

## MAYOR'S REPORT

### WASHINGTON, D.C. TRIP

**May 2-3, 2017**

The City of Seward held meetings on May 2-3 in Washington, D.C. to promote our Federal priorities. Attending the meetings were Marianna Keil, Jim Hunt, Ron Long, and me. Terry Federer of AVTEC attended the meetings to explain AVTEC's role with the maritime industry and the Coast Guard. We were also accompanied by our Federal lobbyists for each meeting (C.J. Zane, Katherine Anderson, Jennifer Ellison, and Brad Gilman). In addition to providing an overall briefing on Seward, we focused on two issues.

#### **Lowell Canyon Flood Diversion System**

There are two issues surrounding the Lowell Canyon Flood Diversion System: (1) an Army Corps investigation into safer and more cost-effective alternatives to the current diversion levee/tunnel configuration; and (2) the operation and maintenance responsibility of the existing system.

We met with the Army Corps to discuss the ongoing Alternatives study, expressing the City's support for the ACOE Alaska District's work. ACOE Headquarters staff stated that the Lowell Canyon Alternatives project was the Alaska District's highest "new start" priority, and that a commitment has been made to complete the feasibility study as quickly as possible. Section 5032 of WRDA 2007 has already authorized the construction of an alternative flood diversion system, subject to an ACOE Director's Report acknowledging the feasibility of the project. This means that we can save at least two years and perhaps four years on the timeline of any project because we will not need to go back to Congress for a legislative authorization.

The pending milestone for the investigation is a draft list of alternatives to be presented to the City on or around the end of June. Once the alternatives have been identified, the Corps will begin collecting data to analyze the costs and benefits of each alternative, leading eventually to the selection of a preferred alternative later in the year or early next year.

The Corps will need to resolve an internal issue about how to calculate "benefits" of an alternative system. Under normal Army Corps evaluation methodology, Corps economists calculate future revenue generating capability, cost savings, and economic growth of a new

project (for example, the Seward Harbor breakwater). This project does not easily fit that model because the intent is to enhance safety and protect life and property. The Corps says that the Federal Government has the discretion to evaluate a project based on the “life-safety” benefits, rather than economic benefits. Headquarters staff urged the City Administration to work closely with the Alaska District staff in the coming months to fully explain the potential catastrophic impact to Seward residents, businesses, and visitors of a tunnel failure.

Section 5032 of WRDA 2007 also transfers the operation and maintenance of the tunnel to the Army Corps. The Congress recently enacted the final Army Corps budget for Fiscal Year 2017, and it includes \$591,000 to be used this year to maintain the existing tunnel. Our lobbyists believe that the President’s Fiscal Year 2018 budget request will also identify future maintenance funding for the tunnel (budget is expected to be released May 22). This money is being requested by the President and appropriated by the Congress **solely** because of the Army Corps’ maintenance responsibility. Without the statutory authority, the responsibility reverts back to the City of Seward and the federal money dries up. The authority expires at the end of 2022.

We reiterated again to the Alaska Congressional Delegation, the Army Corps, and Senate and House Committee staff that the City of Seward does not have the financial capability to maintain the structural integrity of the existing tunnel. The City has officially requested that the O&M Transfer Authority be extended beyond the year 2022 and that its expiration be linked to the construction of an alternative flood mitigation system. Senator Dan Sullivan was able to get a provision in last year’s WRDA bill to extend the authority for another 15 years, but the provision was dropped in conference. We were told by Senate Environment and Public Works Committee staff and House Transportation and Infrastructure Committee staff that both Committees intend to start work on a new WRDA bill this Fall. We were assured by the Alaska Delegation that they would continue to seek an extension of the existing O&M Transfer Authority so that Seward would not be financially exposed. There continues to be sympathy for Seward’s precarious situation at all levels of the ACOE and Congress.

### **Homeporting Coast Guard Fast Response Cutters**

We again raised the issue of homeporting Coast Guard patrol craft with our Alaska Congressional Delegation. The Coast Guard is in the process of constructing 42 “Fast Patrol Craft” (“FRC”s) between now and the year 2023. These FRCs will replace the existing seven 110’ Island Class cutters. One of the Island Class Cutters, the MUSTANG, is homeported in Seward. The remaining six cutters are homeported in Ketchikan (2), Juneau (1), Petersburg (1), Homer (1), and Valdez. The Coast Guard intends to replace the seven Island Class cutters with

six FRCs. Moreover, the Coast Guard's policy nationally is to homeport the FRCs in pairs to save on shore-based operating costs. The agency informed us that fifty support personnel were needed to provide logistics for the FRCs, but that this detachment can handle two ships at a time. The Coast Guard maintains that its budget is spread thin, and that they must look to cost efficiencies in order to sustain the Gulf of Alaska patrols in the long-term.

The Coast Guard has already decided to leave two FRCs in Ketchikan to cover Southeast Alaska and the Eastern Gulf. One of the new patrol craft ships was recently delivered to the Coast Guard in Ketchikan, and the detachment should receive the second craft within the next 6 to 9 months. The Coast Guard intends to select two communities for the remaining four craft to cover the Central and Western Gulf. City Administration worked with the Coast Guard advanced scout team last year to identify and understand the mission needs of the FRC deployment. The Administration developed a presentation for the USCG Headquarters staff. The main points emphasized included the Seward Harbor's capacity to provide berth space for two patrol craft; the alignment of the harbor to allow for quick entry and departure of the craft; sufficient depth and turning basin radius to allow for easy maneuverability; close access to the Coast Guard's existing upland facility, with sufficient space to expand future facilities; and the existence the SMIC shipyard and Travelift to repair and dry dock the FRCs when necessary.

Terry Federer made a tremendous presentation about the evolving role of AVTEC's Maritime Training Center with the maritime community. He explained that AVTEC is already beginning to train both Coast Guard personnel and the commercial sector to operate ships in the polar regions, and that his organization provides fire safety training for agency employees. None of the other Alaskan communities vying for homeport status have a training organization of AVTEC's caliber available to the Coast Guard. The existence of AVTEC allows the agency to train its personnel while ships are in port for re-supply or in the Seward shipyard for maintenance and repairs. This represents a significant competitive advantage for Seward in the competition to be selected as a homeport.

We made the same presentation to all three Members of the Alaska Congressional Delegation. The Alaska Delegation has advocated for a "one-for-one" replacement policy. This means that each of the Island Class cutters would be replaced with a modern FRC and homeported in its current location. Our Delegation continues to raise this issue with the Coast Guard at every opportunity. That issue must be resolved directly between the agency and the Delegation. Our job remains to work with the Coast Guard to make the case that Seward is the best fit as the Southcentral Alaska homeport for the FRCs. The agency believes they will announce the future homeports by the end of this year.

## **Seward Delegation Report for Seattle**

Seward Delegation: Susie Urbach, Seward Chamber of Commerce President, Cindy Clock, Seward Chamber of Commerce Director, Christy Terry, Alaska Railroad Dock Manager, Jean Bardarson, Mayor of the City of Seward and Marianna Keil, Vice Mayor

Wednesday, April 26, 2017

First visit:

Cindy Clock, Susie Urbach and Christy Terry met with Roger Stiles, Business Manager for South Central Alaska and Ken Ng, Chief Operating Officer of E&E Foods. They sometimes use the AKRR dock and their Kenai plant employees went to AVTEC. They expressed their desire to do more business in Seward. Everyone is looking forward to a successful salmon return this summer.

Second visit:

The next visit was with Kristian Uri, General Manager & Chief Vessel Officer of Fisherman's Finest Inc. This company is bringing a third boat to Alaska next year. Kristian's main concern was a lack of workforce. He mentioned that AVTEC could be a good source of potential workers and Christy told him about the April job fair. We also promised to send him AVTEC department head contacts. An interesting fact was that a cook on one of their boats can make \$150K in 5 months.

Third visit:

The last visit of the day was with SeaTac Marine and Walter Seay, the owner and Susie Ripley, General Manager were present. SeaTac Marine brings two SBS barges to Seward every winter. They would like to use the port of Seward more and continue to keep an eye on the commodities market and rail shipping costs for additional business opportunities.

Thursday, April 27, 2017

First Visit:

We met with Holland American at their new building. Attendees were: Dirk Van Der Raadt, Senior Manager, Deployment & Itinerary Planning, Seabourn S Timothy Littley, Senior Director Deployment & Itinerary Planning, Ben Atherly, Director of Port Operations, Dave McGlothlin, Vice President Tour Operations, Kristina Freinik, Senior Manager Port Operations. Christy Terry did a presentation about the Alaska Railroad Dock improvements and answered questions they had and expressed the Railroad's desire to hear any concerns that may have about the

dock improvements and impacts on their operations. We learned that there are more ships planning to dock in Seward 2018 and 2019. They are pleased with the bookings for the upcoming year and feel that Alaska is the premier destination. We were given a tour of the new building.

We went to Samson Tug & Barge and saw Mary-Alyce Czech their Sales Representative. She talked about their barge operations in the Southeast and the Southcentral area. She felt that operations were improving all the time and she said she had some ideas for Seward that she plans to investigate. Christy Terry gave an overview of the Alaska Railroad Master Planning. Mayor Bardarson showed our prepared packet about the Seward Marine Industrial Center.

Friday, April 28

Our first meeting on Friday was with Tote Marine's Renata Benett, Claudia Roberts, Alex Hofeling, Seth Storset, Patty Ludden. Although Tote does not come into Seward, they continue to view Seward as the back-up port for Alaska. We discussed the Seward Marine Industrial Center improvements and Christy Terry gave an overview of the Railroad Dock proposed improvements and Master Planning. The proposed improvements could handle the draft and length of their vessels. The Tote team did note that they have some concerns about the Anchorage ports and are always planning for emergency dockings.

We met with City of Seattle staff Cherie MacLeod, Regulatory Compliance & Consumer Protection Division, David Mendoza, Senior Policy Advisor Seattle Mayor's Office, Faith Lumsden, Code Compliance Officer, Mark Hazard, Seattle Police Department, and Mary Mitchell in regards to Seattle's marijuana retail and grow operations regulations. We discussed some of their challenges and things they have learned and things they have improved upon. I have attached a link to their Power Point presentation.

<http://www.planningpaw.org/wp-content/uploads/2016/05/Marijuana-and-Zoning-Mendoza.pdf>

We went to the Port of Tacoma Friday afternoon for a tour of the Midnight Sun. Our guide, Bill, showed up the yard where containers and other freight is stored until loading on the ship. He talked about the logistics of how and in what order freight goes on the ship. In Tacoma the load and unload freight at the same time. In Anchorage they unload first then load the ship. They take on low sulfur fuel which

takes about 6 hours. Their ships are converting to natural gas and land has been cleared for an LNG plant near the loading dock. We toured the ship's cargo area, mess hall, living quarters and onto the bridge.