

Alaska Energy Authority - Susitna-Watana Hydroelectric Project **FY2015 Request: \$10,000,000**
Reference No: AMD 56220

AP/AL: Appropriation **Project Type:** Energy
Category: Development
Location: Southcentral Alaska **House District:** Southcentral Region (HD 7-30)
Impact House District: Southcentral Region (HD 7-30) **Contact:** Sara Fisher-Goad
Estimated Project Dates: 07/01/2014 - 06/30/2019 **Contact Phone:** (907)771-3000

Brief Summary and Statement of Need:

This project supports the Susitna-Watana Hydroelectric project and provides for continued progress during the second season of field studies. The Alaska Energy Authority continues to work towards a goal of filing a Federal Energy Regulatory Commission (FERC) license application. This amendment updates the projected future year funding needed to reflect a FY2014 supplemental request in the amount of \$32.7 million and other updated information.

Funding:	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>Total</u>
Gen Fund	\$10,000,000	\$73,100,000	\$244,721,000				\$327,821,000
Total:	\$10,000,000	\$73,100,000	\$244,721,000	\$0	\$0	\$0	\$327,821,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Prior Funding History / Additional Information:

Sec4 Ch16 SLA2013 P105 L20 SB18 \$95,200,000
 Sec4 Ch5 SLA2011 P127 L10 SB46 \$65,700,000
 Sec7 Ch43 SLA2010 P19 L16 SB230 \$10,000,000
 Sec13 Ch29 SLA2008 P87 L14 SB221 \$2,500,000

Project Description/Justification:

This project funding will be used for the environmental studies, license application preparation, and project management consulting on the Susitna-Watana Hydroelectric Project. Continued work on the Susitna-Watana Hydroelectric Project is in preparation for the FERC license application. An estimated \$73.1 million is needed to complete the application process.

FY2015 funding will be used to continue scientific work while project managers work with other state officials and private corporations to acquire all appropriate land use permits. Upon obtaining a FERC license an estimated \$245 million will be needed for engineering in FY2017 and beyond.

Susitna - Watana Estimated Budget (in thousands)
Licensing and Engineering
PRECONSTRUCTION

Engineering

Licensing

Activity	Budget Authorized	To Date Expenditures & Outstanding Obligations Includes FY 14 - July - Dec 2013	FY2014 Budget January - June	FY2015 Budget	FY2016 Budget	Licensing Budget	Engineering Budget FY 17 and Beyond	Current Estimated Total Budget Jan 25, 2014
Pre-PAD Activities	\$6,498.3	\$6,498.3	\$0.0	\$0.0	\$0.0	\$6,498.3	\$0.0	\$6,498.3
Engineering Feasibility Study	17,773.5	14,032.9	3,343.0	300.0	0.0	17,675.9	8,097.5	25,773.5
Geotechnical Services	154.4	154.4	0.0	0.0	0.0	154.4	34,755.0	34,909.4
Board of Consultants	1,308.5	858.5	503.0	200.0	0.0	1,561.5	3,347.0	4,908.5
Detailed Engineering Design	200.0	0.0	0.0	0.0	0.0	0.0	176,268.0	176,268.0
Utility Coordination, Operations, & Power Sales	268.0	241.2	300.0	0.0	100.0	641.2	526.8	1,168.0
Update Integrated Resource Plan	18.3	18.3	0.0	0.0	0.0	18.3	0.0	18.3
Watana Transportation Analysis	575.0	521.2	0.0	0.0	0.0	521.2	0.0	521.2
FERC Licensing Support	2,704.3	2,339.2	600.0	1,300.0	1,000.0	5,239.2	1,565.0	6,804.3
Office of Project Management & Permitting	5,270.7	3,836.7	1,440.0	3,000.0	2,795.0	11,071.7	3,834.0	14,905.7
Water Resource Studies	21,436.3	18,251.0	9,797.2	0.0	9,353.0	37,401.3	0.0	37,401.3
Water Quality Studies	8,525.0	7,588.9	1,850.0	0.0	3,721.3	13,160.2	0.0	13,160.2
Geomorphology/Geology/Soils Studies	6,129.6	5,072.7	3,085.0	0.0	6,321.9	14,479.6	0.0	14,479.6
Fish and Aquatic Resource Studies	34,153.7	26,060.8	15,950.0	0.0	10,242.9	52,253.7	0.0	52,253.7
Wildlife Resource Studies	7,847.3	6,496.5	3,787.3	0.0	1,211.7	11,495.5	0.0	11,495.5
Botanical Resource Studies	3,882.2	3,218.5	1,344.6	0.0	1,719.1	6,282.2	0.0	6,282.2
Recreation and Aesthetic Resource Studies	7,657.1	5,285.6	1,785.0	0.0	6,499.0	13,569.6	0.0	13,569.6
Cultural Resource Studies	5,943.5	5,373.5	775.0	0.0	3,505.0	9,653.5	0.0	9,653.5
Subsistence Resource Studies	2,462.1	1,952.1	150.0	0.0	1,270.0	3,372.1	0.0	3,372.1
Socioeconomic and Transportation Issues	3,201.4	2,886.2	575.0	0.0	1,240.3	4,701.5	0.0	4,701.5
Draft License Application, BA, EFHA, Historic PMP	0.0	0.0	0.0	0.0	6,000.0	6,000.0	0.0	6,000.0
Final License Application	0.0	0.0	0.0	0.0	3,000.0	3,000.0	0.0	3,000.0
FERC NEPA Process	0.0	0.0	0.0	0.0	1,200.0	1,200.0	5,000.0	1,700.0
Settlement	0.0	0.0	0.0	566.0	1,534.0	2,100.0	0.0	2,100.0
Project Management Consultant	818.1	676.6	400.0	0.0	0.0	716.6	1,851.5	2,568.1
Technical Assistance	346.3	146.3	0.0	0.0	0.0	146.3	2,100.0	2,246.3
Field Permitting, Insurance, Bonding, & Misc	955.5	578.2	2,400.0	0.0	100.0	3,078.2	0.0	3,078.2
Safety & Logistical Support	20,530.8	20,098.9	12,130.0	1,000.0	4,963.2	38,192.1	331.9	38,524.0
GIS	1,176.2	1,108.6	300.0	0.0	350.0	1,758.6	167.6	1,926.2
SharePoint Site	160.0	10.0	0.0	0.0	600.0	610.0	450.0	1,060.0
Website and Public Information Library	466.0	187.8	60.0	300.0	840.0	1,387.8	878.2	2,266.0
Public Notices/Communications	603.1	364.9	550.0	200.0	150.0	1,264.9	388.2	1,653.1
Legal	4,522.5	3,435.0	1,610.0	0.0	1,590.0	6,635.0	2,587.5	9,222.5
Project Office	705.4	345.7	233.0	134.0	134.0	846.7	656.7	1,503.4
AEA Staffing Costs	5,716.0	3,484.8	1,041.0	3,000.0	3,612.5	11,138.2	6,352.4	17,490.7
Contingency and Unallocated Budget	63.7	0.0	0.0	0.0	0.0	0.0	63.7	63.7
Total Project Costs:	\$172,072.4	\$141,123.3	\$63,649.1	\$10,000.0	\$73,052.8	\$287,825.2	\$244,721.0	\$532,546.2

FY2014 Budget Remaining \$30,949.1
FY2014 Supplemental Request \$32,700.0

Note: No adjustment has been made for inflation of deferred cost from 2014 to 2015 field season.

Exxon Valdez Oil Spill Trustee Council Land Acquisition for FY2015 Request: \$580,800
Public Access on Lower Kenai River Reference No: AMD 58576

AP/AL: Appropriation **Project Type:** Renewal and Replacement
Category: Natural Resources **House District:** Homer/South Kenai (HD 30)
Location: Kenai Peninsula (Homer/South Kenai) **Contact:** Jean Davis
Impact House District: Homer/South Kenai (HD 30)
Estimated Project Dates: 07/01/2014 - 06/30/2016 **Contact Phone:** (907)465-2422

Brief Summary and Statement of Need:

The Exxon Valdez Oil Spill Trustee Council is pursuing acquisition of two small parcels of land that will contribute to the restoration of resources and services injured by the Exxon Valdez Oil Spill (EVOS). The Stewart and Beeson parcels are located on the lower Kenai River, and if acquired will allow for riverbank restoration, provide valuable public access, assist in resource management, and provide benefits to local communities. The land will be managed by the Division of Parks and Outdoor Recreation. This is a new FY2015 capital project as the proposed purchase was not finalized in time for inclusion in the Governor’s budget.

Funding:	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>Total</u>
EVOSS	\$580,800						\$580,800
Total:	\$580,800	\$0	\$0	\$0	\$0	\$0	\$580,800

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Prior Funding History / Additional Information:

No prior funding history

Project Description/Justification:

Protection of habitat by acquisition has been a major component of the Exxon Valdez Oil Spill (EVOS) restoration process since its inception. The concept of habitat protection gained strong public support during the development of the environmental impact statement and resulting restoration plan. Habitat protection is consistent with the terms of the settlement with Exxon and the memorandum of agreement that defines how the three state and three federal trustees will administer settlement funds. The EVOS Trustee Council, with congressional action, established a habitat sub-account from which funds for these acquisitions will be drawn.

This project will provide for conduct of due diligence and purchase of two small parcels of land on the Kenai River for habitat restoration efforts. The acquisition of land or partial interests in land will aid in the restoration of habitat that injured species depend on for recovery from the oil spill. It is intended to promote natural recovery of spill-injured resources and services by removing the threat of additional development impacts.

The project will ensure connectivity and a consistent management strategy between state lands that supports fishing and recreational uses in the area. In addition, this project is consistent with the Department of Natural Resources' (DNR) management objective of securing lands to meet recreational and access needs of an increasing population. DNR's plan for this area is to increase recreation, sport hunting and fishing, and tourism opportunities and otherwise manage the land consistent with the purposes for which the land is acquired.

As evidenced by the loss of traditional access around the state, the public's ability to access public lands using traditional access routes diminishes as communities and populations grow and expand. Taking steps to address access issues now will likely be more cost effective as settlement funds are available and land continues to appreciate.

Asset Management

FY2015 Request: \$37,000,000
Reference No: 54165

AP/AL: Appropriation with Allocations

Project Type: Construction

Category: Transportation

Location: Statewide

House District: Statewide (HD 1-40)

Impact House District: Statewide (HD 1-40)

Contact: Jeff Ottesen

Estimated Project Dates: 07/01/2014 - 06/30/2019

Contact Phone: (907)465-4070

Brief Summary and Statement of Need:

Projects that fulfill the department's obligation to keep the existing system in a good condition, and reverse the increase in deferred maintenance. Strong reliance should be given to existing performance measures and management systems (maintenance, pavement, bridge) to identify key investment targets and strive to reduce our tendency to focus on "worst first." This includes projects that improve the reliability and long term availability of the transportation route or asset.

Funding:	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Total
CIP Rcpts	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$30,000,000
Gen Fund	\$11,000,000	\$11,000,000	\$10,800,000	\$10,470,000	\$9,000,000	\$3,000,000	\$55,270,000
Hwy Capitl	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$90,000,000
Marine Hwy	\$6,000,000						\$6,000,000
Total:	\$37,000,000	\$31,000,000	\$30,800,000	\$30,470,000	\$29,000,000	\$23,000,000	\$181,270,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Prior Funding History / Additional Information:

The FY2015 Governor's budget is amended by adding \$6,000,000 from the Alaska Marine Highway System Fund to the Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation Project.

FY2015 Governor (December)	\$31,000,000
FY2015 Amendment Request	6,000,000
Total Request	\$37,000,000

**Alaska Marine Highway System - Vessel and Terminal
Overhaul and Rehabilitation**

**FY2015 Request: \$12,000,000
Reference No: AMD 30624**

AP/AL: Allocation

Project Type: Renewal and Replacement

Category: Transportation

Location: Statewide

House District: Statewide (HD 1-40)

Impact House District: Statewide (HD 1-40)

Contact: Reuben Yost

Estimated Project Dates: 07/01/2014 - 06/30/2019

Contact Phone: (907)465-6977

Appropriation: Asset Management

Brief Summary and Statement of Need:

The Alaska Marine Highway System (AMHS) requires annual maintenance and overhaul on vessels and at terminals, particularly components or systems whose failures impact service in the short term. Annual overhaul of vessels is necessary to pass United States Coast Guard (USGS) inspections and obtain a Certificate of Inspection (COI) necessary to operate in revenue service. This amendment increases the FY2015 Governor's budget from \$6,000,000 to \$12,000,000 providing an additional \$6,000,000 from the Alaska Marine Highway System Fund (AS 19.65.060(a)) "capital portion" of the fund as described in sec. 1, ch. 12, SLA 2009, page 42, lines 5-12.

Funding:	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	Total
Gen Fund	\$6,000,000						\$6,000,000
Marine Hwy	\$6,000,000						\$6,000,000
Total:	\$12,000,000	\$0	\$0	\$0	\$0	\$0	\$12,000,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input checked="" type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Prior Funding History / Additional Information:

Sec1 Ch16 SLA2013 P79 L4 SB18 \$10,000,000
 Sec1 Ch17 SLA2012 P136 L16 SB160 \$10,000,000
 Sec7 Ch17 SLA2012 P167 L26 SB160 \$5,455,000
 Sec1 Ch5 SLA2011 P99 L21 SB46 \$8,000,000
 Sec1 Ch43 SLA2010 P3 L19 SB230 \$4,000,000
 Sec7 Ch43 SLA2010 P35 L27 SB230 \$8,000,000
 Sec10 Ch15 SLA2009 P59 L3 SB75 \$6,000,000
 Sec1 Ch15 SLA2009 P21 L17 SB75 \$702,100
 Sec13 Ch29 SLA2008 P158 L17 SB221 \$9,900,000
 Sec20 Ch30 SLA2007 P151 L3 SB53 \$13,444,500
 Sec1 Ch30 SLA2007 P78 L14 SB53 \$1,944,000

Project Description/Justification:

**Alaska Marine Highway System - Vessel and Terminal
Overhaul and Rehabilitation**

**FY2015 Request: \$12,000,000
Reference No: AMD 30624**

This request funds numerous recurring maintenance tasks and improvements to the vessels. The majority of the funds being requested are spent in Alaska shipyards and with Alaska suppliers and vendors.

Overhaul work consists of inspection, repair, and maintenance that cannot be performed while the vessels are operating. An overhaul period of approximately six weeks is set aside every year during which each ship is in dry-dock and the scheduled work is accomplished. This work is performed in Alaskan shipyards unless it is combined with a Federal Highway Administration project competitively awarded to an out-of-state shipyard. In performing overhaul work, the Alaska Marine Highway System must meet the inspection requirements and standards of safety and seaworthiness of two entities, the Classification Societies; American Bureau of Shipping (ABS) for steel hulled vessels, and Det Norske Veritas (DNV) for the aluminum hulled fast vehicle ferries) and the United States Coast Guard (USCG). None of this work is discretionary. At the end of the overhaul period, the vessel must pass a demanding USCG inspection to obtain a Certificate of Inspection (COI). This certificate is mandatory to operate for the next year.

In addition to the work required by the following ABS, DNV, and the USCG, work is done which is recommended by equipment manufacturers and work that AMHS Port Engineers determine to be sound equipment maintenance practices. For example, painting the hull is not required, and vessels could sail with badly deteriorated paint. However, paint protects the hull from deterioration. In the long term, the value of asset protection greatly outweighs the cost of the painting.

Overhaul work is costly. Putting a vessel into dry-dock can cost over \$20,000 base cost plus \$1,000 for each day it remains in dry-dock. Dismantling a main propulsion engine solely to permit ABS inspections requires the work of several skilled engineers for several weeks. These are costs we incur simply to enable inspections to be made and routine maintenance to be done.

In FY2015 AMHS expects to accomplish a number of needed upgrades and equipment purchases including several major propulsion engine overhauls as well as auxiliary engine overhauls. A continuing source of increased costs is maintenance of new installed systems and equipment (primarily safety related) required to be added to the vessels by the International Maritime Organization's Safety of Life at Sea (SOLAS) regulations and similar U.S. Code of Federal Regulations Subchapter "W" provisions. While federal funds provide the systems and equipment, state CIP funds must be used to maintain them once installed. Perhaps the greatest cause of increased overhaul costs is the simplest: as vessels age, the amount and cost of required maintenance increases.

This funding may also be used for terminal maintenance and repairs or equipment and component replacement and rehabilitation projects as available due to favorable bids or parts pricing.

Aniak High School White Alice Communication System Site Clean-up **FY2015 Request: \$9,700,000**
Reference No: AMD 50905

AP/AL: Appropriation **Project Type:** Life / Health / Safety
Category: Transportation **House District:** Dillingham/Illiamna (HD 36)
Location: Aniak **Contact:** Pat Kemp
Impact House District: Dillingham/Illiamna (HD 36) **Contact Phone:** (907)465-3900
Estimated Project Dates: 07/01/2014 - 06/30/2021

Brief Summary and Statement of Need:

This project will provide environmental cleanup at the Aniak High School, located on a former White Alice Communications System site that lies on Aniak Airport property owned by the Department of Transportation and Public Facilities. This is a new FY2015 capital project due to the timing of the agreements for remediation allocations.

Funding:	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>Total</u>
CIP Rcpts	\$903,000						\$903,000
Fed Rcpts	\$6,299,500						\$6,299,500
Gen Fund	\$2,497,500						\$2,497,500
Total:	\$9,700,000	\$0	\$0	\$0	\$0	\$0	\$9,700,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input checked="" type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input checked="" type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Prior Funding History / Additional Information:

No prior funding history.

Project Description/Justification:

The former White Alice Communications System site was developed and operated by the United States Air Force (USAF) in the mid 1950's through the 1970's. The land was transferred to the state in 1965, under the Statehood Act, with the provision that the USAF be allowed to operate it as long as necessary. In 1979, the USAF issued a license to the Kuspuks School District to renovate the building for use as a school. Polychlorinated biphenyl (PCB) contamination resulted from USAF operations and school district building renovation activities. The PCB contamination was discovered in 1981 when the USAF was completing relinquishment of its interest in the property. Initial cleanup work was conducted between 1981 and 1983, but in 1997 the cleanup was determined to be incomplete as PCBs were discovered in the soil around the building.

The subject building is currently used for the secondary school shop and home science classes, maintenance and administrative offices, and temporary lodging for school district related activities. A separate secondary school building on the same site is used for other classrooms, gymnasium, and offices. Two on-site drinking water wells provide water to the school buildings. The Alaska

Aniak High School White Alice Communication System Site Clean-up **FY2015 Request: \$9,700,000**
Reference No: AMD 50905

Department of Environmental Conservation (ADEC) used oil and hazardous substance response funds to conduct site characterization and partial cleanup, focused on PCB contamination.

Cost share negotiations between USAF, the state of Alaska (Department of Transportation and Public Facilities and the Department of Education and Early Development), the Kuspuk School District, and contractor parties (Lockheed Martin Corporation, AT&T Alascom, and Exelis-Arctic Services, Inc.) occurred for over 2 years and the proposed settlement percentages are the result of an agreed upon judicial mediation that is pending finalization when the parties agree on who is going to take the lead on the cleanup contracts. In January, when the Corps of Engineers (as the representative of the federal government) and the largest of the responsible parties refused to take the lead, the Department of Transportation and Public Facilities stepped in and will coordinate the cleanup of the PCB contamination. The agreed upon financial responsibility percentages for the PCB cleanup work done to date and future PCB cleanup is the State of Alaska at 16.25%, the federal government at 73.25%, and the contractor parties at 10.5%.

ADEC is due reimbursement of \$900,000 for the state's portion of prior clean-up costs (approximately \$5,500,000, of which the state is responsible for 16.25%). The estimate for additional cleanup work is \$8,600,000, which will be apportioned according to the agreed upon percentages above.

New data collected during 2008 and 2009 documented trichloroethylene (TCE) contaminated soil and groundwater and TCE vapors migrating into the school building above the target risk-based screening level. School district staff, parents, and community members are concerned over potential health risks caused by current and past exposure. The extent of the TCE contamination is unknown. The parties agreed that before TCE cleanup responsibility and funding costs can be allocated, further testing needs to be completed and analyzed. Non-binding percentage allocations were assigned to the parties for the purpose of entering into a contract, estimated to cost \$2 million, to determine the extent of contamination, make recommendations for remediation and produce a record of decision. The financial responsibility percentages for the cost of the study is the State of Alaska at 10.0%, the federal government at 45.0%, and the contractor parties at 45.0%.

The contractor parties will provide contract administration for the TCE investigation. The state and the USAF will participate in contractor selection decisions, be provided all data and test results and will have the opportunity to review and comment on all deliverables prior to final publishing. The state share for this study is \$200,000 and is included in this request.

	ADEC Reimbursement	PCB cleanup	TCE Study	Total Request
State	900,000	1,397,500	200,000	2,497,500
Federal	0	6,299,500	0	6,299,500
Contractors	0	903,000	0	903,000
Total	900,000	8,600,000	200,000	9,700,000