

TO: Mayor Gardner
City Council Members

FROM: Andy Varner
City Administrator

DATE: March 8, 2017

SUBJ: Monthly Report for March 2017



Here is a brief list of items we've been working on since the last report.

AIRPORT

- We had our regular meeting with DOT last week to discuss airport certification. Unfortunately PenAir didn't make it on the call because a lot of the discussion revolved around operational funding, and how the State is pinched. DOT suggesting wanting to enter into a new MOU with the City to administer both the 1) operations and maintenance contract and 2) the ARFF/certification requirements portion. They know the City is **not** interested in that role, but we do need to remain open to alternatives. Our next meeting will be between DOT and PenAir to revisit what sort of commitment Danny wants to pursue for the company.

WATER & SEWER PROJECTS

- CRW completed their water/wastewater report on the status of our facilities, and their project recommendations were accepted by the USDA. The projects include:
 - Lift station upgrades - \$624,920
 - Russian Town WWTP lid replacements - \$263,800
 - Replace sewer mains between MH 21-22 - \$184,300
 - Energy improvements at the WTP - \$58,080
 - Total project \$1,136,100USDA can offer tentative funding in terms of a \$624,855 loan (55%) and \$511,245 grant (45%). The interest rate would be 2.75% for a term of 30 years. Does the Council and public works staff consider these upgrades a priority? That is a good interest rate, but taking on debt for those projects would almost certainly require raising W/S rates, which were last raised in 2011 but considered again in 2013.

DOCK REPLACEMENT

- Not a lot more to report from last month, but Mark Hickey and I did meet with DOT dock project staff while in Juneau to get further updates. The review package from PND should be available in mid-March, at 75% design. The plan is still to advertise the project in December, award in January, and construct in one season in summer 2018.

ANNEXATION

- The Local Boundary Commission (LBC) staff was due to issue their preliminary report on our petition last week, but they had a delay for some reason. I expect it this week. Debra Mack was appointed to serve on the commission.

FINANCE

- We have a \$200,000 CD (at 0.90%) set to expire in April, and the City has approximately \$2.3M in its Key Bank fund. The AMLIP rate for that Key Bank account is 0.64%. I think it's time to really consider creating a "permanent fund" for the City, by identifying

- a dollar amount that doesn't present too much risk for the City, but which could be left to grow untouched for the first 5 years. SWAMC started a fund with Alaska Permanent Capital Management (APCM) in July 2015 with \$505,000, and it has made almost \$20,000, a 2.7% gain, in that span. (See FYI for account summary). We could do something similar with the City by letting the CD mature in April and taking some funds from the AMLIP account to make an initial \$500,000 contribution, then deposit the remaining CDs into that account when they mature.
- I recommend a presentation from APCM on their investment strategies. They also manage the Borough's permanent fund, as well as many other communities'.

RUSSIAN TOWN CEMETERY PLANNING

- HDR submitted a cemetery design proposal to the City 5 years ago related to the Russian Town site (see FYI), and I asked them for a cost estimate on planning and design. Council should determine if this project is important enough that they would like to approach in the next fiscal year, then we could determine how much to budget for design/construction. HDR will offer a few questions to ponder when thinking about a design and build.

HARBOR

- You can see a letter under FYI from the State of Alaska that restates that they have no desires to seize the *Barren Islands* from any potential bidders. Ted Moorehouse was the sole and winning bidder during the vessel sale, and I shared this document with him at the beginning of March, along with a bill of sale, for his signature to take possession this month. Someone should be flying out to take care of it this week, according to Ted.

AEB GRANT FUNDING

- The Borough allocated \$100,000 in this year's budget to finalize the design of the float system in the big boat harbor. The engineering consultant advised that the current design (65%) of Float A is sufficient enough to go to bid with, so they just revised the cost estimate instead. That figure is now up to \$6.5M. That means there is still \$100,000 in the Borough budget allocated to Sand Point, and I am considering asking them for a re-appropriation during this fiscal year. I would take Council feedback on that request if we wanted to request allocating it to another project. W/S upgrades or re-siding the sand building at airport come to mind.

JUNEAU/SWAMC

- I had a couple productive days in Juneau meeting with House Speaker Edgmon, Senator Hoffman, a few Commissioners, DOT, and even visited with the Governor a bit. AML content largely revolved around the budget/fiscal crisis and its community impacts, but they also had a 4 hour opioids summit on one day, and many of the discussion points from that meeting ended up in the Governor's new opioid legislation.
- SWAMC was very well done this year, packed with a lot of content. I'll let the Mayor and Councilman Mobeck comment on the meetings.

MARINE TRANSPORTATION ADVISORY BOARD

- The AMHS Advisory Board has an open seat representing SW Alaska. See FYI