

HB 2-13-20

January/February Activity Report

ADEC Call---And scheduling a conference call with CBS

- 1). Christine was positive in her general approach—she said, more than once during the call, words to the effect that the “State does not seek to take action based on an event that has occurred and may never occur.” IN our notes this is a reference to ADEC not requiring (under EPA rules delegated to the State) CBS to go to a filtration system for all of Blue Lake since CBS has not had a 6th turbidity event (more than 5) in 10 years. This was good news from our perspective. We think it makes sense to ask ADEC for the number and specific dates of turbidity events it has in their record system for CBS.
- 2). Christine said that “ADEC does not have the authority to reset the clock on counting the turbidity events, or to waive prior events—but this implies at least the EPA may have that authority. If you agree, we suggest asking EPA if they have that authority to waiver or restart the count on turbidity events, especially given Blue Lake’s unique circumstance and the likelihood that the lake will “settle back down.”
- 3). She also said ADEC’s view is that CBS is proceeding in good faith towards a secondary filtration system (under SRF Program) for times when Blue Lake penstock is down for FERC inspection, or possible other reasons, and that there was no push at ADEC at this point to require more from CBS than what is being pursued.
- 4). We should schedule a call soon (this week or next to decide on specific project requests to the AK Delegation per the info below).

TIFIA Loan (EPA)

Per the last e-mail exchange with TIFIA’s Kevin McDonald (provided previously) the **Bottom line is: TIFIA will be happy to assist CBS if the SRF \$18 mil project proves insufficient for any reason).**

Port Infrastructure Development Grants

Attached is a letter we requested from the Alaska Congressional Delegation to Secretary of Transportation Elaine Chao (along with the City and Borough of Juneau and other AK Ports). We sent this to you previously for your information, but it is included again here because there is a good chance the USDOT will agree to the Delegation’s request in which case CBS would very likely be eligible for a Port grant and may want to submit an application once we know the operative dates.

Bond Debt Refinancing

While not necessarily related to a particular federal program, another area of potential assistance for CBS is in the area of exiting Bond Debt Refinancing. For this we need the green light to explore the subject, perhaps without any initial additional "legal costs" to CBS, with Blank Rome LLP lawyers and CBS Bond Counsel. We will try to determine whether there is a pathway to meaningful refinancing and, if not, what the impediments are and whether those impediments can be removed or overcome.

↳ Directed Blank Rome to proceed
2-13-20

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Report answering Mayor's Questions --- This detailed memo about the 4 areas of federal assistance discussed during my visit with the Assembly was sent previously, on . We should schedule a conference call this week or next as follow up to that memo because deadlines for project requests are coming up for FY '21 Appropriations, WRDA and NDAA requests)

Attache

Hugh Bevan

From: Gary Paxton (Assembly)
Sent: Monday, February 3, 2020 9:55 AM
To: Hugh Bevan
Subject: Re: Mayor Paxton Question

Noted

Gary Paxton
Mayor, City of Sitka

On Feb 2, 2020, at 9:46 AM, Hugh Bevan <hugh.bevan@cityofsitka.org> wrote:

Gary,
A Blankrome response to your questions.

Hugh

From: Zane, C. J. <Zane-CJ@blankrome.com>
Sent: Friday, January 31, 2020 1:32 PM
To: Hugh Bevan <hugh.bevan@cityofsitka.org>
Cc: Cowan, Genevieve <GCowan@BlankRome.com>; Ellison, Jennifer <JEllison@blankrome.com>
Subject: Mayor Paxton Question

Hugh, per our earlier e-mails, here is some information you can relay to the Mayor relative to his recent email. We should get on the phone next week to discuss this and move forward with priorities.

The four categories of federal assistance, and the reference to Bond Debt Refinancing, that I talked about during my presentation to the Assembly are as follows:

- 1) **Direct Appropriations:** Currently, it is no longer possible to get "earmarked" project funding that is specific to a particular state and/or location included in Congressional appropriations bills. However, it is possible for the AK Delegation, in some cases, to add funding or to hold funding steady for important and relevant program line items in the appropriations bills. For instance, the Delegation can seek to increase funding, or to prevent a decrease of funds, for Port Infrastructure grants or for "Build Grants" (previously "TIGER" grants). It is also possible for the Delegation to seek direct funding for the Denali Commission – not considered an "earmark" because the Commission is a federal agency - whereby the direction for use of the funds is understood, i.e. for a need in Sitka.
We will need to have a call to identify specific appropriations requests CBS wants BRGR to submit to the AK Congressional Delegation on your behalf, these need to be sent to the AK offices before the end of February.
- 2) **Authorizing (Policy) Legislation:** The authorizing, or policy bills, do not directly provide money but they do grant federal agencies the "authority" to spend money for policy objectives and outcomes. Funding is provided in one or more annual Appropriations bills. Examples of such include but are not limited to the following:

- a. **The National Defense Authorization Act (NDAA):** Congress has enacted an NDAA for 58 years in a row and it is very likely they will do so again during 2020 for FY 2021;
- b. **The Water Resources Development Act (WRDA):** This is the Army Corps of Engineers authorizing/policy legislation and a "WRDA '20" bill is expected to move, but may or may not be completed this year. This bill is usually passed every two years, the last in 2018. House members have started taking WRDA requests. [Press release](#) by T&I. More info on [WRDA 20](#);
- c. **Coast Guard Authorization Bill:** The 2019 Coast Guard bill is still pending but nearly completed and Congress will likely begin work on a bill for 2020 sometime in the late Spring or early Summer of this year;
- d. **Energy and Lands Legislation:** Congress will likely move along in the process, but may or may not complete, an Energy Authorizing bill this year as well as a Public Lands bill. The Senate Energy and Natural Resources Committee's Chairwoman Murkowski (R-AK) plans to bring a comprehensive energy package to the floor this year.
- e. **Surface Transportation Reauthorization:** This is also known as the "Highway" bill but it covers funding for much more than roads and includes things like transit (bus and train) highway, intermodal and ports, airports and more. This will probably not be completed in 2020 but significant progress could be made on the legislation this year, especially if agreement can be reached on new ways to fund the Highway and Waterways and Airports trust funds.

We need to identify specific policy outcomes and/or legislative provisions CBS would like to request for any or all of these bills as well as other legislation as it comes along.

- 3) **Grants:** Grant funding is available, almost always on a competitive basis via proposals or applications that CBS would submit to the federal agency offering the grant. There is no guarantee that submitting a request or application for a grant will result in an award, but persistence pays off when seeking and applying for a variety of grants. Examples that we've already helped CBS learn more about include, but are not limited to:

- a. **Department of Commerce, Economic Development Agency Grants:** These are usually no more than \$3 million but some in the range of \$5 million have been made.
- b. **Build Grants (formerly TIGER Grants):** The BUILD Transportation Discretionary Grant program provides a unique opportunity for the DOT to invest in road, rail, transit and port projects to achieve national objectives.
- c. **Port Infrastructure Development Grants:** With regard to this program, we are working with the Alaska Congressional Delegation to correct an eligibility problem with these grants. Currently they are only available to ports or harbors having a depth of 20' or greater.

- 4) **Federal and Federal/State Loan Programs:** Examples include but are not limited to:

- a. **EPA's Water Infrastructure Financing Innovation Act (WIFIA):** This very low interest and flexible federal loan program may be of use to CBS if a larger and more expensive filtration system is needed at Blue Lake, and/or if CBS has a wastewater project.
- b. **USDA, Rural Utilities Service grant:** This can be used to fund phase one of Green Lake upgrades.
- c. **EPA delegates its authority over water and air issues in Alaska to State DEC (ADEC):** ADEC has a "sister" loan program, called the State Revolving Fund that CBS is utilizing for the approximately \$18 M filtration system.

- 5) **Bond Debt Refinancing:** While not necessarily related to a particular federal program, another area of potential assistance for CBS is in the area of exiting Bond Debt Refinancing. For this we need the green light to explore the subject, perhaps without any initial additional "legal costs" to CBS, with Blank Rome LLP lawyers and CBS Bond Counsel. We will try to determine whether there is a pathway to meaningful refinancing and, if not, what the impediments are and whether those impediments can be removed or overcome.

Bottom Line: We are going to exhaust all legislative avenues readily available to us. That includes determining "asks" - be it policy language or funding - within Appropriations bills, WRDA, Surface Transportation Bill, Grant Applications etc., that would provide relief or an opportunity to fulfill the needs of CBS. Our goal over the next few weeks, as those legislative processes start moving, is to whittle down those requests in concert with CBS to our top few priorities for the FY 21 budget cycle.

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-----Original Message-----

From: Hugh Bevan <hugh.bevan@cityofsitka.org>
Sent: Thursday, January 30, 2020 6:36 PM
To: Zane, C. J. <Zane-CJ@blankrome.com>
Subject: FW: Lobbying

Questions from the Mayor, CJ.
Hugh

-----Original Message-----

From: Gary Paxton (Assembly) <assemblypaxton@cityofsitka.org>
Sent: Thursday, January 30, 2020 2:35 PM
To: Hugh Bevan <hugh.bevan@cityofsitka.org>
Subject: Lobbying

C. J. Mentioned there are four ways to pursue federal assistance, two besides loans were grants and federal legislation. Grant opportunities are few, competitive and usually at the most a few million in scope. On the other hand well crafted, designated federal legislation can have a much larger impact. My question to C. J. 's law firm is what specific actions/opportunities do they see or are they working on in terms of federal legislation to help us with green lake, water filtration plant or other issues. In deference to you being the only one to task them, which I fully agree with, I did not copy c. J.

Gary Paxton
Mayor, City of Sitka

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