


City and Borough of Sitka

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Coast Guard City, USA

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Melissa Henshaw, Public and Government Relations Director

Date: June 11, 2021

Subject: Authorization to Apply for a U.S. Department of Transportation Grant for Gary Paxton Industrial Park Haul-out

Project Background

\$1 billion is to be awarded by the U.S. Department of Transportation (USDOT) for National Infrastructure Investments now known as Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grants. Formerly TIGER and BUILD, the now titled RAISE Grants are for capital investment in surface transportation that emphasize safety, environmental sustainability, quality of life, economic competitiveness, and state of good repair along with partnership and innovation. This opportunity reflects the current Administration's priorities for creating good-paying jobs, improving safety, applying transformative technology, and addressing climate change and advancing racial equity.

In 2018 the GPIB Board began actively planning for the construct and operate a marine vessel haul out and related marine shipyard services. The goal of CBS is to create a privately run and managed marine services shipyard at the GPIB that has the capability of hauling out vessels up to 150 tons as well as hauling out larger barges for repair and refurbishment. Specifically, CBS is seeking to construct a marine vessel haul out facility and an EPA approved boat washdown area(s). Additionally, CBS has available for long-term lease up to 6.8 acres of GPIB uplands and would like to create opportunities for marine tradesmen and support businesses that support Sitka's commercial and sport fishing fleets.

Grant funding is wanted for an approximately \$6.4-million project to perform all environmental permitting, design and construction of infrastructure necessary to support its marine haul-out and upland shipyard operations.

The CBS has selected a proposer to develop and operate a haul-out and shipyard at GPIB. It is anticipated that this grant funding and proposed public investments in this infrastructure would greatly assist in accelerating and augment this overall development plan.

Grant Background

Link to the FY 2021 RAISE grant program: <https://www.transportation.gov/RAISEgrants/raise-nofo>

RAISE 2021 Grant key factors:

- RAISE Grant announced was April 13, 2021, and applications are due by July 12, 2021.
- Federal share is 80 percent and non-Federal share recommended amount is 20 percent. Although not recommended, rural communities can have a smaller non-Federal share.
- The 2021 RAISE Grant program has \$1 billion in available funds – Not more than 50 percent to rural and not more than 50 percent to urban projects.
- RAISE Grants may not be less than \$1 million allowed and not more than \$25 million per project. Not more than \$100 million for any one state.
- Fund to be awarded November 2021.
- Funds must be expended no later than September 30, 2029.
- Up to three RAISE Grants applications can be submitted.
- Previously incurred expenses cannot be included in the application.
- Required to follow Federal processes for procurement and permitting. Federal permitting may take 6 to 8 months and approximately \$200,000 per year.
- Benefit Cost Analysis is required.

Fiscal Note

Estimated Project Cost:

GPIP Haul-out and Uplands	\$6,464,800 amount requested
	<u>\$1,616,200 20% match</u>
	\$8,081,000 total

If funded, the infrastructure improvements will be accounted for within the GPIP Enterprise Fund as a capital project. To keep the grant match commitment flexible to be adjusted in the future, the grant application does not specify specifically what funding sources may be used to support the 20% match amount.

Outlined below are potential sources for the \$1,616,200 match which would come to the Assembly to authorize execution of the grant if/when we are selected for a grant. At this time, we would also seek Assembly guidance to finalize the source of working capital to be used to match the grant.

Possible match funding: The 20% match commitment of \$1,616,200 could come from the Southeast Economic Development fund (SEDF), which has approximately \$2.6 million available. This would be accomplished either by a transfer from the SEDF to the GPIP fund or by an internal loan from the SEDF to the GPIP fund. Other sources are the GPIP enterprise fund, though working capital in this fund is dwindling and there is insufficient working capital (~\$500K) to cover the full match commitment. Finally, the assembly could transfer funding from the General Fund (\$3.8 million undesignated fund balance as of the end of FY20) to cover the match commitment, however this would further reduce the ability to address growing deferred maintenance of other municipal infrastructure.

Recommendation

Approve resolution 2021-14 authorizing the Municipal Administrator to apply for a RAISE 2021 Grant with the U.S. Department of Transportation (USDOT) for \$6,464,800 with a 20% match commitment to support haul-out infrastructure at the Gary Paxton Industrial Park (GPIP).