



**City and Borough of Wrangell  
Borough Assembly Meeting  
AGENDA**

**November 27, 2012 – 7:00 p.m.**

**Location: Assembly Chambers, City Hall**

- 1. CALL TO ORDER**
  - a. PLEDGE OF ALLEGIANCE** led by Assembly Member Wiederspohn
  - b. INVOCATION** to be given by Nettie Covalt from the Presbyterian Church
  - c. COMMUNITY PRESENTATION**
- 2. ROLL CALL**
- 3. AMENDMENTS TO THE AGENDA**
- 4. CONFLICT OF INTEREST**
- 5. CONSENT AGENDA:**
  - a. Items (\*) 6a, 7a, 7b, 7c, 7d, 7e, 7f, 7g, 7h & 13h**
- 6. APPROVAL OF MINUTES**
  - \*a. Minutes of Regular meeting held October 30, 2012**
- 7. COMMUNICATIONS**
  - \*a Gaming Permit Application for the Alaska State Elks Association**
  - \*b Gaming Permit Application for the American Legion Post #6 Auxiliary**
  - \*c Gaming Permit Application for the Benevolent & Protective Order of Elks Lodge # 1595**
  - \*d Gaming Permit Application for the Wrangell Golf Club, Inc**
  - \*e Department of the Army – Corps of Engineers Alaska District – SPECIAL PUBLIC NOTICE (SPN) POA-2012-138 – SE Alaska Watershed Coalition Mitigation Fund**
  - \*f Department of the Army – Corps of Engineers Alaska District – Permit Modification, file number POA-1990-114-M7, Zimovia Strait**
  - \*g Minutes of Parks & Recreation Board Regular meeting held October 3, 2012**
  - \*h Minutes of the TBPA regular meeting held September 4, 2012**
- 8. BOROUGH MANAGER’S REPORT**
- 9. BOROUGH CLERK’S FILE**
- 10. MAYOR/ASSEMBLY REPORTS AND APPOINTMENTS**
  - a. Reports by Assembly Members**

- b. Certificates of Service presented to August Schultz, Planning & Zoning Commission and Economic Development Committee
- c. Certificate of Service presented to Dave Sweat, Port Commission
- d. Appointment to fill the vacancy on the Planning & Zoning Commission
- e. Appointment to fill the vacancy on the Economic Development Committee

**11. PERSONS TO BE HEARD**

**12. UNFINISHED BUSINESS**

- a. **PROPOSED ORDINANCE: AN ORDINANCE OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING TITLE 3, CHAPTER 3.32.030 (D) AND CHAPTER 3.32.090 AND ORDINANCE NO. 865 OF THE WRANGELL MUNICIPAL CODE RELATING TO THE WRANGELL MEDICAL CENTER AND LONG-TERM CARE FACILITY BOARD (*second reading*)**

**13. NEW BUSINESS**

- a. **PROPOSED RESOLUTION: A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, ADOPTING AN ALTERNATIVE ALLOCATION METHOD FOR THE FY 2013 SHARED FISHERIES BUSINESS TAX PROGRAM AND CERTIFYING THAT THIS ALLOCATION METHOD FAIRLY REPRESENTS THE DISTRIBUTION OF SIGNIFICANT EFFECTS OF FISHERIES BUSINESS ACTIVITY IN FISHERIES MANAGEMENT AREA 18: CENTRAL SOUTHEAST**
- b. **Approval to schedule a Workshop Session for the purpose of discussing the use of technology by staff and the Borough Assembly.**
- c. **Approval to Remove Harbor Receivable Accounts and Forward to Collection Agency**
- d. **Assembly Action relating to the D. Hittle and Associates "Operations and Maintenance Organizational Review" report**
- e. **Approval of Change Order #2 to Ketchikan Ready Mix for the Etolin Street & Medical Campus Utilities Assistance Project**
- f. **Approval of Amendment #2 to R&M Engineering-Ketchikan for the Etolin Street & Medical Campus Utilities Assistance project**
- g. **Authorization to Participate in the Community Development Block Grants (CDBG) Program**
- \*h **Final Plat Approval for the Reed/Larson Easement Vacation**

**14. ATTORNEY'S FILE**

**15. EXECUTIVE SESSION**

- a. Discussion of Wrangell v. Rea, et.al. 1WR-12-55**

**16. ADJOURNMENT**

# **CITY & BOROUGH OF WRANGELL, ALASKA**

## **BOROUGH ASSEMBLY**

### **AGENDA ITEM**

**November 27, 2012**

#### **ITEM NO. 1 CALL TO ORDER:**

INFORMATION: The Mayor, by code, is required to call the meeting to order at 7:00 p.m. in the Borough Assembly Chambers. Special meetings or continued meetings may be called for at differing times but at the same location. Notice of such will be required by the Borough Clerk. The Mayor will call the meeting to order according to such special or continued meeting notice. At all meetings of the assembly, four assembly members or three members and the mayor shall constitute a quorum for the transaction of business, but a smaller number less than a quorum may adjourn a meeting to a later date.

#### **RECOMMENDED ACTION:**

The Mayor, as presiding officer, is to call the meeting of the Borough Assembly to order, with the following actions to follow:

- a. Pledge of Allegiance to be given by Assembly Member Maxi Wiederspohn
- b. Invocation to be given
- c. Community Presentation

#### **ITEM NO. 2 ROLL CALL – BOROUGH CLERK:**

INFORMATION: The Borough Clerk shall conduct a roll call of each elected and duly qualified Assembly Member. Such call shall result in an entry of those present or absent from the meeting. The roll call is primarily utilized in determining if sufficient member(s) are present to conduct a meeting. The Borough Clerk may randomly change the conduct of the roll to be fair to the members of the governing body unless the council determined an adopted procedure for roll call which is different than currently in use.

#### **RECOMMENDED ACTION:**

Borough Clerk to conduct a roll call by voice vote. Each member to signify by saying here, present (or equal) to give evidence of attendance.

#### **ITEM NO. 3 AMENDMENTS TO THE AGENDA:**

INFORMATION: The assembly may amend the agenda at the beginning of its meeting. The outline of the agenda shall be as from time to time prescribed and amended by resolution of the assembly. (WMC 3.04.100)



# **CITY & BOROUGH OF WRANGELL, ALASKA**

## **RECOMMENDED ACTION:**

The Mayor should request of the members if there are any amendments to the posted agenda. ***THE MAYOR MAY RULE ON ANY REQUEST OR THE ASSEMBLY MEMBERS MAY VOTE ON EACH AMENDMENT.***

## **ITEM NO. 4 CONFLICT OF INTEREST:**

**INFORMATION:** The purpose of this agenda item is to set reasonable standards of conduct for elected and appointed public officials and for city employees, so that the public may be assured that its trust in such persons is well placed and that the officials and employees themselves are aware of the high standards of conduct demanded of persons in like office and position.

An elected city official may not participate in any official action in which he/she or a member of his/her household has a substantial financial interest.

## **ITEM NO. 5 CONSENT AGENDA:**

**INFORMATION:** Items listed on the Consent Agenda or marked with an asterisk (\*) are considered part of the Consent Agenda and will be passed in one motion unless the item has been removed by an Assembly Member or the Mayor and placed on the regular agenda.

## **RECOMMENDED ACTION:**

Move to approve those Agenda items listed under the Consent Agenda and those marked with an asterisk (\*) Items:

*6a, 7a, 7b, 7c, 7d, 7e, 7f, 7g, 7h & 13i*

## **ITEM NO. 6 APPROVAL OF MINUTES:**

## **INFORMATION:**

*6a Minutes of Regular Assembly meeting held October 30, 2012*

**Minutes of Regular Assembly Meeting  
Held on October 30, 2012**

Vice-Mayor Bill Privett called the regular assembly meeting to order at 7:00 p.m., October 30, 2012, in the Assembly Chambers. Assembly Members McCloskey, Stough, Wiederspohn and Stokes were present. Mayor McConachie was absent. Borough Manager Timothy Rooney and Borough Clerk Kim Flores were also in attendance.

Pledge of Allegiance was led by Assembly Member Privett.

Invocation given by Pastor Kem from the Harbor Light Assembly of God Church.

**COMMUNITY PRESENTATION**

None.

**AMENDMENTS TO THE AGENDA**

None.

**CONFLICT OF INTEREST**

None.

**CONSENT AGENDA**

*Moved by McCloskey, seconded by Stough, to approve Consent Agenda Items marked with an (\*) asterisk, 6a, 7a, 7b and 7d. Motion approved unanimously by polled vote.*

**APPROVAL OF MINUTES**

- \*6a Minutes of Special Assembly meeting held October 8, 2012; Minutes of Special Assembly meeting held October 8, 2012; Minutes of Regular Assembly meeting held October 9, 2012

**COMMUNICATIONS**

- \*7a Minutes of Regular School Board meeting held August 13, 2012; Minutes of Special School Board meeting held August 29, 2012; School Board Action from the Special meeting held October 11, 2012; School Board Action from the Regular meeting held October 15, 2012
- \*7b Minutes of Regular Parks & Recreation Board meeting held September 5, 2012
- \*7c Travel Summary for the Month of September, 2012

**BOROUGH MANAGER'S REPORT**

Borough Manager Rooney's report was provided.

Assembly Members Stough and McCloskey thanked Manager Rooney for his detailed report.

Manager Rooney stated that his report could be found online at [www.wrangell.com](http://www.wrangell.com) and that there was a copy provided to the public in the City Hall Lobby.

## **BOROUGH CLERK'S FILE**

Upcoming Dates to Remember:

- Absentee Voting for the General Election ends on November 5, 2012 at 5:00 p.m.
- General Election Day, November 6, 2012 at the Nolan Center from 7:00 a.m. to 8:00 p.m.
- City Hall will be closed in observance of Veteran's Day on November 12, 2012
- Regular Borough Assembly meeting was cancelled for November 13, 2012
- City Hall will be closed in observance of the Thanksgiving Holiday on November 22 & 23, 2012

Clerk Flores reported on the upcoming travel & training dates:

- Clerk Flores would be attending the Alaska Association of Municipal Clerks (AAMC) Conference in Anchorage from November 9, 2012 through November 14, 2012.
- Assembly Members Stough and Wiederspohn would be attending the Alaska Municipal League (AML) and the Newly Elected Officials (NEO) training Conferences in Anchorage from November 11, 2012 thru November 16, 2012.
- Mayor McConachie would be attending the AML and the Alaska Conference of Mayors (ACoM) Conferences in Anchorage from November 12, 2012 through November 17, 2012.

## **MAYOR/ASSEMBLY REPORTS AND APPOINTMENTS**

### **10a Reports by Assembly Members**

Assembly Member Stough encouraged residents to attend the Workshop Session to discuss the "Operations and Maintenance Organizations Review" report produced by D. Hittle and Associates, scheduled for November 5, 2012 at 5:30 p.m. in the Borough Assembly Chambers.

### **10b Proclamation for Extra Mile Day – November 1, 2012 was presented.**

### **10c Resignation from Planning & Zoning Commission and Economic Development Committee by August Schultz**

***Moved by McCloskey, seconded by Stough, to accept the resignation from August Schultz from the Planning and Zoning Commission and the Economic Development Committee. Motion approved unanimously by polled vote.***

**10d** Appointment to fill the vacancy of Seat "B" of the Borough Assembly

Vice-Mayor Privett thanked Patricia (Patty) Gilbert, Hollie Levine and David L. Jack for their letters of interest for the vacancy on the Borough Assembly.

***Moved by Stough, seconded McCloskey to appoint David L. Jack to fill the vacancy of Seat "B" of the Borough Assembly up until the next Borough Election to be held October 1, 2013. Motion approved unanimously by polled vote.***

Borough Clerk Flores administered Oath of Office to David L. Jack.

**10e** Appointment to fill the vacancy of Port Commissioner on the Wrangell Port Commission

***Moved by McCloskey, seconded by Wiederspohn, to appoint Eric Yancey to fill the vacancy of Port Commissioner to the Port Commission up until the next Borough Election to be held October 1, 2013. Motion approved unanimously by polled vote.***

#### **PERSONS TO BE HEARD**

***Robert Maxand***, 319 Church Street, asked Clerk Flores to read a letter he had provided to the Assembly and also requested that the letter be inserted into the record.

**Dear Mayor Don McConachie, Wrangell City Council, and Tim Rooney, City Manager,**

**It has come to our attention that there is a vacant seat on the city council and we would like to recommend the most well-suited citizen in Wrangell to fill this position. It is our fervent hope that you will consider Dave Jack to once again serve the City and Borough of Wrangell as a council member.**

**Dave has proven his devotion to Wrangell through his many years of service as a council member and as a police officer. Dave lost his bid for mayor by a tenuous two votes. By virtue of his accomplishments, Dave is known to be well versed in city and state law as well as in the codes and ordinances of the City and Borough of Wrangell.**

**Dave is the only member of the city council to attend each and every Wrangell Medical Center board meeting and there could be no finer citizen to help our hospital rise to its potential. There is no man in the city more honorable, reputable, or respectable than Dave Jack and it would be only to our benefit to have him at our service once again**

**Please join with me to make sure Dave Jack is right back where he should be, occupying a seat on the city council.**



## UNFINISHED BUSINESS

None.

### NEW BUSINESS

**13a** PROPOSED ORDINANCE NO. 866: AN ORDINANCE OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING TITLE 3, CHAPTER 3.32.030 (D) AND CHAPTER 3.32.090 AND ORDINANCE NO. 865 OF THE WRANGELL MUNICIPAL CODE RELATING TO THE WRANGELL MEDICAL CENTER AND LONG-TERM CARE FACILITY BOARD (*first reading*)

***Moved by Jack, seconded by McCloskey, to approve first reading and move to second with a public hearing to be held on November 27, 2012.***

Borough Manager Rooney stated that this Borough Attorney Blasco met with Manager Rooney and the Wrangell Medical Center Chairperson Woody Wilson to discuss the questions and concerns that had been discussed at the Public Hearing on August 28, 2012. He said that there were three (3) areas of concern that needed to be addressed; this Proposed Ordinance addressed two (2) of these concerns. Those two areas were the Hospital Board Liaison and the Hospital Personnel Policies. He stated that the third area of concern had been a misunderstanding concerning the Borough Attorneys participation in the approval of Contracts.

Borough Manager Rooney said that the Proposed Ordinance addressed limiting the participation by the Borough Hospital Board Liaison. The Borough Hospital Board Liaison would participate in Hospital Executive Sessions except where there was physician credentialing taking place.

Borough Manager Rooney further stated that the Proposed Ordinance addressed the hospital personnel rules by removing the rule that the Hospital Personnel Policies be consistent with the personnel rules of the Borough. He did state that the Assembly would, in the future need to sign off on the Hospital Personnel Rules.

Assembly Member Stough asked that the Code Review Committee look at revising Section 3.32.030 (C) to add "to report to the Borough Assembly" when advising of grants and funds being sought by a written report from the board or hospital administrator.

Borough Manager Rooney stated that he did not see a problem with the change. He also agreed that the Code Review Committee would look at revising Section 3.32.030 (C).

***Motion approved unanimously by polled vote.***

**13b** PROPOSED RESOLUTION NO. 10-12-1259: A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AUTHORIZING THE CONVEYANCE OF PUBLIC TIDELANDS, LOT A, BLOCK A, TRACT C, KELLER TIDELANDS SUBDIVISION,

RECORDED AS PLAT #2012.-2 WRANGELL RECORDING DISTRICT, BY QUITCLAIM DEED TO STEVE AND HELEN KELLER

***Moved by McCloskey, Seconded by Stokes, to adopt resolution. Motion approved unanimously by polled vote.***

**13c** PROPOSED RESOLUTION NO. 10-12-1260: A RESOLUTION OF THE CITY AND BOROUGH OF WRANGELL ASSEMBLY, WRANGELL, ALASKA, ACCEPTING FROM THE STATE OF ALASKA THE TRANSFER IN OWNERSHIP OF THE MEYERS CHUCK FLOAT HARBOR FACILITY FOR STATE DEFERRED MAINTENANCE FUNDS (\$3,000,000)

***Moved by Stough, seconded by Jack, to adopt resolution.***

Borough Manager Rooney stated that in 2008, the former Borough Manager Bob Prunella had been contacted by the Department of Transportation asking the City to take over the Meyers Chuck Dock and Float System. At that time, DOT had offered the City \$1,131,000.00 to take over the float system.

Borough Manager Rooney said that Senator Stedman and DOT contacted him and stated that they had wanted the City to "Re-look" at the issue and consider accepting the responsibility of the float and dock system. He further stated that Senator Stedman and DOT had offered state deferred funds for the float and dock system. Manager Rooney said that the City had secured an estimate for engineering services to repair the float and dock system. He said that the Proposed Resolution would show the Senator Stedman and DOT what the cost for the repairs to the float and dock system would be.

Borough Manager Rooney voiced concerns at the possible costs for repairs and maintenance but stated that if the Senator, DOT and the Governor (through the State Budget process) accepted the \$3,000,000 for the project, that amount should be enough to make the necessary corrections and to maintain the float and dock system. He also said that if the amount were accepted, and if we oversaw the corrections, we could take the remaining funds and place them into a long term maintenance account. That would allow us to maintain the float and dock system.

Assembly Member McCloskey commented on the extensive list of items in the estimate.

Borough Manager Rooney responded that the engineer compiled the estimate based on as built drawings from the State of Alaska's DOT Site to provide the estimate.

Assembly Member Jack commented that City Staff member Carol Rushmore and Greg Meissner viewed the Meyers Chuck Dock and Float area and asked if they were comfortable with this proposal.

Borough Manager Rooney answered that they were.

Assembly Member Stough also responded that he had spoken with Greg Meissner and that Mr. Meissner was comfortable with the proposal. He said that Mr. Meissner expressed that they piling may need to be addressed as it had been on the City Dock.

Assembly Member Jack asked if this resolution were adopted, who would do the work on the float and dock system.

Borough Manager Rooney answered that the project would need to go out for bid.

Assembly Member Stough asked who would take care of the float and dock system. He further asked who would be responsible for collecting the revenues that would be generated.

Borough Manager Rooney answered that there would possibly be a designated person on the site who would be responsible for those responsibilities.

Vice-Mayor Privett added that that would need to be addressed in the future.

***Motion approved unanimously by polled vote.***

**13d** Approval of Bid Received for Fuel Bid for Fuel for the City & Borough of Wrangell, Wrangell Public Schools, and the Wrangell Medical Center

***Moved by Stough, seconded by Stokes, to approve Delta Western as the fuel provider for the City and Borough of Wrangell, Wrangell Public Schools and the Wrangell Medical Center for the period of November 1, 2012 through October 31, 2013, for an estimated amount of \$528,494.00 and a discount off the posted price of \$0.20 per gallon for all types of fuel. Motion approved unanimously by polled vote.***

**13e** Consideration and Appropriate Action relating to the Renewal of the Contract for Legal Services for Hoffman & Blasco, LLC.

***Moved by McCloskey, seconded by Jack, to approve the proposed Contract for Legal Services for Hoffman & Blasco, LLC.***

Borough Manager Rooney noted the proposed changes in the Contract for Legal Services:

- Increasing the hourly rate from \$175 to \$180 per hour
- Hourly work for Wrangell Medical Center would be \$225 per hour
- Add two (2) trips to Wrangell (one for the Assembly, one for the Wrangell Medical Center Board)
- Availability to conduct special training sessions for the Assembly, staff, Wrangell Medical Center Board, or the public at \$180 per hour

Retainer of \$3,333 per month was not proposed to change.



Assembly Member Stough expressed that he believed that Hoffman & Blasco, LLC did a good job for the City.

***Motion approved unanimously by polled vote.***

**ATTORNEY'S FILE**

None.

**EXECUTIVE SESSION**

None.

**ADJOURNMENT: 7:38 p.m.**

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William B. Privett, Vice-Mayor

ATTEST: \_\_\_\_\_  
Kim Flores, Borough Clerk

# **CITY & BOROUGH OF WRANGELL, ALASKA**

## **BOROUGH ASSEMBLY AGENDA ITEM November 27, 2012**

### **ITEM NO. 7 COMMUNICATIONS:**

INFORMATION: The Assembly may receive items for Communications, reasons only which do not require action. This is an avenue to keep the Assembly informed, for the public to enter items on the record, if necessary. The Assembly also receives agenda communications directly by their constituents, Borough Manager, other agencies' Officers and Department Directors.

**A MAIL BOX IS ALSO AVAILABLE IN THE BOROUGH CLERK'S OFFICE FOR EACH MEMBER OF THE ASSEMBLY AND *SHOULD BE CHECKED ON A ROUTINE SCHEDULE.***

All items appearing under Communications on the Agenda have been approved under the Consent Agenda unless removed.

- \*a Gaming Permit Application for the Alaska State Elks Association
- \*b Gaming Permit Application for the American Legion Post #6 Auxiliary
- \*c Gaming Permit Application for the Benevolent & Protective Order of Elks Lodge # 1595
- \*d Gaming Permit Application for the Wrangell Golf Club, Inc
- \*e Department of the Army – Corps of Engineers Alaska District – SPECIAL PUBLIC NOTICE (SPN) POA-2012-138 – SE Alaska Watershed Coalition Mitigation Fund
- \*f Department of the Army – Corps of Engineers Alaska District – Permit Modification, file number POA-1990-114-M7, Zimovia Strait
- \*g Minutes of Parks & Recreation Board Regular meeting held October 3, 2012
- \*h Minutes of the TBPA regular meeting held September 4, 2012
  
- \*13i Final Plat Approval for the Reed/Larson Easement Vacation

ALASKA  
STATE



ELKS ASSOCIATION

2012 ~ 2013 ALASKA STATE ASSOCIATION OFFICERS

MARK DAUM, President  
P.O. Box 672  
Sitka, AK 99835-0672  
(907) 747-0664 or (907)-321-1232

ITEM 7a  
11-27-12

JANET JOHNSON, President Elect  
P.O. Box 1  
Kodiak, AK 99615-0001

JON E. SHENNETT, Trustee Chair  
P.O. Box 2642  
Sitka, AK 99835-2642

JOEL HEMBACH, Vice President  
18850 War Admiral Rd.  
Eagle River, AK 99577-8329

KONRAD JACKSON, Trustee  
PO Box 2935  
Soldotna, AK 99669-2935

PAUL J. WHITNEY, Secretary  
231 Knoll Circle  
Soldotna, AK 99669-7352

BRUCE MORINITI, Trustee  
16207 Squaw Valley Circle  
Eagle River, AK 99577

AL NAGEL, Treasurer  
19637 N. Montague Loop  
Eagle River, AK 99577

ROGER R. TRUE, PGER/Alaska Sponsor  
251 Thyme Circle  
Richland, WA 99352

October 27, 2012

City and Borough of Wrangell  
P.O. Box 531  
Wrangell, AK 99929-0531

The Alaska State Elks Association has applied for a renewal of our Gaming Permit to conduct raffles in the City and Borough of Wrangell area through our Wrangell Elks Lodge 1595. Pursuant to Alaska State Gaming Regulations we have enclosed a copy of our renewal application.

If there should be any questions feel free to contact me at any time.

Sincerely,

Paul J. Whitney, Secretary  
Alaska State Elks Association  
231 Knoll Circle  
Soldotna, AK 99669-7352  
907-262-5667  
[aseasecretary@live.com](mailto:aseasecretary@live.com)

RECEIVED  
OCT 30 2012  
WRANGELL CITY HALL

# Alaska

## 2013 Gaming Permit Application

### Organization Information

DEPARTMENT USE ONLY
ENV
FSN

826

Federal EIN 92-6009001	If renewing, enter gaming permit # 1415	Phone Number 907-262-5667	Fax Number
Organization Name ALASKA STATE ELKS ASSOCIATION	Website Address ALASKASTATEELKS.ORG		
Mailing Address 231 Knoll Circle	City SOLDOTNA	State AK	Zip Code 99669-7352
Entity Type (check one) <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Association	Organization Type (check ones for definitions see AS 05.15.050 and 15 AAC 166.055) <input type="checkbox"/> Charitable <input type="checkbox"/> Civic or service <input type="checkbox"/> Dog mushers' association <input type="checkbox"/> Educational <input type="checkbox"/> Fishing derby association <input checked="" type="checkbox"/> Fraternal <input type="checkbox"/> Labor <input type="checkbox"/> Municipality <input type="checkbox"/> Nonprofit trade association <input type="checkbox"/> Outboard motor association <input type="checkbox"/> Police or fire department <input type="checkbox"/> Political <input type="checkbox"/> Religious <input type="checkbox"/> Veterans <input type="checkbox"/> Wagonway Village		
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Does the organization have 25 or more members, as defined in your articles of incorporation or bylaws, who are Alaska residents?			

### Members in Charge of Games

Members in charge must be natural persons and active members of the organization or employees of the municipality and designated by the organization. Members in charge may not be licensed as an operator, be a registered pull-tab vendor or an employee of a vendor for this organization. If more than one alternate, attach a separate sheet.

Primary Member First Name	M.I.	Primary Member Last Name	Alternate Member First Name	M.I.	Alternate Member Last Name
Paul	J	WHITNEY	KONRAD	G	JACKSON
Postal Security Number 553-66-6581	Email OBERSESSSTAR@Y	City SOLDOTNA	Postal Security Number 574-54-8436	Email KONRAD@HOTMAIL.COM	City SOLDOTNA
Daytime Phone Number 907-262-5667	Mobile Number 907-396-7231	State AK	Daytime Phone Number 907-383-3872	Mobile Number 907-318-4121	State AK
Home Mailing Address 231 Knoll Circle			Home Mailing Address P.O. Box 2935		
City SOLDOTNA			City SOLDOTNA		
State AK			State AK		
Zip Code 99669-7352			Zip Code 99669-2435		
Has the primary member passed the test? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			Has the alternate member passed the test? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Permit # under which test was taken 662			Permit # under which test was taken SAP		

### Legal Questions These questions must be answered. If you answer Yes to either question, see instructions.

<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Does any member of management or any person who is responsible for gaming activities have a prohibited conflict of interest as defined by 15 AAC 166.054?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Has any member of management or any person who is responsible for gaming activities ever been convicted of a felony, misdemeanor, or a violation of a law or ordinance of this state, or another jurisdiction, that is a crime involving theft or dishonesty, or a violation of gambling laws?
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We declare, under penalty of perjury and false information, that we have examined this application, including any attachments, and that, to the best of our knowledge and belief, it is true and complete. We understand that any false statement made on this application or any attachments is punishable by law. By our signatures below we, the primary member, the alternate member, and if applicable, the manager of games, agree to allow the Department of Revenue to review any criminal history we may have, in accordance with 15 AAC 166.054.

Primary Member in Charge's Signature Paul J. Whitney	Printed Name Paul J. Whitney	Date 10/19/12
Alternate Member in Charge's Signature Konrad G. Jackson	Printed Name Konrad G. Jackson	Date 10/26/12
Manager of Games Signature	Printed Name	Date

One copy of the completed application must be sent to the nearest municipality or borough. See instructions for mandatory attachments.

Pay online with OTS at [www.tax.state.ak.gov](http://www.tax.state.ak.gov) or make check payable to State of Alaska. New applicants must pay by check.

### Permit Fee

The permit fee is based on the 2012 estimated gross receipts. Check the appropriate box.

<input type="checkbox"/> New applicant	\$20
<input type="checkbox"/> \$0 - \$25,000	\$30
<input checked="" type="checkbox"/> \$20,001 - \$100,000	\$50
<input type="checkbox"/> \$100,001 or more	\$100

Mail to: Alaska Department of Revenue, PO Box 118430, Juneau AK 99811-0430

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826

# 2013 Alaska Gaming Permit Application

826

Gaming Permit # <b>1415</b>	Organization Name <b>ALASKA STATE ELKS ASSOCIATION</b>
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## Facility-Based Games (self-directed) If more than two facilities, attach a separate sheet.

Facility Name	Physical Address	City	State AK	Zip Code
Facility Type (check one) <input type="checkbox"/> Owned <input type="checkbox"/> Leased <input type="checkbox"/> Donated	Game Type (check all that apply) <input type="checkbox"/> Bingo <input type="checkbox"/> Raffle <input type="checkbox"/> Pull-tabs <input type="checkbox"/> Animal classic (chicken)* <input type="checkbox"/> Animal classic (rat race)* <input type="checkbox"/> Special draw raffle** <input type="checkbox"/> Calcutta pool**			

Facility Name	Physical Address	City	State AK	Zip Code
Facility Type (check one) <input type="checkbox"/> Owned <input type="checkbox"/> Leased <input type="checkbox"/> Donated	Game Type (check all that apply) <input type="checkbox"/> Bingo <input type="checkbox"/> Raffle <input type="checkbox"/> Pull-tabs <input type="checkbox"/> Animal classic (chicken)* <input type="checkbox"/> Animal classic (rat race)* <input type="checkbox"/> Special draw raffle** <input type="checkbox"/> Calcutta pool**			

## Area-Based Games If more than two areas, attach a separate sheet. \* restricted game type \*\*see instructions for mandatory attachments

Area <b>See Attached List</b>	Game type (check all that apply) <input checked="" type="checkbox"/> Raffle <input type="checkbox"/> Contest of skill <input type="checkbox"/> Fish derby <input type="checkbox"/> Dog musher* contest <input type="checkbox"/> Classic (specify) _____
Area <b>See Attached List</b>	Game type (check all that apply) <input checked="" type="checkbox"/> Raffle <input type="checkbox"/> Contest of skill <input type="checkbox"/> Fish derby <input type="checkbox"/> Dog musher* contest <input type="checkbox"/> Classic (specify) _____

## Manager of Games Required only for self-directed pull-tabs and bingo.

Manager First Name	AK	Manager Last Name	Social Security Number	Daytime Phone Number
Home Mailing Address		Email		Mobile Phone
City	State	Zip Code	Has the manager of games passed the test? <input type="checkbox"/> Yes <input type="checkbox"/> No	Permit # under which test taken

## Vendor Information Attach 2012 vendor registration form(s) and fee(s) for each vendor listed below.

Bar or Liquor Store Name	Physical Address	City	State AK	Zip Code
Bar or Liquor Store Name	Physical Address	City	State AK	Zip Code
Bar or Liquor Store Name	Physical Address	City	State AK	Zip Code
Bar or Liquor Store Name	Physical Address	City	State AK	Zip Code
Bar or Liquor Store Name	Physical Address	City	State AK	Zip Code

## Operator Information

Designate operator who will conduct activities on the organization's behalf. Attach signed operating contract(s). If more than one operator, attach a separate sheet.

Operator License #	Operator	Facility Name	Game Type(s)
Physical Address		City	State Zip Code

## Multiple-Beneficiary Permittee Information (MBP)

Designate the MBP with which the organization has signed a partnership or joint venture agreement.

MBP Permit #	MBP Name	Facility Name	Game Type(s)
Physical Address		City	State Zip Code

## Dedication of Net Proceeds Describe in detail how the organization will use the net proceeds from gaming activities.

Gaming funds are used to support the Youth Camp, a two week summer camp for 100 boys and 100 girls aged 9-13, D.A.R.E. Program, Hoop Shoot, a free throw competition for boys and girls aged 7-13, Soccer Shoot, for boys and girls aged 7-13, other Youth Activities, Scholarships, Veteran Programs, Americanism and other state wide activities in support of our communities.

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## 2013 ALASKA GAMING PERMIT APPLICATION

### AREA-BASED GAMES

Anchorage Area Municipality of Anchorage	Anchorage Elks Lodge 2868 P.O. Box 230462 Anchorage, AK 99525	RAFFLE
Eagle River Area Municipality of Anchorage	Eagle River Elks Lodge 2682 17111 North Eagle River Loop Road Eagle River, AK 99577	RAFFLE
Fairbanks Area City of Fairbanks	Fairbanks Elks Lodge 1551 1003 Pioneer Road Fairbanks, AK 99701	RAFFLE
Wasilla Area Matanuska-Susitna Borough	Palmer Elks Lodge 1842 2600 North Barrys Resort Road Wasilla, AK 99645	RAFFLE
Valdez Area City of Valdez	Valdez Elks Lodge 2537 339 Fairbanks Street (P.O. Box 1607) Valdez, AK 99686	RAFFLE
Bristol Bay Area Bristol Bay Borough	Bristol Bay Elks Lodge 2687 Mile 5 Omholt Subdivision (P.O. Box 477) King Salmon, AK 99613	RAFFLE
Homer Area City of Homer	Homer Elks Lodge 2127 215 Jenny Lane Homer, AK 99603	RAFFLE
Kenai Area City of Kenai	Kenai Elks Lodge 2425 205 Barnacle Way Kenai, AK 99611	RAFFLE
Kodiak Area City of Kodiak	Kodiak Elks Lodge 1772 102 West Marine Way (P.O. Box 846) Kodiak, AK 99615	RAFFLE
Seward Area City of Seward	Seward Elks Lodge 1773 419 5 <sup>th</sup> Avenue (P.O. Box 426) Seward, AK 99664	RAFFLE
Soldotna Area Kenai Peninsula Borough	Soldotna Elks Lodge 2706 44640 Parkway Avenue Soldotna, AK 99669	RAFFLE
Juneau Area City & Borough of Juneau	Juneau Elks Lodge 420 P.O. Box 33239 Juneau, AK 99803	RAFFLE

Ketchikan Area City of Ketchikan	Ketchikan Elks Lodge 1429 1448 Tongass (P.O. Box 5177) Ketchikan, AK 99901	RAFFLE
Petersburg Area City of Petersburg	Petersburg Elks Lodge 1615 301 North First Street (P.O. Box 609) Petersburg, AK 99833	RAFFLE
Sitka Area City & Borough of Sitka	Sitka Elks Lodge 1662 412 Sawmill Creek Road Sitka, AK 99835	RAFFLE
Skagway Area Municipality of Skagway Borough	Skagway Elks Lodge 431 560 State Street (P.O. Box 416) Skagway, AK 99840	RAFFLE
Wrangell Area City & Borough of Wrangell	Wrangell Elks Lodge 1595 103 Front Street (P.O. Box 377) Wrangell, AK 99929	RAFFLE



**AGENDA**

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C. F. James, CPA, PC  
P. O. Box 1258  
Wrangell, Alaska 99929  
Phone (907) 874-2331 Fax (907) 874-3187  
Email: cfjamescpa@hotmail.com

City & Borough of Wrangell  
PO Box 531  
Wrangell, AK 99929

October 23, 2012

Subject: American Legion Auxiliary 2013 Gaming Permit Application

City Council:

Enclosed is the 2013 Gaming Permit Application for your approval.

Kind Regards,



Ann Schnell  
C.F. James, CPA, PC

# Alaska

## 2013 Gaming Permit Application

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### Organization Information

Federal EIN <b>92-0093741</b>	If renewing, enter gaming permit # <b>383</b>	Phone Number <b>(907) 874-3871</b>	Fax Number <b>(907) 874-3187</b>
Organization Name <b>AMERICAN LEGION POST #6 AUXILIARY</b>		Website Address	
Mailing Address <b>PO Box 546</b>		City <b>WRANGELL</b>	State <b>AK</b>
		Zip Code <b>99929-0546</b>	
Entity Type (check one) <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Association		Organization Type (check one) for definitions see AS 05.15.690 and 15 AAC 160.995. <input type="checkbox"/> Charitable <input type="checkbox"/> Civic or service <input type="checkbox"/> Dog mushers' association <input type="checkbox"/> Educational <input type="checkbox"/> Fishing derby association <input type="checkbox"/> Fraternal <input type="checkbox"/> Labor <input type="checkbox"/> Municipality <input type="checkbox"/> Nonprofit trade association <input type="checkbox"/> Outboard motor association <input type="checkbox"/> Police or fire department <input type="checkbox"/> Political <input type="checkbox"/> Religious <input checked="" type="checkbox"/> Veterans <input type="checkbox"/> IRA/Native Village	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Does the organization have 25 or more members, as defined in your articles of incorporation or bylaws, who are Alaska residents?			

### Members in Charge of Games

Members in charge must be natural persons and active members of the organization or employees of the municipality and designated by the organization. Members in charge may not be licensed as an operator, be a registered pull-tab vendor or an employee of a vendor for this organization. If more than one alternate, attach a separate sheet.

Primary Member First Name <b>ZONA</b>	M.I. <b>L</b>	Primary Member Last Name <b>GREGG</b>	Alternate Member First Name <b>DEBORAH</b>	M.I.	Alternate Member Last Name <b>GLASS</b>
Social Security Number <b>574-18-7512</b>		Email	Social Security Number <b>542-64-4492</b>		Email
Daytime Phone Number <b>(907) 874-3646</b>		Mobile Number	Daytime Phone Number <b>(907) 874-2755</b>		Mobile Number
Home Mailing Address <b>PO Box 3</b>			Home Mailing Address <b>PO Box 527</b>		
City <b>Wrangell</b>	State <b>AK</b>	Zip Code <b>99929-0003</b>	City <b>WRANGELL</b>	State <b>AK</b>	Zip Code <b>99929-0527</b>
Has the primary member passed the test? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Permit # under which test was taken: <b>383</b>	Has the alternate member passed the test? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		Permit # under which test was taken: <b>383</b>

### Legal Questions These questions must be answered. If you answer Yes to either question, see instructions.

<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Does any member of management or any person who is responsible for gaming activities have a prohibited conflict of interest as defined by 15 AAC 160.954?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Has any member of management or any person who is responsible for gaming activities ever been convicted of a felony, extortion, or a violation of a law or ordinance of this state, or another jurisdiction, that is a crime involving theft or dishonesty, or a violation of gambling laws?
---	--

We declare, under penalty of unsworn falsification, that we have examined this application, including any attachments, and that, to the best of our knowledge and belief, it is true and complete. We understand that any false statement made on the application or any attachments is punishable by law. By our signatures below we, the primary member, the alternate member, and if applicable, the manager of games, agree to allow the Department of Revenue to review any criminal history we may have, in accordance with 15 AAC 160.934.

Primary Member In Charge's Signature <i>Zona Gregg</i>	Printed Name <b>ZONA GREGG</b>	Date <b>11/6/12</b>
President or Other Officer's Signature (see instructions) <i>Marilyn Mork</i>	Printed Name <b>MARILYN MORK</b>	Date <b>11/6/12</b>
Alternate Member In Charge's Signature <i>Deborah Glass</i>	Printed Name <b>DEBORAH GLASS</b>	Date <b>11/6/12</b>
Manager of Games Signature <i>Zona Gregg</i>	Printed Name <b>ZONA GREGG</b>	Date <b>11/6/12</b>

One copy of the completed application must be sent to the nearest municipality or borough. See instructions for mandatory attachments.

Pay online with OTIS at [www.tax.alaska.gov](http://www.tax.alaska.gov) or make check payable to State of Alaska. New applicants must pay by check.

### Permit Fee

The permit fee is based on the 2012 estimated gross receipts. Check the appropriate box.

<input type="checkbox"/> New applicant	\$20
<input checked="" type="checkbox"/> \$0 - \$20,000	\$20
<input type="checkbox"/> \$20,001 - \$100,000	\$50
<input type="checkbox"/> \$100,001 or more	\$100

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Mail to: Alaska Department Of Revenue, PO Box 110420, Juneau AK 99811-0420

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# 2013 Alaska Gaming Permit Application

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Gaming Permit # <b>383</b>	Organization Name <b>AMERICAN LEGION POST #6 AUXILIARY</b>
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## Facility-Based Games (self-directed) If more than two facilities, attach a separate sheet.

Facility Name <b>AMERICAN LEGION HALL</b>	Physical Address <b>435 ALASKA AVE</b>	City <b>WRANGELL</b>	State <b>AK</b>	Zip Code <b>99929</b>
Facility Type (check one) <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased <input type="checkbox"/> Donated	Game Type (check all that apply) <input checked="" type="checkbox"/> Bingo <input checked="" type="checkbox"/> Raffle <input checked="" type="checkbox"/> Pull-tabs <input type="checkbox"/> Animal classic (chicken)* <input type="checkbox"/> Animal classic (rat race)* <input type="checkbox"/> Special draw raffle ** <input type="checkbox"/> Calcutta pool**			
Facility Name	Physical Address	City	State <b>AK</b>	Zip Code
Facility Type (check one) <input type="checkbox"/> Owned <input type="checkbox"/> Leased <input type="checkbox"/> Donated	Game Type (check all that apply) <input type="checkbox"/> Bingo <input type="checkbox"/> Raffle <input type="checkbox"/> Pull-tabs <input type="checkbox"/> Animal classic (chicken)* <input type="checkbox"/> Animal classic (rat race)* <input type="checkbox"/> Special draw raffle ** <input type="checkbox"/> Calcutta pool**			

## Area-Based Games If more than two areas, attach a separate sheet. \* restricted game type \*\*see instructions for mandatory attachments

Area <b>Wrangell</b>	Game type (check all that apply) <input checked="" type="checkbox"/> Raffle <input type="checkbox"/> Contest of skill <input type="checkbox"/> Fish derby <input type="checkbox"/> Dog musher' contest <input type="checkbox"/> Classic (specify) _____
Area	Game type (check all that apply) <input type="checkbox"/> Raffle <input type="checkbox"/> Contest of skill <input type="checkbox"/> Fish derby <input type="checkbox"/> Dog musher' contest <input type="checkbox"/> Classic (specify) _____

## Manager of Games Required only for self-directed pull-tabs and bingo.

Manager First Name <b>ZONA</b>	MI <b>L</b>	Manager Last Name <b>GREGG</b>	Social Security Number <b>574-18-7512</b>	Daytime Phone Number <b>(907) 874-3646</b>
Home Mailing Address <b>PO BOX 3</b>			Email	Mobile Phone
City <b>WRANGELL</b>	State <b>AK</b>	Zip Code <b>99929-0003</b>	Has the manager of games passed the test? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Permit # under which test taken <b>383</b>

## Vendor Information Attach 2013 vendor registration form(s) and fee(s) for each vendor listed below.

Bar or Liquor Store Name <b>N/A</b>	Physical Address	City	State <b>AK</b>	Zip Code
Bar or Liquor Store Name	Physical Address	City	State <b>AK</b>	Zip Code
Bar or Liquor Store Name	Physical Address	City	State <b>AK</b>	Zip Code
Bar or Liquor Store Name	Physical Address	City	State <b>AK</b>	Zip Code
Bar or Liquor Store Name	Physical Address	City	State <b>AK</b>	Zip Code

## Operator Information

Designate operator who will conduct activities on the organization's behalf. Attach signed operating contract(s). If more than one operator, attach a separate sheet.

Operator License # <b>N/A</b>	Operator	Facility Name	Game Type(s)
Physical Address		City	State Zip Code

## Multiple-Beneficiary Permittee Information (MBP)

Designate the MBP with which the organization has signed a partnership or joint venture agreement.

MBP Permit # <b>N/A</b>	MBP Name	Facility Name	Game Type(s)
Physical Address		City	State Zip Code

## Dedication of Net Proceeds Describe in detail how the organization will use the net proceeds from gaming activities.

child Welfare, Rehabilitations, Civic Hospital Nursery, Scholarships, Girls State, Amv Emergency Fund, American Legion Auxiliary Programs
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**AGENDA**

**Alaska Department of Revenue  
Permittee Signature Page**

Thank you for using the DOR Online Permit Application System. In order to ~~complete your~~ permit application, you must send this signed form to the following address:

**Attn:**  
**Tax Division, Alaska Department of Revenue**  
**PO Box 110420**  
**Juneau, AK 99811-0420**  
**Fax: 907-465-3098**

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Please Note: The Primary and Alternate Members in Charge must legibly print their names and sign and date the signature page. An Officer who is not a Primary or Alternate Member must legibly print his or her name and sign and date the signature page. If your organization is applying for self-directed bingo and/or pull-tab permit(s), the Manager of Games must also legibly print his or her name and sign and date the signature page.

Your permit application will not be processed until a completed Signature Page has been received by the Department.

Year	<u>2013</u>
Gaming Permit/License	<u>106</u>
Permittee Name	<u>Benevolent &amp; Protective Order Of Elks Lodge # 1595</u>
EIN/ATIN	<u>920014018</u>
Application Number	<u>11207</u>
Electronically Paid Amount	<u>\$0.00</u>
Payment Receipt	<u></u>

*We declare, under penalty of unsworn falsification, that we have examined this application, including any attachments, and that, to the best of our knowledge and belief, it is true and complete. We understand that any false statement made on the application or any attachments is punishable by law. By our signatures below, we, the primary member, the alternate member, and if applicable, the manager of games, agree to allow the Department of Revenue to review any criminal history we may have, in accordance with 15 AAC 160.934.*

<u>Chris Stewart</u>	<u>Chris Stewart</u>	<u>11/7/12</u>
President or other officer's signature (see instructions)	Printed Signature	Date
<u>Shirley Clark</u>	<u>SHIRLEY CLARK</u>	<u>11-7-12</u>
Primary Member in Charge/Manager Signature	Printed Signature	Date
<u>Morgan David Joseph</u>	<u>MORGAN DAVID JOSEPH</u>	<u>11/7/12</u>
Alternate Member In Charge's signature	Printed Signature	Date

<b>Organization Information</b>	
Year Permit requested for	2013
Federal EIN or Alaska Tax Identification Number	920014018
Name of Organization or Municipality	Benevolent & Protective Order Of Elks Lodge # 1595
Mailing Address One	Po Box 377
City, State Zip + 4	Wrangell, AK 99929 + 0377
Telephone Number (All numbers include area code)	(907) 874-3456
Fax Number (All numbers include area code)	(907) 874-3742
Organization Website Address (If available)	wrangell-elks-lodge-1595.com
Type of Organization	Fraternal
Organized As	Corporation
Specify the organization type	
How will activities be conducted?	Self-Directed by the Organization
Does the organization have 25 or more members who are Alaska residents as defined in your articles of incorporation or bylaws?	Yes
Have the organization's articles of incorporation changed?	No
Have the organization's bylaws changed?	No
Estimated gross receipts for year prior to application year:	\$100,001 or more

<b>Game Types</b>	
Facility or Location-Specific - Unrestricted	Pull-Tabs
Area Based - Unrestricted	Fish Derbies Raffles

<b>Self-Directed Facility or Location-specific</b>	
Game Type(s)	Pull-Tabs, Raffles
Facility or Location Name	Wrangell Elks Lodge #1595
Address	103 Front Street
City, State, Zip	Wrangell, AK 99929
Ownership	Owned

<b>Area-based Information</b>	
Area	Wrangell
Game Type(s)	Fish Derbies, Raffles

<b>Vendor Information</b>
---------------------------

<b>Operator Information</b>
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<b>Multiple-beneficiary Permittee (MBP)</b>
---

**Members In Charge / Manager of Games**

What position does this person serve?	Primary and Manager
First name	Shirley
Middle Initial	J
Last Name	Clark
Address	Po Box 1289
City, State, Zip	Wrangell, AK 99929 + 1289
Daytime Telephone	(907) 874-3129
Mobile Number	
Email Address	

Has this person taken the test?	No
What position does this person serve?	Alternate Member In Charge
First name	Morgan
Middle Initial	D
Last Name	Joseph
Address	P.o. Box 2042
City, State, Zip	Wrangell, AK 99929 + 2042
Daytime Telephone	
Mobile Number	(907) 305-0491
Email Address	davgeojo@gci.net
Has this person taken the test?	No

**Legal Information**

Persons convicted of a felony, extortion, or a violation of a law  
None

Persons with a prohibited conflict of interest  
None

**Net Proceeds Dedication, Details**

The Proceeds are used to donate to various charitable organizations within the Community of Wrangell. We also donate to our Alaska State Elks Association Major Project (Camp Grounds located in Palmer Alaska) to which we send any of our local needy children that apply. Other moneys used for Scholarships for the students in the Community of Wrangell.

**Attachments****Title (Type), Description**



# AGENDA

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## Alaska

### 2013 Gaming Permit Application

#### Organization Information

Federal EIN <u>92-0160132</u>	If renewing, enter gaming permit # <u>2144</u>	Phone Number <u>907-874-4653</u>	Fax Number <u>907-874-4654</u>
Organization Name <u>WRANGELL GOLF CLUB, INC.</u>		Website Address <u>INFO@WRANGELLALASKAGOLF.COM</u>	
Mailing Address <u>PO BOX 2199</u>		City <u>WRANGELL</u>	State <u>AK</u>
		Zip Code <u>99929</u>	
<b>Entity Type (check one)</b> <b>Organization Type (check one) for definitions see AS 05.15.690 and 15 AAC 160.995.</b>			
<input checked="" type="checkbox"/> Corporation <u>NON-PROFIT</u> <input type="checkbox"/> Partnership <input type="checkbox"/> Association		<input type="checkbox"/> Charitable <input type="checkbox"/> Civic or service <input type="checkbox"/> Dog mushers' association <input type="checkbox"/> Educational <input type="checkbox"/> Fishing derby association <input type="checkbox"/> Fraternal <input type="checkbox"/> Labor <input type="checkbox"/> Municipality <input type="checkbox"/> Nonprofit trade association <input type="checkbox"/> Outboard motor association <input type="checkbox"/> Police or fire department <input type="checkbox"/> Political <input type="checkbox"/> Religious <input type="checkbox"/> Veterans <input type="checkbox"/> IRA/Native Village	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   Does the organization have 25 or more members, as defined in your articles of incorporation or bylaws, who are Alaska residents?			

#### Members in Charge of Games

Members in charge must be natural persons and active members of the organization or employees of the municipality and designated by the organization. Members in charge may not be licensed as an operator, be a registered pull-tab vendor or an employee of a vendor for this organization. If more than one alternate, attach a separate sheet.

Primary Member First Name <u>LEONARD</u>	M.I. <u>C</u>	Primary Member Last Name <u>ANGERMAN</u>	Alternate Member First Name <u>JOHN</u>	M.I. <u>R</u>	Alternate Member Last Name <u>ANGERMAN</u>
Social Security Number <u>574-10-0340</u>		Email <u></u>		Social Security Number <u>574-14-9015</u>	
Daytime Phone Number <u>907-874-3844</u>		Mobile Number <u></u>		Daytime Phone Number <u>907-874-3279</u>	
Home Mailing Address <u>221 1st AVE</u>		Home Mailing Address <u>PO BOX 849</u>			
City <u>WRANGELL</u>	State <u>AK</u>	Zip Code <u>99929</u>	City <u>WRANGELL</u>	State <u>AK</u>	Zip Code <u>99929</u>
Has the primary member passed the test? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			Has the alternate member passed the test? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
Permit # under which test was taken: <u></u>			Permit # under which test was taken: <u></u>		

#### Legal Questions   These questions must be answered. If you answer Yes to either question, see instructions.

<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   Does any member of management or any person who is responsible for gaming activities have a prohibited conflict of interest as defined by 15 AAC 160.954?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   Has any member of management or any person who is responsible for gaming activities ever been convicted of a felony, extortion, or a violation of a law or ordinance of this state, or another jurisdiction, that is a crime involving theft or dishonesty, or a violation of gambling laws?
---	--

**We declare, under penalty of unsworn falsification, that we have examined this application, including any attachments, and that, to the best of our knowledge and belief, it is true and complete. We understand that any false statement made on the application or any attachments is punishable by law. By our signatures below we, the primary member, the alternate member, and if applicable, the manager of games, agree to allow the Department of Revenue to review any criminal history we may have, in accordance with 15 AAC 160.934.**

Primary Member In Charge's Signature <u>Leonard C Angerman</u>	Printed Name <u>Leonard C. Angerman</u>	Date <u>11-7-12</u>
President or Other Officer's Signature (see instructions) <u>Brian Lee Smith</u>	Printed Name <u>BRIAN LEE SMITH</u>	Date <u>11-10-12</u>
Alternate Member In Charge's Signature <u>John R Angerman</u>	Printed Name <u>JOHN R ANGERMAN</u>	Date <u>11/16/12</u>
Manager of Games Signature <u></u>	Printed Name <u></u>	Date <u></u>

**One copy of the completed application must be sent to the nearest municipality or borough.**  
See instructions for mandatory attachments.

Pay online with OTIS at [www.tax.alaska.gov](http://www.tax.alaska.gov) or make check payable to State of Alaska. New applicants must pay by check.

#### Permit Fee

The permit fee is based on the 2012 estimated gross receipts. Check the appropriate box.

<input type="checkbox"/> New applicant	\$20
<input type="checkbox"/> \$0 - \$20,000	\$20
<input checked="" type="checkbox"/> \$20,001 - \$100,000	\$50
<input type="checkbox"/> \$100,001 or more	\$100

Mail to: Alaska Department Of Revenue, PO Box 110420, Juneau AK 99811-0420

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# 2013 Alaska Gaming Permit Application

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Gaming Permit # <b>2144</b>	Organization Name <b>WRANWELL GOLF CLUB, INC</b>
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## Facility-Based Games (self-directed) If more than two facilities, attach a separate sheet.

Facility Name <b>WRANWELL GOLF CLUB</b>	Physical Address <b>1/2 MILE ISHIYAMA DR.</b>	City <b>WRANWELL</b>	State <b>AK</b>	Zip Code <b>99929</b>
Facility Type (check one) <input checked="" type="checkbox"/> Owned <input type="checkbox"/> Leased <input type="checkbox"/> Donated	Game Type (check all that apply) <input type="checkbox"/> Bingo <input checked="" type="checkbox"/> Raffle <input type="checkbox"/> Pull-tabs <input type="checkbox"/> Animal classic (chicken)* <input type="checkbox"/> Animal classic (rat race)* <input type="checkbox"/> Special draw raffle ** <input type="checkbox"/> Calcutta pool**			
Facility Name	Physical Address	City	State <b>AK</b>	Zip Code
Facility Type (check one) <input type="checkbox"/> Owned <input type="checkbox"/> Leased <input type="checkbox"/> Donated	Game Type (check all that apply) <input type="checkbox"/> Bingo <input type="checkbox"/> Raffle <input type="checkbox"/> Pull-tabs <input type="checkbox"/> Animal classic (chicken)* <input type="checkbox"/> Animal classic (rat race)* <input type="checkbox"/> Special draw raffle ** <input type="checkbox"/> Calcutta pool**			

## Area-Based Games If more than two areas, attach a separate sheet. \*restricted game type \*\*see instructions for mandatory attachments

Area <b>WRANWELL AK</b>	Game type (check all that apply) <input checked="" type="checkbox"/> Raffle <input checked="" type="checkbox"/> Contest of skill <input type="checkbox"/> Fish derby <input type="checkbox"/> Dog musher' contest <input type="checkbox"/> Classic (specify) _____
Area	Game type (check all that apply) <input type="checkbox"/> Raffle <input type="checkbox"/> Contest of skill <input type="checkbox"/> Fish derby <input type="checkbox"/> Dog musher' contest <input type="checkbox"/> Classic (specify) _____

## Manager of Games Required only for self-directed pull-tabs and bingo.

Manager First Name	MI	Manager Last Name	Social Security Number	Daytime Phone Number
Home Mailing Address			Email	Mobile Phone
City	State	Zip Code	Has the manager of games passed the test? <input type="checkbox"/> Yes <input type="checkbox"/> No	Permit # under which test taken

## Vendor Information Attach 2012 vendor registration form(s) and fee(s) for each vendor listed below.

Bar or Liquor Store Name	Physical Address	City	State <b>AK</b>	Zip Code
Bar or Liquor Store Name	Physical Address	City	State <b>AK</b>	Zip Code
Bar or Liquor Store Name	Physical Address	City	State <b>AK</b>	Zip Code
Bar or Liquor Store Name	Physical Address	City	State <b>AK</b>	Zip Code
Bar or Liquor Store Name	Physical Address	City	State <b>AK</b>	Zip Code

## Operator Information

Designate operator who will conduct activities on the organization's behalf. Attach signed operating contract(s). If more than one operator, attach a separate sheet.

Operator License #	Operator	Facility Name	Game Type(s)
Physical Address		City	State Zip Code

## Multiple-Beneficiary Permittee Information (MBP)

Designate the MBP with which the organization has signed a partnership or joint venture agreement.

MBP Permit #	MBP Name	Facility Name	Game Type(s)
Physical Address		City	State Zip Code

## Dedication of Net Proceeds Describe in detail how the organization will use the net proceeds from gaming activities.

<b>FAIRWAY IMPROVEMENTS</b> <b>FERTILIZER &amp; SEEDING</b> <b>ROOF FOR STORAGE BLD.</b>
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US Army Corps  
of Engineers  
Alaska District

Date: October 29, 2012  
Expiration: November 29, 2012

Identification No:  
SPN POA-2012-138

AGENDA

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11-27-12

## SPECIAL PUBLIC NOTICE (SPN) POA-2012-138

### U.S. Army Corps of Engineers Regulatory Program The Southeast Alaska Watershed Coalition Mitigation Fund

Interested parties are hereby notified that the U.S. Army Corps of Engineers, Alaska District (Corps) is seeking comments on a proposal to establish an in-lieu fee program. A prospectus describing the proposed program has been received from the program sponsor, the Southeast Alaska Watershed Coalition (SAWC) and is attached to this notice (Enclosure 1).

The Term "in-lieu fee program" refers to a program involving the restoration, establishment, enhancement, and/or preservation of aquatic resources through funds paid to a governmental or non-profit natural resources management entity to satisfy compensatory mitigation requirements. Similar to a mitigation bank, an in-lieu fee program sells compensatory mitigation credits to permittees whose obligation to provide compensatory mitigation is then transferred to the in-lieu fee program sponsor. The operation and use of an in-lieu fee program are governed by an in-lieu fee program instrument.

The Southeast Alaska Watershed Coalition Mitigation Fund in-lieu fee program is being proposed as a means to meet the requirements for compensatory mitigation associated with projects, which may be permitted by the Corps. If the program is approved, it would provide an alternative to permittee-responsible mitigation. The program would be designed and administered in a manner consistent with the Final Rule for Compensatory Mitigation for Losses of Aquatic Resources, which was published in the Federal Register on April 10, 2008. This Public Notice is focused solely on the Federal review and approval process. Regardless of whether the proposed program is approved, the Corps is willing to consider other proposals from qualified entities to develop in-lieu fee mitigation projects.

The Corps has convened an Interagency Review Team (IRT) comprised of Federal and State agencies. This team will work with SAWC to create an instrument and legal agreement that specifies watershed-based aquatic resource objectives, default and closure provisions, reporting protocols, and financial accounting requirements. If the instrument is approved, individual mitigation plans will be prepared as in-lieu fee project sites are identified. These plans would be incorporated as amendments to the instrument. Additional Tribal and local representatives may be invited to join the IRT during review of individual mitigation projects.

The prospectus, which outlines the purpose and structure of the proposed program, is attached to this notice. Comments should be submitted to the Corps, and should be received no later than the expiration date of this public notice. Comments received in response to this notice will be provided to SAWC and the IRT.

Please provide comments to the following:

Alaska District, Corps of Engineers  
Attn: CEPOA-RD (Mr. Matthew Brody)  
8800 Glacier Highway, Suite 106  
Juneau, Alaska 99801  
Matthew.T.Brody@usace.army.mil

This Special Public Notice can also be accessed online at :  
<http://www.poa.usace.army.mil/Missions/Regulatory/SpecialPublicNotices.aspx>

District Engineer  
U.S. Army, Corps of Engineers



**SOUTHEAST ALASKA  
WATERSHED COALITION**  
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# *The Southeast Alaska Watershed Coalition Mitigation Fund*

## **Prospectus**

### **In Lieu Fee Compensatory Mitigation Program**

**Submitted To:**

U.S Army Corps of Engineers, Alaska District: Juneau Regulatory  
Office, Juneau, AK

**Program Sponsor:**

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## **1. Introduction:**

Permits for activities conducted in jurisdictional waters of the United States, including streams and wetlands, are required by the U.S. Army Corps of Engineers (COE) through Section 404 of the Clean Water Act (CWA) of 1972 and Sections 9 and 10 of the Rivers and Harbors Appropriation Act of 1899. Under the CWA Section 404 program permitting process, the COE requires that unavoidable losses of aquatic resource functions and values through permitted actions be replaced through compensatory mitigation (33 CFR Parts 325 & 332 and 40 CFR Part 230).

The Clean Water Act prohibits the discharge of materials, such as rock, soil or sand, into waters of the United States, unless authorized by a permit issued under Section 404 of that act. The COE, or a state program approved by the U.S. Environmental Protection Agency (EPA), has authority to issue such permits and to decide whether to attach conditions to them in order to achieve no net loss of wetlands within the Section 404 program. Compensatory mitigation requirements for impacts to wetlands and streams in Alaska can be met through permittee-responsible compensatory mitigation, mitigation banks, or in-lieu fee (ILF) programs.

This prospectus refers to the development of an ILF program that will offer third-party compensatory mitigation for unavoidable, regulated impacts. The proposed ILF program name is The Southeast Alaska Watershed Coalition Mitigation Fund. The Southeast Alaska Watershed Coalition (SAWC), an Alaska, non profit community-based natural resource management coalition will sponsor this program.

This prospectus outlines the circumstances and manner in which The Southeast Alaska Watershed Coalition Mitigation Fund will serve to satisfy compensatory mitigation requirements of the COE Regulatory Program.

The COE, Juneau Regulatory Division, Alaska District administers In-Lieu Fees (“Funds”) contributed for unavoidable impacts to waters of the United States including streams and wetlands that result from activities authorized under Section 401 and 404 of the Clean Water Act, and Section 10 of the Rivers and Harbors Act. To establish and operate the SAWC ILF Program, SAWC will work cooperatively with an Interagency Review Team (IRT) that is established and chaired by the COE to ensure the program Instrument meets the requirements of the Final Rule on Compensatory Mitigation: Mitigation for Losses of Aquatic Resources; Final Rule (33 CFR Parts 325 and 332 and 40 CFR Part 230) dated April 10, 2008 (hereinafter referred to as the 2008 Final Rule). Once the Program is certified and operational, the IRT will play an integral role in reviewing proposed mitigation receiving sites and mitigation plans.

The steps required for those seeking approval for an in-lieu fee program have been clearly defined in the 2008 Final Rule. The first step towards seeking program approval is the submission of a prospectus to the IRT for review and comment. It is strongly recommended that potential sponsors submit a draft prospectus to the Corps for initial comment- SAWC did submit

a draft prospectus to the Corps and IRT on March 23, 2012. Based upon the IRT working groups and the consultation SAWC received the coalition has adapted the initial Draft Prospectus and strived to incorporate agency comments and concerns into this Prospectus. One of the new requirements for ILF programs is that they go through two rounds of IRT review and two rounds of public review and comment in the program approval process in order to strengthen the final program Instrument and ensure multiple stakeholder perspectives are taking into consideration and acknowledged within the final Instrument.

The Prospectus for all proposed in-lieu fee programs must include the following:

1. Objectives
2. How the in-lieu fee program will be established and operated
3. Proposed Service Area
4. Need and technical feasibility
5. Ownership arrangements and long-term management
6. Sponsor Qualifications
7. Compensation Planning Framework
8. Description of program account

The remainder of this document makes up the Prospectus for The Southeast Alaska Watershed Coalition Mitigation Fund sponsored by the SAWC. Based on comments and suggestions received from the public and natural resource management agencies SAWC will develop the Draft Instrument and final Instrument. Each document builds upon the last and requires additional information and specification that further details program operation and structure. Again, the purpose of the Prospectus is to provide a broad overview of the program. There are components of an In Lieu Fee program that are significant but are not present in this document because they are not required until the sponsor is developing the draft Instrument. These include, method for determining project specific credit and fees and draft fee schedule, advance credit plan, default and closure provisions and reporting protocols.

## **2. Program Objectives**

The primary objective of The Southeast Alaska Watershed Coalition Mitigation Fund is to replace area lost and/or the functions and values of aquatic resources and associated habitats that have been impacted as a result of permitted activities conducted in compliance or in violation of Section 404 of the Clean Water Act of 1972 and /or Section 10 of the River and Harbor Act of 1899. The program is intended to strive to uphold the national policy goal of “no net loss” to aquatic resources through the establishment and management of restoration, enhancement, creation, and preservation sites within target watersheds within the geographic service area.

The SAWC ILF Program will serve as one option available to permit applicants to provide compensatory mitigation for unavoidable impacts to jurisdictional waters of the U.S. Under this program, public and private applicants for COE permits may be allowed to pay into a mitigation fund instead of- or in addition to- performing permittee responsible mitigation. These funds will be used to carryout mitigation projects that have been identified by the program sponsor and IRT as appropriate compensatory mitigation sites on either private and/or public lands.

Furthermore, the 2008 Final Rule states that mitigation is most successful when it is based upon a “watershed approach” and provides strategies and processes for the district engineer, IRT and program sponsor to follow in mitigation site selection and project prioritization. In order to meet its primary objective of replacing aquatic resources this program will make mitigation decisions utilizing a “watershed approach”. The objective of a watershed approach, as defined in the 2008 Final Rule, is to maintain and improve the quality and quantity of wetlands and other aquatic resources in a watershed (additional information on the watershed approach and site selection and prioritization can be found in Section 7 -the Compensatory Planning Framework).

The primary goal of The Southeast Alaska Watershed Coalition Mitigation Fund will be to maintain and improve the quantity and quality of aquatic resources throughout Southeast Alaska. To accomplish this goal SAWC has incorporated the following objectives into the ILF Program:

1. Provide habitat restoration or enhancement as an option to mitigate for unavoidable, site-specific impacts to aquatic resources in Southeast Alaska.
2. Utilize a watershed approach as defined in the 2008 Final Rule to identify the most appropriate off-site mitigation options available.
3. Work in an efficient and transparent manner with the IRT, chaired by the COE, to review, analyze, and implement mitigation projects and enact amendments to the Program Instrument.
4. Utilize scale efficiencies by combining the impacts from individual smaller projects within an each 8-digit HUC watershed into consolidated (larger) mitigation sites with greater ecological value.
5. Develop a program that identifies, prioritizes, and completes mitigation projects that collectively produce a no net resource loss on a watershed scale over time.
6. Provide an effective and transparent accounting structure for collecting in-lieu fees, disbursing project funds, and compliance reporting, as required under the 33 CFR § 332.8.
7. Provide public benefit by applying mitigation resources, deemed appropriate by the IRT, toward the restoration/enhancement of ecologically impaired publicly owned and those privately owned lands, which have important ecological value to the watershed.

### **3. How the in-lieu fee program will be established and operated**

SAWC is incorporating as a private, non-profit Alaska corporation that will operate as a qualified ILF mitigation program sponsor for COE-authorized third-party mitigation services. The Southeast Alaska Watershed Coalition Mitigation Fund will be one of a few compensatory mitigation options available for use after permit applicants in Southeast Alaska have achieved avoidance and minimization of impacts to aquatic resources. The proposed program structure and processes for completing mitigation projects are based largely upon guidance outlined in the 2008 Final Rule issued in April 2008 by the U.S. Army Corps of Engineers and U.S. Environmental Protection Agency (EPA) [33 CFR Part 332 and 40 CFR Part 230]. Ultimately it



is the goal of this program and the IRT to carryout compensatory mitigation projects that are commensurate with the amount and type of impact occurring and replace the lost resources at an equal or greater value.

The establishment, use, operation, and management of SAWC's approved ILF Program will be carried out in accordance with the following principal authorities.

A. Federal:

1. Rivers and Harbors Act of 1899 (33 USC § 403)
2. Federal Water Pollution Control Act (33 USCA §§ 1251 to 1387.)
3. Regulatory Programs of the Corps of Engineers, 2008 Final Rule (33 CFR Parts 320- 332)
4. Memorandum of Agreement between the Environmental Protection Agency and the Department of the Army concerning the Determination of Mitigation Under the Clean Water Act, Section 404(b)(1) Guidelines (February 6, 1990)
5. U.S. Army Corps of Engineers Regulatory Guidance Letter 05-1, Guidance on Use of Financial Assurances, and Suggested Language for Special Conditions for Department of the Army Permits Requiring Performance Bonds, U.S. Army Corps of Engineers, February 14, 2005
6. Guidelines for the Specification of Disposal Sites for Dredged and Fill Material (40 CFR Part 230, Section 404(b)(1))
7. National Environmental Policy Act (42 USC §§ 4321 et seq.)
8. Council on Environmental Quality Procedures for Implementing the National Environmental Policy Act (40 CFR Parts 1500-1508)
9. Executive Order 11990 (Protection of Wetlands)
10. Executive Order 11988 (Floodplains Management)
11. Executive Order 13112 (Invasive Species)
12. Fish and Wildlife Coordination Act (16 USC §§ 661 et seq.)
13. Fish and Wildlife Service Mitigation Policy (46 FR 7644-7663, 1981)
14. Endangered Species Act (16 USC §§ 1531 et seq.)
15. Magnuson-Stevens Fishery Conservation and Management Act (16 USC §§ 1801 et seq.)
16. National Historic Preservation Act, as amended (16 USC § 470)

It is the intent of the sponsor that this program be established and operated in a collaborative manner with the IRT members (as described below) and potential mitigation site project partners.

The proposed IRT is the group of representatives from Federal and State regulatory and resource agencies that will provide guidance regarding the establishment and management of the Program pursuant to the provisions of the programs final Instrument. The IRT consists of:

1. Chair: COE, Alaska District, Juneau Regulatory Office
2. EPA, Region 10
3. National Oceanographic and Atmospheric Administration, National Marine Fisheries Service Habitat Conservation Division (NOAA/NMFS)
4. U. S. Fish and Wildlife Service (USFWS), Conservation Planning Assistance Program
5. Alaska Department of Environmental Conservation (DEC)
6. Other relevant parties as invited by the Chair and/or the Sponsor on a project-by-project basis.

The role of the IRT is to:

- Assist the COE in their role as chair of the IRT;
- Review of the *Draft Prospectus*, Prospectus, and Draft Instrument and Instrument of ILF Program;
- Evaluate mitigation plans;
- Review monitoring reports;
- Recommend adaptive management measures;
- Approve credit releases to agreed-upon projects.

As sponsor of the program, SAWC will be responsible for all roles required of a program sponsor in 33 CFR Part 332.8, including:

- Ensuring the success of compensatory mitigation for which fees have been collected (*performance standards will be defined in project mitigation plans and will support the measured success of each project*).
- Maintaining accounting ledgers, tracking all fees collected and expenditures (*this system will be further defined in the Draft Instrument*).
- Monitoring and maintaining mitigation projects developed under the program.
- Attaining IRT approval for mitigation plans and expenditures from the ILF account.
- Maintaining sufficient funds for the long-term management (as defined in the project mitigation plan) of mitigation projects (*this system will be further defined in the Draft Instrument*).
- Annually reporting on the progress and status of the program including financial accounting reports, credit transaction reports, mitigation receiving site monitoring and progress toward success, status of long term management endowment account, amount of mitigation provided for authorized impacts/fees collected, and any changes in land ownership or transfers of long term management responsibilities.

The ILF Instrument will provide authorization for the ILF program to provide credits and receive funds from applicants to satisfy compensatory mitigation requirements for Clean Water Act permits (§404 (B)(1) Guidelines (40 CFR 230.10(c)) and other regulated activities. The ILF Instrument will describe the program elements required by 33 CFR §§ 332.8 (6)(ii) & 332.8 (6)(iv), specifically:

1. Credit and debit accounting procedures

2. Provisions stating legal responsibility to provide compensatory mitigation
3. Default and closure provisions
4. Reporting requirements and protocols
5. Project selection criteria through a compensation planning framework (see section 7- *Compensation Planning Framework*)
6. Advance credits
7. Method for determining project-specific credits and fees and fee schedule
8. Description of the ILF program account (see section 8- *Description of Program Account*)

As projects are identified, SAWC will submit site-specific mitigation plans to the COE for review and approval. This is a separate review process for each proposed in-lieu fee project. Any time SAWC would like to implement a new mitigation project or add new acreage to an existing projects, it must submit a project mitigation plan, go through a public review and comment phase, and go through formal IRT review. Mitigation plans will include the following information required by 33 CFR §§ 332.4 (c)(I)(iii) & 332.8 (i)(e). This process ensures each mitigation site is well planned in advance with specific ecological performance standards and have a long-term management plan.

1. Objectives
2. Site selection rationale § 332.2(d)
3. Site protection instrument § 332.7(a)
4. Baseline information
5. Determination of credits § 332.2(f)
6. Mitigation work plan
7. Maintenance plan
8. Performance standards § 332.5
9. Monitoring requirements § 332.6
10. Long-term management plan §§ 332.7 & 332.8(u)
11. Adaptive management plan § 332.7(c)
12. Financial assurances § 332.3 (n)
13. Credit Calculation

Once the program is approved to provide compensatory mitigation for unavoidable impacts to the waters of the United States, credits will be sold to Section 404 permittees. The funds received from permittees will be consolidated and used to implement identified and prioritized mitigation projects. In Southeast Alaska regulated activities are often dispersed across large areas and over time. Therefore achieving compensatory mitigation may sometimes benefit from combining funds from several permit applicants. At the IRT's discretion project funds may be disbursed among adjacent or disparate watersheds to ensure timely delivery of mitigation commitments as required in the final rule.

Compensatory mitigation projects will be selected based on an analysis of their ability to mitigate for impacts and provide measureable ecological benefits. The over-reaching goal is to maintain and restore the quantity and quality of aquatic resources within the service area.

To ensure successful operation of the ILF program SAWC will value fee amounts by setting credit prices that will allow the sponsor to meet all of the requirements of the 2008 Final Rule. Much criticism has been levied against in-lieu fee programs over the years for setting credit prices too low and failing to cover all of the costs necessary to deliver the promised mitigation.

The rule states that the cost per credit must be based on “full cost accounting” – all the costs associated with the restoration, establishment, enhancement, and/or preservation of aquatic resources. The rule lists the specific activities that may be considered in setting credit fees. These are:

- Land acquisition
- Project planning and design, including site selection
- Permitting
- Construction and inspection
- Plant materials
- Legal fees
- Monitoring
- Maintenance and or adaptive management activities
- Program administration
- Contingency costs appropriate to the stage of project planning, including uncertainties in construction and real estate expenses
- The resources necessary for the long- term management and protection of the in-lieu fee project, including compliance inspection.
- Financial assurances that are necessary to ensure successful completion of in-lieu fee projects

Additionally, the rule states third party mitigation programs will use funds generated from credits sale for program administration. The program administration for this ILF programs are describe in part as follows:

(1) A percentage of funds generated (not to exceed 15% of total fees collected) will defray administrative costs associated with operation of the ILF program. Examples of administrative costs include: staff time; planning and project identification costs; landowner contacts; contaminants investigations; meetings with the IRT, watershed representatives, and project partners; developing conservation easements and other legal protections for project sites; reporting; accounting; and others.

(2) In addition to this 15% administrative cost, the sponsor will also create two separate contingency accounts. The first will represent a contingency held separately for each project to

defray unanticipated costs associated with maintaining the long-term success of the project. The second will be a general contingency that will be deposited into a program-wide contingency account to ensure long-term viability of the ILF program. This general contingency account will provide financial assurances for unexpected costs such as easement defense or others that may arise affecting several projects, or the ILF program as a whole. SAWC will work with the IRT- during the Draft Instrument phase- to determine a standard percentage of a total project site cost to be deposited into these two contingency accounts. All other fees collected will be used by SAWC for project implementation, which will include, but may not be limited to: design, construction, construction oversight, site monitoring up to the time of credit release (do we anticipate calling SAWC ILF fees credits?), and perpetual protection of mitigation sites which may include easement or fee title purchase, project site fencing, and others.

Once the COE has required the permittee to pay an appropriate credit amount, SAWC and/or SAWC partners will agree to accept legal responsibility for satisfying the mitigation requirements for all COE, for which mitigation fees from a permittee have been accepted under the terms of the program's instrument. Any transfer of mitigation responsibility is contingent upon the prior approval of the Corps.

**Based on the 2008 Final Rule SAWC assumes the following responsibilities of the COE – as Chair of the IRT- in establishing and operating the program**

- A. The COE agrees to provide appropriate oversight in carrying out their responsibilities under the provisions of the 2008 Final Rule and any special considerations written into the Programs final Instrument.
- B. The COE agrees to review and provide comments on project plans, monitoring reports, contingency and remediation proposals, and similar submittals from the SAWC in a timely manner.
- C. As IRT Chair, the COE will coordinate their review with the other members of the IRT.
- D. The COE agrees to review requests to provide guidance in the development of the SAWC ILF Program Prospectus, Draft Instrument and Final Instrument. As well as, once the program is approved, the COE agrees to review requests to modify the terms of the Instrument, to transfer title or interest in any real estate subject to the program, to determine achievement of performance standards in order to evaluate the award of credits for each phase of the Program's mitigation projects, or to approve the Long-Term Management Plans. As Chairs, the COE will coordinate review with the members of the IRT so that a decision is rendered or comments detailing deficiencies are provided in a timely manner. The COE agrees to not unreasonably withhold or delay action on such requests.
- E. The COE agrees to act in good faith when rendering decisions about acceptability of financial assurances, requiring corrective or remedial actions, requiring long-term management and maintenance actions, and releasing credits. The COE shall exercise good judgment in accessing financial assurances, and will utilize those monies only to the extent they reasonably and in good faith conclude that such remedial or corrective actions are an effective and efficient expenditure of resources. In implementing this process the COE will act in good faith in determining the scope and nature of corrective actions to be undertaken, shall act in good faith in conducting monitoring, developing reports, and assessing compliance with performance



standards; and will not unreasonably limit options available as corrective action activities or otherwise apply their discretion so as to unduly prejudice the Sponsor regarding the timing or number of credits released. Approval by the COE of the identity of any assignee responsible for executing the Long Term Management Plan, and approval of the terms of any long-term management assignment agreement, will not be unreasonably withheld.

F. The COE will periodically inspect the mitigation sites as necessary to evaluate, in consultation with the other members of the IRT, the achievement of performance standards, to assess the results of any corrective measures taken, to monitor implementation of Long Term Management Plans, and, in general, to verify SAWC's compliance with the provisions of the programs approved Instrument.

Upon satisfaction of the requirements of any mitigation site phase under the approved Instrument, the COE will certify, following consultation with the SAWC and the other members of the IRT, that the establishment period of a mitigation site has terminated, all credits associated with the site have been released, and that the site has entered the long-term management phase. Certification will occur upon the SAWC's receipt of a letter issued by the COE to the Sponsor confirming that all credits are released.

The 2008 Final Rule, requires all ILF programs to have a Compensation Planning Framework as part of the program's prospectus and final instrument (§332.8(d)(2)(vii). The compensation planning framework is a detailed and extensive section of the prospectus and instrument that is "used to select, secure, and implement aquatic resource restoration, establishment, enhancement, and/or preservation activities."<sup>1</sup> This element of the in-lieu fee program instrument was added to the 2008 Final Rule to improve the practice's "accountability and performance" of ILF programs. Please refer to the compensation-planning framework in this prospectus for information, including site selection, prioritization, and implementation of the SE Alaska Mitigation Fund,

#### **4. The proposed service area.**

*(The ILF program service area is described in more detail in the Compensation Planning Framework section)*

The service area for the SAWC ILF Program is the organization's existing area of focus servicing municipalities, tribes and local organizations throughout Southeast Alaska. Common usage describes Southeast Alaska as a coastal ecosystem located between 55 and 60 degrees latitude, extending about 500 miles from the Canadian border (south of Ketchikan) northwest to Yakutat Bay and roughly 120 miles in width. Southeast Alaska encompasses about 22 million acres. Within this vast region, SAWC is relying on established USGS Hydrologic Unit Code (HUC) delineations, which are defined by watersheds for program management purposes. These identifications of watersheds assist in framing a regional analysis that complements the 2008 Final Rule's focus on compensatory mitigation on a watershed basis.

Existing delineations define the SE Alaska service area watersheds and organize available aquatic resource data and management information, as follows:

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<sup>1</sup> 2008 Final Rule (§332.8(c)(1))

- The U.S. Geological Service identifies four 6-digit and eleven 8-digit Hydrologic Unit 26 Codes: 19010101 – 19010401 covering the watersheds in the Service Area. (Natural Resources Conservation Service; [www.ak.nrcs.usds.gov/technical/southeasternhucs.html](http://www.ak.nrcs.usds.gov/technical/southeasternhucs.html))
- The U.S. Forest Service identifies 22 Biogeographic Provinces comprised of groups of watersheds, with further delineation of 926 “Value Comparison Units” (VCU) within the provinces. Each VCU generally encompasses a drainage basin (watershed) with one or more large stream system and includes estuaries and adjacent marine habitats associated with the terrestrial drainage system (*Tongass National Forest Land and Resource Management Plan*, 1997; 2008).
- The Nature Conservancy and Audubon Alaska further combine the Forest Service’s 22 biogeographic provinces into five sub-regional groupings based on climate, physiography, and plant distribution and provide watershed-scale information in a GIS format (*The Coastal Forests & Mountains Ecoregion in Southeastern Alaska and the Tongass National Forest*, 2007).

SAWC will rely on these watershed delineations in mitigation project identification and will maintain records using both the 8-digit USGS HUC and the biogeographic province nomenclature. SAWC will attempt, to the extent workable, to match mitigation projects within and/or near the watershed that received the unavoidable permitted impact.

The fees for jurisdictional impacts in each of the eleven 8 digit HUCs in Southeast Alaska will be collected and combined to fund mitigation projects in that HUC. In situations, deemed appropriate by the IRT and Sponsor, the SAWC’s ILF program funds may be used to compensate for an impact that occurs outside of the 8-digit HUC impacted. If the COE determines that SAWC has sold, used, or transferred credits at any time to provide compensatory mitigation for loss of aquatic resources outside of the HUC where the impact occurred without prior approval under the terms of this instrument, the COE, in consultation with other applicable members of the IRT, may direct that the sale, use, or other transfer of credits immediately cease. The COE will determine, in consultation with the IRT, SAWC, and the appropriate regulatory authority, what remedial actions are necessary to correct the situation.

## **5. The general need for and technical feasibility of the proposed in-lieu fee program.**

Commercial, urban and rural development, road and utility infrastructure, industrial sites, historic logging practices, and other human actions have altered aquatic habitat in Southeast Alaska. Valuable freshwater wetlands and estuarine habitat have been filled and/or isolated; stream channels have been blocked, straightened and disconnected from their floodplains; forests and riparian areas have been degraded by legacy issues; sections of the coast line have been degraded or lost due to habitat modifications and water pollution; and abandoned crab pots,

fishing nets and other gear litter the bottom of the ocean floor near and around Southeast communities.<sup>2</sup>

Studies of compensatory wetland mitigation across the country generally demonstrate that less than 50 percent of mitigation sites are successful ecologically in achieving their performance standards and intended goals. Furthermore, they fail to effectively replace lost or damaged resources, habitats, and functions. These studies identify several common flaws, including inappropriate site selection, project design without a landscape or watershed context, poor planning and implementation of projects, lack of oversight, maintenance, and follow-through, and insufficient long-term management and monitoring.<sup>3</sup>

Despite a nationwide goal of no-net-loss of wetlands, Southeast Alaska and the State continue to experience losses to the functions and values of wetlands, streams, riparian areas and other aquatic resources. Based on a gap analysis conducted by the SAWC three central factors have been identified as contributing to these losses: 1. Actions being permitted under the Clean Water Act Section 404 program without credible mitigation plans and projects that meets the requirements of the 2008 Final Rule, 2. A lack of identified and prioritized mitigation projects and, 3. A lack of third party mitigation programs operating in Southeast Alaska and the State that offer restoration and enhancement opportunities.

Currently there is one ILF program in Southeast Alaska that offer preservation opportunities to Section 404 permit applicants. There are no active third party mitigation programs (mitigation banks and/or In lieu Fee Programs) that carryout restoration, enhancement and/or creation to offset unavoidable permitted impacts to aquatic resources in Southeast Alaska.

Federal regulations have identified in-lieu fee programs as one potential option to correct some of the shortcomings in existing mitigation techniques. A regulatory program that includes an ILF program provides the opportunity for consolidating compensatory mitigation projects and resources to target more ecologically significant functions, provide financial planning, provide scientific expertise, reduce temporal loss of function, and reduce uncertainty about project success. By consolidating resources and utilizing scientific expertise, this program will provide applicants an appropriate mitigation option for offsetting unavoidable impacts in a timely manner.

The population of Southeast Alaska region is expected to grow in coming years. In addition to pressures on Southeast Alaska's biogeographical regions from general population growth in certain communities, existing industry and land uses will continue to expand. This expected growth and development does and will continue to require more effective mitigation.

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<sup>2</sup> Alaska Region Step-down Plan 2007-2011; Partners for Fish and Wildlife and [http://www.fs.fed.us/r10/tongass/projects/tlmp/2003\\_monitoring\\_report/17.5\\_wetlands.pdf](http://www.fs.fed.us/r10/tongass/projects/tlmp/2003_monitoring_report/17.5_wetlands.pdf)

<sup>3</sup> Hood Canal In Lieu Fee Program

At this time- there are no processes, structures or strategies that support third party mitigation programs in Southeast Alaska. There are limited natural resource managers and professional in the region who have are well informed and have an in depth understanding of the 2008 Final Rule. The COE regulatory office in Juneau has a staff of two, which means COE regulatory staff located in Anchorage are approving permit applications for impacts occurring in Southeast Alaska. This results in significant permitting inconsistencies between the COE offices in Anchorage and Juneau. In addition, SAWC is the only natural resource organization that is addressing and building awareness about aquatic resource mitigation- in the form of restoration/enhancement/creation in the region. SAWC believes that the technical capacities of one entity to effectively carryout mitigation projects and manage the sites associated with an In Lieu Fee program does not currently exist in Southeast Alaska. After a review of past restoration projects carried out in Southeast Alaska it is obvious that the majority of projects require partnerships between various organizations as well as the landowner(s) in order to develop project designs, construct project, monitor project over the long-term, and secure a site projection mechanism.

Therefore SAWC is proposing to create strategic restoration partnerships- for each mitigation project- with the agencies/organizations/contractors/landowner(s) that are addressing aquatic resource management issues and carrying out restoration projects near and around the program's proposed site. SAWC is confident that the technical needs required to meet the objectives of the proposed ILF program are feasible. SAWC with oversight from the IRT will undertake specific mitigation plans that compliment the organizational capacity of SAWC, as well as the technical expertise of the partnering organizations.

Communities, scientists, government, tribes, natural resource managers, contractors and conservation groups are ripe with interest to utilize Section 404 mitigation programs funds to restore, enhance and create aquatic habitat in Southeast Alaska. Acting as a coalition, SAWC has access to extensive resources and potential partners to support its mitigation activities. Drawing from its network of natural resource professionals and managers that represent diverse stakeholder groups, including resource agencies, tribes, municipalities, industry, non-profit organizations, the Alaska State Legislature and environmental consultants and contractors SAWC will be able to respond to the technical requirements of this ILF program. Technical needs and requirements include, mitigation site selection and prioritization, mitigation project design and construction, long-term monitoring of project site, data collection and storage and financial management.

## **6. The proposed ownership arrangements and long-term management strategy for the in-lieu fee project sites.**

SAWC will consider mitigation projects on public or private lands based on site-selection criteria within a watershed, which will be detailed in the ILF Instrument. Private properties with existing conservation easements or equivalent protections as well as lands held and protected by state,

federal, tribal, or other entities in the public trust present opportunities to optimize mitigation on a watershed scale as land costs may represent one of the largest component costs of a mitigation project. Mitigation sites on private land will be protected by permanent conservation easement, deed restrictions, or other legal instruments as provided in the 2008 Final Rule. SAWC intends to partner with statewide and regional land trust entities that can hold a conservation easement or fee title to property on which mitigation is conducted, as well as other land owners both public and private who have the authority to hold legal instruments that dictate land and resource use.

Long-term stewardship and management of in-lieu fee project sites can take many different shapes. In some cases, the in-lieu fee sponsor is a government agency or non-profit conservation organization with land conservation as a mission and the sponsor fully intends to retain ownership and management responsibilities for project sites. In other cases, the in-lieu fee sponsor may intend to transfer the project sites to another entity for ownership or long-term management. In these cases, mitigation project sponsors may have difficulty securing a long-term steward until after the project is further along and the risks are clearer (i.e., the site is completed and meeting performance standards). As a result, the in-lieu fee instrument and project-specific mitigation plan(s) generally identify the sponsor as the long-term steward (the “default” long-term steward). Long-term management and funding then can be transferred to another party with the approval of the district engineer and IRT at some later point. This, presumably, holds true for the portion of the long-term management plan that describes long-term management needs (e.g., annual cost estimates for these needs) and how those needs will be financed.

SAWC will work with the IRT to develop a Final Instrument and mitigation plans under the proposed program that addresses the several different aspects of long-term management of mitigation sites, such as the long-term site protection duration and instrument, the long-term management activities themselves, the party responsible for long-term management, the mechanism(s) for financing long-term management activities, and if and how the responsibility and funding for long-term management will be transferred to another entity.

Following the project performance period (process of implementing mitigation project and carryout project tasks), mitigation projects will be managed in accordance with long-term stewardship guidelines. Credit pricing will include costs associated with long-term management and monitoring of ILF mitigation receiving sites. In addition to long-term monitoring and management specified in the ILF program instrument, the ILF sponsor will protect ILF sites used for mitigation in perpetuity. SAWC has several legal mechanisms whereby its approved ILF Program compensatory mitigation properties could receive long-term protection and management:

1. SAWC can partner with a land trust to execute and hold a conservation easement on certain properties with willing public or private landowners.
2. SAWC can partner with a property owner that holds a conservation easement.
3. SAWC can partner with an appropriate public agency and place deed restrictions (per 2008 Mitigation Rule 33 CFR 332.7(a)).



Under the ILF Program, the specific project mitigation plan or terms of a project-specific conservation easement would clearly describe the conservation values being protected and the permitted/prohibited uses/activities for each project site. In accordance with 33 CFR 332.6, the mitigation plan for each mitigation site identifies the specific monitoring required for that specific site. The ILF Program legal instrument between the COE and SAWC will require reporting of all monitoring actions.

For projects on private lands, the ILF sponsor must require that a site protection mechanism, such as a conservation easement or restrictive covenant, be placed on the land. The site protection mechanism must grant the sponsor access for monitoring and enforcement, and stipulate long-term protection obligations.

Regardless of the legal mechanism protecting the mitigation site, SAWC or an identified partner in the Project Mitigation Plan will be responsible for long-term management of the site. The long-term management strategy will include the following components:

1. Specific needs for long-term success of the project including a general discussion of watershed and functional benefits that will be considered. Generally, the long-term management strategy for a project will consider long-term sustainability of the project where restoration and enhancement activities provide self-sustaining processes to produce and maintain aquatic resource benefits.
2. Each ILF project will meet the COE's long-term protection requirements. Agreements will require that project sites be protected from adverse future land uses with a permanent conservation easement, deed restriction, or other legal mechanism. SAWC will submit a proposal for permanent conservation easement, deed restriction, or other legal mechanism to the COE and the IRT for review and approval prior to release of credits. Enactment of protection may serve as the basis for release of advance credits as identified in the credit release schedule.
3. Mitigation projects may be conducted by SAWC on lands protected by easements held by a separate land trust entity. SAWC may either continue to assume responsibility for long-term management or delegate monitoring and/or management responsibilities to that land trust entity. However, it may be most advantageous or necessary to transfer responsibility for long-term management to a third party; e.g. where property owners request that a single entity hold the easement and provide long-term management. Where long-term management becomes the responsibility of a third party, a Stewardship Management Agreement may be presented to the COE for approval that describes how the third party will implement the strategy. In either case, the responsible party will maintain long-term management funds sufficient to ensure long-term protection of the site.
4. Monitoring of mitigation sites will be required for a minimum five-year period. However, the COE may release credits prior to completion of the five years if it believes it is warranted. The COE may require longer periods of monitoring when necessary; e.g. where an ILF project involves restoring forested wetlands, to ensure performance standards are met.
5. Mitigation projects will involve deposits to both a project-specific and a general, program-wide contingency account. SAWC or a SAWC partner- that has agreed to assume monitoring

and/or long-term management responsibilities for a project- may hold these long-term management funds.

Accomplishment of Sponsor Responsibilities; Transfer of Ownership of a Mitigation Site: SAWC will remain responsible for complying with the provisions of the final Instrument throughout the operational life of the Program, regardless of the ownership status of the underlying real property where mitigation sites are located, unless those responsibilities have been re-assigned. The SAWC is not required to, but may transfer ownership of all or a portion of the mitigation sites' real property interest to another party, provided the COE, following consultation with the other members of the IRT, expressly approves the transfer in writing. The SAWC will provide no less than 60 days written notice to the IRT of any transfer of fee title or any portion of the ownership interest in the Program real property interest to another party.

Transfer of Long Term Management Responsibilities: The Sponsor may assign its long-term management responsibilities to a third party assignee, which will then serve as Long-Term Steward in place of the Sponsor. The identity of the assignee and the terms of the long-term management and maintenance agreement between the SAWC and the assignee must be approved by the COE following consultation with the IRT, in advance of assignment.

Upon execution of a long-term management assignment agreement and the transfer of the contents of the Long-Term Management Account, and upon satisfaction of the remaining requirements for termination of the establishment phase of the Program, SAWC shall be relieved of all further long-term management responsibilities under this Instrument, which are associated with the site for which responsibilities have been transferred.

Funding for ownership agreements and long-term management:

Mitigation Fees will comprise of two fees: a Credit Fee and a Land Fee. The Credit Fee price will reflect average costs for implementing all components of a mitigation project. Once in operation for a few years SAWC will strive to adapt an average Credit Fee for each 8 digit HUC based on cost analyses of recent projects completed by The Southeast Alaska Watershed Coalition Mitigation Fund.<sup>4</sup>

The Land Fee prices will be based on an analysis of average cost of recent land acquisitions made by various stakeholders including the Southeast Alaska Land Trust ILF program within different areas and zoning categories.

As the 2008 Final Rule requires, the Mitigation Fee prices will thus be formulated to reflect full-cost accounting for establishment and management of mitigation sites, which includes: costs associated with site selection, permitting and design, construction, monitoring and maintenance, **long-term management**, program administration, **contingencies and property right acquisition**.<sup>5</sup>

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<sup>4</sup> King County In Lieu Fee Program

<sup>5</sup> 33 CFR 332.8(o)(5)(ii)

## **7. The qualifications of the sponsor:**

SAWC is a natural resources management coalition and is committed to the strategic conservation and promotion of the aquatic, natural, economic and cultural resources in communities throughout Southeast Alaska. The mission of SAWC is to inspire Southeast Alaskan's and support community organizations to wisely manage our watersheds. SAWC does this by, facilitating a professional network for watershed practitioners, offering trainings to build local watershed management capacities and providing aquatic resource mitigation services to municipalities, tribes, landowners, resource management agencies, industry, and the private sector throughout Southeast Alaska.

Throughout SE Alaska, community-based watershed initiatives identify, plan, and execute watershed protection, stewardship, restoration and enhancement projects that meet salmon recovery, ecosystem conservation, water quality improvement and other federally and state mandated and community-based watershed management objectives. These groups have a successful track record of facilitating partnerships on the local, regional, state and federal level in order to mitigate the impacts both rural and urban communities have on watersheds. The main objective of The Southeast Alaska Watershed Coalition Mitigation Fund is to support and bolster these local efforts. SAWC intends to initiate and partner on mitigation projects that result in functional lift of aquatic habitat to offset permitted impacts elsewhere.

SAWC coordinates a regional network of locally based watershed councils and groups, field practitioners, technical experts, natural resources professionals, municipalities, tribes, industry, private consultants, and agency staffers. These individuals and organizations work together to build the capacity of communities throughout Southeast Alaska to implement local approaches to the management, development and stewardship of the regions watersheds.

SAWC will rely on the input from the Board of Directors, Advisory Council, member groups, partnering natural resource agency staffers, municipalities, tribes, private industry and sector, and Native Corporation stakeholders in selecting, implementing, managing and monitoring restoration projects in their communities.

To meet the needs of each mitigation project, the best available science will be incorporated along with an appropriate monitoring program to evaluate the effectiveness of the implemented strategies and inform adaptive management. The IRT and other relevant experts will review the mitigation and monitoring plans of each project site to ensure the greatest chance of success.

The Southeast Alaska Watershed Coalition Mitigation Fund will serve the critical need for identifying mitigation opportunities and establishing mitigation projects where private mitigation banks do not exist, lack available credits, or are not expected to begin operating in the foreseeable future. The ILF program can strengthen SE Alaska's ability to conserve its aquatic resources. Additionally, the ILF Program may collaborate, by contributing mitigation-based restoration elements to projects with other entities, including public agencies, watershed groups, conservation organizations, land trusts, and others. Partnering with other restoration ventures is in the public interest. The ILF program can mobilize mitigation funds for larger-scale restoration projects, including those where mitigation funds alone may be insufficient to implement restoration at an effective watershed scale.

As stated SAWC does not intend to identify, carryout, and monitor Southeast Alaska Mitigation Fund sites in isolation. It is the intention of this program and those entities supporting the development of this program to develop strategic partnerships in order to ensure effective, credible, and meaningful projects. Mitigation plans for each project will be developed with the identified partners for the specific project. Zone of Agreements, Memorandum of Understandings, Partnership Agreements and/or Contracts will be developed between SAWC and project partners. These Zone of Agreements will be discussed in mitigation plans and approved by the IRT prior to the release of credits.

Potential Project Partners include but are not limited to:

1. Yakutat City and Borough
2. Taiya Inlet Watershed Council
3. Takshanuk Watershed Council
4. Juneau Watershed Partnership
5. Sitka Conservation Society
6. Prince of Wales Watershed Association
7. Southeast Alaska Land Trust
8. The Nature Conservancy
9. Tout Unlimited, Juneau Chapter
10. The National Forest Foundation
11. Ecological Land Services
12. Southeast Alaska Region Department of Transportation
13. The United States Fish and Wildlife Service, Juneau Field Office Restoration Program
14. The United States Forest Service, Tongass National Forest

SAWC anticipates this list to grow as the entities addressing aquatic resource restoration throughout Southeast Alaska become aware of The Southeast Alaska Watershed Coalition Mitigation Fund and interested in supporting the specific projects under the program.

## **8. The Compensation Planning Framework:**

*The Compensation Planning Framework for The Southeast Alaska Watershed Coalition Mitigation Fund* presents the condition of aquatic resources, and the historic losses and potential threats to those resources (due to urbanization, local and regional transportation infrastructure, hydropower development and transmission, resource development, etc.) as best possible considering aquatic resource impacts have not been tracked in a systematic way that is available to the public and third party mitigation programs in Alaska. The compensation planning framework explains how the ILF Sponsor will use permittee-provided fees to mitigate aquatic resources on land parcels to offset impacts to aquatic functions and services throughout the service area. Further, the Framework identifies the ILF Program goals and objectives, a strategy for prioritizing the selection and implementation of mitigation projects



**a. The geographic service area(s), including a watershed-based rationale for the delineation of each service area;**

The service area for the SAWC ILF Program is the organization's existing area of focus servicing municipalities, tribes and local organizations throughout Southeast Alaska. Common usage describes Southeast Alaska as a coastal ecosystem located between 55 and 60 degrees latitude, extending about 500 miles from the Canadian border (south of Ketchikan) northwest to Yakutat Bay and roughly 120 miles in width. Southeast Alaska encompasses about 22 million acres. Within this vast region, SAWC is relying on established USGS Hydrologic Unit Code (HUC) delineations, which are defined by watersheds (8 digit HUC) for program management purposes. These identifications of watersheds assist in framing a regional analysis that complements the 2008 Final Rule's focus on compensatory mitigation on a watershed basis.

Existing delineations define the SE Alaska service area watersheds and organize available aquatic resource data and management information, as follows:

- The U.S. Geological Service identifies four 6-digit and eleven 8-digit Hydrologic Unit 26 Codes: 19010101 – 19010401 covering the watersheds in the Service Area. (Natural Resources Conservation Service; [www.ak.nrcs.usds.gov/technical/southeasternhucs.html](http://www.ak.nrcs.usds.gov/technical/southeasternhucs.html))
- The U.S. Forest Service Watershed Condition Framework for Southeast Alaska: <http://apps.fs.usda.gov/WCFmapviewer/>
- The U.S. Forest Service identifies 22 Biogeographic Provinces comprised of groups of watersheds, with further delineation of 926 "Value Comparison Units" (VCU) within the provinces. Each VCU generally encompasses a drainage basin (watershed) with one or more large stream system and includes estuaries and adjacent marine habitats associated with the terrestrial drainage system (*Tongass National Forest Land and Resource Management Plan*, 1997; 2008).
- The Nature Conservancy and Audubon Alaska further combine the Forest Service's 22 biogeographic provinces into five sub-regional groupings based on climate, physiography, and plant distribution and provide watershed-scale information in a GIS format (*The Coastal Forests & Mountains Ecoregion in Southeastern Alaska and the Tongass National Forest*, 2007).
- The Alaska Department of Environmental Conservation list of Impaired Waterbodies

SAWC will rely on these regional delineations and assessments in mitigation project identification and will maintain records using both the 8-digit USGS HUC and the biogeographic province nomenclature. SAWC will attempt, to the extent workable, to match mitigation projects within and/or near the watershed that received the unavoidable permitted impact.

The fees for jurisdictional impacts in each of the twelve 8 digit HUCs in Southeast Alaska will be collected and combined to fund mitigation projects in that HUC. In situations, deemed appropriate by the IRT and Sponsor, the SAWC's ILF program funds may be used to compensate for an impact that occurs outside of the 8 digit HUC impacted. If the COE determines that SAWC has sold, used, or transferred credits at any time to provide compensatory mitigation for loss of aquatic resources outside of the HUC where the impact occurred without prior approval under the terms of this instrument, the COE, in consultation with other applicable



members of the IRT, may direct that the sale, use, or other transfer of credits immediately cease. The COE will determine, in consultation with the IRT, SAWC, and the appropriate regulatory authority, what remedial actions are necessary to correct the situation.

To meet its primary objective of maintaining and improving the quantity and quality of aquatic resources in Southeast Alaska SAWC and the IRT will make mitigation decisions utilizing a “watershed approach”. The 2008 Final Rule states that mitigation is most successful when it is based upon a “watershed approach” and provides strategies and processes for the district engineer, IRT and program sponsor to follow in mitigation site selection and project prioritization. Making mitigation decisions according to a “watershed approach” is an important requirement of the Final rule, and is a guiding principle for The Southeast Alaska Watershed Coalition Mitigation Fund. The 2008 Final Rule states:

*“Watershed approach means an analytical process for making compensatory mitigation decisions that support the sustainability or improvement of aquatic resources in a watershed. It involves consideration of watershed needs, and how locations and types of compensatory mitigation projects address those needs. A landscape perspective is used to identify the types and locations of compensatory mitigation projects that will benefit the watershed and offset losses of aquatic resource functions and services caused by activities authorized by DA permits. The watershed approach may involve consideration of landscape scale, historic and potential aquatic resource conditions, past and projected aquatic resource impacts in the watershed, and terrestrial connections between aquatic resources when determining compensatory mitigation requirements for DA permits.” [33 CFR 332.2]*

Though not as comprehensive and coordinated as states - such as Washington and Oregon- that have been developing aquatic resource mitigation policy and strategies- over the past twenty years- to support third party mitigation programs various stakeholder groups in Southeast Alaska have developed a wealth of information and data about the ecological conditions of Southeast Alaska watersheds to use in making decisions about implementing mitigation according to a *watershed approach* as required in the 2008 Final Rule.

For example, the following regional resources provide a great deal of information that will enable mitigation decisions to be made according to a watershed approach. The Nature Conservancy in partnership with the Audubon Society developed *“A Conservation Assessment and Resource Synthesis for the Coastal Forests and Mountains Ecoregion in Southeastern Alaska and the Tongass National Forest.”* This assessment identified the core watersheds of high biological value of both intact and impacted watersheds throughout Southeast Alaska. In addition the Forest Service has recently completed its Watershed Condition Framework, which has helped set restoration priorities for the next 5 years in watersheds located in the Tongass Forest. Both of these assessments provide regionally appropriate and meaningful information regarding aquatic resource needs within watershed in Southeast Alaska.

In addition to information related to regional assessment of watershed conditions, there are also resources available regarding conditions within a particular watershed based on a smaller scale.

These natural resource management plans and land use plans will also help guide the process for making decisions using a watershed approach. Examples of these types of resources and plans include but are not limited to: The Pullen Creek Action Plan completed by the Taiya Inlet Watershed Council and the United States Fish and Wildlife Service, Auke Lake Watershed Assessment completed by the Juneau Watershed Partnerships, the Hoonah Community Forest Project sponsored by the Southeast Alaska Conservation Council and the Staney Community Forest Project sponsored by The Nature Conservancy.

Collectively, these reports, plans and analyses (and many more) provide a more complete picture of how the ecological conditions in watersheds throughout Southeast Alaska have changed through time in the face of development, and which aquatic functions within a watershed are most important to protect and/or restore; this body of work will provide a solid scientific basis (as well as information about societal value of resources) for making decisions about how to implement mitigation that will achieve “no net loss” policies, and have the greatest benefit to aquatic resources in Southeast Alaska.

Depending on which 8 digit HUC is receiving impacts and therefore needs mitigation sites SAWC will do a thorough aggregation of plans, reports, and documents in order to ensure mitigation site identification and prioritization process is being carried-out utilizing existing scientific information and a watershed approach.

The information available to guide mitigation decisions is by no means static. Scientists and planners in SE Alaska continue to collect new data, perform new analyses and employ innovative methods in examining the ecological systems across the region landscape. As new reports and analyses become available, they will be added to the resources informing mitigation decisions through the SAWC and be incorporated by reference into this instrument.

**b. A description of the threats to aquatic resources in the service area(s), including how the in-lieu fee program will help offset impacts resulting from those threats;**

This analysis of the current conditions of aquatic resources and the potential threats to these resources in Southeast Alaska is based on a review of region-wide or local publications and online information sources including, but not limited to Alaska Department of Fish and Game Anadromous Waterbodies, DEC Total Maximum Daily Load reports, EPA/DEC list of impaired Waterbodies, TNC and Audubon Conservation Assessment for Southeast Alaska, the Forest Service’s Tongass Watershed Framework, the National Wetland Inventory and Juneau Watershed Partnership Resource Library. Given the size of the service area, SAWC did not perform site-specific field documentation for this Compensation Planning Framework. As a result site-specific field documentation will accompany all Project Mitigation Plans. Examples of site-specific mitigation information will be presented in the Draft Instrument.

From a regional perspective, the potential future threats that aquatic resources face depend on the extent that resource development (timber harvest, mining, energy, and small-scale activities), intraregional highway and power transmission, and community redevelopment or expansion occur. In general, future community and resource developments in Southeast Alaska -- and the associated, unavoidable impacts to aquatic resources -- are likely to be similar to those that have

occurred in the past. We do not anticipate unfamiliar development activities to occur that would have unique or unusual impacts on aquatic resources not already experienced in Southeast Alaska. Thus, the types of historic impacts to aquatic resources discussed below are also those that may occur in the future, although the extent, severity and duration of future impacts may be minimized as a result of improved scientific knowledge, enhanced developer cooperation, increased community land use planning, and targeted regulatory actions. One exception to this might be the future development of one or more ocean kinetics (tidal) projects in Southeast Alaska, which could lead to potential impacts to submarine, near shore aquatic resources heretofore not experienced in Southeast Alaska.

### ***Urbanization***

Because of the relative remoteness of Southeast communities and the high proportion of federal and state public lands throughout the region, the effects of urbanization in Southeast Alaska will likely remain localized.

In the region as a whole and at the individual community level, future public funding is likely to focus primarily on the rehabilitation and maintenance of existing roads, streets, water/sewer utilities, docks/harbors, airports and public buildings, rather than substantial new construction of public infrastructure as occurred in past decades. The economic vitality of communities will largely determine the amount of private capital invested in new homes, commercial buildings, etc. in the future. Looking forward, fairly stable government and fishing employment provide the regional economy some insulation from external events affecting the other two engines of the Southeast economy – tourism and mining.

To the extent Southeast communities expand or are renewed in the future, there is likely to be an increase in impervious surfaces (new/rehabilitated roads, building roofs, bridges, and parking lots) and continued loss of riparian, wetland and shoreline habitat and vegetation. In addition to the unavoidable impacts to aquatic resources, other valuable functions (open space, recreation, drinking water protection) may be compromised and diminish a community's aesthetics or livability.

### ***Timber Harvest***

New timber road construction is currently anticipated to be less than 30 miles per year on average (USFS TLMP 2008 Revision EIS). Prince of Wales Island, the Petersburg and Wrangell areas, and northeastern Chichagof Island are currently at greatest risk of potential threats to aquatic resources from continued logging activities.

### ***Community infrastructure and road development***

As communities develop they face additional infrastructure demands and/or need to replace old infrastructure with new infrastructure. This is true for the development and/or repair of roads, as well as, schools, fire halls, hydroelectric facilities, clinics, business etc. In many communities throughout southern southeast it is nearly impossible to build without impacting aquatic resources.

### ***Mining***

The current high price of gold is encouraging additional mineral exploration, at existing mines (Kensington and Greens Creek), as well as reopening historic mining sites (AJ and Niblack). Future mining activity in the Southeast region is largely contingent on worldwide demand and the pricing of gold or base metal commodities. While not subject to COE mitigation, some Canadian mine prospects along the Taku River (Tulsequah Chief), Stikine River (Galore Mine) and Unuk River (Kerr-Sulphurets-Mitchell) could have downstream water quality impacts in Southeast Alaska.

### ***Tourism***

New remote tourism lodges or developments to satisfy potential demand for ecotourism niche markets in the future could cause localized impacts to aquatic resources. For example, Sealaska Native Corporation is seeking federal legislation to complete its Alaska Native Claims Settlement Act lands selections, including some remote coastal sites for small and large-scale tourism operations.

### ***Aquaculture***

Aquaculture is the breeding, rearing, and harvesting of plants and animals in all aquatic environments, including ponds, rivers, lakes, and near- and off-shore ocean areas. Currently, salmon hatcheries for fish stock enhancement dominate the aquaculture industry in Southeast Alaska, and the footprint of this coastal infrastructure has been in place for decades. No new fish hatcheries are slated for Southeast Alaska. Freshwater aquaculture and the farming of marine finfish are prohibited in Alaska state waters. Although offshore fish farming has received some attention at the federal level in recent years, no current efforts are underway off Alaska.

Shellfish aquaculture projects potentially could occur anywhere in Southeast Alaska where growing, tending, and harvesting conditions are favorable. Marine shellfish operations culturing oysters and clams are likely to increase as technology improves, shellfish farms become more profitable, and people are drawn to the remote lifestyle where few other economic opportunities exist. The State has identified 42 sites in coastal Southeast Alaska that are available as potential shellfish farm locations through its over-the-counter lease program. Shellfish operations have the potential to harbor and spread marine invasive species, and the first documented occurrence of an invasive sea squirt *Didemnum vexillum* is in Whiting Harbor, Sitka.

SAWC and its member watershed councils have been working within individual Southeast communities to help develop solutions that restore functioning aquatic resources as well as protect these less tangible but important community values. As a regional in-lieu fee program sponsor, SAWC will continue to focus first at the community level to identify compensatory mitigation projects that ameliorate local aquatic resource losses from a community's renewal or expansion. If local restoration opportunities are not available in a timely manner, SAWC intends to look farther afield in adjacent biogeographic provinces for projects that will restore important aquatic resources.

#### **c. An analysis of historic aquatic resource loss in the service area(s);**

As of August 2012, the COE Alaska District regulatory division has not yet developed a system to track the acres and/or functions of aquatic resource habitat being lost to permitted impacts in Southeast Alaska and the State that is accessible to third party mitigation programs. In addition,

the COE Alaska District does not consistently require Section 404 permit applicants to state the type and/or function(s) of wetland being impacted. Therefore, an in-depth analysis of aquatic resource loss in Southeast Alaska is difficult to summarize. At this time SAWC is able to make broad statements based off of scientific reports, natural resource agency management reports, best professional judgment, and local and traditional knowledge regarding the loss of aquatic habitat in Southeast Alaska

The high precipitation of the temperate rainforest and flat coastal topography yield productive forested and emergent estuarine wetlands that have inevitably experienced some losses because people and their activities are also found along the coastline of Southeast Alaska. In general, impacts to aquatic resources in Southeast Alaska are locally concentrated in towns, along roads radiating from the towns, and also where timber harvest, transfer or milling has occurred. To a lesser extent, impacts occurred at isolated cannery or mine sites occupied along the coast in the early decades of the 20th century and at modern-day seafood processing, mining, and a few tourism-related sites found in the region. Hydropower sites with associated transmission lines have also impacted aquatic resources in locations throughout the region. Human activities and impacts historically occurred primarily along the coastline where flat and buildable land, fish-bearing marine and freshwaters, and access to relatively inexpensive marine transportation are found.

In Southeast Alaska towns, miles of marine shoreline are developed and stabilized; forested and scrub-shrub wetlands are replaced by roads, buildings, and other impervious surfaces; streams are channelized and impacted by road crossings, fill and runoff; and floodplains and wetlands are developed for residences and commercial sites. Urban shoreline alteration may disrupt nearshore primary productivity by blocking sunlight, altering water circulation patterns, and converting fine sediment shallows to rocky deep-water shoreline, as in the case of riprap fill. While not regulated under the COE authority and not a primary focus of this Framework, additional human activities impact aquatic resources through storm water runoff leading to chemical and biological pollutants, stream bank erosion, increased sediment loads, and water temperature changes; the disposal of poorly treated wastewater (sewage, detergents, chlorine, etc.) into the groundwater and the near shore marine waters; and the introduction of invasive plants or aquatic organisms.

In general, aquatic resource functions have been affected most intensively within and around the larger communities of Southeast Alaska and at heavily utilized areas of timber production and mineral extraction. The landscapes around many medium or small-sized Southeast communities are dominated by altered habitat resulting from past timber harvest, impacted by roads built primarily to facilitate that timber harvest, and community infrastructure. Away from urban centers and timber production areas, long reaches of wild shoreline and large areas of pristine rainforest, alpine tundra, and ice fields occur.

The Southeast Alaska Watershed Coalition Mitigation Fund intends to mitigate for unavoidable impacts to aquatic resources that are most likely to occur primarily in the areas of concentrated



human development and at the occasional remote site development for hydropower, mining, tourism activities, and intra-region hydropower sites, power transmission lines and highways.

**d. An analysis of current aquatic resource conditions in the service area(s), supported by an appropriate level of field documentation;**

Southeast Alaska is a collection of over 2000 islands and is framed by a narrow band of mountainous mainland. The archipelago lies between the coastal mountain ranges of western North America and the North Pacific Ocean and contains the world's largest temperate rainforest. The region is characterized by a maritime climate, moderated by warm ocean currents from the south, and is dominated by heavy precipitation and cool, overcast conditions year-round. At lower elevations in the southern end of the region, nearly all of the 50 to 200 inches of annual precipitation falls as rain, whereas in the north and at higher elevations snow is typical in winter. This abundant precipitation maintains vast rainforests, extensive wetlands, innumerable streams, rivers, lakes, ponds, estuaries, and large ice fields and glaciers. Southeast Alaska encompasses an astounding 1,030 watersheds (Schoen and Dovichin 2007).

***Southeast Alaska Land Cover***

The Tongass National Forest, which covers approximately 78 percent of the service area, supports approximately 4,000,000 acres of wetlands (USFS 2008, p. 3-43); other landowners may support another 880,000 acres of wetlands (assuming similar ratios of uplands and wetlands). The terrestrial landscape is dominated by rainforest and muskegs (*Sphagnum* bogs) in the lower elevations, with alpine meadows, tundra, and glaciers at higher elevations. In some areas along the mainland, glaciated landscapes extend from sea level to the mountaintops, which reach to 18,000 feet at Mount St. Elias at the northwestern edge of the service area.

Vegetation and land cover statistics for Southeast Alaska are shown in Table 1. In summary, forests cover just over half of the landscape of Southeast Alaska (51 percent), ice/glaciers and rock about one-third (30 percent), non-forested upland (non-wetland) vegetation about one-seventh (15 percent), and non-forested waters of the U.S. (wetlands/meadows, lakes, stream, rivers, and marine shorelines) cover the remaining 4 percent. Clearly, the non-forested freshwater and coastal wetlands that provide important ecological functions are not abundant in Southeast Alaska and are worthy of restoration and mitigation.

Table 1. Vegetation and Land Cover Classes for Southeast Alaska across all Land Ownerships (Albert and Schoen 2007)

<u>Land Cover</u>	<u>Acres</u>	<u>Percent</u>
<b>Forest (including forested wetlands)</b>		
Productive Old Growth	5,807,155	26.5

Clear-cut and 2nd growth	786,285	3.6
Other Forests	4,498,746	20.5
<b>Non-forest Upland</b>		
Alpine tundra	544,293	2.5
Slide zone	808,010	3.7
Shrub land	961,977	4.4
Herbaceous meadow	22,280	0.1
Other nonforest	1,059,347	4.8
<b>Freshwater wetlands</b>		
Muskeg meadow	261,579	1.2
Emergent wetlands	47,630	0.2
Lake	204,547	0.9
River bars and channels	199,082	0.9
<b>Coastal Cover/Wetlands</b>		
Algal bed (marine)	82,370	0.4
Rocky shore	38,703	0.2
Salt marsh	33,458	0.2
Sand/gravel beach	5,795	0.0
Tide flat	12,577	0.1
Unconsolidated sediments	111,824	0.5
<b>Unvegetated</b>		
Ice and snow	3,596,244	16.4
Unvegetated	2,999,016	13.7
Urban	9,831	0.0
<b>Total</b>	<b>21,891,885</b>	<b>100.0</b>

### ***Freshwater Wetland Types, Functions and Services***

Ecological and societal services provided by forested wetlands include water storage, filtration, and release; wildlife habitat; timber production; recreation; and carbon sequestration. *Sphagnum*-dominated bogs store, release, and filter water, store carbon, and provide wildlife habitat. Sedge-dominated fens typically have higher rates of photosynthesis than bogs, and therefore store more carbon while storing, filtering, and releasing water. The fens also provide feeding and nesting habitat for many wildlife species. Streams, lakes and ponds provide fish and wildlife habitat and water supply for human and wildlife needs. The Tongass National Forest encompasses 45,000 miles of known streams and more than 20,000 lakes and ponds. Of this vast freshwater habitat, about 10,800 miles (25%) of streams and 4,100 (21%) of lakes and ponds are documented anadromous fish habitat (Schoen and Dovichin 2007, Ch 9.5). The Alaska Department of Fish and Game's Catalog of Waters Important for the Spawning, Rearing, and Migration of Anadromous Fishes identifies numerous salmon streams throughout Southeast Alaska, and the Forest Service identifies these as Class 1 anadromous and high-value resident fish streams.

Local, intact aquatic resources also provide valuable services as open space, recreation sites, (drinking) water quality protection, and flood control that enhance the human use and aesthetics of a community. The functions and services are subject to unavoidable impacts when the Corps issues permits for projects that clear, drain, and fill wetlands as communities grow or redevelop and transportation or resource developments occur throughout Southeast Alaska.

### ***Coastal Marine Habitats***

Southeast Alaska has approximately 30,000 km (18,000 mi) of marine shoreline that supports abundant populations of shellfish, fish, and wildlife in a complex mosaic of geophysical and biological features where uplands, freshwater, estuarine, and marine environments interface (Schoen and Dovochin 2007). These combined features support primary productivity from plankton, algae, kelps, eelgrasses and marsh grasses; shellfish production from Dungeness crab, clams and shrimp; fish production from herring, flatfish, rockfish and salmon; and a diverse ecosystem that includes many species of marine birds and marine mammals. The communities of Southeast Alaska rely on these coastal resources to support significant components of their economies dependent on subsistence, sport and commercial fishing, hatcheries, tourism, recreation, and wildlife viewing.

The ShoreZone coastal habitat mapping and classification system, consisting of geo-referenced aerial imagery collected for the interpretation and integration of geological and biological features, characterizes the intertidal and nearshore environments of Southeast Alaska. About one-third (13,536 km) of Southeast Alaska was mapped by ShoreZone through 2008, with most of the remaining shoreline imaged and additional mapping underway. The shorelines mapped to date are generally located in northern Southeast (Yakutat to Icy Strait, Lynn Canal to Tracy Arm, northern Chichagof Island to Sitka) and southern Southeast (Revillagigedo Is., Misty Fjords, to Canadian border, southeastern and western Prince of Wales Island).

The ShoreZone system maps the occurrence of common organisms as distinct biological features along the shoreline and nearshore areas. Some features, such as eelgrass and kelp beds, are considered high value because of the primary productivity, structure and spawning/rearing habitat these provide for shellfish, fish and wildlife of ecological, subsistence, sport, commercial and cultural importance. These high-value habitats occur in estimated 50% (25% -eelgrass- and less than 33% -kelp beds) of the shoreline mapped to date.

The ShoreZone project also classifies larger scale features such as mudflats, estuaries and man-modified shoreline (i.e., shoreline altered by bridges, docks, fill, etc.). Mudflats and estuaries are considered high-value habitat, while man-modified shorelines offer less valuable habitat. Mudflats are important for many species of shellfish and flatfish and are critical to migrating shorebirds. Estuaries are nursery areas for many fish species, including juvenile salmon out-migrating from freshwater to the ocean. These high-value coastal habitats are relatively rare: mudflats being less than 1% and estuaries less than 15% of the shoreline mapped to date. Human modifications occupy less than 1% of the mapped shoreline. Man-modified shorelines in the northern Southeast 2004-05 survey areas occupy slightly more linear kilometers than mudflats, whereas comparatively less man-modified shoreline is evident in the southern Southeast 2006 survey area (Table 4).

Table 4. Coastal Feature Occurrence in Southeast Alaska 2004-2005 and 2006 ShoreZone Project Areas (NMFS 2006, 2008)

Coastal Feature	Data Year	Total Km Mapped	Percent of Project Area Mapped	Percent of Total Km Mapped to Date
Mudflats	2004-2005	58	0.9	0.8
	2006	50	0.7	
Estuaries	2004-2005	1,194	19.1	14.6
	2006	789	10.8	
Man-Modified	2004-2005	61	1.0	0.7
	2006	36	0.5	

The mudflats and estuarine habitats provide accessible, low-gradient shorelines, and many Southeast Alaska communities are located near these valuable habitats. The ShoreZone project

provides SAWC with enhanced and readily accessible information about high-value coastal habitats and a tool to help identify opportunities for coastal restoration sites throughout the service area.

Throughout Southeast Alaska, coastal watersheds that could experience future COE permitted impacts contain the freshwater and marine features described above. Estimates of the acreage in these types were previously provided in Table 1. Further, Table 2 provides estimates of the extent of high-value mudflats and estuaries found along the coastline of Southeast Alaska.

**e. A statement of aquatic resource goals and objectives for each service area, including a description of the general amounts, types and locations of aquatic resources the program will seek to provide;**

Considering the lack of watershed plans that have been developed for the purpose of mitigation in Southeast Alaska there are few defined aquatic resources goals and objectives set for each of the 8 digit HUC's in the program service area. However, during the first few years of operation as The Southeast Alaska Watershed Coalition Mitigation Fund carries-out the process to build its list of Roster sites (See section 7 part f. for detailed description of Roster site selection strategy) SAWC, the IRT and partners will begin to develop a more comprehensive understanding of the broader watershed needs and accompanied mitigation goals and objectives for each sub basin.

The overall aquatic resource goals for The Southeast Alaska Watershed Coalition Mitigation Fund are to:

- a) Substantially increase the extent and quality of restoration, enhancement, creation, and protection of natural resources for activities that impact wetlands, and other waters of the state, which includes waters of the U.S.;
- b) Achieve ecological improvements in the service areas by directing ILF funds to restore, enhance, create aquatic resource types and functions that are appropriate to the geographic service area, and by integrating ILF projects with other conservation activities whenever possible;
- c) Identify wetland systems and other aquatic resources of watershed significance that should be protected through fee acquisition, conservation easements, or other tools for permanent conservation;
- d) Facilitate effective and responsible levels of mitigation of Alaska's aquatic resources that will support an efficient regulatory program; and
- e) Improve coordination among and between agencies with respect to wetland policies and regulatory programs to ensure efficiency in effort, consensus in outcome, and consideration of wetlands at the landscape scale

After, completing an initial analysis of potential restoration sites throughout Southeast Alaska it has become obvious to regulatory staff and SAWC that in many watersheds there are few

mitigation opportunities. In those watersheds where mitigation opportunities do exist the necessary techniques to maintain and improve the condition of the aquatic resource vary significantly throughout the region. This is why, under this program, SAWC will develop site specific partnerships with the entities that have the technical expertise and experience to support the type of mitigation technique necessary for any given project.

Under The Southeast Alaska Watershed Coalition Mitigation Fund SAWC will look to mitigate all types of aquatic resources, including wetlands, streams, shorelines, upland buffers, and riparian zones in Southeast Alaska and in locations that have been identified using the watershed approach outlined in this Prospectus. SAWC and mitigation site project partners will carryout a wide spectrum of mitigation techniques and methods to maintain and improve the quantity and quality of aquatic resources in the programs services area, including but not limited to:

1. Stream bank rehabilitation,
2. Fish passage improvements,
3. Silva culture practices,
4. Toxic/solid waste removal,
5. Storm water management,
6. Wetland creation,
7. Wetland enhancement,
8. Invasive weed management,
9. Riparian reclamation and enhancement
10. Reclamation of historic abandoned mining sites

As stated on page 6 of this prospectus, each mitigation site will have a detailed mitigation plan. These mitigation plans will outline specifically the techniques that will be used to carry out each type of mitigation. In this way, the IRT, other agencies, interested and/or concerned stakeholders and members of the general public will be able to provide input, as well as, information and scientific reports to SAWC on project site design, implantation, ecological performance standards, etc.

**f. A prioritization strategy for selecting and implementing compensatory mitigation activities;**

SAWC will work with the IRT, community- based watershed councils and groups, municipalities, tribes, Alaska native corporations, natural resource agencies, non-profit organizations, industry, environmental consultants, landowners and land management organizations to identify potential projects that will provide compensatory mitigation for COE permitted activities in their communities.



This section provides an overview of how the SAWC will prioritize selection of mitigation receiving sites to meet watershed needs.

The development and rational of this section is based off of the *King County Mitigation Reserves Program In Lieu Fee Program Instrument*, King County WA.

The King County Mitigation reserves Program was approved in 2011 by the COE, Seattle District Office. SAWC staff worked with the staff of the King County Department of Natural Resources and Parks who developed the instrument for this program. SAWC is greatly appreciative for the information, resources and technical expertise offered to us by the King County Department of Natural Resources and Parks. SAWC is confident that this site prioritization strategy is rigorous and if followed will support the ecological lift of aquatic habitat; as well as meet the requirements of the 2008 Federal Rule. Once in operation this site prioritization strategy can and will be adapted to meet the unique ecological, economic, and social characteristics of Southeast Alaska. However, in the interim the outlined strategy is appropriate for The Southeast Alaska Watershed Coalition Mitigation Fund.

**The first two steps in the mitigation decision-making process apply to all impact projects as required by federal, state, and local rules:**

1. **AVOID** and **MINIMIZE** impacts as required by federal Clean Water Act, state policies, etc., and
2. Exhaust all ecologically appropriate **ONSITE** mitigation options.

When unavoidable impacts to aquatic areas are allowed and mitigation fees are collected to enable offsite mitigation, decisions will be made according to the following stepwise approach:

**Step 1. Document Impacts**

- a. SAWC staff completes impact site assessment and data collection, and provides data to Southeast Alaska Mitigation Fund Program Manager (*the specific information collected during this process will appear in the Draft Instrument and Instrument*).
- b. Southeast Alaska Mitigation Fund program manager enters impact description and data into the Mitigation Fund Site Database.

The Mitigation Fund database will support accounting functions, map production, compliance reporting and efficient program implementation. The database will include information about mitigation sites and any related credit fulfillment projects that have been undertaken on them. In addition, SAWC will strive to collect information about impact sites that has been recorded during application process in the database. This attribute will allow SAWC to analyze over time how the type of impacts within the service area relate to the nature and type of mitigation performed. The database will be regularly updated as additional sites are identified and are determined to be suitable according to program criteria.

**Step 2. Determine watershed needs in a watershed context working from the sub watershed (12 digit HUC) where impact(s) occur(s) out to the larger sub basin (8 digit HUC) watershed boundary.**

- a. The Mitigation Fund program manager, staff and partners will review best available science and document watershed needs. The program manager will consider all available watershed plans, analyses, watershed characterization efforts, staff expertise, partnership expertise etc. in a manner consistent with how watershed needs have been determined for each 8 Digit HUC and or biogeographic region. Any other special factors or attributes of the particular sub basin will be considered as well, including presence of fish enhancement facilities, existing or planned major restoration projects, existing or planned major development projects, timber sales etc.
- b. The Mitigation Fund program manager will present and discuss watershed needs analysis to the IRT. The IRT and program sponsor will identify the type and location of potential mitigation sites to mitigate for the impact(s) for which fees have been collected.
- c. Documentation of watershed needs with identified potential mitigation sites will be presented to the IRT as impacts accrue and mitigation site selections are proposed, not in advance.

**Step 3. Determine if area of impact and/or functions lost at impact sites are critical to the ecological needs of the watershed (choose (a) or (b) below)**

- a. If impacts are to an area of aquatic resource and/or functions that are of critical importance to the watersheds, determined by the Chair and IRT the Mitigation Fund program manager will **look for a mitigation receiving site within the 8 digit HUC where the impact(s) occurred** that mitigates the area and/or functions lost at the impact site(s).

Due to the requirement to acquire land and complete initial physical and biological improvements by the end of the third growing season after an applicant purchases a mitigation credit (33 CFR 332.8(n)(4)), if a 8 digit HUC mitigation sites/projects cannot be identified within 18 months, the Mitigation Fund program director shall seek a site for out-of-watershed mitigation. This mitigation at the selected site should address watershed needs and any new information available at the time the decision is being made. This 18-month time frame is intended to be a general guideline to ensure mitigation occurs according to the timeline outlined in the Final rule. *(Go to Step 4)*

-OR-

- b. If Mitigation Fund program manager determines the area and/or functions lost at impact site(s) are not of critical importance to the watershed:

**Look for a mitigation site in the service area that meets watershed needs**

**Step 4. Consider type, amount, and location of impacts to aquatic habitat area and/or functions and consider needs of watershed (if arriving at Step 4 from 3a) or service area (if arriving from step 3b)**

- a. Program Manager review impact site(s) data and reviews map of available Roster sites and Roster site data.
- b. Program Manager selects one or more Roster site(s) addressing watershed needs for recommendation to the IRT.
- c. Program Manager presents to the IRT the site selection recommendations and rationale for the site selection, including documentation of sub basin and/or watershed needs.

Following review and approval by the IRT of the selected site(s) and associated concept plans SAWC staff will develop a Mitigation Plan for IRT review. Upon IRT approval of the Mitigation Plan, The Southeast Alaska Watershed Coalition Mitigation Fund program manager will begin implementation of the mitigation project(s) according to the credit fulfillment steps that will be outlined in the Draft Instrument and Final Instrument. In all cases, “Land acquisition and initial physical and biological improvements must be completed by the third full growing season after the first advance credit in that service area is secured by a permittee, unless the district engineer determines that more or less time is needed to plan and implement an in lieu fee project.” (33 CFR 332.8(n)(4))

In the event of failure to meet this schedule without appropriate justification and approval by the COE following consultation with the IRT, SAWC shall be subject to non-compliance provisions that will be described in the program instrument. Additionally, “if the sponsor fails to provide the required compensatory mitigation, the district engineer may pursue measures against the sponsor to ensure compliance.” (33 CFR 332.3(l)(3)). These measures will be discussed with the sponsor and/or other responsible parties and, “may include site modifications, design changes, revisions to maintenance requirements, and revised monitoring requirements. The measures must be designed to ensure that the modified compensatory mitigation project provides aquatic resource functions comparable to those described in the mitigation plan objectives.” (33 CFR 332.7(c)(2),(3))

This section describes The Southeast Alaska Watershed Coalition Mitigation Fund Receiving Sites:

***Mitigation Fund Receiving Sites***

The SAWC Mitigation Fund will maintain two lists of potential mitigation receiving sites: (1) the “Roster”: a list of sites that have been reviewed and do not have any known insurmountable barriers preventing use as a mitigation receiving site, and (2) a list of “candidate receiving sites” which may be appropriate as Roster sites. The process by which properties will be added as a candidate-receiving site is outlined above.

When considering the location of mitigation receiving sites and mitigation projects, SAWC will take steps to identify all potential receiving sites in the service area that provide benefits in a watershed context – sites in both public and private ownership. Special consideration should be given to lands that are (1) at greater risk of conversion from an undeveloped to developed state (e.g., privately-owned vacant lands with mitigation project potential), (2) areas that are currently developed that could be returned to a natural state, and (3) areas which were formerly wetlands that have been filled.

If no sites enrolled on the Roster provide suitable mitigation opportunities for a given impact, candidate-receiving sites will provide a pool of potential mitigation sites that may offer an opportunity to implement better mitigation. The best possible receiving site will be selected to meet mitigation needs.

### ***Enrolled Roster Sites (The Roster)***

Within each 8 Digit HUC, one or more Roster sites will be identified as potential mitigation receiving sites. These sites will be chosen based on a number of factors:

- Identification of the site as a priority for ecological enhancement within published plans or other watershed planning documents and/or internal analyses related to ecological needs for a given subbasin,
- Development pressure in the same basin as the site as indicated by recent permit volume, and
- Availability of the site for use as a mitigation receiving site, considering multiple factors including ownership and funding source(s).

A site is “enrolled” on the Roster when **all** of the following three conditions are met:

1. The site is owned in-fee by SAWC. Or, if owned by another public entity or private landowner, the site is permanently-protected by a conservation easement or other similarly protective covenant or deed restriction or the landowner has agreed in writing to deed restrictions that will protect the property and any mitigation project on the property in perpetuity.
2. The site has been determined to be eligible to receive mitigation (i.e., there are no known restrictions related to funding sources or site location, zoning, deed restrictions, etc. A final review will need to occur prior to project implementation).
3. The site has been determined to have establishment, restoration, enhancement, or preservation potential or conservation values worthy of protecting (either through a formal planning process or based on professional judgment of resource management staff).

Just because a site is enrolled on the Roster doesn’t guarantee a mitigation project will occur at the site (although for mitigation through the SAWC to occur at a receiving site, the site must be enrolled on the Roster).

### ***SAWC Roster Sites***

SAWC Roster sites will be properties meeting the criteria above to which SAWC owns the title in-fee or for which SAWC or project partner is the grantee of a conservation easement. Sites owned in-fee by SAWC that are not protected by a conservation easement will need to be protected with a similarly protective covenants prior to implementing mitigation.

Maps and lists of all SAWC Roster sites within each subbasin will be documented in the Mitigation Fund's program database.

The SAWC Roster sites will range in size. These sites will be selected from properties based on their potential for ecological lift on the site, low-risk of project failure and potential for the project to benefit ecological processes and functions in a watershed, i.e., to meet ecological needs and address limiting factors identified in watershed analyses and technical plans. Roster sites will be screened to ensure the source of funds used to acquire the property (in fee or easement) allows use of the site to generate mitigation credit. Sites with existing conservation easements will not be available to generate credit through preservation as defined in the 2008 Final Rule [33 CFR Part 332.3(h)].

### ***Roster Site Selection Criteria***

The Mitigation Fund will adopt specific site selection criteria to choose Roster sites in order to be consistent with the 2008 Final Rules. In determining ecological suitability of a Roster site as a mitigation-receiving site, the SAWC will consider the following:

- B. Watershed scale characteristics that are important to ecological processes and habitat structure and function, including forest cover, habitat connectivity and diversity, precipitation type/amount, surface storage type/amount (streams and wetlands), areas of recharge and storage, groundwater flow patterns (including discharge areas) and the degree of impairment to these characteristics;
- C. Hydrologic conditions, soil characteristics and other physical and chemical characteristics;
- D. The size and location of the compensatory mitigation site relative to hydrologic sources (including availability of water rights) and other ecological features;
- E. Compatibility with adjacent land uses and watershed management plans;
- F. Reasonably foreseeable effects the compensatory mitigation project will have on ecologically important aquatic or terrestrial resources (e.g., shallow sub-tidal habitat, mature forests), cultural sites, or habitat for federally or state listed threatened or endangered species;
- G. Sites that can benefit from reversion to previous land uses (i.e., forestry, mining);
- H. The extent to which the site has potential to contribute to the protection or restoration of watershed processes;
- I. The potential of the site to accommodate timely implementation of a restoration or enhancement project that will succeed in the watershed and ecosystem setting;

J. Availability of projects at the site that do not require “highly engineered solutions,” (e.g., a pump to provide water to a site).

K. Other relevant factors including but not limited to:

1. Development trends;
2. Anticipated land use changes;
3. Habitat status and trends;
4. The relative locations of the impact and mitigation sites in the stream network;
5. Local or regional goals for the restoration or protection of particular habitat types or functions (e.g., re-establishment of habitat corridors or habitat for species of concern);
6. Water quality goals;
7. Floodplain management goals; and
8. The relative potential for chemical contamination of the aquatic resources.

SE Alaska Mitigation Fund Roster sites will be selected pursuant to the above criteria. Selecting an actual site on which to perform a mitigation project considers the aforementioned criteria and further considers the conditions that generated the mitigation need, such as the HGM or Crowdrain class of the impact site, landscape position, elevation, ecosystem setting and functional condition.

### ***Acquiring New Roster Sites***

As SAWC works to build the list of Roster Sites, if in the future existing Roster sites do not offer necessary mitigation opportunities, and/or the list needs to be expanded the SE Alaska Mitigation Fund program manager can use available moneys in the Land Fee Accounts to acquire additional lands. Expenditure of funds from Land Fee Accounts for new Roster sites is subject to IRT review and approval, and such purchase may result in “preservation credits” (this concept will be captured in detail in the program’s Draft Instrument and Instruments).

SAWC has identified “candidate” roster sites in the communities of Skagway, Haines and on Prince of Wales Island. Please reference Appendix A for an example of the information SAWC will provide for each candidate and roster project site. Including the project site report, the project map, and site photos.

**g. An explanation of how any preservation objectives identified in paragraph (c)(2)(v) of 33 CFR part § 332.8 and addressed in the prioritization strategy in paragraph (c)(2)(vi) satisfy the criteria for use of preservation in 33 CFR part § 332.3(h);**

Generally, SAWC does not expect to propose preservation as a mitigation option as its core service. However, SAWC views itself as a cooperating agent and catalyst that can help



developers and agencies identify solutions that meet mitigation goals and development needs. In cooperation with the COE and IRT preservation may be decided upon as a solution or partial solution to maximize the overall ecological health and sustainability of watersheds and aquatic resources in Southeast Alaska.

**h. A description of any public and private stakeholder involvement in plan development and implementation, including, where appropriate, coordination with federal, state, tribal and local aquatic resource management and regulatory authorities;**

The primary stakeholders involved with the development of this prospectus and the final program Instrument are the IRT members which have a review and advisory role to the COE regarding the approval of SAWC's In-Lieu Fee Program under the 2008 Final Rule. In an effort to explain The Southeast Alaska Watershed Coalition Mitigation Fund and the current review to other potentially interested parties in the Southeast Alaska region, SAWC has been and will continue to conduct outreach to Southeast community land use/planning officials, non-profit organizations, tribes, municipalities, landowners, native corporation land managers, and other resource and real estate professionals. SAWC developed a *Draft* Prospectus, which is not required under the 2008 Final Rule, in order to build knowledge and awareness of SAWC staff, advisory board, board of directors, and IRT members. We have incorporated feedback, concerns, and questions into this Prospectus. In addition, over the past two years, we have organized significant outreach and public education opportunities in order to understand better the diverse spectrum of stakeholder perspectives of aquatic resource mitigation and what strategies and processes a third party mitigation program provider should consider in order to respond to the unique aquatic resource mitigation challenges and opportunities that exist throughout Southeast Alaska. We invite questions or comments and provide a link to the SAWC website ([www.alaskawatershedcoalition.org](http://www.alaskawatershedcoalition.org)) for the public and agencies alike to review our draft documents and provide comments to the COE Chair and IRT during the public review process.

**i. A description of the long-term protection and management strategies for activities conducted by the in-lieu fee program sponsor;**

See section 5 of this document.

**j. A strategy for periodic evaluation and reporting on the progress of the program in achieving the goals and objectives in paragraph (c)(2)(v) of 33 CFR part § 332.8, including a process for revising the planning framework as necessary;**

SAWC will be obligated to provide an annual accounting to the COE and the IRT in the form of a credits-debits ledger to quantify and account for permit-specific aquatic resource losses and SAWC's offsets gained through compensatory mitigation projects.

SAWC anticipates that it will meet regularly with the COE and IRT as the ILF Program matures. Also, SAWC will be obligated to submit an annual report on the in-lieu fees received and disbursed from its ILF Program Account, income generated through investments, and expenditures for compensatory mitigation projects and administrative costs.

As part of these overall evaluations, SAWC would examine its efforts in achieving the previously identified goals and objectives of the SAWC ILF Program. At that time this Framework and other documents associated with this ILF will be reviewed.

## **8. A description of the in-lieu fee program account**

The program sponsor establishes the ILF program account to track the fees accepted and disbursed. The account must track funds accepted from permittees separately from those accepted from other entities and for other purposes (i.e., fees arising out of an enforcement action, “such as supplemental environmental projects,” donations, and grants.) The account must be established after the instrument is approved and before any fees are accepted.

SAWC, as the ILF Sponsor, will maintain the SE Alaska Mitigation Fund program account with a financial institution that is a member of the Federal Deposit Insurance Corporation (FDIC). The ILF program account will be professionally managed, funds to be held in FDIC-insured sub-accounts and certificates of deposit, and interest earned is regularly deposited into the account. The ILF payments received will be deposited in the ILF Program Account, with a %15 administrative fee directed to the ILF Sponsor’s unrestricted funds account and used for reasonable overhead and the administrative costs to operate and manage the ILF Program.

Funds from the ILF Program Account will be used for the selection, design, acquisition, implementation, monitoring, long-term stewardship or management, and permanent protection of ILF mitigation projects. The ILF Sponsor will track staff time and other routine expenses to specific ILF Program activities as they evaluate, select, acquire and establish long-term stewardship or management of preservation properties. The COE has the authority to audit the ILF Program Account at any time. Any interest accruing from the account must remain in the account for the program to use for the purposes of providing compensatory mitigation.

Fees will only be used for the purposes of directly replacing and managing aquatic resources, such as: identification and selection of appropriate compensation sites, survey and design of mitigation projects, acquisition-related costs (e.g., appraisals, surveys, title insurance, etc.), fees associated with securing a permit for conducting mitigation activities, activities related to the restoration, enhancement, creation, and/or preservation of aquatic resources, maintenance and monitoring of mitigation sites, and the purchase of credits from mitigation banks interesting thought.

SAWC’s ILF program Instrument will include a provision that requires SAWC to establish and maintain an annual report ledger and individual ledgers. The credits and financial transactions must be tracked not only on a programmatic basis (i.e., the number of credits available for the entire program and the total amount of funds accepted and expended by the program), but for each individual compensation project undertaken by the program sponsor (i.e., the number of credits generated for each individual project and the amount of funds accepted and expended for each individual project).

SAWC will work with the IRT and establish and maintain an electronic system for tracking the production of credits, credit transactions, and financial transactions between the ILF Sponsor and permittees, as follows:

- **Credits Ledgers** will account for the credit transactions. The ledgers will track credits sold to permittees (that become ILF Sponsor “debits”) as well as the credits that are fulfilled (and released) when ILF mitigation projects are completed. The Sponsor will maintain a *routine projects ledger* that tracks credit transactions for projects with smaller-scale wetlands impacts throughout the service area. The running balance of advance credits available for the entire ILF Program will be calculated as routine project credits transactions occur. Individual *large project ledgers* will also be maintained, as needed, for the less frequent, larger-scale project with separate accounting of credit transactions as the credits are sold and subsequently fulfilled when mitigation projects are executed. The production of credits from each ILF mitigation project (i.e., released credits) will also be tracked.
- The **ILF Financials** (i.e., the ILF payments accepted and the ILF funds expended from the ILF Program Account) will be tracked according to standard accounting practices and reported annually.

## 9. Next Steps

After reviewing this Prospectus and public comments, if the COE determines that SAWC may proceed with submission of a draft instrument, SAWC will develop the following elements required of a complete draft instrument:

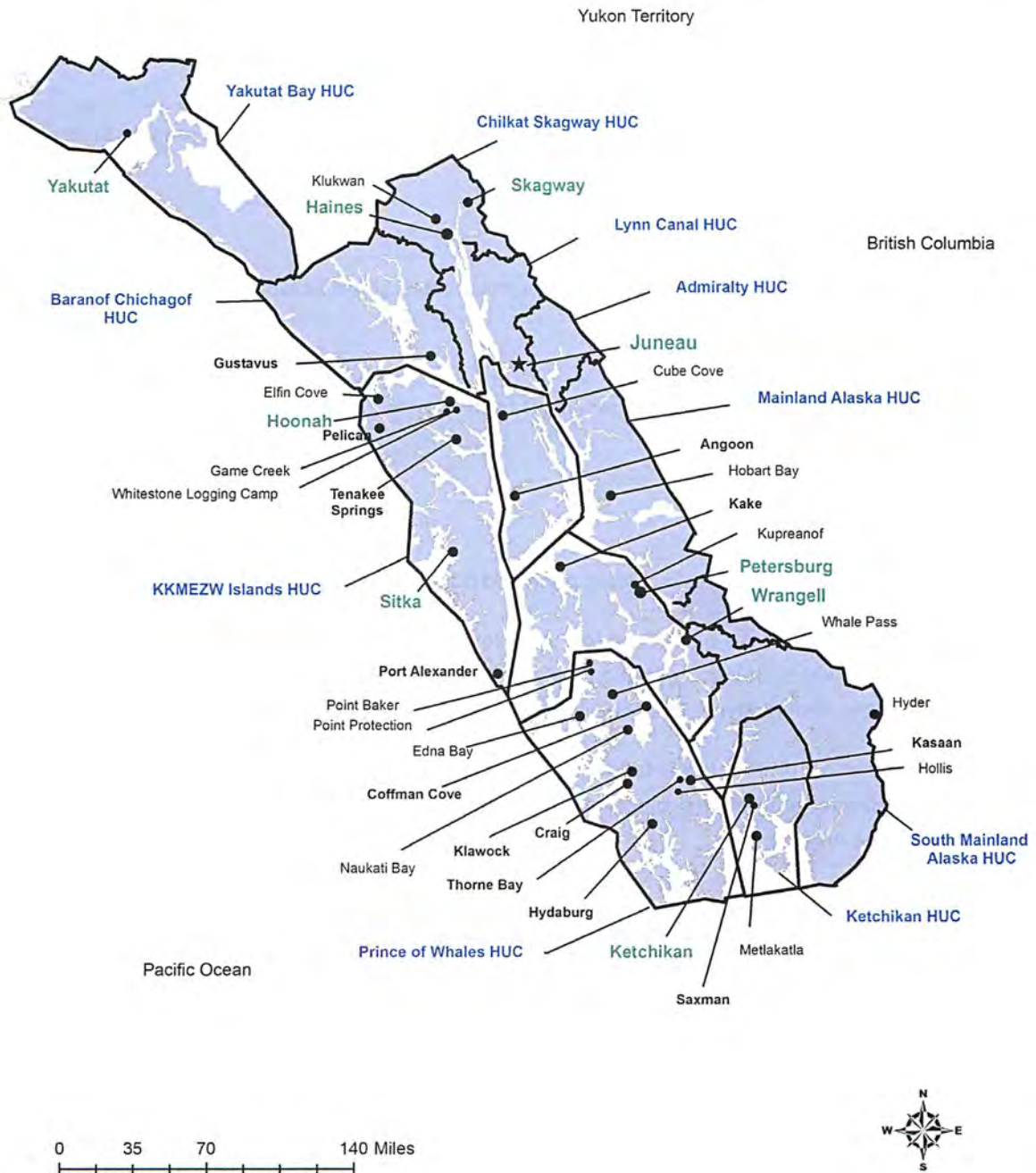
1. Service Area
2. Accounting Procedures
3. Provision stating legal responsibility to provide compensatory mitigation
4. Default and closure provisions
5. Reporting protocols
6. Compensation planning framework
7. Advance credits
8. Method for determining project specific credits and fee and draft fee schedule
9. In-Lieu Fee program account

## References

- (2001) Montana Statewide In-Lieu Fee Program. *Montana Department of Environmental Quality and Trout Unlimited – Montana Waters Project*
- (2010) Oregon In-Lieu Fee Program. *Oregon Department of State Lands*
- (2011) Aquatic Resource Mitigation Fund. *New Hampshire Department of Environmental Services*
- (1994) Alaska Wetlands Initiative: Summary Report. *EPA, COE, USFWS, National Marine Fisheries Service*
- (2009) Alaska District Regulatory Guidance Letter; RGL ID No. 09-01. *COE*
- (2008) Compensatory Mitigation for Losses of Aquatic Resources Final Rule: 33 CFR Parts 325 and 332 and 40 CFR Part 230. *EPA, COE*
- (2009) In-Lieu Fee Mitigation: Model Instrument Language and Resources. *Environmental Law Institute*
- (2010) In Lieu Fee Prospectus. *Puget Sound Partnership*
- (2011) Southeast Alaska Land Trust In-Lieu Fee Program. *Southeast Alaska Land Trust*
- (2009) Alaska District Regulatory Guidance Letter; RGL ID No. 09-01AKCOE
- (2011) King County Mitigation Reserves Program In Lieu Fee Program Instrument. *King County Department of Natural Resources and Park*
- (1994) Alaska Wetlands Initiative; Summary Report. *EPA, COE, USFWS, NOAA*
- (2001) Compensating for Wetland Losses Under the Clean Water Act. *The National Academies*

## Appendix A: Service Area Map

## Southeast Alaska Watersheds



### Appendix B: Example Candidate Site Project Report, Map and Photos





**SOUTHEAST ALASKA  
WATERSHED COALITION**  
*CONNECT - INFORM - PARTICIPATE*

PO Box 1203  
Haines, AK 99827  
alaskawatersheds@gmail.com  
alaskawatershedcoalition.org  
907.766.3745

**Site Name:** Porcupine Bridge Pond Site

**Project Location:** Located 26 miles north of Haines on Haines Highway across the Porcupine Bridge to the west.

59.411361, -136.002845

**Wetland Type:** R3USC, Riverine Upper Perennial Unconsolidated Shore Seasonally Flooded

**Watershed Name:** Klehini

**AWC Stream ID:** 115-32-10250-2077-3015 (adjacent to the pond)

**USGS-HUC:** 1901030310

**Ownership Type:** State (DNR)

**Size:** 8 acres of open water, 12 acres including pond and buffer

**Site Characteristics:** This site is a borrow pit formed into a manmade pond used for swimming and other recreational activities. It is surrounded by alders, cottonwoods, spruce and bushes. It is located 85 meters west of the Klehini River. It is speculated that there are rearing fish in this pond.

**Background:** This borrow pit that is located on state land, which is now part of the Eagle Preserve. Gravel has been used for numerous projects over the years, but this is no longer allowed based on a policy with the Eagle Preserve.

**Overall Project Goal(s):** Improve rearing habitat for salmonids and maintain productivity of amphibians.

**Project Objectives:** To contour parts of the bottom of the pond to encourage vegetation and other complexities for rearing fish. Improve fish access to the pond from the Klehini River. Add woody debris to pond margins for cover for fish. Maintain recreational use of the pond.

**Type of Mitigation:** Restoration and Enhancement

**Potential Functions to be restored:** fish rearing habitat enhancement, amphibian habitat enhancement.

**Project Significance for Mitigation:** This is an easily accessed site with high visibility in the Eagle Preserve. As an opportunity within a State of Alaska protected area it should have high *priority*.

**Potential Barriers to Project Success:** Impacts from recreational activities.

**Contact Information:** Preston Kroes (Alaska State Parks Ranger)

**Ecological Suitability:** (refer to 332.2(d) Site Selection of the 2008 Final Rule)

- a. **Hydrological conditions:** The pond is approximately 8 acres and is located 85 meters from the Klehini River. This area becomes saturated and fills the pond during cycles of heavy rain.
- b. **Watershed scale features:** The Klehini River runs east west next to the pond but they are not connected. There is very little topography within the immediate vicinity of the pond. There is an anadromous fish stream 50 meters to the west of this pond running north-south.
- c. **Size and location in relative to other hydrologic sources:** The Klehini River is a large braided, glacially fed river that varies in width from 100-600 meters
- d. **Compatibility with adjacent land uses and watershed management plans:** Yes
- e. **Foreseeable affects this project with have on aquatic or terrestrial resources:** Improve rearing habitat for salmonids and maintain productivity of amphibians.
- f. **Other habitat relevant factors including, habitat trends, stream impact, habitat corridor for wildlife, habitat for state or federally listed threatened and endangered species, etc.;** None
- g. **Other human use relevant factors including, land use changes, development trends, local or regional goals for water quality and floodplain management, relative potential for chemical contamination of the aquatic resources:** None

**Project Efficacy:** (as a potential Compensatory Mitigation Site)

✓ **GREEN:** NO obstacles

**YELLOW:** Potential obstacles based on private ownership, compliance order, etc.

**RED:** Major obstacles that may be insurmountable in the mitigation process

- There is a chance that DNR is only granting conservation easements on parcels adjacent to existing State of Alaska special areas or refuges. This site might fit within this criteria.







Figure 1. Potential Restoration Site with Buffer



Figure 2. Looking southeast toward pond and fill site. *Photo: Melany/SAWC 7/4/2012*



Figure 3. Looking southwest at pond and fill site. *Photo: Melany/SAWC 7/4/2012*



Figure 4. Looking at pond from the west. *Photo: Melany/SAWC 7/4/2012*



Figure 5. The pond is surrounded by alders cottonwoods, fireweed, willow and spruce. *Photo: Melany/SAWC 7/4/2012*

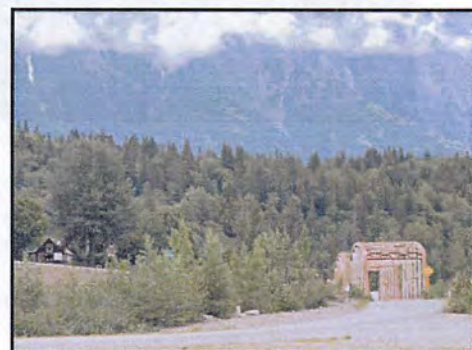


Figure 6. View of pond from the west.

*Photo: Melany/SAWC 7/4/2012*

Figure 7. View from west at Porcupine Bridge.

*Photo: Melany/SAWC 7/4/2012*





REPLY TO  
ATTENTION OF:

DEPARTMENT OF THE ARMY  
U.S. ARMY ENGINEER DISTRICT, ALASKA  
REGULATORY DIVISION  
P.O. BOX 6898  
JBER, ALASKA 99506-0898

AGENDA

7f

11-27-12

Regulatory Division  
POA-1990-114-M7

City of Wrangell  
Attention: Mr. Gren Meissner  
Post Office Box 531  
Wrangell, Alaska 99929

Dear Mr. Meissner:

Enclosed is the signed Department of the Army (DA) permit modification, file number POA-1990-114-M7, Zimovia Strait. This is the seventh permit modification of the original permit. Also enclosed is a Notice of Authorization that should be posted in a prominent location near the authorized work.

If changes to the plans or location of the work are necessary for any reason, plans must be submitted to us immediately. Federal law requires approval of any changes before construction begins.

Nothing in this letter excuses you from compliance with other Federal, State, or local statutes, ordinances, or regulations.

Also enclosed is a Notification of Administrative Appeals Options and Process and Request for Appeal form regarding this DA Permit Modification (see section labeled "Initial Proffered Permit").

Please contact me via email at [heather.l.boyer@usace.army.mil](mailto:heather.l.boyer@usace.army.mil), by mail at the address above, by phone at (907) 753-2877, or toll free from within Alaska at (800) 478-2712, if you have questions.

Sincerely,

*Shannon Morgan*

for Heather Boyer  
Project Manager

Enclosures



REPLY TO  
ATTENTION OF:

DEPARTMENT OF THE ARMY  
U.S. ARMY ENGINEER DISTRICT, ALASKA  
REGULATORY DIVISION  
P.O. BOX 6898  
JBER, ALASKA 99506-0898

NOV 19 2007

Regulatory Division  
POA-1990-114-M7

DEPARTMENT OF THE ARMY  
PERMIT MODIFICATION

Department of the Army permit number POA-2011-326-R, Zimovia Strait, was issued to the City of Wrangell on May 3, 2007, to place 122,158 cubic yards of shot rock and 1,765 cubic yards of riprap in 3.4 acres of intertidal waters. The project site is located within section 25, T. 62 S., 83 E., Copper River Meridian; Latitude 56.4363° N., Longitude 132.5636° W., in Wrangell, Alaska.

This is the seventh modification of the original permit. In accordance with your request, General Condition No. 1 of the permit is hereby amended to read as follows:

The time limit for completing the work authorized ends on October 31, 2017. If you find that you need more time to complete the authorized activity, please submit your request for a time extension to the Corps of Engineers for consideration at least one month before permit expiration.

All conditions under which the subject authorization was made remain in full force and effect.

This authorization should be attached to the original permit. Also enclosed is a Notice of Authorization that should be posted in a prominent location near the authorized work.

BY AUTHORITY OF THE SECRETARY OF THE ARMY:

*Shannon Morgan*

*for* Heather Boyer  
Project Manager



**This notice of authorization must be  
conspicuously displayed at the site of work.**

United States Army Corps of Engineers  
Zimovia Strait

A permit to: PLACE 123,923 CUBIC YARDS OF MATERIAL IN 3.4 ACRES FOR PORT  
STAGING AREA EXPANSION

at: LATITUDE 56.4363° N., LONGITUDE 132.5636° W., IN WRANGELL, ALASKA

has been issued to: CITY OF WRANGELL

on: NOV 03 2017 and expires on: OCTOBER 31, 2017

Address of Permittee: POST OFFICE BOX 531, WRANGELL, ALASKA 99929

Permit Number:

POA-1990-114-M7

FOR: Shannon Magan  
District Commander

Heather Boyer  
Project Manager

REGULATORY DIVISION

(Proponent: CECW-O)

7.9  
11-27-12

WRANGELL PARK RECREATION BOARD  
REGULAR MEETING OCTOBER 3, 2012  
7:00 P.M. ASSEMBLY CHAMBERS

Chairman Grover Mathis called the Park Recreation meeting to order on October 3, 2012 in the borough chambers. Board members in attendance were Holly Hammer and Bob Lippert. Sue Nelson was excused absent. Also in attendance were Kim Covalt Recreation Director and Betsy McConachie recording secretary.

## AMENDMENT TO AGENDA

None

## APPROVAL OF MINUTES

The approval of September 5, 2012 regular Park & Recreation were minutes approved as read.

## CORRESPONDENCE

None

## PERSON'S TO BE HEARD

None

## Board Member Reports

Grover Mathis reported the community center roof is going good.

Covalt added there will be some money left over from the roofing job, see what can be done they have a prioritized list one is getting part of the asbestos out. Maybe re-sheet rock and re-roof the multi-purpose room where all the tiles got soaked wet. If they can get the asbestos out of the down stairs then do the stuff the fire marshal said to do. The downstairs could be open for usages.

Hammer reported the lifeguard class had 9 students and is now finished. One new guard started guarding. Two people have signed up for next class, maybe in March or April.

Hammer attended the hydro-fit academy class in Oregon a learning experience. They had top notch instructors and were neat to pick out different things from each of them and try to include in her way of teaching. Tuesday & Thursday water aerobics will start back up on October 16, on Tuesdays & Thursdays from 5:15-6:00.

Youth basket ball started up. 3 5<sup>th</sup> & 6<sup>th</sup> grade teams and 3 3<sup>rd</sup> & 4<sup>th</sup> grade teams.

Holly reported she talked to Judy Forgey, Recreation Coordinator, in Petersburg, and she said they already started their season and is going good. Something new they did this new year is because of the date change they have all their teams coached by high school kids, both girls and boys teams. Also the referees are high school kids to.

Hammer reported her and Vicci Martin leave on Sunday for Anchorage to attend the CPO (Certified Pool Operator) class and also the Alaska Recreation Parks Association and the Arthritis Foundation Instructor class. A SEARCH Grant paid for at least 50% of Vicci, Holly's was paid by Ameri-core.

Lippert reported he was scolded for not attending the Parks & Recreation Youth Basketball games. He said he will make it to the games this week. Lippert reported he also encouraged people (that came through the Forest Service) to use the portage trail.

He also reported the Forest Service received avalanche brochures for general and snow machine.

Lippert reported he and Jeremy Maxand are trying to get grant for trails.

Lippert reported back in June 2012 the Forest Service held a hazard tree class with pathologist entomologist ect came in a did a hazard tree training course and was offered up to the city and Clay Hamer, Light & Power Superintendant, city park was used as the field trip. Libbert compiled everyone's surveys on some of the trees they surveyed and he is giving to Kim Covalt. Some of

the trees are marked for removal. He is hoping to have himself and other tree people in the Forest Service, to get the Forest Service to volunteer to do comprehensive sweep through city park, Shoemaker and do every tree and have it all on record. He is hoping in the spring he can get a couple of forest service people and do that for a day or two.

Lippert has been a chain saw instructor with the Forest Service for 8 years and in the last few weeks a couple of women in town have talked about wanting to learn how to use a chain saw and wished there was some way they could take a class. It was suggested to Lippert about looking into doing the community contractor.

#### OLD BUSINESS

- A. Suggestion Box-none
- B. Policy & Procedure for Parks

#### NEW BUSINESS

None

#### DIRECTOR'S REPORT

Covalt it was the last day for the last park employee. All the outside restrooms are shut down and winterized until spring.

City park # 3 re-roof the contract was signed on September 4 or 6th and he has 60 days to complete it. Kevin Young is the contractor.

Doug McCloskey will take over the shot gun shooting range. In the spring they will burn the old logs and stumps and rebuild the shacks.

Painting different color schemes in the parks from green to light brown and dark brown trim on city park restrooms done and shoemaker shelter and restroom.

\$5000 to sandblast or scrap the beams on the covered playground and re-paint not until spring.

Covalt will retire May 1, 2013 he said he has so many vacation hours he will by taking March & April off. Covalt's job will posted in January hire someone in February so he will be able to work with them.

The meeting was adjourned at 8:05.

---

Recreation Director  
Kim Cobalt

---

Recording Secretary  
Betsy McConachie



# AGENDA



Thomas Bay  
Power Authority

7h  
11-27-12

— TYEE LAKE HYDROELECTRIC PROJECT —

P. O. BOX 1318 WRANGELL, ALASKA 99929 (907) 874-3834 FAX (907) 874-2581

## THOMAS BAY POWER AUTHORITY REGULAR COMMISSION MEETING

Minutes of  
September 4<sup>th</sup>, 2012  
FY2013

### MEETING LOCATION

THOMAS BAY POWER AUTHORITY OFFICE  
4498 ZIMOVIA HIGHWAY – WRANGELL, AK 99929

#### Summary of Items Discussed at this meeting:

Set date for Power Sharing Workshop discussion Diesel Protocol of September 20<sup>th</sup>, 2012 in Petersburg, Approval Sunrise Aviation Contract 2012-2013, SE Conference, I-Pads, TBPA Energy Direction.

Thomas Bay Power Authority's Regular Commission Meeting was called to order by President John Jensen on Tuesday September 4<sup>th</sup>, 2012 at 10:04 AM.

**Present were:** Commissioners President John Jensen, Vice President Robert Larson, Member at Large Brian Ashton, Joe Nelson, Clay Hammer and Warren Edgley.

**Also present were:** TBPA General Manager Paul Southland and TBPA Secretary Rhonda Christian.

**Excused Absence:** Commissioner Secretary/Treasurer Dave Galla.

**A QUORUM was established:** 6/0

**Visitors Acknowledged:** Michael Nicholls, Tyee Plant Foreman

**Persons to be heard:** None

**Amendment to the Agenda:** None

**Conflict of Interest:** None



**TBPA meeting minutes of June 8<sup>th</sup>, 2012:**

Commissioner Joe Nelson **MADE A MOTION** to approve the meeting minutes of June 8<sup>th</sup>, 2012 as presented. Commissioner Brian Ashton **SECONDED the MOTION**.

**Discussion was called for:**

*Hearing None*

**Question was called for roll call vote:**

Yes – Commissioner Robert Larson

Yes – Commissioner Brian Ashton

Yes – Commissioner Joe Nelson

Yes – Commissioner Warren Edgley

Yes – Commissioner Clay Hammer

Yes – Commissioner President, John Jensen

**MOTION CARRIED unanimously 6/0.**

~ **BREAK 11:15 to 11:30~**

**New Business Sunrise Aviation Contract 2012-2013:**

Commissioner Joe Nelson **MADE A MOTION** to approve the Sunrise Aviation contract of 2012-2013 as presented. Commissioner Clay Hammer **SECONDED the MOTION**.

**Discussion was called for:**

TBPA General Manager Paul Southland shared with the Commission the minor changes within the contract and this included a 5% flight increase. No further discussion took place.

**Question was called for roll call vote:**

Yes – Commissioner Brian Ashton

Yes – Commissioner Joe Nelson

Yes – Commissioner Warren Edgley

Yes – Commissioner Clay Hammer

Yes – Commissioner Robert Larson

Yes – Commissioner President, John Jensen

**MOTION CARRIED unanimously 6/0.**

**Next TBPA Meeting Notifications:**

1. TBPA Workshop regarding Power Sharing Diesel Protocol will tentatively take place in Petersburg on September 20th, 2012 at 1:00PM.
2. Will take tentatively take place in Petersburg on Tuesday October 30th, 2012 at 10:00AM.

**Executive Session:**

Commissioner Joe Nelson **MADE A MOTION** to move, pursuant to AS 44.62.310 (c), (I), that we recess into executive session to discuss matters, the immediate knowledge of which would clearly have an adverse effect upon the finances of the public entity, specifically O&M Contract. Commissioner Brian Ashton **SECONDED the MOTION**.

**Question was called for roll call vote:**

Yes – Commissioner Joe Nelson

Yes – Commissioner Warren Edgley

Yes – Commissioner Clay Hammer

Yes – Commissioner Robert Larson

Yes – Commissioner Brian Ashton

Yes – Commissioner President, John Jensen

**MOTION CARRIED unanimously 6/0.**

*The Commission came out of Executive Session at 1:34PM and the meeting was called back to order by President John Jensen.*

**Executive Session Commission Direction:**

Commissioner Robert Larson **MADE A MOTION** giving direction to the TBPA General Manager to move forward with contractual obligations as directed in executive session. Commissioner Clay Hammer **SECONDED the MOTION.**

**Discussion was called for:**

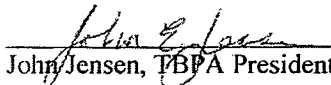
*Hearing none*

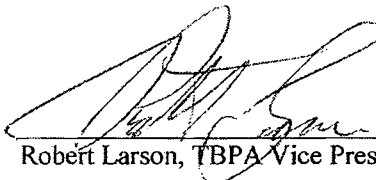
**Question was called for roll call vote:**

Yes – Commissioner Warren Edgley  
Yes – Commissioner Clay Hammer  
Yes – Commissioner Robert Larson  
Yes – Commissioner Brian Ashton  
Yes – Commissioner Joe Nelson  
Yes – Commissioner President, John Jensen

**MOTION CARRIED unanimously 6/0.**

It was the consensus of the Commission to adjourn the meeting at 1:40pm

 11/9/12  
John Jensen, TBPA President Date

 10-30-12  
Robert Larson, TBPA Vice President Date

**TO: THE HONORABLE MAYOR AND ASSEMBLY  
CITY AND BOROUGH OF WRANGELL**

**FROM: TIMOTHY D. ROONEY  
BOROUGH MANAGER**

**RE: BOROUGH MANAGER'S REPORT**

**DATE: November 21, 2012**

*"If we meet someone who owes us thanks, we right away remember that. But how often do we meet someone to whom we owe thanks without remembering that?"*

*- Johann Wolfgang von Goethe*

**MANAGERIAL:**

**CAPITAL PROJECT PRIORITIES** – A work session for the Borough Assembly has been tentatively scheduled for Tuesday, December 4, 2012 at 5:30 PM for the purpose of reviewing the City and Borough of Wrangell's Capital Project Priorities for 2013.

Attached, for your information and review, is a copy of the 2012 Capital Project Priorities that were approved and adopted by the Borough Assembly and forwarded to the State Legislature and Governor Parnell's office in early 2012. The purpose of the work session will be to review the projects contained on the list, remove completed or funded projects, identify projects not currently contained on the list for inclusion, and rank the Top 12 projects on the list for the upcoming year.

Following the work session, the Capital Project Priorities List for 2013 will be included on the regular meeting agenda of the Borough Assembly for December 11, 2012 for approval and adoption. If you have any questions regarding this process, please do not hesitate to contact me.

**CITY AND BOROUGH OF WRANGELL V. SELLE-REA, ROBINSON, BJORGE, MCGEE, NELSON, ETTTEFAUGH, RHINEHART** – A status conference was conducted on Monday, November 19, 2012. At the conference, Mr. Blasco advised the Court that all but one defendant had approved the Settlement Agreement and Release, and that upon confirmation by all defendants of approval of the agreement, the Assembly would review the Settlement Agreement and Release at the November 27, 2012 meeting in Executive Session. The Court set another status conference hearing for December 6, 2012.

WRANGELL MEDICAL CENTER ITEMS –

INTERIM MANAGEMENT – As you are aware, Ms. Marla Sanger is currently serving as Interim CEO on behalf of PeaceHealth at Wrangell Medical Center.

PROPOSED ORDINANCE NO. 866 - Ordinance No. 865, passed and approved unanimously by the Borough Assembly on August 28, 2012, incorporated several changes to the Wrangell Municipal Code relating to the Wrangell Medical Center. At the time of its approval, the Borough Assembly pledged to review several of the items of concern expressed by citizens regarding the ordinance. Specifically, citizen concerns centered on the legality of the mandated WMC Board liaison participating in Executive Sessions and conflict between the personnel manuals. Mr. Blasco also met with the Wrangell Medical Center Board Chairman, Mr. Woody Wilson, about additional concerns regarding the ordinance.

Proposed Ordinance No. 866 – amending two portions of Ordinance 865 - has been placed on the Borough Assembly agenda for its second reading on Tuesday, November 27, 2012, preceded by a Public Hearing at 6:30 PM. The ordinance is included in the agenda packet and addresses two of the concerns communicated by Mr. Wilson and citizens. It was unanimously approved by the Borough Assembly at its first reading on October 30, 2012.

REPLACEMENT PROJECT – Discussions regarding the Hospital Replacement Project have been placed on hold to afford an opportunity for Mr. Keith Perkins with USDA an opportunity to review the USDA's file relating to the project. Staff was notified on Monday, November 19, 2012 via email, that the file had been sent to Mr. Perkins.

UPCOMING HOLIDAY CLOSURE – City offices will be closed on Thursday and Friday, November 22-23, 2012 in observance of Thanksgiving.

UPCOMING TRAVEL –I will be out of town beginning Wednesday evening, November 21, 2012 through Monday morning, November 26, 2012 due to Thanksgiving travel. I will be back in the office Monday afternoon, November 26, 2012.

TIMESHEET – My timesheet for the month of October is attached for your information and review.

**CAPITAL PROJECTS:**

**CASSIAR STREET** - At a public meeting conducted on November 6, 2012, regarding the Cassiar Street project, staff provided an overview of environmental, design, and construction work sequence, the scope of work and specific exclusions from the scope of work, construction sequence, and access during construction. There were approximately 20 people in attendance, with the majority of them residing on Cassiar Street. Staff will schedule a second public meeting for this project once the first level of engineer drawings have been completed. Staff is pursuing pre-design grant requirements and is scheduled to conduct the selection of the engineering firm soon.

**CITY DOCK REHABILITATION** - Following construction completion, staff continues to work with NUC to closeout the City Dock Rehabilitation project's contract. Staff is preparing solicitations for additional work to be performed at the City Dock facility, in order to allow maximum use of the grant funds.

**COMMUNITY CENTER ROOF REPLACEMENT** - Following construction completion, staff continues to work with Johnson Construction & Supply, Inc. to closeout the Community Center Roof Replacement project's contract. Staff is working with state and federal agencies as they prepare a solicitation for the removal of a portion of the building's asbestos materials.

**ETOLIN STREET AND MEDICAL CAMPUS UTILITIES** - Following construction completion, staff continues to work with Ketchikan Ready Mix to closeout the Etolin Street & Medical Campus Utilities project's contract.

**MARINE SERVICE CENTER PAVING PHASE I** - Following completion of Additive Alternate A's stormceptor and the punch list items, staff continues to work with S&S General Contractors to closeout the Marine Service Center Paving project's contract.

**MARINE SERVICE CENTER PAVING PHASE II** - Following the return of the 35% level plan review design submittal for the Marine Service Center Paving Phase 2, staff is expecting receipt of PND Engineer's 65% level plan review design submittal by the end of November 2012. The final engineering design is scheduled to be completed by March 2013, after which the construction bidding phase will follow. Staff is preparing a solicitation for utility extensions and site grading in preparation for the setting of the new pre-manufactured restroom/office building for the Marine Service Center.

**MARINE SERVICE CENTER PIER UPGRADES** - PND Engineers submitted their 65% level plan review design submittal for the Marine Service Center Pier Upgrades. Staff is currently reviewing the submittal, after which PND will continue working toward the 95% level design and construction contract documents. The final engineering design is scheduled to be completed by March 2013, after which the construction bidding phase will follow.

If you have any questions on the above items, please contact Ms. Al-Haddad.

**ELECTRIC DEPARTMENT:**

**PLANT MAINTENANCE** - Staff has installed a new oil distribution system within the power plant. A pumping station with a central storage point now allows lube oil to be pumped directly into the engines as they are running, rather than to have it added manually. This eliminates the risk and possibility of any possible spillage and accidental contamination.

**VEHICLE PURCHASE** - The pick-up truck included in the FY 2012-13 budget to replace an aging S-10 pick-up has been delivered to the dealer, Kendall Ford in Wasilla. The dealer prep work has been completed and the paperwork has been processed. The truck should arrive in Wrangell the second week of December.

**SPUR ROAD EXTENSION PROJECT** - Ketchikan Ready Mix has completed hauling of the brush away from the Spur Road Extension project. Remaining work includes the staking of pole locations by R&M Engineering, followed by the installation of the poles and overhead line. R&M Engineering anticipates being able to complete this work in the next couple of weeks.

If you have any questions regarding this item, please contact Mr. Hammer.

**FINANCE DEPARTMENT:**

**PROPERTY TAX FORECLOSURES** - The information regarding the foreclosures have been sent to the Wrangell Sentinel and are required to be published for four consecutive weeks for the delinquent taxes from 2010 and 2011. Once that process is completed, the final judgment is filed and the one year redemption period begins.

**JOB DESCRIPTIONS** – Staff has been working with all of the Department Directors to review and finalize their department's job descriptions in order to bring them to the assembly for adoption. This process started over two years ago as the City's pay plan consultant was working with staff to make these changes to become compliant with current legal requirements. The process stopped when the consultant dropped the ball we believe because of a family tragedy. Ms. Flores worked on them when she was with the Finance Department but did not get a chance to finish when she accepted employment elsewhere. Finally Mr. Rubin, the summer intern, was able to nearly complete the project this summer. This fall we have had the Department Directors



***Borough Manager's Report***  
***November 21, 2012***  
***Page 5 of 8***

review the information and make any final changes. These will be brought to the Borough Assembly for action at the December 11, 2012 regular meeting.

In addition to updating the job descriptions, staff is also correcting differences in the job titles used in the job descriptions versus the job titles in the Pay Plan. The changes in the Pay Plan will also be brought to the assembly for action at the December 11, 2012 regular meeting.

AUDIT INFORMATION – Staff anticipated receipt of the June 30, 2012 audited financial statements sometime in December and will forward this information to the assembly as soon as it is received. There were no issues or surprises as the City continues to have a strong financial position.

The City and Borough of Wrangell is also being audited by both the State of Alaska Department of Environmental Conservation and the US Environmental Protection Agency as part of routine grant requirements. Staff has been gathering information for these various audits and one of the auditors will be on-site the week of December 17, 2012.

If you have any questions regarding these items, please contact Mr. Jabusch.

**HARBOR DEPARTMENT:**

SEASONAL MAINTENANCE – In addition to the Marine Service Center and City Dock projects reported under the Capital Projects portion of this report, staff is currently working on seasonal maintenance items. The clearing of all floats, piers and parking lots prior to snowfall is a priority. Staff will also be looking for improper electrical cords and checking for stray current.

If you have any questions regarding this item, please contact Mr. Meissner.

**LIBRARY:**

E-READER WORKSHOP – On Saturday, December 1, 2012, the Irene Ingle Public Library will be conducting another e-reader workshop where the public can drop-in with their e-reader device. Staff will be available to assist anyone in setting up their e-reader to access the library's e-book services.

UPCOMING EVENTS – “Pajama Story Time” is scheduled for Monday, December 10, 2012 and will include Vickie Bunes-Taylor reading Christmas stories, Santa reading *The Night Before Christmas*, light bulb cookies, cocoa, and homemade marshmallows. There is also a grant writing videoconference workshop scheduled for December 13, 2012.

If you have any questions about the above items, please contact Ms. Jabusch.

**PLANNING DEPARTMENT:**

AMERICAN PLANNING ASSOCIATION - Ms. Rushmore attended the Alaska Chapter of the American Planning Association meetings in Anchorage as part of the AML organizational affiliate support. There were some very good sessions pertaining directly to Planning and Zoning Commission issues/procedures as well as economic development activities and ideas. She will be sharing the information and ideas with Planning and Zoning Commission and Economic Development Committees at upcoming meetings.

ZONING REGULATIONS – Staff and the Planning Commission have worked for almost 2 years to develop zoning regulations for the remote outlying subareas of Thoms Place, Olive Cove, Meyers Chuck, Union Bay, Wrangell Island East and Farm Island. Commissioners conducted numerous workshops, provided several large mailings to all remote property owners, and made extensive changes based on comments received by those remote landowners. The Planning Commission conducted a hearing on the draft ordinance amending Title 20 on November 8, 2012. Staff needs to incorporate a few changes based on the most recent hearing, but the draft ordinance amending Title 20 Zoning will soon be forwarded to the Borough Assembly for consideration and adoption.

TRAIL EXTENSION - As reported previously, the borough received a technical assistance grant from the National Park Service Recreation Trails and Conservation Assistance program to assist with the trail link and extension between Volunteer Park Trail and Mt. Dewey Trail and Stough's Trailer Park. Ms. Rushmore met with Lisa Holzapfel, the project manager with the NPS while in Anchorage for the Planning meetings to discuss the project and identify their participation assistance efforts. They will be making their first site visit next March/April and will be assisting in determining trail location, community expectations for the trail, user conflicts, and best construction materials. This project was the top statewide selected project because of the community benefits and supporting partners.

**PUBLIC WORKS DEPARTMENT:**

WATER DIVISION - Public Works repaired two water main breaks in the past month, one on Ash Street caused by an incorrectly installed service line and one on the unnamed road to Ed Rilatos' home caused by a deteriorated water main. Both leaks were large enough to cause water to show at the surface and would have caused icing problems in freezing weather but were small enough to be difficult to locate. A large area had to be excavated at both locations before the leaks were found. The Rilatos' road can be added to a growing list of ductile iron water mains that need replacement.

***Borough Manager's Report***  
***November 21, 2012***  
***Page 7 of 8***

**DRAINAGE ITEMS** - The Streets crew utilized recent breaks in the weather to attack a number of drainage issues that have been causing problems for quite some time. Staff is hopeful that as a result of this work, there will not be ice building up on Reid Street, Church Street, or Case Avenue.

**WINTER PREPARATIONS** - All equipment is chained up and ready for winter. Deicing chemicals are fully stocked. Fire hydrants have been winterized. Sand has been provided to downtown businesses to help discourage the use of deicing chemicals on the new concrete.

**FRONT STREET** - CBW is waiting for As-Built drawings, O&M manuals and other closeout documents from DOT. Northland is ready to remove the job shack by NAPA, they are just waiting for MCC to remove the porches and utilities. Public Works and WML&P will probably wait until spring to turn the light poles around that have banner arms sticking out over the street.

**FRONT STREET RAIN GUTTERS** - Silver Bow Construction - "The Gutter Guys" - will be back in Wrangell on November 30, 2012. They will be installing rain gutters on all Front Street awnings other than a couple that were constructed such that a gutter cannot be installed. They were originally going to arrive at the end of October but were delayed. This will cause some extra difficulty with a few buildings that will already have Christmas lights up but Public Works will assist with removal and replacement of any decorations.

**REFUSE COLLECTIONS** - For the Thanksgiving holiday, trash normally collected on Thursday will instead be collected on the Wednesday prior to Thanksgiving. Trash normally collected on Friday will instead be collected on the Monday following Thanksgiving. The landfill will be closed on Thursday and Friday in addition to the normal Monday closure.

**TRAINING** - Crews from the water, wastewater, and streets divisions attended a two day confined space entry training. An instructor was brought in from Fairbanks to teach confined space entry to Public Works and confined space rescue and hazardous materials training for the Fire Department. With this training, employees have the training needed to safely work in manholes, trenches, underground vaults, and other confined spaces. Completion of this training also assists in keeping the City in compliance with regulatory requirements.

If you have any questions regarding these items, please contact Mr. Johnson.

**UTILITY BILLING:**

**DELINQUENT ACCOUNTS** - This summer, due to changes in collection regulations included in ordinances, staff began the process of more aggressive enforcement on the payment of delinquent utility bills. One change implemented was the process of issuing pink bills to those bills that were paid late or were delinquent. This first step also doubles as a disconnect notice which has put more responsibility on the customer and initiates the disconnect process.

Ordinance changes require staff to get delinquent bills paid within 3 to 6 months and if any of the contract payments are missed, disconnection is initiated unless weather prevents this action. This process is working much better and hopefully will result in less delinquent accounts.

Staff also initiated auto pay with the utility billing system. Customers that sign up for this service will have their bill paid automatically out of a checking or savings account each month. This has proven to be a popular option and the list of customers choosing this option grows each month. This service is not available for credit cards as the City and Borough of Wrangell does not want liability that goes with storing credit card information. Customers still have the option of paying with a credit card by coming into the office or by calling if they are out of town.

If you have any questions regarding this item, please contact Mr. Jabusch.

**ATTACHMENTS:**

1. Capital Project Priorities List for 2012
2. Timesheet for October 2012.

**Wrangell Capital Budget Requests**

	<b>Town</b>	<b>Project</b>	<b>State Request Amount</b>	<b>Total Project Amount</b>	<b>State or Federal</b>	<b>Amount Received</b>
1	Wrangell	Wood Street Construction and Utility Improvments for Medical Campus	1,000,000	1,000,000	State/Fed	1,000,000
2	Wrangell	Wrangell Medical Center	1,800,000	39,000,000	State/Fed	1,800,000
3	Wrangell	Downtown Revitalization Program	1,000,000	9,200,000	State/Fed	
4	Wrangell	Wrangell Boat Yard Improvements - Remaining Improvements	8,500,000	8,500,000	State	6,100,000
5	Wrangell	Cassiar Street	1,000,000	1,000,000	State	585,000
6	Wrangell	Sewer Pump Replacement	500,000	500,000	State/Fed	
7	Wrangell	Webber Street and Utilities	300,000	300,000	State	
8	Wrangell	Evergreen Road Improvements and Pedestrian Access	5,200,000	5,200,000	State	
9	Wrangell	250-Ton Travel Lift and Associated Improvements	2,750,000	2,750,000	State	2,750,000
10	Wrangell	Wrangell Road Resurfacing	2,500,000	2,500,000	State	
11	Wrangell	Recreational Facility Improvements (Pool Roof, Mechanical, Remodel)	1,000,000	1,000,000	State/Federal	
12	Wrangell	Public Safety Building Renovations - Including Court System	950,000	950,000	State/Federal	
	Wrangell	Mill Property Development Plan and Purchase	3,000,000	3,000,000	State	
	Wrangell	Carving SHED	575,000	700,000	State/Federal	250,000
	Wrangell	Waste Reduction Facility	1,500,000	1,500,000	State	
	Wrangell	Sunrise Lake - Alternative Water Source (Monitoring, Design, NEPA, etc.)	3,000,000	3,000,000	State/Federal	
	Wrangell	Water Treatment Plant Pilot Study	150,000	150,000	State/Federal	
	Wrangell	Pool Locker Replacements	50,000	50,000	State	
	Wrangell	Wrangell Radio Group -Upgrades			State	
	WRG/PRG	South Mitkof Island Improvements - Banana Point Improvements	1,250,000	1,500,000	State	
	Wrangell	Electric System Upgrades (Wrangell Medical Campus and Boat Yard Haul C	250,000	250,000	State/Federal	
	Wrangell	Community Center Renovations and Asbestos Removal	500,000	725,000	State/Federal	
	Wrangell	Park facility Upgrades and Improvements	250,000	250,000	State	
	Wrangell	Dam Replacement		40,000,000	Federal	
	Wrangell	Shoemaker Bay Float - Design and Construction	8,000,000	8,000,000	State/Federal	
	Wrangell	Reliance Harbor - Design and Construction	2,500,000	2,500,000	State/Federal	
	Wrangell	Inner Harbor - Design and Construction	2,500,000	2,500,000	State/Federal	
	Wrangell	Industrial Park Expansion - Road and Utilities Expansion	500,000	500,000	Federal	
	Wrangell	Downtown Landscaping	150,000	150,000	State	
	Wrangell	Institute Property Development - Prospectus Development	100,000	100,000	State	
	Wrangell	Zimovia Highway Overlay - Past 8 Mile			State	
	Wrangell	Standard Oil Float - Design and Construction	2,000,000	2,000,000	State	
	Wrangell	Meyers Chuck Dock Upgrades				
	Wrangell	New Cemetery Site				
	Wrangell	Mt. Dewey/Volunteer Park Trail Link	150,000	150,000	State	

Wrangell	Volunteer Park Plan	25,000	25,000	State	
Wrangell	Multi-Purpose Field	100,000	100,000	State	
Wrangell	Connection to Upper Reservoir	750,000	750,000	State/Federal	
Wrangell	Gun Range Improvements	50,000	50,000	State	50,000
Wrangell	Deferred Maintenance for the Armory	125,000	125,000	State	125,000



# City & Borough of Wrangell

Pay Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	Hours
Regular	8	8	8	8	8			8	8	4	4	8			8	4	8	8	8			8	5	8	8	8			8	8	4	
Overtime																																
Sick Leave										4	4					4																
Holiday WK																																
Vacation																							3							4		

Total Regular																																
Overtime																																

SE = SOUTHEAST CONFERENCE - CRAIG

Approved By: \_\_\_\_\_  
Supervisor

Approved By: Timothy D. Rooney  
Borough Manager

I hereby certify that the hours stated hereon are a true and accurate record of all hours I worked within this pay period.

Name: Timothy Rooney  
Employee

Pay Period Ending October 31, 2012

## Office Use Only

AL _____	Sal _____ @ _____ =	
SL _____	HR _____ @ _____ =	
OTD _____	OT _____ @ _____ =	
_____	_____ @ _____ =	
_____	_____ @ _____ =	
_____	_____ @ _____ =	
_____	_____ @ _____ =	
	Total _____ =	

# CITY & BOROUGH OF WRANGELL, ALASKA

## BOROUGH ASSEMBLY AGENDA ITEM November 27, 2012

### ITEM NO. 9

### BOROUGH CLERK'S FILE:

#### Mark Your Calendar:

- 11/29 & 11/30 Forest Service Contractive Workshop from 9am – 4pm @ the Nolan Center Classroom
- 12/5 Parks & Recreation Board meets @ 7pm in the Assembly Chambers
- 12/7 Festival of Lights *all day* in Downtown Wrangell (Tree Lighting, Santa Claus & Midnight Madness
- 12/6 Port Commission Meeting @ 7pm in the Assembly Chambers
- 12/11 Regular Borough Assembly Meeting @ 7pm in the Assembly Chambers
- 12/13 Planning & Zoning Public Hearing & Regular Meeting @ 7pm in the Assembly Chambers
- 12/17 School Board Meeting @ 7pm
- 12/19 Hospital Board Meeting @ 5:30pm
- 12/20 WCVB Meeting @ 6:30pm in the Assembly Chambers
- 12/25 City Hall closed in observance of the Christmas Holiday
- 12/26 - 12/31 City Hall closed for End-of-Year Maintenance and Archiving

### GENERAL ELECTION

Voter turnout for the 2012 General Election was 48.13%

### Alaska Association of Municipal Clerks Conference

This year's 47<sup>th</sup> Annual AAMC Conference, "Rising to New Heights" kicked off on Saturday with the "Nuts and Bolts" of being a Clerk. We focused on the following topics:

- *Duties of the Clerk*- Presented by Kodiak Island Borough Clerk, Nova Javier, MMC
- *Meeting Administration*- Presented by Borough Clerk, Laurie Sica, MMC & Deputy Clerk, Beth McEwen, MMC
- *Title 29*- Presented by Elizabeth Manfred, Division of Community and Regional Affairs (DCRA)
- *Basic Parliamentary Procedure*- Presented by City of Valdez Clerk, Sheri Pierce, MMC
- *Election Basics*- Presented by the Matanuska-Susitna Borough Clerk, Jamie Newman, MMC

On Sunday, we focused on the following topics:

- *Opening Ceremony*- Introductions all around ☺
- *Electronic Records*- Presented by Jeff Schowen, Acumen Information Services, Inc.
- *AAMC Business Meeting* where Ketchikan Gateway Borough Clerk Kacie Paxton, MMC was the presiding officer
- *Open Meetings Act*- Presented by Attorneys Marc R. Greenough, Levesque Law Group LLC & Joseph N. Levesque, Foster Pepper PLLC
- *Social Media*- Presented by Attorneys Marc R. Greenough, Levesque Law Group LLC & Joseph N. Levesque, Foster Pepper PLLC

# CITY & BOROUGH OF WRANGELL, ALASKA

- *President's Reception* with this year's AAMC President, Ms. Kacie Paxton, MMC., Ketchikan Gateway Borough

Then on Monday, we focused on the following topics:

- *Records Preservation*- Dennis Curran
- *Quasi-Judicial Boards*- Presented by the Matanuska-Susitna Borough Attorney, Nicolas Spiropoulos
- *COMMUNICATIONS – The Power of Presence*- Presented by the City of Manteca, California Clerk, Joann Tilton
- *Coffee Talk, where Clerks from all around Alaska meet and discuss topics of interest*
- *AAMC Banquet*

Finally, on Tuesday I had the pleasure of attending the AAMC Academy "Understanding & Raising Your EQ", (Emotional Intelligence). Karen Kirk, M.Ed. was the presenter for this academy.

Many of the conference topics were of great interest to me. I left Anchorage with more "*tips and tricks*", and knowledge that will help me in achieving my immediate goal of becoming Certified Municipal Clerk (CMC).

**Thank you!!**





# **CITY & BOROUGH OF WRANGELL, ALASKA**

## **BOROUGH ASSEMBLY AGENDA ITEM November 27, 2012**

### **ITEM NO. 10**

#### **MAYOR/ASSEMBLY REPORTS AND APPOINTMENTS:**

INFORMATION: This agenda item is reserved for the Mayor and Assembly Member's special reports. Such information items as municipal league activities, reports from committees on which members sit, conference attendance, etc., are examples of items included here.

**Item 10a      Reports by Assembly Members**

**Item 10b      Certificate of Service presented to August Schultz, Planning & Zoning Commission and Economic Development Committee**

**Item 10c      Certificate of Service presented to Dave Sweat, Port Commission**

**Item 10d      Appointment to fill the vacancy on the Planning & Zoning Commission**

Motion:      Move to appoint \_\_\_\_\_ to fill the vacancy on the Planning & Zoning Commission until October 2013

*Letters of interest for the Planning & Zoning Commission received from:*

- *Dorothy Hunt-Sweat*

**Item 10e      Appointment to fill the vacancy on the Economic Development Committee**

Motion:      Move to appoint \_\_\_\_\_ to fill the vacancy on the Economic Development Committee until October 2014

*Letters of interest for the Planning & Zoning Commission received from:*

- *Dorothy Hunt-Sweat*


# ***CERTIFICATE OF SERVICE***

The City & Borough of Wrangell, Alaska  
Presents this Certificate of Service to:

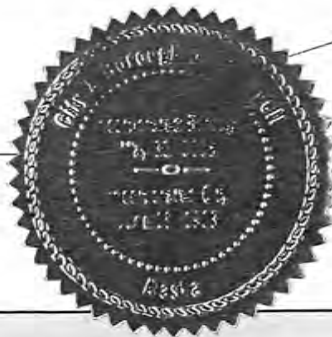
**August Schultz**


for his service and dedication as Planning & Zoning Commission Member

October 2010 - October 2012

  
ATTEST: Kim Flores, Borough Clerk

Dated this 27th day of November, 2012



  
Donald J. McConachie, Mayor

Item 106<sup>2</sup>

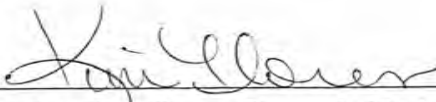
# ***CERTIFICATE OF SERVICE***

The City & Borough of Wrangell, Alaska  
Presents this Certificate of Service to:

**August Schultz**

for his service and dedication as a member to the Economic Development Committee

January 2004 - October 2012

  
ATTEST: Kim Flores, Borough Clerk

Dated this 27th day of November, 2012



  
Donald J. McConachie, Mayor



Item 10c

# ***CERTIFICATE OF SERVICE***

The City & Borough of Wrangell, Alaska  
Presents this Certificate of Service to:

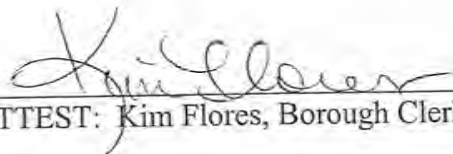
**Dave Sweat**

for his service and dedication as Port Commissioner

October 2009 – October 2012



Donald J. McConachie, Mayor



ATTEST: Kim Flores, Borough Clerk

Dated this 27th day of November, 2012



# **CITY & BOROUGH OF WRANGELL, ALASKA**

## **BOROUGH ASSEMBLY AGENDA ITEM November 27, 2012**

**ITEM NO. 12a      PROPOSED ORDINANCE: AN ORDINANCE OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING TITLE 3, CHAPTER 3.32.030 (D) AND CHAPTER 3.32.090 AND ORDINANCE NO. 865 OF THE WRANGELL MUNICIPAL CODE RELATING TO THE WRANGELL MEDICAL CENTER AND LONG-TERM CARE FACILITY BOARD (*second reading*)**

### **INFORMATION:**

#### **Attachments**

1. Memorandum from Borough Manager Timothy Rooney, dated 11/20/12
2. Proposed Ordinance approved in its first reading on October 30, 2012

### **RECOMMENDED ACTION:**

Move to approve second reading.

**MEMORANDUM**

**TO: HONORABLE MAYOR AND MEMBERS OF THE ASSEMBLY  
CITY AND BOROUGH OF WRANGELL**

**FROM: TIMOTHY ROONEY  
BOROUGH MANAGER**

**SUBJECT: ORDINANCE NO. 866  
AMENDING ORDINANCE 865**

**DATE: November 20, 2012**

**BACKGROUND:**

In August of this year, the Borough Assembly unanimously passed and adopted Ordinance 865, which provided numerous changes to the Wrangell Municipal Code relating to the Wrangell Medical Center. At the time of adoption, it was both the position of staff and the Borough Assembly, that if the newly seated Wrangell Medical Center Board had concerns, both staff and Mr. Blasco would review those concerns and propose recommended changes to the Borough Assembly.

After the new Wrangell Medical Center Board was seated, Mr. Blasco met with the Wrangell Medical Center Board Chairman, Mr. Woody Wilson to discuss his concerns. There were three, what I would categorize as major concerns discussed at that meeting, and the proposed Ordinance No. 866 addresses two of those concerns. The two concerns it addresses is the participation of the Hospital Board Liaison and the Personnel Rules. The third concern centered on a misunderstanding of the Borough Attorney approval of the WMC Administrator contract and has been addressed through discussion.

Ordinance 866, attached for your information and review, provides for clarifying language relating to the Hospital Board Liaison. While the ordinance retains the requirement that the Hospital Board Liaison be permitted the absolute right and authority to participate in Executive Sessions of the Wrangell Medical Center Board, it would no longer allow for the Hospital Board Liaison to participate in any Executive Session that involves physician credentialing.

The second change addresses Personnel Rules and removes the requirement that the Wrangell Medical Center personnel policies be consistent with the personnel rules and regulations of the borough. It adds language the personnel policies shall be subject to annual review and modification by the Borough Assembly during May of each year or at other times during the year if changes are recommended by the Wrangell Medical Center Board.

Staff views Ordinance No. 866 as the first of several revisions that may be needed to Ordinance No. 865 over the coming year. That being said, we do want to implement these changes now so that we can address concerns as they arise, as was promised, when Ordinance No. 865 was adopted. The first reading of Ordinance 866 was unanimously approved by the Borough

Assembly at the October 30, 2012 meeting. The public hearing, followed by action for adoption of Ordinance No. 866 are included on the agendas for Tuesday, November 27, 2012.

**RECOMMENDATION:**

Staff recommends Borough Assembly approval of Ordinance No. 866 following the Public Hearing on November 27, 2012 at 6:30 PM.

**ATTACHMENTS:**

1. Proposed Ordinance No. 866



CITY AND BOROUGH OF WRANGELL, ALASKA

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, AMENDING TITLE 3, CHAPTER 3.32.030 (D) AND CHAPTER 3.32.090 AND ORDINANCE NO. 865 OF THE WRANGELL MUNICIPAL CODE RELATING TO THE WRANGELL MEDICAL CENTER AND LONG-TERM CARE FACILITY BOARD

BE IT ORDAINED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA:

SEC. 1. Action. The City and Borough of Wrangell Charter, Article III, Section 3-9, authorizes the Assembly to establish, by ordinance, a board for the borough-operated Wrangell Medical Center and Long-Term Care Facility. Title 3 of the Wrangell Municipal Code addresses Administration and Personnel of the City and Borough of Wrangell; Chapter 32 of that title sets out the Code provisions regarding the establishment, powers, authority and duties of the Wrangell Medical Center and Long-Term Care Facility board, and administration of the facility. Ordinance 865 clarified and amended Ch. 3.32.

The Assembly of the City and Borough of Wrangell declares that Title 3, Chapter 3.32.030(D) and Chapter 3.32.090 and Ordinance No. 865 of the Wrangell Municipal Code, shall be clarified and amended as follows:

Section 3.32.030.Hospital Board – General powers and duties.

A. The hospital board shall review and make recommendations through the borough manger to the assembly on all hospital construction, consulting, engineering, and architectural services contracts before submitting such contracts to the assembly for approval. No such contracts shall be executed without review by the borough manager and the borough attorney, and such contracts in excess of \$25,000 shall be executed only after approval by the assembly. All contracts shall be executed in the name of the city and borough;

B. The board shall review and make recommendations through the borough manager to the assembly for review and approval by the assembly of proposals or plans for development of any new hospital construction and improvements;

C. The board shall have the authority to solicit grants and funds from any sources for the furtherance of the provision of medical care at the hospital. Any solicitations from federal or state agencies shall be subject to prior approval of the borough manager. The board shall keep the borough manager advised of grants and funds being sought by a written report from the board or hospital administrator;

D. The board shall adopt personnel policies for hospital employees, subject to annual review by the assembly during May of each year. The personnel policies shall be subject to

annual review by the assembly during May of each year. In addition, in the event the board adopts changes to the personnel policies at other times during the year, the board shall submit the personnel policy changes to the assembly for review. The personnel policies and any changes to the personnel policies shall be subject to modification by the assembly; The personnel policies shall be consistent with the personnel rules and regulations of the borough, and shall be subject to modification by the assembly;

E. The board shall employ a hospital administrator by contract, which contract shall be subject to review and approval by the borough manager. No administrator may be employed without a contract approved by the borough manager and the borough attorney. The administrator's contract may not be modified, amended or changed without approval of the borough manager and the borough attorney. The board shall only terminate or remove the administrator after consultation with the borough manager and the borough attorney and approval by the borough manager;

F. The board shall determine salaries and wages to be paid to each classification of labor employed at the hospital, except that the salary and any other wages or monies or benefits to be paid or provided to the hospital administrator shall be only as provided in the administrator's contract.

G. The board shall determine, charge and collect fees and charges for the services rendered and furnished by the hospital. The rates as determined by the board shall be in full compliance with federal and state laws. The rates as determined by the board shall be subject to modification by the borough assembly, which may change the rates at any time.

H. The board shall have authority to take all lawful action to collect all accounts owing to the hospital and the borough for services rendered or furnished by the hospital. No legal action shall be instituted unless reviewed and approved by the borough manager and borough attorney.

I. The board shall require that all persons admitted to the hospital be under the supervision and care of a licensed physician.

J. Subject to review and approval by the assembly, the board shall have the authority to make rules and regulations for the efficient and safe operation of the hospital, provided that any rules and regulations shall be consistent with federal and state law and the Wrangell Municipal Code and be in the best interests of the borough and in accordance with sound business practices. The board must submit the rules and regulations through the manager to the assembly for review and approval. The assembly may modify or amend any rules and regulations. [Ord. 263 § 6, 1971; prior code § 3.63.050.]

K. The board shall undertake the annual budget, annual audit, and annual reports for the hospital as required by 3.32.100. The board shall make no expenditure of funds or obligation of funds unless the expenditure or obligation is in conformance with the annual budget, or a budget amendment, that has been approved and adopted by the assembly.



Section 3.32.090—Hospital board liaison.

The borough assembly shall appoint from its membership a liaison to the Wrangell Medical Center and Long-Term Care Facility. The borough assembly liaison shall represent the assembly and attend and participate in all hospital board meetings and all executive sessions of the board with the exception of those involving physician credentialing and privileging. The board has no authority to exclude the assembly liaison from any executive session. The assembly liaison will not participate as a voting member of the board and the presence of the assembly liaison shall not be used to establish a quorum to convene a meeting of the board.

SEC. 2. Severability. If any portion of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected thereby.

SEC. 3. Purpose. The purpose of this ordinance is to clarify and amend Wrangell Municipal Code Ch. 3.32 and Ordinance No. 865, consistent with the historical authority of the Borough Assembly, the Charter of the City and Borough of Wrangell, and Title 29 of the laws of the State of Alaska, and in the public interest and the best interests of the borough.

SEC. 4. Effective Date. This ordinance shall be effective upon adoption by the assembly.

PASSED IN FIRST READING: October 30, 2012.

PASSED IN SECOND READING: \_\_\_\_\_.

Attest: \_\_\_\_\_

Kim Flores  
Borough Clerk

\_\_\_\_\_  
Donald McConachie  
Mayor

# **CITY & BOROUGH OF WRANGELL, ALASKA**

## **BOROUGH ASSEMBLY AGENDA ITEM November 27, 2012**

**ITEM NO. 13a      PROPOSED RESOLUTION:    A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, ADOPTING AN ALTERNATIVE ALLOCATION METHOD FOR THE FY 2013 SHARED FISHERIES BUSINESS TAX PROGRAM AND CERTIFYING THAT THIS ALLOCATION METHOD FAIRLY REPRESENTS THE DISTRIBUTION OF SIGNIFICANT EFFECTS OF FISHERIES BUSINESS ACTIVITY IN FISHERIES MANAGEMENT AREA 18: CENTRAL SOUTHEAST**

### **INFORMATION:**

#### **Attachments**

1. Memorandum from Finance Director Jeff Jabusch dated October 26, 2012
2. Proposed Resolution
3. DCCED Shared Fisheries Business Tax Program Description

### **RECOMMENDED ACTION:**

Move to adopt Resolution.

Attachment #1

## AGENDA

13a  
11-27-12

October 26, 2012

To: Wrangell Borough Assembly  
Tim Rooney, Borough Manager

From: Jeff Jabusch, Finance Director

Subject: Resolution to Adopt 2013 Fiscal Year Shared Fisheries Business Tax Program

The attachment from the State of Alaska describes the program and where the money comes from and also explains the two options in which the money can be distributed. The borough, along with all of the other communities within Fisheries Management Area 18 have agreed to divide 50% of the money equally and 50% on a per capita basis. This was a decision made years ago when this money first became available.

We are required to make this determination annually by resolution as part of our application.

Recommended Motion:

Move to adopt resolution for 2013 Fiscal Year Shared Fisheries Business Tax Program

CITY AND BOROUGH OF WRANGELL

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, ADOPTING AN ALTERNATIVE ALLOCATION METHOD FOR THE FY 2013 SHARED FISHERIES BUSINESS TAX PROGRAM AND CERTIFYING THAT THIS ALLOCATION METHOD FAIRLY REPRESENTS THE DISTRIBUTION OF SIGNIFICANT EFFECTS OF FISHERIES BUSINESS ACTIVITY IN FISHERIES MANAGEMENT AREA 18: CENTRAL SOUTHEAST

WHEREAS, AS 29.60.450 requires that for a municipality to participate in the FY 2013 Shared Fisheries Business Tax Program, the municipality must demonstrate to the Department of Community and Economic Development that the municipality suffered significant effects during calendar year 2010 from fisheries business activities; and

WHEREAS, 3 AAC 134.060 provides for the allocation of available program funding to eligible municipalities located within fisheries management areas specified by the Department of Community and Economic Development; and

WHEREAS, 3 AAC 134.070 provides for the use, at the discretion of the Department of Community and Economic Development, of alternative allocation methods which may be used within fisheries management areas if all eligible municipalities within the area agree to use the method, and the method incorporates some measure of the relative significant effect of fisheries business activity on the respective municipalities in the area; and

WHEREAS, the Assembly of the City and Borough of Wrangell proposes to use an alternative allocation method for allocation of FY 2013 funding available within the Fisheries Management Area 18: Central Southeast in agreement with all other municipalities in this area participating in the FY 2013 Shared Fisheries Business Tax Program.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, by this resolution, certifies that the following alternative allocation method fairly represents the distribution of significant effects during 2010 of fisheries business activity in the Fisheries Management Area 18: Central Southeast.

ALTERNATIVE ALLOCATION METHOD:

50% divided equally and  
50% divided on a per capita basis

ADOPTED: November 27, 2012.

\_\_\_\_\_  
Donald McConachie, Mayor

ATTEST: \_\_\_\_\_  
Kim Flores, Borough Clerk

**DCCED  
SHARED FISHERIES BUSINESS  
TAX PROGRAM  
FY 13 LONG-FORM APPLICATION  
FOR**

**FMA 18: CENTRAL SOUTHEAST**



**APPLICATION MUST BE SUBMITTED TO DCCED  
NO LATER THAN DECEMBER 15, 2012**

**State of Alaska  
Sean Parnell, Governor**

**Department of Commerce, Community, and  
Economic Development  
Susan K. Bell, Commissioner**

**Division of Community and Regional Affairs  
Scott Ruby, Director**

# **FY 13 SHARED FISHERIES BUSINESS TAX PROGRAM**

## **PROGRAM DESCRIPTION**

The purpose of the Shared Fisheries Business Tax Program is to provide for an annual sharing of fish tax collected outside municipal boundaries to municipalities that can demonstrate they suffered significant effects from fisheries business activities. This program is administered separately from the state fish tax sharing program administered by the Department of Revenue which shares fish tax revenues collected inside municipal boundaries.

### **Program Eligibility**

To be eligible for an allocation under this program, applicants must:

1. be a municipality (city or borough); and
2. demonstrate the municipality suffered significant effects as a result of fisheries business activity that occurred within its respective fisheries management area(s).

### **Program Funding**

The funding available for the program this year is equal to half the amount of state fisheries business tax revenues collected outside of municipal boundaries during calendar year 2011.

Program funding is allocated in two stages:

**1st Stage:** Nineteen Fisheries Management Areas (FMAs) were established using existing commercial fishing area boundaries. The available funding is allocated among these 19 FMAs based on the pounds of fish and shellfish processed in the whole state during the 2011 calendar year. For example, if an area processed 10% of all the fish and shellfish processed in the whole state during 2011, then that area would receive 10% of the funding available for the program this year. These allocations are calculated based on Fisheries Business Tax Return information for calendar year 2011.

**2nd Stage:** The funding available within each FMA will be allocated among the municipalities in that area based on the level of fishing industry significant effects suffered by each municipality compared to the level of effects experienced by the other municipalities in that FMA.

Some boroughs, because of their extensive area, are included in more than one fisheries management area. In these cases, the borough must submit a separate program application for each area.



# **FY 13 SHARED FISHERIES BUSINESS TAX PROGRAM**

## **PROGRAM DESCRIPTION**

### **There are Two Application Methods Possible: Standard and Alternative**

**Standard Method:** In the Standard Method, established by the department, each municipality in the FMA must determine and document the cost of fisheries business impacts experienced by the community in 2011. These impacts are submitted by each municipality in their applications. The department will review the applications and determine if the impacts submitted are valid. Once the impacts have been established for each of the municipalities in the FMA, the department will calculate the allocation for each municipality using the following formula:

One half of the funding available within a FMA is divided up among participating municipalities on the basis of the relative dollar amount of impact in each municipality. The other half of the funding available to that area is divided equally among all eligible municipalities.

**Alternative Method:** Alternative allocation methods may be proposed by the municipalities within the FMA. The department will consider approving the use of a proposed alternative method only if all the municipalities in the area agree to use the method, and if the method includes some measure of the relative effects of the fishing industry on the respective municipalities in the area.

This application packet contains the instructions and forms for applying under either of these methods.

- The **yellow pages** are for applications using the standard method.
- The **pink pages** are to be used for alternative method applications.

The chart on the following page summarizes the process for these two methods.

# **CITY & BOROUGH OF WRANGELL, ALASKA**

## **BOROUGH ASSEMBLY**

### **AGENDA ITEM**

**November 27, 2012**

**ITEM NO. 13b** Approval to schedule a Workshop Session for the purpose of discussing the use of technology by staff and the Borough Assembly.

#### **INFORMATION:**

None.

#### **RECOMMENDED ACTION:**

Move to approve scheduling a Workshop Session to discuss the use of technology by staff and the Borough Assembly.

# **CITY & BOROUGH OF WRANGELL, ALASKA**

## **BOROUGH ASSEMBLY AGENDA ITEM November 27, 2012**

**ITEM NO. 13c**      Approval to Remove Harbor Receivable Accounts and  
Forward to Collection Agency

### **INFORMATION:**

Attachments

1. Memorandum from LaDonna Botsford, Harbor Office, dated November 7, 2012.

### **RECOMMENDED ACTION:**

Move to approve removing harbor receivable accounts and forward to collection agency, as presented.



# CITY OF WRANGELL, ALASKA

## PORT & HARBORS DEPARTMENT

PO BOX 531, WRANGELL, ALASKA 99929

PH: (907) 874-3736 FAX: (907) 874-3197

CITY CLERK

NOV 07 2012

RECEIVED

TO: Kim Flores, Borough Clerk  
FROM: LaDonna Botsford Harbor Office  
CC: Greg Meissner, Harbormaster  
DATE: November 7, 2012  
RE: Collection Account

I would like permission from the Assembly to remove the following accounts from my receivables and send to Northern Credit Services for Collection action:

<u>Acct #</u>	<u>Name:</u>	<u>Amount:</u>	<u>Explanation:</u>
6976	Ronald Brock	\$87.97	Reserved Moorage from July 2012
6765	Sean Kaer	\$2,410.95	Moorage from 2011 & 2012 Vessel Impounded, Destroyed
6939	Taribochia Inc	\$1,467.19	Moorage from April/May 2012

# **CITY & BOROUGH OF WRANGELL, ALASKA**

## **BOROUGH ASSEMBLY**

### **AGENDA ITEM**

**November 27, 2012**

**ITEM NO. 13d Assembly Action relating to the D. Hittle and Associates "Operations and Maintenance Organizational Review" report.**

#### **INFORMATION:**

##### **Attachments**

1. Operations and Maintenance Organization Review Report dated September 13, 2012
2. History of Project Operations, submitted SEAPA November 2, 2012
3. PowerPoint Presentation presented at the November 5, 2012 Workshop, presented by Paul Southland, TBPA
4. PowerPoint Presentation presented at the November 5, 2012 Workshop, presented by Andy Donato, City of Ketchikan – KPU Electric Division
5. PowerPoint Presentation presented at the November 5, 2012 Workshop, presented by John Heberling, D. Hittle and Associates

#### **RECOMMENDED ACTION:**

##### **Option #1**

Move to approve a letter of support from the Mayor for the D. Hittle and Associates "Operations and Maintenance Organizational Review" Report

##### **Option #2**

Move to approve a letter of non-support from the Mayor for the D. Hittle and Associates "Operations and Maintenance Organizational Review" Report

Southeast Alaska Power Agency  
Operations and Maintenance  
Organization Review

September 13, 2012  
**FINAL DRAFT REPORT**

Prepared for  
Southeast Alaska Power Agency  
Ketchikan, Alaska

by



Lynnwood, Washington



# **Southeast Alaska Power Agency Operations and Maintenance Organization Review**

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# **Southeast Alaska Power Agency Operations and Maintenance Organization Review**

## **Introduction**

This report summarizes the results and findings of an Operations and Maintenance Organizational Review (the "O&M Review") of the Southeast Alaska Power Agency (SEAPA) and its hydroelectric and transmission facilities. D. Hittle & Associates, Inc. (DHA) was retained by SEAPA in April 2012 to conduct the O&M Review. The O&M Review is intended to address several issues related to evaluating the overall operation of SEAPA's system to assure the most effective operation into the future. Ultimately, SEAPA's goal is to provide safe, reliable and cost effective operation of its power supply and transmission assets for the benefit of the interconnected electric consumers long into the future. As a member-owned entity serving consumer-owned electric utility operations, reductions in SEAPA operating costs and improvements in performance provide a direct positive effect on the cost of electric service in the communities of Ketchikan, Petersburg and Wrangell.

## **Description of SEAPA**

SEAPA is a joint action agency originally organized in 2000 as the Four Dam Pool Power Agency and existing pursuant to the laws of the State of Alaska. The Four Dam Pool Power Agency was created by its members for the purpose of purchasing certain generating and transmission facilities from the Alaska Energy Authority, a public corporation of the State. In 2009, the Four Dam Pool Power Agency was restructured and its name was changed to SEAPA to reflect the withdrawal of two previous cooperative members and the generating and transmission facilities that served those members.

The members of SEAPA are the Alaska home rule municipalities of Ketchikan, Petersburg and Wrangell (collectively, the "Member Utilities" or the "Purchasing Utilities"). The municipally-owned electric utilities of the cities of Ketchikan and Petersburg and the City and Borough of Wrangell provide electric service within their respective communities. SEAPA's system currently consists of two separate hydroelectric generation facilities and accompanying transmission facilities located in Southeastern Alaska (the Projects). Power is sold from the Projects pursuant to a Long-Term Power Sales Agreement (the "Power Sales Agreement") dated February 2009 to the Member Utilities.

SEAPA is governed by a five-member board of directors consisting of directors appointed by the City Councils of the Member Utilities. Each director serves for a one-year term, January 1 through December 31, but continues to serve until a successor is appointed. Each year, Ketchikan appoints two directors to the board and Wrangell and Petersburg appoint one director each. In alternating years, the fifth director is appointed by Ketchikan or by either Petersburg or Wrangell. At the present time, there are two directors from Ketchikan, two directors from Petersburg and one director from Wrangell. There are also five non-voting alternate members of the board of directors, appointed in the same manner as the five directors.

## Southeast Alaska Power Agency Operations and Maintenance Organization Review

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SEAPA is authorized and has the power to design, develop, acquire, purchase, own, operate, manage, maintain and improve power projects or generating and transmission facilities. SEAPA's facilities consist of two hydroelectric generating plants, the Swan Lake Hydroelectric Project ("Swan Lake") and the Tyee Lake Hydroelectric Project ("Tyee Lake"), and related transmission lines (together, the "SEAPA Facilities") that connect the generating plants to the electric systems of the Member Utilities. In late 2009, SEAPA completed a 57-mile long transmission line interconnecting Swan Lake and Tyee Lake, the Swan-Tyee Intertie (STI). The STI provides interconnection of the electric systems of Petersburg, Wrangell and Ketchikan. Prior to completion of the STI, the electric systems of Petersburg and Wrangell were interconnected, however, the electric system of Ketchikan was electrically isolated from any other electric utility systems. Now all three Member Utilities are interconnected with both projects and with each other.

SEAPA owns, manages and administers the SEAPA Facilities. Regular operations and maintenance of the hydroelectric projects is performed by Ketchikan Public Utilities (KPU) and the Thomas Bay Power Authority (TBPA)<sup>1</sup> under contractual arrangements (the "Operations & Maintenance Agreements"). KPU operates the Swan Lake project while the TBPA, an operating entity created by the cities of Petersburg and Wrangell, operates the Tyee Lake project. SEAPA provides maintenance of the STI, which was not contemplated under the Operations and Maintenance Agreements and also supports certain maintenance, repair, and equipment replacement activities at the Swan Lake and Tyee Lake projects.

Power generated by the SEAPA Facilities is sold to the Member Utilities in accordance with the terms and conditions of the Power Sales Agreement. The Power Sales Agreement states, among other things, that:

- The output of Swan Lake is first dedicated to Ketchikan and the output of Tyee Lake is first dedicated to Petersburg and Wrangell.
- All capacity and energy generated by the SEAPA Facilities will be sold by SEAPA;
- The Purchasing Utilities must purchase from SEAPA, to the extent power is available, their full energy requirement that exceeds the output of existing Purchasing Utility-owned hydroelectric resources;
- SEAPA shall at all times, except when prevented by a cause or event not preventable by SEAPA, make power continuously available to the Purchasing Utilities;
- SEAPA is to provide an annual operations plan that estimates the energy requirements of the Purchasing Utilities and identifies the output of the SEAPA Facilities to supply the net loads with the objective of maximizing and optimizing the output of the SEAPA Facilities.

Pursuant to the Power Sales Agreement, energy generated at the two hydroelectric projects is sold at a Firm Wholesale Power Rate established each year to produce sufficient revenue to meet SEAPA's debt service obligations and to pay for the cost of operations, maintenance, renewals

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<sup>1</sup> TBPA was initially formed in 1976 to evaluate potential new hydroelectric generating resource opportunities. At the present time, Petersburg and Wrangell pay some of the operating costs of TBPA directly, including the cost of the office administrator.

**Southeast Alaska Power Agency  
Operations and Maintenance Organization Review**

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and replacements, insurance, regulatory compliance, and other costs. The wholesale power rate may be adjusted during the year as needed.

The Firm Wholesale Power Rate is presently set at 6.8 cents per kilowatt-hour, a rate that is sufficient to produce revenues that will pay all the costs of SEAPA and provide a deposit into SEAPA's Renewal and Replacement Fund (the "R&R Fund"). The Wholesale Power Rate has been at the present level since before the Four Dam Pool Power Agency's formation in 2002. At the present time, SEAPA's only sources of revenue are from the sale of power to the Member Utilities and earnings on invested funds. Table 1 summarizes certain operating statistics for the year ended June 30, 2012 for SEAPA.

**Table 1  
Southeast Alaska Power Agency  
Selected Operating Statistics  
Year Ended June 30, 2012**

Energy Sales (kWh)		
Ketchikan		91,103,000
Petersburg		42,011,980
Wrangell		37,594,100
Total Energy Sales		170,709,080
Revenues from Energy Sales <sup>1</sup>	\$	11,608,217
Other Income	\$	142,442
Expenses <sup>2</sup>	\$	10,949,836

<sup>1</sup> Does not include impact of rebates to Member Utilities.

<sup>2</sup> Includes all operating expenses, debt service and deposits to R&R reserve fund.

### **SEAPA Facilities**

The SEAPA Facilities consist of two separate hydroelectric generating systems and related transmission lines, switchyards and substations. The hydroelectric systems are geographically separate from each other but with the completion of the STI in 2009, the two projects are electrically interconnected. The projects provide a significant portion, if not all of the total electrical power requirement in the communities to which they are connected. Both of the projects include the transmission lines that interconnect the hydroelectric projects to the electric systems in the communities. Table 2 shows the two hydroelectric generating plants owned and operated by SEAPA.

**Southeast Alaska Power Agency  
Operations and Maintenance Organization Review**

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**Table 2  
Southeast Alaska Power Agency  
Existing Hydroelectric Generating Plants**

Project	General Location	Nominal Capacity (MW)	Year of Initial Operation
Swan Lake Hydroelectric Project	22 miles northeast of Ketchikan	22.5	1984
Tyee Lake Hydroelectric Project	40 miles southeast of Wrangell	22.5	1984

The hydroelectric projects were originally developed and built in the early 1980's. A substantial portion of the original construction costs of the Projects was funded with State grants. The Projects have been in regular operation since they first became commercially operable in 1984.

In fiscal year 2011, SEAPA provided the majority of the total energy requirements of the Member Utilities. Further, the SEAPA projects provide essentially all of the load following for the Member Utilities' systems. Table 3 shows the energy resources of the Member Utilities' systems in 2012 and the percentage of the total energy provided by SEAPA. Note that total energy generation shown for SEAPA in Table 3 is before deductions for transmission losses estimated to be roughly 6.5%.

**Table 3  
Southeast Alaska Power Agency  
Member Utilities' Energy Resources  
Year Ended June 30, 2012**

	Ketchikan	Wrangell	Petersburg
Energy Resources (MWh)			
SEAPA	91,103	37,594	42,012
Utility-owned Hydro	82,000	-	13,500
Diesel	1,118	440	600
Total	174,221	38,034	56,112
Energy Provided by SEAPA	52%	99%	75%
Load Following Provided by SEAPA	100%	100%	100%

***Swan Lake Project***

The Swan Lake project is located on Revillagigedo Island at the head of Carroll Inlet, about 22 miles northeast of the city of Ketchikan. Primary facilities include a 174-foot tall concrete thin arch dam, a 2,217-foot long, 11-foot diameter power tunnel and a powerhouse with two Francis, vertical shaft turbines and two generating units having a combined nominal generating capacity

of 22.5 MW. The project includes two substations, one at the Swan Lake powerhouse and the Bailey substation in Ketchikan. The two substations are connected by approximately 30.5 miles of 115-kV transmission line. The Swan Lake project was constructed by the City of Ketchikan and subsequently purchased by the Alaska Power Authority. It began commercial operation in June 1984.

The Swan Lake project also contains a number of houses and support buildings, along with a dock. There is a road that connects the dam to the rest of the project features. The project is accessible by helicopter, float plane, boat or barge.

Average annual energy generation at Swan Lake is 74,929 MWh based on actual generation over the period 1991 through 2011. During this twenty-one year period, annual generation at Swan Lake has ranged from a low of 55,538 MWh in 1997 to a high of 82,088 MWh in 2001. Engineering estimates indicate that the average annual energy generation of Swan Lake would be approximately 77,000 MWh with sufficient interconnected load to fully use the energy generation potential of the project in all years. Currently, loads are not in place that match the seasonal variation in available power and energy from SEAPA.

Studies are being contemplated to evaluate raising the level of the dam at Swan Lake to increase both the amount of storage and the amount of available head or water pressure at the existing turbines.

### ***Tyee Lake Project***

The Tyee Lake project is located approximately 40 miles southeast of Wrangell and uses a lake tap intake to withdraw water from Tyee Lake. There is no dam at the Tyee Lake project. The project includes the lake tap intake, a drop shaft, an 8,300-foot long, 10-foot diameter unlined power tunnel, a 1,350-foot long steel penstock and a powerhouse. There are two vertical shaft, six jet Pelton turbines and two generating units with a combined nominal capacity of 22.5 MW. Provision was made at the time of construction for a third turbine-generator unit to be installed in the powerhouse at a later date. Provision was also made in the original project design to raise the lake level, which would provide additional head and reservoir storage. The project includes a substation at the powerhouse, the Wrangell switchyard, Wrangell Substation and Petersburg Substation. Approximately 70.5 miles of 138-kV transmission line<sup>2</sup> and 11.4 miles of submarine cable interconnect the Tyee Lake project to the communities of Wrangell and Petersburg, where the power is utilized.

Average annual energy generation at Tyee Lake has been 48,198 MWh based on actual generation over the period 1991 through 2011. Although energy sales from Tyee Lake were generally in the range of original expectations, connected loads in Wrangell and Petersburg were until recently, significantly lower than the generation capability of the project. As a result, actual historical energy generation at Tyee Lake is not reflective of the long-term energy generation capability of the project. The completion of the STI in 2009 connected the Tyee Lake project to Ketchikan where additional loads can be served. Since completion of the STI, the

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<sup>2</sup> The Tyee Lake transmission system is designed for 138-kV but is presently operated at 69-kV.



annual energy generation at Tyee Lake has increased approximately 30,000 MWh over 2008 levels. Engineering estimates indicate that the annual energy generation of Tyee Lake would be approximately 128,000 MWh with sufficient interconnected load to fully use the energy generation potential of the project in all years.

The Tyee Lake project was constructed by the Alaska Power Authority beginning in 1981. The project became commercially operable in May 1984. Although Tyee Lake was initially operated for a short period by the State, it has since then been operated by the Thomas Bay Power Authority, an entity formed by Petersburg and Wrangell, under agreement with SEAPA. Access to the project is by land-based planes on a gravel runway and there is a small shallow harbor for boat or barge access, but its use is limited by the tidal fluctuations.

### ***Swan-Tyee Intertie***

The Swan-Tyee Intertie is a 57-mile long 138-kV transmission line that interconnects the Tyee Lake and Swan Lake hydroelectric projects. Prior to completion of the STI in 2009, the Tyee Lake project only served Wrangell and Petersburg and the Swan Lake project only served Ketchikan. The STI provides for greater utilization of the capability of the Tyee Lake project, greater turbine efficiency of operation at the Swan Lake project, sharing of spinning reserves, as well as for integrated operation of all hydroelectric generation in the interconnected Petersburg, Wrangell and Ketchikan system. Further benefits of the STI should include improved reliability in the interconnected system and more effective scheduling of maintenance outages for the hydroelectric units.

Recently, SEAPA, with the implementation of the Swan-Tyee Intertie Control System (STICS), has implemented a water management plan that allows for additional energy to be produced by the projects through optimized use of turbine efficiency and sharing of energy to reduce spilled water. If there is sufficient desire by the Member Utilities, the interconnected sharing of economic benefits could ultimately include enhanced economic scheduling of some diesel-fired generation between the northern and southern ends of the SEAPA system.

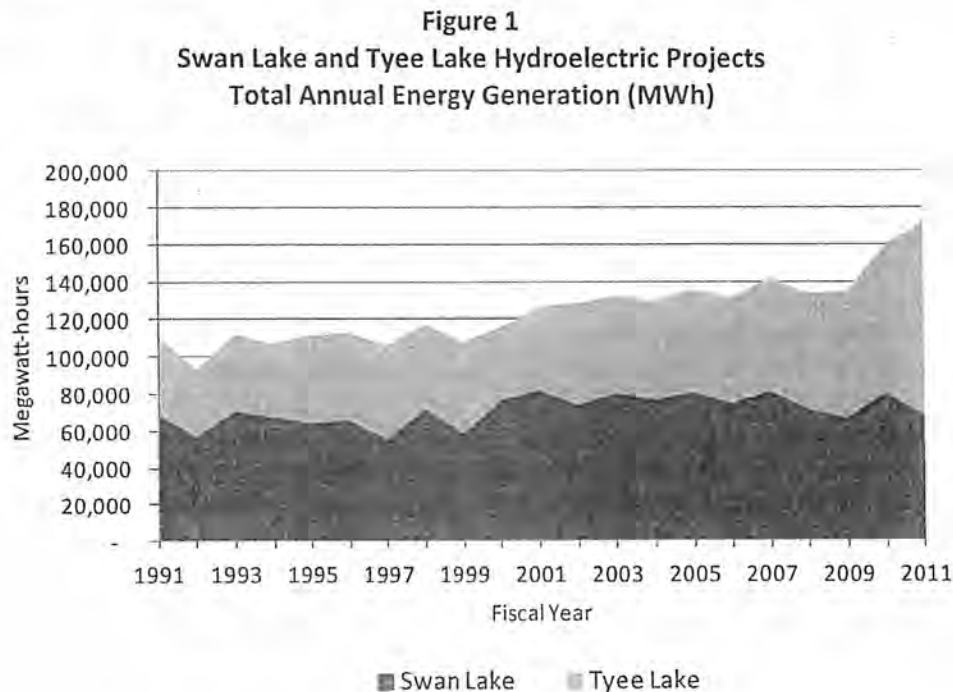
### ***Remote Operation***

The Swan Lake and Tyee Lake projects are capable of remote operation. Both projects can be controlled from either powerhouse; however, some additional control and alarm indication may be needed for regular unmanned operation. Remote operation will provide valuable training and an understanding of the plants' and transmission system operation to all the operators. This will be especially beneficial if the operators rove between plants better utilizing the workforce.

The current procedure to restore the system during system wide outage or black start situation is; Swan Lake would energize the Swan - Bailey line and Bailey would sync to it. Tyee Lake would energize the North Line and Wrangell and Petersburg would sync to it. Swan Lake will then energize the STI and Tyee would then connect the North - South systems. This procedure could be implemented from either powerhouse with remote operation.

### *Total Energy Generation*

Total SEAPA energy generation varies from year to year depending on precipitation and the local power requirements. Both Petersburg and Ketchikan own and operate hydroelectric generation plants in the same general region as Swan Lake and Tyee Lake. When precipitation levels are higher in the area, these utility-owned plants produce more power thereby reducing demand for power from the SEAPA projects. With the high cost of heating oil in recent years, there has been a large increase in power demand for the Member Utilities as residential and commercial customers convert to electric space heat. As a result, the overall demand for electricity has increased and with the STI, SEAPA has seen a relatively large increase in energy sales. In fiscal year 2011, total SEAPA energy generation was 172,297 MWh, up 28% from fiscal year 2009. Energy generation for the Swan Lake and Tyee Lake projects over the 21 fiscal years, 1991 through 2011, is shown in the following figure.



### **Purpose of the O&M Review**

The general purpose of the O&M Review is to assess SEAPA's current approach to O&M and determine what adjustments could be made to improve O&M and provide potential cost savings. Eleven tasks were originally defined in the Request for Qualifications. We synthesized these tasks into six primary questions to be addressed in the study.

The primary questions addressed in the study with reference to the initially defined tasks included in the RFQ are as follows:

## Southeast Alaska Power Agency Operations and Maintenance Organization Review

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1. How are the plants currently being operated? (Task 1)
2. What is actually required in operating and maintaining the plants? Are staffing levels appropriate? (Task 2)
3. How do the existing O&M agreements function with regard to the purpose for which they are intended? How do these agreements function and perform as far as the relationship between SEAPA and its contractors? (Task 10)
4. What improvements could be made in the operations and maintenance of the hydro and transmission projects? What would be involved in establishing an unmanned or caretaker approach to operation of the hydro plants? Should the projects be operated and maintained by one entity rather than the two separate contractors? What costs and benefits could be realized with alternative approaches to operations and maintenance as compared to the current approach? (Tasks 3, 4, 5, 6, 7, 8, 9)
5. Are there functional improvements that could be made to SEAPA's management and staff to better provide for the operations and maintenance of the hydro and transmission system? (Task 11)
6. What specific changes in existing agreements and contracts are recommended to improve operations and maintenance? (Task 12)

In addition to the tasks defined above, the RFQ requested that Kodiak Electric Association be contacted with regard to KEA's operation of the Terror Lake Hydroelectric Project. At the beginning of the study effort, discussions with SEAPA deemphasized some of the initial tasks related to "fixing" the existing contracting arrangements. Rather, the study focused on the recommendations for a revised approach to operations and maintenance of the projects.

In preparing the O&M Review, various documents, financial reports, budgets and other materials were reviewed. SEAPA management and staff were interviewed and both hydroelectric projects were visited where operators were interviewed. Representatives from Ketchikan and the Thomas Bay Power Authority were interviewed as well. During the visits to the SEAPA facilities, the general condition of the facilities was observed on the ground as well as from the air.

Interviews were generally conducted during the week of April 16-20, 2012. The following individuals were interviewed during the course of the O&M Review:

Dave Carlson, Acting CEO, SEAPA  
Steve Henson, Director of Operations, SEAPA  
Eric Wolfe, Director of Special Projects, SEAPA  
Kay Key, Controller, SEAPA  
Sharon Thompson, Administrative Assistant, SEAPA  
Tim McConnell, Electric Division Manager, Ketchikan Public Utilities  
Andy Donato, Ketchikan Public Utilities, SEAPA Board Alternate  
Bret Blasingame, Foreman, Swan Lake

**Southeast Alaska Power Agency  
Operations and Maintenance Organization Review**

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Ray Davis, Swan Lake Operator  
Danny Smith, Swan Lake Operator  
Joel Buchanan, Swan Lake Operator  
Carl Thrift, Foreman (retiring), Tyee Lake  
Mick Nicholls, Tyee Lake Operator  
Steve Beers, Tyee Lake Operator  
Brent Mill, Tyee Lake Operator  
Dave Galla TBPA Commissioner  
Rhonda Dawson, TBPA Office Manager  
Brian Ashton, TBPA Commissioner, SEAPA Board Alternate  
Clay Hammer, TBPA Commissioner, Electric Superintendent, Wrangell Municipal Light  
& Power  
John Jensen, TBPA Commissioner, SEAPA Board Alternate  
Robert Larson, TBPA Commissioner, SEAPA Board  
Joe Nelson, SEAPA Board, TBPA Commissioner, Electric Superintendent, Petersburg  
Municipal Power & Light  
Paul Southland, Acting Manager, Thomas Bay Power Authority, TBPA Commissioner  
Jay Rhodes, SEAPA Board Alternate, IBEW Local 1547 Unit 104 (Ketchikan, Wrangell,  
Petersburg, Prince of Wales Island),

In general, the interviews were conducted to obtain an understanding of the work performed by SEAPA employees, the plant operators, and KPU and TBPA management with regard to performance of tasks pursuant to the O&M Agreements. The role of SEAPA and TBPA board members with regard to oversight of the operation of the SEAPA facilities was also reviewed. To insure candor, it was agreed that individuals interviewed would not be identified by their comments.

## Existing Operations and Maintenance

SEAPA operates the Swan Lake and Tyee Lake projects in a rather unique way. First, physical operation and maintenance activities have been contracted out by SEAPA to two contractors. Thomas Bay Power Authority operates and maintains the Tyee Lake project and Ketchikan Public Utilities (KPU) operates and maintains the Swan Lake project. Both TBPA and KPU perform their functions as operations and maintenance contractors pursuant to the terms and conditions of Operations and Maintenance Agreements dated January 31, 1997 for the TBPA agreement and January 24, 1997 for the KPU agreement (the "O&M Agreements").

The two O&M Agreements were between the respective contractors and the Alaska Energy Authority, the owner of the Swan Lake and Tyee Lake projects prior to the establishment of the Four Dam Pool Power Agency. Prior to enactment of the O&M Agreements in 1997, TBPA and KPU operated the Tyee Lake and Swan Lake projects, respectively, pursuant to similar agreements. The O&M Agreements have not been revised or updated since establishment of the Four Dam Pool Power Agency and SEAPA.

At the time the O&M Agreements were enacted, the Alaska Energy Authority, an agency of the State of Alaska, assigned operation and maintenance of the projects to the utility organizations that purchased power from the projects. Wrangell and Petersburg ceded their normal operations and maintenance functions to the Thomas Bay Power Authority. The Alaska Energy Authority had only one employee based in Anchorage dedicated to management and administration of the Four Dam Pool projects and as such, did not have staff capable of operating the projects. In addition to the O&M contractors, the Alaska Energy Authority regularly retained the services of other contractors for engineering, construction, licensing-related and major maintenance services.

With the sale by the State of the of Four Dam Pool projects to the Four Dam Pool Power Agency (FDPPA) in 2002, the FDPPA retained management and staff that eventually included several positions to manage and administer the projects as well as provide certain engineering functions.

When SEAPA was established in 2009, some of the FDPPA staff transferred to SEAPA as SEAPA moved its headquarters from Anchorage to Ketchikan. At the present time, the SEAPA staff includes the following positions:

- Chief Executive Officer
- Director of Operations
- Director of Special Projects
- Controller
- Administrative Assistant

The existing SEAPA staff, with the oversight of the SEAPA Board, provides a number of critical functions related to operation and maintenance of the SEAPA Facilities including:

## Southeast Alaska Power Agency Operations and Maintenance Organization Review

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- Compliance with FERC issues and requirements
- Compliance with provisions and obligations of the Power Sales Agreement
- Coordination with various State and federal agencies
- Community and public relations
- Administration of the O&M Agreements
- Oversight of the extraordinary and normal O&M contractors
- Installation, operation and maintenance of communications systems
- Review and approval of annual O&M budgets provided by the O&M contractors
- Accounting, billing and accounts payable
- Direct procurement of some items and review of procurement of some items
- Compliance with bond covenants and legal commitments
- Planning and implementation of renewal and replacement activities
- Retention and management of selected engineering and construction contractors associated with maintenance, repair, or equipment replacement and with other SEAPA investigations or projects.
- Coordination of O&M activities with plant operators (weekly meetings to discuss generation scheduling, water management, maintenance activities, among other items)
- Coordination of interconnected system operations and efforts to develop further improvements in integrated system operations
- Periodic inspection of certain transmission lines
- Maintenance of the Swan-Tyee Intertie
- Representation of SEAPA to the Alaska legislature and the Alaska congressional delegation
- Coordination with the SEAPA board of directors

In addition to the tasks above, at the present time the CEO and the Director of Special Projects indicate that 30% and 50% of their time, respectively, is spent on long term planning, evaluation of new resources, potential new contracts and other related activities.

SEAPA benefits from the longevity of certain employees and managers who have provided many years of service to SEAPA and its predecessor organizations. It also benefits from the many years of experience that some of the staff bring to their jobs. Further, the SEAPA staff understands that the reliable operation of the SEAPA Facilities is critical to the economic viability of the communities it serves.

For a further definition of the responsibilities of the SEAPA staff, see the job descriptions provided in Appendix A.



### **The O&M Contractors**

TBPA employs the operations and maintenance staff at the Tyee Lake project, and provides management services from Wrangell associated with the regular maintenance of the Tyee Lake project. TBPA is headquartered in the SEAPA owned warehouse near the SEAPA switchyard outside of Wrangell. The facilities also operated and maintained by TBPA include the transmission line between the Tyee Lake project and Wrangell and Petersburg.

In particular there are overhead and submarine transmission facilities from Tyee Lake to the Wrangell SEAPA switchyard station and overhead and submarine transmission facilities from Wrangell to the Petersburg SEAPA substation. The underwater transmission power crossings with submarine cable terminal stations include crossings at Zimovia, Stikine, and Sumner Straight. Other important functions currently provided by TBPA are the supervisory control and data acquisition (SCADA) operations and management of the: (1) Wrangell switchyard and the reactor within the switchyard; (2) the submarine cable termination stations, (3) the Wrangell substation and its breakers, (4) Petersburg substation and its breakers, (5) the STI, and normal synchronization of the intertie between the projects or the Swan Tyee Intertie Control System (STICS).

KPU employs the operations and maintenance staff at the Swan Lake project and provides management services from Ketchikan associated with the regular maintenance of the Swan Lake Project and with the delivery of power to KPU. The facilities also operated and maintained by KPU include the transmission line between the Swan Lake project and the KPU-owned Bailey substation switchyard, within which SEAPA has ownership of certain substation transformer, breaker and communication equipment. KPU, through its Bailey control center can also perform normal synchronization to the Swan Lake transmission line

There are four operators at each hydroelectric plant. The four operators (three operators and a relief operator) at Tyee Lake are employed by TBPA and the four operators at Swan Lake are employed by KPU. TBPA also employs a manager and an office manager, both located in Wrangell, who are assigned full-time to the management and administration of the Tyee Lake O&M Agreement. The cost of the TBPA manager is charged to SEAPA through net-billing while the office manager position is funded by Wrangell and Petersburg. There are three additional TBPA employees who perform right of way clearing, of which only the foreman is a full-time regular employee. KPU manages the Swan Lake O&M Agreement as an activity within its utility operation and does not employ a manager directly related to the O&M Agreement. Until last year, KPU had only used three operators at Swan Lake. A fourth operator was added in 2011 for safety concerns, as identified by KPU. The total number of full-time employees currently assigned to the management, administration, operation and maintenance of the SEAPA Facilities is shown in the following table:

**Southeast Alaska Power Agency  
Operations and Maintenance Organization Review**

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**Table 4  
SEAPA, Swan Lake and Tyee Lake  
Existing Staffing Levels (Full-time employees)**

SEAPA		Swan Lake <sup>1</sup>		Tyee Lake <sup>2</sup>		Total
Management & Admin	Technical	Plant Operators	Management	Plant Operators	Management	
3	2	4	0	4	2	15

<sup>1</sup> Employed by KPU.

<sup>2</sup> Employed by TBPA. TBPA indicates that it also has one regular and two seasonal right of way clearing laborers. One of the four Tyee operators is a relief operator. Some of the TBPA management staff labor costs are not SEAPA costs and are paid directly by Wrangell and Petersburg.

The plant operators have a variety of functions they perform. Some of the activities are provided on a daily basis and others are more periodic. In general, the functions provided by the operators are as follows:

- Monitor mechanical and electrical project equipment and log elected metered properties
- Respond to project alarms or abnormal events
- Respond to Wrangell and Petersburg SEAPA substation alarms or abnormal events (Tyee Lake operators)
- Comply with regulatory requirements
- Perform scheduled preventive maintenance via MAPCON
- Perform unscheduled maintenance
- Order parts and supplies
- Provide site security
- Clear snow from roads and aircraft runway
- Maintain dwelling units, shops, docks, miscellaneous buildings and associated utility systems
- Maintain vehicles, equipment, and boats
- Perform on-site training
- Assist other operators with repairs
- Work with contract service providers
- Assist in annual major maintenance outage work
- Take clearances, operate SCADA breakers on submarine cable and at substations and synchronize STI (Tyee Operators)
- Participate in weekly operations meetings with SEAPA

There are typically two plant operators at each project at all times. The TBPA operators and the KPU operators are governed by different IBEW Local 1547 Unit 104 contracts. The KPU three-year contract was just recently negotiated. The TBPA three-year contract will be renegotiated in

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2013. As such, the respective project operators have different normal hours of work and some other differences in work rules.

Two operators at Swan Lake work eight ten-hour days at the plant and then have six days off. Each Wednesday the two sets of Swan Lake operators overlap for much of the day at the project. This results in a float plane arriving with a crew each Wednesday morning and then a second float plane returning Wednesday afternoon and taking the relieved crew back to Ketchikan. An estimate of current annual air charter costs for Swan Lake crew changes is indicated to be about \$50,000 per year, although KPU budgets about \$74,000 per year for this expense.

The Tyee Lake operators work a more complex schedule. At Tyee Lake three operators work staggered ten eight-hour days at the plant and have four days off. This schedule allows all operators to be on site together twice a month. During one of these overlap days each month, a Tyee Lake operator performs preventive maintenance at the Wrangell and Petersburg substations. There is a fourth operator who is used for coverage during vacations, illness and major maintenance. With this schedule, a flight will arrive at the project land-based air strip twice each week. One week it will arrive on Monday and Friday and the following week it will arrive on Tuesday and Thursday, with each flight dropping off one fresh operator and leaving with a different operator. An estimate of current annual air charter costs for Tyee Lake is \$44,000 per year.

The Swan Lake and Tyee Lake project operators employ a variety of skills. Traditionally, the primary skills have been classified as either mechanical or electrical. At Swan Lake, currently there are two electrical operators and two mechanical operators. At the time of our interview at Tyee Lake the classifications of the operators were one electrical operator, one lineman, one millwright and one boiler worker. As the projects are maturing and replacements are occurring, skill needs appear to be changing. Most of the preventive maintenance work at the power plants is general in nature, taking readings, and performing routine modifications, changes of filters, cleaning, oil changes, taking samples, etc. Another form of routine maintenance has to do with snow removal associated with roads and the landing strip at Tyee. This principally is heavy equipment operation along with maintenance of the heavy equipment.

Another major function at both projects is administration of the computer maintenance system, MAPCON and its backup. Another significant function has to do with maintenance, both preventative and unscheduled, of support infrastructure at the project sites. This includes repair to dwelling units, shops, potable water lines, infrastructure electrical systems, sewage and solid waste (incineration) systems, and associated vehicles and boats and docks. The Swan Lake project includes a dam that has maintenance requirements including periodic checking.

Currently there are essentially four operators that are distributed in two different types of overlapping shifts at each project. There is a single foreman at each project who is with one shift, but communicates with the other operators and coordinates work on days where staff overlap at the project. It was indicated that in the past, there have been fewer operators employed at the projects.

As the projects have evolved and are likely to evolve in the near future there will be a greater need for electronic, telecommunication, fiber optic, and electronic relay skills at the two projects. This trend is likely to increase even more and should be a consideration for future hiring and training.

Based on observations, if the projects were remotely operated and there were better access, there could come a point in time that one FTE for preventive maintenance may be all that is required per plant, with a care-taker at the plant when operator(s) are not present. The first major change in staffing would likely be to reduce the number of operators to two with principally electrical, mechanical or hydro plant operator skills at each project during the week and a caretaker position at each project on the weekends and, as weekends could alternate, the caretaker position could be shared between the two projects.

A problem with implementing this concept at both Swan Lake and Tyee Lake is equipment operator road/airstrip snow removal during the operator off days and if that lack of snow removal would jeopardize operator access or medical evacuation of the caretaker.

### **The O&M Agreements**

The O&M Agreements are relatively general in their specification of activities to be provided by the contractors. When originally developed, the Alaska Energy Authority had a very limited role in operation and maintenance of the projects and placed a high degree of responsibility on the utility contractors, as recipients of the project output, to maintain and operate the projects. The Swan Lake and Tyee Lake O&M Agreements are essentially the same from the perspective of provisions, terms and conditions. The term of the O&M Agreements was five years from the date of initiation (1997) and year to year thereafter. Written notice must be provided by July 1<sup>st</sup> one year in advance to terminate the agreement.

Included in the provisions of the O&M Agreements are the following contractor responsibilities, among others:

- Operation of the project including dispatching, starting and stopping
- Maintain project features, station logs and records
- Deliver project power to the Purchasers in accordance with the terms of the Power Sales Agreement
- Provide all labor, material, technical support and training to repair the project facility
- Comply with federal and state agency requirements
- Provide security of the project facility at all times
- Conduct scheduled technical, operation and maintenance inspections of the project facility
- Read, maintain and operate all project facility metering devices
- Integrate power from the project into the Purchaser's system
- Provide trained and qualified personnel with the ability to provide the duties of the agreement

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- Interpret the cause of and provide notification of protective relay or alarm action
- Take all reasonable measures to protect equipment, personnel and the general public from hazards from equipment failure
- Monitor and record the operating characteristics of all equipment and machinery
- Each year submit a five (5) year schedule of equipment replacement
- Submit a budget each year for the project facility
- Provide notification of equipment failure or other contingency that requires extraordinary maintenance

In general, it appears that the O&M contractors are fulfilling the requirements of the O&M Agreements. Areas which seem to be of some concern at Swan Lake include: frequency of transmission normal right of way clearing between Swan Lake and Bailey substation by KPU, wood transmission pole testing by KPU along that stretch of transmission line, MAPCON report documentation by KPU operators, Swan Lake operator training and cross trade training, and a detailed MAPCON derived bottoms up normal O&M functional budget. At Tyee Lake some of the areas of concern are: Tyee Lake operator training and cross trade training, quality of power sales metering, current transformers and potential transformers, and the amount of call-out time expended by operators on Wrangell and Petersburg SEAPA substations due to load loss on substations breakers/feeders.

The O&M contractors have not been providing the five year schedule of equipment replacement identified in the O&M Agreements. Since divestiture in 2002, the FDPPA has had to prepare a comprehensive renewals and replacement (R&R) plan. The R&R plan was updated in 2007 and is currently being updated again by SEAPA. The O&M Agreements are provided in Appendix B.

### O&M Costs

Each year, the O&M contractors prepare a draft budget, have the draft budgets approved by their respective governing bodies and then submit the draft budgets to SEAPA for the upcoming fiscal year. SEAPA reviews the draft budgets and provides comments and proposed adjustments. The contractors then incorporate the adjustments, as appropriate, and submit the budgets for approval by the SEAPA board. Payments to the O&M contractors are not made directly; rather, they are provided as reductions in the cost of purchased power from the projects by the Member Utilities. Each month, TBPA submits its O&M costs to Wrangell and Petersburg and each community pays half that cost by deducting the payments from the amount owed SEAPA for purchased power. This method of deducting operating costs from purchased power is known as “net-billing”.

The following table shows the actual O&M costs for the past five fiscal years. Typically, budgeted costs each year are noticeably higher than actual results. It is important to understand that O&M costs do not include capital costs or forward funding for certain renewals and replacements.

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**Table 5  
Southeast Alaska Power Agency  
Actual O&M Costs  
(Fiscal Years Ending June 30)**

	Actual				
	2008	2009	2010	2011	2012
Facility O&M					
Swan Lake	\$ 932,942	\$ 885,664	\$ 1,005,028	\$ 740,207	\$ 699,502
Tyee Lake	1,049,487	1,123,342	1,006,509	1,054,015	1,130,918
Subtotal - Facility O&M	\$ 1,982,429	\$ 2,009,006	\$ 2,011,537	\$ 1,794,222	\$ 1,830,420
SEAPA Expenses <sup>1</sup>					
Hydroelectric O&M	\$ 298,308	\$ 559,950	\$ 386,993	\$ 626,705	\$ 817,501
Transmission and Dispatching	32,057	81,500	488,292	561,532	671,827
Administrative Expense	1,521,014	2,125,690	2,010,782	1,918,042	2,017,846
Subtotal - SEAPA Expenses	\$ 1,851,378	\$ 2,767,140	\$ 2,886,067	\$ 3,106,279	\$ 3,507,174
Total Expenses	\$ 3,833,807	\$ 4,776,146	\$ 4,897,604	\$ 4,900,501	\$ 5,337,594

<sup>1</sup> SEAPA Expenses shown for 2008 and 2009 are approximate allocations of The Four Dam Pool Power Agency expenses in those years. SEAPA was established in February 2009.

Included in the facility O&M expenses are the costs of SCADA operation and dispatch at Bailey and the costs of transmission at both plants. Until a recent budget revision, SEAPA had included 50% of KPU's SCADA system costs as Swan Lake operating costs. Deducting these costs from the facility O&M expense provides the cost of operating and maintaining the hydroelectric plants themselves. Table 6 shows the resulting hydroelectric generating plant O&M.



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**Table 6  
Southeast Alaska Power Agency  
Hydroelectric Generating Plant O&M  
(Fiscal Years Ending June 30)**

	Actual				
	2008	2009	2010	2011	2012
<b>Swan Lake</b>					
Facility O&M	\$ 932,942	\$ 885,664	\$ 1,005,028	\$ 740,207	\$ 699,502
Less: SCADA, Dispatch & Trans. O&M <sup>1</sup>	<u>(538,638)</u>	<u>(517,586)</u>	<u>(370,794)</u>	<u>(71,961)</u>	<u>(1,241)</u>
Net Hydroplant O&M	\$ 394,304	\$ 368,078	\$ 634,234	\$ 668,246	\$ 698,261
Increase (Decrease) over Prev. Year		-6.7%	72.3%	5.4%	4.5%
<b>Tyee Lake</b>					
Facility O&M	\$ 1,049,487	\$ 1,123,342	\$ 1,006,509	\$ 1,054,015	\$ 1,130,918
Less: Transmission O&M <sup>2</sup>	<u>(275,168)</u>	<u>(302,314)</u>	<u>(177,379)</u>	<u>(195,268)</u>	<u>(238,685)</u>
Net Hydroplant O&M	\$ 774,319	\$ 821,028	\$ 829,130	\$ 858,747	\$ 892,233
Increase (Decrease) over Prev. Year		6.0%	1.0%	3.6%	3.9%
<b>Swan Lake and Tyee Lake Combined</b>					
Net Hydroplant O&M	\$ 1,168,623	\$ 1,189,106	\$ 1,463,364	\$ 1,526,993	\$ 1,590,494
Increase (Decrease) over Prev. Year		1.8%	23.1%	4.3%	4.2%

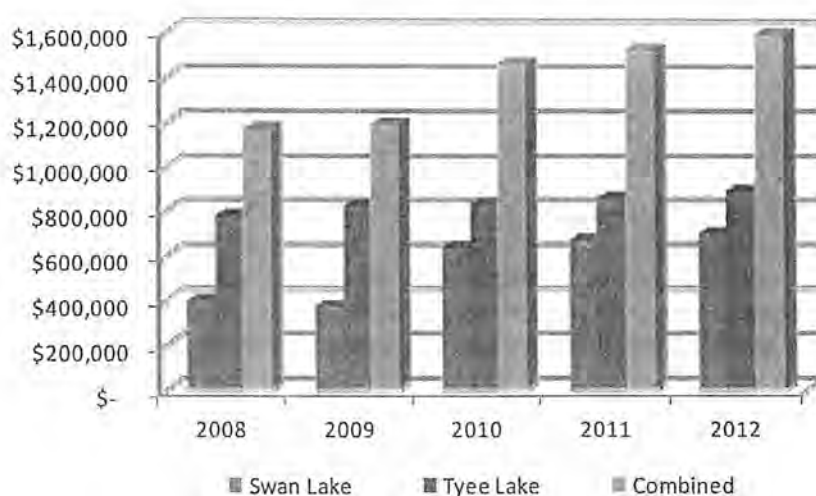
<sup>1</sup> Includes SCADA and Dispatch expenses, Account 561100 and transmission O&M expenses, Account 571100.

<sup>2</sup> Includes SCADA and Dispatch expenses, Account 561200 and transmission O&M expenses, Account 571200.

As shown in Table 6 the hydroelectric plant O&M costs have increased noticeably at both plants over the past five years. Over the five year period 2008 through 2012, the hydroelectric plant O&M costs have increased an average of 15.4%, 3.6% and 8.0% per year, for the Swan Lake, Tyee Lake and the two plants combined, respectively.

Figure 2 shows the hydroelectric plant O&M costs graphically.

Figure 2  
Swan Lake and Tyee Lake Hydroelectric Projects  
Hydroelectric Plant O&M Expenses  
(Fiscal Years Ending June 30)



If, for an example, the hydroelectric plant O&M costs were to continue to increase at 4% per year over the next ten years (half the average increase of 8.0% per year the past five years) the annual cost would be \$2.4 million, 48% higher than the cost incurred in 2012. The terms of the PSA would indicate that as O&M costs increase, the wholesale cost of power from the SEAPA projects will increase and electric rates in the Purchasing Utilities would need to increase accordingly. Assuming annual energy sales increase approximately 1.25% per year and O&M costs increase 4% per year, the SEAPA wholesale cost of power is estimated to increase from 5.8<sup>3</sup> cents per kWh in 2012 to 7.1 cents per kWh in 2021<sup>4</sup>. In addition to O&M costs, the wholesale cost of power includes annual debt service and renewal and replacement expenditures.

### Observations

The operations and maintenance contracts with TBPA and KPU have not substantively changed since they were originally created with the Alaska Energy Authority back in 1985. However, the project assets and SEAPA have evolved over time. Much of the Swan Lake and Tyee Lake physical equipment is approximately 28 years old. The STI was constructed and became

<sup>3</sup> Although the wholesale price of power as charged by SEAPA is 6.8 cents per kWh, the actual cost of power production is less than this amount. SEAPA has in the past refunded a portion of the difference between the cost of production and the wholesale price to the Member Utilities.

<sup>4</sup> At 1.25% annual growth, energy sales are estimated to increase from 169,800 MWh in 2012 to 189,900 MWh in 2021. The wholesale cost of power production includes O&M and A&G expenses, debt service and deposits to the R&R Fund.

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operational in late 2009 which interconnected the entire Petersburg, Wrangell and Ketchikan electric systems. Generators have been rewound and governors were replaced at the Tyee Lake project in 2010. An additional significant change has occurred recently with the increase in loads in the communities caused by higher oil prices and the greater reliance upon low-cost power from the SEAPA projects.

Another evolution on the part of SEAPA has been the more active management role it has taken in the operations and maintenance of its assets. SEAPA has ultimate responsibility to provide power to the Purchasing Utilities pursuant to the terms of the PSA and as such, needs to have an active role in assuring the reliable operation of the interconnected utility systems.

Part of the change has been due to the SEAPA staff and their past experience. For example, the current Director of Operations is a good example of local employee experience, having worked as the Electric Superintendent of Wrangell Municipal Light and Power as well as an operator at the Tyee Lake hydro project. His knowledge of hydro maintenance and operations and understanding of the management and training of electric utility employees has helped refocus attention on project maintenance needs in a way that is consistent with the cultures of the projects and their communities.

Concurrent with the personnel changes at SEAPA there have been changes in the leadership at TBPA. TBPA, unlike KPU, does not have other electric utility operations or maintenance. As such, its support of plant operators at Tyee Lake is limited to resources of the individual operators and a limited number of active contract engineers, technicians, and consultants. So when operators at the Tyee Lake project have technical questions regarding the operation or maintenance of the plant they really don't have technical resources within TBPA.

Conversely, when operators at the Swan Lake project have technical questions regarding operation or maintenance they can contact management and staff at KPU who may be able to provide some limited technical support. KPU also maintains and operates the Beaver Falls hydro project, the Silvis Lake hydro project and the Ketchikan Lakes hydro project and significant amounts of diesel generation. A noticeable problem, however, is that KPU management and staff have seen a fair amount of turnover in the past. In the past five years, there have been four different KPU individuals assigned to manage the hydroelectric plants, including Swan Lake. This relatively constant change would indicate that there is a continuing need to relearn the specific requirements related to operation and maintenance of the projects.

Partially because of the limited depth of technical support for operators from TBPA and partially because of the historic knowledge of operations and maintenance at Tyee Lake that resides with SEAPA's Director of Operations, TBPA operators have recently been relying upon SEAPA staff and interacting with them more than in the past. This is indicated to have lead to some perceptions related to control at TBPA.

The Director of Special Projects at SEAPA, has undertaken a number of new projects at SEAPA and technical/engineering leadership has been provided through this position that would potentially have been previously provided by consultants hired and working directly for either KPU or TBPA. A different example of an evolved SEAPA role is due to the completion of the

STI transmission line and the greater need to coordinate operation of all hydroelectric facilities in the interconnected system. SEAPA has implemented a water management system to increase the total energy generation from the two hydro projects through more efficient use of water to meet load requirements. This has significantly benefited the Member Utilities but is not explicitly discussed in the O&M Agreement.

SEAPA staff conducts a weekly telephone meeting with the operators to assure mutual understanding of and coordinate schedules and planned maintenance activities. Problems at the projects are also discussed in these meetings. These meetings have contributed to a greater involvement of SEAPA with the operators and a better understanding of the technical capabilities of SEAPA staff by the operators.

It appears that in recent years, much of the success in continuing to operate the projects effectively is due to the ever increasing role that SEAPA management and staff play in managing the operations and maintenance effort. The O&M Agreements do not provide enough specificity to direct the actions of the O&M Contractors in operating and maintaining the Projects and as such, the projects are operated based on procedures established by the contractors that don't necessarily acknowledge the integrated operation of the system. Prior to the operation of the STI, Swan Lake served only KPU, which operated the project and Tyee Lake served only Wrangell and Petersburg. In essence each contracted operator organization (TBPA & KPU) had an unquestioned vested interest in prudently operating and maintaining the principal low cost source of power to its respective community.

Acknowledging the ongoing increase in operation and maintenance costs, the changes in the SEAPA facilities and the interconnected system, and the changes in SEAPA itself, the need to change the way the SEAPA facilities are operated and maintained is apparent.

### **Terror Lake Operations and Maintenance**

The 22.5-MW Terror Lake hydroelectric project (Terror Lake) is owned and operated by Kodiak Electric Association (KEA). Terror Lake was part of the Four Dam Pool and the Four Dam Pool Power Agency until restructuring of the FDPPA in 2009 and has been operated by KEA since construction of the project was completed in 1985. As part of the O&M Review, SEAPA requested that KEA be contacted to gain a better understanding of how KEA currently operates Terror Lake. The project is located on Kodiak Island approximately 25 miles southwest of Kodiak and access to the project is by boat or float plane only.

Primary facilities of the Terror Lake project include a 193-foot tall, 2,400-foot long concrete faced rock fill dam, a 26,700-foot long power tunnel with additional diversions, penstock, powerhouse and switchyard. Transmission systems include 17.4 miles of 138-kV and 12 miles of 12.5-kV overhead lines and two substations. At the present time, the project includes two vertical shaft, Pelton type turbines although provision exists for a third turbine-generator unit. KEA is planning to install a third turbine with a capacity of approximately 11-MW in 2013.

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KEA operates Terror Lake within its power production division and the chief operator at Terror Lake reports to KEA's Power Production Manager. At the present time, there are three regular operators (two operators and one chief operator) at Terror Lake. All three operators work four ten-hour days each week, Monday through Thursday, and one operator, on a rotating basis, remains on standby duty at the site through the three day weekend to monitor the project and for security. With one operator on standby over the weekend<sup>5</sup>, the other operators can either go home or stay on-site. There are three separate houses for the operating staff at the projects.

The Terror Lake project cannot be started remotely so it is necessary to have an operator available at the project if a restart is needed. Scheduling and dispatching of the project output is conducted by KEA's production and dispatch staff in Kodiak.

KEA indicates that ideally, the skill classifications of the operators would be one electrical and two mechanical, although at the present time, the skills are about ½ electrical and 2-½ mechanical. All operators are represented by IBEW Local 1547. For larger maintenance tasks, KEA will use other KEA staff to supplement the Terror Lake operators. Some contractors are used but to a limited extent. Transmission maintenance is provided by the KEA line crews. Right-of-way clearing is conducted on the entire KEA system on roughly a five year rotation. The 2-½ substations included in the Terror Lake project have been recently overhauled so maintenance on these facilities is minimal.

KEA has continued to use the MAPCON maintenance software for maintenance activity scheduling and monitoring. This system is Windows based and is indicated by KEA to be more robust than is actually needed for a smaller utility such as KEA. Training programs for Terror Lake operators have not been formally established at the present time; however, the close integration of the operations staff with KEA's production staff provides a means for some training and skill improvements.

Although KEA evaluates the long-term replacement needs for Terror Lake, it does not contribute to or maintain an R&R fund to pay the costs of renewals and replacements. Rather, KEA expects to fund renewal and replacement expenditures primarily with new debt at the time the expenses are paid. KEA indicates, however, that it may establish a limited reserve fund to contribute to future expenses.

The total annual O&M budget for Terror Lake is \$2.5 million, as provided by KEA. This budgeted amount includes everything for the operations and maintenance of the project and the transmission lines and also includes insurance costs, FERC costs and other related expenses. The current annual Terror Lake O&M budget amount also includes \$622,000 of system dispatching costs.

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<sup>5</sup> The standby operator is required to make two 30 minute checks of the plant each day.

## **Conclusions and Recommendations**

### **Conclusions**

SEAPA and its facilities are a very valuable asset to the residents and businesses of the Petersburg, Wrangell and Ketchikan communities. The benefits of reliable, low-cost, hydroelectric power generation have been realized in the communities and should be realized for many years to come. To ensure the continuation of maximum benefits, it is important that SEAPA and the Member Utilities acknowledge the functional changes that have occurred in recent years to SEAPA's organizational and ownership structure and make appropriate adjustments. Based on our review of SEAPA and its operations we offer the following conclusions:

1. Pursuant to the terms of the PSA, SEAPA has a legal obligation to make electric power available from the SEAPA Facilities to the Purchasing Utilities at all times, except when prevented by a cause or event outside the control of SEAPA. The term of the PSA extends to 2033.
2. The wholesale price of power charged for SEAPA power sales to the Purchasing Utilities, pursuant to the PSA, is a rate that will provide sufficient revenues to pay SEAPA's debt service obligations and pay the costs of operation, maintenance, renewals and replacements, insurance, regulatory compliance and other costs of SEAPA. As such, the costs of operations and maintenance for the SEAPA Facilities will directly affect the cost that the Purchasing Utilities pay for SEAPA power. If the O&M costs continue to increase over time, there will be a need to increase the wholesale power rate. Conversely, if O&M costs can be reduced, the wholesale power rate could potentially be decreased, kept from increasing, or allowed to fund renewals and replacements or other SEAPA board approved activities.
3. Operation and maintenance activities have been contracted out by SEAPA to two contractors. Thomas Bay Power Authority operates and maintains the Tyee Lake project and Ketchikan Public Utilities operates and maintains the Swan Lake project. Both TBPA and KPU perform their functions as operations and maintenance contractors pursuant to the terms and conditions of Operations and Maintenance Agreements dated January 31, 1997 for the TBPA agreement and January 24, 1997 for the KPU agreement. The O&M Agreements have not been revised or updated since establishment of the Four Dam Pool Power Agency and SEAPA. At the direction of SEAPA, TBPA now performs some right of way clearing of SEAPA transmission lines other than the Tyee Lake line.
4. The original purpose of the O&M Agreements was for the Purchasing Utilities, as direct users of the output of the Projects, to perform the needed operations and maintenance of the projects. Although the O&M Agreements have worked over time in that the Swan Lake and Tyee Lake projects have continued to provide reliable electric service to the Purchasing Utilities, there are a number of problems with regard to the continued effectiveness of these agreements. One of the principal issues is that the O&M Agreements do not reflect the current ownership structure of the system and SEAPA's



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obligations under the Power Sales Agreement. Exhibits attached to the O&M Agreements are in significant need of being updated to reflect current conditions. Among the problems of the O&M Agreements are:

- a. The O&M Agreements are not consistent with the SEAPA system as it exists today. In particular, the STI was not constructed or operational at the time the agreements were written and, as such, the operation of the interconnected electric systems of the Purchasing utilities was not anticipated.
- b. Responsibilities for the maintenance and operation of certain system facilities such as the STI and STICS are not defined in the O&M Agreements. As such, SEAPA performs some of these functions. This however, creates an area of potential misunderstanding and problems at times, particularly at the interfaces of various system facilities.
- c. SEAPA does not have direct control over staffing and budgeting at the Projects. However, SEAPA has the contractual responsibility for delivery of the output of the projects to the Purchasing Utilities.
- d. Certain provisions of the O&M Agreements, such as the need for the contractors to provide a 5-year plan of equipment replacements, have not been regularly followed. The renewals and replacements for the Projects are planned, financed and implemented by SEAPA. This points out an element of the O&M Agreements that is not consistent with practice.
- e. There are no performance standards defined in the O&M Agreements nor are there any O&M standards reflective of industry standards for similar facilities.
- f. There is a lack of symmetry in the organizational structures of TBPA and KPU as O&M contractors. For example, KPU is a fairly large utility that provides for its own system operations and is responsible for meeting the training requirements of its staff. KPU has many skilled employees on staff that can assist with many different types of utility problems; however, in the past KPU staff may not be available or willing to go to Swan Lake. TBPA has a much more narrowly focused function than KPU and has less depth of technical capability.
- g. There are inconsistencies in staffing, training of operators, preventative maintenance procedures, budgeting, and other factors, as implemented by the two O&M contractors that are not reflective of an interconnected system owned by a single entity.
- h. The turnover of management and employees over the years of TBPA and KPU, as well as, among the operators at the plants, causes a certain degree of uncertainty as to the responsibilities of staff and management in performance of the O&M Agreements.
- i. Because of the need to perform utility functions outside the SEAPA O&M Agreement responsibilities, there can be conflicts in prioritizing the assignment of resources by the O&M contractors to the projects. For example, KPU had a shortage of linemen during a power problem a few years ago and had to decide

whether to assign linemen to Swan Lake to perform switching or to use them in Ketchikan for critical work to serve KPU's retail customers. TBPA expressed concern about the use of its right of way clearing crew by SEAPA on the Swan Lake to Bailey transmission line when it had contract right of way responsibilities on the Tyee Lake transmission line.

- j. The year-to-year budgeting within the O&M Agreements does not provide an appropriate incentive or means to control costs. Further, since each O&M Contractor operates independently of the other, costs and charges are not necessarily similar for each project.
  - k. Charges for O&M services pursuant to the O&M Agreements are credited (net-billed) against the charges to each of the Purchasing Utilities for purchased power. Accounting for the charges through the net billing arrangements is not necessarily easy to appropriately track.
5. There is an asymmetry as to how the two O&M Contractors charge for certain expenses. For example, TBPA has little on-going purpose besides acting as the agent for Wrangell and Petersburg for operation and maintenance of the Tyee Lake project. As such, its overheads, like insurance, management and a portion of office staff are included in the charges to SEAPA pursuant to the O&M Agreement. In contrast, KPU insures its normal electric utility operations and its other hydro-electric projects, so many of these similar items are not directly charged to SEAPA.
6. The cost to operate and maintain the Swan Lake and Tyee Lake projects through the O&M Agreements has increased an average of 8.0% per year over the past five years. If the O&M costs continue to increase at this rate, there will be pressure to increase the wholesale cost of power that SEAPA charges for power sold to the Purchasing Utilities. If total O&M costs increase at 4% per year, the wholesale cost of power from SEAPA would increase from 5.8<sup>6</sup> cents per kWh to 7.1 cents per kWh over the ten years between 2012 and 2021.
7. The approval process for the annual O&M Contractors' budgets to SEAPA is complicated and time-consuming. The budgets are developed by KPU and TBPA independent of each other and SEAPA. The specific tasks, within each budget are not fully documented and are not based on defined metrics, but are defined by various FERC accounts. These budgets then must be approved by the respective City councils, the TBPA Commissioners and ultimately the SEAPA Board of Directors. As such, the budgeting does not necessarily provide a budget that is aligned with SEAPA's obligations pursuant to the Power Sales Agreement.
8. The current net-billing procedure does not allow for monitoring and review of costs as would typically be expected with utility operations. The Member Utilities have generally paid their monthly power bills net of their respective monthly O&M expenses between 30 and 50 days after each month. In this manner, it has been the responsibility of the

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<sup>6</sup> Although the wholesale price of power as charged by SEAPA is 6.8 cents per kWh, the actual cost of power production is less than this amount. SEAPA has in the past refunded a portion of the difference between the cost of production and the wholesale price to the Member Utilities.

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Member Utilities to determine the amount to be paid to SEAPA each month. Although a report of monthly O&M costs is provided to SEAPA by KPU and TBPA, SEAPA does not have time to review the costs before the net-billed payments are made. If SEAPA determines that adjustments need to be made with regard to the net-billed costs reported by TBPA and KPU, the adjustments are made after the fact and can cause some confusion and misunderstanding. It would potentially be a better arrangement if the detailed O&M costs for each month were reported directly to SEAPA by the 15<sup>th</sup> of the following month for review and adjustment as needed. SEAPA could then prepare and submit to the Member Utilities an invoice by the 30<sup>th</sup> of each month for power purchases net of the appropriate O&M costs for the previous month. Payment could then be due by the 10<sup>th</sup> of the next month. This procedure would allow for better tracking and review of O&M expenses.

9. As the two hydro projects have evolved and especially after the generator and governor upgrades at Tyee Lake, the amount of unscheduled power plant maintenance has dropped. Most of the power plant maintenance is now scheduled maintenance or renewals and replacements. The preventive and normally scheduled power plant maintenance requirements at each plant could reasonably be accomplished with one full time equivalent (FTE) operator per project based on our experience and observations at the projects. Maintenance of dwellings, shops, miscellaneous buildings, and especially snow clearing increases the level of O&M work load at each project to something above one FTE and less than two FTEs. However, snow removal is seasonal. Swan Lake has four operators and Tyee Lake has three operators and a relief operator. This indicates that there is potential for significantly reducing project O&M costs as each project now has effectively four FTE operators.

Safety during certain kinds of maintenance such as operation of heavy equipment and work in proximity to live electrical parts, as well as, the remote nature of the two projects will likely require more than one person doing many of the maintenance tasks for most situations. However, if heavy equipment operations and more complex maintenance activities can be planned and performed only when more than one operator is on site, there is the potential to scale back the number of operators from eight to five with a possible floating caretaker. This would potentially be accomplished with two operators at each project during a five day week and the caretaker providing security during the weekends. While not immediately obtainable under current bargaining contract rules, this is something that could be achieved in the next few years as various agreements are renegotiated and with attrition of the operating staff.

10. Transportation of hydro project operators is an expense that could be reduced. For example, even if there were no change in staffing levels, at the Swan Lake project one group of operators is flown to the project in the morning and a separate flight takes the relieved operators home later that day (weather permitting). There is an overlap so that information between operators can be exchanged on what has been modified and what work needs to be done. In talking to Swan Lake operators they questioned the value of the overlap information transfer. With the proposed fiber-optic link to the Swan Lake project, some of the overlap could take place prior to the crew change via a video

conference and reduce the length of time personal communication needs to occur to the point that a single flight might be possible. Similarly, when the all-weather road to Shelter Cove is finished, it will provide an alternate way to get crews in and out of the Swan Lake project that would be less expensive, if a suitable boat is available to transport crews.

11. There is a close and interrelated nature of many of the people serving on various boards or commissions related to the SEAPA projects. For example, there are TBPA board members who are SEAPA board members and KPU management who are SEAPA board members. This can lead to problems when O&M contractor issues come before the SEAPA board. Business theory has long identified that interlocking boards of directors can cause problems if the directors are not extremely careful in their responsibilities to each of the organizations for which they are involved.
12. SEAPA has been fortunate in having a staff with complementing skills that fit together quite well. There are some functions that likely need to be adjusted. With the hiring of the new SEAPA CEO there will be a natural change in direction of some aspects of the organization
13. The SEAPA system could benefit from obtaining certain additional skills. These skills include information technologies, communication systems, and CADD, among others. These specific skills would help with some problems identified by the current SEAPA staff and help provide better support to the hydro projects.
14. A concern indicated by SEAPA staff, KPU staff, and TBPA staff was confusion over what is to be included within normal budgets. A more transparent, bottom up and collaborative budgeting process is needed. It appears that much (with the exception of labor and contracted services) of the Tyee Lake budget was generated via the MAPCON system on a task or bottom up basis. There was further interest expressed regarding budget performance. It was noted that the operators at both the Swan Lake and Tyee Lake plants took pride in their project and wanted the projects to perform well from a reliability basis and from a cost performance basis. The operators were interested in knowing what was within the budget and how their team was performing against the budget.
15. Regular preventive maintenance of transmission systems, structure inspections, sampling and testing (along with treatment if necessary) of wood pole structures, regular air and ground right of way inspections and maintenance conducted by SEAPA are all typical of lower-48 transmission maintenance. SEAPA with the cooperation of TBPA has been working with TBPA to increase right of way clearing efforts along the transmission routes. A cursory examination of the right of way found that it was generally in well cleared condition. SEAPA has been moving forward on a number of fronts in regards to formalizing transmission O&M plans. Sampling of wood poles to determine their structural strength or decay levels, as currently underway, is good.
16. SEAPA is in the position to potentially plan, develop, and finance additional new hydroelectric generating resources to supply power to its currently interconnected system, as well as, other communities which may become interconnected in the future. As such,

the ability to effectively integrate new resources into the interconnected system and operate them efficiently is a critical function that SEAPA provides in southern Southeast Alaska.

### **Recommendations**

The ability for SEAPA to continue to provide highly reliable, low-cost hydroelectric power to the communities of Petersburg, Wrangell and Ketchikan is an essential element in the economic viability and quality of life in these communities. Based on our review of the SEAPA system and the operations and maintenance of the SEAPA Facilities, we offer the following recommendations.

1. SEAPA's Member Utilities would be better served from a power cost and project efficiency basis with either a single O&M contractor or by having SEAPA operate and maintain the SEAPA facilities itself. This would provide a more consistent system of operations, planning, budgeting, operator training, career development, staffing, preventative maintenance and board oversight, among other factors. With a single O&M contractor or with SEAPA providing O&M, there is a better opportunity to define procedures and retain operating knowledge in a more consistent manner. We would recommend that one of two options be undertaken:
  - a. Perform the operations and maintenance of the SEAPA Facilities by SEAPA itself. Operators would work directly for SEAPA and work under the direction of SEAPA management.
  - b. Establish a detailed scope of services for the O&M of both projects and solicit bids for these services from potential operating entities. Include specific terms and conditions, operating standards, performance measures, payments and penalties, local procurement requirements (if needed) and expected SEAPA involvement. Retain a single operating contractor for a period of time through a competitive bidding process, three years for example.
2. In the least, the terms and conditions of the O&M Agreements and their exhibits should be reviewed and updated. SEAPA's organization and the SEAPA interconnected electric system are significantly different than what was in place when the existing O&M Agreements were established. If alternative operating structures are expected to be significantly different in the future, the updated terms and conditions will serve as the basis for establishing operating standards and conditions for future operations.

Simply revising the O&M Agreements will not address the difficulties and inconsistencies associated with multiple contractors and governing boards. In order to fully gain the advantages of operating the SEAPA Facilities as an integrated utility system as well as maximize the benefits to the Member Utilities, it is recommended that either a single operating contractor or

SEAPA operate and maintain the projects. The advantages for a single operating organization include:

- Cross-training of operators to work either project or together for certain tasks, as needed;
- Potential reduction in the total number of operators;
- Potential reductions in O&M costs and better cost control;
- Uniform and consistent training of operators;
- Better coordination between operators and SEAPA management and operations staff;
- Tighter integration of R&R projects with operating staff;
- Potential for improvements in budgeting and budget approval procedures;
- Reductions in the number of board and council approvals needed for budgets, labor agreements and other factors.

A concern was noted with regard to bidding out the O&M Agreement to a single contracting firm in that aggregated SEAPA economic efficiency could potentially come at a price to the communities in the loss of local employment and in local purchases of goods and services.

Another noted concern is the importance of electric service to the local communities and the need to seamlessly integrate many of the operational issues with local utility needs. For example, a portion of TBPA Tyee Lake operator time is spent dealing with remote operation and clearances with SEAPA substation breakers serving Wrangell or Petersburg distribution feeders. It will be important to consider these factors in retaining a single contractor. Specific terms and responsibilities will need to be defined.

A single operator would need to be carefully monitored by SEAPA and have the trust of all the key stakeholders. A single operator would also need to have a very carefully detailed list of maintenance requirements for each hydro project and the transmission lines. It will be important to update the O&M standards and define them in significant detail as part of contracting to a single operator. This is less of a problem if SEAPA were to be the operator as SEAPA and its Board of Directors have an obligation to and accountability with the Member Utilities.

Another challenge with a single operating organization will be coordinating modifications to the two IBEW bargaining agreements that now govern the Swan Lake and Tyee Lake operators. The KPU three-year labor agreement was recently signed and the TBPA agreement will be negotiated in 2013. Likewise, as broadband fiber optic communication is brought to the projects and as the Tyee Lake DOS based SCADA system is replaced, there will be the potential to add site security features, increased smart automation, and make enhanced operator training available on-site.

The transition to a single operator organization will require a fair amount of work on SEAPA's part, but in the long-run a single O&M entity would be much more efficient and cost-effective than with the current arrangement of two contractors.



### **Proposed Operations and Maintenance Staffing**

If SEAPA were to undertake the operation and maintenance of both projects or if a single O&M contractor were retained, we would recommend that the number of operators be reduced at the plants. Hydroelectric plants similar to the Swan Lake and Tyee Lake projects are regularly operated and maintained with fewer operators than are currently used by TBPA and KPU. In the past, KPU and TBPA have used fewer operators at the projects and it was not indicated to have caused a problem with reliability. An operating staff of two full-time operators at each plant working five day shifts could be employed. The five day work weeks would not coincide at the two plants so that a caretaker could rotate between the plants to provide security on the days that the two operators are not at the project.

A fifth operator would serve as a rover or relief operator alternating between the plants and providing backup during vacations and at other times. This fifth operator could have other duties and be an assistant operations manager. The skills of the operators could vary but could be general hydroelectric plant operators, as compared to the traditional electrical or mechanical classifications (See Appendix C). With SEAPA or a single contractor handling O&M, the operators could alternate between the projects and at times provide support to each other at one of the plants for special projects and heavier work needs.

At the present time, there are currently approximately 16 FTE's and two seasonal right of way employees devoted to the SEAPA Facilities (See Table 6). There is some additional management and administrative effort provided by KPU in support of their role as an O&M Contractor. Charges for this support labor show up either in overhead rates applied to direct labor costs or in billed hourly charges by KPU to SEAPA. TBPA has some services associated with accounting and billing provided by the City of Wrangell. It should also be noted that some of the TBPA office labor cost is paid directly by Wrangell and Petersburg. Also there are other services now provided by firms under contract either to KPU, TBPA, or directly with SEAPA.

In addition to showing the current staffing levels, Table 6 also shows the proposed staffing if SEAPA were to undertake O&M for the projects directly or if a single contractor were to be retained. In the case of SEAPA undertaking O&M directly, all of the current positions at SEAPA would be continued. We would recommend that one additional FTE be included on staff to serve as an Assistant Operations Director assigned to coordinating training, communications and IT systems, and potentially provide some CADD capability. This employee would also provide operator assistance at the plants periodically as needed. For the single contractor case, the Assistant Operations Director could potentially be an employee of the contractor in a supervisory role. The addition of employees with alternative skills would mitigate some of the impact of the reduction of operators at the Projects.

**Southeast Alaska Power Agency  
Operations and Maintenance Organization Review**

**Table 6  
Southeast Alaska Power Agency  
Potential Modified Organizational Structures**

Existing Organizational Structure			Modified SEAPA Structure With SEAPA Providing O&M	Modified Structure with Single Contractor	
SEAPA	KPU	TBPA		SEAPA	O&M Contractor
CEO			CEO	CEO	
Executive Assistant			Executive Assistant, HR	Executive Assistant, HR	
Controller			Controller	Controller	
Director of Operations			Director of Operations	Director of Operations	
Director Special Projects			Director Special Projects	Director Special Projects	
	Foreman		Assistant Operations Manager (Operator Training, IT and Communications Systems, Roving Operator Tech and Backup)		Operations Supervisor
	Operator		Senior Operator		Senior Operator
	Operator		Operator		Operator
	Operator		Operator		Operator
		General Manager	Operator		Operator
		Office Manager	Roving Caretaker		Roving Caretaker
		Foreman	Right of Way foreman		Right of Way foreman
		Operator	Seasonal worker		Seasonal worker
		Operator	Seasonal worker		Seasonal worker
		Relief Operator			
		Right of Way foreman			
		Seasonal worker			
		Seasonal worker			

For SEAPA to fully undertake O&M of the Swan Lake and Tyee Lake projects and the STI, it would likely require a staff of about eleven regular employees plus some seasonal employees related to right of way clearing. SEAPA currently has five employees. There would be an increase in payroll, purchasing, human resources, public affairs and training functions that SEAPA does not now provide. Some of these functions are directly or indirectly currently supplied by TBPA and KPU. As we stated, we feel that there could be a potential reduction in the number of operator staff if road/airstrip snow removal functions and related shift transportation functions can be streamlined. This could allow for a potential increase in some functions such as training, information technology, electronics, public affairs at SEAPA and its assets.

## Southeast Alaska Power Agency Operations and Maintenance Organization Review

### Estimated Costs and Benefits

The proposed modified structure will result in the saving of four FTEs and depending on the schedule of operators, additional savings in transportation costs. Whether the O&M is to be provided by a single contractor or SEAPA directly, the estimated cost savings is between \$450,000 and \$500,000 per year when compared to the current costs of O&M. An O&M contractor could potentially include certain administrative and overhead costs among its charges to SEAPA. These costs would need to be defined at the time a contract for O&M services is negotiated. Table 7 shows the estimated cost savings with the modified O&M services approaches.

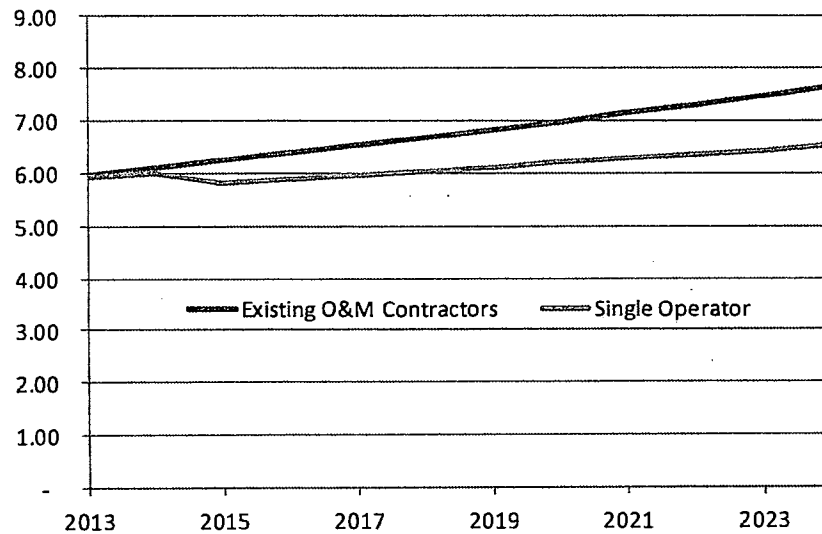
**Table 7**  
**Southeast Alaska Power Agency**  
**Potential Cost Savings with Modified Organizational Structures**

	Cost Reduction	Cost Increase
Plant Operator	\$ 154,000	\$ -
Plant Operator	154,000	-
Plant Operator	139,000	-
Plant Operator	139,000	-
TBPA Manager	115,500	-
Asst. Operations Manager		130,000
Roving Caretaker		120,000
Operater Transportation	10,000	-
Total	\$ 711,500	\$ 250,000
Net Reduction	\$ 461,500	

Assuming that O&M costs were to be reduced by an estimated \$460,000 per year beginning in fiscal year 2015 and that O&M costs would increase annually by 4% per year for the existing case and 2.5% for the single operator case, the estimated cost of power from SEAPA to the Member Utilities would be 6.5 cents per kWh in 2024 compared to 7.7 cents per kWh if the reductions in O&M costs were not made<sup>7</sup>. SEAPA should have a greater opportunity to control and manage costs if it were to operate the projects itself. As a result, it is assumed that escalation in annual O&M costs would be less for the projects if SEAPA were to provide O&M services. The estimated cost of SEAPA power to the Member Utilities is shown in the following chart.

<sup>7</sup> Based on estimated costs as provided by SEAPA for the Status Quo case assuming no new generating plant developments by SEAPA. Total SEAPA annual energy sales are assumed to increase 1.25% per year from 176,200 MWh in 2015 to 197,100 MWh in 2024.

Figure 3  
Estimated Wholesale Cost of SEAPA Power  
Cents per kWh



Without a detailed evaluation of current O&M contractor budgets, it can't be stated precisely what total cost savings could potentially be realized. It is important to note, however, that the proposed modified structure includes additional technical capabilities for SEAPA that will directly benefit the operations and maintenance of the system.

### **Proposed Action Plan**

The actions to be undertaken by SEAPA with regard to changes to the operations and maintenance of the SEAPA Facilities will depend upon which approach the SEAPA board chooses to undertake. Further, since additional information will most likely be needed to determine if significant changes are to be made, it is reasonable to expect that various decision points be established where alternative directions can be taken if deemed appropriate. We have prepared a list of action items that could be undertaken by SEAPA to transition towards an alternative approach to operating and maintaining the SEAPA Facilities.

1. Provide notice of cancellation of current O&M contracts.
2. Define and develop operating standards and criteria for the SEAPA Facilities that closely align with the current configuration of the SEAPA system.
3. Develop contract terms, specifications and standards that would supplant and augment the terms and conditions of the existing O&M Agreements.
4. Evaluate contractual arrangements for current employees of the O&M contractors to determine the best way for transitioning these employees to the alternative means of operations and maintenance at the Projects.
5. Define on-going responsibilities of SEAPA staff.
6. Discuss potential transitional labor agreement with the IBEW if SEAPA is to take over operations and maintenance of the SEAPA Facilities. If a single contractor is to be used, the contractor will need to conduct discussions with the IBEW.
7. Solicit bids for O&M contractors.
8. Evaluate bid results and determine if a contractor is to be retained or if SEAPA should undertake the operations and maintenance function.
9. Develop operating plan for SEAPA to operate and maintain the Projects.

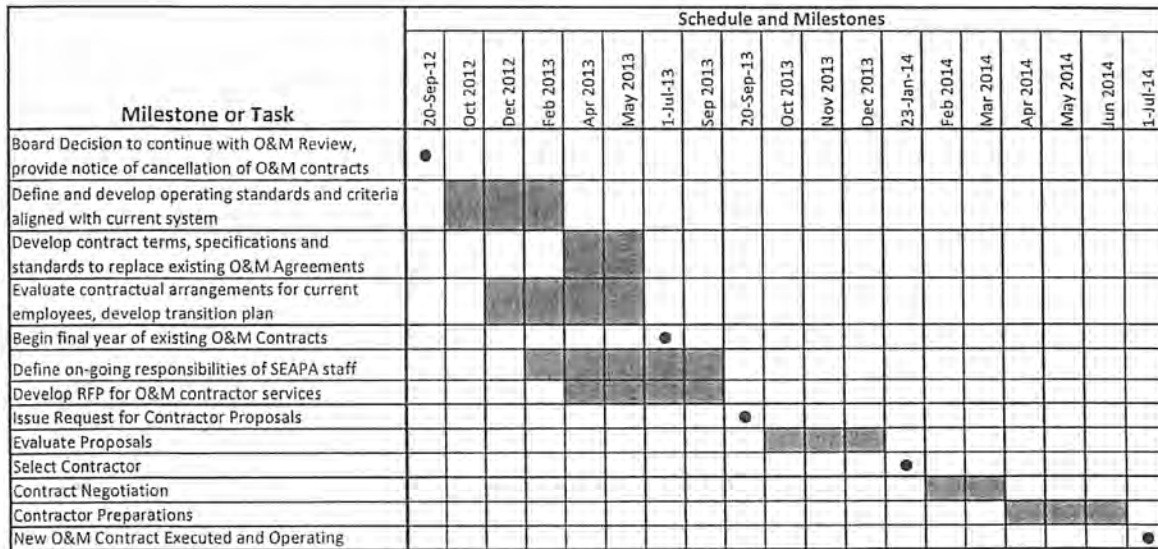
Many of the items in the preceding list can be defined and developed; however, the SEAPA board may ultimately decide not to actually undertake an alternative operating approach. In this manner, as additional research is conducted and cost estimates and transitional operating procedures are prepared it may be determined that going forward would not yield the net benefits desired by SEAPA. If changes in the O&M procedures are not made and the cost of operations and maintenance continue to increase at the historical rate, the time when the wholesale price of power will need to be increased will come sooner rather than later.

The development of contract terms and specifications as indicated in Items 2 and 3, above, could serve as the basis for developing a request for proposals (RFP) for a single operating contractor. The RFP should include provisions for industry standard operating procedures tailored to the specific locations and characteristics of the SEAPA Facilities. The RFP should also state terms and conditions for performance, measures of compliance and non-compliance, financial backing terms for non-compliance, standard payment terms and payment terms for operational excellence objectives, among other items.

If SEAPA decides to pursue a single O&M contractor option, the following chart provides a timeline to implement this option. As shown in the chart, the expected transition date for the new contractor is July 1, 2014.

Southeast Alaska Power Agency  
Operations and Maintenance Organization Review

Figure 4  
Proposed Action Plan Timeline  
Single O&M Contractor Alternative





Attachment # 2

## Southeast Alaska Power Agency

DATE: September 12, 2012  
TO: SEAPA Board of Directors  
FROM: Dave Carlson  
SUBJECT: History of Project Operations

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Purpose & Overview: The purpose of this memo is to provide a history of how the SEAPA hydroelectric projects and transmission lines have been operated and maintained since the inception of the Four Dam Pool back in 1985. The methodology used to operate the projects today has essentially remained unchanged since 1985 and is one of the last remnants from the old Four Dam Pool model.

I have personally been involved in the Four Dam Pool since its very beginning stages. This involvement dates back to events that led to the creation of the Four Dam Pool in 1985. My experience and involvement includes:

- Approximately 10 years serving as a board member on the Project Management Committee (PMC) of the Four Dam Pool.
- Chairman of the O&M Reduction Committee for the PMC. This committee was established to explore ways to reduce project operating costs.
- Chairman of the Divestiture Committee for the Four Dam Pool.
- Divestiture Coordinator for the Four Dam Pool.
- First General Manager for the Four Dam Pool Power Agency following the successful purchase of the projects from the State of Alaska.
- CEO of the Four Dam Pool Power Agency and the Southeast Alaska Power Agency following successful Restructuring.

My intent here is not to provide you with my resume but to provide evidence that I have been intimately involved in the governing, operating, and ownership structure of the Four Dam Pool projects since the very beginning. I can unequivocally state that no single issue has caused more consternation, disagreement, argument, and debate amongst the board members for the Project Management Committee, FDPPA, and SEAPA boards than project operations. Some of the operational issues creating debate between members today are the same as they were 25 years ago. This memo not only provides the history behind project operations and issues, but also sets forth some of the reasons why the current operating methodology has not worked well in the past and is not, in my opinion, an acceptable and cost-effective approach to project operations in the future.

I am providing, as attachments to this memo, a few excerpts from Project Management Committee minutes along with other documents that describe some of the discussion as well as opinions (including frustrations) from various folks that have taken place over the past 25 years concerning this topic. These documents are in no way inclusive of all the discussion that took place over the years but are just a few from my office files.

## HISTORY OF PROJECT OPERATIONS

Four Dam Pool Hydroelectric Projects and Creation of the Four Dam Pool: During the early 1980's, the Alaska Power Authority (now called the Alaska Energy Authority) constructed or acquired four hydroelectric projects: Tyee Lake, Swan Lake, Terror Lake, and Solomon Gulch. This was at a time when oil prices skyrocketed and the State was in a position to infuse large amounts of money into the development of renewable energy projects (sounds somewhat familiar, doesn't it?). Unfortunately, by the time the projects were completed, the price of oil plummeted and no power sales agreements were yet in place between the utilities to be served from the projects and the Alaska Power Authority. Suffice it to say that this single issue became quite the 'quagmire' for the State administration and legislature.

A very intense set of negotiations began between the State (APA) and the utilities to create the framework for a Power Sales Agreement (PSA). After a couple years of expensive and contentious efforts, the PSA (originally called the Long Term Power Sales Agreement) was fully executed by the utilities and the APA on October, 28, 1985 and the Four Dam Pool was created. It is worth noting that SEAPA Board of Director Charlie Freeman signed the document on behalf of Ketchikan. The PSA contained numerous very unique provisions. One distinctive provision was the 'pooling' of revenue and expenses which created a uniform or 'Postage Stamp' rate for power sold from all the Four Dam Pool projects. This rate was termed the 'Wholesale Power Rate' (WPR) in the PSA.

Wholesale Power Rate (WPR): The WPR was comprised of two components: the Debt Service Component and the O&M Component. When added together, this was the rate APA charged the member utilities for energy purchased from the Four Dam Pool projects. The Debt Service Component was fixed at 4.0 cents/kWh. This rate was a little lower in the very early years and was also subject to a 'rate reopener' which was never executed. The level of debt service was not fixed to retire a certain amount of debt. It was purely a negotiated figure between the State and the utilities.

The O&M Component of the WPR was variable and could change from year to year. This was the rate charged the members to cover the operating costs for the projects. This included project staffing, insurance, a very minimal contribution into the R&R fund (\$500,000/year), and owner (APA) administrative costs, etc.

The WPR was set annually by the Project Management Committee (PMC). The PMC was comprised of a designee and alternate voter from each of the five member utilities (City of Ketchikan, City of Wrangell, City of Petersburg, Copper Valley Electric Association, and Kodiak Electric Association) and a designee and alternate from the APA (owner).

The State's (APA) main concern was collecting 4.0 cents/kWh for all energy sold from the projects. They had little interest in the O&M component. If the utilities wanted to add more employees at the projects or shift local utility expense to the O&M component, the State was mostly indifferent. Although increased O&M costs would be reflected in a higher WPR, the State was not concerned as its primary interest was the receipt of 4.0 cents/kWh for all power sold under the PSA.

Initial Ground Rules for Allowed O&M Costs: It was originally agreed that the local utilities would operate each of the projects with the exception of the Tyee project, which was originally operated by the APA. As you can imagine, the topic of what costs would be allowed to be billed as an O&M expense dominated discussion in the very early meetings of the PMC. The

operating utilities originally proposed charging various percentages for managerial, secretarial, and other administrative charges. However, the PMC ultimately agreed that no managerial, administrative, secretarial, or other overhead costs would be allowed to be net-billed. This exclusion has been in place since the very beginning of the Four Dam Pool and remains in practice today. The situation surrounding Thomas Bay Power Authority (TBPA) and their manager will be discussed a little later in this memo.

While managerial, administrative, secretarial, and other overhead costs were explicitly excluded as an allowable expense, the PMC struggled for the next couple of decades debating what should be allowed. Obviously, plant labor was allowed. However, dispatch costs became another issue. Ketchikan and Kodiak Electric Association (KEA) had dispatch centers in place prior to the completion of the Swan and Terror Lake projects. Efforts began to shift some of these local utility costs to the O&M component of the Four Dam Pool. Ketchikan began charging a minimum of 50% of their total utility dispatch expense as an O&M cost. Kodiak was charging around 80%. When TBPA took over operation of the Tyee project, they charged 100%. Copper Valley did not have dispatch so they were allowed to charge for their linemen in the guise that they needed to patrol their transmission line. Frankly, it became a game between the utilities of who could shift the most expense from their utility operations to the O&M component of the WPR. All of the utilities had their 'hand in the cookie jar' in one way or the other. During annual budget consideration, this practice always became a topic of contention and discussion.

Thomas Bay Power Authority (TBPA): TBPA is a political subdivision of Wrangell and Petersburg. Its creation is embedded in the charters of each city (Wrangell is now a City & Borough) as well as their ordinances. TBPA was created in the mid-1970's for the purpose of identifying and developing hydroelectric facilities for the benefit of Wrangell and Petersburg. TBPA was the recipient of early grants from the State in the 1970's to pursue this vision. The State took over the development of the Tyee project very early on in its development at the request of TBPA.

After the Tyee project was completed, the State originally operated the project. Wrangell actually wanted to operate the project but Petersburg balked and a compromise was found in TBPA. Eventually, TBPA took over operations of the Tyee project, which included 24/7 dispatch in the Wrangell diesel generation power house.

TBPA hired its first manager to manage project operations at about the same time they took over project operations from the APA. The manager's salary was a continual point of contention at PMC meetings, especially the budget sessions. Wrangell and Petersburg each began contributing sums of money to cover non net-billable expenses including portions of the manager's salary, secretarial, and other activities not related to operations and maintenance of the Tyee project.

Net Billing: To further compound the problem, the PSA allowed for 'net billing'. Simply put, the operating utilities were (and still are) allowed to deduct any expenses from their power purchases. The payment the State received, which is now received by SEAPA, was the net amount owed after operating expenses were removed. What really invited mischief was this – no backup to verify these expenses was required. All that was required was a simple summary identifying each month's expenses by FERC code. Consequently, it was common for expenses that should have been a local utility expense to be charged to project operation expense. This

practice was changed at Restructuring and TBPA and KPU must now provide back-up which is reviewed internally by SEAPA staff.<sup>1</sup>

Audit of Project Operations' Expense: Parisena & Stromberg was the first accounting firm hired by the Four Dam Pool PMC. They compiled monthly reports and financials and also conducted an internal audit called "Agreed-Upon Procedures". The purpose of the audit was to check and verify that operating expenses 'net-billed' were a true operating expense and not a local utility expense. Gary Stromberg was very familiar with the Four Dam Pool and also did considerable work with electric utilities in the State. Each year there was a list of expenses that Stromberg identified as local utility expense and not Four Dam Pool operating expenses. These were brought to the attention of the PMC and usually corrected but not without considerable board discussion.

Following Divestiture in 2002, the Parisena & Stromberg accounting firm was replaced and the FDPPA took over the accounting function in-house beginning in 2006. KPMG was hired to conduct the annual audits and the "Agreed-Upon Procedures" portion of the internal audit. Unfortunately, KPMG did not have a good knowledge of utility operations and did not have the experience to determine whether an expense should be a local utility or a project operations expense. Following Restructuring, the board approved my recommendation that required TBPA and KPU to submit back-up verification for expenses that are 'net-billed'. SEAPA staff now reviews these submittals in-house.

O&M Reduction Committee: I don't recall the exact date when the PMC formed this committee - it was probably in the early to mid-90s. As previously mentioned, all of the PMC members knew mischief was taking place and the O&M costs were continuing to escalate. The PMC formed an O&M Reduction Committee (I was appointed Chairman) and tasked the committee with exploring ways to reduce operating costs. Dispatch costs charged by the local utilities as a project operating cost were a topic of discussion as was the concept of roving maintenance crews and consolidated operations under one operator. I recall that one effort was to conduct a 'time and motion' study to determine the appropriate level of dispatch costs that should be charged as an operating expense. Each operating utility that charged dispatch costs to the PMC was asked to identify and itemize their daily allocation of cost (actual time worked) between the local utility and the actual dispatch of power from the Four Dam Pool project. This effort failed as not one utility responded to the Committee's study request.

Sadly, the efforts of this Committee were unsuccessful. Although some proposals were made to the PMC by the Committee, no consensus by the PMC on specific courses of action were ever agreed to by the PMC board.

Labor Cap: Operation costs continued to escalate and continued to be a major topic of discussion by the PMC. Around 1997, a very frustrated PMC voted to impose a \$600,000 labor cap on all project operators. That included dispatch and all other project labor that was net-

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<sup>1</sup> One of the most egregious examples of net-billing occurred in 2006 or so when TBPA net-billed a house! This is a long and sad story, but TBPA leased a modular housing unit from the TBPA's manager's wife to provide housing for an additional employee at Tyee. The manager passed away unexpectedly and his wife claimed that rent had not been paid for a period of several years. TBPA negotiated a settlement with the manager's wife and acquired ownership in the unit and net-billed the expenses (around \$60,000 as I recall) with no explanation or back-up submitted. The FDPPA auditors found this practice totally unacceptable from an accounting perspective (you don't expense capital assets like this) and noted this in their audit recommending that back-up from utilities for net-billed expense be provided.

billed. I admit I was initially reluctant to agree to this plan, but soon realized it was the only way to really 'level the playing field'. Unfortunately, it treated all projects as if they were the same. Some of the Four Dam Pool projects were more complicated to operate than others (Solomon Gulch can be accessed by road). However, this action did force utilities to either pay for increased labor costs themselves or reduce labor.

TBPA, because of their 24/7 dispatch in Wrangell, was forced to move dispatch out to the Tyee project. By doing so, they eliminated all the dispatchers except one position which was moved to Tyee. TBPA has no choice in the matter. They are not a party to the power sales agreement; and they do not sell power or collect revenues. There was no way they could pass the increased costs to the Petersburg or Wrangell utilities. Ketchikan, on the other hand, chose to keep labor costs including dispatch as they were, and passed on costs above the labor cap to their ratepayers.

Removal of Labor Cap in 2009: Following Restructuring in 2009, I recommended to the board that the labor cap be removed. I argued that SEAPA should determine what should be allowed as an operating expense and that artificial caps were not needed. I was aware that TBPA was pushing up against the cap and Ketchikan was already way over the \$600,000 limit. The board agreed with my recommendation.

In hindsight, this was a mistake. Labor costs have continued to escalate at both the Swan Lake and Tyee Lake projects. Ketchikan Public Utilities made an impassioned plea to the board to add a 4<sup>th</sup> person at Swan Lake citing perceived safety concerns. Against SEAPA staff recommendations otherwise, the board approved KPU's request. TBPA's labor costs have risen dramatically since 2009.

Total labor costs at TBPA are budgeted at over \$1 million dollars. If you remove the ROW clearing labor, which was generally exempt from the labor cap, the labor costs are budgeted at just over \$800,000 in FY13. That is \$200,000 over the labor cap that was in place in FY09. Simply put, labor costs have risen dramatically since the removal of the labor cap. Again, my assumption that labor costs could be controlled has proven to be incorrect and I regret my recommendation.

Systemic Problems with Project Operations Still Exist: The same issues that were discussed and argued by the PMC 25 years ago still exist today. In fact, they are probably worse now that the labor cap has been removed. The following are just a few of the problems inherent in the current operating methodology:

- Inequities exist between the project operators: SEAPA pays for a full-time manager at TBPA but none for KPU. That certainly is not fair to KPU as Ketchikan ratepayers are really subsidizing a portion of the TBPA manager's cost while KPU is not allowed to recover any of its management expense. TBPA recently sent SEAPA an invoice for an 18% overhead charge for work presumably conducted outside of the Tyee project. I rejected the invoice as overhead, administrative, managerial and similar expenses have never been allowed. Regardless, if TBPA is allowed to recover overhead (SEAPA already pays for almost everything TBPA has including office space, utilities, phone, computers, etc.), do we also pay KPU for the same overhead? (We do not now pay for phone, utilities, office space at KPU.)
- Too Many Boards and Commissions Involved: When TBPA prepares its budget, it must first be approved by the 7-member TBPA commission and then, because it is a political

subdivision of Wrangell & Petersburg, it has to be approved by the City Council of Petersburg and the Borough Assembly of Wrangell. It then comes to SEAPA for consideration. KPU has to do the same with the Ketchikan City Council. So let's tally the number of people involved:

- TBPA Commission – 7
- City & Borough of Wrangell – 7
- City of Petersburg – 7
- City of Ketchikan – 7
- SEAPA Board – 10 (only 5 vote)

The number of elected or appointed officials that have to vote on the operating budgets is presently 33! That is not a good example of efficient government at work! Compounding the problem is the fact that some people sit on two boards. For example, three of Petersburg's members on the SEAPA board also sit on the TBPA Commission. This only invites 'finger pointing' and disharmony between the entities (SEAPA took that out of our budget, etc.) and, again, is not a form of good and responsible government. It is duplicative and unnecessary. Please read the attached memo from Rich Underkofler. He pointed out this flaw 23 years ago!

- Legal Responsibilities Reside with SEAPA – Not the Operators: SEAPA is the responsible entity for the delivery of power to its members pursuant to the PSA and the responsible entity to FERC and other agencies for regulatory and license compliance. Project operations must be in alignment with project ownership, legal responsibilities, and obligations.

Change is difficult and making a change in the way the projects have been operated in the past is no different. It will be difficult. But, will this change benefit the ratepayers? I believe the answer is 'Yes' and a convincing 'Yes!' I recommend and urge you to move forward and take the first step to provide notification of Operating Agreement cancellation effective July 1, 2014.

Attachments:

- 1) Excerpt (pp. 4-6) from October 23, 1997 PMC minutes – Labor cap
- 2) Excerpt (pp. 11-14) from April 25-26, 1989 PMC minutes – managerial/secretarial time not eligible for net billing.
- 3) Excerpt (p. 11) from 3/31/99 PMC meeting
- 4) "Damn this Four Dam Pool" – 2/12/91 Memo from Tom Stevenson, KPU Manager.
- 5) Excerpt (p. 3) from 9/9/89 Rich Underkofler Memo to Wrangell City Council – "Excessive overhead costs of "management by committee": (Note: Mr. Underkofler was also Petersburg's City Manager on two occasions.)
- 6) TBPA memo dated 1/26/98 – TBPA Wage Cap Conditions, Options and Suggestions
- 7) Tom Stevenson, KPU General Manager, Memo to Four Dam Pool dated 9/6/91



## **ATTACHMENT 1**

### **1997 PMC MINUTES**

**(Labor Cap)**

**October 23, 1997**

**Excerpt (pp. 4-6)**



## 2. O&M Budget - Labor Cap

Mr. Trimble circulated a letter dated October 15, 1997 to Chairman Lewis from Robert Newell, of the Ketchikan Finance Department. The letter seeks clarification on whether or not the direct labor costs for routine and non-routine maintenance that cannot be performed by the employees at Swan Lake, will be subject to the \$600,000 labor cap. He continued that the cap could create a perverse incentive. If the work is done internally instead of contracted out, it would be subject to the cap. Thus, the decision to cap labor sends a message that utilities should use more contract labor, since it is not included in the cap.

Chairman Lewis asked Mr. Wilkinson to explain the intent of the policy to cap labor. Mr. Wilkinson said the purpose was to fix the labor component at \$600,000 for each project. This would include all labor and benefits provided by the purchasing utility or O&M operator. To the extent that a contractor was needed, it should be budgeted, and submitted to the PMC for approval as part of the budget process. He noted that fixing the amount at \$600,000 would provide consistency in labor costs among the projects. The easiest way to bill labor would be a flat \$50,000 per month per project. Other PMC members indicated they might use more or less per month, so Mr. Stromberg has agreed to keep track until the \$600,000 has been reached. The intent of the cap was to move toward cost reduction at the projects, and having everyone on the same playing field.

Mr. Magyar continued that KPU does significant amounts of work, some budgeted, some not. If the labor isn't laid out in the budgeting process, KPU will take the hit for labor costs. Mr. Trimble asked specifically about replacing underground wire. He noted that KPU wants to do it in-house, it is an R&R item, and has been budgeted. He asked if it would be subject to the cap.

Mr. Wilkinson said if the money has been provided for in the budget, KPU has approval to go forward. He noted that this could be a complicated issue, deciding which dollar was budgeted for which maintenance item. He commented that Copper Valley will be in the same situation as KPU. There may be additional resources needed to complete work, beyond the use of regular people. That needs to be budgeted and approved by the PMC. The cap's intent wasn't to cut utilities off.

Mr. Waggoner said the timing on the action was problematic. Some of the transmission maintenance items were not brought up during the PMC's budget period. This means that KPU will either take a labor hit, or be forced to outsource the work. Mr. Waggoner noted for example, that there will be a shutdown in May. In order to finish in time, additional mechanics and electricians will be needed, and would that be included in a cap?

Mr. Wilkinson said maybe the group should consider transmission separately from hydro O&M. He said it was never the intent to have the utilities be stuck paying transmission

expenses.

Mr. Nikodym noted that with their staff, there are dispatch and onsite people, but no linemen. Typically, dispatchers do routine maintenance and checks on the switchyards. He inquired whether this should be categorized as transmission or hydro.

Mr. Wilkinson said the routine maintenance, such as going into the substations, would be subject to the cap. For a major project, such as insulator replacements, it would be budgeted and approved by the PMC through the budget process.

Mr. Sapp suggested that maybe the group should amend the action to apply only to hydro operations, to alleviate KPU's concerns. Mr. Trimble also wanted to clarify that specific R&R items, if approved, would not be included in the cap.

Mr. Sieczkowski cautioned that utilities cannot "double-dip." A utility can't charge routine O&M expenses for that day, if it were also charged as R&R. Mr. Trimble clarified that he was thinking of a number of small items. It would not be double-dipping, as KPU would be using another person to do the tasks.

Mr. Carlson said the group has been discussing a levelized O&M playing field, but in reality, the field is not level. For some projects, utility employees can drive to the site, for others even flying-in presents difficulties. Ultimately, some utilities will be taking a labor hit. He asked Mr. Alt to comment on Thomas Bay. Mr. Alt said he will be looking at a reduction in force, possibly putting people on call-out, or doing shift changes. He said they will need a reduction in force in SCADA, and will go to minimum dispatching and monitoring. He said he would like to see other solutions. Mr. Alt commented that the group was not always comparing apples to apples. Each project is unique and has it's own concerns. The projects can get leaner, but not uniformly. Mr. Carlson said he agreed with the concept and was willing to go forward. He said there wasn't much they could do at the Tyee site, and would start looking at dispatch.

Mr. Wilkinson said that from the very beginning, the PMC has been working on cost reductions and removal of inequities between projects. The May 22 proposal was a first step toward doing something meaningful, instead of continuing a verbal debate. Copper Valley will be working under the cap, automating diesel units and running with two less units. Other utilities should look at similar ways to cut costs. He said there was nothing sinister in the cap; the intent wasn't to contract out and drive up costs. This would be contrary to the PMC mission to get costs down. The PMC must work hard on being competitive. The utility industry is in trouble and we need to get operations lean and mean.

Chairman Lewis said how it happens and how the utility does it, is up to each utility. If there are items which were not addressed in the PMC budget, they should be brought

before the PMC for approval.

Before concluding the discussion, Mr. Magyar asked if the PMC could respond to the letter from the Ketchikan Finance Department.

Mr. Carlson moved that direct labor costs for routine and non-routine maintenance which are properly authorized by the PMC but cannot be performed by the employees manning and operating the facilities of the Four Dam Pool projects, are not subject to the \$600,000 labor cap, seconded by Mr. Sapp. Mr. Sieczkowski called the roll, and the motion passed unanimous (Action 97-910).

#### IV. COMMITTEE REPORTS

##### A. Project Reports

##### 1. Solomon Gulch

Mr. Wilkinson said Mr. Easley is at NRECA for an intern management program, so he gave the report. The Solomon Gulch lake level is at 676.9 feet and spill is at 685. Valdez had the good fortune of getting some fall rain and the lake is in good shape. Copper Valley has been running Valdez diesels 24-hours a day to slow the drop in the lake level. There is one unit online, for 5 MW.

Maintenance projects have included preparations for winter and training for new operators. They completed a 1000 hour maintenance and found a cracked drainline on the spiral case stand. An expert welder will be brought in to make the fix.

He noted that Copper Valley is changing the way they do business in Valdez. They are trying to man the Solomon Gulch and Valdez diesel plants with 4 less personnel. They reorganized and re-engineered the work force for 10 operators in Valdez. The work force is fully trained to operate both the hydro and diesel plants, and costs are coming down.

In other areas, Copper Valley is under attack by competitive forces. Alaska Power Systems is signing deals with customers and is in the process of installing generation. Copper Valley filed a formal complaint on October 7 before the APUC, asking them to rule on whether or not the utility needs a Certificate of Public Convenience and Necessity to serve in CVEA's territory. Copper Valley will keep the PMC informed.

##### 2. Lake Tyee

Mr. Alt reported that a new area manager started September 1, and a new secretary started September 2. Tyee maintenance was completed on schedule, and there are no

## **ATTACHMENT 2**

### **1989 PMC MINUTES**

**(Managerial/Secretarial time not eligible for net billing)**

**April 25-26, 1989**

**Excerpt (pp. 11-14)**

## REVIEW OF INDIVIDUAL BUDGETS

It was noted that the Committee would review the individual FY90 O&M budgets as submitted by the Committee members and operators and compiled by Mr. Parisena and develop a consensus on each budget. Subsequently Mr. Parisena would revise the budgets for formal action on individual budget components. Chairman Southworth noted that the purpose of today's meeting was to develop consensus on the budget and not to formally adopt the FY90 O&M budget at this meeting.

## SWAN LAKE FY90 SUBMITTED O&M BUDGET

The consensus was to add \$100,000 as a contingency toward potential salary increases stemming from present IBEW contract negotiations for the June 30, 1989 contract expiration (note that this item was later rescinded per PMC Action 89-306).

Item 61 on page 5 was increased by \$5,000 to correct the calculation.

Items 93 on page 5, CPU and Powerline Carrier, were omitted to reflect their addition to the Project Construction List at the last PMC meeting. Dock modifications was deleted as a potential R&R item. Fax machine was deleted as an item previously recovered through FY89 net billings.

## TERROR LAKE FY90 SUBMITTED O&M BUDGET

Mr. Lewis suggested that the \$2,000 for the Terror Lake snow gage datapod recorder (reference page 5 of Terror Lake FY90 budget submittal) be the second "hit" per the terms of the FY89 insurance agreement, to be recovered through FY89 O&M net billing and there was no objection.

Mr. Eberhardt asked that a Report on the Annual Terror River Instream Flow Studies be added to a later PMC agenda.

It was noted that legal fees for Mr. Kempel were inadvertently included and would be omitted.

## TYEE LAKE FY90 SUBMITTED O&M BUDGET

The FY89 Tyee Lake budget submitted and incorporated in the FY90 budget document compiled by Mr. Parisena, was replaced in its entirety with the FY90 Tyee Lake O&M budget under Mr. Edgley's April 20, 1989 memorandum.

The budget for Clerk-Typist (i.e., casual labor on page 4) in the amount of \$9610 (i.e., \$5000 in Acct. 539 and \$4610 in Acct. 566) was considered as general administrative cost not eligible for inclusion in the O&M budget, as was \$32,850 of the Manager's time.

The name given to item 11 on page 5 was changed from contingency to Navy Repeater Station to correctly reflect this item.

Item 13 on page 5, Project Specific Travel and Expenses in the amount of \$3,000 for Mr. Edgley to attend utility board meetings was considered a general administrative expense not eligible for net billing.

Contingency line items were deleted and a single line item in the amount of \$20,000 was added entitled Contingency. It was noted that Mr. Edgley was relying on the contingency accounts to perform required services in FY90.

Page 8, Acct. 557, item 4 in the amount of \$2,000 was deleted as it was determined that the monthly magnetic tape translation was not required.

## SOLOMON GULCH FY90 SUBMITTED O&M BUDGET

Acct. 542, Maintenance of Structures, was corrected to read \$26,458 under Total FY90 Budget for a corrected Total Hydro expenses of \$710,896 and corrected Total PMC Expenses of \$1,339,133 on page 1.

It was noted that the Total 1989 Projected amount was approximately \$350,000 under budget due to items included in the FY89 budget, which will not be completed (reference page 1).

Accts. 535, 541 and 568 were each decreased \$28,317 on page 2 as the consensus was to delete the FTE staff position, which was actually a reduced composite of the Superintendent of Production at 75% direct time, the Engineer's time of 39% and the Operations Manager's time of 25%, for a total of 139% directly attributable to the Solomon Gulch Project.

It was noted that the labor costs do not account for any increases stemming from union contract expiration at March 15, 1989.

It was noted that the items on pages 6 and 7 were provided for informational purposes and were not included in the O&M budget; of these items, Mr. Bursey noted that the Relay System Deficiency had been resolved and that the Penstock Paint item was a Construction List item.

## ALASKA POWER AUTHORITY FY90 SUBMITTED BUDGET

No changes were made by consensus at this time to the Power Authority's submitted budget.

Objection was expressed to adding administrative costs to the individual project budgets; however, the consensus was to add an additional budget column to accurately reflect administrative resources utilized on each project.

### 14. b. Status Report on Proposed Legislation

Mr. Lewis motioned, seconded by Mr. Petrie, that the PMC adopt as Resolution 89-28, A Resolution of the PMC of the Four Dam Pool Recommending Rejection of Senate Bill No. 290, an Act relating to the use of water for certain salmon hatcheries as a preferred use of water; and providing for an effective date. The motion passed unanimously with Messrs. Eberhardt, Lewis, Petrie, Bursey, and Southworth, and Mrs. Rasler voting yes on Action 89-303.

The PMC recessed at this time until 2:30 p.m. for lunch and to provide an opportunity for members to testify on Senate Bill No. 290. The PMC reconvened at 2:40 p.m. It was noted that PMC members Petrie and Bursey were at the teleconference hearing on SB 290 and would rejoin the PMC meeting in approximately one hour.

### 9. REVIEW OF FY90 BUDGET (Continued)

Mr. Edgley asked for clarification between eligible O&M labor and general administrative costs. Mrs. Rasler responded that managerial/supervisory time is not eligible for net billing. Chairman Southworth asked that the Committee reassess the artificially low wholesale power rate which is resulting from not including actual administrative costs of the members. Chairman Southworth suggested that the Committee consider that non-chargeable administrative/managerial time would have to meet the following three criteria:

- 1) non-shift

- 2) non-assigned
- 3) non-union

Mr. Saxton noted that he and Mr. Parisena developed Section VII., Annual Budgets, of the PMC Rules of Procedure and Policies Handbook based on standards used in previous years and documented in the minutes; however, the PMC had not specifically adopted budget standards. Chairman Southworth noted that the PMC had adopted the Rules of Procedure and Policies Handbook.

Having modified the FY90 draft budget on the basis of consensus to this point, the PMC at this time took formal action on budget line items.

Mr. Lewis motioned, seconded by Mrs. Rasler, to delete the amount of \$5600 from the FY90 budget submitted by the Alaska Power Authority for PMC travel by the PMC Representative and Alternate. Mr. Saxton noted that the Memorandum of Understanding related to provision of Power Authority services is silent on reimbursement of travel. It was noted that there is no prohibition on charges for travel related to the Power Authority Representative and Alternates' participation at PMC meetings and that it is unclear why the Power Authority has not asked for reimbursement for travel costs to date. The motion failed as a tied vote with Messrs. Petrie, Bursey and Eberhardt voting no, and Messrs. Lewis and Southworth and Mrs. Rasler voting yes on Action 89-304.

Mr. Lewis motioned, seconded by Mr. Bursey, that the PMC delete the annual cost for the Manager position provided on page 3 of the Tye FY90 budget submittal, and that the Cities of Petersburg and Wrangell absorb that cost. (It was noted that the opportunity remained for the Petersburg and Wrangell City Councils to take action relative to this during their FY90 budget process). The motion failed with Messrs. Petrie, Eberhardt and Lewis and Mrs. Rasler voting no, and Messrs. Bursey and Southworth voting yes on Action 89-305.

Mr. Lewis motioned, seconded by Mr. Bursey to delete the \$100,000 which had been added to page 3 of the Swan Lake project FY90 budget submitted as a contingency for salary and benefit increases stemming from contract negotiations. The motion was declared as passed by Chairman Southworth with Messrs. Bursey, Southworth, Eberhardt, and Lewis and Mrs. Rasler voting yes, and Mr. Petrie voting no on Action 89-306.

There was discussion at this time as to whether Power Authority concurrence with this item was required per the Power Sales Agreement provision that Power Authority concurrence is required for annual budgets for items comprising the total Power Production Cost (reference Section 7(f)(ii) of the PSA). Mr. Saxton counseled that the Power Authority does not have a line item veto over the budget.

Mr. Lewis motioned to delete accounts 562 to 571 pertaining to transmission expenses for the Solomon Gulch project from page 5 of the FY90 Solomon Gulch Project budget submitted. The motion died for lack of a second.

Mr. Lewis motioned, seconded by Mrs. Rasler to delete \$82,500 from account 562, SCADA maintenance, of the Solomon Gulch Project FY90 budget submitted. Chairman Southworth declared the motion passed with Messrs. Southworth, Eberhardt and Lewis and Mrs. Rasler voting yes, and Messrs. Bursey and Petrie voting no on Action 89-307. The Power Authority again contested this ruling as a budget item requiring the Power Authority's concurrence.

## 12. POLICY REGARDING ADMINISTRATION OF PROJECTS FUNDED BY R&R (Continued)

Copies of the draft resolution of the PMC Adopting Standards for the Renewal and Replacement (i.e., "R&R") Fund were distributed. Mr. Saxton stated that the Power Authority's concurrence is required to adopt the procedural rule pertaining to the R&R Fund (i.e., per Section 7(f)(i) of the PSA); however, the Committee can make R&R Fund expenditure decisions prior to the adoption of an R&R procedure (i.e., the draft resolution).



Mr. Lewis motioned, seconded by Mr. Bursey, that \$15,000 plus \$185,000 for a total of \$200,000 be funded from R&R funds for the purpose of the Solomon Gulch SCADA Master Station Disc Replacements and SCADA RTU Replacements as presented on page 6 of the Solomon Gulch FY90 budget presented (it was noted that this amount was provided in the SG budget for information purposes and not included in the SG O&M budget figure). Mr. Petrie motioned to amend this motion to specify the source of funds as R&R 1; Mr. Petrie's motion died for lack of a second. Mr. Lewis amended his motion with the concurrence of the second, that the helicopter pads for the Tyee Project in the amount of \$85,000 be funded from R&R funds (note that this item was included in FERC acct. 571, page 10 of the Tyee Lake FY90 project budget as submitted). Mr. Lewis restated his motion with the concurrence of the second that the Swan Lake dock modification in the amount of \$150,000 (note that this item was deleted from page 5 of the Swan Lake FY90 project budget submitted during the consensus discussion on the FY90 budget) be funded as an R&R expense, that the Solomon Gulch SCADA replacements totaling \$200,000 be funded as an R&R expense, and that the Tyee Lake helicopter pad replacements in the amount of \$85,000 be funded as an R&R expense, for a total authorization of R&R fund expenses of \$435,000. Mr. Lewis stated that the intent of this motion was to act on these items prior to consideration of the draft resolution Adopting Standards for the Renewal and Replacement Fund due to veto considerations. Mr. Petrie motioned to table this motion time certain to the next PMC meeting; the motion died for lack of a second. Mrs. Rasler stated that the \$4,000,000 loan proceeds should be used for R&R items prior to drawing on the R&R Fund, as provided in the PSA. Chairman Southworth declared the restated motion passed with Messrs. Eberhardt, Lewis and Bursey and Mrs. Rasler voting yes, and Messrs. Southworth and Petrie voting no on Action 89-308. It was noted that the R&R Fund in the Resolution was the R&R Fund established in Resolution 86-6 or the \$500,000 annual contribution by the purchasers. Mr. Petrie expressed the concern that sufficient information had not been made available or was not available at this time on which to approve the Solomon Gulch SCADA replacement. Chairman Southworth also commented that it is appalling that the Committee would take action on these R&R items when there had not been any detailed background, designs or fiscal analysis provided for these items. Mr. Petrie motioned that the PMC rescind PMC Action 89-308; the motion died for lack of a second.

Mr. Bursey motioned, seconded by Mr. Lewis, that the PMC adopt A Resolution of the PMC Adopting Standards for the Renewal and Replacement Fund with Section 5 Alternative 1, requiring a majority vote of the PMC for expenditures. Mr. Petrie motioned, seconded by Mr. Bursey, to amend the motion to substitute Section 5 Alternative 3 language, which read, other than items covered in Section 3.c., proposed expenditures from the R&R Fund shall be approved as part of the annual budget or as amendments thereto. The amendment passed with Messrs. Eberhardt, Petrie and Bursey and Mrs. Rasler voting yes, and Messrs. Lewis and Southworth voting no on Action 89-309. Mrs. Rasler motioned, seconded by Mr. Bursey, to amend the main motion, providing that the previous action (i.e., 89-309) be subsection a. to Section 5, and that the following subsection b., no party shall unreasonably withhold its approval of expenditures from the Fund, be added. Mr. Saxton defined unreasonable as a judge's interpretation of a clearly routine renewal and replacement item for which the R&R Fund was not made available. Mrs. Rasler's amendment passed unanimously with Messrs. Lewis, Petrie, Bursey, Southworth, and Eberhardt, and Mrs. Rasler voting yes on Action 89-310. The main motion adopting as Resolution 89-29 A Resolution of the PMC Adopting Standards for the Renewal and Replacement Fund as amended to add subsections a. and b. to Section 5, passed with Messrs. Petrie, Bursey, Southworth, and Eberhardt and Mrs. Rasler voting yes, and Mr. Lewis voting no on Action 89-311.

Mr. Petrie informed the Committee that the Power Authority had received a letter from the Department of Commerce and Economic Development stating that there has never been sufficient monies in the Power Development Revolving Loan Fund to fund the \$4,000,000 and that the DC&ED formally rejected the Power Authority's loan application for this amount. Mr. Petrie said that he would distribute copies of the DC&ED letter to the members. Mr. Petrie noted that the consequence of the DC&ED action does not change the capital cost component, which was changed in the settlement of the litigation to \$189,000,000.

Mr. Bursey motioned, seconded by Mrs. Rasler, that the PMC formally request the Power Authority to submit a proposal and budget for the Power Authority to operate and maintain the Four Dam Pool as a single project/entity. The motion passed unanimously with Messrs. Petrie, Bursey, Southworth, Eberhardt, and Lewis, and Mrs. Rasler voting yes on Action 89-312.

At this time the Power Authority asked for the Chairman to reconsider his ruling on PMC Actions 89-306 and 89-307, as items which were budget items in which the Power Authority voted not in favor and the Chairman declared as passed. Chairman Southworth responded that his actions stood, as these items were components in forming the entire final draft

## **ATTACHMENT 3**

### **1999 PMC MEETING**

**March 31, 1999**

**Excerpt (p. 11)**

Four Dam Pool the week of April 5. Mr. Evans summarized recent events earlier in the meeting.

Mr. Saxton presented a draft resolution regarding the resumption of divestiture talks with AEA, and Mr. Wilkinson urged the PMC to act on it at this meeting.

Mr. Privett moved that the PMC approve Resolution 99-51 to Resume Divestiture Negotiations with AEA as presented March 31, 1999, seconded by Mr. Wilkinson. Mr. Sieckowski called the roll and the motion passed with 5 yes and 1 abstention (AEA) (Action 99-986).

## **VI. NEW BUSINESS**

### **A. Senator Taylor Divestiture Legislation**

This item was presented earlier in the meeting.

### **B. Attorney Costs Due to Labor Cap**

Mr. Privett briefed the PMC on labor disputes that Thomas Bay Power Authority has had to defend itself against resulting from the \$600,000 labor cost cap. He stated that his Board asked him to put before the PMC a request to have legal fees incurred by Thomas Bay be paid out of O&M.

Mr. Privett moved that attorney costs incurred by the Tyee Project be paid out of the O&M budget, seconded by Mr. Carlson. Mr. Sieckowski called the roll and the motion failed with 4 no, 1 yes (Wrangell) and 1 abstention (AEA) (Action 99-987).

## **VII. OTHER BUSINESS**

### **A. Next Meeting**

The Chairman recommended that the next meeting be held in Ketchikan on June 10, 1999.

### **B. Adjournment**

Hearing no further business, the Chairman moved to adjourn the meeting, the motion was unopposed. (Action 99-988).

Signed:

Attest:

## **ATTACHMENT 4**

**“Damn this Four Dam Pool”**

**MEMO FROM TOM STEVENSON, KPU MANAGER**

**February 12, 1991**

## **DAMN THIS FOUR DAM POOL**

### **PRESENT STRUCTURE**

#### **1. ADVANTAGES**

- a. Known rate for debt service
- b. No take-or-pay risk
- c. Some control over Four Dam Pool operation costs through PMC
- d. Local operation
- e. Long term contract
- f. Better than owing: AEA has responsibility for risk, repair, replacement

#### **2. DISADVANTAGES**

- a. Tied economically and politically but for no physical reason
- b. Temptation to pad costs; log-rolling (you scratch my back, I'll scratch yours)
- c. Temptation to cut costs and harm projects
- d. Liability for others' negligence, without adequate ability to control it
- e. Cross-subsidies - i.e., fully-utilized projects subsidize under-utilized projects
- f. Turnover in project operation and in PMC
- g. Insufficient expertise
- h. Bureaucracy - we have created a superstructure whose only function is to oversee costs and procedures for O&M on projects operated by others.

#### **3. ALTERNATIVES**

- a. Operation by AEA - keep everything else the same: easy to implement, but we would lose some control over project costs. We could exercise control through the PMC, but that doesn't solve problems of inefficient PMC meetings, etc. Could resolve control issue through fixing the O&M rate with AEA with cost of living kicker.
- b. Operation by AEA or utility, but eliminate the need for committee oversight by fixing O&M rate (e.g., flat + cost of living adjustment; same rate for all projects, or use assumed average annual O&M cost, which would permit Tyee to see future benefit as it grows into project). AEA required to subcontract operation to utility where project serves only one utility. This solution eliminates central reason for having a PMC without touching other advantages of the contract.
- c. Hire third party operators.
- d. Purchase project - cash out some projects or all projects (i.e., with borrowed money.) This gets us ownership, which is not all good (i.e., lose AEA responsibility for risk; project becomes like take-or-pay). Also, could be

expensive. Also, Tyee purchasers would not agree unless we subsidized their O&M costs.

- e. Purchase projects - get legislature to forgive debt or assign contract revenues. Politically very difficult. Also, problem of high Tyee O&M costs must be addressed.
- f. Unlink prices among projects (need to provide incentive for those utilities that would see increase in their rates due to this option.) All else same as other options above.

## **ATTACHMENT 5**

**“Excessive overhead costs of “management  
by committee”**

**RICH UNDERKOFER<sup>1</sup> MEMO TO  
WRANGELL CITY COUNCIL**

**September 9, 1989**

**Excerpt (p. 3)**

---

<sup>1</sup> Note: Mr. Underkofler was also Petersburg's City Manager on two occasions.



## Wrangell Electric Utility Topics

\*Excessive overhead costs of "management by committee". There are too many people and committees involved in the management, operation and maintenance of the Tyee Lake project. Just consider how many people are involved before major policy decisions can be made and the travel, per diem and staff support expenses necessary to support these persons:

Wrangell City Council  
Thomas Bay Power Authority  
Project Management Committee(s)  
Utility Superintendents  
Engineers

Petersburg City Council  
Petersburg Utility Advisory Board  
City Managers  
Attorneys  
Alaska Energy Authority Staff

\*Inefficient Utilization of Personnel. At present the Wrangell electric utility has four persons available for operation and maintenance - the superintendent; a line foreman; and two linemen. When Tyee shuts down, the entire line crew is required for operation of the diesel generation units because a decision has been made that the Tyee dispatchers may not be used as operators, even though they are more experienced at generator operation than the Wrangell line crew. Line work production comes to a standstill. The line crew is not getting enough training or experience to become proficient generator operators. Millions of dollars of generation equipment is at risk.

The Wrangell Council is facing requests for additional electric utility employees, an electrician and ground worker/meter reader. Perhaps, its staffing needs might be handled by persons who are currently employed by Thomas Bay or Petersburg. Where each utility and Tyee now employs persons for independent switching and dispatching operations, a single utility could provide central dispatching functions and thereby free up manpower for other productive uses.

\*Excessive Generation Capacity. Under the proposed Power Coordination Agreement, each city has a duty to the other to maintain installed generating capacity sufficient to meet its own firm loads in the absence of Tyee power. Under the single utility concept, the capital and operating expenses for reserve generation capacity could be lower.

\*Costs of the Failure to Cooperate. Experience has proven that disputes and contention between Wrangell and Petersburg has been quite expensive in terms of time and money. The potential savings that could be achieved through a contractual coordination agreement will be lost if representatives of the municipal electric utilities continue to place the separate and sometimes conflicting territorial interests of Wrangell and Petersburg ahead of the interests of the regional electrical generation and transmission system.

\*System Integration. At present, there are 3 separate accounting systems, separate SCADA systems and computers, different types of generation units and equipment. Significant economies could be achieved by standardizing these systems.

\*Insufficient Attention to Tyee Operation and Maintenance Needs. Both electric utility superintendents have indicated to me and others that they have serious concerns about maintenance issues pertaining to the Tyee facilities. But neither has been willing to specifically articulate exactly what may be wrong. They have been reluctant to get involved in what they consider to be "political issues" because of all the past contention between their city managers and/or city councils. It may also be that they do not wish to jeopardize their peer relationships with Warren Edgley.

## **ATTACHMENT 6**

### **TBPA Wage Cap Conditions, Options and Suggestions**

#### **TBPA MEMO**

**January 26, 1998**



— TYEE LAKE HYDROELECTRIC PROJECT —

P. O. BOX 1318 WRANGELL, ALASKA 99929 (907) 874-3834 FAX (907) 874-2581

**JANUARY 26, 1998**

## **TBPA WAGE CAP CONDITIONS, OPTIONS AND SUGGESTIONS**

### **TBPA EXISTING CONDITIONS:**

Each Four Dam Pool project has operational modes that are different from the others. Because of this uniqueness, placing a cap on any particular portion of an operating budget may benefit one operation while another operation becomes restricted in its operation.

By restricting the labor burden for TBPA we have been forced into what we view as the first step by any of the projects for true O&M reduction. We are now taking step 1 of a goal for full automation of the Tyee project by installing a control station at the plant site to eliminate one SCADA operator.

We must all be aware the new SCADA work station being implemented at Tyee, with a proposed completion date of April 18, 1998, is a short term fix to provide time for TBPA to address other possibilities, i.e.: complete Tyee system automation to eliminate 24 hour coverage.

In the short term this will accommodate the wage cap, but is not a satisfactory long term operational solution, but rather a quick fix. Investing in additional automation will be a real savings for O&M costs for the future.

### **PRESENT OPERATIONS:**

Under the present operational plan, when vacations are taken and Tyee craft personnel cover the shift, it requires an additional person at Tyee to maintain two people on the project for the safety policy. TBPA no longer has a relief person for shift coverage at either location. The manager can cover shifts but can not cover all shifts. There are no funds for overtime within our budget.

TBPA has a study in motion for recommendations for full automation of the project. Unless we all are in agreement to implement automation it is fruitless to spend the funds for a study. Does the PMC and the State support automation funding of this type? The operational mode for FY 98 and FY99 is only a short term solution. A long term solution will require additional planning and capital funds.

## **OPTIONS AVAILABLE TO DEAL WITH WAGE CAP AND FUTURE OPERATIONS**

### **DEFINITIONS:**

Long term --

( A ) Would be the normal operation that permits shift coverage for employee's time off and meets a given budget.

( B ) A Central dispatch location separately funded.

( C ) Future Tyee automation to eliminate the need for 24 hour coverage.

Short term-- FY 99 only

### **OPTIONS:**

1. RIF the additional operator in FY 99 and move our day shift operations to Tyee. Retain a night and swing shift at Wrangell. This will increase the Tyee personnel workload even further in our bare bone operation. We still have no relief personnel. (short term option)
2. Move all operations to the Tyee project. This will take 6 craft personnel to provide 24 hour coverage and provide maintenance coverage. The maintenance and operation will still be bare bone operation with our staff traveling to Wrangell and Petersburg to perform maintenance. The housing for employees will be an additional capital expense. The charter air service expense will increase. There may be IBEW grievances as we contract maintenance with other utilities or contractors. (short term option)
3. PMC to reconsider the wage cap and adjust it to permit normal job functions and employee coverage.
4. Continue as we are until central or remote dispatching is determined which would be funded by other sources. (This option should not be over 1 year due to the employee/union problems and vacation time that will build up due to not having adequate coverage) The Manager as well is not able to take vacation due to assisting in coverage at Tyee. We have no over time funds available in our budget to cover employee vacation and sickness. (short term option)
5. Implement central dispatching to dispatch Ketchikan, Wrangell and Petersburg as soon as possible to share costs between the three communities. (Long term option)
6. Implement central dispatching to dispatch all four dam pool projects from a chosen location with funds provided by the State or four dam pool. (Long term option )

**SUGGESTIONS FOR ACTION AND FUTURE PLANNING TO ENABLE TBPA TO CONTINUE SUPPLYING REASONABLE POWER TO PERTRSBURG AND WRANGELL.**

**SUGGESTIONS:**

1. Finalize a decision to change TBPA operations to enable full automation of the Tyee project
2. Start planning for the Swan Lake Intertie and central dispatching. TBPA presently has an available building or property that would support a central dispatch center. Planning and funding for a location should be addressed as soon as possible.

**Note:** With the completion of suggestion one and two, TBPA could continue with its existing personnel and be operating in a prudent manner meeting future O. & M. agreements and within normal budget requirements. TBPA future reductions in employees will be done in a more organized manner as automation is taking place. This will enable us to pass on future additional savings to the PMC and ratepayers.

TBPA recommends moving forward on suggestions 1 and 2 to provide time to make the necessary adjustments and sensibly meet wage adjustments in our budget. It is not practical to impose wage caps with no thought regarding the consequences. TBPA can meet future budgets given time and funding which will further reduce long term costs to the ratepayers.

## **ATTACHMENT 7**

**TOM STEVENSON, KPU GENERAL MANAGER  
MEMO TO FOUR DAM POOL**

**September 6, 1991**

September 8, 1991

**MEMORANDUM**

**TO :** Four Dam Pool Members  
Mr. Charlie Buasell, AEA  
Mr. Ron Saxton, Esq.

**FROM :** Tom Stevenson, KPU General Manager *TWS*

**SUBJECT: REMOVING ALL PAYROLL AND PAYROLL FRINGE BENEFITS FROM  
THE CURRENT PMC RATE OF 6.4%**

As requested, I have compiled the impact that such a proposal would make on each of the Four Dam Pool members. The thought behind such a departure is that it will address two issues that are continually brought up at the Four Dam Pool:

1. AEA has wanted to eliminate certain positions at certain utilities.
2. In budget reviews, salaries and fringes are a source of concern by each of us.
3. Even if we individually determined to cut back at our local utility, under the present arrangement, none of us have much incentive to do so if the other utilities don't follow suit.

Here are the statistics I've used to develop the proposal:

1. Payroll, fringes including insurance - 1992 Fiscal budget

Solomon Gulch  
Swan Lake  
Terror Lake  
Lake Tyee

\$ 744,704  
650,924  
859,188  
545,000  
① \$2,799,814

2. Kwh Purchases per Fiscal 1992 budget submittals

Solomon Gulch  
Swan Lake  
Terror Lake  
Lake Tyee

35,000,000  
52,509,000  
103,684,000  
27,878,000  
② 219,085,000

New Business | 44



**Four Dam Pool Members**  
**September 6, 1991**  
**Page 2**

3. Required Revenues to Support  
 Fiscal 1992 Budget @ 6.4¢/KWH \$14,029,178

Now the Calculations

Current Wholesale Rate A. Divide ① \$14,029,178 by ② 219,085,000 = 6.4¢

Debt Service Required B. Subtract ① \$2,799,814 from ③ \$14,029,178 = ④ \$11,229,364

Current Debt Service Rate C. Divide ④ \$11,229,364 by ② 219,085,000 = ⑤ 5.127/KWH

Current Salary Costs per Kwh D. Subtract ⑤ 5.127¢/KWH from 6.4¢/Kwh - ⑥ 1.277¢ (rounded) KWH

4. Then develop a table of costs each utility will generate by its own KWH sales, based upon ⑥ multiplied by ②.

	②		⑥		④
Solomon Gulch	35,000,000	x	1.2775	=	\$ 448,950
Swan Lake	52,503,000	x	1.2775	=	671,463
Terror Lake	103,884,000	x	1.2775	=	1,325,399
Lake Tyee	27,878,000	x	1.2775	=	<u>356,002</u>
					\$2,799,814

5. Now we need to compare the monies each utility will generate ④ based upon its current KWH purchases to ① above. That table will yield the surplus (+) or shortfall (-) each utility will face with this proposal (to this point).

	Payroll Budgeted ①		Less Table ④ Above	
Solomon Gulch	\$ 744,704	-	\$ 448,950	\$(297,754)
Swan Lake	650,924	-	671,463	20,539
Terror Lake	859,188	-	1,325,399	466,213
Lake Tyee	<u>545,000</u>	-	<u>356,002</u>	<u>(188,998)</u>
	\$2,799,814		\$2,799,814	\$ 0

Four Dam Pool Members  
September 8, 1991  
Page 3

### Procedures

This means that Terror Lake currently makes up the deficit for the bulk of the shortfall, with Swan Lake picking up the difference. The proposal before us then is how do we keep Lake Tyee and Solomon Gulch whole.

1. I propose that KPU and Terror Lake will continue to contribute funding at the same current levels.
2. I propose that the contributions made by Kodiak and Ketchikan continue at present levels for Fiscal 1992. Each year thereafter, the amount contributed be reduced by any increase in KWH sales used by Copper Valley and by Thomas Bay Power Authority. The new "takes" would not include surplus power sales in the calculation of the KWH annual sales.
3. Kodiak would receive the benefit of the increased sales by Thomas Bay Power, the only utility not fully utilizing their facility and receiving the benefit of reduced rates for being in the Four Dam Pool. Copper Valley also receives benefit of reduced rates but fully utilizes its hydro out of Solomon Gulch. Kodiak's contribution therefore would decrease as Thomas Bay's increased. Remember, this is based on the 1992 Fiscal budget shortfalls. Kodiak would receive this entire benefit until their contribution was reduced to Ketchikan's level and then they would split any further reductions.
4. Any increases or deductions by any Four Dam Pool member would accrue to their own operations only. For instance, if Ketchikan automated Swan Lake and could reduce its payroll costs \$100,000, then they would benefit from that effort. If Ketchikan decided to increase staff, then they would pay for it themselves. Same for all Four Dam Pool members. If we can reduce costs (with AEA concurrence) then the utility cutting costs gets 100% of the benefit.
5. The utilities would have their annual budget approved by AEA only.
6. The payments to make up the shortfall would be handled by AEA receiving 5.127¢ KWH from each Four Dam Pool members, for the debt service payment (4.0¢) plus 1.127¢ for semi-fixed costs, i.e., AEA administration, insurance, FERC fees, etc. From the amounts tendered to AEA each month, Solomon Gulch would deduct 1/12 of \$297,754 which represents the shortfall in the amount they need to support their present personnel costs (see Schedule 5). Lake Tyee would deduct 1/12 of \$188,998 each month to make up their shortfall in personnel costs. KPU would submit an additional 1/12 of \$20,539 over the 5.127¢. Kodiak would remit 5.127¢ plus 1/12 of \$466,213. This procedure would be followed for every business year.

Four Dam Pool Members  
September 8, 1991  
Page 4

to the paragraph (2) budgeted purchases for Fiscal 1992. After that requirement has been met, all utilities would fall back to submitting 5.127¢ to AEA.

7. All Four Dam Pool members then pay their personnel costs just as they do now, they simply cannot bill the Four Dam Pool for them except as noted in these procedures.

#### Summary

These procedures will:

1. Provide each of the Four Dam Pool members with incentives to run at optimum efficiency.
2. Eliminate AEA's concerns about escalating personnel costs charged to the project.
3. Keeps the Four Dam Pool members from having to pass judgment on other utilities operations and confines those conversations to the individual utilities and the AEA (for the utility to convince AEA that the actions are in the interest of the owner, i.e., State of Alaska).
4. It keeps all members of the Four Dam Pool whole based on Fiscal 1992 operations.

You'll certainly wish to discuss the merits of this and I believe you'll see that it will be beneficial to all of us.

Another issue we may wish to address is the treatment of capital additions to the "original project". I find it interesting that we are funding capital improvements through our rates but ownership of these items is automatically transferred to the State of Alaska. In the fiscal year 1992, this item is over \$300,000. I'd like to see this as an agenda item.

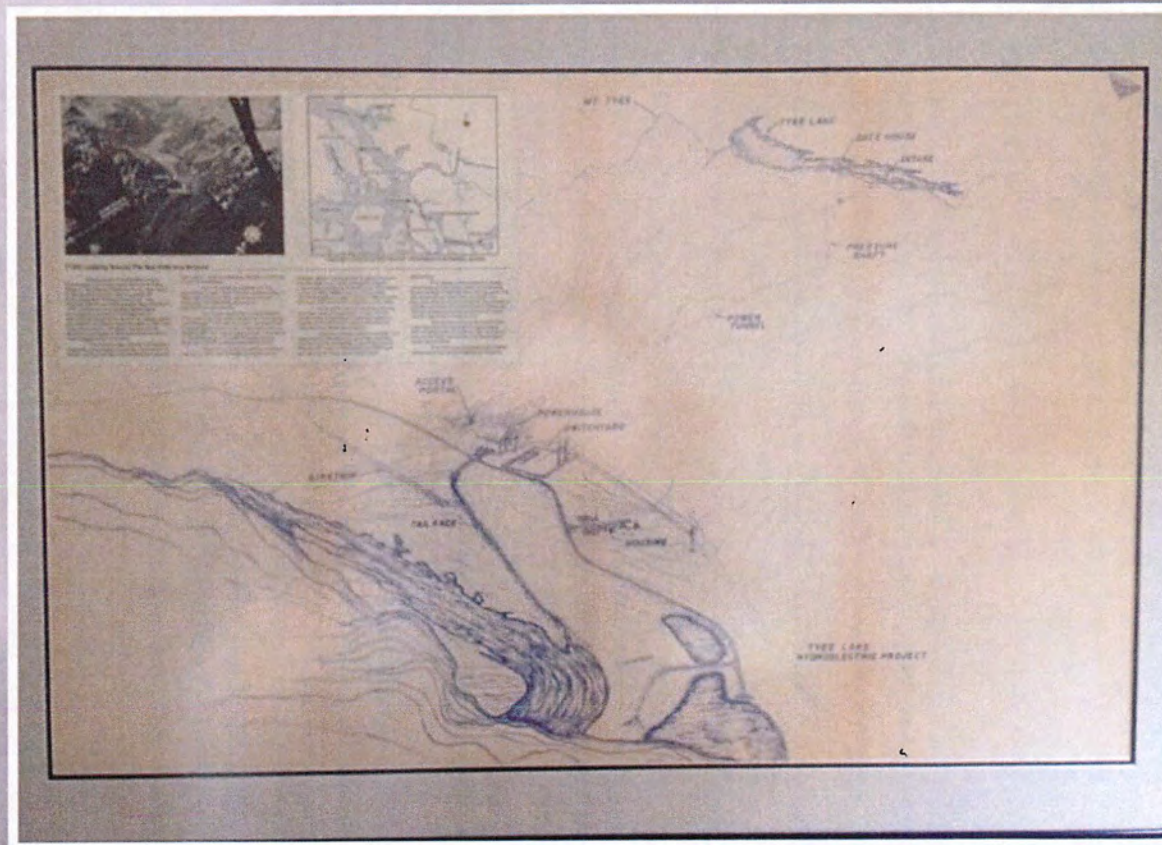
See you in Ketchikan.

TWS:LLH  
Attachment



# Thomas Bay Power Authority

Tyee from the Beginning  
Dream began 1973



Attachment #3



## Thomas Bay Power Authority

In 1974 the communities of Petersburg and Wrangell formed the Thomas Bay Power Authority to insure inexpensive energy for the development of their respective communities.

The Tyee project was a result of this initiative and has been overseen by TBPA for the benefit of Petersburg and Wrangell since 1985.

Today there is a risk to the continuation of TBPA.





## Petersburg and Wrangell Create their Energy Future





## The Tyee Hydroelectric Project

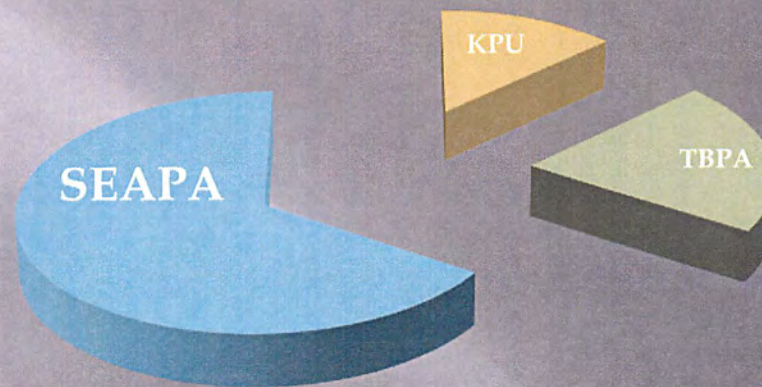
- State built community driven
  - Still the Highest Lake Tap
  - 7100 foot Tunnel
  - Remote Wilderness Location
  - Some said insurmountable physical obstacles
  - Others knew the political accomplishment was even greater:
    - Who would have thought:
      - Petersburg
      - Wrangell
  - Would come together to make this happen and continue on for 39 years and counting>>>>>



# Initial Project Operations

- Each project operated by local utility except Tyee.
- Tyee initially operated by State of Alaska
- TBPA took over Tyee operations shortly thereafter.





*All SE AK energy issues bind us together and the Tyee tunnel runs through them*



**Key stated goals of takeover:**

- 1) command and control**
- 2) improved operation**
- 3) lessened operating cost**

# Schedule and Milestones

0-12  
 12  
 12  
 13  
 13  
 013  
 3  
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 13  
 13  
 13  
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 14  
 14  
 014  
 14  
 014  
 Jun 2014

12

## Milestone or Task

Feb 2014  
 Mar 2014  
 Apr 2014  
 May 2014  
 Jun 2014

Board Decision  
 provide notice  
 Define and de  
 aligned with c  
 Develop contr  
 standards to r  
 Evaluate cont  
 employees, di  
 Begin final ye

Define on-goi  
 Develop RFP f  
 Issue Request  
 Evaluate Prop  
 Select Contr



Contract Negotiation  
 Contractor Preparations  
 New O&M Contract Executed and Operating

Contract Negotiation  
 Contractor Preparations  
 New O&M Contract Executed and Operating



# Rejected by State 1999

## 5.3 Centralized Maintenance

- 
- Isolation and individual needs would not be conducive to a central approach utilizing roving crews from a common location.
  - Access during inclement weather practically mandates having personnel on site. Any change to this arrangement would require a policy decision to upgrade plant controls for fully remote capabilities that are not currently in place.
  - Recommend consideration for centralizing the use of Mapcon (or similar maintenance management system) either through the State or the point of central dispatch. This system should be reviewed for its applicability in providing basic reporting elements and additional training.
  - Consider common planning and preventive/predictive maintenance programs to consolidate when major work and upgrades take place – take advantage of having specific vendors in the “area”. Coordinate common needs of all Four Dam Pool projects.
- 



# 33 elected or appointed officials have to vote on operating budgets!

- TBPA Commission - 7
  - City & Borough of Wrangell – 7
  - City of Petersburg – 7
  - City of Ketchikan – 7
  - SEAPA Board - 5
- 
- Compounding the problem is there are members who sit on multiple boards (SEAPA and TBPA)
  - This is duplicative and not a good example of stream-lined and efficient government at work!



5.1.2 Operator's Responsibilities. The Operator is responsible for all operations of the Project Facility, in accordance with Prudent Utility Practice (a defined term in each agreement), the O&M Agreement, O&M Standards, and any Project-specific standards. Responsibilities include: [O&M Agreement § 4]

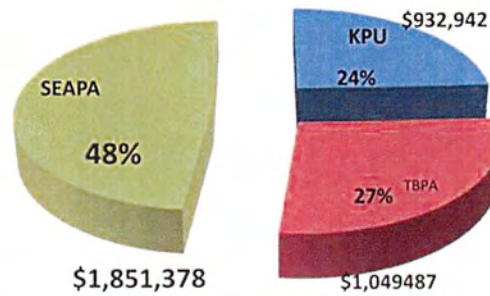
- (a) compliance with all federal and state agency requirements;
- (b) providing dispatch and control equipment on a continuous 24-hour daily basis;
- (c) providing security;
- (d) conducting scheduled technical, operation, and maintenance inspections of the Project in accordance with FERC license;
- (e) reading, maintaining, and operating metering devices;
- (f) keeping necessary records;
- (g) integrating power from the Project into the Purchasers' system consistent with Prudent Utility Practice;
- (h) providing trained and qualified personnel;
- (i) investigating protective relay or alarm actions and take corrective measures, as well as notifying the Agency of the event; and participating with the Agency in installing additional protective relaying or control system as necessary;
- (j) taking all reasonable measures to protect equipment, personnel, and the general public from hazards;
- (k) monitoring and recording operating characteristics of all equipment and machinery;
- (l) submitting reports each year to the Agency on a schedule of estimated equipment replacements for the next five years; and
- (m) developing each party's responsibility for providing equipment and spare parts which are not part of the Operator's overall obligations.

5.1.3 Agency's Responsibilities. The Agency's responsibilities include the following obligations: [O&M Agreement § 10]

- (a) providing consultation services as necessary;
- (b) establishing system capability and specific standards, procedures, and criteria;
- (c) assisting in coordination of training for the Operator's staff;
- (d) acting promptly to review and approve or respond to requests of the Operators;
- (e) providing funding to the Operator, if appropriate;
- (f) coordinating license obligations and file all necessary reports;
- (g) presenting a recommended budget to the PMC;
- (h) developing each party's responsibility for providing or servicing equipment, spare parts and miscellaneous materials and supplies which are not part of the Operator's overall obligations under the O&M Agreement; and
- (i) allowing the Operator to house its employees who are required to live on-site, in living quarters at the Project. Operator is responsible for maintenance of living quarters and scheduling occupancy.

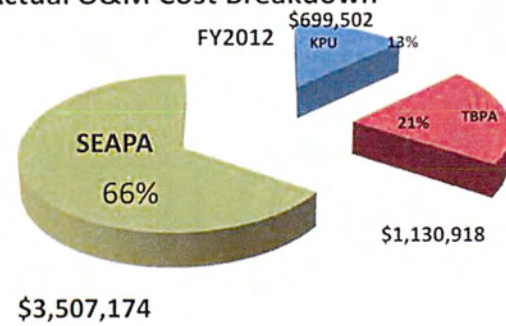
### Actual O&M Cost Breakdown\*

FY2008



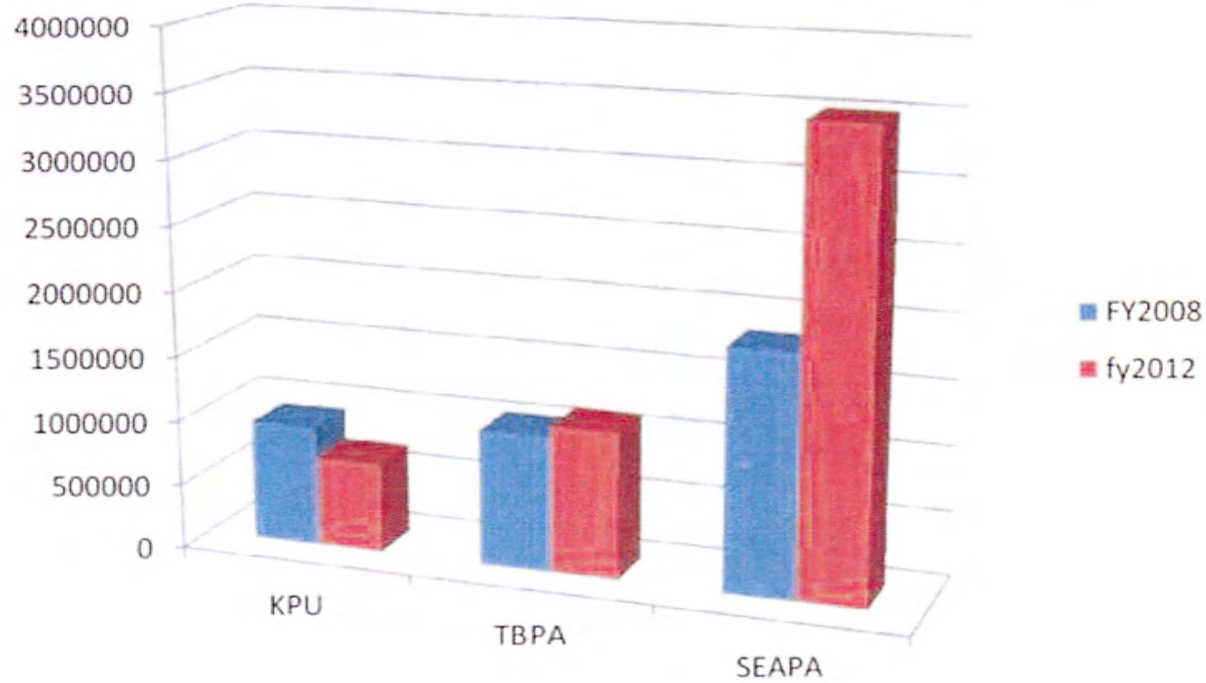
### Actual O&M Cost Breakdown

FY2012

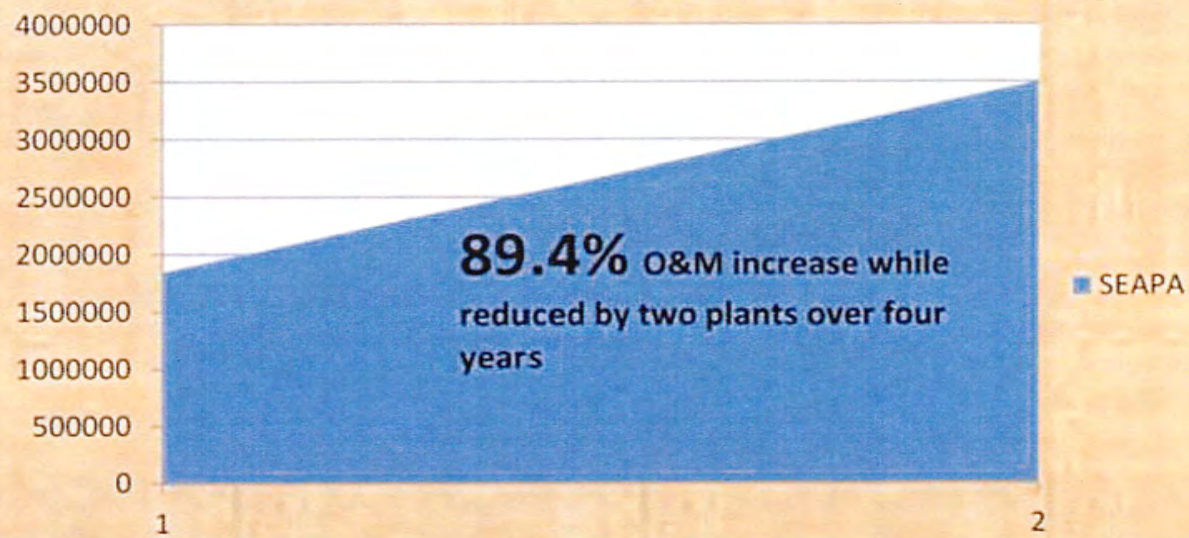


derived from data p.17 D. Hittle Southeast Alaska  
Power Agency Operations and Maintenance  
Organization Review September 13, 2012 Final  
Draft Report





## SEAPA





The Board is Autonomous as stated by Ater Wynne,LLC  
attorney Joel Paisner





**Make sure we measure performance against stated objective**

Ultimately, SEAPA's goal is to provide safe, reliable and cost effective operation of its power supply and transmission assets for the benefit of the interconnected electric consumers long into the future. As a member-owned entity serving consumer-owned electric utility operations, reductions in SEAPA operating costs and improvements in performance provide a direct positive effect on the cost of electric service to communities of Ketchikan, Petersburg and Wrangell.

**Andy  
Donato,  
KPU**







— TYEE LAKE HYDROELECTRIC PROJECT —

P. O. BOX 1318 WRANGELL, ALASKA 99929 (907) 874-3834 FAX (907) 874-2581

**MEMO TO Dave Carlson, CEO SEAPA:**

March 30, 2012

RE: Operations and Maintenance Draft Budget

I am pleased to provide you with this draft budget. All our supervisory staff has attempted to provide a realistic estimate of Thomas Bay's operational expense requirements for FY2013. Any errors that may be found are my sole responsibility.

The overall budget request is \$311,250 more than the approved FY 2012 budget. We have submitted \$245,500 for required maintenance inspections and operations that were not included with the FY2012 approved budget and have not been performed. If these are removed from the request the FY2013 budget request is \$65,750 larger than the approved FY 2012 budget.

The Thomas Bay Power Authority Commission unanimously adopted this proposed budget March 26, 2012.

While SEAPA may well amend or remove the \$245,500 in required maintenance inspections and contracts included in this draft I have concerns that the intended work is not being accomplished. I believe that we need stress the reason "tech standards" were adopted and that continued failure to do the work and inspections may affect system reliability.

I believe this budget is appropriate and request that SEAPA staff adopt this draft FY 2013 budget request and recommend to the SEAPA Board of Director's for approval.

Sincerely,

A handwritten signature in dark ink, appearing to read "Paul G. Southland", is written over the typed name.

Paul G. Southland  
Interim General Manager  
Thomas Bay Power Authority

## Notes for FY13 O & M Budget

**538**

**538.02** - \$8,000 Training this is a new request to send Operators to training at eptc. This is a "hands" on Operator course lasting 8 days in Golden Colorado. They have a simulator to allow actual "hands on control" type training. Carl is advocating for this and I concur. The following link gives more information on the training:

<https://www.eptc.wapa.gov/eptc/simulation/Pages/MPS.aspx>



# TBPA Labor – FY13 Budget

## TBPA Employees



Estimate work hours for 12 months to 2008, July through June

All estimate calculations given below

Wage/PTO	Est Hours	Est Wage	Est OT	Emp Tax	Retirement	SBS	H&I	Est Total
\$48.06	2088	\$101,184.48	\$19,544.00	\$1,750.56	\$1,227.00	\$7,400.66	\$9,451.20	\$165,891.17
\$44.22	2088	\$94,419.36	\$12,752.04	\$1,553.92	\$1,227.00	\$6,569.61	\$29,822.37	\$160,605.07
\$44.22	2088	\$94,419.36	\$ 9,044.00			\$6,342.30	\$32,992.87	\$167,060.68
\$44.22	2088	\$94,419.36	\$ 4,522.00			\$6,065.11	\$21,338.72	\$149,546.94
		<del>\$384,042.56</del>	<del>\$45,867.04</del>			<del>\$26,377.68</del>	<del>\$93,605.16</del>	<del>\$651,193.86</del>
<u>Budgeted</u>		\$385,000.00	\$45,000.00	\$8,400.00	\$5,000.00	\$27,000.00	\$94,000.00	\$655,400.00

### ROW Workers:

Wage/PTO	Est Hours	Est Wage	Est OT	Emp Tax	Retirement	SBS	H&I	Est Total
\$33.30	2088	\$69,530.40	\$1,332.00	\$4,961.16	\$15,589.72	\$4,343.86	\$20,179.32	\$115,935.67
\$27.50	2088	\$57,420.00	\$618.75	\$4,062.71				\$62,101.46
\$24.20	2088	\$50,529.60	\$544.50	\$3,575.19				\$54,649.29
		<del>\$177,480.00</del>	<del>\$2,495.25</del>	<del>\$12,598.27</del>	<del>\$15,589.72</del>	<del>\$4,347.86</del>	<del>\$20,179.32</del>	<del>\$232,686.42</del>
<u>Budgeted</u>		\$167,000.00	\$2,000.00	\$12,000.00	\$15,200.00	\$4,500.00	\$22,000.00	\$222,700.00

Budget submittal by Paul Southland, TBPA Interim Manager



# TBPA Labor – FY13

- Total including manager & ROW clearing employees - \$1,022,800
- Total not including ROW labor - \$800,100
- A \$200,000 increase since FY10 (Labor Cap in place until 2009)

## Just Not True



# TBPA Labor – FY12

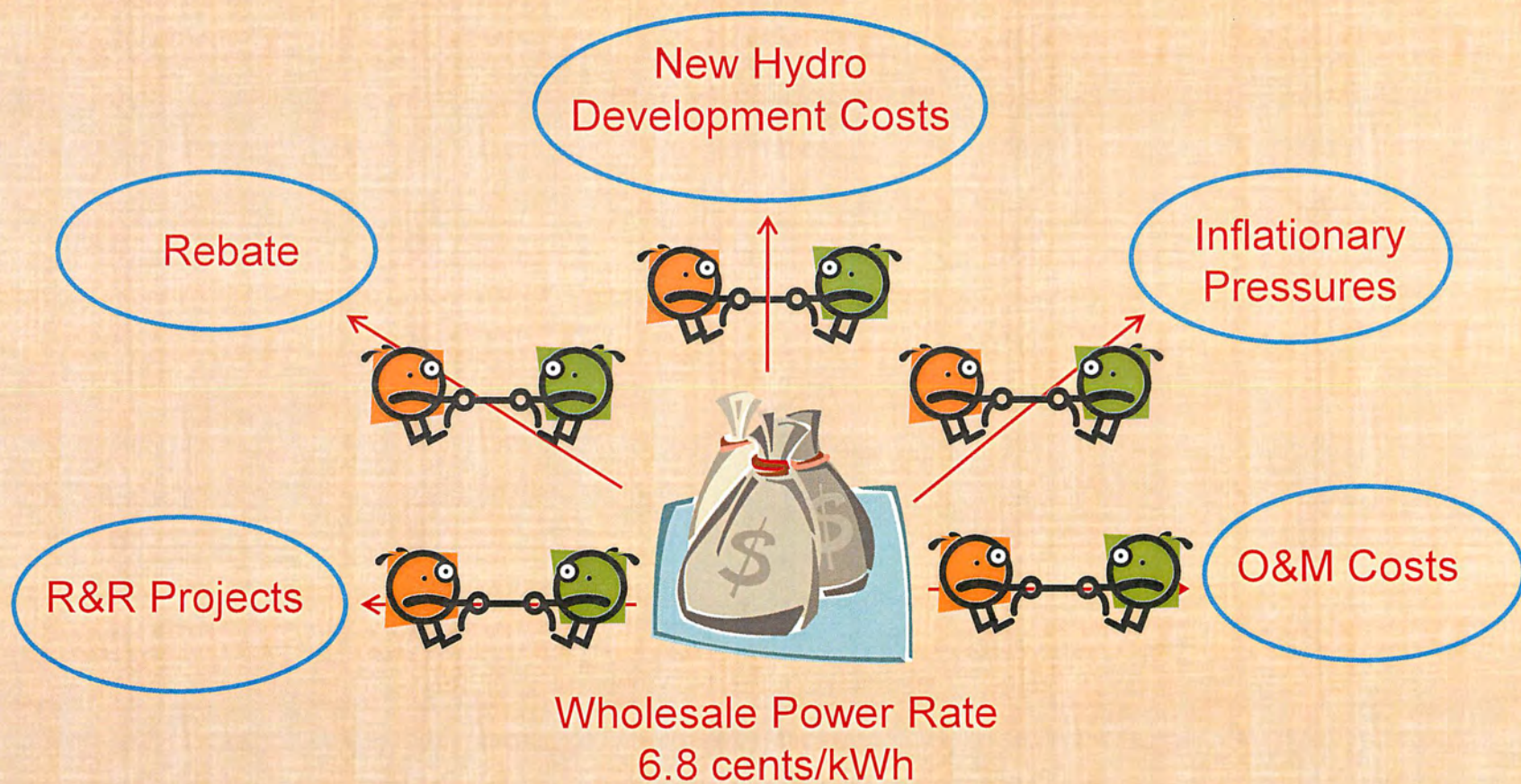
**Following taken from actual expense records**

- Total including manager & ROW clearing employees - \$822,561
- Total not including ROW labor - \$688,475
- A \$78,102 increase since FY10 (Labor Cap in place until 2009)

**Clearly questions should be asked on data accuracy!**



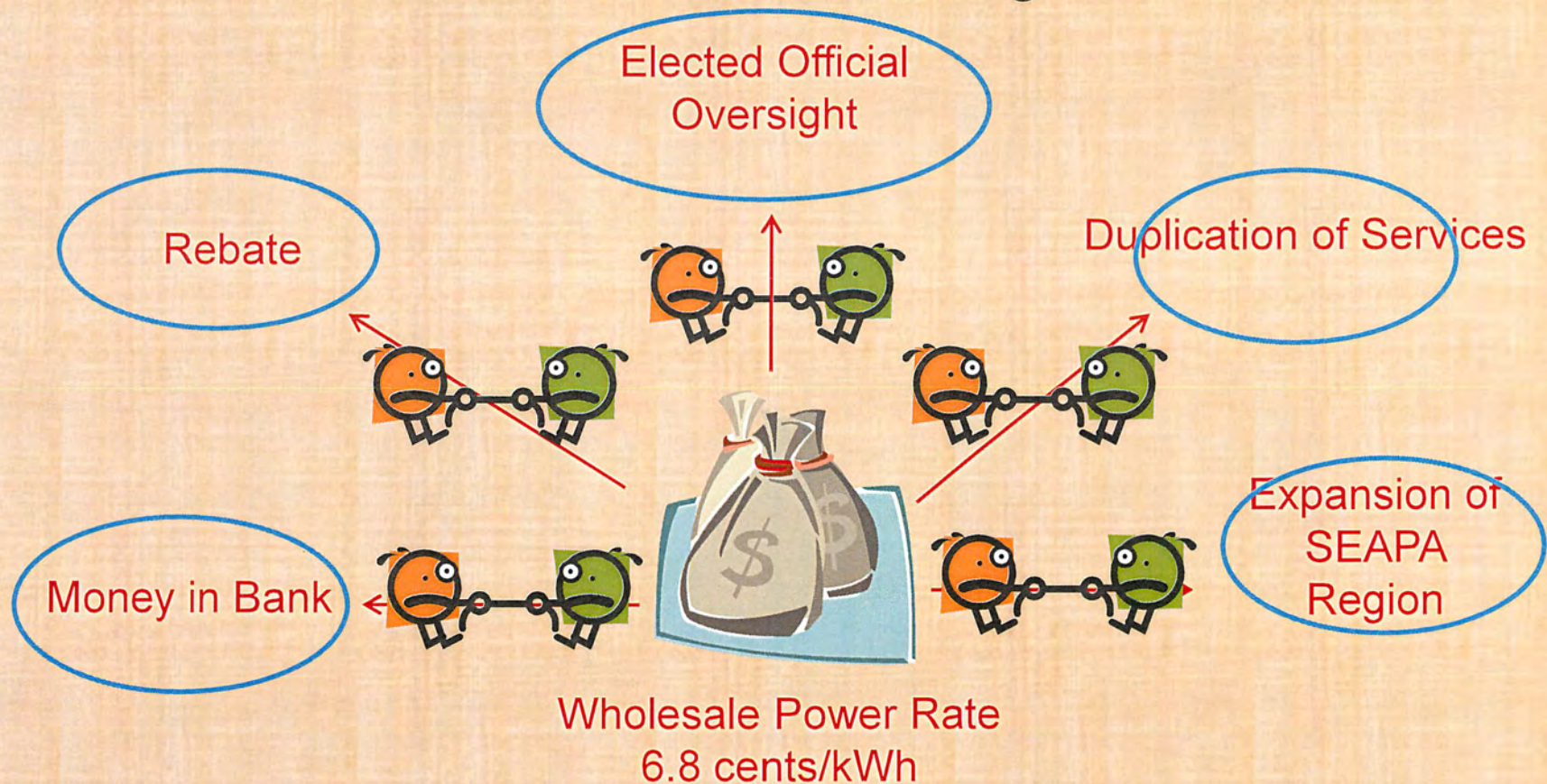
# Something has to give!



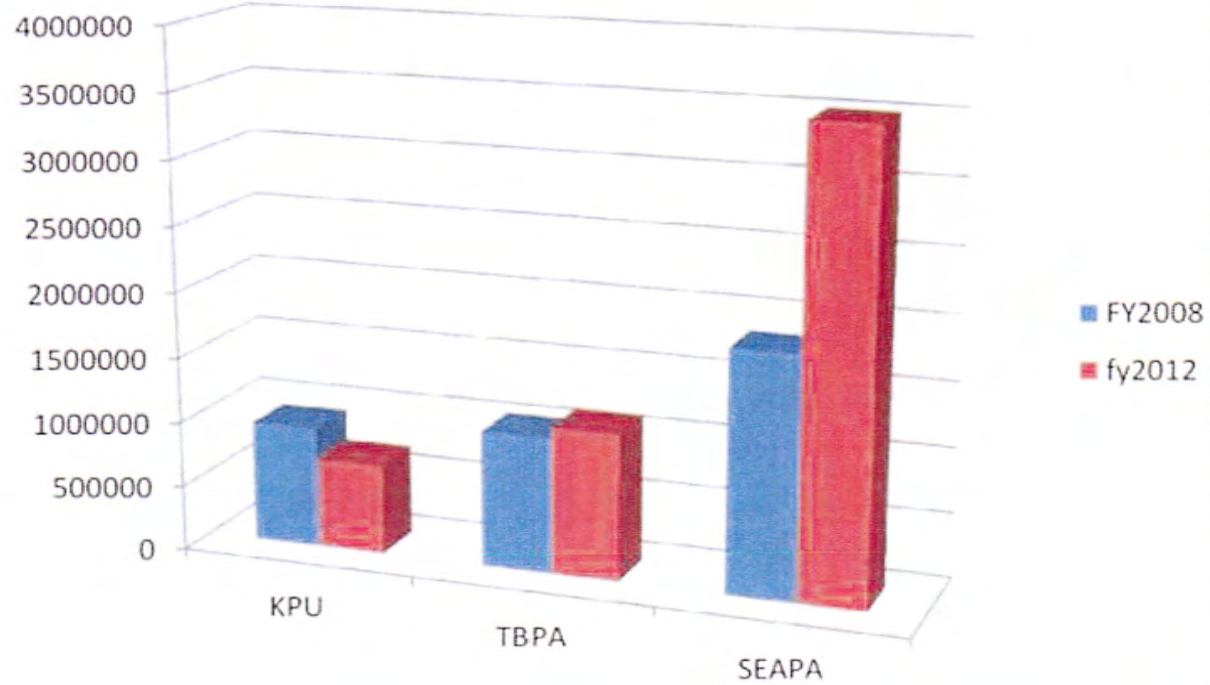


# Something has to give!

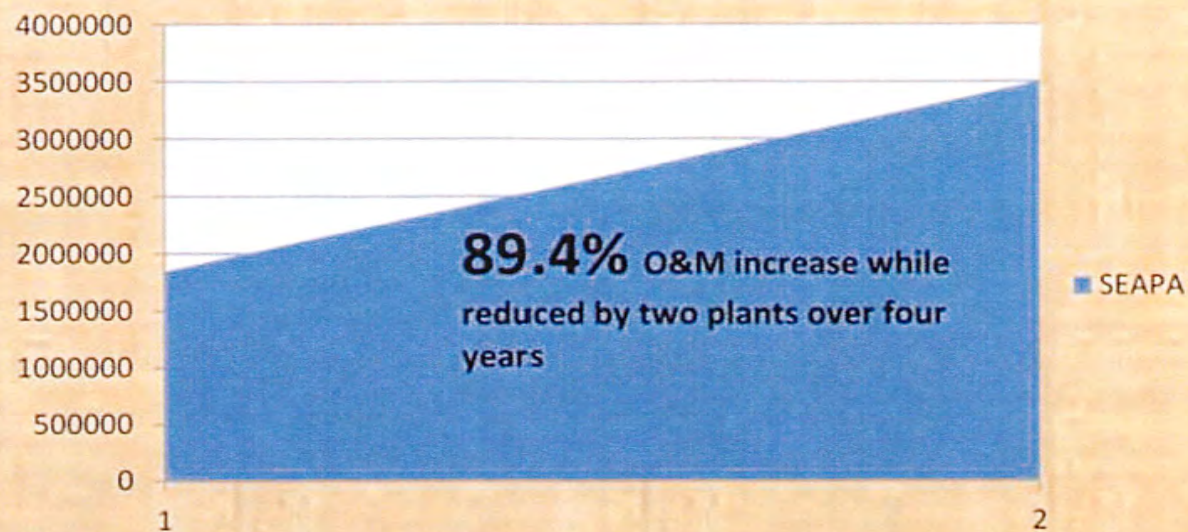
## Does it Really?







## SEAPA

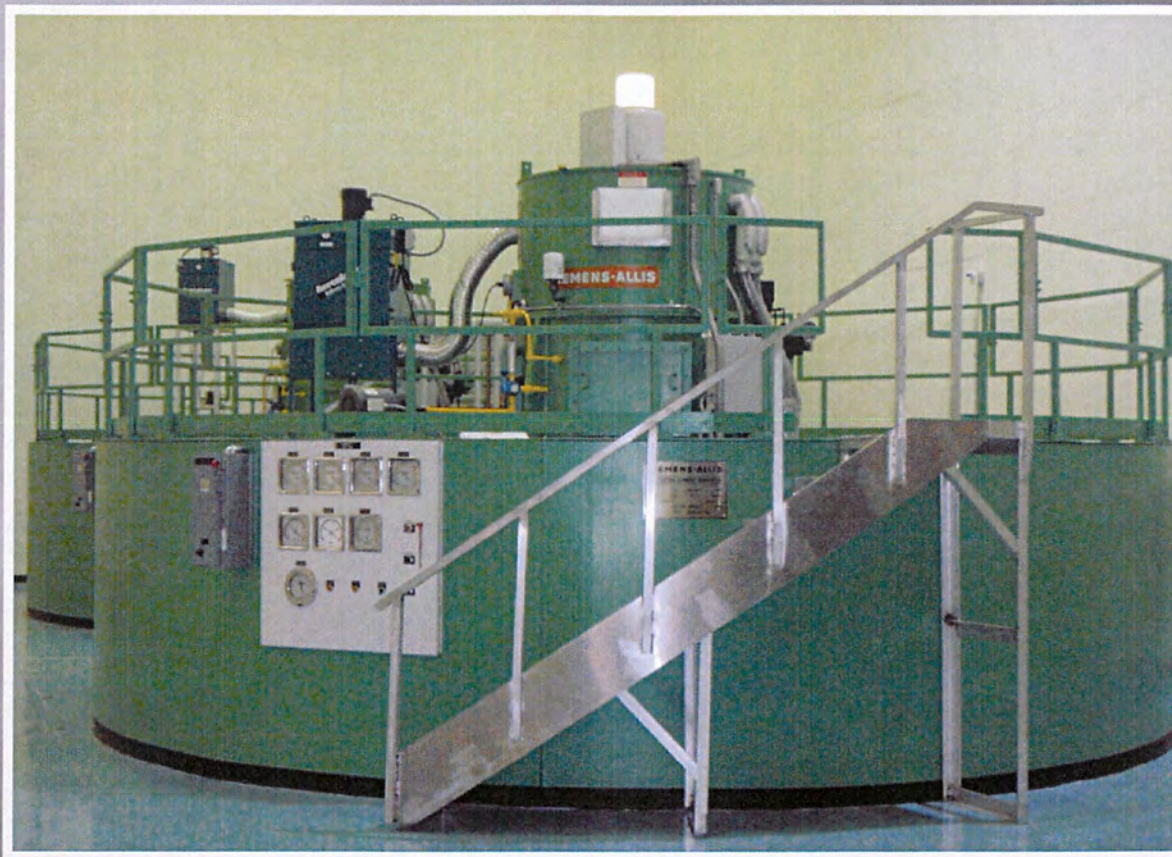




## Ketchikan Public Utilities

Anatomy of a Disaster

Swan Lake event of September 27, 2010



Attachment #4



## Schedule Call 9-28-10

Event Summary by Eric Wolfe

Edited by Andy Donato



# SEAPA –KPU System Events

## Sept. 24-27<sup>th</sup> 2010

9-24

On KPU 34.5 North a cross arm failed, the majority of this line was tripped out of service

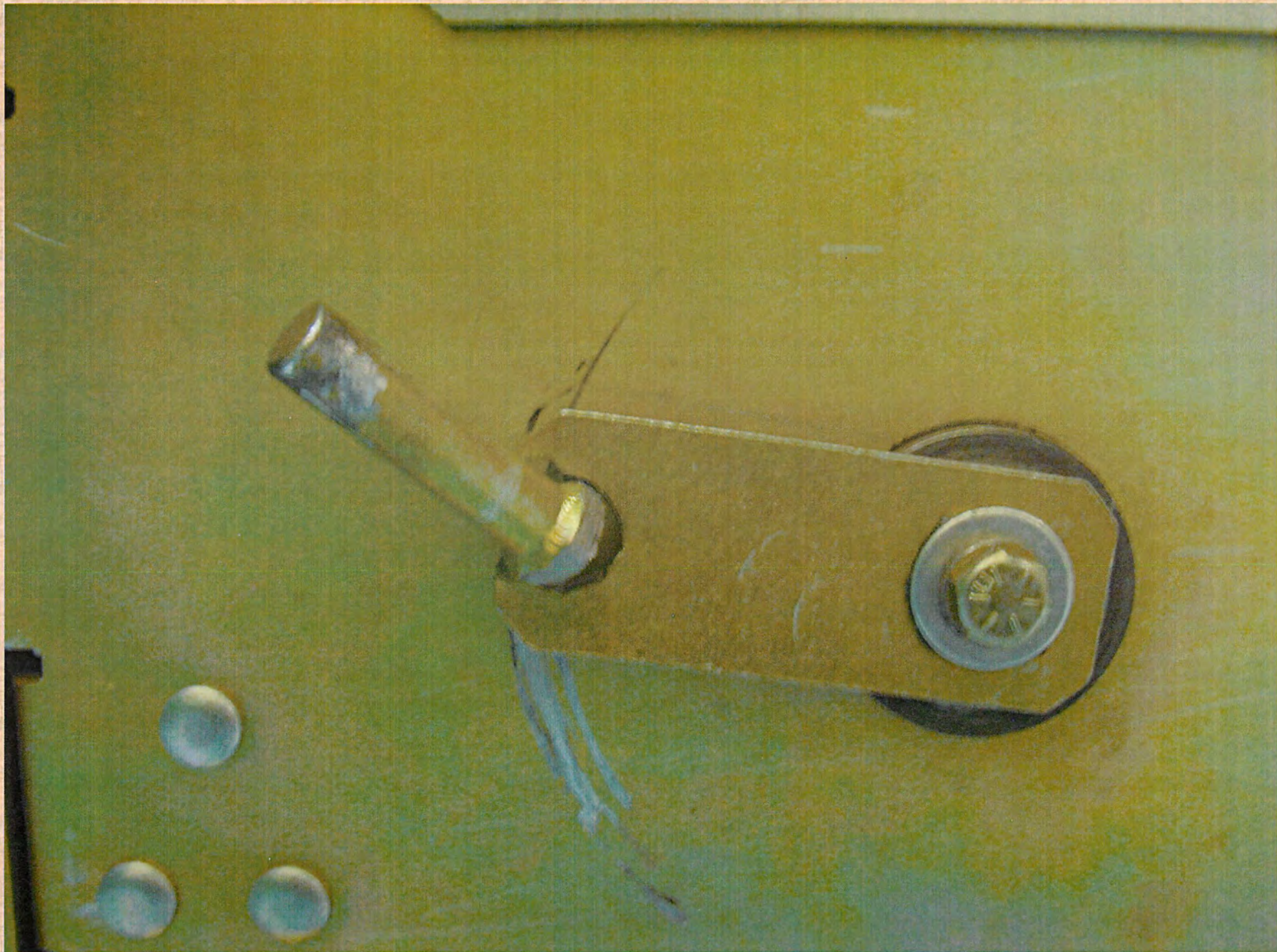
Initial Conditions

BLS- 900 kW, TYEU1- 7.5 MW, TYE U2- 7.5 MW, SWL U1-6 MW, SWLU2- off-line  
KLG-U1-offline,U2,U3-,U4,U5, BFL U1,U2-,U3,U4, SIL-  
STI Closed, all distribution feeders closed



1. 9-24- Unbeknownst to SWL Operators the operating lever on the mechanism that drives the auxiliary switches on U1 Breaker failed. This was discovered 9-27
2. 9-25-SWL off -line South side loads fed from Tyee
3. 9-26- SWL off-line, South side loads fed from Tyee
4. 9-27- TYE STC in schedule mode experiences a failed start, TYE calls SWL, voltage preset suspected
5. TYE attempts manual auto ramp in conjunction with auto raises
6. SWL does not start, a lack of breaker indication is noticed, but this is thought to be a result of PLC failure.
7. During a manual start from SWL while SWL is issuing a speed raise going up from 300 KW the unit trips off, crew hears generator take a voltage hit. STI Opens, (South bound load near 10 MW) KPU suffers a deep outage, TYE stays stable.
8. SWL-TYE discussions and SEL impedance relays indicate fault on STI
9. SWL back fed from KPU diesel, while generator breaker fault diagnosed.
10. SWL crews swap U2 Breaker into U1 breaker cabinet.
11. SWL-TYE decide to re-energize STI to see if the fault was transitory (5pm)
12. KPU Bailey isolates from SWL
13. When STI energized from the Swan end, excitation protection trips Unit, SWL auto transfer to diesel for station service fails.







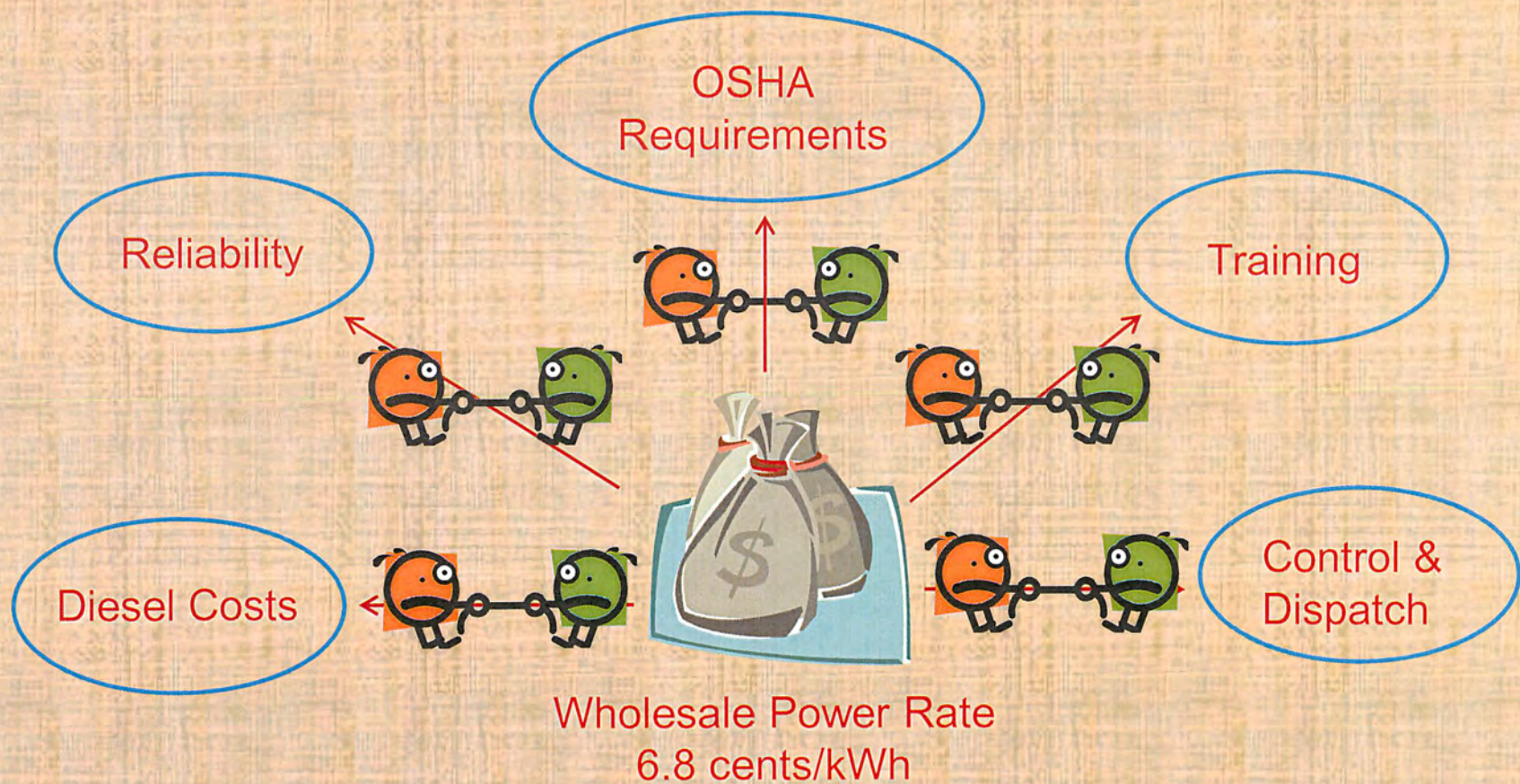
14. SWL Station on battery power for controls, sumps begin to fill in switchyard and plant. Water from exterior sump begins entering plant via conduits. U1 TSV fails to close on loss of hydraulic pressure. Unit will begin to creep as station air pressure leaks depleting locked brake pressure. High lift pump can not be activated.
15. During this period the "Spud Crew" determines that working in a dark, wet pit isn't much fun. They discover the land slide covering the road to the Dam.
16. Continued efforts to restore station service using the standard operating procedure fail. Parallel effort to restore SF6 with both sides dead unsuccessful.
17. SWL asks permission to enable the service switches by-passing SF6.
18. Bailey takes the shot, heating line and picking up SWL (7:30pm?)
19. SWL crews restore local service using diesel A, leaving the tie breaker and diesel B out of service with a fast switching change.
20. SWL fails to activate SF6 in test mode, plan for Bailey to energize the line and have SWL synchronize fails.
21. SWL rolls unit on diesel power, heat line to Bailey, backs down to SNL after Bailey synchronized. SWL swaps station service transfer to auto, control of SWL U1 passed to Bailey (about midnight)







# Something has to give!





# So, what's it cost to replace SEAPA Hydro with Diesel Generation for a day?

Ketchikan buys roughly 90,000 MWhr / year from SEAPA

Divide by 365 days = 247 MWhr per day (Average)

Using SEAPA's wholesale rate of \$68/MWhr = \$16,800 / d

Ketchikan's Diesel: 15.6 MW / 1000 gal.

247 MWhr / (15.6 MW / 1000 gal) = 15,833 gal

For Diesel @ \$4.10 / gal this comes to \$65,000 / day.

On the chilly mornings last week, 20.4 MW were supplied by SEAPA. Even by Afternoon, load was 16.5 MW.

Averaging 18 MW \* 24 hrs = 400 MW per day.

At \$68 / MWhr = \$27,200 / d

For Diesel, this comes to \$105,263 / day.



**Is a single attendant  
Prudent?**

**What are the cost savings if  
generation is lost for any  
appreciable time?**

**What does SEAPA Lose?**



# **Southeast Alaska Power Agency**

## Operations and Maintenance Organization Review

September 20, 2012

D. Hittle & Associates, Inc.

Attachment #5



## Study Objectives

- How are the plants currently operated?
- What is required in operating and maintaining the plants?
- How do the existing O&M Agreements function with respect to their purpose?
- What improvements could be made in the operations and maintenance of the projects?
- What cost savings and benefits could be realized with alternative approaches to O&M?





## Study Methods

- Obtained basic documents
- Reviewed documents and agreements
- Met with and interviewed Tyee and Swan operators, SEAPA staff, KPU and TBPA representatives
- Obtained budget and operations data and statistics





## Existing Operations and Maintenance

- Two contractors
  - Ketchikan Public Utilities
  - Thomas Bay Power Authority
- O&M Agreements
  - Originally between AEA and the operating entities
  - Essentially the same terms and conditions for Swan Lake and Tyee Lake
  - State had little involvement with operations of projects
    - Wanted to assure payment of debt service component
    - Wanted projects secured, insured and maintained



## O&M Agreements

- No substantive changes in agreements since original
- SEAPA system has changed substantially
  - Divestiture
  - Swan – Tyee Intertie constructed
  - Integrated system operation
  - Technical improvements at the projects, remote operations capability
  - Contractual obligation of SEAPA to provide power and adhere to terms of lenders, FERC and others



## Current Operations

- Multiple operators at each plant at all times
- Swan Lake
  - Two operators on site at all times
  - Eight 10-hour days, six days off
  - All operators on-site on Wednesdays
- Tyee Lake
  - Staggered ten 8-hour day shifts, 4 days off
  - Typically two operators on site, three on site twice a month



## O&M Costs

- Budgets prepared by contractors
- Budgets are approved by governing bodies, submitted to SEAPA
- O&M costs are net-billed as a credit against power bill
- O&M costs are increasing each year

## O&M Costs

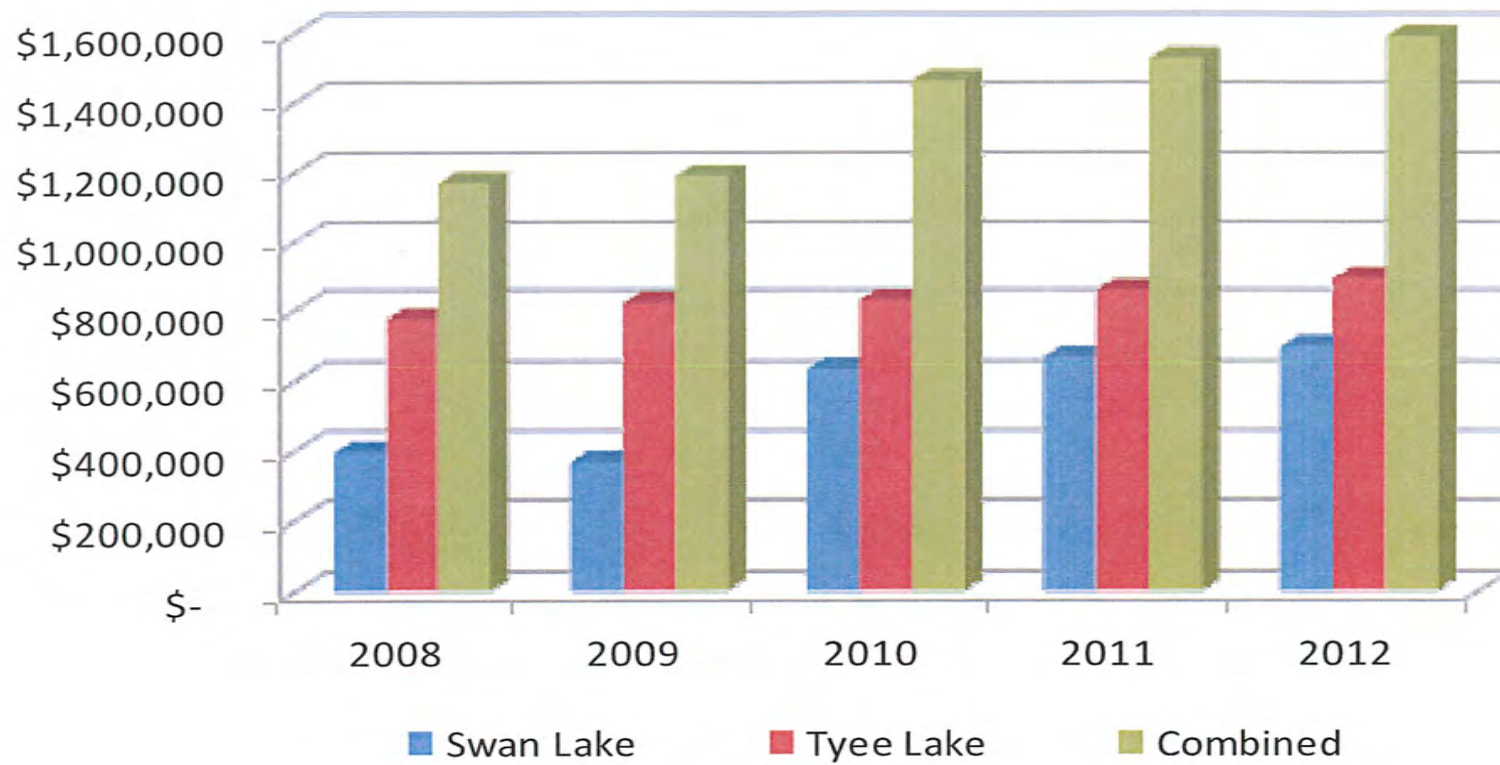
			Actual		
	2008	2009	2010	2011	2012
Facility O&M					
Swan Lake	\$ 932,942	\$ 885,664	\$ 1,005,028	\$ 740,207	\$ 699,502
Tyee Lake	<u>1,049,487</u>	<u>1,123,342</u>	<u>1,006,509</u>	<u>1,054,015</u>	<u>1,130,918</u>
Subtotal - Facility O&M	\$ 1,982,429	\$ 2,009,006	\$ 2,011,537	\$ 1,794,222	\$ 1,830,420
SEAPA Expenses <sup>1</sup>					
Hydroelectric O&M	\$ 298,308	\$ 559,950	\$ 386,993	\$ 626,705	\$ 817,501
Transmission and Dispatching	32,057	81,500	488,292	561,532	671,827
Administrative Expense	<u>1,521,014</u>	<u>2,125,690</u>	<u>2,010,782</u>	<u>1,918,042</u>	<u>2,017,846</u>
Subtotal - SEAPA Expenses	\$ 1,851,378	\$ 2,767,140	\$ 2,886,067	\$ 3,106,279	\$ 3,507,174
Total Expenses	\$ 3,833,807	\$ 4,776,146	\$ 4,897,604	\$ 4,900,501	\$ 5,337,594



## Hydroelectric Plant O&M Costs

	Actual				
	2008	2009	2010	2011	2012
<b>Swan Lake</b>					
Facility O&M	\$ 932,942	\$ 885,664	\$ 1,005,028	\$ 740,207	\$ 699,502
Less: SCADA, Dispatch & Trans. O&M <sup>1</sup>	<u>(538,638)</u>	<u>(517,586)</u>	<u>(370,794)</u>	<u>(71,961)</u>	<u>(1,241)</u>
Net Hydroplant O&M	\$ 394,304	\$ 368,078	\$ 634,234	\$ 668,246	\$ 698,261
Increase (Decrease) over Prev. Year		-6.7%	72.3%	5.4%	4.5%
<b>Tyee Lake</b>					
Facility O&M	\$ 1,049,487	\$ 1,123,342	\$ 1,006,509	\$ 1,054,015	\$ 1,130,918
Less: Transmission O&M <sup>2</sup>	<u>(275,168)</u>	<u>(302,314)</u>	<u>(177,379)</u>	<u>(195,268)</u>	<u>(238,685)</u>
Net Hydroplant O&M	\$ 774,319	\$ 821,028	\$ 829,130	\$ 858,747	\$ 892,233
Increase (Decrease) over Prev. Year		6.0%	1.0%	3.6%	3.9%
<b>Swan Lake and Tyee Lake Combined</b>					
Net Hydroplant O&M	\$ 1,168,623	\$ 1,189,106	\$ 1,463,364	\$ 1,526,993	\$ 1,590,494
Increase (Decrease) over Prev. Year		1.8%	23.1%	4.3%	4.2%

## Hydroelectric Plant O&M Costs





## Conclusions

- SEAPA has the contractual responsibility to provide power
- O&M Agreements are outdated
- Increasing O&M costs will have a direct affect on the wholesale cost of power
- The two contractors charge expenses differently
- Approval process for budgets is time consuming
- Net-billing process doesn't allow for typical utility cost management
- Differences in operator training and procedures
- Potential for savings in staffing, transportation costs





## Conclusions

- SEAPA's involvement in O&M is increasing somewhat
- The interrelated nature of board involvement can be problematic
- SEAPA could benefit from obtaining additional skills
- Need for a transparent bottom up budget process
- Long-term continued benefit of SEAPA system is critical to the local economies and quality of life





## Recommendations

- A single contractor would be beneficial
  - (A) Have SEAPA perform the O&M function directly, or
  - (B) Define O&M needs and develop specifications
    - Solicit a single contractor
- In the least, redo the O&M Agreements
  - Update terms and conditions for current system
  - Redo the net-billing process to have SEAPA obtain and review monthly costs and issue wholesale power bills

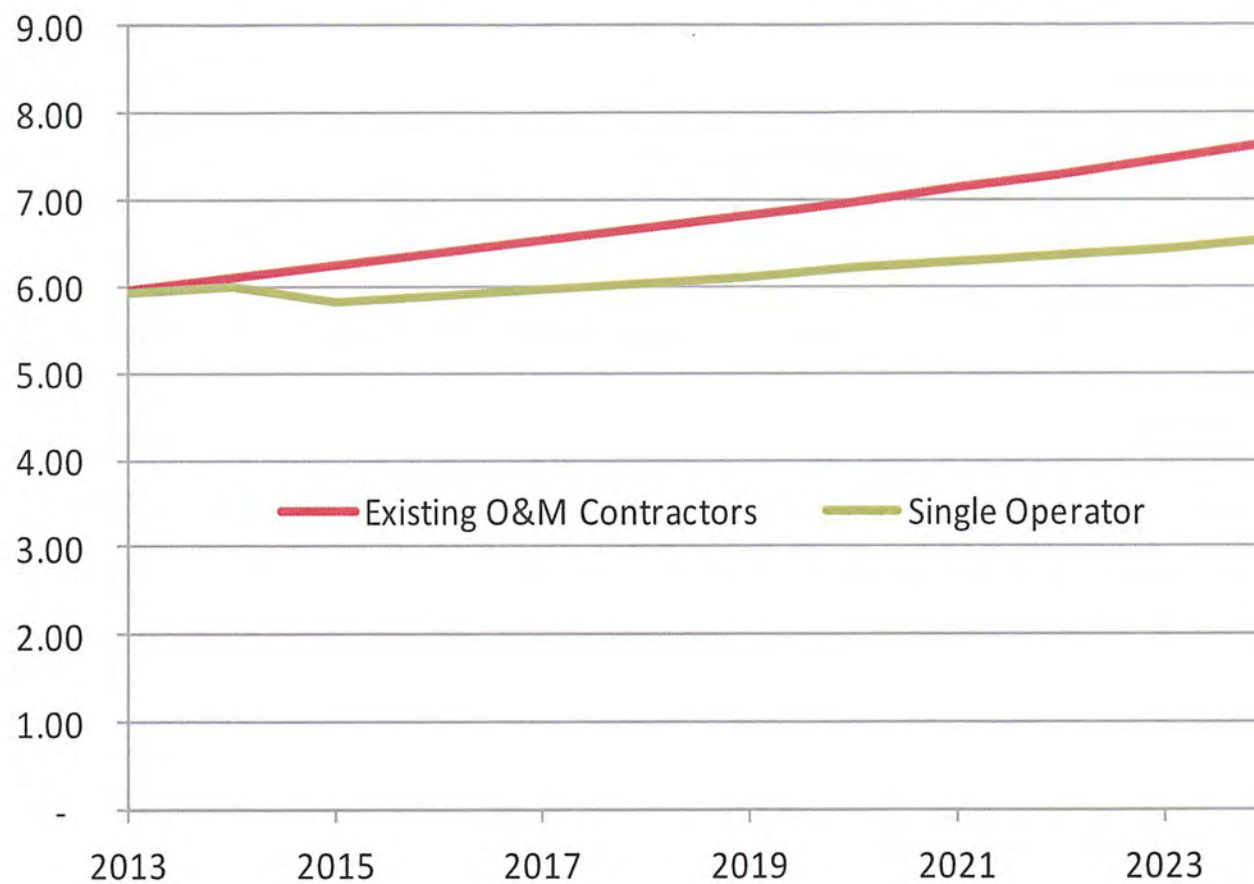


## Benefits of Single Operator

- Cross-training of operators to work both projects
- Potential reduction in total number of operators
- Potential reduction in O&M costs
  - \$450,000 to \$500,000 per year
- Uniform and consistent operator training
- Better coordination between SEAPA and operations staff
- Potential improvements in budgeting and budget approval procedures



## Potential Cost Savings with Single Operator (¢/kWh)





## Proposed Action Plan

- Notify contractors
- Define and develop operating standards and criteria that align with current configuration of the system
- Develop new contract terms and specifications
- Evaluate contractual arrangements for current employees of O&M contractors with regard to transition
- Define on-going responsibility of SEAPA staff
- Define transitional labor agreements
- Solicit bids for contractor
- Develop plan for SEAPA to perform O&M



## Conceptual Timeline

Milestone or Task	Schedule and Milestones																		
	20-Sep-12	Oct 2012	Dec 2012	Feb 2013	Apr 2013	May 2013	1-Jul-13	Sep 2013	20-Sep-13	Oct 2013	Nov 2013	Dec 2013	23-Jan-14	Feb 2014	Mar 2014	Apr 2014	May 2014	Jun 2014	1-Jul-14
Board Decision to continue with O&M Review, provide notice of cancellation of O&M contracts	●																		
Define and develop operating standards and criteria aligned with current system		■	■	■															
Develop contract terms, specifications and standards to replace existing O&M Agreements					■	■													
Evaluate contractual arrangements for current employees, develop transition plan			■	■	■	■													
Begin final year of existing O&M Contracts							●												
Define on-going responsibilities of SEAPA staff				■	■	■	■	■											
Develop RFP for O&M contractor services					■	■	■	■											
Issue Request for Contractor Proposals									●										
Evaluate Proposals										■	■	■							
Select Contractor													●						
Contract Negotiation														■	■				
Contractor Preparations																■	■	■	
New O&M Contract Executed and Operating																			●

# **CITY & BOROUGH OF WRANGELL, ALASKA**

## **BOROUGH ASSEMBLY**

### **AGENDA ITEM**

**November 27, 2012**

**ITEM NO. 13e      Approval of Change Order #2 to Ketchikan Ready Mix for the Etolin Street & Medical Campus Utilities Assistance Project**

#### **INFORMATION:**

##### **Attachments**

1. Memorandum from Amber Al-Haddad, dated 11-16-2012
2. Proposed Change Order #2 from PND Engineers, Inc., dated 11-2-2012

#### **RECOMMENDED ACTION:**

Move to authorize the Borough Manager to issue Change Order #2 to Ketchikan Ready Mix for Changed Conditions to the Etolin Street & Medical Campus Utilities Assistance Construction Contract in the amount of \$112,545.50.

**MEMORANDUM**

**TO: HONORABLE MAYOR AND MEMBERS OF THE ASSEMBLY  
CITY AND BOROUGH OF WRANGELL**

**FROM: AMBER AL-HADDAD  
PROJECTS MANAGER**

**SUBJECT: ETOLIN STREET & MEDICAL CAMPUS UTILITIES ASSISTANCE –  
CHANGE ORDER #2**

**DATE: November 16, 2012**

**BACKGROUND:**

The City and Borough of Wrangell is under contract with Ketchikan Ready Mix to provide construction services for the Etolin Street & Medical Campus Utilities Assistance project.

During the Assembly's review of Change Order #1, the Contractor had already begun to discover unsuitable soils in the project, for which additional excavation of the unsuitable material and the supply/placement of suitable material was required. With the project's surveyed material quantities now complete, these material overages are to be paid for as measured by survey, according to the specifications and on a unit price basis.

1. Payment for excavation and fill quantities in excess of contract amounts.....\$105,210.00

Additionally, due to unforeseen requirements, the Contractor has made adjustment for the following work:

2. Add AICS water main connection, four fire hydrant bollards, and hydrant Storz connections.....\$7,335.50

PND Engineers has tracked the above-mentioned contract modifications through the attached Change Order #2 document. The total value of these modifications results in an added cost to the contract in the amount of \$112,545.50.

**RECOMMENDATION:**

Staff recommends the Assembly authorize the Borough Manager to issue Change Order #2 to Ketchikan Ready Mix for changed conditions to the Etolin Street & Medical Campus Utilities Assistance construction contract. Change Order #2 adjusts the contract amount by adding \$112,545.50. Portions of the added cost will be allocated to the appropriate funding streams, which include both the City & Borough of Wrangell's Economic Recovery Fund (\$85,063.80) and the State of Alaska grant for the new Wrangell Medical Center's construction funds (\$27,481.70).

**ATTACHMENTS:**

1. PND Engineer's Change Order #2 document issued to Ketchikan Ready Mix for the Etolin Street & Medical Campus Utilities Assistance project.





AGENDA  
13e<sup>2</sup>

November 2, 2012 PND

No. 114018.04

Amber Al-Haddad  
Projects Manager  
City & Borough of Wrangell  
P.O. Box 531,  
Wrangell, AK 99929

**Subject: Change Order No. 2 Summary**

Dear Ms. Al-Haddad:

The following summarizes the items recommended to be included in Change Order No. 2 for the Etolin Street and Medical Campus Utilities Assistance in the City and Borough of Wrangell. Change Order No. 2 includes Modification Proposals 006-008 as described below.

**Added Scope of Work:**

Three items have been added by PND and the City to increase the scope of work that the Contractor is required to provide. These are identified in the attached following Modification Proposals summarized below:

MP-006 – AICS water main connection, Hydrant bollards, Storz connections.

MP-007 – Material overages.

MP-008 – (2) hydrant bollards added via field directive.

**Recommendation:**

Based on the attached modification proposal details, PND recommends approval of all Modification Proposals described and Change Order No. 2 (form attached) for the amount of \$126,835.

If you have any questions please do not hesitate to call.

Sincerely,

*Steven M Robert*

PND Engineers, Inc. | Seattle Office  
Steve Robert, P.E.





City & Borough of Wrangell  
P.O. Box 531, Wrangell, AK 99929  
T 907.874.3494 / F 907.874.2699  
Website [www.wrangell.com](http://www.wrangell.com)  
Email [wrgpm@wrangell.com](mailto:wrgpm@wrangell.com)

November 2, 2012

**Ketchikan Ready Mix**

**Re: Etolin Street and Medical Campus Utilities Assistance CHANGE ORDER No. 1**

Description: MP-006, Material overages and bollards

Reason for Change Order: Added Scope of Work and Additional Contract Quantities

Attachments: Change Order No. 1 Summary Letter (PND), Modification Proposals 6, Material Overages letter

CHANGE IN CONTRACT PRICE:	CHANGE IN CONTRACT TIMES:
<b>Original Contract Price:</b>  \$ 1,139,200.00	<b>Contract Times After Change Order 1:</b> Substantial Completion June 15 <sup>th</sup> , 2012 Final Completion - July 15 <sup>th</sup> , 2012
<b>Net changes from previous Change Orders No._ to No._:</b>  \$ 14,289.50	<b>Net changes from previous Change Orders No._ to No._:</b> Substantial Completion - 0 Final Completion - 0 (days or dates)
<b>Contract Price prior to this Change Order:</b>  \$ 1,153,489.50	<b>Contract Times prior to this Change Order:</b> Beneficial Occupancy - 0 Substantial Completion - 0 Final Completion - 0 (dates)
<b>Net increase (decrease) of this Change Order:</b>  \$ 14,289.50	<b>Net Increase (decrease) of this Change Order:</b> Substantial Completion - Final Completion - (days or dates)
<b>Contract Price with all approved Change Orders:</b>  \$ 112,545.50	<b>Contract Times with all approved Change Orders:</b> Substantial Completion - June 15 <sup>th</sup> 2012 Final Completion - July 15 <sup>th</sup> 2012 (days or dates)

**CHANGE ORDER No. 1, CONTINUED**

The above amount covers all work in connection with this Change Order. Your acceptance and the Owner's acceptance shall constitute and become a part of your contract with the City and Borough of Wrangell.

<b>RECOMMENDED:</b>  By: _____ Engineer (Authorized Signature) Date: _____	<b>APPROVED:</b>  By: _____ Owner (Authorized Signature) Date: _____	<b>ACCEPTED:</b>  By: _____ Contractor (Authorized Signature) Date: _____
--	--	---

**SUMMARY OF PREVIOUS CHANGE ORDERS:**

CHANGE ORDER No.	DESCRIPTION OF CHANGES	CONTRACT PRICE		CONTRACT TIME	
		INCREASE	DECREASE	INCREASE (days)	DECREASE (days)
1	Various Items: MP-001 thru MP-005	\$14,289.50			
2	MP-006	\$4,335.50			
3	MP-007	\$105,210.00			
4	MP-008	\$3,000			
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
TOTAL INCREASE		\$126,835.00		0	
TOTAL DECREASE			\$0		0
NET CHANGE FROM PREVIOUS CHANGE ORDERS		\$126,835.00		0	



### MODIFICATION PROPOSAL/FIELD DIRECTIVE

<b>CONTRACTOR:</b>	Ketchikan Ready Mix	<b>MP #:</b>	006
<b>CONTRACT NO.:</b>		<b>DATE:</b>	5-17-12
<b>PROJECT NAME:</b>	Etolin Street and Medical Campus Utilities Assistance	<b>ENGINEER:</b>	PND Engineers, Inc.

**Please furnish your proposal to perform the following work:**

**DESCRIPTION:**

Add two bollards at the first fire hydrant, install a 4" the gate valve on the existing AICS water main stub out, provide fire hydrant Storz connections compatible with CBW equipment.

**ATTACHMENTS:** PND Drawing C4.01 C4.03 and R&M drawing C5.02

<b>COST OR (DEDUCT)</b>	\$4335.50		
<b>TIME EXTENSION:</b>	0		
<b>CITY ENGINEER'S REVIEW</b>	<b>SIGNATURE</b>	<b>DATE</b>	
<b>PND'S REVIEW</b>	<b>SIGNATURE</b>	<b>DATE</b>	

**Field Order. Proceed with the work immediately if signed below as a field directive.**

<b>ENGINEER:</b>	<i>Steve M. Rhot</i>	<b>SIGNATURE</b>	<i>11/2/12</i>	<b>DATE</b>
<b>NOT TO EXCEED PRICE:</b>	\$4335.50			

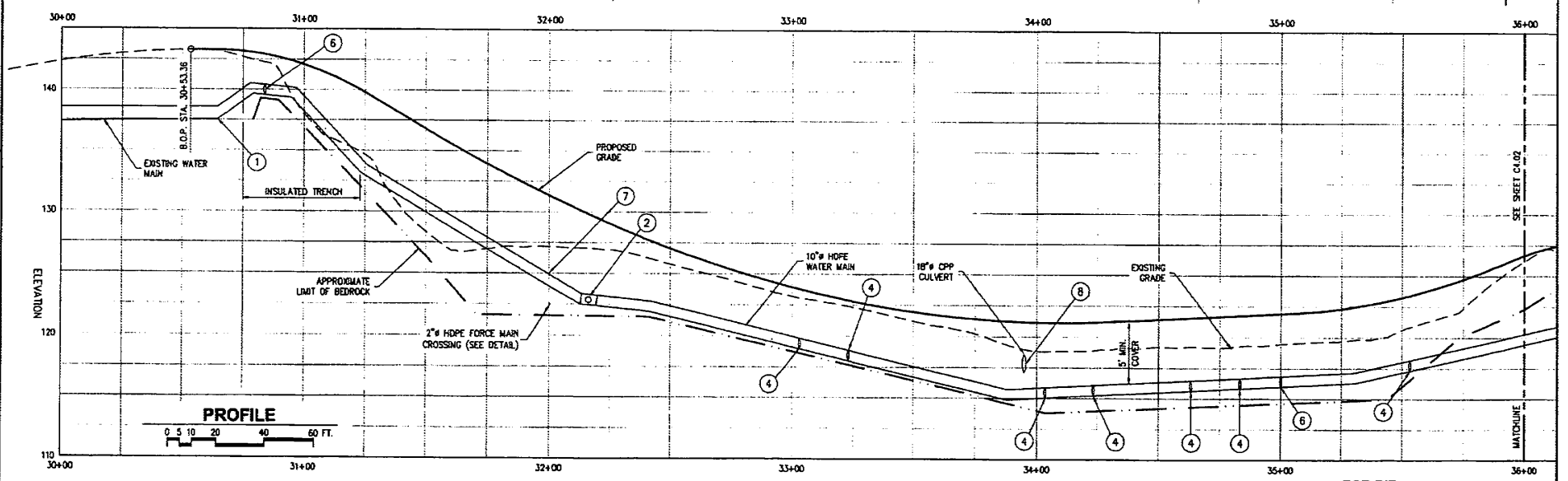
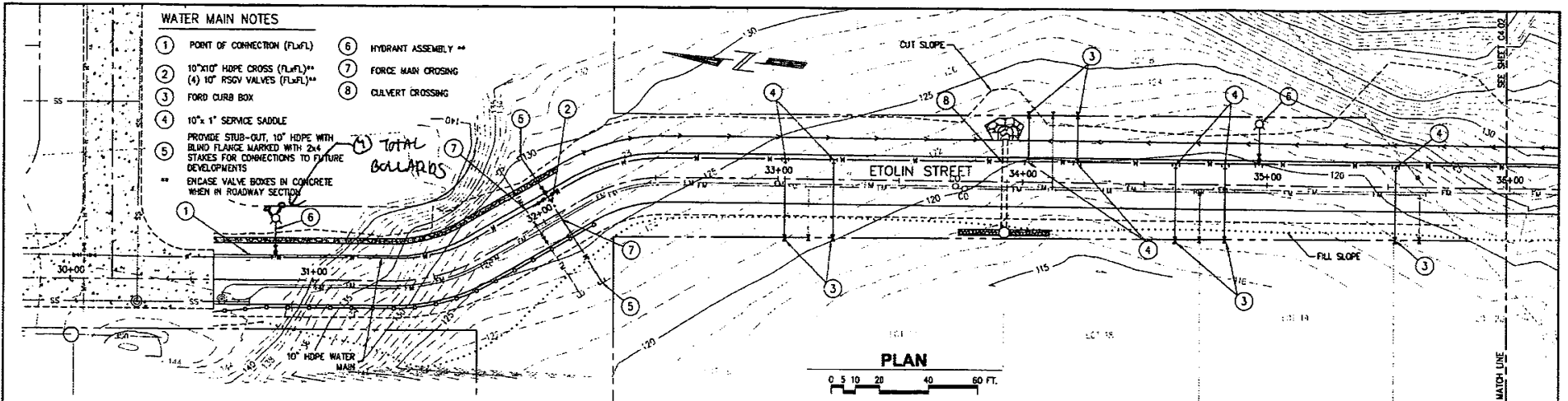
The payments and/or additional time specified and agreed to in this modification proposal include every claim by the contractor for any extra payment, extended overhead or extension of time with respect to the work described herein, including delays to the overall project. The work covered by this modification proposal must be performed under the same terms and conditions as that included in the original contract

**Submitted by:**

<i>Sammy Canell</i>	<i>11-2-12</i>
<b>AUTHORIZED CONTRACTOR SIGNATURE</b>	<b>DATE</b>

# WATER MAIN NOTES

- 1 POINT OF CONNECTION (FLX/L)
  - 2 10"x10" HOPE CROSS (FLX/L)\*\*
  - 3 10" RSGV VALVES (FLX/L)\*\*
  - 4 FORD CURB BOX
  - 5 10"x1" SERVICE SADDLE
  - 6 HYDRANT ASSEMBLY \*\*
  - 7 FORCE MAIN CROSSING
  - 8 CULVERT CROSSING
- \*\* PROVIDE STUB-OUT, 10" HOPE WITH BLIND FLANGE MARKED WITH 2" STAKES FOR CONNECTIONS TO FUTURE DEVELOPMENTS
- \*\* ENCASE VALVE BOXES IN CONCRETE WHEN IN ROADWAY SECTION



**PND ENGINEERS, INC.**

811 First Avenue, Suite 570  
Seattle, Washington 98104  
Phone: 206-424-1387  
Fax: 206-424-1388  
email: pnd@pndengineers.com

PND ENGINEERS, INC. IS NOT RESPONSIBLE FOR SAFETY PROGRAMS, METHODS OR PROCEDURES OF OPERATION, OR THE CONSTRUCTION OF THE DESIGN SHOWN ON THESE DRAWINGS. WHERE SPECIFICATIONS ARE GENERAL OR NOT CALLED OUT, THE SPECIFICATIONS SHALL CONFORM TO STANDARDS OF INDUSTRY. DRAWINGS ARE FOR USE ON THIS PROJECT ONLY AND ARE NOT INTENDED FOR REUSE WITHOUT WRITTEN APPROVAL FROM PND. DRAWINGS ARE ALSO NOT TO BE USED IN ANY MANNER THAT WOULD CONSTITUTE A DETRIMENT DIRECTLY OR INDIRECTLY TO PND.

REV	DATE	DESCRIPTION
1	12/21/11	ISSUED FOR BID

**FOR BID**

**ETOLIN STREET AND MEDICAL CAMPUS UTILITIES ASSISTANCE**

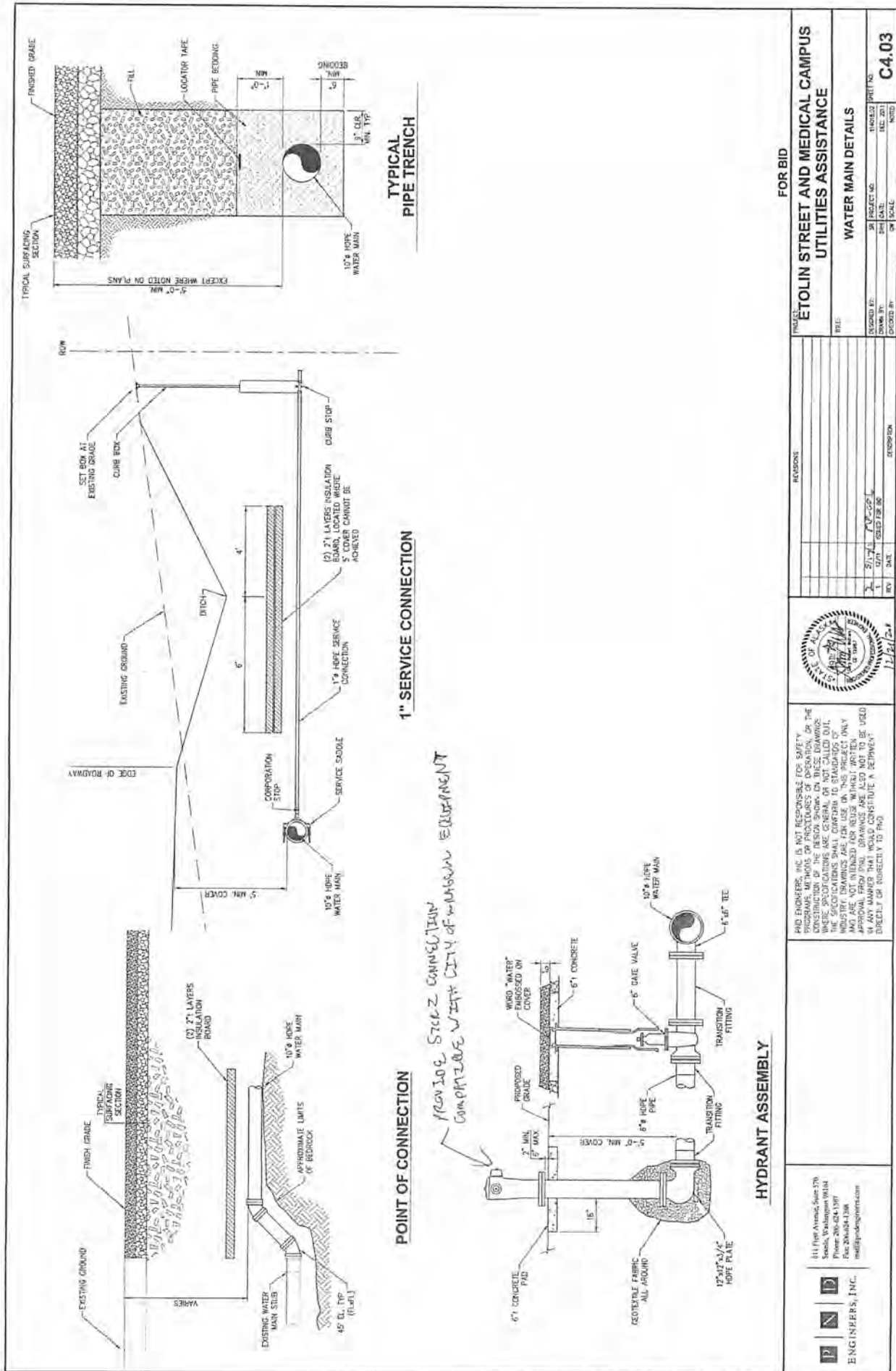
**ETOLIN STREET WATER MAIN PLAN AND PROFILE**

DESIGNED BY: **SP** PROJECT NO. **114018.02** SHEET NO. **C4.01**

DRAWN BY: **SP** DATE: **DEC. 2011**

CHECKED BY: **GW** SCALE: **NOTED**



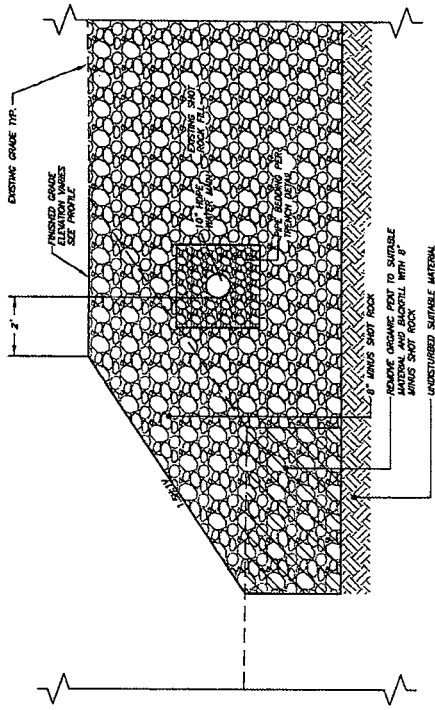
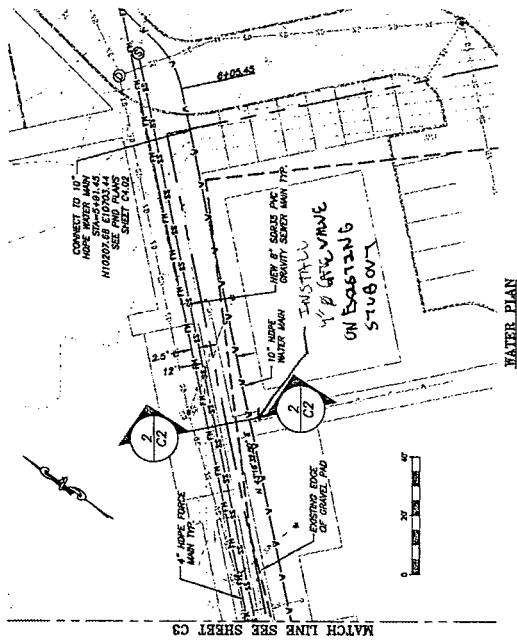


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111 First Avenue, Suite 370  
Seattle, Washington 98104  
Phone: 206.461.1200  
Fax: 206.461.1201  
info@theengineerinc.com

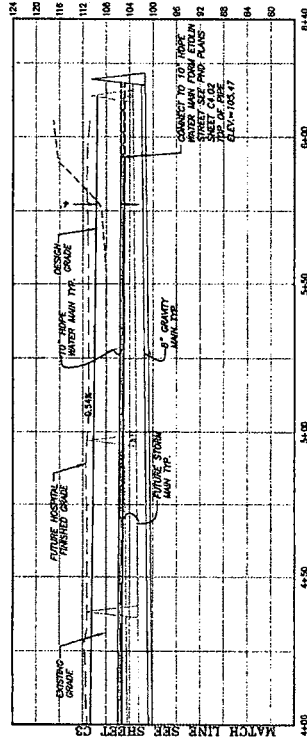
**ENGINEERS, INC.**

FOR BID			
<b>ETOLIN STREET AND MEDICAL CAMPUS UTILITIES ASSISTANCE</b>			
PROJECT:			
DATE:			
BY:			
CHECKED BY:			
DESIGNED BY:			
DATE:	11/03/22	PROJECT NO:	C4.03
SCALE:	AS SHOWN	DATE:	11/03/22



1  
C4  
TYPICAL WATER MAIN SECTION

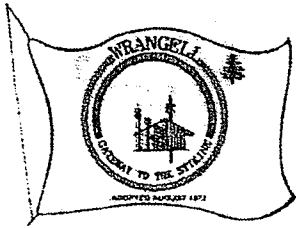
NOT TO SCALE



WATER PROFILE



Prepared: RGB Drawn: RGB Checked: TSS EUSON		Approved: RGB Date: OCTOBER 2011 PROJECT # 112342		Client: CITY AND BOROUGH OF WRANGELL PO BOX 531 WRANGELL, ALASKA 99929	Project: ETOLIN STREET & MEDICAL CAMPUS UTILITIES ASSISTANCE	Sheet Description: ACIS WATER MAIN PLAN & PROFILE STA 4+00 - END	Sheet No. C4
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# **MODIFICATION PROPOSAL/FIELD DIRECTIVE**

<b>CONTRACTOR:</b>	Ketchikan Ready Mix	<b>MP #:</b>	007
<b>CONTRACT NO.:</b>		<b>DATE:</b>	11-02-12
<b>PROJECT NAME:</b>	Etolin Street and Medical Campus Utilities Assistance	<b>ENGINEER:</b>	PND Engineers, Inc.

**Please furnish your proposal to perform the following work:**

**DESCRIPTION:**

Payment for material quantities in excess of the contract amount.

**ATTACHMENTS:** As-built cover sheet, calculation spreadsheet.

<b>COST OR (DEDUCT)</b>	\$105,210		
<b>TIME EXTENSION:</b>	0		
<b>CITY ENGINEER'S REVIEW</b>	<b>SIGNATURE</b>	<b>DATE</b>	
<b>PND'S REVIEW</b>	<b>SIGNATURE</b>	<b>DATE</b>	

**Field Order. Proceed with the work immediately if signed below as a field directive.**

<b>ENGINEER:</b>	<i>Steven M. Robert</i>	<b>SIGNATURE</b>	<i>11-02-12</i>	<b>DATE</b>
<b>NOT TO EXCEED PRICE:</b>	\$105,210			

The payments and/or additional time specified and agreed to in this modification proposal include every claim by the contractor for any extra payment, extended overhead or extension of time with respect to the work described herein, including delays to the overall project. The work covered by this modification proposal must be performed under the same terms and conditions as that included in the original contract

**Submitted by:**

<i>Sammy Camell</i>	<i>11-2-12</i>
<b>AUTHORIZED CONTRACTOR SIGNATURE</b>	<b>DATE</b>



ENGINEERS, INC.

PND Engineers  
811 1<sup>st</sup> Ave Suite 570  
Seattle WA, 98104  
Tel. 206.624.1387 | Fax. 206.624.1388  
[www.pndengineers.com](http://www.pndengineers.com)

November 1, 2012

PND 114018.04

Amber Al-Haddad  
Projects Manager  
City & Borough of Wrangell  
P.O. Box 531, Wrangell, AK 99929

**RE: Material Overages**

Dear Ms. Al-Haddad:

Ketchikan Ready Mix has submitted final material quantities for the Etolin Street Utilities and AICS Assistance. Required under the Contract Documents, the payment for two bid items; Unsuitable Excavation and Excavate and Fill, were measured by the Contractor. As allowed by the Contract Documents the volumes were measured by field surveys performed by licensed surveyor, Scot Menzies, on October 2012 (see Attached drawing).

The final measured field survey volumes for Unsuitable Excavation and Excavated Fill exceeded the original contract quantities as summarized in the following table:

Item #	Item Name:	Measurement Method	Contract Quantities	Survey Quantities	Difference	\$ per yard	Change order request
2202.2	Unsuitable Exc	Survey before and after stripping	17224	22392	5168	\$ 14.00	\$ 72,352.00
2202.3	Exc. and fill	Survey after stripping and top of shot rock	8500	10847	2347	\$ 14.00	\$ 32,858.00

The original contract quantities were based on a limited number of test pits that estimated the thickness of the muskeg (Unsuitable Excavation) that needed removal to establish a stable, uncompressible subgrade. The actual thickness removed, however, increased because the Contractor had to deepen the excavation limits to reach the full thickness of the unsuitable material that was encountered in the field. At the lift station located on the Wrangell Medical Center property, for example, an additional 5-10 feet of unsuitable excavation was required to remove unanticipated soft clays. The quantity allocations to the property owned by the City and the Wrangell Medical Center are included in the following table:

Item #	Item Name	Total Qty	Etolin Est Qty	Etolin Actual Qty	% of Overage	WMC Est Qty	WMC Actual Qty	% Overage
2202.2	Unsuitable Exc	22392	15650	18592	54.6	1350	3800	45.4
2202.3	Exc. And Fill	10847	6150	6847	29.7	2350	4000	70.3



Change Order Quantities  
November 1, 2012  
Page 2 of 2

Please call if you have any additional questions.

Sincerely,  
PND Incorporated | Seattle Office

A handwritten signature in black ink that reads "Steven M Robert". The signature is written in a cursive, flowing style.

Steve Robert, P.E.

# Cut/Fill Summary

Name	Cut Factor	Fill Factor	2d Area	Cut	Fill	Net
Site Fill-Excavation Before Backfill	1.000	1.000	94157.77 Sq. Ft.	21263.13 Cu. Yd.	31.35 Cu. Yd.	21274.73 Cu. Yd.<Cut>
Cut and Fill to Finish Grade	1.000	1.000	99032.53 Sq. Ft.	12976.35 Cu. Yd.	11846.89 Cu. Yd.	1129.46 Cu. Yd.<Cut>
Totals			193190.30 Sq. Ft.	34238.48 Cu. Yd.	11884.27 Cu. Yd.	22354.21 Cu. Yd.<Cut>

## SURVEYOR'S CERTIFICATE

I hereby certify that I am properly registered and licensed to practice land surveying in the State of Alaska, that this plat represents a survey made by me or under my direct supervision, that the monuments shown hereon actually exist as described, and that all dimensions and other details are correct.

Date \_\_\_\_\_ Registration Number: LS-10398

Registered Land Surveyor

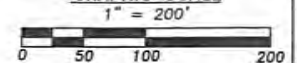
## PROJECT NOTES

1. The purpose of this survey was to provide quantity data during the construction of the extension of Etolin Street and the access driveway from Wood Street. It also provides as-built locations of utilities constructed as a part of that project.
2. This survey does not attempt to resolve apparent discrepancies between the found locations of property corners along the Etolin Street Right-of-Way and the calculated position of those corners based on record data.
3. The vertical datum for this survey was provided by R&M Engineering-Ketchikan, Inc. and used in the design survey for this project.

## PLAT REFERENCES

- Wrangell Townsite Subdivision Plat 73-7, W.R.D.
- Alaska State Land Survey 84-83, Plat 86-1, W.R.D.
- Health Care Subdivision, Plat 2010-4, W.R.D.
- Health Care Subdivision II, Plat 2010-6, W.R.D.

## GRAPHIC SCALE



## CURVE DATA

No.	Radius	Delta	Length	Chord L.	Chord Dir.
1	(393.00)	(20°16'18")	(139.05)	(138.32) 138.42	(S49°03'26"W) S49°03'14"W
2	(431.00)	(56°14'24")	(385.76)	(370.46) 370.35	(S10°48'05"E) S10°48'39"E

Designed: A.M.	Approved: S.A.M.	MENZIES ENGINEERING, CROUTE, INC.	Client: KETCHIKAN READY MIX	Project: CITY & BOROUGH OF WRANGELL	Sheet Description: COVER SHEET	Sheet No:
Drawn: S.A.M.	Scale: AS NOTED	419 KNUDSON COVE ROAD	4418 N. TONGASS HWY	ETOLIN STREET AND MEDICAL	PROPERTY PLAN, KEY MAP AND	COVER
Checked: S.A.M.	Project No: 17781	KETCHIKAN, ALASKA 99901	KETCHIKAN, AK 99901	CAMPUS UTILITIES ASSISTANCE	BASIS OF BEARING	
		TEL: (907) 226-8000 FAX: (907) 226-8002				
		EMAIL: smenzies@menzies.com				



<u>Item #</u>	<u>Item Name:</u>	<u>Measurement Method</u>	<u>Contract Quantities</u>	<u>Survey Quantities</u>	<u>Difference</u>	<u>\$ per yard</u>	<u>Change order request</u>
2202.2	Unsuitable Exc	Survey before and after stripping	17224	<b>22392</b>	5168	\$ 14.00	\$ 72,352.00
2202.3	Exc. and fill	Survey after stripping and top of shot rock	8500	<b>10847</b>	2347	\$ 14.00	\$ 32,858.00
2202.5	Base course	Design neat line	1000	<b>1000</b>	0	\$ 14.00	\$ -
							\$ 105,210.00

#### Unsuitable Excavation

**22392 CY** is sum of 21262 CY muskeg excavation and 1130 CY unsuitable rock excavation. The quantity of 1130 CY was previously reported as base course, but this is more accurately reported as waste material.

#### Excavation and Fill

**10847 CY** is the total quantity of shot rock placed. The full fill quantity 11847 CY calculated by Scot Menzies was reduced by 1000Cy of base course previously paid.

#### Base Course

The base course was never officially measured. **1000 CY** has been paid.



# **MODIFICATION PROPOSAL/FIELD DIRECTIVE**

<b>CONTRACTOR:</b>	Ketchikan Ready Mix	<b>MP #:</b>	008
<b>CONTRACT NO.:</b>		<b>DATE:</b>	11-02-12
<b>PROJECT NAME:</b>	Etolin Street and Medical Campus Utilities Assistance	<b>ENGINEER:</b>	PND Engineers, Inc.

**Please furnish your proposal to perform the following work:**

**DESCRIPTION:**

Install two hydrant bollards as directed in the field.

**ATTACHMENTS:** None

<b>COST OR (DEDUCT)</b>	\$3000	
<b>TIME EXTENSION:</b>	0	
<b>CITY ENGINEER'S REVIEW</b>	<b>SIGNATURE</b>	<b>DATE</b>
<b>PND'S REVIEW</b>	<b>SIGNATURE</b>	<b>DATE</b>

**Field Order. Proceed with the work immediately if signed below as a field directive.**

<b>ENGINEER:</b>	Steven M Robert	<b>SIGNATURE</b>	11-2-12	<b>DATE</b>
<b>NOT TO EXCEED PRICE:</b>	\$3000			

The payments and/or additional time specified and agreed to in this modification proposal include every claim by the contractor for any extra payment, extended overhead or extension of time with respect to the work described herein, including delays to the overall project. The work covered by this modification proposal must be performed under the same terms and conditions as that included in the original contract

**Submitted by:**

	11-2-12
<b>AUTHORIZED CONTRACTOR SIGNATURE</b>	<b>DATE</b>



# **CITY & BOROUGH OF WRANGELL, ALASKA**

## **BOROUGH ASSEMBLY AGENDA ITEM November 27, 2012**

**ITEM NO. 13f Approval of Amendment #2 to R&M Engineering-Ketchikan for the Etolin Street & Medical Campus Utilities Assistance project**

### **INFORMATION:**

Attachments:

1. Memorandum from Amber Al-Haddad, dated 11-16-2012
2. Proposed Amendment #2 from R&M Engineering-Ketchikan, dated 10-15-2012

### **RECOMMENDED ACTION:**

Move to authorize the Borough Manager to issue Contract Amendment #2 to R&M Engineering-Ketchikan, based on a lump sum amount of \$29,975.00, for Contract Administration, Inspection, and Testing Services.

**MEMORANDUM**

**TO: HONORABLE MAYOR AND MEMBERS OF THE ASSEMBLY  
CITY AND BOROUGH OF WRANGELL**

**FROM: AMBER AL-HADDAD  
PROJECTS MANAGER**

**SUBJECT: ETOLIN STREET AND MEDICAL CAMPUS UTILITIES ASSISTANCE  
APPROVAL OF AMENDMENT TO CONTRACT ADMINISTRATION  
SERVICES CONTRACT FOR R&M ENGINEERING-KETCHIKAN**

**DATE: November 16, 2012**

**BACKGROUND:**

The City and Borough of Wrangell contracted with R&M Engineering-Ketchikan to provide professional design services, as well as a portion of the contract administration, and inspection services for the Etolin Street and Medical Campus Utilities Assistance project.

Additional design and inspection services were required to accommodate the construction work due to unforeseen power utility conflicts, additional time required for inspection services, material testing, and the addition of a SCADA system for the lift station. R&M Engineering provided these additional services with an associated cost of \$29,975.

This contract amendment is scheduled to be paid from the City and Borough of Wrangell's Economic Recovery Fund (\$12,554.40) and the new Wrangell Medical Center's hospital construction fund (\$17,420.60), at similar ratios as each of the portions of work to the overall project cost.

**RECOMMENDATIONS:**

Staff recommends that the Assembly authorize the Borough Manager to issue contract Amendment #2 to R&M Engineering-Ketchikan, based on a lump sum amount of \$29,975, for Contract Administration, Inspection, and Testing services, portions of which are scheduled to be paid from the City and Borough of Wrangell's Economic Recovery Fund (\$12,554.40) and from the State of Alaska grant for the new Wrangell Medical Center's construction fund (\$17,420.60).

**ATTACHMENTS:**

R&M Engineering-Ketchikan's Fee Proposal dated October 15, 2012 (Note: Task 5 listed on the estimate is not to be borne by the City and Borough of Wrangell).

Etolin Street and Medical Campus utilities Contract Modificaton Request  
R&M Engineering-Ketchikan

15-Oct-12

	Scheff Surveyor	Howell Inspector	Badgett Engineer	2-Man Survey Crew	Expenses			
	\$ 90.00	\$ 80.00	\$ 120.00	\$ 160.00				
Task 1 - Realigning Main Hospital Access Road and Water main	2	4	25	2		\$ 3,820	\$ 3,820	
Task 2 - Laboratory and field testing services						\$ -		
2a - Field Density Testing		45				\$ 3,600		
2b - Sieve Anal & Matls finer/200 -washing (3 tests @ \$150/test)					\$ 450	\$ 450		
2c - Modified Proctor Compation Test (3 tests @ \$375/test)					\$ 1,125	\$ 1,125		
2d - Water sample Presence/Absence test including shipping (2 test @ \$140/test)					\$ 280	\$ 280		
2e - HDPE bent strap test including shipping (1@\$120)					\$ 120	\$ 120		
2f - concrete testing and breaks (3@\$40/each)		1			\$ 120	\$ 200	\$ 5,775	
Task 3 - Additional Inspection services required do to contractor working past schedule completion date	6	45	15		\$ 800	\$ 6,740	\$ 6,740	
Task 4 - Lift Station Control PLC board Programming and Scada system Integration (Outside Services from Boreal Controls)					\$ 13,640	\$ 13,640	\$ 13,640	
Task 5 - Additional Contract Management Time due to Control Panel wiring problems (Item to be back charged to Marsh Creek)			8			\$ 960	\$ 960	
Total Hours	8	95	48	2				
	\$ 720	\$ 7,600	\$ 5,760	\$ 320	\$ -	\$ 16,535	\$ 30,935	Total

AGENDA

1342

# **CITY & BOROUGH OF WRANGELL, ALASKA**

## **BOROUGH ASSEMBLY AGENDA ITEM November 27, 2012**

### **ITEM NO. 13g Authorization to Participate in the Community Development Block Grants (CDBG) Program**

#### **INFORMATION:**

##### Attachments:

1. Memorandum from Carol Rushmore, dated 11-19-2012
2. List of Project Category Descriptions

#### **RECOMMENDED ACTION:**

Move to authorize the Participation in the CDBG Grant Program in the amount of \$ (Assembly Decision) for Project (Assembly Decision) and to further authorize the Borough Manager as the signatory for all grant documents.



**MEMORANDUM**

**TO: HONORABLE MAYOR AND MEMBERS OF THE ASSEMBLY  
CITY AND BOROUGH OF WRANGELL**

**FROM: MS. CAROL RUSHMORE  
ECONOMIC DEVELOPMENT DIRECTOR**

**SUBJECT: COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)**

**DATE: November 19, 2012**

**BACKGROUND:**

Every fall, the State of Alaska accepts proposals through their Community Development Block Grant program. This is a highly competitive statewide program with approximately \$2 million federal funds for awarding. Eligibility is based on the community's income level – the community must be a low moderate income (LMI) community according to the State's records. Submitted projects must meet the eligibility criteria for the three project categories: Community Development, Planning, or Special Economic Development.

A public hearing is required to receive public input as to what project is submitted for funding. That hearing is at 5:00pm on November 26, 2012 in the City Hall Assembly Chambers. A summary of the testimony will be provided to the Assembly at your regular meeting.

Each project is required to provide some matching funds, with the preferred amount being 25% match. Staff will also provide potential match funding sources to the Assembly for each project proposed.

Staff has developed some initial project ideas for discussion, including the Sewer Pump Replacement and Water Treatment Facility Pilot Project.

**RECOMMENDATION:**

Staff recommends that the Assembly authorizes participation in the CDBG grant program in the amount of \$\_\_\_\_\_ for {project name} and further authorizes the Borough Manager as the signatory for all grant documents.

**ATTACHMENTS:**

1. List of Project Category descriptions
- 2 (Summary of projects proposed at the Public Hearing, with potential match funding sources, will be provided at Assembly meeting)

## F. ELIGIBLE PROJECT CATEGORIES & ACTIVITIES

The State of Alaska CDBG Grant Program may be used to fund projects in three categories: **Community Development, Planning, and Special Economic Development**. The following summary, identifying the common types of eligible activities in each category, is for general reference only. A complete list of eligible and ineligible activities can be found in Title I of the Housing and Community Development Act of 1974, as amended.

Each applicant is expected to consult with CDBG Program staff about project eligibility and structure prior to submission of an application. It is important that applications be submitted under the appropriate category.

### Community Development

Under Section 105(a)(2),(4), (5), (7), (14) & (15), CDBG grant funds may be used for acquisition, construction, reconstruction or installation of public facilities and improvements such as health clinics, daycare centers, shelters for the homeless, water and sewer systems, solid waste disposal facilities, flood and drainage facilities, docks and harbors, and electrical distribution lines, fuel and gas distribution systems; transportation improvements including local service roads, trails, airports, barge facilities or subsistence access areas; removal of architectural barriers which bar handicapped and elderly persons from accessing public facilities and

structures; acquisition or disposition of real property; clearance, demolition, or removal of buildings and improvements. This category also includes acquisition, design, construction, or rehabilitation of fire protection facilities, and purchase of fire protection equipment.

Community Development activities do not include the purchase of any personal property or any equipment unless it is attached to a facility or building and considered an "integral structural feature". Fire protection equipment is the only exception.

### Planning

Under Section 105(a)(12), CDBG grant funds may be used for conducting studies; collecting data; preparing analyses; preparing plans and identifying actions which will implement plans; conducting marketing and feasibility studies; preparing community economic development plans; preparing community land use plans; preparing capital impro-

vement plans; or conducting updates of any of the above.

Planning activities do not include engineering, architectural, and design costs related to a specific project activity. These activities may be eligible under the Community Development category.

## Special Economic Development

**Preface:** The purpose of this preface is to distinguish the concept of "Economic Development" from the term "*Special Economic Development*" as used in the CDBG Program. "Economic Development" can be interpreted very broadly to include all endeavors aimed at sustaining or increasing the level of business activity in a community. Under this broad concept, most CDBG activities could be viewed as economic development activities. For example, the level of business activity in a community could be helped through development of a community economic development plan; improvements to the public infrastructure; better housing; or enhanced public services. *These types of activities do not meet the definition of Special Economic Development under the CDBG Program. Do not use this broad interpretation as you determine under which of the three broad funding categories (Community Development, Planning, or Special Economic Development) you should submit your CDBG application.*

The term "*Special Economic Development*" is used in the CDBG Program to identify economic development activities described in Section 105(a) (14) and (17) of Title I of the Housing and Community Development Act (HCDA) of 1974 as amended. *The definition provided below must be used when you determine which CDBG activity is appropriate for your application.*

Under Section 105(a)(14) CDBG grant funds may be used for commercial or industrial improvements carried out by the grantee or a non-profit sub-recipient, including acquisition, construction, reconstruction, rehabilitation, or installation of commercial or industrial buildings, structures, and other real property equipment and improvements.

Under Section 105(a)(17), CDBG funds may be used for assistance (through the eligible applicant) to an identified private for-profit entity or entities, when the assistance is appropriate, for an economic development activity which creates or retains jobs for low and moderate income persons; or assists businesses that provide goods or services needed by and affordable to low and moderate income residents. All proposed Special ED activities must do one of those two things.

*If your project is not for the purpose of acquisition, construction, reconstruction, rehabilitation, or installation of commercial or industrial buildings, structures, and other real property equipment and improvements, OR it is not for the purpose of providing assistance to an identified private for-profit entity IT IS NOT appropriate to submit it*

*under the Special Economic Development category. Any activity carried out under this project must be carried out in a neighborhood consisting of predominantly low and moderate income persons; involve facilities designed to be used predominantly by low and moderate income persons; or involve the long-term employment of persons the majority of whom are low and moderate income. In addition, your project must adhere to the Guidelines and Objectives for Evaluating Project Costs and Financial Requirements and the Public Benefit Standards identified on the following pages.*

*Special Economic Development Activities DO NOT include public facilities and improvements carried out to support or benefit a private for-profit business. These activities may be eligible under the Community Development Category. Special Economic Development Activities DO NOT include planning for economic development projects including conducting market surveys, developing individual commercial or industrial project plans and identifying actions to complete those plans. These activities may be eligible under the Planning category.*

*The examples provided under each of the three funding categories are for general information only and are not intended to be all-inclusive. Each community is encouraged to consult with CDBG Program staff about project eligibility and structure.*



# **CITY & BOROUGH OF WRANGELL, ALASKA**

## **BOROUGH ASSEMBLY AGENDA ITEM November 27, 2012**

ITEM NO. \*13h      Final Plat Approval for the Reed/Larson  
Easement Vacation

### **INFORMATION:**

1. Memo from Lavonne Klinke, P & Z Secretary, dated 11-16-2012

### **RECOMMENDED ACTION:**

APPROVED UNDER CONSENT AGENDA



AGENDA

13h

# Memo

**To:** Kim Flores, City Clerk

**From:** Lavonne Klinke, Planning & Zoning Secretary

**CC:**

**Date:** 11/16/2012

**Re:** Final plat review of the Reed/Larson Easement Vacation within Lots 1,2, and 3 of RAL Subdivision, Block 36, Wrangell Townsite, USS 1119, zoned Multi-Family Residential, requested by Kris and Dan Reed, and Kay Larson.

The Planning & Zoning Commission at their regular meeting on November 8, 2012 approved unanimously the Final plat of the Reed/Larson Easement Vacation within Lots 1,2, and 3 of RAL Subdivision, Block 36, Wrangell Townsite, USS 1119, zoned Multi-Family Residential, requested by Kris and Dan Reed, and Kay Larson, and is forwarding the plat to the Assembly for final approval and recording.

# **CITY & BOROUGH OF WRANGELL, ALASKA**

## **BOROUGH ASSEMBLY AGENDA ITEM November 27, 2012**

### **ITEM NO. 14      ATTORNEY'S FILE:**

- a. Invoice is attached.

# **CITY & BOROUGH OF WRANGELL, ALASKA**

## **BOROUGH ASSEMBLY AGENDA ITEM November 27, 2012**

**ITEM NO. 15a**  
**12-55**

**Executive Session: Discussion of Wrangell v. Rea, et.al. 1WR-**

### **INFORMATION:**

None.

### **RECOMMENDED ACTION:**

I move to go into executive session to discuss the pending litigation in *Discussion of Wrangell v. Rea, et.al. 1WR-12-55* involving matters, the immediate knowledge of which would clearly have an adverse effect upon the finances of the public entity.