

Port of Nome Modifications Alaska's Arctic Deep Draft Port Project Phase 2 & 3 Construction Funds

The City of Nome is requesting \$130,000,000 in State funding to serve as the non-federal cost-share match for Phase 1 construction of Alaska's Arctic Deep Draft Port.

Arctic Deep Draft Port Construction **\$130,000,000**

Since 2011, the State of Alaska (State), the U.S. Army Corps of Engineers (Corps), and the City of Nome (City) have been collaborating extensively to achieve significant progress toward the development of a deep draft port in the Arctic.

The Corps and the City (*via SOA FY2019 Legislative Grant*) executed a cost-share agreement in June 2021 for Phase 1 design of the Port of Nome Modification Project which is now complete, and scheduled to be released to bidders in February 2024. This phase will extend the existing Causeway by 3,484 feet, and construct 2,000 feet of sheet pile in a deep-water basin that will be maintained to -40 ft MLLW. Contractor award is anticipated in Aug 2024, with a construction schedule from 2025-2028.

The recent announcement by the Army Corps Civil Works Program identified \$250M in Construction Work Plan funds for the Port of Nome Modifications. These federal funds, along with the City of Nome's local cost-share dollars, will enable the Alaska Corps District to solicit and construct Phase 1 of the Arctic Deep Draft Port project. This funding, provided through the Infrastructure Investment and Jobs Act of 2022, was made possible, in part, by the Alaska Congressional Delegation. Senator Murkowski, Senator Sullivan and Congressman Young have each, independently, and as a team, worked very hard to ensure the nation's first Arctic Deep Draft Port would be realized. This milestone step by Congress has cemented the federal commitment to constructing the first Deep Draft Port in the U.S. Arctic, and sparked a great deal of commercial interest regarding investment and partnering funding.

This is a HUGE national infrastructure project, which will expand on the support of commercial fishing industry, driving economic development across the region with sustainable jobs, increased food security, enhanced domain awareness and preparedness, and do so without harming the natural environment through maritime presence and enforcement. A deep-water port in Nome will serve as the resupply support facility in the Arctic that is critically needed for U.S. national security vessels to serve and protect our nation's waters, and support a consistent regional presence of Oil Spill Response and Search and Rescue assets. These resources are an essential part of maritime support that must be in closer proximity to the Arctic response area.

The expansion of the Port of Nome plays a vital role in the protection of the Arctic marine environment heavily relied upon by coastal residents, and enhances Nome's role as an Arctic marine cargo hub that will bring economic opportunity to the region, and help reduce the cost of living. This vital project can be realized through

continuation of the City's long-standing partnership with the State Legislature, but time is of the essence, so it is critical to act now in providing construction cost-share funding in the amount of \$130,000,000.

Recommendation:

The City of Nome requests State financial assistance for the non-federal cost-share match of \$130,000,000 for construction of Phased 2 and 3 of Alaska's Arctic Deep Draft Port at Nome.



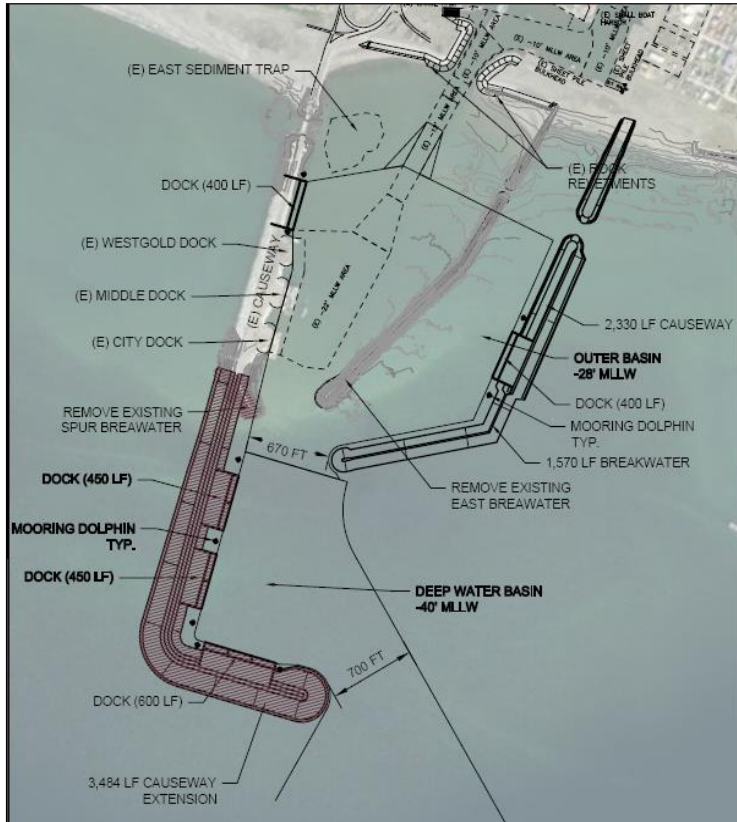
PROGRAMMATIC APPROACH

THREE PHASES



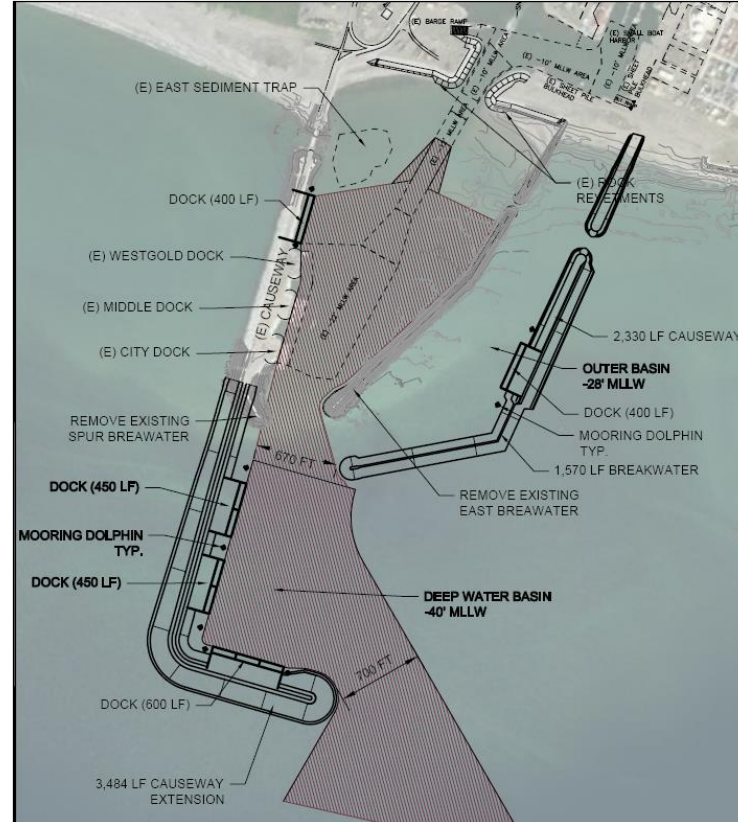
PHASE 1 - W. Causeway Extension (Award 2024)

- Stub BW removal
- Causeway extension
- Dock construction



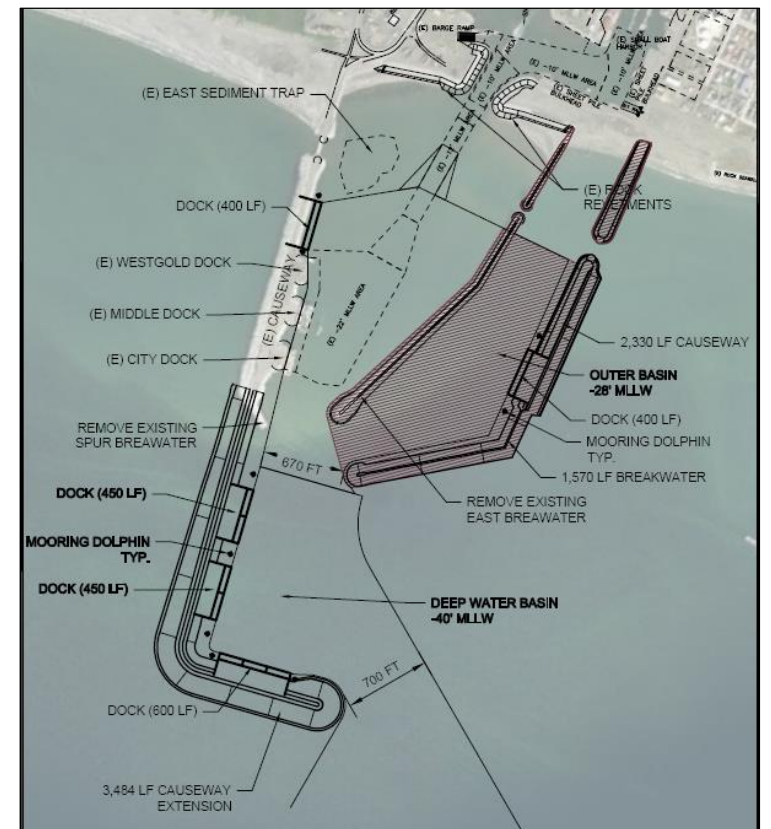
PHASE 2 - Basin Dredging (Award 2026)

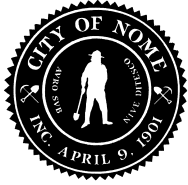
- Deep water basin dredging
- Outer basin expansion



PHASE 3 - E. Breakwater Construction (Award 2028)

- East BW demo
- Outer basin expansion
- East causeway construction

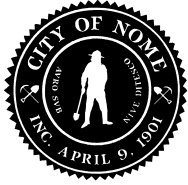




State Incentives for New Housing Development

The City of Nome, like many communities in the State of Alaska, is suffering a shortage in housing. Nome, an off-road community, not only is lacking enough housing but also overcrowding of its existing housing.

To incentivize the development of housing, the Common Council of Nome, is now offering property tax breaks and no permit fees for the development of redeveloped properties and/or new housing. These incentives are offered as way to reduce the expensive cost of new home development at \$500. - \$ 600.00 cost per sq. ft and a renovated property at \$270-300.00 per sq. ft. But this issue of housing shortage in Alaska is estimated to be a \$2.7B in necessary investment in housing. The Alaska Legislature needs to develop a financial incentive plan to encourage the private sector to invest in our communities beyond the incentives able to be offered by the local communities.



Tank Farm Operations Relocation Project

Background and Justification:

The City of Nome, doing business as Nome Joint Utility System (NJUS), owns and operates a bulk fuel tank farm that supports community power generation needs and heating operations for the public-school system. The farm was constructed more than a generation ago over ice-rich permafrost which was stable then but began melting as average air temperatures increased – this led to differential settling of the tank farm pad as pockets of ice below melted. The effects of settling have been mitigated the last twenty years with the Utility’s maintenance budget – however the scope and cost of re-leveling activities needed to maintain viable operations continues to escalate and it is apparent that the tank farm operations should be relocated in the near term to limit additional significant recurring maintenance costs and reduce the potential for a substantial fuel spill.

Where to Relocate Operations: The *West Nome Tank Farm* (WNTF) pad, site of a former U.S. Air Force (USAF) tank farm, is located immediately south of the City’s power generation facility. This parcel of ground was dredged for gold in Nome’s early years and does not have the melting ice-rich permafrost challenges the current tank farm location has. Subsurface conditions at the WNTF site have been verified through various geotechnical investigations over the years. Co-locating the tank farm next to the power plant is the ideal location from an operational, safety and security perspective.

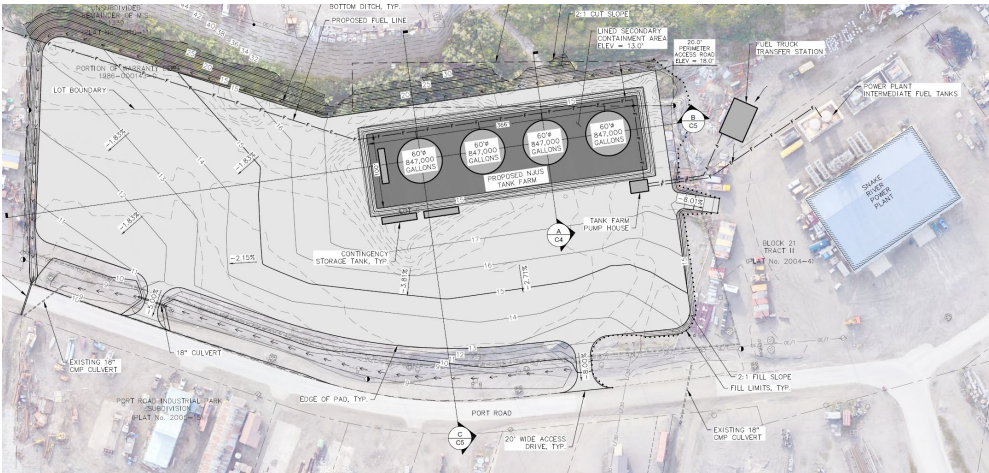
The WNTF is a documented contaminated site due to its prior use by the USAF and lessees. Re-using this brownfield parcel for Nome’s new tank farm location is the highest and best use of this land.

In 2015 Congress authorized WNTF conveyance from the USAF to the City of Nome. The conveyance process is nearing completion – and will not transfer environmental cleanup responsibility to Nome.

The Tank Farm Operations Relocation project is at the 95% design level with final construction drawings forthcoming; the project will be “shovel ready” for the 2023 construction season. The estimated project cost is \$18,000,000.

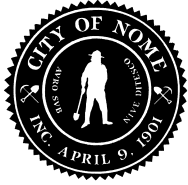
Anticipated increases in demand for power in association with the Arctic Deep Draft Port at Nome and other economic development projects on the horizon, Nome is looking to be proactive in avoiding further annual maintenance outlays (approximately \$500,000 per year) at the earliest opportunity, allowing the Utility to invest capital funds in other system enhancements to help with extremely high energy costs. To that end, notice of intent to award a \$2 million battery energy storage system was issued this week; when complete, this will allow for better utilization of existing wind resources, and potential inclusion of additional wind turbines in the future. The Utility is also actively involved in gathering information on the benefits/risks associated with advancing to rapidly developing small

nuclear reactor integration as this technology is determined viable to reduce and stabilize energy costs for the benefit of residents and to spur economic development.



Project Cost: \$18,000,000

Funding Request: \$14,000,000



Water and Wastewater Improvements

Background and Justification:

This program will replace failing sections of water and wastewater mains that are experiencing a high-rate of failure and leakage primarily due to the effects of climate change, which is thawing and settling ice-rich permafrost beneath the pipes.

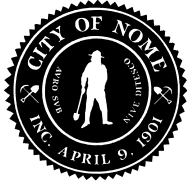
This program includes one expansion project – to extend water main to serve the Lester Bench area, whose arsenic / iron laden groundwater is unsuitable for human consumption. A modest expansion of this project could also extend service to the ADOT&PF Highway Maintenance facility and the ADOC Anvil Mountain Correctional Center.

All projects under this program will improve the reliability and quality of drinking water and by eliminating sections of leaking wastewater lines will also reduce risks of sewer contamination to groundwater and the human environment. All program components are eligible for funding under Alaska’s State Revolving Fund guidelines; however, the magnitude of the loan repayments would not be affordable by the community’s ratepayers without significant subsidy.

Nome has invested in significant upgrades and improvements over the years to keep its water-sewer systems functional. However, Nome (and a handful of other First Class cities with populations over 1,000) are barred from participating in the Village Safe Water Program, and the state discontinued the DEC Municipal Matching Grant Program several years ago, which was a vital program for water-sewer maintenance/development. (A small “tweak” in statutory language relative to population could allow the small first-class cities a funding opportunity in a program that is quite heavily capitalized.)

This program is scalable by its project components:

Project Name	Est. Cost
East Nome Water and Sewer Replacement (King Place) - Ph IIIA	\$ 12,320,000
Belmont Point Water and Sewer Replacement	\$ 12,950,000
East Nome Water and Sewer Replacement (King Place) - Ph IIIB	\$ 6,480,000
Steadman/6th Avenue Water and Sewer Replacement	\$ 8,790,000
West Nome Water and Sewer Replacement (West E Street)	\$ 11,560,000
Seppala Avenue Water and Sewer Replacement	\$ 6,240,000
Carsten’s Way Water and Sewer Replacement	\$ 2,080,000
West Front Street Water and Sewer Improvements	\$ 5,830,000
6 th Avenue & I Street Water and Sewer Replacement	\$ 2,000,000
Lester Bench Water Extension, PH I (Residential)	\$ 4,000,000
Lester Bench Water Extension, PH 2 (SOA Facilities)	\$ 2,750,000
T Total	\$75,000,000



Local In-Patient Treatment Facilities for Alcoholism and Substance Abuse

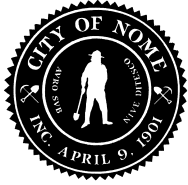
The City of Nome and the Nome Census District suffers from a disturbingly high numbers of alcohol related crime and intoxicated persons.

To address this issue, the City of Nome is requesting funding be restored to re-establish a detox center for inpatient alcohol and substance abuse treatment in Nome.

Over the last three years, service calls (2021-2023) for alcohol related disturbances have averaged 25.3% annually. In 2023 the Nome Police Department transported 220 residents impacted by alcohol.

Intoxicated person's "down" calls to the NPD average 590 per year for the past three years. Alcohol related physical arrests average 73% for the past three years. On average 373 arrests per year are alcohol related.

Additional funding to Norton Sound Hospital Corporation for in-patient treatment would reduce strain on the NPD, AST, the Court system and the community of Nome.



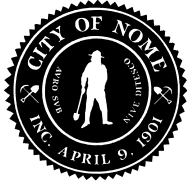
Road Paving and Dust Control for Health and Safety

The need for dust control in our off-road communities is necessary to limit illness. Dust is known to impact the health of those suffering from heart disease, lung conditions and asthma. Dust seeps into our homes and food supplies. Limiting blowing dust from roads will help improve the physical health of the community.

The City of Nome is seeking \$5,000,000.00 to overlay with asphalt some of its most heavily used roads which are compacted stone in its core area of town to help reduce dust. The City of Nome currently spends \$50,000.00+ in spreading calcium chloride to reduce dust on the roads. The City also operates a watering truck through the summer and fall season to reduce dust. The City has also invested in equipment to seed city ballfields, parks and city vacant property to help limit dust clouds.

Targeted streets are 4th Ave and Fifth Ave, and portions of Sixth Ave.

COST: \$5,000,000.00 no local contribution



Emergency Sheltering Center Upgrades

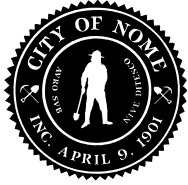
The City of Nome is in the process of completing engineering designs for heating and ventilation upgrades to our Emergency Sheltering Center which also serves as the Recreation Center for Nome. This building sits well back from our flood zone areas and is in the center of the city allowing easy access to pedestrians.

The shelter/recreation facility has a newly remodeled kitchen with new stove, grill and stainless-steel fixtures. The city has acquired for the shelter 200 new cots and 400 blankets. In the event of a loss of power in the city, the facility has a standby generator. The facility also offers the sheltered residents the opportunity for showers.

The Recreation Center serves as the relocation facility for Norton Sound Hospital in an emergency at the hospital.

The cost for the upgrades to the heating and ventilation systems is \$2,400,000.00. If funded, the project could go out to bid by 2024 and be installed by the summer of 2025.

With Typhoon Merbok, the city housed displaced residents for seven days. And, with the Nome region suffering from climate changes, it is anticipated to see more storms that will affect the safety of our residents with impacts from flooding and power interruptions.



Covered Multi-Use Recreational Structure

With the long, cold, and windy winters that Nome experiences; it desires to expand, enhance, and extend its existing recreational offerings by constructing a covered multi-use facility to shield and protect the existing outdoor hockey rink that is adjacent to the Nome Recreation Center (NRC). During the winter months the facility will house an ice skating/hockey rink (October through April). For those months when an ice surface cannot be maintained naturally other recreational activities such as basketball, soccer and roller hockey would be offered.

The entire region will be served by this project with children and elders benefitting the most. These populations are the ones typically weathered out by the cold, frigid winds that buffet our community for the majority of the winter. It is the City of Nome's Parks and Recreation Department's feelings that additional constructive healthy activities would help diminish feelings of despair which can contribute to suicides; unfortunately, a high number of which are experienced in our region during the afore mentioned long, cold, dark winter months.

We seek to offer as many different recreational offerings as possible to encourage and promote physical activity, combat obesity and promote well-being while staving off lethargy and depression – maladies plaguing our region as evidenced by the alarming rise in type-II diabetes.

As the hub city for surrounding villages, regional residents frequently travel to Nome for a variety of sporting events, conferences and other purposes. The City envisions local and regional residents utilizing the ice rink and the community could benefit economically from hosted tournaments, camps and other programs due to its uniqueness (this would be the only covered ice surface within 500 miles).

In addition, during summer months a covered multi-use facility would allow for the expansion of our award-winning Summercise Program - a program offered jointly with Norton Sound Health Corporation that promotes exercise with a variety of physical and sports offerings and teaches regional youths healthy eating and lifestyle choices. Since its inception 24 years ago Summercise has expanded to the point where it can no longer grow or accommodate the demand for indoor recreational space that would shelter participants during the rainy parts of our summers.

As previously stated the proposed facility will be located adjacent to the Nome Recreation Center (NRC). This will allow existing personnel to supervise, staff and maintain the structure with minimal operating cost increase.

The structure will be non-heated to save on energy use, construction and foundation costs. Hockey league programs and other ice rink activities can be managed and advertised through the NRC. This site is ideal and makes sense for

the community, as most of Nome’s recreational offerings (sports leagues, fitness classes, summer youth programs, etc.) occur or originate there. Disturbance to neighbors will be minimal due to the site’s location.

The current ice rink is a heavily utilized open-air facility. It lacks public amenities available for patron use such as bathroom facilities, warming building, or emergency first-aid response area. Exposure to the harsh winter winds and blowing snow often makes it difficult to use, operate and maintain, particularly for the local youth and elders that are more affected by adverse wind and weather conditions that occur in our cold, windy climate. Further, maintaining a safe utilizable ice surface is labor intensive requiring many man-hours to remove accumulated snow off of the rink and keep the surface smooth.

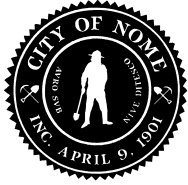


Living in an isolated arctic climate, it is natural to promote indoor sport activities that are not adversely affected by Arctic cold and unpredictable weather conditions. Having an enclosed ice rink, indoor softball field, soccer field, and extra basketball court in Nome would greatly benefit the community and alleviate the bottleneck on space in the Nome Recreation Center.

Request:

Nome seeks \$1.4 M in State grant funding to construct an enclosed, multi-use structure that will provide ample benefit to the community for many years





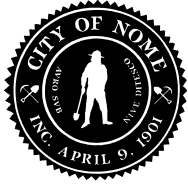
Repair of Brownfield CAP at Steadman Park

The City of Nome is recognized as the last great gold rush in history of the United States. When the gold rush began its impact on the environment by the processing of the gold was not fully understood.

Where Steadman Park is located was once the site of a building where gold was separated from the gravels. Arsenic is a naturally occurring element and is associated with gold concentration. When this site was determined to be contaminated, encapsulation as opposed to complete excavation was the cleanup method accepted. An earthen, concrete and asphalt cap have allowed the site to be used for recreational purposes.

Due to the ice-shelf melting under Nome, the existing CAP is breaking up and requires rehabilitation. The City of Nome wishes to repair the CAP and resurface the basketball court and install new fencing.

The project, according to Bristol Engineering, is estimated to cost \$167,000.00 and could begin in 2024.



New Teacher and Public Safety Housing

The City of Nome is at a crisis stage in its shortage of housing for its general population. The community lacks the level of housing to attract professionals such as teachers to an off-road community. This lack of professional housing is leading to critical shortages of teachers and police officers. Due to these circumstances, the Nome School District (NSD) and the City of Nome are partnering in this application

The NSD and the City of Nome (Nome Police Department) are working together for the development of an eighteen plex of two- and three-bedroom units located on city property for this development project.

The housing development is at a 95% design level. The 18 plex will be within walking distance of the Nome Elementary School and the Nome Public Safety Building.

Because of the impact from COVID-19 and hyperinflation the estimated costs have risen to \$14,900,000.00 The apartments for rent would be below market rate but would also involve a maintenance fund.

The project is envisioned to use grant funds \$8,000,000 and a \$6,000,000 revenue bond. The Denali Commission has provided a \$500,000 design grant and the City of Nome has provided \$400,000 in land for a total project costs of \$14,900,000.00.

Both the NSD and the NPD are experiencing similar challenges in attracting experienced personnel to serve as educators and police officers in our off-road community. Potential employees state the lack of interest to work in Nome is because of the lack of good quality housing for professionals. This is a similar concern raised by many off-road communities.

What differentiates Nome from other off-road communities at this point is that engineering designs for the building are well underway and with additional funding the project could be completed by August 1, 2024 in time for the 2024-2025 school year.