



HAINES BOROUGH, ALASKA
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MEMO

TO: Haines Borough Assembly
Mayor Tom Morphet

DATE: February 26, 2024

RE: Lutak Dock and MARAD response

This morning, I requested a meeting of the Lutak Dock working group (Turnagain, R&M, Ed Coffland, Annelise Silk, Shawn Bell, Mayor Morphet, and Clerk Fullerton) to discuss the email sent by our MARAD Grant Administrators. This meeting follows on a telephone conversation Mayor Morphet and I had on February 22 with MARAD personnel in which they stated:

- 1) The RAISE grant agreement is predicated on NEPA completion by September 30.
- 2) Each day is now critical to completing the NEPA process.
- 3) With a “challenging” timeline already under the current design, there is not time to submit a different design. The design suggested by Lynn Canal Conservation has not been vetted through the Borough’s Planning Commission – it would have to go through that process – 35, 65 and 95 percent review. If that design were submitted to MARAD, the permitting clock, which has already taken a year, would restart as would Section 106 review of the National Historic Preservation Act of 1966. Although LCC has suggested that permitting a different design would be “easy”, that is not the consensus within MARAD.

We believe we are on track for the permitting required for this project. It is up to MARAD to conclude the government to government communication with Chilkat Indian Village. The draft Environmental Assessment should be complete early next week. **The Assembly’s decision** will be whether to review the EA in Executive Session before it is sent to MARAD (as it belongs to MARAD) or to comment during the public comment period which will occur as soon as MARAD releases the EA for a 30-day comment period. I would encourage the Assembly to consider our time crunch and comment either in a one-day Executive Session, or by participating during the 30-day comment period.

The other decision to be made at Tuesday’s meeting will be whether to:

- 1) Accept the steel purchased by Turnagain Marine, but incur the \$9,741,115 cost which would not be reimbursed by MARAD – effectively reducing the RAISE grant by that amount.

OR

Once the grant agreement is completed in September, procure new steel after that time to maintain the full \$20.0 million award. We cannot use the steel that was already procured by Turnagain.

From: [Alekka Fullerton](#)
To: [Alekka Fullerton](#)
Subject: FW: RAISE 2021 Haines Borough and the steel purchase
Date: Monday, February 26, 2024 5:44:34 PM
Attachments: [Lutak Dock MARAD Assembly Decisions 022624.pdf](#)

From: Bohnet, David (MARAD) <david.bohnet@dot.gov>
Sent: Friday, February 23, 2024 12:04 PM
To: Annette Kreitzer <akreitzer@haines.ak.us>; Tom Morphet <tmorphet@haines.ak.us>
Cc: Duggan, Matthew (MARAD) <matthew.duggan@dot.gov>; Gill, Lauren (MARAD) <lauren.gill@dot.gov>
Subject: RAISE 2021 Haines Borough and the steel purchase

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Good afternoon,

MARAD has reviewed the implications to Haines Borough's RAISE project of Turnagain's purchase of almost \$10 million worth of steel that occurred without the required MARAD approval and before the NEPA review has been completed. Although MARAD believes it can proceed with conducting an informed NEPA review, including a consideration of all reasonable alternatives and the environmental effects of the steel in the appropriate NEPA document, we do want to make you aware that, because the steel was not approved by MARAD before it was purchased, we will not be able to count the cost of the steel towards the project. This means that Haines Borough will not be reimbursed for the cost of the steel that was purchased nor can it use this cost towards its cost share. There are two options for Haines Borough to address the violation and meet its committed cost share:

1. Accept a reduced award to exclude the costs of steel, for a new RAISE award amount of approximately \$10,258,885; or

	Nov 2022		Revised
Haines Borough	Project Budget		Project Budget
RAISE Grant	\$ 20,000,000	(\$9,741,115)	\$10,258,885
Non-Federal	\$ 5,611,284	(\$512,500)	\$ 5,098,784
Total Project Cost	\$ 25,611,284		\$15,357,669

2. Maintain the full award and do not use the steel that was already procured; meaning that you must complete a proper procurement of new steel under the grant.

Additionally, we wanted to make you aware of the fact that the obligation deadline for this project is September 30, 2024. This is a statutory deadline, so USDOT is unable to extend this deadline for any reason. In order to obligate the RAISE funding by this deadline, the appropriate NEPA review must be completed, and a grant agreement executed before this date. At this point, MARAD has not received a completed draft EA for review, and Section 7 and Section 106 consultations have not been completed. MARAD must review and approve of the draft EA prior to circulating the draft for public review and comment. For the Lutak Dock Project, we recommend a 30-day public review period, after which MARAD will need to review and consider any substantive public comments. Additionally, if significant effects are determined from the EA review, an EIS may be required, which can take an estimated two years to complete. MARAD is extremely concerned that it may not be possible to complete the NEPA review in time to execute the grant agreement by the statutory deadline. As Haines Borough considers which option described above to accept, Haines Borough must also consider the likelihood of completing all the steps necessary to obligate the funds by September 30, 2024.

If you have any further questions, please feel free to contact me.

Regards,

David Bohnet

David Bohnet

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