

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE 2021-16

CREATING BUDGET AMENDMENT #2 TO THE FISCAL YEAR 2022 BUDGET, ESTABLISHING AN E911 SPECIAL REVENUE FUND WITH \$55,000 OF SURCHARGE REVENUE AND APPROPRIATING \$55,000 FOR AN ENHANCED 911 EMERGENCY REPORTING SYSTEM; ACCEPTING \$139,000 FROM ALASKA ENERGY AUTHORITY AND APPROPRIATING \$139,000 IN THE WIND POWER DEVELOPMENT PROJECT; AND RECOGNIZING \$2,000,000 OF PRIVATE CONTRIBUTIONS FROM OCCP, LLC AND APPROPRIATING \$2,000,000 IN THE MAKUSHIN GEOTHERMAL PROJECT

BE IT ENACTED BY THE UNALASKA CITY COUNCIL:

- Section 1.** Classification: This is a non-code ordinance.
Section 2. Effective Date: This Ordinance becomes effective upon adoption.
Section 3. Content: The City of Unalaska FY22 Budget is amended as follows:

A. That the following sums of money are hereby accepted and the following sums of money are hereby authorized for expenditure.

B. The following are the changes by account line item:

Amendment #2 to Ordinance #2021-07

	Current	Requested	Revised
I. OPERATING BUDGETS			
A. E911 Special Revenue Fund			
Sources:			
E911 Customer Surcharge	\$ -	\$ 55,000	\$ 55,000
Uses:			
E911 Emergency Reporting System	\$ -	\$ 55,000	\$ 55,000
II. CAPITAL BUDGETS			
A. Electric Capital Project Budgets			
<i>Wind Power Development Project</i>			
Sources:			
AEA Grant	\$ -	\$ 139,000	\$ 139,000
Uses:			
Wind Power Development	\$ 495,000	\$ 139,000	\$ 634,000
<i>Makushin Geothermal Project</i>			
Sources:			
OCCP Contribution	\$ -	\$ 2,000,000	\$ 2,000,000
Uses:			
Makushin Geothermal Project	\$ 2,860,000	\$ 2,000,000	\$ 4,860,000

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on December 14, 2021.



Dennis Robinson
Vice Mayor

ATTEST:



Marjie Veeder, CMC
City Clerk



City of Unalaska
Summary of Budget Amendment and Schedule of Proposed Accounts
Budget Amendment 2 to the FY22 Budget

- 1) E911 Special Revenue Fund - Operating
 - Add \$55,000 to E911 Enhancement Surcharge to reflect anticipated revenue from telecommunications surcharges
 - Add a total of \$55,000 to expenditures for the establishment of an enhanced 911 emergency reporting system

- 2) Electric Capital Projects
 - Wind Power Development*
 - Add \$139,000 to AEA Grant Revenue
 - Add a total of \$139,000 to personnel, travel, and engineering expenses

 - Makushin Geothermal*
 - Add \$2,000,000 to contributions from private sources to reflect OCCP obligation per agreement
 - Add \$2,000,000 to the Makushin Geothermal project expenditures

	Org	Object	Project	Current	Requested	Revised
1) <u>E911 Special Revenue Fund - Operating</u>						
Sources:						
E911 Enhancement Surcharge	14011040	41425		\$ -	\$ 55,000	\$ 55,000
Uses:						
Training Services	14021052	53260		\$ -	\$ 6,000	\$ 6,000
Other Professional	14021052	53300		\$ -	\$ 1,000	\$ 1,000
Repair/Maintenance Services	14021052	54300		\$ -	\$ 1,500	\$ 1,500
Travel and Related Costs	14021052	55903		\$ -	\$ 3,500	\$ 3,500
General Supplies	14021052	56100		\$ -	\$ 6,000	\$ 6,000
Computer Hardware/Software	14021052	56150		\$ -	\$ 18,500	\$ 18,500
Machinery and Equipment	14021053	57400		\$ -	\$ 18,500	\$ 18,500
2) <u>Electric Capital Projects</u>						
<i>Wind Power Development</i>						
Sources:						
AEA Grant Revenue	501A2141	42199	EL18C	\$ -	\$ 139,000	\$ 139,000
Uses:						
Salaries & Wages	501A2153	51100	EL18C	\$ -	\$ 5,000	\$ 5,000
Health Insurance	501A2153	52100	EL18C	\$ -	\$ 217	\$ 217
FICA & Medicare	501A2153	52200	EL18C	\$ -	\$ 383	\$ 383
PERS Employer Contribution	501A2153	52300	EL18C	\$ -	\$ 1,100	\$ 1,100
Unemployment Insurance	501A2153	52400	EL18C	\$ -	\$ 50	\$ 50
Workers Comp	501A2153	52500	EL18C	\$ -	\$ 200	\$ 200
Travel	501A2153	55903	EL18C	\$ -	\$ 13,900	\$ 13,900
Engineering & Architecture	501A2153	53240	EL18C	\$ -	\$ 118,150	\$ 118,150
3) <u>Makushin Geothermal</u>						
Sources:						
Contributions & Donations - Private Srcs	50115047	47400	EL22B	\$ -	\$ 2,000,000	\$ 2,000,000
Uses:						
Engineering & Architectural	50125053	53240	EL22B	\$ 1,534,700	\$ -	\$ 1,534,700
Other Professional Svcs	50125053	53300	EL22B	\$ 15,000	\$ 600,000	\$ 615,000
Construction Services	50125053	54500	EL22B	\$ -	\$ 1,000,000	\$ 1,000,000
Telephone/Fax/TV	50125053	55310	EL22B	\$ 300	\$ -	\$ 300
General Supplies	50125053	56100	EL22B	\$ 1,310,000	\$ 400,000	\$ 1,710,000

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Jim Sharpe, Interim Finance Director
Through: Erin Reinders, City Manager
Date: November 9, 2021
Re: Ordinance 2021-16: Creating Budget Amendment #2 to the Fiscal Year 2022 Budget, establishing an E911 Special Revenue Fund with \$55,000 of surcharge revenue and appropriating \$55,000 for an Enhanced 911 Emergency Reporting System; Accepting \$139,000 from Alaska Energy Authority and appropriating \$139,000 in the Wind Power Development Project; and recognizing \$2,000,000 of private contributions from OCCP LLC and appropriating \$2,000,000 in the Makushin Geothermal Project

SUMMARY: The Ordinance has three components, summarized below.

E911 Enhancement. This budget amendment establishes a budget for the newly created E911 Enhancement program. While the City expects to receive \$75,000 to \$85,000 annually, the proposed amendment covers a partial year, reducing the amount requested to \$55,000.

Alaska Energy Authority Grant. This budget amendment places \$139,000 of Alaska Energy Authority Grant Funds into the Wind Power Development Project (EL18C) budget. The grant does not require matching funds. Grant funds will be used to determine how to move onto Phase IV, Turbine Design, and includes identifying the best method to integrate wind power with the Makushin Geothermal project as well as the associated cost.

Makushin Geothermal Project. This budget amendment request will record receivable revenues from OCCP as outlined in a Memorandum of Agreement among OCCP, LLC and the City of Unalaska regarding City Electrical System Integrity Upgrades and Cost Share from the Necessity of Accepting Power from the 30MW Makushin Geothermal Project dated July 15, 2021, Stipulation II D (1), and the Power Purchase Agreement between the City of Unalaska and OCCP dated August 31, 2020, Terms and Condition 11 (c).

PREVIOUS COUNCIL ACTION: Previous Council actions related to these three ordinance components are outlined below.

E911 Enhancement. On April 27, 2021, City Council approved Ordinance 2021-06, amending Title 11 of the Unalaska Code of Ordinances to establish an enhanced 911 system and establish enhanced 911 customer surcharges (\$2 per line per month).

Alaska Energy Authority Grant. In 2003, Unalaska City Council approved the Wind Integration Assessment Project through Ordinance 2003-11.

In FY2018, Council funded the Wind Power Development and Integration Assessment Project through Capital Budget Ordinance 2017-07.

In 2017, Council entered into an Agreement with V3 Energy, LLC to perform the Wind Power Development & Integration Assessment Phase II – IV Project in the amount of \$48,481 via Resolution 2017-63, moving forward with Phase II work.

Budget Amendment Ordinance 2018-12, approved and adopted October 23, 2018, added \$220,000 to the Engineering Services line item of the Project's budget to begin the Phase III work.

Budget Amendment Ordinance 2019-17, approved and adopted on January 14, 2020, provided an additional \$75,000 for Phase III.

Makushin Geothermal Project. On August 25, 2020, City Council approved resolution 2020-55 authorizing the City Manager to enter into a power purchase agreement with Ounalashka/Chena Power, LLC.

On March 23, 2021, City Council approved resolution 2021-14 amending the power purchase agreement with Ounalashka/Chena Power, LLC, extending the deadline outlined in the power purchase agreement, to obtain financing.

On July 27, 2021, City Council approved resolution 2021-55 approving amendment 2 to the power purchase agreement with Ounalashka/Chena Power, LLC, extending the Commercial Operations Date by one year.

BACKGROUND: Below is background on each of the three ordinance components.

E911 Enhancement. Unalaska has a diverse and multi-lingual community. The presence of a multiple languages often poses unique challenges during normal day to day conversation and interaction. When you add in the stress of an emergency situation and the crucial need to immediately share or convey specific information, the results can include a long dialogue that results in the rapid passage of time. The benefit of an Enhanced 911 is that the system can take seconds off of the dispatch time, which can be the difference between life and death. 911 service was introduced in the 1960's and Enhanced 911 was introduced in the 1970's. A review of the current shortfalls of the Communications System as it is and the potential integration of existing technology was conducted. The Department of Public Safety has undertaken the process of upgrading its Radio, Repeater Site and CAD Systems. Phase III of this project incorporates the move to VESTA. VESTA is a CAD System that supports the Enhanced 911 features desperately needed to provide a high level of services for the best quality of life for the members of the community.

Alaska Energy Authority Grant. The Wind Energy Assessment project is comprised of 4 phases:

- Phase I: Past Assessments is complete
- Phase II: Pre-Design and Site Selection is complete
- Phase III: Data Collection and Analysis is 80% complete
- Phase IV: Design of Wind Turbines has not begun and is for future Council action

From 2003 to 2005, a Phase 1 analysis of the feasibility for wind energy in Unalaska was conducted by Northern Power Systems, however, Phase II of that project was never realized. Local interest in renewable energy and the availability of new technology led the City of Unalaska Department of Public Utilities to issue a Request for Qualifications for Phase II – IV of the Wind Power Development and Integration Assessment Project. V3 Energy, LLC was awarded the work.

MET towers were set up at four locations around Unalaska and our engineer, Doug Vaught of V3 Energy, is analyzing the data to provide the Phase III Final Report for wind power assessment. The grant funds awarded and accepted by the City through this Budget Amendment will cover the cost of the feasibility analysis as it relates to integrating wind energy into the City's electrical grid and associated costs.

Makushin Geothermal Project. The City of Unalaska and OCCP negotiated for approximately two months to generate a cost reimbursement schedule for OCCP's \$7 million obligation towards electrical infrastructure reliability upgrades and improvements described in the PPA, resulting in the Memorandum of Agreement referenced above.

DISCUSSION: Again, the Ordinance has three components, all outlined below.

E911 Enhancement. Use of E911 Enhancement monies is restricted to E911 equipment, training and staff time. The proposed budget amendment outlines specific costs that are in alignment with the requirements. In future years, the budget for this program will be established through the annual budgeting process.

Alaska Energy Authority Grant. As outlined in the Ordinance and grant documents (see attached), staff is requesting \$139,000 of AEA grant funds be placed into the Wind Power Development Project's Budget.

Makushin Geothermal Project. OCCP's payment schedule for FY22 per the Memorandum of Agreement (copy attached) is detailed below:

On or before September 1, 2021	\$150,000
On or before April 1, 2022	\$350,000
On or before May 1, 2022	\$500,000
On or before June 1, 2022	\$500,000
On or before June 30, 2022	\$500,000

This budget amendment would allow these revenues to be recorded directly into revenue account 50115047-47400-EL22B.

ALTERNATIVES: Council can approve the budget amendment as presented, alter it, or decide not to approve it. Lack of approval could delay expenditures related to each of the three impacted departments.

FINANCIAL IMPLICATIONS: This budget amendment will accept and allocate funds.

E911 Enhancement. Establishes an E911 Special Revenue Fund with \$55,000 of surcharge revenue and appropriates \$55,000 for an enhanced 911 emergency reporting system.

Alaska Energy Authority Grant. Accepts \$139,000 of grant funds and appropriates funds to the Wind project. Funds will be used to initiate a feasibility assessment to determine the best method to integrate wind power with the planned geothermal power project. Design and construction funding will also be explored during this feasibility phase. The City is not required to provide a funding match for this project.

Makushin Geothermal Project. Recognizes \$2,000,000 of private contributions from OCCP and appropriates \$2,000,000 in the Makushin Geothermal Project.

LEGAL: None

STAFF RECOMMENDATION: Staff recommends approval

PROPOSED MOTION: I move to adopt Ordinance 2021-16 and schedule it for second reading and public hearing on December 14, 2021.

CITY MANAGER COMMENTS: I support staff's recommendation.

ATTACHMENTS:

- Copy of Memorandum of Agreement among OCCP, LLC and the COU
- Alaska Energy Authority Grant Agreement

MEMORANDUM OF AGREEMENT

AMONG OCCP, LLC AND THE CITY OF UNALASKA

REGARDING

**CITY ELECTRICAL SYSTEM INTEGRITY UPGRADES AND COST SHARE
FROM THE NECESSITY OF ACCEPTING POWER FROM THE 30MW
MAKUSHIN GEOTHERMAL PROJECT.**

WHEREAS OCCP, LLC (OCCP) is developing the Makushin Geothermal Project (MGP) that will deliver 30MW of geothermal produced electrical energy to the City of Unalaska (City) for intake / distribution into /from its electrical distribution grid.

WHEREAS the City desires to utilize the MGP additional electricity to (1) increase its ability to support other large customers that currently rely on their generator plants, (2) to operate and to stabilize the cost of electric power to all its customers and, (3) to facilitate economic growth in the community.

WHEREAS the City and OCCP recognize the existing City distribution network will require upgrades related to capacity, reliability, integrity, and expansion, in order to accept and distribute the MGP energy ("Upgrades").

WHEREAS the City and OCCP have agreed to a cost share of the Upgrades in its Power Purchase Agreement (PPA).

WHEREAS the schedule for MGP contained in the PPA requires the City to commence work on the Upgrades in FY 2022 in order for the City to accept electrical energy from MGP by the Commercial Operation deadline established in the PPA. .

WHEREAS the City has appropriated in excess of three million dollars in the City's FY 2022 budget for anticipated costs of the Upgrade that will be incurred in FY 2022

NOW, THEREFORE, the City and OCCP agree that the City distribution upgrades be implemented in accordance with the following stipulations.

STIPULATIONS

I. Applicability

- A. The PPA states the following: "Purchaser shall commission an engineering study to determine reliability upgrades required for the City Distribution System to accept Energy from the Facility. The first two million dollars, (\$2,000,000.00) in cost, for

the engineering study and resulting reliability upgrades to the City Distribution System identified in the Interconnection/Integration Plan will be borne solely by the Seller. The next ten million dollars (\$10,000,000) in cost for reliability upgrades identified in the Interconnection/Integration Plan, will be shared equally by Purchaser and Seller.....”

- B. Based on the above, OCCP has a maximum obligation to pay up to \$7,000,000.00 towards Upgrades_ as determined in the engineering study or identified in the Interconnection/Integration Plan.
- C. The PPA establishes the City in control of the identification, management, and execution of the required upgrades following Prudent Electrical Practice
- D. The City has an electrical utility master plan for planning and development and has utilized Electric Power Systems, Inc (EPS) to produce the plan. Accordingly, due to EPS’s familiarity with the Citics distribution system and competency in the design of electrical systems, OCCP and City agree to utilize EPS for the engineering study to determine the Reliability Upgrades.
- E. EPS has prepared and presented “City of Unalaska, Alaska Geothermal Plant Electrical Intertic Study Interim Report Draft for Review 20-0363 April 15, 2021”. OCCP and City agree this eight (8) page report is the basis for establishing projects and priorities for the Upgrades. This report is attached to a part of this MOA.

II. Cost Share

- A. The referenced EPS report identifies rough order magnitude estimates for separate projects. The highest priority projects include eight (8) separate projects totaling \$13.7M. The new projects (second priority) total four (4) separate projects totaling \$2.6M. In total there are twelve (12) separate projects totaling \$16.25M.
- B. The parties acknowledge the report is preliminary and utilized high level (low accuracy) estimates. As the design progresses some projects may be modified, and some new projects may be required and estimates may change.
- C. OCCP and City acknowledge the likelihood the total cost of the upgrades will exceed \$12M and that OCCP obligation under the PPA will hit the maximum of \$7M.

D. OCCP and City agree to the cost reimbursement schedule for OCCP's \$7M obligation with OCCP to make payments to the City as follows:

1. OCCP's obligation to pay for the first two million dollars for Upgrades:

On or before September 1, 2021	\$150,000
On or before April 1, 2022	\$350,000
On or before May 1, 2022	\$500,000
On or before June 1, 2022	\$500,000
On or before June 30, 2022	\$500,000

2. The balance of OCCP's \$7M obligation shall be paid on or before the first day of each succeeding month beginning September 1, 2022 in an amount calculated as follows:

Actual city expenditures on the Upgrades previously incurred less OCCP payments previously made to City by OCCP for Upgrades less City's share of Upgrade costs as set by the PPA less any amount paid by OCCP to the supplier of the 1,500 feet of submarine cable required for the Upgrades (currently estimated at \$178,000).

E. The City agrees to invoice OCCP for its payments as scheduled above, with proper justifications and status reports. The invoices for the first \$2M in actual expenses incurred by the City for the upgrades shall be equal to 100% of the City's actual expenses incurred for the Upgrades during the period covered by the invoice. The invoices for the next \$10M in actual expenses incurred by the City for the Upgrades shall be equal to 50% of the City's actual expenses incurred for the Upgrades during the period covered by the invoice. Should OCCP's share of actual expenses incurred by City for the Upgrades be less than the identified payment schedule OCCP's required monthly payment shall be reduced to equal OCCP's share of actual expenses incurred by City for the Upgrades. "City's actual expenses" means all payments made by City regardless of whether City obtains grants for Upgrades. OCCP may satisfy its obligations to pay for the Upgrades using grant funds obtained by OCCP. OCCP and City agree to reconcile payments, taking into account actual costs at the completion of the Upgrades, and issue credit if required. The City is to provide a financial report justifying the amounts spent with proper accounting of those costs.

III. Cooperation

- A. OCCP and City agree to work cooperatively and respectfully with each other to arrive at practical and balanced solutions.
- B. The City will openly share with OCCP its schedule, plans, progress, and concerns in regards to the distribution upgrade projects.
- C. OCCP will openly share with City its schedule, plans, progress, and concerns in regards to the development of the MGP.
- D. OCCP and City will look for ways to increase economic synergy between the MGP project and the City distribution upgrades projects.

IV. Authority

- A. The Upgrades will be a 2–3-year process. Therefore, work must start in 2021 in order to analyze, select, engineer, procure, and construct the necessary work. As such, the Parties agree to enter into this Memorandum of Agreement (MOA) in July of 2021 in order to allow the work to proceed orderly and in a timeline that supports the overall commercial operation date of the Makushin Geothermal Project. The MOA is hereby incorporated and a part of this Exhibit B to the PPA as a separate attachment.
- B. In the event of conflict between the terms of this MOA and the terms of the PPA the terms of the PPA shall control.

FORMATION

In witness whereof, OCCP and City have duly executed, delivered and formed this Agreement through their authorized representatives, the effective date of which is July July 15, 2021 (“Effective Date”).

OCCP, LLC:

By: OUNALASHKA CORPORATION, an
Alaska business corporation
Its Managing Member

Dated: 7/15/21, 2021

By Christopher P. Salts, Sr.
Christopher P. Salts, Sr.

Its Chief Executive Officer

Dated: 7/15/21, 2021

By Margaret A. Lekanoff
Margaret A. Lekanoff
Its Secretary

CITY:

CITY OF UNALASKA, a first-class
municipal corporation

Dated: July 15, 2021

By [Signature]
Erin Reinders
Its City Manager

Alaska Energy Authority Grant Agreement



Grant Agreement Number 7013007		CFDA Number N/A	Amount of Funds: \$ 139,000	AEA use only Managed <input type="checkbox"/> Pass-thru <input checked="" type="checkbox"/>	
Project Code(s) 407116	Proposal Number: RE13007		Period of Performance: From: 07/01/2021 To: 06/30/2022		
Project Title: City of Unalaska Wind Power Feasibility					
Grantee			Grantor		
Name City of Unalaska			Alaska Energy Authority		
Street/PO Box P.O. Box 610			Street/PO Box 813 W. Northern Lights Blvd		
City/State/Zip Unalaska, AK 99685			City/State/Zip Anchorage, AK 99503		
Contact Person Bob Cummings			Contact Person Josi Hartley, Project Manager		
Phone: 907-581-1260	Fax: 907-581-2187	E-mail: bcummings@ci.unalaska.ak.us	Phone: 907-771-3919	Fax: 907-771-3044	E-mail: jhartley@akenergyauthority.org

AGREEMENT

The Alaska Energy Authority (hereinafter 'Authority') and City of Unalaska (hereinafter 'Grantee'), agree as set forth herein.

Section I. The Authority shall grant funds to pay for expenses incurred by the Grantee under the terms and conditions of this Agreement, in an amount not to exceed \$ 139,000, unless the grant amount is amended as provided herein.

Section II. The Grantee shall apply the grant funds to the Project and perform all of the work and other obligations required by this Agreement.

Section III. Performance under this agreement begins 07/01/2021 and shall be completed no later than 06/30/2022.

Section IV. The agreement consists of this page and the following:

Appendices

- Appendix A: General Provisions
- Appendix B: Standard Provisions
- Appendix C: Grantee Proposal/Scope of Work
- Appendix D: Project Management & Reporting Requirements
- Appendix E: Project Budget & Reimbursement Provisions

Attachments/Forms

- Attachment 1: Financial Report/Request for Reimbursement Form
- Attachment 2: Progress Report Form
- Attachment 3: Notice of Project Closeout
- Attachment 4: Grantee Certification
- Attachment 5: Advance Request Form

AMENDMENTS: Any amendments to this Agreement must be signed by authorized representatives of Grantee and the Authority and should be listed here.

Grantee		Authority Project Manager		AEA Director	
Signature	Date	Signature	Date	Signature	Date
Erin Reinders, City Manager		Josi Hartley, Project Manager		Kirk Warren, AEA Director	
Executive Director or Designee		Signature	Date	Curtis Thayer, AEA Executive Director	

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APPENDIX A GENERAL PROVISIONS

1. Definitions

In this Grant Agreement, attachments and amendments:

- a) "Authority" means the Alaska Energy Authority, a public corporation of the State of Alaska.
- b) "Authority Project Manager" means the employee of the Authority responsible for assisting the Grantee with technical aspects of the Project and is one of the Grantor's contacts for the Grantee during all phases of the Project.
- c) "Authorized Representatives" means those individuals or entities authorized by an entity to act on its behalf, with delegated authority sufficient to accomplish the purposes for which action is needed.
- d) "Executive Director" means the Executive Director of the Authority or the Executive Director's authorized representative.
- e) "Grantee Project Manager" means the person designated to fulfill the obligations arising under Appendix B, Section 9 "Grantee Project Manager".
- f) "Matching Contributions" means the cash, loan proceeds, in-kind labor, equipment, land, other goods, materials, or services a Grantee provides to satisfy any match requirements of a grant or to complete the Project.
- g) "Project" means City of Unalaska Wind Power Feasibility as defined in Appendix C (Scope of Grant) for which funds have been made available.
- h) "State" means the State of Alaska.

2. Indemnification

As a condition of this Grant, the Grantee shall indemnify, hold harmless, and defend the Authority and the State of Alaska from and against any claim of, or liability for, error, omission or negligent act of the Grantee arising out of, or in any way connected with, this Grant Agreement or the project for which the Grant is made. The Grantee shall not be required to indemnify the Authority or State of Alaska for a claim of, or liability for, the independent negligence of the Authority or State of Alaska agency. If there is a claim of, or liability for, the joint negligent error or omission of the Grantee and the independent negligence of the Authority or State of Alaska, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. "Grantee" and "Authority" and "State of Alaska," as used within this section, include the employees, agents and other contractors who are directly responsible, respectively, to each. The term "independent negligence" is negligence other than in the Authority's or State of Alaska's selection, administration, monitoring, or controlling of the Grantee and in approving or accepting the Grantee's work.

3. Information Technology Risks and Warranties

Neither the Authority nor the State of Alaska makes any warranty, express or implied or assumes any legal liability or responsibility for the Grantee's use of the software, equipment or other related services provided by this grant or included in the project for which the grant is made. The Grantee understands that although the Authority may procure software services or equipment on behalf of the grantee, the use of this software, equipment or other related services is at the Grantee's own risk. The Grantee bears the entire risk of using these services, such as any damages or liabilities

resulting from a cyber-attack or computer virus on its own computers, communication systems and networks.

The Grantee acknowledges that computer, communications systems and networks are not fault-free and occasional periods of downtime occur. The Authority and the State of Alaska do not guarantee these services will be uninterrupted, timely, secure or error-free.

4. *Workers' Compensation Insurance*

The Grantee shall provide and maintain Workers' Compensation Insurance as required by AS 23.30 for all employees engaged in work under this Grant Agreement. The Grantee shall require any contractor to provide and maintain Workers' Compensation Insurance for its employees as required by AS 23.30.

5. *Insurance*

The Grantee is responsible for obtaining and maintaining any necessary insurance and endorsements as defined in Appendix B Standard Provisions

6. *Equal Employment Opportunity (EEO)*

The Grantee may not discriminate against any employee or applicant for employment because of race, religion, color, national origin, age, physical handicap, sex, marital status, changes in marital status, pregnancy, or parenthood. The Grantee shall post in a conspicuous place, available to employees and applicants for employment, a notice setting out the provisions of this paragraph.

The Grantee shall state in all solicitations or advertisements for employees to work on Authority funded projects, that it is an Equal Opportunity Employer (EEO) and that all qualified applications will receive consideration for employment without regard to race, religion, color, national origin, age, physical handicap, sex, marital status, changes in marital status, pregnancy or parenthood.

The Grantee shall include the provisions of this EEO article in every contract relating to this Grant Agreement and shall require the inclusion of these provisions in every agreement entered into by any of its contractors, so that those provisions will be binding upon each contractor and subcontractor.

7. *Public Purposes*

The Grantee agrees that the Project to which this Grant Agreement relates shall be dedicated to public purposes and any project constructed or equipment or facilities acquired, shall be owned and operated for the benefit of the general public. The Grantee shall spend monies appropriated under this grant only for the purposes specified in the Grant Agreement. The benefits of the Project shall be made available without regard to race, religion, color, national origin, age, physical handicap, sex, marital status, changes in marital status, pregnancy or parenthood.

8. *Officials Not to Benefit*

No member of or delegate to Congress or the Legislature, or officials or employees of the Authority or Federal government may share any part of this agreement or any benefit to arise from it.

9. *Governing Law*

This Grant Agreement is governed by the laws of the State of Alaska. Any civil action arising from this Agreement shall be brought in the Superior Court for the Third Judicial District of the State of Alaska at Anchorage.

10. Compliance with Applicable Law and Funding Source Requirements

The Grantee shall comply with all applicable local, state and federal statutes, regulations, ordinances and codes, whether or not specifically mentioned herein. Refer to Appendix B Standard Provisions for more specific requirements.

11. Severability

If any section, paragraph, clause or provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall be unaffected and enforced to the fullest extent possible, and the invalid or unenforceable provision shall be deemed replaced with a valid and enforceable provision that is as similar as possible to such invalid or unenforceable provision.

12. Non-waiver

The failure of either party at any time to enforce a provision of this Agreement shall in no way constitute a waiver of the provision, nor in any way affect the validity of this Agreement, or any part hereof, or the right of such party thereafter to enforce each and every provision hereof.

13. Integration

This instrument and all appendices, amendments, attachments, hereto embody the entire Agreement of the parties concerning the grant funds granted hereunder. There are no promises, terms, conditions, or obligations regarding said funds other than those contained in the documents described above; and such documents shall supersede all previous communications, representations or agreements, either oral or written, between the parties hereto. To the extent there is any conflict between the provisions of Appendix A and B and the Grantee's application or proposal, the provisions of Appendix A and B prevail.

14. Grantee Not Agent of Authority

The Grantee and any agents and employees of the Grantee act in an independent capacity and are not officers or employees or agents of the Authority in the performance of this Grant Agreement.

15. Disputes

Any dispute arising under this Grant Agreement which is not disposed of by mutual agreement must be dealt with in accordance with 3 AAC 108.915.

16. Termination

- a) The Grantee shall have no rights to compensation or damages for termination except as provided in this Section.
- b) In addition to all other rights available under law, the Authority may terminate this Agreement or stop work on the Project for the convenience of the Authority or for cause upon ten (10) days written notice.
- c) "Cause" for termination shall exist when the Grantee has failed to perform under this Agreement, has been stagnant on progression of the project for 2 years, has provided incorrect or misleading information or has failed to provide information which would have influenced the Authority's actions. In order for termination to be for cause, the Grantee's failure to perform or the Grantee's provision of incorrect, misleading, or omitted information must be material.

- d) If this Agreement is terminated for cause, the Grantee shall be entitled to no compensation. The Grantee shall reimburse the Authority for all grant funds expended under this Agreement by the Grantee or on the Grantee's behalf including interest accrued from the date of disbursement. The Grantee shall also reimburse the Authority for any costs incurred to collect funds subject to reimbursement, and for any damages incurred by the Authority as a result of the Grantee's failure to perform or provision of incorrect or misleading information. The Authority may require the Grantee to return to the Authority some or all of the Project assets and the fair market value of the returned Project assets will be applied to reduce the amount of reimbursement the Grantee owes the Authority under this subsection d.
- e) If this Agreement is terminated at the sole request of the Authority for the sole reason of its convenience, the Grantee is not required to reimburse the Authority for funds expended prior to the date of termination. If the Grantee has incurred costs under this agreement, the Grantee shall only be reimbursed by the Authority for eligible costs the Grantee incurred prior to the date of termination of the Agreement. However, prior to making any claim or demand for such reimbursement, the Grantee shall use its best effort to reduce the amount of such reimbursement through any means legally available to it. The Authority's reimbursement to the Grantee shall be limited to the encumbered, unexpended amount of funds available under this Agreement.
- f) If the basis for the termination of the Agreement or stop work under Section 16(b) is capable of being cured, the Authority shall provide the Grantee thirty (30) days from the date the termination or stop work becomes effective for the Grantee to cure the basis for the termination or stop work. If the Grantee cannot reasonably cure the basis for the termination or stop work within this thirty (30) day period, but the Grantee promptly undertakes and diligently pursues such cure, the cure period shall be extended to sixty (60) days. The Authority may further extend the cure period if the Grantee demonstrates that it is prohibited from curing the basis for termination or stop work by any process, stay or injunction issued by any governmental authority or pursuant to any bankruptcy or insolvency proceedings. If the Grantee cures the basis for the stop work, the stop work will be lifted. Until the Agreement is reinstated or stop work lifted, the Authority may not disburse any amount under this Agreement to the Grantee except as otherwise specifically provided in this section.

17. Termination Due to Lack of Funding

In the event funding from the Authority, federal or other sources is withdrawn, reduced, or limited in any way after the effective date of this agreement and prior to normal completion, the Authority may terminate the agreement, reduce funding, or re-negotiate subject to those new funding conditions.

18. No Assignment or Delegation

The Grantee may not assign or delegate this Grant Agreement, or any part of it, or any right to any of the money to be paid under it, except with the written consent of the Executive Director or Designee.

19. No Third Party Beneficiaries

Except as otherwise specified in this agreement, no person is a third party beneficiary of this Agreement and this Agreement creates no third party rights. Specifically, any person who is not a party to this Agreement shall be precluded from bringing any action asserting the liability of a party or asserting any right against a party to this Agreement, through the terms of this Agreement. No person, other than a party to this Agreement, may bring any action based upon this Agreement for personal injuries, property damages, or otherwise.

20. No Additional Work or Material

No claims will be allowed for additional work, materials, or equipment, not specifically authorized in this Grant Agreement, which are performed or furnished by the Grantee.

21. Changes

Any changes which have been agreed to by both parties will be attached and made a part of this Grant Agreement by use of a written Amendment. Any such Amendment must be dated and signed by Authorized Representatives of the Authority and the Grantee.

22. Right to Withhold Funds

The Authority may withhold payments under this Grant Agreement for non-compliance with any of the provisions of this Grant Agreement.

23. Remission of Unexpended Funds

The Grantee shall return all unexpended grant monies to the Authority within 90 days of the Project completion.

24. Tax Compliance Responsibilities of Grantee

The Grantee is responsible for determining applicable federal, state, and local tax requirements, for complying with all applicable tax requirements, and for paying all applicable taxes. The Authority may issue an IRS Form 1099 for Grant payments made. The Grantee shall pay all federal, state and local taxes incurred by the Grantee and shall require the payment of all applicable taxes by any contractor or any other persons in the performance of this Grant Agreement.

25. Lobbying Activities

In accepting these funds, the Grantee agrees and assures that none of the funds will be used for the purpose of lobbying activities before the United States Congress or Alaska Legislature. No portion of these funds may be used for lobbying or propaganda purposes as prohibited in AS 37.05.321, 18 U.S.C. 1913, 31 U.S.C. 1352, or other laws as applicable.

26. Financial Management and Accounting

The Grantee shall establish and maintain a financial management and accounting system that conforms to generally accepted accounting principles. In addition, the accounting system must keep separate all grant funds awarded under this grant agreement.

27. Procurement Standards

Grantees will follow competitive purchasing procedures that: 1) provide reasonable competitive vendor selection for small dollar procurements; 2) provide for competitive bids or requests for proposals for contracts and procurements greater than \$100,000; 3) provide a justification

process for non-competitive procurements or contracts; 4) document the source selection methods used for all contracts, equipment, or material transactions greater than \$10,000. Grantees who have questions about their procurement procedures or a specific procurement should contact the Authority's Grant Manager.

28. Reporting Requirements

The Grantee shall submit progress reports to the Authority according to the schedule established in Appendix D of this Grant Agreement.

29. Ownership of Documents and Products

Except as otherwise specifically agreed, all designs, drawings, specifications, notes, artwork, computer programs, reports and other work developed with grant funds in the performance of this agreement are public domain and may be used by the Authority and/or public without notice or compensation to the Grantee. The Grantee agrees not to assert any rights and not to establish any claim under the design patent or copyright laws. Except as otherwise specifically agreed, and without limiting any Intellectual Property requirements of a federal funding agency, the Authority shall have unlimited rights to use and to disseminate any data produced or delivered in the performance of the contract. For purposes of clarity, nothing in this section precludes Grantee from using any document or product with respect to the Project or other Grantee uses.

30. Inspections and Retention of Records

The Grantee shall keep a file for financial, progress and other records relating to the performance of the grant agreement. The file must be retained for a period of four years from the fully executed close out of the grant agreement or until final resolution of any audit findings claim or litigation related to the grant. The Authority may inspect, in the manner and at reasonable times it considers appropriate, records and activities under this Grant Agreement.

31. Audits

This Grant Agreement is subject to 2 AAC 45.010 single audit regulations for State Grants. The Grantee must comply with all provisions of 2 AAC 45.010 and any additional audit requirements outlined in Appendix D.

Commercial (for-profit) entities shall obtain an audit by an independent auditing firm similar to a program audit prepared under 2 CFR 200. The auditee and auditor shall have basically the same responsibilities for the federal or state program as they would have for an audit of a major program in a single audit. The expenditure threshold is \$750,000 in the commercial entity's fiscal year.

32. Legal Authority

The Grantee certifies that it possesses legal authority to accept grant funds from the State of Alaska and to execute the Project described in this Grant Agreement by signing the Grant Agreement document. The Grantee's relation to the Authority and the State of Alaska shall be at all times as an independent Grantee.

33. Grant Close out

Upon completion of all work and expenditure of all grant funds related to the Project the Authority will provide written notice to the Grantee that the Grant will be closed. The Grantee shall sign the Notice of Project Closeout within 30 days after it is delivered by the Authority. The Grant will be considered closed upon receipt of the signed Notice of Project Closeout.

The Grant will be administratively closed if the Grantee fails to return the Notice of Project Closeout within 30 days after it is delivered by the Authority. If the Grantee has a valid reason for the Grant to remain open, they must contact the Authority in writing within 30 days.

No additional reimbursements will be made to the Grantee after the grant is closed out.

Appendix B Standard Provisions

1. Grant Funding Sources

This Grant is subject to appropriation and availability of funds as listed below:

State of Alaska \$ 139,000 TSSLA2021 Ch. 1, Sec. 7, Pg. 90, Ln. 15-17

Grantee acknowledges that if additional grant funds are made available they are subject to the terms and conditions of this Agreement and any amendment.

2. Governing Laws

The Grantee shall perform all aspects of this Project in compliance with all applicable state, federal and local laws.

3. Documentation and Record Keeping

The Grantee shall maintain the following in their files:

- Grant application;
- Grant agreement and any amendments;
- All written correspondence or copies of emails relating to the Grant;
- Reports, including any consultant work products;
- A separate accounting of grant income and expenditures;
- Supporting documentation for the expenditures charged to the grant (including supporting documentation for all required matching contributions).

The Authority and any authorized federal representative may inspect, in the manner and at any reasonable time either considers appropriate, the Grantee's facilities, records, and activities funded by this Grant Agreement.

4. Eligible Costs

The Authority, as Grantor, shall have sole discretion to determine which project costs are eligible to be paid from Grant monies under this agreement. Only direct costs of the Project are eligible for payment or reimbursement from grant funds. Indirect costs are not allowed under this grant unless approved by the Authority in Appendix E.

The eligible costs will be determined in accordance with 3 AAC 107.600 – 695 and the Request for Applications dated July 20, 2020; which is incorporated by reference into this grant agreement.

5. Insurance Requirements

The following insurance requirements are in effect for this Project. Grant funds may be used to procure Project related insurance and the Authority will work with the Grantee to ensure that these requirements are met. Insurance will be obtained with an insurance carrier or carriers covering injury to persons and property suffered by the State of Alaska, Alaska Energy Authority or by a third party as a result of operations under this grant. The insurance shall provide protection against injuries to all employees of the Project engaged in work under this grant. All insurance

policies shall be issued by insurers that (i) are authorized to transact the business of insurance in the State of Alaska under AS 21 and (ii) have a Bests Rating of at least A-VII and be required to notify the Authority, in writing, at least 30 days before cancellation of any coverage or reduction in any limits of liability.

Where specific limits and coverage are shown, it is understood that they shall be the minimum acceptable and shall not limit the Grantee's indemnity responsibility. However, costs for any coverage in excess of specific limits of this agreement are the responsibility of the Grantee and may not be charged to this grant agreement.

The following policies of insurance shall be maintained with the specified minimum coverage and limits in force at all times during the performance work under this Project:

- a. Workers' Compensation: as required by AS 23.30.045, for all employees engaged in work under this Project. The coverage shall include:
Waiver of subrogation against the State and the Alaska Energy Authority and Employer's Liability Protection at \$500,000 each accident/each employee and \$500,000 policy limit;
- b. Commercial General Liability: on an occurrence policy form covering all operations under this Project with combined single limits not less than:
\$1,000,000 Each Occurrence;
\$1,000,000 Personal Injury;
\$1,000,000 General Aggregate; and
\$1,000,000 Products-completed Operations Aggregate.

The State of Alaska and Alaska Energy Authority shall be named as an Additional insured.

- c. Automobile Liability: covering all vehicles used in Project work, with combined single limits no less than \$1,000,000 each occurrence.

All of the above insurance coverage shall be considered to be primary and non-contributory to any other insurance carried by the State of Alaska and Alaska Energy Authority, whether self-insurance or otherwise.

The Authority's acceptance of deficient evidence of insurance does not constitute a waiver of Grant requirements.

6. Procurement and Suspension and Debarment

When the Grantee enters into a transaction with an entity for the purchase of goods or services that are expected to equal or exceed \$25,000, or meet other special criteria as specified in 2 CFR section 180.220, the grantee is required to verify that the entity and its principals as defined in 2 CFR section 180.995, are not suspended or debarred or otherwise excluded from participating in the transaction. The Grantee must verify the eligibility of the entity and its principals by one of the following: (1) checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA) (Note: EPLS is no longer a separate system; however, the OMB guidance and agency implementing regulations still refer to it as EPLS) and available at <https://www.sam.gov/portal/public/SAM/>), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity stating it is not suspended or debarred from participating in the transaction (2 CFR section 180.300).

7. Declaration of Public Benefit

The parties acknowledge and agree that the Project shall be constructed, owned and operated for the benefit of the general public and will not deny any person use and/or benefit of Project facilities due to race, religion, color, national origin, age, physical handicap, sex, marital status, changes in marital status, pregnancy or parenthood.

8. Contracts for Engineering Services

In the event the Grantee contracts for engineering services, the Grantee will require that the engineering firm certify that it is authorized to do business in the State of Alaska and provide proof of licensing and required professional liability insurance.

Unless otherwise agreed by the Authority, the insurance required by this section shall, at a minimum, included professional liability insurance covering all errors, omissions or negligent acts in the performance of professional services under this agreement, with limits required per the following schedule:

<u>Contract Amount</u>	<u>Minimum Required Limits</u>
Under \$ 100,000	\$ 300,000 per Occurrence/Annual Aggregate
\$ 100,000-\$ 499,999	\$ 500,000 per Occurrence/Annual Aggregate
\$ 500,000-\$ 999,999	\$ 1,000,000 per Occurrence/Annual Aggregate
\$ 1,000,000 or over	Refer to Risk Management

9. Site Control

If the grant Project involves the occupancy and use of real property, the Grantee assures that it has the legal right to occupy and use such real property for the purposes of the grant, and further that there is legal access to such property. The Grantee is responsible for securing the real property interests necessary for the construction and operation of the Project, through ownership, leasehold, easement, or otherwise, and for providing evidence satisfactory to the Authority that it has secured these real property interests before site construction begins.

10. Permits

It is the responsibility of the Grantee to identify and ensure that all permits required for the construction and operation of this Project by the Federal, State, or Local governments have been obtained unless otherwise stated in Appendix C. These permits may include, but are not limited to, Corps of Engineers, Environmental Protection Agency, Alaska Department of Environmental Conservation, State Historic Preservation Office, State Fire Marshal, Alaska Department of Natural Resources, Alaska Department of Fish and Game and Boroughs.

11. Exclusion of Existing Environmental Hazards

Grant funds for investigation, removal, decommissioning, or remediation of existing environmental contamination or hazards, are not allowed unless specifically specified and approved in Appendix C.

12. Environmental Standards

The Grantee will comply with applicable environmental standards, including without limitation applicable laws for the prevention of pollution, management of hazardous waste, and evaluation of environmental impacts.

13. Tariffs & Rates for Use of Grant-Funded Assets

Rates for power provided as a result of generation or transmission facilities built with grant funds may be subject to review and approval by the Regulatory Commission of Alaska (RCA), or if the rates are not subject to RCA review and approval, they may be subject to review and approval by the Authority to ensure reasonable and appropriate public benefit from the ownership and operation of the Project.

As a condition of the grant, Independent Power Producers will agree to sell energy resources for electricity and heat at a cost-based rate for the economic life of the project. The Authority will hire an independent economist to provide guidance in developing a cost-based rate for electric sales with an appropriate rate of return on equity.

The allowable cost-based rate represents the highest rate that the Independent Power Producer will be allowed to charge. Because the cost-based rates are a grant condition, avoided costs rates or Public Utility Regulations Policies Act (PURPA) rates will not apply for projects which obtain grant funding.

Application for a Certification of Public Convenience and Necessity (CPCN) is also a grant condition. RCA action related to the issuance of the CPCN must be completed prior to the issuance of any construction grant funding.

14. Grant-funded Assets Not Included with PCE

The Grantee agrees that it will not include the value of facilities, equipment, services, or other benefits received under this grant as expenses under the Power Cost Equalization Program or as expenses on which wholesale or retail rates or any other energy tariffs are based.

Appendix C Grantee Proposal/Scope of work

Building on the self-funded wind resource study initiated in 2017 (COU has expended \$420,000 to date, with an additional \$75,000 allocated) that is in final stages of completion, COU will undertake a detailed feasibility and conceptual design effort to determine the potential benefit and optimal capacity of wind power to complement the planned 30 MW geothermal project to meet the electrical and thermal (via conversion of fuel oil heat to air-source heat pumps) power needs of the community. COU anticipates that seafood processors and other commercial entities that presently selfpower will connect to the COU grid. Based on conclusions of the draft wind resource assessment report, wind turbines would be installed in lower Pyramid Valley near the community water plant.

COU will compare three alternatives in the feasibility study:

1. Geothermal power with an energy storage system (ESS) (diesel generators in standby or possibly low load to provide spinning reserve; diesels-off is preferred)
2. Geothermal with wind power and an ESS
3. No geothermal power; wind-diesel and an ESS.

During the feasibility and conceptual design phase of the project, COU will plan to visit Kodiak Electric Association (KEA) in Kodiak to tour their power generation facilities as KEA's hydro-wind-ESS system is an analogue to a possible geothermal-wind-ESS system in Unalaska.

Major Deliverables

The following table presents the major deliverables that the project's product, service or result must meet in order for the project objectives to be satisfied.

Task #	Milestones	Tasks	Start Date	End Date	Deliverables
Feasibility and Conceptual Design					
1	Project scoping and contractor solicitation and selection	Delineate scope of work by contractor specialty, identify and hire contractors	10/1/21	10/15/21	Establish contracts with project contractors; kickoff meeting (internal deliverable)
2	Detailed resource assessment	Completion of wind resource study initiated in Oct. 2017	10/1/17	12/31/20	Wind resource report (funded by COU, in progress, draft WRA completed (final WRA/COU wind project Ph. III report to AEA)
3	Identification of land and regulatory issues	Research land use restrictions of non-COU land; site area of primary interest is COU land in Pyramid Valley	10/18/21	12/31/21	Review of turbine site options, COU or private in Pyramid Valley (internal deliverable)
4	Permitting and environmental analysis	Review FAA and environmental	11/1/21	12/31/21	FAA approval for 60 m met tower and environmental report completed for WRA

Task #	Milestones	Tasks	Start Date	End Date	Deliverables
		analyses; model turbine layout visual impact			project (COU wind project Ph. II report to AEA); submit 7460-1 for prospective wind turbine locations/heights; revisit environmental study of Pyramid Valley
5	Detailed analysis of current cost of energy and future market	Compare current power system with existing market to planned geothermal power system with enhanced load market; latter with and without addition of wind power and ESS	11/1/21	1/31/22	Modification of cost modeling prepared for geothermal power project with inclusion of wind power (internal deliverable) and ESS
6	Assessment of alternatives	Geothermal power development in progress with a signed PPA. Primary FS project task is demonstrating optimal wind power capacity to complement geothermal with the planned electric load increase (new electric customers and conversion of thermal loads from fuel oil to electric power for air-source heat pumps).	11/1/21	2/15/22	Homer software modeling reports and additional analysis (internal deliverable)
7	Conceptual design and costs estimate	Energy balance and cost optimization modeling of turbine capacity and site location options (Homer software)	1/3/22	4/1/22	Discussions of preferred alternatives internally and with project consultants (internal deliverable)
8	Detailed economic and financial analysis	Refinement of Homer model with further analysis of PCE cost impacts	1/3/22	4/1/22	Cost modeling, assuming with and without construction of geothermal powerplant (internal deliverable)
9	Conceptual business and operations plan	Same analysis as Task 8 plus options for wind turbine operations and maintenance	2/28/22	4/29/22	Recommendations report (internal deliverable)
10	Final report and recommendations	Conceptual design report to summarize and present project information, analyses, and conclusions	3/15/22	6/3/22	Conceptual Design Report with COU decision to proceed to design phase (to AEA)

SCHEDULE:

Milestone	Task	Start	End	Deliverable
1	Planning			
	Project Scoping	10/1/21	12/31/21	Project Charter, Grant
	Permitting and Environmental Analysis	11/1/21	12/31/21	FAA Approval
2	Conceptual Design Report			
	Options Analysis	11/1/21	2/15/22	Homer Modeling and Analysis
	CDR and Cost Estimate	1/3/22	4/1/22	Discussion of results with consultants
	Economic and Financial Analysis	1/3/22	4/1/22	Cost Modeling with and without geothermal plant.
	Conceptual Business and Operations Plan	2/28/22	4/29/22	Recommendations Report
	Final Report and Recommendations	3/15/22	6/3/22	CDR delivered to COU.
3	Project close-out	6/3/22	8/3/22	Final Report and Closeout

Appendix D Project Management & Reporting Requirements

1. Project Management

The Grantee will notify the Authority immediately of any significant organizational changes during the term of the grant, including changes in key personnel or tax status, any unforeseen problem or project delay that may cause a change to the work plan or budget or that may otherwise affect the Grantee’s ability to perform its commitments under this Grant Agreement. Any unreported or unapproved changes to the work plan or budget evident in reports may result in an amendment being required, costs disallowed, suspension or termination of the grant as described in Appendix A.

2. Contact Persons

For the Grantee	For The Authority
<p>Grant Manager</p> <p>Bob Cummings P.O. Box 610 Unalaska, AK 99685 bcummings@ci.unalaska.ak.us 907-581-1260</p>	<p>Grant Manager</p> <p>Karin St. Clair, Grants Coordinator 813 W. Northern Lights Blvd. Anchorage, Alaska 99503 kstclair@akenergyauthority.org 907-771-3081</p>
<p>Project Manager</p> <p>Bob Cummings 1035 E Broadway Avenue Unalaska, AK 99685 bcummings@ci.unalaska.ak.us 907-581-1260</p>	<p>Project Manager</p> <p>Josi Hartley 813 W. Northern Lights Blvd. Anchorage, Alaska 99503 jhartley@akenergyauthority.org 907-771-3919</p>

3. Quarterly Progress and Financial Reports

The Grantee will provide quarterly progress and financial reports by email (or other method allowed by the Authority, if email is not available) to the Authority Project Manager. Reports are due January 31st; April 30th; July 31st, and; October 31st of each year this Agreement is in place. If the due date is a weekend or holiday, reports are due the following business day.

This report must update the Authority on the Project’s progress, regulatory and compliance issues, possible delays, and grant expenditures during the quarter. These Quarterly Progress Reports must summarize, in one or two pages, the progress made on grant tasks during the quarter and identify any difficulties in completing tasks or meeting goals or deadlines. The Grantee must also include with the report copies of any work products due to the Authority during this period.

Reports are considered late five (5) days after the due date. No further payments will be made without submission and approval of required reports. Work completed after the twenty-day period when required reports have not been submitted is at the Grantee’s risk, and costs incurred may be disallowed. Repeated failure to submit reports in a timely manner could result in suspension or termination of the grant.

All reports and deliverables required in this agreement must have been submitted and approved by the Authority prior to the final payment being released.

Appendix E Project Budget & Reimbursement Provisions

1. Allowable Costs

Allowable costs under this grant include all reasonable and ordinary costs for direct labor & benefits, travel, equipment, supplies, contractual services, construction services, and other direct costs identified and approved in the Project budget that are necessary for and incurred as a direct result of the Project and consistent with the requirements noted in Appendix B 3 Eligible Costs.

A cost is reasonable and ordinary if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.

Allowable costs are only those costs that are directly related to activities authorized by the Grant Agreement and necessary for the Project. The categories of costs and additional limits or restrictions are listed below:

a. Direct Labor & Benefits

Include salaries, wages, and employee benefits of the Grantee's employees for that portion of those costs attributable to the time actually devoted by each employee to, and necessary for the Project. Direct labor costs do not include bonuses, stock options, other payments above base compensation and employee benefits, severance payments or other termination allowances paid to the Grantee's employees.

b. Travel, Meals, or Per Diem

Include reasonable travel expenses necessary for the Project. These include necessary transportation and meal expenses or per diem of Grantee employees for which expenses the employees are reimbursed under the Grantee's standard written operating practice for travel and per diem or the current State of Alaska Administrative Manual for employee travel.

c. Equipment

Include costs of acquiring, transporting, leasing, installing, operating, and maintaining equipment necessary for the Project, including sales and use taxes.

Subject to prior approval by the Authority Project Manager, costs or expenses necessary to repair or replace equipment damage or losses incurred in performance of work under the grant may be allowed. However, damage or losses that result from the Grantee's employees, officer's, or contractor's gross negligence, willful misconduct, or criminal conduct will not be allowed.

d. Supplies

Include costs of material, office expenses, communications, computers, and supplies purchased or leased by the Grantee necessary for the Project.

e. Contractual services

Include the Grantee's cost of contract services necessary for the Project. Services may include costs of contract feasibility studies, project management services, engineering and design, environmental studies, field studies, and surveys for the project as well as costs incurred to comply with ecological, environmental, and health and safety laws.

f. Construction Services

For construction projects this includes the Grantee's cost for construction contracts, labor, equipment, materials, insurance, bonding, and transportation necessary for the Project. Work performed by the Grantee's employees during construction may be budgeted under direct labor and benefits. Contracted project management or engineering may be budgeted under contractual services and major equipment purchases made by the Grantee may be budgeted under equipment.

g. Other Direct Costs

In addition to the above the following expenses necessary for the Project may be allowed.

- Net insurance premiums paid for insurance required for the grant Project;
- Costs of permits and licenses for the grant Project;
- Non-litigation legal costs for the Project directly relating to the activities; in this paragraph, "non-litigation legal costs" includes expenses for the Grantee's legal staff and outside legal counsel performing non-litigation legal services;
- Office lease/rental payments;
- Other direct costs for the Project directly relating to the activities and identified in the grant documents; and/or
- Land or other real property or reasonable and ordinary costs related to interests in land including easements, right-of-ways, or other defined interests.

2. Specific Expenditures not allowed

Ineligible expenditures include costs for overhead, lobbying, entertainment, alcohol, litigation, payments for civil or criminal restitution, judgments, interest on judgments, penalties, fines, costs not necessary for and directly related to the grant Project, or any costs incurred before the beginning date of the grant as indicated on the signature page.

Overhead costs described in this section include:

- salaries, wages, applicable employee benefits, and business-related expenses of the Grantee's employees performing functions not directly related to the grant Project;
- office and other expenses not directly related to the grant Project; and
- costs and expenses of administration, accounting, human resources, training, property and income taxes, entertainment, self-insurance, and warehousing.

3. Match

The Grantee is required to provide \$0 in match for this Project. Cash match will be applied based on a percentage basis unless otherwise specified in the budget in Appendix C. In-kind match will be applied based on the budget in Appendix C.

4. Cost Share Match Requirements

Cost sharing or matching is that portion of the Project costs not borne by the Authority. The Authority will accept all contributions, including cash and in-kind, as part of the Grantees' cost sharing or matching when such contributions meet the following criteria:

- Are provided for in the Project budget;
- Are verifiable from the Grantee's records;
- Are not included as contributions for another state or federally assisted project or program; (The same funds cannot be counted as match for more than one program.)
- Are necessary and reasonable for proper and efficient accomplishment of the Project or program objectives;
- Are allowable costs;
- Are not paid by the State or federal government under another award, except for those authorized by the State or federal statute to be used for cost sharing or matching;
- Must be incurred within the grant eligible time period. The Authority may allow cost sharing or matching contributions that occurred prior to the grant eligible time period for projects that involve construction.

5. Valuing In-Kind Support as Match

If the Grantee chooses to use in-kind support as part of or its entire match, the values of those contributions must be approved by the Authority at the time the budget is approved. The values will be determined as follows:

- The value of real property will be the current fair market value as determined by an independent third party or a valuation that is mutually agreed to by the Authority and the Grantee and approved in the grant budget.
- The value assessed to Grantee equipment or supplies will not exceed the fair market value of the equipment or supplies at the time the grant is approved or amended.
- Equipment usage will be valued based on approved usage rates that are determined in accordance with the usual accounting policies of the recipient or the rates for equipment that would be charged if procured through a competitive process. Rates paid will not exceed the fair market value of the equipment if purchased.
- Rates for donated personal services will be based on rates paid for similar work and skill level in the recipient's organization. If the required skills are not found in the recipient organization, rates will be based on rates paid for similar work in the labor market. Fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.
- Transportation and lodging provided by the Grantee for non-local labor will not exceed the commercial rates that may be available within the community or region.

6. Grant Disbursements

The Grantee must request disbursement of grant funds in the form and format required by the Authority with appropriate back-up documentation and certifications. (See Attachment 1).

Reimbursements are made for actual costs incurred and must be for approved milestones. The back-up documentation must demonstrate the total costs incurred are allowable, and reflect the amount being billed. Documentation must include:

- A ledger summarizing cost being billed;
- A summary of direct labor costs supported by timesheets or other valid time record to document proof of payment;
- Travel and per-diem reimbursement documentation;
- Contractor or vendor pay requests;
- Itemized invoices and receipts; and
- Detailed ledger of costs being charged to this grant.

Additionally, the Grantee may be required to provide proof of payment of the incurred costs at the request of the Authority.

Payment of grant funds will be subject to the Grantee complying with its matching contribution requirements of the Grant.

Payment of grant funds will be made by the Authority to the Grantee within 30 days from receipt of a properly completed, supported, and certified Reimbursement Request (See Attachment 1).

7. Withholding of Grant Funds

If, upon review of the monthly billings, the Authority discovers errors or omissions in the billings it will notify the Grantee within thirty (30) days of receipt of the billing. Payment for the portion of billings for which there is an error or omission may be withheld pending clarification by Grantee.

Grant funds may be withheld for the following reasons:

- The Grantee fails to provide adequate back-up documentation.
- The Authority determines that a specific expense is not allowed under the grant.
- The Grantee's matching contribution requirements are not met.

Up to 10% of the Authority's contribution of grant funds may be retained by the Authority until the Project is completed and all required final documentation and reports are received and accepted by the Authority.

8. Advance Disbursements

In most instances, payments to a Grantee will be made on a cost reimbursable basis. If the Authority determines that cost reimbursement will significantly inhibit the Grantee's ability to perform the Project and determines that an advance is in the public interest, the Authority may recommend an advance to the Grantee of an amount not to exceed a projected thirty (30) day cash need, or twenty percent (20%) of the grant amount, whichever amount is less.

Before the Authority will issue an advance, the Grantee must provide in writing, and the Authority must approve a "Request for Advance Payment" form which includes:

- justification of the need for the advance;
- documentation of anticipated line item costs associated with the advance.

All advances will be recovered with the Grantee's next Financial/Progress Report form. Should earned payments during the terms of this Grant Agreement be insufficient to recover the full amount of the advance, the Grantee will repay the unrecovered amount to the Authority when requested to do so by the Authority, or at termination of the Grant Agreement.

9. *Unexpended Grant Funds and Interest Earned*

Any grant funds not expended under this agreement and any interest accruing on the grant funds belong to the Authority and shall be returned to the Authority.

10. *Budget Adjustments and Changes*

When a Grantee faces increased unbudgeted costs, the Grantee should contact the Authority Project Manager. Budget adjustments **cannot** increase the grant award amount. Cost overruns that may require reduced scope of work will require Authority approval and an amendment to the grant. If a budget adjustment or other changes indicate to the Authority Project Manager that the project cannot be completed as currently planned and budgeted for, the Authority Project Manager will not approve the release of additional grant funds until the Grantee provides sufficient information on how the Grantee intends to complete the revised project.

Budget Adjustments

The Grantee shall identify budget changes on its Financial Reports submitted to the Authority.

At least quarterly, the Authority will compare actual costs to budgeted distributions based on the Financial Report/Request for Reimbursement form. Costs charged to grant funds must reflect adjustments made as a result of the activity actually performed. The budget estimates or other distribution percentages must be revised at least quarterly, if necessary, to reflect changed circumstances.

Attachment 1 Financial Report/Request for Reimbursement Form

THIS REQUEST IS FOR FINAL PAYMENT

Grantee: City of Unalaska Feasibility

Project: City of Unalaska Wind Power

Period: _____ to _____

Grant Number: 7013007

BUDGET SUMMARY	GRANT BUDGET	B	C	D = B + C	E = A - D
		PRIOR EXPENDITURES	EXPENDITURES THIS PERIOD	TOTAL EXPENDITURES	GRANT BALANCE
BY TASK OR MILESTONE					
Direct Labor and Benefits	\$ 6,950				\$ 6,950
Travel	\$ 13,900				
Equipment					\$ 13,900
Contractual Services	\$ 118,150				
Construction Services					\$ 118,150
Other					
TOTAL	\$ 139,000				\$ 139,000
BY FUND SOURCES					
Grant Funds	\$ 139,000				\$ 139,000
(Less) advance payments					
TOTAL	\$ 139,000				\$ 139,000

Please submit this form and the supporting documentation to aeapayables@aidea.org

CERTIFICATION

Form requires two original signatures. The person certifying must be different from the person preparing the report. One signature should be the authorized representative of the Grantee organization or highest ranking officer; the other should be the person who prepared the report.

I certify to the best of my knowledge and belief that the information reported on both the Financial Report above and the attached Progress Report are correct. In addition, funds were spent and work performed in accordance with the grant agreement terms and conditions.

Certified By: _____

Prepared By: _____

Printed Name: _____

Printed Name: _____

Title: _____ Date: _____

Title: _____ Date: _____

Attachment 2 Progress Report Form

Project Name: City of Unalaska Wind Power Feasibility

Grantee: City of Unalaska

Grant # 7013007

Period of Report: _____ to _____

Project Activities Completed:

Existing or Potential Problems:

Activities Targeted for Next Reporting Period:

Prepared By: _____ Date: _____

Printed Name: _____

Attachment 3 Notice of Project and Grant Closeout

**NOTICE OF PROJECT AND GRANT CLOSEOUT
ALASKA ENERGY AUTHORITY**

Project Name: City of Unalaska Wind Power Feasibility

Grantee: City of Unalaska

Grant Number: 7013007

The Alaska Energy Authority certifies and acknowledges that the Project referenced above has been completed, and that all tasks have been satisfactorily carried out in accordance with the terms and conditions of Agreement Number: 7013007.

Project Manager
Alaska Energy Authority

Date

City of Unalaska certifies that the Project named above is complete in accordance with the terms and conditions of Alaska Energy Authority Agreement Number: 7013007.

City of Unalaska also certifies that, we have been reimbursed for all eligible expenses pertaining to 7013007, and that as of the date of signature, no further reimbursements will be requested for any activity related to the Project identified above.

Total project cost \$_____

The total project cost should include all expenses related to this grant funded project (grants, loans, match, etc.). It should include design and construction costs, but should not include feasibility and reconnaissance work.

Notes/comments: Please attach on a separate page_____

Authorized Signature

Title

Printed Name

Date

Attachment 4 Grantee Certification

**CERTIFICATION OF GRANTEE AND LOWER-TIER PARTICIPANTS
REGARDING DEBARMENT, SUSPENSION, AND OTHER INELIGIBILITY AND
VOLUNTARY EXCLUSION**

Grantee

City of Unalaska
P.O. Box 610
Unalaska, AK 99685

I, _____ hereby certify on behalf
(Name and title of official)
of City of Unalaska that:

- (1) The prospective Grantee and lower tier participant certifies, by submission of this letter, that neither it nor its "principals" [as defined at 49 C.F.R. § 29.105(p)] is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency. In the event, your company or any principals become ineligible from participating in federally funded transactions, you are required to notify us immediately.
- (2) When the prospective Grantee and lower tier participant is unable to certify to the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Executed this _____ day of _____, 20____

By: _____

(Signature of authorized official)

(Title of authorized official)

DEBARMENT, SUSPENSION, INELIGIBILITY & VOLUNTARY EXCLUSION - 49 CFR Part 29; Executive Order 12549
[Applicable to all Federal-aid contracts which exceed \$25,000]

Instructions for Certification:

1. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective Grantee and lower tier participants knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, THE AUTHORITY may pursue available remedies, including suspension and/or debarment.
2. The prospective Grantee and lower tier participants shall provide immediate written notice to THE AUTHORITY if at any time the prospective Grantee and lower tier participants learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
3. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "persons," "lower tier covered transaction," "principal," "proposal," and voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549 [49 CFR Part 29]. You may contact THE AUTHORITY for assistance in obtaining a copy of those regulations.
4. The prospective Grantee and lower tier participants agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized in writing by THE AUTHORITY.
5. The prospective Grantee and lower tier participants further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction", without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
6. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Non-procurement List issued by U.S. General Service Administration.
7. Nothing contained in the foregoing shall be construed to require establishment of system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
8. Except for transactions authorized under Paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to all remedies available to the Federal Government, THE AUTHORITY may pursue available remedies including suspension and/or debarment.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transaction

- (1) The prospective Grantee and lower tier participants certifies, by submission of this bid or proposal, that neither it nor its "principals" [as defined at 49 CFR §29.105(p)] is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
- (2) When the prospective Grantee and lower tier participants is unable to certify to the statements in this certification, such prospective participant shall attach an explanation to this proposal.

The Grantee, City of Unalaska certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Grantee understands and agrees that the provisions of, 49 CFR §29 apply to this certification and disclosure, if any.

Signature of Grantee's Authorized Official: _____

Name and Title of Grantee's Authorized Official: _____

Date: _____

Attachment 5 Advance Request Form



GRANTS SECTION

REQUEST FOR ADVANCE PAYMENT

Instructions:

- (1) Fill in the Grantee, Grant Number, Project Title, Amount Requested, and Date.
- (2) Read the language in Appendix E of the Grant Agreement (Advance Disbursements provision).
- (3) Check the boxes to confirm that the advance is justified and that you have read and understood the conditions under which the advance will be approved and recovered by the Authority.
- (4) Provide a brief narrative explaining the proposed use of the advanced funds.
- (5) Attach documentation of costs associated with the requested advance (i.e., price quotes or cost estimates, invoices, a spreadsheet outlining projected payroll, etc.)

Grantee: City of Unalaska	Grant Number: 7013007
Project Title: City of Unalaska Wind Power Feasibility	Date:
Amount Requested:	

- The Grantee confirms that the advance is necessary due to a lack of cash on hand to administer the grant on a cost-reimbursable basis.
- The Grantee understands the conditions under which the Authority will recover the advance.

Explain how the advance will be used. Attach additional pages if necessary.

Grantee Certification: *I certify that the above information is true and correct, and that expenditures will be made for the purpose of, and in accordance with, applicable grant agreement terms and conditions.*

Signature

Date

Name and Title