CALL TO ORDER
Mayor Alvin D. Osterback called the Assembly meeting to order by teleconference in each community on May 10, 2018 at 3:05 p.m.

ROLL CALL

Mayor Alvin D. Osterback	Present
Chris Babcock	Present
Carol Foster	Present
Warren Wilson	Absent
Josephine Shangin	Present
Paul Gronholdt	Present
Brenda Wilson	Absent
Chris Emrich	Present

Advisory Members:

Angela Simpson, Cold Bay	Present
Justine Gundersen, Nelson Lagoon	Present

A quorum was present.

Staff Present:
Roxann Newman, Finance Director
Tina Anderson, Clerk
Anne Bailey, Administrator
Laura Tanis, Communications Director
Mary Tesche, Administrator Assistant
Ernie Weiss, Resource Director
Charlotte Levy, Administrative Assistant
Emil Mobeck, Maintenance Director

Adoption of the Agenda:
MOTION
Chris B. moved to approve the agenda as presented and second by Josephine.

Hearing no objections **MOTION CARRIED.**

Community Roll Call and Public Comments on Agenda Items:
The communities of King Cove, Akutan, Sand Point, and the Anchorage office were participating by teleconference. Also broadcast over KSDP radio.

PUBLIC COMMENTS ON AGENDA ITEMS:
None

Conflict of Interests:
Mayor Osterback asked if there are any potential Conflict of Interests to discuss. Chris Babcock said he has a potential conflict of interest, on donation request for Fire & Rescue Fund he submitted. Mayor Osterback said it is providing money to firemen's fund, which does not benefit you solely, but to the community.

Angela Simpson said she has a potential conflict with pre-school funding request and salmon derby donation request. The Mayor said there is no direct financial gain, so can vote.

Minutes, April 12, 2018 Assembly Minutes:

MOTION

Paul moved to approve the April 12, 2018 Assembly Meeting Minutes and second by Carol. Hearing no objections, **MOTION CARRIED.**

April, Financial Report:

MOTION

Carol moved to approve the April Financial Report and second by Chris B.

DISCUSSION

The Administrator said, Other Revenue, $4.44M is the hovercraft proceeds. Everything else on track.

No further comments.

ROLL CALL

YEAS: Chris E., Carol, Chris B., Paul, Josephine. Advisory: Angela, Justine.
NAY: None
MOTION CARRIED

March, Investment Report:
In packet.

CONSENT AGENDA

- Resolution 18-35, allowing the mayor to negotiate and execute a helicopter services amendment with Maritime Helicopters, Inc.
- Resolution 18-36, Assembly approval of Retention Schedule.
- Resolution 18-37, Approving the plat of the Port Moller Cannery Subdivision creating Lots 1, 2, 3, and 4.
- Resolution 18-38, AMLJIA Assembly electing to participate in the AMLJIA FY2019 Loss Control Incentive Program.

MOTION

Paul moved to approve the Consent Agenda and second by Josephine.

The Administrator reviewed the Consent Agenda items for the public.

Mayor Osterback asked if there are any objections to the Consent Agenda. Hearing none, **MOTION CARRIED.**

PUBLIC HEARINGS

Public Hearing, Ordinance 18-09, amending Title 2, Section 2.04.060, Advisory Members, of the Aleutians East Borough Code to amend Section 2.04.060(E) and provide a new Section 2.04.060(K), Student Representative:

MOTION

Carol moved to approve Ordinance 18-09 and second by Paul.

DISCUSSION

The Administrator reviewed saying, during the strategic planning session, the Assembly recommended having a student representative as an Advisory Member. Ordinance 18-09 adds a new section to the code to allow a student representative. Also, an area regarding Advisory Members has an amendment to allow advisory votes, which historically has been allowed, but AEB Code did not reflect that.

Mayor Osterback opened for PUBLIC COMMENTS. Hearing none Public Hearing closed.

ROLL CALL

YEAS: Carol, Chris B., Josephine, Chris E., Paul. Advisory: Justine, Angela.
NAY: None
MOTION CARRIED.

Public Hearing, Ordinance 18-10, appropriating $4,440,000 from the Aleutians East Borough General Fund into specific federally supported projects and reimbursing the Borough for costs of sale, and previously funded King Cove Access Project costs:

MOTION

Carol moved to approve Ordinance 18-10 and second by Paul.

DISCUSSION

The Administrator reviewed saying, Ordinance 18-10 is appropriating $4.44M for federally funded transportation projects. In February, 2018 AEB sold the hovercraft for $4.44M, and funds are currently located in the General Fund. Per AEB Lobbyists and AEB attorney all concur that the course of action for funds should be used for transportation projects that are currently receiving federal funds or have, in the past, received federal funding.

The Administrator appropriation recommendation for the $4.44M is below:

Reimbursements associated with sale:	$543,423.02
Akutan Airport Transportation Link:	$2,500,000
King Cove Access Project (KCAP):	$1,396,576.98

$605,382.09 from KCAP funds to go under Dept. 867, KCC Alternative Road under its own sub dept.
$791,194.89 also reimbursed to AEB from KCAP funds.

Paul said we discussed thoroughly and feels it is a good plan and supports the recommendation.

Mayor Osterback opened for PUBLIC COMMENTS. Hearing none, Public Hearing closed.

ROLL CALL
YEAS: Paul, Chris E., Chris B., Josephine, Carol. Advisory: Justine, Angela.
NAY: None.
MOTION CARRIED.

ORDINANCES

Introduction Ordinance 18-11, An Ordinance Amending Title 6, Chapter 6.04, Section 6.04.041 of the Aleutians East Borough Code of Ordinances.

MOTION
Carol moved to schedule Ordinance 18-11 for Public Hearing and second by Chris B.

DISCUSSION
The Administrator reviewed Ordinance 18-11 amending Title 6, Section 6.04.041 that addresses the Permanent Fund. APCM has been working with the AEB Administration and Assembly through a work session to review permanent fund language in the AEB Code. Below are major changes to be considered:

- Redefining the goal of the fund. Fund goal was $20M. If inflation proofed, using the Consumer Price Index, it would be $35.8M. The proposed new language removes the $20M and redefines account purpose to allow the fund to grow in perpetuity and provide a permanent source to meet AEB needs, education, natural disasters, major financial emergencies, and prevent GO Bond default.
- Changes appropriation amount to 4% of the five-year average instead of 8%, to give more stability to permanent fund.

Paul said at last meeting APCM provided a good presentation.

ROLL CALL
YEAS: Carol, Josephine, Chris B., Paul, Chris E. Advisory: Angela, Justine.
NAY: None.
MOTION CARRIED.

Introduction Ordinance 18-12, adopting the operating and capital budget for FY19.

MOTION
Carol moved to schedule Ordinance 18-12 for Public Hearing and second by Josephine.

DISCUSSION

The Administrator reviewed Ordinance 18-12, the operating and capital budget for Fiscal Year 2019. There are numerous documents in the packet. One is Agenda Statement with recommendations for budget adjustments for FY19, Permanent Fund earnings appropriations, and budget requests. Below are those recommendations:

Increases:

- .5% Cola adjustment for all employees, based on Anchorage's Consumer Price Index, which is outlined in the employee handbook.
- $110,000, Administration - Contract labor increase.
- $5,500, Finance Dept. - increase to audit line item (total $65,500).
- $3,000, Finance Dept. – increase travel line item (total $10,000).
- $65,000, Natural Resources Dept. – Fishery Analyst Consultant, Eric Volt. Discussed adding a second staff member to dept. Will consider a permanent 2nd position in August.
- $3,000, Communications – advertising increase (total $18,000).
- $50,000, Other Equipment – possible new phone systems in King Cove and Sand Point.
- $3,000, Other Bank Fees - Increase bank fees (total $18,000).
- $10,000 KSDP funding contribution (remove from donation requests, to place in its own line item under Other).
- $20,000 KCAP – King Cove to Cold Bay Road consultant.
- $1,000 KCAP – supplies (total $2,000).

Decreases:
- $5,500, Administration – travel/per diem decrease.
- $500 Administration – dues and fees decrease.
- $55,500 Planning Commission amounts taken out.
- $3,000 Communications – travel and per diem deduction.
- $40,000, Other AEB vehicles - removed the vehicle line item.
- $26,500, KCAP –salary, fringe, travel/per diem no longer needed.

Carol supports an increase to the Education Scholarships line item to be increased to $35,000, which would be a $10,000 increase. Bailey noted that a scholarship increase was discussed at the workshop also.

The Administrator continued on with the budget review.

Fund 22 – Cold Bay Terminal and Helicopter Operations:
- $100,000 terminal maintenance increase for maintenance and to prepare for tenants.
- $1,360 Fund 22 Helicopter - telephone line item increase (total $3,500).

Fund 41 – Maintenance Reserve:
- $200,000 additional increase for school buildings maintenance (total $300,000).

Permanent Fund Earning to keep at 4%, taking $1,548,573. Proposed projects to be funded from Permanent Fund earnings:
- Community budget request - additional $14,519 to Cold Bay Preschool line item.
- Cold Bay Clinic - $900,000 addition.
- Cold Bay Dock Feasibility Study - $100,000.
- KCAP - $100,000 for contract labor for lobbying, litigation, media and other expenses on road.
- Property surveys - $85,000.
- False Pass Harbor - $100,000 to help with development projects currently there.

- Project contingency $249,054. For unanticipated projects and needs.

The Administrator added that the last item in packet is community budget requests. This year we requested the communities submit requests by March 14. We received $17,191.743 in requests from the communities. The only one recommended to fund is Cold Bay Pre-School. AEB needs to fix our projects first before we can give money to communities for their projects.

Eastern Aleutian Tribes submitted their report on the $150,000 they received this fiscal year and requested and additional $50,000 for FY19. However, based on taking care of our own projects, recommend leaving contribution at $150,000.

ROLL CALL
YEAS: Josephine, Chris E., Carol, Paul, Chris B. Advisory: Justine, Angela.
NAY: None.
MOTION CARRIED.

Mayor Osterback noted his appreciation for the Administrator and staff that spent time on the budget. All changes are laid out and all understandable.

RESOLUTIONS None

OLD BUSINESS None

NEW BUSINESS

Donation Requests:
The Administrator said per AEB policy, donation requests are submitted November 1 and May 1 or every year. Below are the recommended donations:

Donation requests for **FY18** budget:

King Cove Fire/Rescue Fundraiser:	$3,000
City of Sand Pt. Community Clean-up	$200 (no specific amount requested)
Total:	**$3,200**

Donation requests for **FY19** budget:

Sand Point Teen Center	$2,000
Sand Point Derby Fundraiser	$900
Cold Bay EMS Derby	$3,000
QTT Tribe Fall Clean Up	$200
QTT Tribe Graveyard Clean Up	$200
QTT Culture Camp	$3,500
Total:	**$9,800**

(KSDP Radio REMOVED $10,000 and placed in Other line item)

Total contributions recommended: **$13,000**

MOTION
Paul moved to approve the Administrator recommendation above, excluding KSDP request. Second by Carol.

DISCUSSION None

ROLL CALL
YEAS: Paul, Carol, Josephine, Chris E., Chris B. Advisory: Justine, Angela.
NAYS: None
MOTION CARRIED.

Discussion: National Fish and Wildlife Foundation Fisheries Innovation (NFWF) grant opportunity:

Resource Director, Ernie Weiss, said the kelp mariculture project pre-proposal request for $75,000 is due on Monday, May 14. If accepted, we will be invited to submit a grant proposal in July. This will be a new project in our region for kelp mariculture projects in Sand Point, False Pass and Akutan. There are no projects in AEB like this, there are in other areas in Alaska. Governor Walker created an Alaska Mariculture Task Force. Many challenges, include permitting and species gathering for seeding.

Mayor Osterback said it is a one to one match grant if we get it. Feels it is a way to provide job opportunities in the AEB if it goes forward. Only one way to find out if it is feasible, which is to go forward.

Charlotte said, essentially, looking to do three pilot mariculture farms to go out to communities to site appropriate biotic and abiotic features. Per regulation have to obtain seeds from local species, close to vicinity where we plan to do the operations. Seeds will be sent out to be cultivated, then strung on tubes, brought back to region, and strung on long lines anchored. Low impact operation, anticipate very minimal capital needed. Early spring we will harvest and determine if this is feasible. Educational material will be put together for others in region interested in doing similar. Hopefully there will be functional farms and job opportunity.

Chris reiterated his understanding that we will grow kelp and then find market to sell. Charlotte said yes adding that there is one dominant species in our area marketable. There are a lot of people doing this around the world. Kelp is being used in many different products from biofuel to high valued cosmetics and supplements. This will be the first mariculture project pioneered in our region, if funded.

Justine said she saw a demonstration, and said it is low maintenance and feels it is going to be a booming business, and supports.

Chris B. asked what species of kelp, Charlotte answered the primary one is sugar kelp. Plus, other opportunity to explore other species.

Weiss added that 60 Minutes had a segment on kelp mariculture that he will forward to Assembly later.

Mayor Osterback asked if there is any objection from Assembly for Weiss to move forward and submit the grant application to see what happens. THERE WERE NO OBJECTIONS.

REPORTS AND UPDATES

Administrator Report:
The Administrator reviewed her report highlighting the topics below:

- Harbor float design-amended the contract with Moffett & Nichol to address the Corps of Engineer needs.
- Maintenance Director fixed State Fire Marshall requirements on Sand Point School sprinkler system. Per DOWL, will do further repairs on the system.
- Surplus 2005 Chevy truck, out for two weeks, no bids received. We have now posted on Craiglist website.
- School assessments done for False Pass and Cold Bay and did walk through at Sand Pt. School.
- Sand Pt. School renew or replace question. DOWL said Sand Pt. School is in good condition, so renewal is better than replacement, with the exception of the pool. Will pursue Dept. of Education and Early Development grant when they come out.
- Essential Air Service in Nelson Lagoon. Not listed on the original list, not eligible and department does not have authority to add. It would take an act of Congress to include them on the list.
- Drafted letter of support to Governor Walker regarding tax gains to private entities investing in AEB.
- King Cove Road lawsuit. Attorney Silverman filed complaint, adding endangered species act violations.
- AEB health insurance up for renewal. Had discussion with insurance broker. We opted to stay where we are at.
- Visited Akutan April 16-19. Saw harbor float, hangar without hovercraft. Met with Maritime to make operation more efficient. Attended the City of Akutan Council meeting and met with Mayor Joe Bereskin and Trident Seafoods managers.
- Met with Silver Bay Seafoods regarding False Pass processor.
- Purchased new truck for Maintenance Dept.

Chris B. asked if the Assembly is able to get copies on school assessments when completed. Administrator answered yes.

Assistant Administrator (full report in packet):

- Nearing completion of quarter 1 for strategic plan.
- Visited Akutan harbor. Need to complete harbor mitigation for harbor, which is to clean the beaches. Enlisted Trident to assist, cleaned by end of June.

- CDB clinic: Rasmussen Foundation letter of intent for $375,000 for funding for clinic construction and should hear back in November. Getting close to receiving full funding to get project started and completed in the next two years.
- Visited Akutan with the Administrator.
- Helicopter April operation: 506 passengers, 8,391 lbs. of freight, 12 charters and 0 medivacs. $170,000 is still owed but mostly from big companies who have a slow billing dept.

Communications Director (full report in packet):

- Working on white paper for KCAP. Reviewed Gary Hennigh's white paper on project for information. Received financial contributions from the Finance Director, Roxann Newman.
- Working on white paper on Akutan/Akun Marine Link.
- Working on communications sections on strategic plan. Capabilities of current communication infrastructure. Have contacted communities, and telecommunication providers.
- Attended Fishing Families conference. Low turnout, only seven people attended. Another workshop in Kodiak, researching the gender division on fishery activities.
- Limited entry salmon permits. State of Washington chose to have multiple operators on their permit because they needed more flexibility, and less robust fishery in WA.
- Media outreach on King Cove Road.

Resource Director(full report in packet):

- Will travel with ADF&G Commissioner, Sam Cotton, to King Cove and Sand Point, to hold fishermen's meeting; ADF&G pre-season meeting in Sand Point with Manager, Lisa Fox. Other communities will attend by teleconference. Commercial Fisheries Division Director, Scott Kelley will also attend meeting.
- Attended Ecosystem Research Workshop, topics were on the Pacific cod in the Gulf of Alaska.
- NPFMC meeting in Kodiak June 4-11. Discussion paper to make changes to Gulf cod and Pollock seasons and allocations.
- Conducting municipal land surveys.
- Bills that passed the Alaska Legislature are SB92, to help harbors deal with derelict vessels; HB 267, will give municipalities access to hunting and fishing guide records; and HB130, which outlines Port Moller Critical Habitat Area around Nelson Lagoon, and the changes won't impinge on Nelson Lagoon.
- Travelling to region with Eric Volk in July.
- Appointed to the North Pacific Research Board advisory panel, meeting twice a year.
- He applied to work with the Bristol Bay Advisory group reviewing the area wide plan.

Weiss also appreciated the discussion on adding another staff member to his department.

Maintenance Director (full report in packet):

- New work truck purchased, using it to go out to the communities by ferry.

- Starting on Maintenance Preventative Program with SERCC. Getting school maintenance up to speed for preventative work orders requirements. This provides us with points toward the reimbursement program for projects.
- Working with DOWL on schools assessments. King Cove and False Pass assessments just got completed.
- Long Technologies did our HVAC systems in King Cove and Sand Point. Looking at getting other sites HVAC systems up on line as well. Possible contracting with them.
- Receiving bids for school paint project.
- State Fire Marshall Inspection, Sand Pt. School -- work was required to become compliant, which has been completed.

Chris B. asked if there are plans to paint the AEB building in King Cove. Mobeck said yes, he has paint and it is in the works to paint the building, rail and put tread on the ramp.

ASSEMBLY COMMENTS

Paul asked if Chris Emrich has any update on processors in False Pass.
Emrich said everyone is excited about the processor news, but nothing new to report at this time.

PUBLIC COMMENTS

NEXT MEETING DATE
June 1, 2018

ADJOURNMENT
Paul moved to adjourn. Hearing no more the meeting adjourned at 4:25 p.m.

Mayor Alvin D. Osterback

Tina Anderson, Clerk

Date: 6/1/18