



SENATE FISCAL OFFICE

HEARING BRIEF

CAD Cells (GBAs 21, 22, and 23)

MAY 26, 2025

Governor's Budget Amendments (GBAs) 21, 22, and 23 relate to the construction of a new Confined Aquatic Disposal (CAD) Cell in the Providence River and Harbor. GBA 21 amends Article 4, relating to Debt Management, to authorize Certificates of Participation (COPS) toward the financing of the project. GBA 22 amends Article 2, Relating to State Funds, to increase the fees for the disposal of material into a CAD cell from \$11.65 per cubic yard to \$35.00 per cubic yard and eliminate the portion of the tipping fee that went to general revenue, in order to provide funding for the debt service on the project. GBA 23 amends expenditures in Article 1 to account for project funding in FY2026. In the Governor's recommended capital improvement plan, total project costs are projected at \$118.5 million, including \$30.0 million in Certificates of Participation (COPs), \$20.1 million in Rhode Island Capital Plan (RICAP) funding, and \$68.4 million in federal funds. GBA 21 reduces the state share of the project to \$35.0 million, a reduction of \$15.1 million from the current plan.

FUNDING

GBA 21, dated May 21, 2025, amends Article 4 of the Governor's FY2026 Recommended Budget to authorize the issuance of \$23.0 million in new COPs, including \$200,000 for the costs of issuance. The authorization passed in the FY2018 budget as Enacted has expired. In addition to the COPs, the proposal includes \$11.4 million in RICAP funds and \$620,000 in dredge fund revenue for a total state share of \$35.0 million.

	Current Capital Improvement Plan	GBA 21	Difference
COPs proceeds	\$30.0	\$23.0	(\$7.0)
RICAP funds	20.1	11.4	(8.7)
Dredge Fund revenues	0.0	0.6	0.6
Total State Share	\$50.1	\$35.0	(\$15.1)
Federal Funds	68.4	81.7	13.3
Total Project Costs	\$118.5	\$116.7	(\$1.8)

Source: OMB. \$ in millions

GBA 22 amends Article 2 to increase the disposal fee for dredged material from a minimum of \$11.65 to a minimum of \$35.00 per cubic yard of material and eliminates the portion of revenue from the fee that goes into the general fund. This change is estimated to generate a minimum of \$11.6 million for use toward the debt service of the COPs. Assuming a 20-year term at 5.0 percent interest, the total debt service is estimated at \$13.9 million. Any debt service not supported by the disposal fee will be financed from general revenue.

The total project cost is \$102.3 million, including \$66.7 million for the design and construction of the CAD cell between 2025 and 2027, and \$29.7 million for maintenance dredging in 2028. In addition, the CRMC

CAD Cells (GBAs 21, 22, and 23)

is required to pay \$5.8 million in post construction costs, or 10.0 percent, to the US Treasury for general navigation features. According to the Office of Management and Budget (OMB), this payment may be made over a 30-year period; however, the State has previously settled the payment in an upfront lump sum to simplify the payment process and avoid additional interest costs. The state share includes \$22.6 million for design and construction plus an additional \$5.8 million to the US Treasury, a total of \$28.5 million. Based on the actual costs of the Bridgeport CAD cell project, OMB recommends including a cost inflator increasing the state share to \$35.0 million.

As provided by OMB, upon execution of the project proposal agreement (PPA) in 2025, the State will be responsible for:

- \$607,000 for the state share of the CAD design. CRMC recommends paying this to USACE in August 2025, and the proposal recommends the use of dredge fund restricted receipts for this payment.
- \$22.0 million for the state share of the CAD cell construction and maintenance dredging. CRMC recommends paying this to USACE in August 2026.
- \$5.8 million for the state share of general navigation features. While this may be paid to the US Treasury over a 30-year period beginning in 2028, CRMC recommends paying this portion in full in August 2026.

BACKGROUND

The US Army Corps of Engineers (USACE) is charged with maintaining the the Providence River and Harbor Shipping Channel, which involves the dredging and disposal of dredged materials. Preliminary testing indicates that much of the dredge material contains contaminants that are not appropriate for disposal in open waters. After considering other alternative, it was determined that these materials will be deposited into Confined Aquatic Disposal (CAD) cells. As part of the USACE dredging project, the CAD cells project will qualify for federal funding. The USACE asked the Coastal Resource Management Council (CRMC) to act as the local project sponsor for the federal action to maintain the depths of the Providence River and Harbor Shipping Channel and assume responsibly for the local share of the project funding.

CAD cells are depressions created in the bottom of a body of water for storing contaminated sediments to reduce the risk of the sediment contaminating the entire system. Currently, there are six CAD cells below the Providence River Federal Navigation Channel in the vicinity of the Port of Providence and Simms Metals that were created in the mid 1990's. These cells have generated over \$4.0 million in general revenue from tipping fees; however, these cells are reaching capacity. This project would provide for the design and construction of an additional CAD cell.

The USACE has split the Providence River and Harbor Federal Navigation Project (FNP) Dredge Materials Management Plan (DMMP) into two cycles. The design for the first cycle is scheduled to begin in 2026, with CAD cell construction occurring in 2027, and completion of the dredge cycle in 2028. The first cycle will remove approximately 2.0 million cubic yards of material from the river into the CAD cell. The design phase for the second cycle will begin in 2046. By signing the current project proposal agreement (PPA) the State is only committing to funding for the first cycle. The CAD cell will be designed for a 20-year life cycle.

Based on the last 10 years of data, the proposed CAD cell will be sized to contain 300,000 cubic yards of local dredge material, in addition to the capacity needed for the federal dredge material. The local capacity will be available to marinas, yacht clubs, boat yards, and residential docks based on the updated fee schedule

CAD Cells (GBAs 21, 22, and 23)

in GBA 22. Under the current proposal, the local capacity will generate revenue toward the debt service for the project.

Dredge Fees: In order to generate revenue toward the projected debt service obligation, GBA 22 amends Article 2 to increase the minimum disposal fee for dredge material from \$11.65 to \$35.00 per cubic yard. Under current law, the dredge fee revenues above \$10.65 is deposited into a restricted receipt account that must be used to create additional dredging and disposal options. The GBA adds “the management of said disposal options” to the allowable uses. The CRMC may use the funds without appropriation by the General Assembly.

Both tipping fees and application fees are collected from dredging activity in the State. Under current law, \$10.65 of the current tipping fee and the application fees are deposited into the general fund. The portion of the current tipping fee above the \$10.65 base fee is deposited into a restricted receipt account for cost associated with the CRMC boat, including repairs, dockage, fuel, and supplies. GBA 22 would result in the entire tipping fee being deposited in the restricted account.

The amendment changes the minimum fee that is delineated in statute; however, under current regulations, the CRMC imposes a three-tiered fee schedule. The GBA assumes that increasing the three-tiered fee schedule will be maintained with the higher tiers increasing proportionately. According to the CRMC, the only other New England state currently using CAD cells are Massachusetts and Maine. In Massachusetts the fee is \$35 per cubic yard. Maine is still in the process of setting the fee for the new cell but the USACE projects the fee to be around \$45 per cubic yard. The recommended fee amounts were calculated using historic dredge disposal data and the projected project costs provided by the USACE. The following table shows the three tiers as they are currently set in regulation and at the projected levels provided in the GBA; however, the actual fees implemented will be subject to the rulemaking process under the provisions of the Administrative Procedures Act.

Project Type	Current Fee¹	GBA 22 Proposal¹
Marinas, Boat Yards, and Yacht Clubs	\$11.65	\$35.00
Commercial Facilities	17.00	\$43.00
Residential Docks	25.00	\$50.00

¹ Cost per cubic yard