



# CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

## MEMORANDUM

**To:** Mayor Eisenbeisz and Assembly Members

**Thru:** John Leach, Municipal Administrator

**From:** Mike Schmetzer, Interim Utility Director; Bri Gabel, Sustainability Coordinator; Melissa Wileman, Public and Government Relations Director

**Date:** June 5, 2024

**Subject:** Sitka Tribe of Alaska Grid Resiliency Formula Grant Subaward

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### **Background**

The Grid Resilience State and Tribal Formula Grants program, authorized by the Bipartisan Infrastructure Law, is designed to strengthen and modernize America's power grid against wildfires, extreme weather, and other natural disasters that are exacerbated by the climate crisis.

The program will distribute funding to states, territories, and federally recognized Indian tribes, including Alaska Native Regional Corporations and Alaska Native Village Corporations, over five years based on a formula that includes factors such as population size, land area, probability and severity of disruptive events, and a locality's historical expenditures on mitigation efforts. The states, territories, and tribes will then award these funds to a diverse set of projects, with priority given to efforts that generate the greatest community benefit providing clean, affordable, and reliable energy. Through this program, the Sitka Tribe of Alaska (STA) has been allocated \$149,979.00. In order to utilize these funds, STA must subgrant these funds to an electric utility, CBS.

### **Analysis**

To continue consistent utilization of its renewable energy currently provided by its two hydroelectric projects, increasing the resiliency of its current grid system is an immediate concern. The majority of the transmission and distribution system is approaching 45 years and is at the end of its useful life. As it continues to age, the distribution of Sitka's current energy production, let alone any future sources, is jeopardized. The aging transmission and distribution infrastructure has been identified as a high risk for Sitka's long term grid resiliency and reliability.

CBS and STA staff have discussed potential projects that this funding could support. However, no commitment to a specific project has been made at this point. It is the intent of CBS to use these funds to support currently budgeted projects and align the funds with the criteria, objectives, and methods outlined as well as further discussion with STA. Some potential projects could include but are not limited to the purchase of equipment such as transformers or design work on the Thimbleberry Bypass project. In deciding what to fund CBS staff will consider the complexity added by federal procurement requirements and provision such as the Build America Buy America Act (BABA).

As a municipally owned utility, the CBS Electric Department has unique ways to engage the community. While a project of this nature would typically fall solely to an electric utility, thanks to its history of collaboration, the Public and Government Relations Director and Sustainability Coordinator will work closely with STA and the CBS Electric Department to facilitate communications and develop community engagement strategies. By leveraging the CBS Sustainability Commission and other community stakeholders, STA and CBS plan to extend this collaboration well outside its expected boundaries to ensure that the benefits from this project are amplified throughout the community.

As a part of this program, STA was required to hold a public meeting which took place at the Sustainability Commission's regular meeting on June 3<sup>rd</sup>. The Commission unanimously supported CBS and STA working together to deploy these funds.

This funding opportunity supports the 2022-2027 Sitka Strategic Plan Goal 1.2: *Identify opportunities to relieve the burden of utility costs.*

### **Fiscal Note**

STA is required to match 15% of the amount under this program and CBS will be required to match 30% of the amount provided totaling \$44,993.70. CBS anticipates meeting this match requirement through aligning the funding with budgeted projects that meet the criteria co-developed with STA.

DOE anticipates making awards initially with an estimated period of performance of 5 years. Awards may be extended to span the amount of time necessary for recipients to complete all subaward project efforts, up to 10 years.

### **Recommendation**

Authorize the Administrator to request a subaward in the amount of \$149,979 from Sitka Tribe of Alaska for the Department of Energy Grid Resilience State/Tribal Formula Grants Program through the Grid Deployment Office as the electric grid operator to support currently budgeted projects with a 30% match commitment.