

**Project Partnership Agreement for
Sustainable Maintenance Dredging in
the Shallow-Draft Federal Channels of
San Pablo Bay**

**Alternative Financing for Waterways
and Water Resources Infrastructure
San Francisco Bay Area Workshop
*April 6, 2017***

OVERVIEW

Local Sponsors

- City of Petaluma
- City of San Rafael
- Napa County
- Marin County
- Sonoma County

Local Challenge

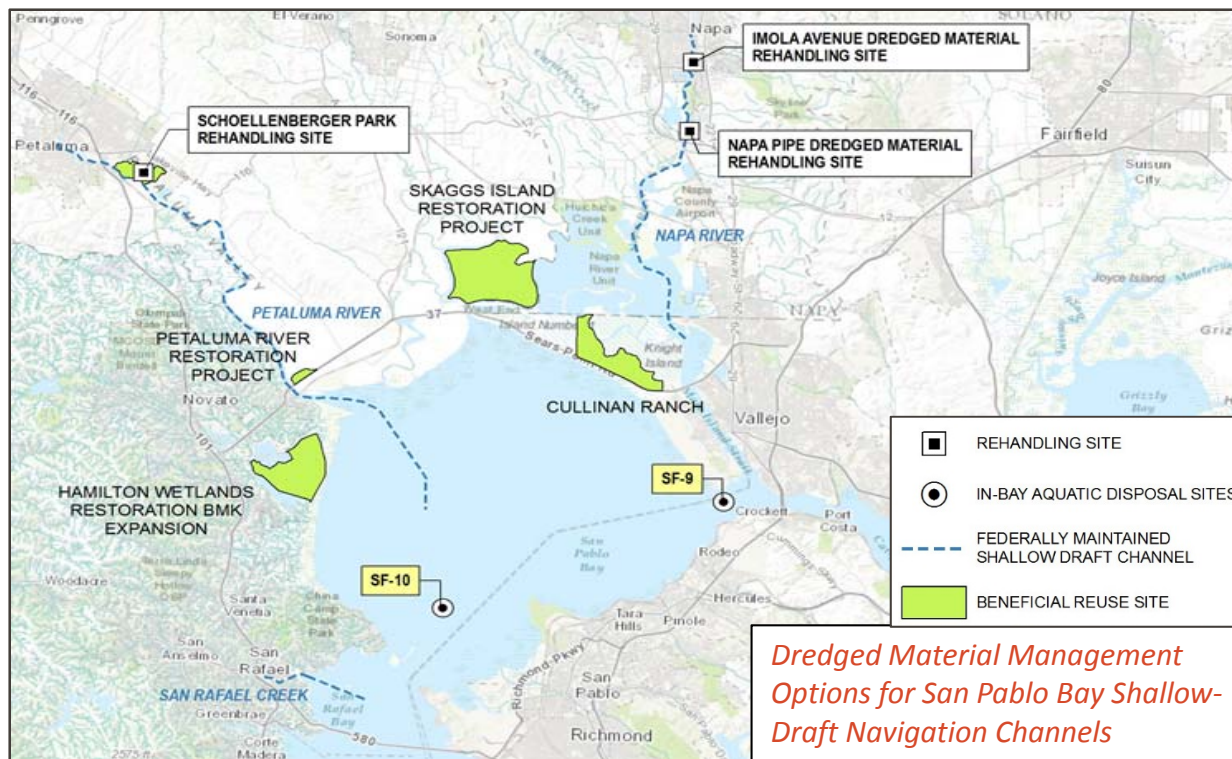
Under the current civil works transformation, how can local sponsors of federal shallow-draft navigation channels partner with the USACE to develop a sustainable maintenance dredging program?

Issue Summary

USACE Navigation

Mission: Provide safe, reliable, efficient, effective and environmentally sustainable waterborne transportation systems

- USACE struggling to fulfill mission w/out reliable congressional funding
- Historic Dredge Cycles: 3 – 7 years
- Last time any project fully dredged: 2002



PROJECT PARTNERSHIP AGREEMENT

Objective: Alternative finance and delivery plan for maintenance dredging on three navigation channels

Proposed Components:

1. Long-term program: 20 years/5 dredge episodes
2. Full Federal funding of first episode on each channel,
3. USACE Savings/ROI Strategy
 - a) P3/P4 financing
 - b) Leverage LTMS & proximity to beneficial use sites
 - c) Increased efficiencies achieved through bundling projects
 - d) Non-federal sponsor contributions toward shared cost for out years
4. ROI to private investor achieved through unit cost fee applied to material delivered to beneficial reuse sites

Benefits

- Dual USACE mission sustainability
- Enhances Regional Economic Development
- Environmental through wetlands creation
- Assures emergency & recreational access
- Navigation safety

Public-Private Partnerships (P3):

Contractual relationships between a public sector contracting authority and a private entity that agrees to infuse capital and management toward the provision of public infrastructure and services.

Public-Public-Private Partnerships (P4):

*Evaluate multi-jurisdictional water resources projects where **federal authorities**, together with relevant **local or state authorities**, jointly confer rights and responsibilities for infrastructure assets to a single **private entity**.*

SAVINGS/ROI DETAILS

P3/P4 Strategy: 3rd Party Off-Loader Lease Agreement

- Non-Federal partner(s) and/or a third party acquires and agrees to maintain off-loader
- Off-loader leased to USACE dredging contractors
- Risk of equipment underutilization transferred from contractors to the 3rd party
- Lower bids = ~30% savings to USACE Dredge Program = **\$19M** over 5 years
- Cost to dredge San Pablo Bay channels = **\$15M/5** years

Leveraging LTMS & Proximity to Beneficial Reuse Sites

- Under LTMS, USACE aims to dispose <20% in-Bay
- PPA dredging -> beneficial reuse of 1M CY not currently accounted for by USACE five-year IAA
- Would enable USACE to dispose additional 800,000 CY from deep-draft channels in-Bay
- Cost offsets = **\$9M** savings over 5 years

Local Sponsor Funding Options

- Capital budgeting
 - Infrastructure improvement
 - Equipment management
- Tax Assessment District
- Special District
- Grants
 - Measure AA
 - WRDA
 - CDFW/OSPR
 - State GGR Fund

PROPOSAL DEVELOPERS

- City of Petaluma
- City of San Rafael
- Marin County
- Sonoma County Water Agency

- Napa County Flood Control and Water Conservation District
 - Haley & Aldrich, Inc.
 - Ellen Johnck Associates
 - David Miller Associates