


# CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

## MEMORANDUM

**To:** Mayor Eisenbeisz and Assembly Members

**Thru:** John Leach, Municipal Administrator 

**From:** Melissa Haley, Finance Director

**Date:** October 19, 2022

**Subject:** Supplemental Capital Appropriation for the Reconstruction of the Sheet Pile Wall and Crane at the Marine Service Center

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### **Background**

The City and Borough of Sitka was awarded a grant under the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grants program for the reconstruction of the sheet pile wall and crane at the Marine Service Center. In April of this year, the Assembly authorized the application for this grant and acknowledged that if approved, matching funding would need to be appropriated. The memo provided in April suggested that likely funding of the match would be the Harbor Fund as well as the Marine Service Center Fund.

The steel sheet pile retaining wall was originally constructed in 1976. Over the years several different corrosion protection systems have been installed to reduce corrosion of the sheet piling and steel tie-back rods. Additionally, there is a crane at the top of the wall that needs to be replaced to continue to support the fishing fleet and businesses that use this to load/unload product. In addition, the Marine Service Center cold storage building relies on the port wall for its structural integrity, as the land it sits on is held up by the wall.

### **Analysis**

Replacement of this asset is needed to both continue to have the port wall available to the fishing fleet as well as smaller cruise ships and to ensure that the Marine Service Center's structural integrity is not compromised. The opportunity to fund this project with the RAISE grant funding is critical to being able to maintain the current level of operations of both the port wall and the cold storage facility, both of which are important to local industry.

The port wall facility asset is owned by the Harbor Fund, but as it is integral to the structural integrity of the Marine Service Center, both funds will evenly share the working capital portion of the repair and once the repair has been completed, a revenue sharing agreement for revenue generated from the port wall will be entered into, to ensure that the investment by both funds is recognized.

### **Fiscal Note**

The total working capital for this project is estimated to be \$2,100,000, this provides the required 20% match of \$1,960,662 with a small buffer for staff time or other expenses that wouldn't be allowable under the RAISE grant. \$1,050,000 will be funded by the Harbor Fund, which, at June 30, 2022, had approximately \$3.4 million available in undesignated working capital. Another \$1,050,000 will be funded by the Marine Service Center Fund, which at June 30, 2022 had approximately \$2.3 million in undesignated working capital.

In addition, the existing contingent appropriation is in the Marine Service Center Fund, but as the asset is owned by the Harbor fund it should be appropriated in the Harbor Fund. A contingent appropriation for the grant amount of \$7,842,488 will be made in the Harbor Fund—the appropriation will remain contingent until the formal grant award is executed, which is anticipated only after a significant amount of design and environmental reviews have taken place.

### **Recommendation**

Approve ordinance 2022-26, appropriating \$2,100,000 (working capital) and \$7,842,488 (contingent grants) in the Harbor Capital Project Fund.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2022-26

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA MAKING SUPPLEMENTAL  
APPROPRIATIONS FOR FISCAL YEAR 2023  
(Reconstruction of the Sheet Pile Wall and Crane at the Marine Service Center)

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. **CLASSIFICATION.** This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. **SEVERABILITY.** If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. **PURPOSE.** The purpose of this ordinance is to make a supplemental Capital appropriation for FY2023.

4. **ENACTMENT.** In accordance with Section 11.10 (a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby makes the following supplemental appropriation for the budget period beginning July 1, 2022 and ending June 30, 2023.

<b><u>FISCAL YEAR 2023 EXPENDITURE BUDGETS</u></b>	
<b>CAPITAL PROJECTS</b>	
<b>Fund 750 – 90901 - MSC Bulkhead Repairs: Increase appropriations in the amount of \$2,100,000 to provide a match to the RAISE grant that has been approved for repair of the bulkhead wall. In addition, the contingent amounts currently budgeted under Fund 760 (Marine Service Center), should be moved to the Fund 750 (Harbor Fund) as that fund owns the bulkhead wall. The amount of the RAISE grant is \$7,842,488. The appropriation will be funded by the Harbor fund (\$1,050,000) and the Marine Service Center Fund (\$1,050,000).</b>	

**EXPLANATION**

The Harbor Fund and the Marine Service Center Fund will equally contribute to the match required for the reconstruction of the sheet pile wall at the Marine Service Center. The wall and the crane are assets of the Harbor Fund, however, the integrity of the Marine Service Center building is dependent on this wall as the building has ties that are connected to the wall. For this reason, the cost will be split between the two funds and an agreement to share revenue generated by the wall and the crane will be entered into.

5. **EFFECTIVE DATE.** This ordinance shall become effective on the day after the date of its passage.

**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska this 8th day of November 2022.

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**ATTEST:**

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**Sara Peterson, MMC**  
**Municipal Clerk**

**1<sup>st</sup> reading: 10/25/2022**  
**2<sup>nd</sup> and final reading: 11/8/2022**

**Sponsor: Administrator**

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**Steven Eisenbeisz, Mayor**