

Proposed by:	Administration
Attorney Review:	04/19/2024
PHAB Review:	_____
Vote:	<input type="checkbox"/> Aye <input type="checkbox"/> Nay <input type="checkbox"/> Absent

**MUNICIPALITY OF SKAGWAY, ALASKA
RESOLUTION NO. 24-XXR**

A RESOLUTION OF THE MUNICIPALITY OF SKAGWAY, ALASKA, AUTHORIZING STAFF TO DEVELOP AN AGREEMENT FOR PROVIDING AN ELECTRICITY SUPPLY FOR SHORE POWER FACILITIES AT THE PORT OF SKAGWAY.

WHEREAS, the Municipality of Skagway has undertaken a major port redevelopment planning process, and one of the objectives is identifying opportunities for a cleaner, more energy-efficient port; and

WHEREAS, the Municipality intends to consider conducting a feasibility study for electrification of the Port of Skagway for ferry and cruise vessels, including the infrastructure needed to power an electric ferry; and

WHEREAS, the Municipality of Skagway and Burro Creek Holdings LLC entered into a Memorandum of Understanding in 2020 (Attachment A), renewed by the Skagway Borough Assembly in 2021, to establish a working relationship to collaboratively plan to provide renewable energy for the enhancement of port development in Skagway; and

WHEREAS, many cruise lines have committed to pursuing “net-zero” greenhouse gas emissions by 2050, and shore power would help them achieve this goal; and

WHEREAS, in 2022, the Skagway Borough Assembly approved the Municipality’s commitment to exploring a Maritime Green Corridor, which is a collaborative effort aimed at accelerating the deployment of zero-emission ships and operations between Alaska, British Columbia, and Washington; and

WHEREAS, Burro Creek Holdings and the Municipality of Skagway have been notified of the opportunity to partner on a project to construct a 2-megawatt hydroelectric project at Burro Creek and submarine cable, with potential federal funding of \$20 million (Attachment B); and

WHEREAS, the project would include a thorough assessment of the local hydropower opportunity at Burro Creek for shore power at the Port of Skagway (Attachment C); and

WHEREAS, the project would also include permitting and design of a larger 7-megawatt project at Burro Creek in the future; and

WHEREAS, in order to accept the federal funding if awarded, the Municipality of Skagway, as an eligible recipient, must have an ownership interest in the project; and

MUNICIPALITY OF SKAGWAY, ALASKA

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WHEREAS, the Municipality wishes to formalize a partnership with Burro Creek Holdings on its shared goal of supplying shore power to the Port of Skagway; and

WHEREAS, a municipal project at Burro Creek would provide significant benefit to the region, state, and community and provide clean, affordable energy while creating immediate jobs;

NOW THEREFORE BE IT RESOLVED, that the Municipality of Skagway Borough Assembly authorizes staff to develop a mutually acceptable agreement with Burro Creek Holdings LLC for providing an electricity supply for shore power facilities at the Port of Skagway, for future review and consideration for approval by the Assembly.

BE IT FURTHER RESOLVED, that this resolution is effective immediately upon adoption.

PASSED AND APPROVED this ___ day of _____, 2024, by the Assembly of the Municipality of Skagway, Alaska.

Sam Bass, Mayor

ATTEST:

Steve Burnham Jr., Borough Clerk

(SEAL)



ATTACHMENT A

Municipality of Skagway

GATEWAY TO THE KLONDIKE

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MEMORANDUM OF UNDERSTANDING

Between

MUNICIPALITY OF SKAGWAY BOROUGH

And

BURRO CREEK HOLDINGS LLC

This Memorandum of Understanding (MOU) signed and duly executed between the Municipality of Skagway Borough (Municipality) and Burro Creek Holdings LLC (BCH) seeks to establish a working relationship to collaboratively plan to provide renewable energy for the enhancement of port development in Skagway.

The purpose of this MOU is to establish a general framework for cooperation, information exchange and identification of common goals and objectives by encouraging communication between the Municipality and BCH. This MOU will serve as a vehicle through which the Municipality and BCH will openly communicate to plan for future electrification of the Port of Skagway.

It Is Mutually Understood by Both Parties That:

- Environmentally sound development and operation is a high priority for the Port of Skagway
- Municipality supports development of renewable hydroelectric energy and dock electrification
- A 2011 feasibility study and subsequent years of stream data have shown that Burro Creek has significant power potential of two to seven megawatts
- Burro Creek is a possible source of abundant clean energy for waterfront development including electric vessels, electric tour buses and other vehicles, and shore power for smaller cruise ships

It Is Mutually Understood by Both Parties That the Following are Common Goals and Objectives of Both Parties:

- Discussion and review of options for integrating BCH power into plans for Port of Skagway re-development and future port operations
- Discussion and review of options for supporting development of Burro Creek hydropower on a timeline that coincides with Port of Skagway re-development

ATTACHMENT A

Memorandum of Understanding
Between Municipality of Skagway and Burro Creek Holdings LLC
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This MOU outlines an understanding of the parties and shall not be construed as binding and legally enforceable agreement or contractual relationship between the parties. Burro Creek Holdings, LLC and the Municipality specifically waive any right of any kind to bring any action or proceeding based on any legal or equitable theory, including but not limited to estoppel, equitable estoppel, promissory, estoppel, specific performance, breach of implied covenant of good faith and fair dealing, failure to negotiate in good faith, misrepresentation, lost profits, or lost business opportunity. Burro Creek Holdings LLC and the Municipality understand and agree that this MOU is not an agreement to agree.

This MOU shall be governed and interpreted in accordance with the laws of the State of Alaska. The exclusive jurisdiction and venue for any action arising out of or related to this MOU shall be the Superior Court for the State of Alaska for the First Judicial District at Juneau, Alaska.

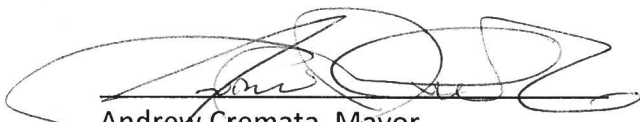
Burro Creek Holdings, LLC and the Municipality agree that each has had the benefit of independent counsel, and are not relying on any representations of any kind made by either to the other, but are relying solely on their own judgment and consultation with their respective counsel in entering this MOU.

BCH and the Municipality acknowledge and agree that there are no oral agreements between them.

The Municipality may terminate this MOU at any time in its sole discretion upon written notice from the Mayor of the Municipality of Skagway.

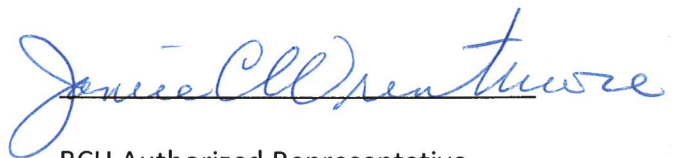
BCH may terminate this MOU at any time in its sole discretion upon written notice from the Member/Manager.

This MOU automatically terminates ninety days after executed by both parties unless extended in writing by an amendment signed by both parties and approved by the MOS Assembly.



Andrew Cremata, Mayor
Municipality of Skagway

9/18/2020
Date



BCH Authorized Representative

9/22/2020
Date

Burro Creek Hydroelectric Development – Stimulus/Infrastructure Request *Supporting Alaska’s energy independence, transportation, and sustainability*

Overview: Construction of a new, two-megawatt run-of-river hydroelectric project in Burro Creek would be located entirely on private property, which avoids extensive and expensive permitting required for projects situated on federal lands. The project is ready for funding, capable of near-term deployment, and provides significant benefit to the region and state. It would provide clean, affordable energy for the North Lynn Canal region while creating approximately 40 immediate jobs.

Background: Burro Creek is a 121-acre privately owned historic homestead located along the western shore of Lynn Canal, approximately two miles south of Skagway, Alaska. The property features a wilderness lodge, marine landing site, dock, helipad and numerous log cabin outbuildings. Burro Creek is a popular tourist retreat with a picturesque waterfall that has been a perennial Skagway attraction since Gold Rush days. For nearly 40 years, it has been fully powered by its 15-kilowatt run-of-river islanded micro-grid hydroelectric power plant.

Extending the hydroelectric project to the upper boundary of the private property would expand the project to two megawatts. This would consist of building a new intake structure, a new penstock, and a new powerhouse. The full capacity of Burro Creek has been documented in a Feasibility Study completed in 2011 through an Alaska Energy Authority (AEA) Grant (attached). That study identified a new run-of-river hydropower project with a water diversion at the 340-foot elevation and a new powerhouse upstream of the property’s signature waterfall to avoid impacts to visual aesthetics and existing fish habitat. As part of the 2011 feasibility study, Burro Creek Holding, LLC initiated a long-term hydrology study. To date the study has produced a full decade of near-continuous stream flow data which provides excellent understanding of the long-term energy output from an upgraded hydroelectric project.

The 2011 AEA Feasibility Study also identified a larger seven-megawatt project located on federal lands above the homestead. Obtaining the necessary permits would allow the project to be expanded at a future date to harness the creek’s full hydroelectric potential. This proposal includes \$600,000 to begin the permitting and design for the larger project. Infrastructure included in the current funding request, such as penstock and powerhouse would be built to accommodate future upgrade to the seven-megawatt project.

In order to provide the greatest benefit to the communities of Skagway and Haines, as well as to the entire region and state, two miles of sub-sea cable must be laid between Burro Creek and Skagway, linking the energy source to the busy Skagway port. Doing so allows for seamless introduction of the power created to existing infrastructure, as well as increased opportunities for the public to access the power for other public needs.

Request: Burro Creek Holding, LLC requests \$19.6 million of federal funding to undertake the necessary upgrades to increase its power production, enhancing the basic grid stability of the region, creating jobs, and providing for increased economic opportunity to the entire Upper Lynn Canal and Southeast Alaska region. Funding would also allow for a sub-sea cable to run from Burro Creek to Skagway.

ATTACHMENT C

DRAFT

ASSESSMENT OF LOCAL HYDROPOWER OPPORTUNITIES FOR SKAGWAY DOCK ELECTRIFICATION

OBJECTIVE

Examine opportunities to electrify the Port of Skagway utilizing Burro Creek hydropower supplemented with other local excess energy resources and an on-site battery energy storage system (BESS). Identify shore power demand and energy requirements of berthed vessels and assess the viability of serving full or partial shore power needs.

SCOPE OF WORK

Current Energy Landscape

Characterize existing electric resources and infrastructure to support shore power service.

- Quantify timing and magnitude of existing local excess energy resources.
- Describe existing electric distribution system infrastructure relevant to dock electrification.
- Define electric utility regulatory considerations for dock electrification.

Burro Creek Hydro Project

Update the 2011 Burro Creek Hydroelectric Feasibility Study findings to incorporate:

- Revised estimates of available energy based on current hydrology data (2008-2024).
- Current capital cost estimates for full development and phased alternatives.
- Improved submarine cable technology and routing considerations.

Battery Energy Storage System (BESS)

Evaluate the applicability of BESS technology to development plans for the Port of Skagway:

- Real estate requirements for an on-site BESS.
- Operational, economic, regulatory, or other constraints of BESS.

Energy Market

Characterize shore power demand of vessels berthing at the Skagway docks.

- Vessels / vessel classes and their berthing schedules.
- Power demand characteristics and interconnect requirements.
- Avoided cost of ship power / market considerations.

Development Scenarios

Analyze energy supply, BESS capability, and shore power demand to identify viable shore power delivery configurations. Identify a preferred configuration and develop preliminary life-cycle economic estimates to assess its feasibility. Develop recommendations for next steps to further refine and advance the preferred configuration.