

## CALL TO ORDER

Mayor Alvin D. Osterback called the Aleutians East Borough Regular Assembly Meeting to order by videoconference in each community on May 9, 2024 at 3:00 p.m.

## ROLL CALL

Mayor Alvin D. Osterback	Present
Brenda Wilson	Present
Jim Smith	Excused
Chris Babcock	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  
Glennora Dushkin, Administrative Assistant  
Ernie Weiss, Natural Resources Director  
Charlotte Levy, Fishery Analyst  
Beverly Ann Rosete, Borough Clerk  
Jacki Brandell, Finance Director  
Seward Brandell, Accounting Clerk

### Others:

Trident: Shannon Carroll, Dave Abbasian, Jeff Welbourn  
Silver Bay Seafoods: Abby Fredrick  
Taylor Lundgren  
Danny Cumberlidge  
Gary Hennigh  
Bobby Jo Kramer  
Farha Karim  
Michael Franklin  
John Gardner

## MOTION CARRIED

### ADOPTION OF THE AGENDA

Paul moved to Adopt the Agenda, second by Brenda

PAUL made a motion to remove Resolution 24-40 Declaring Assembly Seat G vacant, second by Brenda



**Roll Call**

Yeas: Paul, Brenda, Warren, Chris Advisory: Samantha

Hearing no objections, the Agenda will stand as Amended.

**RESIGNATION**

**MOTION**

Chris moved to accept Assembly Dailey Schaack's Resignation, second by Josy

**ROLL CALL**

Yeas: Chris, Warren, Brenda, Josy, Paul Advisory: Samantha  
Nay: None

**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 videoconference. 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.

**PRESENTATIONS**

- **Seafood Processor Presentation**
  - Trident Seafoods – Jeff Welbourn, Shannon Carroll and Dave Abbasian

Jeff Welbourn gave an update starting with Akutan. He said that as they wait for market recovery and reorganization of what we've been working on with other companies, it is really unlikely that we break ground on the new operation in 2025. As you look at what we are doing in Akutan, we continue to make investment there for the stability and effectiveness of that plant. We continue to operate as planned. We have solid season this A season, we are planning on a good B season as well. We have challenges during A season as everybody else. We are looking for pollock and cod market to show a life here and get us into a better place for the coming years. As far as Akutan is concern, our commitment to town in making sure there is plan for the future and communication with community in getting back in more routine basis of what the future looks like. That future changed and got pushed further out, so there is some stability for a near term there and I want everybody to at least be able to rely on that. If you are looking of what we are doing in Sand Point,

We've been spending quite a bit of time there, we got a sustain engineering crew there to bring the plant back to a place that we feel comfortable with and also build some new capacity this year and next year. We will be running more cod there as well as salmon and we pulled out a lot of grandfathered in system. Black cod, halibut, Dungeness we are running this summer and Bairdi in the winter season. So we continue to work through a better operating model there. We have a good team there focused on the operations in Sand Point. The relation between the Aleutians Island footprint and the Sand Point footprint, they are tied together for us to be effective in those fisheries. As we look at the way we operate in the region strategically those two operations are tied together to be able to execute pollock fishery. On the Gulf side for example, Sand point is a critical point of service for that fleet and the tenders and fleet in Akutan plant so the we can get the most out of the



fish and Trident can build a better value and market. In False Pass, working with all parties to make sure that we find the best for that operation and reorganization so that the options for fleet and the capacity for fleet is sustained, the fuel and services are also sustained. That is our intention in False Pass as we get through sale and operation this spring. Our intention is to provide better service to the fleet and community we are involved in as we get our feet in the new operating model and want that reassurance. We are all weathering these markets together.

Shannon Carroll added many are aware that not just the market issues we are dealing with but there's also growing concern around access to resources in our general social licenses to operate in commercial fisheries in Alaska particularly in the Bering Sea in pollock fishery and the Area M Salmon fishery so those are concerns we deal with on the daily basis and things are not necessarily getting better but I do appreciate the Mayor and the Borough for the support and the area M seiners at the last council meeting. There was really some great testimony. It demonstrates some real support for western Alaska. As we are going into salmon season, we try to focus on doing a good job, so we are having a fleet meeting with our salmon and pollock fleet.

Jeff Welbourn added that they are open for feedback, and they try to be as responsive as possible.

Dave Abbasian said one of the questions he always gets asked about is, when is Trident pulling out of Sand Point. They are not moving out but investing in Sand Point. They are trying to get more streamlined because that is the only way to survive and be healthy. He thinks everybody in this room know that healthy community rely on healthy processors and vice versa.

Jeff Welbourn said they are still working on some dock gaps and considering the amount of piling and decking that they are replacing, the work to be done in the new ice house, we've placed some refrigeration upgrades, and some of the line upgrades for the different species, that will give us a good foundation to make sure we can execute this fisheries effectively and try to restore value to fisheries and fleets.

Mayor Osterback thanked the Trident team for coming to the meeting and asked if they don't mind answering questions from Assembly and public.

PAUL thanked Trident for accepting the Borough's invitation, he proceeded to ask what is Trident Seafoods plan for pink salmon in July and August? Is Akutan going to be part of the picture for pinks? Jeff Welbourn responded that this year, July and August, we believe that Akutan needs to be part of the picture. We believe we have the capacity, and we'll get through it. We are in communication with our fleet on the south side of the Peninsula, so I think we are in good shape this year.

PAUL continued to ask if there is a discussion on possible limits on salmon fleet this year, and if there is, is it daily basis. Dave Abbasian responded that limits are not a bad topic. He thinks the industry needs to look at quality, something that has not been paid attention to in the past few years. If we do end up with limits, that is something we need to collectively work together.

PAUL said there are some concerns about the False Pass dock that Trident Seafoods own, is that will be part of the sale as well as the fuel farm. Jeff Welbourn responded that their dock agreement is continue to fund activity and the fuel farm are all incorporated in the sale and so we want to make sure the new owner/operator is also interested and dedicated to providing this services going forward. That is part of the sale.



PAUL asked if there is any big changes in the stockroom in Sand Point? Jeff Welbourne responded that Access will be great and we've got more supplies available so it will be business as usual in terms of access and inventory.

PAUL asked about the cod plant upgrade in Sand Point, is this permanent or not. Jeff Welbourne responded, they have no plans on leaving Sand Point. What we've put in there is for the future.

Paul asked about the Captain's Bay timeline. Wellbourn responded there is no new news on the timeline, it will take us to build something on that magnitude. Probably one more year on breaking ground in physical site. The ground is prepared and we are looking in getting a dock phase capped do it will be ready for use for our own fleet and potentially for others. The bunkhouse will be going to sit there with no people for a while. The project timeline would remain.

Shannon Carroll added that they are not building in 2025.

Dave Abbasian added that they are not moving out of Sand Point, and they are reinvesting in Sand Point.

Shannon Carroll added that they understand the anxiety about something like that probably even heightened given what has happened this year. What we had done at Trident, we tried to give that information early and often and follow through on that information even when it is not great news, at least we are trying to get out there and we can continue with that transparency and conversation. We made a commitment; we sat down with out fleet in Sand Point and told them our long-term plans and hope you see that we follow through on that. We are dedicated to long term approach to these fisheries and these communities and hopefully the market can sustain them.

Josephine asked what the delay is. Jeff Welbourne responded finances, if we look at where the market fell to and what it takes to make a ton of investment. This is something we never took lightly. This is really about the economic future of the fisheries and trying to make sure that there's liability there. We've had smaller room conversations on what that means for our support long term but the dynamin that got us in the last 50 years in processing and cost of processing is not going to sustain us, the fisheries and the fleets going forward. So, what we designed and the logistics around it is really to make sure that there will be a long-term future for this fishery.

Warren commented that the cod fleet for the pot fishery was tied up only to Peter Pan not able to process and I am really worried for fishermen in King Cove and I was wondering if you could share anything to ensure the people and fisherman who lives in this area. Last winter they were not able to get markets and cut back a lot and I hate to see that happen again this fall because the way it looks now, is that this plant is not ready to go for a year or two. Warren asked the processors if they were able to take some of the fishermen from the local fleet here to help them out a little bit with pacific cod and for trawlers. He stated that there is a big tank farm in King Cove that can supplies fuel to the fishery and the whole Bristol Bay fleet that comes through King Cove. He knows that it is a different company and avenue but he know thy need help and they need it now. He was wondering if the processors can help them find a pacific cod market.

Jeff Welbourn responded that during A season, they did everything they could to add more capacity and take a bit of that, but you were right there is a big gap in terms of all raw capacity in A season. B season we are working through our plan on how much we can take so I will defer to Dave on the



details and communication with fleet. For B season, there is an opportunity wrap it around to the next season, that is a big conversation we must have and hopefully there is a solution on a large scale. I know there's capacity there in town, we are focused on maximizing the efficiency of our own and the volume that we can take on a daily basis and we will be talking to with anyone who wants to know what it looks like for B season but coming into A season, we have a bigger puzzle to solve.

Dave Abbasian added that they were pleased when Sand Point fleet led by Kylie suggested to take on the King Cove guys as far as the catchers, that was a stand-up thing to do as you are in the same team. Capacity is the issue, and again they are working on that and must stay in contact when the fall fishery comes. He thinks that there is a solution for it but a lot of it also depends on the global markets. If you are talking about opening up capacity for species of fish that the processors are going to but and sit on it for 6 months not knowing what they can sell it for is one thing, but the cod market get strong, remain strong and healthy and we know if we can freeze it we can sell it then we will figure out a way to do it.

Josy asked if Trident can elaborate more on their European subsidiary Pickenpack buying Russian pollock. Jeff Welbourn responded they you will never see the Trident brand or a Pickenpack brand on anything but Alaskan fish. I would carefully encourage all of you is to lobby the major retailer globally that still requires other origin fish and we all think that, that is right given the efforts that we all go through to build transparency and responsibility into the fishery that we execute together. Pickenpan while it does run Trident brand and PickenPan brand and there are some really good retailers that have made the switch entirely to non-Russian fish there are definitely some of them that require it. We are working through that and the long term purpose of that plant is to make sure that it is promoting and developing market for Alaskan fisheries.

Shannon Carroll added that they continue to work in DC to push Alaska delegation and Biden administration to work with G7 countries in Europe to get a more comprehensive approach like what the United States has with what respect to Russian pollock.

Mayor Osterback asked what species of fish sand point trident will accept this June. Dave Abbasian responded, almost all species. We are limiting the operating months that is why we are not starting till June 1<sup>st</sup> again to be more efficient and be more cost effective but once we open, we'll be buying black cod, halibut, crab, salmon, and cod.

- **Silver Bay Seafoods – Abby Fredrick**

Abby Fredrick said it will be all hands on deck to try to pull off what's going to be a pretty exciting summer for the company. We are excited about being able to expand our markets to fishermen and various areas including this region. We are doing it carefully and in partnership with those fishermen to make sure we are going to have the most efficient, cost effective and economically viable fishery we can. When we talk about expansion in your region, it's primarily that we have offered fishing markets to drift and seine and setnet fishermen who are facing a lost of market this salmon fishery this coming year. So we prioritize fishermen opportunity by working with them, expanding our fishermen support services both in False Pass and Port Moller. We entered into a formalized lease with Peter Pan Seafoods to lease their Port Moller and Dillingham facilities. However, we are not operating that plant this season. We primarily focusing getting the boats in the water, there is a mechanic and other services there, fuel and ice, primarily a support facility in Port Moller. So the False Pass facility for Silver Bay is going to be critical in supporting the expanded fleet for your region.



We do not have an agreement with Peter Pan or lease in place for the King Cove facility but conversations between the parties continue. I do not have an update on where things might go as far as a long-term deal regarding all of these facilities including King Cove but all this are on going and again King Cove is part of those discussions. We have fully staffed out False Pass plant to get ready for this year and every way we are prepping and brought in a lot of team members from the Peter Pan facilities both in King Cove and Port Moller so we have experienced team member on the ground to support these guys for salmon. And beyond the salmon, there's a lot of questions among the fleet given the status of the King Cove facility of what's going to happen with some of these other fisheries as the mayor of King Cove already mentioned, there's been a loss of opportunity, loss of market with these other fisheries for which Silver Bay has not yet process some of those fisheries in recent years. And while I don't have a plan or commitment to offer today, I can say that Silver Bay has bring on an expert, someone who is familiar with these fisheries and understands the needs of stakeholders and fishermen and what solutions he might develop regarding some of those fisheries. I am hoping whatever those solutions might be can help fill some of those gaps. While we can't bring every single solution and fix everything that is happening out and plug every hole, I can tell you that we are wrapping our arms around this region as closely as we can and try o provide market for fishermen as a priority.

Brenda asked if they have plans on limit system and what is your tender capacity. Abby Fredrick responded, in general, limits seem bad but they are a necessary conversation and at Silver bay those conversations involve our fishermen. It is inspiring to see the look at this very fair path forward that is going to work. Ultimately, they develop a program that works for the fleet. As for tender capacity, we feel very confident on our tender program in your region and this expanded region program. They are taking on much larger fleets. Our tender capacity is looking really good in the season.

Warren commented that it is finally sinking in here. I have a lot of questions for the community of King Cove of 800 people. Who do we leave out, who do we help. We have a community of 800 with the same fleet and when we are coming down the pipe here, how many plants do you take over or acquire. King Cove is in dire strain at the moment. Plants are closing and stores for good. We have a fuel facility but we are not able to get fuel for the community to heat the homes and the number of diesel is critical for the Bristol Bay fleet that goes through here, if the city isn't lucky enough to get the gas pump in King Cove we would not have gas right now. Maybe we can look at getting the receivership that come forward with somebody to be able to open up the tank farm so that we have the link that is needed for the fuel and for the tenders to go to Bristol Bay, for salmon fleet int King Cove and for the community as a whole. We have to think of the big picture. It gets a little upsetting and I know we have to follow the public process and financial process to get these balls rolling in every way possible.

Abby Fredrick responded that she hears what Assembly Warren was saying and a lot of us including Silver Bay was surprised by the timing of what transpired as far as this transition and that is being able to take on these other facilities to help support these fleets. It happened really late in the game. We have taken a stance to try to prioritize, keeping guys on the water including the King Cove fleet which we been able to take on because for the future of this, keeping fishermen going is really critical. We prioritize that first and the timing of this decision that is not solely within our control, how to keep fishermen fishing, how to prioritize and executing a viable but also economical season in a very short period of time. We are offering markets so set net fleet which we never done before, so we are learning a lot about that and how to support the fleet. We are doing what we can effectively for this season to the best of our abilities.



Paul asked if there is a B list and will it affect what the fishermen can deliver to Silver Bay this year? Abby Fredrick responded that they do not have an A or B list, but they do have a fishermen committee that comes together that from various part of the region providing input and figure out how this program is going to work and how they are going to work fairly and the way that those conversations are going amongst the fleet is really encouraging on how they want to do this together for the future of the whole fleet and Silver Bay.

Paul asked about the possibility of Silver Bay reopening whitefish in False Pass this coming fall. Abby Fredrick responded that they do not have a committed plans but they do have a group of fishermen who are without market for some of this fisheries where they previously have a market in King Cove, so what we brought on is an expert in some of this fisheries for some advice. There are a lot of things that will be explored by this team. So are far as the solutions might be and who maybe involve in this, we do not have anything specific but we do have someone that is dedicated to exploring that and bring forward some solutions.

Mayor Osterback asked if the facility in False Pass has the capacity to process other species other than salmon. Abby Fredrick responded that it was build for salmon and other species. We have not processed those other species in the last couple of years but the plant has processed pollock and cod in the past so the capacity and equipment and the possibilities are there. We have not identified doing that moving forward but at this time we do have exploring options for us.

Chris thanked Silver Bay for encompassing fisherman in King Cove. He said it is scary times in King Cove right now and they appreciate what Silver Bay is doing and hopefully things will change over the next year so this plant can open back up again .

Mayor Osterback thanks Silver Bay for coming and laying out their plans. Thanked both Trident and Silver Bay came and did presentations so people can have a better understanding of their plans. The Borough is here with our Resource department and any questions on both part, we are willing to work with you.

- **Financial Overview by Anne Bailey**

Administrator Bailey said on September 2023, the Borough conducted a financial work session and at that time we established a 1-year and 3-year goal. The 1-year goal being to implement a plan to address the immediate Borough needs and commitments, and I believed we have met. And the 3-year goal was to create a sustainable fiscal environment for the Borough to meet obligations and maintain operations in the future. We have been working on that, Jacki conducted a liquidity analysis, we established a cash management plan and we keep on revisiting those 2 items over to see what we need to do to adjust to make sure we have cash flow and that we are in a good position. We also did a total bank overview of the Borough's fiscal statutory code obligations. APCM provided presentations and we reviewed our AMLIP portfolio, our bonds and our current revenue sources. We also did liquidity analysis and cash management plan and closed out with the Borough projects.

In January 2023, we did the Strategic planning session and did a financial overview at that time. This is the 3<sup>rd</sup> time to remind everyone what our mission is and to share with the public what we are required and what we do.



The Aleutians East Borough Mission is to provide governmental service to the communities of Akutan, Cold Bay, False Pass, King cove , Nelson Lagoon and Sand Point and the primary one being the Education, Fisheries Support, Planning m Project Management, Capital Projects and Tax collection. Our revenue resources are from Local, State and Federal. The FY24 projected budget is *listed in the report as well as the FY 25 projected budget which was approved last May.* Our interest revenue is still high. We invested our money that is appropriated to projects already and making sure all that is invested wisely. Majority of our funds are in an AMLIP Porfolio which has a 5.3% return, and this really helped generate revenue. The Raw Fish Tax, in FY24 we projected that we would get \$4M but we are no close to that. We did not anticipate the shift of revenue that began November 2023. This year we are anticipating getting only \$1.6M due to the uncertainty in the market that is occurring within the seafood processing industry. Other revenue sources are standard but we anticipate that to drop slightly. For the State Shared fish tax we anticipate that to drop slightly for FY25. For FMA2 and FMA3, we anticipate it to remain relatively the same. Community Assistance is a state budget and the amount they approved should stay the same. Both of the Federal revenue, we anticipate it to stay the same. Overall, we anticipate \$2.5-\$5M projected revenues and this is just in general fund.

The Borough has numerous fiscal obligations that we have to meet mandated by Alaska Statute or our Borough Code and we have a few agreements with outside entities and our general operations. Th List of all our obligations are listed in the packet. In FY25 We anticipate to have a \$2.17M deficit, it is the largest deficit we had.

What we are trying to do to prepare is establish a Permanent Fund that can exist in perpetuity and provide a permanent, potential source of fiscal support to the Borough. We also conducted a Liquidity Analysis which is a tool that determines of the Borough can pay its bills in a timely manner. And we have a Cash Management Plan which generates non-tax revenues through increased investment earnings while ensuring the safety and liquidity of the Borough's money to cover the Borough's Operating Costs.

What we needed to do is continuously visit the Liquidity Analysis and adjust the Cash Management Plan when needed to ensure that funds are available to cover Borough Obligations now and into the future. And ensure that Cash Flow is being met. Maintain the Permanent Fund in perpetuity to meet the Borough's needs, which may include transferring Permanent Fund Earnings to cover a portion of a budget deficit or be designated to meet maintenance or other needs.

Paul ask where will the deficit come from specifically. Administrator Bailey responded it will come from the Local Assistance and Tribal Consistency Fund that was given by the federal government during Covid. It is a one time funding, we can use this to close it out and the recommendation is also to use \$624k of Permanent Fund Earnings to cover the remaining deficit and then the rest of that will go to project maintenance.

#### MINUTES

April 11, 2024 Regular Assembly Meeting Minutes

#### MOTION

Josy moved to accept the April 11, 2024 Assembly Meeting Minutes, second by Chris

Hearing no correction, Minutes will stand as written.



**FINANCIAL REPORT**  
March 2024 Financials

**MOTION**

Chris made a motion to approve the March 2024 Financials Report and second by Brenda

Administrator Bailey said this is the 9<sup>th</sup> month into our fiscal year, so we are at 75% of our budget. Two thing to highlight is the Interest Revenue is continuously coming in and we are way above what we've expected to be. And then the Fish Tax Revenue for march is about 60% of out 5-year average which is significantly lower. Everything is tracking along properly.

Chris asked about why is the Anchorages office showed up twice in the financials. Finance Director Brandell responded, the other one is an expense, and the other is revenue.

Paul asked where the Interest Revenue was coming from. Finance Director Brandell said from AMLIP accounts, they have 4-5 accounts that are set aside for General fund that we are able to show as general fund revenue.

**ROLL CALL**

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

Nay: None

**MOTION CARRIED**

**INVESTMENT REPORT**

APCM March 2024 Investment Report

**CONSENT AGENDA**

**PUBLIC HEARINGS**

**ORDINANCES**

**Introduction Ordinance 24-05**, Adopting the Operating and Capital Budget for the Aleutians East Borough Fiscal Year 2025

**MOTION**

Josy made a motion to accept introduction Ordinance 24-05 and set for Public hearing at the June 14, 2024 Special Assembly Meeting, second by Brenda

Administrator Bailey reviewed the Agenda Statement for the Operating and Capital budget for FY25.

Highlights are below:

**State of Alaska Budget**

- Full funding of school bond debt reimbursement for FY25.
- Full funding of harbor bond debt reimbursement for FY25.
- Full funding of K-12 funding but no additional money.
- Community Assistance for FY2025 should continue at current level.
- Full funding of state raw fish taxes sharing with municipalities.



### **House of Representatives approves FY 2025 operating budget**

Key Highlights: The House passed budget also includes the following:

- full funding of the school bond and harbor debt reimbursement programs,
- additional community assistance money for both FY 2025 and 2026,
- backstop funding for AMHS operations in calendar year 2025, and
- full funding for PCE payments, state PERS & TRS contributions and state fishery taxes sharing.

Due to changes in fishery industries, we anticipate a drastic decrease in Raw Fish Tax for FY25.

All the Departments have reviewed their budgets and made adjustments to meet the anticipated needs for FY25. Salaries will include 1.5% COLA increase.

Fringe benefits is expected to have an 8-10% increase in health insurance costs. There is a flat 10% increase for all the fringe benefits line items. Fringe benefits include Medicare, ESC, PERS, and medical insurance costs.

The Aleutians East Borough School District requests \$1,300,000 from the Aleutians East Borough for FY25. This would be an increase of \$500,000 to the FY24 local contribution and represents 75% of the maximum local contribution. In addition to Local contributions, we also give \$35K for Scholarships, \$20K for travel, \$232.6K for In-Kind.

AEB Superintendent Mike Franklin gave a brief report regarding the School District's budget. A full report of the School District's budget was included in the packet.

Paul asked Superintendent Franklin how much they requested from the Borough. Superintendent Franklin responded \$1.3M. Paul asked with the new information about the legislature, was the request adjusted in any way. Superintendent Franklin said no. He is trying to find a compromise in reducing their deficit. Paul asked Anne what the Borough's amount we are responding to about this request. Administrator Bailey said in the budget we have \$1.3M for local contribution, \$35,000 Scholarships, \$20,000 Travel, and \$232,600 In-Kind Services. Paul asked Anne if we were meeting their request in full. Administrator Bailey said yes.

Chris asked Superintendent Franklin if we give the \$1.3M what amount will be the deficit. Superintendent Franklin said with no additional State funding and with the \$1.3M from the Borough, they would still have \$500K deficit. Chris asked if he feel comfortable with \$1.3M if the additional funding doesn't not come from the State. Superintendent responded , yes for 2 reasons, he is uncomfortable asking for more considering the Borough's financial situation and 2<sup>nd</sup> is their reserve funds can cover it for up to 2years if that is their deficit. Chris commented that our #1 support is Education, he has no problem supporting the \$1.3M request.

Fund 20 outlines grants from outside entities, capital projects funded from non-grant and Borough and the Borough Permanent Fund Earning appropriated projects. A resolution will be presented at the May 22, 2024 Assembly meeting, approving the FY25 permanent fund earnings to designated projects.

Expected FY25 revenue is \$6.516M, expected expenditures is \$4.788M. The Borough is anticipated to have a \$2,174,061 deficit.

Detailed changes in FY25 budget is included in the packet.



Josy asked if the \$904K is the 50% of Essential Air service. Administrator Bailey said yes and there is a few additional costs that we incur that is not covered in the Essential Air Service Agreement.

Chris asked if it is not bad that we are cutting some of the fuel budget. Administrator Bailey said she is comfortable with the adjustment and Seward did some calculations and is confident in what is outlined in the proposed budget.

Administrator Bailey discussed the Fund 22 FY25 budget. Expected Revenue is \$389K and anticipated expenditure will be about \$1.294M. Paul asked if one of the airlines will be sold, how is it going to affect the Cold Bay Terminal. Administrator Bailey said she thinks we will be ok. How we do our rental rates is there are exclusive use spaces based on the rooms that each entity rents and the joint use space is charge as a % of their plane landing. About \$907K is the cost of operating the Helicopter operations for FY25.

Administration recommendation is to use LATCF Funds and Permanent Fund to cover for the anticipated FY25 deficit.

Warren asked if we are anticipating funds coming in for crab disaster. Natural Resources Director Weiss said it takes a long time. There is a legislation that was just submitted to speed up the fisheries disaster disbursement, but I would not expecting anything for this year.

#### **ROLL CALL**

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

Nay: None

#### **MOTION CARRIED**

#### **RESOLUTIONS**

**Resolution 24-39**, Authorizing the Mayor use the Construction Manager/General Contractor Qualifications Based Selection project delivery method for the Sand Point K-12 School Major Maintenance Project

#### **MOTION**

Josy made a motion to approved Resolution 24-39, second by Brenda

Administrator Bailey said the School District received 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 shell. DOWL has completed the 35% design and has begun working on the 65% design and is ready to solicit a contractor. The State of Alaska's typical contractor procurement method is to use a design-bid-build mechanism that would award the construction contract to the lowest bidder, but the State will allow alternative delivery methods to be used if certain criteria are met. Alternative delivery options allow for awarding the construction contract on best value rather than lowest cost. As such, the Borough would like to receive authorization from the State to award a construction contract to the Construction Manager-General Contractor through a Construction Manager-General Contractor Qualification Based Selection (CM-GC QBS) delivery method. The CM-GC QBS delivery method is permitted in sections 3.02.150 and 3.02.190 of the Borough Code.



Paul commented that this is the same type of method as the State Ferry system which is a big disaster so be prepared to have a big stumbling block. And the 2<sup>nd</sup> thing, is the lighting system in Sand Point and King Cove school converting to LED part of this project. Administrator Bailey said no, LED lights are not included in the scope of work. King Cove school is being fund separately through different grant program to put some LED lights in.

Administrator Bailey commented that we already used the same system and she is comfortable and confident with this method.

#### **ROLL CALL**

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

Nay: None

#### **MOTION CARRIED**

**Resolution 24-41**, Relating to the sublease of real property

#### **MOTION**

Brenda made a motion to approved Resolution 24-41, second by Chris

Administrative Assistant Dushkin said that this is a routine resolution every time we sublease a real property. AEBMC Section 50.10.060 states that "disposal of real property may be by sealed bids, outcry auction, lottery, first-come, first-served, negotiation, or such other method as the assembly may provide in the resolution authorizing the disposal." The Borough owns 30% of the Southwest Governments, LLC building located in Anchorage, Alaska. The Borough leases real property containing 4,533 square feet located at 3380 C Street, Suite 205. The Borough rents and pays for portions of the office space. Due to staffing changes, the Borough no longer uses all their office space and would like to sublease approximately 239 square feet to an interested entity, preferably a municipality, for office rental usage through sublease negotiation.

#### **ROLL CALL**

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

Nay: None

#### **MOTION CARRIED**

**Resolution 24-42**, Honoring John Wood for his Dedicated Service on the Alaska Board of Fisheries

#### **MOTION**

Brenda made a motion to approved Resolution 24-42, second by Josy

Natural Resources Director Weiss said John Wood is nod coming back to the Board of Fish. The Borough, Assembly and Advisory and many fishermen know that he have been very helpful and extremely a good Board member. The Aleutians East Borough Assembly on behalf of our fishing communities and fishermen hereby thanks John Wood for his years of dedicated and honorable service on the Alaska Board of Fisheries and wish John success in his future endeavors.

Paul agreed with Natural Resources Director Ernie and thanked John Wood.



## ROLL CALL

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

Nay: None

## MOTION CARRIED

## OLD BUSINESS

## NEW BUSINESS

## REPORTS AND UPDATES

### **Administrator's Report in packet. Highlights below:**

**King Cove Access Project:** The King Cove Corporation hosted a community workshop in King Cove where residents reviewed the land exchange maps and recorded comments about their personal knowledge and concerns regarding subsistence resources, locations, and concerns per the land exchange and eventual road location. The King Cove Group continues to meet with USFWS on a bi-weekly basis. There is still some concern that the SEIS will not be finished by December 2024.

**School Maintenance Items: King Cove School Fire Damage** – On March 28, 2024, a fire occurred at the King Cove School. A claim has been filed with AMLJIA and the Borough is working with AMLJIA and DOWL to get the facility repaired. The plan is to have DOWL and a remediation contractor conduct a site assessment of the facility; determine the scope of work and then conduct the repairs.

**False Pass School Electrical Work:** Additional work still needs to be completed. ACS should be conducting a line locate at the School to find the plain old telephone line. Once that line is located the electrical company will go out and complete the remainder of the work. **False Pass Water Heater and Air Handling Unit Work:** Additional work needs to be conducted on the AHU. This will be tied into the annual visit for the boiler and HVAC system. **Akutan School Work:** A contract with Kuchar Construction has been executed for the repair work at the Akutan School. The work includes replacing the back stairs to the mechanical room; repairing the back stairway on the northside of the building; repairing the exterior stairway on the west side of the building; conducting a window inventory and assessment and conducting a few other maintenance items while onsite. This work should be completed by July 31, 2024. **Sand Point Sewer Lines:** The sewer lines in the school need to be repaired this summer. The School District has provided photos, measurements of the pipe and a count of the elbows and bends. DOWL is now in the process of drafting a work order for this project. **Annual Boiler and HVAC Maintenance:** The Boiler and HVAC Annual Maintenance Proposal has been sent to LONG and Klebs Mechanical (both term contractors). LONG is the only contractor who responded and DOWL and Administration have found the bid unresponsive. The Borough will now issue a Request for Proposals to a wider audience.

**Sand Point School DEED Grant:** The DEED project is underway. The State of Alaska has reviewed and provided comments on the 35% design. DOWL/ECI are in the process of working on the 65% and the Construction Manager – General Contractor Solicitation. In August 2023, the School District submitted a Supplemental Funding Request in the amount of \$3,942,852. The Borough also sent in a CAPSIS request to the State Legislature asking for the funding. In mid-April, the Senate passed Senate Bill 187. This bill included \$68 million to K-12 and the University of Alaska for deferred maintenance. \$38 million was for school projects 1-15 on the major maintenance list, which included the Sand Point School maintenance project. It is unclear if the Governor will fund this money for these projects or not. Administration also provided information to the State for the Climate Pollution Reduction Grant (CPRG). If funded, the grant awards would be available on October 1, 2024, and the funds would be dispersed as expenditure reimbursements.



**Sand Point Harbor Floats:** Moffatt & Nichol is in the process of completing the NEPA. The Borough is still waiting on NMFS to complete the Section 7 Consultation. There has been more activity in the last two weeks, so, it is hopefully we will receive the final consultation soon.

**Akun Feasibility Study**

The feasibility study is almost complete. The Regional Integration Team will conduct a final Policy & Legal Compliance Review and begin its work on the Chief of Engineers Report for Congressional Authorization, anticipated for July 16, 2024. Based off Assembly guidance at the January 2024 Strategic Planning session, the Borough will not pursue the next steps for the Akun Dock Breakwater right now. This is currently not in the Borough's best interest due to the uncertainty in the Borough finances, the high upfront costs for the project, and the annual operational costs.

**Other Items:** We are continuing to advocate for fisheries. We sent letters to the Congress and Alaska delegation. The letter also urges them to examine new options at the Federal level, including as part of the Farm Bill, to help bring economic stability to our region.

Paul suggested hiring a qualified welder in town and cut the 2 by 2 size holes off the ground to find where the pool leak is coming from. Administrator Bailey responded that she's been told to not cut the pool liner and aluminum because it will impact the integrity of the facility even more and with the weight of the water can cause problems, however, she will look into it further and consult with the folks that know the pool.

Anne thanked Assembly Dailey Schaack's service to the Aleutians East Borough.

**Assistant Administrator's Report in packet. Highlights below:**

**Energy Efficiency and Conservation Block Grant Program (EECBG):** On April 26, 2024, the EECBG Program extended the deadline for local governments to October 31, 2024, from the original April 30th deadline. I worked with DOWL with EIC to provide technical aspects of the grant and got the application submitted early.

**Healthy & Equitable Communities (HEC) Grant:** On April 18, 2024, I submitted the invoice for the Cold Bay morgue to the State of Alaska for reimbursement. On April 24, 2024, I received a notification from Affordable Funeral Supply stating that the morgue for Cold Bay had been shipped out. Paul Mueller of EAT anticipates having the morgue for False Pass installed the week of May 5, 2024. I hope to have pictures in July 2024 at our next Assembly Meeting.

**Akutan Generator:** Tacoma Diesel is in Akutan. They are currently accessing the generator repairs. Once they gave us an assessment and advice on what we need to do we will go ahead and work on the heat restoration and hangar door repair. The heat restoration will be completed by a Trident electrician and the hangar door repair will be completed by Maritime.

**Akutan Fuel Pump:** On April 30, 2024, Maritime Helicopter informed the Borough that the Akutan fuel transfer pump was not pumping. The Borough has taken steps to order a rebuild kit and will have their mechanic complete repairs.

**ISO Tank Refill:** Based on the April 18, 2022 inspection, the ISO Tank shipping container is old and must be replaced by October 18, 2024. The capacity for the tanks can vary from 21,000 to 25,000 liters. The average price of a new 20ft ISO tank container is \$10,571.88. A new 40ft ISO tank can cost \$12,199.58.

List of meetings attended is in the packet.

**Administrative Assistant's Report in packet. Highlights below:**

**Laserfiche Software:** Last year the Assembly approved a resolution allowing us to upgrade our old Laserfiche to a newer version. The agreement was signed may of 2023 and we worked with MCCI Through out the summer to begin the process. There was a brief pause between August and October due to the needing of new server upgrade. Once the server upgrade was done, we worked with MCCI to have all the documents from the old server transferred to the new one. Durin November and December, Beverly and I met with MCCI to do



some training and have an in-depth overview of all the services included in our contract with them. Since December of 2023, we have been importing documents in Laserfiche and filing them accordingly with our Retention Schedule. Over the last couple of months, we have been familiarizing ourselves with Laserfiche to effectively create a training guide and policy and procedures for all the staff. We are scheduled to have a staff meeting to do a brief training session and to review the new policy and procedures. It will be implemented July 1, 2024. Our goal for the next year is to import all electronic files to Laserfiche and start scanning and importing all physical files.

**Natural Resources Director Report in packet. Highlights below:**

**Salmon:** The North Peninsula 2024 salmon management plan is now posted, and the link is included in the packet. The South Peninsula plan was posted Tuesday morning. If you go to the link and change 04 to 05, you will get the South Peninsula plan. You can find the June calendar in the South peninsula Strategy. The ADFG South Pen pre-season meeting will be held May 30<sup>th</sup> at 10AM in the Sand Point AEB office, and via Teams to King Cove and False Pass, also to be broadcast on KSDP live. The North Pacific Anadromous Fish Commission is holding a workshop June 4-5 (Zoom, Vancouver BC) to look at the impacts of a changing climate on salmon abundance and distribution. The Secretary of Commerce recently denied a disaster determination for the 2022 Nelson Lagoon salmon season. The AEB Assembly had requested a disaster determination in AEB Resolution 23-10.

**Alaska Legislature:** I testified April 25 at the Anchorage LIO to the (H) Fisheries Committee on Senate Concurrent Resolution 10. An Alaska Beacon article quoted part of my testimony. SCR10 would establish a seafood industry task force to provide recommendations by January 2025, so that the Legislature might enact public policy to address the current economic crisis facing the seafood industry. As written, the proposed task force will include representatives from harvesters, processors, communities and tribes. A District S-37 Legislative E-Clips notes that applicants for the proposed task force can send applications to the Alaska Senate President and/or House Speaker. The Legislature is scheduled to consider the Governor's appointees, including Board of Fish appointees Marit Carlson-Van Dort and Curtis Chamberlain, at a Joint Session May 7.

**North Pacific Fishery Management Council:** The NPFMC meets in Kodiak in June, with 2 days dedicated to a Climate Scenarios workshop June 5-6. I'll attend the meeting and workshop virtually and have been attending the pre-workshop discussions in preparation for the workshop. The Council will review the BSAI Crab rationalization program report (D2), and I've been communicating with analyst Mike Downs on his community update portion of the report. Also on the June NPFMC agenda: C1 Annual Observer Report, C2 AIGKC crab specs, C4 small sablefish release and D4 pot cod LAPP discussion paper. Leftover postponed items from the April meeting: C4 Area 4 Vessel caps, D5 research priorities.

**Seafood industry News Links**

With the rapid-fire of news about seafood marketing and processing, we've employed several short-term subscriptions to certain seafood industry publications, that are behind a paywall. I am providing the Assembly links to some of the articles on the next page. Some links will expire soon after the May 9th meeting. Open-source articles of interest are generally posted to Facebook.

Fish Tax charts are included in the packet.

Paul asked if the agenda for the ADFG meeting in Kodiak is out yet. Natural Resources Director Weiss said yes. Paul proceeded to ask about the AFA review. Weiss responded that has been pushed out.

Warren asked about the PCod rationalization. Natural Resources Director Weiss said there was a discussion paper for Pot Cod rationalization Program in the Bering Sea. Warren asked if the is for the area over the whole Bering Sea? Weiss said, it is a discussion paper, so the area is for the State fishery and this would be a Federal.



Fishery Analyst added that while the council hasn't taken up rationalization of the Gulf yet there has been an announcement by DBL to assemble another working group to start that conversation. That will be an opportunity for fishermen and the communities to participate in that working group and from preliminary discussion, there will be considerations given to excluding years, abnormal years for history given the current situation. We will keep everyone updated when that get announced.

AFA review is put off until 2025.

**Fishery Analyst Report in packet. Highlights below:**

**Electronic Monitoring - WGOA4/EFP:** NFWF has announced the 2024 EMR Grant recipients and AEB was awarded the full \$576,896.25 for the final year of the EFP that was submitted as a joint proposal between the AEB/WGOA and AGDB/CGOA (GOA5). I finalized and submitted the final financial and progress reports for the WGOA3 and WGOA4 NFWF projects. Links is included in the packet.

WGOA3: All project metrics were met and highlights include: advanced eLog implementation, pilot testing temperature/depth net sensors, and piloting trawl EM on vessels that switch to fixed-gear fisheries. Since we proved feasibility, I am now working to amend regulation allowing sablefish FG vessels to participate in the AFG program. This project finished approximately \$80K under budget for observers due to a lack of A season and one processor not participating as expected.

WGOA4: Most project metrics were met except # of trips and vessels participating, due to no fall season for PPSF and vessels either losing their market or delivering to a processor outside the EM program. Highlights include: finalizing the regulatory package, analyzing temperature/depth logging potential, and eLog upload over Wi-Fi. This project finished significantly under budget, about \$147K for observers due to processor changes noted previously.

**Contracting Oversight:** I recently identified a contracting oversight, where a formal contract was never executed for Saltwater Inc. although we have been operating as if under contract. This project was developed in partnership with Saltwater Inc. as the sole-source contract to encourage competition in EM services (as Saltwater was the only other EM provider at the time outside of PSMFC who had the NOAA EM contract). We secured NFWF funding and established a sole-source contract with Saltwater for the project, via Assembly approval of Resolution 20-09. I consulted Borough Attorney Joe Levesequ and AEB Administration for guidance, and per his recommendation we retroactively signed an agreement for the entire EFP project period (which covers multiple continuation NFWF grants) beginning 1/1/2020 - 12/31/2024. The Mayor and Administration have reviewed and executed the contract which is available here for Assembly review.

**Salmon:** After discussing feedback and proposed changes with the seiners, we have executed a budget amendment and contract extension with Chordata - with a new contract ceiling of \$46,615 an increase of \$10,715. Chordata provided the first progress report, and expects the rest of the work will be complete mid-May. We have had multiple discussions with the CAMF drifters about potentially integrating into the adaptive management plan and portal. It is too late this year for full integration, so instead we will pilot a truncated version to allow the drift fleet time to try the portal and decide if they can secure commitment from the fleet for 2025.

**AFSC Cod Tagging Project:** The project team successfully completed the winter charter that occurred from March 15 in Sand Point, ending March 28 in Seward. The team released 56 satellite tags, 4 stationary tags, 932 conventional tags and collected 300 biological samples. I am currently preparing for a short summer release charter, which will be the final field work for this project. I finalized and submitted the most recent quarterly report and reimbursement invoice. PSMFC has been delinquent in processing and issuing the quarterly reimbursements that have been submitted dating back to June 2023. We have contacted them numerous times, and are in the process of trying to collect on outstanding invoices. Without payment soon, project expenditures may need to temporarily cease until invoices are paid.



**NPFMC:** Pelagic Gear Definition/Innovation: ADFG Commissioner Vincent-Lang and NOAA AKRO Administrator Kurland met with trawl industry stakeholders to discuss the expectations from industry on the recent D1 motion passed at the last Council meeting. There are ongoing discussions about innovation and identification of sensitive bottom habitat, however the immediate concerns will be addressing if/how to prevent pelagic trawl gear from contacting the seafloor.

**Miscellaneous:** I am currently working on a white paper describing the various fish-related tax revenue streams, how they are collected and administered, and potential shifts in distributions with the recent changes in seafood processing in this region. There is a possibility that another Board of Fisheries member tour will occur at the beginning of the June fishery, depending on Board member availability and scheduling. I attended the 2-day North Pacific Research Board meetings held in Anchorage, to discuss funding proposals for their Core, Graduate and Outreach RFPs. I been also working with Ernie and we are trying to find some short term emergency funding solutions for both fishermen in Sand Point whose gears were lost during the fire and Peter Pan fisherman whose trying to bridge the gap for preseason cost.

**Finance Director Report in packet. Highlights below:**

**Audit** – In the beginning stages of planning for the year end. I have started review the GL and making the check list of yearly entries needed. Also, to simplify the year end process, all government wide accounts have been placed together in a separate fund.

**Caselle** – There were some questions on the set up for the chart of accounts. After reviewing the chart so far, it became clear to me that more modifications were necessary. The set up combined a few accounts in the funds and the use of activity codes to separate projects may not be the best option. I decided to create some additional funds and make use of the department function to track various projects and grants. I have sent in the modifications and Caselle is planning on having the chart back to me on Friday for review.

**Financial Policies and Procedures** – As part of the grants procedure and policy work, I have been reviewing Title 3 of the Borough Code to compare it with the state and federal procurement guidelines. As we receive state and federal grants we need to ensure proper compliance. In instances where borough code is not clear about or has smaller thresholds than those of the state or federal government, it would be nice to have a single source document to verify.

**Routine tasks-** It is that time of the year when budget preparation becomes a top priority and a lot time and focus was spent on the needs and anticipations for the next fiscal year. All of the quarterly reports and entries have been completed. The daily and weekly tasks are on track and April is nearly closed out as we wait for the last of the receivable documentation.

**Borough Clerk's Report in packet. Highlights below:**

**Laserfiche Upgrade:** On May 3, 2023, the Resolution 23-54 Authorizing the Mayor to Negotiate and Execute an agreement with MCCi for the Laserfiche upgrade was passed. The contract between the AEB and MCCi detailing all the services, requirements and deliverables was signed last June 21, 2023. Due to our server being outdated and needing replacement, there was a brief pause on the Laserfiche upgrade. Over the course of 3 months, MCCi and ICE Services worked together to make sure all the server requirements are met and the transfer of files from the old server to the new one was completed. Between November and December, we attended a training course on how to create workflows and an overview of the services that is included. Glennora and I have been familiarizing ourselves with the new Laserfiche software and have been working diligently creating the policy and procedures, training guides and how to properly label, store and destroy documents. We also started importing and filing documents into Laserfiche. A training session on Laserfiche for the staff is scheduled on May 16, 2024 to review the new policy and procedures and the implementation will be effective July 1, 2024.

**Records Retention Schedule:** The retention schedule was entered in Laserfiche so it will be easier for all the staff to just pick the correct schedule from dropdown. In connection with retention, I started doing some



spring cleaning in the clerk's office, going through every filing cabinet and identifying paper documents that are past their retention schedule.

**Election:** I started reviewing the Election code and preparing the forms to make sure the dates are current.

#### ASSEMBLY COMMENTS

Paul commented that our next meeting is 1pm and it might work for everyone better.

Chris commented that he doesn't want what is happening in King Cove to slip through the cracks. We were very concerned with Akutan with the plant shutting down in Akutan and that hasn't happened yet but it happened in King Cove and I don't want King Cove to get pushed aside. As the Mayor of King Cove said, we are facing some serious issues here. I certainly do not want the Borough to forget what's is going on here in King Cove.

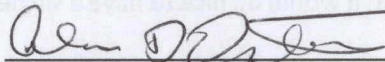
Mayor Osterback responded that all of our communities are important. Some are bigger and some are smaller, but we are all rely upon Raw Fish Tax to survive. And he thinks that we all take a hit, not as much as what the community of King Cove is taking right now and we are willing to work with the city to try to figure out the things we need to done and to help. He is hoping this will be short-term. There is no direct route to anything yet. We are working hard to find ways to reduce some of our expending without using our Permanent fund to keep us afloat. We are working with the State and DC delegation to find ways.

#### PUBLIC COMMENTS

**NEXT MEETING DATE** May 22, 2024 1:00 pm

#### ADJOURNMENT

Josy moved to adjourn the meeting. Hearing no more, the meeting adjourned 6:06 p.m.



Mayor Alvin D. Osterback



Beverly Ann Rosete, Borough Clerk

Date: 6/24/2024