

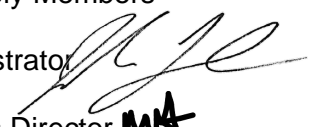
City and Borough of Sitka


PROVIDING FOR TODAY...PREPARING FOR TOMORROW

A Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Michael Harmon, Public Works Director 

Date: September 1, 2021

Subject: Sitka Seaplane Base Phase II Grant Resolution and Approval to Proceed Federal Aviation Administration Design and Land Acquisition Grants

Background

The existing Sitka Seaplane Base (SPB) has been operating for more than 65 years and is at the end of its useful life. Planning for its replacement began in 2000 with the preparation of a 'Facility Needs Assessment' where capacity, safety, and facility deficiencies were identified. This was followed by a 2002 Master Plan prepared by HDR Engineers, which studied twelve alternate locations for the development of a new SPB including the amenities missing at the existing base. The following work has been completed to date:

2012 and 2016 Siting Studies: A 2012 Siting Study conducted by DOWL HKM Engineers examined the three remaining sites that were not eliminated in the Master Plan due to fatal flaws, which made the sites unworkable due to environmental, capacity, or because the sites could not provide a safe operating or docking environment. The 2016 Updated Siting Study by DOWL Engineers, further evaluated the preferred location and included an Economic Impact Study showing positive economic impacts to the community.

Resolution 2018-22: In 2018 the Assembly identified the development of a new public use SPB as a priority and passed Resolution 2018-22 supporting the acquisition of an upland parcel at 1190 Seward Avenue, Sitka, AK, from the Department of Education and Early Development (ADEED) and directed staff to prioritize acquiring Federal funding for the project. Discussions were held with ADEED regarding sale of the parcel. Staff also submitted an application to the Department of Natural Resources (DNR) for conveyance of adjacent tide and submerged lands.

Phase I - FAA Airport Improvement Program (AIP) Grant: In 2019 the Assembly approved and accepted an FAA AIP Grant for Aviation Facility Planning and an Environmental Assessment (EA). To date the following Phase I tasks have been completed:

- A Planning Level Facility Layout for the project with stakeholder participation.
- An Airport Layout Plan (ALP) was developed and registered with the FAA.
- A SPB Airport Capital Improvement Program (ACIP) was developed and submitted to the FAA. This plan programs 5 years of capital improvement projects that receive

\$150,000 FAA Annual Entitlement Funding. These funds can be banked for up to 5 years and merged to complete a larger project.

- The Environmental Assessment was completed in early June 2021 and submitted to FAA. On June 9, 2021, the FAA issued a 'Finding Of No Significant Impacts' (FONSI), which enables the CBS to apply for FAA AIP Grants for the next phase of the project (Land Acquisition and Design). Permitting contingencies required for the EA will be completed during the upcoming design phase.

Analysis

This phase of the SPB project will secure FAA funding for Land Acquisition and Design. The new SPB has a Wait List of 16 aircraft intending to base at the facility once it is constructed, which exceeds the 10 minimum required for a basic General Aviation (GA) Airport. The FAA has determined the new SPB is a needed viable critical transportation development project that will also provide positive economic impacts for Sitka and surrounding communities.

Phase II – FAA AIP Land Acquisition Grant: Staff has completed the following items:

- Fair Market Value (FMV) Appraisal and the Review Appraisal for the ADEED parcel.
- DNR Application for conveyance of submerged and tidelands.

Staff is continuing to work on the following in-progress items:

- Continued coordination with ADEED for fee simple title purchase agreement.
- Final completion of the conveyance of submerged and tidelands from DNR to the CBS.

Phase II – FAA AIP Design Grant: Staff has completed the following items:

- Advertise a Request for Qualifications (RFQ) for Professional Design Services and Consultant selection.
- Scope of work and fee negotiations with the selected consultant, DOWL Engineering.
- Independent Fee Estimate by PDC Engineering.

Currently: CBS Resolution for Assembly approval, supporting the development of a new public use SPB with FAA AIP Land Acquisition and Design Grants and required match, for the regular September 14, 2021, Assembly Meeting. The Resolution is required for the AIP grants.

Anticipated Project Schedule: The FAA budget cycle for the current Land Acquisition and Design Grants with 0% match ends in September. To ensure the CBS did not miss this opportunity the Land Acquisition and Design Grant Applications were submitted to the FAA as placeholders on August 27, 2021. If this Resolution of Support for Development of the New Sitka SPB is not approved by the Assembly, staff will pull the submitted grant applications from the FAA review process.

It is anticipated the design, permitting, and bidding of the SPB will take approximately 2 years to complete. An additional design phase task that is not a component of the FAA AIP Grant process is the develop of a SPB Business/Operations Plan. This plan will be developed by CBS staff in coordination with Stakeholders and will identify future revenue sources and operating expenses. Through revenue stream development/collection, cost controls and good management the development of a balanced self-sustaining operations budget is anticipated.

Fiscal Note

The FAA AIP Land Acquisition Grant Request for \$828,248 for the purchase of the upland parcel from ADEED for the SPB and \$3,208,066 Design Grant Request for the SPB design and CBS administrative/management costs for this phase of the project are in the current FAA Federal FY' 21 funding plan. Typically, the local match for an FAA AIP Grant is 6.25%; however, during the Federal FY'21 funding cycle, which ends with the Federal Fiscal year, on September 30, 2021, the local match is 0%. It is not known at this time if the 0% match will be extended to future funding cycles. It is in the CBS's best interest accept an FAA grant offer upon its receipt. Under the typical 6.25% match requirement the CBS match for the combined \$4,036,314 grants would be \$252,269.63.

By moving forward with the Land Acquisition and Design Grant, the CBS is committing to the construction and completion of this project. The FAA AIP Grant Agreement states:

Design Grant. This grant agreement is being issued in order to complete the design of the project. The Sponsor understands and agrees that within 2 years after the design is completed that the Sponsor will accept, *subject to the availability of the amount of federal funding identified in the Airport Capital Improvement Plan (ACIP)*, a grant to complete the construction of the project in order to provide a useful and useable unit of work.

The Sponsor also understands that if the FAA has provided federal funding to complete the design for the project, and the Sponsor has not completed the design within four (4) years from the execution of this grant agreement, the FAA may suspend or terminate grants related to the design.

The Rough Order Magnitude (ROM) cost estimate for the construction phase of this project, which includes CBS administrative/management costs, is \$15 million. The potential future local match assumed to be 6.25% on \$15 million would be \$937,500; however, if required due to funding constraints, this amount could be spread out over multiple years by phasing construction (*provide a useful and useable unit of work*) and still be compliant with the grant requirements. Match funding could come from the General Fund, the Harbor Fund, or other governmental funds such as the Southeast Economic Development Fund. As the Seaplane base has been an asset of the Harbor Fund, and any revenue it has generated, has gone to the Harbor fund, there is justification for funding to come from the Harbor Fund, though the higher than inflation rate increases necessary to ensure upkeep of the funds infrastructure may be reason to consider subsidization from another source.

Recommendation

Approve moving forward with the development of the new public use Sitka Seaplane Base and Authorize the Municipal Administrator to execute all necessary documents for acquiring land from ADEED and DNR and all documents for Federal Aviation Administration (FAA) Design and Land Acquisition Airport Improvement Program (AIP) grants.

- Encl: 1. SPB Planning Level Upland and Marine Facility Layout Concept
 2. Resolution 2018-22
 3. Co-Sponsor Memo SPB 8/30/2018 Assembly Meeting

Additional information and the project documents can be found on the CBS website at:
<http://www.cityofsitka.com/government/departments/publicworks/SitkaSeaplaneBaseSitingStudy.htm>

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2021-18

A RESOLUTION OF THE CITY AND BOROUGH OF SITKA SUPPORTING THE DEVELOPMENT OF A NEW PUBLIC USE SEAPLANE BASE AT THE PREFERRED LOCATION, NORTH END OF JAPONSKI ISLAND, SITKA, ALASKA

WHEREAS, the new Sitka Seaplane Base (SPB) Wait List of 16 aircraft intending to base at the new facility once it is constructed exceeds the 10 minimum required for a basic General Aviation (GA) Airport; and

WHEREAS, the Federal Aviation Administration (FAA) has determined the new SPB is a needed viable critical transportation development project that will also provide positive economic impacts for the City and Borough of Sitka (CBS) and surrounding communities; and

WHEREAS, the CBS Assembly identified the development of a new public use SPB a priority and passed Resolution 2018-22 in support of the acquisition of the land located at 1190 Seward Avenue, Sitka, Alaska, (Preferred Location) from the Alaska Department of Education and Early Development (ADEED); and

WHEREAS, the Assembly approved the Administrator's execution and acceptance of the FAA Airport Improvement Program (AIP) Grant for the SPB Facility Phase I, Aviation Planning and the Environmental Assessment (EA) at the Preferred Location; and

WHEREAS, the FAA issued a Finding Of No Significant Impact (FONSI) for the recently completed SPB EA allowing the project to move forward to Phase II, Land Acquisition and SPB Design; and

WHEREAS, the FAA Airport Improvement Program Grants available to the CBS in the amount of \$828,248 for Land Acquisition with 0% to 6.25% (\$0 to \$51,766) local match requirement; and \$3,208,066 for Design with 0% to 6.25% (\$0 to \$200,504) local match requirement (please note that the current FAA local match requirement is 0% through September 2021. It is not known if the FAA will increase the Local Match requirement for grant applications submitted after September 30, 2021).

NOW, THEREFORE, BE IT RESOLVED by the Assembly of the CBS to authorize the Municipal Administrator to execute all required documents for the AIP Grants and Land Acquisition for the development of a new public use Sitka Seaplane Base at the preferred location.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska on this 14 day of September, 2021.

Thor Christianson, Deputy Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st and final reading 9/14/2021

Sponsor: Administrator