

# Aleutians East Borough

## Annual Report

Fiscal Year 2020

### Message from the Mayor

Hello everyone. I hope you and your family are staying healthy and safe. We can probably all agree this has been a challenging year, but it has also been very rewarding. We have made substantial progress on numerous Borough projects.

From the COVID-19 pandemic, which brought several positive cases to our region, to the 7.8-magnitude earthquake that caused damage in Sand Point and Cold



**Aleutians East Borough Mayor Alvin D. Osterback**

Bay, we have been tested on a variety of fronts. The decline of our cod fisheries and the unpredictable nature of our other fisheries have added to the difficulties, but we have shown we can weather the storms and have met these challenges head on.



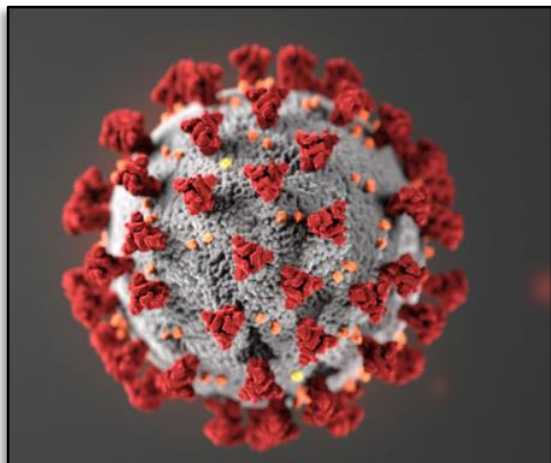
**AEB Administration and staff mask up during an online meeting as part of the #MaskUpAleutiansEast! Facebook campaign.**

Since early this year, the coronavirus pandemic has dramatically impacted every aspect of our lives and the way the Aleutians East Borough does business. In addition, commercial fishermen and processing companies were required to submit plans compatible with state health mandates to handle risks associated with COVID-19. Carefully planning ahead helped all of us to navigate these uncharted waters. In April, the AEB Natural Resources Department hosted a successful Town Hall to discuss the

summer salmon season and the challenges we faced.

Throughout the pandemic, my staff and I have worked hard on all the issues and projects that are important to you, and we are proud of our accomplishments. We continue to be accessible through phone calls and emails. We are confident our proactive responses to COVID-19 will lessen the impact. We'd like to thank all Borough residents for their efforts to help curtail the spread of coronavirus by practicing social distancing, wearing masks and handwashing. It takes all of us to prevent the spread of COVID-19. I'd also like to extend a huge thank you to the entire staff for their hard work and their flexibility during this trying time. Also, a big thanks goes to our Assembly members for their understanding with all the changes we have presented to them. Working together, we know we can tackle the challenges that come our way while working to create a brighter future for Borough residents.

## **COVID-19**



**The Borough Assembly passed an emergency ordinance in March, declaring a disaster emergency in response to COVID-19.**

On March 23, 2020, the Aleutians East Borough Assembly passed an emergency ordinance, issuing a declaration of disaster emergency in response to COVID-19. This was reauthorized in May and July. The ordinance allows the Borough Mayor to request state and federal assistance to meet the ongoing emergency created by the pandemic, and to hold Assembly meetings telephonically to maintain social distancing while ensuring the continuation of Borough business.

The COVID-19 CARES Act, passed by Congress and signed by President Trump on March 27, 2020, established the Coronavirus Relief Fund, appropriating \$150 billion in payments to state, local and tribal governments navigating the COVID-19

impacts. The Borough is eligible to receive up to \$3.7 million in funding to be used toward COVID-19 response and prevention. A spending plan for the Borough's CARES Act funding is being developed in FY21.

All Borough communities were substantially impacted after Ravn Air ceased operations and filed for bankruptcy in early April due to COVID-19. Alaska Airlines agreed to serve Cold Bay with twice weekly service to fill the void following



**Alaska Airlines began serving Cold Bay with twice weekly service on May 16, 2020.**

Ravn's departure. Administration worked hard with several entities to fast track necessary improvements within the Cold Bay Terminal Building and executed a lease to accommodate Alaska Airlines and TSA. Administration also collaborated with Alaska DOT&PF and Grant Aviation to get the terminal ready to resume regular service. Alaska Airlines began service in Cold Bay on May 16, 2020.

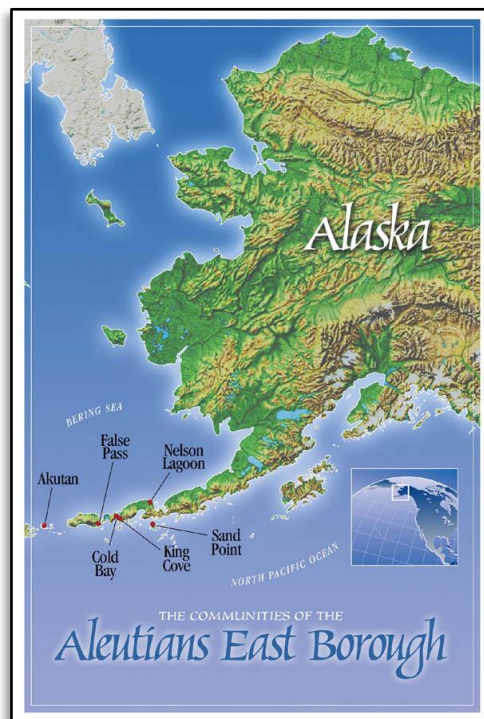
Through July 2020, five cases of COVID-19 were reported in the Borough. Four were non-resident cases and one was a resident. Eastern Aleutian Tribes (EAT) has conducted more than 1,800 COVID-19 tests in the Borough so far, and continues to administer tests daily. EAT has worked hand-in-hand with the State, the communities, the School District and the seafood processors to make sure plans are followed closely to isolate any individuals who tested positive to prevent the spread of the virus.

The Borough continues to host weekly meetings with Borough community leaders, Eastern Aleutian Tribes, and our school district to discuss what is occurring during these unprecedented times. The Borough is also attending Alaska Municipal League Meetings, State of Alaska Emergency Managers briefings, Alaska Municipal Managers Association Meetings, Fishery discussions and others.

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

**Mayor** Alvin D. Osterback

<b><u>Assembly</u></b>	<b><u>Community</u></b>	<b><u>Seat</u></b>
Warren Wilson	King Cove	A
Paul Gronholdt	Sand Point	B
Chris Babcock	King Cove	C
Brenda Wilson	King Cove	D
Carol Foster	Sand Point	E
Josephine Shangin	Akutan	F
Denise Mobeck	Sand Point	G
<b><u>Advisory</u></b>		
Dailey Schaack	Cold Bay	
Samantha McNeley	Nelson Lagoon	
Tom Hoblet	False Pass	



## **Fisheries Management/Advocacy**

Fisheries management and advocacy continue to be high priorities. The Aleutians East Borough addressed a variety of fishery advocacy issues during FY 2020:

- The AEB continued to support local salmon fisheries, including standing in opposition to ACR 5 submitted by the Chignik Intertribal Coalition (CIC) at the Board of Fish Work Session October 2019. ACR 5 would have further restricted the Dolgoi area salmon fishery. The AEB submitted [written comment](#) and attended the October meeting; ACR 5 failed by a vote of 2 - 4 with one recusal. In July 2019, ADF&G Commissioner Doug Vincent-Lang had denied CIC's emergency petition that would maintain closure of the Shumagin Islands section and the Dolgoi area until Chignik Sockeye salmon escapement reached certain levels.<sup>1</sup>
- The AEB focused on efforts to salvage local Pacific cod fisheries in the Western Gulf of Alaska (WGOA). GOA cod allocations were limited in 2018 to only 20% of the previous year, and again in 2019 at similarly low levels. During the 2019 groundfish survey and stock assessment process, analysts estimated the 2020 biomass to be too low to allow for the federal GOA fishery, however, a small state fishery did occur. AEB attended Groundfish Plan Team and North Pacific Fishery Management Council meetings providing input to the Pacific cod stock assessment & allocation process.<sup>2</sup> Natural Resources Staff prepared a [white paper](#) on cod for the Assembly in April 2020. AEB worked with AFSC staff to organize a cod tagging project in March 2020, but due to funding limitations, the project was postponed until 2021.



**Ernie Weiss (bottom – left), member of the North Pacific Fishery Management Council Advisory Panel, during the February 2020 meeting in Seattle.**

- The AEB offered input to NMFS regarding the overreaching proposed critical habitat designation for Humpback whales that would completely engulf all waters of the AEB.

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<sup>1</sup> In 2019, Chignik weir escapement improved over 2018 escapement, even allowing Chignik commercial salmon harvests. However, in 2020, Chignik weir escapement lessened, prompting ADF&G to adopt restrictions in the South Peninsula area in 2020, similar to 2018 management, including closing Dolgoi to all fishing and reducing fishing time in the Shumagin Islands section.

<sup>2</sup> In 2020, most groundfish surveys in the North Pacific were canceled due to COVID-19, further exacerbating a complete stock assessment.

- The AEB facilitated meetings throughout the year with fishermen and others to elevate and improve communication between regional fishery stakeholders.

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

The purpose of this project is to test the effectiveness of using electronic monitoring (EM) systems



**A computer monitor displays camera images of an electronic monitoring system on board a catcher vessel.**

for compliance monitoring in the Western Gulf of Alaska pelagic pollock trawl fishery, in lieu of traditional at-sea observers. Phase one of this project was awarded \$433,772.62 by the National Fish and Wildlife Foundation (NFWF) in 2018 to test EM simultaneously with at-sea observers. Phase one was completed in December 2019 and was successful in demonstrating EM effectiveness for compliance monitoring of discards. Phase two was funded in 2020 by NFWF for \$531,216.56 to fully implement EM at-scale. This project is operating under a two-year federal Exempted Fishing Permit (EFP) during 2020/2021 to test EM effectiveness under a maximum-retention scheme and using shoreside

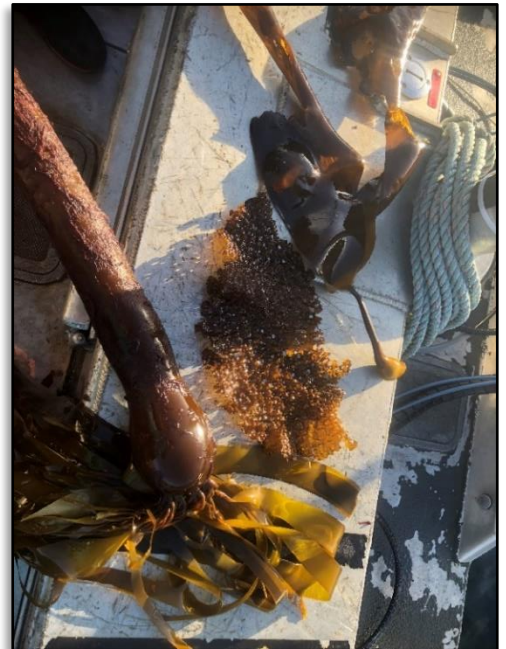
observers to conduct salmon census counts and biological sampling, in lieu of at-sea observers, for the development of a future regulated program.

### **Fishermen's Data Portal**

The AEB submitted a proposal to the Net Gains Alliance in April 2020, and was awarded in June 2020 for \$128,290. This project leverages the data streams collected and data warehouse built under the NFWF EM project to create a fishermen-driven data portal. This portal gives fishermen access to their own data, and will be used to provide real-time salmon hotspot mapping and prohibited species catch rate monitoring.

### **Mariculture Initiative**

The AEB currently has two funded mariculture grants. The first grant was funded by National Fish and Wildlife Foundation in 2018 for \$71,456 to site potential mariculture locations within the AEB and complete the permitting and preparatory work for a pilot kelp farm in Sand Point. Initial siting was completed in Sand Point and Akutan, and a permit application was successfully submitted for Sand Point. In June 2020, the Alaska Department of Natural Resources provided a final finding and decision to approve the permit.



**Various kelp species collected near Akutan.**

The second grant was awarded by National Sea Grant in 2019 for \$149,627 to Alaska Sea Grant and AEB to construct and operate the pilot farm and conduct a small research project. Due to the 2020 pandemic, most of the field work scheduled in 2020 was postponed, and both grants were awarded an extension until 2021.

### **Commercial Fisheries Limited Entry Mentoring/Survivor Transfer Program**

Two companion bills ([Senate Bill 220](#) by Senator Lyman Hoffman and [House Bill 252](#) by Rep. Chris Tuck) were introduced in Juneau in February 2020 to redefine the transferability of limited entry permits following advocacy by AEB Mayor Alvin Osterback. The proposed bill would allow a limited entry permit holder to add a second name to their permit to mentor and help transition that individual into the fishery, ultimately facilitating the purchase of the permit by another community member. The permit holder must be onboard to earn any revenue. The permit holder would be required to



**AEB Mayor Alvin Osterback, Sen. Lyman Hoffman, Cold Bay Administrator Angela Simpson, Assistant Borough Administrator Mary Tesche, Juneau Lobbyist Mark Hickey and AEB Administrator Anne Bailey in February 2020.**

be onboard the vessel and signing 70% of the fish tickets during the first year, decreasing to 30% by the fifth year. The permit holder could pursue the same arrangement one additional time with another individual for up to five years. In accordance with existing law, the permit holder could not fish another permit in a fishery in accordance with existing law. The proposed legislation adds a provision for an emergency or survivorship transfer indefinitely for a surviving spouse or dependent child of a permit holder who dies.

### **Community Projects**

#### **Akutan**

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

The Borough continues advocating for the Akun Dock and Breakwater Project. Initially, this project fell under the Army Corps of Engineers' Continuing Authority Program. However, following the Corps' initial feasibility study, it came back with a price tag ranging between \$29 million to \$52 million. That pushed the project over the cap for that program, which has a limit of

\$10 million. The Borough is working closely with our lobbyists in Washington, D.C., the City of Akutan and the Akutan Tribe, and they are looking into the tribal partnership program to help move this project forward.

### **Akutan Harbor**



**Akutan Harbor**

The Borough is currently pursuing federal and state grant opportunities for a \$12.7 million project to complete the float system in the Akutan Harbor. One such opportunity includes combining this project with the Sand Point Harbor project, as suggested by U.S. DOT's Maritime Administration. The Borough submitted the Sand Point and Akutan Harbor Float Port Infrastructure Development Grant on May 8, 2020.

### **Cold Bay**

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

The Borough completed several improvements to its terminal building to allow for regular passenger service from the new location this year. Improvements include installing a luggage conveyer belt, ticket counters, scales, and seating in the passenger hold room. Additional work has been completed to accommodate TSA screening equipment and personnel following Alaska Airline's arrival to Cold Bay in May.

#### **Cold Bay Clinic**

On January 22, 2020, the Borough entered into a contract with LCG Lantech, Inc. (LCG) to provide construction administration services for the new Cold Bay Clinic. Construction of the clinic was scheduled to begin in Spring

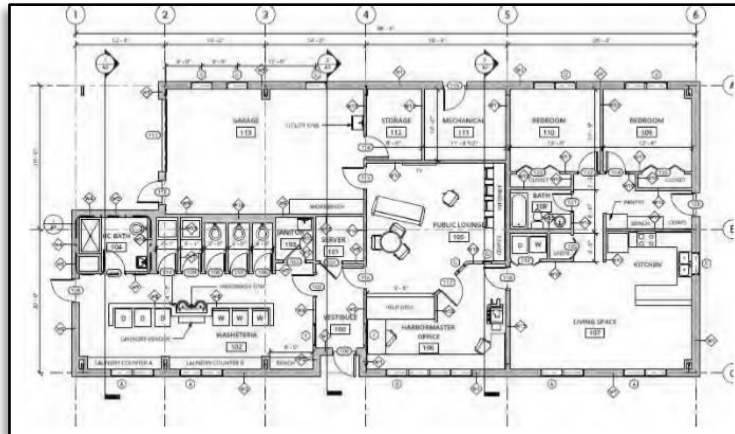


**Improvements at the AEB Terminal Building in Cold Bay included installing a conveyer belt and ticket counters.**

of 2020. Due to the COVID-19 pandemic, Borough Administration postponed the project to 2021 in an effort to reduce virus transmission in the community from construction crews traveling in to work on the project. The project is tentatively scheduled to be advertised for bid starting in late 2020, with construction set to begin in Spring of 2021. The Borough has appropriated \$4.8 million for this project.

## **False Pass**

### **False Pass Harbor House**



**False Pass Harbor House floor plan**

The Borough has worked diligently with the City of False Pass and LCG on the harbor house design process. The Borough Assembly has appropriated \$150,000 for the design. At this time, the design phase is at 95%. The second phase of the project includes construction of the facility.

## **King Cove**

### **King Cove Access Project**

On July 12, 2019, the U.S. Department of the Interior (DOI), under the direction of Interior Secretary David Bernhardt, and the King Cove Corporation, signed a new land exchange agreement. U.S. Interior Secretary David Bernhardt included an explanation behind DOI's reversal of Interior policy from the previous one under the Obama Administration, in which the land exchange was rejected. 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**

On June 1, 2020, Alaska Federal District Court Judge John Sedwick ruled that the Interior Secretary's decision was arbitrary and capricious and in violation of the Administrative Procedures Act. The Secretary disagrees with this decision, as does the State of Alaska and the King Cove Corporation, the tribes, the City of King Cove and the Aleutians East Borough.

### **King Cove School Deferred Maintenance Project**

The King Cove School Deferred Maintenance Project has been postponed until 2021 to limit the exposure of COVID-19. Items planned for next year include inspecting the roof parapet and general flashing for sealant failures and mis-lapped flashing, which could allow water intrusion; inspecting and repairing locations above the stained interior ACT tiles due to leaks; and some electrical issues. In February, the Borough approved an amount not to exceed \$70,000 for DOWL and their subconsultants to provide project management services for the improvements. The total cost for the deferred maintenance project is approximately \$280,000.



**King Cove School**

### **Nelson Lagoon**

#### **Nelson Lagoon Dock**

The Nelson Lagoon Dock repair project, another Borough priority, has been postponed until 2021 to limit the exposure of COVID-19. Next year, work on the dock will include replacing 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 Borough has



**The Nelson Lagoon Dock repair project has been postponed until 2021.**

appropriated \$1,110,000 for this project. Heko Services, Inc. has been contracted to conduct the repair work.

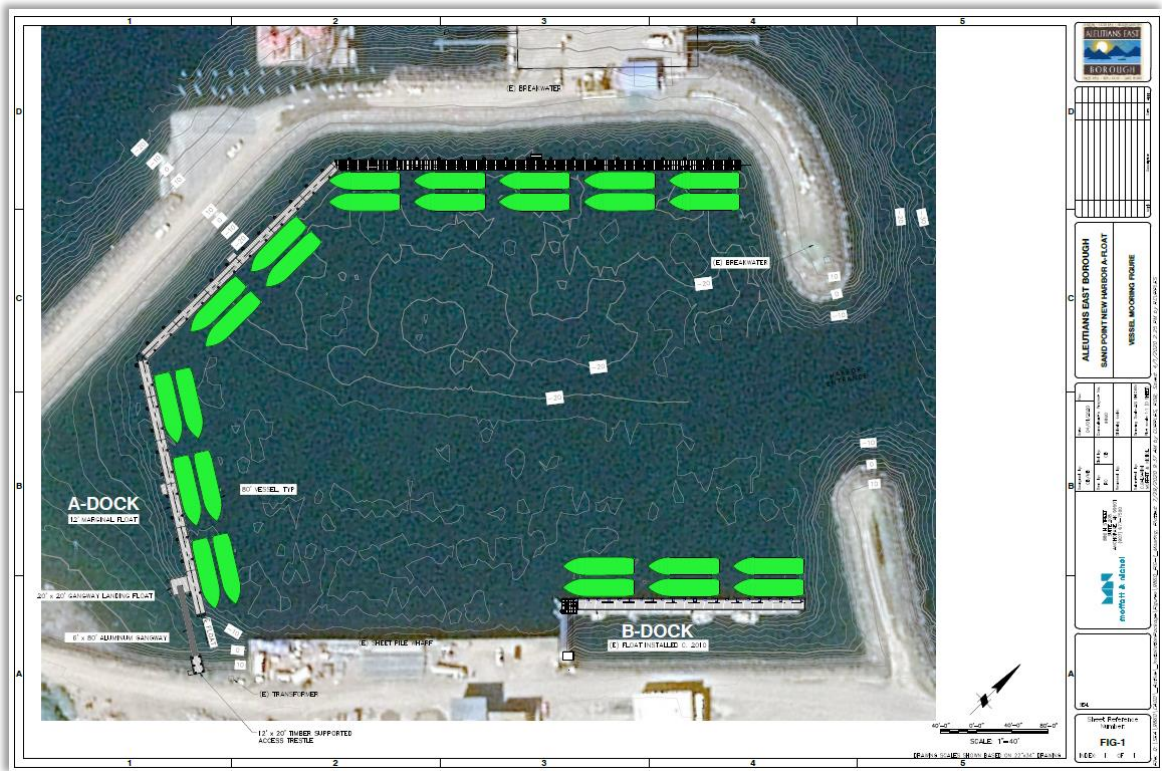
## **Sand Point**

### **Sand Point Harbor Float Design**

Due to a lack of funding, the Borough is currently pursuing federal and state grant opportunities for Sand Point's Float A project. The Maritime Administration has suggested bundling this \$7.1 million project with the Akutan Harbor project. The Borough submitted the Sand Point and Akutan Harbor Float Port Infrastructure Development Grant on May 8, 2020. The Borough has also submitted a State of Alaska Municipal Harbor Grant Application for this project.



**The Borough is seeking federal and state grant opportunities for Sand Point's Float A project.**



**Layout of Sand Point's new harbor**

## **Financial Snapshot**

The Borough's FY20 financial summary is as follows:

<b>FY20 Financial Summary:</b>	
FY20 Revenues:	\$8,207,910.64
FY20 Expenditures (General Fund, Bonds, Maintenance)	\$6,377,503.66
FY20 Helicopter Transfer	\$662,027.30
FY20 Cold Bay Terminal Transfer	(\$70,001.71)
FY 20 Permanent Fund Earning Capital Project Appropriations	\$1,647,000.00

## **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, 2019, are comprised of the following: 2010 Series A & B in the amount of \$3,305,000; 2011 Refunding Series Three in the amount of \$640,000; 2015 Refunding Series One in the amount of \$1,225,000 and the 2016 Refunding Series Three in the amount of \$15,280,000 resulting in a total bonds payable amount of \$20,450,000.

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

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$1,520,000	\$962,416	\$2,482,416
2022	\$1,595,000	\$897,492	\$2,492,493
2023	\$1,805,000	\$743,191	\$2,548,191
2024	\$1,945,000	\$649,636	\$2,594,636
2025 - 2029	\$11,270,000	\$1,640,062	\$12,910,062
2030	\$630,000	\$34,494	\$664,494