
MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: J. R. Pearson, Acting City Manager
Date: August 24, 2021
Re: City Manager Report

Ravn Alaska: On August 12 Ravn Alaska announced that they now have a mileage agreement with Alaska Airlines.

Strategic Planning: Strategic Planning took place as scheduled August 9-13, 2021. The facilitator met with the Executive Team as a group and, with their input, met with the Mayor and City Council. This process set focus areas for the near future to best address community needs and Council's vision. With added focus, this will help us to use our resources more effectively.

State Legislative Fly-In to Unalaska: The Fly-in was a huge success, and was a good follow-up up to the virtual lobbying effort earlier this year where Council Members advocated for Unalaska and Council's priorities with legislators and others. The Fly-In provided an opportunity to see in person what was discussed and to meet numerous community members. It was also an opportunity to advocate for PCE and demonstrate the City's trilateral partnership with the Tribe and OC. As we move forward, Dianne Blumer suggests we alternate a lobby trip to Juneau with hosting a Legislative Fly-in to Unalaska every other year. She did however suggest we plan on a trip to Juneau in the spring of 2022 because we missed this past year due to COVID-19 restrictions.

COVID-19 Update: On August 17, 2021, Unified Command moved the COVID-19 risk level in the community to high, and a special news release was issued that afternoon. This was due to an increase in the local case count combined with known widespread exposure that was also supported by a significant increase of the COVID-19 virus loading in the wastewater stream. Additionally, with the increasing COVID-19 related hospitalizations in Anchorage, IFHS has recently seen some of their medevac patients being diverted to other hospitals. In accordance with the City's COVID-19 Emergency Response Plan for high risk, City facilities moved to limited public access and implemented a mask mandate for City employees while data and cases are being monitored.

The Mayor, IFHS director Melanee Tiura and City Manager continue to meet on a weekly basis for a status review and to discuss potential responses. The clinic continues their ability to meet the need of local patients and surrounding industry members. The number of cases and hospitalizations statewide continue to grow. We issued a special news release on July 28, 2021, addressing the increased local risk factor to medium, the delta variant of the virus, local case counts, vaccination counts, and encouraging all eligible folks to get vaccinated. However, as indicated above the local risk factor was increased to high on August 17.

Through ongoing domestic wastewater surveillance, the composite samples for August 12 and 14 showed increasingly high viral loads. A follow-up sample collected on August 17, showed a high, but decreasing viral load. Further sampling upstream was being conducted the remainder

of the week to help determine the general areas that the high viral loads may be coming from. The increasing COVID-19 case count was confirmation that local cases were in fact rising as the increased viral load indicated.

While our risk level threshold and potential mitigation measures outlined in our Emergency Response Plan still serve as a guide, we are considering updating the plan to address the change in environment (i.e. widely available vaccines and increased understanding of the virus). Melanee Tiura will likely be available during the meeting to provide a timelier update.

Senator Murkowski Visit: Unfortunately, this visit that was scheduled for August 16 was canceled.

Federal Lobby Efforts: Sebastian O’Kelly, with City’s Federal lobbyist team, will be available to meet with City Council members and the Mayor on **Monday, August 30, between 9 and 11** at City Hall. Please let the Mayor or I know if you are interested. I also plan to have staff meet with Seb to review some of the challenges that the City might encounter as we prepare for and transition to geothermal. Together, I want to begin researching related opportunities and support programs that may be available. The more brains thinking about this and developing solutions, the better.

As you recall, Council focused on the later suggested dates for a potential three-day federal lobby trip to Washington DC when we discussed this at the last Council meeting. Brad Gilman says he needs four weeks lead time to plan for the trip. Focus is now on the following dates:

- November 29 – December 2
- December 6 – December 9

As a reminder, Brad and team will do their best to fill the schedule, but there is continued uncertainty about meeting in-person due to changing COVID-19 restrictions, and what the requirements might be. Brad suggests bringing proof of vaccination and purchasing refundable tickets in case the trip is canceled.

Given the travel dates above and the local election in October, we plan to address these two items at the **October 12** Council meeting (with Brad or Seb hopefully participating via ZOOM):

- Travel approval for Washing DC Lobbying Trip
- Adopt State and Federal Priorities

Fiscal Sustainability: As you recall, City Council has 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 continue discussions with financial advisors from Alaska Permanent Capital Management (APCM) to see how they might assist in this effort and other efforts to better address our fiscal sustainability. 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, including the potential for a Permanent Fund to help supplement our revenues. 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.

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. Resolution 2021-56 to award a contract for this project is being brought forward for Council approval in today’s meeting.
- *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.” On August 10, 2021, Council approved Ordinance 2021-11 Amending Unalaska Code Chapter 6.40, Sales Tax, to increase the rate of the sales tax levy from three percent (3%) to four and one half percent (4.5%) for the purpose of creating a Utility Supplement Fund. This will be on the ballot in October.
- *Haystack Communications Site (July 27, 2021). Initiated.* The directive reads, “Start the process to terminate leases on Haystack for communications and work to upgrade and allow equal access to facilities for communications on Haystack with new leases.”

The Planning Director is taking the lead here. The Planning Department has long managed the leases on Haystack, and has been striving to improve the lease process and situation for years. Within the next month or so, Staff plans to provide a report of the complex situation on Haystack, work that has been done so far, and hopefully, some options. We can then discuss next steps and receive further direction. In the meantime, Planning provided a brief overview below to describe some of the complexity and plans going forward (also see Figure 1):

In 2017 when OptimEra requested lease space, the Planning Department began reviewing Haystack leases and learned that all of the City leases with telecom companies lacked a termination option for the City. The lease agreements do have a 90-day termination clause for the companies (lessees), so Planning is unsure why the same option was not included for the City. Planning has discussed this issue with legal counsel on several occasions, however a definitive answer/solution was never completed due to other ongoing projects.

There are currently five (5) towers atop Haystack; one is the City of Unalaska’s and the other four are situated on land leased by telecom companies including AT&T, Alaska Wireless, and TelAlaska. We are discovering other users with subleases, which appear to have not been reported to the City by the lessee per the lease agreements. Planning is still conducting research to see if the lessee’s sent an amendment request, if it was misfiled, or if none exist at all.

Except for the TelAlaska lease, the other tower leases expire in 2022, 2023 and 2024. The City renewed TelAlaska’s lease in 2014. It’s a 20 year lease and will not expire until 2034.

At this time, Planning is assembling a small team of professionals to investigate legal options for terminating lease agreements that lack a termination clause. We plan to hire a title company to assist with part of this research, and the company we use regularly has a 6 - 8 week process period. In the meanwhile Planning will assemble help from the offices of City Clerk, Finance, Administration and City Attorney to flush out any other issues pertaining to the Haystack leases.

Figure 1:

