

Should this item be pulled from the Consent Agenda the following motion is suggested:

POSSIBLE MOTION

I MOVE TO approve Resolution 2015-14 on first and final reading.

MEMORANDUM

To: Mayor McConnell and Assembly Members
Mark Gorman, Municipal Administrator

From: Dan Tadic, P.E., Municipal Engineer *DT*
Stan Eliason, Harbormaster *SE*

Reviewed: Michael Harmon, P.E., Public Works Director *MH*
Jay Sweeney, Chief Finance and Administrative Officer *JS*

Date: July 22, 2015

Subject: ADOT&PF Municipal Harbor Facility Tier I Grant Application
Crescent Harbor Float Replacement – Phase I

Background

Crescent Harbor was designed and constructed by the State of Alaska, Department of Transportation and Public Facilities (ADOT&PF) in several phases, beginning in 1965. The first phase of construction consisted of floats 1 and 2 and a portion of the headwalk float. A second construction phase occurred in 1966 which included construction of floats 3 and 4 and additional headwalk float. In 1969, the third phase of construction included installation of the gangway access to float 4 and construction of concrete floats 5 and 6 and corresponding additional headwalk float. The final expansion took place in 1970 consisting of installation of float 7 and its access from float 6.

Crescent Harbor has undergone numerous repair projects in the past 50 years. Approximately 50 percent of the timber finger floats on floats 1, 2 and 3 were replaced in 2002. The electrical system was renovated in 2005. In spite of these repair projects, the facility is near the end of its safe and useable life.

Crescent Harbor was evaluated as a part of the Harbor System Master Plan in late 2011 and was included in the Capital Improvement Project (CIP) Plan with a proposed two-phase replacement. The Master Plan concluded that due to the numerous repair and expansion phases that the harbor has undergone during its lifespan, some components are in fair to good condition. However, the majority of the facility, and many critical structural components, has exceeded its life expectancy and is in need of replacement. The Master Plan went on to state that the 1965 harbor facilities (i.e. concrete floats) have a remaining safe and useable service life of approximately 5 years and that the 2002 improvements (i.e. timber floats) have a safe and useable life of approximately 15 years.

Analysis

The Alaska Legislature established the State of Alaska Municipal Harbor Facility 50/50 Grant Program in 2006 to provide financial assistance up to \$5,000,000 per project for municipally-owned harbor facilities. The grant program is funded on an annual basis at the discretion of the Governor and Legislature. Applications for the grant program are competitively scored based on ten weighted criteria.

The 50/50 Grant Program is comprised of two tiers: Tier I applications are for repair/replacement of formerly State-owned facilities and Tier II applications are for expansion, new construction, or repair/replacement of facilities that were not formerly State-owned. Tier I applications are given the higher priority, whereas Tier II applications are seldom funded. Each

eligible facility is permitted only one Tier I grant after which time, any further repairs or replacements would fall under a Tier II application. Since Crescent Harbor was at one time State-owned, it is eligible for a Tier I grant.

The updated cost estimate puts the replacement cost of the entire facility to be approximately \$17,415,000 (2016 dollars). Under the Master Plan, the concrete floats (floats 5, 6 and 7) at Crescent Harbor were to be replaced in 2016 with a second phase consisting of replacement of the timber floats occurring in 2026. However, Harbor Staff has concerns with this plan and feels that it is more critical to replace the timber floats now as opposed to the concrete floats. While supplemental floatation can be added to the concrete floats to extend their service life, once the timbers floats rot, the addition of supplemental floatation can force the floatation up through the rotten timber damaging the float and cable tray. Following that line of thinking, Public Works and Harbor Staff modified the CIP to include a more robust Crescent Harbor project for 2017 to include replacement of the timber floats or as much scope as can be accomplished for \$13,000,000 total project cost. A \$13,000,000 project will maximize the value of the one-time Tier I grant. Since the program covers only up to \$5,000,000 in eligible construction costs, the City and Borough cost of the project would be \$8,000,000 to cover the remainder of construction and design, permitting, management and contingencies. It is assumed that a future Phase II project will replace the remainder of the harbor (i.e. concrete floats) in 2026.

Crescent Harbor is the next grant-eligible project for the CBS Harbor Department under the Harbor System Master Plan CIP. Staff applied for this grant for FY16 and the project funding was included in several iterations of the draft State budget, however funding was pulled in the final few days of the legislative session. Securing grant funding for this project would allow the City and Borough to replace a portion of this aging facility with a significant subsidy from the State. Furthermore, modifying the scope identified in the Master Plan as proposed by Staff will allow the City and Borough to fully optimize its one chance at a Tier I grant for Crescent Harbor. A resolution of support from the Assembly is not required for the application, however would provide the City and Borough the best possible chance of securing funding for this project.

Fiscal Note

Replacement of Crescent Harbor is a scheduled improvement contained within the Sitka Harbor Master Plan (2012). The City's portion of the project funding, if approved, would be provided for by some combination of undesignated working capital of the Harbor Fund and/or by the proceeds of loans or bonding. The Harbor Master Plan anticipated bonding for this project.

In order to finance the required match through either working capital or debt, implementation of multi-year moorage rate increases is necessary.

Recommendation

Approve Resolution 2015-14 and authorize the Administrator to submit an ADOT&PF Municipal Harbor Facility Tier I Grant Application for the Crescent Harbor Float Replacement – Phase I project and to execute the grant if received.

RESOLUTION NO. 2015-14

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF SITKA, APPROVING SUBMITTAL AND EXECUTION OF A MUNICIPAL HARBOR FACILITY GRANT APPLICATION TO THE STATE OF ALASKA, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (ADOT&PF) IN THE AMOUNT OF \$5,000,000 FOR THE PROJECT ENTITLED CRESCENT HARBOR FLOAT REPLACEMENT - PHASE I

WHEREAS, the State of Alaska, Department of Transportation and Public Facilities administers the Municipal Harbor Facility Grant program; and

WHEREAS, the City and Borough of Sitka owns and maintains Crescent Harbor and Crescent Harbor is eligible for a Municipal Harbor Facility Grant which, if awarded, will pay 50 percent of the eligible construction costs of this project; and

WHEREAS, the City and Borough of Sitka will provide the required 50 percent in local matching funds for construction of the Crescent Harbor Float Replacement – Phase I project per the Municipal Harbor Facility Grant program; and

WHEREAS, the City and Borough of Sitka is capable of completing the Crescent Harbor Float Replacement – Phase I project within eighteen (18) months after award of a Municipal Harbor Facility Grant; and

WHEREAS, Crescent Harbor is critical to the City and Borough of Sitka;

NOW, THEREFORE, BE IT RESOLVED by the Assembly of the City and Borough of Sitka that the City and Borough of Sitka supports the project entitled Crescent Harbor Float Replacement – Phase I and agrees, subject to available Alaska Legislative funding and selection by ADOT&PF, to enter into a grant agreement with the State of Alaska, Department of Transportation and Public Facilities for a Municipal Harbor Facility Grant;

AND BE FURTHER RESOLVED by the Assembly of the City and Borough of Sitka that the Administrator is authorized to apply for the grant and to execute the grant if received.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska on this 28th day of July, 2015.

Mim McConnell, Mayor

ATTEST:

Sara Peterson, CMC
Municipal Clerk