



City and Borough of Sitka

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A Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: Assembly Members Kevin Knox and Kevin Mosher

Date: June 10, 2021

Subject: Norwegian Cruise Line Donation Allocation to Lincoln Street

Background

The Assembly accepted a \$1M donation from Norwegian Cruise Line (NCL) at their April 27th meeting and directed the Administrator to come back to the Assembly to seek guidance for a distribution plan. Many ideas were discussed during subsequent Assembly meetings and Assembly Members Mr. Knox and Mr. Mosher moved forward sponsoring this item to appropriate the funds directly to the Lincoln Street project per the attached budget appropriation ordinance 2021-16.

Lincoln Street Project Background (City Hall to Lake Street):

- Project was in consideration to be funded by Commercial Passenger Excise (CPET) funds for many years. However, as CPET funds significantly declined this was not possible.
- In FY18 the project was partially funded (\$950k) with General Funds to begin the design process and start saving money for the eventual replacement of the pavement and drainage including safety improvements.
- FY19 an additional \$1,405,000 was added to the project including \$105,000 in CPET funds providing a total project budget of \$2,355,000.
- Public Works hosted three public meetings and met with several property owners.
- Project was reviewed and approved by the Historical Preservation Commission.
- Police and Fire Commission approved converting Barracks and American Street to one-way.
- Assembly design review presentation June 2019. Project was put in question as not needed.
- Design was complete by July 2019 and put on hold.
- Assembly work session December 2019, direction was given to have more public process to decide if the project was warranted and if the scope should be reduced or increased to include landscaping and additional quality of life amenities and hardscapes.
- 2020 budget shortfalls were significant, and the project was directed to remain on hold.

Lincoln Street from Jeff Davis to Lake Street was defunded to fund other more urgent capital projects (including Peterson St. culvert and Knutson Dr. emergency repair)

Current Design Project Scope Summary:

- Lincoln Street has approximately \$1.6M remaining. To complete the project as designed is estimated to need an additional \$813,000.
- Pavement replacement from City Hall to Lake Street
 - Most recent pavement reconstruction: 1985
 - Most recent pavement overlay: 2002
- Curb ramps re-built to comply with ADA Standards.
- Limited, select areas of failing sidewalk will be replaced.
- Corroding / failing storm infrastructure will be replaced.
- Some drainage will be re-routed to discharge next to Totem Square.
- New water main to serve Cathedral Way.
- Safety improvements in front of St. Michael's Cathedral.

Analysis

The NCL donation amount of \$1M aligns well with the funding needed to complete the basic maintenance project similar in nature to what was previously designed. However, significant increases in visitors to Sitka is anticipated and there is growing concern that the existing layout of Lincoln Street is in need of more significant upgrades in capacity for pedestrians and busses. Furthermore, we have received increasing support for downtown to be revitalized with modern landscaping/hardscape, lighting, safety, and function improvements. Once the project is complete, it will be very expensive and inefficient to do rework if these modifications are not planned for now.

Allocating NCL funding to the Lincoln Street project will move it from a state of being short funded to being able to move forward. This will promote discussion and planning to take place related to continuing with the project as designed or to wait for additional funding to increase the scope or possibly do it in phases. Staff can work on concepts through the tourism planning group this fall and provide the Assembly an updated presentation in the January/February timeframe to overview the range of options. The tourism planning workgroup is scheduled to focus on Lincoln Street in August/September timeframe which gives staff a few months to work on concepts and time afterwards to make revisions, compile public comment, and develop cost estimates.

Fiscal Note

Lincoln Street project is divided into segments. Project #90838 is from Lake Street to City Hall (aka Harbor Way to Harbor Drive) and Project #90844 is from Lake Street to Jeff Davis Street. Lincoln Street from Jeff Davis Street to the National Park Service is already complete.

This budget appropriation ordinance will directly appropriate funds to the Lincoln Street project #90838 (Lake Street to City Hall) which is the only project currently funded.

Lincoln Street remaining budget and additional funding needs by segment:

<u>Lincoln Street Segments:</u>	<u>Remaining Budget:</u>	<u>Additional Funds Needed:</u>
Lake Street to City Hall	\$1.6M	\$813k to \$3.4M
Lake Street to Jeff Davis Street	\$0	\$3.5M

Other potential funding sources consist of the Long Term Public Infrastructure Sinking Fund (Sinking Fund) which has an approximate balance of \$527K and the CPET funds with an approximate balance of \$1.1 million. Code outlines that the use of the Sinking Fund is for General Fund municipal buildings, streets, sidewalks, parking lots and parks and shall be annually appropriated as recommended by the Administrator in his/her annual budget. Money going in or out of this Sinking Fund is per the Administrators direction unless a supermajority vote by the Assembly directs otherwise or allocates it for emergency purpose as defined by code section 4.45.05. This funding is would most likely be considered for appropriation into the project during the FY23 budget once the scope and budget are approved. Finally, General Fund working capital could also be used as a funding source. If ARPA funds are used to as revenue replacement, General fund working capital will be higher than previously anticipated, making funding this project more feasible. Directly appropriating ARPA funds, would be more challenging as there would then be time constraints on the project as well as potentially more complicated procurement.

Recommendation

- Approve ordinance 2021-16 appropriating the sum total of the Norwegian Cruise Line donation \$1,000,000 directly to the Lincoln Street project 90838.
- Lincoln Street project to remain on hold until scope and budget are further developed through the tourism planning process and finalized by the Assembly.