

Aleutians East Borough  
May 28, 2010  
4:00 P.M.

CALL TO ORDER

Mayor Mack called the May 28, 2010 Assembly meeting to order at 4:00 p.m. by teleconference in each community.

ROLL CALL

Mayor Stanley Mack	Present
Paul Gronholdt	Absent
Carol Foster	Absent
Marvin Mack	Present
Ken McHugh	Present
Paul Schaack	Present
Joe Bereskin, Sr.	Present
Justine Gundersen	Present

Advisory Members:

Tom Hoblet, False Pass	Present
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A quorum was present.

Others Present:

Sharon Boyette, Administrator  
Tina Anderson, Clerk  
Roxann Newman, Finance Director  
Clark Corbridge, Administrator Assistant  
Laura Tanis, Communications Director  
Ted Meyer, Community Development Director

Agenda Additions/changes:

New Business, Kvichak Marine Industries contract  
New Business, S & S General Contractors  
New Business, Caribou on Unimak Island  
Assembly Comments, Nelson Lagoon dock light-Justine Gundersen  
hovercraft agenda item moved before Consent Agenda

Adoption of agenda:

MOTION:

Joe moved to approve and second by Ken. There were no objections, motion approved.

Community Roll call and public comments on agenda items:

King Cove, Sand Point, Nelson Lagoon, False Pass, Akutan, Anchorage office were on teleconference. There were no public comments on agenda items.

Minutes, April 28, 2010:

Correction: Page 3, add SW Cities to first sentence, *There were no SW Cities revenues last year.*

MOTION:

Ken moved to approve as corrected. Second by Justine. There were no objections, motion passed.

Financial Report, April, 2010:

MOTION:

Joe moved to approve and second by Ken.

DISCUSSION

None

ROLL CALL

Marvin-yes, Paul S.-yes, Justine-yes, Ken-yes, Joe-yes. Advisory: Tom-yes. Passed.

Investment Report:

In packet.

Hovercraft discussion:

Joe said we had a lengthy discussion in the workshop about current hovercraft operation and the need to continue to operate. He asked how Administrator got good numbers. There was also some earlier discussion about Ordinance 10-03, FY11 budget approval with current hovercraft budgeted in.

Joe said he does appreciate the Administrator bringing hovercraft information monthly but he does not personally need to see it monthly. Mayor Mack said the operation needs to be seriously looked at. Joe felt it is not necessary to have the discussion every meeting and assumes you will let us know when we can't fund the operation anymore. Justine said that the Administrator did tell us at this meeting. Joe said it has not been a consensus between the Administrator and the Mayor. Mayor Mack said issues are with insurance and re-evaluation of crew on the vessel. Joe feels nothing should go before the Assembly unless administration is in agreement. Mayor Mack said it is a fact that we are constantly losing money on the hovercraft and that we haven't done due diligence to capture other revenues.

CONSENT AGENDA

- Resolution 10-11, Assembly opposing an initiative creating an Alaska Anti-Corruption Act, which will be on the 2010 Alaska Primary Election ballot.
- Resolution 10-12, Assembly electing to participate in the AMLJIA FY2010 Loss Control Incentive Program.
- Resolution 10-13, Assembly electing to participate in the AMLJIA FY2011 Loss Control Incentive Program.
- Resolution 10-14, to approve amendments to the cooperative participation agreement and bylaws of the AMLJIA effective July 1, 2010.

- Resolution 10-15, to submit a municipal harbor facility grant application to the State of Alaska, DOT/PF in the amount not to exceed \$500,000 for the False Pass harbor utility project.
- Resolution 10-16, to submit a municipal harbor facility grant application to the State of Alaska, DOT/PF in the amount of \$2,166,000 for the project entitled: Sand Point harbor float project.

Changes were discussed on Resolution 10-15 to include, *not to exceed \$500,000* for the False Pass harbor utility project.

#### MOTION

Joe moved to adopt the Consent Agenda with the changes to Resolution 10-15 and second by Ken.

#### ROLL CALL

Justine-yes, Joe-yes, Marvin-yes, Ken-yes, Paul S.-yes. Advisory: Tom-yes. Passed.

#### PUBLIC HEARINGS

Ordinance 10-03 (substitute), approving the FY11 budget.

Mayor Mack explained that Ordinance 10-03 in the packet is a substitute ordinance than the one introduced at the last Assembly meeting. He opened Public Hearing. Hearing none Public Hearing closed.

#### MOTION

Joe moved to approve Ordinance 10-03 with a recommendation to revisit the hovercraft operation at the August Assembly meeting. Second by Paul S.

#### DISSCUSSION

Joe said in looking at the school budget, three schools might be below 10 students. Joe said that the concern was to continue to fund small sites. He noted that some students are leaving because of teacher dissatisfaction.

#### ROLL CALL

Joe-yes, Paul S.-yes, Justine-yes, Marvin-yes, Ken-yes. Advisory: Tom-yes. Passed.

Ordinance 10-04, amending code section 4.36.070, Tie Vote Determination.

Mayor Mack opened for public hearing. Hearing none public hearing closed.

#### MOTION

Ken moved to approve Ordinance 10-04 and second by Marvin.

#### ROLL CALL

Ken-yes, Paul S.-yes, Marvin-yes, Justine-yes, Joe-yes. Advisory: Tom-yes. Passed.

## OLD BUSINESS

### Funding Requests:

Mayor Mack said AFI requested \$50,000 but they have received funding since their request. The Administrator said AFI received funding from APICDA and The Aleut Corporation. Also, Aleutian Housing Authority gave them a \$90,000 interest free loan. She said the financial report, 900 Other Dept., youth services line item is for donations. The Finance Director said that, with the expenditure overages in the 900 dept., the \$18,400 may be reduced to balance other line items in that dept. Mayor asked for suggestions. Joe does not approve all the funding requests saying that one of the requests might open doors to other requests to run operations. Justine agrees with Joe and also feels that the summer culture camp benefits many. Joe asked for a suggestion from the Administrator for AFI. Administrator suggested giving culture camp \$7,000 and AFI \$10,000.

### MOTION

Joe moved to donate \$7,000 to Culture Camp, \$10,000 to AFI. Second by Ken.

### ROLL CALL

Justine-yes, Marvin-yes, Paul S.-yes, Joe-yes, Ken-yes. Advisory: Tom-yes. Passed.

## NEW BUSINESS

### Kvichak Marine Contract Approval:

The contract begins the marine link process by contracting with Kvichak Marine for the design of a hovercraft to Akutan.

### MOTION

Joe moved to approve the Kvichak Marine contract and second by Marvin.

### ROLL CALL

Joe-yes, Paul S.-yes, Ken-yes, Marvin-yes, Justine-yes. Advisory: Tom-yes. Passed.

### S& S General Contractors:

The contract amount for the Cold Bay terminal repairs is \$843,141.

### MOTION

Joe moved to approve the S&S General Contractor contract. Second by Ken.

### DISCUSSION

Joe asked where the money is coming from. The Administrator said it would have to be added into the budget. It is money we hope we will recover in arbitration with original architect and building contractor in addition to recovering legal fees. She said there were seven responses. Joe asked how much the AEB has put into the terminal from our pocket. The Administrator said in the range of \$1M, but also revenue is coming in from terminal. Mayor Mack said in order to satisfy a tenant we are obligated to do the repairs.

The wrap will satisfy the leaking problem. When windows and siding go in, the tenant will move in.

Paul S. hopes that the contractor will post positions for qualified residents to go to work on the project. The Administrator said we can't legally make a contractor hire local but can encourage them to do that at the pre-construction meeting. She will work with Cold Bay Manager, Dawn Lyons, to help with applications as done in the past.

#### ROLL CALL

Paul S.-yes, Marvin-yes, Justine-yes, Ken-yes, Joe-yes. Advisory: Tom-yes. Passed.

#### Unimak caribou concern:

Mayor Mack received a call from Representative Mark Neuman, Chairman of Resource Committee. He called to request the AEB write a letter to assist him in requesting the state protect the resources by protecting the caribou on Unimak Island. He is requesting the state step up and protect the resources particularly the caribou.

Tom feels it is an important issue for False Pass and King Cove since both are able to hunt on the island and is in support of protecting the caribou on the island. Mayor Mack suggested a letter from AEB supporting Representative Neuman's efforts to protect the caribou population. Marvin suggested we do what ever we can to assist. There were no objections for the AEB to send a letter to Representative Neuman. Tom suggested AEB write its own letter to Secretary of the Interior, Ken Salazar also.

#### REPORTS ANDUPDATES

Sand Point floats, Phase 1: Phase 1 is the shorter of the floats (float B). Lowest bidder for float system is Western Marine at \$1,777,900 which is higher than what we intended. Hopefully will work out and get floats under construction this summer.

Akutan Airport: The state has prequalified bidders' proposals in front of them now. Dan Rowley will be allowed to review with the state reviewers, which should be completed by June 10<sup>th</sup>.

Hovercraft: Coast Guard came out to review hovercraft and it passed inspection. We requested crew size to be lowered to three crew members and that has been unofficially approved.

#### ASSEMBLY COMMENTS

Justine asked if the Mayor had followed up on the Nelson Lagoon dock lighting. Mayor Mack said he did, although the person he contacted to do that took on a full time job. He hopes to take care of that some time next week. Justine asked to be kept apprised on that.

Paul S. asked that at the next meeting he would like to know the amount we will allow the revenues to go down to from operation costs of hovercraft. How far will we go backwards before we say this is it, we can't do this anymore without getting into the permanent fund. He

would like to know that amount. He noted that there was a medivac on Wednesday by a boat at the dock, endangering lives. He wants to know what will take place when we get down to that level and whether we will consider a tax. As Assembly members we're in a pinch here. The Mayor said in order to satisfy our financial responsibilities, he hopes to have better figures at the next meeting. This is a terrible situation to be in because of cost and drain, without a fore site on this until we get that road. He is optimistic we will get the road. Paul S. said it is confusing as an Assembly member when some residents say they don't want the hovercraft and others are saying we have to keep it. Mayor Mack said that one life saved is worth a million dollars. He does not at this time feel comfortable to end the marine link. Marvin said the Borough has been dealt bad cards and have to take it until the road is built and suggested moving on until we see numbers.

#### PUBLIC COMMENTS

Bob Barnett, Aleutia fisherman, said that Alaska Seafood Marketing Institute (ASMI) will be visiting AEB with a marketing group. He has a seat on the ASMI halibut/sablefish committee and retail committee and has been trying to get them into the region for awhile. ASMI has never been out here because of the difficulty to meet needs of a group of people. This is very exciting to be able to market our area and our story and we will be on the map again even more so. Aleutia Director, Karen Montoya, said Aleutia is partnering with ASMI. Among the ASMI group are representatives from Martha Stewart, Self, The Atlantic, Food Politics and Wine Spectator. They will have an opportunity to be on a vessel, see our quality of fish and how it is treated. Aleutia will get a lot of exposure and a team of people in Sand Point will be the ambassadors. So, Aleutia is not asking for money from AEB, we are telling you what value we add.

King Cove Manager, Gary Hennigh, said the city is proceeding forward to get the breakwater in harbor. He feels more the AEB responsibility than the city of King Cove. King Cove feels like we had to take the ownership of the new boat harbor and there is some bonded indebtedness left and that is different than rest of AEB communities. Gary added that there is a request from lobbyist for a proposal to go into the Water Development Act and the delegation is giving it a lot of consideration. Mayor Mack asked if preliminary engineering is necessary. Gary said yes, Corp of Engineers said \$1.5M to fix breakwater issue. Need to decide the amount of rubble rock needed hope to not have to pay a lot for a small project. Mayor Mack did not hear about this until now and if there is something perhaps we can continue on. He said once bond is paid off it gets turned over to municipality. Gary said they get turned over when the AEB has no outstanding bond debt. Roxann noted that the Borough is still paying on the King Cove harbor bond. Gary asked who has the responsibility to take care of the problem. The AEB has to say it is okay, there is an argument that the AEB could say no longer our concern financially. Mayor Mack felt if design flaw maybe Corp of Engineers could provide the money.

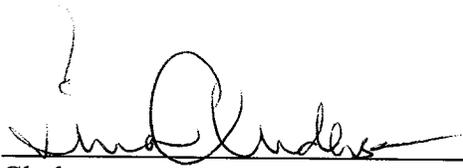
#### NEXT MEETING DATE AND LOCATION

August, date to be determined.

#### ADJOURNMENT

Justine moved to adjourn and second by Joe. The meeting adjourned at 5:18 p.m.

  
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Mayor Date

  
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Clerk Date