

Memo

To: Alaska Delegation Staff

From: Brad Gilman & Sebastian O'Kelly
Robertson, Monagle & Eastaugh

Re: Petersburg Borough's Issues for January 29-30 Washington, DC Visits

Date: January 22, 2018

The following memo summarizes the major issues Petersburg Borough would like to raise during its Washington, DC visits.

Attendees are as follows.

Mark Jensen, Mayor
Stephen Giesbrecht, Borough Manager
Brad Gilman, Robertson, Monagle & Eastaugh
Sebastian O'Kelly, Robertson, Monagle, & Eastaugh

1. Homeporting Coast Guard Fast Response Cutter (FRC): Petersburg, Alaska currently serves as the Coast Guard homeport for the Island Class Cutter *ANACAPA* and the Inland Buoy Tender *ELDERBERRY*. The *ANACAPA* is very important to the community and its fleet given its ability to carry out search and rescue, and fisheries enforcement. The Coast Guard is beginning to implement its asset and vessel replacement plans for Alaska. This includes eventual retirement of all seven of its 110' vessels (including the *ANACAPA*) to be replaced by six new 154' FRCs. The Coast Guard wants to homeport these vessels in pairs to reduce operational costs. Two FRCs have already been assigned to Ketchikan, The other four FRCs have not been assigned. If Petersburg is not selected as a homeport, this would result in the loss of the *ANACAPA* to the community. Petersburg would retain only the Inland Buoy Tender *ELDERBERRY*. With only one vessel remaining, the incentive increases for the Coast Guard to eventually consolidate the *ELDERBERRY* with other 17th District assets elsewhere and fully close down the Petersburg mooring station. Losing its entire Coast Guard presence would be a tremendous blow to the Petersburg economy, the health and safety of its significant-sized commercial fishing fleet, and the morale of its citizens.

The Borough strongly favors deployment of an FRC in the community and believes it has the necessary supporting infrastructure. The Coast Guard currently operates a mooring station and 100' float located off of Petersburg's Port Dock which house both the *ANACAPA* and *ELDERBERRY*. The Coast Guard has a 50 year lease expiring in 2027 which includes the current mooring float, a maintenance building, and work yard. The Coast Guard has also made major investments in housing. Petersburg is a family duty station, with eight duplex units for families and five houses for Officer's Quarter family housing, plus an additional building for unmarried Coast Guard personnel. The existing Coast Guard float in the Petersburg harbor could

be extended as far as 135'. This would allow the mooring of a 154' FRC outside of the Coast Guard float, with the inner station reserved for the *ELDERBERRY*. Existing housing is sufficient for additional crew without the need for more investment. The Borough is committed to working with the Coast Guard to identify space for additional upland facilities to handle the larger craft.

The Coast Guard has indicated that the FRC range is currently 1.5 times that of a 110' Island Class Cutter at cruising speed. The agency has said that five FRCs are roughly equivalent to seven 110s, with the sixth planned FRC providing 20 percent capacity increase for patrolling the Gulf of Alaska and the southeastern portion of the Aleutian Islands. The Coast Guard believes that such coverage can be obtained by homeporting two FRCs in Ketchikan, and the remaining four FRCs in Southcentral Alaska. The FRCs *John McCormick* and *Bailey Barco* arrived in Ketchikan last year.

Alternatively, patrol coverage could be expanded by doing a one-for-one replacement of the 110s with the FRCs, adding a seventh FRC to the Gulf of Alaska and Aleutian Islands. By doing so, the Coast Guard can put an FRC in each of the six communities that currently homeport the existing 110s, with two craft remaining in Ketchikan.

If homeporting the FRCs in pairs remains the agency's plan, the Gulf of Alaska homeports will drop from six communities to three communities. The current crew complement for a 110' is 16 (2 officers and 14 crew). The crew complement for the FRC is 22 (2 officers and 20 crew). This means that there are an additional 12 Coast Guard personnel (and families) assigned to man the FRCs in the Ketchikan homeport. Petersburg will, in contrast, lose 16 Coast Guard personnel (and families). There needs to be some consideration given to the impact on the Petersburg Borough and its citizens during this reorganization. The Coast Guard should evaluate options for minimizing this impact.

One option is to shift the Small Boat Unit from Ketchikan to Petersburg as part of the shift in deployment of assets in Southeast Alaska. The Ketchikan Small Boat Unit is comprised of two Response Boat-Medium craft and one Response Boat-Small craft. Each of these vessels has a four-man crew complement. Petersburg's existing mooring station float facility, the support building, work yard, and housing are sufficient to handle the needs of the Small Boat Unit without major investments. While Petersburg would suffer a small net loss of Coast Guard personnel, the community would continue to maintain the robust Coast Guard presence so vital to its residents.

Petersburg is requesting that the Delegation urge the Coast Guard to adopt a "one-for-one" replacement policy by deploying seven FRCs in Alaska and homeporting them under the current deployment configuration. Alternatively, the impacts on Petersburg could be mitigated by potentially shifting other assets and/or missions to Petersburg if the Coast Guard is determined to homeport the FRCs in pairs and discontinue the cutter presence in Petersburg.

2. Secure Rural Schools (SRS): The SRS Program was created by bipartisan legislation in 2000 as a substitute for declining revenue sharing receipts due to reductions in logging on Forest Service lands. For the second time in its existence, Congress has failed to fund SRS. This loss of funding could mean reduced equipment and supplies, loss of non-core classes, sports and activities, and staff reductions. Petersburg's last SRS payment totaled \$578,000. The Borough

strongly supports the reauthorization or extension of SRS. The State's national forest communities stand to lose \$10 million per year without a program extension. Mayor Jensen submitted written testimony for the record at last year's hearing in May on SRS/PILT held by the Senate Energy & Natural Resources Committee.

3. Southeast Sea Otters: Southeast sea otter populations have spiked in recent years as recorded by the USFWS in its stock assessments. The growth of their numbers has had a negative impact on nearshore fisheries. Local fishermen are seeing significant declines in crab, urchin and shellfish species, resulting in area closures by ADF&G and an estimated loss of \$30 million in foregone catch over the last 20 years. Southeast sea otters are not listed under the ESA and are instead managed under the MMPA.

Native Alaskans are permitted to harvest sea otters for subsistence and limited commercial use but do so at a level well-below sustainable harvest levels, in part due to USFWS restrictions on commercial use. The Borough supports modification of these regulations to create greater economic incentives for Native harvest as well as delegate authority for Native co-management of the species. We understand that Tribal Governments on the West Coast are also seeking greater management authority over the conservation, management, and regulation of their subsistence resources. Native Alaskans in Southeast should be permitted greater authority to regulate the harvest and utilization of marine mammal resources. The Borough is recommending that the Alaska Delegation explore legislative options for granting the Native American communities greater leeway in the harvest and defining customary and traditional use of marine mammal resources.

4. Infrastructure Projects: These are the community's top infrastructure projects. Should the "Infrastructure Package" being discussed by the Congress and Administration include specific projects, we would urge their inclusion.

- **South Harbor Dredging:** Petersburg's South Harbor is suffering from bank sloughing, sediment build up, and glacial rebound. Vessels often run aground and the boat stalls along the shore are impassable during stages of the tide. The Corps is conducting a study with the Borough on a 50-50 cost share to dredge the harbor through the Section 107 Small Navigation Projects Program. This is the same Corps program critical to the Borough's earlier project to dredge its North Harbor.
- **Scow Bay Haul Out:** This project involves development of a small vessel haul out at Scow Bay and work yard for use by commercial fishing, sport/tour charter, and private recreational vessels. Improvements include replacement of a deteriorated and inadequate ramp for hauling boats in and out of the water, vessel washdown pad, and water, sewer and electrical systems. The Borough is seeking \$6 million for construction and has applied for a Federal DOT TIGER grant.
- **Petersburg Access Road Improvements:** This project provides the community of Petersburg with an alternate transportation corridor from the airport area to the industrial, commercial and residential areas in Scow Bay. It will enable heavy trucks, industrial equipment, and waste/recycled materials from the Alaska Marine Lines barge dock in

Scow Bay to bypass downtown Petersburg. The project has been on the State STIP for a number of years and has a total cost of \$5.2 million.

5. British Columbia Mining: The Borough continues to be concerned over the increased mining development in British Columbia and its potential impact on Southeast Alaska watersheds and fisheries. It passed its most recent resolution on this issue in October. Eight British Columbia mines are under various stages of development that are located in the Taku, Unuk, and Stikine River watersheds. Further south in the province, a tailings dam at the Mt. Polley mine on the Fraser River breached in 2014 and caused significant environmental and economic harm to the Fraser River salmon fishery. Petersburg contacted the International Joint Commission to use its authority pursuant to the U.S.-Canada Boundary Waters Treaty. The Joint Commission is reluctant to act independently in the absence of some high-level consensus from both the U.S. and Canadian governments to move forward. We applaud the Alaska Delegation's ongoing efforts to press our State Department to engage directly with its Canadian counterpart to put greater pressure on the British Columbia provincial government. Petersburg supports increased water quality testing and monitoring in the watersheds.

6. Pink Salmon Disaster Assistance: The Governor has determined that salmon fishermen and processors in the Aleutians were negatively affected by the poor pink salmon runs in the State and has submitted a fisheries disaster request to the Federal government. The Borough supports the Department of Commerce's determination that a fisheries disaster has occurred and requests support for disaster relief funding. We request that the Alaska Delegation continue its efforts to work with other States' congressional delegations to obtain fishery disaster appropriations.

7. PILT: PILT provides partial compensation for the loss of revenue to communities with large Federal property in-holdings which cannot be developed and which are exempt from local property taxes. Petersburg's FY 2017 PILT payment was \$567,000. Mayor Jensen submitted written testimony for the record at last year's hearing in May on SRS/PILT held by the Senate Energy & Natural Resources Committee.

8. Essential Air Service: Without the Essential Air Service program, Petersburg would likely lose regular, daily air service provided Alaska Airlines. While the threat of program termination seems less than it was a couple years ago, legislative critics of the program remain in both the House and Senate. The Borough urges the Delegation to oppose any effort to cut or terminate the program.