

Aleutians East Borough
September 23, 2009
7:00 P.M.

CALL TO ORDER

Mayor Mack called the September 23, 2009 Assembly meeting to order at 7:00 p.m. at the Sand Point Borough building.

ROLL CALL

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

Advisory Members:

Tom Hoblet, False Pass	Present
Justine Gundersen, Nelson Lagoon	Present

A quorum was present.

Others Present:

Sharon Boyette, Administrator
Tina Anderson, Clerk
Roxann Newman, Finance Director
Clark Corbridge, Administrator Assistant
Laura Tanis, Public Information Officer
Ted Meyer, Community Development Director
Joe Levesque, AEB Attorney

Agenda amendments:

- Terminal bldg, reports and updates
- Small school sites, reports and updates
- Cold Bay City Council, reports and updates

Adoption of the Agenda:

MOTION

Joe moved to approve the Agenda with additions and second by Paul G.

Public comment on Agenda Items:

None.

Presentations:

- Nicole Grewe, Development Specialist, Div. of Community & Regional Affairs.
- Joe Levesque, AEB Attorney

Presentations were given at the workshop explaining what the planning commission responsibilities are, what to expect the planning commission to do for the Borough and the Assembly role. Attorney Joe Levesque also reviewed ethics, conflicts of interest issues and Open Meetings Act.

Minutes, May 28, August 31, 2009:

May 28 Corrections:

Tom corrected the minutes saying he voted no on both the amendment and the main motion for Ordinance 10-01.

Paul G moved to approve May 28, 2009 minutes as corrected. Second by Carol. There were no objections, motion approved.

August 31, 2009 Minutes:

MOTION

Paul S. moved to approve and second by Carol. Hearing no objections the minutes are approved.

Financial Reports, May, June, July, August, 2009:

MOTION

Carol moved to approve the financial reports and second by Marvin.

Paul G. thanked the Administrator and Finance Director for answering his questions at the workshop and will call the Finance Director for more information.

ROLL CALL

Paul S.-yes, Marvin-yes, Joe-yes, Carol-yes, Paul G.-yes, Ernie-yes. Advisory: Tom-yes, Justine-yes. Passed.

Investment Report:

The Administrator said she will set up the Alaska Permanent Capital Management Co. to talk to the Assembly at the planning retreat, which is first week of December.

PUBLIC HEARINGS

Public Hearing, Ordinance 10-01, Authorizing the negotiation and purchase of real property for the Akutan boat harbor project:

Mayor Mack opened for Public Hearing. Hearing none Public Hearing closed.

MOTION

Joe moved to approve Ordinance 10-01 and second by Marvin.

DISCUSSION

Joe said, for the record, he would like Akutan Corporation to receive the same as Aleut Corporation percentage for any dredged material sold. He noted that after the two year period the Borough will have to come up with a plan for the disposal of material.

Paul G. said the Administrator recommended that we approve the ordinance to get the ball rolling and deal with the other issues of disposal of material and the 2 year agreement afterward in order

to get the project out to bid in February. The Administrator said part of the ordinance allows the Mayor to sign deeds and agreements that have to be in place for the bidding process and construction. Her recommendation is to approve, give some thought on disposal of the material and present a plan at the next meeting. Mayor Mack suggested meeting with Akutan and local corporation to discuss. The Administrator said her memo will set out the issues and suggested Joe help her with some options that we can pursue based on what the Assembly, city and village corporation wants. Joe reassured the Assembly it is not his intention to slow down or stop the project, but a recommendation to add.

ROLL CALL

Carol-yes, Ernie-yes, Joe-yes, Paul S.-yes, Paul G.-yes, Marvin-yes. Advisory: Tom-yes, Justine-yes. Passed.

Public Hearing, Community Development Block Grant (CDBG) Program:

The Administrator reviewed saying there is CDBG money available through Alaska, Dept of Commerce, Community and Economic Development to do capital projects. The communities eligible for the program are based on low/moderate income, which include Akutan, False Pass and Sand Point. The project would have to be designed to benefit low income families. It does require matching funds so any project suggestions from communities or from the public would have to figure out where the match will come from. 25% has to be cash or in-kind. This is a competitive grant and would need a good match to get funded. First step in getting a grant proposal is to have a public hearing asking the public what projects they think we should move forward with. The projects discussed at the workshop is to not submit a proposal, but support city of Sand Point application for a project in new harbor in order to not compete for a limited amount of funds available. Other ideas are more oil & gas development planning to help pay for more work by consultant, Susan Harvey and also to pay for developing the permitting process for development. A couple other options is the Akutan harbor road design to help Akutan further the road project or the False Pass harbor water and electricity project.

Mayor Mack opened for Public Hearing. He asked each community on teleconference if they had any suggestions.

Tom agreed with supporting the Sand Point proposal provided the False Pass harbor money does not get used elsewhere.

Hearing no more, public hearing closed.

CONSENT AGENDA

- Resolution 10-01, appointing election judges for the October 6, 2009 Regular Election.
- Resolution 10-02, appointing a canvass committee for the October 6, 2009 Regular Election.
- Resolution 10-03, approval to apply for Denali Commission Grant for Sand Pt. new boat harbor float project.

MOTION

Marvin moved to approve and second by Paul G.

DISCUSSION

The Administrator said Resolution 10-03 is approval to submit an application to the Denali Commission for \$1M for the Sand Point new harbor float project.

Paul G. requested a copy of the latest float system design. The Administrator said the float system has now been separated into phases. The entire project is \$5M and only asking for \$1M, so carved out the east/west side of the smaller section. Also have a project submitted in the state harbor program to do the balance of the project.

ROLL CALL

Paul G.-yes, Paul S.-yes, Carol-yes, Ernie-yes, Joe-yes, Marvin-yes. Advisory: Justine-yes, Tom-yes. Passed.

NEW BUSINESS

Memorandum of Understanding (MOU):

The Administrator said this extends the previous 5 year MOU with Lake & Peninsula Borough, Bristol Bay Borough and Dept. of Natural Resources to continue to work together for oil & gas development on state owned lands. Other boroughs have already signed MOU.

MOTION

Joe moved to approve the MOU and second by Paul S.

There was no further discussion. Hearing no objections, motion passed.

Aleutia Funding Request:

Bob Barnett, said he is off the Aleutia board but still active member and harvester for Aleutia. He said Aleutia CEO, Karen Montoya, submitted a funding request to the Borough for some marketing money. He said Aleutia has landed a large account and they have requested some assistance from Aleutia for marketing purposes. Previously Aleutia tried using brokers and now feels we are on the right track by going right to the retailer instead. In the past, Bill Cumberlandidge, had been doing so many tasks it was difficult to develop our own markets. Aleutia has also picked up crab processor quota shares (PQS), although still lacks funding for marketing. Aleutia Operations Manager, Tiffany Jackson, added that Aleutia is able to negotiate with whole sale foods, which is a big market and they are putting Aleutia salmon into west coast stores -- Colorado, Arizona and west Texas. Aleutia will be allowed to put signs in stores advertising the brand. Aleutia has been successful in getting the name out to venders and wants to make sure the consumers know Aleutia fish and the families that are harvesting the fish. Consumers will become loyal to the product and when the demand increases, Whole Foods Market will create more interest. To do that, Whole Foods wants to get harvesters in the store, work on media and is working with Aleutia to accomplish this. We are asking for \$23,000 to really get a jump on this. Bob added that at an Alaska Seafoods Marketing Institute (ASMI) meeting he learned that 67% of people that purchase salmon go by the person behind the product. The key components are people remembering and wanting Alaska salmon and people realizing that it is the best fish.

Paul G. said three weeks ago he talked to Karen about what he heard about the SE Alaska Regional Seafood Development Association (RSDA) vote to tax them selves failing. He also discussed with Karen scheduling the RSDA to get the program rolling. He said the vote failed in SE but there are other groups moving forward. He doesn't have any objection to promote this for the future, but

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AEB

hopes the Aleutia RSDA will open up more revenue sources. Tiffany said last year Aleutia became an official RSDA and there are different approaches, some RSDA groups have done the vote to tax themselves first. We have been doing the planning so we have a business plan to bring to harvesters. It is something we are actively looking into and also will be participating in a RSDA workshop in Anchorage.

Joe asked about the crab PQS. Tiffany said the crab program is on going. We did purchase the crab PQS and this is the second active year in the Bairdai crab fishery. Right now it is sustaining itself, but not making additional income.

Joe asked when Aleutia will begin doing some halibut. Bob said we are the Community Quota Entity (CQE) representing our eligible communities that allows Aleutia to purchase halibut quota to lease to local fishermen but it costs too much to make it work right now. Joe said every year he asks about more involvement from rest of the communities. He stressed more participation than just Sand Point. Feels it should be expanding. Mayor Mack pointed out that it takes people to deliver the product to make it work. Tiffany said salmon particularly is out of Sand Point. We want the flawless fish, live bled and need a bigger volume to expand the program.

Tom asked what the response was from Bering Pacific Seafoods out of False Pass. Tiffany said she is not sure, but Aleutia worked to get product out of False Pass and ran into logistical problems getting the product out. Tom suggested working with Bering Pacific Seafoods more and getting filet products from them.

Ernie said the Borough is granting the tax from crab back to Aleutia and asked if there are other things granted to Aleutia. Bob Barnett answered there is nothing else. Marvin said we support the product and one year there was tender service around King Cove they ran into problems with Pete Pan processing fish. Bob Barnett pointed out that we did buy the crab to fulfill the need for city of King Cove to keep the crab tax revenue in King Cove. If we didn't purchase the crab quota, it may have been sold outside AEB. Peter Pan has been a supporter of us, by processing the Aleutia salmon, however, last year we didn't have one delivery from King Cove fishermen. We then concentrated our efforts to get crab on the plate. King Cove is giving back to Aleutia the raw fish tax from the crab, but the city also gets the State shared fisheries tax revenue still.

MOTION

Paul G. moved to approve the \$23, 000 funding request from Aleutia and second by the Ernie.

ROLL CALL

Carol-yes, Paul S.-yes, Marvin-yes, Ernie-yes, Paul G.-yes, Joe-yes. Advisory: Justine-yes, Tom-yes. Passed.

REPORTS AND UPDATES

Assembly Retreat:

The Assembly retreat will be with the School District. The theme will be where have we come, where we are now and where are we going. Marvin suggested including Eastern Aleutian Tribes, Inc. to include in discussion where our funding goes.

Small School Sites:

Justine said there has not been good dialogue with the School District in regards to the small school sites. If we continue to lose our children, we won't have a future. We are not getting the education that they need and feels the School District is not doing their job in the rural communities. The region Annual Yearly Progress (AYP) has passed, however, we have a middle school student that can't read and student count is declining. This has to be an AEB concern and a School District concern. If we lose more children we are going to lose our schools. Feels it is a dangerous problem and it is not getting addressed. Tom agrees with Justine on this issue. Joe said if we can't confront the issues then we are going to lose students. AEB staff also needs to address Assembly concerns. When the Assembly tries to address they're told to run for the School Board. He also agrees with Tom and Justine and feels this is going to get worse. Mayor Mack said you do have representatives on the School Board. Justine said we have no representation in Nelson Lagoon, False Pass and Cold Bay. Justine said Anchorage is now recruiting young innovative teachers and sending them to rural areas. She feels our teachers are not doing their job and our voices are not being heard. Mayor Mack feels even the larger schools are witnessing concerns in the education system.

School Board Chair, Tiffany Jackson, said all the schools passed AYP. Standards get increased every year. She believes by 2014 no school will be able to meet requirements.

Joe said if an Assembly member has concerns they are told to talk to representatives, however, he feels the Mayor is the Assembly voice and should forward our concerns to the School District. Mayor Mack said he would do that. Justine said that they did ask the Borough and no one came to the plate. She feels concerns need to be addressed by Superintendent Knight.

The Administrator suggested having someone to mediate a discussion between the School District and the Assembly at the retreat.

City of Cold Bay concerns:

Paul S. said the city of Cold Bay at its meeting brought up the issue of the boat ramp in Cold Bay which is washing out underneath. The maintenance person talked to Alaska Construction who claimed that the rock laid down wasn't large enough. They said the AEB wanted to use smaller rock. The trough needs to be lifted out and unbolted and something done to fix it.

Mayor Mack suggested the city of Cold Bay Council bring this to the Borough attention in a formal letter with photos saying it is best to repair at an early stage. This is the first he has heard of the problem and requested the name of the person contacted at Alaska Construction.

Paul S. also said Mayor of Cold Bay, George Lopez, set up meetings with Senator Hoffman and Representative Edgemon. However, they didn't fulfill their meeting with Mayor Lopez when they arrived in Cold Bay. Mayor Lopez feels that when the King Cove Access project is being addressed they feel Cold Bay is being left out. The Administrator said that King Cove makes these visits happen by buying the airplane tickets and spending lots of money. King Cove is very centered on getting their projects accomplished and sometimes they forget that there is another end to this road, however, can not blame King Cove for pushing their agenda to get their projects accomplished. Mayor Mack said the trip was promoted by King Cove to educate the Senator and in promoting Cold Bay he discussed some rehabilitation to the runway and putting an apron at the new terminal. Senator Hoffman is head of finance and is the proper person to talk to in regards to this.

Mayor Lopez said he is not blaming King Cove or AEB, but just wants to make you aware of what happened. When he saw them touring Cold Bay, he felt they should have fulfilled their scheduled time with him. Mayor Mack said he was pushing his luck to get them to visit the terminal bldg. This was on King Cove dime when he toured them on the terminal and land exchange issue. He pushed it as far as he could before everyone went to King Cove, which was the purpose of the trip along with educating the Senator on the land exchange. When they got back to Cold Bay, it was time to leave. The Administrator said King Cove Manager, Gary Hennigh, agreed that once again the communications are not what they should be on this road project and he resolved once again to communicate better with Cold Bay and believes having a new mayor will help that.

Float for Cold Bay:

Mayor Mack asked about the float that is to be brought to Cold Bay from Nelson Lagoon. Paul S. explained that it is too long and heavy to put on a tender. The Mayor asked if it could be cut in half. Paul S. said yes, but the weather is a concern.

Mel Gillis land issue:

Joe Levesque, AEB attorney, updated the Assembly on the Mel Gillis litigation on the land issue. The AEB selected his state leased land as municipal entitlements from the state for the purpose of getting another source of revenue. Attorney letters were saying we had to sell the land to Gillis. They came across an obscure Title 38 provision that said the director of DNR shall give a preference to lease or sell land if land under federal tenure and the lessee of that land had a business on the property and 25% of income was derived from that business. Gillis was invoking that preference, however, Gillis didn't get his lease until mid 80s so this statutory section that created this does not include him. The AEB offered to extend the lease to Gillis and didn't hear from him. Gillis' new attorney requested AEB give preference to Gillis or he will sue DNR. Juettner suggested AEB sue him first, a declaratory judgment, so a judge would tell us if we were right. The court granted the AEB motion for declaratory judgment. After getting judgment from court we are now discussing attorney fees. The prevailing gets 20%, we argue that AEB should get full attorney fees paid since their argument had no merit at all. During oral argument we told the judge the tenant built without permits and built on lands that weren't in his leased land. We are now waiting for the court to rule on attorney fees. In the meantime, the losing party has to decide whether to appeal, and Gillis has filed an appeal. Still need to work with Gillis as a lessee since he is still paying his lease.

Paul S asked how much on the lease, Levesque said \$5,000 for 5 acres per year. The lease was for 25 years with about 3 years left.

Scholarship request:

Carol said letter from Kyle Foster scholarship funding request. She supports making an effort to find funding for him. Mayor Mack said we have had several requests and have not been able to help them either, but feels there are scholarship programs available already.

ASSEMBLY COMMENTS

PUBLIC COMMENTS

