

**LAKE AND PENINSULA BOROUGH  
REGULAR ASSEMBLY MEETING  
Tuesday, March 15, 2016 11:00 a.m.**

Assembly: Mayor Glen Alsworth  
Randy Alvarez  
Scott Anderson  
Myra Olsen  
Alvin Pedersen  
Michelle Pope-Ravenmoon  
Christina Salmon

Staff: Kate Conley, Clerk  
Susan Edwards, Finance Officer  
Nathan Hill, Borough Manager

Guests: Bob Loeffler, Consultant to the Borough  
Ty Mase, Superintendent, LPSD  
Verna Kolyaha, Pedro Bay AK  
George Jacko, Pedro Bay AK  
John Coleman, NWA Outfitters, via teleconference  
Mark Wright, NWA Outfitters, via teleconference  
Chuck McCallum, Fisheries Advisor, via teleconference

**A. CALL TO ORDER**

The regular meeting of the Lake and Peninsula Borough Assembly was called to order by Mayor Glen R. Alsworth, Sr. on Tuesday March 15, 2016 at 11:00 a.m. in King Salmon AK.

**B. ROLL CALL**

A quorum was established with Mayor Glen R. Alsworth, Sr. and Assembly members Randy Alvarez, Alvin Pedersen, Michelle Pope-Ravenmoon, and Christina Salmon were present. Assembly members Scott Anderson and Myra Olsen joined the meeting at 1:17 pm due to travel delays.

**C. APPROVAL OF AGENDA –**

Motion was made by Assembly member Pedersen and seconded by Assembly member Salmon to approve the agenda of March 13, 2016 as presented. The Mayor asked that the budget workshop be suspended until Assembly members Olsen and Anderson arrive. Motion passed unanimously by voice vote.

**D. WORKSHOP – Borough Budget FY17**

Nathan Hill, Borough Manager began by explaining that the School District and Borough have been working with Bob Loeffler to better understand the budget and come up with short term and long term plans. Bob Loeffler said he spent last Thursday with Superintendent Ty Mase and Business Manager, Laura Hylton. He said he is still working to understand the numbers they gave him and was not prepared to give an analysis. He said that one question he has been asked he is prepared to address, which is what closing a school does to the school district's budget. He said he did a prototype of an imaginary school and passed out an informational sheet. It can cost about \$250K to close a school. There is more revenue lost than saved by not spending for building, students and teachers. Even though there are no longer expenses for the site, there are still existing expenses such as the district offices, that now much be spread over more students. If the District knows they won't be opening a school in the spring then they don't hire teachers, but if you have to close the school in the fall, then the district has to pay the salary for the entire year. The Mayor asked how much is lost each year after the first year a school is closed? Mr. Loeffler said that is difficult to answer due to the nature of school funding. Mr. Mase said that the intent

to enroll forms are due April 1<sup>st</sup>. There was a discussion of cost to educate students in remote locales versus cities and their performance on standardized tests.

Susan Edwards, Borough Finance Officer passed out the latest version of the draft budget. She said the biggest point about revenue is “what is the state going to do?” Revenue Sharing is 20% of budget and there is a good chance it is going away in the next three years. The Borough will receive about \$400,000 this coming year, then \$200,000 next year. She explained that the Borough will have to make do with less and do less for the next 3 to 5 years. The Mayor said that the Borough has been very faithful to pass money through to the villages. Ms. Edwards said that this budget is pretty bare bones. There is projected to be about 8% less expenses this coming year, than this year. While additional expenses are likely to arise, like the BOF meetings, there are also cost cuts like having more teleconference meetings. Mr. Hill said that the message for the Assembly is that the administration is approaching the point where everything that can be cut has been cut. In the coming months we will be defining the gap and proposing the short term solution. Mayor asked if the savings for not filling the CDC position was included in this version of the draft budget. Ms. Edwards said the position is not included and the associated savings is accounted for in this draft. Mayor Alsworth asked for a menu of expenses that are mandatory and those that are discretionary. He said there are decisions that are already made and we can’t change that will continue to cost money. The budget is short \$1million in revenue. Mr. Hill asked the Assembly if they wanted more information, or if they wanted the information presented in a different way. He said he wants to be able to present the facts and for the Assembly to know the information. His goal is for the Assembly to be informed and able to better communicate with the Staff and have a good understanding of how the budget works. The Mayor asked about the 20% of fish tax that, by code, is to be put into the general fund. He asked to see a projection of the budget and the accounts over the next five years. Assembly member Alvarez asked to see the whole school district budget. Mayor Alsworth said he would like to see the percentage of pass thru funds. Assembly member Alvarez asked if it would save money to have two airplanes pick up people for meetings. He asked staff to consider putting out two bids for travel.

#### **E. APPROVAL OF MINUTES**

Motion was made by Assembly member Pedersen and seconded by Assembly member Salmon to approve the January 26, 2016 and the February 15, 2016 minutes. The Mayor called for errors. None were noted. Motion passed unanimously by voice vote.

#### **F. MANAGER’S & STAFF REPORTS**

- 1. Introduction of Guests** – The mayor asked the clerk to introduce those on the teleconference. on line: Mark Wright with NWA, Verna Kolyaha in Pedro Bay, John Coleman with NWA, Chuck McCallum
- 2. Manager’s Report** – Nathan Hill said he had no additions from the written report presented in the packet. He explained that the Chignik Dock construction contract has been awarded, but no construction schedule is available yet. There will be a pre-construction meeting later in March and a schedule will be available at the next meeting. Mr. Hill told the Assembly he will be travelling to Juneau on the 23<sup>rd</sup> of March and asked if the Assembly has any questions or concerns for him to address with legislators. While in Juneau he will also be meeting with DOT on the Chignik dock project. The Mayor said he has chosen to write a letter to legislators rather than visit and spend money the Borough doesn’t have to request money the legislature doesn’t have to give. Mr. Hill told the Assembly that the CDC position was posted, but without secure revenue and state and borough in flux, he suggested it may be best for the Borough to hold off on hiring at this time. He explained that the responsibilities have been divvied up to staff and all will be handled for now. He added that not filling the position may save money for now. He asked the Assembly for questions and comments. It was noted that this is 20% of staff. The Mayor said the cost savings may be helpful until a revenue projection is set. When the budget is in balance the Assembly can reconsider. Mr. Hill said that if assistance is needed with grant writing, the needs can be farmed out to local people. He added that the borough

doesn't have the ability to do a lot of planning because of budget constraints. Assembly and Planning Commission meetings are mostly going to be teleconferences in the future. He explained that the administration will be adapting and flowing to save as much money as possible.

The Mayor asked about photos of the Iliamna dock area included in the packet. Mr. Hill explained that the contractor did not remove all the "I" beams from the water and wherever there is a buoy in the photo, there is a piece of metal sticking up from the lake bed. He said that there are letters around the town of Iliamna and Newhalen explaining the dangers.

### **3. Consultant's Report**

Mr. Loeffler discussed the exploration in the Chignik area by Millrock. They drilled on possible sites last year and they did not find anything. They do not have any plans to drill more test holes this summer. Millrock will make a deposit, as contracted, to the BBNA scholarship fund, but no actual work will be done. Mr. Loeffler said he would put this into a written report to be given to the village councils in the Chignik area and to Perryville.

### **4. Community Development Coordinator's Report**

Kate Conley reported that there are no permits to be considered. The CAPSIS and CIP list was completed by Ranya while she was employed with the Borough. Ms. Edwards said that a report on the Scrap haul-out project is included in the finance report. Ms. Edwards said that the CIAP grant which funds the scrap haul-out project is due in December and she projected the project to be at 80% to 90% complete by June.

### **5. Planning Commission Minutes**

No discussion

### **6. Fishery Report**

Chuck McCallum said he has been contacted by some fishermen concerned about a bill in the legislature. HB198 is calling for 12.5% royalty of fish. Mr. McCallum said that is an outrageous tax and not possible. He has been advised that the bill won't proceed through the process. Mayor Alsworth asked about the legislation to create a regional permit bank. Mr. McCallum said this legislation would create the ability for a region to have a permit bank to hold salmon permits for the residents of the region. Assembly member Alvarez said, as he understood that limited entry permits cannot be owned by a corporation. They can only be held by a person. Mr. McCallum said that one of the features of the current law is that banks and IRS cannot hold them so they cannot be repossessed. The new legislation will need to be carefully crafted to allow permits to be held by residents or regional banks, not banking entities. This legislation has a potential for helping rural communities recover from the impact of the current fishing permit system. He said it is probably impossible for this bill to get passed this legislative session, due to its complexity and late start, but he will follow it closely. He added that many villages and cities have already signed resolutions, but he said he recommends the Borough to wait to take action. Assembly member Alvarez asked, if there is a permit bank, who will have the say in how they are distributed? Mr. McCallum said he discussed this with the author of the bill. The original plan was to issue the permits by region, but changed the bill so they could be issued to more than one community if it is good for those represented.

Mr. McCallum said that Bruce Barrett was very helpful during the Board of Fish meeting and helped the representatives from Lake and Peninsula Borough. Assembly member Olsen agreed

and suggested thanking Mr. Barrett. Motion was made by Assembly member Olsen to give Bruce Barrett a \$1000 honorarium for his work at the Board of Fish meeting. Motion was seconded by Assembly member Pedersen. The Mayor asked Ms. Edwards where in the budget these funds would come from. Ms. Edwards said she can take the \$1000 from the fisheries budget. Motion passed unanimously by voice vote.

## **7. Finance Report**

Ms. Susan Edwards, Finance Officer, said that not much has changed since last meeting. The ramifications of the poor fishing season are that the lease payments are slow in being paid. Meanwhile, the staff is doing everything possible to not spend money, but revenue is slow coming in. Assembly member Alvarez noted that fish tax is currently at approximately \$1 million for the fiscal year, thus far. Ms. Edwards said that the historical median is \$1 million for fish tax revenue, and added that the year to date collection is since July 1, so there may be additional revenue received in June, it just depends on if the fish are early or late. Assembly member Alvarez ask abbot the line item "raw fish tax receivable" which is listed at \$393,000, is calculated. Ms. Edwards said that that is probably State revenue sharing. The Mayor asked why the line item "bed tax" shows a minus number. Ms. Edwards said that the \$10,500 listed is one twelfth of the total and is entered as an accounting number, though bed tax is not received in an even manner.

## **8. Lobbyist's Report**

Mark Hickey, Borough Lobbyist, submitted two written reports. There was discussion that the legislature would only be working on budget related items until the budget is passed, and then they can address other issues. The current price of a barrel of oil is \$36.45.

The meeting was recessed at 12:00 pm for lunch.

The meeting was reconvened at 12:45 pm.

## **9. Clerk's Report**

Borough Clerk, Kate Conley reminded the Assembly to get their APOC Financial Disclosure statements completed and filed. Assembly member Ravenmoon said it is a privilege to serve on the Assembly and she enjoys attending events such as the recent ribbon cutting ceremony in Newhalen. She was told she could not attend because it was too expensive to fly in a pick her up from Pope Vannoy. Assembly member Ravenmoon said she knows it is expensive to pick her up. She would like to figure out a democratic way for determining who attends special events, rather than choosing the least expensive or the most convenient. Mr. Hill suggested developing a systematic approach for how to send people to special events. Assembly member Alvarez said there was a small contingent who attended the ribbon cutting in Newhalen. Mr. Hill said that events happen regionally and there was a discussion on how to choose which Assembly members attend special events. There was a discussion of how Assembly member Ravenmoon travels from Pope Vannoy to meetings.

## **10. School Superintendent's Report**

Ty Mase passed out a document explaining that the school board requested that the Assembly receive a list of cuts and a letter explaining them. He said that LPSD is fortunate to be in a Borough. In the last several years the district has cut back on a lot of things. The recent legislative cuts will be especially hard on REAAs and those school districts not in a Borough. Legislation will be coming out soon to reform PERS and TERS and that may cost the district more. He said that he realizes the Borough put themselves in deficit for the school budget last year and he wants people to know that. The district has cut some personnel thru attrition. The average turn-over rate is 18% and this year there will be a large group of teachers leaving the district. The district did not have tutors this year, and in the past they were able to have the tutors prepared to accept open positions, but this year the district will have to recruit. They have 15 openings this year, and seven have already been filled.

The administration is struggling with whether to staff Chignik Bay as it may not meet minimum enroll. Pilot Point is also in danger of not opening. The district is watching the budget very closely as decisions are made. Overall, the student enrollment has been fairly stable at 300. Assembly member Ravenmoon asked if, in the next five years, the district foresees an increase or a decrease. Mr. Mase said that the trend is less relevant than whether students are happy. There will be a breaking point where parents want something more and better for their children, or things will just be too expensive. It is getting harder each year to live in the villages. He said he can only hope that if the district maintains a good education, they will maintain population in the villages. He added that there are a lot of little ones who will be entering school and that is encouraging. Mr. Mase said that Ed and Cal Cox from Nondalton are retiring this year after ten years with the district and he encouraged everyone to wish them well if they see them in the coming months.

#### **11. Student Representative Report**

No students were present.

#### **G. CONSENT AGENDA – none**

#### **H. NEW BUSINESS**

##### **1. Ordinance 16-01: 25 year Land Lease for NWA Outfitters, LLC – Public Hearing & Decision**

Assembly member Olsen made a motion to open the public hearing for Ordinance 16-01: A 25 Year Land Lease to NWA Outfitters, LLC. Motion was seconded by Assembly member Pedersen. Motion passed unanimously by voice vote. The public hearing was declared open at 1:07 pm. The Mayor asked if the ordinance had been properly posted. The Clerk reported it had been posted as per code and no comments had been received prior to the meeting either in writing or via the telephone. The Mayor called for comments. Ms. Edwards said that the staff recommends approval. There were no further comments. Motion was made by Assembly member Alvarez to close the public hearing. Motion was seconded by Assembly member Ravenmoon. Motion passed unanimously by voice vote. The public hearing was closed at 1:09 pm

Motion was made by Assembly member Ravenmoon to adopt Ordinance 16-01: A 25 Year Land Lease to NWA Outfitters, LLC. Motion was seconded by Assembly member Salmon. The Mayor called for conflict of interest. The Mayor declared he works for this company and asked to be excused from voting. Consensus of the Assembly was to allow Mayor Alsworth to abstain from voting. Assembly member Ravenmoon chaired the meeting. She called for discussion. There was none. Motion passed with four ayes (Alvarez, Pedersen, Ravenmoon, Salmon), two absent (Anderson, Olsen) and one abstention (Alsworth). The Mayor reclaimed the chair.

##### **2. Ordinance 16-02: 5 year Land Lease for F & J Hoff - Public Hearing & Decision**

Assembly member Salmon made a motion to open the public hearing for Ordinance 16-02: A 5 year Lease to F & J Hoff. Motion was seconded by Assembly member Pedersen. The public hearing was declared open at 1:15 pm. The Mayor asked if the ordinance had been properly posted. The Clerk reported it had been posted as per code and no comments had been received prior to the meeting either in writing or via the telephone. The Mayor called for comments. Ms. Edwards said that the staff recommends approval. There were no further comments. Motion was made by Assembly member Ravenmoon to close the public hearing. Motion was seconded by Assembly member Salmon. Motion passed unanimously by voice vote. The public hearing was closed at 1:16 pm

Assembly members Anderson and Olsen joined the meeting at 1:17 pm.

Motion was made by Assembly member Pederson to adopt Ordinance 16-02: A 5 Year Land Lease to F & J Hoff. Motion was seconded by Assembly member Ravenmoon. The Mayor called for conflict of interest. None was declared. The Mayor called for discussion. There was none. Motion passed with seven ayes (Alsworth, Alvarez, Anderson, Olsen, Pedersen, Ravenmoon, Salmon)

**3. Ordinance 16-03: FY2016 Budget Amendment - Introduction**

Motion was made by Assembly member Ravenmoon to introduce Ordinance 16-03: FY2016 Budget Amendment and set a public hearing. Motion was seconded by Assembly member Salmon. The Mayor called for discussion. There was none. Motion passed unanimously by voice vote.

**4. Resolution 16-06 re: Support of Legislation Improving Alaskan's Access to Fisheries**

Mayor Alsworth said that, per the discussion earlier during the Fishery Advisor report, Chuck McCallum does not recommend passage of this resolution at this time. No action was taken.

**5. Resolution 16-07 re: Support of Extending the Termination date of the ARDOR**

Motion was made by Assembly member Pedersen to adopt Resolution 16-07. Motion was seconded by Assembly member Salmon. The Mayor explained that this resolution is asking the legislature to approve a five year extension to the statutes that allowed for the creation of SWAMC. There was no further discussion. Motion passed unanimously by voice vote.

**6. Appointment to the SWAMC Board**

Motion was made by Assembly member Salmon to appoint Assembly member Myra Olsen to the SWAMC board. Motion was seconded by Assembly member Pedersen. Assembly member Olsen agreed to accept the position. Motion passed unanimously by voice vote.

**I. UNFINISHED BUSINESS** – none

**J. TIME AND PLACE OF NEXT MEETING** Regular Meeting, April 13, 2016 – Newhalen (AA Meet with the students)

Ms. Conley explained that the next meeting would be in Newhalen at the AA Meet with the students and should be only one day for the members in the north, but members from the south may have to spend the night in King Salmon. There was some discussion of logistics.

**K. CITIZEN'S COMMENTS** - none

**L. ASSEMBLY COMMENTS**

**Randy Alvarez** – said a reporter from the Associated Press has called and wants to discuss the dead birds he saw while flying to and from the ribbon cutting event in Newhalen in February. Assembly member Anderson said there were a lot of dead birds in Port Heiden as well. The Mayor said there were a lot of Murres dead along Lake Iliamna. Assembly member Pederson said there is an algae toxin that has been killing the fish. There are clouds of the algae in the water and when the fish swim through the algae their gills get clogged. There was some speculation that the birds died of starvation.

**M. MAYOR'S COMMENTS**

The Mayor said he attended a meeting in Cordova about creating a borough. He explained that the Lake and Peninsula Borough formed to maintain the local decision for the school district. Cordova wants to form to catch Donolin money. LPB has been able to help the villages because the Borough was formed around an idea and ideals, not around money.

**N. EXECUTIVE COMMITTEE SESSION – per Borough Code 2.08.050 (B.)**

Motion was made by Assembly member Salmon to recess the Assembly meeting to go into executive session as per Borough Code 2.08.050 (B). Motion was seconded by Assembly member Anderson.

Meeting was recessed at 2:30 pm  
Meeting was reconvened at 2:50 pm

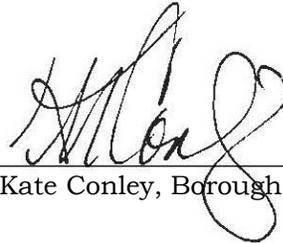
Motion was made by Assembly member Olsen to extend Nathan Hill’s contract for three years with a 2% raise. Motion was seconded by Assembly member Anderson. There was no discussion. Motion passed unanimously by voice vote.

**O. ADJOURNMENT**

The meeting was adjourned by unanimous consent at 2:52 pm.



Glen R. Alsworth, Sr., Mayor



Kate Conley, Borough Clerk

Date: April 13, 2016