

# 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 to support reconstruction of the port wall and crane at the Marine Service Center (MSC)

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### Project Background

The National Defense Authorization Act for Fiscal Year 2021 and the Consolidated Appropriations Act, 2021 appropriated \$230 million for the Port Infrastructure Development Program (PIDP) to make grants to improve facilities within, or outside of and directly related to operations of or an intermodal connection to, coastal seaports, inland river ports, and Great Lakes ports. Funds for the PIDP are to be awarded as discretionary grants on a competitive basis for projects that will improve the safety, efficiency, or reliability of the movement of goods into, out of, around, or within a port.

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 2011 an engineering condition assessment was performed on the retaining wall. The study concluded that a major renovation of the structure would be required in the near future for approximately \$9 million including all design, construction and permitting.

### Grant Background

Link to the FY 2021 PIDP grant program: <https://maritime.dot.gov/office-port-infrastructure-development/port-and-terminal-infrastructure-development/2019-port-1>

PIDP Grant key factors:

- PIDP Grant announced was March 29, 2021, and applications are due by July 30, 2021.
- Projects must improve safety, efficiency, or reliability of the movement of goods into, out of around, or within a port.
- Merit criteria for grant award:

- Effect on movement of goods.
- Net benefit.
- Leverage of Federal funding.
- Addressing climate change and environmental justice impacts
- Advancing racial equity and reducing barriers to opportunity.
- Leverage of Federal funding.
- Minimum award is \$1 million (no maximum).
- No more than \$57.5 million to any one state.
- Preference will be given to projects requiring a lower percentage of Federal share.
- Federal share is 80% and non-Federal share is 20%. May request special consideration for projects under \$10 million.
- Benefit cost ratio (BCR) must be greater than one.
- Only one application is allowed.
- Grants will be announced in November 2021.
- Funds to be expended by September 30, 2029.

### **Fiscal Note**

Estimated Project Cost:

MSC Port Wall and Crane	\$7,344,720 amount requested
	<u>\$1,836,180 20% match</u>
	\$9,180,900 total

If funded, the infrastructure improvements will be accounted for within the Harbor Department 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 \$1,836,180 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.

The 20% match commitment of \$1,836,180 for the MSC Port Wall could be funded in large part by the MSC Enterprise Fund working capital, though as revenue generated from the Port Wall is paid to the Harbor Fund, there is also justification to use Harbor Fund working capital (\$8.2 million) to fund part or all of the MSC Port Wall.

### **Recommendation**

Approve resolution 2021-16 authorizing the Municipal Administrator to apply for a PIDP 2021 Grant with the U.S. Department of Transportation (USDOT) for \$7,344,720 with a 20% match commitment to support reconstruction of the port wall and crane at the Marine Service Center (MSC).