

**Special Meeting**  
**Friday, November 1, 2019**  
**6:00 p.m.**



**Unalaska City Hall**  
**Council Chambers**  
**43 Raven Way**

**Council Members**  
James Fitch  
Darin Nicholson  
David Gregory

## **UNALASKA CITY COUNCIL**

P. O. Box 610 • Unalaska, Alaska 99685  
(907) 581-1251 • [www.ci.unalaska.ak.us](http://www.ci.unalaska.ak.us)

**Council Members**  
Dennis Robinson  
Alejandro Tungul  
Shari Coleman

Vincent M. Tutiakoff Sr., Mayor  
Erin Reinders, City Manager

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## **AGENDA**

1. **Call to order**
2. **Roll call**
3. **Pledge of Allegiance**
4. **Work Session**
  - a. Continued Discussion: Potential City involvement in air travel to and from Unalaska on a temporary basis
  - b. Council Directive to City Manager: To develop a White Paper on talking points for Congressional Delegation
5. **Regular agenda**
  - a. Ordinance 2019-13: Emergency Ordinance creating an amendment to the Fiscal Year 2020 Budget, creating an appropriation for the payment of charter flights contracted for by the City, creating an appropriation to secure all amounts prepaid by charter participants, and setting rules and procedures for the control, use, retention, and disbursement of such funds
6. **Council Directives to City Manager**
7. **Adjournment**

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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Erin Reinders, City Manager  
Date: October 29, 2019  
Re: Continued Discussion on Air Travel Involvement

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### **BACKGROUND**

Ravn presented their three step plan to reestablish regular commercial air service between Unalaska and Anchorage at City Council's Special Meeting on **Friday, October 26, 2019**. This plan includes:

1. Continuing to conduct 29 and 37-seat Dash 8 charter operations.
2. Beginning regularly scheduled daily commercial flights on the Dash 8 sometime during the week of November 4-8.
3. Restarting regularly scheduled service on PenAir's 45-seat Saab 2000, in partnership with Alaska Airlines

Since commercial air service has been temporarily halted between Unalaska and Anchorage, the following actions have taken place in effort to provide some options to community members:

- Grant Aviation has added a commercial flight between Unalaska and Cold Bay, where passengers may make a connection to fly in and out of Anchorage.
- Alaska Travel Source and Security Aviation have teamed up to provide three flights per week between Anchorage and Unalaska, allowing for individual seat fares on these charter flights.
- Unalaska Plane Charter Coordination Facebook page, created by a community member, now serves as a place for community members looking for seats on existing charter flights and those who have open seats on their charter to connect with each other.

On **Tuesday, October 29, 2019**, the Mayor declared an emergency due to lack of commercial flights directly between Unalaska and Anchorage. The Council later ratified and extended that same day. Council called for a plan that included 3 chartered flights and requested a white paper be developed with talking points for our congressional delegation.

### **DISCUSSION**

Since Tuesday of this week, we have been hard at work making it possible for the city to charter up to three flights a week, and to make those seats available to members of the public. The goal is for the city to assure the community that there are options readily available, and to provide the opportunity for the public to book seats through one point of contact and a fixed and reasonable rate.

This approach constitutes a Public Charter and brings with it a number of DOT regulations and requires DOT's approval. On Thursday evening, we submitted our request to the DOT and Friday morning we received notice of approval. This was done in close coordination with our attorney's office, the federal DOT, and Ravn. Quick approval would not have been possible without the support of our state and federal delegation. In order to apply, we needed to demonstrate a commitment of the air carrier to be able to provide the charter service and the ability to protect the consumer's funds.

We have entered into an agreement with Ravn for up to 3 charters a week for the next three weeks. Each charter flight is \$26,000 and will be prepaid by the City of Unalaska. The maximum anticipated cost for 9 charters then is \$234,000. City will need to market the flights, due to DOT regulations. Ravn will be the point of contact for travelers wishing to book a flight and passengers will pay Ravn directly for their one way flight. Reservations cannot be made online. Flights have been set at \$600 per seat one way.

This ticket price is based on the costs associated with the charter, insurance and attorney fees. This assumes nearly full capacity flights and the risk is that the City is paying for charters that are not filled. The ticket price accomplishes Council's stated goal of providing for an affordable flight for community members. The budget amendment represents the full anticipated cost that the Council is willing to contribute in this emergency situation.

The City has purchased additional insurance related to our involvement with non-owned aircraft for liability purposes. The total cost for this insurance is \$37,500. These decisions were made in close consultation with our insurance broker and after reviewing the coverage of the airline.

We are currently conducting a survey assist us in setting up the right number of flights and the best dates for the majority of those interested, especially if this remains a prolonged effort. **We have scheduled a Monday and a Wednesday charter from Anchorage to Unalaska and back. Flights should be available for booking on Saturday morning.**

#### **NEXT STEPS**

A draft *White Paper* has been developed and will be shared with Council during the work session this evening. Staff is open to feedback on how it can be improved.

Tonight, Council is formally considering an **Emergency Budget Amendment Ordinance** as its sole action item. The budget amendment includes the price for all charters (\$234,000), insurance (\$37,500), estimated legal fees (\$20,000) and other related times (\$2,500), as well as a 20% contingency. Any seats that are purchased will go to offset these expenditures.

This emergency ordinance is effective upon adoption and requires only one reading. To pass, this require the affirmative vote of three-fourths of the total membership of the City Council, or the affirmative vote of all the members present, whichever is less.



## **Tom Madsen Airport Public Transportation Crisis**

November 1, 2019

### **PRESENT CONDITIONS**

The Tom Madsen Airport (DUT) consists of an Alaska DOT owned and managed runway and a terminal facility owned and managed by the City of Unalaska. The airport services the business community of Unalaska/Dutch Harbor as well as the year-round residents. The annual landings at DUT average 58,000 commercially ticketed passengers. It services certain air cargo operations and the US mail. Commercial passenger services are provided by one carrier that has authorization and certification to fly only one type of aircraft into DUT. The airport is the only airport for the nation's largest fishing port and is critical to the movement of people for the fisheries and support services. It serves as the airport for local residents and their personal and medical travel. Unalaska/Dutch Harbor is an island, and commercial air travel is the only public transportation available year round. DUT is critical to the throughput of people for private and government business, development, and for health and safety.

The DUT air transportation services are in crisis. In response to a fatal accident October 17, 2019 at DUT all commercial passenger flights to Anchorage have been suspended by the airlines. Realizing the impact a lack of available flights is having on the residents and the business community, the City of Unalaska issued a Declaration of Emergency effective October 29, 2019. The lack of air service is a threat to Unalaska's community health and safety, economy, and educational programs. Unalaska is the largest fishing port in the nation; the interruption threatens the city and Alaska's economy with significant reductions of tax revenue from the fisheries, processing plants, and support services. It is critical for the short and long-term health of the Unalaska community that passenger services stabilize and alternate options are readily available and deployable. The stop gaps presently implemented to keep people moving are not sustainable. Alternate options for air transportation need to be explored and implemented.

### **PROBLEM STATEMENT**

**There is no alternative to manage the demand.**

The DUT is serviced by one passenger air carrier and that carrier has authorization to fly just one type of aircraft at DUT. Disruptions to this single option creates significant risk and costs to the residents and the businesses of Unalaska/Dutch Harbor, as there is no alternate means of passenger travel in or out of Unalaska. The impact of this disruption creates vulnerabilities to the Alaska and US fishing related economies. Alternate solutions are needed in order to protect local residents and business owners, as well as the interests of commerce for the City, the State of Alaska, and the nation's fishing related commerce. In order to maintain the service demands for residents and businesses, Unalaska requires more than one commercial option to move passengers.

## SOLUTIONS

It is possible that no one solution is available to prevent a repeat of this crisis in Unalaska. Answers should be explored to assist Unalaska and provide a healthy future for passenger air travel. All of the options considered at this point will require support from State and Federal delegates and agencies.

### Short Term

#### **Aircraft Certifications:**

The airline should be required to have more than one type of aircraft authorized for passenger travel in and out of DUT. This aircraft would need to be readily available in their fleet and approved for the runway's parameters.

#### **Essential Air Services (EAS)**

Unalaska and Alaska Department of Transportation (ADOT) officials should review the city's eligibility for the EAS program. Though many Alaskan communities rely on air transportation for connectivity to Anchorage, the DUT situation is unique because it is 800 miles from Anchorage and is the largest fishing port in the USA. In December 2018, there were 174 EAS communities in the U.S., 42 are in Alaska (24%). It is currently not known why Unalaska has not been an EAS community since 1998.<sup>1</sup>

**Alternative Essential Air Service (AEAS)** The AEAS program provides money directly to the local community for charter operations. Currently eight communities in the lower 48 are AEAS yet all have access to the highway system. Unalaska is not connected to the highway system.<sup>2</sup>

#### **Obligations**

Unalaska and ADOT should assess USDOT's mandated obligations to provide/ensure access in/out of communities. Do exceptions exist for communities not on a mainland street system? DUT's present scenario of a one plane service/one airline airport makes DUT vulnerable to health, economic and education crisis.

### Long Term

#### **Implementation of Runway enhancements or alternative**

The Unalaska Airport Master Plan Update in 2008 identified and predicted annual enplanements to increase from 29,830 in 2006 to 54,731 in 2026. Meeting this demand means overcoming stringent airport design standards that limit DUT including Instrument Approach Procedures, Runway and Configuration, and Daylight Hours. The Runway Orientation and wind coverage limits flights to landing in winds of 13 knots or less; the 6,000' runway requirement for approval of all aircraft is unmet (DUT is 4,100' ); and runway requirements for safety areas, object free zones, etc. are all sub-par and constrained by water or mountain land features. The master plan estimated the cost to improve DUT to a fully functional airport at a range of \$140 - \$230 million (in 2003 dollars).<sup>3</sup>

#### **Environmental Compliance**

Unalaska representatives understand that significant reviews and permitting processes exist related to airport projects. Aside from approving and adding more aircraft to service DUT, we are confident that all required Environmental Reviews will reveal no feasible alternatives exist on the island other than to improve the Tom Madsen Airport runway and facilities and are prepared to provide assistance throughout all required federal and state regulations.

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<sup>1</sup> Essential Air Service, Congressional Research Service, December 2018

<sup>2</sup> Ibid

<sup>3</sup> Unalaska Airport Master Plan, 2008 CHMD2

CITY OF UNALASKA  
UNALASKA, ALASKA

**ORDINANCE 2019-13**

EMERGENCY ORDINANCE CREATING AN AMENDMENT TO THE FISCAL YEAR 2020 BUDGET, CREATING AN APPROPRIATION FOR THE PAYMENT OF CHARTER FLIGHTS CONTRACTED FOR BY THE CITY AND ADMINISTRATIVE COSTS OF THE EMERGENCY AIR CHARTER PROGRAM

WHEREAS, the City of Unalaska, with Ordinance 2019-56 declared a local emergency arising out of the cessation of regularly scheduled flight service to the island; and

WHEREAS, the City of Unalaska, with Ordinance 2019-57, sought from the U.S. Department of transportation for certain requirements applicable to a public charter operators in order to provide increased air service to Unalaska (the “Emergency Air Charter Project”), and

WHEREAS, Public Charter operators are generally required to furnish adequate security to ensure payment of all amounts due to the direct air carrier in either the amount equal to the price of the entire charter, \$10,000 per round trip flight or the maximum requirement of \$200,000 for an unlimited amount of flights; and

WHEREAS, U.S. Department of Transportation’s \$200,000 security cap notwithstanding, the City desires to appropriate the entire maximum cost for all authorized charters; and

WHEREAS, the City has entered into a contract for charter services with a direct air carrier, Ravn Alaska, (the “Air Charter Contract”); and

WHEREAS, the Air Charter Contract authorizes up to nine round-trip charters at a cost of \$26,000 per trip, for a maximum authorized cost of \$234,000; and

WHEREAS, Participants will not be charged the cost of the charter, approximately \$600 per passenger, each way, until after such time as the flight actually departs;

**BE IT ENACTED** by the City Council of the City of Unalaska:

**Section 1:**     **Form.** This is a Non- Code ordinance.

**Section 2:**     **Effective Date.** This ordinance becomes effective upon adoption.

**Section 3:**     **Amendment of 2020 Budget.** The following sums of money are hereby appropriated, with authorization of expenditure for each sum set forth below:

<b>Operating Budgets:</b>	<b><u>Current</u></b>	<b><u>Revised</u></b>
<b>A. Charter Operator Fund</b>		
Sources		
Appropriated Fund Balance	\$9,447,354	\$9,800,154
Uses		
Emergency Air Charter Project	\$0	\$352,800

**Section 4: Emergency Air Charter Project.**

- A. The Emergency Air Charter Project shall be used to pay the Direct Air Carrier for charters furnished to the City pursuant to the terms of the Air Charter Contract, with payment to be made no earlier than 60 days prior to, and no later than, the scheduled date of each originating flight.
- B. Appropriations to the Emergency Air Charter Project shall be considered encumbered by the Direct Air Carrier's right to payment, contingent or accrued, under the Air Charter Contract and may not be transferred for as long as any right, contingent or current, shall exist.
- C. All appropriations to the extent that they have not been expended or lawfully encumbered, lapse upon the earlier of:
  - 1. The budget year; and
  - 2. Written notice from the Direct Air Carrier that it has no further right, contingent or accrued, to payment under the Air Charter Contract.

**Section 5: Receivables.** All proceeds received by the city, whether directly or through a payment processor or agent, shall be held in the general fund. Provided the City has no further liabilities to the Direct Air Carrier, any Participant, or any other third party, the finance director shall first transfer such proceeds to departments based on administrative costs of the program and then the balance of the proceeds transferred to the general fund.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE UNALASKA CITY COUNCIL THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 2019.

\_\_\_\_\_  
Vincent Tutiakoff, Mayor

ATTEST:

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Roxanna Winters, Acting City Clerk

**City of Unalaska**  
**Summary of Budget Amendment and Schedule of Proposed Accounts**  
**Emergency Budget Amendment**

1) General Fund - Operating Budget

Add \$352,800.00 to the Emergency Air Charter Program project for a short term emergency air transportation program, per Declaration of Emergency dated 10/29/2019.

	<u>Org</u>	<u>Object</u>	<u>Project</u>	<u>Current</u>	<u>Requested</u>	<u>Revised</u>
<b>1) <u>General Fund - Operating Budget</u></b>						
<b>Sources:</b>						
<i>General Fund</i>						
Appropriated Fund Balance	01010049	49900		\$ 9,447,354.00	\$ 352,800.00	\$ 9,800,154.00
<b>Uses:</b>						
<i>City Council</i>						
Legal Services	01020152	53230	EM001	\$ -	\$ 20,000.00	\$ 20,000.00
Other Professional Services	01020152	53300	EM001	\$ 150,000.00	\$ 234,000.00	\$ 384,000.00