


SAINT PAUL PORT AUTHORITY

MEMORANDUM

TO: BOARD OF COMMISSIONERS
(Regular Meeting of November 28, 2017) **DATE:** November 14, 2017

FROM: Ava Langston-Kenney 

SUBJECT: RENEW ARMY CORPS OF ENGINEERS LICENSE AGREEMENT TO
DEPOSIT DREDGE MATERIALS ON SOUTHPORT DREDGE MATERIAL
MANAGEMENT FACILITY
RESOLUTION NO: 4618

Action Requested:

Authorize execution of agreements granting the Army Corps of Engineers (Army Corps) permission to place materials dredged from the Mississippi River on Saint Paul Port Authority (the "Port Authority") property located in the Southport Terminal.

Background:

In 1998, the Port Authority entered into a 20-year license agreement with the Army Corps. This agreement gave permission to the Army Corps to place dredge materials from the Mississippi River upon, and up to, 18 acres of vacant Port Authority land.

In 2008, the Port Authority sought approval from the City of Saint Paul City Council ("City Council") for a site plan and variance for dock wall construction and other improvements at the Southport Terminal. The site plan and variance were approved by the City Council in a Resolution dated September 19, 2008 (see Attachment A). As a condition of the approval, the Resolution requires the Port Authority to restore wetlands and at the end of the Army Corps' lease a re-evaluation of the Southport Terminal for dredge disposal, specifically Part III.B.3 of the Resolution provides:

In furtherance of wetlands restoration, when the Army Corps' dredged disposal agreement with the Port Authority ends on December 31, 2017, the Port Authority agrees to submit to the Saint Paul City Council the issue as to whether it is necessary for Southport to continue as an Army Corps dredge disposal site. If the determination by the City is that Southport is no longer necessary for this use, then the Port Authority agrees to cease using Southport for the Army Corps' dredge disposal and furthermore, agrees to then convert the area for the Army Corps dredge disposal to wetlands as reasonably soon thereafter as possible.

This variance also reduced the dredge area available to the Army Corps to 7 acres, providing for the establishment of approximately 2.7 acres of new wetlands and the creation of storm water ponds and rain gardens to treat storm water before it drains into the Mississippi River. The existing 7-acre site then encompassed the least amount of acreage required to adequately accommodate navigation maintenance needs. The Army Corps' license ends as of December 31, 2017. The Port Authority anticipates appearing before the City Council on

December 6, 2017 to establish the necessity of the Southport Terminal to continue to serve as an Army Corps dredge material management site.

Current Status:

The Port Authority has received a Record of Necessity from the Army Corps that details the continued necessity for the Southport Dredge Material Management Facility to process hydraulic and mechanical dredge material for the Army Corps (see Attachment B). Basically, the Army Corps states that there currently is no other location for dredge disposal in the Saint Paul river corridor for the Army Corps to fulfill its mission of maintaining a 9-foot navigation channel on the Mississippi River.

The Port Authority and its tenants require the maintenance of the 9-foot navigation channel. In 2015, the Port Authority tenants transported approximately 3,895,549 tons of commodities inbound and 2,991,472 outbound to and from the four Saint Paul barge terminals. Some of the commodities are:

Outbound	-	corn, soybeans, wheat, scrap iron, potash
Inbound	-	salt, aggregate, sand, fertilizer, cement, coal and asphalt

Port Authority tenants generate over \$2 million in property taxes and employ over 774 people in living wage industrial/commercial jobs that generate over \$4 million in payroll taxes to the state and federal governments.

In addition to the Mississippi River navigational channel, the Port Authority's barge terminals and the other Saint Paul Harbors, such as the City's and the Saint Paul Yacht and Boat Club are also served.

Barge Terminal tenants are responsible to dredge the area between their leased dock wall and 50 feet out into the basin of their associated terminal. Our tenants enjoy the benefit of having access to the Southport Dredge Material Management Facility, saving up to fifty percent of what would otherwise be their dredge material placement and disposal costs. For instance, approximately 24,000 cubic yards of silt per year are mechanically dredged out of the Southport and Red Rock terminals by the Port Authority. At a cost of up to \$25.00 per cubic yard for placement and disposal; using the Southport Dredge Material Management Facility saves the Port Authority approximately \$600,000 per year.

Furthermore, as noted in the Record of Necessity, the City is required by the Rivers and Harbors Act of 1945, to furnish suitable placement sites for material dredged by the Army Corps from the maintenance of the Small Boat Harbor Project (SBH). This year, the City of Saint Paul, through coordination with the Port Authority, located approximately 5,400 yards of material produced by the Army Corps SBH dredging on the Southport Dredge Material Management site at no cost to the City. The City of Saint Paul saved an estimated cost of up to \$135,000.

Since 2007, this designated Army Corp's site, Southport Dredge Material Management Site, has been appropriately permitted by the Minnesota Pollution Control Agency (MPCA)

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and operated by the Port Authority. To date, all dredge materials accepted on site have met all soil reuse criteria. Currently LS Marine, Inc. manages the facility on behalf of the Port Authority. Dredge materials are dried, recycled and sold as construction fill or top soil to various construction projects in the greater Saint Paul area. Approximately 50,000 to 60,000 cubic yards of sand and silt are recycled at this facility each year. This facility has the capacity to store approximately 100,000 cubic yards of dredge sands and silts. As noted above, this arrangement results in substantially lower costs of dredge material handling to the Port Authority, Port Authority tenants, the City of Saint Paul and the Army Corps, while also assisting East Metro construction development.

Based on the necessity of maintaining a 9-foot channel to accommodate the needs of commercial navigation through Saint Paul, the Port Authority and its tenants need to maintain commercial navigation within the barge terminals and the City of Saint Paul's federal requirement to provide suitable placement sites for materials dredged from the Small Boat Harbor Project, it is necessary to continue the operation of the Southport Terminal dredge material management site. Port Authority staff recommend that the Port Authority renew its agreement with the U.S. Army Corps of Engineers to permit the placement of dredged materials on Port Authority property located in the Southport Terminal that is appropriately designated and permitted as a Dredge Material Management Facility for a period of 20 years.

Recommendation:

Approval to enter into agreements, as necessary, granting the Army Corps of Engineers permission to place materials dredged from the Mississippi River in the Saint Paul area on Port Authority property located in the Southport Terminal.

ALK/lkw

Attachments: Attachment A: 2008 City Council Resolution

Attachment B: 2017 Record of Necessity from Army Corps of Engineers
Resolution