



**DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
441 G STREET, NW
WASHINGTON, DC 20314-1000**

CECW-ZB

31 AUG 2026

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

SUBJECT: Port of Nome Modifications Project, Alaska, Section 902 Post Authorization Change Report

1. Purpose. This memorandum transmits for your review and concurrence the PACR and supporting Economic and Cost Assessments for the Port of Nome Modifications Project, Nome, Alaska. The purpose of this report is to document a significant cost increase that exceeds the project's Section 902 limit of the Water Resources Development Act of 1986 and to attain the Secretary's determination to seek Congressional reauthorization for a cost increase from \$505,233,000 to \$1,218,099,000. This increase will allow for the construction of the full scope of harbor improvements as originally authorized. The purpose of the proposed federal action, as documented in the Port of Nome Modifications PACR, is to implement a cost-effective and operationally viable deep-draft navigation project to support community viability in the Arctic. The non-federal sponsor for the project is the City of Nome.

2. Project Authorizations:

a. WRDA of 2020, Section 401(1): Authorized the Port of Nome Modifications Project substantially in accordance with the plans and subject to the conditions described in the Report of the Chief of Engineers, dated 29 May 2020.

b. WRDA 2022, Section 8312: Modified the project cost share to 90% Federal and 10% non-federal for general navigation features and eliminated the requirement for the non-federal sponsor to repay an additional 10% of the project cost over time.

3. Background: The Port of Nome, when constructed, will be the only deep-draft port in the Arctic and serves as a critical transportation hub for 60 communities in the Bering Strait region of Alaska. The port is essential for the delivery of fuel, cargo, and construction materials, as well as for supporting national security missions and subsistence activities. The existing port infrastructure is insufficient to accommodate modern, deeper-drafting vessels, leading to operational inefficiencies, increased transportation costs, and risks to community viability. Following the award of Phase 1A, a revised cost estimate based on actual market conditions and a lack of contractor competition in the remote Arctic region revealed that the project first cost has increased from an authorized cost of \$505.2M in WRDA 2020 to an estimated \$1.218B (FY26 price levels). This cost increase results in exceedance of the Section 902 limit, necessitating this PACR to seek a new congressional authorization.

4. Post Authorization Change Report: This PACR recommends adopting COA 1, which increases the authorized cost of the project to allow for construction of the full scope of

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harbor improvements as described in the Chief's Report with the exception of the West Causeway which will be reduced by 362 feet. COA 1 includes:

a. Phase 1A & 1B: Completion of a 3,122-foot L-shaped West Causeway extension to create a protected deep-water basin. Although not part of the authorized project, COA 1 also includes 2,000 feet of new dock to provide moorage with a depth of -40 feet mean lower low water (MLLW) as a Local Service Facility (LSF) integrated in the West Causeway.

b. Phase 2: Dredging the new deep-water basin to -40 feet MLLW and dredging the existing Outer Basin to -28 feet MLLW.

c. Phase 3: Removal of the existing East Breakwater and construction of a new 3,900-foot East Causeway and breakwater. Phase 3 also includes dredging to expand the outer basin. Although not part of the authorized project, Phase 3 includes 800 feet of new dock to provide moorage to a depth of -28 feet MLLW, and a 130-foot bridge to access the East Causeway as LSF integrated into Phase 3.

5. The project can continue construction of phases that remain under the current Section 902 limit and do not require reauthorization of the project cost (Phase 1A and 2). Once reauthorized, construction of phases that would exceed the current Section 902 limit (Phases 1B and 3) can continue in a phased manner to allow for incremental funding of the project to deliver complete and useable elements of the project over time. The analysis of smaller scope courses of action indicates that priority of construction should be given to completing construction of Phases 1A, 2, and 1B to maximize benefits from larger vessels utilizing the port at the soonest possible opportunity. Construction of Phase 3 can be deferred until funding is allocated to improve the opportunity for competition and cost reduction. The environmental consequences of the project are primarily related to in-water construction activities, including dredging, rock placement, and pile driving and remain unaltered from the original authorizations as there are no scope changes.

6. Project Cost: Based on Fiscal Year 2026 (FY26) price levels, the project first cost is estimated at \$1.218B, and the fully funded total project cost for General Navigation Features (GNF) is \$1.358B. The estimated federal and non-federal shares of the GNF project cost are \$1.222B and \$135.8M respectively, which equates to 90 percent federal and 10 percent non-federal, as apportioned in accordance with WRDA 2022. The non-federal Local Services Facilities (LSF) cost is an additional \$769.8M, bringing the total cost for the non-federal sponsor to \$905.7M. Operation, Maintenance, Repair, Rehabilitation, and Replacement (OMRR&R) costs are estimated to be \$3.5M a year.

7. Net Public Benefits: The project is justified under the authority of Section 2006 of WRDA 2007 (Remote and Subsistence Harbors). Under this authority a benefit-cost ratio (BCR) greater than 1.0 is not required. The Port of Nome is a critical transportation hub for 60 communities in the region and once constructed will be the first deep-draft port in the arctic.

a. Cost Effectiveness/Incremental Cost Analysis Justification: Under the Section 2006 framework, COA 1 is identified as a "Best Buy" in the Cost Effectiveness/Incremental

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Cost Analysis. Community Viability and National Security benefits were evaluated for this project. Community Viability assessed the significance to the region using several factors including the value of a port of refuge, the increased reliability of cargo deliveries, the decrease in overwater fuel transfer, as well as other effects of port expansion not quantified in the National Economic Development (NED) benefits but expected to lead to permanent growth. National Security assessed the projects potential value to national security, defense, and strategic importance. The project delivers 1,950 benefit units (Community Viability Units + National Security Units) by securing cargo delivery reliability, reducing overwater fuel transfer risks, serving as a critical port of refuge in the Bering Sea, and directly supporting USCG and U.S. Navy Arctic national security missions

- b. National Economic Development Benefits & Benefit Cost Ratio: The Recommended Plan (COA 1) provides approximately \$4,637,000 in Average Annual Equivalent (AAEQ) NED benefits. Based on an FY26 discount rate of 3.25%, the BCR is 0.05.

8. Environmental Compliance: An environmental assessment (EA) was completed and a Finding of No Significant Impact signed. The EA describes compliance with applicable environmental laws and cultural resources requirements. Public involvement and agency coordination have been continuous throughout the project lifecycle. The environmental impacts of COA 1 remain unaltered from the original authorizations as there are no scope changes. The Alaska District conducted extensive Government-to-Government consultation with Federally recognized Tribes, resulting in a Memorandum of Agreement (MOA) ensuring the protection of cultural resources during construction.

9. Conclusion: The Alaska District prepared the PACR in accordance with Engineering Pamphlet 1105-2-62, to document the increases in the project cost and recommend an increase in the authorized project cost to fund construction of all GNF project features. The HQUSACE policy compliance review of the PACR concluded that there are no unresolved policy issues and that the project is technically sound, environmentally acceptable, and economically justified.

10. Recommendation: I recommend the enclosed PACR be transmitted to Congress as a basis for increasing the authorized project cost of the Port of Nome Modifications, Nome, AK Project to \$1.218B (Project First Cost) to allow for the construction of the full scope of harbor improvements. Documents necessary to coordinate this recommendation with the Office of Management and Budget will be developed in coordination with your staff and provided under separate cover.



JASON E. KELLY

Major General, U.S. Army
Deputy Commanding General
for Civil and Emergency Operations