
MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: J. R. Pearson, Assistant City Manager
Through: Erin Reinders, City Manager
Date: December 14, 2021
Re: City Manager Report

Upcoming Deadlines: The following City deadlines are upcoming.

- December 31, 2021: Business License Renewal Deadline
- March 1, 2022: Business Personal Property Tax Return Deadline
- March 2, 2022: Senior Citizen Real Property Tax Exemption Application Deadline
- March 31, 2022: Senior Citizen Sales Tax Refund Application Deadline

COVID-19 Emergency Declaration: Tonight the City Council considers the last round of COVID-19 community wide protective measures, which Council has consistently adopted since March 2020. At this point in time, our plan is to still allow the local state of emergency to expire at the end of the year. Therefore, the City will no longer be issuing community wide protective measures. The expiration of the state of emergency does not mean that COVID-19 is no longer with us. It continues to be a significant public health concern, but at this point we believe we have the tools in place to effectively respond. The expiration of the emergency also means a few other changes: the City will no longer have greeters at the airport to collect contact tracing information; and the City will no longer manage the isolation site. The City will not report the number of cases, but the community's case data will be reported on the State of Alaska COVID website. We plan to continue testing the wastewater influent as this is an important indicator for us all locally. We will rely on IFHS Clinic to communicate to the City if the local health care system is at risk of becoming overloaded. If an emergency declaration is necessary in 2022, the declaration can be made by the Mayor or City Manager, subject to ratification of the City Council.

If the emergency declaration expires at year end, the two following emergency City Manager orders related to Mayor and Council will also expire:

- (1) Suspend the provisions of UCO § 2.20.025(D) prohibiting the addition of action items by amending the council meeting agenda; and
- (2) Suspend the provisions of UCO § 2.20.075 regarding council member participation in meetings by teleconference. Copies attached.

Infrastructure Bill: On November 15, 2021, President Biden signed a \$1 trillion infrastructure bill into law. The focus in this bill includes transportation, broadband and utilities. Staff are evaluating which projects would benefit from this funding opportunity.

Federal Lobby Trip: In true tri-lateral fashion, representatives from OC and the Tribe traveled to Washington DC and joined the City at several meetings. Our lobbyists did a great job preparing us and setting up a full schedule. This includes meetings with the Coast Guard, the Alaska Congressional Delegation, the Governor's Office, staff with the House Subcommittee on Water, Oceans and Wildlife, and the Essential Air Service Division Chief. Meetings are underway as this report is being written and subject to change. Discussions will focus on Areas of Critical Need (Airport and Fisheries), Arctic Port Development (Corps Dredging Project, IRT, Coast Guard, and Military Presence), Economic

Development (Geothermal Projects, Environmental Remediation, and Broadband) and Capital projects identified by Council.

Fiscal Sustainability: City Council had an in depth discussion with APCM and City Staff on October 26 regarding a permanent fund. Key direction provided by Council included a \$40 million starting amount, moderate growth allocation, and a plan to begin distribution at the three year point (starting in July of 2024). Staff met again with APCM on Monday, November 8, 2021 to discuss our next steps. Since that time we have received sample ordinances and resolutions from APCM. Our City Attorney has started to work up documents for City Council's use specifically. City Staff will review these documents with APCM, identify further work needed, and bring them to Council for consideration and action. So, more to come on the Permanent Fund, the Emergency Fund and their related policies.

Fiscal Impacts of Crab Closures and Reductions: Again, Staff worked with Fisheries Consultant Frank Kelty in an effort to estimate tax impact for FY 2022 and beyond, due to the Bristol Bay Red King Crab closure and the Bering Sea Snow Crab 90% reduction in allocation. In an effort to do so we broke the process down into three steps:

- Step I - identify the projected loss in sales tax. Marine fuel sales tax impact estimated at \$610,000 reduction, but other non-marine fuel sales tax impacts are unknown.
- Step II - determine how our original fish landing tax revenue projection was calculated and then update for the latest information. Estimated reduction in FY 2022 local 2% landing tax is \$445,000. However, given a surplus for Alaska Resource Landing Tax and Alaska Business Fisheries Tax, the net reduction is \$105,000.
- Step III - determine how the State taxes are calculated and revise projections for FY 2023 and beyond. Staff continues to work with Mr. Kelty to determine this amount; however, this a more challenging process and will take a bit more time.

Jim Sharpe met with Frank Kelty last Tuesday and received updated information regarding the calendar year 2022 for Pollock and Pacific Cod. Specifically, the Pollock allocation was reduced from 1,375,000 metric tons in 2021 to 1,111,000 metric tons in 2022. It is expected that this reduction will reduce FY 2022 tax revenue by \$300,000 (local landing tax) and FY 2023 tax revenue by \$600,000, split equally between Fisheries Business Tax and Resource Landing Tax. The Pacific Cod allocation increased from 111,380 metric tons in 2021 to 136,466 metric tons in 2022. The increased allocation, along with an increased shore price per pound, should provide an additional \$500,000 tax revenue to the City for FY 2022. In summary, the adjustments to the pollock and cod allocations will have a net positive impact to FY 2022 tax revenues of \$200,000 and a net reduction to FY 2023 tax revenues of \$600,000. Mr. Sharpe and Mr. Kelty will continue to work together over the next month, refining and updating allocation information in order to develop revenue estimates for Council as part of the FY 2023 budget process.

Environmental Assessment Grant: The Planning Department worked with Stantec Associates to prepare an application to the EPA for an environmental assessment grant. If awarded, the \$500,000 grant can be used to sample property suspected of contamination, as well as to assist with redevelopment/development plans for contaminated property. Stantec committed to the grant writing component of the contract for zero cost to the city. SLR's proposal would have cost the city \$40,000 for grant writing. The grant application was submitted on December 1, 2021. This was the grant opportunity that was mentioned during the update from the Federal lobbyist team.

Directives to the City Manager: There are two outstanding directives, both progressing as outlined below.

- *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.” The Public Works Director has provided the following update on this analysis. HDR Engineering conducted on-site stakeholder interviews and meetings with Public Works staff between October 6 and October 9. The stakeholders interviewed included representatives from Matson, Westward Seafoods, APL, Kloosterboer, Alaska Chadux Network, North Pacific Fuel, Pacific Stevedoring, Offshore Systems, Inc., Trident, and Roger Rowland. Maintenance and operating costs as well as potential benefits were discussed with each stakeholder. Accident locations, rock fall locations, and pedestrian safety issues were reviewed. HDR is in contact with DPS to obtain additional detail on Captains Bay Road traffic incidents. Since returning to Anchorage, HDR began the analysis by developing an initial list of project benefits that could be potentially realized including reduced road maintenance costs, reduced vehicle maintenance costs, improved safety, travel time savings, reduced emissions, residual value of assets, and avoided road closures. HDR Economists are reviewing input from the stakeholder meetings to assess the degree to which the data available will support the quantification of benefits. The cost-benefit model template is under development which incorporates information and data obtained through the initial interview with stakeholders. A review of potential funding sources for non-transportation projects was also reviewed to identify possible funding sources for the utilities component of the roadway improvements. Economists are also assessing the potential for quantification of the utilities benefits. HDR Met with City Staff and HDL to discuss project phasing and costs. HDR reached out to Unalaska Department of Public Safety to further discuss accident history along CBR. HDR met with City Public Works staff to further refine project phasing options and discussed project benefits. A draft Cost-Benefit Analysis Report will be submitted to the City in mid-January.

- *Haystack Communications Site (July 27, 2021). Progressing.* 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.” This directive was issued after public comment by OptimERA representatives at the City Council meeting. Available space (that is not already leased or has an easement across it) is limited on Haystack, and OptimERA had previously requested a lease agreement in a place that was leased to another entity. The Planning Department has reached out to some of the telecom companies to discuss future leasing and update information between the City and lease holders. OptimERA has applied for a new lease atop Haystack that will lease the site on which they already have an antenna located. The lease was reviewed by the City attorney and has been forwarded to OptimERA for their consideration.