



Aleutians East Borough Annual Report

Fiscal Year 2024

Message from the Mayor

Hello, everyone. Once again, it has been a busy year for the Aleutians East Borough. We've seen significant progress with our projects, passed a balanced budget for Fiscal Year 2025, and continuously advocate for the fishermen within the region while navigating through the constant changes in the fishing industry.

I continue to focus on the Borough's mission to provide governmental services to the communities of Akutan, Cold Bay, False Pass, King Cove, Nelson Lagoon, and Sand Point. These services include education, fisheries support, planning, project management, capital projects, and tax collection. The Borough has undertaken and continues to pursue numerous projects to support this mission.



Alvin D. Osterback
Aleutians East Borough Mayor

Mayor's Message Continued

The Borough Assembly recently passed a balanced budget for Fiscal Year 2025, which primarily focuses on education, the Borough’s bond debt, transportation links, and other Borough obligations. The budget was challenging due to the increase in many Borough expenditures and the anticipated decrease in fish tax revenue, which is the Borough’s primary economic driver.

As you know, the fisheries in the region are in a precarious situation, and the Borough staff and I continue to advocate tirelessly for the Borough, the communities, and the fishermen. Recently, I traveled to Washington, DC, to meet the Alaska Delegation and the Secretary of Commerce to discuss fishery-related items. Trident Seafoods, Silver Bay Seafoods, APICDA, Unalaska, United Fishermen of Alaska, the Bristol Bay Economic Development Corporation, and I met with the Secretary of Commerce, NOAA, the International Trade Administration, and USDA. The topic of conversation included an overview of the competitive threats to Alaska/US commercial fisheries and the need for secretarial policy leadership. The discussion focused on G7 alignment, establishing fair trade, accelerating fisheries science and management, and incentivizing seafood into US food security initiatives. I also discussed what is occurring in the region, specifically highlighting King Cove.

The Borough staff and I continue to:

- Communicate with the Alaska Legislation and the Alaska Delegation outlining the dire situation of the fishing industry and what Borough communities are facing.
- Attend fisheries meetings and disseminate information as soon as it is available.
- Conduct and support several fishery related projects. These include but are not limited to Area M Adaptive Fleet Management Salmon Portal, Cod Portal, Gulf of Alaska Trawl & Fixed Gear Electronic Monitoring, and Cod Tagging.

Another challenge is the Peter Pan Closure in King Cove. I am aware of what is occurring and its financial impacts on the fishermen, the community, the City, and the Borough.

Although the Borough is not in a position to help financially at this time, I will continue to lobby for the community and help where I can.

The work on multiple infrastructure and other projects continues throughout the region. The Borough is currently working and making great strides on the Cold Bay Dock, the Cold Bay Clinic, the King Cove Access Project, the Akun Dock and Breakwater, the False Pass Airport Rehabilitation Project, the Sand Point Harbor Floats systems, the Sand Point School Rehabilitation Project, and many school maintenance projects.

I am honored to serve as Mayor of the Aleutians East Borough and am always open to discussing projects and issues of concern with you. Working together, we will build a viable and sustainable future. In partnership with you, we will find the best possible solutions to benefit the Borough, our communities, residents, and Area M fishermen.

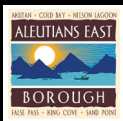
Alvin D Osterback

The Aleutians East Borough Mayor
and Assembly Members

Mayor

Alvin D. Osterback

<u>Assembly</u>	<u>Community</u>	<u>Seat</u>
Warren Wilson	King Cove	A
Paul Gronholdt	Sand Point	B
Chris Babcock	King Cove	C
Brenda Wilson	King Cove	D
Jim Smith	Sand Point	E
Josephine Shangin	Akutan	F
Tom Hoblet	False Pass	G
Samantha McNeley	Nelson Lagoon	Advisory



Fisheries Management/Advocacy

The AEB tasks the Natural Resources Department (NRD) with the advocacy of sustainable fisheries within the Aleutians East Borough through the study, investigation, and monitoring of fish and by providing assistance and guidance on managing these resources. The NRD continually strives to communicate with and listen to our local fishermen. Working with stakeholders, the AEB continues to develop priorities, for federal fisheries programs and State fisheries that impact local fishermen. Throughout the year, the NRD Staff traveled to our fishing communities to meet with fishermen. Fishermen's meetings were also held in Anchorage and in Seattle during the Pacific Marine Expo.

Federal Fisheries Issues

The AEB provides input to the North Pacific Fishery Management Council (NPFMC) and closely monitors issues before the Council. The NRD staff maintain membership in NPFMC committees, including the Fishery Monitoring Advisory Committee and the Community Engagement Committee. Staff members also sit on the Advisory Panel to the North Pacific Research Board and the Aleutian Islands Waterways Safety Committee. Staff are also active in the NPFMC Groundfish Plan Team process.

The NRD Staff provided testimony to the NPFMC this past year during the review of the Chum salmon bycatch analysis in support of our communities that receive pollock deliveries. The AEB closely monitors all salmon issues at the Council including salmon bycatch and genetics from federal fisheries, as well as Council action on the Cook Inlet Salmon Fishery Management Plan Amendment that will have future implications for the traditional net fishing area near Sanak Island, in federal waters, outside of 3 miles.



The National Marine Fisheries Service (NMFS) began analyzing 2 petitions this year to the Endangered Species Act (ESA), which, if adopted, could have severe implications for the AEB and fishermen. In September 2023, NMFS began a 12-month review of the critical habitat of the North Pacific Right Whale; the Center for Biological Diversity is asking that the North Pacific Right Whale critical habitat be extended from the Bering Sea to Kodiak Island. In May 2024, NMFS took up a review of a petition from the Wild Fish Conservancy to list Gulf of Alaska Chinook salmon as threatened or endangered under the ESA. Both potential actions could severely hamper fishing in our region, and the AEB will continue to engage with NMFS regarding these issues to protect our community's fishing interests.

State Management of Salmon Fisheries

The AEB supports state management of local salmon fisheries and fully participates in the Board of Fish process. Following the critical Alaska Peninsula/Aleutian Islands/Chignik Finfish Board of Fisheries meeting in February 2023 and the admirable work by the local salmon fleet in the summer of 2023 (see *Area M Adaptive Fleet Management Salmon Portal*), FY 2024 was expected to be a quiet Board year for the AEB. However, two agenda change requests (ACRs 2 & 3) were submitted to the Board that again targeted salmon fishing reductions for the South Alaska Peninsula. The AEB joined with local fishermen and processors in submitting comments and attending the October 2023 Board Work Session to oppose ACRs 2 & 3, and each of these ACRs failed by votes of 1-6.

The 2024/2025 Board cycle agenda includes Prince William Sound, Southeast Alaska, and Statewide shellfish; Alaska Peninsula salmon is not on the agenda again until February 2026. However, we expect more ACRs to defend against this fall, partially due to a Board member change. Chairman John Wood retired from the Board and has been replaced by Curtis Chamberlain of the Calista region. Chamberlain is expected to be more receptive to proposals and ACRs that target Area M salmon fisheries.

State Management of Salmon Fisheries Continued...

The AEB also engages with the State Legislature on Fisheries issues as needed. This year, the NRD staff provided informational testimony to the House Fisheries Committee on House Bill 294 – Electronic Monitoring of Fishing Vessels, which did not move out of committee, and testified in support of Senate Concurrent Resolution 10 to form a Joint Legislative Seafood Industry Task Force, which did pass the legislature. The Task Force will make recommendations for state policies to address the current economic crisis in the seafood industry. The NRD will actively engage with the Task Force that is set to present a report to the entire Legislature in January 2025.

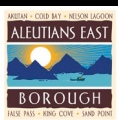
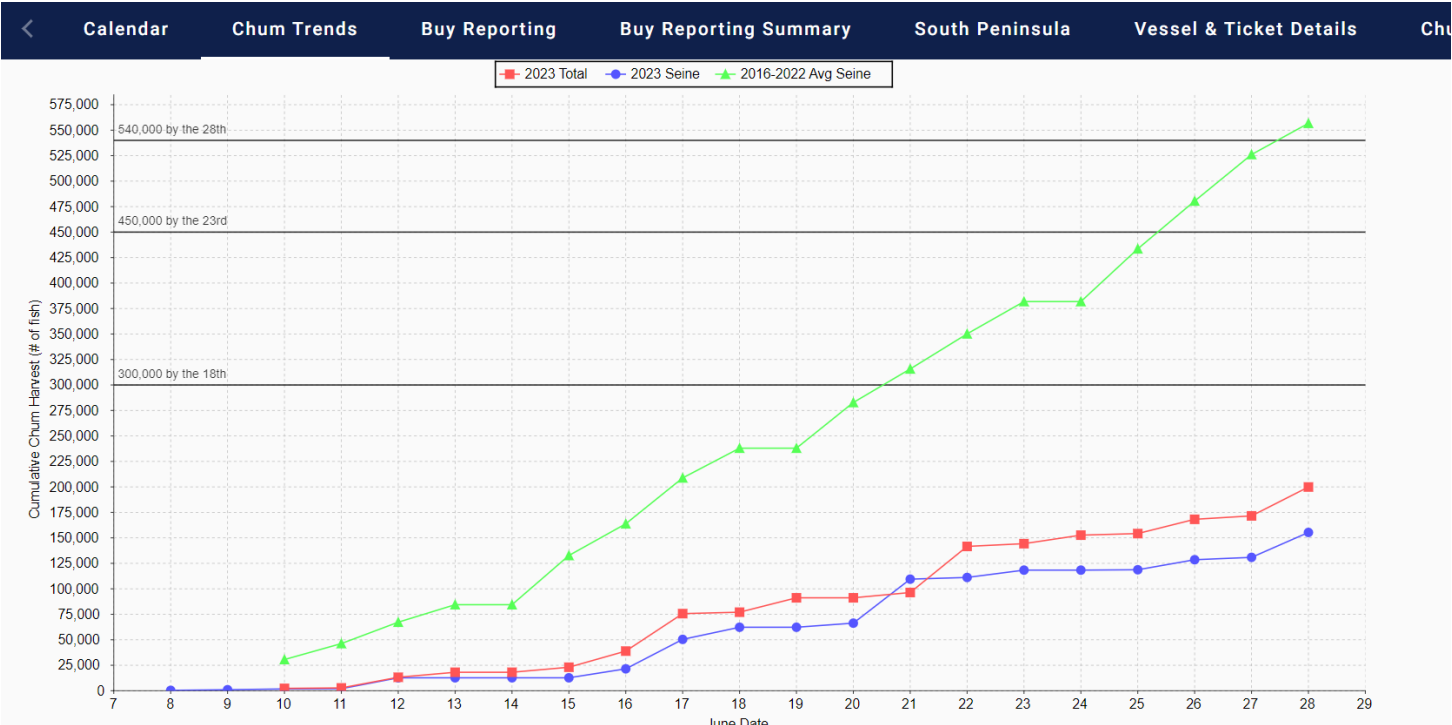
Natural Resources Projects

Area M Adaptive Fleet Management Salmon Portal

In 2022, the Area M Seiners fleet implemented a voluntary adaptive management program to avoid chum while optimizing the sockeye harvest in June. The program was formally adopted at the 2023 Board of Fisheries meeting cycle. To support the Area M Seiners, the AEB has been working with Chordata LLC to develop a data portal that provides near real-time data sharing and analytics that allows fishermen to make informed time and/or area closures in response to chum presence. The portal was deployed in 2023 and was successful in helping fishermen achieve their objectives as outlined in RC104 (Version 3).

Through the portal, the Seiners were able to provide a defensible post-season report to the Board of Fisheries and the Alaska Department of Fish and Game. Results showed that the 2023 chum harvest was 61% below the 10-year average and 56% below the 20-year average, and it was 63% lower than the 2022 harvest and 82% lower than 2021. In total, there were **135.5 hours in the Shumagins and 129.59 hours in South Unimak** of foregone fishing time above and beyond the regulatory management schedule, primarily a result of the adaptive management program.

To prepare for 2024, the AEB worked with the Seiners Adaptive Management Board to discuss modifications and improvements to the portal and program. The Chordata contract was extended, and changes were implemented prior to the 2024 June season. The AEB staff assisted the Seiners Board in-season by managing the portal and coordinating with the processors and ADFG. Additionally, the AEB has been working with the Concerned Area M Fishermen (CAMF) board to develop a similar portal for the drift fleet. Roughly 50 drift vessels volunteered to participate in a pilot version that was implemented for the 2024 June fishery, with the hope of expanding to the entire fleet for 2025. To date, the AEB has funded roughly \$46,615 through the Chordata contract for this work.



Western Gulf of Alaska Trawl and Fixed Gear EM

Since 2019, the NRD has supported the piloting and implementing electronic monitoring (EM) in the WGOA pollock trawl fleet. To complete this project, the AEB has been awarded five NFWF grants from 2019 through 2024, totaling over \$2.5 million dollars in funding. Since 2020, this project has operated under an Exempted Fishing Permit (EFP), testing the EM program with AEB as a principal investigator on behalf of WGOA pollock trawl fishermen. In October 2022, the NPFMC completed the final review and adopted preferred Alternative 2. Regulatory implementation is expected to start in 2025, and the AEB was recently awarded the final NFWF grant that will cover both WGOA and CGOA vessels in partnership with Alaska Groundfish Data Bank.

The grant covering 2022/2023 included a sub-project to test the use of EM systems on multi-gear vessels, investigate alternative catch handling methods for pot vessels, and test EM in the plants. The project successfully demonstrated that trawl EM systems can be used on fixed-gear pot vessels in the sablefish fishery, but more work is needed on catch handling for Pacific cod pot vessels. Using EM in the plants has been successful in monitoring the sorting line for proof-of-concept. Still, work is ongoing to test feasibility and integration into a regulated monitoring plan. Part of this work has been developing an AI-based salmon chute that can speciate and identify salmon among pollock on a sorting belt. This technology requires extensive image collection, but so far, it has proven useful in detecting all species (except coho) when a clear background is present. Interestingly, using only heads and tails was similarly accurate and may be used for detecting damaged fish.

WGOA Pacific Cod Tagging Study

The AEB and Alaska Fisheries Science Center are conducting ongoing collaborative research to examine the seasonal movements of Pacific cod captured in the WGOA. In 2022, the AEB received a grant from the Pacific States Marine Fisheries Commission (PSMFC) 2018 Gulf of Alaska cod disaster funds for \$2,238,265 to continue this work. The AEB successfully completed a 4th year of fieldwork, chartering the F/V Decision during March/April 2024 for a research cruise across the GOA. The team released 56 satellite and four stationary tags, 932 conventionally tagged Pacific cod in 10 Western and Central GOA sub-areas.

In addition, 300 biological specimens were collected for length, weight, age structure, genetic samples, maturity, and stomach content. Two summer charters were conducted to release ten tags in the Shumagins with the F/V Decision and ten tags at Sanak Island with the F/V Alaskan Lady. The project team hosted a 2-day Pacific cod research workshop at the Alaska Fisheries Science Center in Seattle, WA. The workshop was extremely successful, with over 60 researchers from across the country participating and NOAA publishing the proceedings. With mostly complete fieldwork, the team is now focused on analyzing data, producing movement pathways, and developing multiple peer-reviewed papers. Stock assessment has provided an update on tag results through 2023 (Figure 1) and will receive an updated maturity ogive for the Gulf of Alaska stock.

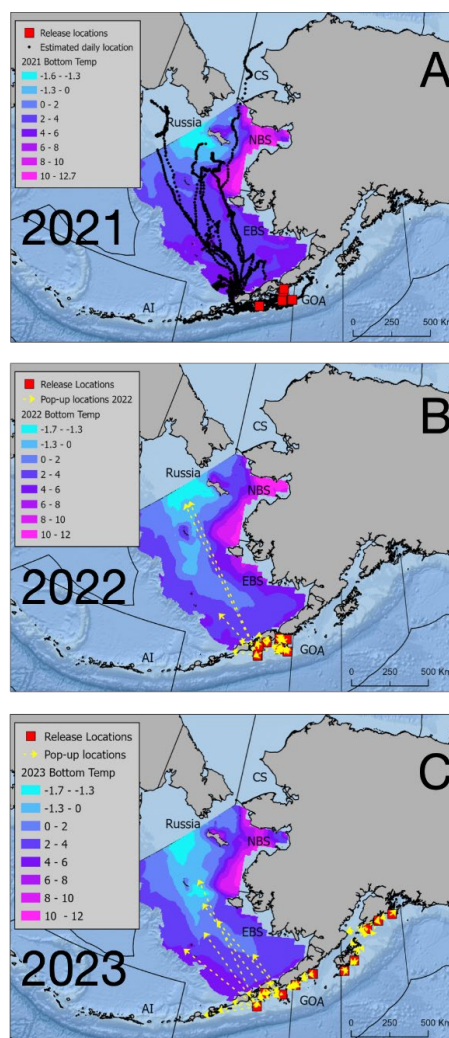
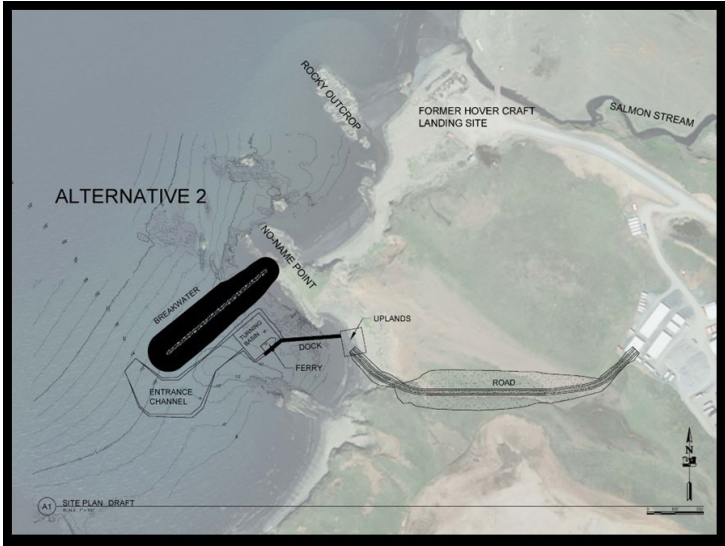


Figure 1 caption: Figure provided for the 2023 stock assessment showing GOA tag releases and recoveries from 2021-2023. Black lines for 2021 show actual geolocation pathways, and yellow arrows for 2022-2023 are release/recovery locations (pathways are not complete yet). A higher proportion of fish moved to the Bering Sea in 2021, then dropped in 2022, and increased again in 2023, which may be associated with bottom temperature and changes in the cold pool.



Akun Dock & Breakwater

In 2021, the Borough, Akutan Tribe, and U.S. Army Corps of Engineers (USACE) entered into a Tribal Partnership Agreement for navigational improvements at Akun Island. The Borough and Akutan Traditional Council are working with the USACE to determine the feasibility of building a small dock and breakwater near the airport on Akun Island. The marine link between Akun and the community of Akutan would consist of operating a traditional vessel between the two islands.

In June 2023, the USACE released a feasibility report and environmental assessment for navigational improvements at Akun Island. Per the report, Alternative 2:

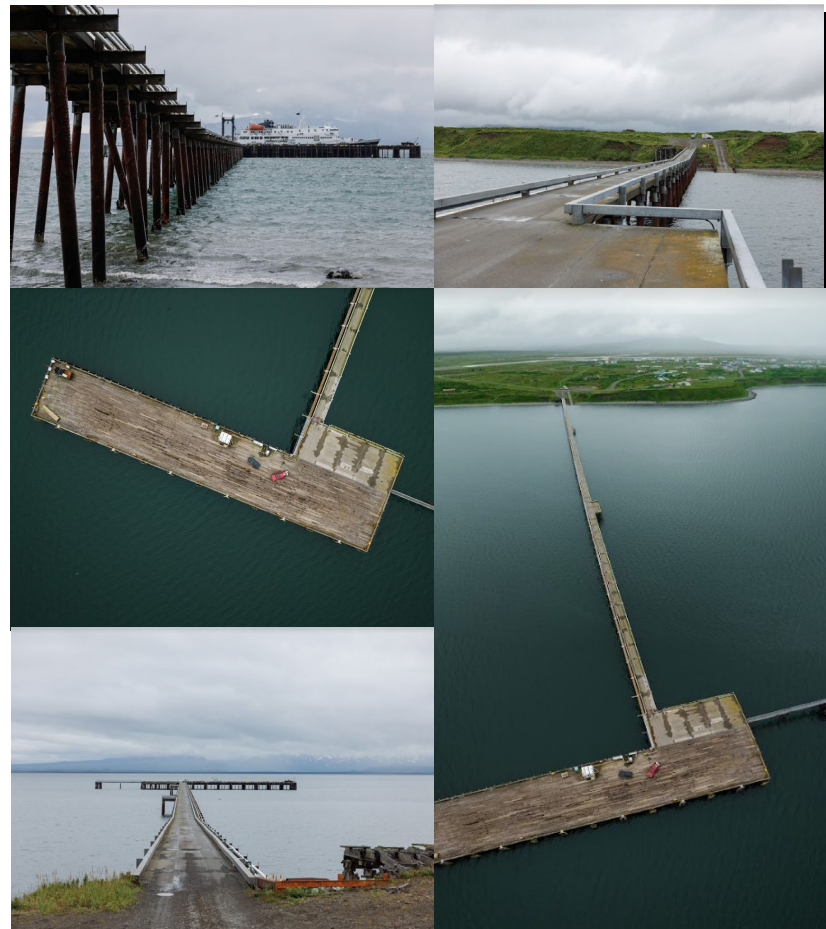
- Consists of a harbor sized to accommodate a design vessel with a length of 58 feet and a draft of 8 feet.
- Has a project price tag of \$57,025,600 in 2023 dollars.
- Has an anticipated annual cost of approximately \$2.2 million.
- Would be constructed in 2032.

Based on Assembly guidance at the January 2024 Strategic Planning session, the Borough supports the completion of the feasibility study but 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 its finances, the high upfront costs for the project, and the annual operational costs.

Cold Bay Dock

The Cold Bay Dock serves the Alaska Marine Highway System and is the only fuel source for the community and the Cold Bay Airport. The Dock was originally built in 1978, and the new dock section was constructed in 1993. The Alaska Department of Transportation and Public Facilities (DOT&PF) and consultants have performed numerous inspections and condition assessments of the dock, and damage has been documented. DOT&PF has stated that the dock will be in need of replacement within the next eight years.

In May 2023, the Alaska Municipal League and the Alaska DOT&PF submitted a Port Infrastructure Development Program (PIDP) grant application for the design, permitting, geotechnical aspects, and construction of a new dock. In October 2023, the State successfully received \$43.3 million in PIDP funding for this grant. The State has issued a Request for Proposal, which will solicit professional engineering design and environmental services to replace the existing Cold Bay Dock in Cold Bay, Alaska. The project is projected to be completed in 2030.



Cold Bay Clinic

The Borough was awarded \$2 million in U.S. Health Resources & Services Administration grant funding for the Cold Bay Clinic Renovation Project. The renovations will occur inside the building and may include but not be limited to renovations to the two exam rooms and the trauma room, boiler replacement, generator replacement, indoor air quality upgrades, installation of a solid modular wall system, and the installation of a decontamination shower. Other refurbishments will include the purchase and installation of a fixed dental chair, a morgue, an eye wash station, an adult exam table, and interior paint.

DOWL has completed the 35% and 65% design for the project. UIC Nappariat, LLC has been contracted as a Construction Manager/General Contractor to assist with the 95% design and construction. The anticipated completion of this project is February 2025.

False Pass Airport

One of False Pass's greatest needs is a reconstructed airport with a longer runway that meets Federal Aviation Administration standards, medevac requirements, and the needs of existing and projected airport operations.

In October 2022, the False Pass Airport Project went before the APEB Board, and funding was approved. DOT's scope of proposed work includes rehabilitating the existing airport surfaces and safety areas, installing new airport signage, installing FAA-approved L-853 retro-reflective markers on the runway and taxiway edges, replacing both wind cone structures, replacing segmented circle, and addressing erosion control at Round Top Valley Creek. The design will need to focus on significant

hydrologic/hydraulic issues prevalent at the site, including flooding and its effect on the airfield, to produce a design for a landing area that is not susceptible to these

effects. The total estimated cost of this project is \$35,231,819

In May 2023, Alaska DOT issued a request for proposal to secure design and construction services for the False Pass Airport Rehabilitation Project. The State selected DOWL for the work and conducted a site visit in November 2023.



Bidding is anticipated to occur in 2027, with construction beginning in 2028.

Borough Administration continues to ask the State to look at engineering options to lengthen the runway. If a feasible option is identified, the State may consider incorporating the solution into the project scope of work.

King Cove Access Project

On June 15, 2023, the King Cove Corporation, the Agdaagux Tribe of King Cove, the Belkofski Tribe, the City of King Cove, and the Aleutians East Borough (the King Cove Group) were disappointed to learn that Chief Judge Mary Margua of the Ninth Circuit Court of Appeals granted the Department of Interior's motion to dismiss the case as moot. The King Cove Corporation's motion for an injunction was denied. The appeal was dismissed with prejudice. That appeal stemmed from the action taken by U.S. Secretary of the Interior Deb Haaland on March 14, 2023, after she withdrew from the land exchange authorized by then-Secretary David Bernhardt in 2019.

Sec. Haaland has launched a new Supplemental EIS process (SEIS) to evaluate an ANILCA 1302 (h) opportunity for a land exchange between the King Cove Corporation and the federal government. The Secretary's goal is to have the Department of the Interior complete the SEIS by late summer, make it available for public review in September/October 2024, and then issue her Record of Decision in December 2024. The King Cove Group hopes she approves an equitable land exchange allowing the State of Alaska to permit, fund, and construct the road. Meanwhile, the King Cove Group has frequently contacted U.S. Senators Lisa Murkowski, Dan Sullivan and Congresswoman Mary Peltola throughout the process. The Alaska Delegation continues to remain supportive of this issue.



Sand Point Harbor Floats Systems Project

The Sand Point Harbor Floats System is a significant economic asset to the community and the Borough. The New Sand Point Harbor is currently served by a wharf and Float B. The next step for harbor development is to complete Float A. The Borough has received an FY 2023 State of Alaska Harbor Facility Grant in the amount of \$4,125,000 as well as a Maritime Administration Port Infrastructure Development Program Grant in the amount of \$5,365,000. The work includes the installation of a new prefabricated treated timber floating dock within the existing harbor, in addition to in-water and upland improvements. Borough Administration is working with Moffatt & Nichol to address the grant requirements, which include but are not limited to environmental items, permitting, public notices, completing the NEPA process, and engineering documents. These items are almost complete, and the Borough will be going out to bid for the project soon. The anticipated completion date for the float is November 2025.



Sand Point School Major Maintenance Project

In February 2023, the School District/Borough signed a grant from the State of Alaska Department of Education & Early Development (DEED) to conduct major maintenance at the Sand Point School. The project provides for renovations, including:

- Improve HVAC: replace ventilation equipment, provide an exhaust ventilation system, and replace kitchen ventilation equipment.
- Improve security: replace door hardware to provide access control and lockdown function.
- Replace the fire alarm.
- Replace intercom system.
- Renovate the pool facility addition: upgrade restrooms and lockers; replace the metal roof and repair the structure as required; reconstruct or repair exterior walls; replace supply ventilation, ductwork, and controls; and improve drainage.

The grant award was \$2,968,577, with the State participating share being \$1,929,575 and the Borough's participating share of \$1,039,002.

The cost of the project increased significantly due to inflationary pressures from when the grant was originally written. In August 2023, the Borough and School District submitted a supplemental Capital Improvement Project (CIP) application requesting an additional \$3,842,819 to cover the cost increase. In June 2024, the Governor signed both the Operating and Capital budgets, which included the supplemental funding request for the Sand Point School. Therefore, for this project, the State's participating share is \$4,427,407, and the Borough's participating share is \$2,383,989.

Progress has been made on this project. The 35% design has been completed, and the 65% design has been submitted to the State of Alaska for review. On June 7, 2024, the Construction Manager/General Contractor Qualifications Based Selection Request for Proposal was issued, and one proposal was received by the June 28, 2024 deadline. The Borough has awarded a pre-construction services contract to UIC Construction, LLC. The projected completion date for this project is June/July 2025.



Sand Point Pool

The Sand Point Pool is 41 years old and has numerous deficiencies that have been identified. Multiple improvements have been made to the facility, which include pool filters, new pool mechanical room piping, repairs to the liner, a new heater exchanger, temporary mold cleaning and painting, door work, circulation line repairs, and temporary repairs to vinyl floors. The pool has been filled and is still leaking water. At this time, the pool will not run until further notice. In the meantime, Administration continues to work on the pool and is looking for grant opportunities to build a new pool.

Financial Snapshot

The Borough's preliminary FY24 financial summary (numbers subject to change) is as follows:

FY24 Financial Summary:	
FY24 Revenues:	\$8,225,225
FY24 Expenditures (General Fund, Bonds, Permanent Fund, Maintenance)	\$4,035,610
FY24 Helicopter Transfer	(\$857,813)
FY24 Cold Bay Terminal Transfer	\$31,984
FY24 Bond Fund	(\$1,430,604)
FY 24 Permanent Fund Earning Capital Project Appropriations	\$1,788,334.18

Bond Service Debt

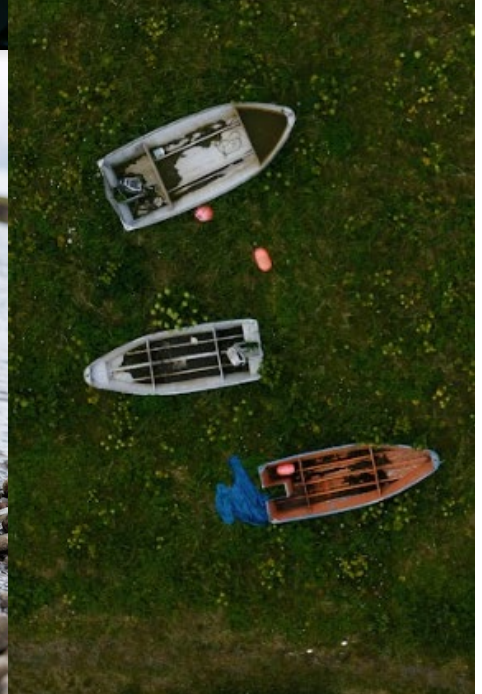
Since 1990, the Borough has bonded \$46,750,000 for Borough projects in Akutan, Cold Bay, False Pass, King Cove, Nelson Lagoon, Sand Point, and the schools. The general obligation bonds payable on June 30, 2023, are comprised of the following: 2015 Refunding Series One in the amount of \$360,000, the 2016 Refunding Series Three in the amount of \$11,160,000, and the 2021 Refunding Series for refinancing of 2010 Series Three general obligation bonds in the amount of \$2,330,000 resulting in a total bonds payable amount of \$13,850,000.

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

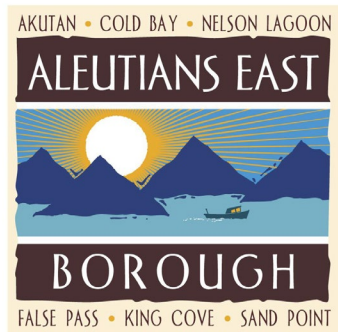
Year Ending June 30	Principal	Interest	Total
2024	\$1,965,000	\$564,525	\$2,529,525
2025	\$2,075,000	\$476,149	\$2,551,149
2026	\$2,200,000	\$381,158	\$2,581,158
2027	\$2,220,000	\$281,852	\$2,501,852
2028	\$2,340,000	\$178,323	\$2,518,323
2029 - 2031	\$3,050,000	\$80,677	\$3,130,677
TOTAL	\$13,850,000	\$1,962,684	\$15,812,684







Aleutians East Borough
PO Box 349
Sand Point, AK 99661



Our Purpose

Is to Ensure the Standard of
Living, Well-Being, and
Future of Our Communities

Our Vision

Is Healthy People, Healthy
Schools, and Healthy
Communities

