Bringing the Aleutians East Borough, the AEB School District and Eastern Aleutian Tribes together by sharing common goals.

Reasons to Change the Transfer of Limited Entry Salmon Permits

By AEB Mayor Alvin Osterback

Times have changed for many rural Alaskan communities participating in the salmon limited entry fisheries. Today, we have permits leaving the rural communities at an alarming rate. This out-migration of permits has snowballed mainly due to the “graying of the fleet.”

To prevent rural communities from shrinking, the State of Alaska needs to redefine the transferability of the limited entry permit. Currently, because of the restrictions on the transfer of permits, they are being sold to people outside of the fishing area and mostly to people living out of state. They go where the money is.
Part of the reason this is occurring is because of the high rate of alcoholism and drug use in many rural communities. In some cases, rural permit holders are unwilling to turn over permits to their children because they’re concerned they might sell the permit to get money for drugs. Currently the only way to have another individual fish a salmon permit is to transfer it in a sale.

I would like to recommend an idea that will hopefully curb this out-migration of salmon permits from rural communities. My proposal would allow an additional name to be listed on a salmon permit. This would enable the permit holder to allow the permit to be fished without fear that this asset could be sold by a person under the influence of drugs or alcohol.

Adding another name onto a permit would allow the permit owner to mentor an up-and-coming fisherman in their community and help transition that individual into the fishery. In many cases, local fishermen are willing to step up and become independent salmon fishermen, given the opportunity.

One of the biggest obstacles young fishermen who want to pursue a career in fishing face is lacking an established credit history. Without it, it’s almost impossible for new entrants to obtain commercial bank loans to purchase boats and permits. Changing the limited entry salmon fisheries program so a second name could be added to the permit would assist new entrants by establishing a work history in their fishing career. That would later assist them in obtaining a commercial loan.

Adding a second name would also eliminate the permit holder’s fear of losing the permit. The second person listed on the permit would only have the right to sell fish for that season or as long as his or her name is on the permit card. The permit owner would retain all rights of the permit ownership.

An additional benefit of this change in the current statute of limited entry salmon permits would be to have the survivor of a permit holder retain the ability to be the first name on the permit and allow a second name to fish this permit. Under the current law this is not possible.

This is not how the system should work. Consider the following scenario: a man and his wife build a life together in a fishing community and have a couple of children. Their main source of income is commercial salmon fishing. If the permit holder dies, the wife should be able to maintain that permit in her name and place a second person’s name on the permit, if she chooses, providing that individual the ability to sell salmon with no other ownership.

Out-migration in rural Alaskan communities has been a growing problem for years. Given the state’s current fiscal crisis, it’s more important than ever to maintain and increase economic opportunities for individuals and families. Since commercial fishing is the main economic driver for many rural Alaskan communities, empowering them to remain economically healthy so they
can retain and grow their population base is essential. I’m hopeful this proposal will help to accomplish that goal.

GCI Exploring Plans to Lay Fiber Optic Cable from Levelock to Unalaska

GCI Vice President Dan Boyette recently shared exciting plans to run fiber optic cable out to Dutch Harbor with stops along the way, providing faster Internet and pay-tv cable access, similar to what is available in other rural regional centers that GCI currently serves over its terrestrial network. Boyette discussed GCI’s plans during last month’s AEB planning session. If this plan comes to fruition, it will be music to the ears of several southern Alaska Peninsula/Aleutian Island communities struggling with slow Internet.

“It’s a $40 million project,” said Boyette. “We would like to get this done by the end of the third quarter of 2020.”

GCI already has two undersea fiber optic cables extending to the lower 48 with spurs into Juneau, Sitka, Ketchikan, Petersburg and Wrangell. GCI’s terrestrial network also delivers services to Bethel, Nome, Kotzebue, Dillingham, Kodiak and other communities in western and northwestern Alaska. Another fiber optic cable runs to the North Slope and across the inlet to Levelock, located in the Lake and Peninsula Borough.

Currently, Boyette is working on getting the business case approved to extend GCI’s terrestrial fiber network southwest to Unalaska. The scope of the project includes an option to lay a 670-mile long stretch of undersea fiber optic cable from Levelock to Unalaska. Other paths are also being
considered.

Stops along the way could include Port Heiden, False Pass and Akutan. After getting the first leg of this plan authorized, Boyette also hopes to get a business case approved to include other communities such as Cold Bay, Sand Point, King Cove and others.

“I think we can prove the business case for this,” he said. “but we have to make sure we’re going to get a return on our investment.”

Boyette said the undersea survey and route selection has been completed. GCI is also in the process of conducting the permitting process for onshore-offshore work, which includes permits with the Corps of Engineers and the FCC. The telecommunications company is also working on the design of the local cable plant in Unalaska. GCI has committed $2.5 million towards the permitting and survey work so it’s clear they are serious about trying to make this project work.

“That would include the fiber from our future landing station, what is now our earth station in Akutan to the Trident Seafood plant,” Boyette said. “In 2019, we would then manufacture, buy and load the fiber onto a ship and plan to install it in 2020, with service initiated roughly by October 2020. ”Unalaska, which has a year-round population of 4,700 that nearly doubles during the fishing season, is considered to be one of the main communities that could propel this project forward.

“This is a significant investment to serve a relatively small community, and that’s why we’re looking for strong local support,” he said. “We’re asking the business community to commit to us
that they’ll buy service from us once we have it in place. We’re asking for a binding 5-year commitment that would expire at the end of 2020 if we do not complete the project.”

Boyette said GCI has four signed commitments so far, including Alyeska Seafoods, Westward Seafoods, Unisea and Lynden Transport. He’s hopeful he can also obtain a commitment from Trident, based in Akutan.

“That will get us a long way toward getting this business case approved,” he said.

On the consumer side of things, Boyette said GCI plans to offer video services, Internet and cellular in Unalaska, and cellular and internet services in Akutan, False Pass and Pt. Heiden. GCI has initiated a design and began installing a rural Internet (RBB) product in King Cove. Stay tuned for more to come on this front.

Boyette said GCI hopes to get the business case approved for the terra-Aleutian project by the end of the first quarter of 2018.

“It’s my job to get those commitments from the business community so that our CEO, Ron Duncan, will believe that we can make a business out of this and we can go forward,” he said. “He’s just as excited as we are to do this and to continue to expand our terrestrial network.”

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TelAlaska to Consider Satellite Proposals Supporting Significantly More Broadband

TelAlaska is hoping to roll out improved Internet service later this year via its satellite network, that will provide substantially more broadband to Sand Point, King Cove, Cold Bay and 20 other Alaska communities that it serves. The telecommunications company presented some details to AEB Assembly members, administration, staff and community members at last month’s Borough planning session.

“The term for our current satellite provider comes up mid-year 2018,” said Dave Goggins, TelAlaska President. “We have a request for proposal (RFP) out right now to satellite providers to propose some offers to us. The new satellites have double the payload than the current satellite has, meaning it will support a lot more broadband.”

Goggins says satellite costs have come down in price.
“We’ll find out how much once we get the RFPs in, and we’ll pass that (savings) on to you,” said Goggins. “If this gets off the ground, it will be a truly competitive service to fiber optic.”

During his presentation, Goggins also highlighted some of the recent upgrades impacting communities within the Aleutians East Borough and Unalaska.

“We’ve installed hot spots in Sand Point and at the Cold Bay airports,” he said.

Other upgrades completed include extended cell service to the King Cove airport.

“Three of our Aleutian sites (King Cove, Sand Point and Unalaska) have been upgraded to 3G,” Goggins said.

In previous years, WIFI hot spots were also installed at the boat harbors in Sand Point and King Cove.

In addition to broadband internet and cellular, TelAlaska offers services such as local phone service, long distance, cable TV and advanced services for business customers.

Eighteen years ago, TelAlaska and the Aleutians East Borough worked together to bring the first broadband service to some of the AEB communities. That partnership included pre-selling services, including internet, to Sand Point, Cold Bay and King Cove.

“That was our jump-off point to getting into the internet,” Goggins said. “So a partnership like this can work well. Anchor tenants are the key to this. That’s what brings somewhat affordably-priced broadband to your region.”

Goggin said if the AEB would consider being an anchor tenant again, TelAlaska would consider building out more satellite service for False Pass, Nelson Lagoon and Akutan.

“That would be on our radar, too,” he said. “We would certainly entertain doing that, and we’d like to have more discussions with the Borough.”
Peter Pans Seafoods Vice President Reflects on 2017, Shares Plans to Rebuild Port Moller Plant

2017 was a relatively good year for Peter Pan Seafoods with one notable exception, the massive fire at its Port Moller facility. Dale Schwarzmiller, Vice President of Alaska production, highlighted the highs and lows of 2017 at the Borough’s recent planning session, including details about the company’s plans to rebuild the Port Moller plant.

Schwarzmiller said 2017, for the most part, was a positive year for Peter Pan.

“Gulf pollock fishing was sporadic for both the A and B seasons,” Schwarzmiller said. “The C and D seasons were better – in particular the C season.”

Schwarzmiller said the pollock market in general will continue to be a very difficult business for everybody in the industry.

“That’s due to a significant worldwide supply of pollock and similar species keeping the market satiated with product. That supply tempers market demand and pricing,” he said.

Schwarzmiller said cod fishing was good, and the market showed improvement during 2017.

“Over the past couple of years, Peter Pan has invested in changes to our cod operation at King Cove to enable more throughput with fewer workers,” he said. “We saw positive results from that.”

Schwarzmiller reminded everyone about the announcement from the North Pacific Fishery Management Council last month regarding an 80% decrease in the Gulf Pacific cod catch limit for 2018. The Council approved a Gulf-wide catch limit for P. cod at 18,000 metric tons or about 39.7 million pounds for the 2018 season that starts January 20th. That compares to the previous year’s quota for both the federal and state waters, which was set at 82,000 metric tons. The Gulf pollock quota is also down significantly, from 208,595 metric tons in 2017, to 166,228 mt in 2018.
“So we know we’re going to have a dramatic downturn in the quota for Gulf cod and pollock in 2018, and it’s going to have a significant effect, certainly on the fleet as well as our company,” he said.

Schwarzmiller said last year, Peter Pan saw declining quotas for crab.

“Although market conditions were favorable on all crab species, we have seen this steady decline in quotas,” he said.

On a more positive note, Schwarzmiller said sockeye and pink runs were good in the Peninsula area.

“They were abundant,” he said. “The sockeye catch on the south Peninsula was good, and the north Peninsula had a very strong run. The fresh and frozen markets for sockeye, headed and gutted and filleted products, are good. The movement of inventory has been brisk. We feel the value of frozen and fresh sockeye is relatively stable going forward.”

Schwarzmiller said the market for canned half pound sockeye continues to be viable, but the canned market doesn’t have the margin that frozen does.

“We limited canned production where we could and when we had the opportunity to do so,” he said. “Half pound canned sockeye is still a viable market but at low price levels. However, when the harvest is big, as it was in 2017, canned is an important market for handling volume. The canned market for talls, the bigger can size for sockeye, is very slow.”

Schwarzmiller said the return of pink salmon to the south peninsula in 2017 was exceptional.

“We were at maximum capacity through the latter part of July and all of August,” he said.

Schwarzmiller said the canned markets for both tall and half pound pinks was relatively good. Peter Pan also froze pinks to handle volume being caught.

“That market was not as lucrative as canned,” he added, “but it’s certainly a viable market for handling volume of catch.”

Schwarzmiller said everything was rolling along in a positive manner in 2017 until August 16th.
“On that day, we suffered a massive fire at our Port Moller facility. We can replace building,” he said. “We can fix the plant, but we can’t replace people, and thank goodness that everyone was o.k.”

Schwarzmiller said Peter Pan staff and several fishermen from the drift fleet fought the fire.

“Ultimately, the cold storage, the power generation, the production area, all of the production equipment, fish holding bins, the icehouse, loading dock, 50 percent of the unloading dock area and all of the offices were a total loss,” he said.

Schwarzmiller said about 50 percent of the dock survived along the upland areas, which included the warehouses, engineering and weld shops, the stockroom, bunkhouses and the mess hall.

“Peter Pan highly appreciated the offers to help immediately after the fire from AEB Natural Resources Director Ernie Weiss and the Aleutians East Borough folks, and many others from the fishing industry,” Schwarzmiller said. “Also, local pilots, including Theo Chesley and Nels Wilson, did an amazing job to help move our crew out.”

The debris removal project was a big undertaking in its own right,” he said. “That project was completed in November. We’re in the advanced stages working through the insurance process. The claim is large and extremely detail-oriented. We’re going to rebuild the plant, and it will be ready to process fish in 2019.”

Schwarzmiller said he expects the new plant to include an increased production capacity.

“We’re currently investigating the latest technology for the new plant, including equipment to reduce labor costs,” he said.

Schwarzmiller added that Peter Pan plans to buy fish from fishermen in the area this year.

“We have a plan in place to have Trident in False Pass custom process Port Moller fish for us, in the amount similar to daily production that we had in previous years at that plant,” he said. “In addition, we plan to transport fish to King Cove for processing as necessary. We will have a support crew on hand at Port Moller to provide shore support to service our Peter Pan drift fleet.”
Schwarzmiller said looking ahead, he anticipates a difficult year because of the significant cod and pollock quota reductions in the Western Gulf.

“However, we’re going to be there,” he said. “We’ll be ready to go, and we’re going to do the best we can.”

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Trident Seafoods Outlines New Direction for False Pass Fish Plant, Plans to Rebuild the Akutan Plant

Trident Seafoods’ Chief Legal Officer shared information about the direction of the False Pass fish plant, and plans to rebuild the Akutan plant within the next five years. Joe Plesha also discussed the market conditions for pollock and cod during the AEB planning work session.

One of the main topics of interest centered on the recent announcement regarding joint ownership of Bering Pacific Seafoods in False Pass.

“It’s going to be a brand-new company,” he said. “It’s going to be 75% owned by Trident and 25% owned by APICDA.”

Both Trident and APICDA plan to maximize the volume of the product. Plesha said the plan is to increase the plant’s capacity to between 800,000 and one million raw pounds per day.

“So it’s going to be a very busy time for us to get that ready for the June fishery,” he said. “As Dale mentioned, we’re going to custom process salmon for Peter Pan so they won’t be too badly impacted by the fire for this year. The False Pass project is something we’re excited about.”
Plesha said the increased capacity at the False Pass plant will handle the overflow from Bristol Bay.

“So we can tender fish down to False Pass and use that (plant) as an overflow,” he said.

Plesha said Trident is also exploring what it would take to rebuild the company’s Akutan plant.

“The Akutan plant was first built in the early 90s. It’s now at an age where it needs to be substantially upgraded,” Plesha said. “We’re thinking of starting from scratch and rebuilding a whole new facility with modern technology. We haven’t yet decided when to move forward with these plans, but I suspect it will happen within the next five years. Akutan is already the largest processing plant in Alaska, but it isn’t the most modern. We’d like to upgrade it so it is the most modern. This is something I think will affect the whole region.”

Plesha also highlighted the pollock market.

“The biggest drive for most of the fisheries in Alaska is pollock because of the volume,” he said.

Plesha said recent prices for pollock blocks have declined dramatically over the years.

“It has resulted in a huge reduction in the amount of revenue pollock companies receive. I assume the Borough notices a substantial reduction in its tax revenues.”

Plesha said the largest market for pollock blocks is in Europe. A major competitor of the U.S. pollock industry is pollock from Russia. Plesha said Russia typically takes its frozen headed and gutted pollock, sends it to China where it is thawed by being soaked in moisture retention agents, then filleted and refrozen into block form.

“The consistency of this twice-frozen product from China is like oatmeal,” Plesha explained. “The poor quality hurts the German market for Alaska single frozen pollock blocks.”
Plesha said two things happened last year that were significant.

“Thanks to the Alaska Congressional Delegation, a law was passed stating that products labeled as Alaska pollock can only be pollock harvested from Alaska,” Plesha said, “so Russia can’t sell pollock in the United States as Alaska pollock, as they had been doing for years.”

Plesha said another positive development included Trident’s purchase of a large value-added processing plant in Germany.

“We are now able to tell European pollock customers the Alaska story,” he said.

Plesha explained that includes how Alaska’s pollock is frozen once and is sustainably managed – all things that go a long way to creating demand for the product.

Plesha said a lot has changed since last year.

“Through new product innovation, we’ve developed pollock wedges, pollock burgers and other product forms,” he said. “Demand in Europe has increased, so I’m very optimistic that the prices for pollock products have turned the corner. For our industry, that’s really important.”

As far as the cod market, Plesha said it’s at an all-time high value. However, he said the Amendment 80 fleet is starting to come into the cod fishery, affecting shore-based processors in the region.

“The new Amendment 80 fleet participation in the cod fishery lowers the market share of shore-based processors, like Trident and Peter Pan” he said. “The North Pacific Fishery Management Council is starting a process of sideboarding those boats so they can’t come in and basically take the market share of cod away from the in-shore sector.”

Plesha said this is a very important issue. He thanked the Borough and AEB Natural Resources Director Ernie Weiss for his recent testimony at the Council meeting.

“Ernie’s testimony in support of limiting their ability to do that really helped the council to decide to move forward on this issue,” he said.
PenAir CEO Remains Committed to Alaska Following Bankruptcy

PenAir CEO Danny Seybert said his company remains committed to Alaska, and believes the airline will emerge from the bankruptcy stronger than ever.

“I’m committed to taking care of the region,” Seybert told the AEB mayor, Assembly members, community leaders and staff last month during the Borough planning session.

Seybert said the filing will not impact scheduled flights in Alaska, and the eight communities PenAir serves: Unalaska, Cold Bay, King Salmon, Sand Point, Dillingham, St. Paul, St. George and McGrath.

“It wasn’t one single thing that caused PenAir to go into bankruptcy. Unfortunately, bringing on the new airplanes (the Saab 2000s) and taking the older planes to other markets (Denver and Portland) just created a problem.

The filing occurred about two years after PenAir spent approximately $26 million on the fleet of Saab 2000s, which replaced the smaller Saab 340s in most of the region.

“I didn’t have enough time, cash and resources to stay out of bankruptcy,” said Seybert. “In order to preserve the company, we had to go into reorganization.”

Part of the reorganization involved closing operations in Portland and Denver. However, Seybert is confident that buying the new planes was the right thing to do.
“In Unalaska, they made a tremendous difference over the older airplanes,” he said. “We’re using them in Cold Bay, Dillingham, King Salmon and Unalaska.”

Seybert said everything PenAir does has to revolve around Unalaska because that community makes up one-third of his business.

“The mission is to go from Anchorage to Unalaska, which is 800 nautical miles. The alternate is Cold Bay, which is 200 miles away, so we have to carry 1,000 miles worth of gas and then carry a decent load (of passengers),” he said.

The Saab 340 could only carry 23 passengers in a 34-passenger airplane with baggage.

“It did not work,” he said. “In Alaska, the average passengers I have carry about 100 pounds of baggage each. PenAir can carry 45 passengers on the Saab 2000 (54-passenger) planes with luggage.

“I can make that work,” he said.

Seybert is looking forward to adding Sand Point to its destinations of Alaska airports the Saab 2000s serve. When an airline brings a plane carrying more than 30 passengers to a community, the airport must be certified by the FAA according to 139 standards. Seybert said he has been working closely with the FAA, Alaska DOT and the City of Sand Point to make this happen.

“Given the current state budget crisis and the state’s inability to spend new money, it’s been very challenging,” he said. “But we have come up with some creative solutions so the runway can get certified, and it won’t cost the State of Alaska any additional money beyond what it’s currently spending on the airport.”

Seybert said part of the solution will be for the City of Sand Point to be the responsible entity for overseeing the certification. PenAir will be paying all the 139 certification cost requirements.
“There’s still some procedural issues that the City is working on,” he said, “and hopefully, they’ll get resolved shortly.”

In the meantime, Seybert said Alaska can count on PenAir to serve the market for a long time to come.

“My dad started this company in 1955, and he’s from Pilot Point,” Seybert said. “My grandpa is from Unalaska, and my grandmother is from Port Moller. My mom’s from Chignik, and I’m a local guy. I’m going to come out of bankruptcy. I believe in this region, and I’m here to help.”

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**Grant Aviation Shares Plans to Improve Airline Service, Addresses Community Concerns**

Grant Aviation’s Vice President of Airline Operations discussed plans to improve service and listened to regionwide concerns at the Borough’s planning session. The airline serves communities throughout the Yukon-Kuskokwim Delta, Bristol Bay and the Aleutians.

Austin Engebretson said Grant’s goal is to hopefully purchases three more GippsAero GA8 Airvans this summer. In addition to the seven Airvans Grant has, the airline’s fleet also consists of King Airs, Grand Caravans, Navajos and the Cessna 207s.

“It’s our goal to transition away from the Cessna 207, for those markets that we use that airplane, in favor of the (single-engine) Airvan,” Engebretson said. “The 207 is an older airplane, and parts are really tough to get. The air frames themselves are wearing out. The airvan is a new airplane. So we’re hoping to get a lot more utility, efficiency and reliability out of it.”

Engebretson shared a PowerPoint presentation, showing year to year, which flights were scheduled in various communities and how many flights the airline was able to complete, starting with Akutan.
“We have flights scheduled 12 times a week,” Engebretson explained. “It fluctuates a bit, depending on weather. There was a big dip in July.”

Engebretson said that was mainly due to a mechanical problem with the plane serving the area.

“We found a crack in one of the structural members and we had to ground the plane,” he said. “It was a real bear to get the part.”

Next, Engebretson focused on False Pass.

“The government pays for three essential air service flights per week,” he said, “but we actually schedule six flights. Mostly that’s because of the connection passengers have in Cold Bay. If we only fly once a day, passengers would have to stay overnight in Cold Bay, either coming or going. So we’re doing double. Of course, that fluctuates. The airport in False Pass, with an elevation of 20 feet above sea level and a gravel surface measuring 2,150 X 60 feet, frequently experiences turbulence and high winds.

One of the biggest problems we have in False Pass is the weather and the way the runway is,” Engebretson said this past July was especially difficult due to engine trouble in one of the airline’s Navajos.

“The engine was starting to behave funny on one of the flights,” he said. “As it turns out, it started having internal failure. So here we are, needing an engine in Cold Bay. The logistics challenge of getting an engine out there and having the mechanics and the equipment to fix it was tough.”

King Cove is another community with very challenging weather, which can frequently delay or cause flights to be cancelled.

“Basically, we might not fly there for two days because of the weather,” Engebretson said. “Then the next two days, we’ll fly twice as much.”

Community concerns were raised about flight cancellations and mail not being delivered for several weeks, putting the health of elderly people at risk. At times, Grant has been unable to land in King Cove because the runway is too soft following rain or during breakup. As a result, heavier planes weighing over 6,000 pounds are unable to land there. Engebretson said Grant is steering clear of the lighter planes such as the Cessna 207 or Cherokees, which are showing signs of age.
and are no longer in production. He agreed that the situation is frustrating. He said resolving the issue is on Grant’s radar.

Engebretson said some goals for 2018 include having two mechanics in Cold Bay the entire time.

“The financial people are finally coming around,” he said. “Before, we were running maintenance out of Dutch Harbor and shuttling people around. Sometimes, it didn’t work out. With weather, the mechanic delay could go from a one-day delay to a 3 or 4-day delay because we didn’t have someone there to work on the airplane.”

Other future plans include moving into the Borough’s terminal building as soon as possible. Additionally, Engebretson said Grant is setting up a statewide operation center to improve communications. He said that will help with dispatching pilots, so employees can focus more on passengers. The phones going out in communities, such as Cold Bay, has been another problem. He said ideally, he would like to have a hard-wired Internet system with a phone and a satellite backup.

“Getting the extra resources is key, and I’m going to push for that,” Engebretson said. “The one thing we could do as a company to make things more reliable is to have more depth in our airplanes – having spares, essentially.”

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**AEBSD Superintendent Michael Seifert Discusses the Challenges of Flat Funding from the State, Maintenance Issues**

AEBSD Superintendent Michael Seifert shared the accomplishments of the school district along with some challenges, including flat funding from the state and a declining school population in False Pass. Seifert said a positive development is the district’s strong graduation rate of 77 percent.

“That’s pretty much the national average,” he said. “That’s far better than the average in Alaska.”

Seifert said the district has plenty of strengths, including the ability to curtail turnover among administration and teachers.
“When I took this job, the district had four superintendents within four years. This is my fourth year here, so that’s an improvement. We haven’t had principal turnover in three years,” Seifert said. “When I first took this job, Akutan and False Pass were basically turning over teachers every year. The Barbours in Akutan and the Barnetts in False Pass have been there for four years. Those are all positives that I’m proud of.”

A big issue the school district faces is reduced funding from the state.

“We met with the governor a couple of months ago, and he said the state is running through approximately $400,000 an hour of our state surplus,” Seifert said. “We have made drastic cuts within the district over the past five years. I am extremely grateful that the Borough has continued to make up the difference.”

School board member Tiffany Jackson added that school districts have been flat-funded from the state for a number of years due to budget issues and inflation.

“Flat funding is negative funding,” she said. “We’re getting a decrease in funding every year because of inflation. We’re going to need a real push from the Borough, from community members and individuals to advocate to our legislature. We don’t want to see any cuts. It’s already hard enough as it is to provide education with the way the budget is. It’s really important to talk to your legislators and let them know that education is a priority for our students.”

Seifert said another huge issue within the district is maintenance. He said he was very happy that AEB Mayor Osterback included him in the hiring process of the new maintenance director.

“I think Emil Mobeck will be very supportive,” he said. “In particular, the Sand Point School is in dire need of maintenance. We have copious amounts of issues from room leaks to boiler issues and rotted siding on the outside. It just needs a lot of work, and the mayor has told me that he’s going to support that project 100 percent.”

A looming issue the district faces is the declining school population in False Pass.

“I’m sad to report that we have five students there,” Seifert said. “Obviously, to get funding from the state, we need ten. We have no plans whatsoever to close the school, but we will be meeting with the school board members about False Pass to see how we can possibly get more kids in the
school. We need to put our heads together about this.”

Seifert said he’s 100 percent supportive of the False Pass School.

“That’s music to my ears,” Assembly member and False Pass City Administrator Chris Emrich told Seifert, “because if it happened, that would basically be the end of our community. We’re kind of at a breaking point, but things are happening.”

Emrich said the community is trying to find more students. He told Seifert and those in attendance at the planning session that False Pass has numerous positions opening up at the Isanotski Corporation, the Tribe and the City.

“When Trident comes to False Pass and is here year-round in the near future, we’re expecting to have 120 processors. So with having year-round employment, it will make it easier to find people and retain them,” he said.

Two schools, Cold Bay and Nelson Lagoon, were closed within the last four years due to shrinking student populations. Community members in Cold Bay reminded Seifert that the community currently has a handful of school-age kids in Cold Bay, as well as several others that will be school-age in the next few years.

“I would love nothing more than to reopen the Cold Bay school,” Seifert said.

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**Eastern Aleutian Tribes CEO Discusses EAT’s New Health Programs; Goals for the Future**

Eastern Aleutian Tribes CEO Jennifer Harrison shared information about new health programs EAT recently launched as well as her vision for the future.

Harrison said one successful pilot program EAT launched included having a physical therapist travel to the Borough, spending a week in King Cove and then in Sand Point.

“The first in-person appointment is very important,” said Harrison. “Afterward, you would continue your care by video teleconference. I haven’t received the numbers back yet, but as long as we break even, I can keep expanding that program.”
Harrison said another much-needed program includes substance abuse treatment.

“We are rolling out intensive outpatient substance abuse treatment with APIA,” she said. “We have been recruiting for a coordinator, and we’re hoping to get someone on board soon so we can get that program started in January or February.

Harrison said the program would offer nine hours of counseling per week, both group and individual counseling.

“The group counseling will be done by video teleconferencing,” she said. “It will include all of the clinics, as well as EAT and APIA.”

EAT also kicked off its healthy passport program.

“It’s been very successful,” she said. “A lot of people have been coming in for their annual screenings. We’re encouraging people to come in once a year to do their screenings. Once they get their passport all filled out, they can submit it for a drawing for a PenAir gift certificate.”

Eastern Aleutian Tribes also started a hypertension/high blood pressure program.

“Basically, we’re just trying to get out there and take people’s blood pressure more often,” said Harrison. “We’re also considering taking blood pressure in the homes of elders, and every time people come into the clinic.”

Harrison said she’d also like to put in motion an early and periodic diagnostic screening program.

“This is like a well child check, but they’re more comprehensive, and they’re every year until 21 years of age, she said. “We’d like to encourage that and train our staff on how to implement that program.”

A program EAT will soon embark on is to hire an Anchorage-based elder program manager. EAT is currently recruiting for that position.

“This is the newest thing that we have, at the encouragement of our board,” said Harrison. “A key task this person will be doing is visiting elders that have moved out of our villages to assisted living or pioneer homes. The goal is to make sure they’re connected to Anchorage-based services
through APIA, Alaska Southcentral Foundation and the Alaska Native Medical Center.”

Harrison said EAT also wants to start working with every family on a plan in preparation for the future.

“What are you doing to do when grandma and grandpa can’t live by themselves? It’s been really hard on those families when suddenly they have to find a place for their relative to be in,” she said. “It’s been last minute and difficult for families. We want to help them get ahead of that.”

Harrison also shared her wish list during the AEB planning session. One idea EAT has includes conducting mobile mammograms at a women’s health fair.

“The idea is we do the health fair on the ferry,” she said. “We have a lot of women that are not getting annual mammograms because they’re afraid to fly, and this is a huge concern.”

Another idea Harrison discussed was how the Sand Point swimming pool is helping improve the lives of elders.

“That has made a big difference in elders’ mobility, getting out of the house and being more active in Sand Point,” she said. “That would be huge if there could be a swimming pool built in King Cove.”

Harrison also suggested purchasing a few pieces of exercise equipment for Nelson Lagoon that would be available for public use. She said another idea would be to invest in outdoor exercise equipment, similar to what Westchester Lagoon’s recreational area has in Anchorage.

Harrison said having attendants to care for the elderly, especially those with specialized needs is also essential.

“We’ve seen an increased need for our in-home care and dementia care,” she said. “The only way we’re going to tackle that is to encourage mom and pop businesses where they’re taking care of one or two elders in their home. They get compensated for that. We also need to encourage people to become personal care attendants.”

Harrison said she wants to encourage Sand Point to start thinking about providing an independent living facility for elders.

“It’s something King Cove, EAT and AHA have been working very hard on,” she said. “The plan in King Cove is to have four units connected to a community hall. It’s something I think Sand Point should include in their long-term plans.”
Harrison said another program needed in the Borough is a sober recovery home for people who have gone through alcohol/substance abuse treatment.

“It’s kind of like a halfway house, but it has more structure and security,” she said. “It’s expensive, but it’s definitely something to think about.”

Borough’s Juneau Lobbyist Mark Hickey Paints Picture of State Budget Status, Forecast for Future

Borough Juneau lobbyist Mark Hickey provided a snapshot of the state budget status along with projections for future years during the Borough’s planning session last month. Hickey shared information that came from the State Office of Budget and Management, which was created for the legislature two months ago during the special session.

“Some have called this the doom and gloom speech,” said Hickey, “but actually, things are a little better than a couple of years ago.”

Hickey showed a PowerPoint presentation showing the total budget of ten billion dollars. The general fund totals approximately five billion dollars. More than half of the general fund consists of entitlements, such as education, Medicaid, the amount paid in municipal PERS/TERS, and the payment of the permanent fund dividend.

“So right away, you’re down to about $2.4 billion in non-entitlement spending,” he said.

During the last four years, the university and K12 education has experienced eight percent in cuts. Other departments such as the Alaska Department of Fish & Game, the Department of
Environmental Conservation and Natural Resources, have also seen reductions, bringing the total cut to about 28 percent.

“In 2014, I believe we had $3 billion dollars in the general fund capital budget. In 2015, it went down to $600 million. That hurts,” said Hickey. “We’ve been hobbling along at about $100-plus million for a couple of years.”

“One of the primary reasons that this Borough has done very well, even in tough economic climates, is the willingness to pitch in and put money on the table, skin in the game,” he said. “The Borough has been successful because of its willingness to participate, rather than just showing up and saying, what can you do for me today?”

Hickey said the state’s earnings reserve account within the Alaska Permanent Fund is where the state will have to pull money to fund government.

“Starting in early 2019, the state’s other savings account, the constitutional budget reserve, is going to be gone,” Hickey said. “The state’s fiscal challenge is real. It will be interesting to see how the legislature is going to deal with it.”

Currently, the budget is running a deficit of approximately $2.5 billion.

“A couple of years ago, it was up to nearly $4 billion,” he said. “So it has come down with cuts. That’s part of it. Oil production has stabilized and prices have come up. Next year, the budget is forecasted to be $2.7 billion dollars.”
Hickey said funding for community assistance is likely to be a debated topic. In 2017, there was $38 million allocated for that fund. Currently, there’s only about $20 million in that fund.

“Most observers, including me, are pretty pessimistic about action this session,” he said. “Politically, the legislature hasn’t figured out how to get there. It’s also an election year, so what that means is another year of uncertainty.”

Hickey said currently it appears that the intelligent use of earnings reserve is our last best chance to put the state on stable footing.

“Legislators need to hear from every one of you about what you’re thinking and what you want,” he said.

AEB Administrator Anne Bailey Shares Mission, Progress of Borough Projects

Aleutians East Borough Administrator Anne Bailey discussed the Borough’s mission, top assets and the status of various capital projects during the AEB planning work session. The Borough’s mission is to provide governmental services to the communities, which includes education, planning, project management, capital projects and fisheries support.

“The Borough is involved in many projects that have a positive impact on education, the economy and the quality of life of residents in each community,” Bailey said. “The AEB currently has a stable economic base with a healthy budget and permanent fund.”

Bailey said the Borough’s unique assets include the third largest public runway in Alaska, located in Cold Bay, and access to fisheries and harbor facilities.

The Borough is involved in numerous projects. Completed and ongoing projects include the False Pass Harbor, the Akutan Harbor and float, and the helicopter transportation link between Akun and Akutan.
Current capital projects include the Akun dock and breakwater.

“We’re looking for a long-term fix for the transportation link,” Bailey said.

The Borough is working with the City of Akutan, Alaska DOT&PF and the U.S. Army Corps of Engineers to determine the feasibility of building a small dock and breakwater on Akun Island. The project would include operating a conventional vessel to and from the City and Akun Island.

“We’ve had meetings with the Corps of Engineers, and we’ve got some ideas on how we can put our time and effort into moving that forward faster,” Bailey said.

The Cold Bay Clinic is another project the Borough has been working on for several years. The aging building was built in 1983, and the facility is showing numerous signs of deterioration. During high winds, the roof undulates, since portions of it are not secure, causing the clinic staff to vacate the premises at times. The project includes construction of a new 3,744 square foot health clinic on the airport apron in Cold Bay. The total estimated cost of construction is $5.4 million.

“We have the design done. We have site control, so it’s shovel ready,” Bailey said. “We have about $3 million designated for this project. We’re continually looking for funds, and hopefully we can get it to completion in the near future.”

The Cold Bay Dock, originally constructed in 1978, needs major repairs, upgrades or replacement within the next decade. A few years ago, DOT&PF conducted repairs on the dock. Numerous inspections and assessments have been conducted on the dock over the years.

“I anticipate that we have about a ten-year life span left on the dock,” Bailey said. “So we need to start that thinking process and probably replace that infrastructure.”

The Cold Bay School building remains unoccupied since it closed down in the spring of 2015. “The City is interested in taking over that facility,” Bailey said.
The Borough is hoping to transfer the lease it maintains with the State to the City of Cold Bay. The City has submitted a proposal to the State outlining their plans for the facility. The Borough has appropriated $50,000 to help the City with this project.

“We’re working with the State and a compliance officer with the FAA to determine what is allowed, according to their regulations,” Bailey said.

Another project the Borough is interested in includes construction of a harbor house in False Pass. The first phase includes completing the design and obtaining a cost estimate for building the facility. The second phase includes construction of the facility. The Borough Assembly has appropriated $100,000 for the design.

The King Cove road project, which would include a single-lane gravel road corridor connecting to Cold Bay, is another long-term project the Borough has been involved with. The road link is needed for health, safety and quality of life reasons.

“The Borough has advocated and committed funding for this project for years,” said Bailey. “We’re getting closer and closer. Hopefully, we can get that to completion in the near future.”

Repairs to the Nelson Lagoon Dock is another Borough priority. Following inspections and a study, it was determined that the Nelson Lagoon Dock project needs several repairs. Recommendations include replacing the following: timber fender piling, steel fender piling, steel fender choking, fender units, the dock corner impact damage, patching punctured piles and sleeving flattened pile.

“We have appropriated $900,000 for that project,” Bailey said. “Hopefully soon we can get that started.”

Also in Nelson Lagoon, the Tribal Council is interested in taking over the school facility, which closed in 2014 due to low enrollment. The Nelson Lagoon Tribal Council would like to use the facility for community services.

“The facility is on municipal trust land, which ties into the state,” said Bailey. “After two years, the state determined that if the Council accepts the land, via a resolution, the state can transfer it following a process.”
That process involves a 30-day public notice period before the deed can be executed. During that time, the state will work with the Borough on preparing the termination of its lease so the land and facility can be turned over to the Tribal Council.

In Sand Point, the harbor float design is another project the Borough has been working on. The harbor’s Float B was completed in 2011. Float A is still needed to complete the inner harbor facilities. The Borough Assembly appropriated $205,225 from the permanent fund earnings to complete the design work.

“We are almost to 100 percent on the design,” said Bailey. “This is a $6 million project. The City of Sand Point, the Borough and the State will have to work together to obtain funding for this project.”

The Borough is also working on several other projects, including essential air service discussions involving the helicopter operations from Akun to Akutan, maintenance of buildings and equipment, assessment of borough-owned property and AEB property surveys.

Fisheries management in the Borough is ongoing. Recently, the AEB hired Erik Volk, one of the lead authors of the WASSIP study, to assist the Borough during the Alaska Board of Fisheries meetings. In addition, the Borough is involved with legislative advocacy for fisheries issues. That includes monitoring federal action to reauthorize the Magnuson Stevens Fishery Conservation and Management Act.

Another priority includes identifying a suitable lessee for the Cold Bay Terminal Building on the ground floor.

Bailey said she’s excited about the Borough’s strategic planning process, and looks forward to seeing the results.

“The more people that participate and share their ideas, the better the results will be,” she said. “I think we’re going to get a good working product in the end that is usable, holds people accountable and allows us to accomplish things together as a group.”
AEB Mayor Alvin Osterback Outlines his Priorities for the Borough

Aleutians East Borough Mayor Alvin Osterback shared his priorities for the Borough and his vision for the future during the AEB planning session last month. Mayor Osterback began his term as Borough Mayor last October. His previous experience includes two years as Mayor of the City of Sand Point, six terms on the AEB Assembly and nine years as port director for the City of Unalaska. In addition to serving as Borough Mayor, he’s also a commercial fisherman.

Mayor Osterback said when he ran for AEB Mayor, he wrote a campaign letter highlighting eight priorities.

“I went back and looked at them and thought, this is actually what I felt and why I decided to run,” he said.

His first priority is to conduct Assembly meetings in the AEB communities.

“Years ago, when the Borough first formed, we spent more time traveling to the individual communities with the Assembly, so we could look at their infrastructure and talk to people there,” Mayor Osterback said. “We’ve gotten away from that to a degree, so I’d like for us to be more involved as an Assembly. I think it’s better for the communities and better for the Assembly and staff.”

The Mayor said it’s very important to have transparency as the Borough moves forward.

“I plan to have more participation from the Assembly and hope to hear more from the public,” he said. “Having the meetings broadcast on KSDP is a huge benefit and will help to keep the public better informed. Departments will be giving their reports so the public is aware of which projects the Borough is working on and what the status is.”

Fisheries is another high priority for the mayor.

“Next to education, this is the most important work that the Borough does,” he said. “As Borough Administrator Anne Bailey mentioned, we brought Erik Volk on board. Sometimes during the
Board of Fish meetings, we get beat up. The fishermen asked whether we could bring someone on board that has firsthand knowledge of the WASSIP study, so AEB Natural Resources Director Ernie Weiss started looking into it. We found out that Erik had retired, so we approached him and worked out a contract. The next time we go to the Board of Fish, hopefully, they’re not going to tell us we don’t understand the study because we’ll have one of WASSIP’s lead authors with us.”

Maximizing fishing time and allocation is also very important to the mayor.

“I’m going to try to stay active in all of the fishery meetings to whatever degree I can,” he said. “The fish tax is 100 percent of our tax base, so if we can protect our fisheries, we can continue to help our communities.”

Mayor Osterback also discussed his proposal to add a second name to limited entry salmon permits. He’s hopeful his proposal will gain traction within the legislature and will help curb the outmigration of permits in rural Alaska. (See first story in the newsletter).

Coming up with a long-term solution for the Akutan boat harbor and the airport transportation link from Akun is another important issue.

“To us, this is a very big one,” Mayor Osterback said. “We’ve decided that getting from the airport on Akun to Akutan is the Borough’s responsibility, so we provide the funding, in large part, for the helicopter transportation. We really need to keep working on getting a breakwater and dock so we can bring the transportation link cost down. We’ve met with the Corps of Engineers. The sooner we can get the breakwater and dock in, the more money we can save.”

The mayor said he would also like to see greater utilization of the airport runway in Cold Bay.

“Back in another life, I used to work for the FAA,” Mayor Osterback said. “I was stationed in Cold Bay for three years. I took care of navigation aids for landing aircraft. When I was there, the Flying Tigers were flying in and out of Cold Bay, sometimes a couple of times a day.”

During the Vietnam War, the Flying Tigers were based in Cold Bay and hauled freight overseas for the military. After the war, they remained in Cold Bay for a number of years and focused on retail operations. Mayor Osterback said he’d like to see the airport’s usage increase similar to that era.
“I understand the value of having that large runway right in the middle of our Borough,” he said. “I’m going to continue to work with Cold Bay and other communities to try to find ways to increase the use of the runway and help grow Cold Bay. Hopefully, we’ll get the school there back and running, and we’ll be able to help provide more jobs.”

Mayor Osterback said he would also like to increase the workforce development and educational opportunities in each of the Borough communities.

“I think we need to work closely with the school district on education,” he said. “I think there are things we can do to provide more assistance.”

Another priority for Mayor Osterback is determining staffing needs for the Borough.

“I’m going to continue to look at all of the departments and review what everyone’s doing,” he said. “Do we need to redefine them? I will listen to comments from the assembly and will address those as we go along.”

The mayor said he was very happy that the Borough held the planning work session last month.

“I hope this puts us all on the same page and provides a good tool for the Assembly to work with as we move forward with projects,” he said. “Making decisions in an informed fashion is very important.”

_In the Loop will carry stories about the strategic initiatives that the AEB administration, Assembly, communities and Borough staff came up with in the next issue._

**Sand Point Administrator Andy Varner Accepts Similar Position in North Plains, Oregon**

After serving four years as Sand Point’s Administrator, Andy Varner is changing course and setting sail for North Plains, Oregon where he’ll take a similar position.

“It’s been a pleasure working for the City of Sand Point,” Varner said.

Moving closer to family living in Portland was a big factor in his decision to accept the job. However, he says arriving at that decision wasn’t easy.
“I really enjoyed being out there in Sand Point,” he said. “I’m glad that my family was able to visit the community while I worked for the City. They really love it, too.”

Varner said it has been rewarding to oversee several projects, many of which have been completed.

“When I first started, the City was about halfway through the small boat rehabilitation project,” he said. “We finished that up during my first three or four months on the job. There were a few hiccups along the way, but I’m very proud of it. It’s a major improvement and an asset for the City.”

Other projects include paving about 3.5 miles of road in Sand Point, including the airport road as well as a small portion of a road downtown.

“It looks good, and I’m pleased with that,” he said.

A recent project includes revamping the City’s public safety department.

“It has included working with the mayor, the city council and the police chief, and trying some new approaches,” he said.

Those new approaches include going to a rotational schedule. Officers work two weeks on and have two weeks off. That change has helped the City to attract a chief and a sergeant with 15+ years of experience instead of officers fresh out of the academy or those from out of state with no Alaska police experience. The City is in the process of adding two more officers.

In addition, the City has hired a drug investigator to work with the Western Alaska Alcohol and Narcotics Team.

“This hasn’t been done before,” said Varner. “A small, rural Alaska community is supplying its own investigator for the task force to try to interdict drugs at the airport.”

So far, those changes have brought positive results, including a couple of large drug busts.

“We’re also getting positive feedback from the community,” Varner said. “It will only improve as we bring on a couple of additional officers within the next two months.”

Varner said he is also pleased that the City has developed positive relationships with businesses and other organizations in town, including Trident Seafoods, the Shumagin Corporation and the Qagan Tayagungin Tribe. In addition, Sand Point is now in solid shape financially.
“We just started a permanent fund this past year, so Sand Point will have a rainy-day account in the future,” he said. “These are all things I’m proud of.”

As a way of thanking Varner for his years of service, the City presented him with a special gift – a macramé hanging ornament made from a Japanese glass fishing float.

“I truly appreciate it,” said Varner. “It was hand-made by an artist in Sand Point. It’s really touching.”

Varner’s last day working for the City of Sand Point was Jan. 9th. The City has posted an advertisement for his replacement, which will run through the end of the month.

Until that time, Lamar Cotten is serving as interim administrator for the City of Sand Point. Cotten served as administrator for the AEB, Sand Point and King Cove during the 80s to early 90s. Most recently he served as a consultant for several rural communities in southwest Alaska and was the City Manager for the Lake and Peninsula Borough.

Meanwhile, Varner heads to Oregon at the end of this month. He’ll fill the role of City Manager for the City of North Plains, a community of about 3,000 residents. The city is located about 25 minutes west of Portland.

“It’s part of the silicon forest area, which is rapidly growing with companies such as Intel, Nike, and other technology and industries,” he said. “Part of the job will be urban planning, business attraction and retention, land use, economic development and urban growth policies. It will be a new challenge, and I’m excited.”

Cold Bay Post Office Christmas Celebration/Open House

The Cold Bay Post Office Christmas celebration/open house on Dec. 15, 2017 was a resounding success. Several families came by to take part in the celebration. Postmaster Letty Ellis and staff helped to make it extra special by presenting gifts for kids and adults.

“Seeing the smiles of the kids after opening their gifts was priceless,” said Ellis. “Every
family received a jar of homemade wild strawberry jam from freshly picked berries from the Cold Bay area. The combined effort of Cold Bay Post Office staff in preparing this event was beyond expectation.”

Ellis said this was the first Christmas celebration/open house held by the Cold Bay Post Office that was shared by the community.

TelAlaska Accepting Entries for Annual Photo Contest

TelAlaska’s annual photo contest for the 2018 Rural Alaska Telephone Directory is in full swing through January 25, 2018. The award for the winning photo is $250. If you have a great photo taken in any of the following communities, TelAlaska would love to see it!

Brevig Mission, Cold Bay, Cooper Landing, Council, Elim, Fort Yukon, Galena, Golovin, Iliamna, King Cove, Koyuk, Little Diomede, Moose Pass, Newhalen,

For more details and an entry form, visit www.telalaska.com.
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