
MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Erin Reinders, City Manager
Date: July 27, 2021
Re: City Manager Report

State Legislative Fly-In to Unalaska: Fly-in is on July 29 and 30, and is a good follow-up up to the “Remote” Lobby trip earlier this year where Council Members advocated for Unalaska and Council’s priorities with legislators and others. This visit will provide an opportunity to see what was discussed first hand. We have confirmed with Sen. Lyman Hoffman, Rep. Bryce Edgmon, Rep. Kelly Merrick, Rep. Louise Stutes, DOT Commissioner MacKinnon, and Governor’s Office Staff Tyler Sachtleben and Rex Rock. Dianne Blumer, Mayor Tutiakoff, Administrative Coordinator and I have worked out the schedule for the compact visit. I thank staff for all their help with putting this together! Key events are outlined below:

- July 29 (11am-12:30pm) Lunch in Makushin Room with Mayor & Council (Including a Presentation of overview of Tour and Video of Captains Bay Road, highlighting priorities by City Staff)
- July 29 (12:30-4pm) Driving Tour by Mayor, City Manager & Planning Director
- **July 29 (5-7pm) Community Reception at Margaret’s Bay Cafe**
- July 30 (8-9:00am) Breakfast in Makushin Room with Mayor & Council (Including a Presentation of IRT activities by Trilateral Group)

Strategic Planning: As we have discussed previously, the in-person Strategic Planning facilitator is set to meet with the Mayor and City Council on **Thursday, August 12 (9:00-3:30) and Friday, August 13 (9:00-12:00)**. The facilitator will first meet with the Executive Team as a group and with their input, will then meet with the Mayor and City Council. This process will help Council set focus areas for the near future to best address community needs and your vision. With added focus, this will help us to use our resources more effectively. Meetings will take place in the Makushin Room. This has been postponed numerous times over the course of the last two years; looking forward to this time together.

Federal Lobby Trip: Council will need to decide if they want to participate in a federal lobby trip this fall, and if so then when. Brad Gilman, our Federal Lobbyist, has provided potential dates for Council to consider if there is interest. There is continued uncertainty as to the potential to meet in person and what the requirements might be. The Alaska Delegation has said that they will meet with constituents who are otherwise in town. However, there is a real risk of not being about to meet with any of the agencies in person. Our lobbyist team will continue trying to learn more.

Below for consideration is a list of possible three-day dates for a trip to DC. If Council wants to plan a trip, Brad and team will do their best to try and fill up the schedule. His guess is that coming later in the year will have greater odds of things being back to some sense of normalcy, but warns that there may be some periods of heightened concern. Brad also suggests bringing proof of vaccination, and getting refundable tickets in case the trip is canceled.

- September 13-15
- September 20-23 (any three consecutive days)
- September 28-30
- October 4-7 (any three consecutive days)
- November 1-4 (any three consecutive days)
- November 29-Dec. 2 (any three consecutive days)
- December 6-9 (any three consecutive days)

For some context, typically Council would approve travel for the federal lobby trip at the first meeting in September and approve legislative priorities during the second meeting in September. Another important date is October 5, our local election. I already removed the potential November dates that conflicted with AML's Annual Conference. Given these typical dates and guidance from Brad, if Council wants to plan on a trip, I would suggest the November or December dates.

Rescue Act (ARPA): We continue to wait for final details from DCRA regarding 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. We plan on proposing that ARPA funds be used for a Residential Utility Credit and be focused on covering continuing COVID-19 and Emergency response efforts. Council approved a resolution from DCRA on June 22, 2021 to accept the funds when they become available. There has been no new information provided to municipalities since that time. As we communicated on June 22, we plan to bring a budget amendment to accept and utilize these funds when the details are known.

Fiscal Sustainability: Fiscal sustainability is on everyone's mind, as is the underlying responsibility to be good stewards of the tax payer's money. This is especially important as we see the decline in revenues from past years and growing needs in the future. Council voted to increase the City's emergency "rainy day" fund from \$13 million to \$25 million early in 2021, the concept being that this amount would be reconsidered annually. City Council has since requested criteria for use of the rainy day fund and triggers to assist with the City's overall fiscal sustainability. The Interim Finance Director and I have begun discussions with financial advisors from Alaska Permanent Capital Management (APCM) to see how they might assist.

We are exploring the concept of setting up a way to formally distinguish the City's emergency "rainy day" fund and allow for the creation of a specific investment strategy for this fund that would address Council's request. APCM also has extensive experience creating and managing longer term investment accounts that utilize equities to attain higher returns in addition to our fixed income management. We are also exploring the concept of a Permanent Fund that allows for this approach and help to supplement our revenues.

For some background, the City has a Key Bank account with roughly \$2.5 million for current operations; an Alaska Municipal League Investment Pool (AMLIP) money market account with roughly \$46 million for shorter term operations; and then the APCM account with roughly \$112 million for the longer term investments. Staff is currently evaluating our operational and administrative procedures to see how we could more effectively use these accounts to make better use of the APCM account for investments. APCM professionals are providing us with input and ideas on how we might approach that as well.

With all this in mind, we are also talking with APCM advisors on suggested changes to Council's overall investment policy for Council to consider. We plan on having a **Special Council Work**

Session on September 13th to discuss the strategy for the Rainy Day Fund and other investments with APCM. This will include an educational piece as well. APCM will be at the regular Council Meeting the following night, September 14, to provide their annual APCM Investment Presentation.

Finance Director: We continue working with AES on the search for a permanent Finance Director. Recruitment efforts are in progress, and we anticipate the process to take some time. We will have regular meetings with AES and remain engaged. No significant update at this time.

Current Directives to the City Manager:

- *Cost Benefit Analysis for Captains Bay Road Project (March 30, 2021). Progressing.* 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. We received two proposals and DPW is currently reviewing the details.
- *Utility Infrastructure Fund (May 25, 2021). Complete.* 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. This item is before Council for consideration this evening, and is set for final approval on August 10, in time for the October election.