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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Erin Reinders, City Manager  
Date: May 10, 2022  
Re: City Manager Report

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**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:

- May 10, 2022: BOE Hearings
- May 17, 2022: Special meeting for Establishing the Rate of Levy on Assessed Property
- May 24, 2022: Certify Tax Roll; 1<sup>st</sup> reading FY23 Budget Ordinance (*if mil rate remains*)
- June 14, 2022: 2<sup>nd</sup> reading FY23 Budget Ordinance (*1<sup>st</sup> reading FY23 Budget Ordinance if mil rate is changed on May 17<sup>th</sup>*)
- June 28, 2022: (*2<sup>nd</sup> reading FY23 Budget Ordinance if mil rate is changed on May 17<sup>th</sup>*)

**SALMON DRONE SURVEY:** Andy Dietrick with Aleutian Aerial, has provided the attached results from the **2021 Unalaska Salmon Survey**, which the City helped to support along with the Unalaska Native Fishermen's Association, the Ounalashka Corporation, and the Qawalangin Tribe. Continued support for this effort has been included in Council's draft budget for the coming fiscal year. Coincidentally, Andy Dietrick is looking for funding commitment for the 2022 salmon surveys. You will also see **ADFG's support memo** for Aleutian Aerial's continued work. You will likely see a formal request for consideration later this month.

**GCI FIBER PROJECT:** As you may recall, City Council approved a Joint Trench Agreement with Unicom Inc. (GCI) through Resolution 2021-33 on May 25, 2021. That resolution stated that the City would enter in a public private partnership and GCI via the Joint Trench Agreement and associated Scope of Work. Staff across numerous departments as well as our attorney team have worked diligently since that time with GCI and internally on a wide variety of permitting and review for this project as a whole. I thank them for their continued efforts in this complex project that helps to both meet a long standing need for the community and long term priority of City Council in improved internet. I have received a couple specific questions recently regarding this project and Staff has provided the following response.

I have received some questions regarding GCI's work, specifically over the South Channel Bridge and using the City's conduit. The Planning Director highlighted the relevant to the question, the Scope of Work section: "*City will make available to GCI existing excess conduit in its network, conduit along Ballyhoo Road, and, subject to permitting, will authorize new conduit on any City controlled bridges. GCI's contractor will open the shared trenches, and install the conduit, associated and vaults, and GCI fiber pursuant to the GCI-Unalaska Fiber Optic Project, as well as install the conduit on the mainline routes (and some associated vaults) on behalf of the City.*" Although the State of Alaska owns the South Channel Bridge we maintain the bridge and have excess conduit in this location. The bridge was also part of the council discussion when Staff presented this item to City Council.

I have also received a specific question regarding GCI doing work outside of the ROW near the City dock. The City Engineer provided the following information. *This work was approved through a request process that GCI initiated with the City back in January. The City had agreed that if GCI would like to change the*

*alignment from what was proposed in the permit drawings that they would submit a request to the City which would then be reviewed for approval. In this specific instance, GCI requested that they trench on City property at UMC to avoid having to trenching through approximately 600 feet of Ballyhoo Road asphalt. There was not enough room between the edge of pavement and the existing security fence to trench in gravel through this stretch. In addition, Matson had requested service drops in two locations within City property at the UMC which would require trenching in this location regardless. For these reasons the proposed alignment change was seen as advantageous to the City and thus approved.*

**FEDERAL APPROPRIATIONS:** I have fielded several questions from Senator Murkowski's office as they work through the appropriations process. There were several follow up questions about the Solid Waste Gasifier, so hopefully that picks up some traction. It also sounds like the Corp's Entrance Channel Dredging project is progressing nicely. The Cruise Ship Terminal did not move forward this time, which is not a surprise based on what I was hearing from our lobbyists.

**COVID-19 UPDATE:** Updates on cases and vaccinations have decreased with a significant percentage of Unalaska residents fully vaccinated and known clinic tested local cases at or near zero for some time. We have not been notified by IFHS Clinic of any positive test results. The increased use of at home test kits create the reality that there may be local cases which have not been reported. Local information can be found on the City's COVID-19 Data Hub at <https://covid19-response-unalaska.hub.arcgis.com/>. This was last updated on April 8, 2022. 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/>.

**PORTS BUDGET:** Ports will be putting one last budget amendment forward later this fiscal year, likely at the May 24<sup>th</sup> meeting. Year to date, the cost of fuel has driven Port electricity costs to exceed the electrical budgets in the harbors by \$240,000. Ports has shifted expenses within their overall budget to keep business moving, but plan to amend the budget to include the overages and end the fiscal year without exceeding the overall budget. Harbors are full and electrical use is up, the pass through charges for electricity vessel owners will offset those expenses in revenue.

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

- **City Manager Recruitment (March 22, 2022). Progressing.** 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. One firm responded, Government Professional Solutions. Another executive search firm contacted The Assistant City Manager to explain that they were too swamped with work to submit a proposal and could not take on more work. Due to the limited response to the RFP, this may be the same for others search firms.
  - April 7 - Council met in executive session to further discuss recruitment of an interim City Manager and a permanent City Manager. A resolution authorizing the Mayor to sign an agreement to hire Chris Hladick as interim City Manager is included in the packet for Council's consideration this evening.
  - April 11 - the City Manager position was posted. The Assistant City Manager reports that as of May 5, 2022, six applications have been received.
- **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 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 are already serving us as we seek other funding opportunities. HDR assisted the City with the RAISE grant application that was submitted on April 14. HDR is actively working on a grant application to the Denali Commission as well as the RURAL grant opportunity. While mainly applicable to roadway improvements, the draft Cost Benefit Analysis has been used to support each of these grant opportunities. Council requested a deeper evaluation of utilities within the Cost Benefit Analysis. This deeper evaluation is presently underway with an anticipated completion date in early June.

- **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 several 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.
  - April 27, 2022 – Planning received signed contract from Optimera
  - May 2, 2022 – City Manager Signed lease.
  - May 6, 2022 – Planning sends executed lease to Aleutian Records Office.
- 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. No further communication to report.