



Memorandum

October 22, 2014

To: Mark Gorman, Municipal Administrator
From: Christopher Brewton, Utility Director
Subject: **Blue Lake License Amendment – Protection, Mitigation & Enhancement (PM&E) Terms and Conditions – Status Update**

Please include this memorandum in the reports section of the scheduled October 28, 2014 regular Assembly Meeting in regards to mitigation measures for the Blue Lake Expansion Project.

Pursuant to Section 4(e) of the Federal Power Act, the U.S. Forest Service (USFS) filed final terms and conditions relative to the PM&E measures required for the inundation of an additional 362 acres of the Blue Lake watershed. The Assembly was provided information on these proposed measures at the May 24, 2011 and June 28, 2011 meetings.

In summary, the proposed mitigation measures and current status include:

- Funding for Redoubt Lake Fertilization in the amount of \$10,000/year for 10 years
 - Collection Agreement with USFS signed on February 28, 2013 & expires December 31, 2022 – will be funded from Electric Department annual Operations Budget
- Funding in the amount of \$10,000/year for a Campground Host at the USFS Campground on the Blue Lake Road
 - Will be included in final PM&E document at conclusion of Blue Lake Construction – will be funded from Electric Department annual Operations Budget
- Establishment of a \$50,000 Mitigation Escrow Fund for post construction impacts that may arise
 - Budget item is included in the Blue Lake construction budget under License Amendment – monitoring will continue for 3-years after the lake reaches full pool
- Donation of two City-owned parcels within the West Chichagof-Yakobi Wilderness to the USFS
 - Initial property appraisal completed on September 30, 2011 to determine if value of property exceeds \$500,000 which would trigger a public vote for transfer – assessed value was well below this threshold
 - Wetlands Delineation field work was completed September 2014 – draft report due October 2014 with final report by end of year – this is a potentially positive outcome for the City as these wetlands may count towards the City's Wetlands Mitigation Bank

Transmittal Memorandum
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- Contractor visited site on September 26, 2014 to evaluate site for removing existing solid waste prior to lands transfer – City must develop a plan for removal and submit to USFS for approval – material will be moved across small section of Wilderness Area and authorization must be obtained prior to removal – draft plan will be submitted November/December 2014 & with USFS approval, materials will be removed Spring 2015

I would like to express my appreciation to the USFS Staff who have worked very closely with the City to develop mitigation measures that are reasonable, thoughtful, and will provide positive benefits to the environment and our community. In many cases, decisions on mitigation are expensive, protracted, and litigious. I have complete confidence the mutual respect and collaboration to complete these measures will continue to fruition.

Cc: Jay Sweeney, Chief Finance & Administrative Officer
Robin Koutchak, Municipal Attorney
Wells Williams, Planning Director
Marlene Campbell, Gov. Relations Director