Corps Hopper Dredge Minimum Fleet - Determining an AAPA Position

Harbors and Navigation Committee
April 9, 2019
Corps Hopper Dredge Minimum Fleet

• WRDA 1978 established the transition to private sector hopper dredges
• Corps has 4 hopper dredges
  • McFarland, 1966
  • Wheeler, 1983
  • Essayons, 1982
  • Yaquina, 1983
• Replacement at some point – is that point approaching soon?
Terminology

• Plant Replacement and Improvement Program (PRIP) is a revolving fund that pays for things like Corps dredges, other equipment and buildings

• Major Item New Start (MINS) – Corps submits request and Congressional appropriators approve (not authorization committee) for items over $10 million
‘Ready Reserve’ Dredges

• Ready Reserve – WRDA ’96: Wheeler; WRDA 2007: McFarland; each have 70 ‘training days’ per year.

• Dredge Ownership and Operating Expenses paid through:
  • Training Days (70) – paid using the navigation project’s O&M funds
  • Activation Days – paid using the navigation project’s O&M funds; Unknown revenue – depends duration of activation(s)

• Ready Reserve Remaining Item funded by Congress for expenses while in non-dredging mode
  • McFarland $11.69 million (FY 2018 and 2019)
  • Wheeler $15.0 million (FY 2018 and 2019)
AAPA supports Minimum Fleet, maximum competition and no additional Ready Reserve restrictions.

WRDA 2007: McFarland Ready Reserve, 70 training days on Del River; Essayons and Yaquina training day restrictions lifted.

2006 AAPA Resolution

2010 Deepwater Horizon

2011 MS River flooding

2012 Post Superstorm Sandy

2015, 2016 MS River flooding

2005

2010 Deepwater Horizon

2011 MS River flooding

2012 Post Superstorm Sandy

2015, 2016 MS River flooding

2020

Providing for ‘surge’ capacity

2006 AAPA Resolution

2010 Deepwater Horizon

2011 MS River flooding

2012 Post Superstorm Sandy

2015, 2016 MS River flooding

2011 Min Fleet Capital Invest Report

2017 Assumptions and Analysis document

2018 Hopper Dredge Recapitalization Analysis

WRDA 2007: McFarland Ready Reserve, 70 training days on Del River; Essayons and Yaquina training day restrictions lifted.

Essayons and Yaquina repowerings and accounting issues McFarland replace? Too soon to tell

Min Fleet: 4 hopper dredges; At same District locations; Focus on Nav Channel maint

‘One Fleet’; NAP report on McFarland replacement cost savings; Schedule replacements

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Congressional Actions in 2018

• Senate WRDA 2018 Section, Authorization of Appropriations for Purchase of Hopper Dredge (offered but later struck)
  • (a) In General.-There is authorized to be appropriated to the Secretary $150,000,000 for the purchase of a hopper dredge.
  • (b) Use Of Hopper Dredge.-A hopper dredge purchased with funds under subsection (a) shall be used primarily in areas that have been consistently damaged by extreme weather events.

• Energy and Water Appropriations for FY 2019
  • SEC. 109. For fiscal year 2019, none of the funds provided in this Act or available in the revolving fund established by the Civil Functions Appropriations Act of 1954 (33 U.S.C. 576(a)) may be obligated or expended on a new hopper dredge.
Dredge Construction Timeline

• Year 1 (2019): Congress approves the dredge in the upcoming fiscal year 2020 Energy and Water appropriation
• Year 2 (2020): Corps begins design
• Year 3 (2021): Corps completes design, advertises and awards construction contract; also orders long lead time equipment for the dredge
• Year 4 and 5 (2023): Contractor builds, sea trials, delivery of dredge
• Year 6 (2024): Dredge goes into service
**Congress Makes Informed Decision**

**CORPS**
Congress: Build now
- Law requires
- Mission essential
- Need exists
- Funds available
- Seek to proceed w/replacement

**AAPA**
Congress: ???
- Supports competition
- Timely dredging essential
- New dredge more productive at same/lower daily rate

**DREDGING CONTRACTORS**
Congress: Hold off
- Corps contract schedule issues
- MS River maintenance approach
- New dredges

‘Best to work out differences before going to Congress!’
H&N on Hopper Dredge Replacement

• January email seeking H&N feedback ahead of Jan LPC meeting
• Ports that responded (all supported replacement)
  Lake Charles  Tampa
  Houston     Port Manatee
  Baltimore  Grays Harbor
  Port Everglades  Calhoun
• Dredgers wanted to offer their perspective
• Basis of today’s discussion
MS River Role

• Wheeler has 16 ready reserve activations between 2010 and 2018
• 14 of the 16 are for dredging MS River Southwest Pass
• McFarland has 10 ready reserve activations between 2010 and 2018
• 5 of the 10 are for dredging MS River Southwest Pass
• 19 of 26 activations (73%) are for MS River
• Corps reviewing approach to MS River maintenance dredging
• Report due summer 2019
Discussion