
MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: J. R. Pearson, Acting City Manager
Date: April 26, 2022
Re: City Manager Report

BUDGET RELATED COUNCIL MEETINGS: Staff continues to work to improve the budget process and to present Council with a budget that addresses Council's Budget goals. Upcoming key dates to keep in mind are the following, but are still subject to change:

- April 26, 2022: Approve Property tax millage rate, School Funding, Community Support Grants & CMMP
- May 3, 2022: BOE Training for Mayor and Council from State Assessor
- May 10, 2022: BOE Hearings
- May 24, 2022: Certify Tax Roll; 1st reading FY23 Budget Ordinance
- June 14, 2022: 2nd reading FY23 Budget Ordinance

IFHS LOAN REPAYMENT: On April 20, 2022, IFHS paid back in full the emergency assistance loan of \$500,000 that the City provided in April 2019.

CAPSIS: The CAPSIS entries were finalized and submitted on February 14, 2022 after the deadline was extended to February 15, 2022. Staff used the additional time to fine tune the request for support for the Captains Bay Road Paving and Utility Improvements Project. Staff worked diligently with multiple consultant teams and each other to get the updated cost estimates, phasing information, and cost benefit data to refine our CAPSIS request (as well as the CMMP). Along with Captains Bay Road, the other requests focused on supporting the Bobby Storrs A & B Floats, the Electrical System Interconnection Projects, UMC and LCD Dredging, Solid Waste Gasifier, and the UMC Cruise Ship Terminal. The CAPSIS requests have been shared with our State and Federal lobbyists as each of these projects are directly related to Council's legislative priorities. Furthermore, we have numerous staff members participating in webinars offered through AML to help identify other funding sources.

COVID-19 UPDATE: Updates on cases and vaccinations have decreased with a significant percentage of Unalaska residents fully vaccinated and local cases at or near zero for well over a month.

Local information can be found on the City's COVID-19 Data Hub at <https://covid19-response-unalaska.hub.arcgis.com/>.

Aleutian West Census Area information can be found on the Alaska DHSS Coronavirus Response Hub at <https://alaska-coronavirus-vaccine-outreach-alaska-dhss.hub.arcgis.com/>.

FISCAL SUSTAINABILITY: City Council had an in depth discussion with APCM and City Staff on October 26, 2021, 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 drafted documents for Unalaska's use specifically. Jim Sharpe and City Manager met with APCM to review the documents briefly on January 12 and again on February 10 to discuss next steps for

both the Permanent Fund and Emergency Operations. Jim Sharpe is gathering information on both investment Custodians and Managers, a necessary step in this multifaceted process. APCM provided us with updated drafts of the Ordinance and Resolution to establish a Permanent Fund on Wednesday, February 16. We still need to review, discuss more and have the city attorney review. APCM is also developing questions for Council to consider for the development of an emergency fund and some parameters for that. The work continues.

TRILATERAL GROUP: Representatives from the Q-Tribe, OC and the City continue to meet on a monthly basis. The group met on February 7 with continued discussion on how best to proceed with developing an updated MOA that is more holistic in nature, rather than just a focus on the IRT. The City Manager met with Karen Kirk on the Trilateral Group's behalf on Monday, February 14 to get her feel for how this process might be structured with three separate boards or councils. There was a follow up meeting with Karen Kirk on Monday, February 21 with Natalie Cale of OC and Chris Price of the Tribe and City Manager. On April 4, 2022, the group discussed efforts on coordinating grant funding applications.

DIRECTIVES TO THE CITY MANAGER: Listed below are three directives in process.

- **City Manager Recruitment (March 22, 2022). In Process.** Management was directed to proceed with City Manager recruitment, begin looking for an executive search firm and provide a draft job description to Council.
 - March 23 - draft job description was emailed to Council for review.
 - April 4 - RFP for executive search services was posted.
 - April 7 - Council met in executive session to further discuss recruitment of an interim City Manager and a permanent City Manager.
 - April 11 - the City Manager position was posted.

- **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." We will use this report to not only objectively define the benefit, but also define the project phases and scope for those phases. This has allowed for a deeper dive into updated construction cost estimates, a rerun of the Cost Benefit model, and an adjustment to the findings. A Final Draft was presented before Council at the March 8, 2022 Council Meeting. The refined information has proven to be very beneficial and directly applicable to our project phasing as well as CAPSIS and CMMP requests as it clearly indicates the most cost effective approach. Furthermore, the analysis and findings will serve us well as we seek other funding opportunities. HDR assisted the City with the RAISE grant application that was due April 14.

- **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.

To comply with the directive, below is an overview of related activities over the past few months:

- **Optimera Lease**
 - November 26, 2021 – Planning emailed draft lease to Optimera for tower space on Haystack
 - December 2, 2021 – Planning emailed Optimera to confirm they received the lease. Optimera responded affirmative.

- December 27, 2021 – Optimera returned a draft lease with proposed edits
 - January 20, 2022 – Discussed Optimera’s proposed lease / City response with City Attorney
 - January 24, 2022 – Discussed City position on Optimera draft with Optimera attorney
 - January 27, 2022 – Discussed draft with City Attorney
 - January 28, 2022 – Emailed new draft to Optimera
 - February 17, 2022 – Optimera accepted lease
 - March 8, 2022 – Resolution 2022-08, Council approved 20-year lease with Optimera.
- Staff will be looking at renegotiating the existing TelAlaska lease on Haystack, which currently leases a significant portion of the property on Haystack. TelAlaska will be seeking permission to build a new tower on Haystack in 2022 so we will be discussing the situation as we lead up to their application, which is not scheduled.