

Aleutians East Borough

Annual Report

Fiscal Year 2022

Message from the Mayor

Hello everyone. It has been a busy year for the Aleutians East Borough. As always, the Borough is dedicated to bringing new opportunities for responsible economic development and growth to improve its infrastructure. The AEB continuously seeks avenues to plan, build and advance basic and essential community projects. There has been a lot of exciting progress on several fronts, including the Sand Point Harbor Floats Systems Project, the Cold Bay Terminal Expansion, and the lawsuit victory to keep the Power Cost Equalization Fund intact. We are also grateful that U.S. Interior Secretary Deb Haaland visited King Cove last spring, which followed the favorable ruling by the Ninth Circuit Court of Appeals regarding the community's proposed land exchange. We are awaiting more news regarding whether there will be a rehearing by the Ninth Circuit Court on this matter.

Other big changes on the horizon include GCI's improved telecommunications service. High-speed internet is in the works for several Borough communities. Fiber connectivity will bring urban level internet plans, speeds, pricing and will allow for improved wireless service. GCI's AU-Aleutians Project will benefit residents, local businesses and



Aleutians East Borough Mayor Alvin Osterback



The c/s IT Intrepid (shown above in King Cove) began laying fiber optic cable during the summer from Unalaska to Kodiak, and to the south side of the Alaska Peninsula as part of GCI's AU-Aleutians Project. Photo courtesy: GCI.

seafood companies and will provide the needed backbone for improved wireless service in the region. The project kicked off this summer when a cable ship began the process of laying 800 miles of subsea fiber from Unalaska to Kodiak, and to the south side of the Alaska Peninsula, linking the Aleutians and Unalaska. Services are expected to come online to Akutan in early 2023, followed by Sand Point and King Cove, by the end of that year. A GCI proposal to add Cold Bay and False Pass to the same fiber system is also under way.

its aging facility in Akutan. Akutan is Trident's largest primary seafood processing operation, and has been for many years. Lately, reports in the news have discussed whether Trident intends to stay in Akutan and build the modernized plant on a new site, or move to Captain's Bay in Unalaska. Currently, Trident is exploring both options. Meanwhile, the Borough is actively engaged in conversations with Trident about this important matter. The seafood company has always been an excellent partner. We're hopeful Trident will consider remaining in Akutan, so we can build upon our strong partnership well into the future. Trident expects to have more news on its plans by the end of the year.

Another issue we're focused on is Trident Seafoods' plan to build a 'next-generation' processing plant to replace

In the weeks and months ahead, the Borough continues to pay close attention to current and proposed future regulations impacting our commercial fisheries. I am very proud of the strong advocacy and hard work done by my staff as well as that of our fishermen and residents. Staying involved at the state and federal level continues to be essential for the success of our fisheries. This fall and winter will be an all-hands-on-deck Board of Fish year for the AEB. We urge your continued participation in this process to advocate for our region. The upcoming October Work Session, the October Pacific cod meeting and the February 2023



Alaska Board of Fisheries Statewide Shellfish meeting March 26 - April 2, 2022 in Anchorage.



Washed up bull kelp in Trident Bay – Akutan.

Chignik/Area M meeting will be critical topics for the Borough. The AEB is committed to ensuring continued strong management for Area M through a collaborative process so our fisheries will remain sustainable for future generations.

The Borough also continues to make great strides in managing several natural resources projects that support local fishermen's needs, including the development of a fishermen's data portal and the piloting and implementation of electronic monitoring in the Western Gulf of Alaska pollock trawl fleet. The Borough has also been the driving force behind exploring the

potential for a mariculture industry in our region, to hopefully create additional revenue streams for AEB communities. Making sure our communities are healthy, while looking into educational and jobs opportunities, will help ensure the Borough and its residents are well-positioned now, and in the years to come.

The Aleutians East Borough Mayor and Assembly Members

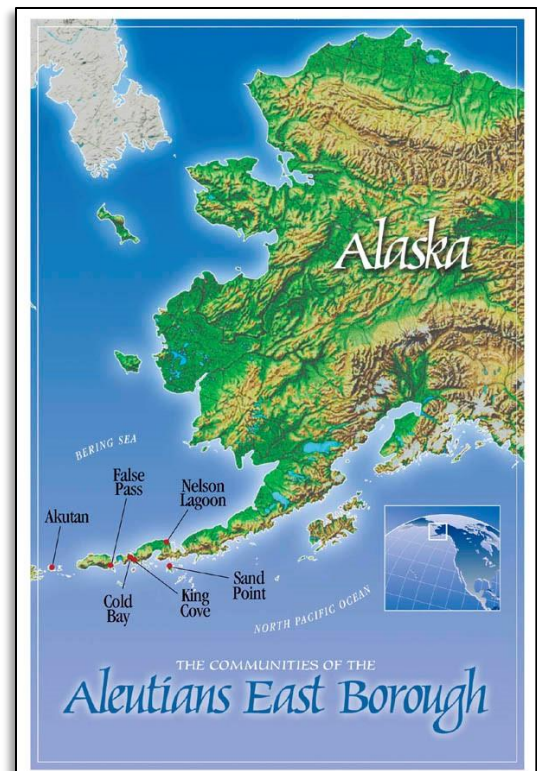
Mayor

Alvin D. Osterback

<u>Assembly</u>	<u>Community</u>	<u>Seat</u>
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

Advisory

Dailey Schaack	Cold Bay
Samantha McNeley	Nelson Lagoon
Tom Hoblet	False Pass



American Rescue Plan

In 2021, the U.S. Treasury launched the American Rescue Plan's State and Local Fiscal Recovery Funds (SLFRF), which provided the resources needed for state and local governments to respond to the COVID-19 public health emergency. The Aleutians East Borough is allotted to receive \$648,173 in SLFRF funding. In September 2021, the Borough received the first portion of funding in the amount of \$324,086.50, which has been deposited in a designated Alaska Municipal League Insurance Pool portfolio. The Borough's second portion, \$324,086, is expected to be paid in September 2022.

The SLFRF funds will be used for revenue replacement for eligible government services. The following Borough projects meet the SLFRF funding requirements:

- King Cove School Pipe Corrosion: Kuchar Construction has replaced approximately 600 linear feet of piping and 50 fittings in the King Cove School. Cost: approximately \$90,000.
- King Cove School Water Corrosivity Issue: DOWL and the Borough are determining a long-term solution to address the water corrosivity issue at the King Cove School. Cost: To be determined
- Sand Point School Pool Repairs: Evolution Pools & Spas Inc. has been hired to fully repair the pool's water leaks and damage. Cost: approximately \$250,000.
- Cold Bay Terminal Chairs: CARES Act funds were used to expand the Cold Bay Terminal. The facility now needs additional seats for passengers. These funds can be used to purchase seats. Cost: approximately 15,000.



Fisheries Management/Advocacy

The AEB tasks the Natural Resources Department (NRD) with the advocacy of sustainable fisheries within the Borough, through the study, investigation and monitoring of fish, and by providing assistance and guidance on the management of these resources.

Priorities Based on Fishermen Input

The NRD continually strives to communicate with and listen to our local fishermen. Working with stakeholders, the AEB continues to develop priorities, including for any new federal fisheries rationalization programs that would impact local fisheries. [Final Action](#) by the North Pacific Fishery Management Council (NPFMC) in October 2021 on the BSAI Pacific cod Trawl Catcher Vessel LAPP reflected the AEB's main goals and advocacy for fishermen and communities in the program. Element 4 of the program includes significant 'sideboards' on WGOA fisheries, and Element 5 limits delivery of fish to offshore processors to keep more fish processed onshore in Borough communities.

State Management of Salmon Fisheries

The AEB supports management of local salmon fisheries and fully participates in the Board of Fish process. The 2021/2022 Board meeting cycle was delayed by one year due to Covid, so that the regular Alaska Peninsula finfish meeting will now take place in Anchorage February 2023, with the Pacific Cod meeting coming up in October 2022. At the October 2021 Work Session, the Board did accept an agenda change request (ACR 7) by a Chignik resident to further limit South Peninsula fishermen's take of salmon.

ACR 7 became Proposal 282 and was scheduled by the Board Chair to be taken up at the Statewide Shellfish meeting in Anchorage March 11 – 18, 2022. The timing of this meeting would have conflicted with the South Peninsula State-waters cod season that opens March 7th. The AEB supported the request by local fishermen to reschedule consideration of Proposal 282 to a later date, and the shellfish meeting was delayed until later in the month, allowing full participation by AEB fishermen. The AEB provided a fully-staffed fishermen meeting room

adjacent to the Board meeting in the Egan Center. Proposal 282, substituted with language in [RC94](#), was accepted by the Board based on an agreement between the Chignik Intertribal Coalition and the Area M Seiners Association ([RC104](#))



The crew aboard the F/V Pacific Maid hauls in a set in Korovin Bay during the July 18th South Peninsula opener. Photo by Kerry Tasker.

Other AEB Projects/Advocacy:

Alaska Marine Highway System



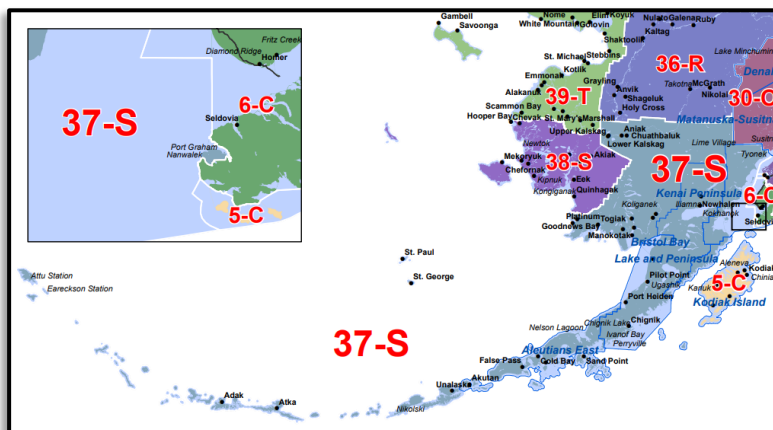
The Tustumena heads to Sand Point during one of its Aleutian Chain runs.

The AEB continues to support the Alaska Marine Highway System (AMHS) and continues to advocate through testimony to the Alaska Legislature, Alaska Governor and to the AMHS Operations Board in support of service twice a month to AEB communities, prioritized car deck space for communities beyond Kodiak, and continued support for moving the Tustumena Replacement Vessel project forward. The AMHS schedule for 2022 service to Borough communities includes only one ferry each month (May, July, August & September). AMHS has stated car deck

space on those sailings is prioritized for ports beyond Kodiak. The Tustumena Vessel Replacement project is moving forward with a vessel construction phase slated for 2023-2025.

Alaska Redistricting

The AEB's main goal for the 2020 decennial Alaska redistricting process, as during the 2010 process, was to keep all the AEB communities together in one house district. AEB Assembly [Resolution 22-17](#) informed the Alaska Redistricting Board of that goal. The current Interim Proclamation Plan released in May 2022 maintains keeping all the AEB communities together in HD 37-S.



The Alaska Redistricting Board adopted an Interim Proclamation Plan in May 2022, which keeps Aleutians East Borough communities together.

Natural Resources Projects

Western Gulf of Alaska Trawl EM



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

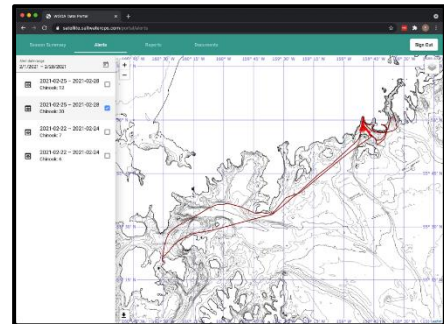
Since 2019, the NRD has supported the piloting and implementation of electronic monitoring (EM) in the WGOA pollock trawl fleet. The AEB was awarded \$531,216.56 from the National Fish and Wildlife Foundation (NFWF) for a two-year grant (2020-2021) to fully implement EM across the fleet, and also served as a Principal Investigator on the Exempted Fishing Permit (EFP) testing the EM program. The EFP will last from 2020-2023 with full regulatory implementation expected by 2024. The North Pacific Fisheries Management Council (NPFMC) has completed the initial review, and the Council moved to

adopt preferred Alternative 2 which would include all catcher vessels and tenders in the Gulf of Alaska and Bering Sea. The Council will take final action in October 2022. The AEB submitted a final grant application to NFWF in June 2021 to support the project through completion in 2024. The proposal was ultimately split into two proposals. The first will cover the project through 2022 and was awarded. The second will cover 2023 and is still pending award. The grant awarded for 2022 includes a sub-project to test the use of EM systems on multi-gear vessels, investigate alternative catch handling methods for pot vessels, and test EM in the plants.

Fishermen's Data Portal

The AEB served as the Principal Investigator for a one-year project funded by Net Gains Alliance, to develop a fishermen-centric data portal. Initial testing of the portal occurred during 2021 pollock A season and is being fully implemented in 2022. The final component of the project is developing a strong legal framework for using the portal.

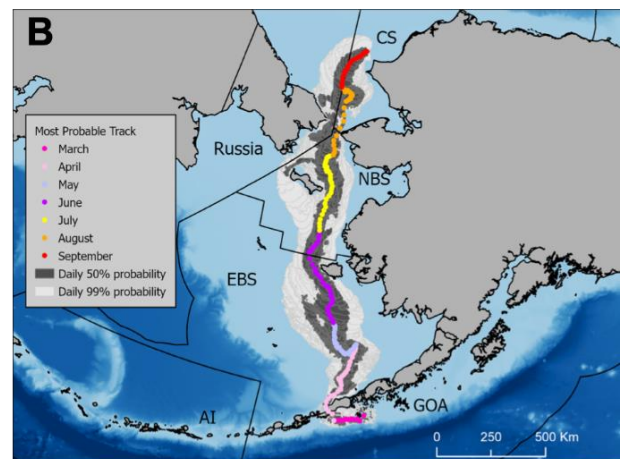
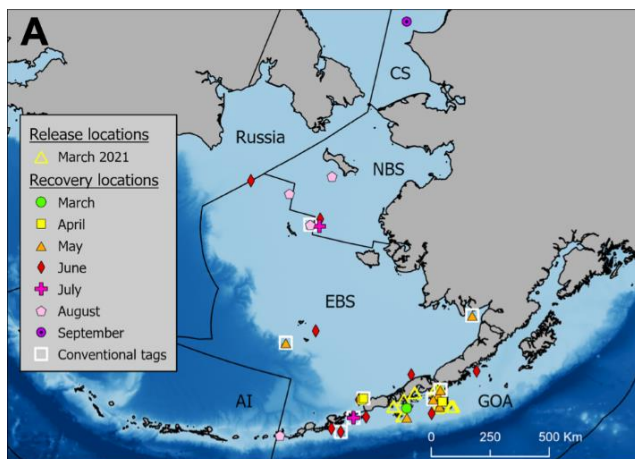
More details on AEB-led fisheries data modernization projects can be found in the EM4Fish article: <https://em4.fish/projects-in-the-field-data-modernization-in-the-western-gulf-of-alaska/>.



The Fishermen's Data Portal provides real-time bycatch hotspot mapping and PSC rate tracking.

WGOA Pacific Cod Tagging Study

The AEB and Alaska Fisheries Science Center are conducting ongoing collaborative research to examine the seasonal movements of Pacific cod captured in the WGOA during spawning. The AEB successfully completed a 2nd year of field work, chartering the F/V Decision during April 2022 for a research cruise. The team released 27 satellite and 3 stationary tags, 39 Lotek tags and 760 conventionally tagged Pacific cod in 7 subareas of the WGOA. In addition, 186 biological specimens were collected for length, weight, age structure, genetic samples, maturity and stomach content.



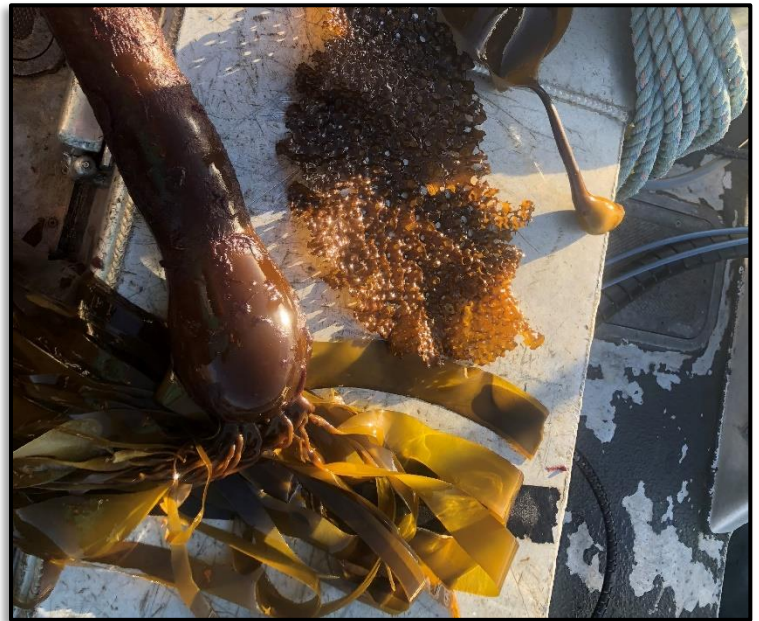
A) Satellite and conventional tag release and recovery locations (by month) for Pacific cod tagged in the Western GOA in March 2021. B) Example of a pathway reconstructed by a geolocation model for a Pacific cod that migrated from the Western GOA to the Chukchi Sea. Daily point locations are color coded by month. Polygons represent areas that contain the highest 50% (dark gray) and 99% (light gray) of the location probability on each day.

To date, we have received data from 32 satellite tags, 4 of which were physically recovered. Of the 2021 releases, most tags were recovered in the Bering Sea. So far in 2022, most tags have been recovered in the WGOA. We are in the process of analyzing tag data that will inform migration

pathways that can be used to inform stock assessors and management. To continue this work, the project team has submitted a proposal to the Pacific State Marine Fisheries Commission under the 2018 Cod Mitigation RFP.

AEB Mariculture Initiative

Since 2018 the NRD has been spearheading an initiative to explore the potential for a mariculture industry in the region. In 2021, the AEB contracted a day charter to collect data (genetics, chemical composition, spore viability, herbarium) that will contribute to building a baseline for use in site selection, developing markets and management. In 2022, AEB and partner Alaska Sea Grant will build and operate the permitted farm in Zachary Bay, near Sand Point. A local resident will attend hands-on workshops on an established farm in Kodiak, and will lead the build and implementation of the pilot farm in Zachary Bay.



Various kelp species collected near Akutan.

Community Projects

Akutan

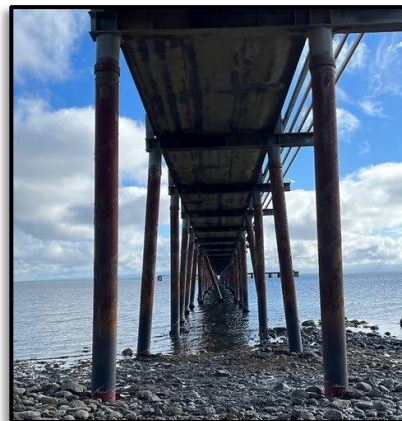
Akun Dock & Breakwater

The Borough is working with the Akutan Tribe and the Army Corps of Engineers to determine the feasibility of building a small dock and breakwater on Akun Island. On March 15, 2022, the Mayor and Borough Administration attended the Army Corps Alternative Milestones Meeting. The Corps has determined that the alternatives have been met and milestones have been received. The Corps will continue moving forward with the feasibility study for the Akutan Dock and Breakwater Project through the Tribal Partnership Program. The Corps plans to spend \$1.5 million, and the Borough will spend \$989,000 for this project. The Corps hopes to visit the site and complete the project plan soon.

Cold Bay

Cold Bay Dock

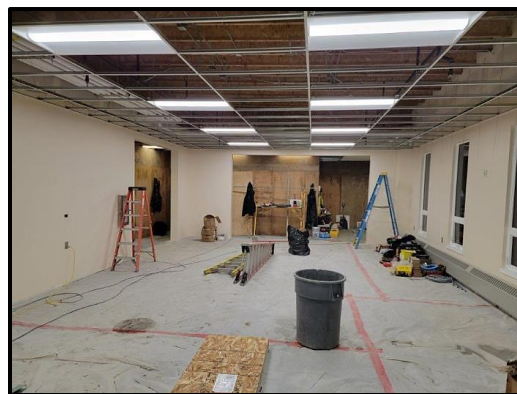
On March 16, 2022, a Request for Proposal was issued for the Cold Bay Dock Reconnaissance/Feasibility Study. Two proposals were received by the April 26, 2022 deadline. A review committee examined the proposals and recommended entering into a contract with Moffatt & Nichol (M&N) to conduct the Cold Bay Reconnaissance/Feasibility Study in an amount not to exceed \$66,565, which was approved by the Assembly. Borough Administration met with M&N in July of this year to initiate the project. M&N conducted a site visit in Cold Bay on August 15 – 17, 2022 and hosted a meeting on Aug. 16, 2022 to discuss the Cold Bay Feasibility Study.



Cold Bay Dock

Cold Bay Terminal Expansion

The Borough's terminal building expansion project in Cold Bay was completed earlier this year. CARES Act funds were used to expand the Cold Bay Terminal. The project, conducted by F&W Construction, included mechanical and electrical work, painting, installation of walls, doors, an acoustical ceiling, sprinkler system, flooring, lighting and a sidewalk. The facility currently needs additional seats to accommodate passengers. SLFRF funds will be used to purchase seats for the facility.



The Terminal Building expansion project included mechanical and electrical work, painting, flooring and the installation of walls.

Cold Bay Clinic

The Borough was recently awarded \$2 million in U.S. Health Resources & Services Administration grant funding for the Cold Bay Clinic Renovation Project. The renovations will occur inside the building, including in the two exam rooms and the trauma room. Additional renovations in the clinic may



Cold Bay Clinic

include but are not limited to boiler replacement, generator replacement, indoor air quality upgrades, installation of a solid modular wall system and the installation of a decontamination shower. Other refurbishments will include: the purchase and installation of a fixed dental chair, a morgue, an eye wash station, an adult exam table, a

pediatric exam table, office furniture and interior paint.

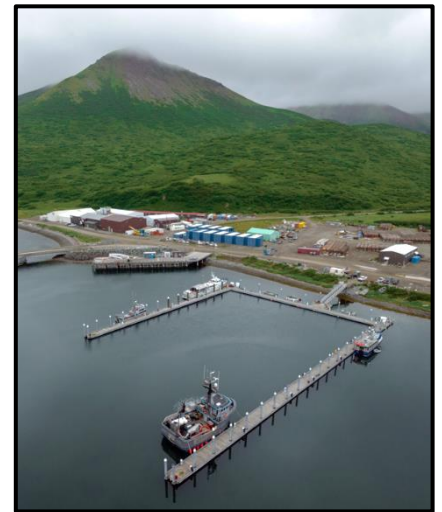
Cold Bay School

As part of the Borough's strategic plan, the Borough sought proposals for the sale of the Cold Bay School building. The facility, which had been owned by the Borough, had been unoccupied since the school closed in 2015 due to low student enrollment. The land is owned by the State of Alaska and was leased to the Borough. Gould Construction expressed an interest in purchasing the property in 2021. In March 2022, following Assembly approval, the Aleutians East Borough, Gould Construction and the State of Alaska finalized the Acceptance of Assignment, Assignment of Agreement and the Bill of Sale for the Cold Bay School. The utilities and insurance were terminated in March of this year.

False Pass

False Pass Harbor Electric Upgrades

In May, the Assembly approved using \$62,500 toward the False Pass Harbor Electric Upgrades Project following a request from the City of False Pass. The project included replacing transformer substations in the harbor electric system to prevent further electrical failures due to an inadequate design. The project also entails performing load calculations and assigning the appropriate replacement feeder and circuit breakers with the correct amperages. The main distribution panel feeder and main breakers will be downsized. A replacement substation is needed to accommodate the enclosed transformer windings.



False Pass Harbor

King Cove

King Cove Access Project

On April 20, 2022, U.S. Secretary of the Interior Deb Haaland traveled to King Cove, accompanied by Senator Lisa Murkowski, to see the community first-hand. The Secretary met with King Cove residents and listened to their stories of emergency medical evacuations by air ambulances, boats and the U.S. Coast Guard. Residents explained that harsh Aleutian weather prevents travel by air or sea nearly 30% of the time and frequently prevents or delays residents from accessing a higher level of care in Anchorage. Borough Mayor Alvin Osterback also traveled to King Cove for the Secretary's visit. He shared his story about a medevac that occurred in the remote community years



U.S. Interior Secretary Deb Haaland speaks to the community during her visit to King Cove in April 2022.

appellants (conservation groups) filed a petition for an en banc reconsideration. This has delayed the Appeals Court in issuing its mandate, which would make the 2 to 1 majority opinion final. The U.S. Department of Justice responded on Aug. 5, 2022 by filing a formal brief with the Court, opposing the legal petition from environmental groups which challenged the 2019 judicial panel's decision. On Aug. 12, 2022, the NANA Regional Corporation filed an amicus brief supporting King Cove's position that the en banc rehearing should be denied. The NANA Corporation added that the land exchange with King Cove is consistent with the Alaska National Interest Lands Conservation Act's purpose. If the Court decides to deny the petition, the case will go back to the Alaska District Court for a final decision on two undecided issues, the application of NEPA and the Endangered Species Act.

ago involving his son. Borough and local leaders as well as residents expressed their hopes that Secretary Haaland will support the proposed land exchange that would ultimately lead to a road corridor linking the isolated community of King Cove to the all-weather Cold Bay Airport. Meanwhile, the Biden Administration and the U.S. Department of Justice continue to defend the status of the Land Exchange Agreement before the Ninth Circuit Court of Appeals.

On March 16, 2021, the Ninth Circuit, in its ruling, affirmed then-Interior Secretary David Bernhardt's decision and legal authority to approve the proposed land exchange. Soon after the ruling by the Court,



Secretary Haaland addresses King Cove residents after listening to testimony regarding the need for a land exchange and ultimately a road corridor leading to the Cold Bay Airport.

King Cove School – Deferred Maintenance Work

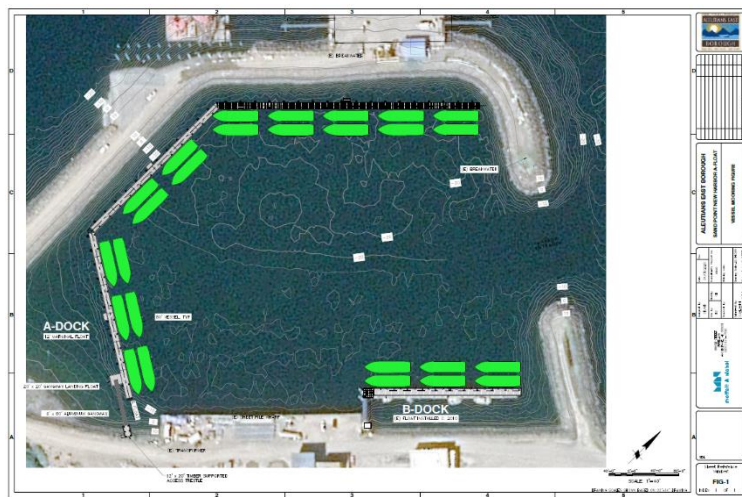
The King Cove School has been experiencing interior piping and valve failures. Kuchar Construction repaired and/or replaced approximately 600 linear feet of pipe repair and 50 fittings in the King Cove School. DOWL was hired to manage the project at a cost of approximately

\$90,000. The Borough also hired Kuchar Construction to complete architectural, electrical and mechanical work in the school. This work was completed in August 2022 at a cost of \$329,000.

Sand Point

Sand Point Harbor Floats Systems Project

The Sand Point Harbor Floats Systems Project is an important economic asset to the community and the Borough. The State of Alaska recently awarded \$4,125,000 in Harbor Matching Grant funds for the Sand Point Harbor “A” Float Design. The Borough requested that Moffatt & Nichol (M&N) provide a design and permitting update. The most significant change is expected to be the redesign of the fire protection system to conform with national standards. The scope also includes updating documents for bidding, plan review for the drinking water system and environmental permits. The Borough Mayor plans to negotiate and execute a contract with M&N in an amount not to exceed \$45,000.



Sand Point Harbor Floats Systems Design

The Port Infrastructure Development Program Grant for the Sand Point Harbor Floating Dock project was submitted prior to the May 16, 2022 deadline. Borough Administration anticipates award announcements for this program in November/December 2022. If the Borough receives PIDP funding, the State Harbor Facility Grant funds can be used as a match.

Sand Point School Major Maintenance Project



Sand Point School

In August 2022, the State of Alaska funded the Sand Point Major Maintenance Project. The total cost of the project is \$3.9 million with a 30% match of \$1.3 million. The Borough will be required to follow the State Department of Education and Early Development’s (DEED’s) procurement process and go out to bid. A conceptual design has been created, which will require a full design with a five-year timeline to complete the full scope of work. Items that need to be repaired within the school include the structural roof, the wall,

foundation repairs, replacement of deteriorated roofing at the pool wing, renovation of locker rooms and restrooms to fulfill ADA requirements, replacement of mechanical ventilation and exhaust equipment and kitchen ventilation equipment to meet code, installation of missing electrical disconnect, and replacement of the old fire alarm.

Sand Point Pool

Another project includes repair of the Sand Point pool, which is losing a substantial amount of water every day due to leaks within the facility. The scope of work needed to repair damage includes sealing and repairing of gutters, rebuilding and sealing of the main drain pumps, repairing tears and seam leaks, and replacing the circulation pump and filter. The Borough recently entered into an agreement with Evolution Pools to conduct repair work. Evolution Pools is ensuring all the materials are ready to be shipped. The projected start date for the project is September 11, 2022. The cost would be approximately \$250,000.

Power Cost Equalization Fund Lawsuit

In July 2021, the Borough, other rural communities, AFN and electric cooperatives sued the Dunleavy Administration over the Power Cost Equalization (PCE) fund, which lowers high rural energy prices for nearly 200 communities. The plaintiffs argued that the Governor's Administration violated the Alaska Constitution, when in 2019, it determined that the PCE Endowment Fund must automatically be swept into the Constitutional Budget Reserve, a key state savings account. A white paper, drafted by Borough staff, detailed the history of the PCE program and its impacts on rural Alaska. It was included with plaintiffs' arguments and likely played a part in the outcome of the case. The attorneys won the case, and in July 2022, the fee award was paid in the PCE matter. The Borough contributed \$10,000 to the litigation effort. The Borough has received \$7,177.89 back for the legal fees.



Financial Snapshot

The Borough's preliminary FY22 financial summary (numbers subject to change) is as follows:

FY22 Financial Summary:	
FY22 Revenues:	\$11,633,000*
FY22 Expenditures (General Fund, Bonds, Maintenance)	\$6,640,500
FY22 Helicopter Transfer	(\$759,350)
FY22 Cold Bay Terminal Transfer	\$50,000
FY 22 Permanent Fund Earning Capital Project Appropriations	\$1,751,265.13

*The FY22 Revenues appear extremely high, which is not something the Borough can expect in FY23. In FY22, the Borough received numerous insurance claim payments and school bond debt reimbursements for FY17 (\$167,961); FY20 (\$338,884); FY 21 (\$663,652) and FY22 (\$424,560).

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 on June 30, 2021 are comprised of the following: 2011 Refunding Series Three in the amount of \$225,000; 2015 Refunding Series One in the amount of \$825,000; 2016 Refunding Series Three in the amount of \$13,455,000 and the 2021 Refunding Series in the amount of \$2,895,000, resulting in a total bonds payable amount of \$17,400,000.



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

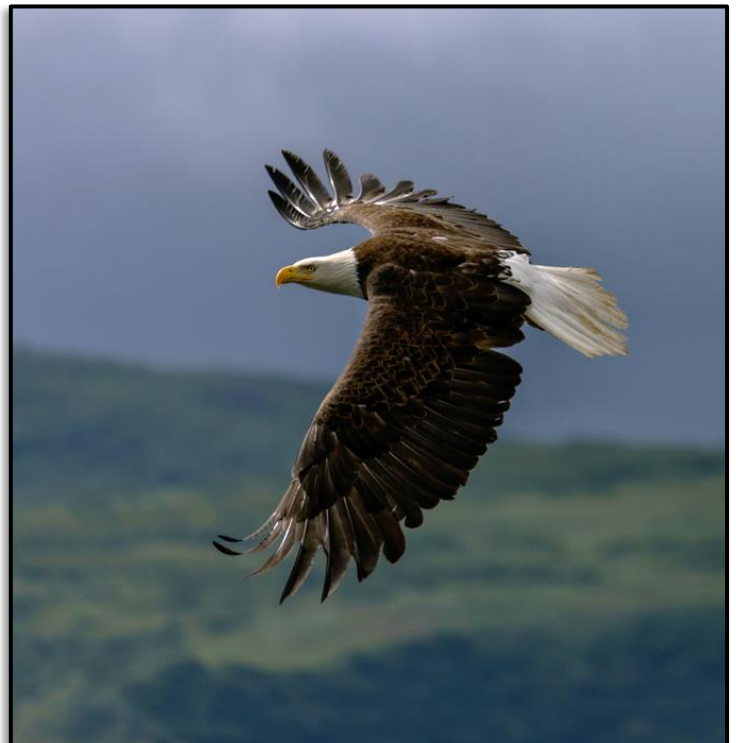
Year Ending June 30	Principal	Interest	Total
2022	\$1,720,00	\$715,521	\$2,435,521
2023	\$1,830,000	\$646,386	\$2,476,386
2024	\$1,965,000	\$564,525	\$2,529,525
2025	\$2,075,000	\$476,149	\$2,551,149
2026	\$2,200,000	\$381,158	\$2,581,158
2027 - 2031	\$7,610,000	\$540,852	\$8,150,852
TOTAL	\$17,400,000	\$3,324,591	\$20,724,591



Aleutians East Borough meeting in Sand Point on Aug. 18, 2022



A brown bear roams the area near the road to the northeast corner in King Cove. Photo by Kerry Tasker.



An eagle soars over Sand Point. Photo by Kerry Tasker.

Aleutians East Borough
P.O. Box 349
Sand Point, AK 99661

