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TRANSMITTAL MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Lacey G. Simpson, Acting City Manager

DATE: April 27, 2022

RE: **Authorizing Capital Improvement Project Grant Funding Opportunities**

The motion detailed below was prepared at the request of Public Works Director Mark Hilson, who asked that it be placed before the City Council for consideration at its meeting of May 5, 2022. If adopted, the motion provides for City Council approval of staff's recommendation to pursue grant funding opportunities made possible through the Bipartisan Infrastructure Investment and Jobs Act for multiple City and Ketchikan Public Utilities capital improvement projects.

Mr. Hilson's attached memorandum summarizes staff's participation at the recent Alaska Federal Grant Symposium hosted by Senator Lisa Murkowski, which aided in a better understanding of upcoming funding opportunities and how identified City and Ketchikan Public Utilities projects might maximize these funding sources. Included in Mr. Hilson's memorandum is a staff-developed list of established capital improvement needs that would make for strong grant candidates. Mr. Hilson will give an overview of the listed projects for the City Council at the May 5, 2022 meeting.

At its January 20, 2022 meeting, the City Council directed staff to develop a request for proposals (RFP) for a contract grant writer to seek out grant opportunities and submit proposals on behalf of the City. Staff has thoroughly examined this possibility, but as indicated in Mr. Hilson's memorandum, staff finds that engaging grant consultants on a case-by-case basis for specific projects would be the most advantageous means of procuring funding support, rather than contracting with one grant writer for all possible grant opportunities. The motion under consideration will authorize staff to pursue grant funding for the listed projects, which may include engaging outside grant consultant support if staff is not in a position to craft a compelling grant application. I concur with the Public Works Director's project recommendations and approach.

Mr. Hilson will be attending the City Council meeting of May 5, 2022, in order to address any questions and/or concerns that Councilmembers may have.

A motion has been prepared for City Council consideration.

RECOMMENDATION

It is recommended that the City Council adopt the motion authorizing staff to pursue grant funding opportunities as identified in the Public Works Director's memorandum dated April 26, 2022 for various City and Ketchikan Public Utilities capital improvement projects.

Recommended Motion: I move the City Council authorize staff to pursue grant funding opportunities as identified in the Public Works Director's memorandum dated April 26, 2022 for various City and Ketchikan Public Utilities capital improvement projects.

MEMORANDUM

TO: Lacey Simpson, Acting City Manager
FROM: Mark Hilson, P.E., Public Works Director
CC: Bob Diaz, Contract/Grants Administrator
DATE: April 26, 2022
SUBJECT: **Alaska Federal Grants Symposium**

At the direction of the City Manager's Office, Bob Diaz, Contract/Grants Administrator, and I attended the Alaska Federal Grants Symposium in Anchorage on April 11th & 12th. The goal of the event was to help Alaskan organizations maximize the benefits of the Bipartisan Infrastructure Investment and Jobs Act, and was hosted by Senator Lisa Murkowski. After attending various sessions over the course of the two day event, we believe the event was of great benefit and are hopeful it will help steer City/Ketchikan Public Utilities (City) resources and staff in the appropriate direction to obtain grant funding for some of the City's infrastructure needs. There was a lot of detailed information obtained, but the following are the key high level points that we took away from the symposium:

1. Grant funding will be spread over 5 Federal Fiscal Years, therefore grant applications will also be accepted over 5 years.
2. Project completion (design to construction completion) can span an additional 5 years for a total timeline of 10 years.
3. Local match is normally required, and depending on the program, could be up to 50% of the project cost.
4. Grants are awarded on a competitive basis, either across the state or the nation.
5. Many details of potential specific grant programs are not yet known. More information is expected to be rolled out as the year progresses.
6. Time will be short between the Notice of Funding Opportunity (NOFO) and grant application due dates.

Since we are anticipating the need for quick turnaround time, staff has continued to develop a list of priority projects for grant funding (shown on the attached table) that we believe make the most sense to pursue. The amount of funding that will be awarded on a competitive basis may be a chance to fund some projects that historically have had no financial reality. One

such example is providing shore power to the City's cruise ship berths. Also, much needed but larger capital projects (various power generation upgrades, Ketchikan Lakes raw water main and power reliability-\$15M, Ketchikan Lakes Road reconstruction \$4M, etc.) that have not been funded and have no likelihood of being funded given the City's financial position, have also been prioritized. These projects may have appeared in outlying years in the City's Capital Improvement Program budget, but since several have had no possibility of funding year after year, their inclusion was not consistent. While this is intended to be a dynamic list that will evolve over the next five years, it would be staff's intention to continue to flesh out the projects on this list which could culminate in grant applications. And, as is true with any project grant application, there remains the possibility that some circumstances could be encountered that would make the application not worthwhile to pursue. While there are many more potential projects that could be pursued, it is important to prioritize in order to concentrate efforts to produce the most compelling grant applications. Also, given current staff limitations (for instance, Public Works Engineering is currently down 36% of staff) it would be very easy to set expectations much higher than can reasonably be delivered.

While we explored developing a Request For Proposals (RFP) for a consultant grant writer per City Council's direction of January 20, 2022, what we've found is that hiring a consultant grant writer would be best pursued on a case by case basis for each project. Therefore, going through the RFP process is not going to be the most valuable way to go about this. Since the vast majority of this funding is being funneled through existing funding programs, some Departments/Divisions may have the capability of pursuing grants with existing staff. When that is not the case, a grant writer's experience with the specific funding agency involved, as well as other criteria, should guide the selection process. It is anticipated that City Council will be requested to fund a budgeted line item, most likely on a Departmental/Division basis, to contract grant writers when necessary for a specific project. Similarly, each Department/Division could use their discretion to apply for grant funding for smaller projects (not listed here) at their own initiative and then bring that back to City Council as necessary or determined appropriate.

RECOMMENDATION

It is recommended that the City Council adopt a motion authorizing staff to pursue grant funding as identified on the attached table for various City and KPU Capital Improvement Projects.

Recommended Motion: I move the City Council authorize staff to pursue grant funding as identified on the attached table for various City and KPU Capital Improvement Projects.

Grant Funding Priority Projects

ID	Project Name	Description	Grant Application Lead	ROM Total Project Cost	Status	Potential Funding Sources
1	Schoenbar Culvert	Culvert Rehabilitation (trenchless)	Public Works	\$ 2,500,000	Design - 98%, Need FEMA Permit	(a) \$1.25M rec'd in 1Q/22 via Congressionally Directed Spending (CDS) Allocation (b) Requested CDS for remaining half, (d) Bipartisan Infrastructure Law (BIL) National Culvert Removal, Replacement, & Restoration Grant (Direct to DOT)
2	Water Street Sewer	Replace/Rehabilitate deficient Force Main Sewer lines and Gravity Main Sewer lines on Water Street (State Hwy)	Public Works	\$ 4,100,000	Design - 90%	(a) Requested CDS, (b) State Revolving Fund (SRF) Clean Water Fund (CWF) Loan
3	Ketchikan Lakes Road Rehabilitation/ Reconstruction	Rehabilitate highly trafficked road between Deermount and Nordstrom	Public Works	\$ 4,000,000	Design - 0%	(a) Requested CDS, (b) BIL Surface Transportation Block Grant Program
4	Park Avenue & Harris St Revitalization	Replace deficient utilities, roads, and sidewalks along a highly trafficked road in a high visibility area	Public Works	\$ 4,900,000	Design - 65%	(a) Requested CDS, (b) SRF
5	Street Resurfacing	Resurface and repair many local roads that have deteriorated due to deferred maintenance. No utility work.	Public Works	\$ 21,000,000	In House Design 25%	(a) Bipartisan Infrastructure Law (BIL) Surface Transportation Block Grant Program (b) BIL Rural Surface Transportation Grant Program, (c) Per MOA between COK and KIC dated 6/14/19, some of the local roads may be eligible for Tribal Transportation Program Funds (TTP)

6	Jackson St. Culverts	Replace 3 rotted metal culverts with precast structure	Public Works	\$ 1,200,000	35% Design	Bipartisan Infrastructure Law (BIL) National Culvert Removal, Replacement, & Restoration Grant (Direct to DOT)
7	Various City Owned Bridges	Replace Various load restricted and/or structurally deficient Bridgerts	Public Works	\$ 10,000,000		(a) BIL Surface Transportation Block Grant Program, (b) DOT Bridge Formula Program with Statewide Transportation Improvement Program (STIP)
8	Shore Power	Electrify the City's (4) cruise ship berths	Public Works & Cruise Industry	\$ 40,000,000	Grant Application/ Concept Design In Progress	(a) Apply for a US DOT - MARAD - PIDP Grant (Due 5/16/22)
9	Harris Street Bridge	Repair or Replace 1950's era bridge that is rated by the DOT as being in 'Poor' condition	Public Works	\$ 4,000,000	Design - 0%	(a) BIL Surface Transportation Block Grant Program, (b) DOT Bridge Formula Program with Statewide Transportation Improvement Program (STIP)
10	Shoenbar Road Utilities (W&S) Replacement	Replace deficient potable water distribution and sewer lines	Public Works, KPU Water	\$ 6,000,000	Design - 95%	(a) SRF DWF & CWF Loans with eligible for loan subsidy
11	Schoenbar Raw Water Transmission Main	Replace deficient Raw Water Transmission Main	KPU Water	\$ 7,700,000	Construction Started	(a) SRF DWF Loan with Subsidy to reduce current loan amount (ADEC may not be able to offer subsidy for projects already in construction)
12	Commercial Water Meters	Install water meters at all commercial locations in order to allocate costs based on usage	Public Works, KPU Water	\$ 2,500,000	Construction 50%	(a) 225 meters left to go, (b) SRF DWF Loan adjustment to reduce current loan amount and increase bond capacity

13	Ketchikan Lakes - New Raw Water Transmission Main/Ketchikan Lakes Power Reliability Upgrade	New water transmission line from Ketchikan Lakes to improve water quality, improve safety, and allow for maintenance and other operations improvement activities on Electric Utility assets that are currently inaccessible	KPU Electric, KPU Water	\$ 15,000,000	Conceptual Design Complete	(a) Pursue funding from BIL Program Upgrading our Electric Grid and Ensuring Reliability and Resiliency, or (b) Pursue a BIL Energy Improvement in Rural and Remote Areas COOP agreement, or (c) Pursue funding from BIL Hydroelectric Incentives, or (e) Pursue funding from BIL Hydroelectric direct subsidies
14	Potable Water Line Replacement	Replace deficient water lines: Woodland Ave. Denali 2nd Ave (Adams-White Cliff) West Fairy Chasm Skyline Drive	KPU Water, Public Works			(a) BIL Grant (TBD)
15	Highlands Reservoir Relocation & Replacement	Relocate and Replace 300,000 gallon 1980's era wood stave reservoir with modern materials to improve safety.	KPU Water	\$ 8,000,000	Conceptual Design Complete	(a) BIL Grant (TBD)
16	Beaver Falls Powerhouse Generation Modernization and Redesign	Improve generation efficiency by 20%	KPU Electric	\$ 5,000,000		(a) BIL Preventing Outages and Enhancing the Resilience of the Electric Grid Grant, or (b) BIL Energy Improvement in Rural and Remote Areas COOP agreement, or (c) BIL Hydroelectric Incentives, or (d) Verify if funding is available from the Forest Service from the BIL Capital Improvement and Maintenance for Dams fund

17	Silvis Powerplant Modernization	Improve efficiency of existing plant by 2-4%, primarily by upgrading the turbine	KPU Electric	\$ 2,500,000		(a) BIL Preventing Outages and Enhancing the Resilience of the Electric Grid Grant, or (b) BIL Energy Improvement in Rural and Remote Areas COOP agreement, or (c) BIL Hydroelectric Incentives, or (d) BIL Energy Efficiency and Conservation Block Grant Program
18	KPU Spillway Rehabilitation	Improve Ketchikan Lake Dam Safety by removing wood elements and reconstructing	KPU Electric	\$ 2,000,000		(a) BIL Energy Improvement in Rural and Remote Areas COOP agreement, or (b) BIL Hydroelectric Incentives, or (c) BIL Rehabilitation of High Hazard Dams, or (d) BIL National Dam Safety Program

Lynn Barboza, Senior Vice-President and Cindy Stanfield, Director of Recruitment Services introduced themselves and gave a brief overview of SGR.

Lynn Barboza and Cindy Stanfield answered questions from the Council.

Motion passed with Zenge, Bradberry, Flora, Gass, Kistler and Mahtani and voting yea; Gage absent.

Discussion of Grant Writing – Councilmember Bradberry

Councilmember Bradberry stated in the near future there will be a lot of grant opportunities and after going through the budget we are at the point where we need any and all help we can get to fix our aging infrastructure. She said tonight she would like to know from the Council which projects that are at the top of our list that we would want to put out for bid, however, staff has made it very clear the City does not have the staffing for grant writing. She said we need to ensure for the future that our docks are not falling apart, Beaver Falls generators are replaced and other important projects. She asked for Council support tonight to put out a request for proposal (RFP) to hire a contractor to assist in grant writing to get our infrastructure to a decent level without a cost to our citizens. She informed her top two projects would be the Schoenbar Culvert and the Port Cathodic Protection.

Acting City Manager Simpson clarified that Councilmember Bradberry would like staff to prepare an RFP for a grant writing contractor. She stated staff intends to look at all of these projects to determine which ones would make viable grant candidates that staff can write and submit, but there are a lot of projects and needs that staff could not possibly write grants for and administer. She said the first step is determining which projects staff can reasonably handle in house. She said the cost is based on how they structure their proposal, noting it could be a percentage or a flat fee.

Vice-Mayor Flora said if the Council decides to bring this back as an action item, then we would ask staff to give us their top priority list, have them define the RFP process and whatever else the Council would like to see to move forward.

Vice-Mayor Flora asked for a show of hands to have staff review the list of City projects, define the RFP process for a grant writer and bring it back to the Council, and at least four hands were shown.

Offer of Employment – Port & Harbors

Moved by Bradberry, seconded by Kistler, the City Council authorize the Acting City Manager to offer the position of Port & Harbors Director to Darryl Verfaillie of Valdez, Alaska based upon a compensation level of Grade 778, Step T an annual salary of \$129,571, an annual vacation accrual rate of 15 working days and use of a take-home vehicle.

Acting City Manager Simpson answered questions from the Council.

Councilmember Gass expressed his concerns of not hiring local candidates and the extra costs in bringing them here.

Motion passed with Mahtani, Kistler, Zenge, Bradberry and Flora voting yea; Gass voting nay; Gage absent.