

# Aleutians East Borough

## Annual Report

Fiscal Year 2019

### The Aleutians East Borough Mayor and Assembly Members:

**Mayor** Alvin D. Osterback

#### Assembly

Warren Wilson  
Paul Gronholdt  
Chris Babcock  
Brenda Wilson  
Carol Foster  
Josephine Shangin  
E. Ingrid Cumberlidge

#### Community

King Cove  
Sand Point  
King Cove  
King Cove  
Sand Point  
Akutan  
Sand Point

#### Seat

A  
B  
C  
D  
E  
F  
G

#### Advisory

Dailey Schaack  
Samantha McNeley  
Tom Hoblet

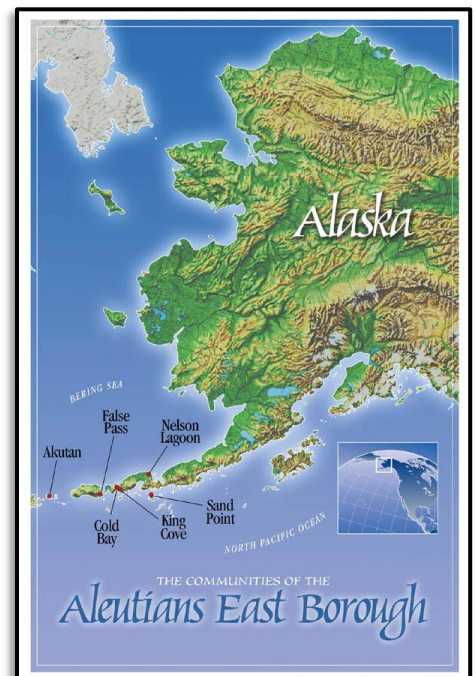
Cold Bay  
Nelson Lagoon  
False Pass

### Community Projects

#### Akutan:

##### **Akun Dock & Breakwater**

The AEB is working with several entities to determine the feasibility of building a small dock and breakwater on Akun Island. The project would include operating a conventional vessel between Akun and the City of Akutan. Studies on vessels that may work to provide a marine link in the future were commissioned by the Borough in 2013 and 2014. Alaska DOT&PF completed Akun Island Harbor conceptual designs for the dock and breakwater project in 2014. Discussions



between the Borough, the U.S. D.O.T., the U.S. Army Corps of Engineers, the City of Akutan and the State of Alaska regarding this project are ongoing.

### **Securing EAS for the helicopter operations between Akun and Akutan**

The Borough has committed to providing the transportation link between Akun and Akutan for 20 years. Currently, the Borough is in Year 7. On Jan. 29, 2019, U.S. DOT signed an agreement to cover 50% of the helicopter expenditures. The agreement was retroactive to January 1, 2019. Maritime Helicopters and USDOT entered into an agreement to provide essential air service between Akun and Akutan. The Borough is responsible for paying the remaining 50%. The Borough is anticipating paying \$846,000 to Maritime for Year 1 and \$874,000 for Year 2. After subtracting the cost of the skiff charter fee, the hangar fee and the helicopter fuel charge, the Borough's overall subsidy for Year 1 will be an estimated \$484,000. For Year 2, it will be an estimated \$464,000.

### **Akutan Harbor**

It's anticipated that the power generation project for the Akutan Harbor's perimeter and Float A system will be completed by late September 2019. The City project will cost approximately \$2 million. The harbor will be open for limited business by the end of 2019. The AEB and the City of Akutan plan to build the second and smaller float (B) system as funding becomes available.



**Akutan Harbor**

### **Akutan School**

In May 2017, a building assessment of the Akutan School was conducted. It was determined that in general, the school has been very well-maintained. However, code violations and other critical items that need correction were identified. The Borough will be conducting repairs to mechanical, electrical and control systems this summer/fall.

## **Cold Bay:**

### **Cold Bay Dock Repairs**

The Cold Bay Dock was originally constructed in 1978. In October 2015, DOT&PF conducted extensive repairs on the dock at an approximate cost of \$1.5 million. Numerous inspections and assessments have been conducted on the dock over the years. It is anticipated that the dock has an approximate ten-year life span remaining. The Borough has appropriated \$150,000 for a feasibility study.

## **Cold Bay Clinic**

The Cold Bay Clinic is a project the Borough has been working on for several years and is part of the AEB strategic plan. The project includes construction of a new health clinic on the airport apron in Cold Bay. It would replace the old clinic, which has reached the end of its useful life. The Borough has \$4,865,041 for this project. Construction is anticipated to begin in Spring 2020.

## **AEB Terminal Building in Cold Bay**

The apron leading to the AEB Terminal Building in Cold Bay was completed during the summer of 2017. The Borough had a \$2,000,000 designated legislative grant for the apron, and the Borough spent \$225,000 of its own funds on this project. Securing a lease with airlines for the AEB Terminal Building in Cold Bay is another important goal for the Borough. The second floor is currently leased by the FAA and the National Weather Service.



**AEB Terminal Building in Cold Bay**

## **Cold Bay School**

The Cold Bay School closed in the spring of 2015 due to low enrollment, and the building remains unoccupied. The Borough still maintains a lease with the State of Alaska Aviation Leasing for the Cold Bay School. The Borough Assembly added the Cold Bay School as a strategic initiative with the goal to identify what to do with the property (transfer, repurpose or demolish) and execute the plan. The Borough is in the process of assigning the state lease for the land and selling the Cold Bay School to a private entity.

## **False Pass:**

### **False Pass Harbor House**

Construction of a harbor house in False Pass is another priority listed in the Borough's strategic plan. 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 \$150,000 for the design.

### **False Pass Harbor**

The False Pass Harbor was completed in 2009. The project contractor, Kelly-Ryan, Inc. (KRI), filed a



**False Pass Harbor**

lawsuit against the Army Corps of Engineers shortly thereafter. The litigation process went on for years. However, a restitution payable by the Army Corps of Engineers for \$20,650,253 was awarded on December 5, 2017 in regards to the claim from Kelly-Ryan, Inc. against the Army Corps of Engineers arising from a contract dispute relating to the construction of the False Pass Harbor. Since the project cooperation agreement between the Department of the Army and the Aleutians East Borough (AEB) provides for cost sharing on the part of the Borough, the Army Corps asserts that the AEB is liable for part (anticipating it to be 20%) of the restitution awarded. The Corps is still trying to finalize the restitution amount. No agreement has been reached between the Borough and the Corps as to the restitution payable by the AEB. It is unclear when a request to the Borough for payment will occur. While the Borough denies any liability and believes this is solely an Army Corps of Engineers contracting issue, the AEB is working on a solution to address a gross inequity in the interpretation of the Project Cooperation Agreement.

### **False Pass School**

A building assessment was conducted in April 2018. In general, the school has been very well-maintained. It was recommended that the Borough complete the electrical items as soon as possible. A few of the other items can be completed by the Borough's Maintenance Department. Further work will be considered and addressed in the later part of FY2020 and FY2021.

## **King Cove:**

### **King Cove Access Project**

On Jan. 22, 2018, former U.S. Secretary of the Interior Ryan Zinke signed a land exchange agreement with the King Cove Corporation (KCC). The agreement would begin a process between Interior and KCC of identifying land of equal value needed for a gravel single-lane restricted access road that would provide a link to the Cold Bay Airport. Nine days after the agreement was signed, several environmental groups, led by Friends of Alaska Wildlife Refuges, sued Secretary Zinke, his agency and the U.S. Fish & Wildlife Service in an attempt to block the proposed road. On March 2, 2018, the Aleutians East Borough Assembly voted to intervene in the federal lawsuit brought by the coalition of environmental groups against the Department of the Interior (DOI) and USFWS.

Parties to the filing were the Borough, the King Cove Corporation, the City of King Cove, the City



**King Cove**



of Cold Bay, the Agdaagux Tribe and the Native Village of Belkofski. On March 29, 2019, U.S. District Court Judge Sharon Gleason ruled that the King Cove land exchange agreement signed by former U.S. Interior Secretary Ryan Zinke violated federal law according to the Administrative Procedure Act. She said DOI did not acknowledge that the exchange was a reversal of Interior policy from former Secretary Jewell, under President Obama.

On May 21, 2019, the King Cove Corporation requested, via letter, that DOI reconsider the land exchange previously vacated by the District Court and highlighted the reasons why the exchange is vital. On July 12, 2019, DOI and the King Cove Corporation signed a new land exchange, similar to the previous one. U.S. Interior Secretary David Bernhardt included an explanation behind DOI's reversal of Interior policy. On August 7, 2019, nine conservation groups filed a lawsuit in U.S. District court against DOI and Secretary Bernhardt claiming that the new land exchange agreement violates environmental laws, including ANILCA, NEPA and the Administrative Procedure Act.

### **King Cove School**

The building assessment was performed in April 2018. In general, the school is well-maintained and in very good condition. It was recommended that the roof items be addressed, which entail inspecting the roof parapet and general flashing for sealant failures and mis-lapped flashing, which could allow water intrusion; that inspecting and repairing locations above the stained interior ACT tiles be conducted due to leaks, and some of the electrical items need to be addressed. Other items can be conducted by the Borough's Maintenance Department. Further work will be considered and addressed in the later part of FY2020 and FY2021.

### **Nelson Lagoon:**

#### **Nelson Lagoon Dock**

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. The Borough hired Moffatt & Nichol to complete the design and permitting. The project is almost bid ready. The Borough has appropriated \$935,000 for this project.



**Nelson Lagoon Dock**

The AEB, the Nelson Lagoon Tribal Council (NLTC), and the State of Alaska entered into an agreement for the Nelson Lagoon mitigation erosion project. The Borough used \$198,986 in Community Block Development Grant funds for this project. Although this project was not completed, the NLTC filled 550 geotextile containers and placed 240 of them along the shoreline. The Council needs to place the remaining bags along the shoreline to complete the project.

The Nelson Lagoon Tribal Council expressed an interest in taking over the school facility in Nelson Lagoon, which closed in 2014 due to low enrollment. The Council plans to use the facility for community services. The facility is on municipal trust land, which ties into the state. After two years, the state determined that if the Council accepts the land, via a resolution, the state can transfer it following a process. The land was deeded from the State to the Council in June 2018. The building assessment was completed in January 2019 at an approximate cost of \$38,000.

The new harbor's Float B was completed in 2011. Float A is still needed to complete the inner harbor facilities. The Borough Assembly appropriated \$214,754 from the permanent fund earnings to complete the design work. The design, bid documents and permitting have been completed. Float A construction 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.



On May 11, 2017, Sand Point Mayor Glen Gardner, Jr. requested \$100,000 to assist with costs to recertify the Sand Point Airport, allowing the Saab 2000 planes to land there. The AEB Assembly approved this funding request. The funds went toward repairs needed for recertification, including the building located on leased state land.

## **Sand Point School**

The building assessment was completed in April 2017. Three engineer contracts were approved to conduct the projects at the school. It was determined that the school has been well-maintained over the past 35 years. However, in 2017, Wired AK LLC was contracted for deferred maintenance electrical work in an amount not to exceed \$110,000, and in June 2018, approximately \$264,000 was expended on electrical, mechanical and control work. Kuchar Construction LLC is in the process of painting, conducting sealant, window replacement and other repair work. Further work will be considered and addressed in FY2021.



**Sand Point School**

## **Bond Service Debt:**

Since 1990, the Borough has bonded \$46,750,000 for Borough projects in the communities of Akutan, Cold Bay, False Pass, King Cove, Nelson Lagoon, Sand Point and the schools. The general obligation bonds payable at June 30, 2018, are comprised of the following: 2010 Series A & B in the amount of \$3,530,000; 2011 Refunding Series Three in the amount of \$835,000; 2015 Refunding Series One in the amount of \$1,415,000 and the 2016 Refunding Series Three in the amount of \$16,120,000 resulting in a total bonds payable amount of \$21,900,000.

The annual required installments on all Borough general obligation bonds as of June 30 are as follows:



**The Akutan Airport was partially funded with general obligation bonds.**

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2020	\$1,520,000	\$962,416	\$2,482,416
2021	\$1,595,000	\$897,493	\$2,492,493
2022	\$1,685,000	\$825,302	\$2,510,302
2023	\$1,805,000	\$743,191	\$2,548,191
2024-2028	\$10,760,000	\$2,193,454	\$12,953,454
2029-2030	\$3,085,000	\$130,737	\$3,215,737

## **Fisheries Management/Advocacy:**

Fisheries management is a top priority for the Aleutians East Borough. The Borough is involved in legislative advocacy for fisheries issues, which includes monitoring federal and state actions.

### **Board of Fisheries**

Several steps were taken to prepare for the Feb. 21 - 27, 2019 Alaska Board of Fisheries meeting focusing on the Alaska Peninsula/Aleutian Islands/Chignik Finfish. During FY '18, the Borough hired Eric Volk, one of the lead authors of the WASSIP study, who prepared several documents interpreting WASSIP data and outlining historical background on Area M management. The Borough also contracted with sociocultural anthropologist Dr. Katherine Reedy who prepared a social impact assessment for the meeting. Dr. Reedy has substantial expertise in the socioeconomics of Area M and produced a similar report for the AEB in 2015 for the GOA Trawl Bycatch Management Plan. Staff conducted extensive outreach with key stakeholders, background research to assist in testimony development, and facilitating strategic meetings.



**Area M fishermen meet during the Alaska Board of Fisheries meeting Feb. 21 – 27, 2019 focusing on the Alaska Peninsula/Aleutian Islands/Chignik Finfish.**

### **Limited Entry Salmon Proposal**

During the fall of 2017, AEB Mayor Osterback authored a [proposal](#) that would redefine the transferability of limited entry salmon permits. The goal is to curb the alarming outmigration of permits from rural communities due to the graying of the fleet. Adding a second name to the permit would allow the permit owner to mentor an up-and-coming fisherman from his community and help transition that individual into the fishery. An additional benefit would be to have the survivor of a permit holder retain the ability to be the first name on the permit while allowing a second person to fish that permit. The Aleutians East Borough, the City of King Cove, the City of Sand Point, SWAMC and AML have supported this proposal with resolutions. UFA is also interested in the proposal and is currently reviewing it. The Borough is working with the legislature on drafting a bill.



**AEB Mayor Alvin Osterback presents his limited entry salmon proposal to the UFA board last fall.**



## Electronic Monitoring in the WGOA Trawl Catch Boat Fleet Grant

Adoption of electronic monitoring (EM) for the Western Gulf of Alaska pollock trawl fleet and associated tenders will improve monitoring and provide improved bycatch reporting to support fisheries conservation and management. This two-phase project will place EM systems on catcher boats and tenders so unsorted catch can be tracked from the net to the shoreside plant where salmon census counts and biological sampling will be conducted. Funds for phase one supported skipper training, plan development, installation of EM systems on catch vessels, on-going technical support, data review and the development of tools to increase the efficiency of the review process. Funds for phase two would continue work from phase one and additionally fund EM on the remaining fleet, shoreside samplers and halibut chute research.



A camera is mounted on a vessel as part of the electronic monitoring program in the Western Gulf of Alaska Trawl Catch Boat Fleet Grant.

In 2018, the National Fish and Wildlife Foundation (NFWF) awarded \$433,772.62 for the Implementing Electronic Monitoring in the Western Gulf of Alaska Trawl Catcher Boat Fleet collaborative project between AEB, Peninsula Fishermen's Coalition (PFC) and Saltwater Inc. (SWI.) SWI completed the initial vessel installations and collected data on the A&B pollock seasons. Phase one has been successful in demonstrating EM effectiveness for compliance monitoring of discards. If funded, phase two will operate under a two-year Exempted Fishing Permit (EFP) during 2020/2021 to test EM ability and to conduct full salmon census counts at the shoreside plants.



Computer monitors display camera images of an electronic monitoring system on board a catcher vessel.

## Mariculture Initiative

On Dec. 3, 2018, the Board of Directors of the National Fish and Wildlife Foundation approved \$71,456 for the Piloting Kelp Mariculture in the Near-Shore Waters of the Aleutians East Borough Communities Project. Mariculture could have significant long-term economic and environmental benefits in the region. Objectives of this project include identifying appropriate and specific sites

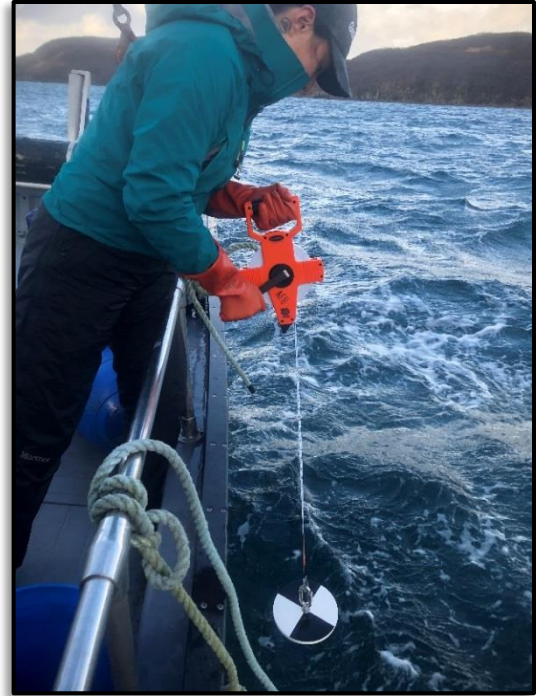


to launch pilot mariculture farms, complete permitting activities, develop a plan for culture of organisms, and initiate discussions with fishermen and processors to the communities of False Pass, Akutan and Sand Point. Initial siting was successfully completed in Sand Point and Akutan, and a permit application was successfully submitted for Sand Point in April 2019. Additionally, community outreach was conducted with the students of Akutan. Siting in False Pass is scheduled to begin in Fall 2019. The AEB has partnered with several organizations including SWAMC, UAA, Alaska Sea

Grant and Trident to advance mariculture in the AEB region.



Various kelp species collected near Akutan.



AEB Natural Resources Assistant Director Charlotte Levy takes turbidity samples near Sand Point as part of the mariculture initiative.



Washed up bull kelp in Trident Bay during site surveying in Akutan.



AEB Natural Resources Assistant Director Charlotte Levy conducts outreach with local students in Akutan on kelp biology.





**Purse seine vessel, the F/V Celtic, making a set near Red Bluff on Popof Island. Skipper, Dale Pedersen. Owners, Bonnie and Lois Berntsen.**



**Akutan Harbor**