



CITY OF NORTH POLE

"Where the Spirit of Christmas Lives Year Round"

125 Snowman Lane • North Pole, Alaska 99705-7708
E-mail: mayor@northpolealaska.com • Website: www.northpolealaska.com

November 21, 2008

8950
JD
OMB

City Hall
907-488-2281
Fax: 907-488-3002

Sarah Palin, Governor
Alaska State Capitol Building
Third Floor
P.O. Box 110001
Juneau, AK 99811-0001

Police
Department
907-488-6902

Dear Governor Palin:

Fire
Department
907-488-2232

How many small cities with populations of less than 2000 affect their entire state's economy and contribute directly to national security? The City of North Pole is the only such city in Alaska and may be the only such city in the nation.

Utilities
907-488-6111

The City of North Pole's Water and Waste Water Utility make it possible for two oil refineries and three electric power generation facilities to operate in Interior Alaska. These refineries produce aviation fuel for commercial, military and private customers; heating fuel; gasoline; diesel fuel; fuel for power generation and other petroleum products essential for customers across Alaska. Almost half of Alaska Railroad's freight revenue comes from hauling petroleum products made in North Pole. GVEA's three North Pole power plants (60 megawatts each) provide electricity to meet demand in the Interior power grid. Water and sewer utility charges on the backs of approximately 475 North Pole rate payers, over 350 of them residential customers, make all this possible.

City Clerk
907-488-2281

Public Works
907-488-2281

Flint Hills and Petro Star Refineries and Golden Valley Electric Association do not have Environmental Protection Agency waste water discharge permits. They discharge their waste water to North Pole's municipal waste water treatment system which is permitted by the EPA. North Pole as possessor of the EPA permit will be responsible for issuing pre-treatment permits within to three industries within 18 months.

Were North Pole's waste water treatment plant, industrial lift station or other critical utility infrastructure components to fail or shut down, the refineries and power plants would be forced to curtail or even cease operations. In the event of a Flint Hills shut down, the Alaska Railroad could potentially lose over \$100,000 per day in freight revenue. Fort Wainwright, Fort Greely and Eielson Air Force Base would lose access to local supplies for all of their gasoline, diesel and aviation fuels that would have to be replaced by other sources, possibly from outside of Alaska. The supply of locally produced aviation fuel, heating fuel, diesel and gasoline would be reduced and have to be replaced by other suppliers—at higher cost to Alaskans. Asphalt produced in North Pole is used on road projects throughout the Interior and would need to be replaced by other sources should the refineries cease or curtail operations. The importance of North Pole's industrial park businesses is reflected in the Department of Homeland Security's recognition that Flint Hills Refinery is second only to the Trans-Alaska Pipeline as a priority security asset.

OFFICE OF THE GOVERNOR
NOV 28 2008

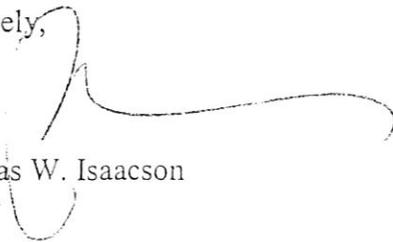
Contributions to the Alaska economy made possible by the City of North Pole's Utility

- 100% of the Fairbanks International Airport's jet fuel comes from Flint Hills Refinery
- 51% of the jet fuel used at the Ted Stevens International Airport comes from Flint Hill Refinery
- 100% of Fort Wainwright's diesel, gasoline and aviation fuels are produced by Flint Hills and Petro Star Refineries
- 100% of Eielson Air Force Base's diesel, gasoline and aviation fuels are produced by Flint Hills and Petro Star Refineries
- 100% of Fort Greely's diesel, gasoline and aviation fuels are produced by Flint Hills and Petro Star Refineries
- 12,000 barrels per day (bpd) of fuel is supplied to GVEA's North Pole power plants from Flint Hills Refinery
- 27.8 % of Alaska Railroad's total revenue in 2007—over \$40 million —was earned from shipping petroleum products from Flint Hills Refinery (45% of Alaska Railroad's freight revenue)
- GVEA's three North Pole power plants, 60 megawatts each, supply electricity to meet electric demand in the Interior
- The Port of Anchorage generates significant revenues from the shipment of petroleum products produced in North Pole
- The Petro Star and Flint Hills Refineries are major suppliers of the diesel, gasoline and aviation fuels used in Interior villages

Four infrastructure facilities are critical to the operation of North Pole's industries—waster water treatment plant, an industrial sewer lift station; an industrial waste water sewer line and the water treatment plant. All four of these facilities are in need of rehabilitation or replacement. The City of North Pole is seeking state support to rehabilitate these facilities to ensure the continued positive contribution of local industries to Alaska's economy and the national security.

Thank you for any support your administration can provide to the City of North Pole for its critical utility infrastructure rehabilitation needs.

Sincerely,



Douglas W. Isaacson
Mayor

- cc
- Emil Notti, Commissioner DCCED
 - Larry Hartig, Commissioner DEC
 - Representative John Coghill
 - Senator Gene Therriault
 - North Pole City Council
 - James Whittaker, Mayor FNSB

Attachments

- City of North Pole Priority Utility Projects
- Letters of support, North Pole Fire Department ladder truck

City of North Pole Priority Utility Projects

125 Snowman Lane
North Pole, AK 99705
907-488-2281

1. North Pole Waste Water Treatment Plant (WWTP)

Waste Water Treatment Plant Design Study: \$500,000

A study to assess the status of the existing WWTP, projected waste water treatment needs and preliminary design for a rehabilitated or new WWTP.

The WWTP has exceeded its 20 year design life and in times of peak flow approaches its permitted discharge limit. The WWTP uses antiquated and inefficient technologies. The equipment is not only inefficient, prone to failure and replacement parts are hard to obtain but also expensive, if available. The 20+ year old technologies used in the facility are energy inefficient which results in higher than necessary operation and maintenance costs that drain resources from other critical utility infrastructure projects; for example, the City chlorinates its effluent to kill harmful bacteria. Environmental regulations require that the effluent must be de-chlorinated to remove the harmful chlorine. Modern treatment technologies like ultraviolet light eliminate the need for adding chemicals to kill bacteria in the effluent.

2. Industrial Sewer Lift Station

Industrial Sewer Lift Station Rehabilitation: \$250,000

Total rehabilitation of the components of the lift station serving the North Pole Industrial Park—pumps, piping, electrical components and can.

A single lift station serves North Pole's industrial park and pumps approximately one third of the City's entire waste stream to the WWTP—over 24 million gallons per year. The nature of the industrial effluent is more corrosive than domestic waste water and leads to more rapid deterioration of the components of this particular lift station. If the lift station fails the only option available is to truck waste water from the industrial park to the WWTP 24 hours per day, seven days per week—an exceptionally expensive solution.

3. Industrial Sewer Main

Construct a Dedicated Industrial Sewer Force Main: \$3,000,000

Construction of a dedicated sewer line to serve North Pole's industrial park.

Waste water discharged from the industrial park travels through over 6000 feet of dedicated force and gravity sewer mains along a circuitous route. The majority of this sewer main passes through residential zone property. To promote development of the industrial park the City plans to build a dedicated industrial force main. The shorter force main would be more energy efficient by following a path of about 3000 feet and would bypass residential property. Site preparation has already begun by the developer in the residential tract through which the industrial sewer main travels. The proposed industrial sewer force main would segregate industrial waste water from domestic sewage until it reaches the WWTP.

4. Water Treatment Plant Design Study

Waste Water Treatment Plant Design Study: \$500,000

A study to assess the status of the existing Water Treatment Plant (WTP), projected city water treatment needs and preliminary design for a rehabilitated or new WTP.

North Pole's water treatment plant provides drinking water to the City and water for fire protection. Two recent separate pump failures almost caused the City to lose water pressure throughout the system. Low or loss of water pressure would negatively affect the ability to fight fires in the City, including at the Industrial Park. If the system loses normal pressure an emergency fire pump will pump untreated water into the system to fight fires. Should this occur, the drinking water system must be decontaminated. The City needs to conduct a design study of its water treatment plant to assess rehabilitation needs.

5. Other High Priority Needs of City of North Pole supporting Industrial, Commercial, and Residential Utility Customers

A. Waste Water Treatment Plant Sewer Lagoon De-Sludging: \$250,000

The WWTP uses a series of four lagoons to biologically treat waste water. Over time the lagoons fill with indigestible sludge. The volume of sludge in the lagoons reduces the volume of waste water that can be treated. De-sludging the lagoons will increase the WWTP's treatment capacity and increase the efficiency of the treatment process.

B. Sewer Pipe Relining: \$1,600,000

Throughout North Pole, aging sewer pipes leak sewage and ground water infiltrates through the sewer lines. During periods of high ground water, large amounts of water infiltrate into sewer lines and increase flow to the WWTP. This added flow causes the WWTP to approach its permitted flow of ½ million gallons of flow per day. Relining aging sewer pipe will reduce flow to the WWTP and this will reduce treatment costs and increase the plant's treatment capacity.

C. Manhole Rehabilitation: \$1,000,000

Throughout North Pole, aging manholes leak sewage, and ground water infiltrates into the manholes, similar as to what is occurring with aging sewer pipes. During periods of high ground water, large amounts of water infiltrate into the manholes and increase water flow to the WWTP. This added flow causes the WWTP to approach its permitted flow of ½ million gallons of flow per day. Rehabilitation aging manholes will reduce flow to the WWTP and this will reduce treatment costs and increase the plant's treatment capacity.

D. North Pole Fire Department Ladder Truck: \$900,000

The City of North Pole's fire department provides fire service for the City of North Pole and backup fire service support for the North Pole industrial park businesses—Flint Hills and Petro Star Refineries and GVEA--Eielson AFB and borough residents surrounding the City. The next closest ladder truck is in the City of Fairbanks, 20 miles away. North Pole's ladder truck is aging and was out-of service for over 90 days recently due to the lack of a critical replacement part. Letters of support attached.