

#### CALL TO ORDER

Mayor Alvin D. Osterback called the Aleutians East Borough Regular Assembly Meeting to order by videoconference in each community on March 13, 2025, at 2:00 p.m.

#### ROLL CALL

Mayor Alvin D. Osterback	Present
Brenda Wilson	Present
Jim Smith	Present
Chris Babcock	Present
Josephine Shangin	Present
Paul Gronholdt	Present
Warren Wilson	Present
Tom Hoblet	Present

#### Advisory Members:

Samantha McNeley, Nelson Lagoon	Present
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A quorum was present.

#### Staff Present:

Anne Bailey, Administrator  
Talia Jean-Louis, Assistant Administrator  
Glennora Dushkin, Administrative Assistant  
Ernie Weiss, Natural Resources Director  
Charlotte Levy, Fishery Analyst  
Beverly Ann Rosete, Borough Clerk  
Jacki Brandell, Finance Director  
Seward Brandell, Accounting Clerk

Others: Blake Phillips -APCM	Debi Schmit
Mike Franklin	Bobby Jo Kramer
Rayette MacGlashan	Gary Hennigh
Amy Mack	Ruth Hoblet
Amber Jusefowytsh	

#### ADOPTION OF THE AGENDA

WARREN moved to Adopt the Agenda, second by CHRIS

Hearing no objections, the Agenda will stand as presented.

#### COMMUNITY ROLL CALL AND PUBLIC COMMENTS ON AGENDA ITEMS

The communities of King Cove, Sand Point, Akutan, Cold Bay, False Pass, Nelson Lagoon and the Anchorage office were participating by videoconference. Also broadcast on KSDP radio.

#### CONFLICT OF INTEREST

Mayor Osterback asked for any potential **conflicts of interest to be discussed**. There were no conflicts on agenda items.



## PRESENTATION

- APCM Presentation

Blake Phillips said APCM has been working with the Borough since July 1993 in various capacities. The presentation will be focused on Permanent Funds, Bond Proceeds, and Operating Funds. As of February 2025, the Permanent Fund has \$47,922,816.00. Withdrawals have exceeded contributions since inception by \$9.9M. The annualized account return is at 6.5%. The primary goal of the Permanent Fund is to grow in perpetuity and provide a permanent, potential source of fiscal support to further the AEB's goals and needs. The secondary goal of the Permanent Fund is to preserve purchasing power over time. The initial target market value of the Permanent Fund (\$20M) adjusted for inflation is approximately \$45M, which is below the current market value. Spending Policy states that the withdrawal amount is not to exceed four percent of the five-year average fund market value, to be computed using the five prior calendar years' ending market value. What this does is smooth the effects of market volatility and preserve the fund's purchasing power. Average spending over the last ten years has been 4.8% of 5-year average market value. Blake Phillips made a comprehensive report and explained the different scenarios of how we would expect the Portfolio to react given different cash flows.

PAUL asked what the effect of tariffs on permanent funds is. Blake said tariffs will have an effect on economic growth. It can have a direct effect on demand. When you increase the price of a product, the demand will go down, and supply and demand will be affected, leading to inflation. Paul asked if Congress passes the budget, what effect will it have on the market? Blake said we would likely see a down drift, ironically, during shut down end up being good buying opportunities. What we are facing here is a bit more uncertain than what we have seen before. This is also why we have a diverse portfolio. For the first time in a decade, we've seen the international market outperform the U.S. markets.

Blake said we saw inflation ease after we saw a spike post-COVID. Across the globe, inflation eased, and Central Banks were able to reverse the course. There were recession risks, but we remain invested and have a healthy portfolio to a large degree. We need to continue to see earnings growth, and the economy continues to be productive and make forward progress. Blake said we need to continue to be cautious and monitor the portfolio daily, at the same time, keep the long-term focus, and stick to the plan that has been so successful over the long portfolio life.

- Aleutians East Borough Financial Overview

Administrator Bailey said the Aleutians East Borough's Mission is to provide governmental services to the communities of Akutan, Cold Bay, False Pass, King Cove, Nelson Lagoon, and Sand Point, including education, fisheries support, planning, project management, capital projects, and tax collection. The Borough has numerous fiscal obligations, some are required to maintain operation, others are mandated by Alaska Statute or Borough Code, and some have been agreed to with an outside entity. Some obligations are required annually, and others may be a one-time payment. The list of all the obligations are as follows:

1. Educational Financial Support – This is required by Alaska Statute Under Title 29. In FY26, the Borough is required to contribute \$656,009 with a maximum contribution of \$1,730,564. The Borough proposes contributing \$1,574,081.
2. School Maintenance – This is also required by Alaska Statute under Title 14. The Borough shall provide for all major rehabilitation, all construction, and major repair of school buildings. – The



Borough has been honoring this fiscal responsibility on an annual basis. The amount appropriated is determined each fiscal year based on what is needed and the funding available.

3. Capital Improvement Maintenance Reserve and Improvement Account - Per Section 6.04.042 of the Borough Code, establishing a Maintenance Reserve Account is mandated. Each year, the mayor shall include in the proposed budget for the coming fiscal year the deposit to the Capital Improvement Maintenance Reserve Account of the greater of \$150,000 or an amount equal to two and one-half percent of the total anticipated revenues from the borough sales tax and the state shared fisheries business license tax.
4. Bond Debt Payments - The general obligation bonds payable on December 31, 2024, are comprised of the following: 2015 Refunding Series One in the amount of \$95,000, the 2016 Refunding Series Three in the amount of \$7,955,000, and the 2021 Refunding series for refinancing of 2010 series three general obligation bonds in the amount of \$1,760,00 resulting in a total bonds payable amount of \$9,810,000.
5. Akutan Transportation Link - The Aleutians East Borough entered into a Co-Sponsorship Agreement between the City of Akutan and the State of Alaska Department of Transportation and Public Facilities for the Akutan Airport in January 2010, providing assurances to FAA for federal construction and agreeing to operate the airport for at least 20 years.
6. King Cove Road Maintenance - In 2010, the Borough and State of Alaska entered into a Maintenance Agreement regarding the King Cove Access Road Completion. Per the agreement, the Borough agreed to provide the necessary care to maintain and operate the road for a minimum of twenty years, the life of the facility, subject to conditions. The Borough has entered into a Memorandum of Agreement (MOA) with the City of King Cove to maintain the road for the past eight years (FY17 through FY24).
7. Eastern Aleutian Tribes - In 1993, the Borough and EAT signed a Transfer of Responsibilities Agreement. The agreement is outdated and is in the process of being revised; however, the Borough has historically provided EAT \$150,000 per year for behavioral health services.
8. Akutan Harbor One-Time Payment – The Borough entered into a Project Partnership Agreement with the Army Corps of Engineers for the Akutan Harbor Project. The total construction costs for the General Navigation Features that have been accounted for to date is \$38,853,187.86. The Borough's costs were \$3,885,318.78 for the 1<sup>st</sup> 10% and \$3,293,110.48 for the 2<sup>nd</sup> 10% obligation.
9. General Operations – Borough's Annual Fiscal Obligations

JOSY asked if Grant is filling out for EAS between Unalaska and Akutan? Administrator Bailey responded that currently, how it is set up was the route they advertise is all the way to Akutan and when we got the 50% from the Federal Government, it was agreed that they will only pay 50% of the helicopter while they pay 100% for the fixed wing cost to Grant Aviation. We are 1 of 2 areas that have any sort of helicopter coverage. Right now, they do a joint application between Grant Aviation and Maritime for the Essential Air Service. Administrator Bailey added that the mail contract is separate from the EAS.

PAUL asked when the FY2026 budget reading is. Administrator Bailey said on May 8<sup>th</sup> and 22<sup>nd</sup>.

Administrator Bailey said the Borough receives revenues from the following sources:

1. Local Funding Sources
  - a. Raw Fish Tax - 2% tax on all sales of raw fish in the boundaries of the Borough, obligation of seller. The amount of fish tax collected is decreasing. The Borough anticipates receiving \$1.3 million in fish tax revenue in FY26, which is approximately



29% of the 5-year average. These funds are used to supplement the Borough's General Fund and operational costs.

- b. Leases and Other Revenue - This include the 4-plex rental, tidelands leases, land leases, permitting fees and surplus sales. This does not bring in a significant amount of money.
- c. Interest Revenue -The Borough has invested funds in the AMLIP Portfolios and the AEB Operating Reserve Fund. The Borough anticipates seeing the interest rates decrease and the amount of funds earned decrease due to expending large sums of money in the immediate future.

## 2. State Funding Sources

- a. Shared Fisheries Business Tax - The State is required to pay the municipalities 50% of the state fisheries business tax collected from fish processors operating inside the municipal boundaries from the prior year. With the fish taxes declining and seafood processor closures, the amount the Borough collects will decrease. We are anticipating \$1.35 million in FY26 which is 63% of the 5-year average.
- b. Revenue Landing Tax - Funded by DCCED by Fishery Management Areas. These funds are unpredictable and have been decreasing over the years.
- c. Community Assistance Program - The Borough will receive \$254,094 in FY26, which is about \$71,000 less than the 5-year average.

## 3. Federal Funding

- a. Payment in Lieu of Taxes - These are Federal funds appropriated to compensate for *nontaxable federal lands*. *The payment is received in June for the fiscal year.* The historical average collected is \$690,000. These funds are contingent upon Federal appropriation.
- b. US Fish and Wildlife Revenue Sharing -The Refuge Revenue Sharing Acre provides for annual payments to local governments for lands under the administration of the USFWS. The 5-year average is approximately \$18,000.

Administrator Bailey said in FY24, our local contribution is about \$4.2M, the State is \$3.1M, and the Federal is about \$ 780 K. In FY25, that changed the local contribution decrease by half, and State contributions are also lower, and the Federal contribution is a lot higher because we used the LATCF. For FY26, the projected revenue is significantly less. The local, State, and Federal contributions will be low. Also shown in the report is a liquidity analysis to determine the Borough's ability to pay its bills in a timely manner and assess its solvency. Simply, this is your ability to turn an asset into cash to cover operations. It is anticipated that the Borough's expenses will exceed revenues immediately and will continue over time.

Finance Director Brandell explained the anticipated change in the net position of the Borough for the next five years, and we're anticipating deficits.

Administrator Bailey added that in 2022, we started experiencing a shift in our revenues and expenditures. The Borough, as of right now, is projecting a deficit of around \$3M in FY26. Administration will propose using the Permanent Fund Earnings to cover a portion of the deficit, and is looking at other funding sources to cover future deficits. What we've been trying to do is create a Cash Flow Management Plan, investing our funds wisely, Permanent Fund, disposing of assets, making cuts, adjustments, and efficiencies when and where possible. We are also in the process of requesting financial assistance and continue to support the fisheries.



WARREN commented that he enjoyed the presentation, and he sees a lot of money from the Borough go to a couple of communities in high dollar amounts. He said King Cove feels the repercussions of Peter Pan closing its doors, but has also seen other processors move into our area, which was not ready to take on the resources that are available to the fishermen. Even today, the King Cove fleet is sending its fish to Dutch Harbor. Warren said he is optimistic that they will see the plant going again. We've got a lot of challenges ahead of us. He said maybe it is time to take a look at helping out a little more in our communities with some of our funds. Warren thanked the Administration for the presentation.

JIM asked how far we are with our budget this year. Administrator Bailey said this year, we are probably breaking even because we use the LATCF fund, which is a one-time fund.

Administrator Bailey said the next presentation is from the City of King Cove regarding a Community Stabilization Fund. The original document was sent to the Borough in October 2024, which the administration and finance thoroughly reviewed over the 6-week period. The Borough did not respond immediately, but we did respond, stating that the stabilization fund is not something the Borough can sustain or afford, and would not be equitable for 6 communities, and has the potential to harm the Borough's health and impact the Borough's ability to fulfill its fiscal obligations. On March 6, the Borough received another document from the city, which will be presented shortly. Administrator Bailey mentioned that many of the statements and assumptions in that document are incorrect. The Administrator and Finance ran numerous scenarios, and this is not something that can be sustained and would not be sufficient to meet the Borough's or community's needs. Administrator Bailey pointed out that the statement "The AEB Administration has indicated that they do not wish to assist King Cove with any temporary, short-term financial assistance" is not true. The Borough wishes that we could help, but as stated earlier, this is not something we could afford. The Borough helps the communities through infrastructure, schools, local contributions, maintenance, and we have a large presence in the fishery advocacy.

Mayor Osterback commented that the AEB administrator and finance have worked hard on the Permanent Fund. The Permanent Fund needs to remain untouched and continue to grow to accomplish the requirements of funding the school district and paying the current bonds and major maintenance improvements that we have. The AEB has put together Financial Workshops over the years to keep the Assembly informed of all our funding requirements and explain the funds we have on hand. During the same period, we developed a strategic plan for our projects. These keep the Borough on a clear path on projects and transparency of the expenditures and the taxpayers' funds. Mayor Osterback said in his term as Mayor, this is the 4<sup>th</sup> time King Cove has tried to run on the AEB's Permanent Fund. He said the last one is included in the agenda today. He decided to allow it on the agenda and hoped this would put the attack on the Permanent Fund to rest.

- City of King Cove Presentation

Gary Hennigh said he appreciates being able to present. He said he stands corrected for certain assumptions and attitudes. Gary said things are happening, particularly in King Cove, that they never thought would worry financially. So, coming to the Borough for a small portion of help for a limited amount of time is really what this is all about. He said that he thinks had the response they got back last November had been, "come sit down, let's talk about this" might have helped him understand things a little bit better, so when he talks to the city council, it would have been a little bit more affirmative and what is the situation. Gary said that communication is probably why we are here at the moment. He said they're just trying to get a little bit of help for a short period of time to save King



Cove. They have no money to operate the city, and had they had the conversation with the Borough last October, they would not have felt the frustrations they are feeling at the moment. He doesn't know about the details of the Permanent Fund and what things are sacred as opposed to what things could be changed by the elected officials or the vote of the public. Those are all things that are potentially in play when it comes to how we can save King Cove, and he knows that it's not only King Cove's future we are worrying about, but also Akutan and Sand Point. He said if the Assembly believes that King Cove has to figure this out on its own, it is just the way it's going to be. He is having a hard time thinking that there is somewhere between \$45M to \$55M sitting in the Permanent fund, and a small amount of that for a small amount of time to help King Cove trying to survive is not asking for a lot. If they have a chance to discuss this with the staff level, it would be very nice. But if this is not an option available, then the city will have to react to this if we have to. What is happening in King Cove is scary, but we are resilient. Garry added that it is not their intention to make anyone angry but to simply hear their thoughts.

Mayor Osterback commented that, during our annual meetings in Anchorage, with the help of APCM, we set up usable money out of the Permanent Fund, 4% over the 5-year average, based on the state of Alaska. Going over the 4% with market conditions, it will deplete our Permanent Fund. When he read the assumptions submitted in the report, Gary mentioned 5%, which is unsustainable. As the Mayor and Assembly members, our first obligation is to make sure that the Borough stays fluid. Our biggest obligation is our schools and education. We also have a lot of building maintenance that we have to do and project investments. Mayor Osterback advises the Assembly not to add another portion of the Permanent Fund as a Stabilization Fund because it would take away our ability to operate. Mayor suggested that Garry and Administrator Bailey to sit down and talk about what's available and see if we have the extra money. Right now, we are looking at a \$3M deficit in our next budget. Permanent Fund money is not renewable, once we use it, it's gone. We need to keep adding to the fund to protect the Borough and the 6 communities on it.

CHRIS commented that we had an emergency meeting when we heard Akutan was shutting down. It did not happen right away, but it happened in King Cove, and we were blindsided by it. Some people in the community are asking why the Borough is neglecting the City of King Cove. We are losing people from school because they can't afford to live here. Chris thinks that both administrators need to sit down and figure out what's going to happen. It is only a matter of time before it happens to Akutan, and then we do not have any revenue coming into the Borough.

PAUL reminded everyone that the item is supposed to be informational only.

Mayor Osterback agreed with Paul. He said Administrator Bailey and the Finance office both have a good understanding of where we are financially. We have never said we do not want to help any communities. He suggested that the King Cove administrator and the Borough administrator have a conversation and get back to the Assembly at the next meeting to have more fine-tuned information.

BRENDA commented that people are complaining that most of the time, there is no one in the Anchorage office except Glennora.

JOSY commented that it is a good idea to get the administration together. She said Chris brought up what's reality, and it is true that it is a matter of time before other communities in our region follow suit. We all know that is coming, and for us not to offer any assistance or try to figure out how to move forward because we are putting all this money into our schools, into our communities, where there



will be no one attending those schools. Things are going to shut down, people are going to move out. We need to be proactive because it's not just King Cove.

JIM asked Garry how much money they are looking for and for how long. He suggested bringing all the cities to the meeting.

CHRIS commented that the amount should not be discussed at the moment.

Mayor Osterback agreed. He also mentioned that a lot of the Assembly members will have a conflict of interest. Proceeded to read the portion of the code about conflict of interest.

Meeting recessed at 3:26 pm. Reconvened at 3:36 pm.

Joe Bereskin commented that he appreciates Garry's presentation and the point he is making for King Cove and the region. He agrees with Josy's comment on being proactive to help the communities. It always comes down to the people who live within the Borough. He appreciates Garry's comment to help the communities, and he thinks that this is something that the Assembly should consider.

#### **MINUTES**

February 13, 2025, Regular Assembly Meeting Minutes

#### **MOTION**

CHRIS moved to accept the February 13, 2025, Assembly Meeting Minutes, seconded by BRENDA

Hearing no other corrections, the Minutes will stand as written.

#### **FINANCIAL REPORT**

- Finance Director's Report – Informational Only

Financial Director Brandell said we are still waiting for the Army Corps to give us an answer on who officially owns what parts of the harbors, so that we can capitalize the dollar amount that we need to. BDO will not move forward on issuing any Financial Statement unless they have that information. In terms of Grants, we are now in the phase for the Sand Point Float project that includes financial transactions. The routine tasks have been going good.

JIM thanked Finance Director Brandell and the Mayor for their assistance and advice on their financials.

Mayor Osterback commented that a fish cleaning table station will be added to the new harbor.

- January 2025 Financials

#### **MOTION**

JOSY made a motion to approve the January 2025 Financials Report, seconded by BRENDA

Administrator Bailey said a few items to highlight are the Raw Fish Tax, in January 2025, we received about \$120K, which is about 51.8% of the 5-year average. Interest Revenue remains high but will start to decrease in April. In Other Revenue, we received crab disaster funds. As far as expenditure, we are tracking along well.



PAUL asked how the financial software was working. Financial Director Brandell said it is working well, it is a smoother operation.

#### **ROLL CALL**

Yeas: Brenda, Chris, Jim, Tom, Josy, Paul, Warren Advisory: Samantha  
Nay: None

#### **MOTION CARRIED**

#### *INVESTMENT REPORT*

APCM January 2025 Investment Report

#### *CONSENT AGENDA*

- **Resolution 25-42**, approving the projects and initiatives identified on the Borough Strategic Plan
- **Resolution 25-46**, in support of the continuation of the Essential Air Service Program
- **Resolution 25-47**, opposing Finfish Farming in the State of Alaska

#### **MOTION**

BRENDA made a motion to bring 3 Consent Agenda items to the floor, seconded by TOM

Administrator Bailey said Resolution 25-42 is based on the Planning Work Session we held last January 8<sup>th</sup>, 2025. Resolution 25-46 supports the continuation of the Essential Air Service Program. As discussed earlier, the Federal Government has potentially put this program on the chopping block, which would impact rural communities. Resolution 25-47 would state the AEB's opposition to Finfish Farming in Alaska.

PAUL commented that during SWAMC, Alaska Airlines representative mentioned that currently, Yakutat, Wrangell, and Petersburg are part of the Essential Air Service. In Kodiak, people are nervous because all of the small communities outside of the city of Kodiak are part of the EAS.

Mayor Osterback added EAS in the lower 48 is much larger than in Alaska, so there will be a lot of people who will support keeping this in EAS in place. If it does go away, it will be a big concern for the Borough because it will add to the Borough's expense.

WARREN commented that the air service in King Cove is not reliable. He said the mail service is also nonexistent, and they get their mail 15 days late. What he hopes for is the future of the road to Cold Bay, but with the transition in the Government, he is not sure if it will pan out. As far as the Finfish, he understands that the Governor is thinking of keeping up with the world demand for finfish. He was not talking about salmon when he tried to get this bill through. We are behind on aquaculture in Alaska. If it were implemented, it would provide some jobs. He said they are lucky enough to have a private air service that operates out of Anchorage that has been servicing King Cove, but it is expensive.

#### **ROLL CALL**

Yeas: Tom, Chris, Warren, Brenda, Jim, Josy, Paul Advisory: Samantha  
Nay: None



## MOTION CARRIED

## PUBLIC HEARINGS

## ORDINANCES

## RESOLUTIONS

**Resolution 25-43,** Authorizing the Mayor to Negotiate and Execute a Memorandum of Agreement between the Aleutians East Borough and the Alaska Department of Transportation & Public Facilities for the Cold Bay Dock Project

## MOTION

BRENDA made a motion to approve Resolution 25-43, seconded by JOSY

Administrator Bailey said Alaska Statute 44.42.020 authorizes DOT&PF to cooperate, coordinate, and enter into agreements with municipalities to plan, design, and construct transportation facilities. The proposed Memorandum of Agreement (MOA) would facilitate the planning, design, and construction of the Cold Bay Dock Project (the Project). For the Project to proceed, the Borough needs to authorize the DOT&PF to design and construct the Project. The scope of the Project is to design and construct the replacement of the Cold Bay City Dock. The Project will include the construction of a new pile-supported dock similar to the existing one and meeting current design codes and standards, and the removal of the old city dock. The main Borough responsibility to highlight is that the Borough will accept full ownership of the constructed improvements and complete responsibility for the Project upon substantial completion. The term of the agreement is effective upon the last signature and shall apply in perpetuity and shall constitute a permanent ferry terminal easement for as long as public ferry service is needed.

PAUL commented that it would be good to have an opportunity for King Cove and Cold Bay to give some comments on the design process.

Mayor Osterback responded that it is very important for our area to have input before the design happens.

## ROLL CALL

Yeas: Jim, Warren, Brenda, Josy, Paul, Tom, Chris Advisory: Samantha

Nay: None

## MOTION CARRIED

- **Resolution 25-44,** Authorizing the Mayor to Negotiate and Execute a Contract with UIC Construction, LLC to Provide Construction Services for the Sand Point Major Maintenance Project in an amount not to exceed \$8,800,123

## MOTION

JOSY made a motion to approve Resolution 25-44, seconded by JIM

Administrator Bailey said The School District received a grant from the State of Alaska, Department of Education & Early Development to conduct major maintenance at the Sand Point School. The project



provides renovations at the Sand Point K-12 School and pool shell (not the actual swimming pool). The Borough selected UIC Construction through a Construction Manager-General Contractor through a Construction Manager-General Contractor Qualifications-Based Selection (CM-GC QBS) delivery method for pre-construction services (Phase 1) with the understanding that they would also provide construction services (Phase 2). UIC has completed the guaranteed maximum price (GMP) for the project. Included in the packet is their original proposal of costs. The base bid amount for construction is about \$7.9M. They provided the cost for 4 add alternatives, which is an additional \$962K, fixed cost was also added, totaling the project amount to \$9.9M. The Borough and School District discussed and determined that Alternative 1 – Doors and Alternative 3 – Lockers were of interest; therefore, the total construction portion of the project is estimated to cost \$8,800,123. DOWL, ECI, the Borough and UIC Construction are still in the process of reviewing/discussing the GMP and anticipate having the items addressed within the next two weeks.

PAUL asked if there is a timeframe for the project. Administrator Bailey responded that as soon as the kids are out of school, they will start ordering parts and start mobilizing.

#### **ROLL CALL**

Yeas: Warren, Tom, Paul, Josy, Jim, Chris, Brenda Advisory: Samantha

Nay: None

#### **Motion Carried**

**Resolution 25-45,** Authorizing the Re-appropriation of \$1,277,283.10 from the Cold Bay Clinic Line-Item 21-509-8045, \$74,172 from the Financial Software Line-Item 21-506-8000 and \$78,432.72 from the Terminal Line-Item 21-511-8020 to the Sand Point School Grant Match Line-Item 21-513-8050

#### **MOTION**

BRENDA made a motion to approve Resolution 25-45, seconded by JOSY

Administrator Bailey said the resolution for the Sand Point Major Maintenance Project in the amount not to exceed \$8,800,123, with the total project cost of \$9,804,768. The Borough currently has \$4,427,407 in State of Alaska Grant Funding. We are required to match that, we have about \$8.374M available, therefore, an additional \$1,429,887.82 is required to conduct the work. Administration proposes reappropriating permanent fund earnings appropriations to the SDP School Grant Match Line Item 21-513-8050. The School District/Borough may submit a Supplemental Funding Request to the State in 2025 to recoup costs. Receiving these funds is not guaranteed.

WARREN asked what company would work on the Cold Bay Clinic. Administrator Bailey said UIC Nappairit, they are about 60% on the project.

#### **ROLL CALL**

Yeas: Paul, Josy, Warren, Chris, Jim, Brenda, Tom Advisory: Samantha

Nay: None

#### **MOTION CARRIED**



- **Resolution 25-48**, supporting the Natural Resources Department to conduct a Pilot Satellite Tagging Study of Salmon in an amount not to exceed \$180,000 and authorizing the Mayor to negotiate and execute associated contracts in an amount not to exceed \$45,000

## **MOTION**

BRENDA made a motion to approve Resolution 25-48, seconded by JIM

Fishery Analyst Levy said Salmon fisheries are critically important to the culture, health and economic stability of AEB communities. This fishery also serves as a primary source of local employment and makes up a large portion of AEB fish tax revenue. The Natural Resources Department (NRD) has been following the mounting concerns from Alaskan stakeholders on salmon conservation, and two points that are consistently brought up in policy discussions are the belief that every salmon is important, and that action must be taken using tools that are within our control. Typically, the default tool requested is restricting time and area of commercial harvest. However, there is significant concern from local South Peninsula fishermen that any further restrictions will make this fishery unviable and lead to the collapse of the local fleet and communities, without any clear evidence of meaningful conservation benefit. As an alternative tool to harvest restrictions, NRD would like to explore the potential for an optimized non-retention program for salmon species of concern in the seine fishery. Non-retention of key salmon species is a practice mandated in various salmon fisheries throughout Alaska. Understanding the feasibility of releasing salmon with high viability would be directly responsive to the concerns that every fish counts and taking actions within our control. Satellite tags are an incredibly powerful tool for collecting high resolution data on fish survival and mortality, swimming behavior, habitat occupancy, and migratory pathways, and have been used in several studies to understand post-release survival. The NRD proposes to tag a small number (< 40) of chum and Chinook salmon (with 60-day deployments) during the 2025 June seine test fishery. The study design would emphasize operating under normal catch handling operations and sorting chum and Chinook that are > 55cm total length, appear to be in good condition, and are assumed to be Alaska-origin. This would provide data on post-release survival and movement pathways and include paired genetic samples. Having empirical evidence of post-release survival is the first step toward addressing the regulation that governs non-retention in the South Peninsula salmon fishery. This is also another opportunity for local fishermen to demonstrate their continued willingness to share in the burden of conservation. If successfully executed, the NRD expects to have the project complete and a final report available prior to the 2026 Board of Fisheries meeting. This project is contingent on many factors, including receiving support from the local seine fleet and approval of a permit from the Alaska Department of Fish and Game. However, given the extremely short timeline to finalize a study before June and the 8-12 week lead time of tag manufacturing, the NRD thought it would be appropriate to receive provisional support from the Assembly. Assuming the Assembly provides support at the March 2025 meeting, the NRD expects to know if the project will move forward by the April 2025 meeting. The project would be paid for through the Fisheries Research account 21-503-8040 and the cost would be in an amount not to exceed \$180,000 which would cover tag supplies, travel for field work, and contractual support from subject-matter experts to assist with analyses and report writing. Given the short timeline and the highly specialized nature of satellite tag research, the NRD also recommends the Mayor be authorized to negotiate and execute sole-source contracts which would not exceed \$44,000 in total (or \$22,000 per contract).

PAUL commented that this is a lot of money for not a lot of tags. He has a hard time supporting it, especially with the timeline.



WARREN said he has a deep concern about the Chinook because of all the farmed Chinook out there. What's your plan on the Chinook? Fishery Analyst responded that it was actually a recommendation that came from the department. The emphasis of this project is not about where the fish are going but, whether they survive. The whole point of this project is that we want to know if we can discard them. Conservation is important, and it happens all over the State. Right now, there are several emergency orders that the department is going to flex to show their strong emphasis on conservation for Chinook.

Mayor Osterback asked if we are the only area in the State not allowed to release salmon. Fishery Analyst said not necessarily, it does vary a lot from fishery to fishery, but there are a lot of inconsistencies in who is allowed to not retain fish, when they are not allowed to retain them. We are penalized and forced to retain Kings in June because of the politics around Chum.

TOM commented that he can support the resolution because we are putting our foot forward and showing we have some concerns about stock.

Mayor Osterback said the idea is that we are getting ahead of the curve and showing that we are being proactive in trying to save our fishery.

WARREN commented why are we on the Chinook when we have federal fisheries on the Bering Sea, which don't give access to king salmon. They are taking thousands, and we are stuck here doing little surveys. *With the budget issue, he is having a hard time supporting this.*

Mayor Osterback asked where the funds were coming from. Fishery Analyst Leve said there is money already allocated to the Fisheries Research account. She is holding on to that money until she finds a salmon project.

JIM asked whose idea this project is. Fishery Analyst Levy said, ultimately, it is her idea, but she talked to several fishermen about it.

TOM commented that Area M was mentioned on the Kenai River Chinook salmon in the Chignik Area. We need more information, and we need to be more proactive.

JIM asked if we have to give out the information that we get from this. Fishery Analyst Levy responded, We are a public entity, so yes. The sample size is very small, and the reason we do that is because these tags are supposed to give us very specific, highly detailed information about fish survival. That is why *it is a pilot study; we cannot say anything conclusive from a pilot study.*

WARREN commented that when we do any case study with a short distance between the Shumagins and Chignik, and if one of these tags shows up in Chignik, that is a scary situation because of their opposition to Area M. He said he is not sure if it will do any good or if we are just wasting money.

Natural Resources Director Weiss said it is a good idea to find out if salmon are surviving. He wanted to note that there is a proposal that got in as an ACR, and there is a project going on the east side setnet fishery in Cook Inlet, so now they are trying beach seine there for the specific purpose of letting those kings go. He thinks it is a good idea if we can find out if the Chinook or Chum are surviving.

PAUL commented that if we catch Kings in particular, he thinks that it is the most worrisome. Fishery Analyst Levy responded that the tagging of Chum is really the priority, the Chinooks are kind of



opportunistic. The reason we choose the text fishery is one, they are already going to be out there, and second, it will occur during the time when the fishery is not happening.

WARREN asked if we are taking the fish with the fin cut off or on. Fishery Analyst said the goal is without the clip, the fish that people care about more.

PAUL asked about what location of the tagging. The Fishery Analyst said she'll focus on the west.

## ROLL CALL

Yeas: Chris, Jim, Tom, Josy, Brenda Advisory: Samantha  
Nay: Paul, Warren

## MOTION CARRIED

## OLD BUSINESS

## NEW BUSINESS

## REPORTS AND UPDATES

### Administrator's Report in packet. Highlights below:

**Cold Bay Clinic:** As of March 4, 2025, UIC Nappairit has conducted 50-60% complete, excluding certain exterior elements.

**Cold Bay Dock:** The State of Alaska and the Aleutians East Borough are working on negotiating and executing a Memorandum of Agreement between the Borough and DOT&PF for the Cold Bay Dock Project. A site visit will be done in April.

**Sand Point Harbor Float:** This project is moving along well. Moffat and Nichol conducted their 2<sup>nd</sup> site visit to Transpac Marine. As of the 27th, all the float modules were structurally complete, with the status decking, pile, guides and other miscellaneous parts varying by float. None of the floats and decking have been completed, and none of the float modules have rub board, steel bull rail or power pedestal installation started. We paid about \$1.9M in invoices and MARAD walk us through on the reimbursement request.

**Sand Point School DEED Grant:** We just approved a contract for this, and hopefully, DOWL, ECI, UIC, and the Borough can finish the guaranteed maximum price, and we will get that contract signed and get that moving forward.

PAUL asked for an update on the insurance on the Cold Bay Dock. Administrator Bailey said last Friday, AMLJIA finally gave authorization to enter into a contract with Western Marine Construction. Hopefully, we will have this contract signed by tomorrow and Western Marine Construction will meet the April barge and the work completed by September 2025. As far as the other work, the State of Alaska has taken it upon themselves to fix the piling of the docks that are massively corroded.

WARREN asked about what phase of the dock there was trouble in the piling. Administrator Bailey responded that there are some pilings with corrosion issues every time DOT does the inspection. So they are going to fix those. WARREN added that there were piling that broke off, that is hanging but glad they are going to fix it.

JIM asked if there were any bidders on the King Cove Office. Administrator Bailey said we are not taking any action on that right now, but we can revisit that issue.



**Assistant Administrator's Report in packet. Highlights below:**

**Rasmuson Community Support Grant:** The Aleutians East Borough is applying for the Rasmuson Foundation Community Grant to support the construction of a new pool in Sand Point. Awards range from \$35,000 to \$250,000. In accordance with the guidelines of the grant, letters of support were recommended on an optional basis. I would like to express my gratitude to the Aleutian Pribilof Islands Association, Eastern Aleutian Tribes, and the Aleutian Housing Authority for their endorsements and support regarding the proposed construction of a new pool. On February 26, 2025, the Borough received notification indicating that our application has successfully passed the initial review stage and has advanced to the subsequent round of evaluation.

**Akutan Hangar Generator:** On February 26, 2025, the Borough entered into a formal contract with Tacoma Diesel for the replacement of a generator end. Tacoma Diesel has advised they are scheduled to arrive at Akutan on March 13, 2025, for repair to the generator end, contingent on weather and flight connections. We are also keeping Matthew, Trident electrician informed to make sure all parties are aware of this repair

**Information Technology:** ICE Services: The Borough is currently reviewing its request for proposals for information technology services. Our records indicate that on August 17, 2018, the Borough entered into a contract with ICE Services for a duration of two years, with an option to extend for one additional year. This contract was initially scheduled for the issuance of a new Request for Proposals (RFP) in August 2021. As we are now in 2025, we have surpassed both the contract term and the designated review date. I am in the process of drafting a new Request for Proposal (RFP). This is ICE Services' final year in providing services to the Borough.

**Maintenance Connection:** SERCC is assembling documents for the district's upcoming facilities site visit due to the Department of Education and Early Development. These documents include evidence of the facilities department's ability to maintain records for the CMMS program, an energy consumption plan, energy consumption data, a custodial program, training programs for both custodial and maintenance staff, asset inventory of each site, and the renewal and replacement schedules for those sites. On March 5, 2025, representatives from the Department of Education and Early Development's Building Management will conduct a site visit at Sand Point School. Due to budgetary constraints, Sand Point will be the sole institution included in this visit rotation.

DOWL is collaborating with LONG to finalize a contract for the replacement of the hot water heater, mixing valve, battery backup, and circulation pump at the Akutan school. Additionally, they are soliciting pricing for the annual maintenance of the HVAC system in Akutan.

**Natural Resources Director Report in packet. Highlights below:**

**Alaska Board of Fisheries :** I plan to attend the Statewide Shellfish meeting of the Board March 11-16 to monitor Board actions on crab and participate in discussions as needed. ADFG Staff comments on statewide shellfish proposals are posted. Staff are opposed to local proposals 285 & 286 on tanner crab management and neutral on proposal 294 to limit Dungeness crab vessel size limit for the Alaska Peninsula. This will be the last Board meeting this cycle. Two Board seats are expiring at the end of June, Vice-chair Tom Carpenter's seat and Stan Zuray's seat. The Mayor submitted a letter to the Governor in support of Tom Carpenter's reappointment and we are encouraging others to support Carpenter as well. Zuray is reportedly not seeking reappointment. I've attended several Fish & Game Advisory Committee meetings recently as the proposal deadline for 2025/2026 cycle proposals, April 10th, looms. In addition, we are completing a memo with information related to Pacific cod, as requested by Assembly Member Hoblet.

**North Pacific Fishery Management Council :** The April Council meeting will be a virtual only meeting via Zoom, in part because there is a possibility of a government shutdown later this month. The two final actions in April are agenda items C1 Area 4 vessel use caps, and C2 small sablefish release. The Council will also be developing the Programmatic EIS for all Council managed fisheries. Alternative 2 for the Programmatic would be 'a more adaptive ecosystem-based management'. Council staff held a lunch hour webinar discussing the programmatic on March 6<sup>th</sup>. Also on the April agenda: GOA tanner crab protections, and Survey Modernization. Angel



Drobnica's seat and Nicole Kimball's seat are due to expire this year. The Governor should have his nominees for appointment to the Secretary of Commerce by March 15.

**Fishery Disaster Determinations:** Governor Dunleavy submitted requests for disaster determinations for several 2024 Alaska salmon fisheries including Alaska Peninsula Sockeye salmon and South Alaska Peninsula Pink salmon. The Secretary of Commerce acknowledgement letter to this request was posted February 17. The FISHERIES Act supported by the Alaska Delegation was signed into law in January to speed up the fishery disaster relief process. Of interest: Sandra Moller of Alaska DCCED noted at SWAMC that Chignik has requested 5 fishery disaster determinations in the past 10 years and NOAA approved 2 of these requests. Fishery Disaster Determinations can be found in the link in the packet.

**Salmon:**ADFG Commissioner Doug Vincent-Lang's February 27th opinion piece in ADN titled 'Here's what the state is doing to rebuild king salmon stocks in the Gulf of Alaska' spelled out specific actions the State is taking to conserve GOA Chinook salmon. The emergency order for Chinook already came out for Kodiak and Chignik.

**Fishery Analyst Report in packet. Highlights below:**

**Electronic Monitoring - GOA5/EFP:** I have been working closely with Chordata to make modifications to the eLog based on fleet feedback for how to make it easier to use the DFL and meet OLE/data review requirements. We anticipate having the eLog ready for the full fleet in B season

**AFSC Cod Tagging Project:**

- We have been fully focused on preparing for the upcoming charter which we anticipate will occur roughly from March 16th-April 2nd. Myself and the other two biologists will fly to Sand Point on the 15th. This is the final year of tagging and we have added a new station near Unimak Pass to hopefully target more fish coming directly through the pass. We are also shifting one CGOA station back to the WGOA to focus more on the resident vs. migratory component. We will also opportunistically sample any immatures encountered beyond the randomized samples we take, to build out the maturity curve for stock assessment.
- We met with Drs. Spies and Laurel to discuss potential conceptual life history models based on recent genetic results from juveniles and how spawning timing may suggest two waves of spawners. This may be one explanation for why there are some fish that leave/stay but no genetic differentiation.
- The NRD has been tasked with looking into how changes to cod management may fit in to the BOF and potential proposals for the upcoming meeting. I have been actively working with federal stock assessment authors who are looking into interim measures to address the BS-GOA management structure, but unfortunately this won't happen until stock assessment season which will happen after the BOF proposal deadline.
- There have been some last minute staffing changes for the winter charter and our NOAA scientist will not be joining. This is the first time a NOAA FTE has not been present, which does not conform with the ADFG aquatic research permit held by NOAA that we have been operating under to date. I have discussed the permit issue with NOAA, ADFG and AEB administration and moved forward with our own permit. We believe we will have this permit finalized prior to the cruise start.

**Unimak Acoustic Telemetry Project:** The two receivers that will go out with the PMEL survey have arrived at NOAA and we anticipate they will be deployed this spring. We are awaiting to receive the 12 acoustic tags that we will tag on the winter charter to opportunistically deploy.

**Salmon Projects:** I have been developing a proposal for a potential pilot project to satellite tag salmon during the June test fishery. I will be presenting the proposal to the seine fleet during their upcoming March meeting and will provide an overview to ADFG to gauge whether they will support a permit application. The NRD is working continuously with the fleet and other stakeholders to prepare for the upcoming BOF proposal deadline as needed.



**Miscellaneous:** I am slowly uploading files to Laserfiche! I am currently reading through crab proposals and intend to be at the BOF statewide shellfish meeting next week.

#### *ASSEMBLY COMMENTS*

BRENDA commented that she had numerous calls asking when the staff in the Anchorage office was going to go back to working in the office.

Mayor Osterback said he does not have a problem if the staff are working from home as long as they are getting their job done. Administrator Bailey said she does not have any concerns about it and has not heard any complaints. If there are any issues, she'd be happy to hear them and talk about them.

TOM thanked Charlotte and the Borough for all the work being done.

#### *PUBLIC COMMENTS*

WARREN (King Cove Mayor) commented that with the King Cove shutting down and the City asking for help, he knows the Conflict of Interest will be brought up. He knows the administration does not want to touch the Permanent Fund. He said it is good to be refreshed of the financial obligations of the Borough, but their money is going out the window, and their own reserve is not going to hold any longer. Last year, they were lucky enough to get some money from the State of Alaska for some of their projects. He said sometimes people in the community have to wear different hats. There are only a few chosen people who want to take part in the *government because it is vital to have someone who knows the different government agencies and how to work together to get things done.* In order to get things done now, maybe with a little help for the City of King Cove, because King Cove was a big player in the Borough's finances back in the 80's. He mentioned that rumors are going around at the plant being looked at, and hopefully, it will be back and running in the next couple of years. And, if we can't get the plant going, with the Borough on some assistance or strategy for the stabilization of a community in the short term. In the long run, it is going to hurt our local population. We have to take a look at the bigger picture.

Warren thanked Ernie and Charlotte for their work done but mentioned he did not vote for the pilot tagging because he's afraid of getting shot. It does not take one little issue to take the board or another user group to come against Area M.

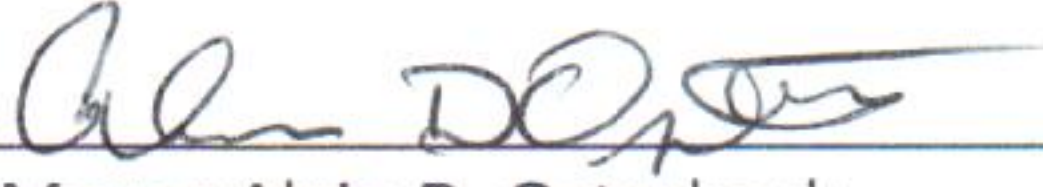
Superintendent Mike Franklin thanked the administration and the Assembly. There is a lot of leadership and expertise in the Assembly and he appreciates everything the Assembly and administration do. He said there is a lot that they are dealing with and heavy issues, not just King Cove. In the school, they see and feel this heaviness, not just the dropping enrollment because of the result of economic challenges, but also in the spirit and lack of hope. He is here to advocate for schools because, historically, he has seen evidence that investing in schools is the most effective investment in our community. There is a practical payoff. We see reduced crime rates, economic opportunities, increased mental health, and physical health, so those are direct payoffs. Our economic industry in our region is uncertain, but an educated population is population prepared for whatever opportunities arrive. He always sees education as an investment in the future. He said AEBSD currently employs about 50 people who live in our communities, spend money on our communities, volunteer as coaches, EMS, Salmon Derbies. Investing in our school is also investing in our community.

*NEXT MEETING DATE: April 10, 2025 2:00 PM*

#### *ADJOURNMENT*

Paul moved to adjourn the meeting. Hearing no more, the meeting adjourned at 5:23 PM





Mayor Alvin D. Osterback

Date: 4/11/2025



Beverly Ann Rosete, Borough Clerk



