

#### CALL TO ORDER

Mayor Alvin D. Osterback called the Aleutians East Borough Special Assembly Meeting to order by teleconference in each community on May 3, 2023 at 1:00 PM

#### ROLL CALL

Mayor Alvin D. Osterback	Present
Chris Babcock	Present
Dailey Schaack	Present
Warren Wilson	Present
Josephine Shangin	Present
Paul Gronholdt	Present
Brenda Wilson	Present
Jim Smith	Present

#### Advisory Members:

Samantha McNeley, Nelson Lagoon	Absent
Tom Hoblet, False Pass	Absent

#### **A quorum was present.**

#### Staff Present:

Jacki Brandell, Finance Director  
Anne Bailey, Administrator  
Talia Jean-Louis, Assistant Administrator  
Ernie Weiss, Natural Resources Director  
Glennora Dushkin, Administrative Clerk  
Laura Tanis, Communications Director  
Seward Brandell, Finance Clerk  
Charlotte Levy, Assistant Resources Director  
Beverly Ann Rosete, Clerk

#### **ADOPTION OF THE AGENDA**

WARREN made a motion to amend the agenda by moving resolutions after Public Hearings.

Hearing no objection, amended Agenda will stand.

#### **COMMUNITY ROLL CALL AND PUBLIC COMMENTS ON AGENDA ITEMS**

The communities of King Cove, Sand Point, Akutan, Cold Bay, False Pass, Nelson Lagoon and the Anchorage office were participating by teleconference. Also broadcast on KSDP radio. There were no public comments.

#### **CONFLICT OF INTEREST**

Mayor Osterback asked for any potential **Conflict of Interests** to discuss. There were no conflicts on agenda items.

#### **FINANCIAL REPORT**

March 2023 Financial Report

**MOTION**

JOSY moved to approve the Financial Report second by DAILEY

Administrator Bailey said Raw fish Tax is at \$4.2M 112% over the 5-year average. We received \$506K in March, which is about 97% of what we're at over the past 5 years. Other items are tracking along fine. Travel and Per Diem are a little higher since travel is happening more.

PAUL asked Administrator Bailey a summary of where we are at in regard to revenues. Administrator Bailey responded she cannot get that information at the top of her head using the financials in front of her. A comparison will have to be made in order to get that information. Finance Director Brandell said based of the known revenues recorded in April we are looking at -\$57K deficit. But once we have received all the expected revenues, we are looking at around \$700K surplus. PAUL asked when does processors usually send their tax payment. Administrator Bailey said the 3 big processors pay up on the 15<sup>th</sup> of the prior month. Sometimes smaller processors trickle in later.

CHRIS asked about the Electronic Monitoring Supplies that is 220% overbudget. Finance Director Brandell said if you look at the revenue page for that grant (page 5). It is a reimbursable grant, so anything we spent will be reimbursed.

**ROLL CALL**

Yeas: Warren, Jim, Dailey, Chris, Brenda, Josy, Paul

Nay: None

**MOTION CARRIED**

**INVESTMENT REPORT**

APCM March 2023 Investment Report

**CONSENT AGENDA**

None

**PUBLIC HEARING**

None

**RESOLUTIONS**

**Resolution 23-51, Opposing Senate Bill 128 & House Bill 180**

**MOTION**

WARREN moved to approve Resolution 23-51, second by BRENDA

Natural Resources Director Weiss said The Board of Fisheries has addressed Area M salmon fisheries twice in the past year. At the Statewide Shellfish meeting in March 2022 and at the regular Alaska Peninsula/Aleutian Island/Chignik meeting in February 2023 the Board took actions to restrict South Alaska Peninsula salmon fisheries. At the February 2023 meeting, the Board reduced the first June opening for seiners by 22% and the second opening reduced by 25%, with a 76-hour window in between closed to seining. The third and fourth fishing opening could also be reduced by half or closed completely if certain chum harvest thresholds are exceeded. In addition, the Sanak Island section will be completely closed to

salmon fishing in June. Area M seiners have committed to reducing chum harvest implementing a plan of cooperation, communication, and full seine fleet participation. In June of 2022 the fleet achieved the lowest ratio of chum to sockeye in 50 years, with plans to continue and improve this program in 2023. On April 12th Senator Donald Olson of Golovin introduced Senate Bill 128 and referred to Senate Judiciary and resources committees. Senator Kawasaki added on as a co-sponsor April 14th. Senate Judiciary Committee held a hearing on SB 128 April 21st. On April 26th Representatives Cronk, McCormick, Stapp, Foster, and Tomaszewski sponsored the introduction of House Bill 180, referred to House Fisheries and Resources committees.

Mayor Osterback asked when everybody signed up for the first judiciary meeting and the cut it off after 8 or 9 people, were they talking about coming back for more public testimony? Weiss said, from his understanding, the public hearing portion of that bill is open but will not have another listening session.

PAUL asked if the resolution was adopted it will service part of our written comments to the committee. Weiss said yes, if this was adopted, he's d expect it would be accompanied by a letter from the Mayor and will be sent to the governor, both houses of the legislators. Yes, it will serve as our comment. PAUL asked if the House Bill and the Senate Bill are exactly the same. Weiss said correct it will close June Fishery from June 10-30<sup>th</sup>, 2023 that will leave 1 setnet opening from the 6<sup>th</sup> to the 7<sup>th</sup>.

Jordan Keeler, said they have a very similar piece on their agenda for their meeting on Tuesday and they highly support the boroughs resolution and will submit their resolution as well.

WARREN asked how did the Commissioner take it when he heard about it, did he testify at the hearing. Weiss said he was invited testimony and repeated his presentation at the Senate Resources. Commissioner understand our situation and does not oppose to our fishery at all.

PAUL said our next meeting will be in 2 weeks, there is some fresh action on trawling, we may or may not have another resolution depending on perhaps what the commissioner have to say on that trawling action by the court.

Weiss said he listened to the Fairbanks AC fish sub-committee, and think they want to go with the Endangered Species Act that is why they want to shut down the Trawl fisheries.

#### **ROLL CALL**

Yeas: Jim, Chris, Dailey, Josy, Brenda, Warren, Paul Advisory:

Nay: None

#### **MOTION CARRIED**

**Resolution 23-52**, Relating to the disposal of real property – authorizes a lease of Lot 2 of Port Moller Cannery Subdivision

#### **MOTION**

CHRIS moved to approve Resolution 23-52, second by JOSY

Natural Resources Director Weiss said this is part of our Municipal Entitlement Selections and we went through and decided to survey some of the selections. In 2016, the Assembly dedicated some of our budget to these surveys. 2017, Port Moller land about 1200 acres were surveyed as part of Alaska State

land Survey 2016-49. At the same time this plat which is attached after the Ordinance, a cannery subdivision creating lot 1,2,3 &4 that was surveyed 2018. They finished the State Land Survey and we proceeded to sell lots 1&4 to Peter Pan Seafoods. In 2018, we did the Sandy River and 2019 Bear Lake.

The Aleutians East Borough has and may exercise all rights and powers to acquire, hold, dispose of or *manage real property, both inside and outside the borough. The Borough holds all real property in trust* for the benefit of the public and shall hold, manage and dispose of such property in a manner consistent with that trust and it must ensure that the public receives fair and reasonable compensation or benefit from the Borough actions in the disposal of real property. Real property includes interests in real property as well as rights to real property, and includes, but is not limited to, leases, easements, security interests, licenses, permits and options. Connor Murphy, J.W. Smith and Robert Murphy, partners, have maintained a building/structure on Lot 2 of the Plat of the Port Moller Cannery Subdivision, since before the Borough took title to the land. These owners of the building on Lot 2 have expressed an interest in continuing to use the property while holding to Borough principles and regulations. Leasing Lot 2 will allow the fishermen to continue use of the property according to the lease. A lease will help remove Borough liability from ongoing use or activity on Lot 2. Receipts from a lease will generate revenue to the Borough.

PAUL asked Weiss to explain why there is 2 different chunks on the map. Weiss said we have that plat, lots 1,2,3 &4. Lot 1 is right next to Peter Pan plant and lot 4 is where the land fill is. Lot 2, is the one we are talking about and lot 4, is Chris Henningson. And because there were buildings on it, we decided to survey that out as separate lot. So this is just one block, it is between Peter Pan and land fill. PAUL said just to clarify, 1 lot to the North of the cannery are you referring to. Weiss said yes correct, lot 2. PAUL said so if this resolution passes the Ordinance still has to pass and this is just the 1<sup>st</sup> reading and there could be a comment on the public hearing the proceeded to ask when the next meeting is. Mayor Osterback said it will be on May 18, 2023 Agenda. JOSY asked if that's where the Fish and Game building. WARREN said no, it is between the lagoon and the dump.

#### **ROLL CALL**

Yeas: Chris, Dailey, Paul, Josy, Brenda, Warren, Jim Advisory:

Nays: None

**Resolution 23-53**, relating to disposal of surplus, obsolete or unneeded supplies

#### **MOTION**

DAILEY moved to approve Resolution 23-53 second by BRENDA

Administrative Clerk Dushkin said the Borough has 2 Yamaha outboard that we no longer need. The Borough code reads, "Supplies which are deemed by the Purchasing Officer to be sold as surplus, obsolete, or unneeded, may be sold or otherwise disposed of by the Purchasing Officer upon approval by the Assembly by resolution." The Borough purchased 2 new outboards for the skip we own in Akutan, the old ones are no longer needed.

DAILEY asked what is the size of the motor? Mayor Osterback responded 115hp a piece.

JOSY added Trident was dumping them. Mayor Osterback said he asked them to dump it but someone expressed a desire to bid for parts.

## **ROLL CALL**

Yeas: Josy, Dailey, Brenda, Chris, Warren, Jim, Paul Advisory:

Nays: None

**Resolution 23-54**, authorizing the Mayor to negotiate and execute an agreement with MCCi in an amount not to exceed \$25,000

## **MOTION**

CHRIS moved to approve Resolution 23-54 second by JOSY

Borough Clerk Rosete said the Retention Schedule is an item on the Strategic Plan. Recently, it has been identified that our current Laserfiche software is outdated and needs to be upgraded. This will allow the Borough to be more efficient regarding retention. The Borough's current Laserfiche provider is MCCi. On March 1, 2023, the Borough Clerk and Deputy Clerk met with MCCi for a demonstration. During the meeting, MCCi explained how the upgraded Laserfiche software can make internal policies and procedures more efficient along with records retention. MCCi submitted a quote for upgrading our software totaling \$23,185. This includes the following

- One-time cost of \$15,200 which consists of:
  - o licensing platform and version upgrade
  - o *installation and configuration*
  - o web products installation and configuration
  - o basic remote administrator training
  - o implementation management
- Annual fee of \$7,985 for the subscription and software support

CHRIS asked if we are currently on this software. Clerk replied, yes we have this software and paying an annual amount of about \$1700 but the software is really outdated. The last update was 2014 which is about 9 years now. This will really streamline our main goal of having centralized retention management.

PAUL commented that it will have an annual fee of about \$7,985 a year, what is it now? Clerk answered about \$1,700. But imagine the 9 years of not upgrading it. The new software will allow all the office to have access to one spot where we can file all our documents. This will allow us to access it via web, mobile phone as well as desktop.

CHRIS asked how will this work, are you going to just give them the files? Clerk answered they will work with ICE services to make sure security wise, all the configurations and from there, we will transfer the old files and start scanning the paper one. CHRIS asked what format does this support. Clerk responded, pdf, pictures, and almost anything. CHRIS asked where all the file going to be stored? Clerk said, it will still be in a local server, but we will be able to access it via web client as well.

PAUL asked if we support this, where will it be charged? Administrator Bailey said it will come out of the project contingency line item Fund 20.

CHRIS commented that we need to get this done because it is part of our Strategic Planning. Administrator Bailey added that this will truly make our work easier in trying to find files, because files are all over the place.

PAUL asked about the hardware. The clerk said there will be no actual hardware, they will just install it in our server.

CHRIS asked how long it will take to install? The clerk replied probably 2-4 months, the tedious one will be scanning all the paper documents in each office. CHRIS asked how fast will it be in the system once scanned. The clerk replied, instantly.

**ROLL CALL**

Yeas: Brenda, Dailey, Josy, Paul, Jim, Warren, Chris

Nays: None

**MOTION CARRIED**

**ORDINANCES**

**Introduction Ordinance 23-04**, Authorizing the Mayor to negotiate and execute a Lease of Lot 2, Port Moller Cannery Subdivision

**MOTION**

CHRIS moved to approve the Ordinance 23-04 second by BRENDA

Natural Resources Director Weiss said this ordinance pertains to the same property we talked about in Resolution 23-52. This particular ordinance will set up some minimum conditions for lease and will authorize the Mayor to negotiate and execute a lease agreement in refers to this plat, Port Moller subdivision. If approved today, it will go on the public hearing at the May 18, 2023 meeting. If we lease this plat, it will give the gentlemen opportunity to continue their fisheries business and produce a little income to the Borough.

PAUL said through the State, they don't ever lease land, only shoreline. Do they have a valid lease with the state for this site. Weiss said he did not investigate that thoroughly but will find out next meeting. Mayor Osterback said, from their conversation, on the resolution, this is not actually shore site land, it is upland that they are leasing with a cabin that provides them a place to stay while they are operating their setnet site.

WARREN commented the site is by the Port Moller Cannery site, there is a spot there. During Southeast he will get to that site, I know he has a registered site by the cannery.

PAUL commented that it seems like we do not have enough time between the 1<sup>st</sup> and 2<sup>nd</sup> reading. If we could move the 2<sup>nd</sup> reading. Mayor Osterback asked if PAUL knew anyone in opposition to it. Unless the Assembly stops it, it will be scheduled on the May 18<sup>th</sup>. It just needs to be done.

WARREN commented if there are people in opposition, they'd be here. Because there were a couple of spawning spots there, they'll fight for that. These gentlemen has been holding that cabin for years and years before even the Borough ever subdivided it. They just want to be legal in having their cabin in a land that they are leasing or able to own.

Mayor Osterback said this has nothing to do with the shoreline. This is upland and it will not affect anything where anyone is fishing.

BRENDA asked if we are going to do the lease annually. Mayor Osterback said it will not make sense to do it in a short-term lease.

PAUL asked how much the Borough would make of this lease. Weiss said it will depend on the Mayor and we will have a comparable leases but we will go with the fair market value.

**ROLL CALL**

Yeas: Josy, Jim, Dailey, Chris, Warren, Paul, Brenda

Nay: None

**MOTION CARRIED**

**Introduction Ordinance 23-05**, Amending Title 1, Chapter 1.20, Sections 1.20.030(B)(3) and 1.20.100; Title 2, Sections 2.08.010 (B), 2.12.030(A) AND (B), 2.20.040 AND 2.20.050 of the Aleutians East Borough Code of Ordinances

**MOTION**

BRENDA moved to approve the Ordinance 23-05 second by DAILEY

*Administrative Clerk Dushkin said the Borough has adopted a Borough Municipal Code of Ordinances in 1987, when the Borough was first formed. The Borough desires to amend the Code to be internally consistent, to correct grammatical and typographical errors, and to comply with the Alaska law and the Borough's procedures. Code Section 1.04 provides that the Code may be amended by the act of the Assembly. The current and the proposed changes are outlined on the attached table in the packet.*

PAUL commented he's reading the Joe Levesque memo, I frankly have not enough time to go through it, there are quite a few changes. I don't have a problem with moving it with the 1<sup>st</sup> reading but will respectfully request maybe in July for the 2<sup>nd</sup> reading.

Mayor Osterback asked if anybody has a problem scheduling it for May 18th?

CHRIS commented that there is no major changes, it is more like housekeeping.

PAUL said in all the Ordinances we've been adopting changing, original ordinances they all ended up with Administration getting more authority than the Assembly. I thought we should be reversing it.

Administrator Bailey pointed out that there aren't many changes other than what Glennora stated on changing days to hours or hours to days. When we were trying to read this and figuring it out. It was really confusing. So we asked Levesque office to go through to make it more streamlined and easy to understand just by reading. Few of the things in here, we haven't even practiced. For instance, in one of the section, it says we would have 5 public hearings on an ordinance, we do not do that and it is not feasible to do that so that got changed to what we practice for years and years. So that stuff got cleaned up because that is not what we practiced. A lot of this is clerical and a few items that will bring us in line with State Statute.

BRENDA commented after reading through it, it doesn't give the administrator additional authority. Just changing up the name from Assemblymen to Assembly, correct spelling and some capitalization. It doesn't give authority to anybody.

Mayor Alvin commented if anybody has any questions we can ask, Levesque law to the next meeting and explain the memo. I don't think any of these are designed to take power away from the Assembly. We say this is recommended but the Assembly will vote. WARREN agreed.

**ROLL CALL**

Yeas: Brenda, Chris, Dailey, Warren, Paul, Josy, Jim

Nay: None

**MOTION CARRIED**

**Introduction Ordinance 23-06**, Adopting the Operating and Capital Budget for the Aleutians East Borough Fiscal Year for FY2024

**MOTION**

CHRIS moved to accept Introduction Ordinance 23-06 and set for Public hearing at May 18, 2023, second by JOSY

Administrator Bailey said before you are all the information for the FY2024 budget. In the packet you should have an agenda statement that explains as much details it can provide, a consumer price index document, permanent fund earnings appropriation document, FY24 community budget request information and the ordinance itself. The next page is the budget in excel sheet, green shows increase, and red shows decrease. We are introducing the budget today May 3, 2023 with second reading on May 18, 2023, for a public hearing.

Administrator Bailey reviewed the Agenda Statement for the Operating and Capital budget for FY23, this includes budget on the State level. On Fisheries Considerations and Natural Resources department have the analysis and recommend a conservative approach to projecting the FY24 Borough raw fish tax revenue. The analysis was based on recent fishery trends. After the analysis, the recommended Fish Tax Revenue is \$4M.

PAUL commented that he heard one of the Fish processors will not be exporting any fish to our region. How much do you think would be the chunk if they did not export some of that Bristol Bay fish in our region? Mayor Osterback asked if you fish in Bristol Bay and offload to a tender and they are inside the Bristol Bay Borough, that fish tax goes to Bristol Bay.

Levy commented they have not heard that, could possibly do an analysis to think about those numbers. And to answer all these questions, we are looking into it right now. We will have an answer for you quickly but will have to talk to legal counsel to verify.

Every single department has looked into their budget and made adjustments to meet anticipated needs for FY2024. Proposed salaries include 5% COLA. the Consumer Price Index (CPI) for Urban Alaska for the preceding fiscal year is 8.1%.

Fringe Benefits anticipates 12% increase which includes Medicare, ESC, PERS and insurance costs.

The School District is requesting \$800,000, and if the BSA won't increase they may come back for more. The proposed FY24 budget reflects \$800,000 in local school contributions; \$35,000 in school scholarships and \$20,000 in student travel totaling \$855,000.



Fund 20 outlines grants from outside entities (i.e. State of Alaska, NOAA, etc...), capital projects funded from non-grant and Borough sources (i.e. Trident Contribution to the Akutan Airport, hovercraft sales proceeds designations, etc...) and the Borough Permanent Fund Earning appropriated projects. The Ordinance appropriates \$1,788,334.18 for FY24 designated projects.

PAUL asked how much of the proposed budget is Permanent Fund? Administrator Bailey responded that the excel spreadsheet doesn't show Fund 20. Finance Director Brandell added Fund 20 is not an operational budget. They are for special projects and things that are not a day-to-day operation. PAUL followed up by asking so this budget that we are adopting has no reference to the Permanent Fund. Administrator Bailey said it does not show in the excel spreadsheet, but it is in the Ordinance.

Administrator Bailey said we expect for FY2024, revenue of \$7.525M, expenditure \$4.441M, Net Revenue of \$3.084M. Terminal Operation of \$42K, Helicopter operations -\$863K. Expected Surplus is \$72K.

This assumes 50% in School Bond Debt Reimbursement, 0% Harbor Bond Debt Reimbursement, a 5% Cost of Living increase for employees and funding education at \$855,000.

Detailed proposed increases and decreases with comments are shown on the table on the packet. One big change to note is Utilities. Utilities are spread throughout different departments, we consolidated those and moved everything to Other.

CHRIS asked if Sand Point Bus Barn does not fall under school district budget. The administrator said no. PAUL asked the status of the maintenance department. Administrator Bailey said we are still looking for someone. CHRIS asked if we are paying for the bus barn? Mayor Osterback said when they built it, it was supposed to be used to store the school bus but never been used as that. We have all our maintenance tools stored there.

PAUL asked about School Pool budget on page 16 being zeroed out. The administrator said we have other funding to pay for the pool. PAUL asked when is the pool going to open, Administrator said we are working on the doors right now. There is a contractor coming out to Sand Point, we finally pin point when the leak is and they will try to fix that and fix the gutter crack.

Fund 22 reflects Terminal Operations and Helicopter Operations.

CHRIS asked about the salary in helicopter operations, administrator said we have an employee who drives the skiff.

Another major change to this budget is the Fund 41, the Maintenance Reserve Account, per our code, Section 6.04.042 Each year the mayor shall include in the proposed budget for the coming fiscal year the deposit to the Capital Improvement Maintenance Reserve Account of the greater of \$100,000 or an amount equal to two and one half percent of the total anticipated revenues from the borough sales tax and the state shared fisheries business license tax. The amount shown to be deposited to the account in the annual budget finally approved by the Assembly and all interest earned on the account shall be deposited to the account. In FY24, the Borough anticipates \$4,000,000 in Borough Fish Tax Revenue and \$1,900,000 in the State Shared Fisheries Business Tax totaling \$5,900,000. 2.5% of \$5,900,000 is \$147,500, which is greater than \$100,000. Therefore, \$147,500 is budgeted in the Maintenance Reserve line-item in FY24. Once the FY24, budget is approved these funds will be placed in its own AMLIP portfolio, where it

will accrue its own interest. If the full amount is not expended the remaining funds will remain in the account. Section 6.04.042 Section 2 Appropriations will be followed with the monies in this account.

The FY24 Permanent Fund Earnings Appropriation recommendations are listed in the packet. Total proposed appropriations \$1.788M. Discussions were made.

**ROLL CALL**

Yeas: Warren, Paul, Brenda, Josy, Jim, Dailey, Chris

Nays: None

**MOTION CARRIED**

*OLD BUSINESS*

None.

*NEW BUSINESS*

None

PAUL asked by ordinance, who does the clerk report to? Mayor Osterback replied, the Assembly. PAUL asked how many applicants? Mayor Osterback said 3 applicants. PAUL commented but you recommended one. Mayor Osterback replied by ordinance, administration selects the candidate and Assembly will approve.

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*EXECUTIVE SESSION*

• Borough Clerk Performance Evaluation

The Assembly may move into Executive Session to discuss and review the performance of the Borough Clerk Rosete – a subject that may prejudice the reputation and character of the Clerk.

Brenda made a motion to move into Executive Session inviting the Clerk, Mayor Osterback and Administrator Bailey, second by Chris

JOSY made a motion to come out of Executive Session second by DAILEY

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*ASSEMBLY COMMENTS*

PAUL commented that on August we should plan on meeting around the ferry and go to False Pass or Akutan.

*PUBLIC COMMENTS*

*NEXT MEETING DATE*

Special Assembly Meeting May 18, 2023, at designated locations.

*ADJOURNMENT*

JOSY moved to adjourn and second by BRENDA. Hearing no more, the meeting adjourned at 3:44pm.

  
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Mayor Alvin D. Osterback

  
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Beverly Ann Rosete, Borough Clerk

Date: 5/19/2023

