



File Code: 2770

Date: June 13, 2011

Mr. Christopher Brewton
Utility Director
City and Borough of Sitka
105 Jarvis Street
Sitka, AK 99835

Dear Mr. Brewton:

The purpose of this letter is to document the mitigation measures that are under discussion for the Blue Lake Hydroelectric Expansion Project, P-2230-044 and to indicate the Forest Service's preference.

We are appreciative of your willingness to consider several proposed mitigation projects for the Blue Lake project. I want to emphasize that the Forest Service will not attempt to compel the City and Borough of Sitka (City) into agreeing to unacceptable or unduly burdensome mitigation. Any mitigation measures must be acceptable to both the City and the Forest Service. We do, however, find that it is appropriate for the City to mitigate for the 362 acres of National Forest System (NFS) lands that will be inundated by the expansion of Blue Lake.

The two combinations of potential mitigation projects under consideration are:

Plan A

1. Donation of two City-owned parcels of land within West Chichagof-Yakobi Wilderness to the United States. Exact acreage is unknown but appears to be between 48 and 69 acres. Title to the property and site conditions at the time of transfer would need to be acceptable to the Forest Service.
2. Development of a collection agreement to provide funding to the Forest Service for a campground host at the Sawmill Creek Campground. The City would contribute all of the funds needed to maintain the campground host, up to \$10,000 per year for the term of the license.

Plan B

1. Construction of a hike-in public recreation cabin along the Blue Lake to Beaver Lake trail route. Funding would be provided by the City. After construction, the cabin would be maintained by the Forest Service and added to the cabin reservation system.
2. Improvements at the Forest Service Sandy Beach recreation area according to a plan agreed to by both the City and the Forest Service.



3. Development of a collection agreement to provide funding to the Forest Service for a campground host at the Sawmill Creek Campground. The City would contribute up to \$10,000 per year for the term of the license.

The Forest Service prefers Plan A and finds that these two projects would provide quality mitigation for the impacts of the Blue Lake project to NFS lands and resources. Project 1 would eliminate two Wilderness inholdings and provide additional land for public use and recreation. Project 2 would improve visitor service and security at the Sawmill Creek Campground and would also improve security at the nearby Blue Lake Hydro structures and dam.

Plan B is also potentially acceptable to the Forest Service. If the West Chichagof-Yakobi land donation cannot be implemented, we would consider accepting Plan B as appropriate mitigation for the Blue Lake Expansion Project. Project 1 would increase recreation opportunities in the Sitka area. Project 2 would benefit the public by upgrading a popular recreation site, and Project 3, a host at the Sawmill Creek Campground, would benefit both the public and the City.

We look forward to working with you to reach mitigation decisions that are agreeable to both the City and the Forest Service. Carol Goularte and her staff at the Sitka Ranger District are your primary contacts for the mitigation discussions. They can be reached at (907) 747-6671.

Sincerely,



FORREST COLE
Forest Supervisor