

Should this item be pulled from the consent agenda the following motion is suggested:

**POSSIBLE MOTION**

**I MOVE TO** approve Resolution 2017-15 on first and final reading.

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## MEMORANDUM

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**To:** Mayor Hunter and Assembly Members  
Phillip M. Messina, Interim Municipal Administrator

**From:** Dan Tadic, P.E., Municipal Engineer *DT*  
Stan Eliason, Harbormaster *[Signature]*

**Cc:** Michael Harmon, P.E., Public Works Director *[Signature]*  
Jay Sweeney, Chief Finance and Administrative Officer *[Signature]*  
Bryan Bertacchi, Electrical Utility Director *[Signature]*

**Date:** June 26, 2017

**Subject:** ADOT&PF Municipal Harbor Facility Tier II Grant Application  
Eliason Harbor Electrical Replacement

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### Background

Eliason Harbor, once referred to as New Thomsen Harbor, was designed by the State of Alaska, Department of Transportation and Public Facilities (ADOT&PF) and constructed in two phases. Phase I construction began in 1996 and Phase II construction was completed in 1999.

Eliason Harbor was evaluated as a part of the Harbor System Master Plan in late 2011. While the overall harbor facility was deemed in good condition with a remaining safe and useable life of approximately 20 years, the consultants noted that the electrical system required substantial rehabilitation within the next five years. Significant issues within the Eliason electrical system include feeder cable abrasion/failure and rusting panels and load centers to the point of structural failure. In addition, new electrical code requirements mandate ground fault protection be provided when any significant work is done to the system.

### 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 whether formerly State-owned or not. Since Eliason Harbor was never State owned, the Eliason Harbor Electrical Replacement project would fall under a Tier II grant application.

Crescent Harbor is the next grant-eligible project for the CBS Harbor Department under the Harbor System Master Plan CIP originally planned to be completed in 2017. Unfortunately, Crescent Harbor Phase I has not received grant funding in three prior application cycles which has also resulted in a deferral of Eliason Harbor Electrical. In recent years, a couple large Tier I grant requests have been funded, however multiple smaller Tier I and Tier II requests have also been funded. With that in mind, Staff has decided to pursue both a Tier I (Crescent Harbor)

and Tier II (Eliason Electrical) request to maximize the opportunity for the CBS to obtain grant funding for these critical infrastructure projects. Harbor, Electric, and Public Works Staff have worked to develop a scope of work that includes the replacement of the components of the harbor which are in the worst condition: main service equipment, main distribution panelboard and load centers on the floats, and the main cables between these components and the new pedestals. The total estimated cost of this scope is approximately \$3,800,000 to include construction, design, permitting, management and contingencies. The State grant would cover 50% of construction costs not to exceed \$1,500,000.

Securing Tier II grant funding for this project would allow the City and Borough to complete the necessary electrical replacement with State of Alaska cost-sharing thereby reducing the burden on the local rate payers. 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**

The Eliason Harbor Electrical Replacement project 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 anticipates bonding for this project.

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

**Recommendation**

**Approve Resolution 2017-15 and authorize the Administrator to submit an ADOT&PF Municipal Harbor Facility Tier II Grant Application for the Eliason Harbor Electrical Replacement project and execute the grant if received.**

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