hereby present a proposal to the U.S. Army Corps of Engineers, St. Paul District (“USACE”) to remove, transport, and permanently place dredged material from temporary storage sites adjacent to the City of Wabasha, specifically the Wabasha Gravel Pit, Crats Island, Teepeota Point and Grand Encampment sites, in a Final Resting Place (“FRP”). The Alma Marina temporary island storage location is specifically excluded upon the understanding that the USACE has identified a long-term beneficial use of that material.

This proposal is responsive to the MOU between the USACE and the City/WPA approved by the Wabasha City Council on June 5, 2018; and, anticipates utilization of the USACE authority regarding dredged material disposition provided by Section 217(d) of the Water Resources Development Act (“WRDA”) of 1996, Public Law 104-303, as amended by Section 2005 of the WRDA of 2007, Public Law 110-300 (33 U.S.C. § 2326a(d)) (“Section 217(d”).

The proposed Section 217(d) operating plan provides for the City/WPA and its designated contractor to annually remove 130,000 cubic yards from one or more of the Crats Island, Teepeota Point, and/or Grand Encampment temporary storage sites, as well as an additional 130,000 cubic yards from the Wabasha Gravel Pit site, and transport the material to a FRP at the Wabasha Sand and Gravel 1 and 2 sites over a ten (10) year period. The temporary storage sites and proposed FRP sites are as indicated on Exhibit 1, plates 2 and 5 from the USACE Draft Dredged Material Management Plan (DMMP), May 2017.

The total ten (10) year volume of dredged material thus deposited to the Wabasha Sand and Gravel 1 and 2 site FRP’s is approximately 2,600,000 cubic yards. The current calculated capacity of the Wabasha Sand and Gravel 1 and 2 site is approximately 2,300,000 cubic yards, with annual removals of dredged material for beneficial use projected to be more than 50,000 cubic yards per year, thereby providing sufficient pit capacity to accommodate the Section 217 10-year dredged FRP volume.

Recognizing the USACE policy for DMMP’s to address at least a 20-year period, the WPA proposes that the DMMP that incorporates this City/WPA Section 217(d) operating plan include a future FRP at the Wabasha Sand and Gravel High School Site to be activated upon the Wabasha Sand and Gravel 1 and 2 sites reaching capacity, and the High School site having

sufficient mined-out capacity to accommodate dredged material in a FRP. The total High School Site dredged material FRP capacity is calculated to be approximately 2,336,022 cubic yards upon extraction of valuable aggregate materials. The ownership of the High School site is the same as the Wabasha Sand and Gravel 1 and 2 FRP site – Wabasha Sand & Gravel. Therefore, the sum capacity available from the 2 FRP sites for DMMP purposes becomes 4,636,022 cubic yards, which is sufficient to accommodate the entire 20-year DMMP requirement for FRP when annual beneficial use sand removals are factored in.

Components of the proposed WPA dredged material operating plan include:

- Construction by WPA of a barge dock facility at the sites shown on the attached Plate 5 as Carrels East and Carrels West utilizing Port Development Assistance Program (PDAP) grant funds awarded by the Minnesota Department of Transportation in 2017. The proposed facility is shown on the attached Exhibit C & D from the PDAP application.
- WPA contractor unloads island temporary island storage sites (Crats, Teepeota and Grand Encampment) utilizing a spud/deck barge, hydraulic backhoe (Cat 345/349 or equivalent), dozer trap, stacker/conveyor, and 195X35 open hopper barges. Production volume at 200 cubic yards/hour over 10-hour days/4 days per week (two loads per day at 1111 cubic yards each) – “short” weeks to avoid conflict with heavy weekend recreational river traffic.
- WPA contractor transports loaded barges utilizing contractor owned/operated river towboat of 700-1,000 rated horsepower from island temporary storage to the new WPA barge dock.
- WPA contractor unloads dredged material barges direct to trucks at the WPA dock utilizing material handler (Cat345/349 or equivalent), load hopper, conveyor, bin/silo for overhead truck live-loading on a truck scale, and an additional conveyor and wheel loader to accommodate dock operation should truck frequency fail to match barge unload rate – 200 cubic yards per hour.
- WPA contractor trucks dredged material directly to the Wabasha Sand and Gravel 1 and 2 site from the load bin/truck scale with material not intended to be re-handled at the WPA dock site.
- USACE hydraulic dredge pumps the Reads Landing/Chippewa Delta cuts directly to the Wabasha Gravel Pit site.
- WPA contractor periodically trucks material from the Wabasha Gravel Pit temporary storage site to the Wabasha Sand and Gravel 1 and 2 FRP site as the Wabasha Gravel Pit site reaches capacity.
- WPA contractor distributes material at the Wabasha Sand and Gravel 1 and 2 site utilizing a Cat D7 dozer or equivalent.

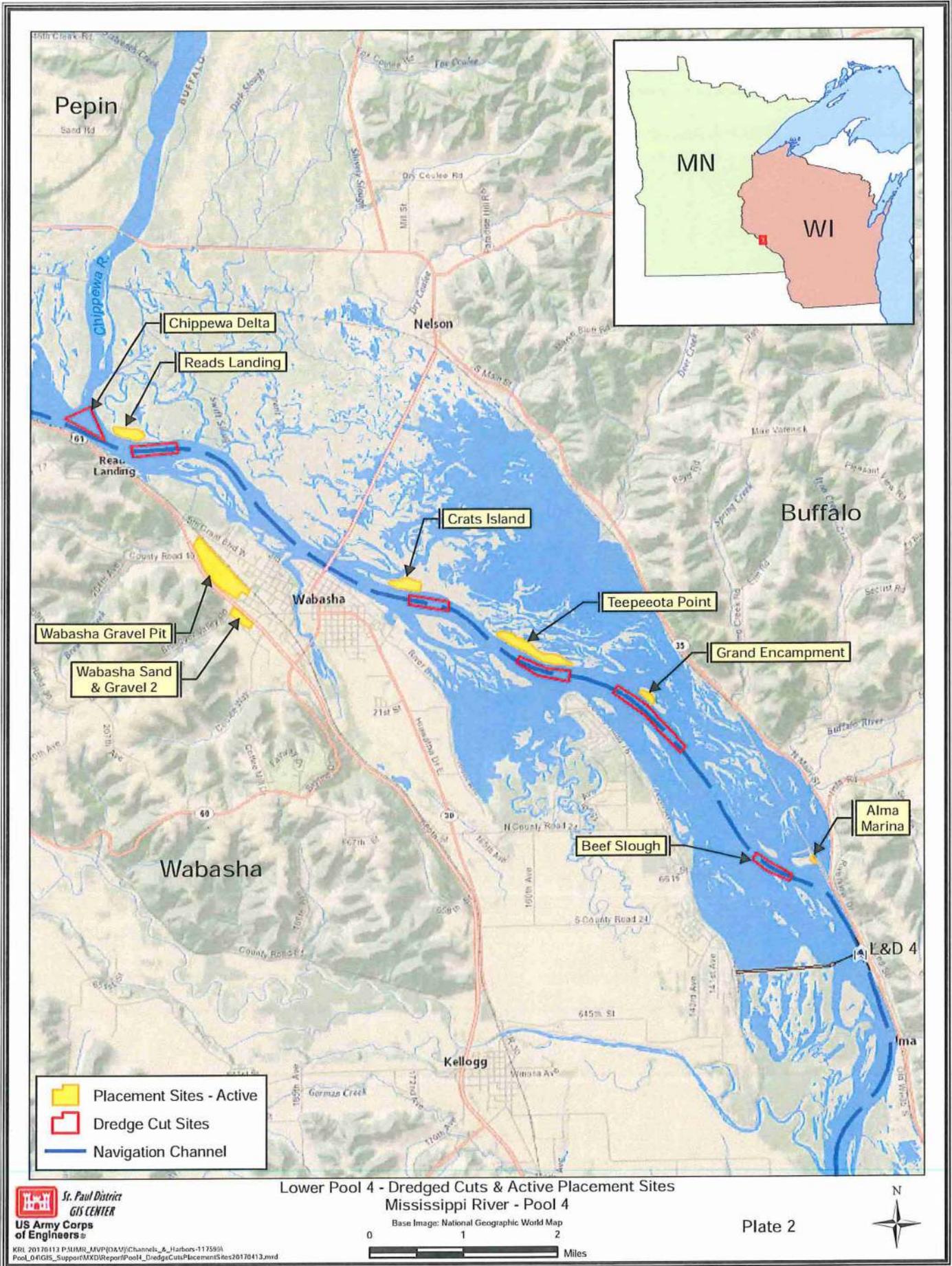
- Once the Wabasha Sand and Gravel 1 and 2 site reaches capacity (10 years or more), dredged material could then be trucked from the WPA dock and the Wabasha Gravel Pit site to the High School site to complete the DMMP 20-year plan period.

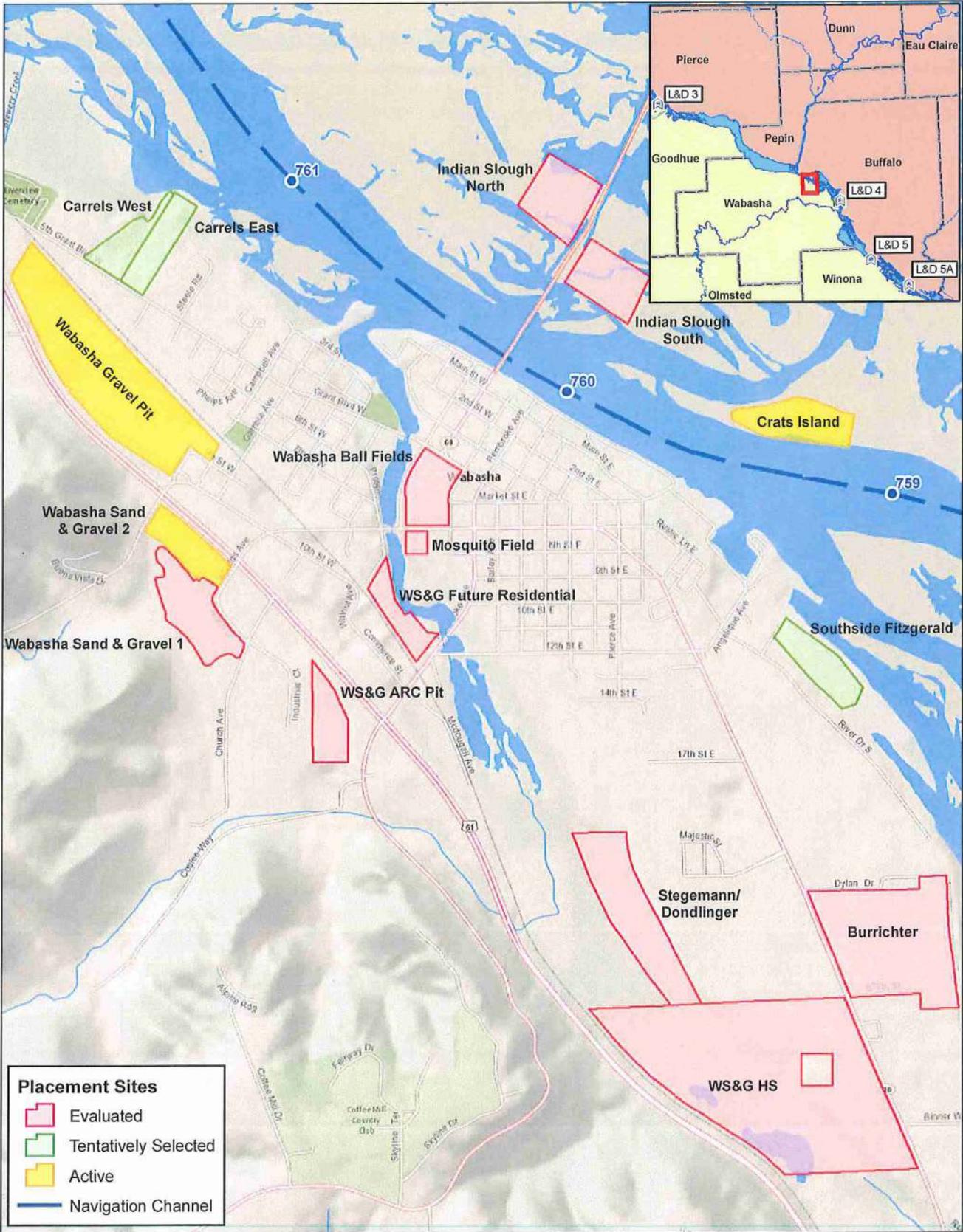
Current Davis Bacon wage rates have been assumed for all labor components of the City/WPA plan. A 4.125% return on investment (ROI) has been added to capital line items of the proposal consistent with the terms of the previous Section 217(d) projects. Annual rate adjustments would be made in accordance with such inflation/fuel cost formulas as agreed to by the USACE and the City/WPA.

The proposed City/WPA fees to execute the foregoing components of the proposed plan (excluding actual dredging to the temporary storage sites) are presented in line-item detail by the attached spread sheet, which totals \$12.30/cubic yard in 2018 dollars.

The foregoing 10-year Section 217(d)/20-year DMMP provides the following benefits to the USACE and the Public:

- A single vendor/single price scenario resulting in the streamlined dredged material disposition process, as anticipated by Section 217.
- Designated FRP sites under single current ownership, simplifying all real estate aspects of dredged material management for Lower Pool 4.
- All FRP's are, or will be, previously mined sites, which means that no FRP is proposed on valuable agricultural lands, or sites with potential conflicts of consequence with environmental resources or existing residential development. Also, truck traffic to both FRP sites will occur on County or State Highways, outside of primary residential areas within the City of Wabasha.
- Both FRP sites feature 100% "Beneficial Use" as future residential, commercial or industrial development sites. Therefore, no real estate fee is added to the proposal as was the case with both the Baltimore and Green Bay Section 217(d) projects, which amounts to a potential savings to the USACE of several hundred thousand dollars over the 10-year term of the Section 217 project.





Pool 4 - Dredged Material Placement Sites Near Wabasha, MN
Mississippi River - Pool 4

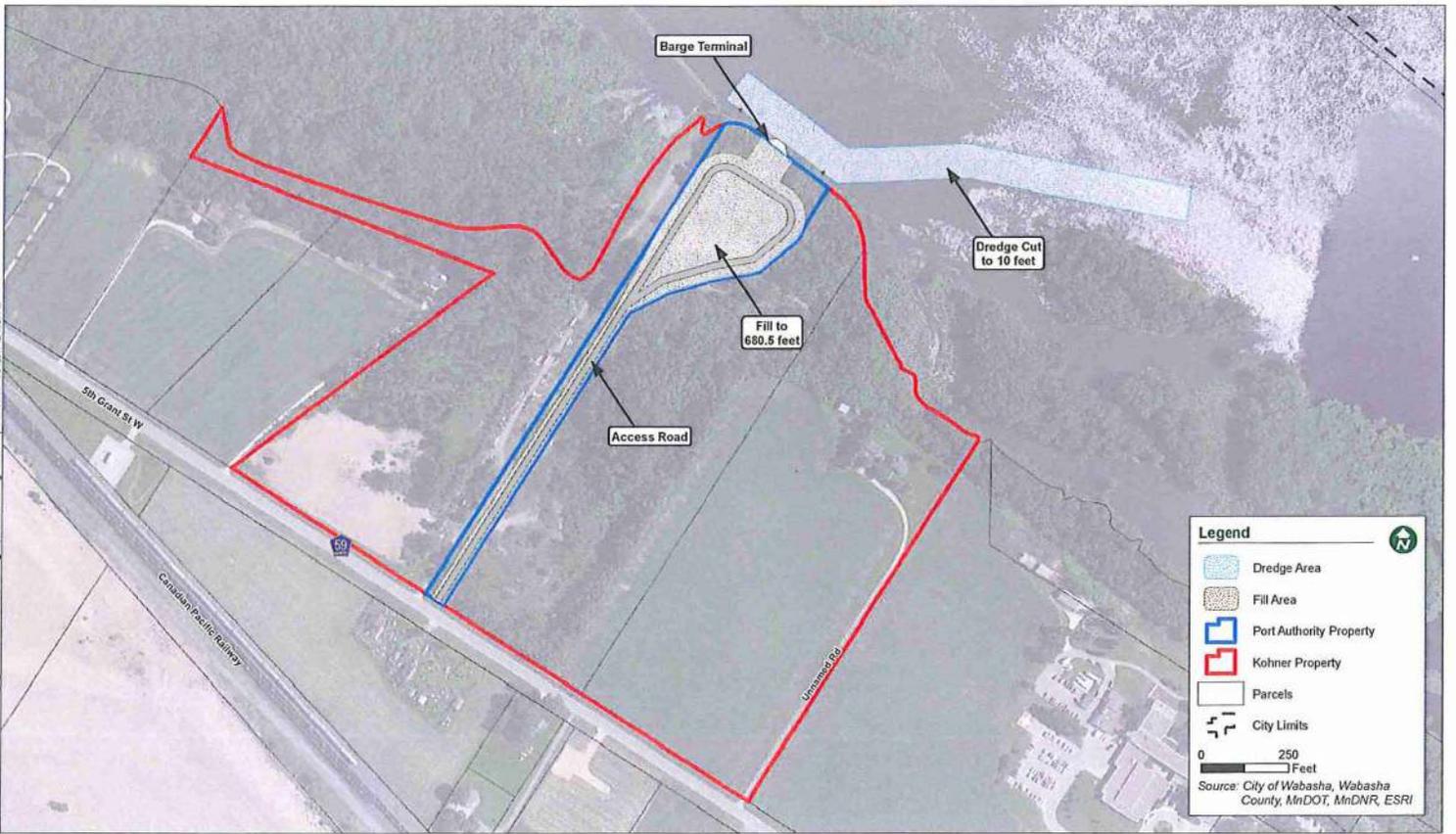


Exhibit 2



Proposed Barge Terminal
Wabasha Port Authority

Exhibit C - Property Map
October 2017



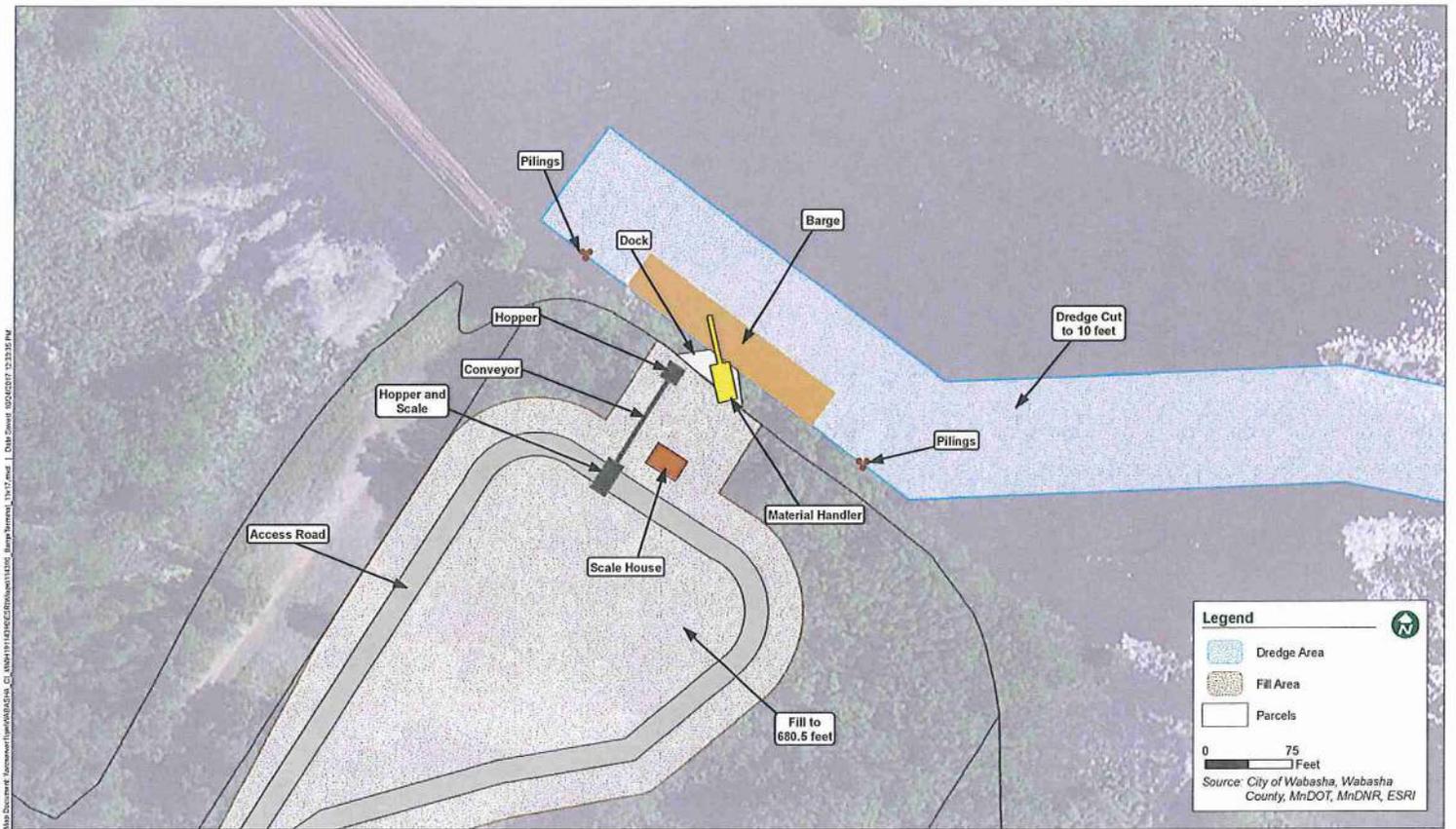


Exhibit 3

Cost Basing per yd3 on Annual Total of 130k yd3 Island Unload (10 YR Plan)	Production Phase	Cost Basing per yd3 on Annual Total of 130k yd3 USACE Pit Unload (10 YR Plan)
\$3.36	Island Unload Phase	
\$2.29	River Transport Phase	
\$2.80	Barge Unload Phase	
\$2.07	Truck Load Phase	\$2.66
\$4.00	Transport to FRP DQ	\$4.00
\$0.98	FRP Maintenance Phase	\$0.98
\$0.64	4.125% ROI	\$0.31
\$0.25	WPA Cost	\$0.25
\$16.39	Total Cost per yd3	\$8.20
\$12.30	AVG. Cost per yd3	\$12.30