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# DNR Agreement Parcel 0 Material

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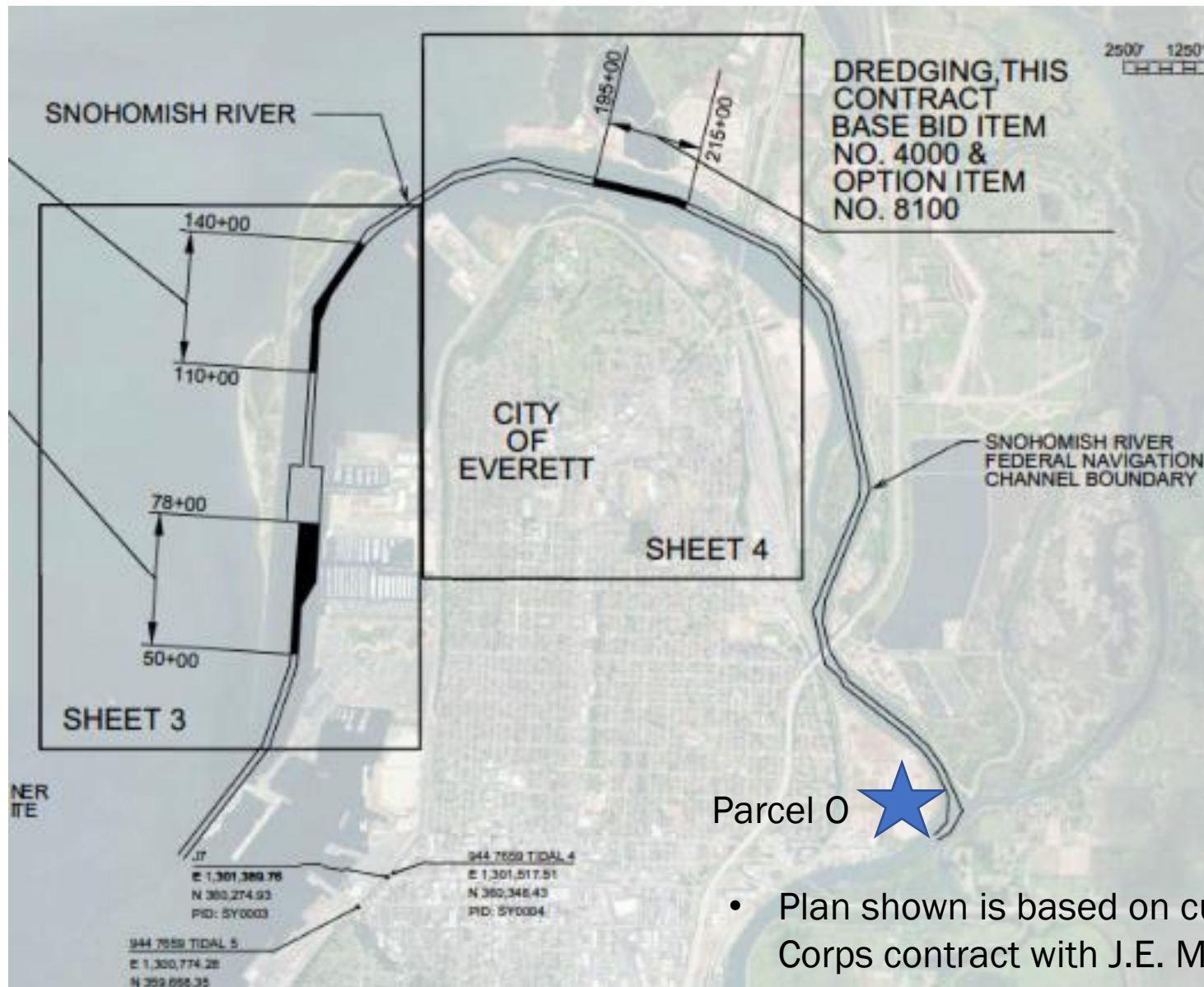


# DNR Agreement, Parcel O Material

## Background

- Port is the Local Sponsor for the Army Corps of Engineers' Snohomish River Federal Navigation Channel maintenance dredging
- Parcel O is the upland disposal site for material dredged from the upper channel and settling basin
- City owns the Parcel O property; Port has an easement for dredge disposal use
- WA DNR owns the material

# Army Corps Dredge Area and Parcel 0



- Plan shown is based on current Corps contract with J.E. McAmis

# Driving Issues

## **Parcel 0 Capacity Limitations**

- Site has historically neared capacity of 250,000 CY which jeopardizes the Corps' ability to dredge
- Making space requires emergency authorization from DNR to release material

## **DNR Material Use Constraints**

- Material cannot be sold or given to private entities without permission from DNR and payment of royalties
  - Determination of royalty rate has been a significant challenge
- Material can be used for public purposes without payment of royalties (e.g. utilities backfill, City parks projects, cleanups, beach restoration)
- City and Port cannot use material quickly enough to create space for more dredged material
- DNR requires Material Sales Agreement (MSA) to sell material; typical agreement is geared toward mining operations and not suitable for Port situation; many years of negotiations

# Parcel 0 Material



# Solution

## Material Sales Agreement

- DNR MSA includes negotiated terms such as royalty rate (\$0.35/CY), indemnification, insurance and reporting requirements
- MSA allows for Port purchase of material which then allows us to sell material to private parties

## Next Steps

- Complete negotiations with DNR on MSA language
- Request Commission approval for execution of MSA; CEO signature
- Port to determine best process for managing and selling the material
- Port will pay royalties per CY
- Port may apply a surcharge per CY and sell material to third parties
- The material is highly desired by local contractors
- Port will be able to maintain available capacity at the site so Corps dredging will not be interrupted



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**Questions?  
Thank you!**



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