



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

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January 6, 2010

MEMO TO: Jim Dinley, Administrator  
Mayor and Assembly

FROM: Marlene Campbell, Government Relations Director

SUBJECT: Resolution supporting Federal Congressional Request

Members of the Alaska Congressional Delegation are all developing separate on-line Congressional Appropriations Request processes this year which will require City and Borough of Sitka to complete separate on-line Federal application forms for each of the CBS Federal requests (four each). Although CBS' requests are for the most part the same as last year's, new request forms and supporting documents will be required, similar to what the Alaska State Legislature is also requiring for appropriations this year.

One of the new requirements is that CBS submit a minimum of three support letters for each of its Federal requests, authored by the community's elected officials and community leaders. CBS's standard Federal request draft letter is attached—the same letter will go to all three Congressional Delegation members: Senator Murkowski, Senator Begich, and Representative Young. This request letter can serve as one of the letters of support, signed by the Administrator. A letter or resolution from the Municipal elected officials is also required; it is attached for your consideration. The third letter can come from the Sitka Economic Development Association supporting the positive economic impacts of the CBS requests.

If there are any questions about the new processes, or about any of the City and Borough of Sitka Congressional requests, please give me a call at 747-1855 or e-mail me at [campbell@cityofsitka.com](mailto:campbell@cityofsitka.com). Thank you for your assistance.

CITY AND BOROUGH OF SITKA  
RESOLUTION 2010-02

A RESOLUTION BY THE CITY AND BOROUGH OF SITKA ASSEMBLY  
SUPPORTING THE CITY AND BOROUGH OF SITKA FY'2011 CONGRESSIONAL  
PRIORITIES

WHEREAS, the City and Borough of Sitka, Alaska, has been consistently requesting Federal assistance on four top priority projects for several years, some for more than a decade; and

WHEREAS, the Alaska Congressional Delegation has been very supportive of Sitka's highest priority requests, and in several instances has assisted the City and Borough of Sitka with partial funding and other Congressional assistance to enable Sitka's highest priority projects to be undertaken; and

WHEREAS, this partnership between the Alaska Congressional Delegation and City and Borough of Sitka has been extremely beneficial in permitting projects such as the infrastructure upgrades at Sawmill Cove Industrial Park, implementation of the Japonski Island Infrastructure Upgrade Plan, upgrading the Municipal electrical system, and supporting the U.S. Army Corps of Engineers (COE) Sitka Harbor of Refuge Breakwater Project as well as providing initial funding for its upgrade;

NOW, THEREFORE, BE IT RESOLVED that the Mayor and Assembly of the City and Borough of Sitka, as Sitka's elected officials, strongly supports the following City and Borough of Sitka FY'2011 Congressional Priority Requests, as detailed in the enclosed Congressional request letter and the Delegation's Alaska Federal Appropriations Request Forms:

- SITKA BLUE LAKE HYDROELECTRIC EXPANSION PROJECT (Priority #1)
- SITKA SAWMILL COVE INDUSTRIAL PARK BULKHEAD (Priority #2)
- SITKA JAPONSKI ISLAND INFRASTRUCTURE COMPLETION (Priority #3)
- COE SITKA HARBOR BREAKWATER UPGRADE (Priority #4)

NOW, FURTHER BE IT RESOLVED that the Sitka Assembly appreciates the Alaska Congressional Delegation's assistance to Sitka and any further Federal funding to enable City and Borough of Sitka and its State and Federal partners to complete these projects of great importance to the City and Borough of Sitka and its citizens.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska, on this 12<sup>th</sup> day of January, 2010.

\_\_\_\_\_  
Scott McAdams, Mayor

ATTEST:  
  
\_\_\_\_\_  
Sara Peterson, Acting Municipal Clerk

**DRAFT**

January 12, 2010

The Honorable Lisa Murkowski  
United States Senate  
709 Hart Building  
Washington, D.C. 20510-0202

Dear Senator Murkowski:

The City and Borough of Sitka (CBS) appreciates your long commitment to the State of Alaska and the assistance you have provided to Sitka during your years of public service. This letter summarizes the City and Borough of Sitka 'FY2011 federal requests, which are the same projects, in priority order, which CBS has advocated for several years. Also attached are completed Federal Request application forms for Sitka's four projects:

- **SITKA BLUE LAKE HYDROELECTRIC EXPANSION PROJECT (priority #1)**
- **SITKA SAWMILL COVE INDUSTRIAL PARK BULKHEAD (priority #2)**
- **SITKA JAPONSKI ISLAND INFRASTRUCTURE PROJECT COMPLETION (priority #3)**
- **C.O.E. SITKA HARBOR BREAKWATER UPGRADE (priority #4)**

The #1 highest priority project is Blue Lake Hydroelectric Expansion Project. Sitka lacks adequate electric power to meet peak needs and must maximize its energy generation capabilities and develop new facilities to generate required power for our isolated community. Both State and Federal matching funds are needed for CBS 50 percent share.

Second priority central bulkhead waterfront development is key to realize the economic potential of CBS's Sawmill Cove Industrial Park. Uplands infrastructure is complete. Design/permitting funding has been received, but assistance is needed for construction.

Third priority Japonski Island Infrastructure Project still needs major World War II-era road and utility improvements to support Sitka's major institutions on Japonski Island.

Fourth priority, upgrading the Corps of Engineers Sitka Harbor Breakwater, is close to construction but only if the Corps of Engineers is provided with funding and direction to reduce this wave energy problem at full Federal expense.

- **SITKA EXPANSION TO MAXIMUM CAPACITY OF THE BLUE LAKE HYDROELECTRIC PROJECT – Federal Request: \$12,500,000.** The State of Alaska has committed \$12,500,000; \$7,500,000 requested in FY2011. CBS Match: \$32,500,000 – 50 percent. Total Project: \$65,000,000.

The City and Borough of Sitka requests financial assistance in constructing a \$65M expansion of the Blue Lake Hydroelectric Project to its maximum energy capacity. The State of Alaska committed \$12,500,000 to the project, and \$7,500,000 further assistance was requested from the State of Alaska in FY'2011. Sitka will match each dollar of State or Federal assistance with the goal of ultimately financing the project 50 percent with State and Federal funds and 50 percent municipal funds.

The Blue Lake Hydroelectric Project will raise the height of the existing dam by 83 feet to 425 feet, construct a new intake gate and a new section of power tunnel to supply a new powerhouse to be constructed adjacent to the existing powerhouse. The new powerhouse will replace the existing two 4MW generators with three 6MW generators, which will increase installed capacity from 8MW to 18MW. This will increase Sitka's average total annual hydroelectric energy production by about 35,400 MW or 29 percent of system capacity. Sitka is aggressively engaged in the preliminary engineering and licensing phase of this expansion of its hydroelectric capability at Blue Lake. The goal is to complete the construction and bring this new hydroelectric capacity on line in 2015.

Sitka has exhausted its hydroelectric resources. Load studies predict up to 5M gallons of fuel oil for the use of supplemental diesel generators will be required prior to completion of the Blue Lake Expansion Project. Sitka homes and businesses are moving from high-cost heating oil to clean, renewable hydroelectric energy. The total energy requirements of Sitka are currently met by about 80 percent oil and 20 percent hydroelectric energy resources. Total annual KW hours sold in FY'09 increased by 3.36 percent over FY'08, which follows load increases of 4.5 percent in FY'08, and 8 percent in FY'06. Base-case load studies have predicted annual load growth at approximately 1.2 percent; yet the electric system has seen unprecedented growth, averaging 3.8 percent annually since 1973. Existing hydroelectric generation is now operating at over 96 percent capacity. It is expected that volatile oil prices will continue the trend of exponential system load growth and that any new hydroelectric capacity will be fully utilized to displace oil for space and water heating.

Despite CBS actively promoting energy conservation, hydroelectric energy usage is escalating at a rate that will shortly exceed system capacity. Therefore, Sitka is actively working to complete the project as quickly as possible and is pledging 50 percent of the total project costs.

- **SITKA SAWMILL COVE INDUSTRIAL PARK WATERFRONT DEVELOPMENT PROJECT Federal Request – Priority 1 Intermodal Bulkhead Dock Completion \$2,513,000 (less \$487,000 in FY 2010 Federal funds secured by Senator Murkowski in Transportation Omnibus Bill); State Request \$6,000,000; CBS Match \$701,000. TOTAL Intermodal Dock: \$9,357,000. Total SCIP Project including completed upgrades: \$25,988,450.**

With Federal, State, and CBS funds, uplands utilities and system upgrades are complete. The State contributed \$1 million toward the raw water line. The Wastewater Outfall Project is also completed. The Industrial Park is operational, with tenants including Theobroma Chocolate Company, Fortress of the Bear, Sitka Tribal Tannery, NSRAA Coho Salmon Hatchery, and Silver Bay Seafoods. Silver Bay Seafoods processed over 25 million pounds of fish in 2009 and invested \$10 million in facility upgrades and equipment.

The 2002 Sawmill Cove Industrial Park Waterfront Plan details the improvements that must be completed to permit intermodal use of the Industrial Park. The old waterfront facilities are unusable and must be removed and new pilings, sheet pile bulkheads, dredging and shoreline protection, and other improvements completed to permit vessels to use the deep water port for freight and passengers.

**The highest priority Waterfront Development Project is the Intermodal Bulkhead Dock Completion – Total cost \$9,357,000. CBS requests \$2,513,000 Federal funds and \$6,000,000 State funds. CBS has \$701,000 match, \$143,000 HUD grant. CBS appreciates the \$487,000 for Waterfront Development in the report H. 111-366 accompanying Omnibus Appropriations Bill H. 3288. If this appropriation is available, CBS request for the Bulkhead Dock Project is reduced by this amount to \$2,513,000.**

This multi-purpose dock will be located in the center of the Industrial Park waterfront (Area 4). It will include a sheet pile bulkhead cargo and freight dock which may also serve bulk water tankers from the completed bulk water line. **Phase 1 includes a 120 linear foot rock-filled sheet pile bulkhead dock, fender system, and uplands improvements for \$5,119,000. Phase 2 includes 8 breasting/mooring dolphins and 900 linear feet of catwalks for \$4,725,000.** Completion of this project will provide deep water port facilities in Sitka. The \$1.94 million Federal Transit Administration FY2004 earmark will be used to pave the uplands to accommodate public bus service in 2010.

**Sitka is closer to open ocean than any other SE Alaska port, yet currently has no usable dock. The Waterfront Development Project at Sawmill Cove Park is the key to enabling Sitka to develop an economically viable deep-water port facility.**

- **SITKA JAPONSKI ISLAND INFRASTRUCTURE PROJECT COMPLETION**  
**FY2011 Federal Request Priorities 1 through 5: \$7,450,000.** Total Project: \$26+ million.

With \$7,450,000 in Federal funds, CBS can complete this long needed project to upgrade the deteriorating road and utility infrastructure on Japonski Island, some of which dates from World War II when the island was a Federal military base. This project will bring the roads and utilities up to specifications to provide safe transportation and utility services to Sitka's major institutions: Southeast Alaska Regional Health Consortium (SEARHC), Mt. Edgecumbe State Boarding High School, Sitka Airport, U.S. Coast Guard Air Station, U.S. Coast Guard Buoy Tender, and Shee Atika Native Corporation. Once upgraded, the City and Borough of Sitka is assuming ownership and maintenance of this infrastructure. These upgrades are critical to the safety and operations of several of Sitka's largest employers and need to be completed before failures occur.

With support from the Congressional Delegation, Sitka has completed much of this \$26 million upgrade. The Airport Access Road has been realigned, and urgent airport expansion including new commercial facilities can now occur. When the Airport frontage road is built to serve the new lease lots, the utilities currently located within the Airport must be relocated. The remaining projects are utility upgrades to replace failing road and utilities; CBS will then take over their ownership and maintenance. The Loop Waterline System is now priority one since the former BIA waterline to Japonski Island hanging under the O'Connell Bridge is failing. The abandoned water tank, which is dangerously deteriorating, will also be removed. In addition, the State has \$1.5 million for the Campus Access project which also needs to be completed.

Sitka is grateful for the "Congressional Interest" language in the Rural Development section of the FFY'08 budget for the Sitka Japonski Infrastructure Project in the amount of \$5,482,409, but no actual funding was available. CBS also appreciates previous EPA funds with a generic label "**Sitka Water/Utility Upgrades**" which were used to complete several Japonski upgrades efficiently and cost effectively. CBS requests \$7,450,000 to complete these critical infrastructure upgrades:

-Replacement of BIA waterline under bridge to create loop system	\$ 900,000	Priority 1
(\$1.9 million project: \$900,000 State; \$100,000 City; \$900,000 Federal)		
-Utility Corridor Relocation (based on Airport Road Realignment)	\$1,500,000	Priority 2
-Sewage Lift Station Improvements	\$2,800,000	Priority 3
-WW2 Water Tank Demolition	\$ 500,000	Priority 4
-US Coast Guard Housing Water Improvements	<u>\$ 750,000</u>	Priority 5
<b>TOTAL FEDERAL REQUEST:</b>	<b>\$7,450,000</b>	

\*\* Please see 2003 Japonski Island Infrastructure Master Plan for budget details on each project.

- **C.O.E. SITKA HARBOR BREAKWATER UPGRADE Federal Request for COE budget: \$20,000,000 at Full Federal Expense to fully fund upgrade.**

The Sitka Harbor Breakwater was completed in 1994 by the U.S. Army Corps of Engineers (COE) as a "Sitka Harbor of Refuge" to protect the entire Sitka Channel area. It has never functioned effectively due to gaps designed into the breakwater which permit excessive wave action to enter the mooring area. This is especially serious during westerly storm events and causes damage and deterioration to Eliason Harbor and New Thomsen Harbor and inadequately protects the area planned for the new seaplane facility. Sitka has been paying the excessive costs of the deteriorating harbors ever since 1994. The COE needs to reduce the 15year old wave energy problem.

Excessive harbor deterioration, damage, and unsafe conditions would be reduced by adding to the breakwaters to reduce ocean wave and swell motion. The highest priority proposed project is to construct a 315 LF rubblemound breakwater to close the gap between the west stub and main breakwater at approximate cost of \$15,000,000. The second priority is to construct a rubblemound spur breakwater from Japonski Island extending 500 LF to overlap the gap to the existing stub breakwater at approximate cost of \$5,000,000 if included in the close-the-gap project due to savings in rock and mobilization costs. This project will reduce wave energy entering Sitka inner harbor from the west. The original \$6.3 million project cost was estimated from the 905 (b) report issued in 2002. Costs and complexity of the project have risen substantially since then.

The Alaska Delegation provided multiple funds to COE for this project as well as directions to complete it at full Federal expense. The COE breakwater failed to prevent wave action causing deterioration of CBS harbors and high maintenance costs to CBS; therefore, the City of Sitka should be held harmless for additional cost sharing requirements. WRDA 2007 did establish that \$6.3 million of the project cost will be conducted at full Federal cost. Appropriations for this project must include "full federal expense" language in a bill to increase the full Federal limit.

The COE did a wave modeling study and received \$365,000 in FY'08. The COE estimates the cost to complete design and construction in FY'11 at \$20,000,000 for both upgrades, or \$15,000,000 for the highest priority. WRDA 2007 included language authorizing the COE to upgrade the Sitka Harbor Breakwater: The previously authorized project "is modified to direct the Secretary to take such action as is necessary to correct design deficiencies in Sitka Harbor Breakwater at federal expense. The estimated cost is \$6.3 million."

\$20,000,000 "at full federal expense" is requested for the FY'2011 COE budget to complete the upgrade of the Sitka Breakwater. **Such language could read: " The Sitka, Alaska, element of the project for navigation, Southeast Alaska Harbors of Refuge, Alaska, authorized by section 101 (1) of Water Resources Development Act of 1992 (106 Stat. 4801), is modified to authorize the Secretary to extend the existing breakwater by approximately 315 feet to close the gap between the main breakwater and the detached breakwater near Japonski Island and a rubblemound breakwater extending 500 feet from Japonski Island parallel with the existing breakwater, at an estimated cost of \$20,000,000 at full Federal expense."** If less funds are available, \$15,000,000 could complete the highest priority upgrade, filling the gap in the breakwater. This is the most cost effective solution.

The Honorable Senator Lisa Murkowski  
January 12, 2010  
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The City and Borough of Sitka extends a sincere "THANK YOU" for all your past support, including your support for the Secure Rural Schools and Self-Determination Act funding and the appropriation of \$487,000 for the Sawmill Cove Bulkhead Dock. Your commitment to Alaska ensures a better future for our State. Your consideration of the City and Borough of Sitka's requests in these difficult times is very much appreciated.

The Sitka Congressional Delegation looks forward to meeting with you to discuss these requests. The Delegation is composed of Mayor Scott McAdams, Administrator Jim Dinley, Electric Superintendent Christopher Brewton, Government Relations Director Marlene Campbell, and lobbyist Larry Markley. If any further information is needed, please contact Marlene at 907-747-1855 (email [campbell@cityofsitka.com](mailto:campbell@cityofsitka.com)) or Larry at 907-250-2855 (email [larrymarkleyak@aol.com](mailto:larrymarkleyak@aol.com)).

Sincerely,

Jim Dinley  
Municipal Administrator

Cc: John Katz, Office of the Governor  
Mayor and Assembly