
MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Erin Reinders, City Manager
Date: June 22, 2021
Re: City Manager Report

Rescue Act (ARPA): We continue to learn more about ARPA and what it will mean for Unalaska. What we know for sure at this point is that the City will receive a total of \$1,069,850, split into two payments over two years through the State. With this in mind, Staff has reviewed the guidance shared thus far and outlined a tentative spending plan. Because ARPA funding is a fraction of what was granted from CARES Act (which was over \$13 Million), staff does not plan on developing a City Grant program for businesses like was done with the CARES Act. However we do plan on proposing that ARPA funds be used for a Residential Utility Credit and be focused on covering continuing COVID-19 response efforts, primarily related to operation of the Isolation Site. The State Legislature still needs to appropriate ARPA funds for distribution and DCRA also needs to finalize the associated process and documents. We have just received a resolution from DCRA to accept the funds when they become available, which will be presented to Council this evening. We anticipate this issue coming before Council again, most likely a budget amendment to accept and utilize these funds, once the process through the state is determined.

Tri-Lateral Committee: Chris Salts, Chris Price and I continue to meet on at least a monthly basis. This month we had a conference call with the Tribal Liaison for the Alaska National Guard. The Tribe was contacted by the Tribal Liaison regarding a potential visit to Unalaska by Major General Saxe, the Adjutant General of the Alaska National Guard. The purpose of the visit would be to learn more about the community, develop relationships with stakeholders and hold a town hall meeting. I have offered up the City's assistance if necessary. Tentatively they are looking at the week of July 5 – 9.

July Legislators Visit to Unalaska: This is still more than a month away, but details are coming together for the visit on July 29 and 30. Our State Lobbyist, Mayor, Administrative Coordinator and I continue working out the details and refining the schedule. We are now reaching out to staff as more details are understood. Staff in the Planning Department is mapping the community tour route. The Administrative Coordinator is blocking seats on flights and rooms.

Tobacco Tax: On March 30, 2021, the Unalaska City Council adopted Ordinance 2021-02, instituting an excise tax on cigarettes and tobacco products brought into the City of Unalaska for commercial purposes. The Clerk mailed informational letters to local tobacco distributors alerting them to the tobacco excise tax and their responsibilities, and provided copies of the ordinance, tobacco distributor registration forms and excise tax reporting forms. Some key dates are as follows:

- July 1, 2021** - Unalaska's tobacco excise law goes into effect
- July 30, 2021** - Tobacco Distributor Registration form due to City
- October 1, 2021** - Tax levy begins

January 31, 2022 - First tobacco excise tax quarterly report & payment deadline (for 4th Quarter 2021)

Federal Lobbyists: Sebastian O’Kelly of our Federal Lobbyist team is planning a trip to Unalaska in the August 28 – 31 time frame. More details to come on this. September is typically when Council considers legislative priorities, in advance of the annual lobby trip to Washington. The possibility of this trip is still uncertain, due to a variety of COVID-19 restrictions. Our Federal Lobbyists are monitoring the situation and will advise us further once more is understood.

Geothermal PPA: I heard from our Federal Lobbyists that at an Energy Committee Hearing the week of June 14, Senator Murkowski raised the Makushin geothermal project and encouraged Secretary Granholm to visit Unalaska to see the site. The Secretary gave a tentative commitment to do so. Our Lobbyists will be keep an eye out as more details and timeframe may be determined.

The Commonwealth North’s Energy Policy Study Group on June 4 went well. The topic was Makushin Geothermal: Powering the Future in Unalaska. I gave a brief overview of the past couple years, the City’s activities in support of the project, and what some of our next steps might be. Dave Matthews spoke about the more technical aspects of the project from Chena Power’s perspective. Elwood Brehmer wrote a follow up article about the presentation and the project for the Alaska Journal of Commerce and ADN.

OCCP is setting the Heat Pump Study aside at the moment, as it is challenging to determine some of the economics. The MOU detailing how to proceed with the projects and improvements identified in EPS’s Interim Intertie Study has not yet been finalized. This is so that we can get started on these projects in keeping with the overall timeline of the Geothermal Project, which remains unchanged. There may be some possibility to combine our cable replacement purchase for the City’s project with OCCP’s purchase for the Geothermal Project’s submarine cable.

Finance Director: We continue working with AES on a renewed search for a permanent Finance Director. Recruitment efforts have already begun, and we anticipate the process to take some time. We will have regular meetings with AES and remain engaged.

Current Directives to the City Manager:

- *Cost Benefit Analysis for Captains Bay Road Project (March 30, 2021). Initiated.* The directive reads, “Implement a cost-benefit analysis for the proposed road improvements and utility expansion for Captains Bay Road.” Given the magnitude of the Captains Bay Road project, we are confident that this analysis will serve us well but we are unsure of the cost for such a service. An RFP was issued on Friday, June 11th with a due date of July 15th. The RFP outlines the project itself and what we are looking for in an analysis, which includes identifying potential funding opportunities.
- *Utility Infrastructure Fund (May 25, 2021). Progressing.* The directive reads, “Work with the City Attorney to prepare an ordinance amending Chapter 6.40 of the Unalaska Code of Ordinances to increase the sales tax levy by one percent (1%) for the purpose of funding a Utility Infrastructure Fund to supplement the Utility Proprietary Funds.” The Clerk has drafted the ordinance for internal discussion and attorney review. We still plan to have this before Council for initial consideration in July and final approval in August, in time for the October election.