



Aleutians East Borough Strategic Initiatives As of December 14, 2017

Completed Projects with Ongoing Components

False Pass Harbor

False Pass Harbor has been completed, but has not been closed out by the Army Corps of Engineers (Corps). There is an outstanding claim by the contractor Kelly-Ryan. Future costs could include litigation costs and settlement costs which are unknown at this time. There is approximately \$339,070 remaining in the False Pass Harbor Bond Account for this project.

Akutan Harbor

Akutan Harbor was completed by the Corps in October 2012. The Borough is currently waiting for completion and final billing for its portion of the construction costs, currently estimated to be approximately \$3.8 million. No funding has been identified for the final payout to the Corps.

As part of the Corps project closeout, several mitigation measures must be met, including updating the Akutan Harbor Development and Operations Plan, cleanup of the beach leading to the harbor mooring basin, and installing signs related to oil spills and Steller's eiders. Several of the required items are the responsibility of AEB and are in the process of being completed.

The Borough managed the construction of Float A, which was completed in July 2016 for approximately \$3.4 million. Following the completion of the float, the Borough and the City entered into a Harbor Management Agreement in December 2016. The City recently submitted an application to the Community Development Block Grant (CDBG) program requesting \$850,000 for Phase 1 of the Akutan Harbor Utility Project. The project consists of designing and building a power and lighting system for the existing harbor and float. The total project cost is an estimated \$1.8 million across FFY18 and FFY19. The CDBG program requires applicants to provide a 25% cash match for their project, which the Borough Assembly will consider funding at the December 14, 2017 Regular Assembly Meeting.

Helicopter Transport

The Borough is responsible for providing the transportation link between Akutan and the airport on Akun Island for 20 years. The Borough began providing service between the two islands in

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2012 using a Borough-owned hovercraft. In 2014, the Borough contracted with Maritime Helicopters to move passengers using a helicopter.

Since the start of the transportation link in 2012, the Borough has subsidized the operation. The total estimated subsidy from inception of service through June 2017 is just under \$9.5 million dollars. The AEB is working to identify ways to reduce this subsidy, including advocating for the service route between Akutan and Akun to be paid for by the U.S. Department of Transportation (USDOT) Essential Air Service (EAS) program.

As part of the latest EAS contract renewal for Akutan, USDOT agreed to consider paying for the cost of helicopter access between Akun and Akutan in addition to the regular service route between Dutch Harbor and Akun. In late October 2016, the USDOT issued a decision to subsidize fixed wing operations between Dutch Harbor and Akun for two years, but failed to support a subsidy for any helicopter service at that time. It is possible that USDOT may reconsider that decision, but there is no guarantee this effort will succeed. See “Essential Air Service”, under Action Items below, for more information on this effort.

Current Capital Projects

Akun Breakwater and Dock

The Borough is working with the City of Akutan, Alaska Department of Transportation & Public Facilities, and the Corps to determine the feasibility of building a small dock and breakwater on Akun Island and then operate a conventional vessel. Per the Corps, the Borough and the City should have an indication of available federal funding for this project by early spring 2018. The Akun breakwater is a high priority for the congressional delegation as well as the Corps, however, federal funding availability will determine when the project can be initiated.

At the recommendation of the Corps, the Borough will be looking into available information that will be useful for the feasibility study if the project is funded. This may include wave buoy studies, geotechnical information on the proposed site(s), and bathometric surveys of the location surrounding the western side of Akun Island.

Cold Bay Clinic

The Cold Bay Clinic Construction project entails the construction of a new 3,744 square foot health clinic on the airport apron in Cold Bay. The clinic design has been completed which consists of clinical and non-clinical areas. The 2017 estimated cost of construction is \$5,475,989.

The current clinic was built in 1983 and has exceeded its useful life. The facility was constructed of Styrofoam and cement wainscot and has sound attenuation issues requiring white noise

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machines being placed in the hallway outside of certain rooms. The roof undulates in high winds since portions of it are not secure, causing the clinic staff to vacate the premises. It is extremely important to have a new clinic that will enhance the care and quality of life of patients throughout the region by improving overall service delivery, quality, and positive healthcare outcomes.

The Borough has secured \$3,054,139 for the project to date. The Denali Commission provided \$186,000 to complete the design. The Eastern Aleutian Tribes Board of Directors committed \$250,000, and the Borough Assembly appropriated \$2,618,139 for construction. The Borough anticipates obtaining the remaining necessary funding from state, federal, and non-profit sources.

Cold Bay Dock

The Cold Bay Dock was originally constructed in 1978. The new dock section was constructed in 1993. The Borough owns the dock and the City of Cold Bay is responsible for maintenance and operations. The Alaska Department of Transportation and Public Facilities (DOT&PF) and various consultants have performed numerous inspections and condition assessments of the dock and damage has been documented. DOT&PF recently conducted repairs of the dock and have stated that the dock will be in need of major repairs and upgrades in the next ten years. DOT&PF has assisted the Borough in providing additional information regarding the dock. The Borough may conduct a feasibility study on the dock to initiate.

Cold Bay School

The Cold Bay School closed in the spring of 2015 and the building remains unoccupied. The Borough still maintains a lease with the State of Alaska Aviation Leasing for the Cold Bay School and is interested in transferring it to the City of Cold Bay. The City of Cold Bay has submitted a proposal to the State outlining their plans for the facility. The State is now working with an FAA compliance officer to see if the City's proposal is permissible.

The AEB Assembly has appropriated \$50,000 to the Cold Bay School to help the City with this project.

False Pass Harbor House

The Borough and City of False Pass are interested in constructing a Harbor House in False Pass. The Borough is proposing to approach this in phases. The first phase involves completing the design and obtaining a cost estimate for construction of the facility. The second phase would be the construction of the facility. The Borough Assembly has appropriated \$100,000 for the design of the harbor house.

King Cove Access Road

The Borough has been an advocate for the King Cove/Cold Bay Road for decades. The Borough continues to advocate for the road and has and continues to contribute to the project financially and politically.

The Borough has a \$2 million-dollar State grant with approximately \$1.59 million balance that can be used for expenses related to the King Cove Access Road all the way to the Cold Bay Airport, including litigation costs. In addition, the FY18 budget included \$100,000 to fund continuing federal lobbyist and legal representation, technical consultants, media and communication costs and selected travel costs.

Governor Walker approved \$10 million in fiscal year 2018 for the road and the Borough will help continue to advocate for funds to complete the construction portion of the project.

The Borough is also working with the ADOT and contractor, Stantec, to complete the surveys for the previously constructed road of 17.2 miles.

Nelson Lagoon Dock Repairs

Funding of \$25,000 was allocated in the FY17 budget from the permanent funds earnings to have an engineering assessment study done for the Nelson Lagoon Dock. Through our engineering services contract with DOWL, DOWL subcontracted with Moffatt and Nichol (MN) to conduct the study and provide an assessment report. Based on the MN inspection it was determined that a more detailed inspection (Tier 2) was required which would require a diving inspection and a corrosion inspection. The initial assessment study cost \$22,510. To determine the extent of the repairs needed for the dock and to have a report to discuss for possible FY18's budget, the administration authorized the Tier 2 study/ inspection to be done. The Tier 2 study/inspection was completed in December 2017 and cost \$82,500 which required additional funding to be provided from the FY17 Permanent Fund Earnings Capital Projects Contingency Fund of \$100,000.

Based off the two inspections, repair recommendations were made. There were seven (7) Priority Repair Recommendations that include replacing timber fender piling; replacing steel fender piling; replacing steel fender choking; replacing fender units; patching punctured piles; sleeving flattened pile and repairing dock corner impact damage. There were also secondary repair recommendations and long-term repair recommendations.

Two cost estimates were provided. One was the opinion of probable construction cost for the complete project and the second was for a possible phase 1 project. These costs were as follows:

- Opinion of Probable Construction Cost for Complete Project: \$2,655,000
- Opinion of Probable Construction Cost for Possible Phase 1 Project: \$748,000

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The phase 1 project includes items of critical structural importance.

The Borough Assembly appropriated \$900,000 in permanent fund earnings toward this project to conduct Phase 1 priority repairs, a few additional repairs and accounts for inflation and unforeseen contingencies.

The Borough has requested the Nelson Lagoon Tribal Council to set tariff rates for the use of the dock and enter into a new Dock Management Agreement with the AEB. Once this is complete the Borough will start the repair process.

Nelson Lagoon Erosion Mitigation Project

The Borough and Nelson Lagoon Tribal Council (NLTC) are conducting an erosion mitigation project along the lagoon shoreline in Nelson Lagoon. The Borough currently has \$903,000 committed towards this project. This includes \$691,000 in Community Development Block Grant (CDBG) funds; \$108,000 in Borough matching funds; \$54,000 in NLTC cash match funds and \$50,000 in Nelson Lagoon Corporation funds.

The project entails placing geotextile containers filled with sand in a pre-specified pattern along the community portion of the Nelson Lagoon shoreline. The Borough has purchased and shipped all the geotextile container materials to Nelson Lagoon, hired an engineering firm to provide engineering support, and will continue to administer the grant. The NLTC will manage the project using local labor and equipment to facilitate the project, and will be responsible for maintaining the geotextile containers. As of October 19, 2017, the Nelson Lagoon Tribal Council crew had completed 95% of the seawall demolition; 100% of the geotextile container filling and 24% of the revetment construction.

The CDBG grant expires on December 31, 2017 and grant funds will no longer be available for this project. Due to delays, the Borough does not anticipate the project being completed by the end of December and funds will no longer be available for the project's completion.

Nelson Lagoon School – Renovations

For the past two years, the Borough and the State have discussed the closed school in Nelson Lagoon and what to do with the property. The school is located on land held in trust by the State of Alaska for a future city in Nelson Lagoon and leased to the Borough. The 55-year lease became effective January 16, 1997 and would terminate on January 16, 2052. As the school is not expected to re-open, the Borough asked for termination of the lease on September 23, 2015. For the State to terminate the lease they required conditions of the lease agreement to be met, which included continued use of the site and involved repair and remediation work on the building or demolition of the building. The Borough contacted the Municipal Lands Trust on June 3, 2016 with photos showing the repair and remediation work and reiterated its desire to transfer the building to the State in Trust and once again the Borough was asked to meet more

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specific guidelines. Since that time the NLTC has proposed re-use of the school for community services. As the recognized Appropriate Village Entity (AVE), the NLTC must approve any disposal of interest in Municipal Land Trust land in Nelson Lagoon. The AVE can approve the conveyance of the parcel to NLTC via resolution. A thirty (30) day public notice period will also be completed before a deed can be executed. During that time, the State will work with the Borough on preparing the lease for termination.

The Borough Assembly has appropriated \$50,000 to the Nelson Lagoon School to help improve the building and reduce maintenance costs.

Sand Point Float Design

The new Sand Point Harbor was completed in 2007. A wharf was constructed in 2008 and Float B was completed in 2011. Float A is still needed to complete the inner harbor facilities. In 2010, the Borough completed the 65% design for Float A. In 2017, the Borough Assembly appropriated \$100,000 from the permanent fund earnings to complete the design work. The Borough solicited a scope of work and cost estimate from moffatt & nichol (MN) to use the 65-percent design drawings as guidance to complete “bid-ready” contract documents for a two-part procurement process, 100-percent design and the permitting process. The cost estimate for MN to complete the work was \$205,226.000 and the Borough appropriated additional funds in FY 18 to conduct the work.

As of October 27, 2017, MN has completed 90% of the Procurement Contract, 90% design and have submitted the permit applications for the project. The Borough is continuing to work with MN to complete the design.

Action Items

Essential Air Service

On January 3, 2017, the United State of America Department of Transportation (USDOT) issued a Final Order Reselecting Carrier and Establishing Rates to Grant Aviation. The Borough requested to re-open the contract to amend the EAS to include helicopter operations once a helicopter company received the proper certification. In the award to Grant, USDOT states “because of the Aleutians East Borough’s request to re-open this contract to amend EAS, the Department expects to issue a request for proposal earlier than usual.”

Maritime Helicopters has been pursuing a Certificate of Public Convenience and Necessity for Interstate Air Transportation, which will allow Maritime to partake in the EAS process. USDOT just recently issued Maritime Helicopters a Certificate of Public Convenience and Necessity for Interstate Air Transportation. The USDOT Office has found Maritime Helicopters fit, willing, and able to engage in interstate scheduled air transportation of persons, property, and mail and

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issue to it a certificate authorizing such operations. Now Maritime must work with the local FAA to meet final approval and then we may be able to have them take over the operation.

The Borough will continue to provide support to have the helicopter operations included in the EAS process.

Maintenance of Borough-Owned Buildings and Equipment

The Borough is responsible for maintaining all Borough owned buildings and equipment, which includes but is not limited to schools, the Cold Bay Terminal Building and vehicles. Through the Public Works Department, the Borough will continue to conduct maintenance.

Assessment of Borough-Owned Property

The Borough is interested in conducting assessments of all Borough-owned property to determine the condition of property and address deferred maintenance items. To date the Borough has conducted assessments on the Akutan School, Nelson Lagoon Dock and Sand Point School.

Borough Property Surveys

The Assembly added the Lands Surveys Special Project Fund of \$85,000 to the budget beginning in FY2016, to survey the borough's municipal entitlement lands that have not yet been conveyed. This year McClintock surveyed the borough's muni entitlement lands in Port Moller, approx. 1,300 acres. They also created a plat to address Peter Pan Seafoods' request to purchase several acres adjoining their property. The Borough plans to survey its municipal entitlement lands in Sandy River, approx. 2,500 acres, this Spring/Summer and to also create a plat to note the existing APICDA Sandy River fishing lodge.

The Borough intends to eventually get all approved municipal entitlement lands surveyed. Survey is required before final conveyance. The AEB is in the process of revising its Code of Ordinances to accommodate the plat approval and to streamline the process within the administration.

Fisheries Management

The Borough is involved with fisheries management at a local, state and federal level, including at the Alaska Board of Fisheries and the North Pacific Fishery Management Council. The Borough Natural Resources Director provides guidance to AEB officials, employees and other parties or consultants on the protection and management of natural resources within or affecting the Borough. The Director works with local fisherman, seafood processors and other agencies to monitor and support the stewardship of the sustainable fisheries within the Borough.

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The Borough recently entered into an agreement with Eric Volk, sole owner of VFS Consultants LLC. This agreement will enhance the Borough's scientific and technical abilities related to regional salmon management.

Legislative Advocacy for Fishery Issues

The Borough is committed to advocating for healthy fisheries on a local, state, and federal level. Since commercial fishing is the main economic driver for Borough communities, empowering them to remain economically healthy is essential for population growth and sustainability.

To prevent population, decline in our fishing communities, the State of Alaska needs to redefine the transferability of the salmon limited entry permits. Because of the restrictions on the transfer of permits, they are currently being sold to people outside of the fishing area and mostly to people living out of state. This outmigration of permits has snowballed mainly due to the "graying of the fleet". The Borough wishes to pursue an initiative at the State level to keep limited entry salmon permits in the hands of resident fishermen, and to slow the sale/transfer of permits out of the region. The new idea would allow an experienced local fisherman to add a second name to the permit and would facilitate the mentoring of local young fishers.

The Borough is also monitoring federal action to reauthorize the Magnuson Stevens Fishery Conservation and Management Act, and is working with the Alaska Delegation to support several discreet changes to the Act.

Cold Bay Terminal Lease

The Borough built and owns a terminal building in Cold Bay. The Borough currently leases the second floor to the National Weather Service and the Federal Aviation Administration. The Borough is now trying to lease the first floor to an airline carrier.