

P.O. Box 46  
Kotzebue, Alaska 99752

City Hall  
(907) 442-3401

Police Dept.  
(907) 442-3351

Fire Dept.  
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Public Works  
(907) 442-3401

**January 3, 2012**

Adison (Smith) Wetzel, Program Manager  
Denali Commission  
510 "L" Street, Suite 410  
Anchorage, Alaska 99501

Sbj: City of Kotzebue - Swan Lake Port and Dock Facility Improvements

Dear Ms. Wetzel:

Happy New Year! This letter will provide you with an update on current planning & design activities and to seek direction on a few items for the Kotzebue Swan Lake Port and Dock Facility Improvements project.

On **November 30, 2011**, the City of Kotzebue forwarded to you a complete 100% Design & Bid Contract Document with an accompanying CD-ROM Disk, marking a major completion milestone for this project. In addition, another letter dated the same day requesting assistance to address a special condition (Compensation Mitigation) the Department of the Army, Corp of Engineers regarding the placement of fill on 2.8 acres of wetlands surrounding Swan Lake. Attached to the letter included a copy of the Corp's permit and a letter from The Conservation Fund stating the amount of compensation required (\$19,300).

On **December 5, 2011**, the Kotzebue City Manager – Derek Martin & I spoke with Mike McKinnon regarding the Corp's compensation mitigation stipulation on the permit. Mike informed us that the compensation mitigation for the wetland loss is normal per the new 2008 EPA Regulation. He said the City of Kotzebue should pay the fee with the remaining Denali Commission Design budget (\$9,170) [he also said to be sure URS Alaska is completely billed out on their design contract] and to have the construction phase portion of this project incur this "permit mitigation" expense.

On **December 13, 2011**, the City of Kotzebue Mayor Eugene Smith and Derek Martin, City Manager, met with Mike McKinnon and yourself at the Denali Commission offices in Anchorage for the purpose of reviewing the 100% Bid & Contract Documents prepared by URS Alaska. Randy Walker, Public Works Director, Jason Jessup, Capital Projects Manager, and Grant Hildreth, City Planner participated by teleconference. Much of the discussion focused on the funding shortfall for the estimated \$8.1 million construction estimate. At this time, the Denali Commission has obligated \$800,000 and the State of Alaska has obligated \$1,700,000 for the construction phase – an estimate \$5.6 million shortfall. With this shortfall in mind, the group concluded a "phased approach" to completing the project may be the best alternative unless another source of funding can be identified.

Denali Commission update

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On **December 20, 2011**, the Kotzebue City Manager sent the State of Alaska, Office of the Governor, Deputy Chief of Staff – Randy Ruaro a letter requesting financial support and providing a complete set of the 100% Bid & Contract Documents. A copy of this request is attached. Mr. Ruaro was in attendance at the Northwest Arctic Leadership Team meeting (NWALT) held in Anchorage during the week of December 12, 2011.

On **January 03, 2012**, the Deputy Chief of Staff, Office of the Governor, sent the City Manager an email making several suggestions and steps to take regarding securing the additional funding requested. A copy of this email is provided, along with a draft one page summary sheet explaining the project needs which would be sent to the recipients identified in Randy's email.

In terms of direction and/or concurrence requested, the City of Kotzebue is requesting approval to expend the remaining \$9,170 left in the Denali Commission's Design budget and to expend \$10,130 of the construction phase portion of this project for the Department of Army, Corp of Engineers' Permit Mitigation – as stated in the November 30, 2011 letter sent to you. If approved, the City of Kotzebue would make payment to the Conservation Fund in the amount of \$19,300 and eventually request reimbursement from the Denali Commission.

The City of Kotzebue is also requesting authorization to begin developing a bid/construction document with a phased approach to construction – if no additional funding is secured immediately, it is our expectation the phased approach may take from 1-4 years for final project completion. This request will involve obtaining a Bid Phase/Construction Administration quote from URS Alaska who will assist the City with what scope of work will be involved at each phase of work towards completion.

I look forward to discussing this with you, please contact me at 442-5204 or by email [Kotzeng@otz.net](mailto:Kotzeng@otz.net) at your earliest convenience.

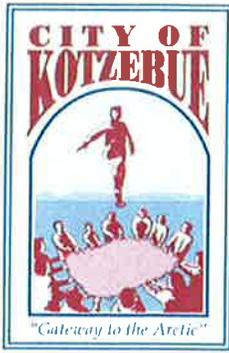
Sincerely,



Jason L. Jessup, Capital Projects Manager

Attachments/ Office of the Governor

Cc: City Manager  
City Council



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December 20, 2011

Honorable Governor Sean Parnell  
State of Alaska, Office of the Governor  
P.O. Box 110001  
Juneau, Alaska 99811-001

Sbj: City of Kotzebue: Swan Lake Small Boat Harbor  
Attn: Randall Ruaro, Deputy Chief of Staff

Dear Honorable Governor Parnell:

First and foremost the City of Kotzebue appreciated visiting and participating with you at the Northwest Arctic Leadership Team (NWALT) held in Anchorage this past week. I believe it was a very informative, productive work session between all parties involved – this is what makes the State of Alaska so special. Thank you for taking the time to discuss the Swan Lake Small Boat Harbor project with us. I am attaching a complete set of the recently completed design documents prepared by the City's consultant URS Alaska.

As discussed with you briefly at the summit, the critical need to develop a Boat Harbor at Swan Lake became evident when the State of Alaska, Department of Transportation and Public Facilities completed the Shore Avenue Road Rehabilitation and Erosion Protection Project in 2011. This was a very huge and complex project involving several years of work with the DOT and the City of Kotzebue. We very much appreciate the efforts of the State to make this project reality. However, the project had essentially displaced all historic beach access along Shore Avenue, requiring regional and local marine traffic to utilize the Swan Lake Boat Harbor for mooring and boat storage.

In anticipation of the Shore Avenue development project, the Denali Commission in 2010, funded a design engineering project for the Swan Lake Boat Harbor. Initially, the Corps of Engineers began the scoping and design considerations for the proposed harbor improvements in October 2010. In February 2011, the City of Kotzebue partnered with URS Alaska, LLC, with the approval of the Denali Commission to proceed with the design of the Swan Lake Boat Harbor Facility. The desired scope of work included dredging, upland fill and development, shoreline remediation/stabilization, boat launch, float system, and lighting improvements. The consultant URS Alaska held three public workshops in Kotzebue at the conceptual, 35%, and 65% design stages. Through this public process, it became apparent Swan Lake not only serves the Kotzebue residents but also seasonal, transient users mainly from Noorvik, Kiana, Selawik, and Noatak communities.

**Office of the Governor; Attn Randall Ruaro**  
**City of Kotzebue – Swan Lake Boat Harbor**  
**Page 2 of 2**  
**12-20-11**

The attached bid & construction document is the result of this coordinated, regional planning effort for the Swan Lake Boat Harbor, with a sum total estimate of \$8.1 million. At this time, the City of Kotzebue has secured \$2.7 million in construction funds from the Denali Commission and the State of Alaska – but has an estimated \$5.4-5.6 million dollar shortfall. In order to keep this project moving forward, the City and Denali Commission have tentatively agreed to a phased approach for construction – unless the additional construction funds are secured. One possible source of additional funding may be from any “unspent” funding the Shore Avenue project may have - it is the City’s understanding the construction budget was \$38 million with actual award at \$34 million for Shore Avenue.

With additional State of Alaska financial assistance, the City of Kotzebue would be able to issue an Invitation to Bid (ITB) for the entire Boat Harbor project, for this much needed regional facility. Furthermore, we ask any assistance you may be able to provide in seeking additional funding for the Boat Harbor.

I thank you for your time and look forward to hearing from you. I can be reached at (907)442-3401. Again it was a pleasure meeting with you in Anchorage last week during the NWALT Summit.

Sincerely,  
CITY OF KOTZEBUE



Derek Martin  
City Manager

Enclosures: Swan Lake Boat Harbor; Plans and Specifications

Cc: Kotzebue City Council  
Jason Jessup, Capital Projects Manager, City of Kotzebue

## Jason Jessup

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**From:** Derek Martin [dmartin@kotzebue.org]  
**Sent:** Tuesday, January 03, 2012 9:43 AM  
**To:** 'Jason Jessup'  
**Subject:** FW: City of Kotzebue / Swan Lake Small Boat Harbor

Jason,

This is exciting. We have very good feedback from Randy Ruaro at the Governors office in Juneau regarding Swan Lake Boat Harbor.

Let's discuss later.

Derek

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**From:** Derek Martin [<mailto:dmartin@kotzebue.org>]  
**Sent:** Tuesday, January 03, 2012 9:41 AM  
**To:** 'Ruaro, Randall P (GOV)'; 'esmith@kotzebue.org'; 'm.whiting@nwabor.org'  
**Cc:** 'Moller, John (GOV)'; 'Bell, Susan K (CED)'; 'marie.greene@nana.com'; 'dean.westlake@nana.com'; 'walter.sampson@nana.com'  
**Subject:** RE: City of Kotzebue / Swan Lake Small Boat Harbor

Mr. Ruaro,

Thanks for the information. We are currently working on creating additional information for the project and should have that complete this week. This project will be one of the City's top priorities for Capital Funding this year.

We will continue to pursue all options for funding.

Thanks again for the information,  
Derek

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 **From:** Ruaro, Randall P (GOV) [<mailto:randall.ruaro@alaska.gov>]  
**Sent:** Tuesday, January 03, 2012 8:09 AM  
**To:** [dmartin@kotzebue.org](mailto:dmartin@kotzebue.org); [esmith@kotzebue.org](mailto:esmith@kotzebue.org); [m.whiting@nwabor.org](mailto:m.whiting@nwabor.org)  
**Cc:** Moller, John (GOV); Bell, Susan K (CED); [marie.greene@nana.com](mailto:marie.greene@nana.com); [dean.westlake@nana.com](mailto:dean.westlake@nana.com); [walter.sampson@nana.com](mailto:walter.sampson@nana.com)  
**Subject:** City of Kotzebue / Swan Lake Small Boat Harbor

Dear Mr. Martin:

In follow up to our conversation at NWALT regarding the Swan Lake Small Boat Harbor in Kotzebue and my own research, I suggest the city consider taking the following steps:

1. Create a 1 page summary sheet on the project that explains the project benefits, current estimated cost, current status of the project (design complete / permits in hand / shovel ready for construction), and lists each and every fund source now available for the project and the amount needed to complete funding and get the project out to bid.
2. I would send this summary to our office of management and budget, OMB (attn: Karen Rehfeld); the state department of commerce, community and economic development, DCCED, (attn: Commissioner Susan Bell); the state department of transportation, DOT (attn: Mike Lukshin and Commissioner Marc Luiken); the state

legislators representing Kotzebue; the congressional delegation for Alaska, the corps of engineers in Anchorage; (attn.: Colonel Reinhard Koenig); the Denali Commission, and myself.

3. Specific to the state DCCED, I would suggest briefing Scott Ruby, at DCRA and inquiring whether part of the \$3 million dollar appropriation request in the Governor's capital budget for "Rural Roads and Waterfront Development Partnership" might be available to fill or help full any funding gap on the Swan Lake harbor project, and if so, what kind of additional information will the agency need to make allocation decisions?
4. Specific to state DOT, I would suggest briefing Mike Lukshin in Juneau in person on the project. Mike is in charge of the ports and harbors grants program at DOT. The Governor has proposed funding all the pending projects on the grant list in his FY 13 capital budget. If this occurs, DOT will need to have new construction ready projects for FY 14 funding. It would be helpful for you to meet with Mike and learn the details of the grant program. You may then be able to position the project on the funding list for FY 14.
5. Specific to the Army Corps, I am working on finding out whether Congress approved funding for the Army Corps construction budget through a bill with specific projects or through a lump sum appropriation to the agency. If a lump sum appropriation to the agency was made, then the Army Corps personnel have discretion to allocate the funds to specific projects. In which case, you would want to brief Colonel Koenig or his staff in Anchorage and ask them what the best way would be for Kotzebue to submit information about its project for funding consideration.

I hope this information is helpful. It may take pursuing all the different possible fund sources and pulling together funds from several to reach the full funding level. I will follow up with you as soon as I get a report on the type of funding vehicle Congress used for the Army Corps budget.

Sincerely,

Randy Ruaro  
Deputy Chief of Staff  
Office of the Governor  
Juneau, Alaska, 99801  
(907) 465-8174



**CITY OF KOTZEBUE  
CAPITAL IMPROVEMENT PROJECT  
FY 2012-2013  
PRIORITY**

**Project Title:           Swan Lake Small Boat Harbor - \$5,600,000.00**

**Project Description:** Kotzebue is the regional transportation hub for the Northwest Arctic Borough, which services an area approximately 36,000 square miles. Residents of the region frequently use its two "harbor like" facilities, one along Shore Avenue and the other on Swan Lake as a route to Kotzebue Sound and the back to the four major rivers that serve as access to subsistence areas. Native subsistence is a very high priority for Kotzebue and Borough residents and a major contributor to its economy. Small boats that are harbored on Swan Lake, a 10-acre boat dock and mooring area, play a large role for subsistence gathering.

**Project Need:** The Shore Avenue Erosion project which began in April 2010 and completed in October 2011 has restricted and reduced boat access along Kotzebue Sound. Because of the components and complexity of this project, many boat and subsistence users have been displaced from the use of Shore Avenue as a boat mooring and storage area. The City proposes to expand the use of Swan Lake to meet this need, by providing adequate mooring and docking facilities for displaced Shore Avenue users and for the Borough residents whose primary transportation during summer months is by small boats. The Small Boat Harbor project will include the dredging of a portion of Swan Lake. Dredged materials will be used as fill for expanding the Swan Lake facility and a boat ramp will also be built so boats can be stored and secured on the property while this facility is closed during winter months.

**Project Scope and Cost Estimate:** In 2011, the City of Kotzebue, with funding from the Denali Commission, executed an Engineering Agreement with URS Alaska for a complete bid-ready construction document. This document was completed on October 31, 2011 and includes a construction plan for dredging, side sloping & fill for boat parking & storage, installing a boat ramp, removable docks for mooring, and navigational lighting. The estimated construction cost for the project is \$8,100,000.00.

Phase:	Total Cost	Funds Available	Source
Planning & Design	\$ 350,000.00	\$ 350,000.00	Denali Commission
Construction	\$8,100,000.00	\$2,500,000.00	Denali Commission, State of Alaska, DOT
<b>TOTAL:</b>	<b>\$8,450,000.00</b>	<b>\$2,850,000.00</b>	

**TOTAL NEED/REQUEST: \$5,600,000.00**