



DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY  
CIVIL WORKS  
108 ARMY PENTAGON  
WASHINGTON DC 20310-0108

AUG 31 2006

Honorable Robert Portman  
Director  
Office of Management and Budget  
Washington, D.C. 20503-0008

Dear Mr. Portman:

In accordance with Executive Order 12322, I am submitting for your review a general re-evaluation report on the expansion of the existing Poplar Island, Maryland project which was authorized by Section 537 of the Water Resources Development Act (WRDA) of 1996, as amended. The enclosed draft letters to the Speaker of the House of Representatives and the President of the Senate express the views and recommendations of the Secretary of the Army.

The proposal is described in the report of the Chief of Engineers dated March 31, 2006. A copy of the report and other supporting data are enclosed. This report was prepared under the authority of Section 204 of WRDA 1992. Please advise this office whether the recommendations are consistent with Administration policy.

Very truly yours,

A handwritten signature in cursive script that reads "John Paul Woodley, Jr.".

John Paul Woodley, Jr.  
Assistant Secretary of the Army  
(Civil Works)

11 Enclosures  
(See page 2 for  
list of encls)



11 Enclosures

1. Proposed letter to House
2. Proposed letter to Senate
3. EPA letter to USACE, Nov 22 2005
4. DOC letter to USACE, Oct 7, 2005
5. DOI letter to USACE, Oct 24, 2005
6. Report of the Chief of Engineers, Mar 31, 2006
7. HQUSACE, Review Summary, January 6, 2006
8. HQUSACE, Documentation of Review Findings, December 2005
9. OASA(CW) Data Summary
10. Project Briefing Slides
11. Final General Reevaluation Report and Supplemental Environmental Impact Statement Poplar Island Environmental Restoration Project. September 2005

CF: (w/encls 1 & 2, except as noted)

CRC

CECW-I

CECW-PC

CECW-NAD-RIT (Edwin Theriot) (Please provide copies to CENAD and NAB)

SACW: Dunlop, Tornblom, Lamont

SACW: Read & Sign

SACW: File (Please file with enclosures 1 through 10)

Prepared: Jeffery Groska/CECW-NAD

Revised: McKevitt/SACW/July 28, 2006

Tasker No. NA

J:\SHARED\PP&R Permanent\PROJECTS\Poplar Island, MD\060724 Poplar to OMB



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Honorable J. Dennis Hastert  
Speaker of the House  
of Representatives  
U.S. Capitol Building, Room H-232  
Washington, D.C. 20515-0001

Dear Mr. Speaker:

Section 537 of the Water Resources Development Act of 1996, as amended, directed that the Secretary of the Army carry out a project for the beneficial use of dredged material at Poplar Island, Maryland. This project is currently under construction. A general reevaluation report has been prepared to evaluate expanding the project to provide additional disposal capacity for the Baltimore Harbor channels. The proposal is described in the report of the Chief of Engineers dated March 31, 2006, which includes other pertinent reports and comments and which recommends authorization of an ecosystem restoration and navigation (beneficial use of dredged material) project at Poplar Island, Chesapeake Bay, Talbot County, Maryland. The views of the Department of the Interior, the Department of Commerce, and the Environmental Protection Agency are set forth in the enclosed report. This recommendation is in partial response to Section 204 of WRDA 92, as amended (U.S.C. 2326). The Secretary of the Army plans to implement the project, through the normal budget process at the appropriate time, considering national priorities, and the availability of funds.

The recommended plan consists of a 575-acre expansion of the existing Poplar Island Ecosystem Restoration Project (PIERP) to the north and northeast, comprised of 29 percent wetland habitat (165 acres), 47 percent upland habitat (270 acres), and 24 percent open water habitat (130 acres of open-water embayment habitat plus 10 acres of tidal gut habitat); plus a vertical expansion component consisting of a 5-foot raising of the upland cells of the existing PIERP. This alternative provides approximately 28 million cubic yards of dredged material placement capacity, extends the life of the existing PIERP project by approximately seven years, and is the national ecosystem restoration (NER) plan. This alternative was chosen as the recommended plan because it provided sufficient dredged material capacity to help meet the near-term capacity need, impacted the minimum amount of borrow area outside of the lateral expansion footprint (19 acres), was the most cost-effective alternative (the NER plan), and resulted in the greatest environmental benefits (9,768 Island Community Units).



Operations of the expansion and existing project will be modified to include the placement of dredged material from the southern approach channels to the Chesapeake and Delaware Canal south of the Sassafras River. In addition, as the various elements of the restoration project are constructed, existing structures and facilities will be adapted to accommodate passive recreational and/or educational uses compatible with the project's ecosystem restoration purpose and objectives.

The first cost for the project expansion is estimated as \$256.1 million at October 2005 price levels and an interest rate of 5.375 percent. The Federal Government share of the project first cost for the expansion of the project would be \$192.1 million (75 percent) and the non-Federal share of the costs would be \$64 million (25 Percent), in accordance with the cost sharing specified in Section 204 of WRDA 1992. Operations, maintenance, repair, rehabilitation, and replacement (OMRR&R) costs for the completed project are projected to be less than two percent of the total project cost and would be a non-Federal responsibility. The first costs of the recommended recreation facilities are estimated at \$600,000, in accordance with Section 103(c)(4) of WRDA 1986. The Federal Government and the non-Federal sponsor would each share 50 percent of the cost or \$300,000. The OMRR&R cost for the recreation features are estimated at \$5,000 annually and are the responsibility of the non-Federal sponsor. The non-Federal sponsor is the Maryland Port Administration.

The recommended plan is the national ecosystem restoration plan. The cost of the recommended environmental restoration plan is justified by the restoration of approximately 575 acres of habitat and would provide for achievement of these habitat increases in the most cost-effective manner. The habitats constructed as part of the project expansion would restore additional remote island habitat, a scarce and rapidly vanishing ecosystem niche within the Chesapeake Bay region that provides a vital connection for avian species between open-water and mainland terrestrial habitats within the region. The lateral and vertical expansion would also provide additional important foraging habitat for special-status species such as the Federal-listed Bald Eagle, which nests on Coaches Island adjacent to the project; and bird islands in the wetland cells of the lateral expansion would be specifically designed to encourage nesting by the State-listed Least Tern. The lateral and vertical expansion of the project would continue the contribution of the existing project to the goals of the Chesapeake Bay Program watershed partnership through its habitat and ecosystem recovery and preservation efforts. Recreation features are economically justified, providing average annual benefits of \$133,000. Based on an average annual cost of \$39,000, the recreation features have net annual benefits of \$93,500 and a benefit to cost ratio of 3.4.

The Office of Management and Budget (OMB) advises that there is no objection to the submission of the report to Congress. The Administration will give the project a *(insert OMB budgetary position)*, based on the most current performance based budgeting guidelines and the benefits and costs of the project. A copy of its letter is enclosed. I am providing a copy of this transmittal and the OMB letter dated *(insert OMB letter date)* to the House Subcommittees on Energy and Water Development, and Water Resources and Environment in accordance with the requirements of the Fiscal Year 2006 Energy and Water Development Appropriations Act (P.L. 109-103).

Very truly yours,

John Paul Woodley, Jr.  
Assistant Secretary of the Army  
(Civil Works)

Enclosures



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Honorable Richard Cheney  
President of the Senate  
U.S. Capitol Building, Room S-212  
United States Senate  
Washington, D.C. 20510-0012

Dear Mr. President:

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Operations of the expansion and existing project will be modified to include the placement of dredged material from the southern approach channels to the Chesapeake and Delaware Canal south of the Sassafras River. In addition, as the various elements of the restoration project are constructed, existing structures and facilities will be adapted to accommodate passive recreational and/or educational uses compatible with the project's ecosystem restoration purpose and objectives.

The first cost for the project expansion is estimated as \$256.1 million at October 2005 price levels and an interest rate of 5.375 percent. The Federal Government share of the project first cost for the expansion of the project would be \$192.1 million (75 percent) and the non-Federal share of the costs would be \$64 million (25 Percent), in accordance with the cost sharing specified in Section 204 of WRDA 1992. Operations, maintenance, repair, rehabilitation, and replacement (OMRR&R) costs for the completed project are projected to be less than two percent of the total project cost and would be a non-Federal responsibility. The first costs of the recommended recreation facilities are estimated at \$600,000, in accordance with Section 103(c)(4) of WRDA 1986. The Federal Government and the non-Federal sponsor would each share 50 percent of the cost or \$300,000. The OMRR&R cost for the recreation features are estimated at \$5,000 annually and are the responsibility of the non-Federal sponsor. The non-Federal sponsor is the Maryland Port Administration.

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Very truly yours,

John Paul Woodley, Jr.  
Assistant Secretary of the Army  
(Civil Works)

Enclosures