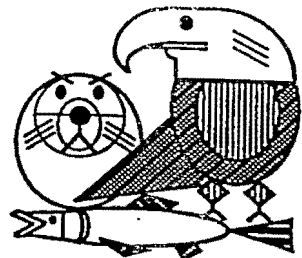


# Exxon Valdez Oil Spill Trustee Council

Restoration Office

645 G Street, Suite 401, Anchorage, AK 99501-3451

Phone: (907) 278-8012 Fax: (907) 276-7178



## MEMORANDUM

RECEIVED  
SEP 15 1995

TO: Trustee Council

FROM: Molly McCammon, Executive Director

DATE: September 11, 1995

SUBJ: Alaska SeaLife Center — Executive Director Approval

EXXON VALDEZ OIL SPILL  
TRUSTEE COUNCIL  
ADMINISTRATIVE RECORD

The purpose of this memorandum is to provide you with the attached Alaska SeaLife Center *Project Status Report and Response to Exxon Valdez Oil Spill Trustee Council Resolution dated November 2, 1994*. This memorandum, together with the attached materials, document that the conditions of the November 2, 1994 resolution have been appropriately addressed and constitutes my formal approval for release of funding.

As provided by the resolution, the Alaska Department of Law and the Assistant Attorney General for the Environment and Natural Resources Division of the U.S. Department of Justice are requested to petition the U.S. District Court for the District of Alaska for withdrawals in an amount of \$12,500,000 on September 15, 1995 and an additional withdrawal of \$12,456,000 on September 15, 1996. It is requested that the initial withdrawal be made as expeditiously as possible to maintain the project schedule, which includes preparation of construction drawings needed as part of the bid documents.

The attached materials have been assembled by the Seward Association for the Advancement of Marine Science (SAAMS), working with the City of Seward, the Alaska Department of Fish and Game, the University of Alaska and the Trustee Council's Restoration Office. The attached documentation reflects a collaborative effort on the part of all these parties. A summary discussion of the specific provisions in the Trustee Council November 2, 1994 resolution is provided below.

### 1. Construction Budget, Operating Plan and Cash Flow

*The November 2, 1994 resolution required that the Executive Director approve a detailed construction budget and a detailed operating plan that reflects a realistic cash flow for the successful construction and operation of the research facility.*

#### Trustee Agencies

State of Alaska: Departments of Fish & Game, Law, and Environmental Conservation  
United States: National Oceanic and Atmospheric Administration, Departments of Agriculture, and Interior

On the basis of my review, I believe that SAAMS has presented a realistic construction budget, operating budget and cash flow that will support the successful development and operation of the facility consistent with the terms of the Trustee Council's resolution of November 2, 1994 and hereby approve the construction budget, operating budget and cash flow as presented in the attached materials.

Construction Budget — Initial site work for the facility and the sea water intake system, funded by the Alaska State Legislature, was initiated in June. The next construction bid solicitation is scheduled for mid-December 1995. At that time, SAAMS will seek proposals for work on both the research component of the facility, using Trustee Council civil settlement funding, as well as the visitor/education (habitat) component of the facility. The visitor/education component will be constructed with private funding, financed initially through a bridge loan obtained by SAAMS/City of Seward.

The project team initially prepared two independent construction budget estimates for the project as an in-house check mechanism. At my direction, the research facility construction budget has been subjected to further review by an independent engineering and cost estimating consultant under the direction of the Alaska Industrial Development and Export Authority (AIDEA). This independent AIDEA review confirmed that the SAAMS construction budget for the research facility "... can be considered 'realistic' within the meaning of the resolution."<sup>1</sup> At the same time, AIDEA advised that project reserve margins (contingency) be further considered and that a source and process be identified to obtain contingency funds in the future in the event that they are needed to complete the project.

As noted by AIDEA, the actual need and appropriate level of contingency reserves will only become apparent as the project moves forward to bid award and subsequently to construction. If bids are lower than estimated — as was the case with the initial site work/marine package which came in more than 15 percent below estimate<sup>2</sup> — funds currently budgeted for construction costs can be moved into contingency reserves. The most important information concerning the appropriate level of reserves will only become known at the time of bid opening. As noted by AIDEA, after bid opening "... the project team will have time to weigh the actual construction bids and determine at what project level adequate funding exists."<sup>3</sup> The ADFG-City of Seward Cooperative Agreement allows for this review prior to payment of construction funds. (See below, State of Alaska/ADFG - City of Seward Agreement.)

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<sup>1</sup> J. Olsen to M. McCammon, "Alaska SeaLife Center Third Party Review, Construction Budget," memorandum dated August 7, 1995.

<sup>2</sup> The site work/sea water intake package was estimated by SAAMS to cost approximately \$2.2 million, while the construction contract was awarded at approximately \$1.8 million.

<sup>3</sup> J. Olsen to M. McCammon, "Alaska SeaLife Center Third Party Review, Construction Budget," memorandum dated August 7, 1995.

AIDEA suggested consideration of two types of reserve margins: 1) change order reserves (that could be used to address unanticipated construction costs) and 2) program reserves (to support unanticipated services such as design for a change order or other program management costs during construction). The project team worked closely with AIDEA during its review and has reexamined the project budget with the independent review findings in mind. With respect to change order reserves, the project budget includes a construction (change order) contingency of 8.5 percent<sup>4</sup> consistent with AIDEA's guidance calling for a change order reserve of 5 - 10 percent. In addition, the project budget includes a 4 percent bid contingency, also consistent with the AIDEA review findings. AIDEA's review noted that the need for contingency reserves could be addressed through identification of specific add-alternates as part of the bid process (i.e., discrete project elements that could, if needed, be deferred from construction). The project team has responded with the identification of a number of add-alternates for inclusion in the bid documents in response to this recommendation.<sup>5</sup>

The project team has prepared a Start-Up and Administration budget totaling \$3.85 million that covers the period from the initiation of construction through the opening of the facility (January 1, 1996 - May 1, 1998).<sup>6</sup> Although no funds have been explicitly allocated as program reserves, there is some inherent flexibility in this budget due to assumptions regarding the timing of staffing and expenditure for other types of fees and supplies. It should also be noted that the City of Seward Administration Charge of \$374,000 (a one percent surcharge applied to construction costs) is the largest single budget category other than personnel costs and accounts for nearly 10% of the total Start-Up and Administration budget. As the facility owner and sponsor, the City of Seward can be expected to manage this portion of the budget conservatively to respond to unanticipated needs should they arise. Another option to address contingency needs should they arise would be to increase the amount of bridge financing being used to fund the visitor/education project.

It is important to again emphasize that while the project budget has been developed carefully, it is only at the time the bids are opened that we can be assured that the facility can be constructed as budgeted. As discussed in greater detail below, prior to expenditure of Trustee Council funds for construction, the adequacy of reserves will be assured. (See below, State of

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<sup>4</sup> See attached, *Project Status Report*, Figure 1: Total Capital Budget, p. 2.

<sup>5</sup> Several specific add-alternates have been identified and grouped for preparation of the bid documents. Project elements that could possibly be deferred include escalators; certain research support components (20 ft. diameter pool, carcass freezer); second floor interior work (twenty five percent of the research offices, library); certain site work (parking and landscaping); canopies; and deferral of portions of the research work areas (surgery, dry lab, wet lab). Collectively, these add-alternates total more than \$1 million in budgeted project construction costs.

<sup>6</sup> See attached, *Project Status Report*, Figure 9: Project Administration and Start-Up Costs, p. 12.

Alaska/ADFG - City of Seward Agreement.) It should also be noted that the City of Seward has indicated its intent to request that the Trustee Council authorize ADFG to convey the accumulated interest on the authorized project funding. While I believe that the project is premised on realistic budgets and has been appropriately responsive to the terms of the November 2, 1994 resolution, it is important to acknowledge that development of a facility of this complexity inherently entails risk with regard to the final cost of the project. As you know, identification of the interest earnings from the authorized \$24,456,000 has been informally discussed as a means to provide an extra measure of contingency above that which can be identified within the project. Any use of these interest earnings would require full Trustee Council approval. For future reference, the Director of Administration will track the interest associated with the authorized funding and keep the Trustee Council informed of the interest balance in future financial reports.

Finally, it should be noted that program management costs have to a substantial degree been "front loaded" during project development. The project has been subjected to an extraordinary degree of technical as well as public scrutiny to this point including preparation of an EIS; use of specialized technical review groups; and thorough identification of federal, state and local regulatory requirements/environmental permitting. These extensive efforts at the outset of the project, as required by the Trustee Council, should help minimize any additional downstream program costs.

Operating Plan — The operating plan for the facility has undergone extensive refinement by the project team over the past nine months in response to the Trustee Council's November 2, 1994 resolution. Operational expenses for the facility have been developed on the basis of costs and expenses of similar research and/or aquarium facilities elsewhere with appropriate adjustments made for Seward. Consistent with the resolution, the City of Seward will own the facility. Under an agreement with the City of Seward, SAAMS will provide for the financing, lease construction, operation, and maintenance of the facility. The University of Alaska will provide the scientific leadership for the facility. (See below: Governing and Management Structure - Role of the University of Alaska.)

Annual operational expenses for the Alaska SeaLife Center are projected at approximately \$4.6 million in 1999 (the first full year of operation). Project revenues, largely from the education/visitation component of the facility, are projected at approximately \$5.2 million in 1999. At full operation, the Center is projected to sustain net operating revenues of approximately \$600,000 per year. These funds will be used by SAAMS (a non-profit organization) for such purposes as debt repayment, facility maintenance and enhancement, further support for Center programs, and the endowment of research chairs.

Completion of the \$12 million education/visitation component of the facility, to be funded from private fundraising, is essential for revenue generation to support overall Center operations. Construction of the education/visitation component will require bridge financing in order to allow for simultaneous construction of the research and visitor/education components of the facility and ensure opening of the education/visitation portions of the facility in May 1998 at the outset of the peak visitation season. The bridge loan will be repaid with the proceeds from the ongoing SAAMS capital fund raising drive. SAAMS/City of Seward is in the process of securing that bridge loan prior to issuance of construction contracts, scheduled for mid-December.

Cash Flow — A detailed cash flow for project construction and operation is included in the attached materials.

## 2. State of Alaska/ADFG - City of Seward Agreement

*The November 2, 1994 resolution required that the Executive Director approve an agreement between the Alaska Department of Fish and Game and the City of Seward providing that the facility will be owned by the City and that the City will provide for the operation and maintenance of the facility for the practical life of the facility.*

This has been accomplished. With my approval as Executive Director, the Alaska Department of Fish and Game (ADFG) and the City of Seward entered into a Cooperative Agreement on April 28, 1995 to provide for the construction, operation and maintenance of the Alaska SeaLife Center. In addition to ADFG, this Cooperative Agreement was prepared with extensive involvement on the part of the City of Seward, SAAMS, the Alaska Department of Law, the Alaska Division of Risk Management, and the Restoration Office.

The Cooperative Agreement provides that the City of Seward is the owner of the facility (defined to include both the research and visitation/education components) and is responsible for maintenance of the facility for its practical life. Monthly payments to the City of Seward must be approved by ADFG as in conformance with the approved detailed budget, operating plan, cash flow, and Master Construction Schedule. The Cooperative Agreement enables ADFG to examine the project budget, including contingency margins, at the time bids are received (scheduled for mid-December 1995), and prior to commitment to actual construction. If the facility cannot be constructed in accordance with the budget, ADFG may terminate the Cooperative Agreement and terminate funding.

The Cooperative Agreement also enables ADFG to determine that construction of the entire facility (i.e., the research components as well as the visitation/education components) will move forward with necessary

financing in place prior to the disbursement of construction funds. As with the assessment of contingency reserves at the time of bid opening, the ADFG-City of Seward Cooperative Agreement enables ADFG to ensure that financing and construction for the entire facility, both the research and visitation/education components, move forward together, prior to payment of construction funds. Any change in the Master Construction Schedule will require ADFG approval.

Other key provisions of the Cooperative Agreement include a priority for research in support of the Trustee Council's restoration mission and a requirement that changes in the research space, capabilities or function of the facility must be approved by ADFG. The Cooperative Agreement establishes specific monthly progress, financial and cash flow reporting requirements.

### 3. Mitigation Measures

*The November 2, 1994 resolution required approval by the Executive Director of a showing by the City of Seward that future mitigation measures identified for the construction and operation of the facility will be given due consideration and implemented to the extent practicable.*

As a result of the NEPA EIS process, the project team evaluated a wide range of impact issues and identified mitigation measures and procedures to address these concerns. Measures identified to mitigate project impacts include a variety of actions to ensure appropriate erosion control, water quality protection, wildlife resource protection, traffic, transportation planning in collaboration with the City, and archeological resource protection. SAAMS/City of Seward has and will continue to implement mitigation measures through various mechanisms including permit stipulations, architectural design refinement, construction plan and specification changes, contract document conditions, environmental oversight, on-site monitoring during construction, continuing agency/public project review, and construction management. I accept and approve these measures as a showing by the City of Seward that future mitigation measures for the construction and operation of the facility will be given due consideration and implemented to the extent practicable.

This includes an on-going commitment by SAAMS/City of Seward to on-site archeological resource monitoring under agreements with the ADNR State Historic Preservation Office (SHPO) and the U.S. Department of the Interior. The significance of any archeological resources that have, or might possibly yet be recovered from the facility site, has not been fully determined. It is also not yet possible to determine what implications may exist for the project schedule and/or costs. These issues will need to be addressed actively and in an on-going manner by the project team throughout the project life. At this point, it is evident that the project sponsors are making good faith efforts to

respond to all requirements. The mitigation measures, agreements and protections currently in place allow for the project to proceed forward with assurance that archeological resources will be protected as appropriate, with continuing public involvement as has been provided for by SAAMS/City of Seward, under the guidance of SHPO and the U.S. Department of the Interior.

A detailed accounting of mitigation measures, as well as the means of implementation, has been documented by SAAMS/City of Seward in the attached materials.

#### 4. Governing and Management Structure - Role of the University of Alaska

*The November 2, 1994 resolution required approval by the Executive Director of a detailed governing and management structure for the facility that clearly identifies the role of the University of Alaska in providing the scientific leadership at the facility and ensures the facility is managed so that research activities appropriately serve the Trustee Council's restoration mission.*

With my approval, a Memorandum of Agreement (MOA) between SAAMS and the University of Alaska specifically addressing scientific leadership at the facility was approved by both parties on August 23, 1995. This MOA provides that the University will appoint a Science Director, subject to the concurrence of SAAMS, by January 1, 1996. The Science Director will hold a tenured or tenured track position with the University of Alaska, School of Fisheries and Ocean Science. The University has agreed to fund the Science Director position at 25 percent time commitment level until June 30, 1998. After that, the Alaska SeaLife Center will assume funding responsibility for the position.

Some of the key provisions of the SAAMS-University of Alaska MOA provide that the Science Director will develop scientific protocols, direct the Center's research in a manner that supports the Trustee Council restoration mission, participate in the annual Trustee Council work plan process, and confer with the Trustee Council's Executive Director and Chief Scientist to identify priority restoration projects appropriate for execution at the facility. The MOA also provides for establishment of a Scientific Oversight Committee, comprised of at least three members of the scientific community that are independent of both the Center and the University, to conduct formal reviews of the Center's science program. The Scientific Oversight Committee will coordinate with the Trustee Council's science review process to ensure complementary efforts.

#### 5. Project Financial and Status Reporting Requirements

*The November 2, 1994 resolution required annual financial reports and project status reports to be submitted to the Trustee Council by the City of Seward and that the Executive Director will carefully monitor the*

*construction of the facility and provide regular updates to the Trustee Council regarding the project's progress.*

The ADFG-City of Seward Cooperative Agreement (see above) provides for reporting requirements consistent with the November 2, 1994 resolution. In addition to annual reports, SAAMS/City of Seward is required to submit detailed monthly progress and financial reports to ADFG. These reports must include details of the progress made during the reporting period, including potential problems, milestones, and other significant progress in relation to the Master Construction Schedule. Monthly payment requests are subject to ADFG approval as consistent with the approved detailed budget, operating plan, cash flow, and Master Construction Schedule.

As Executive Director, I will continue to carefully monitor the construction of the facility and provide regular status reports to the Trustee Council concerning the project's progress.

\* \* \* \* \*

**This memorandum, together with the attached material, provides the basis for my approval that the Alaska SeaLife Center sponsors have successfully addressed the conditions contained in the Trustee Council's resolution of November 2, 1994. The Alaska Department of Law and the U.S. Department of Justice are requested to proceed immediately with the initial \$12,500,000 withdrawal of funds for the project.**

In conclusion, the Alaska SeaLife Center proposal has been subjected to an exceptional degree of professional and public scrutiny throughout its formulation and the project sponsors have been responsive to the many concerns and demands that have resulted from this detailed examination. The attached materials document a successful effort to address the conditions identified in the Trustee Council's resolution of November 2, 1994.

attachment

— *Project Status Report and response to Exxon Valdez Oil Spill Trustee Council Resolution dated November 2, 1994, prepared by Seward Association for the Advancement of Marine Science (August 25, 1995)*

cc: Alex Swiderski  
Gina Belt  
Kim Sundberg  
Darryl Schaefermeyer  
Leif Selkregg  
Ron Garzini

# Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



## Certificate of Authority

I, Molly McCammon, represent that I am the Executive Director of the *Exxon Valdez* Oil Spill Trustee Council and that pursuant to a motion adopted by the *Exxon Valdez* Oil Spill Trustee Council at its meeting of March 16, 2000, have full authority to execute the release contained in the attached letter to the Greenwich Insurance Company and the Affiliated FM Insurance Company dated 3/22/00, and that I do so freely and voluntarily on behalf of the above-named loss payee, the *Exxon Valdez* Oil Spill Trustee Council.

DATED: 3/22/00

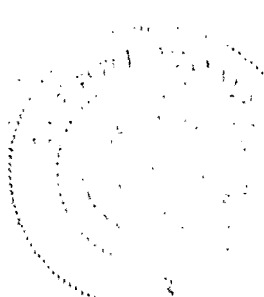
By: Molly McCammon  
Molly McCammon

STATE OF ALASKA                   )  
  ) ss.  
Third Judicial District         )

THIS IS TO CERTIFY that on this 22 day of March, 2000, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared Molly McCammon, known to me to be the Executive Director of the *Exxon Valdez* oil spill Trustee Council, and executed the foregoing instrument and acknowledged that she executed said instrument freely and voluntarily on behalf of said entity for the uses and purposes therein mentioned, and that she was authorized to execute said instrument.

Cherri Womac

**Cherri Womac, Notary Public**  
**State of Alaska**  
**My Commission Expires 10/9/2001**



**Federal Trustees**  
U.S. Department of the Interior  
U.S. Department of Agriculture  
National Oceanic and Atmospheric Administration

**State Trustees**  
Alaska Department of Fish and Game  
Alaska Department of Environmental Conservation  
Alaska Department of Law

# Exxon Valdez Oil Spill Trustee Council

645 G Street, Suite 401, Anchorage, AK 99501-3451 907/278-8012 fax:907/276-7178



March 22, 2000

Greenwich Insurance Company  
c/o Mr. Brian Aston  
Primex Insurance Adjusters Limited  
595 Burrard Street, Suite 1453  
Box 49115  
Bentall Tower Three  
Vancouver, BC  
Canada V7X 1G4

Affiliated FM Insurance Company  
c/o Mr. Robert D. stone, ARM  
Maxson Young Associates, Inc.  
11808 Northup Way, Suite W-320  
Bellevue, WA

Hand delivered to Daniel A. Gerety, Delaney, Wiles, Hayes, Gerety, Ellis & Young, Inc.

Re: Policy GIC 2134  
DOL: February 15, 1998

Gentlemen:

The *Exxon Valdez* Oil Spill Trustee Council is named as a loss payee pursuant to endorsement of the above policies covering risk of loss occurring to the Alaska SeaLife Center. A claim has been made on the above builders risk policies, coverage pursuant to the policies has been acknowledged by your principals, and we understand that \$88,000 in proceeds will be paid.

Please be advised that notwithstanding having been named a loss payee pursuant to endorsement on each policy, the *Exxon Valdez* Oil Spill Trustee Council waives any claim it might have to present or future payments from them, including the above-referenced \$88,000, pursuant to the policies identified above.

Sincerely,



Molly McCammon  
Executive Director

mm/raw

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#### Federal Trustees

U.S. Department of the Interior  
U.S. Department of Agriculture  
National Oceanic and Atmospheric Administration

#### State Trustees

Alaska Department of Fish and Game  
Alaska Department of Environmental Conservation  
Alaska Department of Law

I move to authorize the Executive Director of the Exxon Valdez Oil Spill Council to execute a consent form or other appropriate release waiving the Trustee Council from being included as a loss payee with respect to \$88,000 in insurance proceeds to be paid by the Greenwich Insurance Company and Affiliated FM Insurance Company on claims made pursuant to builders all risk insurance policies issued in connection with the construction of the Alaska Sea Life Center.

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Finance



P.O.Box 113200  
Juneau, AK 99811-3200  
(907) 465-3795  
FAX (907) 463-4885

October 13, 1995

Post-It™ brand fax transmittal memo 7871		# of pages >
To <i>Traci</i>	From <i>Mary</i>	
Co.	Co.	
Dept.	Phone #	
Fax # <i>6-7589</i>	Fax #	

Nancy Slagle, Director  
OMB/Division of Budget Review  
Office of the Governor

Dear Ms. Slagle:

The Legislative Budget & Audit Committee, at its October 12, 1995 meeting, approved RPL#11-6-9991 CIP with conditions:

Approval is conditioned upon: (1) all financing of the entire facility being in place, such as AIDEA/a private lending institution committing to a \$12 million bridge loan; and (2) a final determination by AIDEA that the entire center is financially viable -- both from a construction and operational standpoint. The AIDEA executive director will provide written certification to the Chairman, Legislative Budget & Audit Committee, that these conditions have been satisfied.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Greany".

Michael Greany  
Legislative Fiscal Analyst

cc: Representative Martin, Chairman, LB&A Committee  
Senator Phillips, Vice-Chairman, LB&A Committee

OFFICE OF  
MANAGEMENT & BUDGET

OCT 19 1995

BUDGET REVIEW

## ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

## Division of Legislative Finance



P.O.Box 113200  
 Juneau, AK 99811-3200  
 (907) 465-3795  
 FAX (907) 463-4885

**RECEIVED**  
 OCT 06 1995

October 5, 1995

**BUDGET REVIEW**

Nancy Slagle, Director  
 OMB/Division of Budget Review  
 Office of the Governor

Dear Ms. Slagle:

The Legislative Budget & Audit Committee, at its September 28, 1995, meeting, took the following actions on the RPL Request Agenda:

RPL	AGENCY	AMOUNT	FUND SOURCE
<b>Approved as Submitted:</b>			
06-6-0093	Health & Social Services	82.6	GF/Program Receipts
10-6-4006	Natural Resources	400.0	GF/Program Receipts
11-6-9990	Fish and Game	12,653.6	EVOSS Trust Funds
12-6-0043	Public Safety	638.3	Federal Receipts
18-6-0039	Environmental Conservation	334.9	GF/Program Receipts
20-6-0012	Corrections	50.0	Federal Receipts
21-6-0012	Community & Regional Affairs	18.3	Federal Receipts
41-6-0503	Court System	20.5	Federal Receipts
45-6-0052	CIP University of Alaska	2,200.0	University Receipts

**Approved with Instructions:**

04-6-0008	CIP	Revenue	859.6	Federal Receipts
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The agency will return to the Committee for approval to use the \$316,900 uncommitted general fund match balance before any expenditures occur.

08-6-0021		Commerce & Economic Development	165.0	GF/Program Receipts
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With respect to the Japanese promotion portion of the request, the agency will restrict \$75,000 general fund for potential lapse so that the budget for the Japan office is held at \$355,000, and make available that \$75,000 only if the yen drops again and remains low during the remainder of FY96.

Nancy Slagle

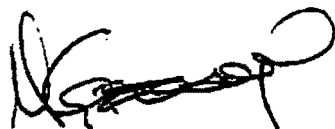
Page - 2

October 5, 1995

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RPL	AGENCY	AMOUNT	FUND SOURCE
<b><u>Approved in Amended Amount:</u></b>			
12-6-0021	Public Safety	50.0	GF/Program Receipts
<b><u>Deferred:</u></b>			
11-6-9991	CIP Fish and Game	24,956.0	EVOSS Trust Funds
Deferred to a teleconference meeting to be held on October 12, 1995.			

Sincerely,

Michael Greany  
Legislative Fiscal Analystcc: Representative Martin, Chairman  
Senator Phillips, Vice-Chairman

## Department of Fish and Game

**RPL #11-6-9991****Exxon Valdez Trustee Council - Alaska SeaLife Center  
\$24,956,000 EVOSS***Statutory Authority: AS37.14.405*

Pursuant to the requirements of Ch 1 FSSLA 1992 (AS 37.14.400), the Department of Fish and Game requests authority to receive and expend \$24,956,000 from the Exxon Valdez Oil Spill Settlement Trust Funds to support construction of research facilities as part of the Alaska SeaLife Center (hereinafter "the Center") in Seward. The total project cost for the Center of \$49,530,000 is separated into two project components:

- A research/rehabilitation component which will focus on marine mammals, marine birds, and fish genetics. This component will be funded by the \$24,956,000 EVOS funding requested in this revised program, plus the \$12,500,000 appropriation made by the Alaska legislature in section 2, Chapter 79 SLA 93 from EVOS criminal settlement funds.

Conditional language included in section 2, Chapter 79 SLA 93 requires proof of financial viability by AIDEA before any of the \$12,500,000 is expended.<sup>1</sup> A feasibility study evaluation for the Center was provided by Public Financial Management, Inc. under contract to AIDEA in September 1993.

- An education/visitation component to educate the public through participatory learning techniques and inquiry-based methodologies. This component will be funded through private and other non-EVOS donations totaling \$12,000,000; \$43,000 federal funds from the U.S. Forest Service to the non-profit group Seward Association for the Advancement of Marine Science (SAAMS); and \$31,000 from the U.S. Department of Commerce and Economic Development to the SAAMS.

The seven acre SeaLife Center will be owned by the City of Seward. On April 28, 1995 the City of Seward entered into two agreements relating to the Center:

(1) An agreement with Seward Association for the Advancement of Marine Science (SAAMS) for financing, lease, construction, operation, and maintenance of the Center. The SAAMS will be responsible for the operation and maintenance of the Center through its practical life. The agreement also provides for extensive remedies should SAAMS default on its responsibilities for operation and maintenance of the facility, e.g., the SAAMS agreement requires both a Renewal and Replacement Fund and a Termination Fund to pay for the cost of mothballing the facility should that be required.

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<sup>1</sup> "...Until, however, the grantee has provided to the Alaska Industrial Development and Export Authority a financial plan and a feasibility study demonstrating the financial viability of the proposed center and the Alaska Industrial Development and Export Authority has approved the project plan and has found the center to be financially viable, no money from this appropriation may be expended."

**Department of Fish and Game**

(2) A cooperative agreement with the Alaska Department of Fish and Game (ADF&G) under the authority provided in AS 16.05.050(13), AS 36.30.850(c), and AS 37.14.400 et. seq. wherein ADF&G has the option to own and operate the Center in the event that SAAMS and the City are unable to operate the facility. In the event of a default, the ADF&G agreement ensures that the state has the option to protect the \$37,456,000 investment made by the Legislature and the Trustee Council in this project. Covenant III V of the agreement provides that the ADF&G is not obligated to expend funds to operate the facility in excess of appropriations made by the Legislature, or otherwise authorized by the Legislative Budget and Audit Committee.

The Trustee Council notes that the model applied to integrate the research, rehabilitation, and education components of the Center is based on similar facilities outside Alaska. Examples studied include the Monterey Bay Aquarium, the Seattle Aquarium, the Hatfield Marine Science Center, Vancouver Public Aquarium, and the Oregon Coast Aquarium. The Center will provide facilities to support research including wet labs, dry labs, offices and conference rooms, tanks and pools, running sea water and freshwater systems, animal quarantine surgery and necropsy, animal habitats, library, classrooms and other support spaces and equipment. Under the terms and conditions of a Memorandum of Agreement between SAAMS and the University of Alaska, the University of Alaska will be responsible for scientific leadership and scientific oversight for the Center. This includes the appointment by the Dean of the University of Alaska Fairbanks, School of Fisheries and Ocean Sciences of a current or prospective faculty member to serve as Science Director for the Center.

Site work for the facility and the sea water intake system was initiated in June 1995 using the \$12,500,000 appropriated in Chapter 79 SLA 93. The next construction bid solicitation is scheduled for mid-December 1995. At that time, SAAMS will seek proposals for work on both the research component (funded through Trustee Council civil settlement funding requested in this revised program), and the visitor/education component. The visitor/education component will be constructed with the \$12,000,000 in private funding, financed initially through a bridge loan to be obtained by SAAMS/City of Seward.

The major construction specification categories have undergone an extensive review process at the legislative and the Trustee Council's direction for both the design and construction phase of the Center, and are supported by detailed quantity measurements of labor and materials, all of which have been cross-checked by independent engineering and cost estimate consultants including a third party review requested of AIDEA.

→ What appears to be less rigorously quantified is: (1) the plan to secure interim financing for the \$12,000,000 construction fundraising program for the Center; and (2) the supporting revenue projections to operate and maintain the Center once built. This is critical because the revenue stream must support both the Center operations and provide for repayment of any interim financing.

### Department of Fish and Game

The \$12,000,000 in private funding is a six year effort, averaging approximately \$2,075,000 per year (1996 through 2001). While the first \$750,000 goal was reached prior to August 25, 1995, the actual probability of successfully raising the full \$12,000,000 is not certain. The financial plan and feasibility study required under section 2 Chapter 79 SLA 1993 and contracted by AIDEA in September 1993 recommended that AIDEA "...require a professional fundraising study be undertaken and review the plan's assessment of the potential for raising the necessary funds before authorizing full funding for the ASLC."<sup>2</sup> That recommendation was implemented by securing professional philanthropic consulting services to launch the Center's fundraising program. A fundraising program status report dated August 10, 1995 states "...the importance of each division succeeding and even exceeding its goal is critical. Persistence and a sense of urgency among volunteers and donors alike is needed to insure victory."<sup>3</sup> [Emphasis added.]

→ As of this writing, SAAMS/City of Seward are continuing negotiations with AIDEA and banks/lending institutions to secure a bridge loan for construction of the visitor/education component of the project so that the education component can be constructed concurrent with the research component. Approval of the final loan package is not anticipated before December 1995. This lack of a secure, committed source of construction funding could be construed to imply that the project is not in total compliance with the conditional language included in section 2, Chapter 79 SLA 1993.<sup>4</sup> }

Projections for operating revenues are based on the costs and expenses of similar research and/or aquarium facilities elsewhere with appropriate adjustments made for Seward. Annual projected revenues for the Center for the first full year of operation (1999) follow:

#### Revenue Detail<sup>5</sup>

Admissions:	291,341 @ \$9.01.....	\$2,625,000
Memberships Family:	5,000 @ \$65.00.....	\$325,000
Memberships Corporate:	100 @ 1,000.00.....	\$100,000
Retail Sales (gross):	291,000 @ \$5.00.....	\$1,455,000
Research Bench Fee:	40,000 sq. ft. @ \$1.14 x 12 mos x .85.....	\$465,000
Reduction/Rehab. Grants:	.....	\$200,000
Miscellaneous (rental of public space):	.....	\$36,000

**Total Revenues..... \$5,206,000**

<sup>2</sup> Alaska SeaLife Center Feasibility Study Evaluation Undertaken for the Alaska Industrial Finance and Export Authority, Public Financial Management, Inc., Portland, Oregon, September 23, 1993.

<sup>3</sup> Alaska SeaLife Center Project Status Report, Appendix G, Seward Association for the Advancement of Marine Science, August 25, 1995.

<sup>4</sup> "...In addition, no money from this appropriation may be expended for any phase of construction until all financing necessary to complete construction of the entire stand-alone facility has been obtained." Section 2, Chapter 79 SLA 1993.

<sup>5</sup> Alaska SeaLife Center Project Status Report, op. cit., p. 8.

# Department of Fish and Game

First full year's projected annual operating expenses (1999) are detailed below.

## Alaska SeaLife Center - Operating and Maintenance Budget

### Expenses <sup>6</sup>

Salaries and Benefits.....	\$ 2,100,000
Administrative.....	1,475,000
Facilities.....	582,000
Curatorial.....	270,000
Reserves and Replacement Accounts.....	135,000

**Total:** **\$ 4,562,000**

### Expenses Detail

#### Administrative Costs

	Year
Telephone/Postage/Equipment.....	\$ 75,000
Contract Services.....	150,000
Marketing/Advertising.....	250,000
Office Supplies/Printing.....	70,000
Insurance.....	100,000
Travel.....	75,000
Dues/Subscriptions/Professional Development.....	30,000
Miscellaneous.....	25,000
Cost of Retail Goods.....	<u>700,000</u>
<b>Total</b>	<b>\$1,475,000</b>

#### Facility Operations Costs

Electric.....	\$ 250,000
Water.....	32,000
Sewer.....	45,000
Oil.....	135,000
Supplies.....	50,000
Equipment.....	50,000
Outside Services.....	<u>20,000</u>
<b>Total</b>	<b>\$582,000</b>

#### Curatorial Costs

Animal Food.....	\$ 150,000
Animal Collection and Transfer.....	40,000
Vitamins/Medicine.....	15,000
Supplies/Equipment.....	35,000
Rehabilitation Costs.....	<u>30,000</u>
<b>Total</b>	<b>\$ 270,000</b>

Replacement Account.....	\$ 35,000
Termination Fund.....	<u>100,000</u>
<b>Total</b>	<b>\$ 135,000</b>

<sup>6</sup> Alaska SeaLife Center Project Status Report, op. cit. p. 7.

**Department of Fish and Game**

The only documentation initially provided (Appendix F, "Business Plan Visitation Goals for the Alaska SeaLife Center," Alaska SeaLife Center Project Status Report) addresses anticipated visitation goals based on tourist market projections. No comparative data was included to support representations relating to retail sales, salaries, research bench fees, grants, etc. More detailed information was subsequently requested of and is to be provided by the Trustee Council, allowing a comparative analysis of some of the assumptions used to arrive at the Center's operating revenue projections. ←

The visitor revenue portions of the operating budget assumptions were based on four major feasibility/market studies.<sup>7</sup> Using criteria that include market acceptance of aquariums, comparable projects, projected market support, facility sizing, operational analyses, and alternative scenarios, the Center appears capable of meeting its operating costs. The basis of the Center's operating revenue assumption is that revenues will be collected primarily from the education/visitation component of the project and applied to the total operating budget. The revenue for the project will be generated by admissions, memberships, retail sales, research bench fees, education and rehabilitation grants and donations, and miscellaneous income. The bench fee revenues will be adjusted to exclude all administrative expenses, staff costs, and building reserves and replacement account costs.

The operating expenses projected for the first full year of operation (1999) as provided by the Trustee Council show approximately half (47%) are for salaries and benefits for 55.9 full time equivalent (FTE) positions. The positions are funded under the following operating and organizational categories: 2 FTE's under the Executive Director; 19.6 FTE's under Operations; 4 FTE's under Development; 7 FTE's under Program; 14.3 FTE's under Husbandry and Life Support; and 9 FTE's to Research (only 1.5 of the 9 FTE's show as a cost to the Center). A copy of the operating organization chart for the Center is included as Attachment A.

Summary balance sheets and revenue and expense reports for the Oregon Coast Aquarium, which is similar in size and with approximately the same anticipated visitor attendance, indicate the Center could be within realistic cash flow projections to cover its operating costs, if in fact the Center can realistically achieve and maintain anticipated visitor attendance levels. Absent specific data and information on all facilities studied by the Trustee Council for comparative purposes, a more complete analysis of the SeaLife Center's staffing patterns and detailed operating costs is not available at this time, but will be brought to the September 28 meeting after we have received and reviewed the source information. ←

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<sup>7</sup> Alaska SeaLife Center Project Status Report, op. cit. p. 6

**Department of Fish and Game****Legislative Fiscal Analyst Recommendation:**

1. The Legislative Budget and Audit Committee should receive assurances that contingency plans for maintenance and operations of the Center will be in place if current revenue estimates are not achieved or sustained over time to support the planned operating level. The Committee may also want to ask project management to identify the Center's core elements and their base funding level which could then be enhanced should the Center successfully generate higher revenues.

2. The Legislative Budget and Audit Committee may also want to receive assurances that the \$12,000,000 for the visitation/education component is sufficiently secure to meet the conditional language contained in section 2 of Chapter 79 SLA 1993 before the final decision is made to proceed with construction.

*Note: She did not question the fact that this is a capital project. If approved in this manner, extension language would not be required.*

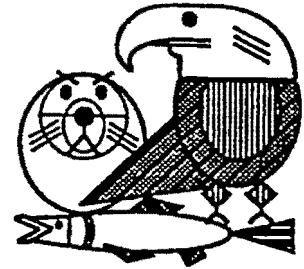
# Exxon Valdez Oil Spill Trustee Council

Restoration Office

645 "G" Street, Anchorage, AK 99501

Phone: (907) 278-8012 Fax: (907) 276-7178

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## MEMORANDUM

**TO:** Nancy Slagle  
Director  
Division of Budget Review  
Office of Management and Budget

**FROM:**   
Molly McCammon  
Executive Director

**DATE:** September 12, 1995

**RE:** Additional information for RPLs 11-6-9990 and 11-6-9991

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Recently, two revised programs were submitted to your office to receive and expend *Exxon Valdez* oil spill settlement funds. Revised program 11-6-9990 requested \$12,653,600 for the federal fiscal year 1996 Work Plan and revised program 11-6-9991 requested \$24,956,000 to support construction of the Alaska SeaLife Center.

It is requested that the attached supplemental information be provided to the Legislative Budget and Audit Committee, concurrently with the aforementioned revised programs.

1. 1995 Status Report

This report is published annually and is an excellent summary of the restoration program. Please enclose the report with RPL 11-6-9990.

2. Clipping pertaining to the Alaska SeaLife Center

These clippings are being provided for informational purposes and should be enclosed with RPL 11-6-9991.

Thank you for your assistance.

attachments

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### Trustee Agencies

State of Alaska: Departments of Fish & Game, Law, and Environmental Conservation  
United States: National Oceanic & Atmospheric Administration, Departments of Agriculture and Interior

# The Anchorage Times

Publisher: BILL J. ALLEN

"Believing in Alaskans, putting Alaska first"

Editors: DENNIS FRADLEY, PAUL JENKINS, WILLIAM J. TOBIN

The Anchorage Times Commentary in this segment of the Anchorage Daily News does not represent the views of the Daily News. It is written and published under an agreement with former owners of The Times, in the interests of preserving a diversity of viewpoints in the community.

## SeaLife progress

A SMALL news item in the paper the other day warrants an additional observation. It told of the agreement by the University of Alaska Board of Regents to assign an interim science director to the Seward SeaLife Center.

The \$50 million marine center, being funded in large part through money made available from the Exxon Valdez oil spill settlement fund, is now in its initial phase of construction. The facility is destined to be a great tourist attraction in addition to a premier scientific research center. It is expected to be open for business in 1998.

The UA the other day formally agreed to link its School of Fisheries and Ocean Sciences to the organization now overseeing construction of the project, the non-profit Seward Association for the Advancement of Marine Sciences.

The university's commitment represents a significant piece of the management puzzle now being assembled to coordinate research and marine mammal rehabilitation in Prince William Sound. The UA plans to assign additional professors to the Center as research grants become available.

The Seward SeaLife Center is shaping up as a model Alaska partnership of academia, government and the private sector. Our congratulations to the many Alaskans who had the vision and the tenacity to make it happen.

Anchorage Daily News  
September 8, 1995

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Anchorage Daily News  
August 20, 1995 B2

Page 1 of 1

## UAA regents OK SeaLife unit

The Associated Press

**PALMER** — An agreement approved Friday by the University of Alaska regents clears the way for the school to head a research unit at the Alaska SeaLife Center, which is planned for Seward.

The center's research arm, funded through the Exxon Valdez oil-spill settlement, will combine educational tours for visitors with research on marine mammals and birds.

University President Jerome Komisar said the center was an important addi-

tion. "It will enable us to do more scientific research, and it also will draw more people to Alaska," Komisar said.

The agreement links the School of Fisheries and Ocean Sciences in Fairbanks and the Seward Association for the Advancement of Marine Science, a nonprofit corporation overseeing the project for the city of Seward.

Fairbanks Provost John Keating and dean Vera Alexander were appointed to coordinate the agreement.

Keating said the univer-

sity will appoint and fund a faculty member as interim science director to develop the research unit's planning and promotion.

The post will take up about 25 percent of the interim director's time, until the job becomes a full-time position in 1998.

Keating said university officials hope the center will win research grants so that it could hire three additional professors. Some labs will be open to the public, he said, making the marine center the first of its kind in Alaska.



# Sea life center

## *Seward to get impressive facility*

The Seward Sea Life Center now under way has come a long way from the days when critics pilloried the idea as a "whale jail." The new center responsibly combines a scientific mission with facilities to educate the public. The result, slated to open in 1998, will be more like the world famous Monterey Aquarium than a Sea World marine mammal circus.

The center has all the markings of a classic Alaska success story. A few visionaries recognized Seward's potential for expanded marine research and related tourism more than two decades ago. They harbored their dream, a seemingly impossible dream, until a decisive opportunity arose, brought on by the nation's worst oil spill.

The center got some early money from the state's share of the Exxon spill fines. But to win further funding, the center's backers had to refine their sales pitch. Exxon spill trustees could not legally pay for a facility serving visitors rather restoring spill damage. When the give and take with the trustees ended, the center had become an admirable partnership between government and civic-minded citizens.

Money from the spill will pay for the core marine science facility, and the center will raise the rest privately — including both funds to complete the animal displays and the entire facility's annual operating budget.

To avoid performing arts center-style overruns, the plan is carefully phased to proceed in concert with fund-raising. The first set of construction bids came in well under budget.

Eventually, the center will house seals, sea otters, sea lions and sea birds in real life habitats, along with interpretive displays. Only animals undergoing rehabilitation or too frail to survive in the wild will stay at the center. None will be captured specifically for permanent display.

Combining a high-tech marine lab with public animal displays should make the center a powerful drawing card for researchers, students and visitors alike. It will put Alaska on the international map for cold-water marine research. And with easy access by road, rail and cruise ship, the sea life center has the potential to become a signature Alaska destination on a par with Denali.

The center's backers are still scouring Alaska and the nation for the support to finish the animal displays and launch operations. We wish them luck.



Eric Fry/LOG photo

It was a veritable chorus line of groundbreakers for the SeaLife Center. These are just some of the local and state figures who wielded a shovel at Sunday's ceremony. If they had just worked for a few more minutes, they could have excavated the site for free.

## Hundreds gather for groundbreaking

By Eric Fry

LOG Staff

Now all the Alaska SeaLife Center has to do is live up to its groundbreaking ceremony.

Hundreds of people crowded into a warehouse on the site Sunday to eat breakfast under a canopy of balloons. Local resident Whitey VanDeusen said he thinks the SeaLife Center is a great idea. "I'm all for it. I'm here because I'm part of the community, and

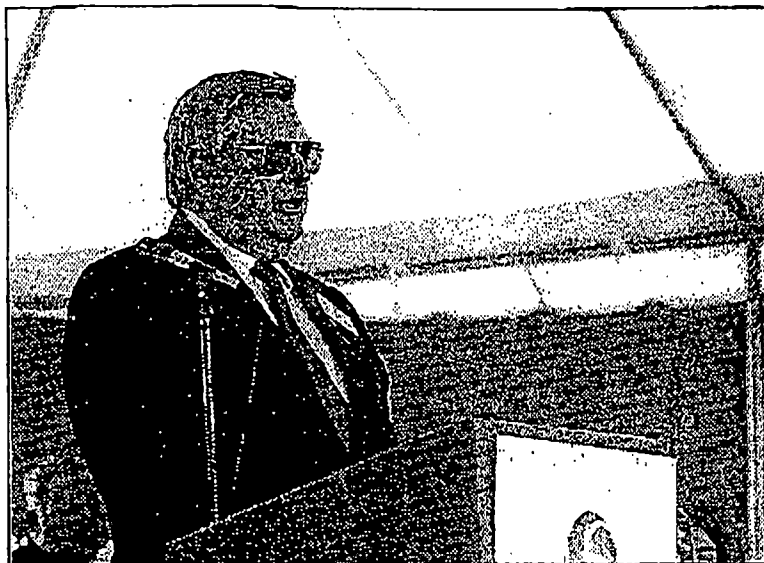
it's a great community function. And the bagels were good."

State parks ranger Jack Sinclair said he's always been excited by the idea of the SeaLife Center, which combines research with public education. "This kind of opens the door on research education."

Locals were joined by a trainload of people from Anchorage, and together they crowded onto the

See SeaLife, page 28

Seward Phoenix Log  
May 25, 1995  
Page 1 of 2



Eric Fry/LOG Photo

Willard Dunham, chairman of the board of the Seward Association for the Advancement of Marine Science, told the crowd that stubborn people in the community kept alive the dream of a major oceanographic facility in Seward.

## SeaLife ...

### From page 1

Fourth Avenue dock, ringed with murals by Seward school children, to hear speakers laud the spirit that brought the center to reality.

Lt. Gov. Fran Ulmer praised the volunteer directors of the Seward Association for the Advancement of Marine Science, which is spearheading the project. They have "shown us that great achievements are possible when citizens become involved."

She said Seward has been an important partner — "you have given it a home in the heart of your community."

Willard Dunham, board chairman of SAAMS, said the center really has been 30 years in the making. After the earthquake, Seward began to seek a diversified economy. One of the goals was to be the site of a major oceanographic center.

We can thank "the stubborn people in the community who have kept the dream alive," Dunham said.

"Today we are expanding on an old, original idea," agreed former Gov. Walter Hickel.

The center "shows we are willing to pay the price to learn to protect nature. In turn, she will give us her bounty."

Molly McCammon, executive director of the Exxon Valdez Oil Spill Trustee Council, which gave \$25 million toward the center, said it would be a positive legacy from the oil spill.

And sixth-grader Christie Hohl said she looked forward to working at the center.

After the ceremony, many of the audience went on board the Ryndam, a Holland America cruise ship on its maiden visit to Seward. Guests were treated to lunch, saw videotaped congratulations from Interior Secretary Bruce Babbitt and Alaska Sens. Ted Stevens and Frank Murkowski, and then watched a preview of the SeaLife Center's promotional video.

Sharon Anderson, the SAAMS treasurer, read a letter from Vice President Al Gore, who said he was especially pleased that the center is designed to educate citizens.

The center still needs to raise \$10 million to build the outdoor habitat and visitor exhibits that are a big part of the education component. SAAMS expects to open the center in May 1998.

Seward Phoenix Log May 25, 1995  
Page 2 of 2

ADN

Tuesday, May 23, 1995

B3

# Center breaks ground

## Seward facility plans to open doors in '98

The Associated Press

SEWARD — Ground was broken Sunday for the \$47.5 million Alaska SeaLife Center in Seward. Construction of the facility is being funded mostly with settlement money from the Exxon Valdez oil spill.

Former Gov. Walter Hickel, Lt. Gov. Fran Ulmer and SeaLife Center officials made presentations under drizzly skies at the ground-breaking event. Several hundred people attended festivities that included the unveiling of a mural painted by local schoolchildren.

The 74,287-square-foot center is being built on seven acres of waterfront property in downtown Seward. It is expected to open in 1998. The Alaska Legislature voted in 1994 to spend \$12.5 million of the \$50 million Exxon criminal settlement on the project. The Exxon Valdez Oil Spill Trustee Council, which is overseeing the \$900 million civil settlement, voted last year to contribute \$24.9 million to the project.

*Anchorage Daily News  
May 23, 1995*

A nonprofit corporation, the Seward Association for the Advancement of Marine Science, expects to raise an further \$10 million to fund the visitor and education portion of the building.

The center will be used to conduct research and monitor the effects of the 1989 spill. Specifically, the center will investigate the decline of Steller sea lions, sea otters, harbor seals and marine birds. Scientists also will look at genetic damage in herring and pink salmon.

The center also will be used to treat sick or injured marine animals. Animals that are not able to survive in the wild following treatment might become part of the center's educational and research programs.

Site work is expected to begin soon. The SAAMS board last week awarded the first bid package for \$1.8 million, about \$500,000 less than the estimate. The building construction contract is to be bid this fall.

## New research center in Seward to support state mariculture

By Andrew Arenson

*Special to the Journal of Commerce*



State mariculture research center adviser Ray RaLonde checks oyster spat growing in a lantern net.

**F**AIRBANKS — Alaska's fledgling shellfish industry could grow dramatically in coming years with the help of research to be done at a new \$3.2 million mariculture center set to be built in Seward beginning in August.

The purpose of the state-run facility, according to the Alaska Department of Fish and Game, which will staff and supervise operations at the research center, will be to help shellfish farmers develop a stronger and more diverse industry through practical research and development of oysters, clams and scallops. A shellfish hatchery also will be built on the center site to provide a long-awaited in-state source of commercial seed stock for farmers.

Fish and Game predicted the center will employ three full-time staffers and one half-time worker, while the hatchery is be leased out to independent mariculture operators.

The shellfish industry in Alaska had a potential net worth of nearly \$4 million in 1994.

Oyster farmer Jeff Hetrick, who started the state's first successful oyster hatchery in Seward in 1993 — the Qutekcak shellfish hatchery — said the

*Continued on Page 7*

Alaska Journal of Commerce

April 3, 1995

## New research center may lead to shellfish boom

Continued from Page 1

proposed research center has the potential of contributing immediate results to shellfish farmers around the state.

"Hopefully, the center will help to produce larger and more reliable seed," Hetrick said. "Right now we're looking at developing new species like Little Neck clams and scallops because we've found there is a tremendous potential in Alaska for both species."

"In Chile, the scallop industry alone employs over 14,000 people," he said.

Hetrick, along with other mariculture specialists in Alaska, believes that diversity is one of two primary components in successful farming of shellfish in Alaska. The other factor, he said, is to continue developing new sources of spat, shellfish spawn, to sell to Alaska farmers.

Currently, there is only one in-state source providing spat for Alaska farmers — the Quickcak hatchery in Moose Pass. That facility, which is gearing up to begin its second season, will try to sell 1 million baby oysters to farmers throughout Alaska. Prior to its existence, Alaska farmers had no in-state source of spat and relied heavily on hatcheries in the Pacific Northwest, mainly in Washington state.

"Little Neck clams were a big success for us last year. They helped open a lot of doors for us," said Carmen Young, the hatchery's manager. "Farmers are very excited because permitting doesn't allow farming of non-native species — except for oysters — so they are limited (in) what they can grow."

The importation of live shellfish is closely regulated by the state Board of Fisheries, which allows only commercially cultured oysters of a certain size to be imported.

"The board must do this to protect wild stocks of oysters in Alaska from an intestinal parasite called 'mytilicola' which develops in oysters over 20 millimeters in size," said Ray RaLonde, an aquaculture specialist for the University of Alaska Marine Advisory Program and advisor on the Seward project.

RaLonde explained that regulating imported spat is necessary but because of the size restriction, Alaska farmers often get the short end of the stick. He said more often than not, the small seed oysters are the runts — or inferior stock.

He added that growth cycles of oysters in Alaska differ from their counterparts in the Pacific Northwest. Washington state hatcheries, he said, can only sell their product in the winter because their oysters' natural spawning cycle is in the summer. While they are spawning, they are not fit to eat.

Oysters rarely spawn naturally in Alaska because the species requires a sustained water temperature of 68 to 72 degrees for approximately one month to reproduce.

This biological fact has both good and bad implications for the Alaska farmer. Because they do not spawn, oysters grown in Alaska

stay fat and succulent and do not become mushy and bitter as they do in regions where spawning occurs naturally. Rake culture techniques, which allow oysters to feed around the clock instead of between tides as is the case with beach culture methods, offer a very intense April to October growing season. Most importantly, an abundance of nutrient-rich clean water in Alaska is a natural advantage over oyster farming in other states where pollution problems are gradually bringing the Pacific Northwest shellfish industry to a halt.

Jim Cochran, mariculture coordinator for Fish and Game and project manager for the new research center, said the facility will finally enable state officials to do practical shellfish research and look into ways of expanding the industry. "Our first direction is to protect our wild stocks," Cochran said. "We are seeing problem after problem in Washington state hatcheries. This new facility will enable the state to do practical research and development as opposed to the theoretical studies done by the university."

Alaska currently has 57 mariculture farms, down from 63 in 1994. The shellfish industry

sold \$250,000 worth of oysters last year, while \$3.5 million worth did not become marketable, according to Fish and Game's 1994 annual report.

Cochran estimated that with the help of the new center's findings, the industry could easily net \$3 million to \$5 million annually.

The \$3.2 million for construction of the research facility were earmarked last summer in the \$900 million Exxon Valdez oil-spill settlement, officials said. The center is to be located adjacent to UAF's Institute for Marine Science, which is next door to the Alaska Marine Ferry terminal in Seward.

Construction, originally slated for an April startup, likely will begin in August because project organizers are still waiting for confirmation of the center's building design from the architectural firm of Kramer, Chin and Mao in Juneau.

Once the negotiation process is complete and a design is confirmed, officials said the construction will go out for bid.

Cochran is confident that although the center's start-up date is being postponed, scheduled completion will still be May '96.

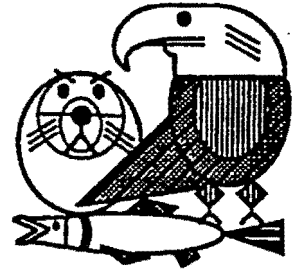
# Exxon Valdez Oil Spill Trustee Council

Restoration Office

645 "G" Street, Anchorage, AK 99501

Phone: (907) 278-8012 Fax: (907) 276-7178

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## MEMORANDUM

TO: Nancy Slagle  
Director  
Division of Budget Review  
Office of Management and Budget

FROM:   
Molly McCammon  
Executive Director

DATE: September 11, 1995

RE: *Exxon Valdez* Oil Spill RPL 11-6-9991

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In accordance with Chapter 1, FSSLA 1992, the Department of Fish and Game requests authority to receive and expend \$24,956,000 from *Exxon Valdez* oil spill settlement trust funds to support construction of research facilities as part of the Alaska SeaLife Center in Seward.

The funds would be used to construct a facility to conduct long-term research and monitoring activities to restore and enhance the biological resources injured by the *Exxon Valdez* oil spill (EVOS) as follows:

- The Alaska SeaLife Center would provide presently unavailable laboratory capabilities for research and monitoring of the biological resources injured by the *Exxon Valdez* oil spill. Specific biological resources identified as injured by the spill include marine mammals (sea otters, harbor seals); seabirds (common murre, harlequin ducks, marbled murrelets, pigeon guillemots); complexes of intertidal and subtidal organisms; and several fishery resources (pink salmon, sockeye salmon and Pacific herring).
- Wet and dry labs would be constructed and available for fish genetics research and for live studies of bioenergetics, disease, reproduction, and neurobiology associated with the fish and invertebrates in the spill area. The facility would house a specialized library of literature and data pertaining to the northern Gulf of Alaska and spill region.
- Research by the University of Alaska, state and federal resource agencies, and visiting scientists affiliated with agency, academic, and private entities in support of

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### Trustee Agencies

State of Alaska: Departments of Fish & Game, Law, and Environmental Conservation  
United States: National Oceanic & Atmospheric Administration, Departments of Agriculture and Interior

the Trustee Council restoration mission would be supported.

- In addition to research facilities, the Alaska SeaLife Center would include a public education and visitation component that would be developed using separate funds secured from private contributions.

The actual construction would be accomplished through a Reimbursable Services Agreement with the City of Seward, with project oversight being provided by the Alaska Department of Fish and Game. The Alaska SeaLife Center would be owned by the City of Seward and operated by the Seward Association for the Advancement of Marine Science, a non-profit corporation established in 1990. The University of Alaska would provide scientific leadership at the Alaska SeaLife Center, including development of quality assurance and standard operating protocols.

The facility has been the subject of extensive consultation and review by both federal and state agencies, the *Exxon Valdez* Trustee Council's independent Chief Scientist, additional independent scientific peer reviewers, University of Alaska researchers, design consultants, representatives of the City of Seward, and the Seward Association of the Advancement of Marine Science. The project has also been reviewed and is supported by the Trustee Council's 17-member Public Advisory Group, an advisory body comprised of representatives from diverse interest groups, industries and organizations within Alaska.

Based on detailed design development documents, the Alaska SeaLife Center is estimated to cost \$49,530,000. The Alaska Industrial Development and Export Authority has reviewed the estimate and found it to be realistic. Of the total estimated cost, \$37,530,000 has been allocated for the research component and \$12,000,000 has been allocated for the public education/visitation component.

It is anticipated that the Alaska SeaLife Center will be funded from the following sources:

Chapter 79, SLA 1993, Section 2	12,500,000
RPL 11-6-999 <del>91</del> 9991	24,956,000
Private Donations	12,000,000
United States Forest Service	43,000
United States Department of Commerce	<u>31,000</u>
Total	\$49,530,000

Additional documentation supporting this request is also being provided. This consists of a detailed Project Status Report on construction costs, facilities operations and management, and governing agreements. The governing agreements describe the

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Trustee Agencies

State of Alaska: Departments of Fish & Game, Law, and Environmental Conservation  
United States: National Oceanic & Atmospheric Administration, Departments of Agriculture and Interior

relationships and responsibilities between the Alaska Department of Fish and Game, the City of Seward, the University of Alaska, and the Seward Association for the Advancement of Marine Science.

As a capital project, authority to receive and expend subject to AS 37.25.020 is requested.

cc: Kevin Brooks, Department of Fish and Game  
Joe Sullivan, Department of Fish and Game

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**Trustee Agencies**

State of Alaska: Departments of Fish & Game, Law, and Environmental Conservation  
United States: National Oceanic & Atmospheric Administration, Departments of Agriculture and Interior

17.6.11

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**Alaska SeaLife Center**  
**Affiliated with the University of Alaska**  
**School of Fisheries and Ocean Sciences**  
**EVOS Trustee Council Project #94199**

**PROJECT STATUS REPORT**  
**and response to**  
***Exxon Valdez* Oil Spill Trustee Council**  
**Resolution dated November 2, 1994**

**prepared by**  
**Seward Association for the**  
**Advancement of Marine Science**

**August 25, 1995**

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# **Alaska SeaLife Center**

**Affiliated with the University of Alaska  
School of Fisheries and Ocean Sciences  
EVOS Trustee Council Project #94199**

## **PROJECT STATUS REPORT**

**and response to  
*Exxon Valdez* Oil Spill Trustee Council  
Resolution dated November 2, 1994**

**prepared by  
Seward Association for the  
Advancement of Marine Science**

**August 25, 1995**

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**Project Status Report**

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**Alaska SeaLife Center**  
**Affiliated with the University of Alaska**  
**School of Fisheries and Ocean Sciences**  
**EVOS Trustee Council Project #94199**

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**PROJECT STATUS REPORT**

**August 25, 1995**

On November 2, 1994, the Exxon Valdez Oil Spill (EVOS) Trustee Council (TC) approved a resolution authorizing funding for project #94199 in an amount up to \$24,956,000 to support the development of the research components of the facility subject to the Executive Director's final review and approval of 5 provisions. (Appendix A).

This document provides the information required by those provisions and allows for the EVOS Trustee Council Executive Director to give final review and approval of the project which will allow for EVOS Civil Settlement Funds to be transferred to the Alaska Department of Fish and Game (ADF&G) which shall, in turn, transfer capital funds to the City of Seward. The funds would be transferred to ADF&G in two withdrawals, \$12,500,000 on September 15, 1995 and \$12,456,000 on September 15, 1996. The following materials are presented in the order of the provisions as stated in the EVOS TC Resolution of November 2, 1994.

**Provision #1**

- 1. Approval by the Executive Director of a detailed construction budget and a detailed operating plan that reflects a realistic cash flow for the successful construction and operation of the research facility;**

**DETAILED CONSTRUCTION BUDGET**

The total capital budget for the research facility is \$37,530,000. This budget is based in part on a detailed estimate of the cost of constructing the research facility as defined by the design development documents dated May 25, 1995. The detailed construction estimate is based on two independently prepared estimates; one prepared by a professional cost estimating consultant, and the other prepared by the construction manager. These estimates have been reviewed by a third party cost estimating consultant working for AIDEA.

To develop the total capital budget for the research facility, the cost of project administration, design, construction phase services, planning/EIS preparation, and contingency must be added to the detailed construction estimate. The basis of the estimate for the non-construction budget elements of the total capital budget are either industry standards for a project of this complexity or actual negotiated contract amounts.

The total capital budget has been formatted to separately identify the cost of the research component and the education/visitation component of the project.

The total capital budget for the research component is \$37,530,000. This component is primarily funded by the \$12,500,000 appropriation by the Alaska Legislature from EVOS Criminal Settlement funds, plus the \$24,956,000 EVOS TC funding.

The total capital budget for the education/visitation component is \$12,000,000. This component is being funded through private donations and other non-EVOS sources.

Figure 1 provides a total capital budget spreadsheet of costs.

**Project Status Report**

**Total Capital Budget**

	Research Component	Education Component	Total Project
<b>Project Administration, Start-Up &amp; Program Contingency</b>	3,852,000	0	\$ 3,852,000
<b>Design Services</b> <i>Document Preparation, Bidding &amp; Expenses</i>	4,269,000	892,000	\$ 5,161,000
<b>Construction Phase Services</b> <i>Design Team: \$1,214,000</i> <i>Construction Mgmt Team: \$ 2,150,000</i>	2,690,000	674,000	3,364,000
<b>Construction Contracts, Furnishings &amp; Equipment, Bid Contingency</b>	22,324,000	9,166,000	\$ 31,490,000
<b>E.I.S./Planning/Fundraising</b>	2,499,000	480,000	\$ 2,979,000
<b>Construction Contingency</b> <i>8.5% Construction Contracts</i>	1,896,000	788,000	\$ 2,684,000
<b>TOTAL PROJECT COST</b>	<b>37,530,000</b>	<b>12,000,000</b>	<b>49,530,000</b>

**Figure 1**

## **Project Status Report**

### **BALANCED PROGRAM AND BUDGET**

Throughout the planning and design process, the project team has kept the program requirements for the use of the facility and the corresponding project costs in balance. There have been several value management exercises where the cost of the project and the required program have been reduced without jeopardizing prioritized needed functions. The savings have been found in more efficient use of space, life support system design and construction methodology on site. The design development documents dated May 25, 1995 and the total project budget of \$49,530,000 reflect a balanced program and budget. A detailed project budget is provided in Appendix B.

### **CONSTRUCTION ESTIMATES**

The design development cost estimates for construction of the project has been prepared by Estimations, Inc., a professional cost estimating consultant working for the architects Livingston Slone, Inc., and a separate estimate prepared by Heery International, Inc. the construction manager. R&M and HMS, Inc., independent engineering and cost estimating consultants, have provided a third party review of the estimates for the Alaska Industrial Development and Export Authority (AIDEA) at the request of the EVOS TC Executive Director.

From these independently prepared estimates, a single reconciled, detailed construction estimate has been prepared to guide the project team in all future phases of the project. Additional detailed estimates of construction will be prepared as the design advances into construction document preparation.

The reconciled cost estimate is organized to reflect the major design components of the research project (Level 1) which include the marine work, site work, main building, life support systems and furniture, fixtures and equipment (FF&E). The estimate also provides detailed costs for the education/visitation project which includes habitat general construction, habitat special construction, dry exhibitry, life support systems and FF&E. Each of these major design components is subdivided into 13 separate construction specification categories (Level 2), such as site work, substructure, superstructure, exterior closure, roof system, interior construction, conveying system, mechanical, electrical, equipment, special construction, general requirements and contingencies. The major construction specification categories are supported by detailed quantity measurements of the materials and labor necessary to accomplish the construction (Level 3). These detailed quantities are individually priced and provide the cost data base upon which the construction cost estimate is prepared.

The executive summary from the Reconciled Design Development Cost Estimate is provided in Appendix C.

### **AIDEA REVIEW**

At the request of the EVOS TC Executive Director, AIDEA reviewed the proposed construction budget for the research component of the Alaska SeaLife Center.

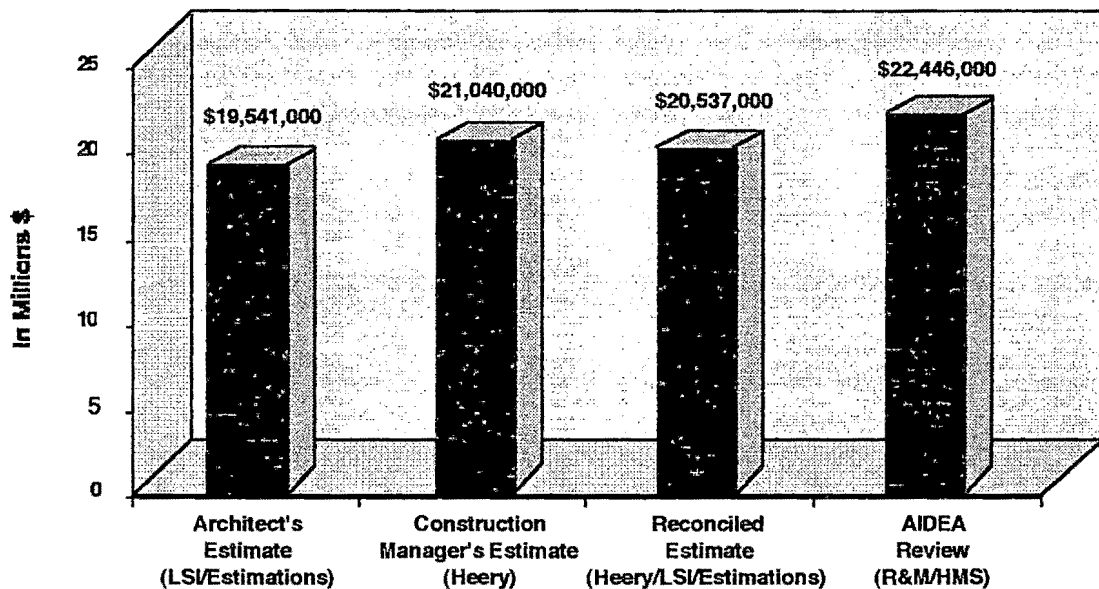
To carry out this assignment, AIDEA employed the services of R&M Consultants, an engineering firm, and HMS Inc., a cost estimating consultant. AIDEA's report is provided in Appendix C and in summary finds the construction budget to be "realistic". AIDEA recommends additional reserves be identified to ensure that construction can be completed if bids are high and unforeseen problems should emerge.

## Project Status Report

Based on the AIDEA review, the project team has identified 3 levels of reserve for the project budget; bid contingency in the form of add alternates, construction contingency, and a program contingency for the non-construction costs of the project.

Bid contingency and construction contingency are identified within the current level of funding for the project. Additional funding is required to establish the level of program contingency recommended by AIDEA.

### ALASKA SEA LIFE CENTER RESEARCH COMPONENT CONSTRUCTION ESTIMATE COMPARISON



*Estimates prepared on 65% complete design documents. Range of estimates from \$19.5 million to \$22.5 million. The Project Team is proceeding with \$20.537 million construction estimate. Including fixtures, furniture and equipment, the total construction budget for the research component is \$22.324 million.*

Figure 2

### CONSTRUCTION BUDGET CASHFLOW PROJECTION

A cashflow projection provided in Appendix C has been prepared which allocates the construction estimate across the scheduled duration of the construction phase of the project. A cashflow projection has been prepared for the research component, education/visitation component and the combined total project.

The cashflow projection will be refined as contracts are awarded and as required in the monthly project status reports which will be updated throughout the construction phase.

## **Project Status Report**

### **DETAILED OPERATING PLAN**

#### **MISSION STATEMENT**

The Alaska SeaLife Center is dedicated to understanding and maintaining the integrity of the marine ecosystem of the North Gulf of Alaska through research, rehabilitation, and public education.

Among all research projects at the center, highest priority will be given to studies to restore the injured resources in the EVOS-affected area. Research will initially focus on marine mammals, marine birds, and fish genetics. The research facilities will include wet and dry laboratories; running sea and freshwater, waste treatment, and marine mammal, bird, fish and invertebrate tanks; naturalistic marine mammal and marine bird habitats; researchers offices and research library; animal husbandry, food preparation and freezer facilities.

The rehabilitation program will focus on pinnipeds, sea otters, and marine birds. Following treatment, animals that can be returned to the wild will be released. Animals unable to survive in the wild may become a part of the Center's research and education programs, or transferred to other facilities. The rehabilitation and animal care facilities include quarantine, short-term and long-term holding areas; life support systems; pathology and water quality laboratory; x-ray, surgery, necropsy and pharmacy areas. The center will be able to serve as a regional standing facility, providing care for sick or injured marine mammals and marine birds throughout the Gulf of Alaska and Bering, Chukchi, and Beaufort Seas.

The education mission will form a bridge between the ongoing research and rehabilitation activities at the center with the public, and will encourage environmental stewardship by immersing them in the marine habitats of the North Gulf of Alaska. Through a series of progressive exhibits, the public will be educated by participatory learning techniques and inquiry-based methodologies that support curriculum and programs that address all learning styles and levels. The public education component is the major revenue-generating activity of the center through admission charges and retail sales.

#### **OWNERSHIP AND OPERATING STRUCTURE**

The City of Seward is the owner of the 7 acre site and the facility. The City has entered into an agreement for financing, lease, construction, operation and maintenance of the Alaska SeaLife Center with Seward Association for the Advancement of Marine Science (SAAMS). A copy of this agreement can be found in Appendix D.

SAAMS is an Alaskan non-profit corporation incorporated on February 9, 1990 under the Alaska Non-Profit Corporation Act (AS 10.20 et. seq.). A current set of by-laws can also be found in Appendix D.

The business, affairs, and property of SAAMS are managed by its Board of Directors. The number of directors on the Board shall be no less than 7 and no more than 15. There are 3 designated directors on the Board as follows: one designated director representing and appointed by the City of Seward and two designated directors representing and appointed by the President of the University of Alaska.

SAAMS, doing business as The Alaska SeaLife Center, will hire a full staff to operate the facility and comply with the conditions of the agreement entered into with the City of Seward.

## **Project Status Report**

### **OPERATING ORGANIZATION MODEL**

An operating organization model (Appendix E) has been developed which assumes a well-planned, constructed and operated facility that pursues the missions of research, rehabilitation, and public education. The operating model reflects the unique interface of research, rehabilitation and education and is in part based on similar facilities of this size and program, including the Monterey Bay Aquarium, Oregon Coast Aquarium, Seattle Aquarium, Vancouver Public Aquarium and the Hatfield Marine Science Center.

The model reflects the scientific leadership role of the University of Alaska and the role of an animal care committee and scientific review committee in providing appropriate review and oversight to the Animal Husbandry / Life Support Director and Science Director, respectively.

The model reflects the seasonal aspects of the education component of the Center by designating full time and part time employees, as well as the assumption that a majority of the research staff will be grant supported, and not employed by the Center. The Center's Executive Director and support staff will be hired by the SAAMS organization and funded by the Center's operating revenues. The Science Director will be a faculty of the University of Alaska, partially funded by the Center's operating revenues and serving with the concurrence of the SAAMS Board.

### **OPERATING BUDGET**

The visitor revenue portions of the operating budget assumptions are based on four feasibility/market studies: 1) Thomas J. Martin and Fox Practical Marketing for SAAMS dated August 1993; 2) an independent analysis of the Martin Fox study prepared for AIDEA by Public Finance Management, Inc. dated September 23, 1993; 3) a detailed update of the original visitation assumptions by Fox Practical Marketing dated August of 1994; and 4) an update of the visitation assumptions by Alaska Village Initiative (Fox Practical Marketing) dated July 1995 which is provided in Appendix F.

The operating revenue projections have assumed a well planned, constructed and operated facility that is unique in regards to the interface of research activities and public education. It is also assumed that the project will receive full community support from both the public and private sectors and will be aggressively marketed.

### **OPERATING EXPENSES**

The annual operating expenses for the total project is projected to be \$4,427,000 in its first full year of operations (1999). Figure 3 provides a proforma for the annual operating expenses. Projected annual operating expenses for the project have been developed based on estimates of personnel costs, administrative expenses, facility operation expenses and curatorial expenses. Reserve and replacement accounts are also quantified for each year..

The estimates are based on cost information from similar facilities of this size (adjusted for Seward), the research functions which will be ongoing, visitation patterns and the unique relationship between the research and education components of the project.

Annual personnel costs are projected to be \$2,100,000. (For detail, see Appendix E.)

Annual administration costs are projected to be \$1,475,000.

Annual facilities costs are projected to be \$582,000.

Annual curatorial costs are projected to be \$270,000. (For detail, see Appendix E.)

Annual reserve and replacement costs are projected to be \$135,000

**Project Status Report**

**Annual Operating Expenses: 1999 First Full Year**

**EXPENSES**

Salaries & Benefits .....	\$ 2,100,000
Administrative .....	1,475,000
Facilities .....	582,000
Curatorial .....	270,000
Sub-Total .....	\$ 4,427,000
Reserves and Replacement Accounts .....	135,000
Total .....	\$ 4,562,000

**EXPENSES DETAIL**

**ADMINISTRATIVE COSTS**

	YEAR
Telephone/Postage .....	\$ 60,000
Contract Services .....	150,000
Marketing/Advertising .....	250,000
Equipment .....	15,000
Office Supplies .....	20,000
Insurance .....	100,000
Printing .....	50,000
Professional Development .....	15,000
Travel .....	75,000
Dues/Subscriptions .....	15,000
Miscellaneous .....	25,000
Cost of Retail Goods .....	700,000
TOTAL .....	\$ 1,475,000

**FACILITY OPERATIONS COSTS**

Utilities	
Electric .....	\$ 250,000
Water .....	32,000
Sewer .....	45,000
Oil .....	135,000
Supplies .....	50,000
Equipment .....	50,000
Outside Services .....	20,000
TOTAL .....	\$ 582,000

**CURATORIAL COSTS**

Animal Food .....	\$ 150,000
Animal Collection & Transfer .....	40,000
Vitamins/Medicine .....	15,000
Supplies .....	15,000
Equipment .....	20,000
Rehabilitation Costs .....	30,000
TOTAL .....	\$ 270,000

**RESERVES AND REPLACEMENT ACCOUNTS**

Replacement Account .....	35,000
Termination Fund .....	100,000
TOTAL .....	\$ 135,000

**Figure 3**

## Project Status Report

### OPERATING REVENUE

The facility is projected to generate \$5,206,000 in revenues in the first full year of operation (1999) and to be self-supporting. The basis of the operating revenue assumption is that revenues will be collected primarily from the education/visitation component of the project and applied to the total operating budget. The revenue for the project will be generated by admissions, memberships, retail sales, research bench fees, education and rehabilitation grants and donations, and miscellaneous income. The estimates for these revenues are based on detailed evaluations of conservative visitation patterns expected for this project and conservative assumptions for the non-visitation revenues. Appendix F contains a summary of the current business plan visitation projections.

### Annual Revenue Assumptions: 1999 First Full Year

REVENUE SUMMARY	
Total Revenue .....	\$ 5,206,000
REVENUE DETAIL	
Admissions: 291,341 @ \$9.01 .....	\$ 2,625,000
Memberships Family: 5000 @ \$65.00 .....	\$ 325,000
Memberships Corporate: 100 @ \$1,000.00 .....	\$ 100,000
Retail Sales (Gross): 291,000 @ \$5.00 .....	\$ 1,455,000
Research Bench Fee: 40,000 SF @ \$1.14 x 12 mths x .85 .....	\$ 465,000
Education / Rehab Grants .....	\$ 200,000
Miscellaneous: Rental of Public Space .....	\$ 36,000
Total Revenues .....	\$ 5,206,000

Figure 4

### Operating Cashflow Analysis: Year Ending September 30 (in Thousands)

	*1998	1999	2000	2001	2002
Operating Revenues (Based on projected visitors)	4,095	5,206	5,389	5,516	5,650
Operating Expenses (Growth 3% per annum) (Excludes reserves)	3,320	4,427	4,560	4,696	4,837
<b>Net Operating Revenue</b>	<b>775</b>	<b>779</b>	<b>829</b>	<b>820</b>	<b>813</b>

\* Note: 1998 is not a full operating year. Facility opens to the public on May 1, 1998.

Figure 5

**Project Status Report**

**CAPITAL FUNDRAISING CAMPAIGN AND BRIDGE FINANCING**

The SAAMS Board has initiated a \$12 million dollar private fundraising campaign utilizing professional council J. Donovan Associates. This campaign provides the funding for the education component of the project and is currently on schedule. The campaign is a 6-year effort and is multi-phased. Phase I, the Seward Campaign for \$750,000, was launched May 21, 1995 and is 100% complete as of this report. A status report on fundraising is provided in Appendix G.

The cashflow for incoming committed dollars is spread over 6 years as projected below. In order to gain maximum cost efficiency, the project is pursuing a bridge financing loan so that the education component can be constructed concurrent with the research component and the entire facility can open to the public on May 1, 1998.

The cost of bridge financing and the basis of the security for the loan has been analyzed by Mr. Don Grimes of Coastal Securities Ltd., financial advisor to the City of Seward. A letter from Mr. Grimes to the Seward City Council is provided in Appendix G.

**FUNDRAISING CASHFLOW**

\$12,000,000 Fundraising revenue based on projected pledges over 3-5 years:					
1996	1997	1998	1999	2000	2001
\$ 900,000	\$ 2,725,000	\$ 2,275,000	\$ 2,441,000	\$ 2,441,000	\$ 1,218,000

**Figure 6**

**Project Status Report**

**BENCH FEE FOR RESEARCH ACTIVITIES**

The revenue assumptions in the operating budget include an item for bench fees providing \$465,000 of income. The basis of this assumption is that the researchers who use the 40,000 square foot research area of the facility would be charged a flat cost per square foot per month for the prorated cost of facility operations, curatorial cost (animal care) associated with research, and 50% of the Science Director's salary.

Costs not being passed on to the researchers include all administrative expenses, staff costs, and building reserves and replacement account costs.

The operating agreements allow for the bench fee to be negotiated with research funders on an annual basis, based on actual performance of the operating budget and the ability of the Center to offset the cost of research.

**COST OF RESEARCH TO BE PAID IN BENCH FEE**

Research Facility Operations & Costs per year (50% of Total) .....	\$ 290,000
Research Curatorial Costs per year (50% of Total) .....	\$ 135,000
Non-Grant Supported Science Director Salary (50% of Total) .....	\$ 40,000
<b>Total Cost to be Paid by Bench Fees</b>	<b>\$ 465,000</b>

Figure 7

**BENCH FEE CHARGE COMPUTATION**

<b>Option I</b> Assume 85% occupancy factor for 40,000 SF = 34,000 SF. $\$465,000 \div 12 \text{ months} \div 34,000 \text{ SF} = \$1.14 \text{ SF/per month.}$
<b>Option II</b> Assume 100% occupancy factor for 40,000 SF = 40,000 SF $\$465,000 \div 12 \text{ months} \div 40,000 \text{ SF} = \$.97 \text{ SF/per month.}$

Figure 8

The bench fee computation utilized in the revenue projections assumes an 85% occupancy rate (Option I, Figure 8) which accounts for the movement of research programs in and out of the Center.

***Project Status Report***

**PROJECT ADMINISTRATION, START-UP AND PROGRAM CONTINGENCY**

Prior to the facility opening in May of 1998, it will be necessary to build up the operating staff and incur operating expenses. This institutional "start-up" will occur before any revenue can be collected to offset operating expenses and must be funded from the project capital budget.

The budget for project administration and start-up costs is \$3,852,000. This estimate is based on operating costs required prior to opening May 1, 1998. Assumptions have been made regarding each line item in the operating budget and allocations made based on months which have been applied to develop the start-up budget.

The project administration budget is \$484,000 and is based on a City of Seward administration charge of 1% and a charge from ADF&G of \$110,000.

The projected start-up expenses are \$3,368,000. These costs have been developed based on cost estimates for personnel, administrative expenses, facility operations and curatorial expenses required.

Start-up personnel costs are estimated to be \$1,849,000. (See Appendix E for detail).

Start-up administrative costs are estimated to be \$1,005,000.

Start-up facility operations expenses are estimated to be \$192,000.

Start-up curatorial expenses are estimated to be \$322,000.

Any program contingency would need to be funded by funds currently committed to project administration and start-up. Interest earnings on the EVOS TC funding to the project are being tracked separately so that if at some later date it became necessary to fund the program contingency, the EVOS TC could be requested to make those interest earnings available.

## Project Status Report

### PROJECT ADMINISTRATION COSTS

ADF&G Fund Administration	110,000
City of Seward Administration Charge	374,000
<b>Sub-Total Project Administration</b>	<b>\$ 484,000</b>

### START-UP COSTS

Administrative Costs	# of Months	TOTAL
1. Telephone/Postage	28	60,000
2. Prof. Fees (Legal, Acctg., Insurance, etc.)	28	275,000
3. Marketing/Public Relations	28	345,000
4. Office Supplies	28	20,000
5. Insurance (in Capital Budget)	28	0
6. Printing	28	80,000
7. Prof. Development	28	0
8. Travel	28	70,000
9. Dues/Subscriptions	28	30,000
10. Misc.	28	30,000
11. Office Rent to 4/1/98	28	100,000
		<b>\$ 1,005,000</b>

Facility Operations Costs	# of Months	TOTAL
1. Electric (Jan 1, 1998 to May 1, 1998)	4	82,000
2. Water (Jan 1, 1998 to May 1, 1998)	4	11,000
3. Sewer (Jan 1, 1998 to May 1, 1998)	4	15,000
4. Fuel Oil (Jan 1, 1998 to May 1, 1998)	4	44,000
5. Supplies (Jan 1, 1998 to May 1, 1998)	4	20,000
6. Replacement	0	0
7. Equipment	4	20,000
8. Outside Services	4	0
9. Termination Fund	0	0
		<b>\$ 192,000</b>

Curatorial Costs	# of Months	TOTAL
1. Animal Food	9	\$ 112,000
2. Animal Collection & Transfer	12	150,000
3. Vitamins/Medicine	12	15,000
4. Supplies	12	15,000
5. Equipment	12	30,000
		<b>\$ 322,000</b>

<b>Personnel Costs</b>	
See Staffing Assumptions (Appendix E)	\$ 1,849,000
<b>Sub-Total Start-Up Budget</b>	<b>\$ 3,368,000</b>

<b>Program Contingency *</b>	<b>0</b>
<b>Total Project Admin, Start-Up &amp; Program Contingency</b>	<b>\$ 3,852,000</b>

Figure 9

\* Program contingency to be funded by project administration funds, start-up funds or to be allocated from EVOS funding interest earnings.

## **Supplemental Materials**

### **Provision #2**

- 2. Approval by the Executive Director of an agreement to be entered into by the State of Alaska (Alaska Department of Fish and Game) and the City of Seward providing that the facility will be owned by the City and that the City will provide for the operation and maintenance of the facility for the practical life of the facility;**

## **ADF&G AND CITY OF SEWARD COOPERATIVE AGREEMENT**

The Alaska Department of Fish and Game (ADF&G) entered into a cooperative agreement with the City of Seward on April 28, 1995 to provide for the construction, operation, and maintenance of the research and rehabilitation components of the Alaska SeaLife Center. In addition to ADF&G and the City this agreement had extensive involvement by the Alaska Department of Law, Alaska Division of Risk Management, SAAMS, and the EVOS Trustee Council Executive Director. The full text of the agreement can be found in Appendix H. Among other things, the agreement provides that the City of Seward shall own and provide for the facility's operation and maintenance for its practical life. The practical life of the research and rehabilitation component of the Alaska SeaLife Center is defined at 50 years. The practical life can be shortened if the facility is damaged such that replacement cost exceeds 10% net of available reserves and insurance proceeds, or if the facility is incapable of generating revenues sufficient to cover operating expenses and reserves after a two-year period of operating under an independent financial consultant, approved by ADF&G.

Other provisions of the agreement include:

- An option of ADF&G to enter and assume operation as a marine research facility should the City default on its ownership responsibilities, and an option for ADF&G to offer the United States (DOI, NOAA, or USFS) to operate the facility as a marine research center should ADF&G elect not to operate it.
- A requirement for monthly progress and financial reports, cash flow projections during the construction phase of the project.
- A requirement that changes in the research space, capabilities or function of the facility be approved by ADF&G.
- A requirement for approval of the facility design and engineering by the International Conference of Building Officials.
- A requirement to begin construction by August 15, 1995 and achieve final acceptance of construction by December 31, 1998 (construction began in July on the seawater system and site work).
- A priority for research related to the EVOS restoration mission and an option for ADF&G to use 4,000 square feet of laboratory and office space for research projects.
- Insurance and indemnification of the state and Trustee Council.
- Compliance with state and federal laws pertaining to equal employment opportunity; permits; financial audits; public contracts (Davis Bacon); Americans with Disability Act; archeological and historical resources; and ethics.

***Supplemental Materials***

***Provision #2 (Continued)***

A corollary Agreement for Financing, Lease, Construction, Operation, and Maintenance of the Alaska SeaLife Center between the City of Seward and the Seward Association for the Advancement of Marine Science (SAAMS) was signed April 28, 1995 (Appendix D). That agreement mirrors the ADF&G - Seward agreement; transferring most of the responsibilities for construction and operation of the facility to SAAMS, d/b/a Alaska SeaLife Center. Additionally, the agreement requires SAAMS to maintain a Renewal and Replacement Fund, a Termination Fund, and to pay revenue to the City in lieu of sales tax on pertinent Center revenues.

## **Supplemental Materials**

### **Provision #3**

- 3. Approval by the Executive Director of a showing by the City of Seward that future mitigation measures identified for the construction and operation of the facility will be given due consideration and implemented to the extent practicable;**

On January 31, 1994, the EVOS Trustee Council directed the IMS Infrastructure Improvement Project, now known as the Alaska SeaLife Center, to achieve compliance under the National Environmental Policy Act (NEPA). The NEPA is a national charter for the protection of the environment that applies to all federal projects or projects that require federal involvement. The purpose of NEPA is to help public officials make decisions that are based on an objective understanding of environmental consequences, and take actions that protect, restore and enhance the environment.

As a result, an Environmental Impact Statement (EIS) was prepared in September of 1994 by the United States Department of the Interior, lead federal agency acting on behalf of the EVOS Trustee Council. Analysis in the EIS focused on the effects associated with construction and operation of the proposed project. The EIS provided a detailed description of all major elements of the proposed project; identified resources of major concern that were raised during the public and agency scoping process; described the environmental background conditions of those resources; defined and analyzed the potential effects of the proposed project on these conditions; and identified mitigating measures that are part of the project design that would minimize or reduce any adverse effects.

Simultaneously, an extensive federal, state, and local permit process took place that generated additional mitigating measures to ensure regulatory compliance. The following is a brief discussion of potential project effects, the mitigating measures that would reduce or eliminate potential adverse effects, and the means established to implement those measures. Appendix I of this report provides a detailed list of this information.

### **Environmental Impact**

The NEPA process, implemented by the Council on Environmental Quality regulations, is a specific process that includes scoping or public involvement, a Draft EIS followed by a public comment period, the Final EIS, and the Record of Decision issued by the lead agency. The EIS identifies issues of concern through the public and agency review process which, for the Alaska SeaLife Center, related primarily to the increase in visitor populations in Seward during peak summer months. This includes potential effects on visitor circulation through Seward, affordable overnight accommodations, camp site availability, and the small town atmosphere enjoyed by many Seward residents and visitors alike.

Other concerns and effects related to the lack of affordable housing for short-term construction workers, and long-term, full time employees of the facility during operation; the displacement of the City of Seward Youth Center and ferry service; water quality; the loss of lease revenues to the city; and the loss of campsites in Waterfront Park.

To evaluate the potential effects of the project on these concerns and others, the EIS analyzed the existing soils and geology conditions; hydrology and water quality; air quality; noise; fish and wildlife resources; vegetation; wetlands and other habitats; aesthetics; archaeological and historic resources; land and shoreline use; socioeconomics; recreation and tourism; and traffic and transportation.

## **Supplemental Materials**

The EIS then identified mitigating measures to be addressed in the project design, construction and operation that would eliminate or reduce any potential adverse effects. Measures identified include methods for erosion control, water quality protection, wildlife and aquatic resource protection, habitat enhancement through landscaping, continued agency and public review, archaeological monitoring, financial dispensation to the city for relocation activities and revenue/property loss, and traffic and transportation planning in coordination with the city. The measures are implemented through architectural design, agency and public review, construction plans and specifications, general conditions and contract documents, construction management, environmental oversight, and project management.

### **Federal, State and Local Permits and Approvals**

In addition to the NEPA process, other legal mandates and regulatory requirements apply that ensure adequate project review, assessment of the potential effects of the project on existing conditions and regulatory compliance. A pre-application meeting was held with the State of Alaska Division of Governmental Coordination (DGC) and sixteen federal, state and local government representatives to identify permits that may be required for the project and areas of concern.

The major federal, state and local permits and other approvals required for the development of the project include: National Pollutant Discharge Elimination System Permit from the U.S. Environmental Protection Agency (EPA); Spill prevention, Containment, and Countermeasure Plan from EPA; Section 404/10 Permits from the U.S. Army Corps of Engineers; National Historic Preservation Act Section 106 Consultation from the Advisory Council on Historic Preservation and the State Historic Preservation Officer (SHPO); floodplain management and wetland protection considerations from various federal agencies; Certificate of Reasonable Assurance from the Alaska Department of Environmental Conservation (ADEC); Wastewater Disposal Permit from ADEC; Coastal Zone Consistency Determination from DGC; Material Sale Permit and Water Rights from the Department of Natural Resources; and Conditional Use Permit, Variance, Zoning Approval, and Building Permit from the City of Seward. This list does not include the permits required from the Department of Agriculture and National Marine Fisheries Services for mammals to be transferred and housed at the facility for research display purposes.

Mitigating measures identified through the permit and approval process apply to issues of wastewater discharge, erosion control, protection of aquatic resources, hazardous materials and cultural or paleontological resources. A mitigating measure resulting from the National Historic Preservation Act Section 106 Consultation is a Memorandum of Agreement between the Department of the Interior and the SHPO which includes design review for compatibility with historic resources in the project vicinity and archeological monitoring during all excavation activities. At this time, the project design has received full approval from the Department of the Interior and the SHPO with respect to historic compatibility. Additionally, a qualified archeologist has been present at all excavation activities during Phase I of project construction and has been reporting all findings to the Department of the Interior, the SHPO, and the City of Seward. A final report is being prepared.

All mitigating measures identified thus far, as well as the means of implementation, are detailed in Appendix I.

## Supplemental Materials

### Provision #4

- 4. Approval by the Executive Director of a detailed governing and management structure for the facility that clearly identifies the role of the University of Alaska in providing the scientific leadership at the facility and ensures the facility is managed so that research activities appropriately serve the Trustee Council's restoration mission; and**

## ROLE OF THE UNIVERSITY OF ALASKA

A Memorandum of Agreement between the University of Alaska and the Seward Association of the Advancement of Marine Science (SAAMS) for Scientific Leadership and Oversight for the Alaska SeaLife Center was signed on August 23, 1995. (Appendix J.) Among other things, this agreement provides that the University will appoint a Science Director by January 1, 1996, subject to concurrence by the SAAMS Board of Directors. The Science Director will hold a tenured or tenured track faculty position with the University of Alaska Fairbanks - School of Fisheries and Ocean Sciences. The University has agreed to fund the Science Director at a 25% time commitment level until June 30, 1998 at which time the Center will assume full funding responsibility. Subsequent to July 1, 1998, it is anticipated that the Center will fund the Science Director position 50% and the remaining funding will come from the director's personal research program.

Among other things, the Science Director will:

- Develop scientific review protocols.
- Direct research in a manner that supports the EVOS restoration mission.
- Contribute to annual EVOS work plans.
- Lead the development of research program for marine mammals and birds at the Center.
- Prepare an annual report describing the Center's scientific achievements and activities.
- Make recommendations to the Center's Executive Director, Animal Husbandry & Life Support Director, and Program Director concerning the research program.
- Assist and promote the Center's research program both within and outside of Alaska.

Additionally, the Science Director will chair a Scientific Oversight Committee consisting of at least three members of the scientific community at large to review the Center's science program and report to the Dean of SFOS and the SAAMS Board of Directors. In the case of EVOS funded research, the committee shall complement and coordinate with the EVOS Trustee Council review process to avoid unnecessary delays and duplication of effort.

Additionally, the cooperative agreement provides for:

- UAF-SFOS commitment to developing a strong research program at the Center, including assignment of marine mammal and marine bird scientists to the extent that funding is available.
- Joint use of University facilities and equipment.
- Certain uses of University property necessary for the construction and operation of the Center.

## Supplemental Materials

### Provision #5

5. **Annual financial reports and project status reports will be submitted to the Trustee Council by the City of Seward and the Executive Director will carefully monitor the construction of the facility and provide regular updates to the Trustee Council regarding the project's progress.**

## REGULAR REPORTING

The Alaska SeaLife Center project team provides SAAMS and other interested parties, including the EVOS Trustee Council Executive Director, with a monthly status report as part of the regular monthly SAAMS Board meeting packet.

In addition, detailed budget and schedule status reports are required in the operating agreements for approval by City of Seward and ADF&G before release of any EVOS TC funds to the project. The EVOS Trustee Council Executive Director will be copied on those project status reports.

The fully audited annual financial statements of SAAMS prepared by KPMG Peat Marwick are distributed to the Board of Directors and the EVOS Trustee Council Executive Director.

The SAAMS Project Executive, ADF&G Project Manager and the EVOS Trustee Council Executive Director and staff meet regularly and review overall project status and address key project issues.

The following is a listing of key milestone reports required by operating agreements.

### ADF&G - CITY OF SEWARD COOP AGREEMENT MILESTONES

DETAILED CONSTRUCTION BUDGET .....	30 Days prior to Request for 1st Payment
MONTHLY PROGRESS AND FINANCIAL REPORTS .....	Due 7/1/95, Monthly thereafter during Construction Phase
MASTER CONSTRUCTION SCHEDULE .....	30 Days prior to Request for 1st Payment
ADF&G APPROVAL OF PROGRAMMATIC..... DRAWINGS AND SPECIFICATIONS	Prior to Bid Solicitation
ICBO APPROVAL OF DESIGN & ENGINEERING .....	Prior to Request for 1st Payment
OPERATING PLAN .....	Prior to Request for 1st Payment
MITIGATION MEASURES .....	Prior to Request for 1st Payment
BEGIN CONSTRUCTION .....	August 15, 1995
FINAL ACCEPTANCE .....	NLT December 31, 1998

Figure 10

## Appendix A

**RESOLUTION**  
**of the**  
**Exxon Valdez Oil Spill Trustee Council**

Research Infrastructure Improvements  
affiliated with the  
School of Fisheries and Ocean Sciences  
Institute of Marine Science  
in Seward, Alaska

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WHEREAS, on January 31, 1994 the Trustee Council directed the Executive Director to prepare a formal recommendation concerning the proposed research infrastructure improvements affiliated with the Institute of Marine Science in Seward (hereafter, "the facility") and specifically indicated that the Executive Director should:

- take needed steps to secure compliance under the National Environmental Policy Act (NEPA);
- consult with appropriate entities, including the University of Alaska, the City of Seward, the Seward Association for the Advancement of Marine Science and Trustee Agencies to review the assumptions relating to the proposed improvements and capital and operating budgets;
- develop an integrated funding approach which assures that the use of trust funds is appropriate and legally permissible under the terms of the Memorandum of Agreement and Consent Decree; and
- prepare a recommendation of the appropriate level of funding for consideration by the Trustee Council that would be legally permissible under terms of the Memorandum of Agreement and Consent Decree; and

WHEREAS, since that time, the Trustee Council has been provided with detailed briefings and informational updates that address the issues identified in its January 31, 1994 directive to the Executive Director; and

WHEREAS, a detailed *Project Description and Supplemental Materials* document dated September 26, 1994 has been prepared (hereafter *Project Description*), the proposed project has been subjected to a full Environmental

Impact Statement (EIS) review under NEPA, and on behalf of the Trustee Council, the Department of the Interior has adopted a Record of Decision (ROD) for the EIS which has been concurred in by the federal trustee department and each of the State Trustees; and

WHEREAS, the *Executive Director's Recommendation and Findings Regarding Infrastructure Improvements Affiliated with the Institute of Marine Science in Seward, Alaska* has been prepared; and

WHEREAS, the Executive Director has reviewed the *Project Description* and, together with the Chief Scientist, finds that:

- the proposed facility improvements would provide needed research infrastructure for conducting long-term marine mammal, seabird, and fishery genetics research pertaining to species identified as injured by the oil spill in order to effectively restore those injured resources and that the facility has been designed to allow for adaptation to future restoration research needs;
- the capabilities of other coastal research facilities in Alaska have been assessed and that there are no existing facilities in Alaska to adequately address the identified and anticipated restoration research needs;
- the proposed research facility will make an important contribution to implementation of the ecosystem approach to restoration and that the facility would play a vital role in making it possible to understand the ecosystem relationships that may influence or control the recovery of injured resources;
- investment of settlement funds in the proposed research infrastructure would provide a needed facility for the Trustee Council restoration mission in a cost-efficient manner reflecting a reasonable balance between costs and benefits; and

WHEREAS, the Trustee Council's Public Advisory Group (PAG) has reviewed the *Project Description* and formally expressed its support for the facility at its October 13, 1994 meeting; and

WHEREAS, the Executive Director finds that a realistic construction plan for the proposed facility has been developed that will provide for the successful completion of the needed research facility within the budget identified (a copy of the capital budget from the *Project Description* is provided as an attachment);

THEREFORE BE IT RESOLVED, that the Trustee Council hereby concurs with and adopts the findings of the Executive Director and authorizes funding for


the project in an amount up to \$24,956,000 to support development of the research components of the facility subject to the following provisions:

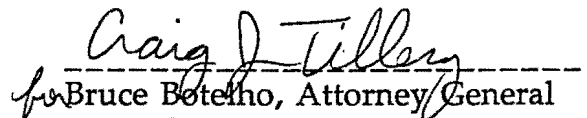
1. approval by the Executive Director of a detailed construction budget and a detailed operating plan that reflects a realistic cash flow for the successful construction and operation of the research facility;
2. approval by the Executive Director of an agreement to be entered into by the State of Alaska (Alaska Department of Fish and Game) and the City of Seward providing that the facility will be owned by the City and that the City will provide for the operation and maintenance of the facility for the practical life of the facility;
3. approval by the Executive Director of a showing by the City of Seward that future mitigation measures identified for the construction and operation of the facility will be given due consideration and implemented to the extent practicable;
4. approval by the Executive Director of a detailed governing and management structure for the facility that clearly identifies the role of the University of Alaska in providing the scientific leadership at the facility and ensures the facility is managed so that research activities appropriately serve the Trustee Council's restoration mission; and
5. annual financial reports and project status reports will be submitted to the Trustee Council by the City of Seward and the Executive Director will carefully monitor the construction of the facility and provide regular updates to the Trustee Council regarding the project's progress.


AND BE IT FURTHER RESOLVED, that it is the intent of the Trustee Council that funds for the project be transferred from the civil settlement to the Alaska Department of Fish and Game which shall, in turn, transfer capital funds to the City of Seward in a manner that is appropriate and timely to supplement the project funding previously appropriated by the Alaska State Legislature. Subject to the provisions identified above, the Alaska Department of Law and the Assistant Attorney General for the Environment and Natural Resources Division of the U.S. Department of Justice are hereby requested to petition the United States District Court for the District of Alaska for withdrawals in an amount of \$12,500,000 on September 15, 1995 and an additional withdrawal of \$12,456,000 on September 15, 1996 in accordance with the funding approvals contained herein.


AND BE IT FURTHER RESOLVED, that in authorizing funding for this project, the Trustee Council adopts the following policy: Consistent with this facility's unique capabilities for marine mammal, seabird and fishery genetics research, it is the policy of the Trustee Council to concentrate its EVOS-

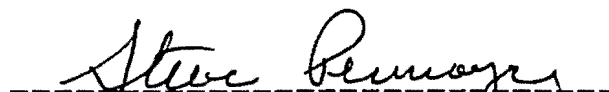
funded laboratory research projects and resources at the IMS facility to the maximum extent practicable. Approval of individual laboratory research projects, including the facilities at which they will be located, will be based on the resources required for that project and its cost-effectiveness, including the cost-savings available to the Trustee Council at the IMS facility as a result of this capital investment.

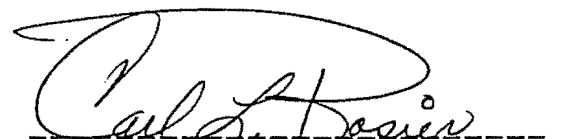
  
Phil Janik, Regional Forester  
Alaska Region  
USDA - Forest Service

  
for Bruce Botelho, Attorney General  
State of Alaska

  
George T. Frampton, Jr., Assistant Secretary  
for Fish and Wildlife and Parks  
U.S. Department of the Interior

  
John A. Sandor, Commissioner  
Alaska Department of  
Environmental Conservation

  
Steve Pennoyer, Director  
Alaska Region  
National Marine Fisheries Service

  
Carl L. Rosier, Commissioner  
Alaska Department of Fish & Game

# Capital Budget

	CONSTR COST	DESIGN 15%	PA/PM 10%	CONT 10%	EIS/PLAN 2%	TOTAL
<b>RESEARCH COMPONENT</b>						
1. MAIN BUILDING	\$9,815,000	\$1,472,000	\$981,000	\$981,000	\$196,000	\$13,445,000
2. HABITAT	\$8,204,000	\$1,230,000	\$820,000	\$820,000	\$164,000	\$11,238,000
3. LIFE SUPPORT	\$4,108,000	\$616,000	\$411,000	\$411,000	\$82,000	\$5,628,000
4. SITE DEVELOPMENT	\$2,319,000	\$348,000	\$232,000	\$232,000	\$47,000	\$3,178,000
5. FF & EQUIPMENT	\$2,560,000	\$384,000	\$256,000	\$256,000	\$51,000	\$3,507,000
<b>Subtotal</b>	<b>\$27,006,000</b>	<b>\$4,050,000</b>	<b>\$2,700,000</b>	<b>\$2,700,000</b>	<b>\$540,000</b>	<b>\$36,996,000</b>
<b>EDUCATION COMPONENT</b>						
1. MAIN BUILDING	\$5,713,000	\$857,000	\$571,000	\$571,000	\$114,000	\$7,826,000
2. HABITAT	\$1,017,000	\$153,000	\$102,000	\$102,000	\$20,000	\$1,394,000
3. LIFE SUPPORT	\$175,000	\$26,000	\$18,000	\$18,000	\$4,000	\$241,000
4. SITE DEVELOPMENT	\$420,000	\$63,000	\$42,000	\$42,000	\$8,000	\$575,000
5. FF & EQUIPMENT	\$309,000	\$47,000	\$31,000	\$31,000	\$6,000	\$424,000
<b>Subtotal</b>	<b>\$7,634,000</b>	<b>\$1,146,000</b>	<b>\$764,000</b>	<b>\$764,000</b>	<b>\$152,000</b>	<b>\$10,460,000</b>
<b>TOTAL PROJECT</b>						
1. MAIN BUILDING	\$15,528,000	\$2,329,000	\$1,553,000	\$1,553,000	\$310,000	\$21,273,000
2. HABITAT	\$9,221,000	\$1,383,000	\$922,000	\$922,000	\$184,000	\$12,632,000
3. LIFE SUPPORT	\$4,283,000	\$643,000	\$428,000	\$428,000	\$86,000	\$5,868,000
4. SITE DEVELOPMENT	\$2,739,000	\$411,000	\$274,000	\$274,000	\$55,000	\$3,753,000
5. FF & EQUIPMENT	\$2,869,000	\$430,000	\$287,000	\$287,000	\$57,000	\$3,930,000
<b>Total</b>	<b>\$34,640,000</b>	<b>\$5,196,000</b>	<b>\$3,464,000</b>	<b>\$3,464,000</b>	<b>\$692,000</b>	<b>\$47,456,000</b>

**Appendix B**

## Research Component Project Budget \$37,530,000

### FUND SOURCES

DOA Grant.....	12,500,000
EVOS/ADF&G .....	24,956,000
FS/SAAMS .....	43,000
DCED & SAAMS .....	31,000

### PROJECT BUDGET BY CATAGORY

<b>Project Administration and Start-Up .....</b>	<b>\$3,852,000</b>
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Project Admin SAAMS.....	3,368,000
City of Seward Overhead.....	374,000
ADF&G Fund Administration.....	110,000

<b>Design Phase Services .....</b>	<b>\$4,269,000</b>
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Architects and Engineers Services To Date .....	2,832,000
Architects and Engineers Services Thru Bidding (12/31/95)...	1,437,000

<b>Construction Phase Services .....</b>	<b>\$2,690,000</b>
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Construction Management Thru Marine Works (12/31/95).....	700,000
Construction Management To Complete (12/31/97).....	1,100,000
Architects and Engineers Services To Complete (12/31/97).....	890,000

<b>Construction .....</b>	<b>\$22,324,000</b>
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Marine and Early Site Works To Complete (12/31/95).....	1,837,000
Main Building, FF&E To Complete (12/31/97).....	19,487,000
Bid Contingency, Add Alternates.....	1,000,000

<b>EIS / Planning .....</b>	<b>\$2,499,000</b>
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<b>Construction Contingency (8.5 % of Construction) .....</b>	<b>\$1,896,000</b>
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<b>TOTAL RESEARCH PROJECT BUDGET</b>	<b>\$37,530,000</b>
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**RESEARCH COMPONENT PROJECT BUDGET DETAIL** **\$37,420,000**

**PROJECT ADMINISTRATION AND START-UP BUDGET.....\$3,852,000**

**SAAMS P.A. 9% of \$37.4M = \$3,368,000**

- Program Contingency
- Staff
- Office Support/Equipment
- Legal Services
- Accounting/Audit
- Insurance/Risk Management
- Debt Service
- Agency Cost (ADF&G)
- Animal Collection/Care
- Misc. Expenses
- Public Relations
- Teen Center Relocation
- Events

**City of Seward P.A. 1% of \$37.4M = \$374,000**

- To be based on Actual Costs

**ADF&G Fund Administration = \$110,000**

**DESIGN PHASE SERVICES.....\$4,269,000**

**Costs to Date: \$2,832,000**

**Design Costs**

- Programming \$81,257
- Concept Design \$191,832
- Schematic Design \$335,707
- Design Development \$1,328,466
- Geotech Design \$17,462
- Design Total \$1,978,774

**Non-Design Costs**

- EIS support \$87,204
- Funding Options \$50,025
- Phasing & Planning \$309,212
- Estimating \$86,560
- Rescoping \$19,630
- Expenses \$344,717
- Non-Design Total \$897,378

**Costs to Complete: \$1,437,000**

- Construction Drwgs \$1,163,702
- Bidding \$77,285
- Estimating \$86,410
- Reimbursables \$109,700
- Total To Complete \$1,437,097

**CONSTRUCTION PHASE SERVICES.....\$2,690,000**

**Construction Management Services: \$1,800,000**

- CM Marine Works \$700,000
- CM Main Bldg \$1,100,000

**Architects and Engineers Services: \$ 890,000**

**CONSTRUCTION.....\$22,324,000**

***Costs to Date: \$1,873,000***

- Marine and Early Site Works General Contract

***Costs to Complete: \$19,487,000***

- Main Building, Furniture and Equipment General Contract

***Bid Contingency, Add Alternates: \$1,000,000***

**ENVIRONMENTAL IMPACT STATEMENT / PLANNING.....\$2,499,000**

***Costs to Date: \$2,269,000***

- Market Analysis \$18,500
- Economic Evaluation \$24,600
- Master Plan Study \$31,845
- Site Survey \$30,395
- Geotech Field Work \$31,880
- Environmental Assessment \$10,000
- Wave Analysis \$2,000
- Sea Water Analysis \$992
- Program Management Plan \$28,743
- Environmental Impact Statement \$1,297,300
- EIS Engineering Support \$44,701
- Ferry Traffic Relocation \$3,750
- AIDEA Review \$23,405
- EVOS Phasing \$6,000
- Fundraising Plan \$36,415
- Planning and Permitting \$284,340
- NSHC Warehouse Purchase \$265,000
- Project Insurance \$114,000
- Legal Support for Agreements \$15,000

Costs To Date: \$2,269,000

***Costs To Complete: \$230,000***

- Building Permit \$100,000
- Project Insurance \$100,000
- Legal Support for Contracts \$30,000

Costs To Complete: \$230,000

**CONSTRUCTION CONTINGENCY.....\$1,896,000**

***8.5 % of General Construction***

**TOTAL RESEARCH PROJECT BUDGET**

**\$37,530,000**

## Education/Visitation Component Project Budget \$12,000,000

### FUNDING SOURCE

Private Fundraising Phase I (complete 3/96) .....\$6,000,000\*

Private Fundraising Phase II (complete 3/99) .....\$6,000,000\*

*\*Bridge financing plan to put funding in place for concurrent construction with research component.*

### PROJECT BUDGET BY CATAGORY

Project Administration.....	\$0
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Design Phase Services.....	\$ 892,000
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Construction Documents.....\$ 732,000

Bidding.....\$ 44,000

Expenses.....\$ 116,000

Construction Phase Services.....	\$674,000
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Construction Management.....\$350,000

Architects and Engineers Services.....\$324,000

Construction.....	\$9,166,000
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General Construction.....\$8,712,000

Furniture and Equipment.....\$454,000

EIS/Planning/Fundraising.....	\$480,000
-------------------------------	-----------

Fund Raising Consultant.....\$345,000

Fund Raising Video and Brochure.....\$135,000

Contingency.....	\$788,000
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*8.5 % of General Construction*

**TOTAL EDUCATION/VISITATION COMPONENT PROJECT BUDGET \$12,000,000**

Total Project Budget ..... \$49,530,000

**FUND SOURCES**

DOA Grant ..... \$12,500,000  
EVOS/ADF&G ..... \$24,956,000  
FS/SAAMS ..... \$43,000  
DCED & SAAMS ..... \$31,000  
Private Fundraising ..... \$12,000,000

**PROJECT BUDGET BY CATAGORY**

**Project Administration and Start-Up ..... \$3,852,000**

Project Admin SAAMS.....\$3,368,000  
City of Seward Overhead.....\$374,000  
ADF&G Fund Administration.....\$110,000

**Design Phase Services ..... \$5,161,000**

Research ..... \$4,269,000  
Education/Visitation ..... \$ 892,000

**Construction Phase Services ..... \$3,364,000**

Research CM..... \$1,800,000  
Education/Visitation CM ..... \$350,000  
Research A&E Services ..... \$ 890,000  
Education/Visitation A&E Services ..... \$324,000

**Construction , Funiture and Equipment ..... \$31,490,000**

Research.....\$21,324,000  
Research Bid Contingency.....\$1,000,000  
Education/Visitation.....\$9,166,000

**EIS/Planning Budget..... \$2,979,000**

Research.....\$2,499,000  
Education/Visitation ..... \$480,000

**Contingency ..... \$2,684,000**

Research .....\$1,896,000  
Education/Visitation ..... \$788,000

**TOTAL PROJECT BUDGET ..... \$49,530,000**





ALASKA INDUSTRIAL DEVELOPMENT  
AND EXPORT AUTHORITY



480 WEST TUDOR

ANCHORAGE, ALASKA 99503

907 / 561-8050

FAX 907 / 561-8998

August 7, 1995

Ms. Molly McCammon  
Executive Director  
Exxon Valdez Oil Spill Trustee Council  
Restoration Office  
645 G Street, Suite 401  
Anchorage, Alaska 99501-3451

Subject: Alaska Sealife Center  
Third Party Review, Construction Budget

Dear Ms. McCammon:

Per Executive Director William R. Snell's May 17, 1995 letter offering assistance to the Trustee Council, the Authority has reviewed the proposed construction budget for the Research Component of the Alaska Sealife Center in Seward, Alaska. The intent of this review was to partially satisfy Provision One of the Trustee Council Resolution adopted November 2, 1994 which authorized funding for the project. Provision One requires "approval by the (Trustee Council's) Executive Director of a detailed construction budget and a detailed operating plan that reflects a realistic cash flow for the successful construction and operation of the research facility". Our letter pertains only to the construction budget portion of this Provision.

To carry out this assignment the Authority employed the services of R&M Consultants and their subcontractor HMS Inc. The scope of services they performed was to conduct a review of constructability issues, current cost estimate, and contingency cost allocations of the 65 percent complete Design Documents. Per the request of the Trustee Council, the evaluation was limited to the research portion of the project. R&M's findings and report are attached.

Our consultant's findings suggest that the construction budget for the research portion of the project should be increased from \$18 million to \$20.6 million. The Authority's engineering staff considers the spread between your designer's estimate and ours a matter of differing professional opinion and within the range of expectable variations in estimates. Actual bids could be below or above the two estimates, but more likely within their range. In other words, both estimates can be considered a "realistic" budget within the Provision of your Resolution as quoted above. However, our findings suggest the need to identify additional sources of funds to be able to award a contract and to be confident of having sufficient reserves to complete the construction if the low bid is on the high side of the range. For instance, if the low bid were to equal our consultant's estimate, the total funds necessary to complete the project (including a suggested amount of contingency reserves) is \$41.7 million. This is \$4.3 million over the \$37.4

million currently budgeted (\$2.6 million for construction and \$1.7 million for added contingencies).

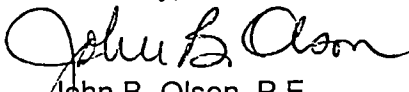
You should note that you will have additional opportunities to "refine" estimates of the construction budget prior to the commitment to construct the project. The first is at the Bid Document phase. The design team can structure the project bid documents so there is a base bid plus additive alternates, with the alternates chosen so that adequate funding is available for at least a minimal facility (adequate funding meaning estimated construction cost plus adequate contingency reserves discussed below). The second opportunity is after bid opening. The project team will have time to weigh the actual construction bids and determine at what project level adequate funding exists.

In your budget planning we suggest that you consider creating two "reserve" categories. The first is Change Order Reserves, which are used to handle additional construction costs due to differing site conditions, unclear plans or specifications, or necessary changes to modify the active construction process as directed by the Engineer, Architect, Construction Manager, or owner. The second, Program Reserves, is for services the owner may need outside of those already budgeted, or to supplement the change order reserves. The funds would be available for problems that would require additional construction phase services from the design team, Construction Manager, your Attorney, or other professionals that were not originally budgeted. Although it is difficult to estimate the funds necessary to fund these reserves adequately, we recommend budgeting each in an amount of 5 to 10 percent of the estimated construction cost at bid opening. Of course, the higher percentage you identify, the greater your confidence of having sufficient funds to complete the project.

Based on the Authority's staff's experience with several projects of similar size and complexity to the Sealife Center, we think it is prudent either to identify and allocate adequate reserve funds now, or to locate a source and process to obtain the funds should they be needed. Based on our discussions with the project team, we understand that some of the funds identified for Project Administration and Startup may be allocable as program reserves. To the extent this occurs, the suggested amount for contingencies noted above can be reduced accordingly.

The Authority appreciates this opportunity to be of assistance to the Trustee Council for this exciting project. If you have any questions, please let us know.

Sincerely,



John B. Olson, P.E.  
Deputy Director, Development

cc: William R. Snell, Executive Director

**R&M/HEERY**  
**COMPARISON OF RESEARCH COMPONENT PROJECT BUDGETS**

	Heery	R&M	Difference
Bid Estimate	\$18,049,000	\$20,600,000	\$2,551,000
FF&E Package	2,977,774	2,977,774	
Reserves	1,903,000	3,090,000 <sup>(1)</sup>	1,187,000
"Design Phase Services" (2)	4,432,000	4,432,000	
"Construction Phase Services" (3)	2,520,000	2,520,000	
Phase I Contract	1,837,000	1,837,000	
EIS/Planning (4)	2,499,000	2,499,000	
Project Administration and Startup (5)	3,742,000	3,742,000	
	-----	-----	-----
<b>TOTALS</b>	<b>\$37,959,774<sup>(6)</sup></b>	<b>\$41,697,774</b>	<b>\$3,738,000</b>

**NOTES:**

1. 5% of bid for Program reserves, 10% of bid for Change Order reserves.
2. \$1.6 million of this amount is projected costs to complete.
3. All of this amount is projected costs to complete.
4. Includes \$230,000 in projected costs to complete.
5. All projected.
6. The Heery Construction Bid Estimate of \$18,049,000 and FF&E Package estimate of \$2,977,774 (totaling \$21,026,457) that were quoted in the R&M report were provided by Heery on July 25, 1995. These two numbers were revised to a total of \$20,487,000 in the Project Design Teams July 28, 1995 "Research Component Project Budget". The Authority was recently notified that the scope and budget has been further modified to reflect the available funds of \$37.4 million and the recommendations contained in our letter to Ms. McCammon of August 7, 1995.

Alaska Industrial Development  
& Export Authority  
Mr. John Olson, P.E.  
August 7, 1995  
Page 4

Finally, the cash flow projection followed a traditional pattern for this type of project. Since the curve is linked to the schedule and work tasks we see no basis for changing the projection at this time except to adjust it for the estimated cost of construction. We assume the contractor will be required to provide his cash flow analysis at the outset of construction.

The SeaLife Center management team was very helpful and responsive to our questions. We appreciate their assistance. If you have any questions, whatsoever, concerning this letter or attachments please call me. On behalf of HMS, Inc. and ourselves, we thank you for the opportunity to assist on this very exciting project.

Very truly yours,

R&M CONSULTANTS, INC.

G. Craig Freas, P.E.  
Senior Project Manager

GCF:kl



# HMS Inc.

4103 Minnesota Drive  
Anchorage, Alaska 99503  
(907) 561-1653  
(907) 562-0420 (FAX)

**RECEIVED**

**JUL 26 1995**

**R&M CONSULTANTS, INC.**

July 26, 1995

R&M Consultants, Inc.  
9101 Vanguard Drive  
Anchorage, Alaska 99507

Attention: Craig Freas

HMS 9580

65% Final Design Estimate Review  
Alaska Sealife Center - Research Facility  
Seward, Alaska

Pursuant to our meeting in Anchorage on 7/20/95 and our telecon with Heery in Seattle, we have revised our draft submittal dated 7/12/95 as attached.

Some of the revisions are, due to better understanding by us, of Heery's estimator's approach of quantity survey and pricing of this project.

Others are due to clarification and/or duplication of work items, which we thought were not included in the estimate.

Overall Heery's estimate has covered most of the work items shown in 65% documents. Our major differences are in the Superstructure, Mechanical, Electrical and General Conditions, Overhead and Profit sections of the estimate (Elements 03, 08, 09 and 12).

The Direct Work (Elements 01-11) cost changes were made generally in pricing, where we felt they were lower than the industry standard and especially considering that work is to be performed in Seward, where weather is normally non-cooperative.

Also some cost were added for some unaccounted items. However prices are subjective and we suggest that Heery reconfirm price changes made by us and adjust their estimate accordingly.

We revised the GCOP section (Element 12) for the following reasons:

- a) Labor overtime
- b) Full time Superintendent, General Foreman and Project Engineer vs. half time
- c) Increase Overhead and Profit from 6% to 8%, due to risk factor involved in this complex project
- d) Adjusted contingency and escalation percentages.

Letter to R&M Consultants, Inc.  
Alaska Sealife Center - Research Facility  
July 26, 1995  
Page 2

Considering 65% design stage of this project, we feel that the engineers estimate represents a low end square foot cost and should be revised to include unknown design changes from 65% to Bid Documents stage. Also, consideration should be given to the market conditions, labor force availability and other general factors during the bid period of this project.

As mentioned earlier, our cost revisions are an independent opinion based on our experience and past track record of estimating jobs in Alaska.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ehsan Mughal', written over a horizontal line.

Ehsan Mughal

EM:tlf

Attachments  
as stated

ELEMENTAL SUMMARY COST BREAKDOWN	Heery Revised 7/25/95	Adjustments by HMS	Revised Cost	\$/SF	GFA
01 - Site Work	1,906,495	30,112	1,936,607	\$ 24.21	80,000
02 - Substructure	989,588	35,210	1,024,798	\$ 12.81	80,000
03 - Superstructure	1,217,824	236,772	1,454,596	\$ 18.18	80,000
04 - Exterior Closure	738,326	19,530	757,856	\$ 9.47	80,000
05 - Roofing	508,663	56,380	565,043	\$ 7.06	80,000
06 - Interior Construction	1,813,176	58,353	1,871,529	\$ 23.39	80,000
07 - Conveying System	381,783	50,428	432,211	\$ 5.40	80,000
08 - Mechanical - Building	2,732,741	484,498	3,217,239	\$ 40.22	80,000
Mechanical - Life Support	1,579,959		1,579,959	\$ 19.75	80,000
09 - Electrical	2,346,261	268,423	2,614,684	\$ 32.68	80,000
10 - Equipment (Excluding FFE)	44,980		44,980	\$ 0.56	80,000
11 - Special Construction	132,185		132,185	\$ 1.65	80,000
DIRECT WORK SUBTOTAL:	14,391,981	1,239,706	15,631,687	\$ 195.40	80,000
12 - General Conditions	1,535,475	608,626	2,144,101	\$ 26.80	80,000
SUBTOTAL:	15,927,456	1,848,332	17,775,788	\$ 222.20	80,000
• Adjust Overhead and Profit	935,432	515,073	1,450,505	\$ 18.13	80,000
• Bonds and Insurances	--	240,329	240,329	\$ 3.00	80,000
SUBTOTAL:	16,862,888	2,603,734	19,466,622	\$ 243.33	80,000
13 - Contingencies - Design Unknowns and Escalation	1,185,825	-42,745	1,143,080	\$ 14.29	80,000
TOTAL:	18,048,713	2,560,989	20,609,702	\$ 257.62	80,000



## Alaska SeaLife Center

### FINAL DESIGN DEVELOPMENT COST ESTIMATE (Reconciled)

FOR

Seward Association for the  
Advancement of Marine Science

Seward, Alaska

**DATED**

June 16, 1995

**CONSTRUCTION MANAGER**

Heery International, Inc.

880 H Street, Suite 201

Anchorage, Alaska 99501

# HEERY

June 21, 1995

John Wood, P.E.  
Development and Finance Engineer  
Alaska Industrial Development and Export Authority  
480 West Tudor  
Anchorage, AK 99503

Architecture  
Construction Management  
Engineering  
Graphic Design  
Interior Design  
Program Management  
Strategic Facilities Planning

Reference: Construction Estimate Review, Alaska SeaLife Center, Seward, Alaska

Dear John:

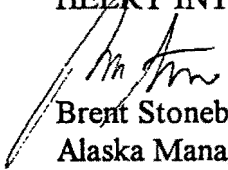
Transmitted herein are six (6) copies of the final construction estimate for Design-Development phase referred to in our presentation meeting of May 31, 1995. We are providing two (2) copies each for AIDEA, R&M and HMS.

As proposed, the estimate is being transmitted for AIDEA's critique and review of the SAAMS' project team approach and feasibility in determining the construction value of the design documents developed to date. It represents the reconciliation of the independent estimates of the Architect and the Construction Manager. We wholeheartedly support this review and offer any project resources appropriate to assist in your effort.

To that end, I suggest an appropriate amount of time be given to you and your team to review, analyze and prepare questions on the estimate. A meeting then can be scheduled to provide for questions and answers between AIDEA's team and SAAMS team. I defer to your judgement, but would suggest a period of two weeks for review and then a meeting the week of July 10th.

I shall look forward to hearing from you regarding our next meeting, but in the interim offer my Senior Estimator, Jim Johnson (206) 454-9793 as a source for questions about the estimate until we meet.

Sincerely,  
HEERY INTERNATIONAL, INC.



Brent Stonebraker  
Alaska Manager

BS/cm

cc: Darryl Schaefermeyer, SAAMS  
Leif Selkregg, LSA  
Jim Johnson, Heery

## Heery International, Inc.

A group of professional service practices  
880 H Street, Suite 201, Anchorage, Alaska 99501  
Telephone 907-258-0699 Fax 907-258-0160

ATLANTA BALTIMORE BOSTON CHARLOTTE CLEVELAND DENVER HOUSTON LONDON  
LOS ANGELES MEXICO CITY MIAMI NEW YORK ORLANDO PHILADELPHIA PORTLAND  
SACRAMENTO SAN DIEGO SAN FRANCISCO SEATTLE SPOKANE VANCOUVER WASHINGTON DC

**ALASKA SEALIFE CENTER  
DESIGN DEVELOPMENT ESTIMATE SUMMARY**

COMPONENT	LSI/ Estimations	HEERY DD Estimate 5/30/95	HEERY Reconciled Estimate
<b>Research Facility</b>			
Marine/Site	1,837,000	1,837,000	1,837,000
Site Work	2,231,741		1,431,764
Main Building	13,893,112	17,622,823	15,688,708
<b>Total Research</b>	<b>17,961,853</b>	<b>19,459,823</b>	<b>18,957,472</b>
<b>Exhibit/Habitat (3 pools)</b>			
Habitat General Construction	3,987,590	5,369,172	3,969,019
Habitat Specialty Construction	6,483,868	2,986,200	4,034,632
Dry Exhibitory	0	715,000	715,000
<b>Total Habitat</b>	<b>10,471,458</b>	<b>9,070,372</b>	<b>8,718,651</b>
<b>Life Support Systems</b>			
Life Support	3,212,835	3,216,375	2,792,504
<b>Furniture, Fixtures &amp; Equipment</b>			
FF&E	2,627,369	2,866,660	2,632,095
<b>TOTAL DD ESTIMATE</b>	<b>34,273,515</b>	<b>34,613,230</b>	<b>33,100,722</b>

RECONCILED ESTIMATE ANALYSIS 8/21/95 L. S. HENNING

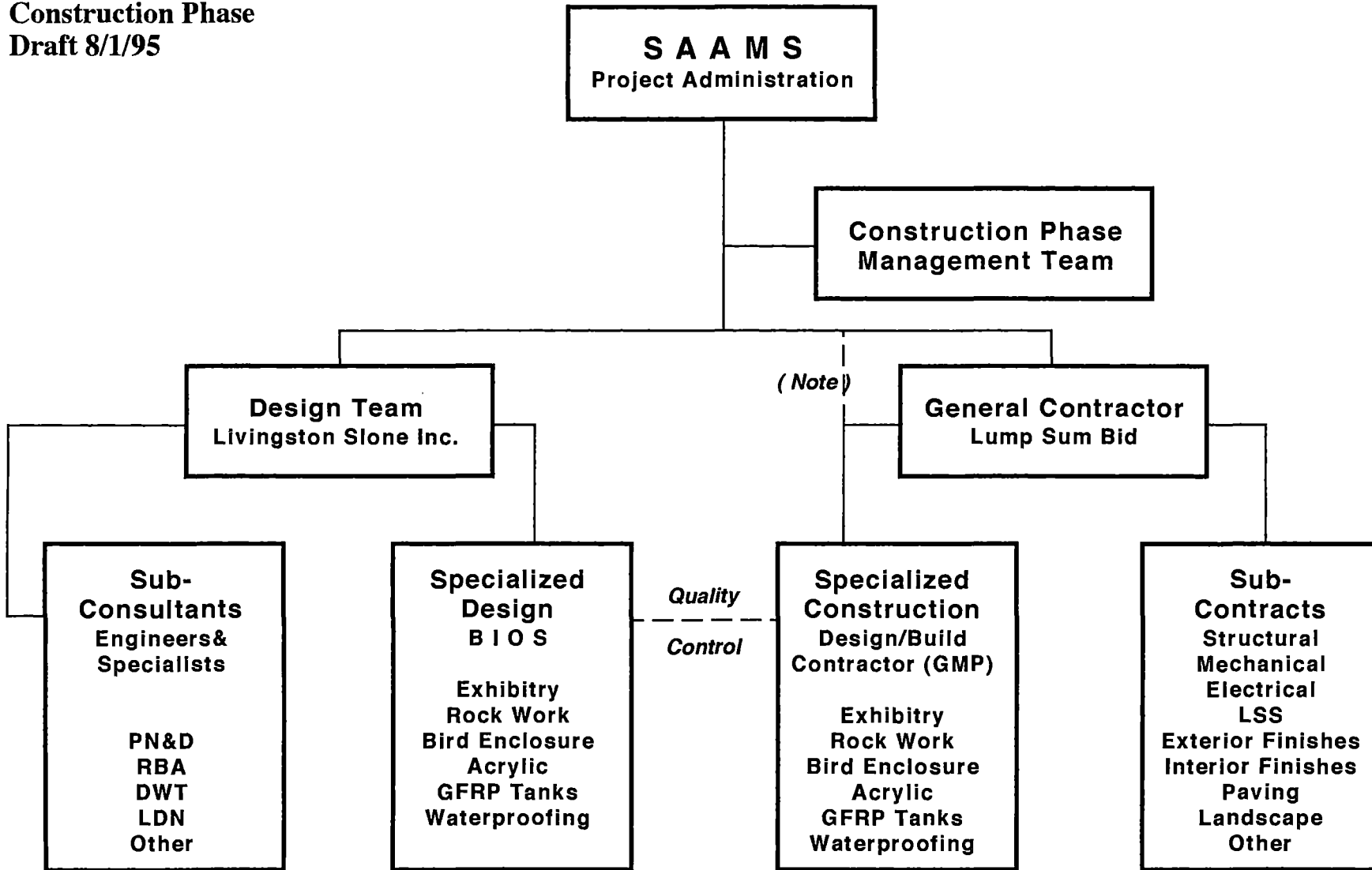
	<u>RESEARCH</u>	<u>HABITAT</u>	<u>TOTAL</u>
CONSTRUCTION	18,957,472	8,718,651	27,676,123
LIFE SUPPORT	1,579,957	1,212,545	2,792,502
FF&E	<u>2,178,095</u>	<u>454,000</u>	<u>2,632,095</u>
TOTAL	22,715,524	10,385,196	33,100,720
DEDUCTS	<u>&lt;391,460&gt;</u>	<u>&lt;1,218,837&gt;</u>	<u>&lt;1,610,297&gt;</u>
TOTAL	22,324,064	9,166,359	31,490,423

# Alaska SeaLife Center

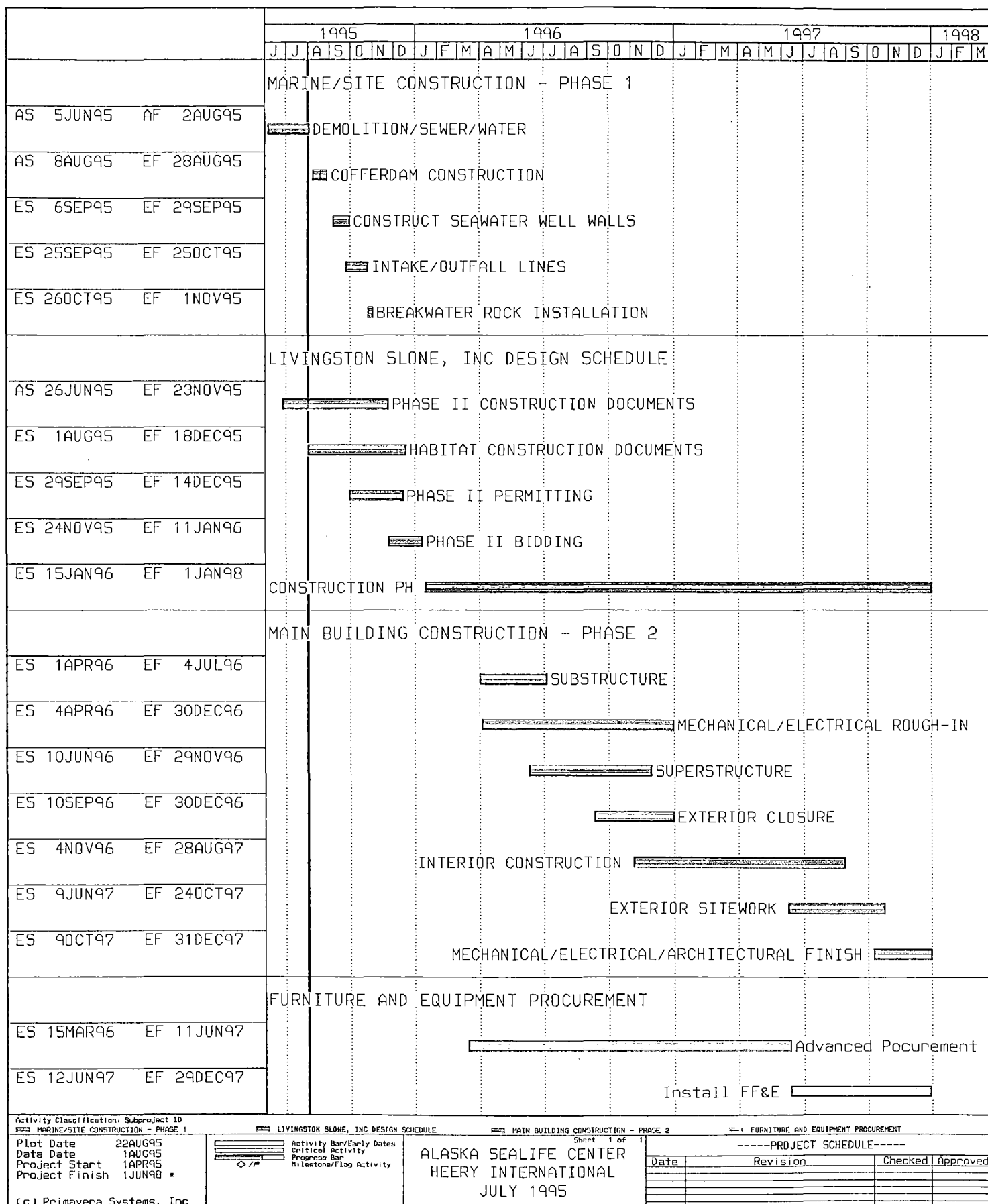
Project Organization

Construction Phase

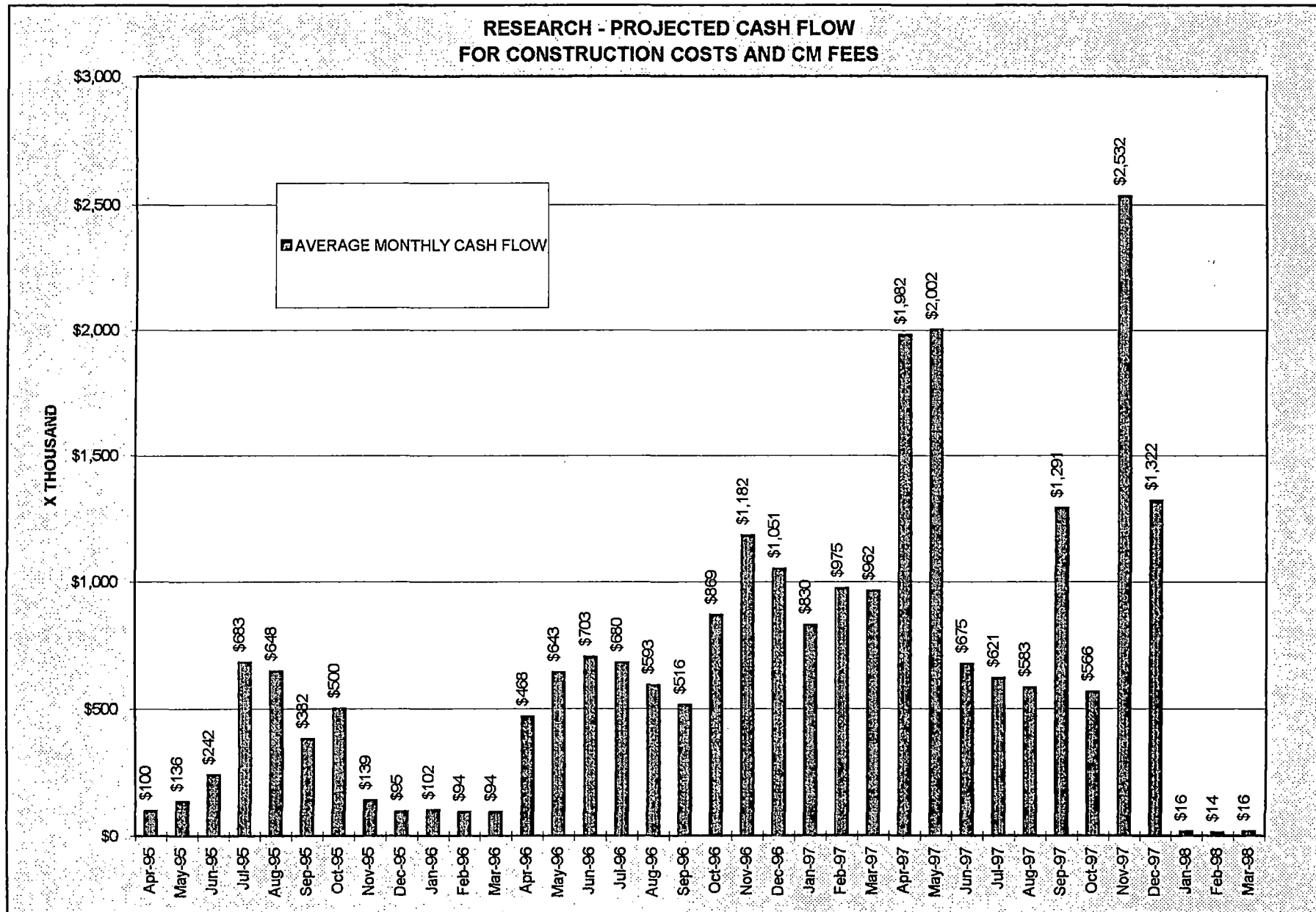
Draft 8/1/95



*Note: After prequalification and selection of specialist Design/Build contractor by SAAMS, that D/B contractor and the guaranteed maximum price established for the work may be assigned to the general contractor for full coordination and integration into a single construction contract.*

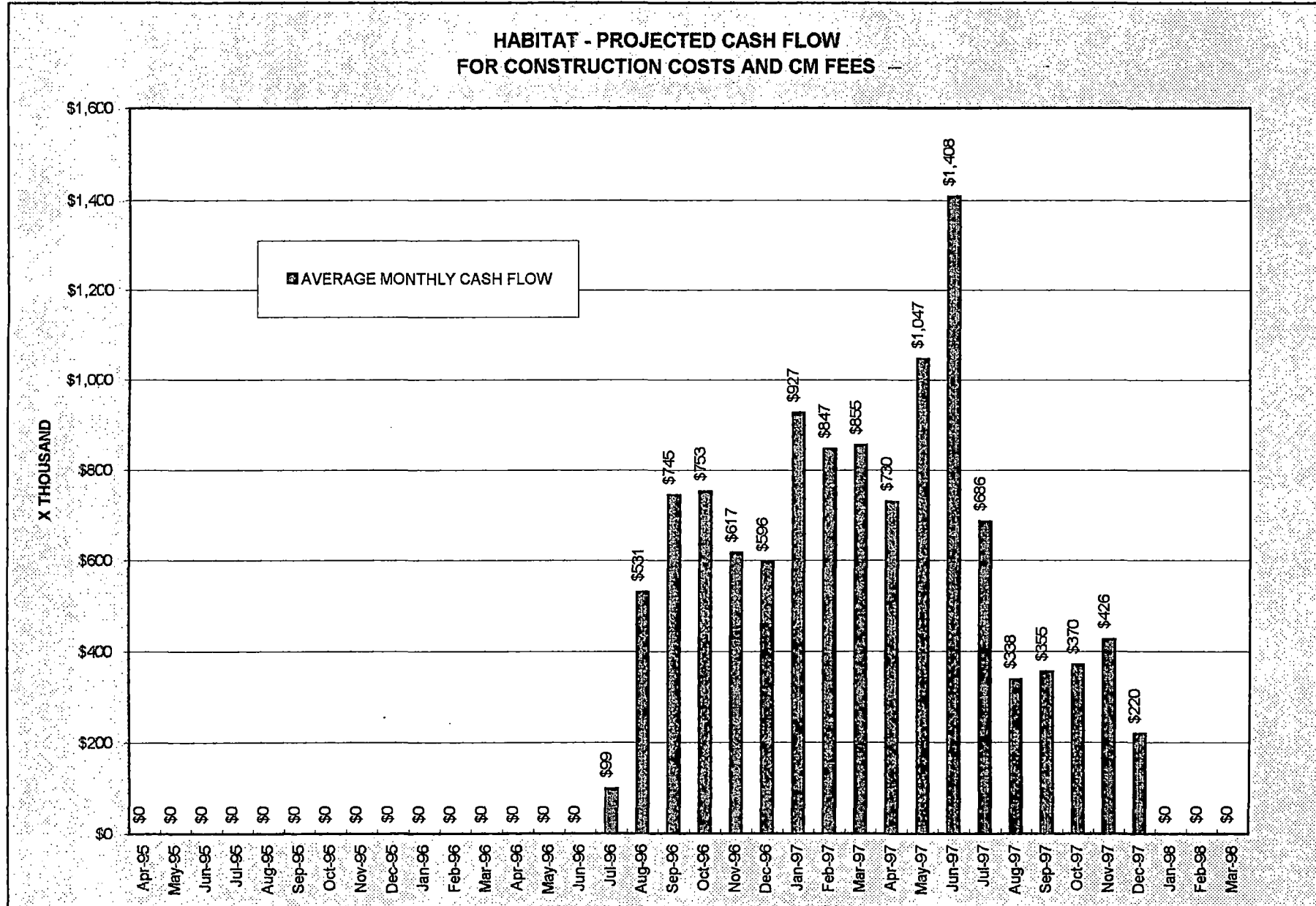


# ALASKA SEALIFE CENTER



# ALASKA SEALIFE CENTER

HABITAT - PROJECTED CASH FLOW  
FOR CONSTRUCTION COSTS AND CM FEES





---

**AGREEMENT FOR FINANCING, LEASE,  
CONSTRUCTION, OPERATION AND MAINTENANCE  
OF THE ALASKA SEALIFE CENTER**

Dated: April 28, 1995

BY AND BETWEEN:

THE CITY OF SEWARD

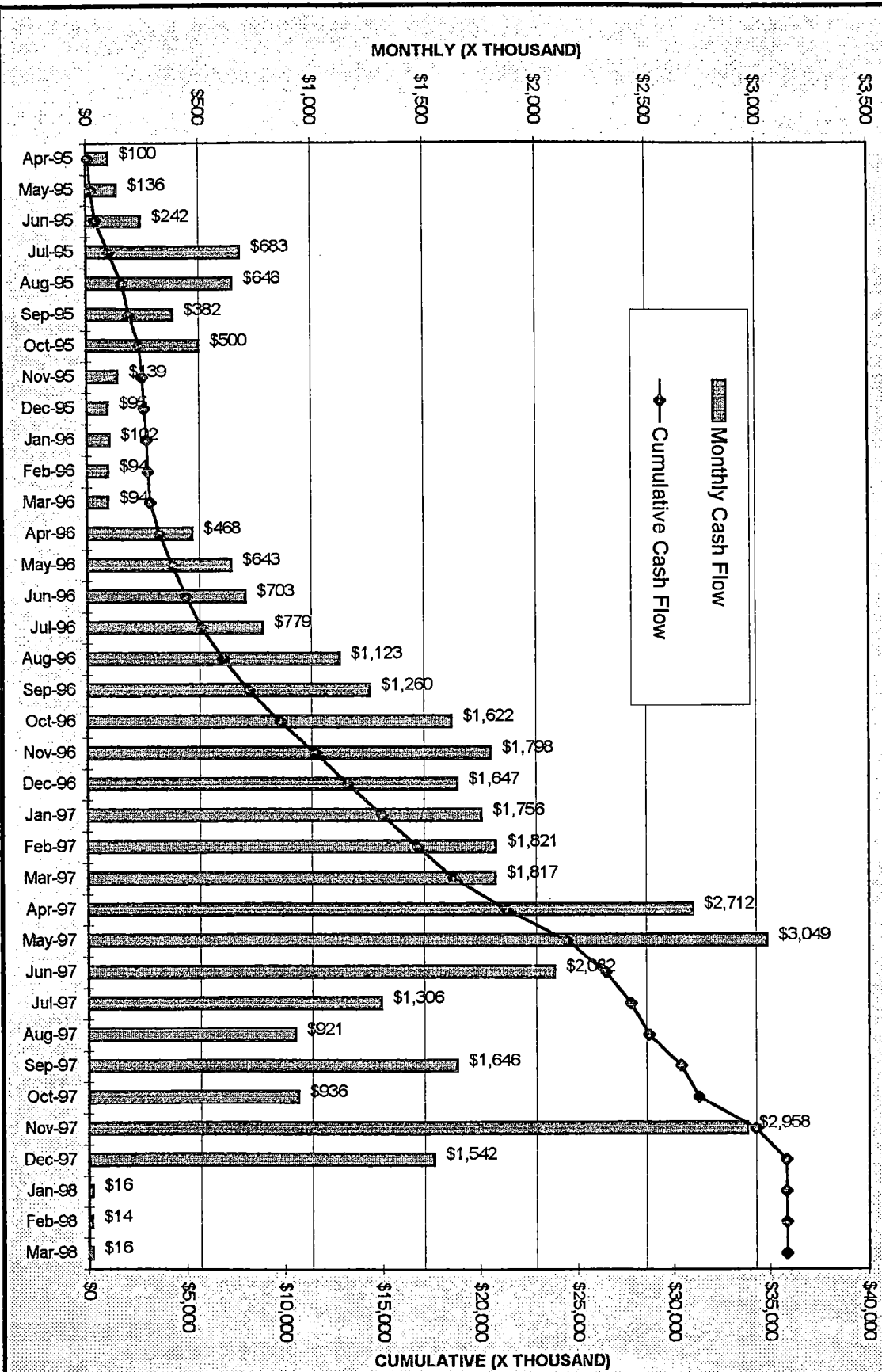
and

SEWARD ASSOCIATION FOR THE ADVANCEMENT  
OF MARINE SCIENCE

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# ALASKA SEALIFE CENTER

## TOTAL PROJECTED CASH FLOW FOR CONSTRUCTION AND CM FEES



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**AGREEMENT FOR FINANCING, LEASE, CONSTRUCTION, OPERATION,  
AND MAINTENANCE OF THE ALASKA SEALIFE CENTER**

THIS AGREEMENT FOR FINANCING, LEASE, CONSTRUCTION, OPERATION, AND MAINTENANCE OF THE ALASKA SEALIFE CENTER (the "Agreement") is dated as of the 28th day of April, 1995, and is entered into by and between the CITY OF SEWARD, ALASKA (hereinafter called "City"), and the SEWARD ASSOCIATION FOR THE ADVANCEMENT OF MARINE SCIENCE d/b/a ALASKA SEALIFE CENTER, a non-profit Alaska corporation (hereinafter called "SAAMS").

WHEREAS, the City is the owner of certain premises more fully described in Exhibit "A," attached hereto and made a part hereof (the "Property"), on which SAAMS proposes to construct and operate the Alaska SeaLife Center (the "Project"), which will be owned by the City; and

WHEREAS, the City, as owner of the Property, desires that SAAMS be responsible for the design, construction, operation, and management of the Project; and

WHEREAS, the State of Alaska, Department of Administration, provided municipal grant number 7/94-004 (the "Grant") to the City, which funds have been and will be used by SAAMS pursuant to a grant agreement (the "Grant Agreement") between SAAMS and the City for the planning, design, engineering, and construction of the Project; and

WHEREAS, the City and the ALASKA DEPARTMENT OF FISH AND GAME are parties to a cooperative agreement (the "Cooperative

Agreement") for the construction, operation, and maintenance of research infrastructure improvements at the Alaska SeaLife Center, in Seward, Alaska (the "Research Facility"), which will be a component of the Project; and

WHEREAS, under the terms of the Cooperative Agreement, a resolution of the **EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL**, and the Grant, the City has and will receive monies for the design and construction of the Project; and

WHEREAS, SAAMS has undertaken to raise funds from private sources to pay any and all additional costs of completing the exhibit and habitat components of the Project; and

WHEREAS, the City intends to transfer to SAAMS, and SAAMS intends to assume, all of the obligations of the City with respect to the Grant and under the Cooperative Agreement, except to the extent this Agreement expressly provides otherwise; and

WHEREAS, the parties intend that this Agreement supersede and replace the Grant Agreement; and

WHEREAS, the City is legally authorized to enter into this Agreement, SAAMS is legally authorized to enter into this Agreement, and the City Council of the City has determined that it is in the public interest to enter into this Agreement for the lease of the Property by negotiation and without appraisal of the fair market value of the Property;

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES and of the mutual covenants herein set forth, the parties hereto agree and covenant as follows:

1. Definitions and General Provisions.

1.1 Definitions. The following terms shall, for all purposes of this Agreement, have the following meanings:

1.1.1 "ADF&G" means the Alaska Department of Fish and Game.

1.1.2 "Agreement" means this Agreement for Financing, Lease, Construction, Operation, and Maintenance of the Alaska SeaLife Center as originally executed or as it may from time to time be amended by one or more amendments entered into pursuant to the applicable provisions hereof.

1.1.3 "Award" means all compensation, sums, or anything of value awarded, paid, or received on a total or partial condemnation.

1.1.4 "City" means the City of Seward, Alaska.

1.1.5 "Closing" means the date of execution and delivery of this Agreement by the City and SAAMS.

1.1.6 "Condemnation" means (a) the exercise of any governmental power, whether by legal proceedings or otherwise, by a condemnor, and (b) a voluntary sale or transfer by the City to any condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending.

1.1.7 "Condemnor" means any public or quasi-public authority, or private corporation or individual, having the power of eminent domain.

1.1.8 "Construction Contract" means the contract between SAAMS and the Construction Manager providing for the construction of the Project.

1.1.9 "Construction Funds" means the separate funds established by the City to hold the amounts transferred to the City under the Funding Agreements for disbursement to SAAMS.

1.1.10 "Construction Manager" means an independent firm having a nationwide and favorable reputation and demonstrated experience in the field of construction engineering or construction management, and retained by SAAMS to perform the duties of the Construction Manager under this Agreement.

1.1.11 "Cooperative Agreement" means the agreement between ADF&G and the City for the Construction of Research Infrastructure Improvements at the Alaska SeaLife Center in Seward, Alaska.

1.1.12 "Date of Taking" means the date the condemnor has the right to possession of the property being condemned.

1.1.13 "Disbursement Request" means the requisition from SAAMS to the City requesting disbursement of funds from the Construction Funds pursuant to Sections 4.11.2 and 4.11.3

of this Agreement, which requests shall be substantially in the form attached as Exhibits "B" and "C."

1.1.14 "DOA Agreement" means the Standard Agreement Form for Municipal Grants between the State of Alaska, Department of Administration and the City, effective as of October 6, 1993.

1.1.15 "Environmental Laws" means all local, state, and federal laws, ordinances, regulations, and orders related to environmental protection; the use, storage, generation, production, treatment, emission, discharge, remediation, removal, disposal, or transport of any Hazardous Substance.

1.1.16 "Event of Default" means any of the events specified as an event of default of SAAMS in Section 8.1, of the City in Section 8.2, or elsewhere in this Agreement.

1.1.17 "Force Majeure" means, without limitation, the following: acts of God; strikes, lockouts, or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or of the State of Alaska or any of their departments, agencies, subdivisions, or officials, or any civil or military authority (including any orders or restraints exercised pursuant to any agreement to which SAAMS or the City is a party); insurrection; riots; landslides; icebergs; typhoons; tornadoes; adverse weather conditions; tidal waves; earthquakes; fires; storms; droughts; floods; explosions; breakage, malfunction, or accident to facili-

ties, machinery, transmission pipes, or canals; or any other cause or event not reasonably within the control of the party whose performance is at issue.

1.1.18 "Funding Agreements" means either or both of (i) the Grant Agreement, and (ii) the Cooperative Agreement.

1.1.19 "Funding Source" means any of the following: (i) the State of Alaska, Department of Administration, (ii) the Trustee Council, and (iii) ADF&G.

1.1.20 "Grant" means the \$12.5 million grant from the State of Alaska, Department of Administration, designated as grant number 7/94-004.

1.1.21 "Grant Agreement" means Grant Agreement No. 2 between the City and SAAMS, dated October 27, 1993.

1.1.22 "Hazardous Substances" shall be defined as any substance or material defined or designated as hazardous or toxic waste; hazardous or toxic material; hazardous, toxic, or radioactive substance; or other similar term by any federal, state, or local statute, regulation, or ordinance or common law presently in effect or that may be promulgated in the future as such statutes, regulations, and ordinances may be amended from time to time.

1.1.23 "Indemnified Parties" means ADF&G, the Trustee Council, the Executive Director of the Trustee Council,

the State of Alaska, the United States, and their officers, agents, and employees.

1.1.24 "Plans and Specifications" means the final drawings and specifications for the construction of the Project, including without limitation the detailed construction drawings and specifications referred to in Section III(L) of the Cooperative Agreement.

1.1.25 "Prime Rate" means the interest rate published in the money rates column of the Wall Street Journal and identified as the prime rate, defined in the Wall Street Journal as the general level of the base rate on corporate loans at large U.S. money center commercial banks.

1.1.26 "Project" means the construction of the Alaska SeaLife Center to be constructed on the Property as described in the Institute of Marine Science Infrastructure Improvements Exxon Valdez oil spill Trustee Council Project #94199, Project Description and Supplemental Materials, dated September 26, 1994, Section 6, Schematic Design.

1.1.27 "Project Budget" means the Detailed Budget prepared by SAAMS for the construction of the Project, as such Project Budget may be amended or changed from time to time, in accordance with this Agreement and the Cooperative Agreement.

1.1.28 "Project Documents" means all documents concerning the planning, design, Funding Source approval, regulatory approval, or construction, of the Project.

1.1.29 "Project Operating Budget" means the yearly operating budget prepared by SAAMS for the Project as required by Section 5.6 of this Agreement.

1.1.30 "Property" means the real property owned by the City and described on the attached Exhibit "A."

1.1.31 "Renewal and Replacement Budget" means the yearly budget prepared by SAAMS determining the amounts to be expended during the year for the renewal and replacement of the Project.

1.1.32 "Renewal and Replacement Fund" means the separate fund controlled by SAAMS which will be funded by SAAMS for renewals and/or replacements of the Project, as required by Section 5.6.2 of this Agreement.

1.1.33 "Renewal and Replacement Fund Requirement" means, for any year, an amount equal to (a) the sum of the amounts set forth in Exhibit "D" for that year and all prior years, less (b) the sum of all amounts withdrawn from the Renewal and Replacement Fund in accordance with clause (i) of Section 5.8.2 in that year and all prior years.

1.1.34 "Research Facility" means the research infrastructure improvements at the Alaska SeaLife Center.

1.1.35 "Revenue Fund" means the separate fund controlled by SAAMS into which will be deposited all revenues received from the operation of the Project, as required by Section 5.8.1 of this Agreement.

1.1.36 "SAAMS" means the SEWARD ASSOCIATION FOR THE ADVANCEMENT OF MARINE SCIENCE d/b/a ALASKA SEALIFE CENTER, a non-profit corporation organized under the laws of the State of Alaska, with Section 501(c)(3) status.

1.1.37 "State" means the State of Alaska.

1.1.38 "Term" means the term of this Agreement, which shall be the duration of the lease of the Property by the City to SAAMS as set forth in Section 3.1.

1.1.39 "Termination Fund Requirement" means an amount determined not less frequently than every five (5) years during the term of this Agreement by a qualified consultant retained by SAAMS to be the amount required to maintain the Property while closed to public access and to any research activity for a period of one (1) year.

1.1.40 "Transaction Documents" means this Agreement and all other documents executed in connection with this Agreement.

1.1.41 "Trustee Council" means the Exxon Valdez Oil Spill Trustee Council.

## 1.2 General Definitions.

1.2.1 Sections. All references in this Agreement to designated "Sections" and other subdivisions are to designated sections and other subdivisions of this Agreement.

1.2.2 General Words of Reference. The words "herein," "hereof," "hereto," "hereby," and "hereunder" and

other words of similar import refer to this Agreement as a whole and not any particular section or other subdivisions.

1.2.3 Singular/Plural. The terms specifically defined in Section 1.1 have the meanings assigned to them in that Section and include the plural as well as the singular.

1.2.4 GAAP. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with applicable generally accepted accounting practices, consistently applied, in effect from time to time.

1.2.5 Authority. Every "approval," "request," "order," "demand," "application," "appointment," "notice," "statement," "certificate," "consent," or similar action hereunder shall, unless the form thereof is specifically provided, be in writing, signed by a duly authorized officer or agent of the party or other person with a duly authorized signature.

## 2. Representations and Warranties.

2.1 Representations and Warranties of City. As of the date hereof, the City hereby represents and warrants as follows:

2.1.1 Good Standing. The City is a home rule city duly organized and existing under the constitution and laws of the State of Alaska.

2.1.2 Authorization. The City has the full power and authority to enter into this Agreement and to carry out its terms and provisions.

2.1.3 Consent, Approval. Except as may have already been obtained, no consent or approval of any trustee or holder of any indebtedness or obligation of the City, and no consent, approval, permission, authorization, order, or license of any governmental authority, is required to be obtained by the City for the execution and delivery of this Agreement or any other instrument or agreement required of the City under this Agreement.

2.1.4 No Restrictions on Agreement. The City is not subject to any charter, ordinance, contractual limitation, or provision of any nature whatsoever which in any way limits, restricts, or prevents the City from entering into this Agreement or from performing any of its obligations hereunder.

2.1.5 No Conflicts with Other Agreements. Neither the execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the provisions hereto, materially conflicts with, violates, or breaches any of the material terms, conditions, or provisions of any indenture, instrument, or agreement to which the City is a party or by which the City is bound, any statute, rule, or regulation, or any judgment, decree, or order of any court or agency binding on the City, or constitutes a default under any of the foregoing which has not been waived or consented to in writing by the appropriate party or parties, or results in the creation or imposition of any lien, charge, security interest, or encumbrance of any nature whatsoever upon any of the

Property not permitted under the terms of any restriction, agreement, instrument, statute, governmental rule or regulation, court order, judgment, or decree.

2.1.6 Litigation. To the knowledge of the City, there is no action, suit, proceeding, inquiry, or investigation by or before any court, governmental agency, or public board or body pending or threatened against the City which (i) affects or seeks to prohibit, restrain, or enjoin the execution and delivery of this Agreement, (ii) affects or questions the validity or enforceability of this Agreement, or (iii) questions the power or authority of the City to carry out the transactions contemplated by, or to perform its obligations under, this Agreement.

2.1.7 Enforceability. When duly executed, this Agreement will be enforceable against the City according to its terms, except as may be limited by bankruptcy, insolvency, reorganization, or other laws affecting creditors' rights generally as amended from time to time.

2.1.8 Effect of Certificate. Any certificate signed by an official of the City duly authorized to execute such certificate and delivered pursuant to this Agreement shall be deemed to be a representation and warranty by the City as to the statements made therein.

2.2 Representations and Warranties of SAAMS. As of the date hereof, SAAMS hereby represents and warrants as follows:

2.2.1 Good Standing. SAAMS is a non-profit corporation in good standing under the laws of the State of Alaska.

2.2.2 Authorization. SAAMS has full corporate power and authority to carry on its business as now conducted and to enter into this Agreement. The execution and delivery of this Agreement has been authorized by proper corporate action, and this Agreement constitutes a valid and legally binding obligation of SAAMS.

2.2.3 Consent, Approval. Except as may have already been obtained, no consent or approval of any trustee or holder of any indebtedness or obligation of SAAMS, and no consent, approval, permission, authorization, order, or license of any governmental authority, is required to be obtained by SAAMS for the execution and delivery of this Agreement or any other instrument or agreement required of SAAMS under this Agreement.

2.2.4 No Restrictions on Agreement. Except as has been waived in writing by the City, SAAMS is not subject to any charter, bylaw, or contractual limitation or provision of any nature whatsoever which in any way limits, restricts, or prevents SAAMS from entering into this Agreement or from performing any of its obligations hereunder.

2.2.5 No Defaults; No Other Leases. SAAMS is not in default of any promissory note, loan agreement, lease agreement, rental agreement, or any other contract or obligation.

2.2.6 No Conflicts with Other Agreements.

Neither the execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the provisions hereto, materially conflicts with, violates, or breaches any charter, bylaw, or stock provision of SAAMS, any of the material terms, conditions, or provisions of any indenture, instrument, or agreement to which SAAMS is a party or by which SAAMS is bound, any statute, rule or regulation, or any judgment, decree, or order of any court or agency binding on SAAMS, or constitutes a default under any of the foregoing which has not been waived or consented to in writing by the appropriate party or parties, or results in the creation or imposition of any lien, charge, security interest, or encumbrance of any nature whatsoever upon any of the property or assets of SAAMS not permitted under the terms of any restriction, agreement, instrument, statute, governmental rule or regulation, court order, judgment, or decree.

2.2.7 Litigation. To the knowledge of SAAMS, there is no action, suit, proceeding, inquiry, or investigation by or before any court, governmental agency, or public board or body pending or threatened against SAAMS which (i) affects or seeks to prohibit, restrain, or enjoin the execution and delivery of this Agreement, (ii) affects or questions the validity or enforceability of this Agreement, or (iii) questions the power or

authority of SAAMS to carry out the transactions contemplated by, or to perform its obligations under, this Agreement.

2.2.8 Enforceability. When duly executed, this Agreement will be enforceable against SAAMS according to its terms, except as may be limited by bankruptcy, insolvency, reorganization, or other laws affecting creditors' rights generally as amended from time to time.

2.2.9 Effect of Certificate. Any certificate signed by an officer of SAAMS duly authorized to execute such certificate and delivered pursuant to this Agreement shall be deemed to be a representation and warranty by SAAMS as to the statements made therein.

3. Lease of Property. The City leases to SAAMS and SAAMS leases from the City the Property and the Project, subject to the terms and conditions of this Agreement.

3.1 Term. The Term of the lease by the City to SAAMS shall commence on April 28, 1995. The Term of the Lease and this Agreement shall terminate at the end of the practical life of the Project or as provided in Section 3.1.2.

3.1.1 Practical Life of Project. Subject to Section 3.1.2 of this Agreement, the practical life of the Project shall end upon the occurrence of both of the following: (i) the City makes a reasonable determination, as verified by an independent financial consultant selected or approved by ADF&G, that the Project is not capable of generating revenues sufficient

to cover the operating expenses and debt service of the Project, plus fund the yearly Renewal and Replacement Fund Requirement of Section 5.8.2.1; and (ii) while being operated in accordance with any recommendation from the independent financial consultant and in accordance with the terms and conditions of this Agreement during the two-year period following the City's determination, the Project does not generate revenue sufficient to cover the operating expenses and debt service of the Project, plus fund the yearly Renewal and Replacement Fund Requirement.

3.1.2 Limitation of Term. In no event shall the Term of the Lease and this Agreement extend beyond the earlier of (i) the date fifty years from the date of City acceptance of the Project, and (ii) any event causing damage to, or destruction of, the Project, where the cost of repairing or restoring the Project, net of any available reserves and insurance proceeds not reduced for applicable deductibles and coinsurance, exceeds ten percent (10%) of the replacement cost of the Project.

3.2 Rental Payments. SAAMS shall pay to the City a yearly rental of One Dollar (\$1.00), payable on the first day of the Term, and thereafter on the first day of each calendar year during the Term.

3.3 Existing Improvements. The City and SAAMS acknowledge that there are certain improvements currently located in, on, or around the Property. Such improvements now owned by the City shall remain the property of the City. Subject to Sections

3.3.1 through 3.3.3 of this Agreement, SAAMS may use, sell, demolish, remove, or otherwise dispose of any improvements located on the Property. The City shall receive no compensation for such improvements other than the performance of SAAMS' covenants under this Agreement.

3.3.1 Utilities. SAAMS may, at its own expense and subject to the approval of the City director of engineering and utilities, relocate, sell, demolish, remove, or otherwise dispose of City utilities on the Property in accordance with the Plans and Specifications. Otherwise, SAAMS shall not sell, demolish, remove, or otherwise dispose of City utilities on the Property without the written permission of the City director of engineering and utilities.

3.3.2 Fourth Avenue Dock. Prior to the effective date of this Agreement, the City will take all steps necessary to decommission the Fourth Avenue Dock located on the Property. SAAMS may, at its own expense, (i) remove parts of the Fourth Avenue Dock as necessary to render the dock unusable by vessels, including without limitation bollards, fender poles, and bumpers; and (ii) either render the dock safe for public access or prevent such access by constructing a fence or other equivalent means to block access. SAAMS may not make the Fourth Avenue Dock available for the docking of vessels without the written permission of the City. Except as provided in this section, SAAMS shall not

sell, demolish, remove, or otherwise dispose of the Fourth Avenue Dock without the written permission of the City.

3.3.3 Relocation of Youth Center. At the time of execution of this Agreement by the City, SAAMS agrees to contribute an amount not to exceed Thirty-Five Thousand Dollars (\$35,000.00) to the resolution of the relocation of the Seward Youth Center. SAAMS will assume leadership in facilitating a community dialogue directed to a resolution of a plan and program for the Youth Center until relocation of the Youth Center is resolved. On or before May 6, 1995, the City agrees that the Youth Center will no longer be in use. On or before May 13, 1995, the City will have removed all personal property from the Youth Center. The City will execute and deliver to SAAMS at the closing an indemnification agreement whereby the City agrees to indemnify, defend, and hold SAAMS harmless from liability arising out of the use of the Youth Center after the effective date of this Agreement.

3.4 Use; Limitations on Use.

3.4.1 Use. SAAMS shall use the Property for the construction of the Project in accordance with the terms of this Agreement and for the operation and maintenance of the Project during the Term. The City covenants and agrees that SAAMS shall have quiet enjoyment of the Property during the Term.

3.4.2 Cancellation of Insurance. SAAMS shall not do, bring, or keep anything in or about the Property or

the Project that will cause a cancellation of any insurance covering the Property or the Project.

3.4.3 Compliance with Laws. SAAMS shall comply with all laws concerning the Property or the Project and SAAMS' use of the Property or the Project, including, without limitation, the obligation, at SAAMS' cost, to alter, maintain, or restore the Property or the Project in compliance and conformity with all laws relating to the condition, use, or occupancy of the Project during the Term.

3.4.4 Compliance with Funding Agreements. SAAMS shall use and maintain the Property and the Project in accordance with all requirements of the Funding Agreements with respect to such use and maintenance. SAAMS shall not use the Property or the Project in any manner that would cause the City to be in breach of, or to incur any liability under, any Funding Agreement.

3.4.5 Space for EVOS Research. SAAMS shall give priority to research related to the Exxon Valdez Oil Spill restoration mission. ADF&G shall have the right to use 4,000 net useable square feet of laboratory and office space for research projects at the Research Facility. The City shall promptly notify SAAMS when it becomes aware that some or all of ADF&G's allotted 4,000 square feet of space is not required for the remainder of a fiscal year so that SAAMS can attempt to find a replacement for the lost revenue. The rent for space to conduct research funded with

joint Exxon Valdez Oil Spill civil settlement funds, including the 4,000 square feet allotted to ADF&G at the Research Facility, shall not exceed the cost per square foot computed on an annual basis for the research component of reasonable personnel costs, administrative expenses, Project operations, curatorial, and repair and replacement costs, including reasonable reserves for repair and replacement, but not including any depreciation, debt service, or amortization. To the extent that revenues collected from the adjacent public education and visitation components of the Project exceed costs, the excess revenues shall be used to the extent reasonably practicable to subsidize the rent for space to conduct Exxon Valdez Oil Spill related research. SAAMS shall meet annually with ADF&G and, for so long as the position exists, the Executive Director of the Trustee Council, to identify the Exxon Valdez Oil Spill research needs for space in the Research Facility and to establish the cost of that space.

3.4.6 Waste; Nuisance. SAAMS shall not use the Project in any manner that will constitute waste, nuisance, or unreasonable annoyance.

3.5 Mechanics' Liens. SAAMS shall not permit to be enforced against the Property, or any part of it, any mechanic's or materialman's lien arising from any work of improvement, however such lien may arise. However, SAAMS may in good faith and at SAAMS' own expense contest the validity of any such asserted lien, claim, or demand, provided SAAMS has furnished the bond required in

A.S. §34.35.072 (or any comparable statute hereafter enacted providing for a bond freeing the Property from the effect of such a lien claim). SAAMS shall defend and indemnify the City against all liability and loss of any type arising out of work performed on the Property by SAAMS, together with reasonable attorneys' fees and all costs and expenses incurred by the City in negotiating, settling, defending, or otherwise protecting against such claims.

3.5.1 Reimbursement of City. If SAAMS does not cause to be recorded the bond described in A.S. §34.35.072 or otherwise protect the Property under any alternative or successor statute, and a final judgment has been rendered against SAAMS by a court of competent jurisdiction for the foreclosure of a mechanic's or materialman's lien claim, and if SAAMS fails to stay the execution of the judgment by lawful means or to pay the judgment, the City shall have the right, but not the duty, to pay or otherwise discharge, stay, or prevent the execution of any such judgment or lien or both. SAAMS shall reimburse the City for all sums paid by the City under this section, together with all the City's reasonable attorneys' fees and costs, plus interest on those sums, fees, and costs at the rate of prime plus three percent (3%) per year from the date of payment until the date of reimbursement.

3.5.2 Notice of Non-Responsibility. The City may give notice of non-responsibility for any work performed by SAAMS on the Property.

3.5.3 Notice of Completion. On completion of any substantial work of improvement during the Term, SAAMS shall file or cause to be filed a notice of completion. SAAMS hereby appoints the City as SAAMS attorney-in-fact to file the notice of completion on SAAMS failure to do so after the work of improvement has been substantially completed.

3.6 Utilities and Services. SAAMS shall make all arrangements for and pay for all utilities and services furnished to or used by SAAMS at the Property or the Project during the Term.

3.7 Destruction/Restoration.

3.7.1 Total or Partial Destruction; Obligation to Restore. If, during the Term, the Project is totally or partially destroyed, rendering the Project totally or partially inaccessible or unusable, SAAMS shall restore the Project to substantially the same condition as it was in immediately before destruction, except as provided in Sections 3.7.1.1 and 3.7.1.2.

3.7.1.1 If the cost of repairing or restoring the Project, net of any available repair and replacement reserves and insurance proceeds not reduced by applicable deductibles and coinsurance, exceeds ten percent (10%) of the then replacement cost of the Project, SAAMS can elect to terminate this Agreement by giving notice to the City within fifteen (15) days after determining the restoration cost and replacement value, and this Agreement shall terminate.

3.7.1.2 If the existing laws do not permit the restoration, either party can terminate this Agreement immediately by giving notice to the other party.

3.7.2 City Not Obligated to Restore Project. The City shall be under no obligation to use or advance any of its own funds to restore any damage to, or destruction of, the Property or the Project.

3.8 Condemnation.

3.8.1 Rights and Obligations of Parties Governed by this Agreement. If, during the Term, there is any taking of all or any part of the Project or the Property or any interest in this Agreement (collectively the "Premises") by condemnation, the rights and obligations of the parties shall be determined pursuant to this Section 3.8.

3.8.2 Total Taking. If the Premises are totally taken by condemnation, this Agreement shall terminate on the Date of Taking.

3.8.3 Partial Taking. If any portion of the Premises is taken by condemnation, this Agreement shall remain in effect, except that SAAMS can elect to terminate this Agreement if the remaining portion of the Premises is rendered unsuitable for SAAMS' continued use of the Premises.

3.8.4 Payment of Award. The Award shall be payable first, to the Funding Source, to the extent required under the applicable Funding Agreement, and second, to SAAMS; except that

the City shall receive from the Award the amount attributable to the value of the Property without improvements.

4. Construction of Project.

4.1 Construction Drawings and Specifications.

SAAMS shall prepare Plans and Specifications for the Project. The Plans and Specifications must be approved by ADF&G before construction bids for the Project are solicited. The Project must be constructed in accordance with the approved Plans and Specifications. Changes in the Plans and Specifications must receive architectural and/or engineering approval as appropriate. Changes in the Plans and Specifications that modify the research space, capabilities, or function of the Project must be approved in writing by ADF&G.

4.2 Design Review. Prior to submitting its first Disbursement Request under Section 4.11.2, SAAMS shall obtain approval of the Project design and engineering for compliance with applicable building codes and good engineering practices from the International Conference of Building Officials. SAAMS shall provide the International Conference of Building Officials approval to ADF&G and the City.

4.3 Project Construction. SAAMS shall construct, or have constructed on the Property, the Project, in accordance with the Plans and Specifications. It is specifically understood and agreed that the City shall be under no obligation to use or advance any of its own funds (other than amounts made available to

it under the Funding Agreements) to pay the costs of designing or constructing the Project, except as may be required by a Funding Source pursuant to any of the Funding Agreements.

4.3.1 Compliance with Laws. The Project will be constructed in accordance with applicable Federal, State, Kenai Peninsula Borough, and City statutes, ordinances, rules, regulations, and judicial and administrative decisions, including, the Americans with Disabilities Act (42 U.S.C. §1201) and Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities. SAAMS will give due consideration to, and implement to the extent practicable, any future mitigation measures identified by Federal, State, Kenai Peninsula Borough, or City agencies. SAAMS shall comply with A.S. §41.35.070, which requires construction to halt if any historic or archeological resources are discovered.

4.4 Construction Manager. SAAMS represents that it has retained a Construction Manager prior to executing this Agreement. SAAMS shall retain a Construction Manager continuously during the construction of the Project until completion and final acceptance of the Project.

4.4.1 Notice to City. Upon the execution of this Agreement, SAAMS shall designate in writing to the City the address, telephone number, and name of an authorized representative of the Construction Manager. SAAMS shall notify the City promptly of any changes in the foregoing information concerning the

Construction Manager. SAAMS also shall notify the City promptly of (i) any claim or dispute between SAAMS and the Construction Manager, and (ii) the termination of the contract between SAAMS and the Construction Manager for any reason.

4.4.2 Required of Construction Manager.

SAAMS shall require the following of the Construction Manager:

4.4.2.1 The Construction Manager shall maintain an office staffed by an authorized representative within the City of Seward, and maintain a copy of each Project Document at that office.

4.4.2.2 Upon reasonable notice and during regular business hours, the Construction Manager shall permit the City to have access to, and to inspect and copy, all Project Documents.

4.4.2.3 The Construction Manager shall make an authorized representative available during regular business hours to respond to inquiries by the City concerning the Project.

4.4.2.4 Upon the termination of the Construction Contract, the Construction Manager shall return all Project Documents to SAAMS.

4.5 Project Budget. SAAMS will prepare the Project Budget, including the Detailed Budget required of the City in paragraph III(E) of the Cooperative Agreement, not less than thirty (30) days prior to submitting its first Disbursement Request under Section 4.11.2. The Project Budget must be approved by the

Executive Director of the Trustee Council and ADF&G. The Project Budget shall include reasonable allowances for contingencies. The Construction Manager shall report in writing to the City any change in the allowances for contingencies in the Project Budget, and the reasons therefor (which may include completion of the work related to a contingency). SAAMS, from time to time, but no less frequently than with each Disbursement Request under Section 4.11.2, shall prepare and submit to the City an updated Project Budget, reflecting changes in costs incurred or projected in the immediately preceding Project Budget. Any updated Project Budget showing an increase in the budget categories of construction, design, contingency, or EIS/Planning by more than ten percent (10%) of the original amount of the category shall be accompanied by: (a) a written report from the Construction Manager stating (i) the reason for the increase, and (ii) corrective measures taken as a result of the increase; and (b) written approval of the increase by ADF&G and the Executive Director of the Trustee Council. In no event may the total amount of the Project Budget be increased unless SAAMS demonstrates in writing to the City that it has obtained additional funding (other than by borrowing) at least equal to the increase.

4.6 Construction Schedule. SAAMS shall prepare a master construction schedule for construction and monthly cash flow projections for the Project, and shall submit such schedule and monthly cash flow projections to ADF&G and the City thirty (30)

days prior to submitting its first Disbursement Request under Section 4.11.2. Subsequently, SAAMS shall notify ADF&G and the City in writing of any changes to the master construction schedule and the reason for the changes. Any changes that delay the Final Acceptance of the Project must be approved in writing by ADF&G and the City. Once said changes have been approved in writing by ADF&G and the City, SAAMS shall submit an updated master construction schedule to ADF&G and the City.

4.7 Construction Reports. During the construction phase of the Project, SAAMS shall submit the following reports to ADF&G and the City.

4.7.1 Monthly Reports. Within thirty (30) days following the effective date of this Agreement and continuing throughout the construction phase of the Project, SAAMS shall submit monthly progress and financial reports to ADF&G and the City, regardless of whether or not expenditures have been made in a given month. The report must include details of the progress made during the reporting period, including potential problems, milestones, and other significant progress. The report must reference progress against the master construction schedule provided for in Section 4.6. The report is due to ADF&G and the City on the 10th of each month following the reporting period.

4.7.2 Annual Reports. During the construction phase of the Project SAAMS shall complete the annual financial reports and Project status reports required by Section III(J) of

the Cooperative Agreement. The reports shall contain a cumulative summary of the information contained in monthly reports during the previous calendar year. The annual reports are due on January 31 of the year following the reporting period and shall be submitted to the Trustee Council Executive Director, with copies to ADF&G and the City.

4.7.3 Final Report. SAAMS shall submit a final report that summarizes all expenditures, activities, and accomplishments pertaining to the Project within ninety (90) days following Final Acceptance.

4.8 Procurement of Construction Contract(s).

4.8.1 Procurement. SAAMS shall procure all labor, material, and services required for the design and construction of the Project, in accordance with procurement procedures substantially similar to those prescribed in the City Code. The City shall have no right or responsibility to approve or consent to the terms or conditions of any such contract. In each procurement solicitation and contract awarded under this Section 4.8, SAAMS shall state clearly that it is not an agent of the City, and that the City shall have no liability under the contract.

4.8.2 Required Contract Terms. Each contract for the construction of the Project awarded by SAAMS shall include the following contract terms.

4.8.2.1 The contractor shall comply with A.S. §36.05.010 requiring payment of current prevailing rate of wages on public construction work.

4.8.2.2 The contractor shall furnish the performance and payment bonds required by A.S. §36.25.010.

4.8.3 Project Records. SAAMS shall retain for a period of three (3) years after completion of the Project all contracts, invoices, materials, payrolls, personnel records, conditions of employment, and other data relating to the construction of the Project.

4.9 Conditions of Commencement of Construction. SAAMS shall not commence construction of a phase of the Project as set forth in the Construction Plan until it has demonstrated the following to the satisfaction of the City.

4.9.1 Funding Source Approvals. SAAMS has obtained all required Funding Source approvals for the Plans and Specifications, Project Budget, and Construction Schedule.

4.9.2 Permits. SAAMS has obtained all permits required by federal, state, municipal, or borough governmental agencies as a condition to commencing that phase of construction.

4.9.3 Construction Contracts. All construction contracts for that phase of construction of the Project include the terms required by Section 4.8.2.

4.10 Inspection Rights. The City and ADF&G shall be allowed, at reasonable times and upon reasonable notice to SAAMS, to inspect all work on the Project and to audit all related records and data.

4.11 Disbursement Procedures.

4.11.1 Construction Funds. The City shall establish separate funds of the City for amounts received from each Funding Source. The City shall deposit in Construction Fund No. 1 all funds transferred to the City by ADF&G under the Cooperative Agreement and shall deposit in Construction Fund No. 2 all funds transferred to the City by the Department of Administration under the DOA Agreement.

4.11.2 Disbursements From Construction Fund No. 1. The City shall not be obligated to make any disbursements from Construction Fund No. 1 until SAAMS has met all conditions for the initial disbursement of funds under the Cooperative Agreement. The City shall make payments from Construction Fund No. 1 upon receipt from SAAMS of a Disbursement Request substantially in the form attached hereto as Exhibit "B" and the information and certificates required by this Section 4.11.2. In making such payment, the City may rely upon such Disbursement Request and accompanying documentation. No payment shall exceed the approved projected cash flow needs for the next month, adjusted by any previously paid funds that have not been spent. Payment to SAAMS from Construction Fund No. 1 will be made by the City within ten

(10) days of the City's receipt of such funds and the approved disbursement request therefor.

4.11.2.1 SAAMS shall provide, in respect of each payment to be made: (a) the name of the person, firm, or corporation to whom payment is due; (b) the amount to be paid; and (c) in reasonable detail (including allocation of the requisition amount among items in the Project Budget), the purpose for which the obligation was incurred.

4.11.2.2 Attached to each Disbursement Request shall be a certificate, executed by an authorized representative of SAAMS, certifying as follows: (a) that obligations in the stated amounts have been properly incurred by SAAMS in or for the construction of the Project, and that each item thereof is a proper charge against the Construction Fund, is a proper cost of the Project, and has not been paid; and (b) that there has not been filed with or served upon SAAMS notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any moneys payable under such Disbursement Request to any of the persons, firms, or corporations named in such Disbursement Request, or if any such lien, attachment, or claim has been filed with or served upon SAAMS, that such lien, attachment, or claim has been released or discharged in the amount in which such lien, right to lien, attachment, or claim is stated in said notice, or if no amount is so stated, the amount stated by the Construction Manager as his or her opinion of the amount thereof; and (c) that such

Disbursement Request contains no item representing payment on the account of any retained percentages which SAAMS is, at the date of such Disbursement Request, entitled to retain.

4.11.2.3 Attached to each Disbursement Request shall be a certificate of the Construction Manager that (a) the work or materials for which the Disbursement Request is submitted has been performed or furnished in accordance with the Plans and Specifications; (b) payment of the requisitioned amount, with all previous payments, will not cause the expenditure under any category in the Project Budget to exceed the budgeted amount for that category; and (c) the amounts remaining in the Construction Funds will be sufficient, in the opinion of the Construction Manager, to pay the remaining costs of Phase I of Project construction.

4.11.2.4 In the discretion of the City, the final payment from Construction Fund No. 1, or \$500,000, whichever is larger, may be withheld pending final acceptance of the Project under Section 4.13.

4.11.3 **Disbursements From Construction Fund No. 2.** The City shall make payments from Construction Fund No. 2 upon receipt from SAAMS of a Disbursement Request substantially in the form attached hereto as Exhibit "C." In making such payment, the City may rely upon such Disbursement Request and accompanying documentation. Payment to SAAMS from Construction Fund No. 2 will be made by the City within ten (10) days of the City's receipt of

such funds and the approved Disbursement Request therefor. SAAMS will submit a monthly Grant Agreement financial report to the City until the Project is completed, regardless of whether or not expenditures have been made. A final Grant Agreement financial report is due within sixty (60) days of Project completion. SAAMS will return all unexpended Grant Agreement monies to the City within sixty (60) days of Project completion.

4.12 Retention for Administrative Overhead. The City shall be compensated for its administrative overhead related to this Agreement as follows. Commencing with the deposit of funds in Construction Fund No. 1, the City may withdraw and retain from Construction Fund No. 1 at the time of each disbursement to SAAMS from the fund an amount equal to one percent (1%) of the disbursement, subject to adjustment as follows. Commencing July 1, 1996, and annually thereafter, at the request of the City supported by documentation of actual expenses, the amount that the City may retain may be adjusted to equal the actual expense to the City during the preceding year of processing disbursements and supervising the grant, but not exceeding five percent (5%) of disbursements. The City may withdraw and retain from Construction Fund No. 2 an amount equal to one percent of all amounts deposited in Construction Fund No. 2.

4.13 Final Acceptance. Upon receipt of written notice that the Project is ready for final inspection and acceptance, the Construction Manager will promptly make such inspection

and, when the Construction Manager finds the Project acceptable under the Plans and Specifications and the Construction Contract fully performed, the Construction Manager will promptly issue a certificate stating that to the best of the Construction Manager's observations and inspections, the Project has been completed in accordance with the terms and conditions of the Plans and Specifications. The issuance of the certificate described in this section shall constitute final acceptance of the Project by the City.

4.13.1 Unexpended Funds. SAAMS shall return to the City all funds transferred to the City by ADF&G under the Cooperative Agreement which were not actually expended for Project purposes as outlined in the Detailed Budget within ninety (90) days of Final Acceptance.

4.14 Additional Construction. The following conditions govern all construction on the Property not provided for in the Plans and Specifications for the Project, including alterations, additions to, and reconstruction of, the Project after City acceptance of the Project.

4.14.1 City Approval of Proposed Construction. Before commencing construction having a value exceeding Five Hundred Thousand Dollars (\$500,000), SAAMS shall deliver to the City a set of plans and specifications for the construction prepared by an architect or engineer licensed to practice as such in the State of Alaska. The proposed construction shall be subject to approval by the City. The City shall be deemed to have approved

the proposed construction if it does not notify SAAMS within sixty (60) days after receipt of the Plans and Specifications that it disapproves. Construction having a value not exceeding Five Hundred Thousand Dollars (\$500,000), or construction related to exhibits, or renewals or replacements shall not be subject to approval by the City.

4.14.2 Conditions of Construction. All construction shall be subject to the following conditions:

4.14.2.1 SAAMS shall have obtained all permits required by federal, state, municipal, or borough governmental agencies as a condition to commencing construction.

4.14.2.2 All contractors for the construction shall furnish performance and payment bonds to the extent required by A.S. §36.25.010.

4.15 As-Built Drawings. Promptly after final acceptance of the Project, SAAMS shall provide the City with a full set of as-built drawings for the Project. Promptly after any addition or alteration to the Project, SAAMS shall provide the City with revised as-built drawings as necessary to depict the addition or alteration.

5. Management and Operation of Project. SAAMS shall maintain, operate, and control the Project and shall do so to a standard that is comparable to that of other well-operated and maintained marine research facilities throughout the United States.

5.1 Use. The Project shall be available for use by the general public and shall be used as a facility dedicated to understanding and maintaining the integrity of the marine ecosystem of Alaska through research; with specialized capabilities for studies on marine mammals, marine birds, and fish genetics; rehabilitation, public education, and public visitation.

5.2 Payment of Expenses. SAAMS shall be responsible for the payment of all expenses relating to the management and operation of the Project.

5.3 Inspection of Premises. The City may periodically inspect the Property and the Project in order to ascertain the condition of the Property and the Project, but the exercise of this right shall not imply any obligation to do so nor any obligation to do so in any particular way.

5.4 Compliance with Laws. The Project shall comply at all times with any and all Federal, State, Kenai Peninsula Borough, and City statutes, ordinances, rules, regulations and judicial and administrative decisions governing the use and operation of the Project, including, without limitation, the terms and provisions of the conditional use permit for the Project issued by the City Planning and Zoning Commission.

5.5 Operating Plan. Prior to submitting its first Disbursement Request under Section 4.11.2, SAAMS shall prepare a detailed operating plan for the Project. The detailed operating plan shall reflect a realistic cash flow for the operation of the

Project and must be approved by ADF&G and the Executive Director of the Trustee Council. SAAMS shall be required as a condition of this Agreement to comply with the detailed operating plan.

5.6 Project Operating Budget. At least sixty (60) days before the commencement of each year, SAAMS shall prepare and file with the City a Project Operating Budget for the Project for the following year. The Project Operating Budget shall, at a minimum, identify the source and amount of all revenues for the year, identify the category and amount of all operating expenses for the year, and the amount of any deposit to the Renewal and Replacement Fund and the Termination Fund during the year.

5.6.1 Revisions to Project Operating Budget. SAAMS promptly shall prepare and file with the City a revised Project Operating Budget reflecting any changes to the Project Operating Budget that SAAMS adopts during the year. Except as provided in Section 5.6.4, SAAMS shall not adopt a Project Operating Budget nor revise the Project Operating Budget in any manner which results in operating expenses and deposits in the Renewal and Replacement Fund and the Termination Fund exceeding revenues for the year.

5.6.2 Renewal and Replacement Budget. The Project Operating Budget shall include a Renewal and Replacement Budget for the year. The Renewal and Replacement Budget shall provide for all expenditures for renewals and replacements to the Project during the year.

5.6.3 Cash Flow Projection. The Project Operating Budget will include a cash flow projection for the Project for the budget year. The projection shall show: (i) the balance in the Revenue Fund as of the beginning of the budget year and the first day of each succeeding month; (ii) monthly and cumulative revenues, operating expenses, and net withdrawals from the Revenue Fund for each month; and (iii) deposits into the Renewal and Replacement Fund and the Termination Fund for each month. SAAMS at all times shall maintain an operating reserve of not less than ten percent (10%) of projected annual operating expenses.

5.6.4 Budgeted Expenditures in Excess of Revenue. SAAMS may adopt an initial or revised Project Operating Budget that provides for operating expenses and deposits in the Renewal and Replacement Fund exceeding revenues for the year, only if each of the following conditions are met:

5.6.4.1 The excess of operating expenses and deposits in the Renewal and Replacement Fund and the Termination Fund over revenues shall not exceed the amount on deposit in the operating reserve.

5.6.4.2 SAAMS shall submit a plan that shall be subject to the reasonable approval of the City providing for (i) a balanced Project Operating Budget for the next budget year, and (ii) restoration of the operating reserve within the next

budget year. SAAMS shall document support for the assumptions underlying the plan to the reasonable satisfaction of the City.

5.7 Maintenance Plan. SAAMS shall cause the Construction Manager or a similarly qualified consultant to prepare a maintenance plan for the Project. The maintenance plan shall identify all routine and periodic maintenance required for all systems and components of the Project.

5.7.1 Updating of Plan. As often as SAAMS considers necessary, but not less frequently than (i) every five years, (ii) after each restoration of major damage to the Project as described in Section 3.7, and (iii) after each addition to, or alteration or renovation of, the Project subject to City approval under Section 4.14, SAAMS shall cause a qualified employee or consultant to prepare an updated maintenance plan. The updated maintenance plan shall reflect a thorough inspection and evaluation of the condition of the Project at the time of its preparation, and shall include an estimate of the cost of each maintenance item scheduled to occur during the five (5) year period commencing on the date of the plan, and each major renewal or replacement scheduled to occur during the twenty (20) year period commencing on the date of the plan.

5.7.2 Copy of Plan to City. SAAMS shall provide a copy of the initial maintenance plan to the City before Project operation commences. SAAMS shall provide a copy of each updated maintenance plan to the City within one hundred twenty

(120) days of the occurrence of the event upon which the updated plan was required under Section 5.7.1.

5.8 Project Operating Funds. SAAMS shall establish, at a minimum, the following funds for the Project's operation. Amounts may be withdrawn from each fund only for the purposes described in this Agreement. Each fund shall be kept separate from all other funds of SAAMS.

5.8.1 Revenue Fund. All revenues of the Project shall be deposited in the Revenue Fund. Amounts may be withdrawn from the Revenue Fund only to pay operating expenses, to make required deposits in the Renewal and Replacement Fund and the Termination Fund, and as authorized in the Project Operating Budget.

5.8.2 Renewal and Replacement Fund. Amounts shall be withdrawn from the Revenue Fund and deposited in the Renewal and Replacement Fund so that the balance in the Renewal and Replacement Fund is not less than the Renewal and Replacement Fund Requirement. Amounts may be withdrawn from the Renewal and Replacement Fund only for the following purposes: (i) to pay the cost of major renewals and replacements to the Project, to the extent that insurance or other moneys recoverable as the result of damage or loss to the Project are not available to pay such cost; and (ii) for deposit in the Revenue Fund to the extent the balance in the Renewal and Replacement Fund exceeds the Renewal and Replacement Fund Requirement.

5.8.3 Termination Fund. Amounts shall be withdrawn from the Revenue Fund and deposited in the Termination Fund each year in an amount equal to the lesser of (i) the difference between the balance of the Termination Fund and the Termination Fund Requirement, and (ii) twenty percent (20%) of the Termination Fund Requirement. "Termination Fund Requirement" means an amount determined not less frequently than every five (5) years during the term of this Agreement by a qualified consultant retained by SAAMS to be the amount required to maintain the Property while closed to public access and to any research activity for a period of one (1) year.

5.8.4 Other Special Funds. SAAMS may, in its discretion, establish one or more funds for special purposes, including without limitation endowment and other special fund raising.

5.9 Taxes, Assessments, and Other Charges. SAAMS shall pay all real and personal property taxes, sales taxes, special assessments, and other charges of every description levied on or assessed against the Property, improvements on the Property, personal property located on the Property, the leasehold estate, or SAAMS' business operations located on the Property, to the full extent of installments falling due during the Term. SAAMS shall make all such payments before delinquency and before any fine, interest, or penalty shall become due or be imposed by operation of law for their nonpayment; provided that SAAMS may pay any such

payment in installments where permitted by law, but shall pay any installment with interest before delinquency. SAAMS may contest the legal validity or amount of any tax, assessment, or charge for which SAAMS is responsible under this Agreement. If SAAMS contests any such tax, assessment, or charge, SAAMS may withhold or defer payment or pay under protest, but shall protect the City and the Property from any lien by surety bond or other appropriate security.

5.9.1 Taxation. To the extent that sales by SAAMS and rents paid to SAAMS related to the visitor and educational parts of the Project are exempt from City sales tax only because SAAMS is a non-profit corporation, SAAMS will collect on all such sales and rents and remit to the City an amount equal to the City sales tax that would be due on such sales and rents if such sales and rents were not exempt.

5.10 Public Access to Project. SAAMS acknowledges that public use of, and access to, the Project is a material factor in the determination by the City that this Agreement is in the public interest. SAAMS shall permit public use of, and access to, the Project as provided in this Section, in addition to all other public use of the Project.

5.10.1 Public Use of Project. Subject to fees and regulations that SAAMS may adopt, SAAMS shall permit the general public to use the grounds of the Property and the interior

of the visitor and education portion of the Project at times outside the regular business hours of the Project.

5.10.2 Public Access to Plaza and Bike Path.

Subject to regulations adopted by SAAMS, SAAMS shall make the plaza on the Property accessible to the general public at all times, and shall design, construct, and maintain the Project so that the general public shall have reasonable pedestrian access between the Property and the bike path on adjacent City property.

5.10.3 Public Restrooms. SAAMS shall maintain restrooms on the Property that are available to the general public without paying for admission to the Project during the regular business hours of the Project.

5.11 Books; Financial Statements.

5.11.1 Books of Record and Account. SAAMS shall keep proper books of record and account in which complete and correct entries shall be made of all transactions relating to the Project. Such books of record and account shall at all times during business hours be subject to the inspection of the City or its authorized representatives.

5.11.2 Financial Statements. SAAMS shall cause to be prepared and filed with the City annually, within one hundred eighty (180) days after the close of each fiscal year during the Term, a detailed statement for the preceding fiscal year showing the revenues received from the operation of the Project, disbursements from such revenues, and expenditures applicable to

the Project, together with a detailed balance sheet reflecting the balances in all funds relating to the Project held by SAAMS as of the end of such fiscal year, which statement and balance sheet shall be accompanied by an opinion in writing of an independent certified public accountant.

6. Insurance. Commencing not later than the effective date of this Agreement and throughout the Term, SAAMS shall procure and maintain at its expense the insurance required of the City under the Cooperative Agreement; provided that such insurance requirements may be modified as provided in Section 6.1 of this Agreement. All such policies shall be written by insurance companies legally authorized or licensed to do business in the State of Alaska and acceptable to the City. SAAMS shall provide to the City certificates that it has procured the insurance required under this Agreement as a condition of Closing; provided, however, that the City may elect not to require some or all of the insurance to be in place as a condition of Closing if such insurance will be in place after Closing and such election will be stated in a written statement executed by the City and SAAMS.

6.1 Modification of Insurance Requirements. If one or more of the required insurance coverages is not available under reasonable terms and conditions, SAAMS shall, under the guidance and direction of the State of Alaska, Division of Risk Management, use its best efforts to obtain reasonably equivalent coverage acceptable to ADF&G. If, after utilizing its best efforts, SAAMS

is unable to obtain adequate insurance at a cost effective rate as reasonably determined by SAAMS, SAAMS may request a waiver of the relevant insurance requirement. The request shall outline the steps taken by SAAMS to obtain such insurance and shall disclose quotations received for coverage. Upon the written determination of the State of Alaska, Division of Risk Management that a reasonable basis exists to believe that a waiver of such insurance will not materially affect the State's risk with regard to the Project or any activities in, on, or around the Project, and approval of the requested waiver by ADF&G, the City will approve the requested waiver.

6.2 Notice to City. All insurance policies shall provide for thirty (30) days' notice to the City and ADF&G of cancellation and/or material change in policy terms.

6.3 Additional Insurance Provisions. The City and Indemnified Parties shall be named as additional insureds under all insurance policies maintained by SAAMS as required under Section 6 of this Agreement, or SAAMS shall obtain an appropriate waiver of subrogation in favor of the City and the Indemnified Parties with respect to all insurance policies to effect the same purpose. The City and the Indemnified Parties shall be named as loss payees on any property loss settlement.

7. Conditions Precedent to Agreement. Unless otherwise specified, prior to the Closing, each of the following conditions precedent must be met to the satisfaction of the City and SAAMS.

7.1 Entity Authority. SAAMS shall furnish the City, in a form and substance satisfactory to the City, a resolution or other certification authorizing SAAMS to enter into this Agreement and the other Transaction Documents and authorizing SAAMS' designated corporate officers to execute the Transaction Documents on behalf of SAAMS. The City shall also be furnished with an incumbency certificate for each officer executing a Transaction Document.

7.2 Northern Stevedoring Lease. The lease of a portion of the Property to Northern Stevedoring has been terminated through reacquisition of the leasehold by the City or otherwise in a manner acceptable to SAAMS.

7.3 Property Platted. The City shall have completed the re-plat of the Property and such plat shall be filed with the appropriate governmental agencies.

7.4 Title Insurance. SAAMS shall have received a title insurance policy showing its leasehold interest on the Property, free and clear of all liens and encumbrances, except such liens and encumbrances as may be acceptable to SAAMS.

8. Default and Remedies.

8.1 Events of Default of SAAMS. The following events shall constitute a "SAAMS Event of Default" under this Agreement:

8.1.1 Failure to Pay. The failure of SAAMS to pay any rental or other sum of money due under this Agreement within ten (10) days after the same is due hereunder.

8.1.2 Default of Covenants or Conditions. Default by SAAMS in the performance or observance of any covenant or condition of this Agreement (other than a default involving the payment of money or under Section 8.1.1 hereof), which default is not cured within thirty (30) days after the giving of notice thereof by the City, unless such default is of a nature that it cannot be cured within such thirty (30) day period, in which case no Event of Default shall be declared so long as SAAMS shall commence the curing of the default within such thirty (30) day period and shall thereafter diligently prosecute the curing of same.

8.1.3 Compliance with Health and Life/Safety Codes. Failure by SAAMS to maintain the Project in strict compliance with health and life/safety codes as required by this Agreement.

8.1.4 Representations or Warranties. If any representation or warranty by SAAMS contained in this Agreement or any Transaction Document is false in any material respect as of the date of the making or furnishing thereof and which would have a material adverse effect on the Project.

8.1.5 Execution, Insolvency. The sale of SAAMS' interest in the Project under attachment, execution, or

similar legal process; or if SAAMS is adjudicated as bankrupt or insolvent under any state bankruptcy or insolvency law or an order for relief is entered against SAAMS under the federal Bankruptcy Code and such adjudication or order is not vacated within ninety (90) days.

8.1.6      Filing of Bankruptcy Petition. The commencement of a case under any chapter of the federal Bankruptcy Code by or against SAAMS, or the filing of a voluntary or involuntary petition proposing the adjudication of SAAMS as bankrupt or insolvent, or the reorganization of SAAMS, or an arrangement by SAAMS with its creditors, unless the petition is filed or case commenced by a party other than SAAMS and is withdrawn or dismissed within ninety (90) days after the date of its filing.

8.1.7      Admission of Inability to Pay Debts. The admission in writing by SAAMS of its inability to pay its debts when due.

8.1.8      Appointment of Receiver or Trustee. The appointment of a receiver or trustee for the business or property of SAAMS, unless such appointment shall be vacated within ten (10) days of its entry.

8.1.9      Assignment for Benefit of Creditors. The making by SAAMS of an assignment for the benefit of its creditors, or if in any other manner SAAMS' interest in this Agreement shall pass to another by operation of law.

8.1.10 Dissolution. The voluntary or involuntary dissolution of SAAMS.

8.1.11 Other Events of Default. The occurrence of any other event described as constituting an "Event of Default" of SAAMS elsewhere in this Agreement.

8.2 Remedies of the City on SAAMS' Default. Upon the occurrence and continuation of a SAAMS Event of Default, the City, without notice to SAAMS in any instance (except where expressly provided for below), in addition to all remedies available at law, may do any one or more of the following with respect to SAAMS:

8.2.1 Termination. Terminate this Agreement and the rights created herein by giving notice of such election to SAAMS.

8.2.2 Recover Monies. Recover all monies previously paid to SAAMS from amounts paid to the City under the Funding Agreements that were not spent in accordance with the applicable Funding Agreement.

8.2.3 Enter Property, Take Possession of Property. With or without judicial process, enter the Property and the Project and take possession of any and all goods, inventory, equipment, fixtures, accounts, general intangibles, and all other personal property of SAAMS situated in or on, or used in connection with, the Project or Property without liability for trespass or

conversion, and may sell all or any part thereof at public or private sale.

8.2.4 Perform Obligations. Without assuming any obligation to do so, perform, on behalf of and at the expense of SAAMS, any obligation of SAAMS under this Agreement which SAAMS has failed to perform and of which the City shall have given SAAMS notice, the cost of which performance by the City, shall be payable by SAAMS to the City upon demand, and such sums shall bear interest until paid at a rate equal to the prime rate plus three percent (3%).

8.2.5 Specific Performance. Seek specific performance of any term or provision of this Agreement.

8.2.6 Use of Property. If this Agreement is terminated, the City may enter into other agreements providing for use of the Property or the Project for such term or terms (which may be greater or less than the period which otherwise would have constituted the balance of the Term) and on such terms and conditions (which may include concessions or free use and alterations of the Project) as the City, in its absolute discretion, may determine, but the City shall not be liable for, nor shall SAAMS' obligations hereunder be diminished by reason of, any failure by the City to enter into such leases or any failure by the City to collect any rental due upon such agreements.

8.2.7 Force Majeure. If by reason of force majeure, SAAMS is unable in whole or in part to perform its

obligations under this Agreement, SAAMS shall not be in default under this Agreement during the continuance of such inability. SAAMS agrees, however, to use all reasonable efforts to remedy with all reasonable dispatch the cause or causes of its failure to carry out its obligations under this Agreement; provided that the settlement of strikes, lockouts, and other industrial disturbances shall be entirely within the discretion of SAAMS or its contractors, as the case may be, and SAAMS and its contractors shall not be required to make settlement of strikes, lockouts, or other industrial disturbances by acceding to demands of opposing parties when such course is in the judgment of SAAMS unfavorable to SAAMS. No event which is reasonably in the control of SAAMS or which SAAMS, through the exercise of reasonable maintenance or management, could have reasonably prevented from occurring, shall be considered "force majeure."

8.3 City Events of Default. The following events shall constitute a "City Event of Default" under this Agreement:

8.3.1 Default Under Funding Agreements. The City shall default under or fail to perform its obligations under the Cooperative Agreement or the DOA Agreement.

8.3.2 Default of Covenants or Conditions. Default by the City in the performance or observance of any covenant or condition of this Agreement, which default is not cured within thirty (30) days after the giving of notice thereof by SAAMS, unless such default is of a nature that it cannot be cured

within such thirty (30) day period, in which case no Event of Default shall be declared so long as the City shall commence the curing of the default within such thirty (30) day period and shall thereafter diligently prosecute the curing of same.

8.3.3        Representations or Warranties.    If any representation or warranty by the City contained in this Agreement or any Transaction Document is false in any material respect as of the date of the making or furnishing thereof and which would have a material adverse effect on the Project.

8.3.4        Execution, Insolvency.    The sale of the City's interest in the Project under attachment, execution, or similar legal process; or if the City is adjudicated as bankrupt or insolvent under any state bankruptcy or insolvency law or an order for relief is entered against the City under the federal Bankruptcy Code and such adjudication or order is not vacated within ninety (90) days.

8.3.5        Filing of Bankruptcy Petition.    The commencement of a case under any chapter of the federal Bankruptcy Code by or against the City, or the filing of a voluntary or involuntary petition proposing the adjudication of the City as bankrupt or insolvent, or the reorganization of the City, or an arrangement by the City with its creditors, unless the petition is filed or case commenced by a party other than the City and is withdrawn or dismissed within ninety (90) days after the date of its filing.

8.3.6 Force Majeure. If by reason of Force Majeure, the City is unable in whole or in part to perform its obligations under this Agreement, the City shall not be in default under this Agreement during the continuance of such inability. The City agrees, however, to use all reasonable efforts to remedy with all reasonable dispatch the cause or causes of its failure to carry out its obligations under this Agreement; provided that the settlement of strikes, lockouts, and other industrial disturbances shall be entirely within the discretion of the City or its contractors, as the case may be, and the City and its contractors shall not be required to make settlement of strikes, lockouts, or other industrial disturbances by acceding to demands of opposing parties when such course is in the judgment of the City unfavorable to the City.

8.4 Remedies of SAAMS on the City's Default. Upon the occurrence and continuation of a City Event of Default, SAAMS may do any one or more of the following:

8.4.1 Terminate Agreement. SAAMS may elect to terminate this Agreement.

8.5 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City or SAAMS is intended to be exclusive of any other available remedy or remedies but each and every such remedy shall be cumulative and shall be in addition to every other remedy herein or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right

or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver thereof (unless expressly waived by the City or SAAMS), but any such right or power may be exercised from time to time and as often as may be deemed expedient.

9. Indemnity and Exculpation.

9.1 Limitation of City Liability. Except as provided in Section 9.4, the Indemnified Parties and the City, its officers, agents, and employees shall not be liable to SAAMS for any damage to the Project or the Property, or for death or injury of any person or damage to any property, from any cause; however, this provision shall not affect the liability of any Indemnified Parties or the City, its officers, agents, and employees on any claim to the extent the claim arises from the negligence or willful misconduct of that person or entity.

9.2 Indemnity. Except as provided in Section 9.4, SAAMS shall indemnify, defend, and hold harmless the Indemnified Parties and the City, its officers, agents, and employees from all claims arising from death or injury of any person or damage to any property occurring in or about the Property or the Project; however, this provision shall not apply to any claim to the extent the claim arises from the negligence or willful misconduct of the person being indemnified. SAAMS's obligation to hold the Indemnified Parties and the City, its officers, agents, and employees harmless shall be limited to the sum that exceeds the amount of

insurance proceeds, if any, received by the person being indemnified.

9.3 Site Conditions. Except as provided in Section 9.4, SAAMS agrees to accept the Property as it is at the commencement of the Term. The City shall not be responsible for the property of any third party that may be on the Property at the commencement of the Term. Except as provided in Section 9.4, the City makes no covenants, representations, or warranties respecting the condition of the soil or subsoil or any other condition of the Property.

9.4 Environmental Matters. SAAMS certifies to the City and agrees as follows:

9.4.1 Knowledge of Hazardous Substances. SAAMS has no knowledge, based solely upon the Phase I Environmental Assessments attached hereto and incorporated herein as Exhibit "E," of (i) the presence of any Hazardous Substances on the Property, or (ii) any spills, releases, discharges, or disposal of Hazardous Substances that have occurred or are presently occurring on or on to the Property except as disclosed on the environmental assessments and reports attached hereto as Exhibit "E."

9.4.2 Prevention of Future Releases. SAAMS will not cause or permit the Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce, or process any Hazardous Substances except in compliance with all applicable Environmental Laws, nor shall SAAMS

cause or permit as a result of any intentional or unintentional act or omission on the part of SAAMS the release of any Hazardous Substances on the Property.

9.4.3 Compliance with Environmental Laws.

SAAMS will at all times and in all respects use its best efforts to comply with all Environmental Laws.

9.4.4 Notice. SAAMS agrees to immediately notify the City if SAAMS becomes aware of (i) any Hazardous Substances or other environmental problem or liability with respect to the Property, or (ii) any lien, action, or notice resulting from violation of any of the laws, regulations, ordinances, or orders defined as Environmental Laws. At SAAMS' own cost, SAAMS shall take all actions which are necessary or desirable to clean up any and all Hazardous Substances affecting the Property which occur after the date of the execution of this Agreement, subject to the provisions of Section 9.4.7 of this Agreement.

9.4.5 Indemnification. SAAMS shall indemnify, defend, and hold the City harmless from and against any and all claims, demands, damages, losses, liens, costs, and expenses (including attorney's fees and disbursements) which accrue to or are incurred by the City on or after the effective date of this Agreement arising directly or indirectly from or out of or in anyway connected with (i) the inaccuracy of the certifications contained in this Agreement; (ii) any activities on the Property during SAAMS' possession or control of the Property which directly

or indirectly resulted in the Property being contaminated with Hazardous Substances; (iii) the discovery of Hazardous Substances on the Property whose presence was caused during the possession or control of the Property by SAAMS; and (iv) the clean-up of Hazardous Substances to the Property.

9.4.6        Survival of Representations and Warranties. The representations, warranties, and covenants of SAAMS set forth in this Agreement, including, without limitation, the indemnity provided for in Section 9.4.5 above, are separate and distinct obligations from SAAMS' obligations otherwise provided for herein and shall continue in effect after the expiration of this Agreement.

9.4.7        Discovery of Hazardous Substances During Construction. SAAMS may, at its own expense, conduct construction activity on the Property. If, as result of such construction activity, Hazardous Substances are discovered on the Property, SAAMS shall report such Hazardous Substances to the City on or before September 15, 1995. Notwithstanding the provisions of Section 9.4.5 above, within sixty (60) days after SAAMS submits the report of such Hazardous Substances to the City, either (i) the parties shall agree in writing as to the extent to which each party is responsible for such Hazardous Substances; or (ii) this Agreement shall terminate at the end of such sixty (60) day period.

9.4.8        Pre-Existing Conditions. Nothing in this Agreement shall cause SAAMS to have any obligation or

liability arising from Hazardous Substances whose presence on the Property occurred prior to the effective date of this Agreement. Nothing in this Agreement obligates the City to use or advance any of its own funds to pay costs of Project Construction arising from the presence of Hazardous Substances on the Property.

10. Sublease or Assignment. SAAMS shall not sublease or assign all or any part of the Property or the Project or any of its interest under this Agreement, except as provided in this section.

10.1 Subleasing. SAAMS may sublease space within the interior of the Project subject to all of the following conditions:

10.1.1 SAAMS shall provide the City with a copy of all terms and conditions of each sublease.

10.1.2 All subleases shall be for uses that are accessory and subordinate to the use of the Property and the Project for a marine research and education facility.

10.1.3 All subleases shall comply with all applicable requirements of each Funding Source.

10.1.4 All amounts payable to SAAMS under a sublease, as rent or otherwise, shall be treated as Project revenues under this Agreement.

10.2 Assignment. Any assignment by SAAMS of any of its interest under this Agreement shall be subject to approval by the City. Such approval shall not be withheld if the City, in its sole discretion, determines that the assignment will

not subject the City to cost or liability under the Funding Agreements or otherwise.

11. Miscellaneous.

11.1 Permitted Encumbrances. During this Agreement, SAAMS shall not, without the prior written consent of the City, which consent shall not be unreasonably withheld, grant a security interest in (i) all goods, inventory, equipment, and fixtures used or acquired for use on the Property; (ii) all accounts, related to the Project or the Property, owned as of the effective date of this Agreement or at any time subsequently acquired by SAAMS; (iii) all general intangibles, related to the Project or the Property, owned as of the effective date of this Agreement or at any time subsequently acquired by SAAMS; and (iv) all proceeds of such goods, inventory, equipment, fixtures, accounts, and general intangibles.

11.2 Lobbying. SAAMS shall not expend amounts received under the Funding Agreements or earnings thereof for the purpose of lobbying activities before the Alaska Legislature or Congress.

11.3 No Implied Waiver. In the event any agreement, covenant, or condition contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

11.4 Successors in Interest. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto.

11.5 Notices. Any and all notices required or permitted under this Agreement, unless otherwise specified in writing by the party whose address changes, shall be addressed as follows:

City: City of Seward  
ATTN: City Manager  
P. O. Box 167  
(City Hall, 5th & Adams)  
Seward, Alaska 99664

SAAMS: Seward Association for the  
Advancement of Marine Science  
ATTN: Executive Director  
P. O. Box 1329  
Seward, Alaska 99664-1329

WITH COPY TO: Seward Association for the  
Advancement of Marine Science  
ATTN: Chairman of the Board  
P. O. Box 1329  
Seward, Alaska 99664-1329

All notices permitted or required to be made under this Agreement shall be in writing and shall be deemed made at the time mailed to the address provided above by certified mail, delivered by overnight express service, or hand delivered. Failure of an addressee to receive said notice will not nullify and/or void a notice as long as such notice was sent pursuant to the terms of this Agreement.

11.6 Parties in Interest. Nothing in this Agreement expressed or implied is intended or shall be construed to

confer upon any person, firm, or corporation, other than the parties hereto, any right, remedy or claim, legal or equitable, under or by reason of this Agreement, this Agreement being intended to be and being for the sole and exclusive benefit of the parties hereto.

11.7 Time of Essence. Time shall be of the essence of this Agreement.

11.8 Headings. The Section headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provision of this Agreement.

11.9 Law Governing Construction of Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska.

11.10 Exclusive Forum and Venue. Any actions or judicial proceedings arising out of this Agreement shall be filed and prosecuted in the Superior Court for the State of Alaska, Third Judicial District, at Anchorage. The parties hereto affirmatively waive the right to trial by jury.

11.11 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

11.12 Integration and Modification. This document contains the entire agreement of the parties hereto. All negotiations, statements, or representations, warranties, and

assurances, whether oral or written, which are in any way related to the subject matter of this Agreement, and the performance of either party hereto, are merged and integrated into the terms of this document. This Agreement may not be modified or amended except by a writing signed by both parties hereto, and any proposed amendment or modification is without effect until reduced to a writing signed by both parties.

11.13 Termination of Grant Agreement. The Grant Agreement is terminated as of the Effective Date of this Agreement.

11.14 Additional Documents. The parties agree to execute any additional documents which may be necessary in order to effectuate the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto, in consideration of the mutual covenants set forth herein and intending to be legally bound, have caused this Agreement to be executed and delivered as of the date first written above.

SAAMS:

SEWARD ASSOCIATION FOR THE  
ADVANCEMENT OF MARINE SCIENCE,  
a non-profit Alaska corporation

By: Karen G. Swartz  
Karen Swartz  
Vice President

CITY:

CITY OF SEWARD, ALASKA

(SEAL)

By:

Michael V. Yanez  
Michael V. Yanez  
Deputy City Manager

ATTEST:

Patricia J. Jones  
City Clerk

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

Tract 2A, WATERFRONT TRACTS, according to Plat  
No. 95-13, Seward Recording District,  
Third Judicial District, State of Alaska.

EXHIBIT "B"

DISBURSEMENT REQUEST FORM

CONSTRUCTION FUND NO. 1  
[§4.11.2]

**STATE OF ALASKA  
Department of Administration  
MUNICIPAL GRANT  
FINANCIAL REPORT**

Department of Administration  
Division of Administrative Services  
P.O. Box 110208  
Juneau, AK 99811  
Phone (907) 465-2290

Grantee Name and Address

SAAMS  
P.O. Box 1329  
Seward, AK 99664

Grant Number  
Grant Name

Report Number

Final Report

Report Period (Month, Day, Year)

From To

Remarks

**Payment Request**

A) Total Previously Reported Expenditures  
(from line "C" of previous report).....

B) Expenditures This Period.....

C) Total Expenditures To Date.....

D) Total Grant Amount.....

E) State Payments To Date (Including Advance).....

F) Grant Amount Available.....

G) State Payment Requested.....

DATE	AMOUNT	EXPENDITURE DETAIL (LIST VENDORS)
<b>TOTAL</b>	<b>\$0.00</b>	If additional space is required, please report expenditures on a separate page and attach.

I certify that to the best of my knowledge and belief, the data reported herein is correct and all outlays were made in accordance with grant conditions and the payment is due and has not been previously reported.

Signature of Authorized Official

Date Report is Submitted

Name

Darryl Schaefermeyer

Title

Project Administrator

Telephone

(907) 224-3080

FAX

(907) 224-3392

For Agency Use Only

PVN \_\_\_\_\_ AR \_\_\_\_\_ BATCH \_\_\_\_\_ EN \_\_\_\_\_

**STATE OF ALASKA**  
**Department of Administration**  
**MUNICIPAL GRANT**  
**FINANCIAL REPORT**

Department of Administration  
Division of Administrative Services  
P.O. Box 110208  
Juneau, AK 99811  
Phone (907) 465-2290

<b>Grantee Name and Address</b>  City of Seward P.O. Box 167 Seward, AK 99664	<b>Grant Number</b> <b>Grant Name</b>  <b>Report Number</b>  <b>Final Report</b>	<b>Report Period (Month, Day, Year)</b>  From      To  <b>Remarks</b>
<b>Payment Request</b> A) Total Previously Reported Expenditures (from line "C" of previous report).....		
B) Expenditures This Period.....		
C) Total Expenditures To Date.....		
D) Total Grant Amount.....		
E) State Payments To Date (Including Advance).....		
F) Grant Amount Available.....		
G) State Payment Requested.....		

DATE	AMOUNT	EXPENDITURE DETAIL (LIST VENDORS)
<b>TOTAL</b>	<b>\$0.00</b>	If additional space is required, please report expenditures on a separate page and attach.

I certify that to the best of my knowledge and belief, the data reported herein is correct and all outlays were made in accordance with grant conditions and the payment is due and has not been previously reported.

Signature of Authorized Official \_\_\_\_\_

\_\_\_\_\_ Date Report is Submitted

Name

Title

Telephone

FAX

For Agency Use Only

PVN \_\_\_\_\_ AR \_\_\_\_\_ BATCH \_\_\_\_\_ EN \_\_\_\_\_

EXHIBIT "C"

DISBURSEMENT REQUEST FORM

CONSTRUCTION FUND NO. 2  
[§4.11.3]

# Appendix 3

<b>STATE OF ALASKA</b> <b>Department of Fish and Game</b> <b>Payment Request Form</b>		Send to: Department of Fish and Game Division of Habitat and Restoration 333 Raspberry Road Anchorage, Alaska 99518-1599  Phone: (907) 267-2334 Fax: (907) 349-1723
<b>Contractor Name and Address:</b>  City of Seward P.O. Box 167 Seward, AK 99664	<b>Agreement Number:</b> <div style="text-align: center; font-weight: bold;">COOP-95-045</div> <b>Request Number:</b>	<b>Payment Request for Period:</b>  From: _____ To: _____
<b>Contractor Cash Flow Summary</b>  <b>A. Projected Expenditures Last Period</b> ..... Actual Expenditures Last Period ..... (Column 3 below) Under (Over) Projected .....  <b>B. Projected Expenditures This Period</b> ..... (Column 6 below) Adjusted for Under (Over) Last Period ..... Payment This Period .....		

Expenditures by Line Item							
	1	2	3	4	5	6	7
Line	Budgeted	Previously Reported Actuals	Actuals Last Period	Cumulative Actuals	Balance (Col 1-Col 4)	Project. Exp This Period	Projected Balance (Col 5 - Col 6)
Construct							
Design							
Project Adm/PM							
EIS/Plan							
Conf'ency							
<b>TOTAL</b>							

I certify that to the best of my knowledge and belief, the information to support this payment request is made in accordance with the contract agreement conditions and the expenditure estimates are reasonable and not previously reported.

Signature of Requestor	Date of Request
Name: _____	Title: _____

Payment Approved and Authorized by	Title:	Date:
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Attach comments on separate sheet as necessary.

EXHIBIT "D"

METHOD OF DETERMINING  
RENEWAL AND REPLACEMENT FUND REQUIREMENT  
[§5.8.2.1]

# Alaska SeaLife Center Renewal and Replacement Budget

The Alaska SeaLife Center renewal and replacement budget is based on the widely used Sherman-Dergis model.

Annual Renewal Funding = .75 Replacement Value X Age / 1275	
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- The replacement value is multiplied by .75 on the basis that renewal costs should not exceed three-fourths of the buildings value, recognizing that infrastructure items such as excavation and structural frame will not be replaced. The estimated value of the building construction is \$30,000,000.

Alaska SeaLife Center Replacement Value
.75 X \$30,000,000. = \$22,500,000

- 1275 is the sum of the number of years from 1 to 50 and represents a fifty year life cycle for the building.

## Alaska SeaLife Center Renewal and Replacement Budget for 50 year life.

The following are annual amounts that are to be deposited into an interest-bearing account.

1998	1	\$17,647.06	2022	26	\$458,823.53
1999	2	\$35,294.12	2023	27	\$476,470.59
2000	3	\$52,941.18	2024	28	\$494,117.65
2001	4	\$70,588.24	2025	29	\$511,764.71
2002	5	\$88,235.29	2026	30	\$529,411.76
2003	6	\$105,882.35	2027	31	\$547,058.82
2004	7	\$123,529.41	2028	32	\$564,705.88
2005	8	\$141,176.47	2029	33	\$582,352.94
2006	9	\$158,823.53	2030	34	\$600,000.00
2007	10	\$176,470.59	2031	35	\$617,647.06
2008	11	\$194,117.65	2032	36	\$635,294.12
2009	12	\$211,764.71	2033	37	\$652,941.18
2010	13	\$229,411.76	2034	38	\$670,588.24
2011	14	\$247,058.82	2035	39	\$688,235.29
2012	15	\$264,705.88	2036	40	\$705,882.35
2013	16	\$282,352.94	2037	41	\$723,529.41
2014	17	\$300,000.00	2038	42	\$741,176.47
2014	18	\$317,647.06	2039	43	\$758,823.53
2015	19	\$335,294.12	2040	44	\$776,470.59
2016	20	\$352,941.18	2041	45	\$794,117.65
2017	21	\$370,588.24	2042	46	\$811,764.71
2018	22	\$388,235.29	2043	47	\$829,411.76
2019	23	\$405,882.35	2045	48	\$847,058.82
2020	24	\$423,529.41	2046	49	\$864,705.88
2021	25	\$441,176.47	2047	50	\$882,352.94

EXHIBIT "E"

ENVIRONMENTAL ASSESSMENT REPORTS



# **Peratrovich, Nottingham & Drage, Inc.**

## **Engineering Consultants**

1506 West 36th Avenue • Suite 101 • Anchorage, Alaska 99503 • 907-561-1011

January 23, 1995

PN&D 94023.11

Livingston Sloane, Inc.  
3900 Arctic Boulevard, Suite 301  
Anchorage, Alaska 99503

Attn.: Ms. Debora Hankinson  
Project Manager

Re: IMS/Alaska SeaLife Center - Environmental Investigations Overview.

Ms Hankinson:

Since the beginning of the IMS/ASLC project, a combination of site inspections and laboratory analyses of soil and water samples have been conducted to evaluate environmental conditions at the project site. This letter is to provide a summary of those efforts and to serve as a basis for any additional investigations that may be decided upon.

PN&D, Inc. was contracted with to perform a standard Phase I Environmental Assessment (E.A.) of the site, in October of 1993. A report of this investigation was submitted on November 11, 1993. The field work for the E.A. was conducted in conjunction with the early geotechnical investigation at the site which consisted of (11) soil borings (TH 1 - TH 11). The E.A. Report rated the subject site as "Medium Risk" and recommended additional soil and water samples be collected and analyzed during construction of the facility. This conclusion was based upon the following:

- 1.) The site's history as a railroad yard and industrial use.
- 2.) Confirmed solid waste debris and hydrocarbon concentrations. Detectable levels of Total Petroleum Hydrocarbons (TPH) in the 200-300 ppm range were found at the site both in previous assessment and in this effort.
- 3.) Confirmed history of fuel storage tanks at and adjacent to the site.

The report however, concluded that, while there were environmental concerns associated with the property, the identified concerns were not of a severity that would result in significant delays or cancellation of the project. The report recommended that additional samples be collected during construction, when the site was being excavated, so that collection costs would be minimized.

Ms Debora Hankinson

01/23/95

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In June of 1994, a separate investigation was performed at the site to determine tidal influence on groundwater elevation and how it might impact construction. During that investigation (8) additional test borings (TH 12 - TH 19) were planned so that groundwater test wells could be installed. During the drilling process for TH 12 - TH 19, additional soil and groundwater samples were performed in addition to monitoring the groundwater elevation. The locations of these monitoring wells were positioned throughout the site with the majority of the holes being placed beneath the building footprint. A supplemental letter report for test holes TH 12 - TH 19 was submitted on October 17, 1994.

During drilling of TH 15, a petroleum hydrocarbon odor was detected in the tailings. Also noted, was the presence of wood fibers at an approximate depth of 15 feet. The material appeared to be creosote coated timbers such as railroad ties. A telephone conversation, regarding the observation, was conducted from the field with Livingston Slone, Inc. It was subsequently decided that while the drill crew was mobilized (4) additional test holes should be drilled around TH 15.

TH 20 - TH 23 were drilled approximately 20 feet away from TH 15 in different directions. The presence of wood fibers and hydrocarbon odor was also detected in TH 21, at a depth of approximately 12 feet. Laboratory testing of the soil samples taken from TH 21 confirmed that there were low concentrations of petroleum hydrocarbons, in a range that would be consistent with creosote (the concentration was below ADEC Maximum Concentration Levels). This supports the assumption that perhaps the fibers were from abandoned railroad ties.

In addition to the soil samples, water samples were also extracted from several of the newly installed wells for laboratory analyses. Water test results from TH 15 and TH 20 - TH 23 were found to have low level concentration of volatile organic compound (VOCs), however they were below the ADEC Maximum Concentration Level (MCL). A water sample from TH 14, which is approximately 70-feet from TH 15 where the wood fibers were observed, was found to have low concentrations of (VOCs) slightly above the MCL.

### Conclusion

The site does have a history of past industrial use. Laboratory analyses on selected soil and water samples have also confirmed low levels of VOCs, some of which were above ADEC Maximum Concentration levels. It should therefore, be realized that there is a possibility additional contamination of some type will be encountered during construction excavation.

We have outlined the following steps that should be taken in a continued effort to monitor and address site conditions.

- 1.) Collect an additional water sample from test hole 14 for laboratory testing. This would allow confirmation of the TH 14 water sample that was found to have VOCs above the ADEC Maximum Concentration Level. The results of this test could then be presented to



Peratrovich, Nottingham & Drage, Inc.  
Engineering Consultants

Ms Debora Hankinson

01/23/95

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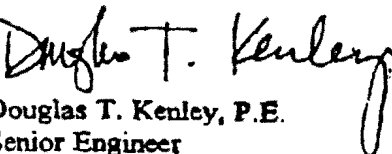
the ADEC for approval. It is unlikely that any action will be required by the ADEC given the minimal concentration of VOCs.

- 2.) No significant levels of contamination was detected in the near shore wells TH 17, 18 & 19. However, the Owner may want to consider having 2-3 soil samples collected from the sea water well as it is excavated by the contractor. Collection of the samples could be performed by PN&D during construction inspection visits and would be considered incidental to that work.
- 3.) Instructions to the Contractor must be incorporated into the construction specifications. Instructions should include: a.) How the contractor is to report any evidence of contamination that may be found during construction; b.) Time allowance for the owner to obtain and test soil and water samples, if desired, during construction; c) Provisions for stockpiling any contaminated material that may be found during excavation, until it can be tested and approved, etc.
- 4.) After TH 14 result are confirmed the results should be presented to the ADEC for their approval.

Mr. John Hargesheimer, Principal of Nortech, Inc., assisted PN&D in the preparation of the Phase I Environmental Assessment. He has also been assisting us with subsequent laboratory test result analyses and recommendations. He has indicated that he is available for contact regarding these recommendations and for recommendations on specification language regarding environmental provisions.

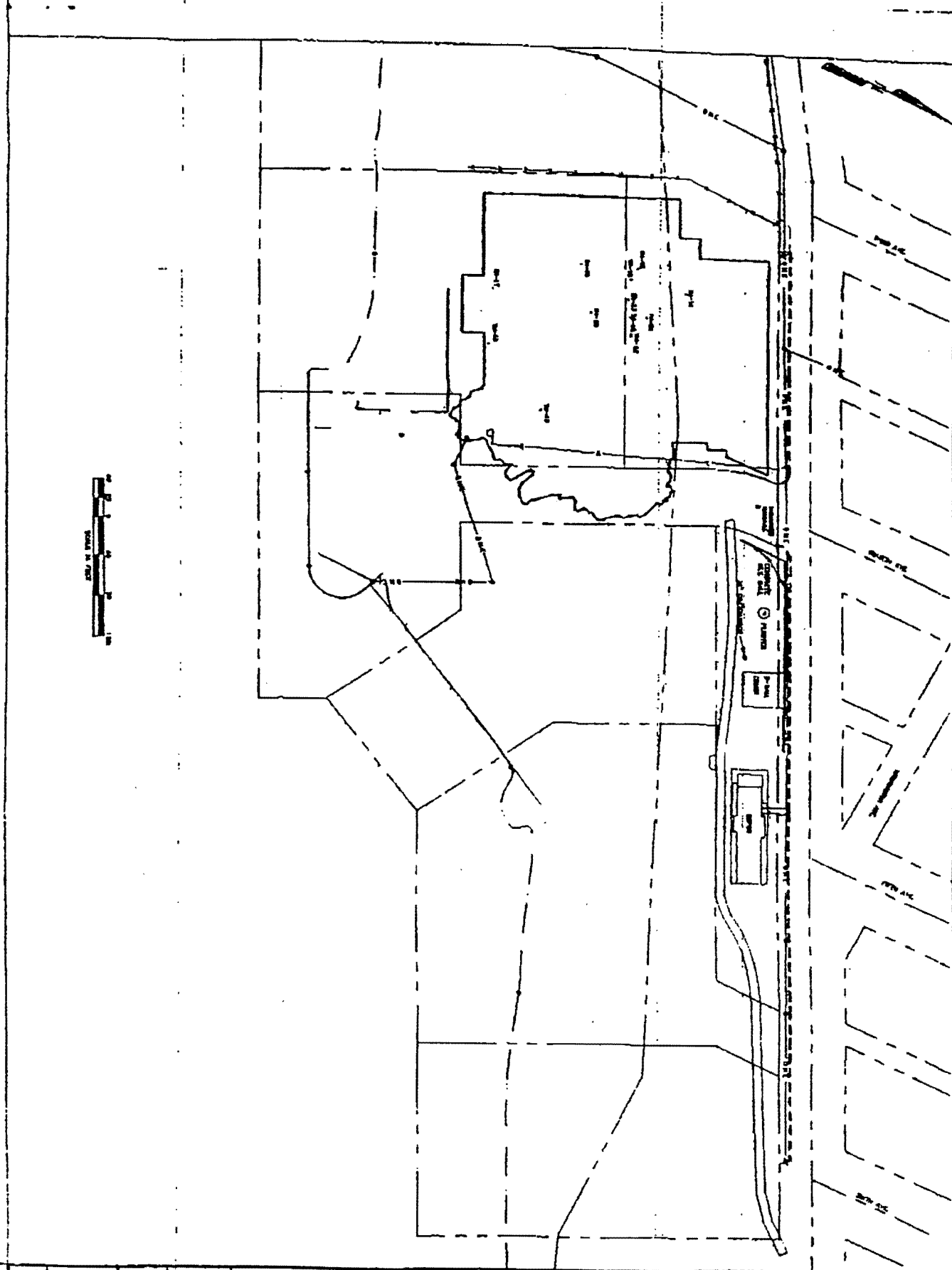
Sincerely,

PERATROVICH, NOTTINGHAM & DRAGE, INC.

  
Douglas T. Kenley, P.E.  
Senior Engineer



Peratrovich, Nottingham & Drage, Inc.  
Engineering Consultants



<p>TESTING LOCATIONS</p>	<p>ROBINS PROGRAM 1975</p>		<p><b>LIVINGSTON</b> SLOAN</p>	<p>BAAMS <b>ALASKA SEALIFE CENTER</b> <b>IMS INFRASTRUCTURE IMPROVEMENTS</b> SEWARD, ALASKA</p>
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IMS/Alaska SeaLife Center  
 Peratrovich, Nottingham & Drage, Inc.  
 1506 West 36th Avenue  
 Anchorage, Alaska 99503  
 21-Oct-94

## ENVIRONMENTAL SOIL AND WATER SAMPLE LOG

Location	Test Number	Date Sampled	Test	Soil	Water	Spring Water
Spring water 7/18/94	AB4552	7/18/94	Bacteria, coliform			X
TH 15	F140506	7/18/94	EPA 239.2 Lead		X	
TH 15	A132339	7/18/94	EPA 150.1 pH		X	
TH 15	A132339	7/18/94	EPA 8260		X	
TH 20-5', 10', 13'	A132335 (composite)	7/18/94	EPA 8260/8270	X		
TH 21-5', 10'	A132336 (composite)	7/18/94	EPA 8260/8270	X		
TH 21-13'	A132337	7/18/94	EPA 8260/8270	X		
TH 21-5', 10', 13'; TH 23-5', 10', 13'	A132338 (composite)	7/18/94	EPA 8260/8270	X		
Travel Blank	A132341	7/18/94	EPA 8260		X	
Spring water 8/24/94	AB5316	8/24/94	Bacteria, coliform			X
TH 13	A133433	8/24/94	EPA 8260/8270		X	
TH 14	A133434	8/24/94	EPA 8260/8270		X	
TH 15	A133435	8/24/94	EPA 8260/8270		X	
TH 16	A133436	8/24/94	EPA 8260/8270		X	
TH 17	A133437	8/24/94	EPA 8260/8270		X	
TH 19	A133438	8/24/94	EPA 8260/8270		X	
Spring water 8/24/94	A133439	8/24/94	EPA 353.3			X

\* Composite samples noted as TH 20-5', 10', 13' etc indicate (3) samples taken from Test hole 20 at depths of 3, 10 & 13 feet below grade.

**AMENDED AND RESTATED BYLAWS**

**OF**

**SEWARD ASSOCIATION FOR THE  
ADVANCEMENT OF MARINE SCIENCE**

**\* \* \* \***

**An Alaska Nonprofit Corporation  
Incorporated on February 9, 1990  
Under the  
Alaska Nonprofit Corporation Act  
(AS 10.20 et. seq.)**

**Adopted and Effective as of March 14, 1995**

## BYLAW AMENDMENTS

Article/  
Section

Effect of Amendment

Date of Amendment

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## ARTICLE I. CORPORATE OFFICES

**Section 1.01. Principal Office.** The principal office of the corporation in the State of Alaska shall be located in the City of Seward, Alaska, at a specific location to be determined from time to time by the Board of Directors. The corporation may have such other offices, either within or outside of the State of Alaska, as the Board of Directors may designate or as the affairs of the corporation may require from time to time.

**Section 1.02. Registered Office/Agent.** The corporation shall have and continuously maintain in the State of Alaska a registered office, and a registered agent whose office is identical with such registered office, as required by the Alaska Nonprofit Corporation Act. The registered office may be, but need not be, identical with the corporation's principal office in the State of Alaska, and the address of the registered office or identify of the registered agent may be changed from time to time by the Board of Directors in the manner prescribed by law.

## ARTICLE II. MEMBERS

**Section 2.01. Members.** As provided in Article IV of the corporation's Articles of Incorporation, the corporation shall have no members. To the extent not otherwise specifically provided in these Bylaws or in the Articles of Incorporation, the Board of Directors shall possess all powers otherwise granted to members under the Alaska Nonprofit Corporation Act, as amended from time to time.

## ARTICLE III. BOARD OF DIRECTORS

**Section 3.01. General Powers.** The business, affairs, and property of the corporation shall be managed by its Board of Directors.

**Section 3.02. Number, Tenure and Qualifications.**

(a) **Number Generally.** The number of directors on the Board of Directors shall be no less than seven (7) and no more than fifteen (15), with the exact number to be determined from time to time by resolution of the Board of Directors, provided that the Board of Directors shall continuously have three (3) Designated Directors as set forth in Section 3.02(c), and further provided that no decrease in the number of directors shall have the effect of shortening the term of an incumbent director. Except with respect to Designated Directors as set forth in Section 3.02(c), and subject to the provisions relating to staggered terms as provided in Section 3.02(b), directors shall be elected by the Board of Directors at the Annual Board of Directors Meeting, and

shall hold office until their successors shall have been elected and shall have qualified, and the term of each director shall begin after such director's election. Directors need not be residents of the State of Alaska.

(b) At-Large Directors. The corporation shall have no less than four (4) and no more than twelve (12) At-Large Directors, with the exact number to be determined from time to time by the Board of Directors as provided in Section 3.02(a).

The At-Large Directors of the corporation shall serve staggered terms. The At-Large Directors shall be divided into three (3) classes, designated as Class A, Class B, and Class C, with the number of the At-Large Directors in each class to be as nearly equal in number as possible, and with the term of office of directors of each class staggered so that the directors in each class shall serve three (3) year terms, and at each Annual Board of Directors Meeting, only the At-Large Directors of one class shall be up for election. In the event the total number of At-Large Directors is not evenly divisible by three (3), Classes A and B shall consist of equal numbers of directors, and Class C shall consist of a number of directors either one greater or one less than the number of directors in each of the other two (2) classes, as the case may be.

The provision for the classification and staggered terms of At-Large Directors as provided in this Section 3.02(b), shall be implemented and effective beginning with the March 1995 meeting of the Board of Directors. At such meeting, all At-Large Directors shall draw lots to determine which class they shall be included in. Class A shall be up for election at the 1996 Annual Board of Directors Meeting and each Annual Board of Directors Meeting every three (3) years thereafter. Class B shall be up for election at the 1997 Annual Board of Directors Meeting and each Annual Board of Directors Meeting every three (3) years thereafter. Class C shall be up for election at the 1998 Annual Board of Directors Meeting and each Annual Board of Directors Meeting every three (3) years thereafter.

(c) Designated Director Board Seats. The corporation shall have three (3) Designated Directors on the Board of Directors as follows: (i) one Designated Director representing and appointed by the City of Seward and (ii) two (2) Designated Directors representing and appointed by the President of the University of Alaska. All Designated Directors shall serve one year terms, which annual term shall expire immediately prior to the Annual Board of Directors Meeting. Each representative agency shall notify the President of the corporation of the identity, address, and phone number of such agency's Designated Director(s) appointee, and such appointee(s) shall be seated at the Annual

Board of Directors Meeting. In the event of any vacancy or removal of a Designated Director, the appropriate agency shall immediately notify the President of the corporation of the replacement appointee, and such person shall serve for the unexpired term of his or her predecessor.

**Section 3.03. Dues.** Each director shall be required to pay \$100.00 in annual dues to the corporation.

**Section 3.04. Regular Meetings.** The Annual Board of Directors Meeting shall be held on such date and at such time and place as may be determined from time to time by the Board of Directors. Additional regular meetings of the Board of Directors shall be held at such times and places as shall be designated from time to time by the Board of Directors. Notice of regular meetings shall not be required.

**Section 3.05. Special Meetings.** Special meetings of the Board of Directors may be called by or at the request of the Chairperson of the Board of Directors, President, Secretary, or any two (2) directors. The person or persons authorized to call special meetings of the Board may fix the time and place for such special meeting of the Board of Directors called by them.

**Section 3.06. Notice of Special Meeting.** Notice of any special meeting of the Board of Directors shall be given at least two (2) days previously thereto by written notice delivered personally or sent by mail, telegram, or facsimile to each director at such director's address as shown by the records of the corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. If notice is given by facsimile, such notice shall be deemed to be delivered upon confirmation of transmittal by such facsimile device. Neither the business to be transacted at, nor the purpose of, any special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

**Section 3.07. Waiver of Notice.** Any director may waive notice of any meeting by a written waiver, whether signed before or after the time stated in the applicable notice. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

**Section 3.08. Quorum.** A majority of the members of the Board of Directors shall constitute a quorum for the transaction of

business at any meeting of the Board of Directors. If a quorum initially shall not be present at any meeting of the Board of Directors, a majority of those directors present shall have the power to adjourn the meeting from time to time, without notice, other than announcement at the meeting, until a quorum shall be present. At such reconvened meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally noticed.

**Section 3.09. Manner of Acting.** Each director is entitled to one vote and no votes by proxy are permitted by directors. The affirmative vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law, the Articles of Incorporation, or these Bylaws.

**Section 3.10. Vacancies.** Any director may resign at any time by giving written notice to the Chairperson of the Board of Directors, President, or Secretary. Such resignation shall take effect at the time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any vacancy occurring in an At-Large Director seat shall be filled at any regular or special meeting of the Board of Directors by the affirmative vote of a majority of the remaining directors, even if the number of remaining directors shall represent less than a quorum of the Board of Directors. Any vacancy occurring in a Designated Director seat shall be filled by appointment by the affected representative agency. In the event of a resignation of a Designated Director seat, the President of the corporation, or the President's designee, shall notify the affected agency of such resignation and vacancy. Thereafter, the affected agency shall appoint a successor to fill such vacancy. A director elected to fill a vacancy shall be elected for the unexpired terms of his or her predecessor.

**Section 3.11. Telephone Conference Meetings.** The directors may conduct a valid meeting of the Board of Directors by communicating simultaneously with each other through means of conference telephone or similar communications equipment. Participation in a meeting held by conference telephone or similar communications equipment shall constitute presence in person at such meeting.

**Section 3.12. Compensation.** Directors as such shall not receive any stated salaries for their services, but by resolution of the Board of Directors, a fixed sum and reasonable expenses, including travel expenses, of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; but nothing herein contained shall be construed to preclude any

director from serving the corporation in any other capacity and receiving compensation therefor.

**Section 3.13. Informal Action by Directors.** Any action required by law to be taken at a meeting of directors or a committee of the Board of Directors, or any action which may be taken at a meeting of directors or a committee, may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the directors on the Board of Directors or committee, as the case may be.

**Section 3.14. Removal of Directors.** Any individual director, whether an At-Large Director or Designated Director, may be removed from office without assigning any cause, by the affirmative vote of two-thirds of the members of the entire Board of Directors. In the event an At-Large Director is so removed, a new At-Large Director may be elected at the same meeting for the unexpired term of the director so removed. In the event a Designated Director is so removed, the President of the corporation, or the President's designee, shall notify the affected agency and request that a successor be appointed to fill the unexpired term of the director so removed.

**Section 3.15. Presumption of Assent.** A director of the corporation who is present at a meeting of the Board of Directors at which any action on any corporate matter is taken shall be presumed to have assented to the action taken unless such director's dissent shall be entered in the minutes of the meeting or unless such director shall file a written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

**Section 3.16. Rules of Order and Procedure.** The Board of Directors shall have the power to establish rules of order and procedure to govern meetings.

#### ARTICLE IV. BOARD OF GOVERNORS

**Section 4.01. Membership/Function.** At the discretion of the Board of Directors, the corporation may have a Board of Governors, the number of members of which and qualifications for membership shall be determined from time to time by the Board of Directors. The Board of Governors shall assist the corporation in fund raising efforts, and shall perform such other functions and assist the Board of Directors in such manner as shall be determined from time to time by the Board of Directors.

**Section 4.02. Meetings of the Board of Governors.** Subject to the direction of the Board of Directors, the Board of Governors shall establish guidelines for the holding, noticing, and operation of its meetings. The Board of Governors shall elect a chairperson to preside at all meetings of the Board of Governors.

**Section 4.03. Vacancy/Removal.** All vacancies in the Board of Governors shall be filled by the Board of Directors. Any member of the Board of Governors may be removed without assigning any cause by the affirmative vote of a majority of the members of the entire Board of Directors.

**Section 4.04. Compensation.** Members of the Board of Governors shall not receive a salary for their services, but by resolution of the Board of Directors, a fixed sum and reasonable expenses of attendance, including travel expenses, if any, may be allowed for attendance at Board of Governors' meetings.

#### **ARTICLE V. OFFICERS**

**Section 5.01. General.** The officers of the corporation, who shall be elected by the Board of Directors, shall be a President, Chairperson of the Board of Directors, Vice-Chairperson of the Board of Directors, one or more Vice-Presidents (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer. The Board of Directors may elect or appoint such other officers, including one or more assistant secretaries and one or more assistant treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary.

**Section 5.02. Election and Term of Office.** The elected officers of the corporation shall serve one year terms and shall be elected annually by the Board of Directors at the Annual Board of Directors Meeting. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Other elected or appointed officers shall be elected or appointed in the manner determined from time to time by the Board of Directors. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until such officer's successor shall have been duly elected and shall have qualified.

**Section 5.03. Removal.** Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

**Section 5.04. Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

**Section 5.05. President.** The President shall be the principal executive officer of the corporation and subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation. The President may sign, with the Secretary or any other proper officer of the corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be retained by the Board of Directors or otherwise expressly delegated by the Board of Directors or by these Bylaws or by statute to some other officer or agent of the corporation; and in general the President shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

**Section 5.06. Chairperson of the Board of Directors.** The Chairperson of the Board of Directors, who shall be a director of the corporation, shall preside over the meetings of the Board of Directors and perform such other duties as are prescribed from time to time by the Board of Directors.

**Section 5.07. Vice-Chairperson of the Board of Directors.** The Vice-Chairperson, who shall be a director of the corporation, shall carry out the duties of the Chairperson of the Board of Directors in his or her absence. In the event of the absence of the Chairperson and Vice-Chairperson, a person or persons designated by the Board of Directors shall perform the duties of the Chairperson.

**Section 5.08. Vice-President.** In the absence of the President or in the event of the President's inability or refusal to act, the Vice-President (or in the event there be more than one Vice-President, the Vice Presidents in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice-President shall perform such other duties as from time to time may be assigned to the Vice-President by the President or by the Board of Directors.

**Section 5.09. Secretary.** The Secretary shall be responsible for (i) keeping the minutes of the meetings of the Board of Directors in one or more books provided for that purpose; (ii) seeing that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (iii) being

custodian of the corporate records and of the seal of the corporation and seeing that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized; (iv) keeping a register of the post office address of each director and member of the Board of Governors which shall be furnished to the Secretary by such persons; and (v) in general, performing all of the duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the President or by the Board of Directors.

**Section 5.10. Treasurer.** If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of the Treasurer's duties in such sum and with such surety or sureties as the Board of Directors shall determine. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected by the Board of Directors; and in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the President or by the Board of Directors.

**Section 5.11. Assistant Treasurers and Assistant Secretaries.** If required by the Board of Directors, the Assistant Treasurers shall give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Treasurers and Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Treasurer or the Secretary, or by the President or the Board of Directors.

**Section 5.12. Salaries.** The salaries of the officers, if any, shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving such salary by reason of the fact that such person is also a director of the corporation.

## ARTICLE VI. COMMITTEES

**Section 6.01. Executive Committee.** The Board of Directors, by resolution adopted by a majority of the entire Board of Directors, may designate and appoint an Executive Committee, which shall consist of two or more directors, which Committee, to the extent provided in said resolution, shall have and exercise the authority of the Board of Directors in the management of the corporation; provided, however, that the Executive Committee shall not have the authority of the Board of Directors in reference to (i) amending, altering or repealing the Bylaws; (ii) electing, appointing or removing any member of any such committee, or any director or officer of the corporation, or member of the Board of Governors of the corporation; (iii) amending the Articles of Incorporation; (iv) adopting a plan of merger or adopting a plan of consolidation with another corporation; (v) authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the corporation; (vi) authorizing the voluntary dissolution of the corporation or revoking proceedings therefor; (vii) adopting a plan for the distribution of the assets of the corporation; (viii) amending, altering or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered, or repealed by such Executive Committee; or (ix) any other action specifically prohibited by law from being taken by an Executive Committee of a nonprofit corporation. A majority of the directors on the Executive Committee shall constitute a quorum for the transaction of business by such committee. The designation and appointment of any such Executive Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual director, of any responsibility imposed upon the Board or such director by law.

**Section 6.02. Other Committees.** Other committees not having and exercising the authority of the Board of Directors in the management of the corporation may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Members of such committee(s) shall be appointed by the Board of Directors, and the Board of Directors shall have the authority to remove any such member. The chairperson of each committee shall be selected by the Board of Directors.

**Section 6.03. Quorum/Manner of Acting.** Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

**Section 6.04. Rules.** Each committee shall have the authority to adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board of Directors.

## **ARTICLE VII. CONTRACTS, LOANS, CHECKS, AND DEPOSITS**

**Section 7.01. Contracts.** The Board of Directors may authorize any officer or officers, or agent or agents of the corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

**Section 7.02. Loans.** No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances. As provided in Alaska Statute 10.20.141, the corporation shall not make loans to its directors or officers.

**Section 7.03. Checks, Drafts, Etc.** All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, or agent or agents, of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the President or a Vice-President of the corporation.

**Section 7.04. Deposits.** All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors may select.

**Section 7.05. Gifts.** The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the corporation to the extent authorized by applicable law.

## **ARTICLE VIII. INDEMNIFICATION AND INSURANCE**

**Section 8.01. Indemnification.** Directors and officers and former directors and officers of the corporation shall be indemnified by the corporation to the fullest extent of the law as provided in Alaska Statute 10.20.011(14), or any successor provision or amendment thereto, against expenses actually and reasonably incurred by such person in connection with the defense of any action, suit or proceeding, civil or criminal, in which such

person is made a party by reason of being or having been a director or officer of the corporation, except in relation to matters in which that person was adjudged, in the action, suit or proceeding, to be liable for negligence or misconduct in the performance of his or her corporate duties.

**Section 8.02. Insurance.** The corporation shall have power, to the extent permitted by the Alaska Nonprofit Corporation Act, and any amendments thereto, to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against such person and incurred by such person in any such capacity or arising out of such person status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of Section 8.01.

#### **ARTICLE IX. MISCELLANEOUS**

**Section 9.01. Books and Records.** The corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of the Board of Directors and Executive Committee.


**Section 9.02. Fiscal Year.** The fiscal year of the corporation shall begin on the 1st day of January and end on the 31st day of December of each year, unless the Board of Directors, by resolution, establishes a different fiscal year.

**Section 9.03. Bylaw Amendments.** These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board of Directors at any regular or special meeting of the Board of Directors.

**Section 9.04. Corporate Seal.** The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation and the state of incorporation and the words, "Corporate Seal."

The undersigned President of SEWARD ASSOCIATION FOR THE ADVANCEMENT OF MARINE SCIENCE, a non-profit corporation organized and existing under the laws of the State of Alaska, does hereby certify that these Amended and Restated Bylaws of the corporation were duly adopted at a meeting of the Board of Directors at Seward, Alaska, on the 14th day of March, 1995.

SEWARD ASSOCIATION FOR THE  
ADVANCEMENT OF MARINE SCIENCE

  
President

ATTEST:

  
Secretary

F:\503362\1\Q994142

INTERNAL REVENUE SERVICE  
DISTRICT DIRECTOR  
2 CUPANIA CIRCLE  
MONTEREY PARK, CA 91755-7406

DEPARTMENT OF THE TREASURY

Date:

AUG 21 1995

SEWARD ASSOCIATION FOR THE  
ADVANCEMENT OF MARINE SCIENCE  
P O BOX 1329  
SEWARD, AK 99664

Employer Identification Number:  
92-0132479  
Case Number:  
955171021  
Contact Person:  
MARY ANN DARONATSY  
Contact Telephone Number:  
(714) 637-2548  
Our Letter Dated:  
July of 1991  
Addendum Applies:  
No

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization that is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi).

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

You are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. For guidance in determining whether your gross receipts are "normally" more than \$25,000, see the instructions for Form 990. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$10 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

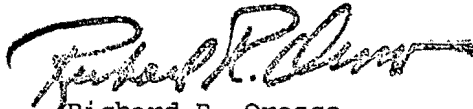
Letter 1050 (DO/CG)

SEWARD ASSOCIATION FOR THE

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Richard R. Orosco", with a stylized flourish at the end.

Richard R. Orosco  
District Director



## Alaska SeaLife Center

w i n d o w s   t o   t h e   s e a

### **The Alaska SeaLife Center** **FACT SHEET: Seward Association for the** **Advancement of Marine Science (SAAMS)**

#### **SAAMS**

The Alaska SeaLife Center (ASLC) will be operated by the Seward Association for the Advancement of Marine Science (SAAMS), a nonprofit corporation established in February 1990. The SAAMS board consists of 12 directors.

#### **OFFICERS**

**Chair - Willard E. Dunham** is a retired manager of the Seward Job Services Office, Alaska Department of Labor, and currently serves as vice-chair of the Seward Port & Commerce Advisory Board. He is a member of the Alaska State Chamber of Commerce, has co-chaired the Spring Creek Correctional Center Location Task Force, is chairman of the Seward Fish and Game Advisory Board and is on the Kenai Peninsula Borough Vocational Education Committee. Dunham owns the Print Shop and Seward Secretarial Service, and is a partner in DLK Enterprises, a commercial property leasing firm.

**Vice-Chair - Karen Swartz** is the retired managing editor of the *Seward Phoenix Log*. She was a member of the Seward City Council for ten years, and also served as the Director of the Mt. Marathon Outreach Office. She has been a member of the Alaska Press Women Association, as well as the Seward Harbor Commission.

**Secretary - Carol Ann Lindsey** is secretary and treasurer of Harbor Enterprises, one of Alaska's largest companies as measured by sales activity and earnings.

**Treasurer - Sharon E. Anderson** is secretary and treasurer of Anderson Tug and Barge Company. A former member of the Seward Port & Commerce Advisory Board, she currently serves on the Resource Development Council of Alaska. She is director of the Defense Orientation Conference Association, and a life member of the NABY League.

#### **MEMBERS**

**Darryl Schaefermeyer** is the Alaska SeaLife Center project administrator. He belongs to the International City Managers Association and the Troop Committee, Boy Scouts of America, Troop 586. He is a founding member of the Seward Rotary Club, and served as its president in 1986-87. Schaefermeyer is a former city manager of the City of Seward, staff assistant for U.S. Senator Ted Stevens and a member of the Kenai Peninsula Borough Assembly

**William C. (Bill) Noll** is vice president for Cold Sea International, Inc., and also served in that capacity for Major International, Inc., and Suneel Alaska Corporation. He was deputy commissioner of the Alaska Department of Commerce, Office of International Trade and is a past mayor of the City of Seward.

**Jack Scoby** is a commercial fisherman and member of the Seward Port & Commerce Advisory Board. He also was a principal in Kenai Fjords Tours, Inc.

**Thomas Tougas** is owner and president of T.M.T. Corp., general partner in the Kenai Fjords Tours, Ltd. He has served in this capacity for Seattle Harbor Tours, Ltd. and was vice president of transportation for Holland-America Line Westours Inc.

**Jerome Komisar, Ph.D.**, is president of the University of Alaska. Prior to accepting this appointment, he was executive vice chancellor of the State University of New York System, and president of its Research Foundation. During his 24 years with the State University of New York, he held a number of administrative and faculty positions including, acting chancellor, provost, acting vice chancellor for Academic Programs, vice chancellor for Faculty and Staff Relations, acting president of New York State University College at New Paltz, and university professor of economics.

**Joan Wadlow, Ph.D.**, became chancellor at the University of Alaska Fairbanks (UAF) in 1991. She developed a long-range strategic plan and completed a \$12.1 million private fund-raising campaign, the first ever for the university. Before becoming chancellor at UAF, she held various positions with the University of Nebraska-Lincoln, the University of Wyoming, and the University of Oklahoma. She has served as professor of political science, associate dean, dean of the college of Arts and Sciences, vice president of Academic Affairs and provost.

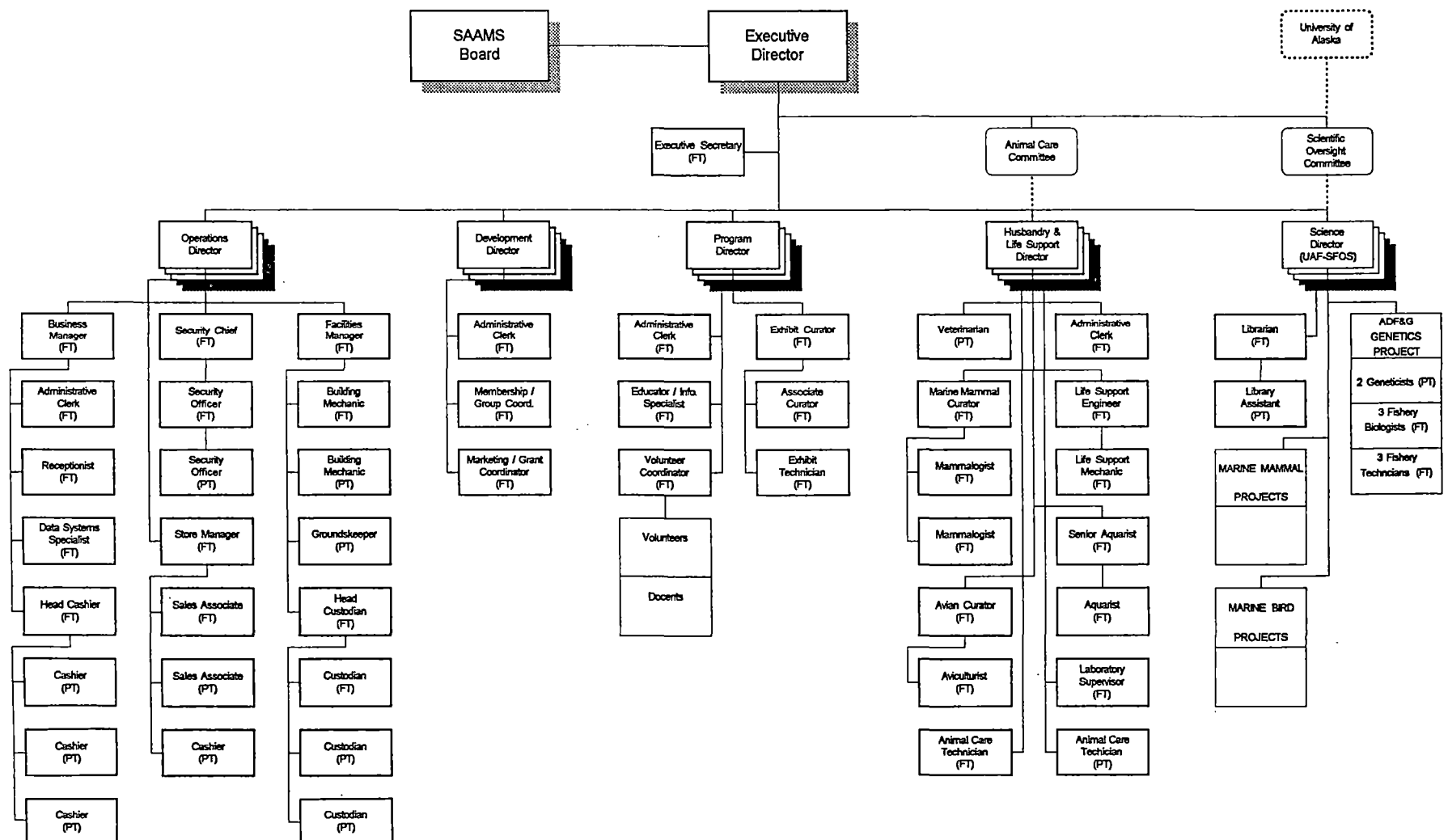
**Robert Spies, Ph.D.**, is chief scientist for the government's investigation of the effects of the *Exxon Valdez* oil spill and plays a key managerial role in assembling the appropriate peer reviewers from academia, principal investigators and managers from six different agencies and the private sector, and attorneys from the U.S. Justice Department and other agencies. He is responsible for coordinating these individuals and producing assessments of the overall affects of the spill on the natural resources of Alaska. He is the Exxon Valdez Oil Spill Trustee Council's representative on the board.

**Ronald A. Garzini** is the current City Manager of the City of Seward.



# ALASKA SEALIFE CENTER

## OPERATING ORGANIZATION



## ALASKA SEALIFE CENTER STAFFING PROJECTION

POSITION	DEPT <sup>1</sup>	BASE SALARY	TOTAL SALARY <sup>2</sup>	FULL TIME EQUIVALENCE					COST TO ALASKA SEALIFE CENTER <sup>3</sup>				
				'96	'97	'98	'99	'20	1996	1997	1998	1999	2000
Executive Director	E	85.0	114.8	0.7	1.0	1.0	1.0	1.0	80.4	115.9	117.1	118.2	119.4
Executive Secretary	E	28.0	37.8	0.5	1.0	1.0	1.0	1.0	18.9	38.2	38.6	38.9	39.3
Operations Director	O	60.0	81.0	1.0	1.0	1.0	1.0	1.0	81.0	81.8	82.6	83.4	84.2
Business Manager	O	40.0	54.0	0.0	0.5	1.0	1.0	1.0	0.0	27.3	55.1	55.6	56.2
Administrative Clerk	O	23.0	31.1	0.0	1.0	1.0	1.0	1.0	0.0	31.4	31.7	32.0	32.3
Receptionist	O	18.0	24.3	1.0	1.0	1.0	1.0	1.0	24.3	24.5	24.8	25.0	25.3
Data Systems Specialist	O	30.0	40.5	0.0	0.5	1.0	1.0	1.0	0.0	20.5	41.3	41.7	42.1
Facilities Manager	O	36.0	48.6	0.0	0.5	1.0	1.0	1.0	0.0	24.5	49.6	50.1	50.5
Building Mechanic	O	22.0	29.7	0.0	0.0	1.0	1.0	1.0	0.0	0.0	30.3	30.6	30.9
Building Mechanic	O	22.0	27.5	0.0	0.0	0.5	0.5	0.5	0.0	0.0	14.0	14.2	14.3
Groundskeeper	O	24.0	30.0	0.0	0.0	0.5	0.7	0.7	0.0	0.0	15.3	21.6	21.8
Head Custodian	O	25.0	33.8	0.0	0.0	1.0	1.0	1.0	0.0	0.0	34.5	34.8	35.2

## ALASKA SEALIFE CENTER STAFFING PROJECTION

POSITION	DEPT <sup>1</sup>	BASE SALARY	TOTAL SALARY <sup>2</sup>	FULL TIME EQUIVALENCE					COST TO ALASKA SEALIFE CENTER <sup>3</sup>				
				'96	'97	'98	'99	'20	1996	1997	1998	1999	2000
Custodian	O	18.0	24.3	0.0	0.0	0.7	1.0	1.0	0.0	0.0	17.4	25.0	25.3
Custodian	O	18.0	22.5	0.0	0.0	0.7	0.7	0.7	0.0	0.0	16.1	16.2	16.4
Custodian	O	18.0	22.5	0.0	0.0	0.5	0.5	0.5	0.0	0.0	11.5	11.6	11.7
Security Chief	O	30.0	40.5	0.0	0.1	1.0	1.0	1.0	0.0	4.1	41.3	41.7	42.1
Security Officer	O	22.0	29.7	0.0	0.0	0.8	1.0	1.0	0.0	0.0	24.2	30.6	30.9
Security Officer	O	22.0	27.5	0.0	0.0	0.5	0.5	0.5	0.0	0.0	14.0	14.2	14.3
Head Cashier	O	22.0	29.7	0.0	0.0	0.8	1.0	1.0	0.0	0.0	24.2	30.6	30.9
Cashier	O	18.0	22.5	0.0	0.0	0.5	0.7	0.7	0.0	0.0	11.5	16.2	16.4
Cashier	O	18.0	22.5	0.0	0.0	0.5	0.5	0.5	0.0	0.0	11.5	11.6	11.7
Cashier	O	18.0	22.5	0.0	0.0	0.5	0.5	0.5	0.0	0.0	11.5	11.6	11.7
Store Manager	O	36.0	48.6	0.0	0.5	1.0	1.0	1.0	0.0	24.5	49.6	50.1	50.5
Sales Associate	O	22.0	29.7	0.0	0.0	1.0	1.0	1.0	0.0	0.0	30.3	30.6	30.9
Sales Associate	O	22.0	27.5	0.0	0.0	0.5	0.5	0.5	0.0	0.0	14.0	14.2	14.3
Cashier	O	18.0	22.5	0.0	0.0	0.5	0.5	0.5	0.0	0.0	11.5	11.6	11.7
Development Director	D	55.0	74.3	0.5	1.0	1.0	1.0	1.0	37.2	75.0	75.8	76.5	77.3
Administrative Clerk	D	23.0	31.1	0.0	0.0	1.0	1.0	1.0	0.0	0.0	31.7	32.0	32.3

## ALASKA SEALIFE CENTER STAFFING PROJECTION

POSITION	DEPT <sup>1</sup>	BASE SALARY	TOTAL SALARY <sup>2</sup>	FULL TIME EQUIVALENCE					COST TO ALASKA SEALIFE CENTER <sup>3</sup>				
				'96	'97	'98	'99	'20	1996	1997	1998	1999	2000
Membership / Group Coord.	D	28.0	37.8	0.0	0.5	1.0	1.0	1.0	0.0	19.1	38.6	38.9	39.3
Marketing/Grant Coordinator	D	30.0	40.5	0.0	0.5	1.0	1.0	1.0	0.0	20.5	41.3	41.7	42.1
Program Director	P	55.0	74.3	0.0	0.5	1.0	1.0	1.0	0.0	37.5	75.8	76.5	77.3
Administrative Clerk	P	23.0	31.1	0.0	0.0	1.0	1.0	1.0	0.0	0.0	31.7	32.0	32.3
Educator/ Info Specialist	P	30.0	40.5	0.0	0.0	1.0	1.0	1.0	0.0	0.0	41.3	41.7	42.1
Volunteer Coordinator	P	28.0	37.8	0.0	0.5	1.0	1.0	1.0	0.0	19.1	38.6	38.9	39.3
Exhibit Curator	P	40.0	54.0	0.0	0.5	1.0	1.0	1.0	0.0	27.3	55.1	55.6	56.2
Associate Curator	P	25.0	33.8	0.0	0.0	1.0	1.0	1.0	0.0	0.0	34.5	34.8	35.2
Exhibit Technician	P	22.0	29.7	0.0	0.0	1.0	1.0	1.0	0.0	0.0	30.3	30.6	30.9
Husbandry/ LSS Director	H	60.0	81.0	0.0	1.0	1.0	1.0	1.0	0.0	81.8	82.6	83.4	84.2
Administrative Clerk	H	23.0	31.1	0.0	0.0	1.0	1.0	1.0	0.0	0.0	31.7	32.0	32.3

## ALASKA SEALIFE CENTER STAFFING PROJECTION

POSITION	DEPT <sup>1</sup>	BASE SALARY	TOTAL SALARY <sup>2</sup>	FULL TIME EQUIVALENCE					COST TO ALASKA SEALIFE CENTER <sup>3</sup>				
				'96	'97	'98	'99	'20	1996	1997	1998	1999	2000
Life Support (LSS) Engineer	H	36.0	48.6	0.0	0.5	1.0	1.0	1.0	0.0	24.5	49.6	50.1	50.5
LSS Mechanic	H	22.0	29.7	0.0	0.0	1.0	1.0	1.0	0.0	0.0	30.3	30.6	30.9
Veterinarian	H	55.0	74.3	0.0	0.5	0.8	0.8	0.8	0.0	37.5	60.6	61.2	61.8
Marine Mammal Curator	H	40.0	54.0	0.0	0.6	1.0	1.0	1.0	0.0	32.7	55.1	55.6	56.2
Mammalogist	H	32.0	43.2	0.0	0.5	1.0	1.0	1.0	0.0	21.8	44.1	44.5	44.9
Mammalogist	H	32.0	43.2	0.0	0.0	0.5	1.0	1.0	0.0	0.0	22.0	44.5	44.9
Avian Curator	H	40.0	54.0	0.0	0.6	1.0	1.0	1.0	0.0	32.7	55.1	55.6	56.2
Aviculturist	H	32.0	43.2	0.0	0.5	1.0	1.0	1.0	0.0	21.8	44.1	44.5	44.9
Senior Aquarist	H	40.0	54.0	0.0	0.6	1.0	1.0	1.0	0.0	32.7	55.1	55.6	56.2
Aquarist	H	32.0	43.2	0.0	0.5	1.0	1.0	1.0	0.0	21.8	44.1	44.5	44.9
Animal Care Technician	H	20.0	27.0	0.0	0.5	1.0	1.0	1.0	0.0	13.6	27.5	27.8	28.1
Animal Care Technician	H	20.0	25.0	0.0	0.0	0.5	0.5	0.5	0.0	0.0	12.8	12.9	13.0
Lab Supervisor	H	32.0	43.2	0.0	0.5	1.0	1.0	1.0	0.0	21.8	44.1	44.5	44.9
Science Director (UAF)	R	50.0	78.4	0.0	0.0	0.5	0.5	0.5	0.0	0.0	36.0	40.4	40.8

## ALASKA SEALIFE CENTER STAFFING PROJECTION

POSITION	DEPT <sup>1</sup>	BASE SALARY	TOTAL SALARY <sup>2</sup>	FULL TIME EQUIVALENCE					COST TO ALASKA SEALIFE CENTER <sup>3</sup>				
				'96	'97	'98	'99	'20	1996	1997	1998	1999	2000
Librarian	R	36.0	45.7	0.0	0.0	1.0	1.0	1.0	0.0	0.0	11.7	11.8	23.8
Library Assistant	R	23.0	29.4	0.0	0.0	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0
Geneticist (ADF&G)	R	59.0	74.6	0.0	0.5	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0
Geneticist (ADF&G)	R	59.0	74.6	0.0	0.5	0.5	0.5	0.5	0.0	0.0	0.0	0.0	0.0
Fisheries Biologist III	R	45.0	57.0	0.0	0.5	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
Fisheries Biologist II	R	39.0	49.5	0.0	0.5	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
Fisheries Biologist II	R	39.0	49.5	0.0	0.5	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
Fisheries Technician III	R	28.0	35.6	0.0	0.5	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
Fisheries Technician III	R	28.0	35.6	0.0	0.5	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
Fisheries Technician III	R	28.0	35.6	0.0	0.5	1.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
<b>TOTALS</b>				3.7	19.9	53.3	54.9	54.9	241.8	933.9	2024.7	2100.6	2133.1

## **ALASKA SEALIFE CENTER STAFFING PROJECTION**

1. Departments: E - Executive Director; O - Operations; D - Development; P- Program; H - Husbandry & Life Support; R - Research
2. Assumes 35% benefits package for full time positions; 25% for part-time and seasonals
3. Cost includes a 1% annual adjustment for cost of living & merit increases

## **Alaska SeaLife Center Position Description**

**Position Title:**           **Executive Director**

**Reports To:**           The Executive Director reports to the SAAMS Board and works closely with the Chair of the Board and the Executive Committee. The Executive Director is hired and/or dismissed by the full Board.

**Summary of Responsibilities:**   The Executive Director is the Chief Executive Officer of the Alaska SeaLife Center and formulates strategic direction in conjunction with the SAAMS Board. The Executive Director oversees the fiscal and budgetary affairs and the funding efforts of the research, rehabilitation and visitation components of the center. The Executive Director has general charge of all properties, including living specimens, and all operations including research, rehabilitation, appointment and direction of staff and volunteers, and activities of the institution with the policies and objectives established by the SAAMS Board.

**Qualifications/ Experience:**   The Executive Director should have an advanced degree from an accredited college with a masters in business or the sciences and the following experience:

- 1) Administration of marine research and aquarium programs.
- 2) Preparing and implementing an annual multi-million dollar business plan which includes an aggressive marketing and fundraising campaign.
- 3) Management of interdisciplinary scientific organizations and projects.
- 4) Formulation of animal husbandry and research program guidelines.
- 5) Communicating effectively with the public, board of directors , staff and the marine research community
- 6) Working collaboratively with federal, state and local governments and universities.
- 7) Leading capital and endowment fundraising campaigns with the private sector and foundations.

**Duties:**               The Executive Director shall:

- 1) With the Board, formulate general policies, standards and goals, and work to ensure fiscal integrity of the Center.
- 2) Plan, direct and coordinate all Alaska SeaLife Center activities.

**Alaska SeaLife Center**  
**Position Description**  
**Executive Director**  
Duties: (continued)

- 3) Lead in the development of marketing and fundraising plans and support and participate in marketing and fundraising activities.
- 4) Work with the Executive Director of the Exxon Valdez Oil Spill Trustee Council to carry out their restoration mission.
- 5) Set policies, procedures, goals and guidelines for all Center departments consistent with Board adopted goals.
- 6) Act as principal advisor to the Board and attend all Board meetings and other committees as the board may assign.
- 7) Develop long-range institutional plans to be presented to the Board for approval.
- 8) Provide leadership for the Center staff.
  - a) Guide, direct, and consult with the staff on the day-to-day work and activities at the Center.
  - b) Plan and evaluate performance of those who report directly to this chief executive officer.
- 9) Be responsible for:
  - a) Hiring of all staff.
  - b) The professional development of staff.
  - c) Development and administration of overall budget, including operations, capital expenditures and income generation.
  - d) Administer and direct all business functions; building and plant operations and maintenance; animal care, rehabilitation and research; education and exhibit programs; public relations, marketing, membership and development functions; Center coordination and volunteer activities.
- 10) Maintain and enhance the affiliation of the Center with the University of Alaska Fairbanks School of Fisheries and Ocean Sciences.
- 11) Represent the Center at:
  - a) All appropriate public, professional and scientific meetings and participate in the activities of professional organizations.
  - b) All levels of government and promote the Center's interests to secure favorable decisions.
  - c) In legal, accounting and other professional relationships.

**Alaska SeaLife Center**

**Position Description**

**Executive Director**

Duties: (continued)

- 12) Provide leadership in positioning the Center in the community and in reaching common goals and objectives with affiliated institutions.
- 13) Ensure that the Center is an active participant in community affairs and is empathetic with and responsive to the needs of the community.

**Alaska SeaLife Center**  
**Position Description**

**Position Title:**        **Director of Operations and Visitor Services**

**Reports To:**            The Executive Director .

**Summary of Responsibilities:**    The Director of Operations and Visitor Services administers a major division of a 7 acre non-profit aquatic exhibition, education and research facility, with a projected annual attendance of 275,000 visitors. Oversees Business, Facilities, Security and Gift Shop Departments with approximately 25 staff. Serves as Personnel Director and is a member of the senior management team which develops strategic and operational plans and budgets.

**Qualifications/ Experience:**    The Director of Operations and Visitor Services should have an advanced degree from an accredited college with a masters in business or public administration, with a minimum of five years experience in organizational administration and management.

**Duties and Responsibilities:**

- 1) Establish and efficiently maintain safe, clean, appealing and welcoming research and public areas for staff, volunteers and visitors.
- 2) Account for all expenditure and income of the Center
- 3) Provide appropriate, timely and accurate information to staff for management purposes and to government and funding agencies as required by law and specific operating agreements.
- 4) Systematically collect and analyze financial information and issue appropriate reports to assure that the Center is operating in a businesslike manner which assures solvency.
- 5) Ensure that the Center has complete and clearly stated policies and practices relating to all appropriate matters of human resources management including but not limited to; recruitment and hiring, benefits, training, performance evaluation, promotion and advancement, grievance, discipline and termination, and insurance.
- 6) Assure the benefit programs for employees are efficiently and effectively contracted, managed and explained to staff.
- 7) Provide appropriate training, advice and support to staff in matters relating to supervision, management and personnel matters.
- 8) Assure legal compliance with all laws.

**Alaska SeaLife Center**  
**Position Description**

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**Position Title:** **Director of Animal Husbandry and Life Support**

**Reports To:** The Director of Animal Husbandry and Life Support reports to the Executive Director and works closely with the Science Director, Program Director, and the Animal Care Committee.

**Summary of Responsibilities:** The Animal Husbandry and Life Support (AH&LS) Director is responsible for the welfare of all animals at the Center and ensures that the Center's life support system is properly operated and maintained. The Director of AH&LS oversees the daily operations and budget of the Animal Husbandry and Life Support division. This includes recruiting, training, managing, and evaluating staff to assure the successful functioning of the division. With the concurrence of the Executive Director, the Director of AH&LS hires and/or dismisses the Veterinarian, Marine Mammal Curator, Avian Curator, Senior Aquarist, Life Support Engineer, Laboratory Supervisor, and Administrative Clerk, and is responsible for their direct supervision. The Director of AH&LS works closely with the Science Director to care for animals involved in the research activities at the Center and provides support, when requested, in research projects. The Director of AH&LS also works closely with the Program Director to ensure that the animals, plants, and life support systems in exhibits are well maintained and support the public education/vistation goals of the Center. Additionally, the Director of AH&LS chairs the Center's Animal Care Committee and ensures that the Center complies with all applicable federal, state, and local permits pertaining to animal husbandry and life support.

**Qualifications and Experience:** M.S. or Ph.D. degree from an accredited college with a major in the sciences of biology, any branch of biology, veterinary medicine, or oceanography. Five years of experience in practical aquarium/husbandry management; and demonstrated ability to manage a complex program of living exhibits and successfully interface with research projects.

## **Alaska SeaLife Center Position Description**

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### **Duties and Responsibilities:**

- 1) Provide direction, administrative oversight, and represent the Animal Husbandry and Life Support division of the Alaska SeaLife Center.
- 2) Directly supervise the Veterinarian, Marine Mammal Curator, Avian Curator, Senior Aquarist, Life Support Engineer, Laboratory Supervisor, and Administrative Clerk; indirectly supervise other AH&LS division staff.
- 3) Acquire, produce, and maintain appropriate assemblages of living organisms including mammals, birds, fish, invertebrates, and plants to support research, rehabilitation, and public education programs at the Center.
- 4) With guidance from the Animal Care Committee, establish and enforce the Center's animal care protocols; assure consistently high standards for animal care that meet or exceed professional and regulatory requirements.
- 5) Work cooperatively with the Science Director to procure and maintain animals for use in research conducted by the Center.
- 6) Establish and maintain a marine mammal and marine bird stranding and rehabilitation program at the Center that is consistent with the Center's mission, policies, and resources.
- 7) Implement and maintain a computerized animal record keeping system that is consistent with established professional norms.
- 8) Work to facilitate and maintain an active Animal Care Committee; periodically advise the Executive Director, regulatory agencies, and others on the care of animals at the Center.

**Alaska SeaLife Center  
Position Description**

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- 9) Assure that the Center's life support system is operated and maintained to balance the needs of animals and staff; implement and maintain a life support monitoring and record keeping system.
- 10) Review and plan the annual budget for the Animal Husbandry & Life Support division and ensure fiscally sound management of expenditures under the division's responsibility.
- 11) Design and implement a staff training and development program; encourage innovation of improved methods of husbandry, life support, and exhibitry.
- 12) Assure compliance with local, state, and federal permits, laws, and regulations pertaining to animal husbandry and life support functions at the Center.
- 13) Perform other duties as assigned.

## ALASKA SEALIFE CENTER ANIMAL FOOD PROJECTION

FOOD TYPE	ESTIMATED FOOD CONSUMPTION (POUNDS PER DAY) IN 1999						LBS/DAY	LBS/YEAR	PRICE/POUND <sup>1</sup>	ANNUAL COST	SOURCE <sup>2</sup>	TIMING <sup>3</sup>
	SEA LIONS N=3	SEALS N=4	SEA OTTERS N=3	BIRDS N=50	FISH N=1000	INVERTS N=200						
HERRING	70	70			10	5	155	56,575	\$0.50	\$28,288	L, R, I	Sp, F
SALMON	20						20	7,300	\$0.75	\$5,475	L	S
HOOLIGAN (SMELT)	15	15			5		35	12,775	\$1.00	\$12,775	LP	Sp
CAPELIN	20		5				25	9,125	\$1.00	\$9,125	R, LP	Sp, S
SAND LANCE				20	5		25	9,125	\$1.00	\$9,125	LP	S
SHRIMP			5	1	1		7	2,555	\$2.75	\$7,026	L, R	S,F,W
SQUID	20	15			3	2	40	14,600	\$0.80	\$11,680	L, R, I	YR
CRAB			5				5	1,825	\$5.00	\$9,125	L, R	F, W
HARDSHELL CLAM			5			1	6	2,190	\$1.00	\$2,190	R, LP	YR
MOON SNAIL			5			1	6	2,190	\$1.25	\$2,738	LP	S
KRILL				5	5	2	12	4,380	\$0.75	\$3,285	LP, I	Sp
SEA URCHIN			5			1	6	2,190	\$4.00	\$8,760	R, LP	Sp, S
MUSSELS			5	1		1	7	2,555	\$1.00	\$2,555	R, LP	YR
POLLOCK	20		10				30	10,950	\$0.75	\$8,213	L, R	W, Sp
ROCKFISH	15		10				25	9,125	\$1.25	\$11,406	L	S
PACIFIC COD			15				15	5,475	\$1.50	\$8,213	L	W, Sp
HALIBUT			5				5	1,825	\$2.75	\$5,019	L	YR
OR MOIST PELLETS					20		20	7,300	\$0.50	\$3,850	I	YR
TOTALS	180	100	75	27	49	13	444	162,060		\$148,648		

1. Estimated price per pound for processed and packed frozen product F.O.B. Seward
2. Source of Product: L=Local; LP=Local potential; R=Regional; RP=Regional potential; I=Imported
3. Timing of fresh product: Sp=Spring; S=Summer; F=Fall; W=Winter; YR=Year Round

08/25/95



# **Business Plan Visitation Goals**

for the

**Alaska SeaLife Center**

**July 1995**

**Prepared By**

**Alaska Village Initiatives**

**1577 C Street, Suite 304**

**Anchorage, Alaska 99501**

**(907) 274-5400**

# **Alaska SeaLife Center**

## **Business Plan Visitation Goals**

The Alaska SeaLife Center is slated to be a project of such quality and appeal that it is expected to become one of the most visited attractions in the state charging an admission. The outlook for the SeaLife Center successfully attracting visitors is promising. With this report, management commits itself to visitation goals for the Alaska SeaLife Center. These goals, while based on earlier market projections, establish new targets for achievement. Marketing plans include negotiations with major industry leaders and will be designed to achieve these goals by using an innovative approach to the crucial market-building phase of project development. Following is a recap of the market research, segmented by target markets, which provides the basis for these goals.

### **Visitation Goals by Market Segment**

#### **Non-resident/Non-cruise**

The market of non-resident/non-cruise visitors to Seward has grown substantially over the last decade, with growth rates averaging about 10 percent annually. This year, Seward will host an estimated 166,500 non-resident/non-cruise visitors.

Future growth is conservatively estimated at 6 percent with a penetration rate of 45 percent, consistent with the "must-see" nature of this attraction. By 1998, the non-resident/non-cruise market is projected to be nearly 198,000 visitors for Seward and 89,100 visitors for the SeaLife Center.

Achievement of non-resident/non-cruise visitation goals will require a well-orchestrated marketing campaign. Specific targeted messages will be needed for the

highway market, independent travelers, and visiting friends and relatives. Appropriate advertising, collateral, and public relations activities will be used to create interest in the Alaska SeaLife Center and maximize visitation.

### **Non-Resident/Cruise**

The cruise industry has been a dynamic force in the incredible growth of the Seward visitor industry. In 1995, it is projected that Seward will receive nearly 200,000 cruise visitors. Current information suggests that the number of cruise visitors to Seward will grow another thirty-five percent in 1996. With an industry this dynamic, it is difficult to predict with certainty cruise visitation over a period of time.

In the last three years, four separate studies have been completed projecting cruise industry growth to Seward. Each of these studies have projected higher cruise industry growth percentages than the last, yet all have been too conservative in reflecting the incredible growth of this market. We are confident, even with the many variables, that Seward will remain a key southcentral port for cruiseships, providing a ready market for the Alaska SeaLife Center.

The Alaska SeaLife Center management has set as a goal a modest 20 percent capture of cruise visitation, or approximately 40,000 visitors in 1998. To achieve the non-resident/cruise visitation goals, the Alaska SeaLife Center management will seek commitments from the Alaska cruise industry to support this project. Cruiseline executives interviewed during our preliminary analysis indicated a great deal of interest in the Alaska SeaLife Center. While negotiations cannot be made final at this preliminary stage of development, management is confident that the projects' appeal to visitors and its' impact as a major visitor attraction in Alaska will make it a "must-see" for cruise visitors. Therefore, critical negotiations with the cruise industry will produce 40,000 visitors initially, with continued growth as

the cruise market to Seward grows, and as cruiselines who have taken a more conservative “wait and see” approach sign on.

It is well known that cruiselines usually wait until an attraction has proven itself before adding it to their itineraries, usually in the second year. To accomplish these goals, Alaska SeaLife Center management will need to negotiate creatively to gain the early support of cruiselines. We believe that the comprehensive planning, magnitude, and compelling nature of this major attraction will assist in gaining this early support.

### **Resident**

Eighty percent of Southcentral residents travel to the Kenai Peninsula annually, with the majority traveling at least once a season to Seward. Our polls showed that 69 percent of Southcentral residents answered they would probably or definitely pay to visit an attraction like the SeaLife Center. Based on the overwhelming support for this concept, we estimate a 50 percent penetration rate of the current travelers to Seward. In addition to visits created by existing travel to Seward, we have added a small number of resident visitors who will be motivated to travel to Seward by this new attraction. The resulting calculation is an estimated 105,000 residents who will visit the facility in its first two years while it is a novelty. As initial high demand from residents levels off, this market will drop to a more modest 90,000 in future years.

To achieve the resident visitation goals, the Alaska SeaLife Center will need to create an awareness and an excitement about this project with the resident population. In addition to strong marketing efforts, it is critical that the public relations message communicates the positive attributes of this proposed facility.

## **Fall/Winter/Spring (FWS) and Other Groups**

FWS markets include visitors who come to Alaska in the fall, winter or spring, pre- and post-convention travelers, and school groups. We estimate that approximately 21,000 visitors fall/winter/spring visitors will visit the center each year.

We project that the center will receive significant support from students in Anchorage, Mat-Su, and Kenai Borough school districts participating in academic activities. This is based in part on the assumption that teachers and students highly motivated by the quality of the project will result in a couple of visits by most students during their progress through primary and secondary school levels.

We estimate that the center will gain 30 percent of a small pre- and post-convention tour market and a healthy penetration rate among fall-winter-spring tourists, particularly in the shoulder months. There is additional potential in the growing winter sports market segment, especially in light of the Alyeska Ski Resort's major investment.

To accomplish these visitation goals, Alaska SeaLife Center management will need to cultivate the school markets with special education programs, develop packages to accommodate fall/winter/spring independent travelers and work aggressively with the Southcentral and Anchorage convention markets. The convention market, particularly in Anchorage, has grown substantially in recent years.

## **Southcentral Untapped**

There are currently several hundred thousand visitors to Southcentral Alaska who do not visit Seward. We believe that the addition of this major attraction will provide the incentive for some of these visitors to add Seward to their Alaskan vacation itineraries. We project 10 percent of the Southcentral visitors not presently visiting Seward will add Seward to their itinerary in order to visit the SeaLife Center, yielding a range of 29,888 to 36,329 visitors to the Center.

Interviews with the Alaska Railroad and other tour companies indicated a strong interest in selling Seward with this additional attraction. To accomplish this goal, the Alaska SeaLife Center management will need a well-executed marketing campaign and will need to cultivate the many tour wholesalers, both large and small, who could offer transportation and tours to Seward for this added attraction.

### **Critical Assumptions**

There are a number of critical assumptions which must be fulfilled for these business plan goals and earlier projections to become a reality.

Among the key assumptions are:

- *the SeaLife center design and construction will produce a quality attraction with outstanding facilities and interpretive displays;*
- *the center will become a "must-see" attraction with the necessary appeal to encourage repeat visits by Alaskans;*
- *the project will be well-managed and responsive to the needs of the travel industry and the general public;*
- *the SeaLife Center's marketing will be strong, with substantial focus on each of the target markets. This is a significant requirement throughout the life of the project, but it is especially critical during the pre-opening phase and the center's early years of operation;*
- *the outstanding attraction combined with strong marketing will result in travel industry acceptance, particularly with cruise companies;*
- *the visitor industry will remain healthy and growing, and that Seward's share of the visitor market will continue to grow as well.*

## **Visitation Goals Summary**

The business plan visitation goals as outlined above are represented in the following table, and range from 284,500 to 318,608 visitors.

### **Alaska SeaLife Center Five-year Visitation Goals**

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>Non-Res/Non-Cruise</b>	89,100	94,446	100,113	106,120	112,487
<b>Non-Res/Cruise</b>	40,000	40,000	60,000	60,000	60,000
<b>Resident</b>	105,142	105,142	89,422	89,422	89,422
<b>FWS &amp; Other</b>	20,370	20,370	20,370	20,370	20,370
<b>S. Central Untapped</b>	29,888	31,383	32,952	34,599	36,329
<b>Total</b>	<b>284,500</b>	<b>291,341</b>	<b>302,857</b>	<b>310,511</b>	<b>318,608</b>



MEMORANDUM

TO: Leif Selkregg

FROM: Doug Dillon *DND*

DATE: August 10, 1995

RE: SeaLife Center Fund Raising Program

An original goal of \$10 million was established as the fund raising portion of the Alaska SeaLife Center project. To maximize the efforts of volunteers and resources, the capital campaign has been divided into two separate phases. Each phase represents a \$5 million goal.

Currently underway is Phase I, consisting of 3 individual components; the Seward Community Campaign, the Alaska Campaign, and the National Campaign. A status report for each division is as follows:

Seward Community Campaign

- A \$750,000 goal has been established for the Seward Campaign.
- As of August 10, \$700,000 or 94% of goal has been raised through cash and pledge.
- The Seward Campaign will be completed by August 31 with a victory celebration to be held in September or October.
- With the level of success which has already been achieved, it is our belief that the Seward Campaign will conclude with cash and pledges totaling \$850,000-\$900,000.
- The final results of the Seward Community Campaign will be critical in relation to the overall success of Phase I. Experience teaches that individuals, corporations and foundations will want to know the philanthropic support achieved at the local level. With a response from Seward in the range we estimate, we are convinced this will bring the momentum needed and will leverage key gifts in both Alaska and the National Campaign.

### **Alaska Campaign**

- The timetable for this division will be from September 1 - January 30.
- Although a goal has not yet been established, a preliminary evaluation of donor prospects suggests a \$1.75 - \$2.25 million goal.
- Success will be dependent upon early and continued cultivation. A cultivation plan is in place and will be launched officially on August 16. This cultivation event will be held at the home of Governor Wally Hickel and target the top 100 donor prospects in Alaska.
- Similar, but smaller cultivation events will be held in strategic locations throughout the Alaska Campaign.
- Before effective one-on-one solicitation can be made to donor prospects in Alaska, they must be cultivated. This is where crucial education of prospects can occur. These gatherings will give opportunity to explain the SeaLife Center project, announce the fundraising success of the Seward Community and underscore the importance and urgency of each donor prospect becoming involved in this unprecedented campaign.
- The following tasks should be completed by September 15 in order to remain on the campaign schedule:
  - a) Enlist Campaign Chairperson for Alaska Campaign.
  - b) Complete prospect evaluation of donor prospects.
  - c) Secure, train and assign volunteer leadership.
  - d) Recruit 2-3 additional SeaLife Board members who by their influence can efficiently represent the SeaLife project on a state wide level.

### **National Campaign**

- A goal of \$3 million has been established for this division.
- Donor prospects will include carefully selected foundations, corporations and individuals of wealth throughout the United States.
- Preliminary research and some grant proposals have already begun. This process will continue throughout Phase I which is projected to end in March, 1996.
- As with the Alaska state wide campaign, cultivation will be a critical component of this division. It will begin with a Smithsonian event in September or October. In addition, smaller cultivation events will be

held in strategic locations in the lower 48 states. It is the desire of the board that these events be underwritten by the individual hosts or through corporate sponsorship.

## **Phase II**

After the successful completion of Phase I, the Alaska SeaLife Center will begin implementing Phase II of the Capital Campaign. This fundraising effort will focus primarily on three separate tracks or divisions: the broad-based Alaska Campaign, the Corporations and Foundations Campaign and the Membership and Target Direct Mail Campaign.

### **Broad Base Alaska Campaign**

During Phase I, a concentrated effort has been placed on securing gifts from key corporations and individuals within Alaska. At this point, a community wide effort will be launched to seek pledges and gifts from businesses and individuals who were not asked to participate in Phase I.

From purely a timing aspect, this will be an appropriate appeal. It gives the Alaska SeaLife Center opportunity before this time to make significant progress in the construction of the facility, as well as the Capital Campaign. These positive changes will help to encourage participation on a broad community scale.

Much like the Seward Campaign in Phase I, we believe in order to achieve the greatest level of success, the careful enlistment of a volunteer force will be necessary. This will begin with recruiting chairpersons and vice chairs from the major communities in Alaska. These individuals will most likely be those who contributed in Phase I of the Campaign. Once they have agreed to these positions, they will enlist the help of volunteers from their own communities. These business owners and community leaders will be assigned donor prospects to solicit on a one-to-one basis.

This process of enlisting the required number of volunteers, training them effectively and completing the solicitation calls is a time consuming process. We estimate that a period of 5-6 months will be necessary to begin and successfully complete this division of Phase II. However, this investment of time and resources will be realized by not only the significant amount of the dollars raised, but by the influence this will have in the overall success of Phase II.

### **Corporations and Foundations Campaign**

Although many corporations and foundations were approached in Phase I, it will be advantageous to expand upon this process throughout Phase II.

In any major capital campaign, there are donor prospects who simply will not participate when initially approached. However, if carefully cultivated and approached at a more appropriate time and by the right person, this can be met with a significant degree of success.

This campaign will be no different. For a number of reasons, some corporations and even foundations need more time to determine their level of support. That is why it will be critical to attempt follow-up solicitation calls on some of these prospects during this period of Phase II.

In addition, there will be foundations and corporations in the lower 48 states which the SeaLife Center will be able to approach for the very first time. This is due to a number of factors: continued media attention, additional dollars available which were not during Phase I, personal knowledge or contacts from volunteer leadership into these new foundation or corporations, etc.

The research, grant proposals and the actual solicitation of these corporations and foundations will take place throughout Phase II and simultaneously with the other divisions.

### **Membership and Targeted Direct Mail Campaign**

The final wrap up of Phase II will center on an Alaska SeaLife membership program and a targeted mailing campaign throughout the United States.

As the grand opening of the SeaLife Center approaches, a concentrated effort should be made to secure charter memberships. The Alaska SeaLife Center's Board of Directors, with the direction from the Executive Director, will need to establish a membership program; determine costs and benefits for individuals and families and offering yearly, as well as lifetime memberships.

Once the program is operational, well strategized correspondence should be sent to all past donors, and of course, to targeted Alaska residences, inviting them to participate in this charter membership program.

In addition, J. Donovan Associates believes that during this wrap up of Phase II, the SeaLife Center would benefit greatly by contracting with an established direct mail company. This will be necessary to realize the greatest gift potential.

With the help of a well established reputable direct mail firm, they could most cost effectively strategize, produce and do test marketing to insure substantial gains in memberships and pledges throughout the United States.

As with the entire campaign, this direct mail component will help to position the Alaska SeaLife Center not only for Phase II, but for years and years to come.

### **\$12 Million Campaign Goal**

Since the launching of the fundraising program, it has been determined by the Board of Directors that an additional \$2 million will be needed in philanthropic support in order to complete the SeaLife Center as originally conceived and planned with the visitors component in place.

With a strong beginning in Phase I, J. Donovan Associates believes that an additional \$1 million in both Phase I and II is quite possible. However, it will necessitate finding additional potential donor prospects from both Alaska and the lower 48 states.

As with any campaign, the potential to exceed the goal is ever present. Certainly, a capital campaign never ended simple because it met its goal. In a national project like the SeaLife Center, the possibility of cultivating additional donors is great.

However, the importance of each division succeeding and even exceeding its goal is critical. The Seward Campaign has provided the early momentum needed. Persistence and a sense of urgency among volunteers and donors alike is needed to insure victory.

# COASTAL SECURITIES LTD.

September 6, 1995

Honorable Mayor and Councilmembers  
City of Seward, Alaska

Re: Interim Financing for Fund Raising Program for Alaska SeaLife Center

Ladies and Gentlemen:

As financial advisor to the City of Seward, we have prepared an analysis of the Proforma Revenues and Expenses and Amounts Available for Debt Service for the proposed Alaska SeaLife Center in Seward. Any bond financing undertaken, either by the City of Seward or through the Alaska Industrial Development and Export Authority ("AIDEA"), would be a special obligation of SAAMS, payable from project revenues, and would not be a general obligation of the City of Seward.

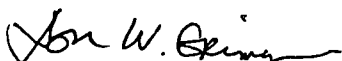
We have assumed a twenty-year initial repayment period, but with an obligation to prepay principal from surplus revenues. The surplus would be accumulated until October 1, 2000, which is scheduled to be the first call opportunity on the bonds. Normally, a twenty-year bond issue would have call protection for the investor for ten years, to protect against refinancing in changing markets. In the case of the SeaLife bonds, we recommend structuring the bonds with an option call in ten years with funds from any source (including refinancing at better rates), but having a mandatory call beginning in the fifth year from surplus revenues. The mandatory call we recommend should be of the earliest maturities first, to minimize the possibility of a monetary default during any lean years (interest only being due should not be a large burden).

All the analysis is based on projections provided by the project management. We have calculated proforma debt schedules based on estimated rates which in our opinion reflect current market conditions for tax-exempt bonds issued through the AIDEA under their bank participation program (20% by the bank). Based on these proformas, the bonds are projected to be redeemed as follows:

- Base Case - 100% of \$12 million in contributions collected by 2001 - all bonds should be fully retired by 2001.
- 75% of Contributions Case - each year's contributions would be reduced 25% from the amounts projected in Base Case. All bonds should be fully retired by 2007.

It is our recommendation that the management of Alaska SeaLife Center continue in their negotiations with banks and AIDEA toward securing a commitment for this method of funding the interim financing needs of the Center.

Sincerely,



Don W. Grimes, Partner

## Alaska SeaLife Center

### Proforma Revenue and Expenses and Amounts Available for Debt Service

All Fiscal Years End September 30 (1998 through 2008)

All Amounts in \$000's - 75% of Expected Donations Scenario

Description:	1996 Constr. Period	1997 Constr. Period	1998 Partial Year	1999 (Base Year)	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Estimated Revenues:</b>													
Admissions ( visitor proj. thru 2002, then 3% p.a.)			\$2,111	\$2,625	\$2,729	\$2,798	\$2,871	\$2,957	\$3,046	\$3,137	\$3,231	\$3,328	\$3,428
Memberships - Family (3% increase per year)			315	325	335	345	355	366	377	388	400	412	424
Memberships - Corporate (3% increase per year)			97	100	103	106	109	113	116	119	123	127	130
Retail Sales (visitor proj. thru 2002, then 3% p.a.)			1,171	1,455	1,514	1,552	1,593	1,641	1,690	1,741	1,793	1,847	1,902
Research Use Charge (level thru 2002, then 3% )			241	465	465	465	465	479	493	508	523	539	555
Education / Rehab Grants (3% increase per year)			150	200	206	212	219	225	232	239	246	253	261
Miscellaneous (3% annual increase assumed)			10	36	37	38	39	41	42	43	44	46	47
<b>Total Estimated Revenues</b>	<b>\$0</b>	<b>0</b>	<b>4,095</b>	<b>5,206</b>	<b>5,389</b>	<b>5,516</b>	<b>5,651</b>	<b>5,821</b>	<b>5,995</b>	<b>6,175</b>	<b>6,361</b>	<b>6,551</b>	<b>6,748</b>
<b>Estimated Expenses (assumes 3% p.a. after 1999):</b>													
Salaries & Benefits			1,575	2,100	2,163	2,228	2,295	2,364	2,434	2,508	2,583	2,660	2,740
Administrative			1,106	1,475	1,519	1,565	1,612	1,660	1,710	1,761	1,814	1,868	1,925
Facilities			436	582	599	617	636	655	675	695	716	737	759
Curatorial			203	270	278	286	295	304	313	322	332	342	352
<b>Estimated Total Expenses</b>	<b>0</b>	<b>0</b>	<b>3,320</b>	<b>4,427</b>	<b>4,560</b>	<b>4,697</b>	<b>4,838</b>	<b>4,983</b>	<b>5,132</b>	<b>5,286</b>	<b>5,445</b>	<b>5,608</b>	<b>5,776</b>
<b>Proforma Net Operating Revenue</b>	<b>0</b>	<b>0</b>	<b>775</b>	<b>779</b>	<b>829</b>	<b>820</b>	<b>814</b>	<b>838</b>	<b>863</b>	<b>889</b>	<b>916</b>	<b>943</b>	<b>972</b>
<b>Estimated Non-Operating Income (Expense):</b>													
Estimated Bond Issuance Expenses	(200)												
Interest Income on Bond Proceeds	200	100											
Interest Income on Fund Balances		2	74	164	261	1	0	(0)	0	1	(0)		
Collections on Contribution Pledges	675	2,044	1,706	1,831	1,831	914							
<b>Estimated Available for Debt Service</b>	<b>675</b>	<b>2,146</b>	<b>2,556</b>	<b>2,774</b>	<b>2,921</b>	<b>1,734</b>	<b>814</b>	<b>838</b>	<b>863</b>	<b>890</b>	<b>916</b>	<b>943</b>	<b>972</b>
Add Surplus from Previous Year		38	1,489	3,282	5,226	24	4	(0)	2	16	(0)	5	137
<b>Cumulative Amt. Available for Debt Service</b>	<b>675</b>	<b>2,184</b>	<b>4,044</b>	<b>6,056</b>	<b>8,147</b>	<b>1,759</b>	<b>818</b>	<b>838</b>	<b>865</b>	<b>906</b>	<b>916</b>	<b>949</b>	<b>1,108</b>
<b>Estimated Annual Debt Service Requirements:</b>													
Interest	637	695	695	695	695	284	206	180	150	116	77	36	0
Scheduled Principal					500								
Set-aside for Reserve and Replacement Accounts			67	135	153	171	188	156	124	141	159	176	194
Extraordinary Bond Call from Surplus Revenues					6,775	1,300	425	500	575	650	675	600	0
<b>Carried Over to Next Fiscal Year</b>	<b>\$38</b>	<b>\$1,489</b>	<b>\$3,282</b>	<b>\$5,226</b>	<b>\$24</b>	<b>\$4</b>	<b>(\$0)</b>	<b>\$2</b>	<b>\$16</b>	<b>(\$0)</b>	<b>\$5</b>	<b>\$137</b>	<b>\$914</b>

# Alaska SeaLife Center

Proforma Revenue and Expenses and Amounts Available for Debt Service

All Fiscal Years End September 30 (1998 through 2008)

All Amounts in \$000's - Base Case - Contributions at 100% of Expected

Description:	1996 Constr. Period	1997 Constr. Period	1998 Partial Year	1999 (Base Year)	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Estimated Revenues:</b>													
Admissions (visitor proj. thru 2002, then 3% p.a.)			\$2,111	\$2,625	\$2,729	\$2,798	\$2,871	\$2,957	\$3,046	\$3,137	\$3,231	\$3,328	\$3,428
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Retail Sales (visitor proj. thru 2002, then 3% p.a.)			1,171	1,455	1,514	1,553	1,593	1,641	1,690	1,741	1,793	1,847	1,902
Research Use Charge (level thru 2002, then 3% p.a.)			241	465	465	465	465	479	493	508	523	539	555
Education / Rehab Grants (3% increase per year)			150	200	206	212	219	225	232	239	246	253	261
Miscellaneous (3% annual increase assumed)			10	36	37	38	39	41	42	43	44	46	47
<b>Total Estimated Revenues</b>	<b>\$0</b>	<b>0</b>	<b>4,095</b>	<b>5,206</b>	<b>5,389</b>	<b>5,517</b>	<b>5,651</b>	<b>5,821</b>	<b>5,995</b>	<b>6,175</b>	<b>6,361</b>	<b>6,551</b>	<b>6,748</b>
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Curatorial			203	270	278	286	295	304	313	322	332	342	352
<b>Estimated Total Expenses</b>	<b>0</b>	<b>0</b>	<b>3,320</b>	<b>4,427</b>	<b>4,560</b>	<b>4,697</b>	<b>4,838</b>	<b>4,983</b>	<b>5,132</b>	<b>5,286</b>	<b>5,445</b>	<b>5,608</b>	<b>5,776</b>
<b>Proforma Net Operating Revenue</b>	<b>0</b>	<b>0</b>	<b>775</b>	<b>779</b>	<b>829</b>	<b>821</b>	<b>814</b>	<b>838</b>	<b>863</b>	<b>889</b>	<b>916</b>	<b>943</b>	<b>972</b>
<b>Estimated Non-Operating Income (Expense):</b>													
Estimated Bond Issuance Expenses	(200)												
Interest Income on Bond Proceeds	200	100											
Interest Income on Fund Balances		13	120	241	372	8	(0)	31	67	107	150		
Collections on Contribution Pledges	900	2,725	2,275	2,441	2,441	1,218							
<b>Estimated Available for Debt Service</b>	<b>900</b>	<b>2,838</b>	<b>3,170</b>	<b>3,461</b>	<b>3,642</b>	<b>2,047</b>	<b>814</b>	<b>869</b>	<b>930</b>	<b>997</b>	<b>1,066</b>	<b>943</b>	<b>972</b>
Add Surplus from Previous Year		263	2,406	4,814	7,445	164	(0)	626	1,339	2,145	3,001	3,908	4,675
<b>Cumulative Amt. Available for Debt Service</b>	<b>900</b>	<b>3,101</b>	<b>5,576</b>	<b>8,275</b>	<b>11,087</b>	<b>2,211</b>	<b>814</b>	<b>1,495</b>	<b>2,269</b>	<b>3,142</b>	<b>4,067</b>	<b>4,851</b>	<b>5,647</b>
<b>Estimated Annual Debt Service Requirements:</b>													
Interest	637	695	695	695	695	116	0	0	0	0	0	0	0
Scheduled Principal					500	0	0						
Set-aside for Reserve and Replacement Accounts			67	135	153	171	188	156	124	141	159	176	194
Extraordinary Bond Call from Surplus Revenues					9,575	1,925	0						
<b>Carried Over to Next Fiscal Year</b>	<b>\$263</b>	<b>\$2,406</b>	<b>\$4,814</b>	<b>\$7,445</b>	<b>\$164</b>	<b>(\$0)</b>	<b>\$626</b>	<b>\$1,339</b>	<b>\$2,145</b>	<b>\$3,001</b>	<b>\$3,908</b>	<b>\$4,675</b>	<b>\$5,453</b>

**BOND DEBT SERVICE**

Alaska SeaLife Center, Seward, Alaska  
Series 1995 Revenue Bonds, Issued Through AIDEA

Dated Date            11/01/1995  
Delivery Date        11/01/1995

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Nov 1, 1995	-	-	-	-	-
Apr 1, 1996	-	-	289,520.83	289,520.83	-
Oct 1, 1996	-	-	347,427.43	347,427.43	636,948.26
Apr 1, 1997	-	-	347,422.57	347,422.57	-
Oct 1, 1997	-	-	347,427.43	347,427.43	694,850.00
Apr 1, 1998	-	-	347,422.57	347,422.57	-
Oct 1, 1998	-	-	347,427.43	347,427.43	694,850.00
Apr 1, 1999	-	-	347,422.57	347,422.57	-
Oct 1, 1999	-	-	347,427.43	347,427.43	694,850.00
Apr 1, 2000	-	-	347,422.57	347,422.57	-
Oct 1, 2000	500,000.00	5.000%	347,427.43	847,427.43	1,194,850.00
Apr 1, 2001	-	-	334,922.57	334,922.57	-
Oct 1, 2001	520,000.00	5.125%	334,927.43	854,927.43	1,189,850.00
Apr 1, 2002	-	-	321,598.09	321,598.09	-
Oct 1, 2002	545,000.00	5.250%	321,601.91	866,601.91	1,188,200.00
Apr 1, 2003	-	-	307,291.84	307,291.84	-
Oct 1, 2003	575,000.00	5.375%	307,295.66	882,295.66	1,189,587.50
Apr 1, 2004	-	-	291,839.29	291,839.29	-
Oct 1, 2004	600,000.00	5.500%	291,841.96	891,841.96	1,183,681.25
Apr 1, 2005	-	-	275,339.29	275,339.29	-
Oct 1, 2005	635,000.00	5.625%	275,341.96	910,341.96	1,185,681.25
Apr 1, 2006	-	-	257,480.55	257,480.55	-
Oct 1, 2006	665,000.00	5.750%	257,481.95	922,481.95	1,179,962.50
Apr 1, 2007	-	-	238,361.80	238,361.80	-
Oct 1, 2007	700,000.00	5.875%	238,363.20	938,363.20	1,176,725.00
Apr 1, 2008	-	-	217,800.00	217,800.00	-
Oct 1, 2008	740,000.00	6.000%	217,800.00	957,800.00	1,175,600.00
Apr 1, 2009	-	-	195,600.00	195,600.00	-
Oct 1, 2009	780,000.00	6.000%	195,600.00	975,600.00	1,171,200.00
Apr 1, 2010	-	-	172,200.00	172,200.00	-
Oct 1, 2010	825,000.00	6.000%	172,200.00	997,200.00	1,169,400.00
Apr 1, 2011	-	-	147,450.00	147,450.00	-
Oct 1, 2011	875,000.00	6.000%	147,450.00	1,022,450.00	1,169,900.00
Apr 1, 2012	-	-	121,200.00	121,200.00	-
Oct 1, 2012	925,000.00	6.000%	121,200.00	1,046,200.00	1,167,400.00
Apr 1, 2013	-	-	93,450.00	93,450.00	-
Oct 1, 2013	980,000.00	6.000%	93,450.00	1,073,450.00	1,166,900.00
Apr 1, 2014	-	-	64,050.00	64,050.00	-
Oct 1, 2014	1,035,000.00	6.000%	64,050.00	1,099,050.00	1,163,100.00
Apr 1, 2015	-	-	33,000.00	33,000.00	-
Oct 1, 2015	1,100,000.00	6.000%	33,000.00	1,133,000.00	1,166,000.00
12,000,000.00			9,559,535.76	21,559,535.76	21,559,535.76



## COOPERATIVE AGREEMENT

between the

State of Alaska  
Alaska Department of Fish and Game

and the

City of Seward

for the

Construction, Operation and Maintenance of  
Research Infrastructure Improvements  
at the Alaska Sealife Center  
in Seward, Alaska

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This Cooperative Agreement (hereinafter referred to as the "Agreement") is made and entered into between the State of Alaska, Alaska Department of Fish and Game, P.O. Box 25526, Juneau, Alaska, 99802-5526 (hereinafter referred to as "ADF&G") and the City of Seward, P.O. Box 167, Seward, Alaska, 99664 (hereinafter referred to as the "City," together the "Parties").

- I. AUTHORITY. The authority for ADF&G to enter into this Agreement is AS 16.05.050(13), AS 36.30.850(c) and AS 37.14.400 et seq.
- II. PURPOSE OF THE AGREEMENT. The purpose of the Agreement is to provide for the construction, operation, and maintenance of the research and rehabilitation components of the Alaska Sealife Center (hereinafter referred to as the "Facility"). The Facility is described in the Institute of Marine Science Infrastructure Improvements *Exxon Valdez* oil spill (hereinafter referred to as "EVOS") Trustee Council (hereinafter referred to as the "Trustee Council") Project #94199, Project Description and Supplemental Materials, dated September 26, 1994, Section 6, Schematic Design attached hereto as Appendix 1. The construction, operation and maintenance of the Facility is referred to hereinafter as the "Project." The "Alaska Sealife Center" is the Facility in conjunction with the education component including support areas for education and visitation identified in Appendix 1.

III. COVENANTS. ADF&G and the City do hereby covenant and agree as follows:

- A. **Reimbursement.** ADF&G shall reimburse the City for up to \$24,846,000, for the cost of Project construction, design, administration and management, contingency, and planning as outlined in the detailed budget required by paragraph III.E. (hereinafter referred to as the "Detailed Budget"). These funds complement and supplement \$12,500,000 previously granted to the City by the Department of Administration under municipal grant 7/94-004 for planning, design, engineering, and construction of the Alaska Sealife Center. The source of these funds is the joint EVOS civil settlement funds under the jurisdiction of the United States District Court for the District of Alaska in accordance with the funding approval contained in the Resolution of the EVOS Trustee Council, adopted November 2, 1994, entitled: Research Infrastructure Improvements affiliated with the School of Fisheries and Ocean Science Institute of Marine Science in Seward Alaska (hereinafter referred to as the "Resolution"), attached as Appendix 2. The funds will be expended in accordance with the terms and conditions contained herein and in accordance with the terms and conditions of the Resolution, and are based upon the estimated Project costs as itemized in the capital budget attached to the Resolution. ADF&G will not reimburse expenditures in excess of funds received by ADF&G nor in excess of funds authorized by law to be expended. ADF&G will not expend funds except in accordance with an appropriation made by law. The schedule for release of the funds from the United States District Court to ADF&G as outlined in the Resolution is as follows:

1. \$12,500,000 on September 15, 1995.
2. \$12,456,000 on September 15, 1996.

The City has indicated its intent to request that the Trustee Council authorize ADF&G to convey the accumulated interest along with any unexpended funds to the City for the establishment of reserves for replacement, repairs and maintenance. The City has requested that the funds be held by the State of Alaska in a separate interest bearing account.

- B. **Monthly payments.** On or after September 15, 1995 and subject to the provisions in paragraph III.A., ADF&G shall begin making monthly payments to the City within thirty days after receipt of a request. Each request for payment shall be signed by the City Project Manager and submitted to the ADF&G Project Manager. The request shall be in the form set forth at Appendix 3 and is subject to approval by ADF&G. The payment shall be the approved projected cash flow needs for the next month adjusted by any previously paid funds still on hand.

ADF&G shall make every attempt to process payments promptly. In the event of a late payment, ADF&G will not be assessed a penalty fee.

- C. **Final payment.** In the discretion of ADF&G, the final payment, or \$500,000, whichever is larger, may be withheld pending satisfactory completion of the construction phase of the Project. Completion of the construction phase of the Project shall be the date of the certification from the City to ADF&G of the City's final acceptance of the Facility (hereinafter referred to as "Final Acceptance").
- D. **Administration costs.** ADF&G shall retain \$110,000 of the total funds received pursuant to the Resolution for project management and administration costs related to this Agreement.
- E. **Detailed Budget.** The City shall complete a Detailed Budget for the construction phase of the Project not later than thirty days prior to the first request for payment. The Detailed Budget must be approved by the Executive Director for the EVOS Trustee Council (hereinafter referred to as the "Executive Director") in accordance with the Resolution and must also be approved by ADF&G. The Detailed Budget shall be attached to this Agreement at Appendix 4 and become a part of the Agreement.
- F. **Budget revisions.** Notwithstanding the provisions in paragraph III. RR. of the Agreement the City may change the amounts allocated to the individual budget categories and budget line items in the Detailed Budget without a formal amendment to this Agreement. However, cumulative revisions are limited to a maximum of ten percent of the original amount within the following budget categories: construction, design, environmental impact statement and planning, and contingency. Budget revisions shall be limited to changes to existing budget line items. Budget revisions may not be used to increase the budget category for Project administration and management. Changes to the budget in excess of the limits authorized by this paragraph may only be made by amending this Agreement and must be approved by the Executive Director. Notwithstanding the provisions of this paragraph the total budget for the construction phase of the Project overall may not be increased.
- G. **Separate Project accounts.** The City shall maintain separate Project accounts and records for all funds received under this Agreement.
- H. **Unexpended funds.** The City shall return all funds not expended for Project purposes as outlined in the Detailed Budget within ninety days of Final Acceptance.

- I. **Monthly Reports.** Within thirty days following the effective date of this Agreement and continuing throughout the construction phase of the Project the City shall submit monthly progress and financial reports to the ADF&G, regardless of whether or not expenditures have been made in a given month. The report must include details of the progress made during the reporting period, including potential problems, milestones, and other significant progress. The report must reference progress against the Master Construction Schedule provided for in paragraph III.M. The report is due to ADF&G on the 10th of each month following the reporting period.
- J. **Annual Reports.** During the construction phase of the Project the City shall complete the annual financial reports and Project status reports required by the Resolution. The reports shall contain a cumulative summary of the information contained in monthly reports during the previous calendar year. The annual reports are due on January 31 of the year following the reporting period and shall be submitted to the Executive Director with a copy to ADF&G.
- K. **Final Report.** The City shall submit a final report that summarizes all expenditures, activities, and accomplishments pertaining to the Project within 90 days following Final Acceptance.
- L. **Construction drawings and specifications.** The City shall prepare detailed construction drawings and specifications. The drawings and specifications must be approved by ADF&G before construction bids for the Project are solicited. The project must be constructed in accordance with the approved drawings and specifications. Changes in the drawings or specifications must receive architectural and/or engineering approval as appropriate. Changes in the drawings and/or specifications that modify the research space, capabilities or function of the Facility must be approved in writing by ADF&G.
- M. **Master construction schedule.** The City shall submit a Master Construction Schedule for construction and monthly cash flow projections to ADF&G thirty days prior to the request for the first payment. Subsequently, the City shall notify ADF&G in writing of any changes to the Master Construction Schedule and the reason for the changes. Any changes that delay the Final Acceptance must be approved in writing by ADF&G. Once said changes have been approved in writing by ADF&G, the City shall submit an updated Master Construction Schedule to ADF&G.
- N. **Design review.** Prior to submitting a request for payment the City shall obtain approval of the Facility design and engineering for compliance with applicable building codes and good engineering practices from the International Conference

of Building Officials. The International Conference of Building Officials approval must be provided to ADF&G.

- O. **Operating plan.** Prior to submitting a request for payment the City shall prepare a detailed operating plan for the Facility. The detailed operating plan shall reflect a realistic cash flow for the operation of the Facility and must be approved by ADF&G and the Executive Director. The detailed operating plan shall be attached to this Agreement as Appendix 5 and the City shall be required as a condition of the Agreement to comply with the detailed operating plan.
- P. **Mitigation measures.** Prior to submitting a request for payment the City shall make a showing that future mitigation measures will be given due consideration and implemented to the extent practicable. The City shall provide a list of permits for the Project including the mitigation measures stipulated therein and including a description as to how and the extent to which the mitigation measures will be implemented. The list must be approved by ADF&G and the Executive Director. The list will be updated from time to time as needed during the construction phase of the Project. The list shall be attached to the Agreement as Appendix 6.
- Q. **Governing and management structure.** Prior to the City submitting a request for payment the Executive Director must approve a detailed governing and management structure for the Facility that clearly identifies the role of the University of Alaska in providing the scientific leadership at the Facility and ensures the Facility is managed so that research activities appropriately serve the Trustee Council's restoration mission. The detailed governing and management structure shall be attached to the Agreement as Appendix 7.
- R. **Property warranty.** The City warrants that the City has, or prior to the first request for payment, will secure the right, power, and authority to construct the Facility on the Property and that, as of the date of said request there will be no restrictions, covenants, easements, rights-of-way, or uses which would prevent the City from constructing the Facility on the Property. The City shall provide written certification of its right, power, and authority to construct the Facility prior to the first request for payment.
- S. **Construction dates.** The City shall begin construction of the Project by August 15, 1995. Final Acceptance shall be no later than December 31, 1998. If these dates are not complied with, ADF&G may terminate this Agreement at no fault to ADF&G. The right to termination is in addition to such other remedies as ADF&G may have.



ADF&G may exercise this option. If ADF&G exercises its option to enter and assume the operation of the Alaska Sealife Center, including the Facility, the City shall (i) convey title to the Alaska Sealife Center including the Facility to ADF&G for one dollar, and (ii) lease to ADF&G for one dollar per year Tract 2A, Waterfront Tracts, as depicted on Plat No. 95-13, Seward Recording District, Third Judicial District, State of Alaska and easements or other interests in lands for improvements such as the parking lots, sea wall, seawater intake and discharge lines, and fresh water supply system appertaining to the Alaska Sealife Center (the above described property is hereinafter referred to as the "Property"). Any lease or other conveyance of the Property or an interest therein by the City to a third party shall be subject to the provisions of this paragraph. In deciding whether to acquire the Alaska Sealife Center as provided in this paragraph, ADF&G shall give due consideration to the research capabilities including the restoration and rehabilitation benefits that would result from acquisition and operation of the Alaska Sealife Center by ADF&G. If ADF&G exercises its right to acquire the Alaska Sealife Center ADF&G shall operate and maintain the Facility to the standard of other well-maintained and well-operated marine research facilities throughout the United States. After having assumed ownership of the Alaska Sealife Center, if ADF&G does not operate the Facility as a marine research facility, then ADF&G shall offer to contract operation and maintenance of the Alaska Sealife Center to the following agencies of the United States: the Department of Interior, the Department of Commerce, National Oceanic and Atmospheric Association, and the Department of Agriculture, United States Forest Service for one dollar upon the condition that the Facility be operated as a marine research facility and upon the further condition that if the acquiring United States agency ceases to operate the Facility as a marine research facility, operation and maintenance of the Alaska Sealife Center shall revert to ADF&G. If ADF&G assumes ownership of the Alaska Sealife Center but the Facility is not operated as a marine research facility, then at the end of fifty years from the date of execution of this Agreement the City may raise the rent for the Property to fair market rental value which may then be adjusted from time to time. **Notwithstanding** the provisions of this paragraph ADF&G shall not be required to **expend** funds to acquire, operate or maintain the Alaska Sealife Center or the **Facility** in excess of an appropriation made by law.

- W. **Events of default.** The following shall be events of default under this Agreement. Failure by the City to observe, fulfill or perform any covenants, conditions or agreements on its part to be observed or performed under this Agreement for a period of 30 days after written notice specifying such failure, requesting that it be remedied, and stating that it is a notice of default, has been given to the City by ADF&G, provided, however, that if said default is such that it cannot be corrected within the applicable period, it shall not constitute an event of default if corrective

action is instituted by the City within the applicable period and diligently pursued until the default is corrected.

If by reason of force majeure, the City is unable in whole or in part to perform its obligations under this Agreement, the City shall not be in default under this Agreement during the continuance of such inability. The City agrees, however, to use all reasonable efforts to remedy with all reasonable dispatch the cause or causes of its failure to carry out its obligations under this Agreement; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the City or its contractors, as the case may be, and the City and its contractors shall not be required to make settlement of strikes, lockouts or other industrial disturbances by acceding to demands of opposing parties when such course is in the judgment of the City unfavorable to the City.

"Force majeure" means, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or of the State of Alaska or any of their departments, agencies, subdivisions or officials, or any civil or military authority (including any orders or restraints exercised pursuant to any agreement to which the City is a party); insurrection; riots; landslides; icebergs; typhoons; tornadoes; adverse weather conditions; tidal waves; earthquakes; fires; storms; droughts; floods; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of the City. No event which is reasonably within the control of the City, or which the City, through the exercise of reasonable maintenance or management, could have reasonably prevented from occurring, shall be considered "force majeure."

X. **Remedies upon breach by City.** Whenever an event of default by the City shall have occurred, and any applicable period for giving notice and any opportunity to cure shall have expired, ADF&G shall have the following rights and remedies in addition to any rights and remedies that may be available by law:

1. **Declare this Agreement terminated.**
2. **Recover all monies previously paid to the City under this Agreement that were not spent in accordance with the Agreement.**
3. **ADF&G shall have the option to enter and assume the operation of the Alaska Sealife Center, including the Facility under paragraph III.V. ADF&G shall exercise this option by written notice to the City within one year after the period for giving notice of the default and any opportunity for cure shall have expired.**

4. Seek specific performance of any term or provision of this Agreement.
- Y. **Nonwaiver of rights.** Failure to exercise any rights relating to breach of the Agreement including the right to acquire the Facility and the right of termination or restitution for breach of the terms of this Agreement does not constitute a waiver of those rights for a future or continuing breach.
- Z. **Space for EVOS research.** The City shall give priority to research related to the EVOS restoration mission. ADF&G shall have the right to use 4,000 net useable square feet of laboratory and office space for research projects at the Facility. ADF&G shall promptly notify the City when it becomes aware that some or all of its allotted 4000 square feet of space is not required for the remainder of a fiscal year so that the City can attempt to find a replacement for the lost revenue. The rent for space to conduct research funded with joint EVOS civil settlement funds including the 4000 square feet allotted to ADF&G at the Facility shall not exceed the cost per square foot computed on an annual basis for the research component of reasonable personnel costs and administrative expenses, operations, curatorial, and repair and replacement costs, including reasonable reserves for repair and replacement, but not including costs for depreciation, debt service, or amortization. To the extent that revenues collected from the adjacent public education and visitation components of the Alaska Sealife Center exceed costs the excess revenues shall be used to the extent reasonably practicable to subsidize the rent for space to conduct EVOS related research. The City shall meet annually with ADF&G and, for so long as the position exists, the Executive Director to identify the EVOS research needs for space in the Facility and to establish the cost of that space.
- AA. **Indemnification.** The City shall indemnify the State and the EVOS Trustee Council according to the provisions described in Appendix 8.
- BB. **Insurance.** The City shall procure and maintain insurance according to the **schedule** in Appendix 9.
- CC. **Record retention.** The City shall retain for a period of three years after Final Acceptance of the Facility all contracts, invoices, materials, payrolls, personnel records, conditions of employment, and other data relating to this agreement.
- DD. **Inspection.** The City shall allow, in the manner and time ADF&G deems appropriate, upon notice and at reasonable times, ADF&G inspection of the City's facilities, records, and all activities pertaining to this Agreement and to audit all related Project records and data.

- EE. **Review of plans.** ADF&G review of plans, designs, shop drawings, specifications, change orders, or other Project related documents does not constitute engineering review nor relieve the City from responsibility to obtain adequate design, meet code compliance, or assure that cost principles are applied to change orders.
- FF. **Compliance with law.** The City shall perform all aspects of the Project in compliance with appropriate laws and regulations and ensure that all federal, State, and local permits required for construction and operation of the Project have been obtained and are complied with.
- GG. **Additional payments.** Neither the State of Alaska nor the Trustee Council, nor the individual federal and state agencies comprising the Trustee Council shall be required to operate or maintain the Facility, nor pay for its operation and maintenance except for rental of space for EVOS funded research in accordance with this Agreement.
- HH. **Lobbying.** The City shall not expend any of these funds or earnings thereof for the purpose of lobbying activities before the Alaska Legislature or Congress.
- II. **Future payments.** Nothing in this Agreement shall obligate either Party to the expenditure of funds or future payments of money in excess of those herein agreed upon or authorized by law.
- JJ. **Equal employment opportunity.** The Parties shall comply with all applicable laws, regulations, and executive orders relative to Equal Employment Opportunity.
- KK. **Audit requirements.** The City shall comply with the audit requirements of 2 AAC 45.010.
- LL. **Public contracts.** The City shall comply with the applicable provisions of AS 36.05, Public Contracts, which requires payment of current prevailing rate of wages on public construction work and contractor's bonds.
- MM. **Americans with Disabilities Act.** The City shall comply with the Americans with Disabilities Act (42 USC 1210, Title I & II) and Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities.
- NN. **Archeological resources.** The City shall comply with AS 41.35.070 if any historic or archeological resources are discovered.
- OO. **Open Facility.** The City shall assure that the Facility is open to the public and dedicated to the mission of research and rehabilitation to further the restoration of

resources and services injured by the EVOS. The benefits of the Facility shall be made available to the general public without regard to race, religion, color, national origin, age, sex, marital status, or handicap.

- PP. **Compliance with applicable laws.** Nothing herein is intended to conflict with federal, State, or local laws or regulations. If there are conflicts, this Agreement will be amended at the first opportunity to bring it into conformance with conflicting laws or regulations.
- QQ. **Public employees.** Each party agrees to comply with all applicable federal, State, and local laws relating to the ethical conduct of public officers and employees.
- RR. **Amendments.** This Agreement may be revised through mutual consent of the Parties by issuance of a written amendment signed and dated by the Parties.
- SS. **ADF&G Project Manager.** The ADF&G Project Manager and lead ADF&G contact for this Agreement is Kimbal Sundberg. All reports, notices, requests for payment, and other Project materials pertaining to this Agreement shall be sent to:

Kimbal Sundberg  
Habitat Biologist  
Habitat and Restoration Division  
Alaska Department of Fish and Game  
333 Raspberry Road  
Anchorage, AK 99518-1599  
Phone: 267-2334  
Fax: 349-1723

Changes in the ADF&G Project Manager shall be sent to the City Project Manager in writing.

- TT. **City Project Manager.** The City shall designate in writing a Project Manager and lead City contact for this Agreement. All notices and Project materials pertaining to this Agreement shall be sent to:

City Manager  
City of Seward  
P.O. Box 167  
Seward, AK 99664  
Phone: 224-4047  
Fax: 224-3248

Changes in the City Project Manager shall be sent to the ADF&G Project Manager in writing.

UU. **Complete Agreement.** This Agreement is complete and has no other encumbrances, addenda, attachments, or amendments with the following exceptions:

1. Appendix 1 Section 6, Schematic Design
2. Appendix 2 Resolution
3. Appendix 3 Payment Request Form
4. Appendix 4 Detailed Budget
5. Appendix 5 Detailed Operation Plan
6. Appendix 6 Mitigation Measures
7. Appendix 7 Detailed Governing and Management Structure
8. Appendix 8 Indemnification
9. Appendix 9 Insurance schedule

VV. **Alaska law applies.** This Agreement is governed by the laws of the State of Alaska. All legal actions concerning this Agreement shall be brought in the Superior Court of the State of Alaska.

WW. **City agents.** The City and any agents and employees of the City act in an independent capacity and are not officers, employees, or agents of the State of Alaska in the performance of this Agreement.

XX. **Effective date.** The effective date of this Agreement shall be the date of final signature including approval by the EVOS Executive Director.

YY. **Severability.** If any provision of this Agreement, or the application thereof to any person or circumstance, is found to be invalid, the remainder of the provisions of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is found to be invalid, as the case may be, shall not be affected thereby.

DRAFT September 26, 1994

Project Description &amp; Supplemental Materials

## SCHEMATIC DESIGN

The Schematic Design represents the present state of planning and design which has been generated from the architectural programming process, the conceptual design, visits to other similar facilities and close interaction with SAAMS, Scientific and Education Work Group members, City of Seward, design team members and special consultants.

In the Schematic Design, the Research component is the focus of the facility and will consist of a variety of research work areas and research habitats for scientific investigations to be conducted on the marine environment.

The Education Component will provide the public the opportunity to view and support the research occurring at the facility as well as involving the visitor in the significance and outcome of those investigations.

The Facility Support areas of the project will provide the infrastructure, such as life support, mechanical, administration, maintenance, and curatorial functions needed for daily operation and support of the facility.

### Research Component

The Research Component will consist of wet and dry laboratories, staff offices, a research library and computer work stations for the study and rehabilitation of marine mammals, marine birds, and other marine life. There will also be exterior spaces containing tanks and pools and an outdoor research habitat for pinnipeds, sea otter, marine bird and fish genetics research. The design of the Research Component will provide state-of-the-art, flexible research labs to support a variety of changing research activities.

The project's design provides extended research facilities for current and future efforts of UAF faculty scientists, ADF&G biologists and other scientists in an integrated program that emphasizes EVOS restoration research. The anticipated length of research projects will vary from a few months to multiple years. Examples of the types of research which would be conducted are described in Section 3.

### Laboratory Overview

A series of flexible indoor labs (both wet and dry) and outdoor lab space are included in the design to accommodate the needs of research projects. The indoor labs are located on the lower level (or street level) of the schematic design plan. The outdoor labs (tanks and pools) are located next to the indoor labs. All of the research labs are located on the west side of the facility and adjacent to the IMS site. This provides a link to the IMS campus for research activities.

DRAFT September 26, 1994Project Description & Supplemental Materials

The visiting public will have limited visual access to view the scientific studies occurring within the lab areas. Current research projects occurring at the facility will be interpreted to the public throughout the facility.

## **Wet Labs**

Wet labs will be provided consisting of large open areas capable of containing a collection of portable tanks and pools for marine mammals, birds, fish or invertebrate research projects. These areas will be "wet" areas and will be designed to have washable and non-corrosive surfaces. Both seawater and freshwater will be provided to these labs. Water and other utility supply lines will be provided overhead. Drainage lines will be provided in the floor with the capability to isolate contaminated wastes. The design concept behind the location of these utilities is to provide a modular system which allows the researcher to adapt the utility distribution to his or her individual research project. Flexibility is also planned within these labs to accommodate variable lighting levels and ambient environment controls depending on the needs of the research project.

## **Dry Labs**

Two types of dry labs will be provided: smaller / individual dry labs will be assignable to specific research projects and a large central dry lab will be available to all researchers and staff at the facility. Dry labs will be used to conduct chemistry, hematology, physiology, metabolism, isotope, bacteriology and toxicology studies. An electronics lab for the research and development of monitoring devices will also be provided. Freezer storage for tissue and other samples will be adjacent to the dry lab area. Veterinarian and support staff will use the labs to conduct studies on the health of animals at the facility. A photographic darkroom will be provided for developing medical x-rays as well as other photographic materials used by researchers. The dry labs will be provided with scientific casework and laboratory equipment. Husbandry staff will use the central dry lab for daily water quality testing of the life support system.

## **Outdoor Tanks and Pools**

A combination of tanks and pools will be provided which are located outdoors adjacent to the indoor research labs. These tanks and pools will be used for research projects on marine mammals, birds and fish. Both permanent outdoor pools and open space for a more flexible arrangement of portable tanks and pools are included in the design. This outdoor area is essentially an outdoor working research lab able to accommodate a variety of changing research projects. It will be provided with an appropriate amount of shelter from wind and precipitation for both researchers and animals such that this space can be used throughout the year.

The outdoor tanks and pools will be located adjacent to indoor wet labs with large overhead doors to allow the transportation of research tanks and pools between the indoor and outdoor lab areas.

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Other design features will include an overhead crane to lift large marine mammals in and out of pools, outdoor lighting for winter work, corrosion resistant materials as well as a flexible arrangement of required utilities.

## **Habitats**

Naturalistic research habitats are included in the design to provide for the long-term care of those marine mammals and birds involved in specific research and rehabilitation programs. It will, to the extent possible, duplicate the natural environment for proper husbandry and behavioral studies. It is anticipated that research on animal sensory systems, telemetry, behavior, physiology, growth, nutritional needs, reproduction and other life history aspects will be conducted in the research habitats.

Research habitats will be designed for Steller sea lions, seals, sea otters and marine birds. The design of the naturalistic habitat will consist of wet pools, dry haul out and resting areas. Rock cliffs will form and enclose the habitats. The design of the rock surfaces will consist of a combination of artificial and natural rock work. Researchers will have dedicated access to marine mammal haul out spaces, underwater viewing, and sea bird burrows. The habitat will include provisions for the separation of species groups and specific individual animals as needed for specific scientific and husbandry projects. The naturalized setting will be designed and constructed to exceed existing regulatory requirements and industry established standards.

The visiting public will also have access to view the animals in the naturalistic research habitat. Both above water and below water viewing will be provided. Current research projects occurring at the facility with the animals in the habitats will be interpreted to the public.

## **Veterinary and Husbandry**

Veterinary and husbandry areas necessary for animal care activities are provided in the design. These areas will be shared by visiting researchers and veterinarian and husbandry staff and consist of animal quarantine and rehabilitation, animal care and treatment clinic, and food services.

Quarantine areas are provided for care for marine mammals and birds to prevent possible transmission of disease to healthy animals. These quarantine / critical care areas will also be used for incoming animals in need of rehabilitation. The quarantine areas will be capable of accommodating marine mammals, marine birds or fish and will be designed to provide variable temperature and light depending on the needs of the animal.

The animal care and treatment clinic will provide veterinary services and treatment areas for animal health services. This area consists of offices for veterinary staff, surgery, treatment and necropsy areas. A centrally located food service area will provide food storage and preparation areas for

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feeding marine mammals and birds. It is anticipated that the facility will accommodate short term food storage; long term food storage will be secured off-site.

## Education Component

The Education Component will engage the visitor in the research, rehabilitation and husbandry activities occurring at the facility. The mission of the education and visitation component is to offer the message of environmental responsibility of Alaska's marine resources through educational programs. The research and rehabilitation activities involving indigenous seabird, pinniped, sea otter, and fish and invertebrate species will be the education exhibit focus. The visitor will be exposed to the interaction of research and animal care activities for the above species and the general ecology of the region through the use of the naturalistic research habitat, video, graphics, printed materials and interpretation with trained docents or researchers in laboratory conditions. The proposed facility will complement marine programs in educational institutions across the state.

The emphasis of the Education Component will be placed upon communicating current research activities and events within the institution and EVOS region that are contributing to general knowledge of the EVOS area and beyond. This current events program will be integral to the continuing success and public interest at the institution. The nature of this activity will constantly create new information and activities that will need to be communicated to the general public and educational groups.

The design of the facility will integrate the Education and Research Components such that the visiting public is able to view the research currently being conducted without interfering with the research itself. The visiting public will have the greatest viewing access to the naturalistic research habitat but they will also have an overhead view into the research wet labs, dry labs and outdoor tanks and pools area from the upper floor level. Specific educational programs can provide small groups tours directly into the research lab areas.

The Education Component of the project will function in concert with, and in support of, the Research Component. **The capital funding of the Education Component will not come from the Trustees Council Joint Funds (as defined by the Memorandum of Understanding and Consent Decree), but from other sources.** The Education Component will provide, via admission fees, parking fees, and sales of educational materials charged to its visitors, financial support for the operation of all aspects of the facility.

## Facility Support Areas

Facility support areas are necessary for the daily operations of the Center and are shared by the Research Component and Education Component. Facility support areas include a life support

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system, mechanical, electrical, administrative offices, building security, maintenance and building service areas. The design of the facility places the "back-of-house" spaces, such as life support, in the below grade level of the building. The lobby and public services will be provided on the street level and administration is planned to occur on the upper level.

## **Life Support System (LSS)**

### **Introduction:**

The seawater supply system for the facility comprises duplicate intake pipelines and intake structures; a seawater intake wet well located within the building facility; a centrally located seawater supply pump room above the wet well; and various seawater supply distribution systems consisting of pumps, piping, valves, fittings, filters where required, flow meters, operating controls, etc. Each distribution system draws seawater from the wet well and supplies it to the respective research, rehabilitation, and marine habitat facilities within the complex. (Figures 6-4 and 6-5).

The fresh water supply system for the facility comprises an intake well at a spring; pumps and piping to carry the water to the facility; a storage tank; and various fresh water distribution systems consisting of pumps, piping, valves, fittings, filters where required, flow meters, operating controls, etc.

The following separate seawater supply distribution systems are included:

- Marine Mammal and Bird Habitats
- Marine Quarantine and Critical Care Facilities
- Research Tanks
- Wetlands
- Classroom

Each system will include at least two pumps (one to be redundant for emergency standby purposes) and a single pipe distribution system feeding the respective tanks and/or pools. A separate recirculation line will return a portion of the total system supply flow to the wet well; this will ensure that the seawater in the piping distribution system will be constantly renewed. Filters to remove particulate will be required on some of the systems. High rate pressure sand and gravel filters are considered the most appropriate selection at this time.

The following statements describe the concept for the freshwater systems, seawater intake and supply system and for the associated seawater and freshwater collection and disposal systems.

### **Freshwater System:**

The freshwater system will supply 150 gallons per minute of high quality freshwater needed to

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conduct salmonid culture and fish genetics research at the facility. A spring located approximately 2,500 feet from the project site on Lowell Point Road is the intended source for this system. This source which currently is not being used, was previously used for many years to supply a fish processing plant and efforts are underway to secure the rights to appropriate it for the facility. Analysis of this water source indicates the quantity and quality are within acceptable ranges for the ADF&G fish genetics needs.

The water would be collected in a shallow well and pumped to the facility via a pipeline buried along Lowell Point Road. A storage tank at the facility will provide a reservoir for the distribution system. Any pathogens will be removed by U.V. or ozone treatment. Fresh water will be distributed to the wetlabs, tanks and raceways via pipes. A backup freshwater system will be provided using city water with chlorine removal by activated carbon or sodium thiosulfate.

**Seawater Intake System:**

The intake structures for the seawater systems will be perforated pipes supported on concrete anchor blocks to keep the intakes off of the sea bottom at a depth of approximately 250 feet. The number of perforations will be calculated and determined on the basis of the established final design flow and on the criterion to keep the intake velocity less than 0.1 feet per second.

Each intake structure and pipeline will be designed for the full flow requirements of the facility. At this time the flow is estimated to be between 4,500 and 5,000 gallons per minute. The second intake line is for redundancy and will allow one line to be maintained while the other is in service. The concept of two intakes provides the degree of reliability required for life support systems supplying ongoing research work which can extend for years in duration.

The wet well is common to all of the seawater supply and distribution systems. It services as a recirculation and monitoring chamber as well as an untreated (raw) seawater holding well. Because it is readily accessible it provides on shore storage, settling and degassing of untreated seawater. If both intake pipelines were to fail due to a seismic event, or some other event, temporary construction pumps could be used to transfer seawater directly from a beach intake to the wet well. This wet well concept therefore increases the reliability of the overall seawater intake and supply system.

As described above, each seawater supply distribution system then draws water from this wet well and distributes it to the respective facilities.

**Seawater Collection and Disposal Systems:**

Each seawater supply system will be augmented by seawater collection and disposal systems, depending upon the specific use of the seawater in the respective systems.

Generally, the concept of disposing of used seawater is to discharge it into an outfall pipe which terminates below extreme low water at a depth of approximately 50 feet below low water.

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Several categories of used seawater have been identified as follows:

**Clean Waste Water:**

This includes once through systems for research and rehabilitation facilities where untreated (raw) or filtered seawater is supplied to a research or holding tank or pool. This waste water will be discharged directly to the disposal system outfall without treatment. Some of this seawater may also be directed or discharged through the tidal pool which is proposed for future construction.

**Contaminated Waste Water:**

This includes once through systems as for clean waste for research and rehabilitation facilities but where the waste water emanating from the holding and research tanks may be contaminated. This waste water will be separately collected and discharged to a treatment facility which will disinfect, dechlorinate, or otherwise treat the waste water prior to discharge to the main outfall.

**Chlorinated Waste Water:**

This includes overflow waste water from any marine mammal and/or sea bird habitat containing a chlorine residual will be separately collected and discharged to a treatment facility prior to discharge to the main outfall.

**Filter Backwash Water:**

All filter backwash water will be separately collected and will be discharged to the central treatment facility, as for other contaminated wastes.

The following statements outline the anticipated quantities of waste or spent seawater and the type of collection and disposal system (including waste treatment) required:

**Freshwater Collection and Disposal:**

Generally the concept of disposing of used freshwater will be to mix it with the used seawater being discharged to the outfall. As with the seawater intake, any fresh water potentially contaminated with disease pathogens or chemicals will be treated with ozone prior to discharge.

**Marine Mammals and Sea Birds:**

Each marine mammal and sea bird habitat will employ a self-contained recirculating life support system using high rate sand and gravel filters; biological filters where fish are held; and disinfection facilities (ozone, chlorination or a combination of both).

The seawater make-up supply system to all of the habitats will have a capacity of 600 gallons per minute. Because these habitats include underwater viewing, the seawater make-up flow will be filtered using high rate sand and gravel filters.

Some of the overflow water from the habitats may be chlorinated (not greater than 0.5 ppm residual),

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such as the seal and sea lion habitats. It is proposed that the chlorinated overflows will be treated (with ozone) along with other wastes from the complex.

Overflow water which is not chlorinated or otherwise contaminated will be discharged to an outfall sump, along with other waste discharges, and then to the outfall pipe.

**Marine Rehabilitation and Critical Care Facilities:**

The seawater supply system to all holding tanks and pools will have a capacity of 1,000 gallons per minute. The seawater supply will be unfiltered water.

The used or spent seawater from some of these tanks or pools, if considered contaminated by disease pathogens or chemicals, will flow to the waste treatment facility prior to discharging to the outfall sump and outfall.

Uncontaminated seawater emanating from these rehabilitation tanks and pools will discharge either through the proposed tidal pool or directly to the outfall.

**Research Tanks:**

The seawater supply system to all research tanks will have a capacity of 2,600 gallons per minute. This supply will be unfiltered water.

As for the rehabilitations system, the used or spent seawater emanating from the tanks or holding pools will be either treated, if contaminated, and then discharged to the outfall or discharged to the proposed tidal pool or to the outfall directly if uncontaminated.

**Wet Lab Areas:**

The seawater supply system to all wet lab areas will have a capacity of 200 gallons per minute. This supply will include filtered and unfiltered water.

It is anticipated that waste water emanating from these areas may be contaminated and that all will be separately collected and discharged through the waste seawater treatment facility, prior to discharging into the outfall.

**Seawater Outfall:**

The seawater outfall system will comprise a main collection sump or manhole on shore and a 20-24 inch diameter outfall pipe with perforated diffuser structure at the discharge end. The diffuser discharge structure will be located at a depth of approximately 50 feet to allow for mixing the warmer and more biologically active surface waters. A treatment system will remove solids, pathogens, and residual chlorine to meet state water quality standards at the point of discharge.

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## **Exterior Building Design**

The exterior finishes of the building will be in keeping with the status and mission of a marine research and education institution. The roof forms will be a combination of flat and sloped surfaces and will be designed such that the views from downtown Seward to the bay will not be inappropriately blocked. On August 3, 1994, the Seward Planning and Zoning Commission approved a variance permit which allows the maximum building height for the proposed project to exceed the existing 34' height limitation. The average height of the building will be 40 feet with limited portions of the building at 48 feet above street level. The primary aesthetic feature of the complex will be the integration of local architectural elements with the new habitat forms.

Through the use of materials and specific design elements the architectural character of the facility will honor the context of the buildings on Railway Avenue. The visual line of the bus drop off canopy will reflect the single story character of the older, possibly historic buildings across the street. Stucco, natural or synthetic, may be used in specific locations, such as for the exterior finish of columns or of the canopy itself, to reflect the use of materials similar to those on the surrounding buildings.

## **Architectural Systems**

### **Floors:**

The proposed floor system will consist of a concrete slab on grade for the basement and concrete structural slabs for the first and second floors.

**Finishes:** Proposed floor finishes will balance the need for long wearing, durable products with aesthetics and desired flexibility of uses.

- Wet Labs / Animal Treatment Areas - sealed concrete
- Dry Labs and Work Areas - vinyl
- Offices - carpet
- Public Areas - carpet and tile
- LSS / Mechanical / Electrical / Storage- sealed concrete
- Janitorial / Support Areas - vinyl tile

### **Walls:**

The building will be framed with a combination of concrete and wood columns and beams. Wood beams and trusses will be used where the structural system is exposed to the interior.

**Exterior Walls:** Concrete and masonry with a minimum of R-30 insulation. Interior side of walls in lab areas will be masonry with a polyurethane coating. Interior side of other work areas will be gypsum board with a final finish. Exterior side of walls will be predominately masonry with architectural metal panels, wood trim, and stucco (natural or synthetic).

**Interior Partitions:** Masonry interior partitions with a polyurethane coating in wet labs and animal treatment areas and metal partitions with gypsum board facing throughout the remainder of the building. Acoustical insulation will be provided as needed. Final finishes will include paint, wall fabric, or tile as each space warrants. Special attention to the execution and finish in animal treatment areas and research labs will be provided.

### **Roof and Ceiling Systems:**

**Roofs:** The proposed roof system will consist of a combination of metal roof finish on a plywood deck for the sloped portions of the roof and an IRMA roof system on the flat portions of the roof.

**Ceilings:** Wet labs and animal treatment areas will be open to the underside of the concrete floor framing above. Dry labs and research work areas on the lower level will have either a lay-in tile or gypsum board ceiling. Public spaces, library, classroom and offices on the upper level will be open to the wood framing of the roof above.

### **Doors and Windows:**

**Exterior Doors:** Doors will consist of a combination of metal and glass. Exterior doors for public use will be glass (store front) with metal trim and be part of a glazed door and window system. Doors for employees and research staff will be painted or prefinished metal. Overhead garage doors will be provided at the loading dock and wet labs. Corrosion resistance will guide final material selections.

**Interior Doors:** Interior doors in public areas and for offices will be clear finished wood doors. Research labs, storage areas and facility support areas will have painted metal doors.

**Windows:** All exterior windows will be low maintenance frames with insulated glazing units. Windows used between interior spaces will be wood or metal frames with single safety glazing.

**Translucent Window System:** An insulated translucent window panel system will be used to provide additional natural lighting throughout the building.

## **Space Program Summary**

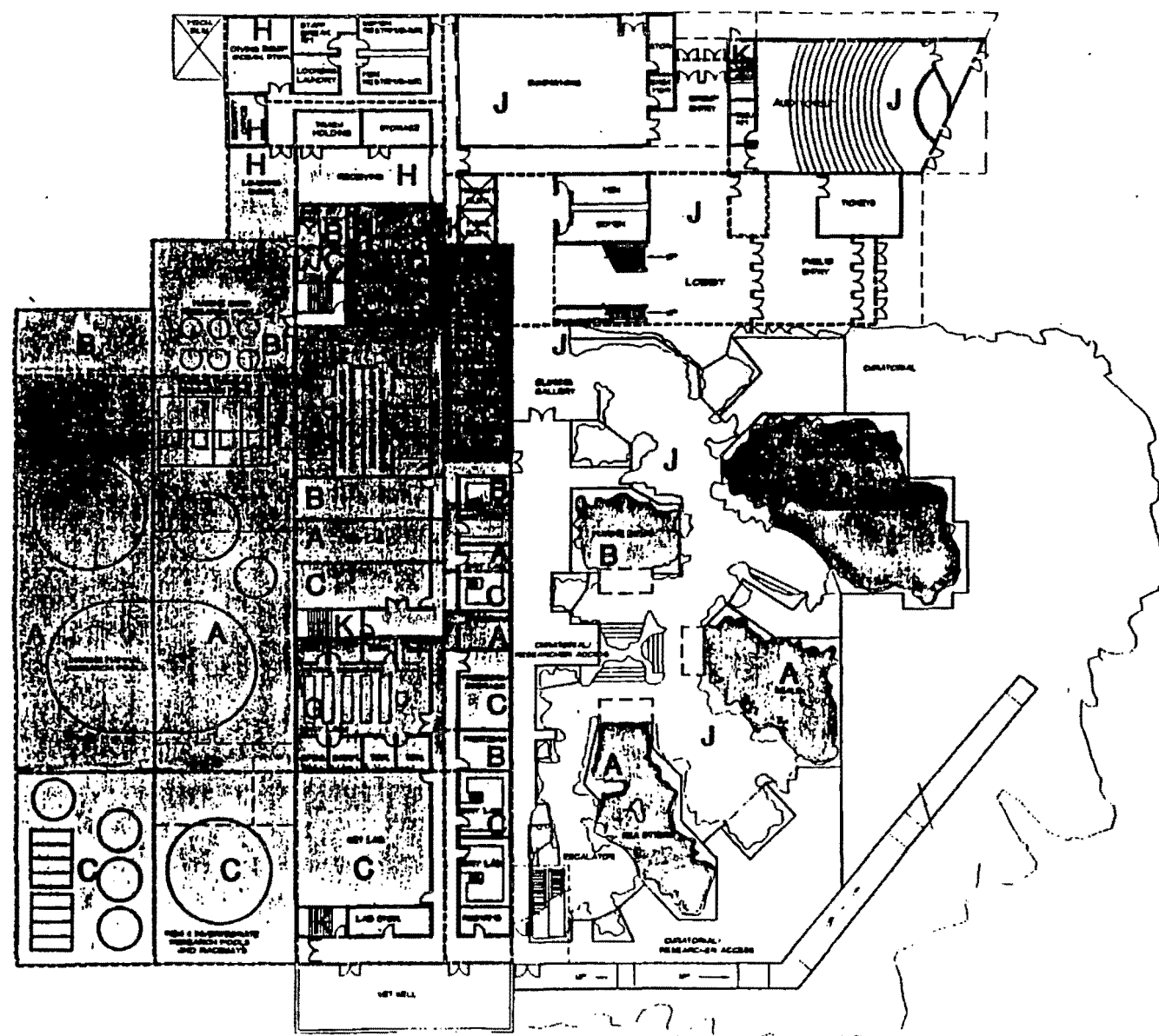
The following **Space Program Summary** is the compilation of activity and facility requirements identified in the *Design Program Workbook* and their anticipated square footage assignments for this phase of design. The programming process will continue to develop during subsequent design phases.

	INTERIOR Area (sf)	EXTERIOR Area (sf)
<b>RESEARCH AND REHABILITATION COMPONENT</b>		
Marine Mammals: Research Habitats, Research Tanks, Pools, Pens, Wet and Dry Labs, Mammal Quarantine, Offices, and Storage	3,300	18,000
Marine Birds: Research Habitat, Research Tanks, Pools, Wet and Dry Labs, Bird Quarantine, Offices, and Storage	1,875	4,200
Fish / Invertebrates: Outdoor Raceway, Tanks and Pools, Wet and Dry Labs, Quarantine Lab, Offices and Storage	3,950	2,000
Monitoring and Research: the EVOS Restoration Library and Ecological Modeling Program	2,500	0
Oceanography: Offices	375	0
Veterinary / Husbandry & Support: Central Dry Lab, Clinic, Quarantine, Food Services, Offices and Husbandry Work Areas	3,650	0
Research Component Service Areas: Staff Areas and Storage	1,700	600
<u>Research Component Subtotal</u>	17,350	24,800
<i>Efficiency @ 80%</i>	4,337	
<b>SUBTOTAL</b>	21,687	24,800

## FACILITY SUPPORT REQUIREMENTS (shared spaces)

<b>TOTALS</b>	<i>Interior</i>	<i>Exterior</i>
<b>Research and Rehabilitation Component</b>	21,687	24,800
<b>Education Component</b>	25,900	0
<b>Facility Support</b>	26,700	0
	<b>74,287</b>	<b>24,800</b>

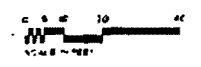
## Schematic Design

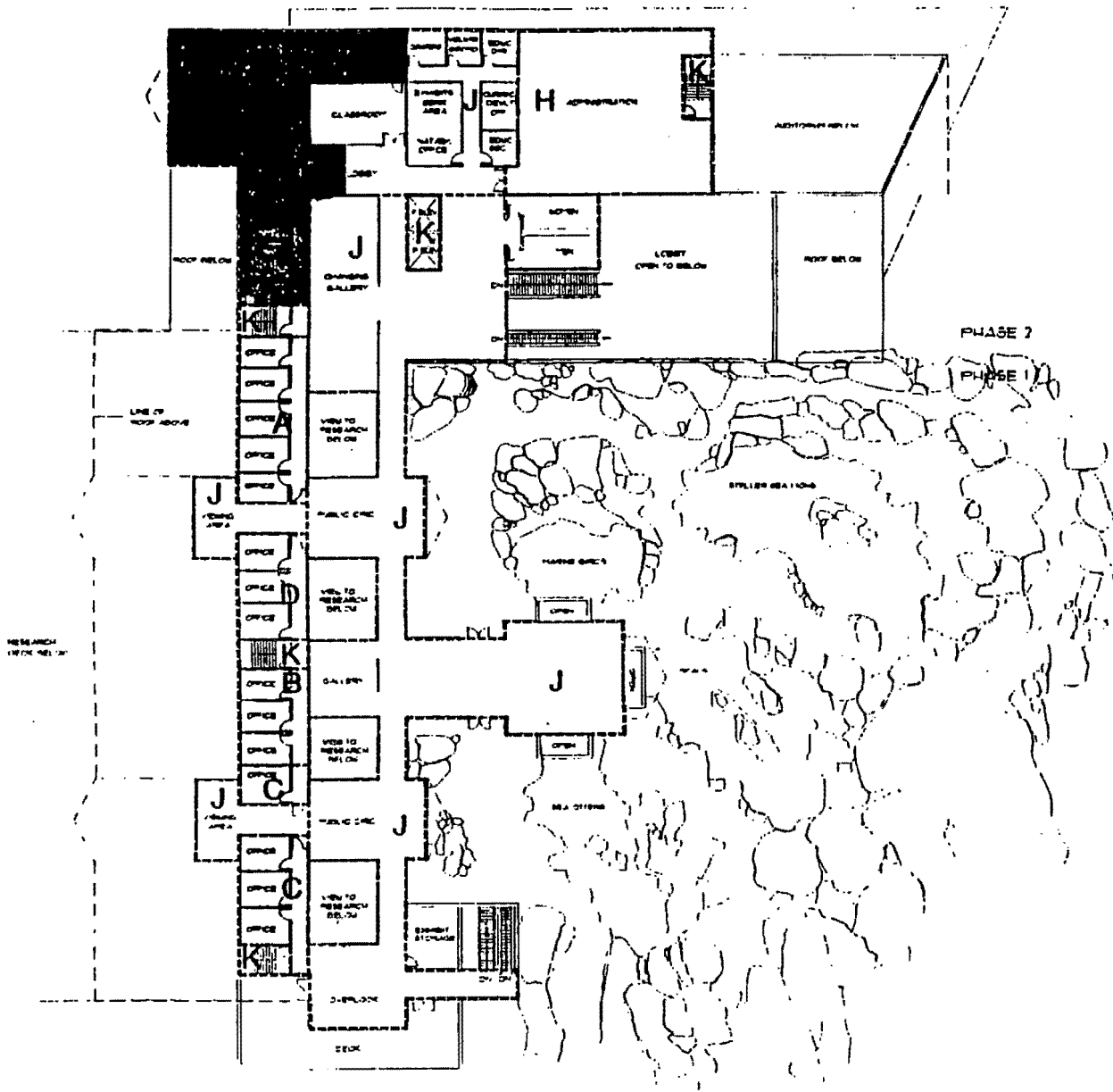


- A** MARINE MAMMALS
- B** MARINE BIRDS
- C** FISH/INVERTEBRATES
- D** OCEANOGRAPHY
- DATA MANAGEMENT**
- LIBRARY**
- G** VETERINARY/  
ANIMAL HUSBANDRY
- H** FACILITY SUPPORT
- J** EDUCATION
- K** VERTICAL CIRCULATION

**MAIN LEVEL**  
**IMS INFRASTRUCTURE**  
**IMPROVEMENTS**  
 LIVINGSTON SLOAN INC.  
 CAMBRIDGE SEVEN ASSOCIATES  
 SEPT. 6, 1994

Figure 6-1



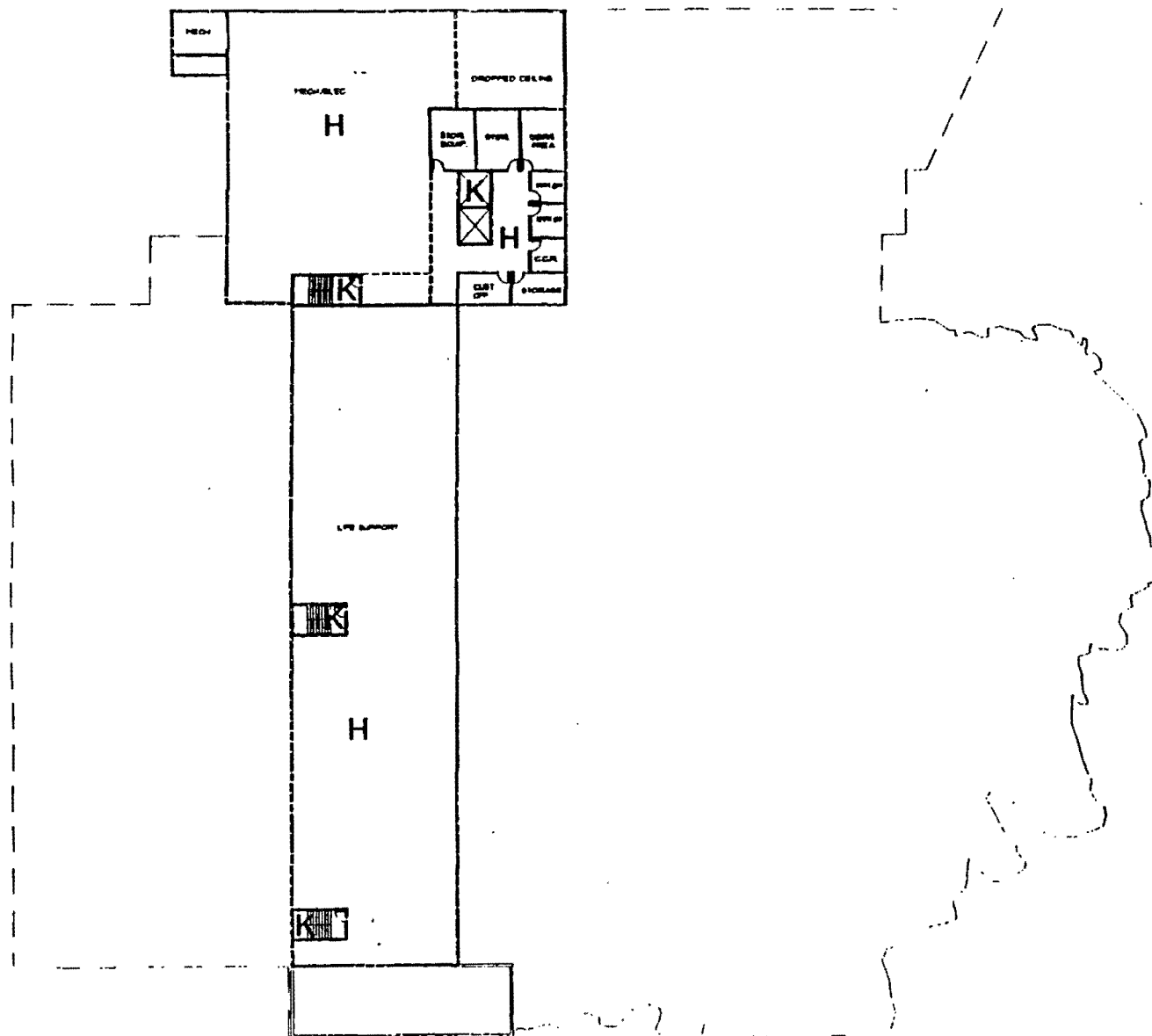


- A** MARINE MAMMALS
- B** MARINE BIRDS
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- D** OCEANOGRAPHY
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- LIBRARY
- G** VETERINARY/  
ANIMAL HUSBANDRY
- H** FACILITY SUPPORT
- J** EDUCATION
- K** VERTICAL CIRCULATION

**UPPER LEVEL**  
IMS INFRASTRUCTURE  
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LIVINGSTON SLOANE INC  
CAMBRIDGE SEVEN ASSOCIATES  
SEPT 6 1994

Figure 8-2



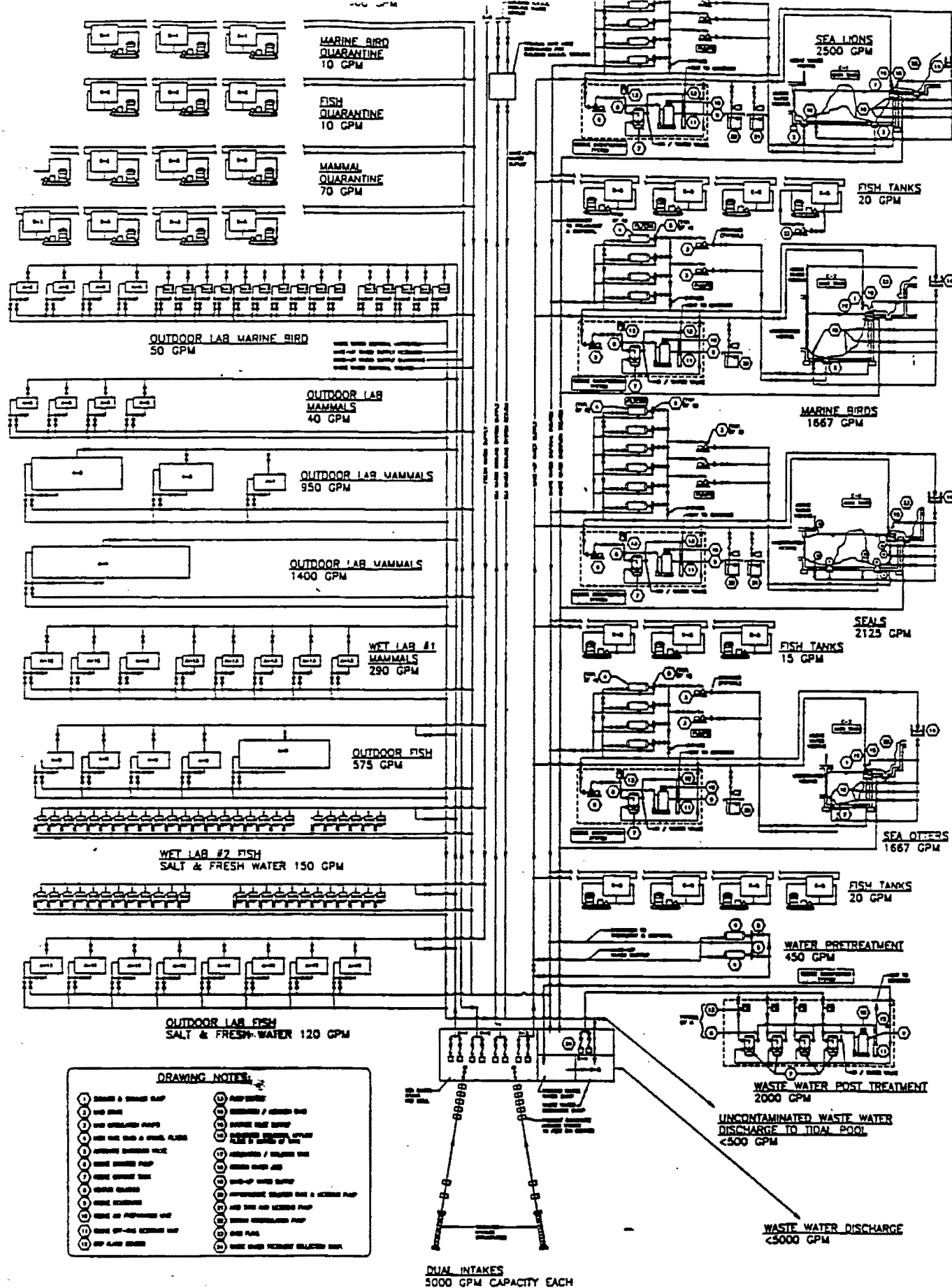


- A** MARINE MAMMALS
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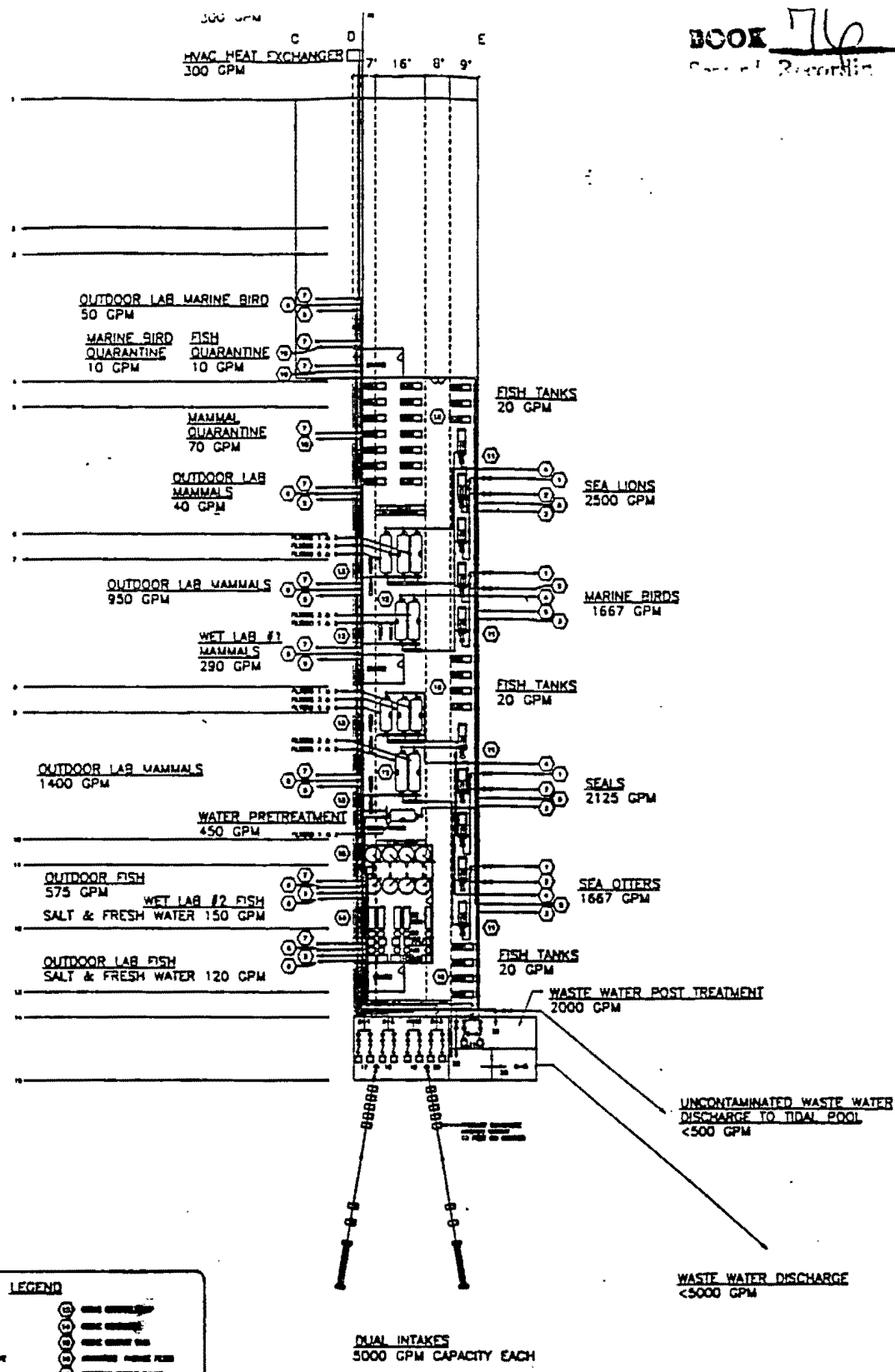
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IMPROVEMENTS  
LIVINGSTON SLOAN INC.  
CAMBRIDGE SEVEN ASSOCIATES  
SEPT. 8, 1994**

**Figure 6-3**





*Figure 6-4*



**LEGEND**

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<p>ALASKA SEA LIFE CENTER LIFE SUPPORT SYSTEM PLAN</p>	<p>DWT 1000 GPM</p>	<p>LIVINGSTON STONE</p>	<p>SAAMS</p>	<p>ALASKA SEALIFE CENTER IMS INFRASTRUCTURE IMPROVEMENT</p>
				<p>SEWARD, ALASKA</p>

Figure 6-5

BOOK 76 PAGE 88  
Recording District,

THE CITY OF SEWARD

THIRD AVE.

WASHINGTON AVE.

FOURTH AVE.

FIFTH AVE.

SIXTH AVE.

SMC/MS EXISTING SCIENTIFIC STAFF HOUSING

S.M. / RAE PUBLIC EDUC. BUILDING

SMC/MS PROPERTY LINE

SMC/MS LIBRARY OFFICES & WAREHOUSE

SMC/MS CULTURE POND

SMC/MS LABORATORY

D.W. MOOD LABORATORY

SMC/MS YOUTH CENTER

EXISTING WAREHOUSE

EXISTING BAY

ORIGINAL ALASKA RAILWAY DEPOT

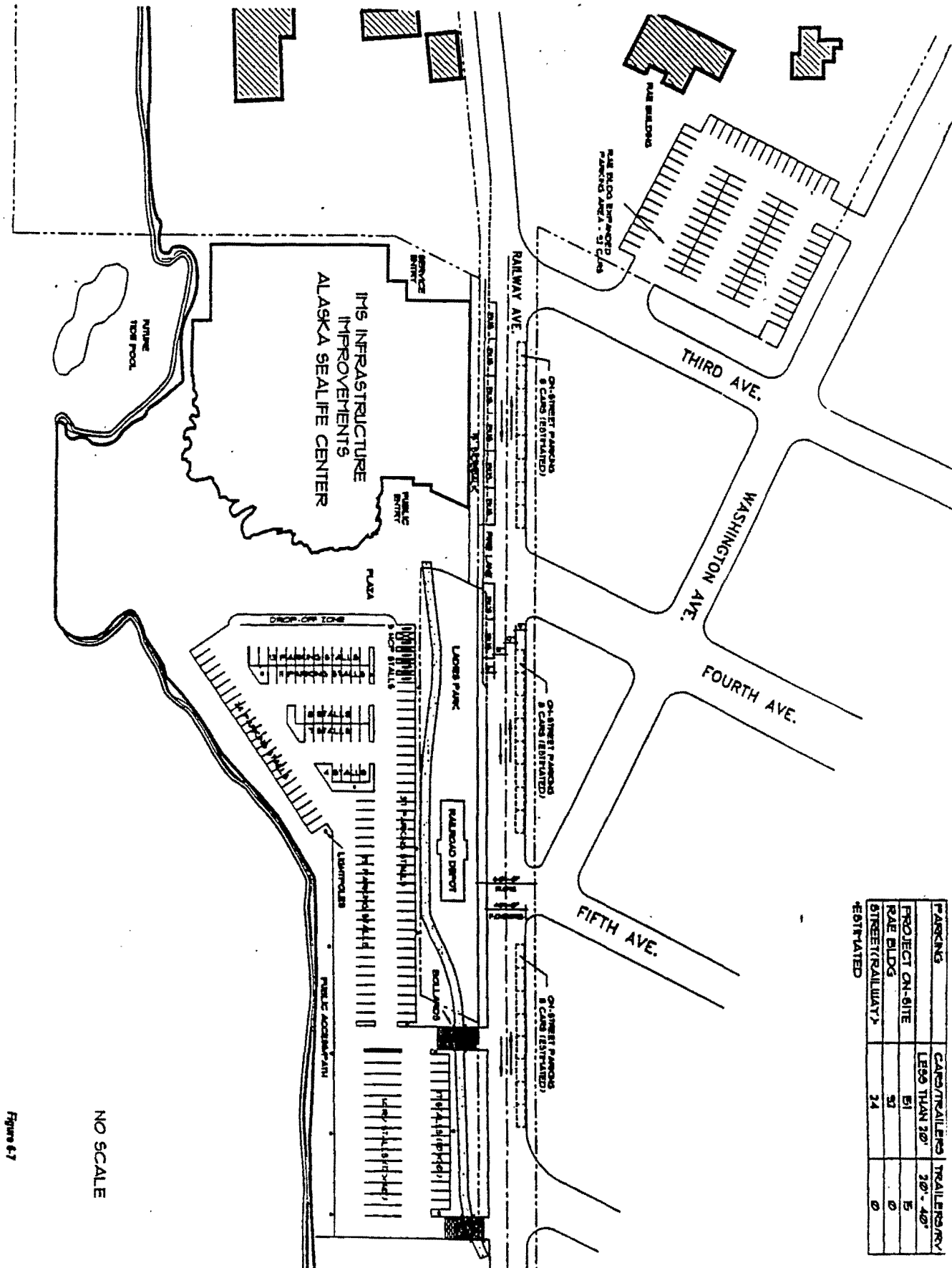
FOUNDER'S MONUMENT

RESURRECTION BAY

SCALE 0 50 100 200 FEET

NORTH

SITE LOCATION PLAN  
FOR THE  
ALASKA SEA LIFE CENTER / INSTITUTE OF MARINE SCIENCES  
REQUIRED INFRASTRUCTURE IMPROVEMENTS



**Figure 6-7**

NO SCALE

PARCING	CARD/TRAILED	TRAIL PROX
PROJECT ON SITE	LEBO THAN 30"	30" - 40"
RAE BLDG	51	5
STREET (RAILWAY)	52	0
	24	0

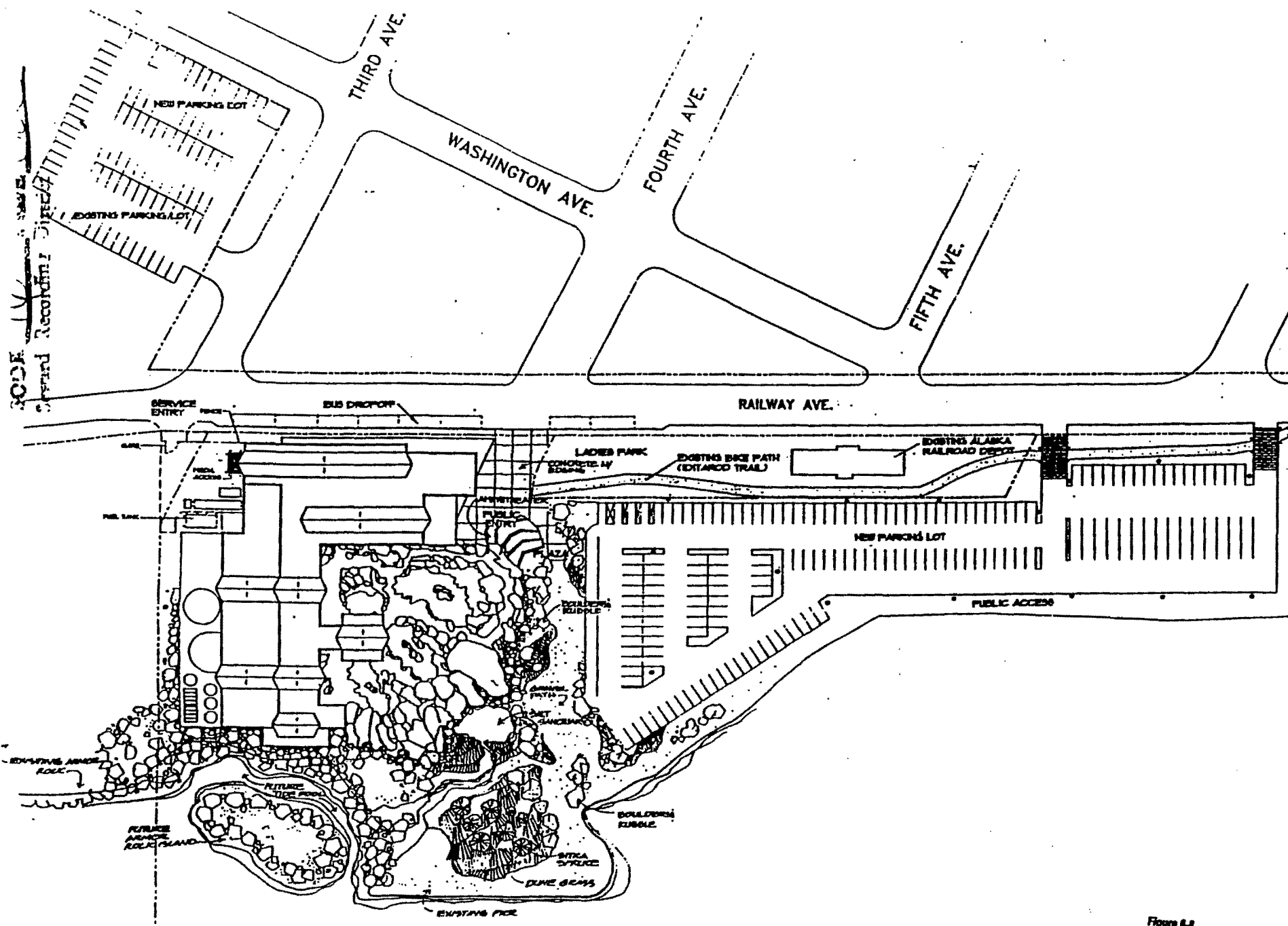


Figure 6-9

SAANS  
ALASKA SEALIFE CENTER  
IMS INFRASTRUCTURE IMPROVEMENT  
SEWARD, ALASKA

Consulting Engineer  
1000 W. 10th Ave., Suite 100  
Seward, Alaska 99674  
Phone: (907) 223-1111  
Fax: (907) 223-1112

**LIVINGSTON  
STONE**

LAND  
DESIGN  
NORTH

PROJECT NO. 001-20  
DESIGNED BY: L.S./D.H.  
DRAWN BY: L.S.  
DATE: SEPT. 1, 1994

PROPOSED  
LANDSCAPE PLAN

SHEET NO.

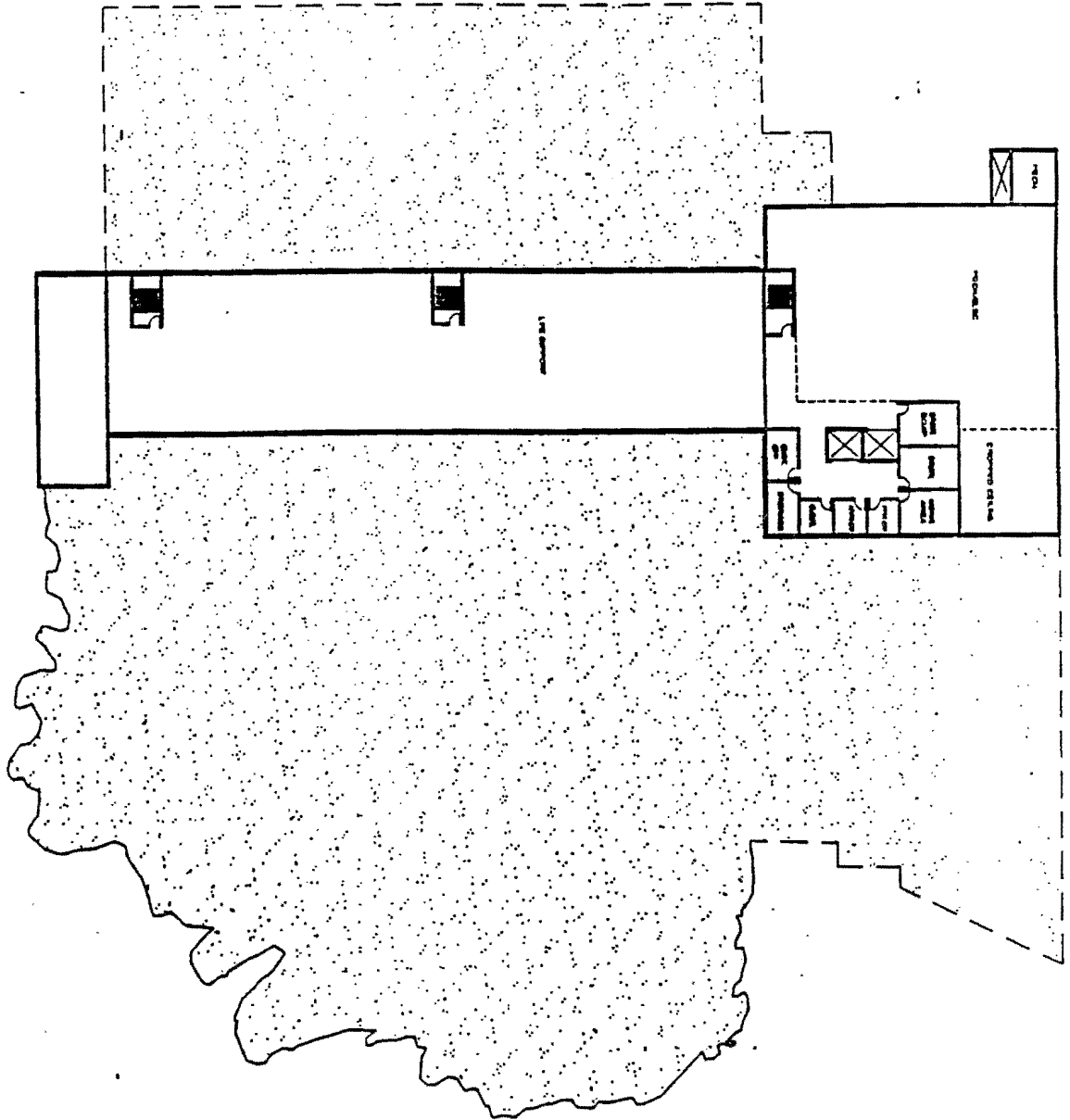


Figure 6.9



SHEET NO. 6.9	PROJECT NO. 440-10 DRAWING NO. 440-10 DATE: SEP. 1, 1994 BY: [Signature] CHECKED BY: [Signature]	<b>LIVINGSTON                  STONE</b>	CONSULTING ENGINEER, INC. 1000 W. 10TH AVE. SUITE 100 ANCHORAGE, ALASKA 99501 (907) 562-1111	SAAMS ALASKA SEALIFE CENTER IMS INFRASTRUCTURE IMPROVEMENTS SEWARD, ALASKA
------------------	--	--	--	---

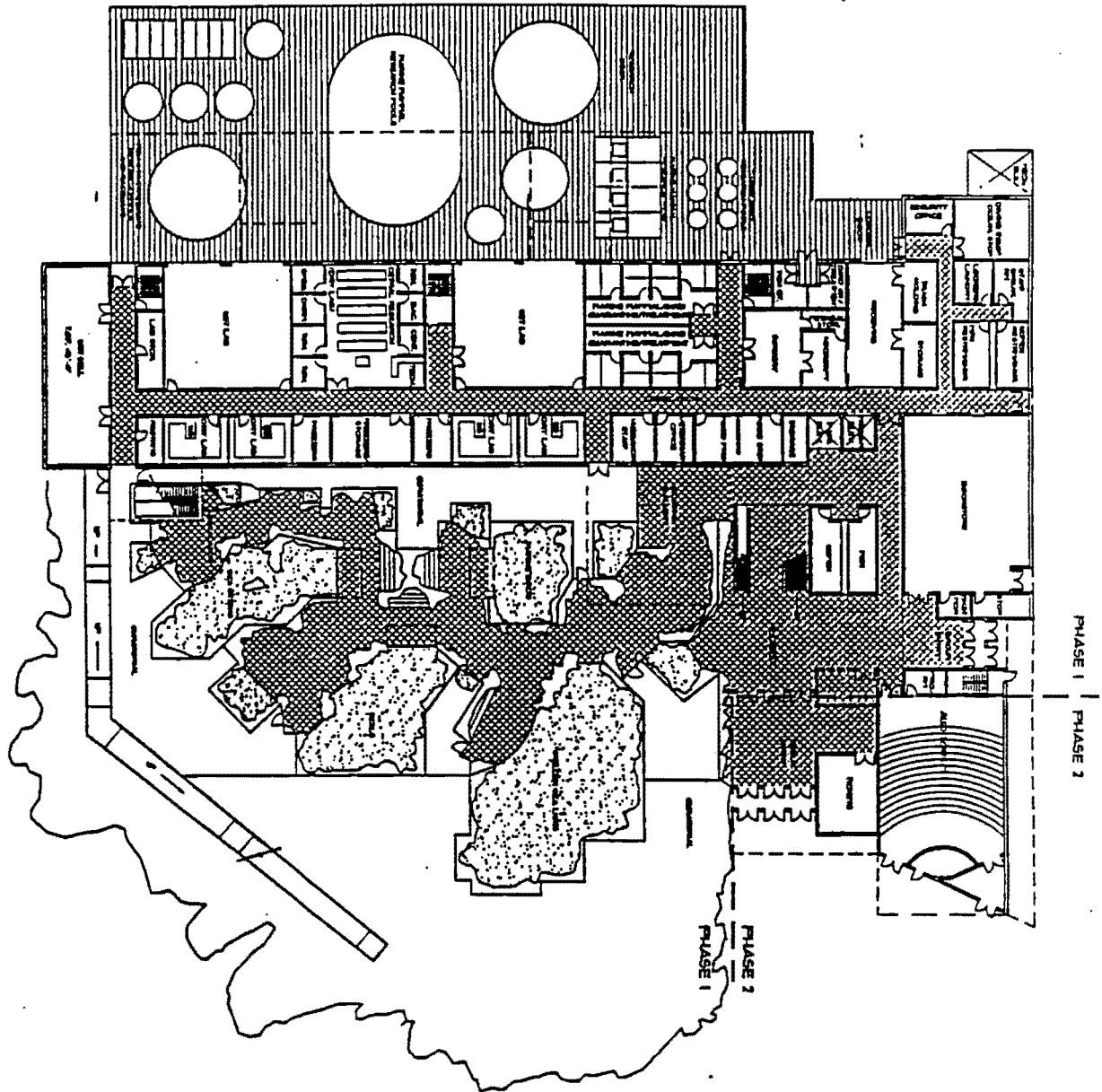


Figure 6-10



<p>DESIGNED BY: J. L. STONE DRAWN BY: J. L. STONE DATE: 10/1/94</p>	<p>MAIN LEVEL PLAN</p>	<p><b>LIVINGSTON STONE</b></p>	<p>Contract: Sealife Center, Alaska Project: Sealife Center 1000 Sealife Center Seward, Alaska 99674</p>	<p><b>SAAMS</b> <b>ALASKA SEALIFE CENTER</b> <b>IMS INFRASTRUCTURE IMPROVEMENTS</b> <b>SEWARD, ALASKA</b></p>
---	----------------------------	--------------------------------	--	---

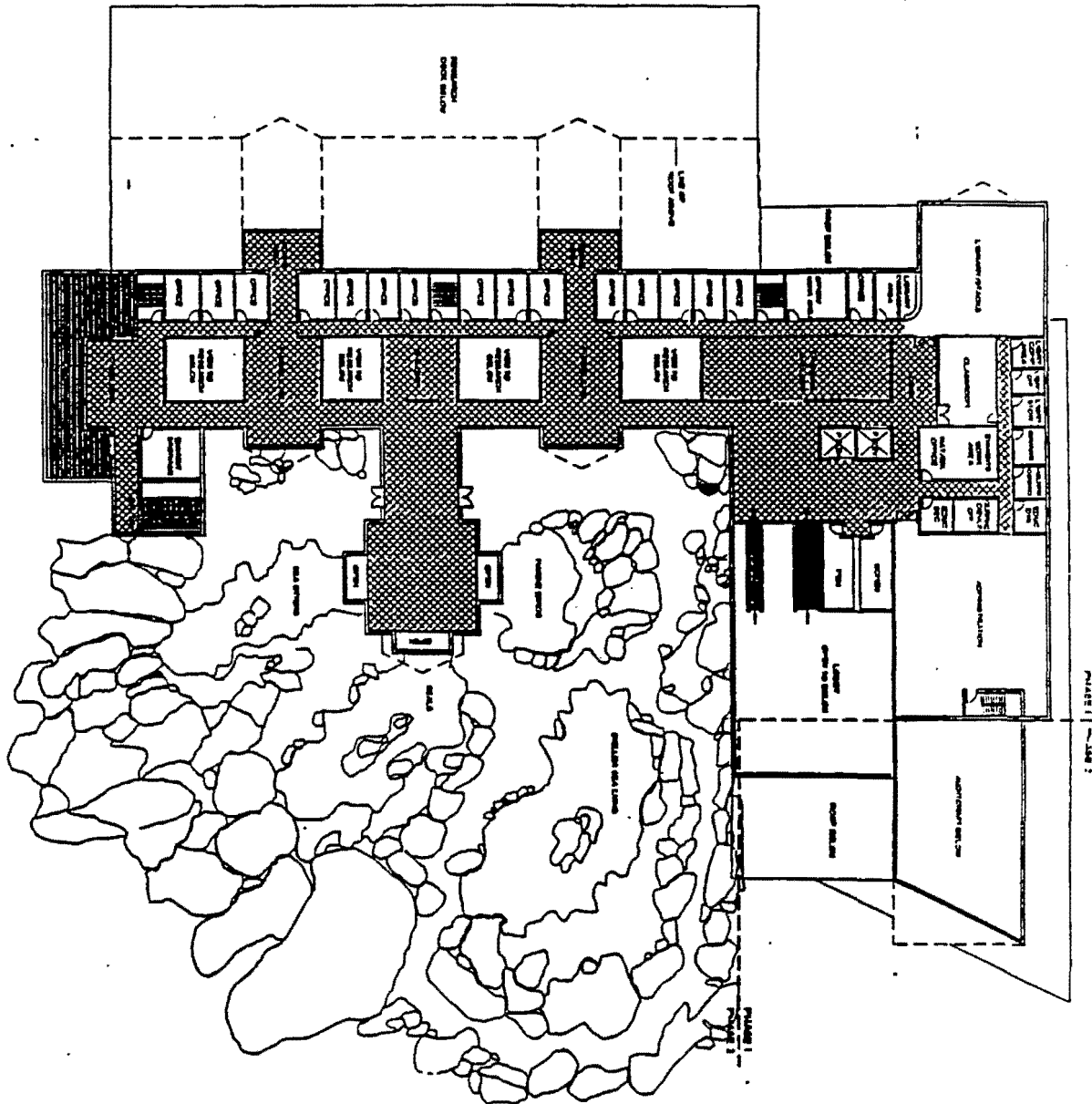


Figure 6-11

<p>PROJECT NO. 101-01 DATE: 10/1/94 DRAWN BY: J. L. 101-01 CHECKED BY: J. L. 101-01 SCALE: AS SHOWN FIGURE 6-11</p>	<p><b>LIVINGSTON STONE</b></p>	<p>Copyright © 1994, Livingston Stone, Inc. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or by any information storage and retrieval system, without permission in writing from Livingston Stone, Inc.</p>	<p><b>SAAMS</b> <b>ALASKA SEALIFE CENTER</b> <b>IMS INFRASTRUCTURE IMPROVEMENTS</b> <b>SEWARD, ALASKA</b></p>
---	------------------------------------	---	---

74-221  
Seward Recording District

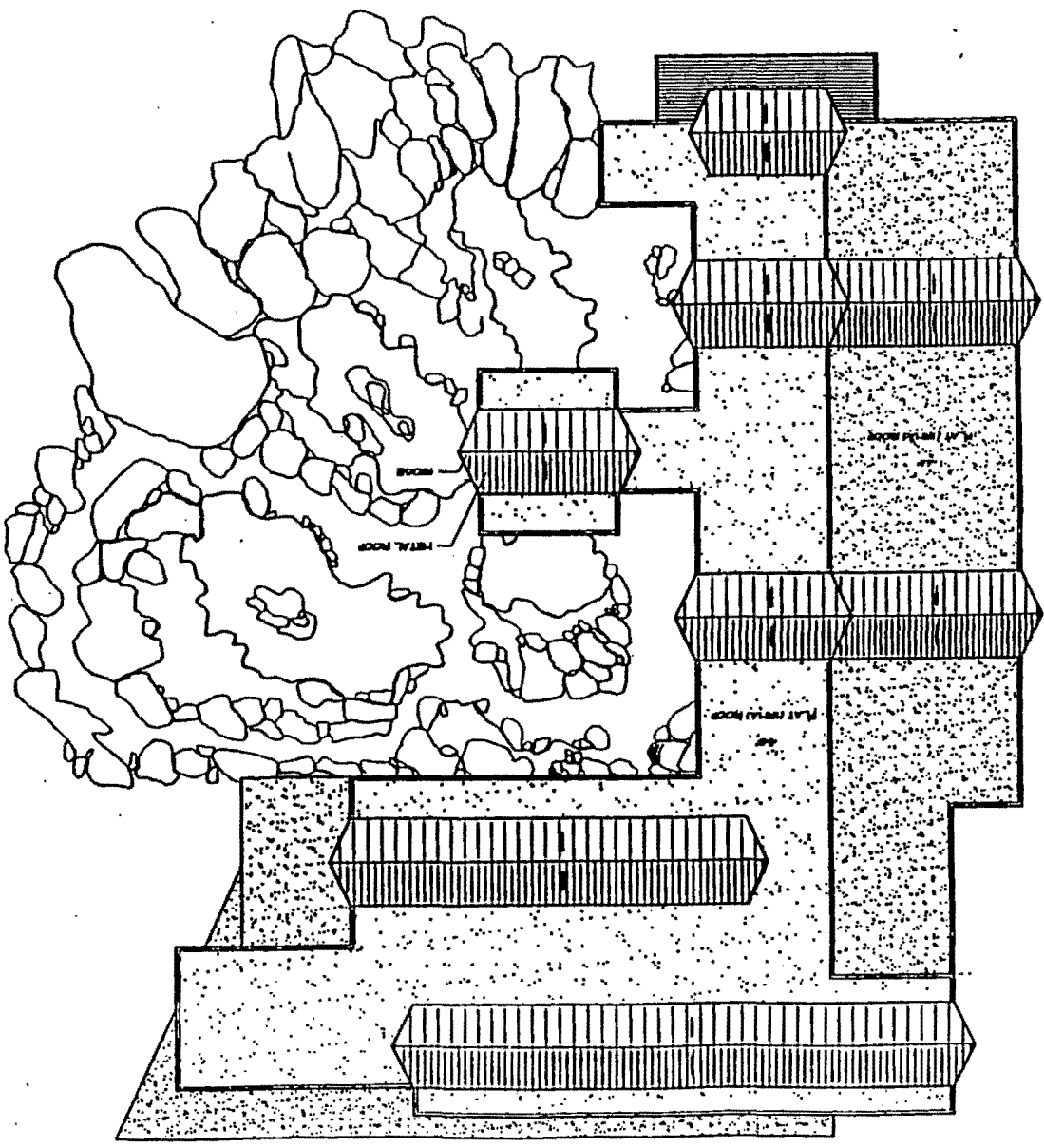
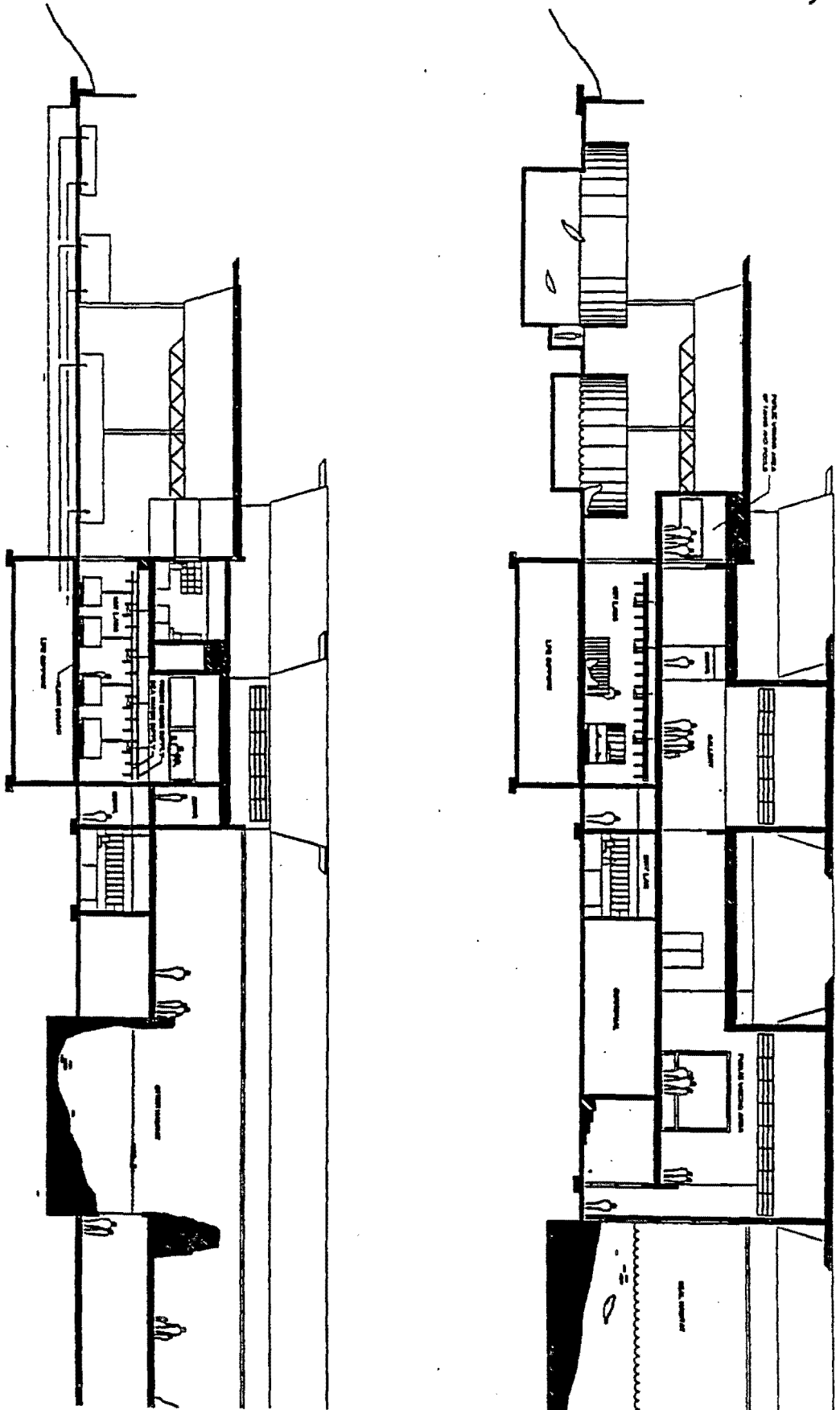


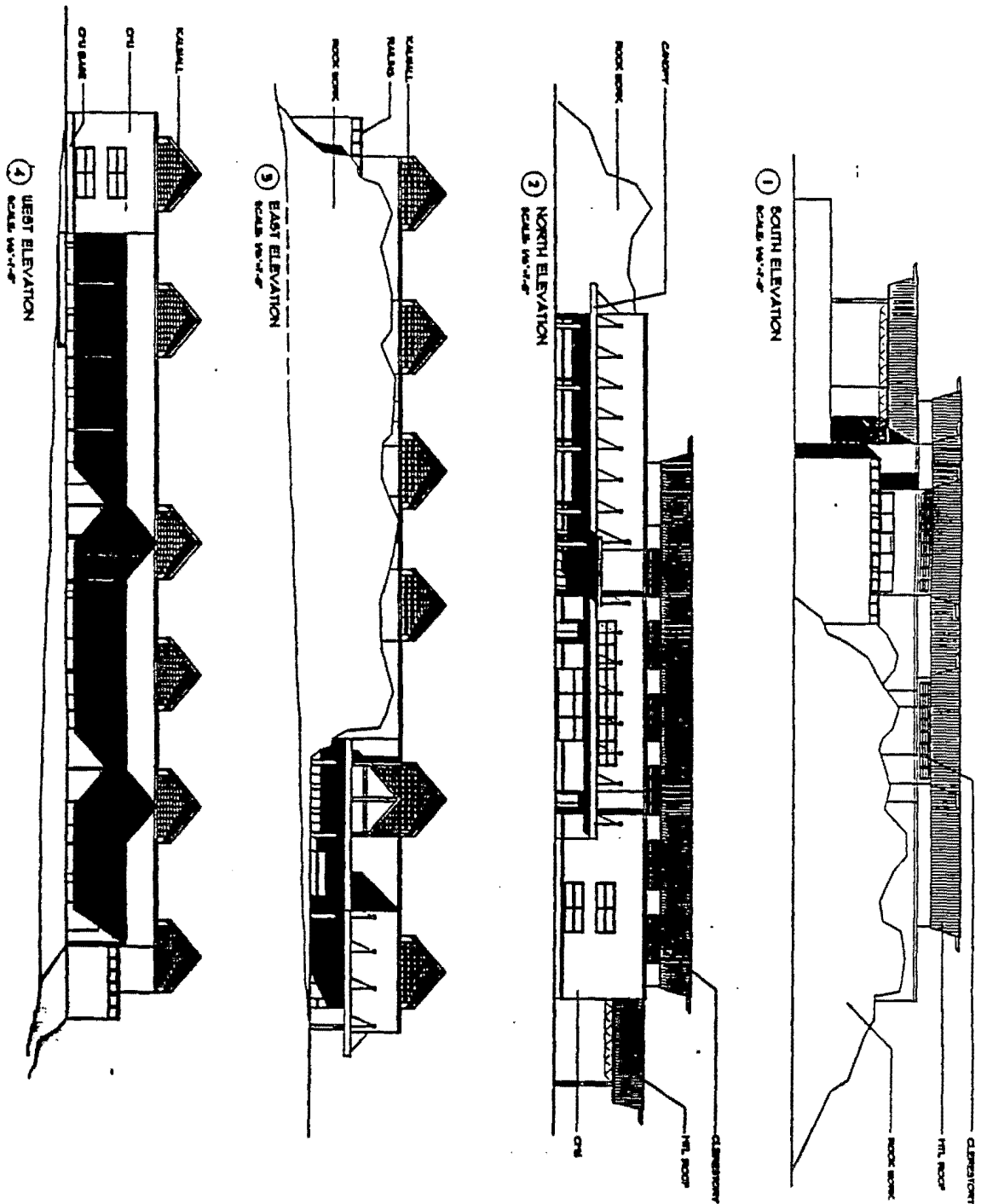
Figure 8-12  
SCALE IN FEET  
0 10 20 30 40 50

<p>PROJECT NO. PLAN NOOF DATE REVISED BY DESIGNED BY CHECKED BY APPROVED BY</p>	<p><b>LIVINGSTON</b> <b>STONE</b></p>	<p>Consulting Architect 1000 1st Avenue Seward, Alaska 99575</p>	<p><b>SAAB</b> <b>ALASKA SEALIFE CENTER</b> <b>IMS INFRASTRUCTURE IMPROVEMENTS</b> <b>SEWARD, ALASKA</b></p>
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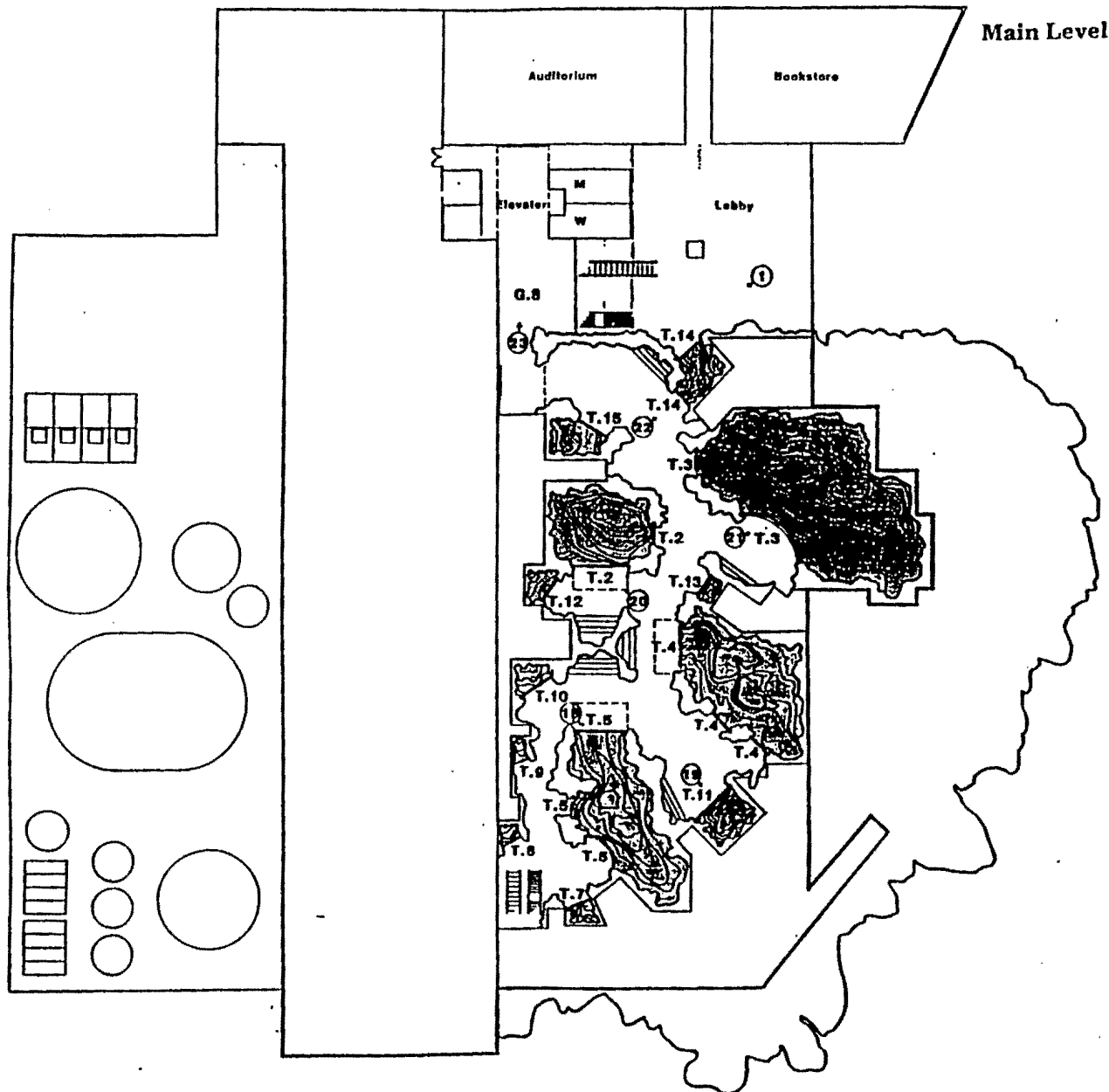
**Figure 6-13**

[illegible]



**Figure 6.16**

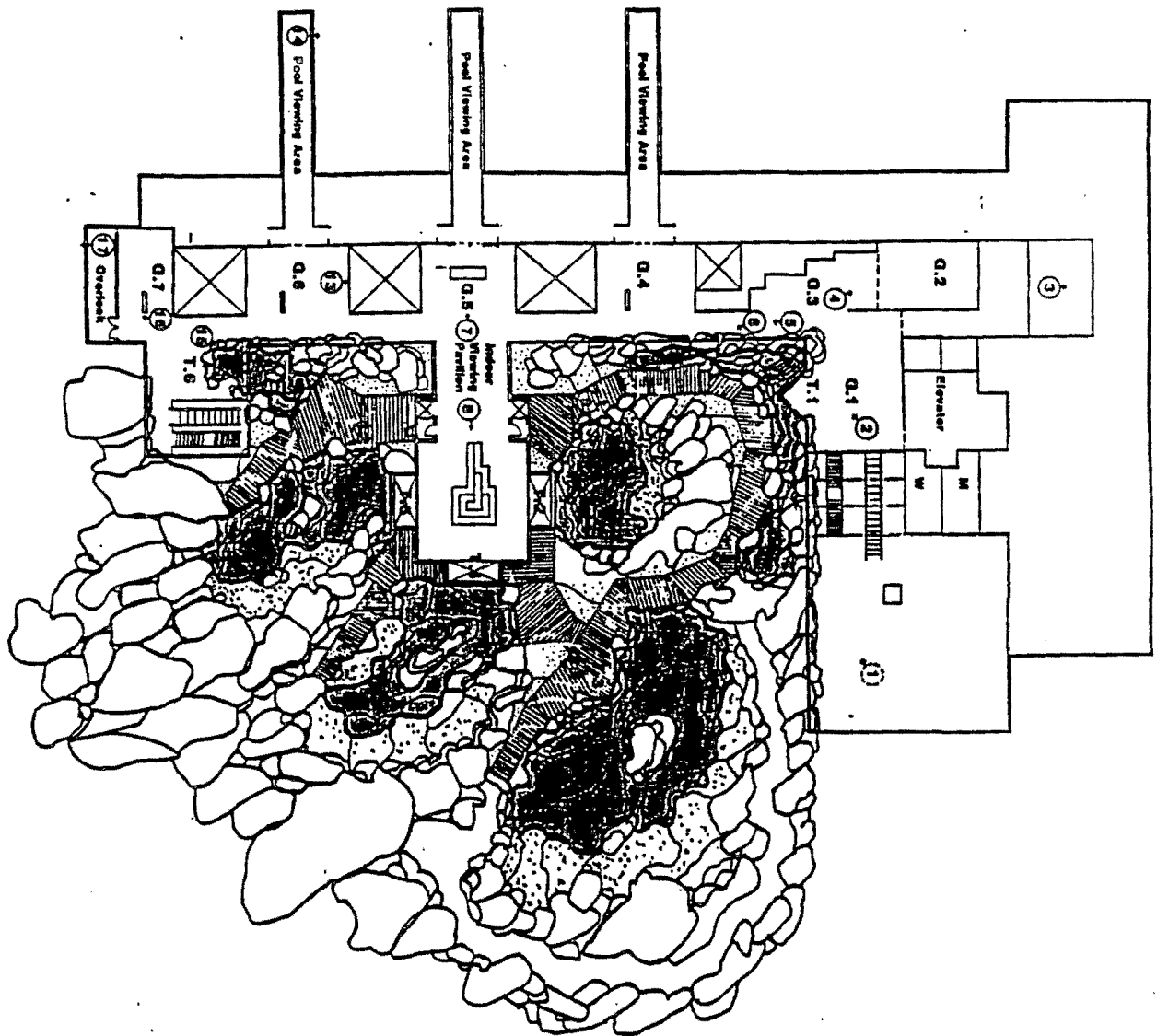
Page 16 of 830  
 Seaside Recreational District



- Main Level  
 Lobby  
 Underwater Gallery  
 T.2 Marine Birds  
 T.3 Shallow Sea Lions  
 T.4 Seals  
 T.5 Sea Otters  
 T.6 Rocky Bottom  
 T.7 Flat Fish  
 T.8 Giant Octopus  
 T.9 Kelp Forest  
 T.10 Long Coasts  
 T.11 Schooling Fish  
 T.12 Jellyfish  
 T.13 Freshwater Stream Sinks  
 T.14 Gulf of Alaska  
 T.15  
 Exhibits  
 G.8 Closing Exhibit


Figure 6-15

BAAMS	ALASKA SEALIFE CENTER IMS INFRASTRUCTURE IMPROVEMENT	SEWARD, ALASKA
Consulting Services, Inc. 1000 1st Avenue, Suite 100 Seward, Alaska 99674 Phone: (907) 223-1111 Fax: (907) 223-1112		
<b>LIVINGSTON</b> <b>STONE</b>		
PROJECT NO. 100-00	DESIGN NO. 01A / 10	DATE: AUGUST 1994
TITLE <b>MAIN LEVEL          HABITAT          PLAN</b>		
DRAWN BY:		

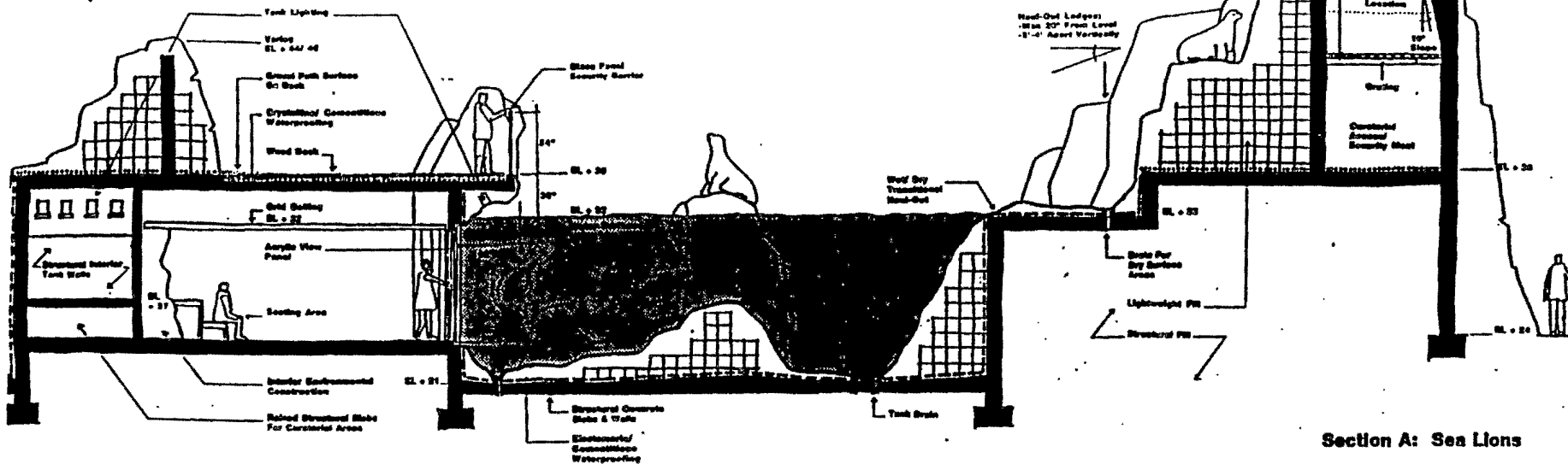


**Figure 6-16**

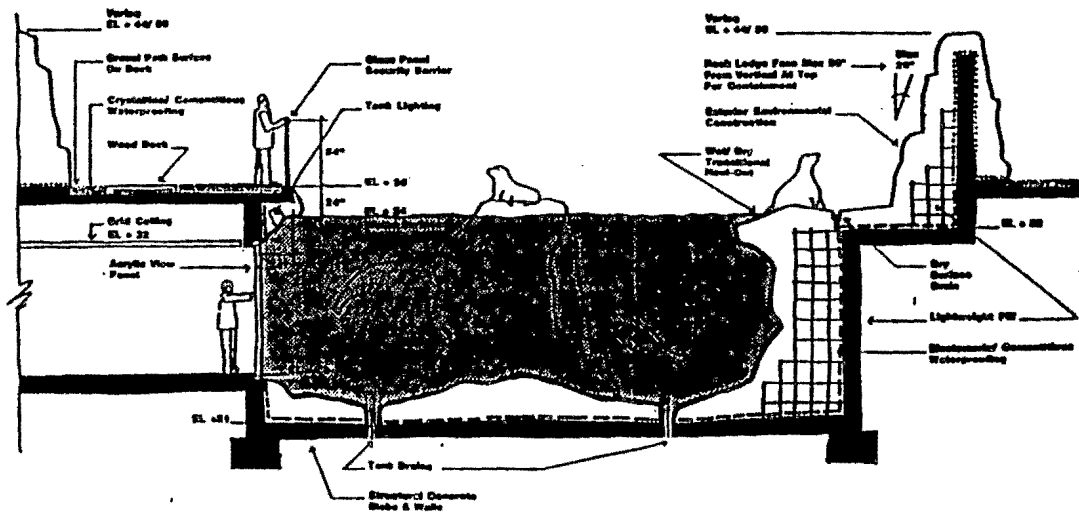
[illegible]

Project No. 000 000 Issue No. 12 / 9 Revision No. 000 000 Date 0000 0000		Cambridge Seven Associates, Inc. Associates are located in: 1000 Massachusetts Ave. Cambridge, MA 02139 Tel. 617/452-1000	SAAMS ALASKA SEALIFE CENTER IMS INFRASTRUCTURE IMPROVEMENT SEWARD, ALASKA
---	---	---	--

# Sections



Section A: Sea Lions



Section B: Seals

Figure 6-17

SAAMS	ALASKA SEALIFE CENTER IMS INFRASTRUCTURE IMPROVEMENT	SEWARD, ALASKA
<p>Creating New Experiences, Inc. 1000 1st Avenue, Suite 100 Seward, Alaska 99674 Phone: (907) 224-1111 Fax: (907) 224-1112</p>		
<p><b>LIVINGSTON STONE</b></p>		
<p>PROJECT NO. 100-00 SHEET NO. CTA / 3 DESIGNED BY DATE: JUNE 1994</p>		
<p>DATE HABITAT SECTIONS</p>		
<p>SHEET NO.</p>		

**LIVINGSTON  
STONE**

HABITAT  
SECTIONS

Second Recording District



Section C: Sea Otters



**Figure 6-18**

**RESOLUTION**  
**of the**  
**Exxon Valdez Oil Spill Trustee Council**

Research Infrastructure Improvements  
affiliated with the  
School of Fisheries and Ocean Sciences  
Institute of Marine Science  
in Seward, Alaska

---

WHEREAS, on January 31, 1994 the Trustee Council directed the Executive Director to prepare a formal recommendation concerning the proposed research infrastructure improvements affiliated with the Institute of Marine Science in Seward (hereafter, "the facility") and specifically indicated that the Executive Director should:

- take needed steps to secure compliance under the National Environmental Policy Act (NEPA);
- consult with appropriate entities, including the University of Alaska, the City of Seward, the Seward Association for the Advancement of Marine Science and Trustee Agencies to review the assumptions relating to the proposed improvements and capital and operating budgets;
- develop an integrated funding approach which assures that the use of trust funds is appropriate and legally permissible under the terms of the Memorandum of Agreement and Consent Decree; and
- prepare a recommendation of the appropriate level of funding for consideration by the Trustee Council that would be legally permissible under terms of the Memorandum of Agreement and Consent Decree; and

WHEREAS, since that time, the Trustee Council has been provided with detailed briefings and informational updates that address the issues identified in its January 31, 1994 directive to the Executive Director; and

WHEREAS, a detailed *Project Description and Supplemental Materials* document dated September 26, 1994 has been prepared (hereafter *Project Description*), the proposed project has been subjected to a full Environmental

Impact Statement (EIS) review under NEPA, and on behalf of the Trustee Council, the Department of the Interior has adopted a Record of Decision (ROD) for the EIS which has been concurred in by the federal trustee department and each of the State Trustees; and

WHEREAS, the *Executive Director's Recommendation and Findings Regarding Infrastructure Improvements Affiliated with the Institute of Marine Science in Seward, Alaska* has been prepared; and

WHEREAS, the Executive Director has reviewed the *Project Description* and, together with the Chief Scientist, finds that:

- the proposed facility improvements would provide needed research infrastructure for conducting long-term marine mammal, seabird, and fishery genetics research pertaining to species identified as injured by the oil spill in order to effectively restore those injured resources and that the facility has been designed to allow for adaptation to future restoration research needs;
- the capabilities of other coastal research facilities in Alaska have been assessed and that there are no existing facilities in Alaska to adequately address the identified and anticipated restoration research needs;
- the proposed research facility will make an important contribution to implementation of the ecosystem approach to restoration and that the facility would play a vital role in making it possible to understand the ecosystem relationships that may influence or control the recovery of injured resources;
- investment of settlement funds in the proposed research infrastructure would provide a needed facility for the Trustee Council restoration mission in a cost-efficient manner reflecting a reasonable balance between costs and benefits; and

WHEREAS, the Trustee Council's Public Advisory Group (PAG) has reviewed ~~the~~ *Project Description* and formally expressed its support for the facility at its October 13, 1994 meeting; and

WHEREAS, the Executive Director finds that a realistic construction plan for the proposed facility has been developed that will provide for the successful completion of the needed research facility within the budget identified (a copy of the capital budget from the *Project Description* is provided as an attachment);

THEREFORE BE IT RESOLVED, that the Trustee Council hereby concurs with and adopts the findings of the Executive Director and authorizes funding for

the project in an amount up to \$24,956,000 to support development of the research components of the facility subject to the following provisions:


1. approval by the Executive Director of a detailed construction budget and a detailed operating plan that reflects a realistic cash flow for the successful construction and operation of the research facility;
2. approval by the Executive Director of an agreement to be entered into by the State of Alaska (Alaska Department of Fish and Game) and the City of Seward providing that the facility will be owned by the City and that the City will provide for the operation and maintenance of the facility for the practical life of the facility;
3. approval by the Executive Director of a showing by the City of Seward that future mitigation measures identified for the construction and operation of the facility will be given due consideration and implemented to the extent practicable;
4. approval by the Executive Director of a detailed governing and management structure for the facility that clearly identifies the role of the University of Alaska in providing the scientific leadership at the facility and ensures the facility is managed so that research activities appropriately serve the Trustee Council's restoration mission; and
5. annual financial reports and project status reports will be submitted to the Trustee Council by the City of Seward and the Executive Director will carefully monitor the construction of the facility and provide regular updates to the Trustee Council regarding the project's progress.

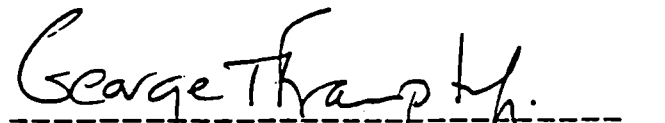
AND BE IT FURTHER RESOLVED, that it is the intent of the Trustee Council that funds for the project be transferred from the civil settlement to the Alaska Department of Fish and Game which shall, in turn, transfer capital funds to the City of Seward in a manner that is appropriate and timely to supplement the project funding previously appropriated by the Alaska State Legislature. Subject to the provisions identified above, the Alaska Department of Law and the Assistant Attorney General for the Environment and Natural Resources Division of the U.S. Department of Justice are hereby requested to petition the United States District Court for the District of Alaska for withdrawals in an amount of \$12,500,000 on September 15, 1995 and an additional withdrawal of \$12,456,000 on September 15, 1996 in accordance with the funding approvals contained herein.


AND BE IT FURTHER RESOLVED, that in authorizing funding for this project, the Trustee Council adopts the following policy: Consistent with this facility's unique capabilities for marine mammal, seabird and fishery genetics research, it is the policy of the Trustee Council to concentrate its EVOS-


funded laboratory research projects and resources at the IMS facility to the maximum extent practicable. Approval of individual laboratory research projects, including the facilities at which they will be located, will be based on the resources required for that project and its cost-effectiveness, including the cost-savings available to the Trustee Council at the IMS facility as a result of this capital investment.

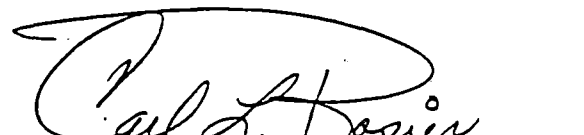
  
Phil Janik, Regional Forester  
Alaska Region  
USDA - Forest Service

  
for Bruce Botelho, Attorney General  
State of Alaska

  
George T. Frampton, Jr., Assistant Secretary  
for Fish and Wildlife and Parks  
U.S. Department of the Interior

  
John A. Sandor, Commissioner  
Alaska Department of  
Environmental Conservation

  
Steve Pennoyer, Director  
Alaska Region  
National Marine Fisheries Service

  
Carl L. Rosier, Commissioner  
Alaska Department of Fish & Game

adopted November 2, 1994

# Capital Budget

14 - ~~FAIR~~ 830  
~~14 - FAIR~~ 830  
~~14 - FAIR~~ 830

	CONSTR COST	DESIGN 15%	PAPR 10%	CONT 10%	DISPLAN 25%	TOTAL
<b>RESEARCH COMPONENT</b>						
1. MAIN BUILDING	\$9,815,000	\$1,472,000	\$981,000	\$981,000	\$196,000	\$13,445,000
2. HABITAT	\$8,204,000	\$1,230,000	\$820,000	\$820,000	\$164,000	\$11,238,000
3. LIFE SUPPORT	\$4,108,000	\$616,000	\$411,000	\$411,000	\$82,000	\$5,628,000
4. SITE DEVELOPMENT	\$2,319,000	\$348,000	\$232,000	\$232,000	\$47,000	\$3,178,000
5. FF & EQUIPMENT	\$2,560,000	\$384,000	\$256,000	\$256,000	\$51,000	\$3,507,000
<b>Subtotal</b>	\$27,006,000	\$4,050,000	\$2,700,000	\$2,700,000	\$540,000	\$36,996,000
<b>EDUCATION COMPONENT</b>						
1. MAIN BUILDING	\$5,713,000	\$857,000	\$571,000	\$571,000	\$114,000	\$7,826,000
2. HABITAT	\$1,017,000	\$153,000	\$102,000	\$102,000	\$20,000	\$1,394,000
3. LIFE SUPPORT	\$175,000	\$26,000	\$18,000	\$18,000	\$4,000	\$241,000
4. SITE DEVELOPMENT	\$420,000	\$63,000	\$42,000	\$42,000	\$8,000	\$575,000
5. FF & EQUIPMENT	\$309,000	\$47,000	\$31,000	\$31,000	\$6,000	\$424,000
<b>Subtotal</b>	\$7,634,000	\$1,146,000	\$764,000	\$764,000	\$152,000	\$10,460,000
<b>TOTAL PROJECT</b>						
1. MAIN BUILDING	\$15,528,000	\$2,329,000	\$1,553,000	\$1,553,000	\$310,000	\$21,273,000
2. HABITAT	\$9,221,000	\$1,383,000	\$922,000	\$922,000	\$184,000	\$12,632,000
3. LIFE SUPPORT	\$4,283,000	\$643,000	\$428,000	\$428,000	\$86,000	\$5,868,000
4. SITE DEVELOPMENT	\$2,739,000	\$411,000	\$274,000	\$274,000	\$55,000	\$3,753,000
5. FF & EQUIPMENT	\$2,869,000	\$430,000	\$287,000	\$287,000	\$57,000	\$3,930,000
<b>Subtotal Total</b>	\$34,640,000	\$5,196,000	\$3,464,000	\$3,464,000	\$692,000	\$47,456,000

**STATE OF ALASKA**  
**Department of Fish and Game**  
**Payment Request Form**

Send to: Department of Fish and Game  
 Division of Habitat and Restoration  
 333 Raspberry Road  
 Anchorage, Alaska 99518-1599  
 Phone: (907) 267-2334  
 Fax: (907) 349-1723

Contractor Name and Address:

City of Seward  
 P.O. Box 167  
 Seward, AK 99664

Agreement Number:

COOP-95-045

Request Number:

Payment Request for Period:

From:

To:

**Contractor Cash Flow Summary**

A. Projected Expenditures Last Period .....

Actual Expenditures Last Period .....

(Column 3 below)

Under (Over) Projected .....

B. Projected Expenditures This Period .....

(Column 6 below)

Adjusted for Under (Over) Last Period .....

Payment This Period .....

**Expenditures by Line Item**

	1	2	3	4	5	6	7
	Budgeted	Previously Reported Actuals	Actuals Last Period	Cumulative Actuals	Balance (Col 1-Col 4)	Project Exp This Period	Projected Balance (Col 5 - Col 6)
Construct							
Design							
Project Adm/PM							
EIS/Plan							
Contency							
TOTAL							

I certify that to the best of my knowledge and belief, the information to support this payment request is made in accordance with the contract agreement conditions and the expenditure estimates are reasonable and not previously reported.

Signature of Requestor \_\_\_\_\_

Date of Request \_\_\_\_\_

Name:

Title:

For Agency Use only

Agent Approved and Authorized by \_\_\_\_\_

Title:

Date:

Attach comments on separate sheet as necessary.

Appendix 8

**INDEMNIFICATION**

- A. As between ADF&G, the Trustee Council, the Executive Director, the State of Alaska, and the United States and their officers, agents and employees (for the purposes of Appendices 8 and 9 hereinafter referred to as the "Indemnified Parties" or the "Indemnified Party"), the City agrees to assume all responsibility, risk, and liability for maintenance and operation, including construction, and day-to-day control of the Property and the Facility subject to and during the construction period and the term of this Agreement. The City shall defend, indemnify, and hold harmless the Indemnified Parties from and against any and all suits, claims, actions, losses costs, penalties, and damages (of whatever kind or nature, including attorneys fees and litigation costs) arising in favor of governmental agencies or third parties (including employees of the parties) on account of personal injuries, death, nuisance, or property damage arising out of, in connection with, or incident to the construction, operation, use of, or contact with the Property or the Facility. The Indemnified Parties may tender such cause of action, lawsuit, or other proceeding brought against the Indemnified Parties to the City and such tender shall immediately be accepted by the City. Any attorney's fees or costs incurred by the Indemnified Parties prior to such tender of defense shall be the complete and sole responsibility, without limitation, of the City. This indemnification shall survive beyond the term of this Agreement. The indemnification of the Indemnified Parties by the City shall include any condition or incident which shall have arisen since the City's initial use of the Property. However this provision has no effect, if but only if, the sole proximate cause of the of the injury or damage is due to the sole negligence of the Indemnified Parties or if the injury or damage occurs following takeover of the Facility by ADF&G pursuant to paragraph III.U. of the Agreement. Indemnification related to hazardous substances shall not exceed the terms and conditions set forth in paragraph C. of Appendix 8.

Any Indemnified Party shall in a timely fashion notify the City in writing of any incident, and the commencement of any action against such Indemnified Party, in respect of which indemnification may be sought against the City. The Indemnified Party shall cooperate with the City in defending the claim and assist the City in recovering any award for subrogation, contribution or indemnity against any third person that may arise from the claim. After notice from the City to an Indemnified Party of an election to assume its defense without reservation, the City and the Indemnified Party will have the following rights and obligations with respect to the defense: the City will not be liable to the Indemnified Party for any legal or other expense subsequently incurred by the Indemnified Party in connection with the defense; the City shall have the sole right to control the defense and settlement of the claim; defense of the claim shall be provided by an attorney designated by the City to represent the City with respect to the claim, provided that where a conflict of interest between the City and the Indemnified Party would cause the representation to violate the applicable rules of professional conduct, the Indemnified

- (iv) the presence of which on the Property causes or threatens to cause a nuisance on the Property or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the Property; or
  - (v) the presence of which on adjacent properties could constitute a trespass by the City; or
  - (vi) without limitation which contains gasoline, diesel fuel or other petroleum hydrocarbons; or
  - (vii) without limitation which contains polychlorinated bipheynols (PCBs), asbestos or urea formaldehyde foam insulation.
2. In connection with the operation and use of the Property, the City represents for itself, its agents and assigns, that, as of the date of this Agreement, the City has no knowledge after Due Investigation of any failure to comply with all applicable municipal, State, and federal environmental laws, regulations, ordinances, and administrative and judicial orders relating to the generation, recycling, reuse, sale, storage, handling, transport, and disposal of any Hazardous Substances.
  3. The City represents and warrants to the State that the City has duly investigated the present and past uses of the Property and has made due inquiry of the appropriate governmental agencies and offices having jurisdiction over the Property, as to whether the Property is or has been a site or any property in the immediate vicinity of the Property is or has been the site of storage of, or contamination by any Hazardous Substances. Prior to any payment under paragraph III.B. of the Agreement, the City shall provide ADF&G with a summary of the City's investigations and copies of all inquiries and responses.
  4. The City represents and warrants to the State that the City has given no release or waiver of liability that would waive or impair any claim based on Hazardous Substances to a previous owner of the Property or to any party who may be potentially responsible for the presence of Hazardous Substances on the Property, and that the City has made no promises of indemnification regarding Hazardous Substances to any party, except for such promises made this date to the State.
  5. The City agrees to immediately notify the appropriate federal and State authorities as well as ADF&G if the City becomes aware of (i) any Hazardous Substances or other environmental problem or liability with respect to the Property, or (ii) any lien, action, or notice resulting from violation of any of the laws, regulations, ordinances or administrative or judicial orders. At the City's own cost, the City shall take all actions which are necessary or desirable to clean up any and all Hazardous Substances affecting the Property, including removal, containment, or any other remedial action required by applicable governmental authorities.

## Appendix 9

## INSURANCE SCHEDULE

- A. The City shall procure and maintain, in full force and effect, during the time of the performance of the services provided for in this Agreement the following policies of insurance written with responsible insurance companies authorized by the State of Alaska. Written evidence in the form of a Certificate(s) of Insurance (or certified copies of the policies, if requested) shall be provided. Said certificates shall provide thirty (30) days advance written notice by certified mail be given to the State before any cancellation or material change in coverage. Failure to provide said certificates or lapse of the policies is a material breach of the Agreement.

The requirements for insurance coverages of the kinds and with the limits stated in this section shall not be construed as a representation that such insurance coverage is adequate or limits the City's liability.

Required insurance is subject to review and adjustment by the State of Alaska, Department of Administration, Division of Risk Management, (hereinafter referred to as "Division of Risk Management") which may require reasonable changes based on changes of risk. The City shall be provided with a written explanation for any change and may appeal any requested change.

It is specifically agreed between the Parties hereto that it is not intended by any of the provisions of this Agreement to create in the public or any member thereof a third party beneficiary hereunder, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms or provisions of this Agreement.

If one or more of the required insurance coverages is not available under reasonable terms and conditions, the City shall, under the guidance and direction of the Division of Risk Management use its best efforts to obtain reasonably equivalent coverage acceptable to the State.

If, after utilizing its best efforts, the City is unable to obtain adequate insurance at a cost effective rate, as reasonably determined by the City, the City may request a waiver of the relevant insurance requirement. The request shall outline the steps taken by the City to obtain such insurance and shall disclose quotations received for coverage. Upon the written determination of the Division of Risk Management that a reasonable basis exists to believe that a waiver of such insurance will not materially affect the State's risk with regard to the Project or any activities in, on or around the Alaska Sealife Center, the State will approve the requested waiver.

1. Commercial General Liability insurance with a combined single limit of not less than five million dollars (\$5,000,000.00) per occurrence/annual aggregate, which shall include, but not be limited to:

Premises and operations

Independent Contractors

Products/Completed Operations

Owners and Contractors Protective

Contractual including the indemnification provisions in Appendix 8.

This insurance shall protect against claims which may arise out of, or result from operations on or away from the Property whether such operations be conducted by the City or by their contractors, or subcontractors or by anyone directly or indirectly employed by either of them, or by anyone for whose acts any of them may be liable. This insurance shall be considered to be primary of any other insurance carried by the Indemnified Parties through self insurance or otherwise. This insurance shall also contain a "cross liability" or "severability of interest" clause or endorsement. The Indemnified Parties shall be named as additional insured.

2. Auto Liability with a combined single limit of not less than five million dollars (\$5,000,000.00) per occurrence/annual aggregate, which shall include, but not be limited to: All Owned, Non-owned and Hired vehicles while used both on and away from the Property.

This insurance shall be considered to be primary of any other insurance carried by the Indemnified Parties through self insurance or otherwise. This insurance shall also contain a "cross liability" or "severability of interest" clause or endorsement. The Indemnified Parties shall be named as additional insured.

3. Statutory Alaska Workers' Compensation, as well as Employer's Liability Insurance with a limit of not less than one million dollars (\$1,000,000.00) in compliance with the laws of the State, and, where applicable, insurance which complies with any other statutory obligations, whether federal or State, pertaining to the compensation of injured employees, and including Voluntary Compensation. The Worker's Compensation Insurance shall contain a waiver of subrogation clause in favor of the Indemnified Parties.

4. All Risk Property Insurance, (including earthquake and flood) including business interruption, on the buildings, and equipment forming part of or otherwise

After Recording:

Return to

State of Alaska

Office of Attorney General

Attn: Alex Swiderski

1031 W. 4th Ave Suite 200

Anchorage AK 99501-1994

95-0497

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### **KEY TO APPENDIX**

GC	General Conditions and Technical Specifications
TC	Trade Contractor
CD	Construction Documents
AE	Architects and Engineers
OP	Operations Plan, To Be Developed
SAAMS	Seward Association for the Advancement of Marine Science
TMP	Transportation Management Plan
COS	City of Seward
MOA	Memorandum of Agreement
CUP	Conditional Use Permit
DOI	United States Department of the Interior
SHPO	State Historic Preservation Officer
N/A	Non Applicable

MITIGATING MEASURE IDENTIFIED IN THE ENVIRONMENTAL IMPACT STATEMENT	CONSIDERATION	IMPLEMENTATION
<b>Geology and Soils:</b> Limit grading disturbances to essential project areas.	GC 01560, 3.01;3.02	TC
Limit, to the extent practical, the amount of cut and fill of soils.	CD - C 4.0 GC 01560, 3.01;3.02	AE TC
Stabilize disturbed areas through revegetation as soon as practical.	GC 01560, 3.72	TC
<b>Hydrology and Water Quality:</b> Install settling pond(s) or trench(es) to clarify discharges associated with de-watering activities prior to these waters being discharged to Resurrection Bay.	GC 02200, 1.05 GC 01560, 3.04, GC 01560, 3.73	TC
Install a stormwater drainage system to control the increased volume of stormwater discharge from site improvements.	CD - C 3.0 GC 02722	AE
Install an oil/water separator to ensure water quality of stormwater/discharge.	CD - C 3.0	AE
Treat facility seawater and freshwater before discharge to bay.	CD - LSS 1.0 GC 15475	AE TC
<b>Air Quality:</b> Require an inspection/maintenance program for construction equipment be implemented by the contractor to optimize engine performance and fuel efficiency.	Pre-Bid Conference	TC
Use of water or dust suppressants to control fugitive dust emissions.	GC 01560, 3.10 GC 01501, 1.04D	TC TC
Encourage higher vehicle occupancies for employees.	OP	SAAMS
Create transit/shuttle bus service to the proposed facility.	TMP	SAAMS/COS
Improve pedestrian linkage to the proposed facility by sidewalks and marked pedestrian crossings.	TMP	AE/SAAMS/COS
Encourage other non-auto travel modes for local travel by providing bike racks.	CD - L 2	AE
<b>Noise:</b> No construction would be performed within 1,000 feet of an occupied dwelling on Sundays, legal holidays, or between the hours of 10 p.m. and 6 a.m. on other days.	GC 01560, 3.11	TC
All construction equipment would have muffled exhaust systems, and all construction equipment would have sound control devices no less effective than those provided as original equipment.	Pre-Bid Conference	TC
Construction equipment would comply with applicable EPA equipment noise standards.	GC 01560, 3.11	TC
No pile driving operations would be performed within 3,000 feet of an occupied dwelling on Sundays, legal holidays, or between the hours of 10 p.m. and 6 a.m. on other days.	GC 01560, 3.11	TC

All pumps, generators, and chillers would be installed in the basement level of the buildings.	CD - M 2, 3, 5	AE
Vegetation would be planted between the facility and the Ladies Park and Railroad Depot to provide a noise buffer.	CD - L 2, 3	AE
<b>Wildlife and Marine Resources:</b> To prevent attraction of wildlife, food and garbage would be stored in covered storage areas or closed containers.	OP	SAAMS
Captive birds would be isolated to prevent the possible transmission of disease from these birds to the local population.	CD - X 3.10, 3.11 GC 13189 OP	AE TC SAAMS
Marine mammals and birds would be protected from potential abuse and harassment by the public by attendant supervision and physical barriers, such as fences, walls, trenches, and glass partitions.	CD - X 1.0 to X 3.13 GC 13177; 13178; 13180 OP	AE TC SAAMS
Location of the Life Support System intake at a depth below euphotic zone and freshwater lens to minimize the entrainment of commercially important crustacean larvae (shrimp and crab), juvenile fish and larval fish, and other species which have planktonic life stages.	CD - C 1.0 GC 15475	AE TC
Intake structures would be elevated approximately 3 feet off the bottom of the seafloor to avoid interfering with benthic organisms.	CD	AE
The intake pipes would be perforated with numerous one-inch holes to reduce the velocity of incoming water to approximately 0.1 feet/second, which would minimize the entrainment of small mobile organisms and larger marine fish and invertebrates.	CD	AE
Wastewater sources would be treated by the facility treatment system, diluted, and discharged to 50 feet below MLLW via a specially designed outfall diffuser head, therefore, minimizing the concentration of contaminants from the facility, as well as minimizing organic buildup at the outfall location.	GC 15475	TC
The outfall structure would be a perforated, 24 inch diameter pipe with a flanged end. The perforations can effect a dilution of the wastewater into the receiving water of up to 1:100. The dilution would greatly reduce any potential effect on the receiving water as far as temperature, salinity, or turbidity.	GC 15475	TC
Minimize the concentration of disinfecting chemicals in discharge water by using freshwater for disinfectant washdown to the sanitary sewer system; by sloping surfaces near the marine mammal and marine bird pools away from the holding water in the pool so that washdown water could be separated; and by diluting discharge water to levels below that which would effect marine fish and invertebrates.	GC 15475	TC

<b><i>Vegetation, Wetlands, and Habitat:</i></b>		
Creation of habitat through development of artificial tide pool habitat.	CD - Future Phase	AE
Landscaping (i.e., revegetation of areas disturbed by construction, addition of new vegetation).	CD - L 2, 3	AE
An armor rock face would be attached to the wave barrier to provide a surface for attaching organisms.	CD	AE
<b><i>Visual/Aesthetics:</i></b>		
In coordination with the SHPO and the city, integration of traditional non-industrial architectural elements to be compatible with the surrounding landscape and habitats.	MOA/CUP	AE/COS
Public plaza in view corridor from Fourth Avenue.	CD - L 2, 3	AE
Appropriate shoreline vegetation in parking lot islands, as a buffer between Ladies Park and the proposed facility, and integrated into rockwork of the habitat area.	CD - L 2, 3	AE
<b><i>Archaeological and Historic:</i></b>		
A landscaping plan would be developed and reviewed by the city and the SHPO to minimize the effects of the proposed project on resources.	MOA/CUP	DOI/SHPO/COS/AE
Archaeological monitoring would occur during excavation.	GC 01560, 3.06/ MOA/CUP	SAAMS/SHPO/DOI
Design review by the DOI and the SHPO in compliance with Memorandum of Agreement resulting from Section 106 of the Historic Preservation Act.	MOA	DOI/SHPO/AE
<b><i>Land and Shoreline Use:</i></b>		
Placement of temporary fencing during construction.	GC 01500, 2.04	TC
SAAMS to provide financial assistance to the city for the relocation of the Youth/Teen Center activities.	SAAMS/COS Lease/Operating Agreement	SAAMS
SAAMS to assist in the lease buy-out of Northern Stevedoring Handling Corporation.	Purchase Agreement	SAAMS
The public fishing area east of the project site would be kept available to public during construction and operation.	Pre-Bid Conference GC 01500, 2.09	TC
Accommodation of ferry traffic during construction and, if necessary, during operation.	N/A - ferry relocated prior to construction	N/A
<b><i>Socioeconomics/Quality of Life:</i></b>		
Percent of local procurement during construction and operation to stimulate Seward economy.	Pre-Bid Conference	TC
Dust levels during construction would be controlled by watering.	GC 01560.3.10	TC
Litter would be controlled on and around the site, including building materials, demolition materials and trash from the workforce.	GC 01710.301 OP	TC SAAMS
Sales tax generated from ticket sales and retail sales would be paid to the city and borough in	SAAMS/COS Lease	

compensation of property and revenue loss.	Operating Agreement	SAAMS
<b>Recreation and Tourism:</b> To minimize the effect on city campground capacities, the contractor will provide a location for temporary housing of construction workers.	Pre-Bid Conference	TC
<b>Traffic and Transportation:</b> Truck traffic would be limited to designated routes established with the City Engineer.	Pre-Bid Conference GC 01615.101 D TMP	TC SAAMS
During construction, truck routes and schedules would be announced and published.	Pre-Bid Conference GC 01500.201	TC
If the Lowell Point Road quarry site is selected as a material source, SAAMS would work with the City of Seward to ensure that the structural integrity of the Lowell Creek Bridge would accommodate the increase in heavy vehicle traffic.	N/A	N/A
During the period between mid-April and mid-May, load restrictions of 75 percent of maximum legal load may be in effect along the Seward Highway. Construction activity occurring during this period would be scheduled to comply with this condition.	Pre-Bid Conference	TC
SAAMS would work with the city to encourage the use of Third Avenue for IMS project traffic by locating information signs along street and highway approach routes.	TMP	SAAMS/COS
If the ferry dock remains at the Municipal Dock, resulting in on-going joint use, directional signing should be installed which separates ferry traffic from IMS traffic.	N/A	N/A
A bus pull-out would be located on the south side of Railway Avenue to minimize the effect of bus loading activity on other Railway Avenue traffic.	CD - C 3.0 TMP	AE SAAMS
Working with the city, Railway Avenue would be reconstructed and resurfaced along the project frontage. The reconstruction would result in either a two lane section which maintains on-street parking (24 spaces) on the north side of the street, or a three lane section (with a center left turn lane) which eliminates these spaces.	TMP	SAAMS/COS/AE
Adequate parking would be provided on-site to accommodate all anticipated visitor and employee traffic likely to occur on high demand days to minimize excess circulation around the site.	CD - C 3.1, 3.2	AE
Site access would be managed on peak visitor days by on-site parking and traffic management personnel to avoid conflicts between vehicles and pedestrians in the parking area and at driveway entrances, including the locations where the bike trail crosses the site driveways.. A general plan for the operation of site traffic and parking will be developed.	TMP	SAAMS/COS
All parking spaces would accommodate vehicles up to 20 feet long. A total of 15 spaces for over-sized vehicles up to 40 feet long are also provided.	CD - C 3.1	AE
Use of the facility's on-site visitor parking lot would be limited through validation by facility		

attendants to encourage a "turn over" of available parking spaces. The cost of longer term parking would be economically impracticable past the attendance validation period.	TMP	SAAMS/COS
Charter buses would be encouraged by contractual arrangement and on-site traffic management personnel to layover off-site between dropping off and picking up visitors on peak visitor days. Buses would likely layover at locations currently used by the cruise ship and other tour buses.	TMP	SAAMS/COS
If the ferry service and the proposed facility share operations at the site, on-site personnel would cordon-off an area of the visitor parking lot for ferry parking (vehicles waiting to load the ferry), still leaving 135 parking spaces available for visitor parking.	N/A	N/A
Coordination with the Alaska Marine Highway System would occur to determine if specific ferry berthing schedule adjustments would be necessary to reduce the potential for joint site use.	N/A	N/A
With city approval, off-site signing would be implemented to route ferry traffic as described above.	N/A	N/A
The current project site plan, which has two driveways onto Railway Avenue, lends itself to joint use operation as ferry traffic could be directed to the easterly driveway and proposed project traffic could be directed to the westerly driveway. Signing and on-site traffic management would be implemented to accommodate further joint use operations.	N/A	N/A
The pedestrian/bicycle trail would be extended through the project site to provide for future development of the trail to the west.	CD - C 3.0 CUP	AE COS
Intersecting points of proposed site driveways and the bike path would be protected by bollards.	CD - L 2	AE

<b>MITIGATING MEASURES IDENTIFIED THROUGH PERMITS AND APPROVALS</b>	<b>CONSIDERATION</b>	<b>IMPLEMENTATION</b>
Methods implemented to filter or settle out suspended sediments from all construction related wastewater prior to its direct or indirect discharge into any natural body of water for protection against water quality degradation.	GC 01560, 3.04;3.07 and 02200, 1.05	TC
Only clean shot rock is to be placed into the marine waters prior to the completion of bulkhead construction, unless the fill area is contained within a silt curtain to minimize siltation of the adjacent water.	GC 01560, 3.73	TC
Material such as sorbent pads or booms are to be available on-site to contain and clean up any fuel spilled as a result of construction activity.	GC 01560, 3.04;3.05	TC
Unless the construction area is enclosed within a silt curtain, in areas above the low tide line, utility line trenching shall be done when said areas are dewatered.	GC 02225-2, 3.2	TC
Construction activities in the waters of Resurrection Bay shall not be conducted from May 15 through September 30 unless a waiver is granted.	Pre-Bid Conference GC 02241, 1.06	TC
An oil/water separator and carbon absorption system will be included in the water discharge design. No water may be discharged from the facility that contains chlorine in excess of the State Water Quality Criterion of two micrograms per liter in concentration.	GC 15475	TC
No discharge of floating solids, garbage, grease, foam, oily waste or wastewater containing a visible sheen or which may produce a film, sheen or coloration on surface waters.	GC 15475 OP	TC SAAMS
The disposal shall not cause contamination of surface or groundwater, and shall not cause a violation of the Alaska Water Quality Standards.	GC 15475 OP	TC SAAMS
The disposal shall not cause adverse effects on aquatic or terrestrial plant or animal life, their reproduction, or habitat.	GC 15475 OP	TC SAAMS
Should cultural or paleontological resources be discovered as a result of construction, work which would disturb such resources would stop and the State Historic Preservation Office would be contacted immediately.	GC 01560, 3.06 MOA/CUP	SHPO/DOI/COS/TC
Discharge is limited to nondomestic wastewater, consisting of circulation water used in the life support systems, make-up water, and backflush water from the facilities filtering system. The maximum volume discharged by the facility will be 7,200,000 gallons/day and will be primarily sea water with a small portion of freshwater.	GC 15475	TC
Prior to construction of the wastewater treatment and discharge system engineering plan review and approval for the design must be obtained from the Kenai District Office of ADEC.	ADEC	SAAMS
Monitoring of discharge and reporting requirements of chlorine, flow, and aromatic, aqueous, and petroleum hydrocarbons.	GC 15475	TC

Designation of a representative with the authority to assure compliance with the letter-of-entry for construction of the intake lines.	DNR Permit	SAAMS
No oil changes and/or fueling operations will occur within the project area. Petroleum products and hazardous materials will not be used or placed within the project area.	GC 01560, 3.09	TC
All waste generated during construction activities will be removed or otherwise disposed of as required by state and federal law.	GC 01710, 3.01	TC
All reasonable precautions shall be taken during operations to prevent unnecessary damage to surrounding ocean bottom vegetation during trench excavation.	GC 02241, 1.06	TC
As-built survey of intake line on state tidelands.	GC 02241, 3.08	TC



Memorandum of Agreement  
between the

University of Alaska

and the

Seward Association for the Advancement of Marine Science

for Scientific Leadership and Oversight  
for the Alaska SeaLife Center  
Seward, Alaska

This Memorandum of Agreement (MOA) is entered into between the University of Alaska, hereinafter referred to as the University, and the Seward Association for the Advancement of Marine Science, dba Alaska SeaLife Center, hereinafter referred to as SAAMS, for scientific leadership and oversight at the Alaska SeaLife Center, hereinafter referred to as the Center.

WHEREAS, the University was established in 1917, and has achieved international recognition in various fields of marine research including oceanography, marine biology, marine ecology and fisheries, and offers undergraduate degrees in fisheries and graduate degrees in the marine sciences and fisheries; and

WHEREAS, the University is committed to expanding knowledge of marine and fresh water systems and associated resources, especially those in high latitudes; and

WHEREAS, the University of Alaska Fairbanks, School of Fisheries and Ocean Sciences hereinafter referred to as the UAF-SFOS has the primary responsibility within the University for research, education, and public service in oceanography, marine biology, fisheries science, seafood science, fisheries technology, and limnology; and

WHEREAS, the research emphases of the UAF-SFOS include oceanography, fisheries science, marine mammal biology, marine ecology and invertebrate zoology; and

WHEREAS, UAF-SFOS seeks to better understand the relationship between environmental factors and marine ecosystems, including the factors which control the productivity of aquatic ecosystems; the impact of natural environmental variability and anthropogenic environmental change on aquatic organisms, systems and resources; and related topics applicable to resource management; and

WHEREAS, SAAMS was established in February 1990 as a non-profit corporation organized exclusively for exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code; and

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Advancement of Marine Science

WHEREAS, SAAMS is organized for any lawful purpose including, but not limited to, educational and cultural purposes, including marine research, public education, and providing educational and scientific programs and any other lawful purposes or endeavors permitted under the laws of the State of Alaska to non-profit corporations incorporated under AS 10.20; and

WHEREAS, SAAMS has made available two positions on the SAAMS Board of Directors to the University to be filled by nominees of the President of the University; and

WHEREAS, the research focus of the Center is centered on marine mammals, marine birds, and fish genetics; and

WHEREAS, the Center will provide facilities to support research on marine mammals, marine birds, and fish genetics, including wet labs, dry labs, offices and conference rooms, tanks and pools, running seawater and freshwater systems, animal quarantine, surgery and necropsy, animal habitats, library, classrooms and other support spaces and equipment; and

WHEREAS, the City of Seward has agreed to construct, operate, and maintain certain research infrastructure improvements at the Center under an agreement with the Alaska Department of Fish And Game, the "Cooperative Agreement" dated April 27, 1995; and

WHEREAS, the City of Seward has entered into an agreement with SAAMS to contract for construction, operation and maintenance of the Center pursuant to an Agreement for Financing, Lease, Construction, Operation, and Maintenance of the Alaska SeaLife Center dated April 28, 1995; and

WHEREAS, the *Exxon Valdez* Oil Spill Trustee Council hereinafter referred to as EVOS Trustee Council has provided funding to construct the research component of the Center; and has required a detailed governing and management structure for the Center that clearly identifies the role of the University in providing scientific leadership at the Center and that ensures that the Center is managed so that research activities appropriately serve the restoration mission of the EVOS Trustee Council; and

WHEREAS the EVOS Trustee Council has adopted a resolution on November 2, 1994 which included the following statement:

"Consistent with this facility's unique capabilities for marine mammal, seabird and fish genetics research, it is the policy of the Trustee Council to concentrate its EVOS-funded laboratory research projects and resources at the . . . [Alaska SeaLife Center] to the maximum extent practicable. Approval of individual laboratory research projects, including the facilities at which they will be located, will be based on the resources required for that project and its cost-effectiveness, including the cost-

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Advancement of Marine Science

savings available to the Trustee Council at the . . . [Alaska SeaLife Center] as a result of the Trustee Council's capital investment;" and,

WHEREAS, SAAMS will initiate a long-term fund raising program to establish up to three endowed research chairs at the Center.

NOW THEREFORE, the University and SAAMS do hereby agree as follows:

1. The University will be responsible for scientific leadership and scientific oversight for the Center.
2. In order to meet the University's responsibilities for scientific leadership and oversight, the Dean of the UAF-SFOS will appoint a current or prospective faculty member to serve as Science Director for the Center. The initial and any subsequent appointment of a Science Director will be subject to the concurrence of the SAAMS Board of Directors. (By January 1, 1996, the Dean of the UAF-SFOS will make an initial appointment of a Science Director.)
3. The duties of the Science Director will include:
  - a. Develop and implement scientific review protocols which will assure high quality research and appropriate recognition of the research conducted at the Center.
  - b. Direct the research conducted at the Center in a manner which supports and ensures priority for the restoration mission of the EVOS Trustee Council.
  - c. Contribute to annual work plans of the EVOS Trustee Council and periodically confer with its Executive Director and Chief Scientist to determine those areas of the Council's research emphasis which most appropriately should be conducted at the Center.
  - d. Fulfill the Center's responsibilities to the research mission of the EVOS Trustee Council when approving applications for use of the Center's research facilities.
  - e. Lead in the development and coordination of a research program in marine mammals and birds at the Center using, to the extent possible, University scientists as well as scientists with external affiliations.
  - f. Develop a personal research program at the Center in addition to his/her leadership responsibilities.

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- g. Prepare an annual report describing scientific achievements and activities at the Center.
  - h. Make recommendations to the Center's Executive Director, the SAAMS Board of Directors, and the UAF-SFOS Dean regarding overall scientific direction and opportunities for enhancing the Center's scientific program.
  - i. Assist with and promote external representation of the research program for the Center.
  - j. Provide consulting assistance to the Center's Animal Husbandry and Life Support Director and other appropriate personnel on matters relating to animal welfare, animal research protocols, and the storage, handling, and disposal of hazardous materials.
  - k. Provide scientific guidance to the Program Director for the education programs at the Center, as requested.
  - l. Provide scientific guidance to the Center's Executive Director and the SAAMS Board of Directors, as requested.
- 4. The Science Director will hold a tenured or tenure track faculty position with the UAF-SFOS.
  - 5. SAAMS will be responsible for funding the portion of the Science Director's assignment related to providing leadership and oversight to the Center; however, from the date of initial appointment until June 30, 1998, the University will provide, without charge, a 25 percent time commitment for the Science Director to enable his/her timely involvement in program planning and promotion. The remaining portion of the Science Director's time will be assigned to University activities and funded by the University. Subsequent to July 1, 1998, the Science Director will be expected to devote most of his/her time to the Center's scientific leadership and oversight and to his/her personal research program at the Center.
  - 6. The Science Director will be responsible to the Dean of UAF-SFOS in his/her faculty role and for the scientific leadership and oversight of the Center. However, he/she will also be responsible to the Center's Executive Director for day-to-day operational matters at the Center, and will cooperate with the Executive Director in developing the overall program at the Center. The appointment of the Science Director may be terminated by the Dean of the UAF-SFOS at his/her discretion or at the request of the SAAMS Board.
  - 7. A Scientific Oversight Committee consisting of the Science Director, who will serve as chair, and at least three members of the scientific

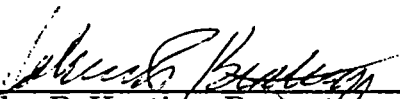
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community who are independent of both the University and the Center will conduct formal reviews of the science program and periodically report to the Dean of the UAF-SFOS and to the SAAMS Board of Directors the results of such reviews. In the case of EVOS funded research, the committee shall complement and coordinate with the scientific review process established by the EVOS Trustee Council to avoid unnecessary delays and duplication of effort. The terms of appointment will be for periods of one to three years and will be staggered to provide for overlap of incumbent and new members. Members may serve more than one term. The committee shall develop operating guidelines for the conduct of the committee's activities. Proposed members will be selected by the Science Director and presented to the Dean of the UAF-SFOS and to the SAAMS Board of Directors. In the absence of objections, committee members will be appointed, as nominated. In the case of an objection, the Science Director will propose an alternate member or members.

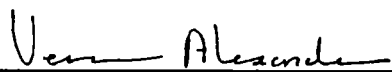
8. The UAF-SFOS will commit to developing a strong research program at the Center, and will assign prominent research faculty, including marine bird and mammal scientists, to the extent that funding is available.
9. The UAF-SFOS will make available opportunities for joint use of other University research facilities and equipment to further the overall missions of the Center and the University.
10. Subject to execution and continuation of this MOA, the University agrees to make available to SAAMS, under separate terms and conditions to be separately agreed upon: (1) use of parking facilities located at the K. M. Rae Building site for the Center; and (2) certain easements or rights required for construction of a rip-rap wave barrier, for construction and operation of a service entrance, for construction and maintenance of a fire lane and emergency vehicle turnaround, and for installation of a fresh water system.
11. SAAMS shall indemnify, defend, and hold harmless the University, its Board of Regents, officers, agents and employees from any and all claims of any kind or character resulting from the operation of the Center; however, this provision shall not apply to any claim that arises from the alleged negligence or willful misconduct of the person being indemnified.
12. SAAMS will procure and maintain the types, levels, and requirements of insurance specified in its Agreement for Financing, Lease, Construction, Operation, and Maintenance of the Alaska SeaLife Center dated April 28, 1995. The University shall be named as additional insured under all applicable policies of insurance.

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13. The MOA will remain in effect until terminated. Either party may terminate this Agreement by providing twelve months' written notice to the other party. This Agreement may be modified by mutual agreement of the parties.
14. This Memorandum of Agreement, the documents referenced herein, including the Resolution of the EVOS Trustee Council regarding research infrastructure improvements at Seward dated November 2, 1994, the "Cooperative Agreement" between the Alaska Department of Fish And Game and the City of Seward dated April 27, 1995, and the Agreement for Financing, Lease, Construction, Operation, and Maintenance of the Alaska SeaLife Center dated April 28, 1995 between SAAMS and the City of Seward, reflect the complete and exclusive understanding of the parties with respect to the subject matter and supersede all previous agreements and discussions, oral or written, between the parties.
15. This Agreement shall be governed by and construed in accordance with the laws of the State of Alaska. Any actions or judicial proceedings arising out of this Agreement shall be filed and prosecuted in the Superior Court for the State of Alaska, Third Judicial District, at Anchorage, and the parties hereto affirmatively waive the right to trial by jury.

  
\_\_\_\_\_  
Dr. John P. Keating, Provost  
University of Alaska Fairbanks

  
\_\_\_\_\_  
Willard E. Dunham, Chair  
SAAMS Board

  
\_\_\_\_\_  
Dr. Vera Alexander, Dean  
University of Alaska Fairbanks  
School of Fisheries and Ocean Sciences