

Economic Development Administration Application for Investment Assistance Akutan Harbor Floats Construction and Installation Project

A.1. Investment (Project) Region

The Aleutians East Borough (Borough) is a political subdivision of the State of Alaska, composed of five Native Alaskan, commercial fishing communities: Akutan, False Pass, King Cove, Nelson Lagoon, and Sand Point. The sixth Borough community is the non-Native town of Cold Bay, which serves as the regional center for air transportation on the Alaska Peninsula and is an international hub for private aircraft.

The Borough is located on the western end of the Alaska Peninsula and the first islands of the Aleutian Chain. Borough boundaries encompass 15,000 square miles of isolated, wild and beautiful land and sea from Nelson Lagoon area to Akutan Island. The population, according to the 2010 Census, is 3,141 residents¹, although during the summer months with the transient seafood industry workers, the population almost doubles.

The Aleutians East Borough is the applicant for the Akutan Harbor Float Construction and Installation project proposed in this Economic Development Administration (EDA) application; however, the project will be constructed within Akutan city limits.

The community of Akutan is located on Akutan Island in the eastern Aleutians. It is an incorporated, second-class city, and encompasses 14 square miles of land and 4.9 square miles of water. Akutan is approximately 35 miles east of Unalaska/Dutch Harbor and 790 miles southwest of Anchorage.

The City of Akutan is a single community made up of two distinct populations. The native Aleut population is at the core of the community's identity and leadership. The community was established in 1878 as a post of the Western Fur and Trading Company. The population was displaced in World War II but has since rebuilt to its current configuration of approximately 90 residents.²

The second distinct population is the self-contained community of Trident Seafoods, which employs as many as 825 year-round residents in group housing and is connected to the native village by a shoreline gravel road.³ The seafood plant is geographically, demographically, socially, and historically distinct from the village but they are friendly neighbors with a history of service and cooperation. The City expressed public appreciation to the community at Trident Seafoods in a 2009 Resolution in which they described their connection as "a mutually beneficial relationship as community partners."⁴

Akutan is a growing community. Below is a chart containing census information demonstrating population growth:

¹ <http://live.laborstats.alaska.gov/cen/redistr.cfm>

² CITY OF AKUTAN HARBOR LOCAL AREA PLAN (Feb. 10, 2011) p. 1 [hereinafter HARBOR LAP]

³ *Id.*

⁴ City of Akutan City Council Resolution 09-03(March 17, 2009).

| CENSUS | POPULATION |
|-------------------|------------|
| 2010 ⁵ | 1,027 |
| 2000 | 713 |
| 1990 | 589 |
| 1980 | 169 |
| 1970 | 101 |
| 1920 | 66 |

Although the 2010 Census data states that there are 1,027 residents in Akutan, approximately 90 of those people are permanent and full-time residents of the City of Akutan and many of them are unemployed. The 90 community members are primarily Alaska Native, while the Trident plant workers are primarily Asian, according to the 2010 Census information below.

| Area | Total | Race Alone | | | | | | Hispanic/Latino | | |
|-------------|-------|------------|-------------------------------|-------|-------|------------------|-------|-------------------|----------|--------------|
| | | White | American Indian/ AK Native | Black | Asian | Pacific Islander | Other | Two or More Races | Hispanic | Not Hispanic |
| Akutan city | 1,027 | 239 | 56 | 184 | 445 | 15 | 40 | 48 | 214 | 813 |

<http://live.laborstats.alaska.gov/cen/redistr.cfm>

The unemployment rate among the 90 residents of Akutan can be accounted for by the isolation, geography, and lack of employment opportunities.

Akutan is extremely isolated. Currently, Akutan is accessible only by boat or amphibious aircraft. Between the months of April and October, the Alaska State Ferry stops on its westbound voyage prior to stopping at Dutch Harbor, then again on its eastbound voyage from Dutch Harbor to Homer. Cargo is delivered weekly by freighter from Seattle. The only commercial aircraft serving the City is the 65-year old amphibious Grumman Goose aircraft that accommodates a maximum of eight passengers and minimal freight per flight. Because the aircraft must use visual flight rules and land in the water of Akutan Bay, flights are frequently canceled.⁶ Also, the physical geography of the area limits land development opportunities and further contributes to the community's isolation. This limits Akutan's opportunity for economic development and also threatens the public's health, safety and welfare with limited connections to resources such as advanced healthcare, higher education, and emergency fire and rescue teams.⁷

Although the City's physical geography imposes limitations, it is also the source of its economic strength. Its proximity to the rich Bering Sea fishing grounds and the shelter of Akutan Bay

⁵ <http://live.laborstats.alaska.gov/cen/redistr.cfm>

⁶ HARBOR LAP, p. 1.

⁷ *Id.* p. 2.

brought the crab and fish processing industry to the community in the late 1940s. The industry has remained in place and now has Trident Seafoods, which has grown to be the largest frozen food seafood processor in North America. The lack of transportation infrastructure limits the company's opportunity for increased economic expansion, which in turn limits the direct economic benefit from the Trident Seafoods' operation to the City.⁸

Having a small boat harbor will have an immense impact on the local fishing fleet. "A small-boat harbor will provide an additional link in the transportation network that will increase public safety and welfare and boost the local economy."⁹ Currently, the local fishermen have to moor their vessels in different communities, and individuals who are extremely interested in fishing do not, due to the lack of protected moorage. "Almost immediately, the harbor is expected to serve the fishing fleet, attracted by Trident Seafoods' processing plant, and provide safe moorage for the fleet."¹⁰ Over time it will also support an expansion of the local and transient fleet, encourage current and new businesses to develop, and expand Trident Seafoods' market opportunities."¹¹

A.2. Investment (Project) Description

The EDA application requests \$1 million to construct and install the first phase of floats in the Akutan Boat Harbor. The Akutan Boat Harbor, mooring basin and breakwaters, is currently under construction with a projected completion date of fall 2012. Harbor floats are required to provide essential moorage for a fleet of 58 vessels ranging in length from 24 to 180 feet. Preliminary cost of the float project has been estimated at 10 million dollars or higher, so phased construction will be needed in consideration of funding availability.

The float system involves all new construction (i.e., no demolition or removals) in a newly constructed and dredged basin. The work entails the installation of new heavy duty timber floats to provide moorage to the local fishing fleet. The float system will be anchored using an array of heavy galvanized steel guide piles, and pedestrian access to the perimeter shoreline boardwalk will be by two ADA-accessible aluminum gangways joining the floats to shoreline timber access trestles.

There currently no electrical or water service to the Akutan Boat Harbor. Floats will be provisioned to permit retrofitting for these services by future contract.

Phase One of the inner harbor floats and involves all new construction (i.e., no demolition or removals) of one timber main float and finger floats for designated stall moorage, in a final arrangement to be determined through a Public input process. The work entails remote fabrication of floats and gangways by qualified fabricators, the delivery of floats to Akutan, and their installation to provide moorage to the local fishing fleet.

The Borough has hired an engineering firm through a competitive (qualification and fee based) Request For Proposal process to complete a preliminary design and engineer's cost estimate of

⁸ HARBOR LAP, p. 2.

⁹ *Id.* p. 3.

¹⁰ *Id.* p. 3.

¹¹ *Id.* p. 3.

all phases of the floats, and to obtain all necessary project permits. The engineering firm will prepare and assist the Borough with advertising for qualified Design-Build Teams to bid and undertake the project. EDA funds will not be used for professional services in support of the project. The Borough is responsible for all costs incurred by this engineering firm.

A.3. Economic Development Needs

- a. Does the region in which the project will be located have a Comprehensive Economic Development Strategy (CEDS)?*

Yes, the Aleutians East Borough and City of Akutan are part of the Southwest Alaska Municipal Conference (SWAMC) Southwest Alaska Comprehensive Economic Development Strategy. The Akutan Harbor is included in both the Borough and Akutan Sections, which are attached as ATTACHMENT A. A letter of support for the Akutan Harbor floats project from SWAMC is also attached as ATTACHMENT A.

The Aleutians East Borough has also adopted the City of Akutan's Comprehensive Economic Development Strategy (CEDS) within its Overall Borough Development Plan.

The City of Akutan, through its Planning Commission and City Council, has assumed its planning, platting, and land use authority delegated by the Aleutians East Borough.

The City of Akutan's CEDS consists of:

- CITY OF AKUTAN COMMUNITY PLAN (2005)
- CITY OF AKUTAN HARBOR LOCAL AREA PLAN (Feb. 10, 2011)
- CITY OF AKUTAN AIRPORT LOCAL AREA PLAN (Feb. 10, 2011)
- CITY OF AKUTAN FY2012 to FY 2016 CAPITAL IMPROVEMENT PROGRAM (June 14, 2011)
- All amendments described in Akutan Ordinances Nos. 10-11 and 11-03

These planning documents are available upon request.

- b. Briefly describe the economic development needs of the region and how the proposed investment addresses the goals and objectives of the CEDS for the region or the alternate strategic planning documents as noted above.*

Akutan is now engaged in major infrastructure improvements, including a small boat harbor, a road connecting the village to the Akutan Harbor, land-based airport with a marine link, and renewable energy projects. The small boat harbor mooring basin and breakwaters is now under construction and is scheduled for completion in the fall of 2012 and there is a conceptual design and permitting underway for a harbor access road between the village and the Akutan Harbor. Construction and installation of Harbor floats is the next necessary portion of the Harbor project. Preliminary cost of the entire float project has been estimated at 10 million dollars or higher, so phased construction will be needed in light of funding availability and is the purpose of this EDA application.

When the floats are completed, the Harbor will provide protected moorage for 58 vessels ranging in length from 24 to 180 feet.

The Aleutians East Borough and City of Akutan are part of the Southwest Alaska Municipal Conference (SWAMC) Southwest Alaska Comprehensive Economic Development Strategy. The Akutan Harbor is included in both the Borough and Akutan Sections. Completing Phase One of the harbor floats and creating a functional harbor will allow for economic expansion and addresses the following goals and objectives of the SWAMC Comprehensive Economic Development Strategy:

Goal I: Economic Development

- Objective 1. A: Fisheries Development: Strategy I.A.2.
A functional harbor supports the seafood industry within the Borough and City. The harbor encourages commercial fishermen and fishing companies to make Akutan their home base and fish/process in Akutan/Borough waters. In the past, the Aleutian Pribilof Islands Community Development Association (APICDA) has lent \$600,000 to Akutan residents for permits and boats to enter the commercial fisheries. With a harbor in place, APICDA will have the incentive to invest more money in the local commercial fishing fleet further supporting the local seafood industry.
- Objective 1.C.: Regional Economic Planning: Strategy I.C. 1:
The Akutan Harbor is included in both the Borough and Akutan Sections of the Southwest Alaska Comprehensive Economic Development Strategy 2009-2014. The City also has conducted local area planning focusing on structured on-going economic development. The City planning process has consisted of public involvement and the development of the CITY OF AKUTAN COMMUNITY PLAN (2005), CITY OF AKUTAN HARBOR LOCAL AREA PLAN (Feb. 10, 2011), CITY OF AKUTAN AIRPORT LOCAL AREA PLAN (Feb. 10, 2011), and CITY OF AKUTAN FY2012 to FY 2016 CAPITAL IMPROVEMENT PROGRAM (June 14, 2011). Further planning efforts will ensure that economic development around the harbor will occur in an organized manner focusing on wealth retention, improving the community's quality of life, and other the needs of the City and Borough.
- Objective I.D. Small Business Development: Strategy I.D. 1:
Approximately, 63 jobs will be created and 6 retained due to the Akutan Harbor. The City is in the process of developing an organized community development plan, which addresses the City's priorities and avoids haphazard development in the area.
- Objective I.F. Workforce Development: Strategy I.F.1:
The Akutan Harbor provides employment opportunities to Akutan residents. This increases individual's capacity to participate in the workforce, which in turn improves their productivity.

Goal II: Community Development

- Objective II.A: Infrastructure Development: Strategy II.A.1:
The Akutan Harbor provides an additional link in the transportation network that will increase public safety and welfare and boost the local economy. The Harbor expedites the movement of people and goods to and from Akutan because it offers a safe and reliable source of transportation to the community and others.

Also according to the CITY OF AKUTAN HARBOR LOCAL AREA PLAN [HARBOR LAP], having a fully functional Harbor will be the “driving force that shapes the local economy and the community’s physical development pattern. The Harbor will also be an economic engine for the community that attracts and supports new business investment.”¹² The construction of the Harbor to serve the City is a pivotal event for the community. It is the culmination of decades of planning work that will transform the economy, the transportation network, and the quality of life for residents. Although the Harbor site and the area around it are currently vacant, the community has a vision for the future. Now that the Harbor is under construction, planning begins for an orderly growth pattern in the area.¹³ The HARBOR LAP describes future development and how it will meet the community’s future vision for the land surrounding the Harbor. The new road will have a positive impact on the residents and health care facility in the village allowing them safe and reliable transportation to the harbor in case of an emergency or for everyday use.

In addition to the economic impact, the Harbor will have many other positive ripple effects. The harbor will provide regular and dependable connection for personal and business travel. The Harbor will improve the quality of life by offering new employment opportunities and potential connections to advanced health care resources and education. It will support tourism travel in the area. The vision for the Harbor includes residential areas for employees working in new jobs and public areas for new community resources, such as a hospital and a cultural museum.¹⁴

Akutan is presently served by a WWII-era amphibious plane (the Grumman Goose). The new land-based airport is under construction on nearby Akun Island. It is scheduled to be completed in late 2012. A connection between Akun Island and Akutan is part of the airport construction project.

Exploratory drilling has been completed for potential geothermal development in Hot Springs Bay Valley, and conceptual design and feasibility will be completed in 2011. Repairs and upgrades to the existing Town Creek Hydroelectric Plant will be completed in 2012. Meanwhile, electrical distribution is being upgraded, a harbor access road between the village and boat harbor is being designed, and a system to deliver and sell water from Loud Creek to the boat harbor is being considered.

The airport has been long anticipated and will relieve issues associated with limited, weather-dependent air travel and access to markets. Geothermal energy offers a long-term, renewable

¹² *Id.* p. 8.

¹³ *Id.* p. 12.

¹⁴ *Id.* p. 13.

energy source and an opportunity to reduce the costs of electricity and support new business. The projects directly affect the community. These issues are addressed in the City of Akutan's CEDS. These projects will affect the harbor, allowing local fishermen to ship fish and other items out in a timely and reliable manner, and for the electric utilities to connect to a renewable energy source.

Phase One of the harbor floats and creating a functional harbor not only addresses the SWAMC CEDS' but also addresses goals listed in Akutan's CEDS. *See* A.3. Economic Development Needs, *infra*, for a list of Akutan's CEDS documents.

- c. Briefly describe the economic conditions of the region described in A.1., as well as the economic adjustment problems or economic dislocations the region has experienced (or is about to experience) and the regional impact of these conditions.*

The construction of the small boat harbor, the new airport, the geothermal development, and other projects cost a significant amount of money. The City of Akutan and the Aleutians East Borough have limited funding, and with economic fluctuations it can be a struggle to support all of the projects at once. The Borough and Akutan economies rely heavily on the raw fish tax for their revenues. When the fishing season is unproductive, the revenues suffer drastically, but when they are good, it allows the City and Borough to save and fund more projects. Both entities prepare for economic adjustments through investments and budgeting, but it is difficult to plan and be ready for economic issues that arise.

According to the U.S. Census Bureau, the estimated per capita income (in 2009 inflation adjusted dollars) for Akutan was \$21,567, which is 80% of the National average of \$27,041.¹⁵ See ATTACHMENT B. This gives the Borough project a 50% investment rate, which has been committed to the Akutan Harbor float project.

The isolation and physical geography of Akutan also impacts economic growth. Currently, the City is only accessible by boat or amphibious aircraft. Flights are frequently canceled and it is hard for businesses to rely on airline and boat deliveries. The mountainous terrain and limited land for development of the area restricts development opportunities and limits Akutan's opportunities for economic development and threatens the public's health, safety and welfare with limited connections to resources such as advanced healthcare, higher education, and emergency fire and rescue teams.¹⁶

Small businesses in Akutan include the McGlashan (Akutan Native Corporation) Store, KQA check cashing service, Pelkey's Dive Service, the Roadhouse Tavern, and the Akutan Corporation, which owns the Bayview Plaza Hotel and the Salmonberry Inn. These small businesses, especially the store, will see benefits when the harbor project is complete. New businesses, such as a cold storage facility and resort/eco-tourism destinations, will also be given the opportunity to establish themselves in a logical development pattern meeting the new demands of a harbor facility.

¹⁵ U.S. Census Bureau American FactFinder Akutan, Alaska

¹⁶ HARBOR LAP, p. 2.

A.4. Investment (Project) Impact and Fit with EDA Funding Priorities

Discuss how the proposed investment satisfies EDA's Investment Policy Guidelines as set forth in 13 C.F.R. § 301.8, as well as the EDA funding priorities set forth in the applicable Federal Funding Opportunity (FFO) announcement on www.Grants.gov.

The Akutan Harbor Float project satisfies both the EDA's Investment Policy Guidelines as set forth in 13 C.F. R. § 301.8, as well as the EDA funding priorities set forth in the Public Works, Economic Adjustment Assistance, and GCCMIF Economic Development Assistance Programs announcement of Federal Funding Opportunity.

13 C.F.R. § 301.8 EDA's Investment Policy Guidelines:

a. The Akutan Harbor Float Project is market-based and results driven.

The Harbor will also become an economic engine for private sector business investment and growth in the community. APICDA has lent \$600,000 to Akutan residents for permits and boats to enter the commercial fisheries. Additional fishermen in the region will make Akutan their home base.

The Harbor will also create other private sector business investment and growth opportunities in the community. APICDA is planning to develop a resort/eco-tourism destination, similar to Nikolski Adventures Lodge (Ugludax Lodge). Their plans include creating a multi-purpose building focused on retail-oriented businesses such as a ship supply store and a restaurant. A cold storage facility may be built to support the commercial fishing fleet and other investments will be made to meet the needs of the harbor users. The Alaska Chadux Corporation, an oil spill response company, is interested in placing their equipment for regional oil spill response in Akutan.

Currently, the small businesses in Akutan include the McGlashan (Akutan Native Corporation) Store, KQA check cashing service, Pelkey's Dive Service, the Roadhouse Tavern and the Akutan Corporation which owns the Bayview Plaza Hotel and the Salmonberry Inn. These small businesses will grow when the floats are installed and the harbor is complete. There will be an incentive for them to expand their current facilities and services.

Approximately, 83 jobs will be created and 845 jobs will be retained within the private sector community with a potential company investment of \$7,410,000 due to a serviceable harbor. Some of these jobs will be at the management level and will allow residents to expand upon their current skills and work experiences. The City of Akutan, a non-private sector employer, will also create approximately 15 jobs within their organization. A Harbormaster and other positions with higher skill levels will be hired and earn higher wages.

A functional harbor will substantially enhance the Borough and City of Akutan's raw fish tax revenue. As more commercial fishermen make Akutan their home base, they will fish and moor in Akutan and Borough waters and supply raw product to the local processor. With an increase in tax revenues the Borough and City will be able to invest more money in capital projects that will further encourage private investment and will benefit the residents' quality of life.

b. The Akutan Harbor Float Project has very strong organizational leadership.

The Borough has received, administered, and implemented numerous EDA grants. Successful EDA projects include the False Pass public dock, the dredging and floats in the False Pass Harbor, Nelson Lagoon Dock, a small tourism planning project, public works projects in Nelson Lagoon and False Pass, and a regional airport terminal construction project in Cold Bay.

Borough Administer Sharon Boyette has written and administered grants for 18 years, and Finance Director Roxann Newman will be carrying out all fiscal aspects of the grant. The Borough also has other staff members that will ensure the project's successful execution.

c. The Akutan Harbor Float Project advances entrepreneurship within Akutan.

The Harbor vision includes areas for new industrial and commercial business operations which provide numerous entrepreneurship opportunities in Akutan. As noted in the HARBOR LAP, "Harbors create employment opportunities and consumer demand in the community. There will be new business opportunities for operations typically associated with harbor activities and new commercial sales and services to support businesses and employees."

Some entrepreneurship opportunities and plans that may result because of a functional harbor include:

- A cold storage facility to support and increase the productivity of the Bering Sea fishery and local fisherman.
- APICDA is very interested in developing a resort/eco-tourism destination, similar to Nikolski Adventures Lodge (Ugludax Lodge).
- Aquaculture is another innovative industry with great promise in Akutan.
- Akutan Village Corporation plans to invest in greenhouse farming operations to provide local food supplies, increase employment for its shareholders, and create revenue sales. This would be a pioneered endeavor since a greenhouse of this design has not been done in the Borough communities before.
- Ship supply stores, marine repair shops, and other marine related facilities will be needed in the community to meet the needs of the harbor users.

Non-public sector opportunities will be attracted to Akutan including the positioning of U.S. Coast Guard assets and/or operations in Akutan Island to provide more direct access

to the Bering Sea fishing fleet and other vessel traffic and locating Department of Defense assets and operations in the Eastern Aleutians. Once the harbor is completed the demand for public services and medical care will increase too.

d. The Akutan Harbor Float Project will make the City of Akutan self sufficient and will diversify the local and Regional economies.

At this juncture the City of Akutan relies heavily on revenues from raw fish taxes for its economic stability. Commercial fishing is the economic base for the Borough and the City. Both entities are being proactive to attract new business and expand existing business to support the commercial fishing industry. The City of Akutan needs to be self-sustaining, which can be achieved by having a fully functional harbor. The harbor will foster a local commercial fishing fleet and encourage transient fishermen to moor in Akutan rather than in other over-crowded harbors, and more fishermen would fish in Akutan/AEB waters. All of this will make the City of Akutan self-sufficient and will diversify the local and regional economy.

e. The Akutan Harbor Float project receives a high degree of local commitment.

1. High levels of matching funds and in-kind services will be provided by the Aleutians East Borough.
2. The Aleutians East Borough, City of Akutan, the Akutan Corporation, the Aleut Corporation, and the Akutan Native Tribal Council support the Akutan Harbor Float project. Please see attached the resolution and letters of support (ATTACHMENT C). The Akutan Corporation letter of support will be provided soon.

The City of Akutan has donated land for the harbor and funded the preliminary SMALL BOAT HARBOR PLANNING DESIGN REPORT (Mead & Hunt, August 2011) and HARBOR LAP. The Akutan Tribal Council is the lead sponsor of the road between the community and the harbor, in the design and permitting phase through BIA Indian Reservation Roads (IRRA) program

3. There is strong cooperation on this harbor project and other development projects with Trident Seafoods. Please see attached letter of support (ATTACHMENT C).

f. Other criteria as set forth in the applicable FFO.

1. National Strategic Priorities

The Akutan Boat Harbor will support small and medium sized businesses.

Currently, small businesses in Akutan include the McGlashan (Akutan Native Corporation) Store, KQA check cashing service, Pelkey's Dive Service, the Roadhouse Tavern, and the Akutan Corporation, which owns the Bayview Plaza Hotel and the Salmonberry Inn. The Harbor activity will support retention and

expansion of these businesses and will attract more small and medium businesses to establish themselves in Akutan to meet the new demands within the community.

The Akutan Boat Harbor is environmentally sustainable development.

The Akutan Boat Harbor was constructed in such a manner to “avoid and minimize impacts to environmentally sensitive areas.”¹⁷ Several studies have been completed in recent years documenting conditions at the Harbor, such as a wetland assessment and topography model for the Harbor and an Environmental Constraints Map and a U.S. Army Corps of Engineers Environmental Impact Statement has been done.

The harbor was built to be sustainable and will be used in Akutan for many years to come and the Harbor floats will be built to sustain the harsh weather conditions and years of use. Any environmental issues throughout the Harbor Float project will be addressed quickly. Mitigation measures were established for the construction of the Akutan Harbor mooring basin and breakwaters in conjunction with the U.S. Army Corps of Engineers and the U.S. Fish and Wildlife Service. Satisfying these measures is currently underway and will apply during the implementation and life of the Akutan Harbor Floats Construction and Installation project.

2. Economically Distressed and Underserved Communities

Akutan is an underserved community.

3. Return on Investment

The Akutan Harbor will create and retain jobs in Akutan.

The Harbor Project will retain and create jobs in Akutan and the surrounding area. Approximately, 30 jobs will be created and 20 retained for the commercial fishermen; 15 created and 825 retained by the local processor; 20 jobs will be created by the Aleutian Pribilof Islands Community Development Association; 8 positions will be created by the Akutan Corporation; 30 jobs created for commercial fishermen; 5 jobs will be created by a oil spill response team; and 5 jobs will be created within the businesses currently existing in Akutan. 15 new jobs will be created in the City of Akutan, such as a harbormaster position, harbor staff, night watchmen, additional staff for current businesses, and numerous jobs for new businesses (i.e. a daycare, cultural center, freight services, vessel repair, restaurants, etc) to meet the demand of the harbor.

The Akutan Harbor will serve as a catalyst for private sector investment.

A functional harbor will be the catalyst for private sector development. The following list of land uses is a starting point for a discussion of implementation based on this initial list of land uses that may occur around the Harbor. Some are uses that are

¹⁷ HARBOR LAP, p. 6.

typically found around marinas and harbors. Others are uses that have been included in planning documents as desirable additions to the City specifically.

Industrial Uses

- Manufacturing
- Processing
- Aggregate Sales
- Vessel Repair
- Freight Services
- Storage
- Trident Seafoods Plant
- Other Harbor Related Services

Commercial Uses

- Restaurant/Café
- Office
- Grocery Store
- Retail Merchandise
- Native Craft Sales
- Person Services (bank, beauty salon)
- Hotel and Resorts

Public Use and Institutional Uses Residential

- Harbor Master Offices
- Storage Facilities
- Schools/ Training Facilities
- Healthcare/ Medical Clinic
- Daycare
- Cultural Center¹⁸

Some specific private sector opportunities that are being considered include a cold storage facility, aquaculture, resort/eco-tourism destination, greenhouses, and Coast Guard facility.

4. Collaborative Regional Innovation

The Akutan Harbor promotes collaboration among multi-jurisdictional leadership.

During the course of this project it is necessary for the Aleutians East Borough and the City of Akutan to collaborate with each other. The Aleutians East Borough will provide the leadership for the harbor float portion of this project, as it often does for large capital projects within its communities. The City of Akutan will provide in-kind and planning services, and assist when necessary. The Native Village of Akutan Akutan Tribal Council is participating by being the lead on the harbor road project, which is now in the design and permitting stage through the BIA Indian Reservation Roads (IRR) Program.

The Akutan Harbor will link and leverage regional assets.

Fishing is the largest regional asset for Akutan and the Aleutians East Borough. Having a fully functional harbor will link the local and transient fisherman to the rich

¹⁸ HARBOR LAP, p. 18.

Bering Sea fishing grounds and bolster the amount of fish being caught and the fish tax revenue being received.

The Akutan Harbor will also “provide an additional link in the transportation network that will increase public safety and welfare and boost the local economy”¹⁹, and be a link to the new Akutan Airport located on nearby Akun Island.

The Akutan Harbor implements and builds upon effective planning efforts.

The City of Akutan has conducted in-depth planning efforts. According to the 2005 AKUTAN COMMUNITY PLAN, a small-boat harbor was identified as one of the six top priority needs for the community. Since 2005, the planning process has continued, with an April 2010 COMMUNITY PLANNING FRAMEWORK document and an August 2010 INFRASTRUCTURE AND COMMUNITY DEVELOPMENT IMPACT ASSESSMENT prepared by RMA Consulting Group. The next step was the HARBOR LAP, which created a conceptual land use development plan, which respects existing environmental conditions, community values and culture, and was completed by Mead & Hunt in February 2011. The Akutan Harbor was implemented from the planning process, and the continued harbor development will build upon and mirror all of the planning efforts.

5. Public/Private Partnerships

The Native Village of Akutan and the City are taking the lead in the road between the community and harbor. The State of Alaska has provided the funding for the planning and construction of the airport. The Denali Commission provided funding for the marine transportation link between the community and the airport which will be located on nearby Akun Island. APICDA, the regional CDQ organization is providing access to capital for the Akutan residents to buy permits and boats to enter the commercial fishing industry.

A.5. Applicant’s Capability

Briefly describe the applicant’s capability to administer, implement, and attract private sector investments to the project.

The Aleutians East Borough has demonstrated its excellent capability to administer, implement, and market Economic Development Administration grants in the past. Successful EDA projects include the False Pass public dock, the dredging and floats in the False Pass Harbor, Nelson Lagoon Dock, a small tourism planning project, public works projects in Nelson Lagoon and False Pass, and a regional airport terminal construction project in Cold Bay. The Borough has also administered and implemented grants from the Alaska Energy Authority, Community Development Block Grant program, the Denali Commission, and other funding agencies.

¹⁹ *Id.* p. 3.

Borough Administer Sharon Boyette has written and administered grants for 18 years and will provided the day-to-day management of this grant. She will also report to the Borough Assembly and Grant Authority each month with a final report due at the end of the project. Finance Director Roxann Newman will be responsible for carrying out all fiscal aspects of the grant. She will use BDS Fund Accounting, and each year a financial review or audit is completed by a CPA firm, and a standard financial report is prepared and approved by the Aleutians East Borough Assembly. Finally, a project manager will be hired through a Request For Proposal and they will manage the project in the field. Resumes are attached as ATTACHMENT D.

In most cases, EDA grants are followed by private investment. Aleutian Pribilof Island Community Development Association (APICDA) has committed to donating money to the Akutan Float Construction and Installation project; however, the total amount has not been determined at this time. APICDA, has also made significant investment following the EDA grants in False Pass, with the start up of a new seafood processing plant. The Sand Point EDA grant has caused a surge in the investment by the City of Sand Point to attract a new seafood processor to its harbor. After EDA-assisted construction of the dock in Nelson Lagoon, significant investment in fuel sales by the village council/corporation and in seafood processing by APICDA has occurred.

A.6. Proposed Time Schedule for the Project

Provide a proposed time schedule for completion of the project, including when (month/year) the project will begin and end. Explain any potential issues that could affect project implementation.

EDA/AEB project:

| | |
|---|----------------|
| RFP for Phase One Floats Design/Build Issued..... | February/2012 |
| Floats Design Complete..... | May/2012 |
| Floats Construction Complete..... | August/2012 |
| Floats Received in Akutan..... | September/2012 |
| Floats Installed in Akutan Harbor..... | Winter 2012-13 |
| Floats Inspected / EDA close-out..... | May/2013 |

February 1, 2012, a Request for Proposal will be issued for the Floats Design/Build portion of the project. The EDA funds will be applied towards this portion of the project. The project’s projected completion date is May 31, 2013.

A.7. Civil Rights

- a. *Does the applicant understand and agree to comply with all applicable civil rights requirements (see 13 C.F.R. § 302.2), including the requirement to provide signed assurances of compliance?*

Yes

- b. *Do identified “Other Parties” as defined in 13 C.F.R. § 302.20(b) understand and agree to comply with all applicable civil rights requirements, including the requirement to provide signed assurances of compliance?*

Yes, the City of Akutan and other parties agree to comply with all applicable civil rights requirements.

A.8. Proposed Project Budget

For Construction investments, complete Form SF-424C.

Form SF-424C and the Budget Information Detail Construction are complete and enclosed in the application.

A.9. Non-EDA Funding for the Project

- a. *Identify the source, nature and amount of all non-EDA funds, including in-kind contributions (non-cash contributions or space, equipment, services, or assumptions of debt; see definition of “In-Kind Contribution(s)” in C.F.R. § 300.3). Explain the status of all funding commitments, including the date the funds will be available from each source, and describe any conditions or restrictions on the use of such funds. If in-kind contributions are included, explain the basis on which they are valued.*

The non-EDA Funds for this project include Aleutians East Borough monies in the amount of \$1,000,000.

Aleutian Pribilof Islands Community Development Association anticipates contributing between \$500,000 to \$775,000 towards the harbor floats project. The APICDA Board will meet October 6-8, 2011 to determine the exact contribution. The money provided by APICDA will be in addition to the \$1,000,000 of non-EDA funds provided by the Borough. The Borough will provide the EDA with the determination as soon as possible.

- b. *Are all non-EDA funds committed to the project, available as needed, and not conditioned or encumbered in any way that would preclude their use consistent with the purpose of the project? (See 13 C.F.R. § 301.5)?*

Yes, all non-EDA funds committed to the Akutan Harbor Float Project are available as needed and are not conditioned or encumbered in any way that would preclude their use consistent with the purpose of the project.

- c. *Discuss the actions that need to be taken and the timing required to secure the non-EDA funds.*

The non-EDA funds are secured and readily available for the Akutan Harbor Floats Project. No action is needed.

- d. *Does the applicant plan to seek other federal financial assistance as part of or in connection with this project? If so, please describe the source, amount and any terms and conditions of the funding, and when the funding will be available for use by the applicant.*

The Aleutians East Borough is not seeking other federal financial assistance for the Akutan Harbor Phase One Float Project.

- e. *Is the requested EDA investment assistance available from any other federal economic development program?*

No. The State of Alaska's Community Development Block Grant (CDBG) funds harbor projects in Alaska. However, the Aleutians East Borough and the City of Akutan have other active CDBG projects prohibiting both entities from applying for the FY2011-12 grant period. Therefore, EDA financial assistance is crucial for the completion of this project.

A.10. Lobbying Certifications

The Aleutians East Borough's "Certifications Regarding Lobbying" (Form CD-511) is complete and enclosed in the grant application. .

The Aleutians East Borough's "Disclosure of Lobbying Activities" (Form SF-LLL) is completed and attached as ATTACHMENT E.

A.11. Compliance with Executive Order 12372, State Single Point of Contact (SPOC)

- a. *Does the state in which the project will be located have a project review process that requires submission to a Single Point of Contact (SPOC)?*

No

A.12. Justification for Sole Source Procurement

- a. *Will you subcontract work to complete part or all of this project?*
Yes
- b. *If Yes, will contracts be awarded by competitive bid?*
Yes

A.13. Assurances

Form SF-424D is complete and enclosed in this grant application.

Section B- Regional Eligibility

1. Identify the region upon which the applicant is basing the eligibility calculation.

The eligibility calculation will be based on the City of Akutan. The community of Akutan is located on Akutan Island in the eastern Aleutians. It is an incorporated, second-class city, and encompasses 14 square miles of land and 4.9 square miles of water. Akutan is approximately 35 miles east of Unalaska/Dutch Harbor and 790 miles southwest of Anchorage. Akutan is one of six communities that compose the Aleutians East Borough political subdivision.

2. Source of data provided for regional eligibility determination

- a. The most recent Akutan, Alaska American FactFinder ACS data published by the U.S. Census Bureau is the source of data provided for regional eligibility determination.

3. Economic Distress

B. Per capita income: The City of Akutan’s per capita income estimate (in 2009 inflation-adjusted dollars) is \$21,567, which is approximately 80% less than the U.S. national average per capita income of \$27,041.

4. Substantial Direct Benefit

No, not applicable. The City of Akutan is a region that meets the economic distress criteria in section B.3.

5. Project Beneficiaries

Project Beneficiaries include Trident Seafoods, the Akutan Native Corporation, Commercial Fishermen, and APICDA. The City of Akutan, a non-private beneficiary, will create approximately 15 jobs from this project. The Assurance of Compliance forms (Exhibit A) are attached as ATTACHMENT F. The Akutan Corporation form will be provided soon. A verbal commitment between the Corporation and Borough has been made.

| Company | NAICS Code | Jobs Retained | Jobs Created | Private Sector Investment \$ Generated | Committed or Interest Only |
|----------------------|------------|---------------|--------------|--|----------------------------|
| Commercial Fishermen | 36611 | 20 | 30 | \$ 2,560,000 | Committed |
| Trident Seafoods | 12511 | 825 | 15 | \$ 1,000,000 | Committed |
| APICDA | 55111 | | 20 | \$ 2,700,000 | Committed |
| Spill Response | 62910 | | 5 | \$ 500,000 | Interested |

| | | | | | |
|-------------------------|-------|-----|----|--------------|-----------|
| Existing Small Business | 55111 | | 13 | \$ 650,000 | Committed |
| Totals | | 845 | 83 | \$ 7,410,000 | |

Section E- Budgeting and Staffing Supplement: To Be Completed by Applicants for Non-Construction Assistance Only- Not Applicable

Section K- To Be Completed by Applicants for Economic Adjustment Assistance Only- Not Applicable

Section M- To Be Completed by Construction Assistance Applicants Only

Are you Applying for Construction Assistance?

Yes

M.1. Metropolitan Area Review

- a. *Projects involving the development of hospitals, airports, libraries, water supply and distribution facilities, sewage and waste treatment works, highways, transportation facilities, water development, or land conservation within a metropolitan statistical area (MSA), require comments from the metropolitan clearinghouse/agency. Does the proposed project involve any of the above identified developments within an MSA?*

No

M.2. District Organization Project Administration

Will the District Organization for the region in which the project will be located administer the project for the applicant?

No

M.3. Engineering Report

Yes, an engineering report is attached as ATTACHMENT G.

M.4. Title Requirements

- a. *Does the applicant currently hold title to all project facilities, underlying land, necessary easements, and rights-of-way required for the project?*

Yes

b. *If No, does the applicant plan to obtain title?*

Not Applicable

c. *If you indicated that the applicant does not currently have title and does not intend to obtain title, does the applicant hold a long-term lease or hold interest in project property for a period not less than the estimated useful life of the Project.*

Not Applicable

d. *Describe any required State permits, easements, right-of-way or leases necessary to construct, operate, and maintain the project.*

Permits and clearances required for the Akutan Harbor Floats Construction and Installation project include: Section 10 Corps of Engineers permit and clearances for any State Habitat, Alaska Department of Fish and Game and Department and/or Department of Natural Resources. Will also need clearance from the United States Fish and Wildlife Service and the National Marine Fish Services.

The Borough has a Temporary Easement Agreement with the City of Akutan, Land Use Permit Tideland, Deed, Quitclaim Deed, and a Temporary Easement Agreement with the Akutan Corporation. These documents are attached as ATTACHMENT H.

e. *Describe any liens, mortgages, other encumbrances, reservations, revisionary interests or other restrictions on the applicant's interest in the property.*

The Borough does not have any liens, mortgages, other encumbrances, reservation, revisionary interests or other restrictions on the Akutan Harbor property.

f. *Is the project located on a military or Department of Energy installation that is closed or scheduled for closure or realignment?*

No

g. *Does the project involve construction within a railroad's right-of-way or over a railroad crossing?*

No

h. *Does the project include construction of a highway owned by a State or local government (other than the applicant)?*

No

M.5. Sale or Lease

- a. *Does the applicant intend to sell, lease, transfer, dedicate or otherwise convey an interest in the project facilities, underlying land, or any land improved with EDA investment assistance?*

Yes, transfer of ownership from the Borough to the City of Akutan will occur when all harbor financial obligations to the Borough from construction funding are satisfied.

- b. *Is the purpose of the project to construct facilities to serve industrial or commercial parks or sites owned by the applicant for sale or lease to private parties?*

No

- c. *Is the purpose of the project to construct facilities to serve privately-owned industrial or commercial parks or sited for sale or lease?*

No

- d. *For privately-owned land, is the private owner willing to enter into an agreement to limit the sale price of the improved land to its fair market value before the improvements for a reasonable period of time?*

Not applicable (no private owners)

- e. *Is the purpose of the project to construct, renovate or purchase a building?*

No (go to M.6.)

M.6. Ownership, Operation, Maintenance and Management

- a. *Briefly describe plans for the ownership, operation, maintenance and management of all project facilities, including any land, improved land, structures, appurtenances thereto, other improvements, or personal property.*

The Borough will own the Akutan Harbor until all harbor financial obligations to the Borough from construction funding are satisfied. Transfer of ownership from the Borough to the City of Akutan will occur when this has been completed.

The City of Akutan will operate and maintain all aspects of the harbor. A draft Harbor Management Agreement between the Borough and City is attached for your reference (ATTACHMENT I). The final agreement will be provided once it is approved by the City and Borough.

- b. *Will real property or project facilities to be acquired or improved with EDA investment assistance be owned, operated, or maintained by an entity other than the applicant?*

Yes, the Borough is the applicant but the City of Akutan will operate and maintain the Akutan Harbor when the mooring basin, breakwaters, and floats (EDA investment assistance portion) are completed.

Transfer of ownership from the Borough to the City of Akutan will occur when all harbor financial obligations to the Borough from construction funding are satisfied.

- c. *Will real property or project facilities to be acquired or improved with EDA investment assistance, including any industrial or commercial park acreage, be mortgaged or used to collateralize and type of financing, including but not limited to bonds or tax credits, or is any real property to be used for the project currently mortgaged or being used as collateral?*

No. The Borough bonds used as the match for the Akutan Harbor Floats Construction and Installation project are government general obligation bonds.

- d. *Will the applicant provide EDA a security interest or other statement of EDA's interest in the real property or in significant items of tangible personal property acquired or improved with EDA investment assistance?*

Yes

- e. *Is (or was) any real property to be acquired or improved with the proposed EDA investment assistance subject to eminent domain proceedings or the threat of such proceedings?*

No

- f. *Does the project include the acquisition or improvement of significant items of tangible personal property (i.e. items that are moveable and not permanently attached to the land, such as business equipment, furniture or vehicles)?*

No

M.7. Calculation of Estimated Relocation and Land Acquisition Expense

- a. *Are relocation expenses part of the proposed project's EDA budget?*

No

- b. *Will the proposed project cause the displacement of individuals, families, businesses or farms?*

No

“Calculation of Estimated Relocation and Land Acquisition Expenses” form (Exhibit E) is complete and enclosed in the grant application.

M.8. Environmental Requirements

- a. *Provide a brief physical description of the project site, noting topography, vegetation, bodies of water, and location and condition of any man-made structures or buildings. If available, provide a Geographic Information System (GIS) analysis of the sensitive environmental areas, including contaminated sites, archeological sites, properties or sites listed on the National Register or Historic Places, and wetlands that are within a two-mile radius of the project site.*

Physical Description of the Akutan Harbor Floats Construction and Installation

Project Site

The Akutan Harbor Floats Construction and Installation project will occur in the Akutan Harbor (T 70S; R 112W; S 9; M Seward; Latitude/Longitude 54 08 N/ 165 46 W) in Akutan, Alaska. The harbor is currently being built into the existing shore at the head of Akutan Bay, which provides another degree of protection from the Bering Sea. The channel entrance is angled to the southeast with two armored stone breakwater sections totaling 700 feet in length to further protect the basin. The harbor basin area encompasses an area of approximately 12 acres at full dredge depths. The channel entrance is 100 feet wide and 18.5 feet deep. The entrance aisle is laid out at a width of 240 feet to accommodate boats of up to 165 feet.²⁰ A photo of the Harbor is attached as ATTACHMENT J.

Topography

The City of Akutan is located on the east coast of Akutan Island on a rare flat out cropping. Akutan Island as a whole has steep, rugged mountains and almost no flat land. It is vegetated with wild grasses, shrubs and flowering plants, interspersed with hardened lava flows and meandering creeks.

The Akutan Harbor site specific topography consists of a gently sloping beach and a narrow, sharply elevated beach berm, with slightly sloping headlands reaching back to mountain slopes approximately 1,300 feet behind the beach berm.²¹

Vegetation

The vegetative cover of Akutan Islands is sparse of trees. Land cover consists of several varieties of short shrubs, brush and Grasses. Grasses, sedges and mosses grow thick on

²⁰ CITY OF AKUTAN SMALL BOAT HARBOR PLANNING DESIGN (AUGUST 2011) P 6

²¹ NAVIGATION IMPROVEMENTS DRAFT FEASIBILITY REPORT AND ENVIRONMENTAL IMPACT STATEMENTS (SEPT 2002) GEOTECHNICAL REPORT P3

the hillsides within Akutan Bay. The relatively flat lying ground at the head of Akutan Bay is covered with a thick mat of grasses and interspersed brush. In order to construct the Akutan harbor basin and breakwaters all vegetation was removed at that site.

Bodies of Water

The harbor is currently being built into the existing shore at the head of Akutan Bay, which provides another degree of protection from the Bering Sea.

Location and Condition of Any Man-Made Structures or Buildings

The only structure in the vicinity is the temporary construction camp for the Akutan Harbor construction of the mooring basin and breakwaters currently occurring. There are not any permanent man-made structures or buildings in the vicinity of the Akutan Harbor.

Geographic Information System (GIS) analysis

A GIS analysis is not available; however, I have attached an Akutan Vicinity Map as ATTACHMENT K for your reference.

Archeological Sites, Properties or Sites Listed on the National Register of Historic Places

The Akutan Harbor required an Environmental Review. Judith Bittner, the State Historic Preservation Officer, wrote a letter dated February 7, 2002 stating that “The Alaska State Historic Preservation Officer concurs with Department of the Army finding the farm site (UNI 00097) at Akutan, Alaska (ca. 190’s) not eligible for listing in the National Register of Historic Places. The Alaska State Historic Preservation Officer also concurs with Department of the Army finding no historic properties affected by this undertaking.” Letter is attached as ATTACHMENT L.

Three (3) possible cultural properties (UNI-00033, UNI-00097 and UNI-00099) within the Akutan Harbor Floats project area have been identified. UNI-00033 is defined by charcoal staining in the seaward side of the beach ridge and is located along the east shore of the harbor basin. UNI-00097, also known as the Whaling Station, is located south of the harbor basin and has a few large debris piles, three pieces of steam equipment, and the pilings from the original dock and wharf. Due to the historical significance avoidance is required during project implementation. UNI-00099 is located northeast of the harbor basin and is identified by three house depressions and is cited as a precontact site and eligible for National Registry and should be avoided. These sites are outside the Akutan Harbor Floats project area and will not be affected. An Archaeological Survey and an August 23, 2011 EDA letter that discusses these sites is attached as ATTACHMENT L.

Wetlands

Low-lying wetlands are adjacent to the Akutan Harbor Floats project site. An on-site wetland/waters delineation is not available for this project. Wetlands or streams will not be affected by this project.

b. *Will the project be located in or adjacent to a floodplain or wetland area?*

No

c. *Will the project be located in or adjacent to an area with known hazardous or toxic contamination?*

No

d. *Will there be any toxic or hazardous waste or asbestos removal associated with the project?*

No

e. *Will the project impact and archeological sites, buildings or structures older than 50 years, or any properties listed or eligible for listing on the National Register of Historic Places?*

No

f. *Will this project result in any other adverse environmental impacts that could affect endangered or threatened species, scenic rivers, or other sensitive ecological habitats?*

No. It was determined that the Akutan Harbor Construction Project would not adversely affect Steller's Eiders and Northern Sea Otters (endangered species) located in Akutan and the surrounding vicinity. This was vetted during the Akutan Harbor construction process and a study has been completed and mitigation measures have been put in place to help prevent injury to these birds. A *Biological Opinion of the Effect of Harbor Improvements at Akutan, Alaska* (consultation number 2002-0004) and two Amendments to the Biological Opinion have been completed and are attached as ATTACHMENT M.

Steller Sea Lions (threatened species) are also located at the opposite ends of the two islands (Akutan and Akun) and should not be affected by the construction and installation of harbor floats in the Akutan Harbor. The November, 2010 North Pacific Groundfish Fishery Biological Opinion discusses Steller Sea Lion protection measures, designated critical habitat and the essential features of marine critical habitats. Information regarding restrictions applicable to Steller sea lions is also available. Attached is a portion of the November, 2010 North Pacific Groundfish Fishery Biological Opinion regarding Steller Sea Lions²², CFR Part 223- Threatened Marine and Anadromous Species, CFR Part 226 – Designated Critical Habitat, and Table regarding Steller Sea Lion Rookery Sites (ATTACHMENT M). The entire Final Groundfish Biological Opinion is 15MB and can be found at <http://alaskafisheries.noaa.gov/protectedresources/stellers/esa/biop/final/1210.htm>.

²² The entire Final Groundfish Biological Opinion is 15MB and can be found at <http://www.fakr.noww.gov/protectedresources/stellers/esa/biop/final/1210.htm>.

- g. Has an environmental impact statement or other similar analysis been completed for this proposed project or for other activities in the region?*

Yes, an Environmental Impact Statement was completed in July 2004 for the Akutan Harbor and Navigation Improvements. The U.S. Corps of Engineers Alaska District Navigation Improvements Final Feasibility Report and Environmental Impact Statement Appendixes and is attached as ATTACHMENT N.

- h. Will you be able to provide the above information?*

Yes

**Section N- To Be Completed by Applicants for Design and Engineering Assistance Only-
Not Applicable**