Agency: Commerce, Community and Economic Development

Grants to Municipalities (AS 37.05.315)

Grant Recipient: Sitka **Federal Tax ID:** 92-0041163

Project Title: **Project Type:** Planning and Research

Sitka - Takatz Lake Hydroelectric Project Planning and Analysis

State Funding Requested: $770,000 **House District:** 2 / A

One-Time Need

Brief Project Description:

The City and Borough of Sitka requests $770,000 to complete the Takatz Lake Feasibility Analysis. The original FERC Preliminary Permit will expire in August 2011, and City and Borough of Sitka will pursue a second 3-year FERC permit to complete necessary studies.

Funding Plan:

Total Project Cost:	$3,000,000
Funding Already Secured:	($2,230,000)
FY2013 State Funding Request:	($770,000)
Project Deficit:	$0

Detailed Project Description and Justification:

In September 2008, the Federal Energy Regulatory Commission (FERC) issued a preliminary permit to the City and Borough of Sitka (CBS) to determine the feasibility of the Takatz Lake Hydroelectric Project. This project, along with the expansion of the existing Blue Lake Hydroelectric Project can be fully utilized to displace much of the 9 million gallons of fuel oil currently being consumed in Sitka each year.

This work to determine the feasibility of the Takatz Lake Hydroelectric Project is the continuation of over one hundred years of hydroelectric power supply planning for Sitka dating back to early 1900s. The more recent engineering investigations over the decades resulted in the construction of the Blue Lake Hydroelectric Project in 1960, followed by the construction of the Green Lake Hydroelectric Project in 1982, the addition of two small hydroelectric units at the existing Blue Lake hydroelectric project in 1992, and now the expansion of the existing Blue Lake Hydroelectric Project to its maximum capacity, which is expected to be completed and in service by 2015. The result of this planning is Sitka's power supply has been primarily hydroelectric for fifty years and will continue to be hydroelectric in the future.

CBS requests $768,232 to complete the Takatz Lake Feasibility Analysis. The original FERC Preliminary Permit will expire in August 2011, and CBS will pursue a second three-year FERC permit to complete necessary studies.

The majority of environmental and resource studies are in progress or have been completed. Contracts have been awarded, and work is in progress to determine if a lake tap is feasible for the project. In addition, the U.S. Forest Service has supported the possibility of alternative transmission corridors for the project. Each of these developments may have profound impacts on the economic and technical feasibility of the project. The additional funding is requested to finalize the

Contact Name: Weston Eiler
Contact Number: 465-3873

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$770,000 Approved

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geotechnical and preliminary engineering design work required to validate these potential options.

Since 2002, Sitka has invested over $8,000,000 in environmental and engineering work to re-license and expand the existing Blue Lake Hydroelectric Project. In addition, over $1,300,000 has been expended to investigate other potential hydroelectric resources, including Takatz Lake. These expenditures by Sitka totaling $9,300,000 reflect CBS's commitment to the development of Sitka's hydroelectric resources.

Project Timeline:

The FERC Preliminary Permit for Takatz expired in September 2011, the City has applied for a second permit and expects to receive that in early 2012. Feasibility studies will continue in FY13 pending issuance of the FERC Permit.

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

City and Borough of Sitka

Grant Recipient Contact Information:

Name:	Marlene Campbell - City and Borough of Sitka
Title:	Govt Relations Director
Address:	100 Lincoln St.
	Sitka, Alaska 99835
Phone Number:	(907)747-1855
Email:	campbell@cityofsitka.com

Has this project been through a public review process at the local level and is it a community priority? [X] Yes [ ] No

For use by Co-chair Staff Only:

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FY2013 CBS LEGISLATIVE CAPITAL PROJECT REQUEST

Project Title: <u>TAKATZ LAKE HYDROLECTRIC FEASIBILITY ANALYSIS</u>

Total Project Cost:	**$ 3,000,000 (100%)**
Funding Already Secured AEA Grant/CBS Funds:	**$ 2,231,768 (74%)**
FY 2013 State Funding Request:	**$ 768,232 (26%)**
Additional Funding Required/Outstanding:	**$ 0**
City and Borough of Sitka Federal Tax ID Number:	**92-0041163**

The City and Borough of Sitka requests $768,232 additional funding to complete the Takatz Lake Feasibility Analysis. The original FERC Preliminary Permit will expire in August 2011, and City and Borough of Sitka will pursue a second 3-year FERC permit to complete necessary studies.

The majority of environmental and resource studies are in progress or have been completed. Contracts have been awarded, and work is in progress to determine if a lake tap is feasible for the project. In addition, the U.S. Forest Service has supported the possibility of alternative transmission corridors for the project. Each of these developments may have profound impacts on the economic and technical feasibility of the project. The additional funding is requested to finalize the geotechnical and preliminary engineering design work required to validate these potential options.

Since 2002, Sitka has invested over $8,000,000 in environmental and engineering work to relicense and expand the existing Blue Lake Hydroelectric Project. In addition, over $1,300,000 has been expended to investigate other potential hydroelectric resources, including Takatz Lake. These expenditures by Sitka totaling $9,300,000 reflect the City and Borough of Sitka's commitment to the development of Sitka's hydroelectric resources.

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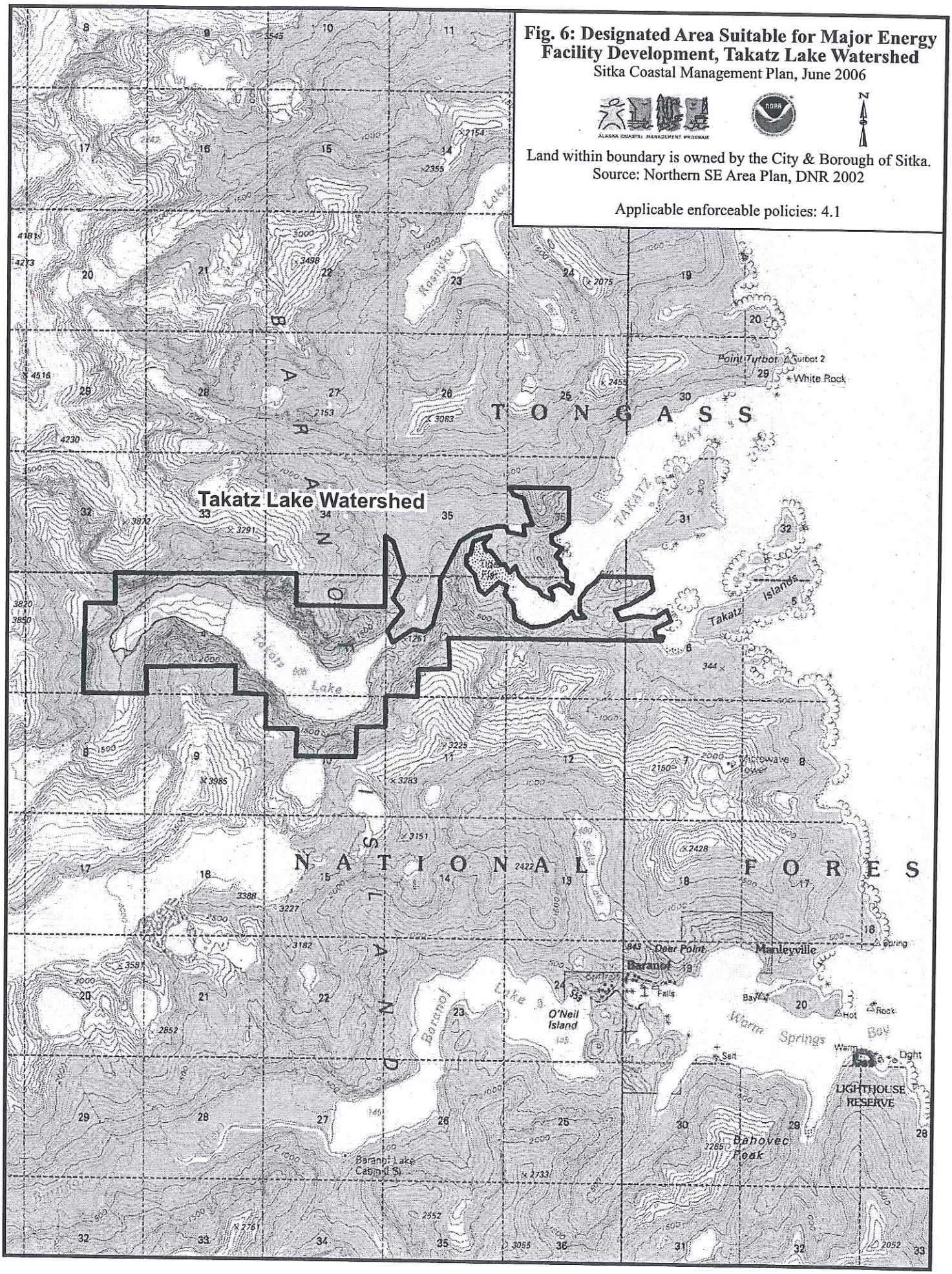

Fig. 6: Designated Area Suitable for Major Energy Facility Development, Takatz Lake Watershed

Sitka Coastal Management Plan, June 2006

Land within boundary is owned by the City & Borough of Sitka.
Source: Northern SE Area Plan, DNR 2002

Applicable enforceable policies: 4.1

CITY AND BOROUGH OF SITKA

RESOLUTION 2011-22

A RESOLUTION BY THE CITY AND BOROUGH OF SITKA (CBS) SUBMITTING CBS 2013 STATE LEGISLATIVE PRIORITIES TO STATE OF ALASKA AND 2012 LEGISLATURE

WHEREAS, the City and Borough of Sitka advocates cooperating and sharing resources with the State of Alaska to maximize public infrastructure and services for the citizens of Alaska in the most efficient, cost effective manner; and

WHEREAS, the State of Alaska has inadequately maintained State owned facilities and passed unfunded mandates on to municipalities; and

WHEREAS, municipalities have suffered major budget impacts from State management of the PERS/TRS system, State harbors, State roads and utilities, and other State responsibilities which should be compensated.

NOW, THEREFORE, BE IT RESOLVED that the Assembly of the City and Borough of Sitka, Alaska, adopts the following FY2013 State Legislative Priorities and urges the Alaska State Legislature to support them to the maximum extent possible:

- **State Revenue Sharing/Local Tax Relief** – The City and Borough of Sitka supports the State Revenue Sharing on a sustainable basis to equitably compensate Alaska communities for providing local services.
- **Education** – State funding should be increased to cover escalating transportation expenses, the rising costs of fuel and energy, and reasonable new costs to improve the quality of education.
- **Local Control and Maximum Local Self-Government Guaranteed by the Alaska Constitution** – The Legislature should defeat any legislation that creates new unfunded mandates or takes away existing powers of local governments. The State should fund existing unfunded State mandates.
- **Deferred Maintenance of Harbors** – The State should fully fund the deferred maintenance of State harbors transferred to local governments. In addition, the State should fully fund the 50 percent matching grants legislated by SB 291, the Municipal Harbor Facility Grant Fund, to assist with future harbor upgrades.

NOW FURTHER BE IT RESOLVED that the Assembly submits the enclosed FY2013 City and Borough of Sitka Legislative Priorities, CBS Legislative Capital Project Requests and CBS Requests for State Funding for State Facilities in priority order to the 2012 Session of the Alaska State Legislature and State of Alaska.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska, on this 27th day of September, 2011.

Cheryl Westover

Cheryl Westover, Mayor

ATTEST:

Colleen Ingman, MMC
Municipal Clerk