
MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Erin Reinders, City Manager
Date: January 11, 2022
Re: City Manager Report

Upcoming Deadlines: The following City deadlines are upcoming.

- March 1, 2022: Business Personal Property Tax Return Deadline
- March 1, 2022: Senior Citizen, Disabled Veteran and Fire/EMS Volunteer Real Property Tax Exemption Application Deadline
- March 31, 2022: Senior Citizen Sales Tax Refund Application Deadline

FY23 Budget Prep Work: We will be having a special work session on **Monday, January 24**. This meeting will focus primarily on revenue projections and council budget goals. Please mark your calendars.

COVID-19 Update: As of the drafting of this memo on Wednesday, January 5, of we have 46 known active COVID-19 cases in Unalaska (20 categorized as Industry-Quarantined and 26 categorized as Community). Wastewater samples are positive for COVID-19, the most recent sample from January 5, 2022 was 31.22 RNA Copies/mL. This information is found on the City's COVID-19 Data Hub at <https://covid19-response-unalaska.hub.arcgis.com/>. According to the State of Alaska, 74% of Aleutian West Census Area residents age 5 and up have received their first dose, 64% are fully vaccinated, and 15% have received their booster. These figures are found on the City's COVID-19 Data Hub, but are pulled from the Alaska Department of Health and Social Services Coronavirus Response Hub at <https://alaska-coronavirus-vaccine-outreach-alaska-dhss.hub.arcgis.com/>. This site has a wealth of information.

State Lobby Efforts: The Mayor and I plan to meet with Dianne Blumer on Monday, January 10 to discuss the State Lobby Trip. We will explore how to make this trip cost effective and meaningful as possible, and be able to adjust as the COVID situation evolves. We will work to identify opportunities for Q-Tribe and OC participation with some of our shared priorities. Both have expressed an interested in a coordinated approach. Especially since we got such good feedback on that approach on the federal level and during the Unalaska Legislative Fly-In this past summer. **Dates for the trip have been set as March 2-4, 2022.** Council travel approval for this trip will be done during the January 25 Council meeting. On a related note, Dianne has also set up a meeting for staff with the Denali Commission to explore funding options for Captains Bay Road project components. We have that short meeting on Monday, January 10 as well.

CAPSIS Funding Requests: The state legislative Capital Project Submission and Information System is now open for submittals. This is a way to communicate capital project priorities for consideration by the legislature during the capital budgeting process. The submittal deadline is February 1, and I have asked staff to get their information in by January 25 to allow time for my review and final submittal. After talking with Dianne Blumer, we will focus our requests on the

projects that Council identified as State Priorities. These include addressing Captains Bay Road and Utility Improvements; Bobby Storrs Boat Harbor A & B Floats; the Unalaska Marine Center Cruise Ship Terminal, Light Cargo Dock and UMC Dredging; Makushin Geothermal Interconnection Projects; and the Solid Waste Gasifier. Acting DPU Director Steve Tompkins and I met with Dianne on Thursday, January 6 to discuss the best way to represent the Interconnectoin Projects in CAPSIS and got some good guidance that will also assist us with the state lobby efforts.

Trilateral Group: Representatives from the Q-Tribe, OC and City met on January 3 for the first trilateral meeting of the New Year. Conversation focused on a successful year filled with shared presentations to our respective boards and councils as well as with the Unalaska's Legislative Fly-In August and our cooperative effort during the federal lobby trip. Given that our focus has shifted away from just IRT efforts, our goal for this year will be to update the MOA between the Tribe, OC and City to be more holistic in nature and likely to include economic development as a key component. There was also talk of looking at a facilitated strategic planning effort with all entities engaged. Our next meeting is set for February 7, which will focused on the MOA discussion. So, more to come.

OCCP: The City has a meeting with OCCP set for January 14. This meeting will focus on the need for OCCP to extend timelines again to allow time to secure funding as well as other related requests to the City. Basically, OCCP continues to look for project funding support but has yet to secure such funding from interested parties. OCCP has been told by interested parties that they need to develop and prove the well field, which will take an estimated \$25 million, in order for them to accept the construction risk. I do not know all the details, but will learn more at that meetings and will be asking for a formal written request from OCCP for consideration. City Council action will be required for any amendment to the PPA or any related MOA.

Emergency Rule Petition: We have been notified that six tribal groups have petitioned the Secretary of Commerce requesting the Department adopt an emergency regulation prohibiting Chinook salmon bycatch during the 2022 season of the Pollock trawl fishery in the Bering Sea/Aleutian Islands and to establishing a cap for Chum salmon bycatch. This would basically shut the season down. Additionally, they are asking to reduce the salmon bycatch after the 2022 season to further address a decline in salmon runs. Procedurally, bycatch and emergency declarations are typically handled by the NPFMC. This was considered at the NPFMC meeting in October and they failed to address the request.

I have been communicating with the City's Natural Resource Consultant and our Federal Lobbyists on this topic. We ran the numbers to help quantify the direct impact to the City's revenue should the Pollock fishery be closed. Obviously, the community-wide impact would be much greater. We will finalize a letter in the next week or so with the City's position, after getting further input from our Natural Resource Consultant and Federal Lobbyists, and then work with our lobbyists to get it in front of the right folks.

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 next steps. Since that time we have received sample ordinances and resolutions from APCM. Our City Attorney has drafted documents for City Council's use specifically. Jim Sharpe and I have reviewed these documents. We still need some follow up discussion with APCM and the City Attorney. We are also looking to identify further work needed, such as identifying a

custodian for a new Permanent Fund. We will then bring related items to Council for consideration and action. We hope to have something before you in late January or early February, but I still need determine a path forward with all the moving parts. We have not forgotten about the Emergency Fund, and are working on outlining that path forward as well. The Permanent Fund does, however, require more steps to set up so we are starting with that.

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." A draft Cost-Benefit Analysis Report will be submitted to the City in mid-January. We will use this report to not only objectively define the benefit, but also define the project phases and scope for those phases.
- *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. OptimERA has provided additional comments that are currently being reviewed. The Planning Director also plans to continue discussions with TelAlaska regarding their existing lease on Haystack after he returns to the island the second week of January.