

CALL TO ORDER

Mayor Alvin D. Osterback called the Aleutians East Borough Special Assembly Meeting to order by teleconference in each community on September 20, 2023 at 5:00 p.m.

ROLL CALL

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

Advisory Members:

Samantha McNeley, Nelson Lagoon	Present
Tom Hoblet, False Pass	Excused

Quorum was present.

Staff Present:

Anne Bailey, Administrator
Talia Jean-Louis, Assistant Administrator
Ernie Weiss, Natural Resources Director
Charlotte Levy, Natural Resources Assist. Director
Beverly Ann Rosete, Borough Clerk
Jacki Brandell, Finance Director
Seward Brandell, Accounting Clerk

ADOPTION OF THE AGENDA

BRENDA move to Adopt the Agenda, seconded by CHRIS

Hearing no objections, the Agenda will stand as Presented.

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.

CONFLICT OF INTEREST

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

PRESENTATION

MINUTES

FINANCIAL REPORT

INVESTMENT REPORT

CONSENT AGENDA

PUBLIC HEARINGS

ORDINANCES

RESOLUTIONS

Resolution 24-10, Authorizing the Appropriation of \$4,000,000 from the Borough's Alaska Municipal League Investment Pool AEB Checking Account .3 Portfolio to pay for the Second 10% of the Akutan Harbor Corps Payment

MOTION

CHRIS made a motion to approve Resolution 24-10 and second by DAILEY

Administrator Bailey said in July 2008, the Borough entered into a Project Partnership Agreement with the Army Corps of Engineers for the construction of the Akutan Harbor. Per the Agreement, the Borough agreed to pay 10% of total costs of construction of the general navigation features and an additional amount equal to 10% of total costs of construction of the general navigation features less the amount of credit afforded by the Government for the value of the lands, easement, rights-of-way. The total construction costs for the General Navigation Features that have been accounted for to date are \$32,640,070.01. Of this total, the Borough's costs were \$3,264,007 representing the first 10% cost share. The 90% Federal cost share was \$29,376,063.01. This portion of the cost share record is balanced and closed. The Borough still owes the second 10% of the total cost of construction of the General Navigation Features. The Borough has requested the Corps to complete the final accounting, but based off prior correspondence it is anticipated that the Borough will owe between \$3.4 million to \$3.6 million. The Corps typically provides two options for payment which is either pay the second 10% in full now or over a period of 30 years utilizing the Federal finance rate as defined by Section 106 WRDA 1986. If the Borough decides to pay over a period of 30 years, the Corps will provide Long-Term Agreement amortization schedules outlining payment option(s). If the Borough decides to pay in full, the Corps will submit an invoice and the Borough will process payment. While preparing for the Financial Work Session, the Administration determined that paying off the second 10% in full would be the most cost-effective and best option for the Borough. The Borough has the funds available, and it eliminates this as a Borough liability. The Borough has approximately \$6,000,000 in unencumbered funds located in the AMLIP .3 portfolio. These funds were from prior fiscal year surpluses, were "reimbursements" from the Permanent Fund for past Permanent Fund Earning Expenditures and other sources. These funds are unrestricted, and it is recommended that \$4,000,000 be appropriated to pay off the second 10% of the Akutan Harbor Debt and the remaining funds be appropriated to the Sand Point School DEED project, which will be addressed in Resolution 24-11. These funds would be placed into their own AMLIP portfolio for accounting purposes and will be used once the Army Corps provides their final invoice. If all the funds are not needed, then the Assembly will reappropriate the remaining funds.

ROLL CALL

Yeas: Brenda, Chris, Dalley, Jim, Josy, Paul, Warren Advisory: Samantha

Nay: None

MOTION CARRIED

Resolution 24-11, Authorizing the Appropriation of approximately \$2,001,581.66 from the Borough's Alaska Municipal League Investment Pool AEB Checking Account .3 Portfolio to the Sand Point School Project

MOTION

BRENDA made a motion to approve Resolution 24-11 and second by DAILEY

Administrator Bailey said On February 21, 2023, the Aleutians East Borough signed a grant from the State of Alaska Department of Education & Early Development to conduct major maintenance at the Sand Point School. The project provides for renovations at the Sand Point K-12 School and pool. The Grant is in the amount of \$2,968,577. The Grant amount is \$1,929,575 and the Borough is responsible for paying the State of Alaska Recipients' Participating Share for this Project in the amount of \$1,039,002.00. Immediately after the FY23 Grant was awarded, the district and the borough immediately faced a host of unexpected financial realities for this project. These issues, which have been largely caused by disruptions in supply chains due to delays, out-of-date cost estimates, COVID-19 slowdowns and rising inflation, are the direct causes. Without question, the impact of COVID-19 related impacts on supply chains was and still is dramatic. The pandemic disrupted the usual flow of materials and goods, leading to delays and shortages. This, in turn, drove up costs as it became harder and more expensive to get what was needed. At the same time, prices for many things were rising rapidly due to inflation. The term "rampant inflation", meaning that prices were increasing significantly and affecting many areas of the economy, is not farfetched at all in the Borough's and district's experience over the past several years. The district, Borough, SERCC, and DOWL anticipate the estimated costs of the project will increase by at least 40% of what was originally planned. The updated cost estimate came in at \$6,811,429; therefore, the School District/Borough decided to submit a Supplemental Funding Request to the State for this project. On September 1, 2023, the Aleutians East Borough School District submitted to the State a Supplemental Funding Request, which requested an additional \$3,842,852 in funding for a total project cost of \$6,811,429. The local match will increase to \$2,384,000.15. The Borough currently has \$1,239,002 available for SP School Grant in line-item E 20-220-660-462 (\$1,039,002 was for the grant match and \$200,000 was for any contingencies). The Borough will need additional funds to complete the project in its entirety. If the Supplemental Funding Request is approved by the State, the Borough will need an additional \$1,344,988.15. If the request is not funded, the Borough will need an additional \$3,842,852. The Borough has approximately \$6,000,000 in unencumbered funds located in the AMLIP .3 portfolio. These funds were from prior fiscal year surpluses, were "reimbursements" from the Permanent Fund for past Permanent Fund Earning Expenditures and other sources. These funds are unrestricted, and it is recommended that \$4,000,000 be appropriated to pay off the second 10% of the Akutan Harbor Debt as outlined in Resolution 24-10 and the remaining \$2,001,581.66 funds be appropriated to the Sand Point School DEED project. If the Supplemental Funding Request is approved, the Borough will only need a portion of these funds and the unused monies will be reappropriated. If the Supplemental Funding Request is not approved, the full amount and additional funds will be needed.

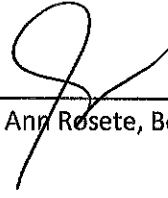
If the Assembly approves, the SP School funds would be placed into their own AMLIP portfolio for accounting purposes. If all the funds are not needed, then the Assembly will reappropriate the remaining funds.

PAUL commented he supports the resolution. Part of the fix to fill up the pool again is, if the pipe that fills the pool is cracked, put a liner on it and if that doesn't work, cut a little smudge, dig a hole, replace the pipe, and replace the cent on top. So, there's alternative.



Mayor Alvin D. Osterback

Date: Oct. 16, 2023



Beverly Ann Rosete, Borough Clerk

