

Aleutians East Borough
August 28, 2012
3:00 p.m.

CALL TO ORDER

Mayor Mack called the August 28, 2012 Assembly meeting to order at 3:00 p.m. by teleconference in each community.

ROLL CALL

Mayor Stanley Mack	Present
Paul Gronholdt	Present
Carol Foster	Present
Marvin Mack	Absent-Excused
Bill Cumberlidge	Present
Ken McHugh	Present
Joe Bereskin, Sr.	Absent-Excused
Justine Gundersen	Present

Advisory Members:

Nikki Hoblet, False Pass	Present
Harold Kremer III, Cold Bay	Present

A quorum was present.

Staff Present:

Rick Gifford, Administrator
Tina Anderson, Clerk
Ernie Weiss, Resource Director
Laura Tanis, Communications Manager
Anne Bailey, Community Development Director
Roxann Newman, Finance Director

Adoption of Agenda:

Paul requested to withdraw the Introduction, Ordinance13-02 from the Consent Agenda. Paul moved to adopt the agenda with the change and second by Bill. Hearing no objection , motion passed.

Community Roll Call and Public Comment on Agenda Items:

Sand Point, King Cove, False Pass, Nelson Lagoon, Akutan were present. There were no public comments.

Minutes, May 29, 2012:

MOTION

Carol moved to adopt the May 28, 2012 Minutes and second by Justine.

DISCUSSION

Ken noted a typo on roll call excluding his name. Hearing no more the minutes are approved as corrected.

Minutes, June 29, 2012:

MOTION

Bill moved to adopt June 29, 2012 Minutes and second by Ken.

DISCUSSION

Hearing none the minutes are approved.

Financial Report, June, 2012:

MOTION

Paul moved to adopt the June financial Report and second by Bill.

DISCUSSION

Paul noted that the Sand Point School paving project went over budget. Paul asked what the policy is for clean-up of last fiscal year's budget. The Finance Director said end of July is the best time for a budget amendment and suggested we add it onto the next agenda. Mayor Mack asked if there is anything unusual with the end of year. Paul asked where the money is for the hovercraft repairs and upgrade of hovercraft to meet Akutan's requirements. The Finance Director said nothing unusual in end of year and some hovercraft repairs is from grant money and some bond money. She will submit a spread sheet showing the repairs and upgrade for the next packet.

Carol asked whether the \$2M from the bond given to the Sand Point Robert E Galovin harbor repair project had any problems with its usage. Mayor Mack said we are waiting to hear back from Attorney Joe Levesque. City of Sand Point Mayor, Martin Gundersen, said the harbor repairs project is in the final design stage to be finished by December.

ROLL CALL

Paul-yes, Ken-yes, Justine-yes, Bill-yes, Carol-yes. Advisory: Harold-yes, Nikki-yes. MOTION PASSED

Financial Report, July:

Bill moved to adopt the July Financial Report and second by Justine.

DISCUSSION

Paul said Fund 01, Other revenue is at 222% and asked what revenue source is that. The Finance Director said that is federal payroll tax. In reviewing the July Financial Report the Finance Director said there is nothing unusual in July.

Paul asked if any hovercraft repairs are in the July budget. The Finance Director answered yes on page 5, Other, Capital Construction \$195,000. Paul asked if that is the end of spending on hovercraft or will there be more. The Finance Director said there will be more adding that the \$195,000 is operating costs.

Paul said page 3 revenue guidelines shows \$330,000 revenue for tickets but no tickets have been sold. He has other questions, but will bring up during amended budget. Mayor Mack said we have not received the final Hoverlink contract. The Administrator added that we are still working on those numbers and waiting for Hoverlink to get us the total.

ROLL CALL

Justine-yes, Carol-yes, Paul-yes, Bill-yes, Ken-yes. Advisory: Nikki-yes, Harold-yes. MOTION PASSED.

Investment Reports:

\$675,000 under Permanent Fund was withdrawn. The Finance Director explained that is the capital project grants to the communities.

CONSENT AGENDA

- Resolution 13-01, appointing election judges for the October 2, 2012 Regular Election.
- Resolution 13-02, appointing a canvas committee for the October 2, 2012 Regular Election.
- Resolution 13-03, Assembly supporting the submittal of an application from G & K Electric Utility to the Alaska Energy Authority for a Renewable Energy Round VI Grant.
- Resolution 13-04, Assembly supporting the submittal of an application from the Native Village of Nelson Lagoon's Electrical Cooperative to the Alaska Energy Authority for a Renewable Energy Round VI Grant.
- Resolution 13-05, Assembly supporting the submittal of an application from the City of False Pass to the Alaska Energy Authority for a Renewable Energy Round VI Grant.
- Introduction Ordinance 13-01, Authorizing the sale of Lot 56, Townsite of King Cove, AK, under AEB 50/10.070 disposal of real property.

MOTION

Bill moved to adopt the Consent Agenda and second by Ken.

ROLL CALL

Paul-yes, Bill-yes, Ken-yes, Justine-yes, Carol-yes. Advisory: Harold-yes, Nikki-yes. MOTION PASSED.

RESOLUTIONS

Resolution 12-05, The Assembly urging Governor Parnell to request the Secretary of Commerce to declare a fishery disaster in Nelson Lagoon for 2010, 2011, and 2012:

Mayor Mack reviewed Resolution 12-05 in packet saying Nelson Lagoon Village Council has submitted a resolution declaring a fishery disaster for 2010 through 2012.

MOTION

Carol moved to adopt Resolution 12-05 and second by Justine.

DISCUSSION

Mayor Mack supports the Village of Nelson Lagoon's fisheries disaster declaration. Justine said the Governor declared a disaster for Cook Inlet saying that for the last three years fish have not come into Nelson Lagoon. People are starving and not sure how long they are going to be able to survive in Nelson Lagoon. This year has been particularly bad and if we don't get any assistance this community is going to die.

The Resource Director said the community approached him and he looked into the matter. The Governor has requested a disaster declaration for Yukon, Kukokwim Region also. The standard seems to be an annual harvest and Nelson Lagoon relies solely on salmon while other communities have something else to fall back on. He assisted Nelson Lagoon with the resolution and a letter to the Governor. The Administrator said the typical process is that the community declares a disaster to the borough, the borough to the state.

ROLL CALL

Justine-yes, Paul-yes, Carol-yes, Ken-yes, bill-yes. Advisory: Nikki-yes, Harold-yes. MOTION PASSED.

ORDINANCES

Introduction Ordinance 13-02, Amending the FY13 budget:

MOTION

Bill moved to accept and set for Public Hearing and second by Justine.

DISCUSSION

Paul said one of the things we talked about on our budget is the school district adjustment. Apparently school enrollment at this time is over 100 at large sites and Akutan has over 10 students. He is not sure what AEB needs to contribute. We may or may not want to discuss Akun/Akutan marine link since no signed contract yet. He said that salmon is down and cod prices are down and crab may or may not exist. So, revenues may decrease substantially although never know until end of the year. He suggested doing some thinking as to where we are on the budget.

Mayor Mack said presently revenues are up compared to last year. Carol pointed out that revenues are up through July but August will show a decline due to no salmon coming in. Cod prices are down, halibut quota is less. Paul said the Hoverlink contract called for a \$2M subsidy but may cost more than that and we are unsure who will be flying to the Akun airport.

Paul requested a memo to explain where we are on our budget and noting the hovercraft budget line item concern. Mayor Mack said we aren't able to figure out what revenues are going to be at this time. We are in direct communication with Hoverlink, Marty Robbins. Pen Air is not going to be flying into Akutan anymore and Grant Aviation may be taking over that operation. Akun is a VFR airport operation. At this time, Dept. of Transportation is trying to get better weather forecasts at airport. He has asked the questions and said that these are just figures that we don't have a handle on yet. When we have a better handle on hovercraft budget, we will amend the budget. So, until we know what is going to happen on Akun, we have to go with what we have. Bill added that the KUCB news article said hovercraft operation costs are estimated at \$200,000 per month.

The Administrator said there have been meetings with all involved. As he understands, Pen Air has the Essential Air Service (EAS) so they're committed to flying the Goose until September. Pen Air said the Goose won't last beyond December. He is waiting to hear if Grant Aviation is willing to fly in without the EAS. Grant Aviation knows that we are waiting to hear from them. At this time, he does not know if there will be a big push for charters, so does not know what the revenue stream will be. Carol is nervous about hovercraft and fish companies. Paul said some feel the hovercraft won't work very well and he personally would not sign the contract. He doesn't see a good way out and it doesn't make a lot of sense to spend all revenues on Akutan. Mayor Mack pointed out that we have done projects in all other communities already and others have added funding into this project. Carol is concerned about the amount of expenditures. Mayor Mack said we can amend budget. Carol said we have to pay Hoverlink adding that the previous hovercraft operation ran in the negative.

Paul asked about the school district contribution and whether the state increase is included in AEB decreased contribution. The Clerk explained that the decreased contribution is just the amount for Nelson Lagoon School since school closed.

Paul would like to see a Hoverlink contract by the next meeting. He suggested not having a public hearing on the budget amendment until we have those better numbers and perhaps by then we will have better numbers from the School District also.

Bill asked how AEB is doing financially. The Finance Director answered everything is good at this time.

Harold said if Pen Air isn't flying, do we still pay the Hoverlink crew to be there and available. The Administrator answered yes, they will be committed to the fixed amount until you make a decision whether it is a go or no go. Mayor Mack said Pen Air stopped taking reservations beyond August 22. He said he is trying desperately to get answers. Someone will be flying into Akun to service Akutan. There might have to be a plan B if all goes wrong.

Paul will vote to accept at this time and suggested the Administrator submit a memo of amendments with budget ordinance during public hearing.

ROLL CALL

Carol-yes, Ken-yes, Paul-yes, Bill-yes, Justine-yes. Advisory: Harold-yes, Nikki-yes. MOTION PASSED.

OLD BUSINESS None

NEW BUSINESS None

REPORTS AND UPDATES

Fisheries meetings:

Below is the calendar of meetings coming up:

- WASSIP, September 30
- NPFMC October 1-9/December 3-11
- Board of Fisheries Work Session October 9-11
- Board of Fisheries, Area M, February 26-March 3

The Resource Director said he and Fisheries Consultant, Sam Cotton, held fisheries meetings in Sand Point and King Cove August 21-22. They plan to set up meetings in False Pass and Nelson Lagoon telephonically.

Administrator's Updates:

The Administrator said he has been attending many meetings during his first two weeks of his position and is working to get a handle on everything going on in AEB. The biggest issue he has been spending a lot of time on is the hovercraft Akun/Akutan marine link and the King Cove/cold Bay road access project. He travels to Cold Bay tonight and tomorrow will meet up with USFWS which includes USFWS Alaska Regional Director Geoff Haskett. They plan to travel to King Cove and will return back to Anchorage on Thursday.

He and Mayor Mack went to mediation on the Cold Bay terminal saying that a settlement has not been reached although still looking at a number closer to what we were asking for which is \$1.5M. This can

potentially go to court, but is hopeful a settlement can be reached. May not receive the full amount requested, but should get some of what the AEB has put back into the terminal repairs.

AML/JIA has agreed to pay \$616,000 on hovercraft tent claim.

The Administrator said he still has a lot to learn and has not had an opportunity to meet with the Finance Director to go through the budget process.

Paul requested updates be given to the Assembly on the Akutan airport and harbor. He also requested information on the Akutan hovercraft facilities locations and the King Cove/Cold Bay road access project.

Laura did get some recent pictures of Cold Bay runway.

Paul asked also for a summary on the hovercraft trial runs. The Administrator said they have to make 10 training trips in order to get U.S. Coast Guard certified. There have been some problems with the ramp with Dept. of Transportation. The general manager is going out this week so hope to get up date then.

ASSEMBLY COMMENTS

Harold said there has been talk about shortening the Cold Bay runway to get a safety area. One concern in that project is an elephant ear to turnaround to accommodate larger planes. He requested AEB support a turn around on Runway 33. The turnaround is there now, but the plan is to grind up the end asphalt making it shorter. Mayor Mack said he had asked if they are going to take that portion away and he was told no, just going to paint it and still have the safety area. Harold said his understanding is that they are going to grind up the end asphalt and when they grind it up they won't have a turn around to accommodate the safety area.

Paul said the previous Administrator was working on getting paving on terminal ramp. The Administrator said the Dept. of Transportation (DOT) is working on the design of that. He and Anne met with DOT on that project.

Paul asked about the Cold Bay clinic update. Anne said she applied for a grant for design and received \$165,000 for the design. We are planning a meeting in Cold Bay to visit a potential site and discuss with Eastern Aleutian Tribes and city.

PUBLIC COMMENTS

City of Sand Point Mayor, Martin Gundersen, said a group from the State of Alaska which included commissioners from Dept. of Environmental Conservation, Dept. of Transportation, Dept. of Commerce, Community & Economic Development visited Sand Point and King Cove. He showed them the projects and the proposed boat harbor repairs project. He thanked AEB for their contribution to the harbor repairs project and for the new boat harbor. With the legislature about to start up again it was a nice time to have them out. He said the city is involved with encouraging a processing company to come in and suggested encouraging more of such activities in the AEB adding that revenues are important and expenditures are always going to be there. Maybe create a healthy competition similar to Kodiak since we have more natural resources. He hopes it is an avenue we can pursue together with AEB.

