



City and Borough of Wrangell  
Borough Assembly Meeting - WORK SESSION  
AGENDA

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Saturday, January 11, 2020  
10:00 AM

Location: Borough Assembly Chambers  
City Hall

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**WORK SESSION**

- a. State Legislative Priorities, Federal Legislative Priorities, CIP Projects, Goals,  
Budget and Two-Year Budget

## CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	January 11, 2020
	<u>Agenda Section</u>	<b>13</b>

**Work Session:** State Legislative Priorities, Federal Legislative Priorities, CIP Projects, Goals, Budget and Two-Year Budget

SUBMITTED BY:

Lisa Von Bargaen, Borough Manager

FISCAL NOTE:

**Expenditure Required:** N/A

FY 20: \$	FY 21: \$	FY22: \$
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**Amount Budgeted:**

	N/A
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**Account Number(s):**

	N/A
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**Account Name(s):**

	N/A
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**Unencumbered Balance(s) (prior to expenditure):**

	N/A
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Reviews/Approvals/Recommendations

<input type="checkbox"/>	Commission, Board or Committee
Name(s)	
Name(s)	
<input type="checkbox"/>	Attorney
<input type="checkbox"/>	Insurance

ATTACHMENTS: 1. State Legislative Priorities; 2. Federal Legislative Priorities; 3. CAPSIS Capital Project Priorities; 4. AML Resolution Titles; 5. Goals Document (in progress); 6. Budget Calendar; 7. Budget Assumptions (in progress)

**RECOMMENDATION MOTION:**

None. Work session only.

**SUMMARY STATEMENT:**

At this work session we will be covering quite a bit of ground.

State Legislative Priorities: A draft of the State Legislative Priorities is included in this packet. The Agenda Statement (for 1/14/2020) for Approval of the CAPSIS Project Priorities is also attached. It has the summaries of each of the projects and the proposed priority order. The CAPSIS Projects are the same as the Capital Project priorities we include in the legislative priorities. That is why it is included with the work session materials. Additionally, a list of AML's 2020 Resolutions has been included as reference, as most of them have been worked into the Wrangell priorities.

Federal Legislative Priorities: A draft of the Federal Legislative Priorities is included in the packet. Accompanying that is the 4<sup>th</sup> Quarter 2019 Update from our Federal Lobbyist. Several of the issues addressed by the Lobbyist are addressed in our Federal Priorities.

Goals for FY 2020/2021: Administration is working on a List of Goals to be discussed at the work session. Please bring the ideas you have.

Budget Documents: A copy of the proposed budget schedule is attached for review and discussion. It is a fairly robust schedule. The Finance Director and Manager are working to finish the Budget Assumptions for discussion at the work session.

Two-Year Budget Discussion: Administration would like to have a discussion with the Assembly about moving to a two-year budget. That would mean approval of an FY21 and FY22 Budget this year. Juneau currently does this. Homer just approved a two-year budget in December. If there is positive response, Administration will need to bring an ordinance for consideration to the Assembly.



**CITY AND BOROUGH  
OF WRANGELL**  
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P.O. BOX 531 (907)-874-2381  
Wrangell, AK 99929 FAX (907)-874-3952

## **2020/2021 STATE LEGISLATIVE PRIORITIES**

### **STATE WORKFORCE REDUCTIONS – WRANGELL SPECIFIC**

#### **Reinstatement of State Positions Critical to Wrangell:**

Over the past decade, Wrangell has seen positions eliminated that are critical to the well-being of the community. The following positions have been eliminated: Public Health Nurse, Child Welfare Case Worker, and Magistrate. These positions help hold together the social fabric of the community. The argument could be made it is the result of the State budget. However, the positions are not being eliminated – rather transferred to Petersburg. A number of severe incidents have taken place in Wrangell this past two years outlining the need for these positions to be filled at the local level. Specifically, as it relates to casework in the Office of Child Services, the single Petersburg-based case worker is carrying a load of 60 cases from three communities (Wrangell, Petersburg and Kake). The recommended caseload is 14. The greatest number of cases is from Wrangell – necessitating the immediate reinstatement of a position in the community.

#### **Opposition to Proposed ADF&G Office Closure in Wrangell:**

The FY 2021 Governor's Budget proposes elimination of the ADF&G office in Wrangell. The full details of the closure are not being addressed. There are four, rather than the two reported, positions. Two positions are specific to Transboundary Water Fish Biology work on the Stikine River, and are separately funded. They are based out of the Wrangell office and will have no office or storage space for administrative work or gear/equipment storage. Of the remaining two positions, one is proposed for elimination, and one for transfer to Petersburg. Wrangell is not a "suburb" of Petersburg. Wrangell has as big a commercial and sport fish presence in Southeast as Petersburg.

### **PROGRAMMATIC**

#### **Fundamental Change in OCS Management:**

The Office of Child Services in the Department of Health and Social Services requires immediate attention. There is currently a 50% vacancy rate across the agency, resulting in caseloads 400% over the recommended levels. This combined with unreasonable travel demands within regions for case workers to address issues in individual communities, makes care of at-risk children unacceptable. The City and Borough of

Wrangell calls for the immediate de-centralization of case workers back into individual communities to provide the much-needed care our children deserve.

**AMHS Reform/Stable AMHS Funding:**

The City & Borough of Wrangell joins with Southeast Conference exploring new ways to sustain operations of the Alaska Marine Highway. While these options are considered the Borough respectfully requests stable funding of the AMHS be reinstated as it is a critical transportation lifeline for people and goods throughout coastal Alaska – critical to our economic health. The CBW further joins the Alaska Municipal League supporting Resolution #2020-18 finding the reductions in AMHS funding unacceptable; opposing the winter schedule changes eliminating service to some communities; and opposing any further reductions in service or funding. The CBW also implores the State to find a permanent solution enabling continued service through Prince Rupert, BC.

**Municipal Impact Fiscal Evaluation:**

The City & Borough of Wrangell supports Alaska Municipal League Resolution #2019-08 calling on the Governor and the Legislature to increase capacity within the Office of Management and Budget to evaluate the costs to communities of State Administrative and Legislative budget and programmatic actions; and encourage consideration of a municipal impact fiscal note be included on all relevant legislation prior to submission.

**PERS:**

The City & Borough of Wrangell fully supports the reform of PERS, including but not limited to, the elimination of termination studies and all costs for reducing or eliminating departments, groups, or classifications of employees, as well as not inhibiting future additions of departments, groups, or classifications of employees.

**ADOT Material Standards:**

ADOT is required to meet FAA and FHWA material standards. Despite the availability of good quality local material, there is no provisions in the standards for material deviations if proven an equal or greater substitute by qualified professional testing or engineering. The CBW calls on the State to look for ways to have alternative materials accepted to avoid excessive time delays and cost overruns for material that is otherwise locally available.

**Transboundary Waters:**

The CBW applauds the efforts of the Administration to carry this issue to the federal level. We request work toward joint agreements on transboundary waters remain a priority for the State.

**STATUTORY****Education Funding:**

The City & Borough of Wrangell joins the Alaska Municipal League (Resolution #2020-05) opposing increases to the required local contribution for education funding, or

reductions in State funding for education; and further supports counting Federal Impact Aid as part of the local contribution.

**Senior Citizen/Disabled Veteran Property Tax Exemptions – Local Option:**

Wrangell has the greatest percentage of senior citizens per capita of any community in Alaska. As communities are forced to take on even more program, service and capital responsibilities based on the State's fiscal situation, unfunded mandates require municipalities to raise other revenues, impacting all citizens. The CBW urges the Legislature make provisions for a local option through an amendment to AS 29.45.030(g) giving local jurisdictions the ability to determine, based on local revenue estimates and expenditure needs, what the annual exemption will be for these two critical populations.

**State Agency Indirect Rate Increases:**

The City & Borough of Wrangell adamantly opposes the current policy of Departments like ADOT and DNR (State Parks) to increase indirect rates on grant funding during the middle of a project, thus potentially leaving the municipality with insufficient funding to complete projects or meet contractual obligations. The Alaska Municipal League supports this position with Resolution #2020-03.

**Sea Otter Population Control:**

In 2018 the Legislature began working on options that would enable amendments to the federal Marine Mammal Protection Act, allowing greater control of sea otter populations. The growth of the population in Southeast Alaska imminently threatens shellfish and mariculture fisheries from remaining viable. The population in Southeast is at a point where a catastrophic die off is close-at-hand once food sources have been depleted.

**Reduction in Property Tax Refund Interest Rate:**

The City & Borough of Wrangell joins the Alaska Municipal League (Resolution #2020-21) supporting the reduction of interest owed on property tax refunds from 8% to a reasonable, market-based interest rate by amending AS 29.45.500.

**Real Property Transactions – Full Disclosure:**

The City & Borough of Wrangell joins with the Alaska Municipal League (Resolution #2019-04) urging the Legislature to enact legislation requiring disclosure of all real property transaction within the state.

**Limited Entry Permit Transferability:**

The City & Borough of Wrangell joins the Alaska Municipal League (Resolution #2019-10) urging the Legislature to pass legislation redefining the transferability of Limited Entry Salmon Permits by allowing an additional name to be listed on permits to keep permits in rural communities.

## BUDGET

### **Adoption of a Sustainable Budget Plan (Including the PFD):**

The City & Borough of Wrangell joins the Alaska Municipal League, the Alaska Conference of Mayors, and a multitude of other public and private entities urging the Legislature to finish work toward adoption of a sustainable budget plan. The trickle-down effect is having significant ramifications at the local level, which will only continue to increase. The CBW supports a sustainable fiscal plan that includes budget reductions and new revenue, including a broad-based tax. The CBW further encourages the Legislature's efforts to reach consensus on the Permanent Fund Dividend as part of Budget discussions.

### **FY2020 AMHS Funding Veto Override:**

The City & Borough of Wrangell urges the Legislature to override the veto of \$5 Million in FY2020 supplemental funding for the AMHS.

### **School Bond Debt Reimbursement:**

The City & Borough of Wrangell requests the Legislature reinstate full reimbursement of school bond debt for previously obligated projects. Wrangell's bonded indebtedness is in much better shape than many communities, however, the annual \$250,000 obligation is equivalent to nearly 2 mills of property tax, and a significant impact to any small community's budget.

### **Community Assistance (Formerly Revenue Sharing):**

The State's fiscal situation increasingly requires local governments to assume more service, programmatic and infrastructure responsibilities. The City & Borough of Wrangell (CBW) encourages the State to maintain this important revenue stream. In FY20 the CBW received \$409,356 which represents 7.1% of General Fund revenue. Over the past decade the program has meant nearly \$6 million in revenue to the CBW, supporting the community's efforts to absorb unfunded mandates and implement needed services and infrastructure maintenance. The City & Borough of Wrangell joins with the Alaska Municipal League (Resolution #2020-19) opposing any further reductions to Community Assistance and supporting a **veto override** of recapitalization or an appropriation to the Community Assistance Fund that would return the Fund to \$90 million.

### **PERS Pay-Down:**

The City & Borough of Wrangell supports AML Resolutions #2019-09 and #2020-07 of the Alaska Municipal League calling for a complete pay-down of the unfunded liability.

### **Municipal Matching Grants:**

Municipal Matching Grants (specifically existing programs for water/sewer through ADEC and ports/harbors through ADOT/PF) are critical investments in this fiscal climate providing match funding allowing municipalities to leverage local, federal and private funding sources for critical public infrastructure. The CBW encourages the Legislature to fund these programs as investments in local communities. The City &

Borough of Wrangell supports Alaska Municipal League Resolution #2020-20 urging full funding of the Municipal Harbor Matching Grant Program in the FY 2021 Budget.

## REVENUE

### Shared Revenue:

The City and Borough of Wrangell opposes any action to eliminate shared revenue, like Fish Tax, from municipalities.

### Coastal Infrastructure GO Bond:

The City & Borough of Wrangell supports Alaska Municipal League Resolution #2020-22 requesting the Legislature approve a coastal infrastructure general obligation bond to be included on the November 3, 2020 ballot supporting the funding of major maintenance and capital replacement of critical coastal infrastructure throughout Alaska.

## WRANGELL CAPITAL NEEDS

### Project Priorities:

The CBW acknowledges the fiscal climate of the State and understands there is little to no availability of funding for local capital needs. Should the fiscal climate change, following are the project priorities for Wrangell:

1. Ash Street Water Main Replacement	\$ 1,000,000
2. Diesel Generation Power Plant Replacement	\$ 7,000,000
3. Public Safety Building Rehabilitation	\$ 2,000,000
4. Inner Harbor Replacement	\$ 7,000,000
5. Zimovia Highway Water Main Replacement	\$ 2,500,000
6. Solid Waste Transfer Station Upgrades	\$ 500,000
7. Water Reservoir Dam System Rehabilitation	\$50,000,000
8. Swimming Pool Basin Lining & Piping	\$ 500,000
9. Nolan Center Emergency Generator Replacement	\$ 450,000
10. Cemetery Expansion	\$ 100,000



## CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	January 14, 2020
	<u>Agenda Section</u>	<b>13</b>

Approval of the Priority Capital Projects for Submission to the State of Alaska Designated Legislative Grants Program (CAPSIS) for FY 2021

SUBMITTED BY:

Amber Al-Haddad, Capital Facilities Director

FISCAL NOTE:

**Expenditure Required:** None Required

FY 19: \$	FY 20: \$	FY21: \$
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**Amount Budgeted:**

	FY19 \$XXX
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**Account Number(s):**

	XXXXX XXX XXXX
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**Account Name(s):**

	Enter Text Here
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**Unencumbered Balance(s) (prior to expenditure):**

	\$XXX
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Reviews/Approvals/Recommendations

<input type="checkbox"/>	Commission, Board or Committee
Name(s)	
Name(s)	
<input type="checkbox"/>	Attorney
<input type="checkbox"/>	Insurance

ATTACHMENTS: Priority Capital Projects for State of Alaska CAPSIS FY21 Submission, dated January 2020

### RECOMMENDATION MOTION:

Move to approve the Priority Capital Projects for Submission to the State of Alaska Designated Legislative Grants Program (CAPSIS) for FY21.

## SUMMARY STATEMENT:

CBW staff have prioritized proposed capital projects for a recommendation to the Wrangell Borough Assembly for consideration and approval for submission to the State of Alaska's Legislative Capital Project Submission and Information System (CAPSIS) for FY21.

The CAPSIS system's website outlines that communities' entries will be pooled to selected legislators for consideration in the capital budgeting process. The information that the CBW will submit is reviewed by the Alaska State Legislature, the Governor's Office of Management and Budget, and agency grant administrators, and that the information we provide becomes part of the legislative and public record.

The state is still operating with a budget deficit, and like in recent years, the Fiscal Year 2021 Capital Budget will be limited to priority needs of the State. It is to our advantage to work with our legislators and make them aware of our needs. Below is the list of staff-recommended projects for consideration as the FY21 priority capital projects for the City and Borough of Wrangell.

### Priority

### Project

1

#### Ash Street Water Main Replacement (\$1,000,000)

This project addresses the priority water distribution system project requiring improvements. The project would replace existing water mains to improve water delivery to a residential area by connecting existing low pressure zones to high pressure zones. The current water mains were constructed with asbestos cement pipe, as well as with Blue Brute push-together plastic water pipe. With the completion of this project, we expect to enhance water circulation, reduce flushing, maintain higher pressures and enhance emergency fire flows, ultimately improving water service to this neighborhood.

2

#### Diesel Generation Power Plant Replacement (\$7,000,000)

Wrangell's Diesel Generation Power Plant houses four of our five diesel power generators, which serve to provide standby and supplemental power to the community of Wrangell. The building was constructed in two phases: the original pre-1948 concrete section and the 1948 steel addition. The building suffers from a long list of problems, including deterioration of the concrete structure, roof load stress from undersized trusses, under-reinforced walls, poor resistance to lateral loads due to lack of mechanical connections, as well as life safety and security concerns.

The City and Borough of Wrangell is preparing to undertake an alternatives study to consider how the building might best be used in the future. That study will provide valuable information for making a final decision toward this facility's necessary rehabilitation, or replacement, in order for Wrangell to maintain a suitable facility for emergency backup electrical power.

3      Public Safety Building Renovations (\$2,000,000)

The scope of the Public Safety Building Renovations project addresses two areas for needed building improvements.

The most critical improvement needed is that of removal of the existing deteriorated exterior wall system (structural framing and siding) and its flat roof sections which have the original rubber membrane roof cover material. The project would provide for recladding with new metal siding and a reroofing with a welded PVC roof membrane. Original project funding proved insufficient as actual construction costs came in higher than estimated, and the CBW is seeking the additional funding to move the project forward. Repairs to the building will serve to restore the structural integrity, as well as the safe, indoor air quality of the building.

The second most critical improvement needed is that of a variety of mechanical upgrades, including: upgrading existing pneumatic-based heating controls to digital controls for better control and efficiency; replacing the 30+year old fire alarm system which has minimal availability of parts and support; replacing the heating system's piping components that are failing; and replacing general plumbing parts which have become obsolete.

This is a critical project for the community of Wrangell, as this building serves to house the majority of law enforcement agencies for the community of Wrangell, including the Wrangell Police Department and Jail, the Wrangell Fire Department, the Alaska Court System - Wrangell District Courthouse, the United States Customs and Border Patrol, and as well the Indoor Shooting Range.

4      Inner Harbor Replacement (\$7,000,000)

Inner Harbor was originally a log stringer float system constructed by the State of Alaska Department of Transportation and Public Facilities (ADOT) in 1936, with a 1960's float replacement and harbor expansion.

The lack of US Army Corp dredging causes the floats to become grounded from time to time, thus creating further and faster deterioration. In some cases, it causes inaccessible slips during certain low tides. Finger piers and primary docks are starting to sink from the deteriorating float system. Rotten wood planks along the docking system creates unsafe walking conditions, continual maintenance needs, and unsafe conditions. Through engineering design efforts, an analysis of moorage space and the new floats reconfiguration will be performed to determine how best to accommodate current and future vessel requirements.

The facility is aged and is experiencing failures of critical components. It has exceeded its life expectancy and is in need of replacement.

5      Zimovia Highway Water Main Replacement (\$2,500,000)

Beginning around 1980, after the discontinuance of asbestos cement pipe, the City of Wrangell began using the industry-standard ductile iron pipe for new and replacement water lines. Many of these water mains have been prematurely failing, and the breaks cause serious disruptions in domestic water service and fire protection, provide a potential path for water contamination, and cause road and property damage. Due to the failing condition of the water main infrastructure, through corrosion of the steel materials, the installation of new water utilities is necessary to eliminate continual breaks. Zimovia Highway's proposed water main replacement project would replace the section of water main from about 4-mile Zimovia Highway to Shoemaker Bay Harbor.

6      Solid Waste Transfer Station Upgrades (\$500,000)

Since the City and Borough of Wrangell closed its landfill in 2006, municipal solid waste has been loaded into 48' open-top containers and shipped to eastern Washington for landfill disposal via Republic Services and their transportation subcontractor, Alaska Marine Lines (AML). Following the occurrence of several fires on AML's barges, they have requested that Wrangell, along with all other SEAK communities using their freight services, begin baling their solid waste and loading it into closed-top containers with the idea that baling the material will alleviate risk of fire on the barge.

They have indicated the transition to the new baled waste should be in place by 2022. To begin this new process, the CBW will need to purchase a large solid waste baler and the equipment required to load the bales into the closed-top containers at our transfer facility. The equipment required are: 1) skid steer to load the baler; 2) forklift to transport the finish bales; and 3) loading ramp to load the containers. The construction of a three-phase power feed will also be required to power the baler equipment.

7      Water Reservoir Dams Improvements (\$50,000,000)

A stability study of Wrangell's two dams was performed in 1993, at which time they were considered to be marginally stable under static and steady seepage conditions, but not stable under seismic conditions. The recommendation coming from that analysis was that an earth buttress should be constructed at the downstream toe of each dam to increase the factors of safety for seismic stability. Further remediation is necessary to the outlet works for both dams, including that necessary for emergency drawn down capabilities, repair or replacement of outlet pipes through the upper dam, and valve replacements. Missing survey monuments need reinstallation, and it is also recommended that an updated topographic survey be performed of the downstream inundation zone.

8 Swimming Pool Basin and Piping Lining (\$500,000)

The Wrangell Swimming Pool was constructed in 1985 with cast iron piping, which is in poor condition due to its age and the condition of its environment. New trenchless technologies are proposed to line the pipes' interior wall through an appropriate cured-in-place methodology, to extend the life of the pipes by an estimated 10-20 years. Along with the piping, the pool foundation is compromised, also due to age and condition of the environment. In 2015, a fracture in the pool's concrete foundation led to long-running and substantial leaks, which resulted in considerable water loss before the foundation location was identified for repairs. This project includes lining the pool basin with a flexible and bonded PVC membrane, which will preserve the integrity of the basin and extend its lifespan at a far less expense than reconstruction.

This is an important project for the community of Wrangell as the swimming pool provides recreational opportunity that promotes positive health and enhances socially inclusive practices, which in turn promotes social and cultural cohesion.

9 Nolan Center Standby Generator Upgrades (\$450,000)

As part of its Emergency Operations Plan, the CBW developed a Mass Rescue Operation Shore-Side Response Plan, which outlines the rescue activities characterized by the need for immediate assistance to a large number of persons in distress, such that the capabilities normally available are inadequate. Part of the critical pieces of the plan are Designated Reception Centers, where people can receive shelter, welfare, first aid, and accountability documentation. The Nolan Center has been identified as the overflow location as a Designated Reception Center and also as an Emergency Triage Site, which is established as a site where uninjured persons can be taken for medical treatment. The Nolan Center has also been identified by the Wrangell Medical Center as a backup hospital location in case the existing hospital facility experiences a disaster and there is a need to relocate patients and medical staff.

A recent evaluation of the Nolan Center's standby generator indicates it is not sized adequately to carry the full load of the facility, nor does the entire building have connectivity to the backup power generation system. In order for the Nolan Center facility to operate as a critical care facility in times of disaster and/or emergency, it requires diesel power sufficient to power the entire building.

This is a critical project for the community of Wrangell that would serve to acquire a new generator, of sufficient size to power the full facility, and to make the additional electrical systems' connectivity between the building and the generator.

10 Cemetery Expansion (\$100,000)

Wrangell's two cemeteries are at capacity and are in need of expansion, or a new site should be identified. Site development for burials are challenging in our SEAK

terrain, but it is extremely important for the community to have a sacred place for burying loved ones. Wrangell is working on an alternative site analysis for final selection of an area to expand the community's burial needs. Following selection and approval of a preferred site, the first phase of the project would require funding for site design, followed by site development.



## CITY AND BOROUGH OF WRANGELL

INCORPORATED MAY 30, 2008

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## 2020 FEDERAL LEGISLATIVE PRIORITIES

### **Reservoir Dam Rehabilitation/Replacement:**

In 2015, the Alaska Department of Natural Resources identified Wrangell's reservoir dams as the second worst dams in the State. Although stable in a static environment, there is a significant likelihood of failure during a substantive seismic event. A Corps of Engineers Study from 2006 shows 15 homes and nearly 40 residents at risk in a runout zone. That same study identified a new reservoir expansion project as the recommended course of action, but the community did not move forward with the Corps' recommendation because of its overly large scale and high cost. Wrangell believes there is a solution for dam stabilization that will decrease the projected cost from \$50 million to \$10 million. The 2017 WIIN Act authorized funding for non-federal dam rehabilitation and the Congress for the first time has provided appropriations with \$10 million included in the FY 2019 Department of Homeland Security Appropriations Bill. The City and Borough was unable to submit an application last year due to ineligibility. The FY2020 funding package includes an additional \$10 million for this program. Wrangell has moved forward with its update of the community Hazard Mitigation Plan and it is with FEMA for approval. Should we submit an application for funding to rehabilitate our dams, we would appreciate the Delegation's support for the application with the Department of Homeland Security.

### **Water Availability:**

Southern Southeast Alaska (Petersburg, Wrangell and Ketchikan) is in the midst of a severe drought. The lack of rain and snowpack has left both our hydro project lakes (Tyee and Swan) and our drinking water reservoirs with minimal water. For more than two decades Sunrise Lake on Woronkofski Island has been considered as a possible hydro/fresh water supply for Wrangell. If changing weather patterns become the "new normal" and the region must find supplemental power and fresh water sources, what was once cost prohibitive may become a viable option. The hydrosite analysis for Sunrise was completed in 2018. If evaluation of the project to serve both hydro power and drinking water needs becomes necessary we hope the delegation will be supportive.

### **Secure Rural Schools (SRS):**

The SRS Program was created by bipartisan legislation in 2000 as a substitute for declining revenue sharing receipts due to reductions in logging on Forest Service lands. Wrangell received \$986,580 last year in the Title I SRS funds that goes to our schools. The City & Borough of Wrangell thanks the Delegation, specifically Senator Murkowski, for work to pass a two-year extension to the SRS program. The CBW also urges the Delegation to give consideration to supporting legislation that would bring more long-term stability to the program and to those communities it serves.

### **Federal Payment in Lieu of Taxes (PILT):**

PILT provides partial compensation for the loss of revenue to communities with large Federal property in-holdings which cannot be developed and which are exempt from local property taxes. In Wrangell, 97% of lands

within the municipal boundaries are owned by the U.S. Forest Service and will never be open to development. Wrangell's FY 2019 PILT payment was \$474,063. Again, many thanks to the Delegation for a two-year commitment to PILT. We urge continued support for full funding of PILT in upcoming appropriations. Wrangell fully supports the PILT Parity Act, introduced by Senator Murkowski, increasing compensation to localities such as ours that have high Federal land ownership but a low population base. Such an adjustment would more fairly compensate localities that do not have the benefit enjoyed by larger PILT-recipient localities in terms of greater population and tax bases along with more diversified economies.

#### **Wrangell Opportunity Zone:**

Wrangell is designated as one of the Opportunity Zones provided for in the Tax Cuts & Job Act of 2017. Now that the Treasury Department and IRS have issued final guidance on implementing tax incentives under this program, the Borough looks forward to actively seeking private sector investment in the community.

#### **Wrangell Ranger District – Tongass National Forest**

##### **Zarembo Island Clean-Up:**

The Borough Assembly has made it a priority to address abatement issues in Wrangell. October of 2018 marked the close of the final phase of the Byford Junkyard Clean-Up Project in Wrangell. In the end, the State of Alaska spent three years and \$18 Million to clean and remediate the property. The City & Borough of Wrangell (CBW) is acutely aware that without the financial support from the State's Spill Response Fund and the commitment of the staff at the Alaska Department of Environmental Conservation, the Byford site would have remained one of the worst lead contaminated sites in Alaska's history, leaching hazardous material into Zimovia Strait. The Borough Assembly wants to ensure no situation like this ever happens again. It is with similar concern the Borough lists Zarembo Island Clean-Up as a priority. Zarembo Island is a very popular hunting location within the Wrangell Borough just a few short miles from the community. Hunters use all manner of vehicles to access the old logging roads on the island. Unfortunately, the island, specifically Roosevelt Harbor Parking Lot, has become a dumping ground for old vehicles, equipment, and just plain trash. Junk vehicles, in varying degrees of deterioration, car batteries too numerous to count, fuel tanks and all other types of equipment imaginable that is considered unusable, has been left to rot in place. Zarembo Island is becoming the next Byford lot. The City & Borough of Wrangell respectfully requests the USFS use all regulatory means and public notices possible to enforce the removal of this junk by the responsible parties. As this method is likely to generate little, if any, response, the CBW urges the USFS to bring all available resources to bear to clean up Zarembo Island before it becomes a problem too big to address. The Borough is working with the new Wrangell District Ranger to address this on-going issue and appreciate any support on this matter the Delegation may be able to provide.

#### **Transboundary Waters & British Columbia Mines:**

The City and Borough of Wrangell remains concerned over the development of mines in British Columbia and the potential threat they pose to Southeast Alaska's watersheds and fisheries. We appreciate efforts by Alaska's Congressional Delegation to engage with the appropriate officials in the Canadian government and British Columbia province on this difficult transboundary waters issue. The decision by Canada this past year to close and clean up the Tulsequah Chief Mine is a positive step. Wrangell remains concerned about these mines especially because of the number of mines in Canada on tributaries of the transboundary Stikine River in Wrangell's backyard and the local implications to fisheries and water quality. There is still the need to establish joint water quality protocols, conduct independent baselines studies over a multi-year timeframe, and set up water gauge/monitoring stations in the other southeast watersheds so that mining activity can be properly checked. We support continued engagement by the Delegation and U.S. State Department to urge Canada to put in place proper water quality, monitoring, and protections as these mines are developed and operated. On January 14, 2020 the Assembly passed a resolution regarding a transparent process regarding the Tulsequah Chief Mine.



**Heritage Harbor/Section 5035 WRDA 2007 Final Disposition:**

During the bid process for construction of Heritage Harbor, the estimates for the mooring basin dredging were determined to be roughly \$3 million more than originally expected. The City and Borough sought to have these dredging expenses identified as part of the Federal portion of the project, with the corresponding local cost share. Congress included the following provision in the next WRDA roughly two years after the costs had been estimated and construction of the project had begun. The language also included eligibility for inner harbor facilities as part of the general navigation features of the project. The Corps requested, and the Borough provided cost information on the construction of the project. The final communication was a November 2, 2011 letter from the Borough that provided cost information and a total request for reimbursement of \$13.7 million. February 2019 communication with the Corps of Engineers confirmed that the Alaska Region submits an annual list to Congress of those projects eligible for reimbursement. The Wrangell project is included on the annual list and awaits appropriation. The City & Borough of Wrangell respectfully asks the Delegation to assist in securing appropriation of this authorized reimbursement which would enable continued investment in Wrangell harbors and the Wrangell Marine Yard further strengthening the local economy.

**Army Corps of Engineers Section 107 Small Navigational Improvements – Shoemaker Bay Harbor:**

The City & Borough of Wrangell has completed work on the replacement of the inner-harbor infrastructure of Shoemaker Bay Harbor. Wrangell put together a funding package for the project that included a \$5 million State Harbor Matching Grant and Harbor Reserve funds. The Borough is prepared to pull from reserves, or bond finance up to \$500,000 as the anticipated 50% local match for the Study Phase of improvements to the Shoemaker Bay Harbor breakwater. The breakwater length is insufficient, which significantly contributed to the premature breakdown of the Harbor's interior float system. Wrangell has had communications with the Alaska Region of the Army Corps on early general investigations to dredge the harbor and expand the breakwater under the Section 107 Small Navigation Improvements program. We urge the Delegation to continue full support and funding of the Section 107 Program.

**Sustainable Sea Otter Management & Utilization:**

The rapid growth of the Southern Sea Otter population over the last decade has been a scourge to near-shore fish and crab populations and the fisheries that depend on them. Local fishermen are seeing significant declines in crab, urchin and shellfish species, resulting in area closures by the Alaska Department of Fish & Game, and an estimated loss of \$30 million in foregone catch over the last 20 years. The Borough favors re-introduction of legislation that would expand Native handicraft business development that has been impeded by restrictive USFWS rules on otter pelts and products production and sale. The Borough also supports use of waiver authority by USFWS to permit co-management of the species with the State and Alaska Native tribes. The Borough passed Resolution No. 01-18-1387 in January, 2018 supporting Sea Otter Management in Southeast Alaska.

**Pink Salmon Disaster Assistance/Fisheries Disaster Reform:**

The City & Borough of Wrangell will be working to submit a project for approval and reimbursement of the estimated \$35,000 municipal grant from the 2016 pink salmon disaster funds. As the Delegation knows the payments to affected municipalities has been delayed nearly two years. The CBW greatly appreciates the work of Senator Sullivan to add language to the fisheries disaster reform legislation (S. 2346) to address this issue in the future.

**Critical Habitat Designation for Humpback Whales:**

The Borough has been actively engaged in following this proposed habitat designation, including attendance at the NMFS Public Hearing in Petersburg on January 6, 2020. The Assembly passed a resolution on January 14, 2020 calling for a common sense approach to any designation, protecting the habitat of the whales, while maintaining the performance of critical industries, like fishing, and infrastructure maintenance and installation to continue without undo burden.

**Essential Air Service:**

The CBW thanks the Delegation for their work to ensure Essential Air Service was fully funded in the FY2020 funding package. The Borough fully supports EAS, without which we would not have regularly scheduled service.

**Tongass Forest Management:**

The City and Borough of Wrangell supports changes to Tongass National Forest Land & Resource Management Plan to facilitate greater production of timber in Southeast Alaska. This position includes rejection of the 2016 Plan Amendment that shifted production toward young/second growth timber and a reversion back to the 2008 Plan Amendment. The City and Borough supports these changes being accomplished through either legislative means or Forest Service administrative actions. We further ask the delegation to fully support Alaska's effort to develop its own Roadless Rule exemption plan – currently in progress.

**Young Fishermen's Development Act:**

The "graying" of Alaska's commercial fishing fleet is a known issue potentially jeopardizing the future of this essential industry. Acquiring the diverse skill set associated with commercial fishing along with initial start-up investment can be prohibitive to overcome. Representative Young and Senator Sullivan have re-introduced bills to authorize \$2 million in annual grants through NOAA's Sea Grant Program to provide training support facilitating the entry of young fishermen into the industry. This training would include vessel operations, sustainable fishing practices, financial management, marketing, and understanding of Federal and State regulations. Eligible recipients to conduct the training would include sea grant, non-profits, tribal organizations, Federal/State agencies, fishermen's coops/associations, and institutions of higher learning. The City & Borough of Wrangell passed Resolution No. 09-17-1379 in September, 2017 supporting this important program.

**Federal Aquaculture Legislation:**

In the last Congress, bills were introduced in the House and Senate to advance the growth of aquaculture in the U.S. The major provisions of the bills (HR 6966 & S 3138 – The AQUAA Act) would establish procedures for the siting and permitting of offshore aquaculture facilities in Federal waters; seek to harmonize Federal regulation of aquaculture operations with other Federal agencies and the States; and establish a national research and development grant program to advance aquaculture technology. The City and Borough is supportive of efforts to promote aquaculture, particularly for mariculture species such as geoducks, shellfish, seaweed and kelp. Mariculture for these and similar species presents an excellent opportunity to diversify our maritime economy, create new jobs and businesses, and promote environmental sustainability and management. However, we believe that Federal aquaculture legal authority must provide an "opt out" for States whose aquaculture policies differ from the Federal government's. In Alaska, the State prohibits finfish aquaculture and it is our view that any Federal legislation should not, either deliberately or inadvertently, override that prohibition.

## 2020 AML State/Federal Resolutions

### Statutory

2019-04 [The Alaska Municipal League urges the Alaska State Legislature to enact legislation requiring disclosures of all real property sales in the State of Alaska.](#)

2019-07 [The Alaska Municipal League requests that the Alaska State Legislature amend Title 29 to remove the audit requirement for Community Assistance, and provide a one-time waiver of past audit requirements, thereby releasing all outstanding Community Revenue Sharing/Assistance funds.](#)

2019-10 [The Alaska Municipal League urges the Alaska Legislature to pass legislation redefining the transferability of limited entry salmon permits by allowing an additional name to be listed on permits to keep permits in rural communities.](#)

2020-03 [The Alaska Municipal League opposes decisions by DOT&PF to increase their indirect rates; and that the Alaska Municipal League supports increased funding for the Community Transportation Program; and encourages changes to DOT&PF policy to enable local-delivered projects and acceptance by local governments of federal transportation project funds.](#)

2020-05 [The Alaska Municipal League opposes any increase to the required local contribution for education funding or reductions to the adequacy of State funding of education; and that the Alaska Municipal League supports counting Federal Impact Aid as part of the local government contribution.](#)

2020-11 [The Alaska Municipal League encourages the State of Alaska to develop a plan to transfer authority to accept federal funds from the State directly to local governments or their designee.](#)

2020-21 [The Alaska Municipal League supports an amendment to AS 29.45.500 to require municipalities to pay interest at a reasonable, market-based rate in circumstances where it is required to pay interest on tax refunds.](#)

### Systems

2019-01 [The Alaska Municipal League encourages the Alaska State Legislature to consider the development of a Community Dividend.](#)

2019-08 [The Alaska Municipal League requests that the Governor and Alaska State Legislature increase capacity within the Office of Management and Budget to evaluate costs to communities of State and Legislative budget and legislative actions; and that the Alaska Municipal League encourage consideration of a municipal impact fiscal note to be included in all relevant legislation prior to submission.](#)

2020-02 [The Alaska Municipal League encourages the Legislature to meet as the Assembly of the Unorganized Borough, and to take up its governance as required by the Constitution.](#)

2020-04 [The Alaska Municipal League supports rural law enforcement efforts such as the VPO and VPSO programs; and that the Alaska Municipal League recognizes the need to match spending to needs identified by both programs, and for any necessary reform to ensure both public safety and the sustainability of law enforcement efforts in rural Alaska.](#)

2020-06 [The Alaska Municipal League acknowledges and appreciates DEC's new policy to test for and analyze a full suite of PFAS compounds; and that the Alaska Municipal](#)

League requests that State and Federal action on PFAS continue to occur, including to establish PFAS compounds as eligible for funding, and set allowable limits and standards for cleanup.

2020-07 The Alaska Municipal League supports reform to PERS that includes a complete pay-down of the unfunded liability; and that the Alaska Municipal League conditionally requests that the State also conduct termination studies, small or struggling employers be allowed to opt out of the system, and that the high interest rate on non-payment be eliminated.

2020-08 The Alaska Municipal League supports economic, resource and infrastructure development that benefits local governments, the State of Alaska, and Alaska residents.

2020-09 The Alaska Municipal League supports all and diverse efforts that contribute to a complete count during the U.S. Census.

2020-12 The Alaska Municipal League supports the effort to maximize local self-government, respect local control, and encourage the State to provide additional resources for the adoption of powers and incorporation, including borough formation where feasible.

2020-15 The Alaska Municipal League supports the Legislature's efforts toward consensus on the Permanent Fund Dividend.

2020-17 The Alaska Municipal League opposes any State action that would diminish the ability of local governments to tax or receive a share of State tax on local economic activity.

## **Federal**

2020-13 The Alaska Municipal League supports reform of the USDA Forest Service Secure Rural Schools program to include long-term certainty and sustainability of funding.

2020-14 The Alaska Municipal League supports reform of the PILT funding formula to extend multipliers to smaller population counties (boroughs).

## **Revenue**

2019-06 The Alaska Municipal League supports the State's consideration of a broad-based tax; and that the Alaska Municipal League stands ready to work with the Alaska State Legislature to mitigate potential negative impacts, as necessary.

2020-16 The Alaska Municipal League supports the sustainability of the Alaska Universal Service Fund (AUSF) and increased investment in rural infrastructure and affordability.

2020-22 The Alaska Municipal League supports funding critical coastal infrastructure throughout the state with general obligation bonds; and that the Alaska Municipal League requests the State Legislature approve a coastal infrastructure general obligation bond to be included on the November 3, 2020 ballot.

## **Budget**

2019-02 The Alaska Municipal League requests that the Alaska State Legislature fund the Senior Citizen's/Disabled Veteran's Property Tax exemption as required in AS 29.45.030(g).

2019-03 The Alaska Municipal League support full annual funding of school bond debt reimbursement and state aid for construction in Regional Educational Attendance Areas.

2019-05 The Alaska Municipal League urges the Governor and the Alaska State Legislature to increase investment in the Renewable Energy Fund; and that the Alaska Municipal League additionally supports continued investment in State energy and energy efficiency programs, including the Revolving Loan Fund Program, Weatherization, Home Energy Rebate Program, Bulk Fuel Construction Program, and Rural Power System Upgrades.

2019-09 The Alaska Municipal League encourages the Governor and the Alaska State Legislature fund a one-time payoff of PERS arrearages.

2020-01 The Alaska Municipal League supports reinstatement of State funding for the Code Blue program and Local Emergency Planning Committees.

2020-10 The Alaska Municipal League supports full payment of currently obligated school bond debt reimbursement; opposes an extension to the school bond debt reimbursement moratorium; and supports a careful and deliberate reform of State support of school construction and maintenance.

2020-18 The Alaska Municipal League considers unacceptable the reductions to funding for the Alaska Marine Highway System in FY20 and the changes to the winter schedule for many ferry-dependent communities; and that the Alaska Municipal League opposes any further reduction to the System's budget and supports reform that is sustainable and responsive to the needs of coastal communities.

2020-19 The Alaska Municipal League opposes any further reductions to Community Assistance and supports a veto override of recapitalization or an appropriation to the Community Assistance Fund that would bring the Fund total back up to \$90 million.

2020-20 The Alaska Municipal League urges full funding by the Governor and the Alaska Legislature for the State of Alaska's Municipal Harbor Facility Grant Program in the FY21 Budget in order to ensure enhanced safety and economic prosperity among Alaskan coastal communities.

2020-23 The Alaska Municipal League urges the Alaska Legislature to override the \$5 Million veto of AMHS funding for FY2020.

To: The Honorable Stephen Prysunka  
The Wrangell Borough Assembly  
Lisa Von Borgen, Borough Manager

From: Brad Gilman & Sebastian O’Kelly

Re: Washington Update

Date: January 6, 2020

**1. FY 2020 Appropriations:** The President and Congress reached an agreement on funding the Federal government for FY 2020 through two funding packages, one containing four appropriations bills, the other eight. The bills total \$1.45 trillion in defense and non-defense appropriated spending (including emergencies, overseas military operations, and the decadal Census), an increase of nearly 5 percent from FY 2019 levels.

**2. SRS/PILT:** The final FY 2020 funding package includes a two year extension of SRS funding as well as full funding for PILT for FY 2020. The Borough can expect its next SRS payment sometime in the early part of this year (given that the extension occurred so late in 2019 there might be some delay) and PILT payment in early to mid-summer. Hearings were held in the Senate on the Small County PILT Parity Act to increase payments to current PILT-receiving localities with populations of less than 5,000. That bill has moved through Committee and awaits floor consideration this year.

**3. Dredging/Other Harbor Issues:** The final FY 2020 funding package includes \$8 million for the Army Corps’ Section 107 – Small Navigation Projects Program, the program that has been funding a number of the small harbor breakwater and dredging projects in Alaska. Legislation that would have permanently dedicated Harbor Maintenance Tax (HMT) collections to Army Corps operations & maintenance dredging failed to pass. Enactment of the bill would assure a dedicated and increased stream of funding (about 10-15 percent above current appropriations) for Army Corps O & M projects. We anticipate a WRDA bill being developed and moving this year which could include the HMT dedication bill.

**4. Infrastructure:** As reported previously, the President and the Congress did not come to an agreement on a large-scale infrastructure package. The issue may re-emerge this year. Separately, there is speculation that the Senate may take up reauthorization of the Federal highway and surface transportation programs shortly after the impeachment debate has concluded. As discussed in our last report, legislation has been reported from the Environment & Public Works Committee that would: authorize \$287 billion in spending over 5 years, mostly for traditional transportation formula programs but does include new funding for bridge, emissions, and infrastructure resiliency programs. This amount would represent an average annual increase of 5 percent above projected funding levels under existing law. The bill expands transportation funding levels to the State of Alaska under the highway trust fund formula; increases funding for the Ferry Boat Program for ferry and terminal construction; and increases funding for the Tribal Transportation Program. It includes a provision inserted by Senator Sullivan that stipulates that rural, off-the-road system waterfront infrastructure, barge, and dock

projects are eligible for funding under the Surface Transportation Block Grant Program to the States. The House Transportation & Infrastructure Committee has yet to develop a highway reauthorization bill. The current authorization expires October 1.

**5. Arctic Issues:** Senator Murkowski, Senator Sullivan and Rep. Young have been active on Arctic issues on a number of legislative fronts. The Senate Commerce, Science & Transportation Committee has voted out S. 2786 – The Arctic Shipping Federal Advisory Committee Act – legislation that creates a 15 member advisory body of stakeholders to advise the Secretary of Transportation on Arctic maritime transportation policy, commercial traffic and safety. The annual defense authorization bill requires four reports by the Department of Defense advocated for by the Alaska Delegation – one on activities by Russia and China in the Arctic; the second on investment by China in Arctic nations and its strategic implication for the U.S.; the third on DOD’s implementation of the 2016 Arctic Strategy; and the fourth on potential sites in Alaska for a strategic seaport designation. The FY 2020 funding package includes language directing the Department of Energy to re-establish the Arctic Energy Office. It also includes \$100 million for long lead-time materials for design and construction of the second Coast Guard Polar Security Cutter as well as funding for a service life extension for the POLAR STAR. Senator Sullivan chaired a subcommittee hearing where he continued to press the Coast Guard for greater commitment and investment in the Arctic, including establishment of a deep water port in Alaska. He also announced the formation of a Senate Coast Guard Caucus which he will co-chair with Senator Markey (D-MA). Lastly, Senators Sullivan, Murkowski and King (I-ME) have introduced S. 3080, the Arctic Naval Focus Act of 2019, legislation that among other requirements would direct the Departments of Defense and Homeland Security to develop a detailed plan within one year for an operational and strategic support system for Arctic Naval surface operations.

**6. Essential Air Service (EAS):** The FY 2020 funding package includes full funding for the EAS program.

**7. Health Care “Cadillac Tax:”** Congress has enacted legislation that permanently repeals the Federal excise tax on high-cost health care plans.

**8. Opportunity Zones:** In December, the Treasury Department and IRS issued final guidance on implementing the Opportunity Zone tax incentive created by the Tax Cuts & Jobs Act of 2017. The incentive allows for the deferral or avoidance of a portion of capital gains taxes for an investment fund (“Qualified Opportunity Fund”) that invests in businesses located in a designated Opportunity Zone. Wrangell has been designated as an Opportunity Zone. The standards for creating, and tax benefits of investing in a Fund, are detailed and complex and can be best understood by referring to FAQs that have been published by the IRS -- <https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions#designated>

**9. Dam Safety Funding:** The FY 2020 funding package provides level funding of \$10 million to FEMA’s High Hazard Dam Safety Grants Program.

**10. Roadless Rule/Tongass National Forest:** The USDA has published a draft Environmental Impact Statement (EIS) for the Alaska-specific Roadless Rule for the Tongass



National Forest, with a goal of issuing a final EIS later this year. The FY 2020 funding package carries over prior year provisions governing Alaska red and yellow cedar timber sales and inventorying of young growth forest in the Tongass. It includes language encouraging the Administration to seek tariff relief on timber exports in its trade negotiations with China.

## 11. Fisheries & Oceans

- Pink Salmon Disaster Funding:** The application deadlines for pink salmon disaster relief have changed since our last report, with the deadlines for fishing vessel crew extended. The \$2.4 million set aside for local governments for foregone fish taxes remains delayed. Senator Sullivan has added language to fisheries disaster reform legislation (see below) to address this issue in the future. Details and FAQs on application procedures, formulas and deadlines can be found here -- <http://www.psmfc.org/wp-content/uploads/2019/11/FAQs-Pink-Salmon-Disaster-Program-1120.pdf>
- Critical Habitat Designation For Humpback Whales:** NMFS has come out with proposed critical habitat designations for three ESA-listed distinct population (DPS) segments of humpback whales. The Mexican DPS has habitat listed in SE Alaska while the Western North Pacific DPS includes Kodiak and the Aleutians. Fishery actions (primarily pot gear entanglements but gillnets are referenced too) and ship strikes are identified as threats to the species based on past observed harm or mortality to the whales. The proposed rule is being driven as the result of a settlement agreement from a lawsuit by the Center for Biological Diversity. The text of the rule, including maps, is at the link -- <https://www.govinfo.gov/content/pkg/FR-2019-10-09/pdf/2019-21186.pdf>
- U.S.-China Seafood Trade:** The U.S. and China have announced a limited Phase I agreement. The fact sheet from the U.S. Trade Representative states that China has agreed to purchase \$50 billion of U.S. agricultural products, listing U.S. seafood as one of the commodity products. There is currently no text available on the agreement, and no explanation about how these commodities will be selected for purchase. There is currently a 42% tariff imposed by China on Alaska-produced pollock products, eliminating it as an export commodity to China. The recently announced agreement delays the imposition of a retaliatory tariff on twice frozen Russian pollock block processed in China and exported to the U.S.
- Alaska-British Columbia Transboundary Waters:** The FY 2020 funding package includes \$3 million for the U.S. Geological Survey to continue work on addressing transboundary water quality and monitoring, including installation of stream gauges and development of a water quality baseline. The Survey is directed to work closely with area tribes, other stakeholders and Federal agencies in this effort.
- NMFS Alaska/West Coast Groundfish Surveys:** The FY 2020 funding package provides an additional \$2 million to restore the Alaska and West Coast fishery surveys. Report language calls for no less than five vessels for Alaskan bottom trawl surveys and cooperative research, and no less than four vessels for West Coast groundfish surveys. It



also requires NMFS to provide the Committee with a detailed accounting of how funding within Fisheries Data Collections, Surveys and Assessments will be allocated by region for fisheries surveys and assessments as well as how that compares with the levels provided in fiscal years 2017, 2018, and 2019.

- **House Fisheries & Oceans Legislative Package:** The House has bundled and passed several fisheries and oceans bills as one piece of legislation (HR 729). They include: the Digital Coast Act to further digitize coastal and ocean mapping; a six year reauthorization of NOAA's Sea Grant Program at five percent annual increases in funding; a five year reauthorization of the Integrated Coastal & Ocean Observation Systems Act to strengthen the nation's ocean observing systems by implementing an advanced observing technology development program, models to improve regional weather forecasting capabilities and products, and reviews of data collection procedures; the Living Shorelines Act of 2019 to authorize a \$50 million annual grant program to state, local, and tribal governments and non-profits for climate-resilient projects that restore or stabilize shorelines with buffers using natural materials to minimize the impact of storms and flooding; and the National Fish Habitat Conservation Through Partnerships Act to establish a 25 member National Fish Habitat Board to set national goals for the conservation of fish habitat as well as formalize and designate multi-stakeholder group efforts as Fish Habitat Partnerships.
- **Salmon & Seafood Labeling:** The FY 2020 funding package includes language that requires labeling of genetically-engineered salmon as such. It also encourages USDA to engage with stakeholders about the feasibility of establishing an organic food certification for wild-caught seafood. Lastly, it raises concern about the misrepresentation of imitation seafood products and directs the FDA to work with the seafood industry on the accurate and proper labeling of seafood products.
- **Pacific Salmon Treaty:** The FY 2020 funding package includes over \$40 million in funding for Treaty monitoring, reporting, mitigation, and compliance.
- **Pebble Mine:** The FY 2020 funding package includes report language expressing concern over the Corps' draft EIS for not adequately assessing the project's fisheries impacts in Bristol Bay and considering the viewpoints of other Federal agencies.
- **Fish Grinding Standards For Shoreside Processors:** Current EPA standards require that shoreside processors grind discharge fish waster to a one-half inch standard in any dimension. The FY 2020 funding package seeks to provide some dimensional flexibility to this standard by encouraging the EPA to employ a best available technology or practices in monitoring compliance.
- **Chitosan:** The FY 2020 funding package includes language urging the EPA to consider on a timely basis a petition to place chitosan, a chemical compound derived from crab shells, on the Minimum Risk Pesticide List. If granted by the EPA, the placement on the list would reduce regulatory burdens on the seafood industry.

- West Coast Groundfish Buyback:** There was roughly a 20 month delay between the time the West Coast Buyback Loan for groundfish vessels operating off CA, OR and WA was initiated and the implementation of the loan repayment program. Interest accrued during the delay and was then added to the loan amount. The FY 2020 Commerce-Justice-State appropriation title of the funding package includes statutory language to require the Federal Government to conduct a loan re-estimate that will account for the initial 20 month interest on the original loan, and all interest then accrued on the portion of that initial interest. It does not impact the original principal on the West Coast Buyback loan. The statutory language waives the payment of the interest from the delay, and subsequent interest accruing on the interest from the delay. The preliminary estimate from the Congressional Budget Office is that interest amounting to \$5-10 million will be forgiven.
- EEZ Ocean Mapping:** President Trump has issued an MOU to the relevant Cabinet Departments and agencies directing them to further map the U.S. EEZ for future economic development such as minerals and energy development, as well as identifying areas of particular conservation value. Less than half the EEZ has been mapped. The MOU includes a specific section that focuses on the Arctic and EEZ off Alaska, including updated nearshore and shoreline maps for the region. The MOU asks that a strategy for implementation be submitted to the White House in 180 days.
- Electronic Nautical & Navigational Charts:** NOAA has issued a public notice that it intends to phase out production of all paper nautical and navigational charts over the next five years and move to a fully electronic charts system. Paper charts go all the way back to the mid-1800s, are more costly to produce, and increasingly less relied upon by mariners in favor of electronic versions. Link to the notice is here, with public comments due by Feb 1 -- <https://www.govinfo.gov/content/pkg/FR-2019-11-15/pdf/2019-24807.pdf>
- Magnuson-Stevens Act (MSA) Reauthorization:** House Chairman Jared Huffman (D-CA) continues to hold “listening sessions” with fisheries stakeholders as he works on development of an MSA reauthorization proposal, with the latest session held in Seattle (none have been held in Alaska so far), to be unveiled next spring. Themes that have been echoed in these sessions include the need for greater protection of forage fish; improvements in data collection; and a better understanding of the impact of climate change on our fisheries. The Senate has been quiet on the issue.
- Distant Water Fishing Fleet Report:** The Stimson Center, a Washington, DC-based think tank, has published a report on the makeup and growth of the distant water fishing fleet. At 40 percent, China has the largest distant water fishing fleet, and has grown rapidly in recent years, with Taiwan 2<sup>nd</sup> at 21 percent. The U.S. is ranked 6<sup>th</sup> at just over 3 percent. The report also identifies many fishery management problems with the distant water fleet, particularly from Asian nations, such as weak reporting and monitoring, lack of transparency, inadequate or no quotas, and predatory joint venture agreements with developing countries that disadvantage those countries local fleets or development of a domestic fishing industry. The full report can be found at the link --

<https://www.stimson.org/sites/default/files/file-attachments/Stimson%20Distant%20Water%20Fishing%20Report.pdf>

- **NOAA Arctic Report Card:** NOAA has issued its annual report card on climactic and oceanic observations for 2019 in the Arctic. Its highlights include -- Arctic average land surface temperatures were second warmest since 1900; Arctic sea ice extent at the end of the summer was the second-lowest since satellite observations began in 1979; and loss of sea ice and changes in ocean bottom temperature is causing continued migration north of a number of fish species. The report includes a special section on the Bering Sea. Among this section's findings include that in both 2018 and 2019 there was a pronounced shift of both pollock and Pacific cod northward over the Bering Sea shelf.
- **Sharks:** The House has passed H.R. 737, the "Shark Fin Sales Elimination Act." This legislation would make the possession, sale, and purchase of shark fins illegal acts in the United States. Sharks could be landed but the fins are required to be sent to the landfill. Companion legislation has been introduced in the Senate and voted out of the Senate Commerce Committee.
- **Short-tailed Albatross:** The U.S. Fish & Wildlife Service (USFWS) has announced a five year status review of this bird's population status, seeking collection of the latest scientific data on this endangered species. The fisheries concern is that the birds have the potential to dive and get caught on long-line hooks, although the industry has been employing successful prevention techniques for years. Public comments must be submitted by January 21.
- **Sea Otters:** The U.S. Fish & Wildlife Service (USFWS) has also announced a five year status review of the population status for the Southwest Alaska Distinct Population Segment of the Northern Sea Otter, seeking collection of the latest scientific data on this threatened species which ranges out the Aleutian chain. The growth in sea otter populations in Southeast Alaska has had a detrimental impact on nearshore crab and urchin fisheries. Public comments must also be submitted by January 21. Details on both the otter and albatross reviews can be found here – <https://www.federalregister.gov/documents/2019/11/21/2019-25227/endangered-and-threatened-wildlife-and-plants-initiation-of-5-year-status-reviews-of-the>
- **Salmon Conservation Areas (SCAs) Bill:** Legislation has been introduced in the House (HR 4723 -- Salmon Focused Investments in Sustainable Habitats Act of 2019" or the "Fish Act of 2019") that would establish SCAs to better protect salmon habitat from the impacts of resource development. The bill also establishes a \$30 million annual grant program for salmon habitat conservation and restoration work. There is no counterpart Senate bill yet.
- **Coral Reefs Protection Bill:** The Senate Committee on Commerce, Science, and Transportation has S. 2429, the "Restoring Resilient Reefs Act of 2019." The bill would authorize Federal funding and technical assistance for enhanced assessment and reporting procedures to measure, and analyze coral reef interventions as well as authorize

emergency funds to assure rapid and effective responses to coral reef emergencies including disease outbreaks, invasive species, and coral bleaching.

- **Fisheries Disaster Reform Legislation:** The Senate Commerce, Science, and Transportation Committee has marked up -- S. 2346, “Fishery Failures: Urgently Needed Disaster Declarations Act” -- aimed at reforming and expediting the Federal fisheries disaster relief process. The bill puts in place greater public transparency as well as deadlines for Federal review of State fishery disaster requests and approval of disaster relief spend plans. Language was added at the request of Senator Sullivan that explicitly makes eligible reimbursement to local governments of foregone fish tax revenues should a State include it as part of a fisheries disaster spend plan.
- **National Fish & Wildlife Foundation (NFWF):** Rep. Young has co-authored introduction of legislation to reauthorize NFWF, a Federally-chartered non-profit corporation that provides funding and grants for wildlife conservation and restoration projects through public-private partnerships. The bill makes some changes to the Foundation’s board structure and management procedures and reauthorizes funding the Foundation receives from Federal natural resource agencies through 2024.
- **Save Our Seas Act 2.0:** The Senate Commerce, Science, and Transportation Committee marked up Senator Sullivan’s bill to reduce plastic marine debris in our oceans.
- **Illegal, Unreported & Unregulated (IUU) Fishing:** The annual defense bill includes provisions (The Maritime SAFE Act) to ramp up better monitoring, tracing, and enforcement of activities by primarily foreign fishing fleets that engage in IUU fishing. It includes reporting on human trafficking in the seafood import supply chain; creation of an inter-agency workgroup to combat IUU fishing; improved transparency and traceability standards, including new technologies for testing, of seafood imports; and direction to the Depts of State and Commerce, including engagement of U.S. overseas missions and coordination with international organizations, to assist foreign nations in IUU fishing prevention enforcement off their coasts.
- **Proposed U.S. Tariffs On European Union (EU) Imports (including fish):** The U.S. Trade Representative has released a proposed list of items for increased tariffs, now open for public comment until Jan 13, on imports from certain EU countries. The list includes fish products in Annex II, including salmon imports. The proposal does not specify the tariff amounts but notes they could be as high as 100 percent. The proposal makes clear that there is a linkage between the imposition of the tariffs and the Large Civil Aircraft dispute the U.S. has with the EU. In other words, the Trade Representative is likely to drop the proposal should an agreement be reached with Europe on the aircraft dispute. <https://www.federalregister.gov/documents/2019/12/12/2019-26741/review-of-action-enforcement-of-us-wto-rights-in-large-civil-aircraft-dispute>
- **Regional Oceans Partnerships Bills:** Legislation has been introduced in the House and Senate to establish four Regional Ocean Partnerships made of regional groupings of lower 48 coastal states. The Partnerships would serve as multi-state coordinating bodies

to develop strategies to conserve shared living resources, increase valuable habitats, enhance coastal resilience, and manage regional data collection. The Partnerships would not have regulatory authority. Funding is authorized at \$10 million per year.

- **Marine Protected Areas:** U.S. State Department officials are currently engaged in negotiations over “Biodiversity Beyond Natural Jurisdictions” or BBNJ. This initiative is in the form of an international legally-binding treaty being developed at the United Nations at the behest of European Union nations and environmental groups to set up a centralized authority to designate where marine protected areas will be placed in the ocean outside the boundaries of coastal nations, including off nations like the U.S. that are not a party to the Law of the Sea Convention. The treaty is currently being drafted and text should be available to the public in January 2020. The treaty will cover four key areas (MPAs, genetic resources, environmental assessments and capacity building/marine technology). The biggest focus appears to be international no-fishing zones. The U.S. is not currently supportive of the proposed treaty, joining Japan, China, Russia, Iceland and S. Korea in opposition. Canada, Norway, Latin America and the EU are supporting treaty negotiations. The UN needs a 2/3rds vote to finalize the treaty, and we’ve been informed the votes may be there to move it forward. Questions have been raised about the intersection with Arctic resources and the Antiquities Act in U.S. waters.



## CITY AND BOROUGH OF WRANGELL

INCORPORATED MAY 30, 2008

P.O. BOX 531 (907)-874-2381  
Wrangell, AK 99929 FAX (907)-874-3952

### FY 2021/FY 2022 Budget Calendar

January 24	Online Access to Accounts & Budget Module for Department Directors
February 21	Detailed Budget Submittals Due from Departments
	Finalized CIP/MM Requests Due from Departments & School District
February 26	Draft Operational Budget Due from Finance
March 2-6 & 9-10	Department Budget Meetings w/ Manager & Finance Director
March 16	CIP/MM Due from Capital Facilities
April 1	Target Date for FY 2021 School Budget Submittal to CBW
March 23	Draft Budget Due from Finance
March 23-27	Draft Budget Review by Departments
April 6	Draft Budget Submitted to Assembly for Review
April 15-16	Assembly Budget Work Sessions
April 21-23	Assembly Budget Work Sessions
April 29-30	Assembly Budget Work Sessions
April 30	Target Date for FY 2021 School Budget - Local Contribution Notification
May 1	Statutorily Required Date for FY 2021 School Budget Submittal to CBW
May 5	Final Budget Submitted to Assembly
May 12	Official Budget Public Hearing; Regular Assembly Meeting
May 30	Statutorily Required Date for School Budget - Local Contribution Notification
May 19	Assembly Budget Work Session (Reserved if needed following Public Hearing)
May 26	Budget Adoption by Assembly; Regular Assembly Meeting
June 30	Statutorily Required Date for Local School Contribution Appropriation