



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Hunter and Assembly Members
Keith Brady, Municipal Administrator

From: Kevin Knox and Dr. Richard Wein

Date: August 22, 2018

Subject: Sitka Seaplane Base redevelopment

The Sitka Seaplane Base, in operation for over 65 years, has been the backbone for remote air access around Sitka and the region, recreationally and economically. The current facility constructed over 50 years ago is in desperate need of replacement. In 2002, a report entitled "Sitka Seaplane Base Master Plan" was prepared for the city. The siting studies were conducted in 2012 and again in 2016 and reports generated outlining the selection process of the preferred alternative site. In the past, there was full occupancy at our facility with a waiting list. However, over time use of the dock declined due to facility decline and service needs not available. If it were not for in-house construction and repair by the harbor department the existing base would have essentially been non-functional. The updated details of the seaplane base are contained in the DOWL report of 2016.

Over the past several years discussions with the State of Alaska, owner of the upland area adjacent to the proposed site have stalled the development of the new facility. Former City Engineer Dan Tadic wrote a memo (2017) that stated that the acceptance of our seaplane application documents by the FAA appears to be imminent, in fact National Plan for Integrated Airport Systems has identified the base as a priority project. FAA Airport Improvement Program (AIP) funds earmarked for this projects like this are available to Sitka. Currently there is an upcoming deadline for possibly funding this project at 100%, with additional funds being made through increases to FAA infrastructure grants in recent congressional funding to the AIP. If the 100% funding option is not accessible to the seaplane base, traditional 96.75%/3.25% matching AIP funding is available.

In 2016 an economic impact study was conducted outlining the local and regional value that the base redevelopment would have. Of note the report reports of increased business investment in Sitka by air carriers and aviation support businesses associated

with a new seaplane base; revenue earned from use of A29 by Sitka-based aviation-related businesses, and increased revenues earned by those businesses associated with a new public seaplane base; and revenue earned from visitors to Sitka using A29 and increased visitor activity in Sitka associated with a new facility, such as increased spending in hotels, restaurants, shops, and on tours.

The delay in proceeding with this FAA funded project resulted in a significant shift of seaplane business from Sitka. This resulted in a loss of hundreds of flights each year to Sitka and the associated fees, lodging, supplies, etc. Remote lodges like Warm Springs Lodge now send clients to Juneau as their interim stop. The US Forest Service must use Ward Air as a their primary air transportation to remote locations at a significant increase in cost. NSRAA has also shifted all of their summer supply and staff transportation out of Juneau and Ward Air.

As a snapshot of recurring annual economic impacts:

Table 8
Recurring Annual Economic Impacts within the Sitka Borough
of a New Public Seaplane Base

	From Aviation Activity	From Visitor Spending	Total Impacts
Total Earnings by Sitka Businesses	\$580,897	\$234,878	\$815,775
Direct Impacts	\$429,396	\$168,000	\$597,396
Indirect Impacts	\$103,942	\$37,700	\$141,642
Induced Impacts	\$47,559	\$29,178	\$76,737
Earning Staying in Sitka	\$222,149	\$142,010	\$364,159
Payroll and Proprietor's Income	\$145,434	\$89,637	\$235,071
Rent, Royalties and Dividends	\$39,680	\$32,345	\$72,025
Local Fees and Taxes	\$37,035	\$20,028	\$57,063
Jobs (Full-time equivalent)	3.1	2.7	5.8
Percent Earnings Staying in Sitka	38.2%	60.5%	44.6%

Source: Southeast Strategies and IMPLAN, 2016.

To best understand the overall economic impact we encourage the review of the economic impact study.

Time has come again to renew the discussion and give direction to the city concerning what is potentially a vital link between Sitka and our rural neighbors.