

Aleutians East Borough Minutes
May 28, 2015

CALL TO ORDER

Mayor Mack called the Regular Assembly meeting to order on May 28, 2015 at 6:00 p.m. at the by teleconference in each community.

ROLL CALL

Mayor Stanley Mack	Present
Paul Gronholdt	Present
Carol Foster	Present
Warren Wilson	Present
Alvin D. Osterback	Present
Ken McHugh	Absent-excused
Joe Bereskin, Sr.	Present
Brenda Wilson	Present

Advisory Members:

Nikki Hoblet, False Pass	Present
Paul Schaack, Cold Bay	Absent-excused
Justine Gundersen, Nelson Lagoon	Absent-excused

A quorum was present.

Staff Present:

Rick Gifford, Administrator
Roxann Newman, Finance Director
Tina Anderson, Clerk
Anne Bailey, Administrator Assistant
Ernie Weiss, Resource Director

Adoption of Agenda:

Agenda Additions:

New Business: Akun Island link; Cold Bay/King Cove road project.

MOTION

Paul moved to approve the agenda with the additions and second by Alvin. There were no objections, MOTION PASSED.

Community Roll Call and Public Comment on Agenda Items:

The communities of King Cove, Cold Bay, False Pass, Sand Point, Nelson Lagoon and the Anchorage office were participating.

Minutes, April 16, 2015:

MOTION

Alvin moved to approve the April 16, 2015 Minutes and second by Brenda. Hearing no objections, MOTION PASSED.

Financial Reports, April, 2015:

MOTION

Brenda moved to approve the April Financial Report and second by Alvin.

DISCUSSION

Paul asked how much money will be transferred to the new budget when we are done. The Finance Director said surplus approximately \$963,000, which is included in the new fiscal year budget.

ROLL CALL

Warren-yes, Carol-yes, Alvin-yes, Brenda-yes, Paul-yes. Advisory: Nikki-yes. **MOTION PASSED.**

Investment Report, April 2015:
In packet.

CONSENT AGENDA

- Resolution 15-22, A Resolution of the Aleutians East Borough Assembly Honoring Gail Bendixen of King Cove, Alaska upon her Retirement from the North Pacific Fishery Management Council.
- Resolution 15-23, Supporting reappointment of the current members of the International Pacific Halibut Commission Robert Alverson and Donald Lane.
- Resolution 15-24, A Resolution of the Aleutians East Borough Assembly, amending the leases ADL No. 218167 and ADL No. 228276 to APICDA Joint Ventures to provide for a December 31, 2015 expiration date.
- Resolution 15-25, Approval of AEB Permit No. OSP 2015-01, Peter Pan Seafood Processing Plant, Port Moller Facility.

MOTION

Paul moved to approve the Consent Agenda and second by Alvin.

ROLL CALL

Alvin-yes, Brenda-yes, Carol-yes, Paul-yes, Warren-yes. Advisory: Nikki-yes. **MOTION PASSED.**

PUBLIC HEARING

Public Hearing Ordinance 15-02, adopting the FY2016 budget:

MOTION

Brenda moved to approve Ordinance 15-02 and second by Alvin.

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

AMENDMENT

Paul moved to amend Ordinance 15-02 by deleting Fund 20-\$725,000 revenue/expenditure. Second by Alvin.

DISCUSSION

The Administrator said Fund 20-\$725,000 is a special fund that does not reflect in the general fund and would come from the sale of the hovercraft to go back into the King Cove road project.

Paul added that there was a funding request letter from the city of King Cove and the Administrator explained it as paying King Cove back for funds they have spent on the road project already.

Alvin said if that money is not available at this time, supports removing it from the budget.

Joe agrees with Alvin. When Akutan started the airport, Akutan Council had to take money out of the Akutan airport co-management fund to put into the hovercraft retrofit. The City of Akutan Council has always felt that, if the hovercraft got sold, some of that money would be put back into the pot for the Akutan airport project. He also does not support spending the money before the hovercraft is sold.

The Administrator said, when we first started putting this together in order to keep the road project going, we thought we had the hovercraft sold and still believes the hovercraft will be sold by the end of the year and possibly by the end of summer. It is not a part of the general fund projects, it is a fund budget project.

Paul also does not support disbursing money prior to the sale of the hovercraft.

The Administrator said if those funds are taken away, there would be no money to reimburse King Cove for road project expenditures spent and for FY16 expenditures.

The Mayor reiterated his understanding that the \$725,000 is grant revenues and the community grant is only there if there is a sale of the hovercraft. The Administrator said yes.

Warren noted that the money from the sale of the hovercraft has to go back to projects like the King Cove access road project. He supports funding the \$725,000 to the City of King Cove.

Alvin said, at this time, the money does not exist until the hovercraft is sold. He feels everyone on the Assembly understands as to where the money needs to go once the hovercraft is sold. Alvin suggested, when the hovercraft is sold, then take that money and put toward the projects it is supposed to go toward.

Paul suggested that when the hovercraft sells, to put it on the agenda and discuss again. Mayor Mack added AEB lobbyist/lawyer said funds from the sale of the hovercraft should go back into federally funded projects like King Cove road project or Akutan projects.

Brenda said city of King Cove has been paying for the King Cove road project. In prior meetings it was discussed that this would pay back the city of King Cove. She feels very resentful and frustrated about the amendment without the information in front of her. She suggested submitting information to the Assembly ahead of time in the future to provide time for consideration.

The Administrator said the sale of the hovercraft did not happen as quickly as we wanted it to happen. The AEB does have cash flow and we do budget revenues that we don't have. Raw fish tax is budgeted based on an estimate and he feels we will have the \$725,000 from the sale of the hovercraft and can handle the cash flow at this time to keep that project going. He recommends leaving the funding in there. Mayor Mack agrees.

Alvin said we know fairly well the amount of raw fish tax we will receive each year. He was not aware the \$725,000 is not available and felt the Administrator should have better informed the Assembly on the issue.

Mayor Mack added that, if the hovercraft is sold, we have an avenue where the money can go along with other projects. He supports leaving the line item in the budget.

ROLL CALL ON AMENDMENT

Carol-yes, Alvin-yes, Brenda-No, Paul-yes, Warren-no, Joe-yes. Advisory: Nikki-yes.
AMENDMENT PASSED.

AMENDMENT

Paul moved to amend the budget by funding Communications Dept. for three (3) months only in the new fiscal year at a total of \$45,000. Remaining balance of \$131,391.50 to go towards a school fund reserve to be determined later. Second by Alvin.

DISCUSSION

Paul said the School Board President, Tiffany Jackson and the Superintendent, Mike Seifert, provided a presentation discussing all Legislature funding options as to how much state funding they will receive and in all scenarios the school budget will have a deficit and will need at least this much money added to the contribution. He added the Communications Director position was developed when we were under extreme fire on the Board of Fisheries process and things have settled down quite a bit. That is a big amount of money for press releases and in some cases some of the information staff put out is duplicated already and most news is out before AEB newsletter comes out. Feels it is prudent for AEB to do and the best option available right now.

Alvin feels, if we need a public relations person as the road progresses, it might be more advantageous to contract since press releases are not released often and the Natural Resource Director provides fisheries information already. Initially, this was a short term position when we were dealing with a heavy hit during Board of Fisheries, salmon issues. If amendment is approved, could contract out public relations work necessary for the road.

Mayor Mack said the Communications Director also sets up press conferences and staff appointments in Washington D.C. To get a positive spin on the proposed road project as well as other projects, works behind the scenes setting up meetings. He feels we would not be where we are today without her efforts. The Communications Director also contacts the communities for news.

The Resource Director pointed out that this is a Board of Fisheries year for Area M and the Communications Director does provide support.

Mayor Mack strongly recommends the motion be defeated.

Paul asked where money would come from out of the budget, if the School District needs an additional amount of money. The Administrator said the AEB does have a general fund, fund balance but we've been operating a hovercraft and helicopter operation for several years. He has requested the auditors determine how much of the operation is from the general fund, fund balance. Based on that, the FY16 budget shows the transfer of \$1,183,700 for helicopter operations, leaving \$19,000 so he does not know where the School District amount will come from unless it comes from the fund balance, but is not sure what that number is.

Mayor Mack said the School District does not know how much revenue they will have left in FY15 budget to be rolled over into the new fiscal year and they're budget is based on a worst case scenario for State funding. Paul said the best case scenario of what the legislature could give them would still be a \$350,000 additional funding needed, if funded at the same level as last year.

Mayor Mack feels the Communications position has been very helpful and strongly supports keeping the department.

Alvin said when he first got on the Borough Assembly his main objective was to put money in education and still thinks the most important thing is to fund education. In the past, the Administrator, Mayor and lobbyist set up Washington D.C. appointments. If we take that \$131,000 we are still looking for \$118,000 even if the State funding comes through at the best case scenario. He supports putting the education of students ahead of some AEB positions.

Mayor Mack agrees the best resources we can have are students. However, the School District has a \$500,000 budget increase. He is all for supporting the School District and worse-case scenario is what their budget is based on.

Carol pointed out that the Natural Resource Department budget has contract funds available that can be used during the Board of Fisheries.

Bailey also supports keeping the Communication's Dept. The newsletters are important, Washington D.C. and fisheries also important.

ROLL CALL ON AMENDMENT

Brenda-no, Joe-no, Carol-no, Paul-yes, Alvin-yes, Warren-no. Nikki-no. **AMENDMENT FAILED.**

The Administrator said there is a healthy general fund balance, however, the hovercraft and helicopter has a debt against that amount and need to consider these things that are happening. Will try to minimize the costs so we can fund the AEB and School District.

ROLL CALL ON MAIN MOTION

Paul-yes, Warren-yes, Carol-yes, Joe-yes, Brenda-yes, Alvin-yes. Advisory: Nikki-yes. **MOTION PASSED.**

OLD BUSINESS *None*

NEW BUSNISS

Donation Requests:

- Sand Point Teen Center.
- Sand Point Silver Salmon Derby.
- Qagan Tayagungin Tribe, Sand Point Culture Camp.
- Akutan Traditional Council, Qigiigun Culture Camp.
- King Cove Fire & Rescue, scholarship fundraiser.
- Qagan Tayagungin Tribe, Dolly Parton's Imagination Library.

MOTION

Paul moved to approve the Administration's donation recommendations and second by Joe.

Donation Recommendations:

- Sand Point Teen Center - \$2,000
- Sand Point Silver Salmon Derby \$900
- Qagan Tayagungin Tribe, Sand Point Culture Camp - \$2,000
- Akutan Traditional Council, Qigiigun Culture Camp - \$2,000
- King Cove Fire & Rescue, scholarship fundraiser - \$2,000

ROLL CALL

Brenda-yes, Carol-yes, Alvin-yes, Joe-yes, Paul-yes, Warren-yes. Nikki-yes. **MOTION PASSED**

Akun Breakwater Project:

Joe said he provided the Administration with information on the proposed breakwater site showing waves breaking over during the winter NW prevailing winds and recommends going toward the south for a breakwater. He hopes staff shares information soon on what they plan to build and to provide ideas on how to lower cost of transporting passengers to/from Akun airport. He added that Grant Aviation is finally receiving money for hauling mail, yet AEB is having difficulty collecting money from Grant for transporting mail between Akun and Akutan.

Paul asked that sounding occur in the locations Joe and the community feel are important alternative locations.

Mayor Mack said part of the Agreement is to put together a link between Akun and Akutan. If we kept the hovercraft operation, the Borough would be broke today. We researched the helicopter that proved to be less expensive than the hovercraft, which the Assembly supported. He welcomes any other options that would be more affordable. Mayor Mack said the breakwater options presented to him is option B, south from the original option.

King Cove Access Project:

Paul said at the last meeting there was a brief general discussion on the 2001 Environmental Impact Statement (EIS), Option 8. He feels it is worth considering. Option 8. It is not through the Izembek Wilderness so no land trade necessary, no restrictions on use, it is a shorter route, and the process could begin immediately. He is not suggesting to drop the effort on the lawsuit, but is suggesting reviewing the option.

City of King Cove Administrator, Gary Hennigh, does not support option 8 and feels facts need to guide the direction we go. He also voiced his frustration on decision regarding budget amendment.

The Administrator said, in adding to Paul's discussion of alternative route, it will require a Corps of Engineer wetlands permit. Even though it will not be through the wilderness, USFWS will have a say as to whether that road would happen. He is not saying it is impossible but that it does not stop the forces that are trying to keep that road out.

REPORTS AND UPDATES

Reports in packet.

Nelson Lagoon Erosion Project: Bailey said she is in Nelson Lagoon with HDR project manager. She walked the coast and the pictures of the erosion do not do the issue justice, the erosion problem is much worse. Hopes to get the project started in August.

ASSEMBLY COMMENTS

Joe said the community is going to help make the breakwater project a success and it is not just the Borough contributing money into the project, Akutan is also. He understands King Cove concerns. Akutan is not going to take anything due to King Cove, but wants money put back into the pot of funding that was spent on the hovercraft. Akutan is trying to help the Borough get this link and will help look at different breakwater alternatives to choose the best location so we are not having to address the same issue repeatedly. Mayor Mack hopes to get the best connection that would be affordable for the Borough. The helicopter costs \$1.2-\$1.5M and the hovercraft cost was \$2M.

Paul is concerned with the problem we are going to have with the School District budget. He suggested thinking about what the commitment total will be. He is not in favor of raiding our permanent fund to solve our problems.

Alvin said he does not want to lose site of the Nelson Lagoon dock problem. He asked whether we determined how serious the dock damage is and whether we are going to have an engineer assess the dock. The Administrator is putting together a contract now.

Brenda said she likes to be prepared for a meeting when making decisions and is uncomfortable when she is not. She requested all documents be available to everyone prior to a meeting.

PUBLIC COMMENTS

City of King Cove Mayor, Henry Mack, said the Borough has a big task ahead, in regards to the King Cove Access project. The City of King Cove took on the Borough project spending their general fund money. He is not sure where the road project is going to go now because the cost is not in the city budget. He added that the battle is not going to change in the alternative Paul mentioned.

NEXT MEETING DATE AND TIME

To be determined later.

ADJOURNMENT

Paul moved to adjourn and second by Joe. Hearing no more, the meeting adjourned at 8:07 p.m.

Stanley Mack
Mayor Date

Tim Anderson 8/13/15
Clerk Date