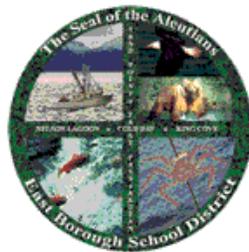
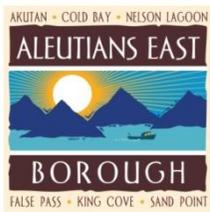


## In the Loop



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

---

### **AEB Administrator Anne Bailey Delivers ‘State of the Borough’ Presentation during Planning Work Session**

Aleutians East Borough Administrator Anne Bailey provided a snapshot of the Borough’s projects, goals and the AEB’s financial position for fiscal year 2018 during last month’s planning work session.

“It has been impressive to watch the growth from 2009, when I started with the Borough, until now,” she said. “It’s absolutely amazing what this Borough and the communities accomplish on a day-to-day and annual basis.”

Bailey said one of the biggest accomplishments from last year includes the Borough’s strategic plan.

“It’s a comprehensive, usable plan,” she said. “It is fantastic. It provides accountability and visually shows what we’ve accomplished over the year. The plan takes a project that may seem overwhelming and unattainable and breaks it down so the tasks get done. It’s very exciting and has been a huge accomplishment for 2018.”

Another big accomplishment includes selling the hovercraft for \$4.4 million to J.S. Circle Maritime Invest, a company located in Kazakhstan. The funds from the hovercraft sale were appropriated into two federal projects, the Akutan Airport and transportation link and the King Cove Access Project.

Another project the Borough, the City of Akutan and other entities have been advocating for is getting essential air service for the helicopter service that operates between Akun and the community of Akutan.

“The essential air service is now finished,” Bailey said. “U.S. DOT has signed an order stating they will pay for 50% of the helicopter operation. The Borough will be responsible for the other 50%.”

An additional Borough achievement is the assessments of AEB facilities.

“This has been very important and such a useful tool for us,” Bailey said.

During 2017, The Akutan and Sand Point Schools were assessed. During 2018, the schools in False Pass and King Cove were also assessed. That information will be used to address the most critical needs first.



**AEB Administrator Anne Bailey delivers ‘state of the Borough’ presentation during planning work session last month.**

“The life and safety of our kids is most important,” she said. “There are a lot of deferred maintenance needs on all of our facilities. We are trying to address them in a timely manner so it doesn’t cost more in the future. We’ll start talking with DOWL, our consultant, to figure out which maintenance items we can do in 2019 and how we can budget for that.”

Other projects Bailey highlighted include the Akun dock and breakwater. The U.S. Energy and Water Appropriations Committee has signed off on the Army Corps of Engineers consulting authorities program, and the Akun breakwater feasibility is at the top of the list for Alaska projects.

“We have a proposed start in 2019, and that’s great,” said Bailey. “With this program, the Corps will pay the first \$100,000. After that, it’s a 50/50 split between the Corps and the Borough. It’s

very important to figure out how we're going to do it, where it should go and what the cost estimate will be. This will get us one step closer to construction."



Constructing a new 3,744-square foot clinic on the new apron in Cold Bay is one of several Borough priorities.

Another project the Borough has been working on is the Cold Bay Clinic. The project entails the construction of a new 3,744-square foot clinic on the new apron that was built last year. The site has been selected and the main design has been completed.

"We're looking at updating the design and bringing it up to code

because the last plan was done in 2013," Bailey said. "We're also doing an internal cost estimate."

The cost is estimated at \$6.2 million. Currently, the Borough has \$3,768,000 appropriated for this project. Approximately \$3.5 million is from the Borough appropriations. Another \$250,000 is from Eastern Aleutian Tribes.

"We're looking at various funding mechanisms," Bailey said. "This clinic is not only important to Cold Bay, but also to the region as a whole."

Building a harbor house for False Pass is another important project, especially considering the large amount of development that has occurred in the community recently, including that of the Silver Bay Seafoods facility that's being constructed.

"We're working on the design," she said. "It's in our strategic plan, and we're partway through what we committed to doing this year. Hopefully, by next year, we'll have a completed design, and everything will be ready for construction."

The Nelson Lagoon dock repairs is another Borough priority. The Borough owns the dock, and the Nelson Lagoon Tribal Village maintains and operates it.



Repairs on the Nelson Lagoon dock is another Borough priority.

“There are a lot of critical items that need to be fixed,” she said. “The Assembly has appropriated \$900,000 for this project. We’re hoping by this summer, we can have those items taken care of and in good repair for use in the future.”

The Sand Point Harbor design is another important project. The Borough hired Moffatt & Nichol for \$205,000 to complete the design and permitting. The design and bid package are complete, and the permitting was done last month.

“Now we need to find the money to build,” said Bailey. “It’s about \$6 million to fund that project, and we’re looking for any funding opportunities that we can to get that moving in the future.”

A Borough project that has been a priority for years is the life-saving King Cove to Cold Bay road. On Jan. 22, 2017, the Secretary of the Interior signed a land exchange agreement with the King Cove Corporation. About 9 days later, several environmental groups sued.

“We filed a brief of opposition,” Bailey said, “and we’re waiting for a decision on that.”

Bailey also outlined the Borough’s financial position, which includes the budget, permanent fund, revenue and bond payments. The Borough’s overall operating budget for fiscal year 2018 was \$7,772,144. Revenue sources include the fish tax and leases, the fish tax revenue for FY’18 was \$3.5 million, which is the Borough’s main source of revenue. Another source is office space leased by the FAA and the National Weather Service at the Cold Bay Terminal Building. The Borough also has tideland leases with False Pass Fisheries in False Pass. The AEB is also working on another lease with Silver Bay Seafoods – False Pass. The leases bring in about \$200,000 per year. Other sources of income come from the state and federal governments.

The current value of the AEB permanent fund (as of Oct. 31<sup>st</sup>) is \$42,226,847. In 2018, The Assembly approved Ordinance 18-11, which amended Title 6, Chapter 6.04, Section 6.04.041 of the Borough Code. This change removed the \$20 million-dollar limit and redefined the account’s purpose to allow it to grow into perpetuity and provide a permanent potential source of fiscal support to meet the Borough’s needs. Bailey said those needs include the school district, and issues arising out of natural disasters, major financial emergencies and for payment of principal and interest on our general obligation bonds. Bailey said the spending and distribution policy has been updated to reflect our current market conditions to provide a realistic, sustainable rate of distribution that avoids over-spending. Currently, the rate has been set at 4 percent.

The Borough’s bond debt payments for several projects amounts to \$2.4 million per year.

Bailey said with many of our projects, it’s important to continue our strong advocacy surrounding state and federal issues.

“Right now, there are a lot of fiscal challenges,” she said. Grants are slim, and funding is hard to come by. There’s also going to be a political landscape change, both on the federal and state level. So, it’s important the we advocate for the needs of the Borough and our communities, so our voices are heard.”

---

## **AEB Mayor Alvin D. Osterback Discusses Borough Priorities during Planning Work Session**

More than a year after winning the AEB mayoral election, Mayor Alvin D. Osterback assessed his campaign goals during the last month’s Borough planning session. He also focused on the priorities ahead.

One of the mayor’s first goals was to have more transparency and involve the Assembly in additional decision-making while keeping the public better informed. Part of that includes having every department verbally provide monthly reports during the Assembly meetings, which is also broadcast on KSDP, so the listening public is also better informed.

“I think it’s important for the administration and staff to give the Assembly every piece of information that we can on any issue that’s before them,” Mayor Osterback said. “I think it’s working really well. They make the decisions, and we run with them. I want to see it continue working that way, so the Assembly does all of the policy work and we carry it out.”



**AEB Mayor Alvin D. Osterback outlines Borough goals during planning work session.**

Another part of this goal was to conduct more AEB Assembly meetings in the Borough communities. However, Mayor Osterback said this goal turned out to be more problematic than anticipated.

“We tried, and found the logistics, changing schedules, the weather and most of all, the cost of moving people just got out of hand,” he said. “Tina has worked really hard at putting this together.”

Three times during the past year, it has fallen apart on us. I think we're going to have to have discussions with the Assembly in a workshop at some time to see what their thoughts are on this. We'll continue to work on this to figure out how we can move people."

Even though it has been difficult to set up face-to-face meetings in the region, Mayor Osterback had made an effort to take advantage of charters in the region to visit communities himself.

The mayor's second goal was for the AEB to do everything possible to maximize fishing time and allocation, since the Borough is a fish tax-based government.

"This is one we're working hard on," said Mayor Osterback. "We've added another person, Charlotte Levy, to the Natural Resources Department. We've also brought on a consultant to help with the upcoming fish board meetings. The administration, staff and area fishermen are putting 100 percent effort into it. Salmon is the basis of our economy. We know how important it is to everyone."

The mayor's third goal was to evaluate all positions within the Borough to ensure we have proper coverage in all departments, especially fisheries.

"This is something we will continue to address as needs of the Borough change," he said.



Mayor Osterback said conducting annual planning sessions with the AEB Assembly, staff and community leaders is another important goal.

The fourth goal, to conduct an annual workshop of the assembly, mayor and staff, has occurred twice, in December of 2017 and 2018.

"It helps keep us on track and moving forward," the mayor said. "It's important to understand that the items on the strategic

planning board are just a portion of the work that takes place on a day-to-day basis. The Borough staff, as a whole, work very hard and accomplish an amazing amount of work under the leadership of their administrator, Anne Bailey."

The mayor's fifth goal is to continue to work with the City of King Cove until we successfully complete the long-awaited life-saving road to Cold Bay.

“It is a priority and will remain a priority,” he said. “King Cove deserves a safe route to emergency medical care.”

The sixth goal is to continue to assist the City of Akutan to successfully complete the Akutan Harbor project and work on an improved and more cost-effective route between Akun and Akutan.

“Anne and I met with the Corps in Anchorage and in Washington, D.C., and finally we have start-up money to kick-start the project,” Mayor Osterback said.

The mayor’s seventh goal is to generate additional business opportunities to help further develop Cold Bay.

“Cold Bay is a jewel,” said Mayor Osterback. “Having one of the largest runways in Alaska makes it very important to all Borough communities. I would like to explore utilizing this asset to the benefit of Cold Bay and the AEB.”

That goal includes working toward getting a new clinic built to replace the current deteriorating facility.

“We are also hoping to have the AEB Terminal leased out (by local airlines) and operational in 2019,” he said.

The mayor’s last goal is to explore ways to increase job opportunities in the Borough.

“I would like to see each community have healthy and growing economies with the ability to support, or in some cases, bring back schools, rather than closing more,” he said. “I feel that children are the backbone, strength and future of our region. Educating our children and providing job availability must be a priority.”

Goals for 2019 include prioritizing the Akun – Akutan breakwater and dock project.

“The sooner we complete this project, the sooner we can stop the helicopter operation,” he said.

Mayor Osterback said U.S. DOT is willing to fund half of the annual cost of the helicopter operation through the essential air service program because the agency is aware that the Borough is pursuing the breakwater and dock project for a long-term fix to this transportation issue.



**The Borough is working on leasing out the first floor of the Cold Bay Terminal Building to interested airlines.**

Completing Akutan’s inner harbor float system is another priority.



The Akutan Harbor

“It will allow for additional safe moorage as the fishery seems to be moving west during the winter months,” Mayor Osterback said.

Other goals include continuing work on the False Pass Harbor House project, completing repairs on the Nelson Lagoon dock, finding money to complete the inner

harbor floats system in Sand Point’s second harbor and making sure that Borough-owned facilities, including the schools, are in good repair.

Mayor Osterback has also been working on a [proposal](#) to change the transferability of limited entry salmon permits by adding a second name to the permit. The goal is to curb the out-migration of permits that are leaving rural communities at an alarming rate, partly due to the graying of the fleet. Currently, the only way to have another individual fish a salmon permit is to transfer it in a sale. Often, those permits are sold to buyers out of state. The proposal would allow a second name to be added to the permit, so the owner can mentor a young fisherman from the community who’s interested in entering the fishery but lacks the work and credit history needed to buy a permit. An additional benefit 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 the permit while mentoring that individual.



Mayor Osterback spoke to the UFA Board regarding his proposal to change the transferability of limited entry salmon permits by adding a second name to the permit.

“To date, I have received supporting resolutions from the Aleutians East Borough, the City of King Cove, the City of Sand Point, SWAMC and the Alaska Municipal League,” said the mayor.

In September, Mayor Osterback was invited to give a presentation about his proposal to the United Fishermen of Alaska (UFA).



The UFA Board listened while AEB Mayor Osterback discussed his proposal. UFA plans to put a committee together on the proposal.

“I talked for about 40 minutes, and there were a lot of questions,” he said.

Afterwards, the UFA Board decided to put a committee together on this proposal.

“So, there’s a lot of interest and support for this proposal,” he said. “I’m going to keep pushing for this because a lot of people in our communities think it’s a good idea.”

Mayor Osterback is hopeful a change in the law regarding limited entry salmon permits will help to grow shrinking communities by increasing economic opportunities for individuals and families living in rural Alaskan communities.

---

## **AEB Juneau Lobbyist Mark Hickey Provides ‘State of the State’ Presentation at Borough Planning Work Session**

AEB’s Juneau Lobbyist, Mark Hickey, highlighted the state of Alaska’s current fiscal environment and possible upcoming challenges during the Borough’s recent planning work session.

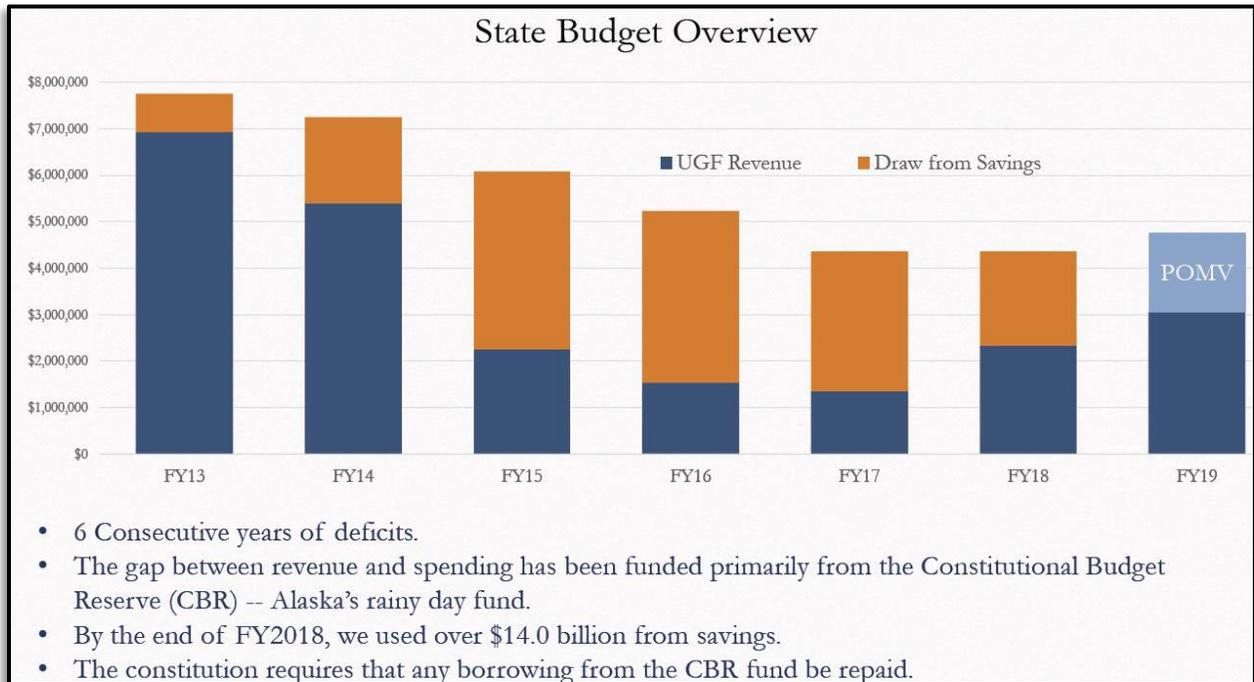
Hickey said during the last legislative session, lawmakers passed Senate Bill 26, which allowed for the use of permanent fund earnings to make up for the shortfall and pay for state services. That helped to reduce this year’s deficit (FY ’19) from \$2.4 billion to \$700 million. Afterward, the S&P upgraded Alaska’s debt outlook from negative to stable.

“It’s directly attributable to this bill passing, so that’s a positive development,” Hickey said. “In addition, oil prices have been up above forecast (until early November 2018).”

The oil price average as of early December 2018 is \$73/bbl year, up from the Spring forecast of \$63/bbl. Hickey said at the current average, the budget would balance, however, prices have moved down in recent weeks.

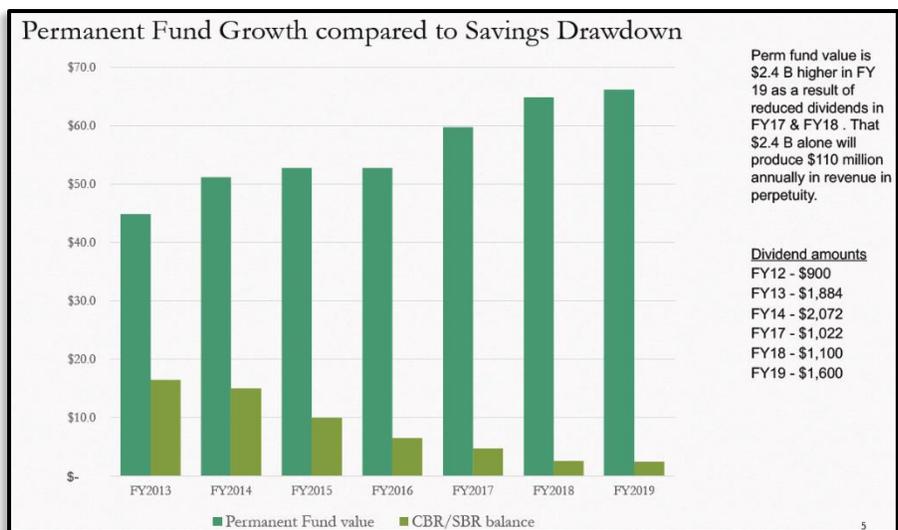
Hickey provided a graph, comparing the state budget to seven years ago. In FY 19, the state budget has seen a marked decrease in spending compared to seven years ago.

“You can see the drop in spending from almost \$8 billion in spending. Now it’s almost \$5 billion,” said Hickey. “So the dark blue shows that it came out of revenue, and the orange shows it came out of savings.”



The next slide in Hickey’s presentation shows how the total amount of the permanent fund, including the earnings reserve, has grown (the dark green column).

“That’s for the last 7 years,” he said. “As of Sept. 30<sup>th</sup>, we were at about \$64 billion. We’ve seen good returns in a good market with some added money being put in. At the same time, our state savings was \$14+billion seven years ago (olive bar at the right). Now, it’s \$1.7 billion. Basically, we’ve used most of our savings.”



Hickey said one reason that FY19 shows more spending than the previous year is because the legislature did forward funding for K-12 education.

“This was something we used to do, but stopped doing about 4 or 5 years ago,” he said. “This year, they were able to set aside K-12 education funding for FY 20, so that’s already budgeted for.”

Hickey also focused on challenges that Alaskans should be paying attention to, such as budget cuts.

“I would expect that we’ll have the Governor’s proposed budget with sizeable cuts in areas that obviously are a concern to us – K12 education, community assistance, marine highway funding and the Fish & Game budget,” he said. “The point is that’s going to be a big focus of the session.”

Hickey said possible areas for budget cutting could include eliminating forward funding for K-12 education, attempt to reduce or modify the Power Cost Equalization Fund, reduce state funding of the PERS/TRS unfunded liability burden and transfer more responsibilities to local municipalities.

Hickey said he doesn’t think we’ll see discretionary capital spending, which is the same as what occurred during the last few years.



AEB Juneau lobbyist Mark Hickey said it will be important to keep an eye on the Tustumena ferry replacement project (conceptual drawing above) during budget cuts.

“There was talk of a general obligation bond bill last session, but it’s unlikely going forward,” he said. “Although with the recent earthquake and the resulting problems in Eagle River and in the Valley, I think it’s likely there will be some attempt to do some capital spending to deal with that.”

Hickey said another project to watch during budget cuts is the AMHS M/V Tustumena replacement project. Currently, the project is budgeted, however, Buy

America waivers are needed to go forward with construction.

“We’re hoping that’s going to come through, although the Trump Administration isn’t wanting to do that,” Hickey said.

Even though most of the project is federally funded, it’s unclear at this point whether the Tustumena replacement will get the needed support with the Dunleavy administration as budget

cuts are considered. In the meantime, it's also important to monitor the Alaska Marine Highway System reform project, which proposes turning AMHS into a public corporation.

Hickey said overall, Alaska's fiscal situation has improved compared to one year ago.

"We've cut down the deficit, and we've started figuring out how to use Permanent Fund earnings while still funding a partial dividend," he said.

Hickey said that while oil prices have exceeded the FY 19 forecasted price of \$63 per barrel, oil production is lagging behind the forecast during the same period.

Governor Dunleavy's discussion of possibly providing a retroactive dividend may be a boon to residents in the short term but could have negative consequences in the long run.

"I would say the down side going forward," Hickey explained, "is we face some choppy waters because of the budget cuts that are going to be discussed and a larger draw down of the earnings reserve if we do this retroactive dividend."

For more info, visit this [link](#) to view the PowerPoint presentation.

---

## Communities Focus on Top Assets, Threats and Strategic Initiatives During AEB Planning Work Session

### Akutan:

Although Akutan is remote, the community is a hub of activity. The city has a population of 90 residents and 1,200 seasonal workers employed at Trident Seafoods, the largest seafood production facility in North America. The community is focused on several progressive projects, including harbor development, plans to build a breakwater and dock and completing its new water impoundment project. Akutan Administrator Tuna Scanlan and Assistant Administrator Farha Karim outlined the city's



Akutan City Administrator Tuna Scanlan and Assistant Administrator Farha Karim highlight the community's goals.

goals, top assets and threats during last month's Borough planning work session.

The city's top assets include Trident Seafoods, the airport, hydro power, the boat harbor, the Bayview Hotel, the clinic, the school (with 19 students), daycare and community residents. The city has several capital improvement projects in the works, including the new water impoundment project, which is near completion. The \$2 million project includes funding from the Alaska Native Tribal Health Consortium, the state and some grants and loans.



**The Akutan Harbor currently includes one float system. The City and Borough are looking for funds to build a second float.**

The harbor project currently includes one float system.

“We’re still looking for funds for the second float,” Scanlan said.

The goal for the funding is to make the harbor operational, including power generation and lighting. The city hopes to mobilize that project in the spring.

“In the fall, we should have power generation and lights on,” Scanlan said. “I think we’re on track, so we can

generate needed revenue soon.”

Another project, which is shovel-ready, is the harbor road, a task the Borough has assisted with. The cost for a 2-mile road was initially estimated to be \$22 million. However, finding funding for that became an issue.

“So we went back to the engineer and downgraded it to something more manageable -- a trail,” said Scanlan. “That brought the cost down to about \$7 million. That’s the figure that we’re currently working on.”

Some of the challenges Akutan faces includes a lack of diversity of employers. The majority of employees have part-time jobs. Other issues include the unreliability of cell phone service. As a result, many people are going back to land line phones. Transportation is also expensive. A round trip ticket to Dutch Harbor alone is \$400. Other challenges include a lack of housing availability for community newcomers, which is a limiting factor to increasing the population.

“I have talked with some young people from Akutan and in Anchorage,” said Karim. “I asked them why they didn’t want to go back to their village. The problem they mentioned was there isn’t enough housing.”

Akutan has a health clinic that provides patient care, x-rays and analysis, as well as flu shots, similar to what’s available in the Borough’s other five communities.

“But if it’s an emergency, it has to be the Coast Guard that transports the patient out of the village,” said Karim. “If it’s non-emergency, they would have to take two planes (to reach Anchorage for a higher level of care)”.

Top threats for Akutan include environmental hazards (earthquakes, tsunamis, volcanic eruptions and industrial chemical spills/releases). Financial threats include the cost of fuel, losing subsidies from the state’s Power Cost Equalization funding and the loss of APIA energy assistance. If there were a significant fisheries decline and Trident were to close, that would be another major hit to the community.

Akutan’s highest priorities include forging ahead with harbor development, building more housing, workforce development and having reliable and affordable internet.

“We want decent and affordable internet,” said Karim. “The speed is very slow and expensive. If we can work on that, it would be very beneficial for the community.”

---

## **Cold Bay:**

Cold Bay’s top assets are the all-weather airport with its 10,000-foot-long paved main runway, the community dock and the Izembek National Wildlife Refuge. Its location makes it uniquely positioned to be the hub for the region. The top employers are the federal and state governments (FAA, NOAA, Izembek, State DOT) as well as the airlines, Frosty Fuels, lodges and guiding



**Cold Bay Airport**

services. However, despite everything the community has going for it, the population is continuing to shrink. There are 31 full-time residents and 25 seasonal.

“Cold Bay has experienced a 50% reduction in population in the last eight years and 15% in the last three years,” Cold Bay Administrator Angela Simpson said during last month’s AEB planning work session. “Our town is dwindling because the industry, which is primarily government agencies, are all cutting positions. Additionally, other entities struggle in filling positions and bring rotational staff into the community instead of permanent ones that become residents.”



Cold Bay Administrator Angela Simpson outlines the city’s top assets, threats and priorities.

“We basically have a slope situation at this time,” she said. “There are 19 rotational people that currently go in and out of Cold Bay every month to fill those positions.”

Cold Bay faces several possible environmental hazards, including volcanic eruptions, earthquakes and tsunamis. The city has a siren and a “Small Communities Action Plan” in place. Other known hazards include a 2015 Frosty Fuels dock spill. Currently, the business is still working with State DEC on cleanup processes. Abandoned structures include the school, which was closed in 2015. Other structures that are concerning are the state fire station and the community clinic (run by Eastern Aleutian Tribes). The clinic building is deteriorating, and the Borough is continuing to look for funding sources to replace it.



The Borough is looking for funding sources to replace the aging clinic building in Cold Bay.

The clinic building is deteriorating, and the Borough is continuing to look for funding sources to replace it.

“Providers at the clinic are all rotational,” Simpson said.

The City provides EMS services, and Cold Bay has the all-weather airport where medevac flights can get in and out most of the time. In addition, the Coast Guard operates a forward base station approximately six months out of the year.

The community does not have local law enforcement.

“Fortunately, we don’t need that very often,” Simpson said. “When we have need, we call the state troopers. Generally, there’s higher priority stuff that goes on in other communities, and we don’t see them.”

Cold Bay has a local store, which is convenient for the city and nearby communities.

“Coastal Transportation has cut their service to only one time a month (since the end of last summer), which is making it virtually impossible for the store to remain well-stocked to service the other communities, such as False Pass and Nelson Lagoon.”

Another threat to Cold Bay is the lack of educational infrastructure.

“Last year, the Borough was gracious enough to fund preschool; and we had about 14 kids in the community throughout multiple age groups,” Simpson said. “By January, we were down to seven children in the community. This year, the Borough has funded preschool again, and I have six kids in the community, with a new baby arriving soon.”

Simpson added that the city would like to develop a better homeschool support system for the community’s families.

“As kids are transitioning out of preschool, our families are going to need better support for homeschooling,” she said.

The City of Cold Bay has been involved in creating a new community strategic plan of its own; and is working on building networking partnerships with State DOT, Frosty Fuels, and others who utilize the dock. In addition, the City is working with the Borough on community health and wellness education and is looking for ways to increase community involvement, even among those who are rotational staff.

“We always want to make sure that the rotational folks feel welcome in Cold Bay and can attend everything,” Simpson said. “Hopefully, we can encourage them to consider full-time positions.”

---

### **False Pass:**

The economic activity in False Pass is going to ramp up considerably this summer. Previously, False Pass Seafoods (formerly BPS), owned by Trident and APICDA Joint Adventures, was the only processor in town. However, a new processor, Silver Bay Seafoods – False Pass, LLC, has entered the scene and is scheduled to open for business in June. That means in a town of 58 residents, there will be more jobs available than people to fill them. Currently, about 200 seasonal employees work at False Pass Seafoods during the busy months. That’s expected to balloon to



About 200 seasonal workers are employed at False Pass Seafoods.

about 500 this summer when Silver Bay Seafoods – False Pass, LLC begins operations. While the community’s economic picture is looking much brighter, the shortage of housing is a concern.

During last month’s AEB Planning Work Session, a presentation on False Pass addressed the city’s top assets and key threats. At this point, there is no housing available for new people coming into town. There’s available land, but no new housing is currently being constructed.

“Right now, we’re experiencing growing pains,” said False Pass Mayor Nikki Hoblet. “With so much growth so fast, and a minimal workforce, it is hard to prioritize the immediate needs, as well as find funding to address them, and all the while, hope to get ahead of the issues before they start.”

Other top threats to False Pass include natural disasters (volcanos, earthquakes, tsunamis, flooding) possible processing plant failures (ammonia, fire), alcohol and drug abuse, a decreasing population, a declining school enrollment and the brain drain (young people leaving the community for higher education and not returning). Another threat is the increasing cost of living.



Silver Bay Seafoods – False Pass, LLC is scheduled to begin operations in June 2019.

As with other Borough communities, access to advanced healthcare for this remote community remains a hurdle. Patients needing a higher level of care must fly to Cold Bay either on commercial airlines, private charter or via the Coast Guard during medevacs and then to Anchorage. The False Pass Airport is one of the few airports left in Alaska that cannot accommodate a state-certified ambulance. It is currently 2,100 feet and medevac services require at least 3,000 feet. This issue is vital and has been brought to the state delegation via the AEB.

Communications is another challenge. Residents have services available through GCI. Local phone and long distance (landline) service are provided by ACS.

“Cell service is sketchy, but so are the landlines,” said Mayor Hoblet. “People have to rely on the landline service solely sometimes.”

While internet is available to the area through GCI, it’s mostly businesses that have access to it because it’s so expensive.

The city's top assets include having a strong financial position, transportation and marine infrastructure, landfill and gravel, a renewable energy potential, tourism opportunities, a community store and a strong community (culture and family-friendly). The community's gravel



Goals for the City of False Pass include keeping the school open, building a harbor house and upgrading the community's water system.

roads are generally in good repair. Grant aviation serves False Pass three times per week. Otherwise, residents/businesses turn to private charters. During the warmer months, the Alaska Marine Highway visits False Pass every two weeks (April – September). The community's clinic is staffed with a health aid. Services include x-ray, limited lab work and telemedicine.

The City has a VPSO, provided by the APIA. However, as the population swells during the commercial fishing season, the community could use additional law enforcement help.

Priorities for the City of False Pass include keeping the school open. Currently, there are seven students.

“We have four kids under 5 years old coming into the school, but only one next year and one the year after,” said Mayor Hoblet.

The city is hoping to recruit more families to live in False Pass from the seafood processors. Another goal is to build a harbor house to provide added services for the fishing fleet. In addition, the city hopes to upgrade the community's water system soon.

---

### **King Cove:**

Top priorities for the City of King Cove include forging ahead with the political and technical challenges and tasks for ultimately being successful in achieving a life-saving road from the remote community to the Cold Bay Airport. During the recent AEB planning work session, King Cove Administrator Gary Hennigh and Assistant Administrator Amber Jusefowytch outlined the city's top assets, threats and community priorities.

Hennigh said an additional strategic initiative includes mitigating the inequity in the state's PCE (power cost equalization) program.

"We are just about 100 percent on hydroelectric power," said Hennigh. "In this day and age, that's very important."

King Cove's two renewable energy sources (Waterfall Creek and Delta Creek) have increased the city's annual energy production to nearly 100% of the city's annual power demand of 4.5 megawatts.



King Cove Administrator Gary Hennigh and Assistant Administrator Amber Jusefowytch highlight the city's top assets, threats and community priorities during the AEB planning work session.

"We also provide heat to the clinic, AHA and the school as waste heat from our electric operations," said Jusefowytch, "so that represents a pretty big cost savings for all three entities."



Waterfall Creek (above) and Delta Creek are King Cove's two renewable energy sources.

The city's achievement with hydro power has unfortunately brought an unexpected negative consequence along with it.

"We're very unique in that we don't get the PCE anymore," Hennigh said. "That's taken \$60,000 - \$80,000 a year away from King Cove because we decided to do the right thing and let Mother Nature produce our energy, and that isn't fair. There's just

something about the PCE program that isn't user-friendly to a community that's made the investment to go to renewable energy."

The top threats to King Cove include the changing environmental/oceans conditions and the evolving impact on the city's fishery resources. Like other communities, earthquakes and tsunamis are a threat. In King Cove's case, the severe weather, is another factor.

"Wind is a huge one," said Jusefowytch. "It also eats away at our infrastructure. We recently had a \$400,000 roof replacement on our public works building due to wind, rain, the usual."

Aging and costly infrastructure that need to be dealt with have become very challenging as funding from all levels of government continues to decline.

“The general community condition is adequate to good,” said Hennigh, “but we’re definitely moving into a period where we need money. M&O (maintenance and operations) investments and capital investment upgrades are needed just to keep the infrastructure that we have in place and to keep the community functioning.”

The city’s general infrastructure includes two harbors, a deep water dock, bulkheads, 10 miles of paved roads, a state-owned airport, two hydroelectric facilities, a modern diesel plant with a major heat recovery system and a complete fuel system.

The community’s communication and connectivity are marginal/fair, similar to what other Borough communities are experiencing.

Besides frequent harsh weather, which often causes flight cancellations or delays, the local airlines have other challenges that affect residents.

“There are a lot of mechanical issues, scheduling and crew issues,” said Jusefowysch. “You name it, PenAir has had it. We also have trouble with the mail. It’s not just the weather and flights. It’s also Grant Air. They are not administering the EAS (essential air service) to our satisfaction.”

Employment in town is mostly commercial fishing, local government, the King Cove Corporation, the tribes, EAT, local businesses and services.

Hennigh said the city’s public safety department is very solid, with a director of public safety, four officers, a fire chief, a robust staff of volunteer firemen and EMTs and the department’s drug dog.

“It’s about a \$600,000 item in our city budget,” he said. “We do need a newer, more functional public safety building, somewhere on our wish list in the future.”

The city lists its top assets to include the community’s residents, strong and consistent leaders in local government, an excellent city team and being part of the Aleutians East Borough.

---

### **Nelson Lagoon:**

Priorities for the Village of Nelson Lagoon include reviving the community, increasing job opportunities and growing the community’s population.

“How do we get the younger people who leave to get an education, to come back?” Nelson Lagoon Tribal Council President Butch Gundersen said during the AEB planning work session. “Our strategic initiative is to come up with some ideas on how to rejuvenate the community.”

Gundersen said Nelson Lagoon’s population during the winter is 39 residents with 18 households. During the summer, the population expands to 52 residents and 22 households. The village’s economy is mainly supported by commercial fishing, sport fishing and big game guiding.



Nelson Lagoon is mainly supported by commercial fishing, sport fishing and big game guiding.

During the winter, the employment consists of 16 paid positions. Most of those are with the corporation as well as maintenance positions for the roads, the airport and garbage pickup.

“By the first of June, fishing starts, and employment goes up to 100 percent,” Gundersen said, “but that only lasts until the end of September.”

New lodges are increasing economic activity, including a couple acquired by APICDA.

“There’s one lodge that’s about 12 miles away from the community, and they do a lot of activity through the airport,” Gundersen said. “They buy a lot of fuel from us.”

One idea the Tribal Council has been discussing is trying to find a trailer to place at the airport to provide shelter during the rain and bathroom facilities as people are coming and going from the lodges.

Gundersen said the community’s general infrastructure, which is 30 – 40 years old, is mostly in fair to good shape.

“We have spent a lot of money to replace and repair in areas where needed, including water, electrical, the landfill and fuel,” he said. “We did a big rebuild on the fuel farm, filter systems and pumps.”

The environmental threats are similar to what most communities in the Borough face, such as volcanos, tidal waves and high winds. However, the top concern for the community is erosion on both sides of the peninsula where Nelson Lagoon is located.

“Nelson Lagoon sits on a long sand spit that’s six miles long,” Gundersen said. “A couple of places are only a hundred yards wide, and it’s been a real problem.”



**Nelson Lagoon Tribal Council President Butch Gundersen said the top concern for the community is erosion on both sides of the peninsula where the village is located.**

Gundersen said the village has a new loader, and the community plans to use equipment to move many of the sand bags that have already been built as part of an erosion mitigation project. He said additional funding is needed to hire a crew to complete the erosion mitigation process.

Gundersen said another threat is the landfill, which is about to be breached by the ocean. Adding to the problem is the fact that the landfill is full of toxic waste and tons of debris from beach cleanups over the years.

“That landfill is full of old machinery, batteries, propane tanks and tons of debris,” he said. “There’s enough there for a barge load.”

The other big concern is that the community’s only fresh water source is often in danger of being damaged.

“As soon as the weather goes down, we’re able to put it back together and bury it down deep,” Gundersen said. “If we lose that, there’s no other fresh water source.”

Gundersen said the community’s top assets include the fuel farm, the potable water system, the dock facility, the airport, warehousing and boat storage.

“We have a good, sturdy dock,” he said. “It has some problems that have to be addressed, and repairs are scheduled for this year. Nelson Lagoon’s airport is a good, solid airport. It’s lighted with GPS instrument approach, so you can get in there in just about all weather, which is a plus.”

---

## **Sand Point:**

Sand Point is home to one of the largest commercial fishing fleets in the Aleutians. The community’s natural resources, primarily fisheries, is one of the city’s top assets.

“The city itself, takes fisheries seriously,” said Sand Point City Administrator Jordan Keeler, during last month’s Borough planning work session.

The main industries are commercial fishing and processing as well as some government and tribal employment. A large Trident seafood plant and a Peter Pan support facility call Sand Point home.



The main industries in Sand Point are commercial fishing, processing and some government and tribal employment.

Keeler said the community of 950 residents have a fairly good infrastructure.

“The new harbor’s in pretty good shape,” Keeler said. “It was refurbished about 4 ½ - 5 years ago. We have a mostly empty new harbor, which we hope to fill up with floats and boats.”

Other infrastructure, including a state-owned dock, is slated to be replaced this summer, which is served by the Tustumena. The city’s roads were repaved about three years ago.

Keeler said the utilities are functional. The City provides water, sewer and solid waste collection. Electricity is provided by TDX.

Communications and connectivity, like other Borough communities, is challenging. Keeler said cell phone service is adequate, however, the community is lacking 3G. In addition, he said cell service, landlines and the internet are very expensive.

The community’s airport certification was recently upgraded to accept planes with 50 passenger seats, such as the Saab 2000, which recently started serving Sand Point.

“We have passenger and cargo service six days a week, depending on staffing levels by the air carriers,” Keeler said.

The city provides EMS service, and Eastern Aleutian Tribes runs the clinic.

“The clinic structure is very nice,” said Keeler. “A lot of partners worked to make it happen. Like King Cove, we face staffing issues at the clinic.”

Sand Point’s access to foods, goods and services includes the AC store, a small grocery store operated by Trident and a couple of restaurants.

The top threats to Sand Point include drugs and drug abuse, the cost of living, poor connectivity, environmental threats, processor failure, such as ammonia or fire, the need for economic diversity, and environmental threats (earthquakes, volcanic eruptions and tsunamis).

“We do have a tsunami warning siren,” Keeler said, “and the school serves as the gathering point.”

The greatest threats to Sand Point’s fisheries include the graying of the fleet, a reduction of bio mass, politics and the state budget.

Strategic initiatives led by Sand Point include water sewer repair/replacement, harbor infrastructure and improved public safety.

“Public safety staffing has been an issue in the past,” Keeler said. “Right now, we have a two on, two off system. So, there are two policemen on at a time for two weeks, and then they’re flown back to Anchorage, and they go from there.”

Sand Point also has an investigator attached to WAANT (Western Alaska Alcohol and Narcotics Team), who’s based at the airport.



The top threats to Sand Point’s fisheries include the graying of the fleet, a reduction in bio mass, politics and state government.



Sand Point Administrator Jordan Keeler said fisheries advocacy is one of the community’s priorities.

“We’re trying to stop the flow of drugs before they ever get on the plane, through the mail or on the ferry,” Keeler said. “So, it’s not just a benefit to Sand Point. It also benefits other communities in the region by having an additional resource to stop the flow of drugs.”

Fisheries advocacy is another community priority.

“The Borough has been a tremendous asset, advocating for the fishermen of our community on allocation and overall issues of concern,” he said, “so we appreciate that, and we’ll continue to work with

the AEB to ensure there’s fish to be caught.”

For more info, visit this [link](#) to view community & AEB PowerPoint presentations.

The next edition of *In the Loop* will contain information from other presentations including those provided by processors and the airlines.

If you have news you'd like to share or if you'd like to subscribe, please email [ltanis@aeboro.org](mailto:ltanis@aeboro.org) or call Laura Tanis at (907) 274-7579.



---

*Thank you for reading **In the Loop**. If you would like to subscribe or unsubscribe, please send an email to [ltanis@aeboro.org](mailto:ltanis@aeboro.org). For more information about our communities, our people, and our fisheries, please visit us at [www.alutianseast.org](http://www.alutianseast.org) and [www.aebfish.org](http://www.aebfish.org). For the latest news, find us on Facebook:*

[Link to AEB's Facebook page](#)

[Link to King Cove's Facebook page](#)

[Link to Cold Bay's Facebook page](#)

