



THE STATE
of **ALASKA**

GOVERNOR BILL WALKER

Department of Transportation and
Public Facilities

Design & Engineering Services
Port & Harbors Section

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December 5, 2016

Mark Jensen, Mayor
Petersburg Borough
P.O. Box 329
Petersburg, Alaska 99833

Dear Mayor Jensen:

Thank you for your letter dated November 9, 2016. Unfortunately we are unable to fully meet the terms and conditions associated with the Petersburg Borough's response to the department's offer to transfer ownership and maintenance responsibilities at the Papke's Landing Float, the Kupreanof Float, and the Entrance Island Float ("the harbor facilities") to the Petersburg Borough in exchange for \$732,883 in harbor deferred maintenance funds.

There are a number of reasons why we have reached this decision. First, the borough has asked for \$1.2 million in harbor deferred maintenance funds. This amount is more than what is presently available in the harbor maintenance fund. Second, the construct of the second transfer between the borough and the City of Kupreanof is unclear. We are uncertain about the timing, if and how much money the borough would transfer to the city, and if there are any other conditions with the agreement between the borough and the city. Third, while we understand why the borough doesn't want to take over ownership of the Entrance Island Float, the department needs to make a deductive adjustment to account for our costs to maintain or remove the harbor facility.

If you have any questions, please let me know.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Lukshin".

Michael Lukshin, P.E.
State Ports and Harbors Engineer

cc:

The Honorable Bert Stedman, Senator
The Honorable Jonathan Kreiss-Tomkins, Representative
The Honorable Thomas Reinarts, Mayor, City of Kupreanof
Marc Luiken, Commissioner
Michael J. Coffey, Southcoast Region Director