



## CITY MANAGER REPORT

**Reporting Period:** September 17 – October 21, 2016

**Prepared By:** Phillip A. Zavadil, City Manager

**Date:** October 21, 2016

### ADMINISTRATION

#### Capital Improvement Plan

Met with Mike Dahl while in Anchorage. We spent half a day revising the CIP project list. Some projects were deleted. The following projects were added to the list: New Lakeside Drive/East Landing Road Upgrade; Small Boat Harbor Facility Improvements; Recreation Center/Pool; and Colonel Fouke Water and Sewer Extension. Mike and I will work on revising the project costs. We plan to present the CIP narrative and project list to council in December.

#### Strategic Planning

Met with Shelly and Molly with Agnew Beck in Anchorage to work on some preplanning for the strategic plan and discuss detail for a service contract. We are looking at December 7-11, 2016 to conduct a strategic planning workshop with council and key staff.

#### Personnel

##### *Personnel Policies and Procedures and Employee Handbook*

I formed a policy committee consisting of Phyllis, Stephanie, Sophia, Nadia, Emily and myself to work on revising personnel policies. The committee had its first meeting on October 18, 2016. We will have another committee meeting in the coming weeks to develop an outline for the personnel policies.

#### Economic Development

##### *City Berth*

Met Bill Orr in Anchorage, who was mentioned by Steve Minor on our last teleconference with him. This potential relationship needs to be explored further.

#### 2016 WRDA and St Paul Harbor

On October 11, 2016 Mateo, Mike Dahl and I met with Donna West and Jeff Herzog with the US Army Corps of Engineers at the Polarconsult office in Anchorage. The meeting was mainly do discuss the City's local match obligation. After some discussion and confusion on both the City and Corps part on what the final numbers were that the City could still owe under existing WRDA language and with the current proposed amendments, Mr. Herzog committed to research what the City would actually owe. On October 12, 2014 we received a prompt response from Mr. Herzog, in which he stated:

*Phil, Mateo,*

*Thank you again for the meeting yesterday, getting a chance to meet new City leadership is always a great opportunity to continue in a strong relationship. The below follow-up is all based on rounded figures, and any figures will need to be re-evaluated against the actuals to ensure for proper accounting; which is necessary towards the fiscal closeout of the project.*

*According to the Post Authorization Change dated April 26, 2006 the non-federal apportionment was 10.2%. This was approximately \$5.2 Million, which needs to be verified in the project accounting, but may have been paid in full or credited through work in kind. This clarifies the language in the original PCA which may have indicated that there was an additional 10% to be paid out over 30 years with interest. The technical correction that authorized Saint Paul was a unique cost sharing situation in which the non-federal apportionment was determined by dollar amount and not a congressionally authorized, pre-determined apportionment. According to the Post Authorization Change, there was no additional 10% to be paid over 30 years with interest.*

*In 2007, Section 2008 of the Water Resources Development Act (WRDA) 2007 law rescinded the technical correction authorization changing the apportionment for St Paul from 10.2% to 35%. This law required St. Paul to pay an additional 24.8% of the total GNF project cost, with Local Service Facilities remaining 100% non-federal obligation. There was a legal review and determination that this assessment was accurate, leading to the October 6, 2010 letter from then District Engineer, COL Reinhard Koenig.*

*Where we currently stand: The only reprieve from the \$13.2 Million (subject to change with full accounting review), would be a legislative action that acknowledges the original apportionment set forth in the PCA and Post Authorization Change as the appropriate apportionment. Even still, the language, if it were to appear in legislation, would require interpretation and implementation guidance through the HQUSACE. As the Corps of Engineers, we are required to operate within the authorizations prescribed by Congress, as we did in this case, pre and post WRDA 2007. If WRDA language directs by law to recognize the original PCA and Post Authorization apportionments, then a review of accounting may or may not show that the funds already contributed by St. Paul for Phase I and II is sufficient. It is premature at this point without such direction from Congress. As of October 12, 2016, the Cost Share Control Record for St. Paul Harbor Improvements requires non-federal funds to balance and fiscally close the record.*

*If I can be of further assistance, please don't hesitate to reach out. My contact information can be found below or on my card.*

Mateo and I will continue to track the changes to WRDA as it moves through congress.

### **Crab TACs (Quotas) for the 2016-2017 Season**

As most you of may have seen by now the crab quotas are horrible this coming season. The following crab fisheries have been closed for the 2016/2017 season: Bering Sea Tanner Crab, Pribilof Red and Blue King Crab, St. Matthew Blue King Crab, Bristol Bay Red King Crab has been cut by nearly 40% and Snow Crab by 50%..

### **Meetings with Congressman Young's, Senator Sullivan's and Senator Murkowski's Staff**

While in Anchorage Mateo and I met with staff from Congressman Young's, Senator Sullivan's and Senator Murkowski's offices. On October 4<sup>th</sup> we met with Chad Padgett with Congressman Young's office, on October 5<sup>th</sup> we met with Mike Fleagle with Senator Sullivan's office, and on October 11<sup>th</sup> we met with Deborah Vo with Senator Murkowski's office. The purpose of the meetings was to introduce myself to the staff and focus on a few key discussion points:

#### Overarching Picture

Bering Sea in flux. Warmer waters, impacts on fisheries. New opportunities: tourism, cruise ships, maritime traffic. New risks: oil spills, security, diseases.

#### Infrastructure (with the above in mind, importance of)

- Ability to respond to oil spills
- Coast Guard presence
- public health infrastructure
- evacuation infrastructure — temporary housing, airport, etc.
- Importance of WRDA language passed by Senate reverting cost share from 65-35 to 90-10
- City Berth — multiuse and/or multi species floater

#### Fisheries

- Halibut Actions: abundance based management, management framework
- Crab, status of TACs
- Funding for research

Each meeting resulted in establishing a connection with the staff, led to some excellent discussions of these topics, and a couple good pointers for technical assistance or funding for projects. When we met with Chad Padgett, he suggested we look into USDA Rural Development funding and when with met with Mike Fleagle he suggested that we talk to the Alaska Travel Industry Association for tourism development.

#### **Meeting with EDA**

On October 12, 2016 I met with Shirley Kelly in Anchorage. We discussed the City performance on the recently closed EDA grant for the development of the City berth. She stated that returning funds to EDA gave the City a "black eye" with EDA. We discussed upcoming City strategic planning and the integration with the CEDS that the Tribal Government is taking the lead on. Shirley suggested that I speak with USDA Rural Development staff while in Anchorage and set up a meeting while I was in her office. To get the City back in the good graces with EDA, Shirley suggested we look at submitting a Small Technical Assistance Grant with EDA to look at tourism development, tourist industry outreach and marketing and a development of a plan to bring more tourist to St. Paul Island.

#### **Meeting with USDA Rural Development**

On October 12, 2016 I met with Robert Chambers with the USDA Rural Development program. We reviewed the status on the City's old town sewer upgrade project. This grant is in the stages of closeout. The total grant was for \$415,000. \$311,250 was provided by USDA and \$103,750 was provided by SOA Village Safe Water. The Alaska Native Tribal Health Consortium (ANTHC) managed the grant. I discussed with Mr. Chambers the possibility of other water and sewer grants from USDA, he provided me with program and application information.

### **Meeting with Alaska Travel Industry Association**

On October 12, 2016 I met with Tanya Carlson with the Alaska Travel Industry Association. We discussed opportunities for St. Paul Island to increase cruise ship traffic and landing of tourists on St. Paul Island. She suggested that a good start was coming to speak with the association and that someone should attend the upcoming Sea Trade Conference/Tradeshow in March 2017 in Fort Lauderdale, Florida. The cruise ship and tourist industry would be in full attendance at this conference. To host a booth at the tradeshow would run \$3500. The ATIA is state funded, so using their basic services is at no cost at this time. Ms. Carlson suggested we develop port information as in the attached example.

## **FINANCE (120)**

### **Finance Director**

The hiring committee met on September 27, 2016 to review seven applications/resumes for the Finance Director position. The committee selected four applicants to move forward to the interview stage. Two applicants are no longer interested in the position. One applicant is not willing to move to St. Paul Island nor become a City employee. I am waiting to hear back from the only potential applicant. The position will continue to be advertised.

### **Audit and Auditors**

The 2015 is almost complete. On October 22, we received from Lia Patton with BDO that the PERS report arrived. BDO will be working to complete the audit ASAP.

On October 4, 2016 I met with the City Auditor's BDO in Anchorage. Stephanie and Phyllis met with us by telephone. Specifically, I met with Michelle, Lia and Steve. The purpose of the meeting was to determine who would be conducting the City's audit in the future since Michelle is leaving the firm, review of the 2015 preliminary audit, and to discuss the "rainy day" account. Michelle assured me that BDO will continue to perform the City's audit and that Lea would be appointed the lead for our audit in the future. The preliminary results of the 2015 audit resulted in no findings and the City is in good financial standing at this time. The auditors did reiterate that we need to control costs both in General Fund but especially in Enterprise Funds. The auditors did communicate that there is not a "rainy day" account per se. "Savings" in General Fund accounts is a function of:

$$\text{Total Assets} - \text{Total Liabilities} - \text{Advances to Other Funds} = \text{Unassigned Fund Balance}$$

As of December 31, 2015 the City's Unassigned Fund Balance = \$4,245,645. We will be working on determining the current Unassigned Fund Balance for the General Fund, which is estimated to be in the \$3 million range. Something to keep in mind is that when we spend more than we are receiving in revenue. The Unassigned Fund Balance is where the money comes from to make up the deficit.

Additionally, I discovered when meeting with the auditors that the City has \$687,385 in Unearned Revenue from a closed BIA grant. This money can be moved from Unearned Revenue to be used of operating costs, invested, or for a special project.

For Enterprise Funds it is a bit more complicated. “Savings” in Enterprise Fund accounts is a function of:

$$\text{Total Assets} - \text{Total Liabilities} - \text{Capital} - \text{Negative Case in Other Funds} = \text{Unrestricted Net Position (deficit)}$$

As of December 31, 2015 the City’s Unrestricted Net Position for the following funds is:

Electric Utility (Fund 310) = \$7,029,589

Water/Sewer Utility (Fund 320) = (\$714,566)

Bulk Fuel Farm (Fund 300/305) = (\$1,713,682)

Harbor (Fund 340) = (\$903,699)

Ideally, we want to improve the negative net positions. Having the CEIP Loan forgiven with help with improving the position for Funds 300/305. However, we still need to work towards controlling operating costs; and maintaining and improving revenues.

### **Purchasing**

We are quickly approaching the end of the year, and the final days of ordering final necessary supplies for 2016. This past week I met with Stephanie and Phyllis to set a cutoff date for purchasing. The final day for submitting all purchase requests is November 4, 2016.

### **2017 Budget**

Finance will be sending out budget worksheets for the division heads to fill out for the 2017 budget. This year, we are NOT calling them Wish Lists, they are Necessary Lists. Working with Stephanie and Phyllis the following scheduled was developed for preparing the 2017 budget:

- November 4 -- Collection of budget worksheets
- November 7 - 18 -- Budget preparation by finance and administrative staff
- November 29 – Budget workshop with City Council
- December 6 – First reading of budget
- December 13 – Second reading and adoption of budget

### **Investments**

The City has a number of investments into Certificates of Deposits (CDs) and US Government Bonds. These investments mature on a regular basis. When they mature Stephanie works with our investment manager to roll the investments into new funds. Attached is the most recent investment sheet.

## **PUBLIC SAFETY (130/135)**

### **Chief of Police/Public Safety Director**

The new Chief of Police/Public Safety Director, Zachery Lamblez, will arrive on St. Paul on November 9, 2016. I plan to conduct an orientation with Zach, introduce him to the Public Safety staff, and host a community meet and greet. Additionally, I will be working with Zach to develop the 2017 budget.

### **Dispatch**

We are struggling to cover all the shifts but have done the best we can to make sure there is 24/7 coverage.

### **Public Safety Policies and Procedures**

Mike Rover and I are still working on department policies and procedures.

### **ALMR Radio System**

On October 6, 2016 I met with staff from Revl Communication in Anchorage to discuss upgrading our ALMR base radio system that is failing. Revl suggested that we get off the ALMR system and maintain our own separate system. Currently, ALMR provides no benefit to St. Paul Island. We are currently in the process for gathering radio and frequency information for Revl. Once FEMA Environment and Historic Screening paperwork is completed and submitted we will enter a into a contract with Revl to update the radio system. An initial site visit is tentatively planned for January 2017.

### **EMS, Fire, SAR**

#### ***Fire***

The St. Paul Island Volunteer Fire Department conducted fire prevention activities at the St. Paul School on October 21<sup>st</sup>. The activities included Stop, Drop and Roll, Use of a Fire Extinguisher, and Escaping from a Smoke Filled Room. Students also had the opportunity to use a charged fire hose. The event ended with handing out goodies to the students.

## **PUBLIC WORKS**

### **Administration (170)**

#### ***Public Works Director***

The hire committee met on October 20, 2016 to review the applications/resumes for the Public Works Director position. The committee reviewed three applications and decided to interview two of the applicants. On October 21<sup>st</sup> the committee conducted a telephone interview with one of the applicants. The other applicant will be interviewed on October 27<sup>th</sup>. We hope to have a decision on a Public Works Director by the end of next week.

### **Maintenance (170/172)**

#### ***Organization, Cleanup, and Inventory***

Maintenance staff have been working on updating inventory and clearing grasses from all the City buildings, hydrants, and transformers.

#### ***Preventive Maintenance Plan/Program***

I am still working on the Comprehensive Maintenance Plan. Job Cal has been purchased and the software will be installed while Jim Newman is in town.

### **Motor Pool (180)**

We have experienced a number of major break downs with our fuel truck, garbage truck and other heavy equipment. The diesel fuel truck is on the road again and Zach is working on the electrical issue with the garbage truck. We have advertised for another mechanic. The position has been advertised to find someone with a combination of hands on and educational experience and Automotive Service Excellence (ASE) certification. We are looking for someone that has a breadth of experience but has more experience with automotive diagnostics and repair.

### **Refuse (195)**

#### **Sanitary Survey**

We need to schedule a sanitary survey.

#### **DCCED Atagan Landfill Burn Box Grant**

In September I met with City staff regarding planning for the use of the new burn boxes. We developed a plan to improve on the existing work done under this grant. On October 21, 2016 I met with Mike Dahl to discuss this plan and to have him finalize some drawings to complete the ramp for and placement of the new burn boxes. Once Mike completes the drawings, City crew will work on upgrading the ramp and placement of the box.

### **Bulk Fuel/Marine Sales (300/305)**

#### **Tank Farm Maintenance**

We are still performing welding on stairs and other identified welding projects. Next year we will need to sandblast and paint the exterior of the tanks.

#### **ADEC Tank Farm Inspection**

We are still waiting for the final inspection letter from Alaska Department of Environmental Conservation.

### **Electric Utility (310)**

#### **Meeting with Jan Tierson with TDX Power**

On September 27, 2016 Phyllis and I met with Jan Tierson with TDX Power. Jan was trying to get the City to sign on to their micro grid project. I identified a number of issues with the City's potential participation, none of which he had solutions for. At this point it would be my recommendation, which Jim Gray and Mike Dahl agree with, that the City does not participate in the TDX micro grid project. I did identify an area that the City would like to work with TDX Power on, which included tuning the TDX Power load banking system to implement controls for wind gusts that potentially cause frequency issues.

In a later discussion with Jim Gray he stated currently when we have gusting winds they cause the TDX wind turbines to pause, which means shutdown, causing the City to run on the diesel generators only. This problem is a known problem and needs to be addressed. I also suggested to Jan that the City and TDX Power look at applying for a Department of Energy grant jointly to develop a "Strategic Energy Plan" for the community of St. Paul Island.

I will continue to work with TDX Power to address the wind gusting issue and for both of us to develop a joint energy plan for our community.

**Meeting with Jim Gray Regarding Unit #2**

On October 13, 2016 I met with Jim Gray and Mike Dahl to review the plan for Unit #2. Jim is still waiting for the mechanical engineering drawings to be complete. On October 20<sup>th</sup> Jim provided me with an email update (*see attached*).

**Meeting with Alaska Energy Authority**

On October 13, 2016 Mike Dahl and I met with Alaska Energy Authority to learn more about AEA's Power Project Fund and the use of the fund to address upgrades to the power plant and some of the deferred maintenance items (*see attached list*). The PPF is a loan fund and not a grant fund. I will be research the possibility of using PPF program or other bank loan to address upgrades to the power plant.

**Water/Sewer (320)**

Mark completed certified water operator training in Fairbanks earlier this month. We are awaiting the results of his test. Since we do not have a certified water operator we had to temporarily discontinue adding fluoride to the water.

**Harbor (340)**

We are expecting only a few boats to deliver Bristol Bay Red King Crab this weekend.

**Salt Lagoon Monitoring and Channel Dredge**

On October 11 and 13, 2016 I met with Mike Dahl to discuss our options for monitoring and dredging the Salt Lagoon Channel. Mike based on the current and required tidal fluctuations we do not need to dredge the channel at this time, however once the fluctuation is below one foot we would need to dredge. He did suggest that we continue to monitor the tidal fluctuations. I am going to research grant opportunities that could assist with this monitoring and potential future dredging.