

**PETERSBURG BOROUGH, ALASKA
RESOLUTION #2013-21**

A RESOLUTION INFORMING THE CITY AND BOROUGH OF WRANGELL ASSEMBLY THAT THE PETERSBURG ASSEMBLY ACCEPTS THE SOUTHEAST ALASKA POWER AGENCY'S AUGUST 19, 2013 OFFER TO TAKE OVER THE COSTS OF OPERATIONS OF THE TYEE HYDROELECTRIC PROJECT AND TO ABSORB THE CURRENT AND PAST EMPLOYMENT CASH LIABILITIES INCURRED BY THOMAS BAY POWER AUTHORITY AND SUGGESTS THAT THE NON-NET BILLABLE EXPENSES FOR FY 2014 BE PAID BY SEAPA; AND URGING THE WRANGELL ASSEMBLY DO THE SAME

WHEREAS, the formation of Southeast Alaska Power Agency (SEAPA) in late 2008, carried forward a 1996 Operation and Maintenance Agreement contract between the Thomas Bay Power Authority (TBPA) and the Alaska Energy Authority (AEA), whereby SEAPA assumed the rights and responsibilities of the operation and maintenance authority, and costs, of the Tyee Lake Hydro project; and

WHEREAS, in the mid 1970's the communities of Wrangell and Petersburg voters jointly approved formation of the TBPA for the purpose of hydro development and operation, and

WHEREAS, for many years, the Petersburg municipality has been voluntarily supporting and funding one-half of the Non-Net Billable portion of the annual TBPA budget. The Non-Net Billable budget for FY 2014 provided mostly for the expenses to employ one position within TBPA that is outside of the general operations & maintenance crew costs covered by the O&M Agreement with SEAPA. It also provided the administrative costs associated with the TBPA Board of Directors, and

WHEREAS, on May 6, 2013, the Petersburg Borough Assembly by a vote of 6-1 determined not to fund the proposed FY 13/14 TBPA Non-Net Billable budget. It was consensus of the Assembly that responsibility for this budget item was an issue which should be resolved between TBPA and SEAPA; and

WHEREAS, the CEO for SEAPA, in a memo dated August 19, 2013 addressed to the TBPA President, proposed a very fair solution, subject to SEAPA Board approval, to absorb all existing TBPA employees, to relieve the Petersburg and Wrangell boroughs from absorbing a substantial retirement liability cost incurred over the years for two employment positions, and to add and fund an additional employment position within the Tyee Project, and

WHEREAS, it was apparent at the joint work session held between the Wrangell and Petersburg Borough Assemblies on September 10, 2013 the Wrangell representatives may not fully appreciate the effects of the generous offer made by SEAPA that will benefit both communities.

NOW THEREFORE BE IT RESOLVED, the Petersburg Borough Assembly finds the August 19, 2013 memo from the SEAPA CEO to the President of TBPA regarding the Operation and Maintenance Agreement for the Tyee Hydroelectric Project to be acceptable and is willing to work with the SEAPA and TBPA boards to make the offer, or a similar negotiated offer, a permanent agreement.

RESOLVED FURTHER, the Petersburg Borough Assembly urges the City and Borough of Wrangell Assembly to acknowledge acceptance of the proposed August 19, 2013 SEAPA terms, or

similar terms that could be negotiated, to save TBPA in excess of \$750,000 in immediate cash liability, as well as retain the ability to influence regional hydro site analysis in the future, as a benefit to both communities.

FURTHER RESOLVED, failure of the City and Borough of Wrangell to accept the August 19, 2013 memo terms, or similar terms to be negotiated between SEAPA and TBPA, leaves the Petersburg Borough with no alternative but to take the position that 1) the unfunded PERS liability, exceeding \$750,000, will be the sole liability of the City and Borough of Wrangell should SEAPA determine to terminate the agreement with TBPA; 2) Petersburg Borough will not fund future Non-Net Billable items as currently presented in the TBPA budgets; and 3) Petersburg suggests that SEAPA fund the 2014 fiscal year Non Net Billable budget that is currently being paid by Wrangell.

Passed and Approved by the Petersburg Borough Assembly on Friday, September 27, 2013.


Mark Jensen, Mayor

ATTEST:


Kathy O'Rear, Clerk