

Memorandum

To: Borough Manager
From: Glo Wollen, Harbormaster
Date: 7/26/2016
Re: A cost share agreement between the Borough and USACE for a Feasibility Study for a South Harbor Dredge project

After a site visit in June of this year, the US Army Corps of Engineers, Alaska District has recognized that the increased shallowing of depths are impacting efficient use of portions of the South Harbor and has proposed entering into a cost sharing agreement to move forward with a feasibility study of a potential partnership between USACE and Borough concerning this dredge project. Attached is a DRAFT Petersburg Navigation Improvements Section 107 Project Fact Sheet that puts forth some of their findings and the likely recommended plan.

Staff has been working with the Borough's DC Lobbyist and the AK Federal Delegation to allow the South Harbor dredge basin to qualify for the USACE Section 107 program for a number of years. Recent Federal funding has allowed new projects to be identified and Petersburg was selected for a site visit in mid-June.

During their lead up and the initial site visit to Petersburg in June the team was skeptical about how much Federal interest there might be and initially felt probably not enough to warrant Petersburg spending up to the possible \$500-750,000 for the required 50/50 feasibility study match. After the June site visit during which they spent time with stake holders and staff, the team went back to Anchorage and found upon detailed review that the Alaska District does recognize that there is compelling Federal interest in the proposed Petersburg South Harbor Basin dredge project.

Highlights from a teleconference on 7/22/16 with the USACE Alaska District team leaders include:

- A potential for possibly a 50 % (or more) Federal interest in what they (very roughly) estimate a 5 million dollar project.
- Estimated cost for the completed feasibility study is \$750,000 of which the USACE picks up the first \$100,000 with the remaining balance cost shared 50/50 with the local sponsor. Therefore Petersburg's portion would be \$325,000 which could be reduced further with "in-kind" services.
- With the execution of this project ALL General Navigation Features (entrance channels and maneuvering/turning basins) of the entire South Harbor Basin will become a federally maintained harbor!
- If the Borough agrees to move forward with the feasibility study it will include a survey that the team feels will no doubt warrant enough information to propose a new harbor facility in the Scow Bay area in the future. The big positive for getting the USACE involved at this stage and making it "their idea", they will cover much of the required funding for the initial planning & site prep as well as maintenance of the area forever, just like the North Harbor situation.

We currently have funds (\$325,000) available in the Harbor Reserves available to spend on this project. The timing is critical as the USACE Alaska Region team leader, is requesting confirmation to enter into the feasibility phase of this project by August 12th, 2016 in order to make their upcoming year's project deadline.

I recommend moving forward and entering into the proposed feasibility study with the USACE Alaska District. If you agree with this recommendation, please forward it to the Borough Assembly for consideration at their next regular meeting.

Thank you.