




CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Garry White, SEDA Executive Director
Melissa Wileman, Public and Government Relations Director

Date: March 20, 2024

Subject: Authorization to Apply for a FY24 Denali Commission Funding Opportunity under the Infrastructure Fund Program Area for the Gary Paxton Industrial Park (GPIP) North Boat Yard Electrical Project

Grant Background

Link to the Funding Opportunity Announcement for the Denali Commission:

<https://www.denali.gov/funding-requests/>

The Denali Commission was established in 1998 as an independent federal agency to promote rural development throughout Alaska. Every year the Commission is largely funded via its federal congressional appropriation as well as receives transfers from the State of Alaska, other federal agencies, and other funders. In addition, the Commission was provided funding in the Bipartisan Infrastructure Law – Infrastructure Investment and Jobs Act of 2021 (BIL).

The Commission makes funds available for projects on a competitive basis through a funding opportunity announcement. The statutory authority for the solicitation is Section 305 of the Denali Commission Act of 1998, which authorizes the Commission, acting through the Federal Co-Chair, to award grants.

Denali Commission funding opportunity key factors:

- Applications are due by April 12.
- The Infrastructure Fund project area via Economic Development has \$10 million in available funds.
- Applicants may request awards up to \$2 million.

Project Background

In 2018 the GPIP Board began actively planning for the construction and operation of a marine vessel haul out and related marine shipyard services. The goal of CBS is to create a marine services shipyard at the GPIP that has the capability of hauling out vessels up to 150 tons as well as hauling out larger barges for repair and refurbishment. CBS has available for long-term

lease up to 6.8 acres of GPIIP uplands and would like to create opportunities for marine tradesmen and support businesses that support Sitka's commercial and sport fishing fleets.

The community voted in October of 2022 to allocate \$8.2 million of the city's Permanent Fund to begin development of a haul out. Further funding was obtained via a Denali Commission grant awarded in January 2024 for \$1 million dollars for the purchase of equipment to lift vessels.

The GPIIP Vessel Haul Out Development project has been divided into two separate phases. Phase 1 of the Project Charter scope (attached) addresses the steps needed for the waterfront development to allow vessels to be haul out of the water. Phase 2 is for continued development of upland shipyard infrastructure.

This electrical infrastructure project is supporting the development of the uplands of the GPIIP Vessel Haul Out that provide utility power service to one of the three boat yard locations. This includes area lighting and power pedestals to serve the boat stalls. This project provides much needed electrical infrastructure to support marine service work in the shipyard properties.

The GPIIP Board met on March 18, 2024 and approved the following motion:

Motion: **M/S Goeden/Campbell** move that the Assembly apply for a Denali Commission grant for the development of electrical infrastructure for the GPIIP Haul Out and Shipyard.

Fiscal Note

Total funding allocated for Phase 1 of this project is \$9,281,040 (\$8,181,040 from the proceeds of the sale of the Sitka Community Hospital property, \$100,000 appropriated towards the development in 2021, and \$1 million dollar grant from Denali Commission). The Assembly approved an appropriation for Phase 1 estimated costs of the based bid items in the amount of \$8,187,000 at its July meeting.

To complete the additive alternative items remaining in Phase 1 an estimated ~\$5.8 million will be needed. With no readily available municipal source of working capital to fund the additive, alternate items of Phase 1, grant-funding opportunities are the most likely funding source. It is important to note that if the funding source is federal, there may be some added cost related to federal funding restrictions. Cost estimates for Phase 2 of the project have not been fully developed, but estimated to be in the \$15 million dollar range.

For this electrical project, the boat yard has been sectioned into three areas: South, North, and West for a total of \$3,061,838.

This grant is requesting \$510,251.50 to use as a 50/50 leverage/match for the North Boat Yard and to allow for the opportunity to apply for a [FY 2023 EDA Public Works and Economic Adjustment Assistance grant](#) for utility power service including area lighting and power pedestals to the North Boat Yard. The North Boat Yard cost estimate is \$1,020,503.

The EDA opportunity allows for applications to be accepted on an ongoing basis. There are no application submission deadlines. If CBS is awarded the Denali Commission grant, which is estimated to be announced in July, we would come back to the Assembly for approval to apply for the EDA opportunity for the other 50% of \$510,251.50.

\$10,000 has been contributed for the electrical rough order of magnitude estimates (ROM) from the GPIIP Operations Contracted Services budget.

Recommendation

Approve this resolution authorizing the Municipal Administrator to apply for a FY24 Denali Commission Funding Opportunity under the Infrastructure Fund project area via Economic Development for the GPIP North Boat Yard Electrical project.

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2024-09

A RESOLUTION OF THE CITY AND BOROUGH OF SITKA (CBS) AUTHORIZING THE MUNICIPAL ADMINISTRATOR TO APPLY FOR A DENALI COMMISSION GRANT IN THE AMOUNT OF \$510,251.50 UNDER THE INFRASTRUCTURE FUND PROGRAM AREA TO USE AS LEVERAGE FOR FUTURE GRANT OPPORTUNITIES FOR THE GARY PAXTON INDUSTRIAL PARK (GPIP) NORTH BOAT YARD ELECTRICAL PROJECT

WHEREAS, Sitka has the largest small boat harbor system and one of the biggest fishing fleets in the State and has long recognized the importance of the fishing and maritime industry to the community of Sitka; and

WHEREAS, the fishing industry is an important component in this community and furthermore, the capability to conduct repair and maintenance activity close to home and the fishing grounds enables vessel owners to be safer and more efficient; and

WHEREAS, CBS has available 6.8 acres of GPIP uplands that would create opportunities for marine tradesmen and support businesses that support Sitka's commercial and sport fishing fleets; and

WHEREAS, the Denali Commission announced a grant opportunity and CBS is eligible to apply for the North Boat Yard Electrical project through the Infrastructure Fund Program area via Economic Development to be used as leverage for other grant opportunities; and

WHEREAS, the project supports the development of the uplands of the GPIP Haul Out to provide utility power service to one of the three boat yard locations.

NOW, THEREFORE, BE IT RESOLVED by the Assembly of the City and Borough of Sitka to authorize the CBS Municipal Administrator to apply for a Denali Commission Grant under the Infrastructure Fund project area via Economic Development for \$510,251.50 for the GPIP North Boat Yard Electrical project.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska on this 26th day of March 2024.

Steven Eisenbeisz, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st and final reading 3/26/2024
Sponsor: Administrator