

General Correspondence

Colleen Ingman

From: Phyllis Hackett
Sent: Wednesday, February 06, 2013 11:18 AM
To: Colleen Ingman
Subject: Fwd: Robin Grewe

Hi Colleen

Can we please make a note to mention this at the assembly meeting. It deserves recognition.

Thanks
Phyllis

-----NOTE: THIS EMAIL IS FOR INFORMATIONAL PURPOSES ONLY. IN ORDER TO AVOID ANY POSSIBLE OPEN MEETING ACT (OMA) VIOLATIONS, PLEASE DO NOT RESPOND TO THIS EMAIL, OR DISCUSS INFORMATION SUBJECT TO OMA WITH OTHER MEMBERS OF THE ASSEMBLY EXCEPT AS ALLOWED BY LAW. IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ANY OMA IMPACTS, PLEASE CONTACT THE MUNICIPAL ATTORNEY AT 747-1879 OR THE MUNICIPAL CLERK AT 747-1811.

Begin forwarded message:

From: Trish White <TrishW@sitkahospital.org>
Date: February 6, 2013, 9:36:39 AM AKST
To: Angela McGraw <angelam@sitkahospital.org>, Charge Nurses <ChargeNurses@sitkahospital.org>, Clinic Doctors <ClinicDoctors@sitkahospital.org>, Colleen Dahlquist <CDahlquist@sitkahospital.org>, Doctors <Doctors@sitkahospital.org>, Donna Inman <dminman220@hotmail.com>, Elisabeth Crane <eocrane@sitkahospital.org>, Elisabeth Ellingsen <LizE@sitkahospital.org>, Elizabeth Faulkner <EFaulkner@sitkahospital.org>, Floor Nurses <FloorNurses@sitkahospital.org>, Hospital Board Members <HospitalBoardMembers@sitkahospital.org>, Hugh Hallgren <HHallgren@sitkahospital.org>, Ida Eliason <idae@sitkahospital.org>, Jamie Roesel <jroesel@sitkahospital.org>, Kay Turner <kturner@sitkahospital.org>
Subject: Robin Grewe

It gives me a great deal of pleasure to announce our own ROBIN GREWE has been selected this years' PHARMACY TECHNICIAN OF THE YEAR FOR THE STATE of ALASKA!! Well deserved ROBIN!!!
Sitka Hospital Pharmacy team

Will Hanbury Jr

From: Catherine Brooker <CatherineB@waggeneredstrom.com>
Sent: Tuesday, January 29, 2013 2:54 PM
To: Ralene Underwood (LCA); Will Hanbury Jr
Cc: MSCAROLD
Subject: RE: Permission to use "Sitka" and PR coordination

Hi Will –




We're still evaluating how and when we'll disclose the new font, but let us know if there is someone we should loop in from your end both on messaging around that when the time comes, and a holding statement in case someone hears about the work going on, and is looking for comment before we officially disclose it. Let us know when might be good to discuss further.

From: Ralene Underwood (LCA)
Sent: Thursday, January 10, 2013 4:12 PM
To: 'will@cityofsitka.com'
Cc: Catherine Brooker (Waggener Edstrom); Carol Dullmeyer
Subject: Permission to use "Sitka" and PR coordination

Hi Will,

We spoke on the phone several weeks ago about getting permission to use the name "Sitka" as a font in our next release of Windows. You mentioned wanting to publish an article in your local newspaper about this, so I wanted to follow up and introduce you to our PR folks, who can help provide the appropriate content. Catherine and Carol (cc'd on this email) will work with you, in conjunction with our font team, to create appropriate messaging. If there is someone else in your office we should work with, please let us know.

Thanks,
Ralene Underwood

Ralene Underwood (LCA)
Paralegal | Windows | Microsoft Corporation
 (425) 706-3101  (425) 936-7329  runder@microsoft.com

United States Senate

WASHINGTON, DC 20510

February 4, 2013

Mr. Tom Tidwell
Chief of United States Forest Service
United States Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250-0002

Dear Chief Tidwell:


Given the broad public interest, I request you extend through June 30, 2013 the comment for the 5-Year Review of Tongass National Forest Land and Resource Management Plan, announced last month by the U.S. Forest Service (USFS).

It is my understanding the USFS is accepting public comment on the Forest Plan during the period of January 11-March 31, 2013. As you know, there is always a great deal of public interest by Alaskans in anything involving the Tongass, and a comprehensive 5-year review of the Forest Plan, with such an extensive impact on numerous uses and activities for individuals and communities throughout the forest, will and should be the subject of a broad and thoughtful public conversation.

I do not believe a 3-month extension will have any adverse effects on the 5-Year Review process. Such an extension should allow more interested parties to submit more meaningful comments to the USFS. Naturally, this should result in the USFS receiving some more valuable information that the agency might not have received with a shorter comment period in place.

Thank you in advance for considering my request. If you or your staff has any questions, please feel free to contact Michael Johnson at my office at (202) 224-5728.

Sincerely,



Mark Begich
United States Senator

cc: Beth Pendleton, Alaska Regional Forester
Forrest Cole, Tongass National Forest Supervisor

MEMORANDUM

To: Mayor McConnell and Assembly Members
Jim Dinley, Municipal Administrator

From: Michael Harmon P.E., Public Works Director *MH*

cc: Jay Sweeny, Finance Director

Date: February 8th, 2013

Subject: **Marine Passenger Fee Fund (MPFF) Budget Summary**

Per the request of the Mayor, we put together a budget summary for the projected activity related to the Marine Passenger Fee Fund. Mr. Dinley requested that we include all visitor related projects that are actively progressing. The attached budget summary is what we project needing to be secured within the period of the FY14 budget. The Signage, Way-finding, and Branding Project is not something Public Works is directly working on and the cost is a guess at this point as a placeholder.

The Marine Passenger Fee Fund is under duress seeing a significant drop in revenue over the last couple of years. We are down to the point that it is simply not keeping up with our potential operational costs dedicated to this fund. This factor will put more strain on the General Fund to fill this gap. Additionally, to close the gap on the projected shortfall, we are recommending postponing the Museum Expansion (\$4.2-million) within the first phase of the Centennial Hall Project. This improvement will be master planned into the building, but construction will not take place until more funds are secured.

MARINE PASSENGER FEE FUND (MPFF) FY14 SUMMARY

2/8/2013

MPFF REVENUE SUMMARY

MPFF FY 2013 FUND REVENUE	\$ 135,355.00
CURRENT MPFF UNRESTRICTED BALANCE (Including FY13 \$135,355)	\$ 1,754,000.00

MPFF PROJECTED EXPENDITURES

ACTIVE VISITOR PROJECT BUDGET SUMMARY	GRANT FUNDING SECURED	TOTAL PROJECT COST	PROJECTED SHORTFALL
Centennial Hall Upgrade	\$ 10,191,271.00	\$ 15,200,000.00	\$ (5,008,729.00)
Crescent Harbor Sidewalk Widening	\$ 700,000.00	\$ 700,000.00	\$ -
Sea Walk Pt B - O'Connell to Harbor Way	\$ 1,004,755.00	\$ 1,004,755.00	\$ -
Sea Walk Pt C - Crescent Harbor to NHP	\$ 1,080,000.00	\$ 1,380,000.00	\$ (300,000.00)
Centennial/Crescent Harbor Parking Lot	\$ 3,950,000.00	\$ 3,950,000.00	\$ -
Signage - Wayfinding, Interpretive, and Branding	\$ -	\$ 750,000.00	\$ (750,000.00)
SUBTOTALS*	\$ 16,926,026.00	\$ 22,984,755.00	\$ (6,058,729.00)

ANNUAL OPERATIONAL COST SUMMARY FOR MPFF

General Fund (Police, Centennial Hall Staffing, Fire, Ambulance, Crosswalks)	\$ (95,933.00)
Harbor Fund (Restrooms, Harbor Master, Security, Lightering Maint.)	\$ (15,317.00)
Building Maintenance (Janitorial Services)	\$ (1,543.00)
Old Sitka Dock Transportation Contract	\$ (35,406.00)
SUBTOTAL	\$ (148,199.00)

TOTAL PROJECTED EXPENSES FY14* \$ (6,206,928.00)

NET BALANCE (Revenue - Expenditures)* \$ (4,452,928.00)

* **NOTE:** The Museum Expansion is estimated to cost \$4,200,000 and is planned to be dropped from the Centennial Hall Project to reduce the overall projected shortfall.

Public Works Assembly Update 2-16-13

***Centennial Hall & Library Site and Parking Lot Development:**

The Assembly approved award of a contract to S&S General Contractors in the amount of \$2,613,651.00 at the January 8, 2013 Assembly meeting. A Notice to Proceed was issued to the Contractor on January 21, 2013. The project includes removal and re-construction of associated curb, gutter, sidewalk, asphalt and other surfacing, utilities and storm drain, site and parking lot lighting, pedestrian amenities and landscaping. The first Phase of the project is under way with the relocation of the Canoe completed January 31, 2013. The relocation and replacement of the 60-inch storm drain outfall from Swan Lake located in the Kettleson Memorial Library parking lot will begin in early February 2013. The total project budget is \$3,950,000.

***ANB Harbor Replacement:**

The Assembly awarded a Professional Services Contract to Moffatt & Nichol for the ANB Harbor Replacement Project on a time and materials basis not to exceed \$527,765.00 on January 10, 2013. Geophysical survey of the harbor basin was completed in January 2013. Geotechnical work is ongoing. Two harbor layouts will be presented to the general public for feedback at a February 11, 2013 Ports & Harbor Commission meeting. An Assembly work session is scheduled for February 12, 2013 to present the layouts, project contract methodology and schedule.

The Harbor Master Plan budgetary cost estimate for ANB Harbor Replacement (to include design, permitting, construction, and contingency) was \$8.22 million. CBS received a FY13 State of Alaska Municipal Harbor Facility Matching Grant for the ANB Harbor Replacement Project. This grant will cover 50% of eligible construction costs not to exceed \$4,250,000 in match funding. CBS has submitted a bonding application to the Alaska Municipal Bond Bank to issue revenue bonds in the amount of \$4,500,000. The bonding application was approved by the Bond Bank Board of Directors at their meeting on November 13, 2012. The proceeds from the bonding will be used to pay the municipality's portion of the project expenses. Bond proceeds are expected to be received in mid-March 2013.

***ANB Harbor Replacement - Water Division Work:**

Water operators are working closely with our Engineer and the consultant planning the future renovation of ANB Harbor. This project will include a new and improved water system for the harbor; including a fire protection system.

***Water Service Leaks:**

The Water Division responded to five service leak call-ins during the last two weeks. All of which were "on the customer side" of the service line.

Water and Wastewater Operators continue to work with Engineering, preparing for survey of the traced utilities on a section of O'Cain Ave. where a problematic section of old 2" galvanized "main" is, to prepare for designing a replacement for this ~350' stretch of main.

***Wastewater (WW) Division Busy with Lift Station Maintenance & Training:**

After a few weeks of trouble calls, WW operators have resolved the intermittent problems with the pumps at Lift Station (LS) #5. Operators completely replaced the suction pipes for both pumps. This was a time consuming job that required pre-cleaning the wet well, building new suction lines, completely removing both pumps, cutting the old lines out, installing the new lines and replacing the pumps. WW operators invested 46 hours into this project in late January 2013.

During late January, WW operators replaced the 4" & 6" surge protection valves at Thomsen Harbor LS – the largest LS in our system. The original surge protection valves were not functioning properly. The 4" valve change went smoothly, for removing a nearly 30 year old valve. The 6" was a different story; nearly 10' of the 6" line was completely plugged by grease. Grease is a common problem in the sewer system, fouling level controls and in general building up and making a mess that required frequent cleaning. Operators built a cutter and used a drill motor to power through the solid grease for the first 7'; the remaining distance was cleared using a rented hot water pressure washer. Including cleanup, this project took 34 man-hours.

This winter most of the WW operators are working on training to advance their certifications – or for the two new employees, to become qualified to sit for their first certification exams. Six operators are working through correspondence courses. In late January 2013, the two new employees completed their 40 hr. Hazwopper certification. They also, including a third WW operator, received their Flagger certification.

***Sea Walk – Crescent Harbor Park to National Historic Park:**

The 95% design submittal is imminent. Significant efforts have gone into value engineering the project in an effort to bring project costs down within budget. Numerous additive alternates have been identified through this process. A project update is scheduled for the February 12, 2013 Assembly meeting, where the Assembly will be asked to approve advertising for bidding the project. Public Works anticipates construction during spring/summer 2013.

The current phase of the Sea Walk extends from the Centennial Hall Parking Lot to the Sitka National Historic Park boundary near Kelly Street. The Sea Walk is funded by way of the following: \$1,000,000 FY 2011 State of Alaska Grant (Sea Walk Extension Part C), \$700,000 FY 2011 State of Alaska Grant (Crescent Park Sidewalk Widening) and \$80,000 Paul Sarbanes Transit in the Parks Programs (TRIP) Grant (applied for and administered by National Park Service).

***Centennial Hall Renovation:**

The Centennial Hall facility assessment, including as-built drawings of the current facility was presented to the Building Design Committee (BDC) and the Public in October and December 2012. The assessment lists various building deficiencies and suggested improvements and the costs associated to make corrections (assessment report has been distributed to the Assembly). The recent BDC meetings focused on developing floor plan options and expansion phases.

MW Drilling drilled a test well on the seaward side of the Centennial Hall in January 2013. Unfortunately the drilling effort found bedrock before finding sea water. This work was to determine if a viable seawater well could be developed at the back side of the building to allow a well supplied seawater heat pump to be used for the project.

Current grant funding allocated to the project is \$8,230,000 and the project has a current total project cost of \$15.2 million including a new museum wing. Additional FY14 Legislative Priority Requests consists of \$4,200,000, for the building improvements and \$3,341,000 for combined Library/Centennial Hall heating system improvements. The state grant (\$2,000,000) for the Visitors Center work under the O'Connell Bridge may be used for the project. Additionally, we have \$2-million from the Marine Passenger Fee Fund that would be eligible for this project. If additional funds are not secured, the scope of the project will need to be phased with additional expansions planned for the future if and when funding becomes available.

- The Assembly awarded the design contract to McCool Carlson Green on June 12, 2012.
- The building facility assessment was performed by the design team September 11-13, 2012.
- The project schedule and process was presented to the Assembly on September 25, 2012.
- The second meeting of the Building Design Committee (BDC) was held October 29, 2012 followed by a Public meeting October 30, 2012.
- The third meeting of the Building Design Committee (BDC) was held December 17, 2012 followed by a Public meeting December 18, 2012.
- The fourth BDC meeting was held January 21, 2013 with an Assembly work session presented on the January 22, 2013 meeting
- The next BDC meeting is tentatively scheduled for February 18, 2013.

***Water Division Prepares for Blue Lake Expansion:**

The Water Division continues working closely with our Engineering Division and Barnard Construction towards the installation of two T's and four valves in the 30" transmission main which will facilitate the rerouting of a section of our transmission main – the main that brings water from the Blue Lake Water Plant to town. Rerouting this main is necessary for construction of the new powerhouse. This work will require stopping the flow from Blue Lake to town for approximately 8 hours on three separate occasions. Eight hours is the maximum time period allowed which will assure water

supply is maintained to all customers from our 3 storage tanks. This work requires close coordination with the Water Operators to assure our water is adequately treated and the storage tanks can supply town during the outage.

The new turbidimeter installed at the campground hydro location is now fully integrated into the water system SCADA. During construction activities this turbidimeter will act as an early warning device of turbid (cloudy) water heading towards the water plant. Early warning of a short duration spike in turbidity will give the water operators time to respond and hopefully stop this water from reaching the customers.

Water and Wastewater operators have spent significant time assisting Barnard Const. with the installation of water and sewer connections for the tunneler's "dry room", their nine RV spaces as well as arranging to provide water to the False Island Lodge where the tunnelers are living and raw water from the penstock for rock drilling for the new portal near the old Alaska Pulp Company filter plant, above our Blue Lake Water Treatment Plant.

*** Alternative Water Source Investigation Filtration (Blue Lake Project):**

Due to the lack of well potential in the Indian River Valley, temporary surface water filtration will need to be utilized during the Blue Lake Project outage. The consultant has developed a project scope to prepare design drawings to install the piping system required and ordering the filtration units required. The contract to award the design contract is on this Assembly agenda for approval. The preliminary design has a projected design and construction cost of \$2,500,000.

*** Alternative Water Source Investigation Wells (Blue Lake Project):**

Significant water well potential exists at Starrigavan Valley. However the likelihood of having infrastructure in place prior to the planned 2014 shut down of the penstock from Blue Lake is unlikely. A final report will be submitted to Public Works in early February 2013. This report of findings and recommendations will assess potential well yields and will include water quality testing data relative to drinking water criteria. Given that the Blue Lake Penstock will need to be shut down for inspection every five years, finding an alternative water source is important beyond the initial Blue Lake project outage in 2014.

Recent changes in the way the Alaska Department of Environmental Conservation (ADEC) classifies Sitka's alternate/emergency water source at Indian River will require CBS to find an alternate water source during any disruption to the Blue Lake water supply. On April 10, 2012, the Assembly authorized the expenditure amount not to exceed \$700,000 for the purpose of exploring alternative water source alternatives. In an effort to provide all or at least a portion of the required water demand, a test well drilling program began September 21, 2012. The hydrogeologist consultants, Pacific Groundwater Group, have contracted with MW Drilling, Inc. out of Anchorage, to complete the test well work.

***Blue Lake Project and Ultra Violet (UV) Water Tees:**

New water tees are required in the existing 30" transmission water main near the Sawmill Cove Industrial Park to facilitate eventual relocation of the main for the Blue Lake project and the future UV Treatment Facility respectively. Design packages were developed and permits have been received from the Alaska Department of Transportation and Public Facilities and the Alaska Department of Environmental Conservation (ADEC). Due to construction timing issues, the Blue Lake General Contractor (Barnard) will take on the Blue Lake Tees as a change order to their contract in order to complete the work in February/March 2013 and not hold up their subsequent work on the powerhouse.

Bids were opened for the UV Facility Tees Piping Connections on January 31, 2013. A recommendation for project award is on the February 12, 2013 Assembly agenda.

***Ultra Violet (UV) Water Disinfection Facility:**

CBS has completed its review of the pre-purchase proposal and has placed the proposal for purchasing the UV reactors/equipment out to bid. Bids will be received on February 8, 2013. Based on current testing results in Ketchikan and Kodiak we will focus on Low Pressure UV reactors for the project. The Low Pressure UV reactors are rated for many different UV rates which allow the reactors to be set specifically for the water flow rate. The Low Pressure reactors also have a lower operating cost. When the particular UV reactors/equipment is selected, the design contract to finish the project design will be submitted for approval by the Assembly.

The overall project is on track for the required completion in 2014. The project has funding by way of the following: \$2,500,000 FY 2011 loan & \$1,500,000 principal forgiveness, \$2,550,000 FY 2012 loan, \$3,587,500 FY 2012 Grant and \$1,026,020 FY 2013 Grant, for a total of \$11,163,520. The current project budget is \$8,966,000. The loans will be used to pay for the required CBS match for the grants.

***Turnaround Skate Park Cover and Recycle Yard Building:**

Coastal Excavation completed this design-build project on January 31, 2013. The Contract amount was for \$270,875.00 and was completed approximately 2% under budget.

***Library Development Planning:**

The library expansion options were presented to the Assembly on September 25, 2012. The Assembly approved the 50% - 60% option moving forward to a Request for Proposals (RFQ), to design the project. The MRV Architects design team was selected to begin contract negotiations with a planned contract award in late February 2013. The design phase is expected to take 12 months with advertisement for construction planned for spring 2014. The project construction may be completed in late 2014 or in 2015. The State funding of \$5.7 million awarded to CBS is a direct appropriation with

no funding match requirements. A private donation of \$400,000 has also been given to the project by the John J. and Eleanor Brust Family. \$350,000.00 of the budget is allocated to the Centennial Hall Parking Lot Project to relocate the Swan Lake Storm Drain, leaving a current project budget of \$5.75 million for the expansion and renovation of the Library.

***Baranof Street Sewer and Water:**

The Design Contract award was approved by the Assembly on March 13, 2012. This project will be completed in two phases. A small contract for the work within the Sawmill Creek Road was completed July 27, 2012. Grants for the water and wastewater portions of the project have been received and the final loan for the water portion of the project is being processed by the Alaska Department of Environmental Conservation. The project is planned to bid before April 2013, with construction to begin after the school year (approximately June 1, 2013).

***Blatchley Middle School:**

The project is approximately 90% complete, within its budget and on schedule for completion in 2013. Work continues in the Commons/Main Entry, including painting, the installation of wainscot, and entry lighting. Installation of remaining flooring finishes, carpeting, baseboard, and tile (including replacing the pool locker room flooring- 'Flotex' with tile matching existing pool locker room tile) is scheduled to begin mid February 2013. Installation of finishes in stairways is nearing completion. The Commissioning Agent and A/E, performed inspections the last week of January 2013. Most items on the Commissioning and TAB corrections list have been corrected by the contractors. The Commons, Front Entry and Classroom portion of BMS remain closed to the public after 4:00pm daily and on weekends. The Gym and MPR are being used for after school activities with restricted access. These areas are accessed from the pool entry, including pick up and drop off. The project budget is \$12.475 million. The contract substantial completion date is August 1, 2013.

***Pacific High School:**

The installation of the underground storm drain system and new utilities were substantially complete prior to the holidays. The new footings and stem walls are constructed. Installation of the under slab new piping is underway and the slab is scheduled to be complete the week of February 11, 2013. The new ramp between the school and the career center is poured. Site preparation for the parking lot is complete. The contractor schedule predicts the project substantial completion prior to the required substantial completion. If accomplished, this will allow the school to be open for the fall 2013 semester. The project budget is \$2.671 million. The substantial completion is December 1, 2013.

***Spruce Street and HPR Sink Hole:**

A large sink hole developed in front of the dentist office at Spruce Street and HPR due to a failed storm sewer pipe. A large section of the old 18" pipe was removed and a new section put in place to make sure that there is continual flow. CBS Public Works has advertised for bids to complete the necessary repairs. The bid opening is scheduled for February 15, 2013 and construction is anticipated during March/April 2013. The estimated project construction cost is between \$50,000 and \$100,000. This project will be funded from FY13 Contracted/Purchased Services.

***Sawmill Cove Industrial Park (SCIP) Boat House Building:**

CBC Construction was awarded the contract by the Assembly on September 11, 2012, in the amount of \$139,260.42. The project consists of installation of fire protection, utilities (water, sewer, electric, heat) and minor interior improvements to allow the building to be leased for the Blue Lake Dam project. A Notice to Proceed was issued on October 16, 2012, with a substantial completion date of February 13, 2013. The project is approximately 80 percent complete. Funding is from a Federal Highway grant and Sawmill Cove Industrial Park.

***Sitka Community Hospital Roof Replacement:**

The Assembly approved award of a professional services contract to team led by GDM, Inc. for a not to exceed cost of \$75,630.10, for the Sitka Community Hospital Roof Replacement project, on October 23, 2012. The project is funded through a \$1,200,000 FY2013 State Legislative Grant.

CBS Public Works anticipates delivery of bid ready documents in February and advertising for bids in March. The delivery of bid ready documents has been delayed to resolve issues discovered during the 95% plan review.

***Alaska Department of Transportation (ADOT) -- HPR project:**

The Water Division has been working closely with Engineering and our design consultant, CDI, Inc. to develop plans for water and wastewater system work associated with the future ADOT repaving of HPR. The vast majority of CBS utility work is water system related; moving the 12" mains out from under the creek and onto the bridge at Cascade Creek, upgrading undersized services to large tracks of land, installing stub-outs for future opportunities to interconnect or loop the distribution system and inspecting/replacing bolts in the valves that were installed in the 90's, (this generation of valves have corrosion issues with bonnet bolts and nuts). Wastewater crew will install a new manhole and future connection stub-outs for potential Benchland development.

The HPR DOT bids were opened and the CBS related water and sewer items were above the engineers estimate. The No Name Creek water line work was deleted from the DOT project to keep the CBS portion within available funding.

Swan Lake Restoration / Dredging Project (Project # 90747):

The US Army Corps of Engineer (COE) permit application for the Swan Lake dredging and minor fill was sent to the COE on December 31, 2012. Dredging is anticipated during the summers of 2013 and 2014.

This project will dredge prioritized selected locations of Swan Lake to improve water flow through the lake, winter habitat for fish, access and recreation in general. Our first quarterly grant reports were submitted prior to the January 15, 2013 deadline. Strategizing has begun to develop the bid documents. Public Works anticipates completion of bid documents and advertising for bids in February 2013.

***Edgecumbe Drive Street Reconstruction:**

The project is funded through a \$2,900,000 FY2013 State Legislative Grant (Paving Failed Collector Streets). The project will include re-paving Edgecumbe Drive from Kimsham to Cascade Creek Road and will include drainage and isolated areas of sidewalk and other pedestrian improvements. Public Works staff has begun planning level work for this project. Test boring locations have been identified along Edgecumbe Drive in areas of suspected subgrade failure and in other areas of interest to determine the subgrade soil conditions. Public Works anticipates completion of drilling activities in February 2013. This information will assist in the design of the improvements. Public Works anticipates construction during the summer of 2014.

***Alaska Community Forestry CBS Inventory:**

CBS Parks and Recreation staff is working with the Alaska Community Forestry Program to complete a Community Forest management plan and survey for urban trees in park areas owned by CBS. This plan includes a Tree Ordinance that is being worked on by the Tree and Landscape Committee. The project is funded with a \$26,000 grant from the Alaska Community Forestry Program. The draft plan will be presented to the Tree and Landscape Committee, the Parks and Recreation Committee and to the Assembly for approval during the summer of 2013.

***Access Walkway by Brenner's:**

A maintenance project is moving forward to replace this structure with a concrete ramp with aluminum railings. A red herringbone pattern has been chosen and will be imprinted into the concrete ramp. Lee's Fabrication will be fabricating and installing the Aluminum railings. It was decided that the whale design would not be incorporated into the railing. This project was on the Historical Preservation agenda dated December 12, 2012 and it was recommended by the committee to stain the aluminum railing. At the following January 9, 2013 meeting, it was decided to stay with just the aluminum railing. The project continues to move forward as weather allows and completion is anticipated in spring 2013.

Marine Services Center (MSC) Refrigeration Controls:

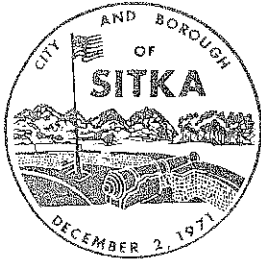
The project was awarded to Wyatt Refrigeration on November 27, 2012 in the amount of \$61,745. The project includes the installation of a Direct Digital Control system on the refrigeration system at the MSC. This controls system will save an estimated \$14,300 (15%) in electrical costs per year. It is scheduled to be substantially complete on March 15, 2013. The submittal process has just begun.

Fire Hall Communications Room:

The server room at the Fire Hall has a lot of electronic equipment which heats the room to over 90 degrees. This electronic equipment degrades and needs to be replaced sooner when subjected to these temperatures. Installing an outside air fan is the most economical way to cool this room. This project which was budgeted in FY2013 at \$21,000 was bid and Schmolck Mechanical was the low bidder at \$14,300. The substantial completion date is February 28, 2013.

***Harbor Mountain (HM) Water Tank Isolation Valve:**

The new isolation valve on the Harbor Mountain storage tank feed line is now fully functional. This has been a long in-house project to install an automatic valve that will reduce water overflowed/wasted from the HM tank. This overflow occurs due to the Harbor Mt. tank being constructed at a lower elevation than intended – lower by a few feet than the Gavin tank in town. Attempts were made to make the original control valve work but concluded an entirely new valve with a computer controlled pressure sensor was needed. The valve is programmed to be normally closed to stop the overflow but will open to allow water to flow into the system with only a minor reduction in downstream pressure, indicating a need for water in the HPR water system. Water operators are in the process of determining the most efficient method to keep the stored water in the tank “fresh”. Reducing this overflow is crucial during the time the Blue Lake penstock is out of service and the community will be using an alternative water source, as well as during cold weather when residents run water to prevent service lines from freezing.




City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

Coast Guard City, USA

DATE: February 6, 2013

MEMO TO: Mayor and Assembly

FROM: Jim Dinley, Municipal Administrator 

SUBJECT: Baranof Warm Springs Boardwalk inclusion in changes to SGC 23.20

Both Baranof Warm Springs property owners and Guided Commercial Use Operators using the Baranof Warm Springs municipal townsite facilities were sent notification letters about proposed changes to the Sitka General Code Title 23, Chapter 20, Commercial Use of Municipal Lands and Facilities, on November 19, 2012. Copies of these letters are attached. These changes were advertised and approved by the Assembly at its November 6 and 27 meetings.

These changes were a clarification that commercial operators using the Baranof boardwalk, which is a City and Borough of Sitka facility, are subject to fees for guided commercial use at a rate of \$2 per day per client and an application fee, just as commercial users of other CBS facilities throughout the Borough already pay.

The State Department of Natural Resources and U.S. Forest Service have been charging fees for commercial operators using adjacent State or Federal trails connecting to the Baranof townsite and other remote facilities for many years. When the Baranof dock is replaced and taken over by CBS, it will be necessary to charge for commercial use of the dock to provide a revenue stream to maintain this facility.

There is no charge to any non-commercial user of the Baranof Warm Springs boardwalk or other Municipal facilities, including the bathhouse and picnic shelter. Property owners, guests, and non-guided visitors are not charged. Baranof property owners pay CBS property taxes, but the City routinely spends more on Baranof Warm Springs projects than are covered by the property taxes received.

Historically, maintenance and development of the boardwalks has generally been done in cooperation with the Baranof Warm Springs Property Owners Association. The City has covered materials costs, and the Association has contributed transportation, labor, and equipment for construction. Due to the remoteness of Baranof and high cost of providing services, this cooperation has enabled small projects to be completed at reasonable cost. However, it is not realistic for the City or property owners to cover the costs of maintaining municipal facilities for guided commercial use, which continues to increase. It is essential that CBS recoup some of its costs for commercial use of its facilities to be able to adequately maintain them in the long term.



City and Borough of Sitka

Parks & Recreation • 100 Lincoln Street • Sitka, Alaska

ph: 907.747.1852 • fax: 907.747.7403 • parks@cityofsitka.com

November 19, 2012

Dear Guided Commercial Use Operator:

The City and Borough of Sitka is seeking comment on proposed changes to Sitka General Code Title 23 Chapter 20, Commercial Use of Municipal Lands and Facilities. The ordinance making these changes is up for consideration by the Assembly at their 11/27/12 meeting.

The City and Borough of Sitka requires a permit and client fees for guided commercial use of City and Borough lands and facilities per Sitka General Code Ch.23 Title 20 including at Baranof Warm Springs. Since the Title's passage in 2004, a process for issuing annual permits has been in place. This includes a review by the Parks and Recreation Committee and the approval by the Administrator. Commercial operators pay \$2 per day per client and an application fee.

The CBS Assembly is considering proposed changes to Title 23 which will add boardwalk as a City and Borough facility that is regulated under Title 23. See attached ordinance. The purpose for the change is to clarify to commercial operators that the boardwalk is a City facility subject to fees for the guided commercial use.

If you have comments regarding this change, please send emails to the assembly@cityofsitka.com or address a letter to Jim Dinley, Municipal Administrator, 100 Lincoln St., Sitka, Alaska 99835.

If you have further questions please call the Parks and Recreation office at 747 - 1852.

Sincerely,

Lynne Brandon-McGowan
Sitka Parks and Recreation Manager



City and Borough of Sitka

Parks & Recreation • 100 Lincoln Street • Sitka, Alaska
ph: 907.747.1852 • fax: 907.747.7403 • parcs@cityofsitka.com

November 19, 2012

Dear Baranof Warm Springs Resident:

The City and Borough of Sitka is seeking comment on proposed changes to Sitka General Code Title 23 Chapter 20, Commercial Use of Municipal Lands and Facilities. The ordinance making these changes is up for consideration by the Assembly at their 11/27/12 meeting.

The City and Borough of Sitka requires a permit and client fees for guided commercial use of City and Borough lands and facilities per Sitka General Code Ch.23 Title 20 including at Baranof Warm Springs. Since the Title's passage in 2004, a process for issuing annual permits was established. This includes a review by the Parks and Recreation Committee and the approval by the Administrator. Commercial operators pay \$2 per day per client and an application fee. Currently approximately nine guide/operators are permitted by the US Forest Service

The CBS Assembly is considering proposed changes to Title 23 which will add boardwalk as a City and Borough facility that is regulated under Title 23. See attached ordinance. The purpose for the change is to clarify to outfitter guides that the boardwalk is a City facility subject to fees for the guided commercial use that is occurring. Commercial operators who currently hold permits with the US Forest Service for guided activity on USFS lands at the Baranof Warm Springs will be contacted to let them know that the commercial permitting process applies to City land and facilities at Baranof Warm Springs. Signs will be posted to let all Commercial Operators know that use of the boardwalk is subject to CBS permitting.

If you have comments regarding this change, please send emails to the assembly@cityofsitka.com or address a letter to Jim Dinley, Municipal Administrator, 100 Lincoln St., Sitka, Alaska 99835.



City & Borough of Sitka
Electric Department
105 Jarvis Street, Sitka AK, 99835
Telephone: 907-747-4000 Fax: 907-747-3208



Memorandum

January 30, 2013

To: Assembly, City and Borough of Sitka
Jim Dinley, Municipal Administrator
From: Christopher Brewton, Utility Director
Subject: **FERC Land Use Fee Update – Final Rule**

On January 13, 2013, the Federal Energy Regulatory Commission (FERC) issued a Final Rule relative to calculation of land use fee payments. In this Final Rule, the Commission revises its regulations for assessing the annual charge for use of government lands by hydropower licensees.

Our utility lobbyist, Larry Markley, has been actively engaged in this issue and was able to contact Chuck Kleeschulte, Republican Professional Staff, Committee on Energy and Natural Resources, to provide a specific assessment on the impacts for Sitka. Chuck specializes in Alaska energy issues and he is doing us a big favor by responding so quickly with his analysis of the rule. Following comments are copied directly from Chuck's update.

“If the rule from last week is implemented as now required, then FERC will have raised the rate for most Alaska projects to \$31.45 an acre from the previous \$11.39 an acre. That is a nearly 3-fold increase in fees for the future to be further increased by the rate of land value (not CPI) inflation (if not all to be felt this year). But it is three times less than FERC was originally proposing, which would have raised rates to \$99.64 an acre. FERC elected, as everyone asked, not to use the Anchorage or Juneau land values as the basis for fee hikes, but effectively elected to use Kenai Peninsula land values for most of the state, and Aleutian values for chain projects. FERC did agree to phase in the increase over a two-year period, but to my reading the order wasn't clear as to whether rates will rise only half in 2013 and hitting the full level in 2014, or whether the phase-in discount for the first year will be even less costly.

So by 2014, it would appear that Sitka will be paying \$40,294 in fees for the 1,281 acres at Green Lake, compared to \$14,706 last year, or the \$1.276 million it would have paid if the Commission had not accepted our argument that the fee increases were too high and unfair. For Blue Lake, rather than the City paying the \$18,547 that it paid last year for the 1,628 acres involved, it will likely pay for 2014, \$51,212 instead of the \$1.622 million it would have paid under the original fee hike proposal before our intervention. These are hefty hikes, but a lot better than the alternative, unless the Commission quietly in the separate docket removes all of the fees on transferred lands/projects that we still hope will happen, hopefully in a ruling in early February. Good luck. Chuck.”

To put this in perspective, this revised regulation will cost our ratepayers, at the least, an additional \$1,747,590 over the life of the project(s) license. Our best hope now is that FERC will revise their policy and stop charging fees for lands that have been transferred from federal ownership, in our case Green Lake.



Memorandum

January 29, 2013

To: Assembly, City & Borough of Sitka
Jim Dinley, Municipal Administrator *JD*

From: Christopher Brewton, Utility Director

Subject: **Northwest Public Power Association (NWPPA) Bulletin – January 2013**

Attached is an article that was written by Mary Ann Jones, Electric Department Project & Regulatory Administrative Assistant, and which was recently selected for publication in the NWPPA monthly magazine, the *Bulletin*.

The NWPPA is a regional organization of diverse utilities. The membership is made up of utility districts, electric cooperatives, municipalities, and crown corporations in Alaska, British Columbia, California, Idaho, Montana, Nevada, Oregon and Washington. They are also a trade association for over 300 companies, individuals, and organizations affiliated with the electric power industry. It has been my pleasure to serve as a Board of Trustee member, representing Alaska, since 2011.

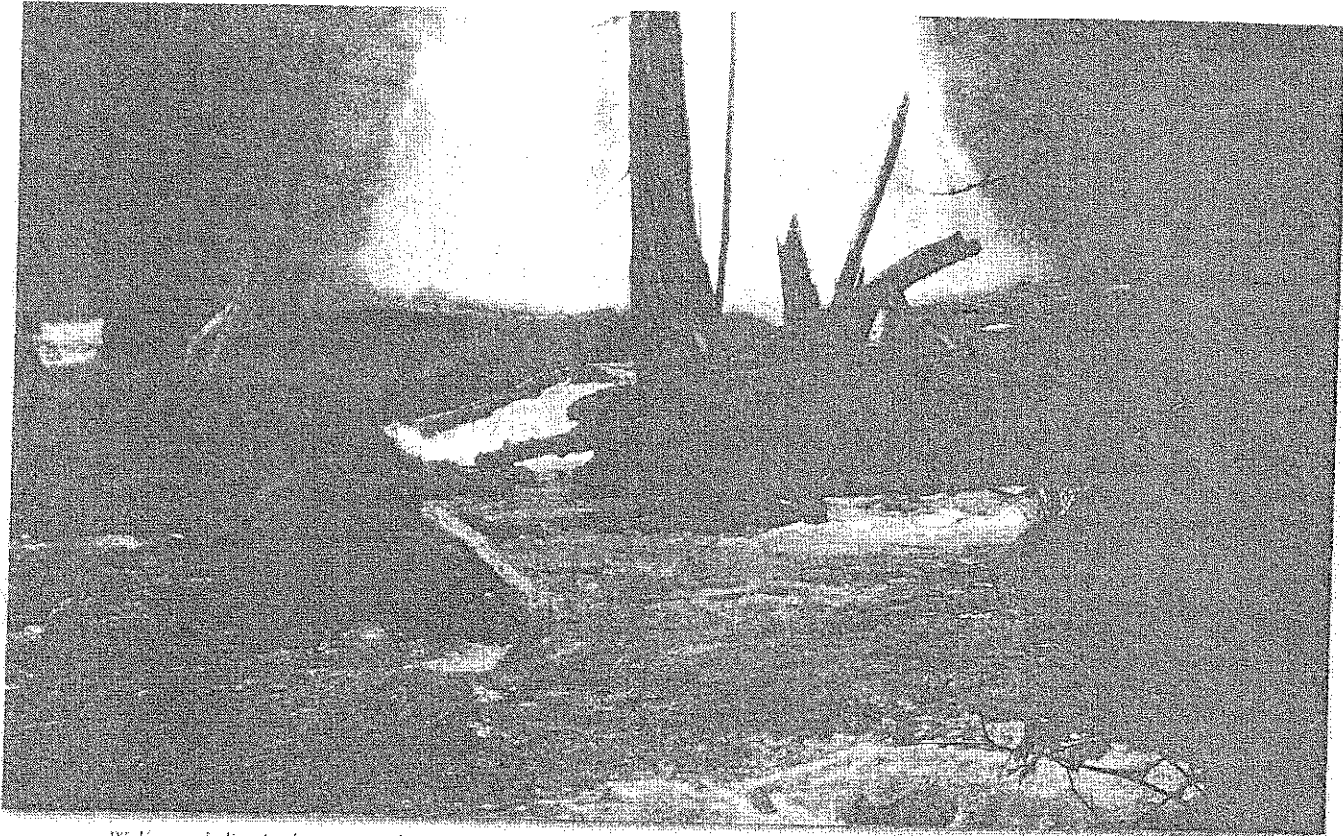
Mary Ann has done an excellent job writing the article and has made an interesting connection between a fisheries biologist and a hydropower plant operator. I have taken the liberty of sending a copy of this article to our State and Federal Delegations as a clear example of how important hydro and fisheries are to our community and that they can happily coexist.

I hope this article will assist our elected officials in educating the public and other elected officials that hydroelectric is not inherently evil. We desperately need the federal government to recognize hydroelectric as renewable and allow hydro to compete fairly with other energy resources for federal funding.

FISH ISSUES

by Mary Ann Jones

Sitka's intrepid fisheries biologist leads a double life



Wolfe snorkeling in the river to observe fish habitats. All photos provided by the City and Borough of Sitka Electric Department.

When people meet Karl Wolfe for the first time, they are usually struck by his unassuming, laid back demeanor. His lean six-foot-plus frame, soft spoken manner, and shy grin may give some the impression that he's meek and mild, but underneath that calm exterior, there lies a strong constitution.

It's a good thing that Wolfe's tough, too, because his chosen line of work would be considered treacherous by anyone's standards. As a fisheries biologist working in the Tongass National Forest near Sitka, Alaska, he has traversed some of the most rugged terrain in North America. He's traveled by float plane in hazardous weather to remote locations, waded through rushing torrents of water, and camped out in a primitive field that's surrounded by an electric fence built to protect him from the local predators.

It is those predators, in fact, that have posed the greatest threat to Wolfe in the field: he has been attacked by brown bears twice in the last three years! The first time, he was hunting and making his way through the forest.

Suddenly, he said, he felt a presence behind him and then a crushing blow to his shoulder that knocked him off his feet. Somehow he managed to hit the bear in the nose, causing it to release its grip and start pacing in a circle several yards above him. While Wolfe quickly chambered a round, the bear charged at him again. The bear's head passed by the muzzle of the gun just as Wolfe managed to fire off a shot; the bear then retreated into the woods.

The second time he was accosted by a bear, Wolfe was exiting a tributary of Takatz Creek while conducting a fisheries study for the City and Borough of Sitka Electric Department. As he rounded a brushy corner, a huge bear lunged towards him, forcing Wolfe to defend himself by hit-

So, while it may appear that our brave biologist's two jobs are incompatible, they're really not. Wolfe's seasonal work as a fisheries biologist has provided information that has been critical for the relicensing of the Sitka Blue Lake facility.

ting it with the butt stock of his rifle and retreating back to the water. Fortunately, that was enough to repel the bear, but the force of the impact caused Wolfe's hand to come loose and rake across its canine teeth. The bear's shoulder also hit Wolfe solidly in the brow during the skirmish.

"I looked like Frankenstein on one side of my head, but didn't realize how hard the bear had run over me until the next morning," said Wolfe.

Much of Wolfe's work is also done in the water where he finds himself in dangerous situations as well from time to time. Studying fish habitats requires hours of moving through streams and rivers, setting up instruments and collecting samples. That usually means he's out in remote wilderness areas navigating his way over slippery, moss-covered rocks while trying to avoid bears that are busy doing their own type of fishing.

However, in spite of a career filled with more adventure than most people experience in a lifetime, there's another aspect of Wolfe's life that some find even more unusual. One might even say that he leads a double life. His other job, as it turns out, is relief hydro plant operator for the City of Sitka, which means that he helps oversee the energy production of the city's two hydroelectric plants. Hydro-power is considered by many to be the enemy of fish, so the likelihood of an individual working in both of these fields is almost unheard of.

Fisheries advocates and proponents of hydroelectric energy have long been at odds with each other, although both sides generally agree that some hydro plants have done irreparable harm to established fish migrations. As a result, several dams in the Northwest have been removed and the majority of elected officials at the state and federal level have been reluctant to support new construction.

Despite all of this bad publicity, there are some hydro projects that defy convention and prove to be exceptions to the rule. They cause absolutely no harm to the fish or the environment and provide clean renewable energy. Such is the case with the two facilities at Blue Lake and Green Lake in Sitka where the community relies heavily on both hydroelectric power and sustainable fisheries.

So, while it may appear that our brave biologist's two jobs are incompatible, they're really not. Wolfe's seasonal work as a fisheries biologist has provided information that has been critical for the relicensing of the Sitka Blue Lake facility. The data he's collected for another one of the City's



Top: Wolfe on location at Takatz Lake Base Camp for fisheries data collection. Bottom: When Wolfe is not snorkeling in the rivers, he works as a Blue Lake Hydro Plant relief operator.

projects, Takatz Lake, has been essential in helping to determine its feasibility. His work as a relief operator at the power plant has played an integral part in the day-to-day generation of the city's energy needs, supplying electricity to a community of almost 9,000 people.

For Wolfe, looking out for the welfare of fish and helping keep the lights on are all in a day's work. *www.nwppa.org*

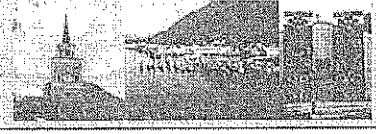
Mary Ann Jones is the project and regulatory administrative assistant at the City and Borough of Sitka (Alaska) Electric Department. She can be reached at mary.ann@cityofsitka.com.



City & Borough of Sitka

Electric Department

105 Jarvis Street, Sitka AK, 99835
Telephone: 907-747-4000 Fax: 907-747-3208



Memorandum

January 31, 2013

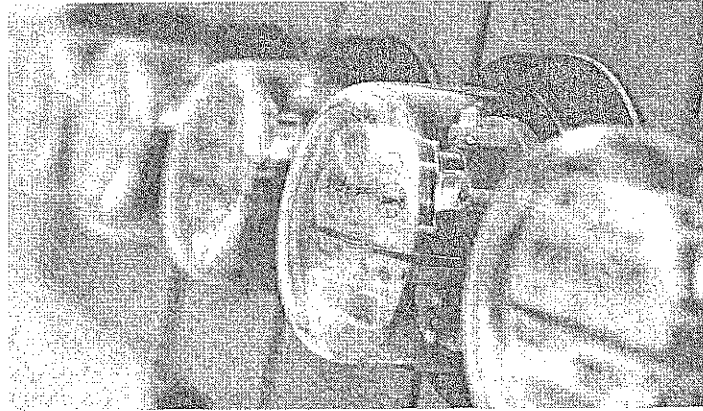
To: Assembly, City and Borough of Sitka
Jim Dinley, Municipal Administrator

From: Christopher Brewton, Utility Director

Subject: **Resource List of Energy Assistance Programs**

At the January 22, 2013 Assembly meeting, a customer in public testimony, requested help in identifying programs that may provide assistance for low/fixed income customers to deal with increasing utility rates. That was a very reasonable request.

Attached is a list of various resources the department staff has compiled that may provide assistance. While we have made every effort to be thorough, we cannot guarantee we have listed every possible resource. I encourage all customers to visit the City's website for the latest energy savings updates and information.



Higher Electric Rates and What You Can Do About Them

The Sitka Electric Department understands the concerns its customers have with increasing electric rates. Fortunately, there are measures that almost everyone can take to help reduce the impact on their bill.

The following is a list of resources we've compiled in an attempt to address those concerns. It is up to individual customers to explore the possible benefits for themselves and, as always, to contact Customer Service in the Utility Dept. (747-1818) regarding payment matters.

Conservation – Reducing the Amount of Energy Used

Energy conservation has been a major focus of the Electric Department for several years. We have partnered with the Sitka Conservation Society in employing interns whose primary job has been to increase awareness and education in this area. Energy saving instructions can be found on the city website at:

<http://www.cityofsitka.com/government/departments/electric/EnergySavingTips.html>.

Energy-related brochures, including information about energy audits and weatherization, can also be found on the city website at:

<http://www.cityofsitka.com/government/departments/electric/EnergyBrochures.html>.

Hard copies of these brochures are available in the Electric Department office at 105 Jarvis Street and in the Utilities office at 100 Lincoln St.

Residential and commercial energy audits can be scheduled in Sitka by contacting Chris Duquay at One Island Energy, 747-4507, webfoot@alaska.net.

Homeowners can get energy ratings on their residence through the Alaska Housing Finance Corporation (AHFC) Home Energy Rebate Program. Information is available online at:

<http://www.ahfc.us/efficiency/energy-programs/home-energy-rebate/> and by calling (877) 257-3228.

Higher Electric Rates and What You Can Do About Them

Page 2

Business owners can have audits paid for by the Alaska Energy Authority (AEA). More information is available online at:

http://www.akenergyauthority.org/FactSheets/AEA_ProgramFS_AEEE_10-1-2012.pdf

Another resource for energy efficiency is Renewable Energy Alaska (REAP). You can obtain more information on their website at: <http://alaskarenewableenergy.org/energy-efficiency/> or by contacting Energy Efficiency Director Shaina Kilcoyne at s.kilcoyne@realaska.org.

Alaska Energy.Org has a wealth of helpful information on their website as well:

<http://www.akenergyefficiency.org/home>

The Alaska Community Development Corporation offers weatherization assistance on its website: http://www.alaskacdc.org/wa_prog.php

Financial Assistance

Information about the Heating Assistance Program from the Alaska Department of Health and Human Services can be found at:

<http://dhss.alaska.gov/dpa/Pages/hap/default.aspx>, by emailing liheap@alaska.gov or by calling (800) 470-3058.

Alaska Housing Finance Corporation offers information about energy efficiency assistance and rebates on its website at:

<http://www.ahfc.us/efficiency/energy-programs/>

Alaska Energy Authority (AEA) offers a Power Cost Equalization program whose purpose is "to provide economic assistance to customers in rural areas of Alaska where the kilowatt-hour charge for electricity can be three to five times higher than the charge in more urban areas of the state." Unfortunately, Sitka residents do not qualify for this program due to the fact our primary generation source is hydroelectric. More information can be found on their website at: <http://www.akenergyauthority.org/programspce.html>

Sitka Tribe of Alaska (STA) offers energy assistance. Tribal members can contact them by calling 747-7152.

The Salvation Army also provides utility and rental assistance. For more information, click on this link: http://www1.usw.salvationarmy.org/usw/www_usw_alaska2.nsf/vw-sublinks/6F2758473E6D44948825773600818AEF?openDocument, call them at 747-3358 or email the Corps Officers (Pastors) at: evadne.wright@usw.salvationarmy.org

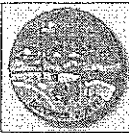
Higher Electric Rates and What You Can Do About Them

Page 3

Options for the City to Consider

Prepaid electricity plans like Salt River Project's (Arizona) M-Power Plan have been shown to keep low-income customers current on their bills and conserve energy.

<http://www.srpnet.com/payment/mpower/default.aspx>. There is no such plan available in Sitka at the present time.



BLUE LAKE EXPANSION PROJECT

MONTHLY UPDATE FOR AEA

Report No. 2

Month ending January 31, 2013

Monthly Progress Report for Grants 2195311 and 7910013

SCOPE:

- 83 ft dam raise with modified tunnel system and new 15.9 MW powerhouse (\$89 million)
- Seven supply contracts for Owner-Furnished equipment and materials, (\$16 million)

PROJECT HIGHLIGHTS DURING THIS MONTH

- January 3 – The first of twelve blasts for rock excavation took place for construction of the dam staging area. The staging area is 90% complete.
- January 7 – First activity on Blue Lake Tees. Excavated to water main confirm pipe diameter to allow ordering the line stop materials.
- January 14 – Barnard subcontractors Blue Lake Tunnelers (BLT) began setting up offices at the Sawmill Cove Industrial Park.
- January 9 – Barnard and BLT staff began setup of local housing, a trailer park at Sawmill Cove and a dormitory barge moored at Sawmill Cove.
- January 13 – Clearing and grubbing of vegetation began in the powerhouse and surge chamber portal areas.
- January 31 – Placed first rock bolts at Surge chamber Adit portal.

COST SUMMARY

Project Cost Summary				
Project Element	Current Contract Total or Projected Amount	Remaining Contingency incl. Site Representatives	Contract Payments	
			Paid this Month	Paid to Date
Supply Contracts 1-7	\$15,832,473	\$1,906,936	\$190,358	\$3,958,473
Contract 9, General Construction	\$88,054,075	\$4,640,225	\$1,306,963	\$3,681,963
Contract 8, Debris Management	\$1,530,000			
Diesel Fuel	\$1,260,000			
Temporary Filtration	\$2,000,000			
All Remaining Project Costs*	\$32,814,214	\$697,459	Unknown	\$15,624,501
Total=	\$141,490,762	\$7,244,620		
Estimated Project Total Cost		\$148,735,383	Paid to date =	\$23,264,936

*This includes City performed work, licensing, construction management, engineering, construction incentive payments and cost of bond issue

** Based on the New World System

***Data is not for grant reporting purposes

COST CHANGES THIS MONTH (and December 2012).

- Contract 9 Change Order 1 was issued to Barnard on December 4: A contract price decrease of -\$814,725.00 for the City's provision of Project all-risk insurance and for

addition of the Blue Lake Tees project (municipal water main valves and re-routing near the new powerhouse).

- Contract 9 Change Order 2 was issued on January 4. A contract price increase of \$481,500.00 for changes in the powerhouse access road alignment (required by ADOT permit) and to correct an error in Change Order 1 which listed an incorrect contract price.
- Change Orders for supply contracts – none.

CONSTRUCTION SCHEDULE MILESTONES: PLANNED/ACTUAL

Construction Start	11-20-2012/ 12-3-2012	Powerhouse complete	6-10-2014/
Excavations Complete	6-28-2013/	Dam complete	7-26-2014/
Drainage Tunnel Comp.	7-1-2013/	Shutdown – Existing PH	8-1-2014/
Intake complete	5-20-2014/	Startup – New Powerhouse	10-1-2014/
Filtration Plant On-line	6-1-2014/	Substantial Completion	1-1-2015/

NOTES ON PROJECT SCHEDULE

- General construction of the Project is underway. We are on schedule, but would have preferred to see more excavation progress in January than was achieved. Work in February needs to ramp-up quickly.
- Excavation of the dam staging area was 90% completed in January; this will allow erection of the 600 ton crane on the right abutment. This crane will be used to access and support work at the intake, dam, and drainage tunnel.
- The most recent schedule submitted by Barnard shows the following upcoming target dates:
 - a. February 4 – begin erection of the crane on the dam right abutment.
 - b. February 16 – helicopter staging of construction materials at the top of surge shaft
 - c. February 11 – start of blasting for powerhouse access road
 - d. February 18 – begin blasting for the drainage tunnel below Blue Lake Dam
- Delivery schedules for the supply contracts continue to look good – arrival on site in adequate time. The first major shipment of owner furnished materials (the steel penstock) is expected in early March.
- Blue Lake and Green Lake water levels continue to be below normal. The Electric Department began daytime operation of the D4 diesel unit on January XX to prevent lake levels in both lakes from becoming too low. In January both lakes improved by about 2 ft, compared to their operating rule curves. (Blue Lake is now 18 ft low and Green Lake 5 ft low, as of January 29).

PROJECT RISK PROFILE

A discussion of the major risk areas follows below. As a general rule risks are measured as follows:

- LOW: Probability of less than 10%, or mitigation cost less than \$1 million.
- MODERATE: Probability of more than 30%, or mitigation cost up to \$5 million.
- HIGH: Probability of more than 60%, or mitigation cost likely more than \$5 million.

The City’s project team believes the following risk areas will dominate the potential for increases in overall Project cost. We also believe these areas pose the greatest risk for schedule delays.

Weather and Lake levels: Very high water inflows to Blue Lake in 2013 and 2014 have the potential to delay work near the dam and intake. We have established with Barnard Construction a "lake level window" for each of the 2013 and 2014 construction seasons. As long as the lake's water level is at or below these level windows, we expect no delays or additional costs to the City. Recent wet weather and the use of diesel generation has blunted how fast the Blue Lake water level was dropping. We continue to expect the 2013 construction window will be met without problems, see the attached Lake Level Report. **CURRENT RISK: LOW**

Rock Conditions: Contract 9 includes an allowance of \$2,702,000 for rock support in the Project tunnels, shafts and excavations. This rock support is a combination of rock bolts, shotcrete, and steel arch supports. If rock conditions are worse than we expect, our rock support cost allowance may not be sufficient. Also, the project does not have a specific allowance for additional foundation excavation and foundation concrete for the surface structures (powerhouse and penstock). If we require additional excavation under the powerhouse, that would result in additional cost for the City. Note that most of the excavation work on the Project will be completed by mid-summer 2013. At that time we will know if our rock support allowance is adequate. **CURRENT RISK: MODERATE**

City Performed Work, for Contract 9: The City has elected to self-perform some work associated with the Project's general construction. This work includes: procurement, installation and field wiring of a switchyard control building; installation and connection of fiber-optic cables from the powerhouse to the dam, addition of a 12.47kV power line from the campground to the dam area; control wiring of the Fish Valve Unit generator; and design and installation of the SCADA system. The bulk of this work is either under design or is underway at the Project. Installation of the 12.47 kV power line from the campground to the dam was completed in late October, 2012. **CURRENT RISK: MODERATE to HIGH.** [Note that additional engineering and Construction Management staff resources were assigned to this work in January. We remain concerned that most of this design and procurement work needs to be completed by the fall of 2013].

Temporary Water Filtration Plant: During the August through September 2014 outage of the Blue Lake tunnel, the City will need to get its drinking water from a temporary water supply. This temporary system needs to be designed, purchased and installed at Indian River. This system must be in place and fully operational before the Blue Lake tunnel can be shut down to connect the new powerhouse. Any delay in the filtration plant beyond August 1, 2014, will delay the hydro expansion Project. Currently a \$2 million cost allowance is being maintained in the Blue Lake Expansion Project funds for the filtration plant. CH2 MHILL estimates \$2.8 million. The filtration project is being managed by the City's Public Works department. **CURRENT RISK: MODERATE**

Other: This is a broad combination of bad things that might happen such as: earthquake; construction site accidents; equipment damage during shipping; floods; extreme winter weather; fire; labor unrest; etc. We expect that many of these risks would be covered by insurance at least in part. **CURRENT RISK: LOW**

PROJECT PHOTO RECORD THIS MONTH

Photos are taken of each work area each month from a fixed location to document construction progress by work area. Relevant photos of the project for this month are provided on the following pages.

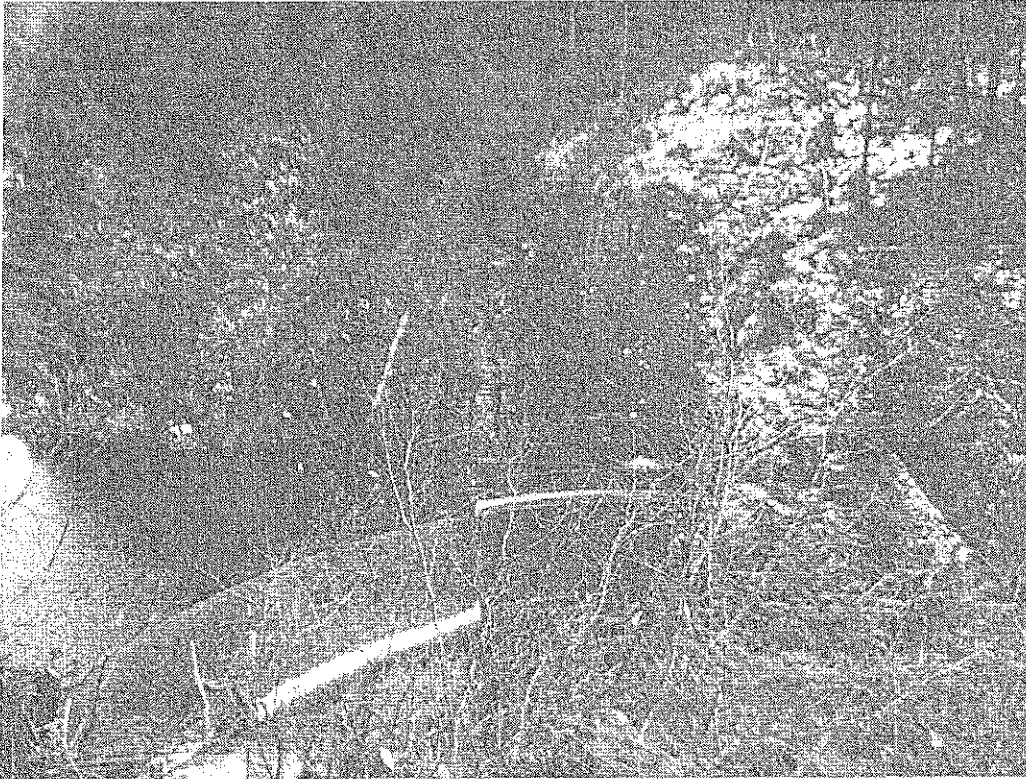


Figure 1. Dam and Left Abutment Area, prior to start of excavation. No activity in January.



Figure 2. Intake Portal and Right Abutment, prior to start of construction. No activity in January.

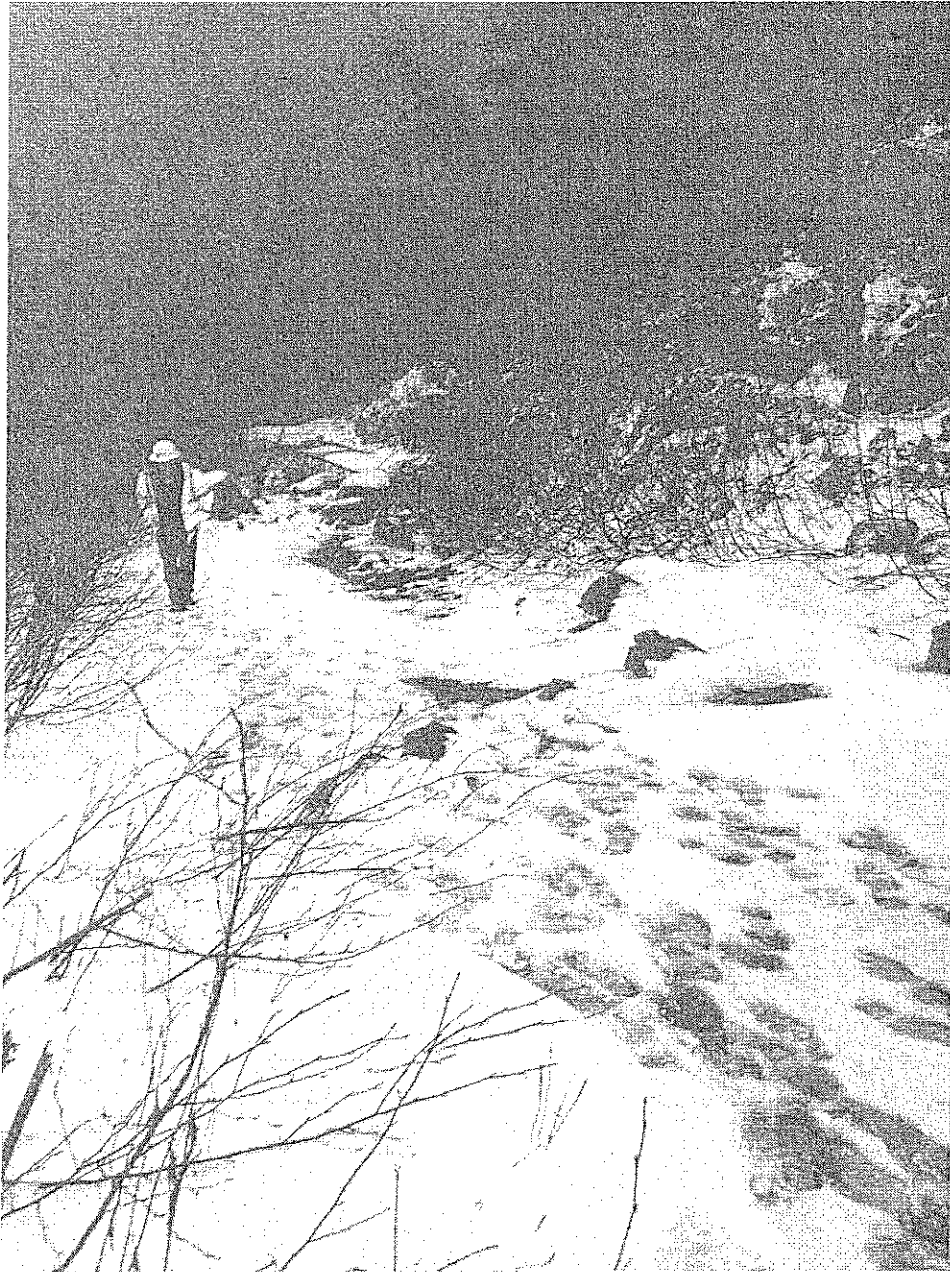


Figure 3. Gate House Location, No activity in January.

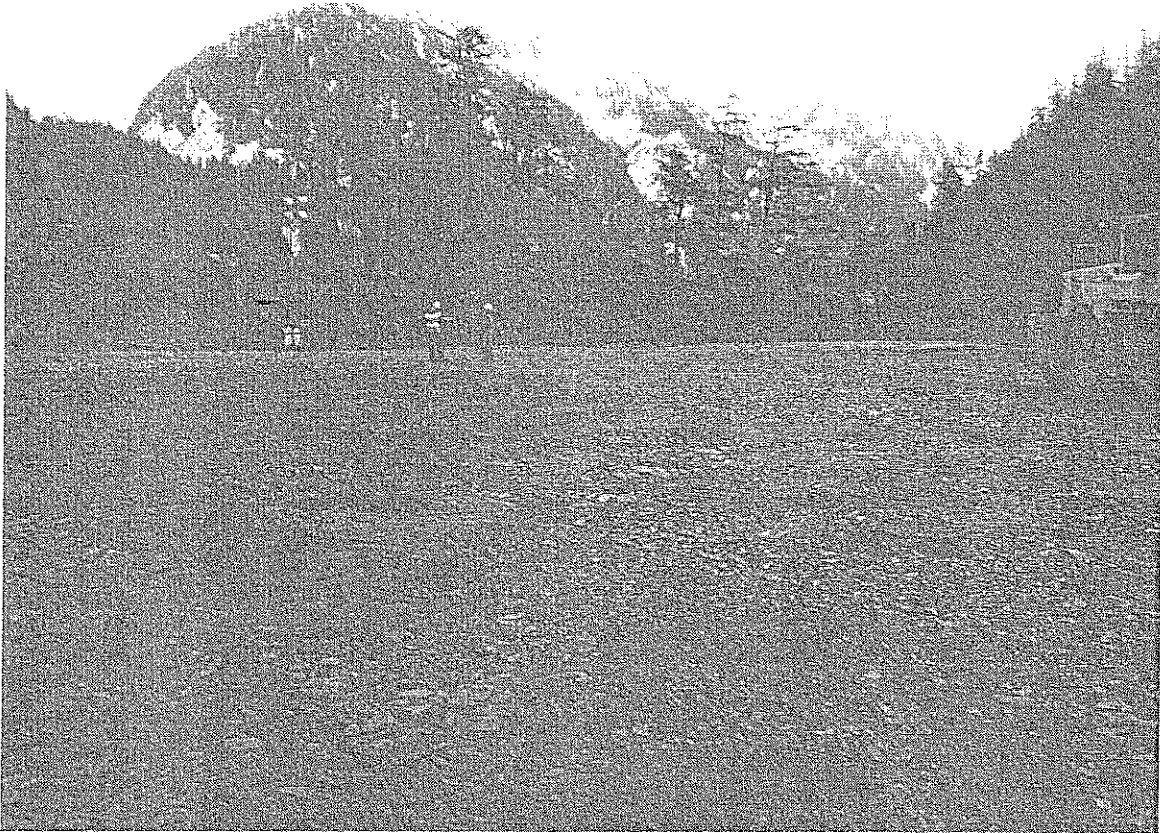


Figure 4. Dam Staging area,

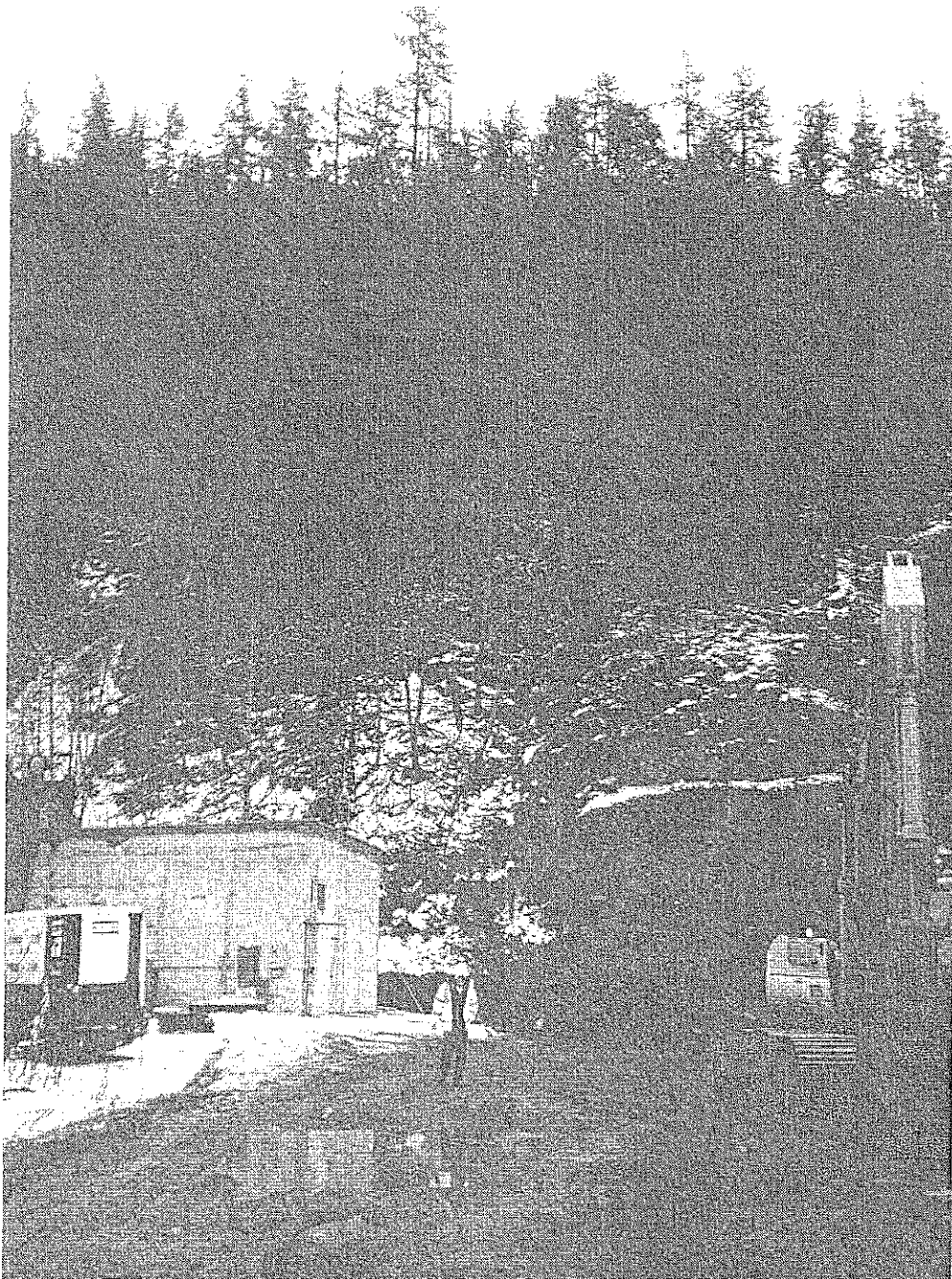


Figure 5. Surge Chamber Adit,

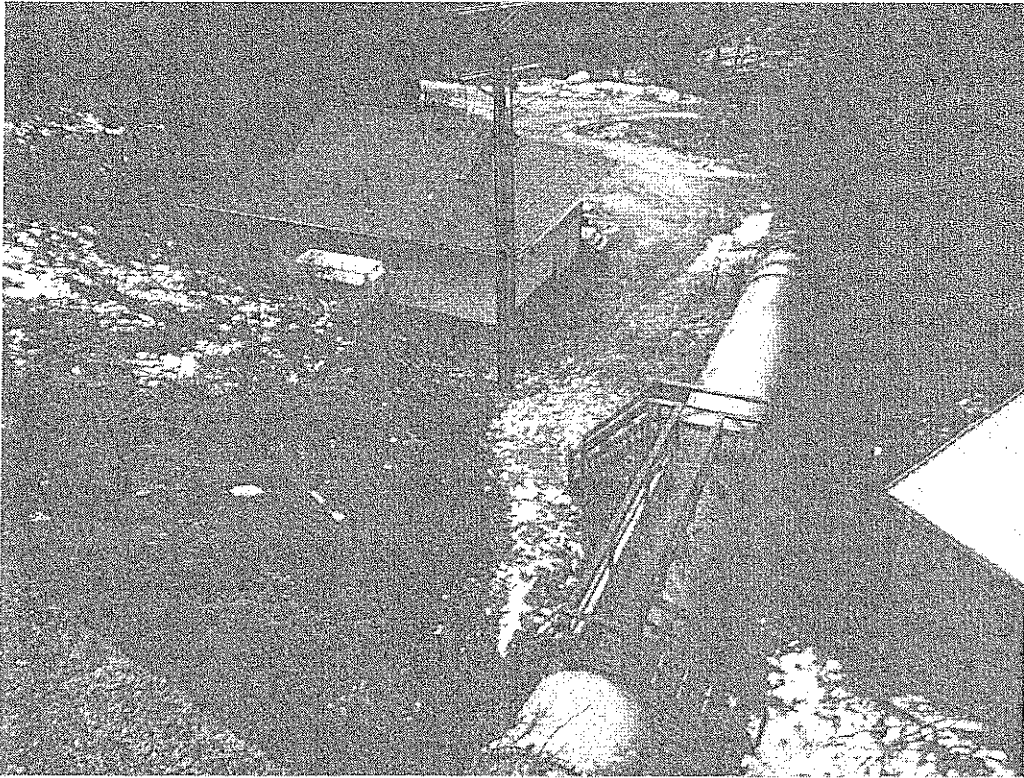


Figure 6. Lower Portal Area, prior to start of construction. No activity in January.



Figure 7. Powerhouse Site, No activity in January.

LAKE LEVEL WINDOW FORECAST
Blue Lake Expansion Project
Contract 9 – General Construction

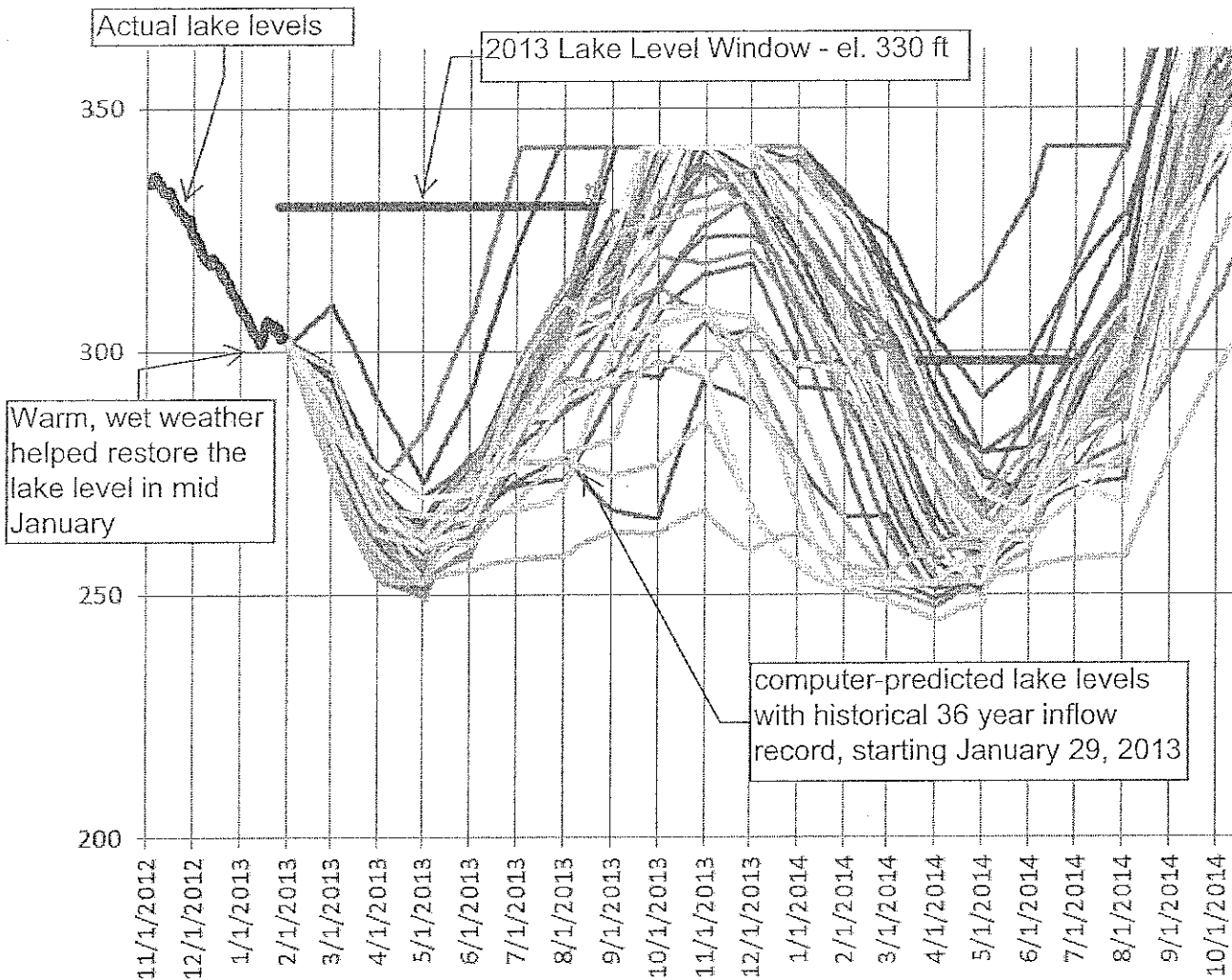
Forecast Date: January 29, 2013

Blue Lake WSEL: 303.2 on January 28, 2013

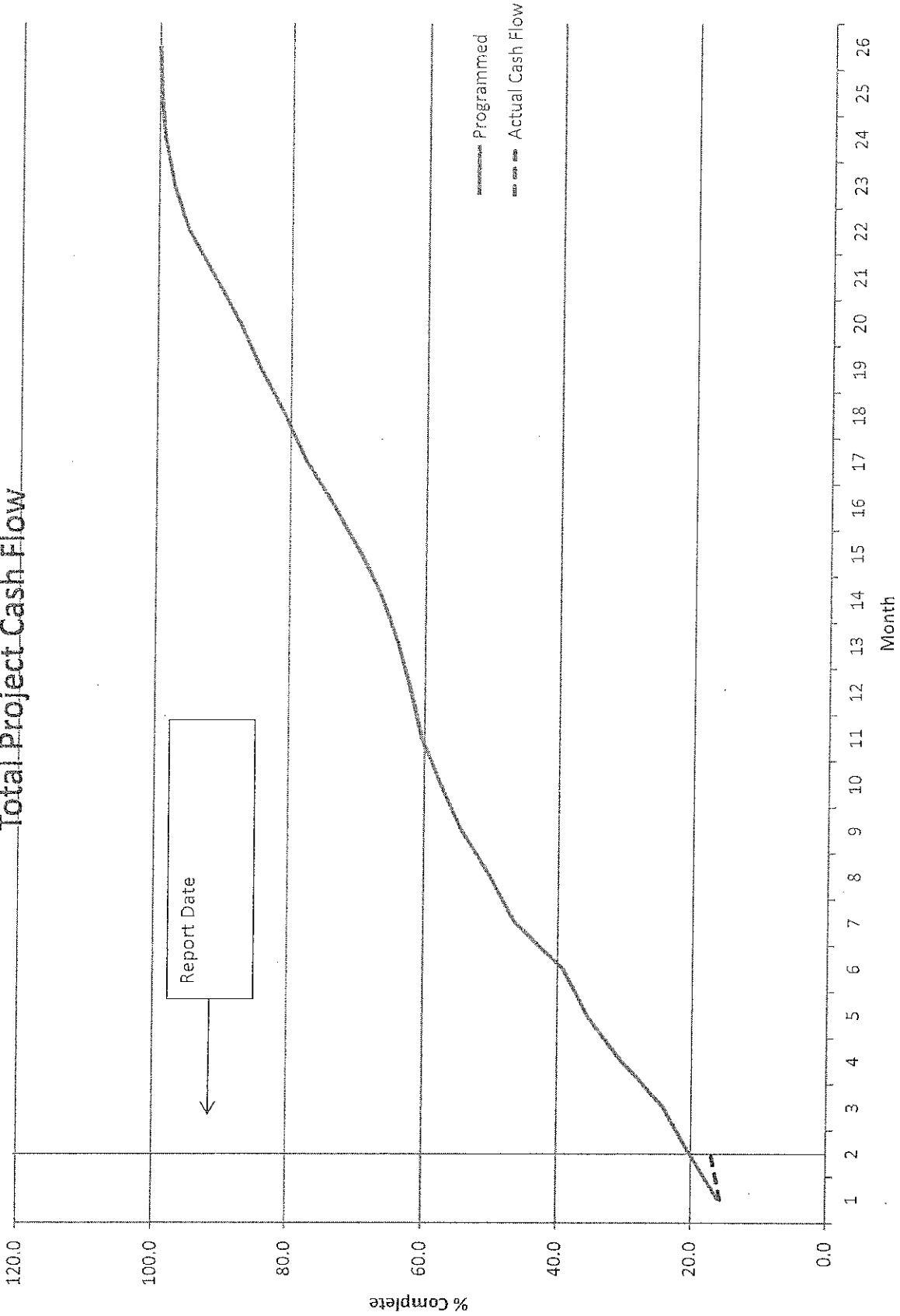
2013 Lake Level Window: At or below WSEL 330 from January 26 to August 19, 2013

Highlights:

1. We are now in the 2013 Lake Level Window, when the City is responsible for holding the Blue Lake water level below el. 330, to allow construction work at the power intake and dam.
2. Blue Lake inflows were average or better in January. The lake is now about 18 feet below its typical level for this time of year (an improvement of about 2 ft from December).
3. The Blue Lake Powerhouse and Campground unit are running near maximum capacity to draw Blue Lake down and to save water in Green Lake.
4. The D4 diesel unit has run approximately 16 hours each weekday since January 15 to preserve water in Green Lake reservoir.
5. We now have about 4/36 chance of the lake rising above el. 330 before August 19, 2013. Trouble with the lake level in August may occur if warm and wet conditions persist.
6. We are well positioned to for work at the dam. The chart below shows there is about a 47% chance (17 years out of 36) that Blue Lake will fill and spill in the fall of 2013.



Total Project Cash Flow



BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

For Period Ending: JANUARY 31, 2013

Prepared by: BARNARD CONSTRUCTION COMPANY, INC.

1. Progress of work

Barnard Construction and its subcontractors have continued mobilization to the project site. Equipment is being delivered and the office and staging areas are being developed prior to major construction activities beginning onsite. Blue Lake Tunnelers has completed their mobilization to the project and are ready to kick off underground construction in February. Other work activities during January 2013 include the following:

Environmental Protection

Barnard continues to install erosion and sediment control measures as required at the dam site and storage yard at Sawmill Cove Industrial Park and powerhouse area as ground disturbing activities begin.

Dam Staging Area

Southeast Earthmovers has nearly completed construction at the dam staging area on the right abutment of existing Blue Lake Dam. Barnard has shipped three cranes to the project. Erection of the two crawler cranes – one at dam staging area and the second in Blue Lake on flexifloat barge – will begin in February. Barnard has also started the required straightening of Blue Lake Road.

Adit Tunnel Portal

The adit tunnel portal was started in January 2013. Blue Lake Tunnelers will install portal steel sets and begin adit tunnel construction in early February.

Powerhouse Excavation

ASRC McGraw and Southeast Earthmovers mobilized to the powerhouse site in January 2013. They have started clearing and grubbing the access road and the powerhouse area and will begin rock excavation in February 2013.

2. Status of Construction

Status of Ongoing Major Construction Activities

- Mobilization – 75% complete
- Dam Staging Area – 95% complete
- Adit Tunnel Portal – 75% complete
- Powerhouse Clearing and Excavation – 5% complete
- Adit Tunnel Excavation – starting in Feb 2013
- Drainage Tunnel Excavation – starting in Feb 2013
- Intake Structure Excavation – starting in Feb 2013

See Section 1 above for construction work completed in January 2013.

3. Construction Issues

No construction issues in January 2013.

BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

For Period Ending: JANUARY 31, 2013

Prepared by: BARNARD CONSTRUCTION COMPANY, INC.

4. Contract Status

Barnard Construction received Notice to Proceed on November 1, 2012 for the Blue Lake Project and began initial mobilization in late November.

5. Critical Events and Dates

Please see attached summary progress schedule updated January 31, 2012.

Critical Dates for the Blue Lake Project are as follows:

Milestone	Date	Required Status of Construction
1	07/01/2013	Drainage Tunnel Complete
2	08/19/2013	Initial Intake Excavation Complete
3	06/04/2014	Intake Structure Complete
4	08/24/2014	Ready for Generation Outage
5	61 days after start of Generation Outage	Substantial Completion of 1 st Blue Lake Turbine Generator
6	91 days after start of Generation Outage	Substantial Completion of 2 nd Blue Lake Turbine Generator
7	80 days after start of Generation Outage	Substantial Completion of Fish Valve Unit

6. Reservoir Filling

Not applicable for this report

7. Foundations

Not applicable for this report.

8. Sources of Major Construction Material

The City and Borough of Sitka will be providing most of the major construction materials for this project. Please see list below.

Contract No.	Vendor	Scope of Supply
1	Gilbert Gilkes and Gordon, Ltd.	Turbines and Generators
2	TBD	12.47 kV Switchgear
3	Linita Design and Manufacturing	Bulkhead Gate, Fixed Wheel Gate and Hoist
4	T Bailey, Inc.	Penstock and Manifold
5	WEG Electric	69kV Transformers
6	Baseline Industrial Services	Powerhouse Bridge Crane
7	CHG Building Systems	Powerhouse Building

BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

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Barnard will be responsible for supplying the concrete for this project. A batch plant will be setup at the Sawmill Cove Industrial Park and aggregates/cementitious materials will be shipped to Sitka from Seattle, WA.

9. Material Testing and Results

No material testing was required or completed in January 2013.

10. Instrumentation

Not applicable for this report.

11. Photographs



Figure 1: Dam Staging Area - Mid January

BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

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Figure 2: Dam Staging Area - Late January



Figure 3: Powerhouse Access Road Clearing

BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

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Figure 4: Powerhouse Access Road Clearing and Stripping



Figure 5: Adit Tunnel Portal Rock Support

BLUE LAKE EXPANSION PROJECT MONTHLY CONSTRUCTION REPORT

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12. Erosion Control and Other Environmental Issues

No Environmental issues encountered during January 2013. Barnard is continuing to install the required environmental protection measures on the project site ahead of ground disturbing activities.

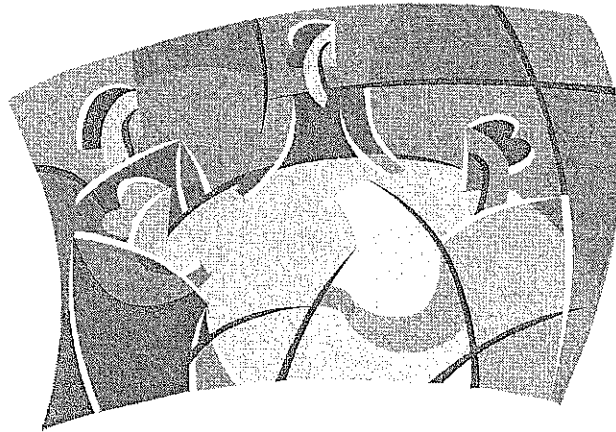
13. Other Items of Interest

A 7.7 magnitude earthquake was encountered on January 4, 2013. The earthquake's epicenter was approximately 200 miles from Sitka. A tsunami warning was issued shortly after the earthquake but no tsunami waves hit Sitka or surrounding areas. The dam and other project structures were inspected by the City of Sitka, and no damage was found.

Correspondence – Scheduled

Government to Government Update

Sitka Tribe of Alaska



Chairman:

Michael Baines

Council Members:

Lillian Feldpausch, Clara Gray, Harvey Kitka, Mike Miller,
Benjamen Miyasato, Rachel Moreno, Woody Widmark