





CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Steven Eisenbeisz and Assembly Members

Thru: John Leach, City Administrator 

From: Michael Harmon, P.E. 

Date: November 2, 2022

Subject: Sitka Sea Plane Base Direction Decision Point

Background

The existing Sitka Seaplane Base (SPB) has been operating for more than 65 years and is at the end of its useful life. Planning for its replacement began in 2000 with the preparation of a 'Facility Needs Assessment' where capacity, safety, and facility deficiencies were identified.

The following work has been completed to date:

- **2002 Master Plan:** This plan was prepared by HDR Engineers, which studied twelve alternate locations for the development of a new SPB including the amenities missing at the existing base.
- **2012 Siting Study:** This study was conducted by DOWL HKM Engineers examined the three remaining sites that were not eliminated in the Master Plan due to fatal flaws, which made the sites unworkable from environmental, capacity, or because the sites could not provide a safe operating or docking environment.
- **2016 Updated Siting Study:** This study by DOWL Engineers, further evaluated the preferred location and included an Economic Impact Study showing positive economic impacts to the community. This report identified a projected need to accommodate 14 planes.
- **Resolution 2018-22:** In 2018 the Assembly identified the development of a new public use SPB as a priority and passed Resolution 2018-22 supporting the

acquisition of an upland parcel at 1190 Seward Avenue, Sitka, AK, from the Department of Education and Early Development (ADEED) and directed staff to prioritize acquiring Federal funding for the project. Discussions were held with ADEED regarding sale of the parcel. Staff also submitted an application to the Department of Natural Resources (DNR) for conveyance of adjacent tide and submerged lands.

- **Sitka Comprehensive Plan 2030 (completed 2018):** Two actions related to the Seaplane Base were included in the Comprehensive Plan: Transportation 2.1.c, “Replace Sitka’s deteriorating seaplane base to maintain the economic and transportation benefits Sitka residents, businesses, and visitors depend on,” and Parks, Trails, and Recreation 3.8, “Pursue funding and grant opportunities for development of a new seaplane base.”
- **2019 Phase I FAA Airport Improvement Grant:** In 2019 the Assembly approved and accepted an FAA AIP Grant for Aviation Facility Planning and an Environmental Assessment (EA). A Planning Level Facility Layout for the project was developed with stakeholder participation. An Airport Layout Plan (ALP) was developed and registered with the FAA. A SPB Airport Capital Improvement Program (ACIP) was developed and submitted to the FAA. This plan programs 5 years of capital improvement projects that receive \$150,000 FAA Annual Entitlement Funding. These funds can be banked for up to 5 years and merged to complete a larger project.
- **Environmental Assessment:** In June 2021, the FAA issued a ‘Conditional Finding of No Significant Impacts’ (Conditional-FONSI) for the EA, which enabled the CBS to apply for FAA AIP Grants for the Land Acquisition and Design phases of the project. In October 2021, the Sitka Tribe of Alaska (STA) requested additional information and consultation with the FAA regarding the project. The FAA and the STA are current involved in Government-to-Government (G2G) coordination to resolve outstanding issues. The EA is expected to be finalized with completion of the 65% level Engineering Design scheduled for early 2023.
- **Land Acquisition:** Acquisition discussions began between ADEED and CBS in 2018. A fair market value appraisal was completed in 2019 valuing the subject property at \$749,894, and a Purchase and Sale Agreement (PSA) signed between the two entities in 2021. The PSA is valid through December 31, 2022; if the transaction is not completed by this date, ADEED may re-market and reappraise the property. CBS, ADEED, and the US Coast Guard have been working steadily over the course of 2021-2022 to resolve title issues on the property to meet FAA requirements for reimbursement. When the FAA notified CBS that grant funding for land acquisition and construction would not be available until FY24, they did confirm that CBS would be reimbursed for the acquisition if we move forward prior to grant award.

- **Engineering Design:** The Engineering Design is currently at a Revised 35% Design that includes two concept options for further development to the 65% Design Level; a “Full Build-Out” Concept and that meets all FAA and Pilot User Group requirements, and a “Minimal” Concept that meets the minimum FAA requirements and does not satisfy many of the requirements demonstrated by the Pilot User Group.

Analysis

At the September 27th, 2022, Assembly Meeting the Public Works Department provided an update detailing the cost escalation related to the “Full Build-Out” and committed to come back to the Assembly with more details on a “Minimal Concept” closer aligned with prior budget projections. The fiscal impacts of these two concepts are presented below. Public Works has also prepared a presentation to go over the details of these two options and discuss next steps as it relates to purchasing the upland property from the State before the end of the year.

Fiscal Note

The projected costs for the project have escalated significantly as outlined in the September 27th, 2022, presentation to the Assembly. We are at critical point now where decisions on the scale of the project need to be made. At a minimum, given time constraints, an appropriation of \$800,000 in working capital for land acquisition is needed at this time for the project to proceed.

Below are the appropriation amounts that could be made to give staff direction and commit matching funds to proceed with design and seeking grant funding.

	Option	Match (6.25%)	Future grant funding (93.75%)	Working capital appropriation needed now
1	Land Acquisition only (grant funding will reimburse after-the-fact)	\$ 50,000	\$ 750,000	\$ 800,000
2	“Minimal” Concept (including land acquisition)	\$ 1,500,000	\$ 24,000,000	\$ 1,550,000
3	“Full Build-Out Concept” (Including land acquisition)	\$ 2,125,000	\$ 34,000,000	\$ 2,172,000

Please note:

- While we need working capital now to purchase the land, we have a commitment that 93.75% will be reimbursed, so what we use now to purchase the land will ultimately serve as a match for whichever concept is chosen.

- All matching funds will come from the General Fund. Ultimately, funding this project will come from the unassigned fund balance of the General fund, which will ultimately mean there is less funding for FY2023 transfer to the Public Infrastructure Sinking Fund, which will fund our infrastructure repair projects.
- Using General Fund Working capital to fund matching grants was anticipated for FY2023.

Recommendation

Option 1 - Land acquisition only (for now): Appropriating \$800,000 to acquire the land needed for the seaplane base project prior to the end of the calendar year. Staff recommends moving forward with the land acquisition under the PSA terms and timeline. Delaying land acquisition risks reappraisal which could add significant costs to the project and risks the property acquisition itself if opened back up to marketing/bids.

Sea Plane Base Preferred Concept Selection:

Staff also recommends that the Assembly provide preferred direction between the minimal concept design or full build-out concept design to keep the project on track. CBS Staff recommends the Assembly choose, by motion, one of the two Concepts to carry forward as the Sea Plane Base progresses to 65% and 95% Design Phases and ultimately 100% Final Construction Bid Documents:

Option 2 - Move forward with minimal concept: Appropriating \$1,550,000 to acquire the land needed for the seaplane base project and to proceed forward with the minimal concept as presented.

Option 3 - Move forward with full build-out concept: Appropriating \$2,175,000 to acquire the land needed for the seaplane base project and to proceed forward with the full build-out concept as presented.

Selection of either concept will result in very different methodology for completing the project. Thus, selection of one of the proposed concepts at this time will allow staff to provide clear direction to the Environmental Analysts and Engineers for moving the project forward through completion.

Encl: - Seaplane Project Update Power Point Presentation
- Budget Adjustment Ordinance