
MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Erin Reinders, City Manager
Date: November 9, 2021
Re: State Legislative Priorities

SUMMARY: City Council identifies legislative priorities annually. This memo outlines Council's existing state priorities and highlights changes to the updated priorities based on feedback from Council over the course of this past year. Council will also hear from the State lobbyist tonight and consider a formal resolution outlining legislative priorities on December 14, 2021. Staff will develop that resolution for your consideration based on tonight's discussion. No formal action will take place this evening.

PREVIOUS COUNCIL ACTION: Identifying State and Federal legislative priorities is a recurring Council action to express the City's support for certain initiatives; to seek support for capital projects; and in preparation for lobbying trips. Council last approved State Legislative Priorities via Resolution 2020-62 on September 22, 2020. Priorities approved at that time are outlined below.

CURRENT FEDERAL LEGISLATIVE PRIORITIES
<i>Critical Needs Support</i>
Stabilization of Commercial Flight at Tom Madsen Airport*
State Ferry System
Community Assistance Program and Shared Fisheries Tax Program
Reliable and High Speed Internet
Environmental Remediation
Habitat Restoration for Salmon Stock Improvement
<i>Capital Project Funding Support</i>
Captains Bay Road and Utility Improvements Project - \$52 Million Total Estimated Cost
Robert Storrs Boat Harbor Improvements - \$9.5 Million
*Bold indicates that Priority is also identified as a Federal Priority

That resolution also identified the Stabilization of Commercial Flights at Tom Madsen Airport as the number one key critical support need and the Captains Bay Road and Utility Improvements Project as the number one project funding priority.

BACKGROUND: City Council has identified key focus areas. These include capitalizing on partnerships, developing an arctic port, and promoting fiscal sustainability.

Our Federal lobbyists tell us that earmarks may be returning to the Congressional budgeting process and that there seems to be a strong interest in utility and port infrastructure projects. Sebastian O'Kelly suggested we consider adding some of our Capital Projects to the list.

City Council will discuss and consider State Legislative Priorities separately from the Federal Priorities this year. Council has already heard from our Federal Lobbyist team and approved the Federal Priorities.

Our State Lobbyist, Dianne Blumer and our Federal Lobbyist team met together on Friday, October 22, 2021, to discuss how the priorities would be best coordinated.

DISCUSSION: Council will also hear from Dianne Blumer, tonight for a state legislative update and to consider of draft priorities.

Below is a list and overview of draft State legislative priorities for Council’s consideration. Council may also want to consider if the top critical need and the number one priority project for funding support remain as currently designated.

This list has been developed with consideration to Council's existing priorities, lobbyist guidance, and Council’s ideas for goals and focus areas. Much of the information in the overview is from the CMMP and the input of City staff. Changes to the list are described below.

The final list, and associated resolution, will be acted on at the December 14, 2021, City Council meeting.

DRAFT STATE LEGISLATIVE PRIORITIES
<i>Critical Needs Support</i>
Stabilization of Commercial Flights at Tom Madsen Airport (existing State and Fed Priority)*
State Ferry System (existing)
Community Assistance Program and Shared Fisheries Tax Program (existing)
Reliable and High Speed Internet (existing)
Environmental Remediation (existing)
Arctic Port Development in Unalaska (new and newly identified Federal Priority)
<i>Capital Project Funding Support</i>
Captains Bay Road and Utility Improvements Project - \$54 Million (existing State and Fed Priority)
Robert Storrs Boat Harbor Improvements – \$9.5 Million (existing and newly identified Federal Priority)
Unalaska Marine Center Cruise Ship Terminal - \$18.59 Million (new and newly identified Federal Priority)
LCD and UMC Dredging - \$6.65 Million (new and newly identified Federal Priority)
Makushin Geothermal Interconnection Projects - \$5.7 Million (new and newly identified Federal Priority)
Solid Waste Gasifier - \$8.3 Million (new and newly identified Federal Priority)
*Bold indicates that Priority is also identified as a Federal Priority

Critical Needs Support

- 1. Stabilization of Commercial Flights at Tom Madsen Airport.** *This is an existing and unchanged Legislative Priority (both State and Federal) that helps to address Council’s recently identified focus on air transportation.* This item is currently identified as Unalaska’s top critical need.

Air travel is the only way to reasonably access our island community. Direct, safe, reliable, and affordable flights meeting regular and peak season demands of our community is critical. The airport and runway are owned and managed by the Alaska Department of Transportation. Furthermore, the Alaska Department of Transportation, US Department of Transportation, and

the Federal Aviation Administration are responsible for supporting safe and efficient transportation systems and infrastructure.

The grounding of the Saab 2000 for the DUT-ANC route, in the aftermath of the crash of Flight 3296, highlighted the risk of having only one airline with one commercial aircraft authorized to fly passengers directly between Anchorage and Unalaska. This was again recognized when Ravn Air declared bankruptcy and stopped all air service in April of 2020 for a lengthy period of time. We call upon state and Federal delegations and agencies to assist in creating an environment that allows for redundancy in aircraft service in order to meet our island community's transportation needs.

We also support the State of Alaska's efforts as they update and implement their Airport Master Plan for Tom Madsen Airport to address runway improvements. We support the Essential Air Service program, and related programs, as critical tools to ensure the long-term viability of air travel to and from Unalaska.

2. **State Ferry System.** *This is an existing and unchanged State Legislative Priority.* Ferry service to and from our remote island community is identified in the City's Comprehensive plan as a community priority, stressing the importance of advocating for regular and consistent service to meet the needs of residents, businesses and visitors. Alaska Marine Highway System provides a cost-effective way for community members and businesses to travel and ship equipment and materials. The Ferry is how teachers move to this island, this is how our Aleutian Island neighbors access critical stores and services, this is how large families can travel off the island to visit loved ones, this is how the mobile mammogram van comes to our community to provide life altering healthcare. The Alaska Marine Highway System provides an essential service to Unalaska and is necessary for our community health, safety, economic and social wellbeing. The city supports sustained service as well as investment in vessels and related infrastructure.
3. **Community Assistance Program and Shared Fisheries Tax Program.** *This is an existing and unchanged State Legislative Priority.* The City of Unalaska works hard to fulfill its obligations as a local government. Our ability to do so is limited by statute, public interest and available resources. Traditionally those resources have included State and Federal funding, which offset the burdens that might otherwise be felt by a local tax base.
4. **Reliable and High Speed Internet Support.** *This is an existing and unchanged Legislative Priority (both State and Federal).* Unalaska's internet speeds impede business growth, access to medical services, remote post-secondary education, and our community's overall quality of life. Residents are unable to fully utilize cloud-based systems to improve efficiencies and effectiveness in personal, educational, medical, and business processes. Improving internet services has long been a priority and the City supports programs and activities that help to bridge this digital divide.
5. **Environmental Remediation Support.** *This is an existing and unchanged Legislative Priority (both State and Federal).* Unalaska has several sites that are subject to the Department of Defense's Formerly Utilized Defense Sites environmental program due to contamination during WWII activities, as well as WWII related contamination that is discovered during construction projects today. Assistance and support at the State and Federal levels is critical to mitigating these contaminated areas.

- 6. Artic Port Development in Unalaska.** *This item is a new Federal Priority and should be considered as a State Priority in support of Council's vision of becoming an arctic port.* Unalaska is strategically located and vibrant Arctic Port community. City of Unalaska is home to the International Port of Dutch Harbor, the largest commercial fishing port in the nation. Unalaska/Dutch Harbor is a vital transportation and economic hub that will only become more key as northern shipping routes expand. The Port of Dutch Harbor is the only deep draft, year-round ice-free port from Unimak Pass west to Adak and north to the Bering Strait. Our port has been designated a "Port of Refuge" and provides protection and repair for disabled or distressed vessels as well as ground and warehouse storage and transshipment opportunities for the thousands of vessels that fish or transit the waters surrounding the Aleutian Islands daily. Unalaska is also the home of the western-most container terminal in the United States and is one of the most productive ports for the transshipment of cargo in Alaska. In addition to products shipped domestically to and from this regional hub, the product is shipped to ports around the world with weekly shipments headed to Europe and Asia by container ship and freighter.

Capital Project Funding Support

- 1. Captains Bay Road and Utility Improvements Project - \$54 Million.** *This is an existing Legislative Priority (both State and Federal), identified on the CMMP and submitted for the State's CAPSIS in 2021. The dollar amount has changed from \$52 Million to match the CMMP. This item is City Council's number one project funding priority.*

Captains Bay Road is the primary transportation route for Westward Seafoods, Alaska Chadux Network (oil spill response), North Pacific Fuel, Trident Seafoods, Alaska Marine Lines, Offshore Systems Inc., Bering Shai Rock and Gravel, and small businesses and residences. This high traffic area is a corridor for pedestrians as well as heavy trucks in the fishing, shipping, and support industries vital to Unalaska's economy. Future growth and business activity is expected to occur along Captains Bay Road.

This project includes roadway realignment, utility extension and installation, drainage improvements, lighting, walkways and pavement. The current \$54M cost addresses all these components. Staff continues to consider how the project might be divided into phases, ideally as standalone projects. Given the large dollar value for the overall project, the State DOT advised us that smaller stand-alone projects would increase our likelihood of funding support in the STIP. We are currently working to complete a formal cost benefit analysis to help quantify and communicate the overall project value the various components bring. This analysis will help us with better project phasing, improve project ranking during the STIP evaluations at the state level, and can be used to support other funding opportunities.

- 2. Robert Storrs Boat Harbor Improvements – \$9.5 Million.** *This is an existing State Legislative Priority, identified on the CMMP, was submitted for the State's CAPSIS in 2021, and is a new Federal Priority.* The Robert Storrs Boat Harbor was inherited by the City of Unalaska from the State of Alaska and has served the community well for over 30 years. To ensure the safety of those who use the dock and the vessels that moor at the Storrs Boat Harbor, the floats must be replaced and the dock redesigned. Existing Floats A and B will be removed and reconfigured to accommodate a new float system, ADA gangway, and create uplands for parking and a public restroom. This project includes a fire suppression system, electric, and year round water supply for harbor users. This project qualifies to be a part of State of Alaska's Harbor Facility Grant Program for potential funding support. This is a program that the City of Unalaska has long supported. This reconfiguration will add 30 slips.

3. **Unalaska Marine Center Cruise Ship Terminal - \$18.59 Million.** *This project is identified on the CMMP, was submitted to the State's CAPSIS in 2021, and is a new Federal Priority. Consideration may be given to adding this to the State priority list because it is port related infrastructure and could assist in addressing Council's vision of an Arctic port.* This project will provide an open sheet pile dock with mooring dolphins to the south of Unalaska Marine Center Position 7. Prior to the COVID-19 pandemic, cruise ship activity was on the rise in Unalaska and was proving beneficial to local commerce. Cruise ships do not have dedicated dock space to reserve with certainty; the Unalaska Marine Center is designated for industrial cargo and fishing operations. Unalaska has been fortunate to be able to accommodate most of the cruise ship activity, but space will grow more challenging as passenger counts and vessel calls increase. A cruise ship terminal would allow for dedicated cruise ship berthing and eliminate safety issues created from passengers walking through and around cargo operations. During the off season for cruise ships, this facility could be used for fishing vessel offloads. A cruise ship terminal will provide an additional revenue opportunity and still bolster commerce through committed berthing for the cruise ship industry.

4. **LCD and UMC Dredging - \$6.65 Million.** *This project is identified on the CMMP and a new Federal Priority. Consideration may be given to adding this to the State priority list because it is port related infrastructure and could assist in addressing Council's vision of an Arctic port.* The completion of this dredging will enhance current and future port operations by creating usable industrial dock face that is designed for vessels in varying lengths, draw and tonnage. This project includes the engineering, permitting, and dredging at the faces of the Light Cargo Dock and the Unalaska Marine Center positions 1-7. It will compliment other capital projects in the Port, namely the dredging of the entrance channel. Larger vessels will be able to enter into Dutch Harbor and the depth of the dock face must facilitate the new traffic. The depths at the Unalaska Marine Center vary from -32 and -45 at MLLW. Dredging at the face of the Unalaska Marine Center would create a constant -45 from Positions 1-7. This will accommodate deeper draft vessels throughout the facility. The existing sheet pile is driven to approximately -58 and dredging to -45 will not undermine the existing sheet pile. This project is primarily to accommodate large class vessels. Many of the vessels currently calling the Port must adjust ballast to cross the entrance channel and dock inside the harbor. Dredging in front of the Light Cargo Dock will also make this dock more accessible for current customers. Vessels using the Light Cargo Dock that draw more than 22' must insert another vessel in between the dock face and their vessel in order to get enough water under the keel.

5. **Makushin Geothermal Interconnection Projects - \$5.7 Million.** *This project is directly related to a long time Council priority supporting alternative energy, identified on the CMMP, is required per the PPA with OCCP and is a new Federal Priority. Consideration may be given to adding this to the State priority list because it is utility related infrastructure and could help address Council's recently identified focus on geothermal power and natural resources.* This project is the City of Unalaska's estimated portion of reliability upgrades for the City's electrical distribution system required to accept energy from the Makushin geothermal plant. It requires connecting multiple self-generating industrial customers to the current distribution system, installs more robust intermediate level protections, replaces the aging submarine cable at Iliuliuk Bay, upgrades numerous feeder connections and substations, and improves the current SCADA system and automated controls. This project includes a set aside for legal and consulting fees associated with implementation. A more accurate budget will be determined upon the completion of the interconnection study and after the implications are fully understood. Based on study findings, there may be a Phase II project to accomplish the required upgrades.

6. **Solid Waste Gasifier - \$8.3 Million.** *This project is identified on the CMMP and a new Federal Priority. Consideration may be given to adding this to the State priority list because it is utility related infrastructure, and could help address Council's recently identified focus on natural resources.* Current active landfill cells are projected to reach capacity in five or six years. The City of Unalaska worked with the DOE National Renewable Energy Laboratory (NREL) to consider the best waste minimization technology pathway for our location. Combustion, pyrolysis, hydrothermal liquification, gasification, and anaerobic digestion were all considered, factoring in environmental impacts, complexity, waste reduction potential, initial capital costs, and on-going operating costs. Gasification, anaerobic digestion, or a combination of the two processes was deemed to be the best long-term solution. A solid waste gasifier would work for approximately 86% of Unalaska's total waste stream, and could be used to dispose of bales already buried in the landfill cells, vastly increasing the current location's projected lifespan. In keeping with our commitment to clean geothermal power and an overarching goal of becoming carbon neutral, the City is seeking a technology provider that can offer a plant design that uses the syngas production from the gasification process to pre-dry the feedstock, reducing the diesel needed to reach a self-sustaining steady-state operation. Assistance and support at the State and Federal level will help minimize possible landfill fee increases required to fund the construction of this capital project. Operating costs will be eventually recovered by extending the landfill lifespan; each year of additional capacity is valued at \$1.1 million dollars.

ALTERNATIVES: Council may choose to edit, add or remove priorities. Staff will develop a resolution as Council directs.

FINANCIAL IMPLICATIONS: No direct financial impact is associated with the discussion.

LEGAL: None needed.

STAFF RECOMMENDATION: No formal action is taking place at this time.

PROPOSED MOTION: No formal action is taking place at this time.

CITY MANAGER COMMENTS: This list was generated after discussion with both our state lobbyist and our federal lobbyist team. I thank the city team for the assistance in getting this information together. Based on Council's feedback today, I will draft up the final list and associated resolution.