City Manager's
Waterfront Working Group

Draft Agenda

February 5, 2020

City Hall, State of Maine Room, 4:00 to 5:00pm

1. **Welcome and Introductions**

   Jon Jennings, City Manager

2. **Update on Draft Commercial Street Operations and Master Plan Recommendations**

   Nell Donaldson, Director of Special Projects, Planning
   30 Minutes

3. **Update on the Portland Harbor Dredge and BUILD Grant Application Status and Financial Structure**

   Bill Needelman, Waterfront Coordinator
   30 minutes

   See memo January 31, 2020 memo under separate cover.

4. **Future Meeting Schedule Discussion.**

The City Manager's Waterfront Working Group is an informal body of invited marine business owners, waterfront property owners, members of the fishing community, and citizens interested in the future of Portland's Waterfront.

The Working Group will convene two to four times a year to engage with the City Manager on Waterfront issues of interest and concern. The City Manager will use meetings of the group as an opportunity to share information and gather feedback on topics that include, but are not limited to, the following:

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- Priorities for -investment of Waterfront Tax Increment Financing Program funds;
- Waterfront Transportation needs, including roadway/traffic issues;
- Marine industry needs, including dredging and access to the water;
- Marine economic assessments;
- Waterfront development; and,
- Opportunities and Issues of concern as identified by Working Group members.

CITY OF PORTLAND
Executive Department
Jon P. Jennings, City Manager

Memorandum

To: Waterfront Working Group Members

From: Jon P. Jennings, City Manager

Date: January 30, 2020

RE: Update on Portland Harbor Dredge and Confined Aquatic Disposal (CAD) Cell – Funding, process, and next steps

CC: Greg Mitchell, Economic Development Director
Bill Needelman, Waterfront Coordinator
Portland Harbor Dredge Team (Dan Haley, Portland Harbor Commission; Tom Dobbins, Portland Harbor Commission; Bill Mann, South Portland Economic Development Director; Matt Burns, MDOT; Michael Johnson, Stantec)

Introduction

The City of Portland, with funding from the Maine Department of Transportation (MDOT) and partnership with the Portland Harbor Commission and the City of South Portland, has made significant progress toward dredging the piers, wharfs, and berthing resources of Portland Harbor. The February 5, 2020 Waterfront Working Group (WWG) meeting provides a timely opportunity to update stakeholders on recent progress, funding developments, process and next steps. As further described below, the critical path timeline for this longstanding process has accelerated and keeping stakeholders informed and engaged will be increasingly important moving forward.

Background

Most observers of Portland's waterfront are aware of the ongoing efforts by the Cities and Harbor Commission to dredge berthing and vessel support infrastructure along both shores of the Fore River. The WWG received a thorough briefing on the subject by the Waterfront Coordinator in October of 2019.

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In short, over 244,000 cubic yards of material needs to be removed from Portland Harbor to restore lost or degraded berthing areas. Given the environmental state of these sediments, disposal at sea is not an option and the project has identified a feasible site for a Confined Aquatic Disposal (CAD) cell to responsibly contain and sequester contaminated materials.

In aggregate, +/-108,000 cubic yards of material are estimated for dredging from the Portland side of the Fore river and +/-136 000 cubic yards of material anticipated from the South Portland waterfront. City owned public facilities in Portland alone (East End boat ramps, Ocean Gateway and the Amethyst lot, Maine State Pier, and the Portland Fish Pier) will contribute nearly 52,000 cubic yards of material. The South Portland "Portland Street Pier" is a minor contributor, estimated at +/-2300 cubic yards. The balance of sediment will come from private piers, boat yards, and marinas throughout the harbor.

The project will benefit 30 private commercial properties, supporting dozens of businesses, hundreds of jobs, thousands of vessels, and millions of dollars in annual economic activity. A comprehensive economic assessment of the direct and indirect value of the project and of the impacted properties is about to be undertaken to further refine the benefits of the project and the costs of inaction.

Additional information and background on the project is found at:
http://www.portlandharbordredge.info/

Current Status:

Following the October WWG meeting, the project team (through the consulting team at Stantec) has filed applications with the Maine Department of Environmental Protection for review under the Natural Resources Protection Act and US Army Corps of Engineers for review under the Clean Water Act. Submittal packages are also in development for impacts to the federal channel under the US Army Corps Section 408. The application has been determined to be complete with additional material under development for the US Army Corps 408 review. Initial feedback from the agencies is encouraging.

The project team continues to engage with stakeholders and is working with the review agencies on specific issues, such as eelgrass impacts. Filing and acceptance of environmental permits is a major milestone for the process and positions the project to be viewed as ready for funding.

Funding Strategy and Timeline:

Funding to Date:
As noted previously, dredging is expensive. To date, a mix of state, federal, and municipal funding has taken the process from concept to the permit application stage. US Environmental Protection Agency Brownfields funds awarded to the Portland Harbor Commission, with smaller amounts to the City of Portland) have totaled over $400,000 targeted toward assessment and permitting of dredging the berthing resources themselves. The Portland Harbor Dredge Project is the first Brownfields program project in the nation to fund a submerged lands assessment.

MDOT has contributed $325,000 toward the CAD cell portion of the project. The City of Portland has allocated $100,000 of current year Waterfront TIF funding to complete the process of permitting and permit review support. Additional funds from Portland, South Portland, and MDOT will continue to fund soft costs associated with funding applications as further explained below.

Future Project Costs
The above soft costs, while significant, represent only a fraction of the anticipated construction costs moving forward.

The project estimates 376,000 cubic yards of material needs to be excavated to build the CAD cell (which must be over dredged to accommodate the contributing sediments) at an estimated cost of up to $30/cubic yard. The 244,000 cubic yards of material from the piers and wharfs is estimated to cost up to-$40/cubic yard.
Including future soft costs for final engineering and design, bidding document prep, mobilization, and mitigation fees, the Portland Harbor Dredge Project is estimated at +/- $30,000,000.

The project team is continuing to fine tune these numbers and the above estimates are intended to be conservative.

Funding Moving Forward:
Given the magnitude of the costs, the project team has always assumed a mix of funding sources needed to achieve the project outcomes. While public monies have carried the project to date, private pier and marina owners will be anticipated to contribute toward future construction expences. Federal funds will be essential for the bulk of the project costs.

The general breakdown of funding will rely heavily on a federal grant from the US Department of Transportation "BUILD" program. BUILD grants, the successor to TIGER grants, require a significant match of non-federal monies. The State of Maine, through MDOT, has committed to support an application for the Portland Harbor Dredge Project subject to an equivalent commitment from municipal and private funds. The project team has identified "tipping fees" as the equitable mechanism to distribute local share costs. In order to participate in the program, a contributing pier owner will need to pay per cubic yard of material to go into the CAD cell. Given that many pier and marina owners have thousands (or tens of thousands) of cubic yards of material, tipping fees will be significant for larger facilities.

The fee amount and distribution is still under discussion, but as much as $20.40/cubic yard may be needed. At such a rate, the City of Portland may be subject to over $1,000,000 in local tipping fees alone.

Assumed Funding Structure:

Federal BUILD program (formerly TIGER)	$20,000,000 +/-
State of Maine Transportation Funds	$5,000,000
Local Funds "Tipping fees"	$5,000,000 Based on contributing sediment volume
	$30,000,000 +/- Total

Funding Application Process:
Funding deadlines for the BUILD application are fast approaching. MDOT staff members have informed the City that a notice of funding opportunity for BUILD will be released any day with a 90 day window for application. In order to meet this timeline, a number of steps must be taken.

- **Convene a funding team** including the local project team members (Portland, South Portland, Harbor Commission, Stantec Consulting,) MDOT staff, MDOT grant writer. *Status: Underway*
- **Fund the grant writer** with a combination of local and state dollars. *Status: Underway*
- **Reach out to stake holders** – specifically to inform private pier and marina owners of the need to plan for tipping fee expenses. *Status: Underway (the WWG meeting is part of this effort)*
- **Conduct an economic assessment –** The BUILD application will require an estimate of direct and indirect project benefits and costs. The City of South Portland has approved an interlocal agreement to participate and fund half of this study and the Portland City Council will review the proposal on Monday, February 3. An RFP for selecting an economic consultant is complete and consultant selection is ongoing. *Status: Underway*
- **Secure commitments for local funding and tipping fees –** The project team is exploring the grant requirement for documenting and securing local dollars in advance of the application. *Status: under discussion*
- **BUILD grant application – <u>Anticipated for late April or early May</u>**. Waterfront property owners, vessel owners, environmental organizations, and other stakeholders will be asked to support this project with letters of support and data needed for the economic assessment. *Status: Pending contracting with the grant writer.*

Next Steps

The BUILD grant application will require an all hands on deck effort from all Portland Harbor Dredge project team members. Given the necessity of private property participation, solid communication between the project team and all stakeholders is essential. The WWG meeting is one venue for such communication. On behalf of the entire dredge project, we ask that WWG members assist with communicating both the benefits of the project along with the need for cooperation with the project team in the preparation of material for the grant application.