



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Coast Guard City, USA

MEMORANDUM

To: Mayor Hunter and Assembly Members
From: Maegan Bosak, Community Affairs Director
Subject: Resolution 2017-12 Federal Community Project Requests
Date: June 20, 2017

President Trump has made investment in national infrastructure a priority for his new Administration. As a result jurisdictions all around the country have been assembling their wish lists of projects for possible consideration. Governor Walker recently sent an initial list of Alaskan infrastructure projects for consideration by the Trump Administration. However, the Governor also provided notice that additional projects may be nominated by the state for qualifying municipal projects.

The state is therefore soliciting proposals for municipal or tribal infrastructure projects that might qualify for consideration under this federal program.

The City and Borough of Sitka (CBS) can submit up to three projects, ranked in priority order, including significant local match, meeting criteria, and shovel ready status.

Lobbyist Larry Markley suggested grouping individual projects, and providing local matches in the order of 20-80 – 20 percent fed and 80 percent other, as President Trump has eluded to in the Infrastructure package.

Criteria considered were:

- Promotion of American jobs and economic growth
- Improve the balance of international trade
- Promote American energy security
- Rebuild failing public critical infrastructure
- Meet an immediate life/safety concern

After much deliberation, the following projects are recommended in priority order:

1. **Alternative Potable Water Supply Development Project**
2. **Sitka Electrical Infrastructure Package**
3. **Harbor Infrastructure Package including Crescent Harbor and Eliason Electrical**

These long standing priority projects have been featured in CBS Legislative Priorities for many years and/or are featured in capital plans.

Please see attached project narratives.

RECOMMENDED ACTION: Pass the resolution.

CITY AND BOROUGH OF SITKA - SHOVEL READY PROJECTS

Project: ALTERNATIVE POTABLE WATER SUPPLY DEVELOPMENT PROJECT

Project Sponsor: CITY AND BOROUGH OF SITKA

Project Description: The City and Borough of Sitka (CBS) requests federal funding for the \$5,000,000 Alternative Potable Water Supply Development Project. Recent changes in the ADEC Drinking Water Program and federal regulations require increased treatment to provide inactivation of the protozoa cryptosporidium. Currently, CBS utilizes a single pipe to provide water to both the new hydroelectric generation facility and the water treatment plant. In 2013 and 2014, CBS spent \$140,000,000 to raise the height of the Blue Lake Dam from 145 feet to 228 feet and to construct a 16 megawatt power generation facility. To protect this investment in the hydroelectric project, CBS will at 5-year intervals shut down the shared pipe for maintenance and cleaning. During these maintenance periods or in times of emergency, CBS will be without a source of raw water.

During construction of the dam project, when Blue Lake water was unavailable, CBS spent over \$4,270,000 million to construct a temporary water treatment facility to treat water from a tannin-laden, salmon-bearing river closer to town. Much of the cost of that project went to rental of pressure filtration units, a cost that CBS does not wish to pass along to the ratepayers again.

CBS has investigated significant resources investigating groundwater potential. Starrigavan Valley has proven to be a significant groundwater source, while Indian River will require further field investigation. A Blue Lake Dedicated Waterline, bypassing the penstock, has also been investigated.

CBS must develop a long term DEC-approved alternate source for drinking water to avoid crippling the local economy and putting the community at risk due to insufficiently treated drinking water.

Federal Funding Requested: \$100,000 (20%)

Estimated Local Investment Necessary: \$4,000,000 (80%)

Current Status: Shovel Ready

Estimated Start Date for Construction: Spring 2018

Estimated Completion: Fall 2018

Fabrication and installation of the alternative water source piping would support the manufacturing, shipping and construction sectors of the economy, **promoting American jobs and local economic growth**. Repeated rentals of existing treatment units, meanwhile, would not promote new construction.

Most importantly, this project **meets an immediate life and safety concern**, as CBS could be without a source of raw water in an event of natural disaster or unplanned dam closure. This could have a detrimental effect on residents and businesses alike.

CITY AND BOROUGH OF SITKA - SHOVEL READY PROJECTS

Project: SITKA ELECTRICAL INFRASTRUCTURE PROJECT

Project Sponsor: CITY AND BOROUGH OF SITKA

Project Description: The City and Borough of Sitka (CBS) requests federal funding for the \$12,500,000 Sitka Electrical Infrastructure Project. This project will complete essential electrical infrastructure upgrades throughout Sitka including electrical substation upgrades at the Marine Street Substation, completing the Green Lake Power Plant Overhaul, and rebuilding the Thimbleberry Bypass Transmission Line

Over 80% of Sitka's citizens and customers are served from the Marine Street Substation. A back-up for this substation is imperative and necessary as the existing equipment is now over 35 years old. A new substation north of town would be ideal (Kramer Avenue area) however the cost was identified as being too high (more than \$13 million of the available capital would be consumed). Alternatively, the Electric Department is proposing to install a second bay at the existing Marine Street Substation at a cost of approximately \$3.9 million. This second bay would still utilize a portion of the older equipment, but the overall cost is substantially lower. This modification would also increase the amount of power that can be delivered from the Jarvis Substation to Marine Street customers in the event of an emergency. While not ideal, this provides the greatest increase in emergency backup at the lowest cost.

The Green Lake Power Plant is a very valuable asset for the community and has not been overhauled since the early 1990's. A major pre-inspection is scheduled for 2018 which will help to further define and identify the costs of a major overhaul. Similar plants have had overhauls in the cost range of \$8 million when a full rewind of the generators was required. We are currently recommending a reserve of \$4.8 million for this item. Numerous small inspections during the last twelve months have clearly demonstrated specific needs to return this overhaul to the list of required capital items.

The existing Thimbleberry Bypass Transmission Line portion of our 69kv backbone transmission line is installed in difficult and dangerous terrain and is subject to outages from fallen trees and extensive degradation of transmission poles. Presently, a repair during winter months has demonstrated to be dangerous and time-consuming (on the order of seven days), thus setting the amount of fuel storage required at the Jarvis Fuel System Storage. This plan, proposes to permit and install a bypass to the existing transmission line from the Whale park area to the Blue Lake Switchyard. This line would be planned on the inside of the roadway to minimize the impacts to the view shed. This line will reduce the cost of annual diesel fuel burned, reduce the redesign costs of the Jarvis Fuel System Storage (\$2M saved), likely eliminate the need to replace the very old diesel generation units at the Jarvis facility (\$10M saved), and eliminate the costly and dangerous maintenance required on the existing transmission line.

Federal Funding Requested: \$2,500,000 (20%)

Estimated Local Investment Necessary: \$10,000,000 (80%)

Current Status: Shovel Ready

Estimated Start Date for Construction: Upon funding

Estimated Completion: TBD

The CBS has invested in sustainable hydroelectric power with an expansion of the Blue Lake Dam. The large infrastructure project, completed in 2014, allowed an increase in electrical capacity for our island community. This significant community investment has ensured an environmentally responsible and renewable energy source for Sitka's future. With the completion of the Sitka Electrical Infrastructure Project, the necessary maintenance and upgrade projects will be completed **promoting Sitka's energy security**.

The Marine Street Substation Upgrades, Green Lake Power Plant Overhaul and the Thimbleberry Bypass Transmission Line Rebuild are all essential components of our independent energy source. The electrical infrastructure is aging and past its useful life, this **rebuild of failing public critical infrastructure** would ensure that Sitka's citizens are protected from electrical outages due to maintenance issues, as well as **meet immediate life and safety concerns**.

CITY AND BOROUGH OF SITKA - SHOVEL READY PROJECTS

Project: CRESCENT HARBOR FLOAT REPLACEMENT AND ELIASON HARBOR ELECTRICAL UPGRADE

Project Sponsor: CITY AND BOROUGH OF SITKA

Project Description: The City and Borough of Sitka (CBS) requests federal funding for the \$17,000,000 Crescent Harbor Float Replacement – Phase I and Eliason Harbor Electrical Replacement Project.

Crescent Harbor was designed and constructed by State of Alaska in several phases, between 1965 and 1970 and was deeded to the City in two parts in 2001 and 2004. Crescent Harbor provides moorage for 365 vessels ranging up to 75 feet in length. The makeup of the fleet includes both commercial and charter fishing vessels. The fishing and visitor industries are both critical to the local, regional and national economy.

The facility has undergone numerous repair projects in the past ~50 years. CBS has expended over \$400,000 over the past 5 years to keep Crescent Harbor safe and useable, however the facility has exceeded its useful life and must be replaced in its entirety. Freeboard (how high the floats sit above the water surface) has dropped from ~20 inches to as little as 7 inches across the harbor which has resulted in significant rot of structural timber sills and corrosion of metal fasteners in the timber floats. Spalling and hairline cracks in the surface of the concrete floats are evident. Hinge connection assemblies are worn due to constant steel-on-steel wearing resulting in section loss and reduced capacity of the connection hardware. The harbor electrical system is failing and does not meet current code requirements for ground fault protection of all circuits.

The Crescent Harbor Float Replacement – Phase I project includes complete replacement of the float system, new ADA-compliant gangways, reconstruction of access trestles, and replacement of potable water, fire, electrical and lighting systems to bring each up to current code standards.

Eliason Harbor, once referred to as New Thomsen Harbor, was designed by the State of Alaska, and constructed in two phases. Phase I construction began in 1996 and Phase II construction was completed in 1999.

Eliason Harbor was evaluated as a part of the Harbor System Master Plan in late 2011. While the overall harbor facility was deemed in good condition with a remaining safe and useable life of approximately 20 years, the consultants noted that the electrical system required substantial rehabilitation within the next five years. Significant issues within the Eliason electrical system include feeder cable abrasion/failure and rusting panels and load centers to the point of structural failure. In addition, new electrical code requirements mandate ground fault protection be provided when any significant work is done to the system.

The Eliason Harbor Electrical Replacement Project includes the replacement of the components of the harbor which are in the worst condition: main service equipment, main distribution panelboard and load centers on the floats, and the main cables between these components and the new pedestals.

Securing funding for these projects will ensure that critical harbor infrastructure remains in service to help support a healthy and vibrant commercial fishing industry and visitor industry in Southeast Alaska.

Federal Funding Requested: \$3,400,000 (20%)

Estimated Local Investment Necessary: \$13,600,000 (80%)

Current Status: Shovel Ready

Estimated Start Date for Construction: Fall 2018

Estimated Completion: Spring 2019

With a close proximity to fishing grounds, CBS maintains the largest and most vibrant small harbor system in the State of Alaska. Local seafood is shipped to the Pacific Northwest for distribution across the United States and export to markets in Asia. These facilities are critical pieces of infrastructure to Southeast Alaska's fishing and visitor industries and therefore both the regional and national economy, **both improving the balance of international trade.**

The Crescent Harbor Float Replacement and Eliason Harbor Electrical Upgrade Project will protect and **promote American fishing, seafood and visitor industry jobs and economic growth** opportunities that may be threatened should the facility fail and require decommissioning. This **rebuild of failing public critical infrastructure** would ensure that Sitka's number one industry is protected as well as **meet immediate life and safety concerns.**

BILL WALKER
Governor



P.O. Box 110001
Juneau, AK 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

May 19, 2017

The Honorable Matthew Hunter
Mayor
City and Borough of Sitka
100 Lincoln Street
Sitka, AK 99835

Dear Mayor Hunter,

President Trump has made investment in national infrastructure a priority for his new Administration. As a result jurisdictions all around the country have been assembling their wish lists of projects for possible consideration. Governor Walker recently sent an initial list of Alaskan infrastructure projects for consideration by the Trump Administration. However, the Governor also provided notice that additional projects may be nominated by the State for qualifying municipal projects.

The State is therefore soliciting proposals for municipal or tribal infrastructure projects that might qualify for consideration under this federal program. If interested in offering projects for consideration, please follow the criteria below:

- Limit submissions to a maximum of three projects for communities of less than 10,000; or five projects for communities over 10,000 in population.
- Rank order all projects, highest to lowest.
- Projects must have a significant local match or private sector component to the overall funding package – provide project budget proposal.
- Preference should be given to projects that are shovel-ready.
- Identify if any project qualifies for other federal capital funding programs; these projects will likely receive lower priority in this solicitation.
- Project nominations must include a narrative explaining how the project would contribute to one or more of the federal goals for this program, including:
 - Promote American jobs and economic growth
 - Improve the balance of international trade
 - Promote American energy security
 - Rebuild failing public critical infrastructure
 - Meet an immediate life/safety concern not readily addressable by other means

The Honorable Matthew Hunter

May 19, 2017

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Please submit all project nominations by June 30, 2017 via the Office of Management and Budget web interface: <https://www.omb.alaska.gov/html/omb-home/community-project-requests.html>.

Don't hesitate to let me know if you have any questions.

Sincerely,



John Hozey
Deputy Chief of Staff
Local Government Liaison