



CITY MANAGER REPORT

Reporting Period: March 7 – April 9, 2020

Prepared By: Phillip A. Zavadil, City Manager

Date: April 10, 2020

COVID-19

Preparing for and responding to the worldwide COVID-19 pandemic has consumed much City’s staff time. Updates on preparations and responses are sent out weekly via a Situation Report to your City email.

Air Transportation

Over the past month I have been communication with Ravn management regarding air transportation service of St. Paul during this time of the of COVID-19 pandemic. A couple weeks ago I was informed by Ravn management that our service would be going to two flights per week. On April 5, 2020, Ravn sent out a press release (*see attached*) stating they were ceasing all operations. On Monday, April 6, 2020, Amos Philemonoff, April Arbuckle and I had a teleconference with representatives from Grant Aviation, ACE, and Security Aviation to discuss options for air transportation. Basically, at this point in time if we need to move passengers to and from St. Paul we would need to charter a plane.

On April 7, 2020, the US Department of Transportation sent a letter (*see attached*) to Ravn reminding them of their obligation to provide essential air service to St. Paul and McGrath. USDOT gave Ravn five days to respond. We will be preparing a joint letter in support of USDOT’s letter.

On April 8, 2020, Amos Philemonoff and I had a teleconference with an Alaska Airlines representative. Our goal for the call was to discuss options that Alaska Airlines may have for servicing St. Paul. Below is a bulleted summary of the call:

- Challenges for AK Air – Part 139 airport certification, TSA security, and extended overwater certification.
- AK air is going to ramp up early to start servicing Dillingham and King Salmon.
- AK air is working on service to Cold Bay. This would be two times a week and tag along with the service to Adak. They do not have a definite timeframe of when this will occur.
- Worst case scenario is that we have some sort of service using the St. George EAS and route to Cold Bay.



- AK air may be able to provide service with a plane under a seasonal and EAS situation. We will continue discussions when our EAS award is up for renewal, which is March of 2021.

There is still hope that Ravn will receive CARES funding and begin service here in the near future.

Fisheries

North Pacific Fisheries Management Council

Due to coronavirus the NPFMC did not meet in April. The NPFMC is considering a remote meeting for the June meeting or canceling the meeting all together.

Halibut

The Central Bering Sea Fishermen's Association is evaluating the upcoming 2020 halibut fishing season.

Lobbying Efforts in Juneau

On March 29, 2020, the legislature enacted an omnibus budget package (HB205) including the required $\frac{3}{4}$ vote to fund the budget out of the Constitutional Budget Reserve (CBR). The approved budget completes FY 2020 supplemental action and FY 2021 operating and capital budgets. The total spending approved in state general funds is approximately \$5.3 million, up about \$75 million compared to FY 2020 (after adding supplemental spending).

On April 7, 2020, Governor Dunleavy announced his vetoes on the FY 2020 supplemental and FY 2021 operating/supplemental. Below is a quick rundown.

- Places the entire \$3.1 billion POMV transfer from the Earnings Reserve Account of the Alaska Permanent Fund into the general fund. Appropriates another \$1.1 billion for inflation-proofing. **VETOED THE INFLATION-PROOFING.**
- Includes money from non-ERA money to pay a PFD of about \$1,000 per person in October 2020. Failed to approve another "COVID-19 stimulus dividend" of \$1,000 per person payable in June 2020. **FUNDED.**
- Includes full funding of K-12 public education at the same level for FY 2020. **FUNDED.** Adds \$30 million in one-time money similar to this year. **VETOED BUT SAID HE WILL REPLACE WITH COVID-19 MONEY.**
- Adds \$30 million deposit into the Community Assistance Fund which keeps the FY 2022 distribution at \$30 million statewide. Funds fix for FY 2021 included in the FY 2020 supplemental budget (HB234) keeping the FY 2021 distribution at same level as this fiscal year. **VETOED THE \$30M FY 2020 DEPOSIT AND A SMALL PORTION OF THE FY 2021 DEPOSIT. MEANS \$20 MILLION PAYMENT IN BOTH FY 2021 AND FY 2022 UNLESS LEGISLATURE ADDS ADDITIONAL MONEY FOR FY 2022. MUNICIPALITIES RECEIVED \$30 MILLION IN CURRENT FISCAL YEAR.**
- Restores municipal school debt reimbursement to 100% (versus the 50% amount received this year). **VETOED BUT SAID HE WILL REPLACE WITH COVID-19 MONEY.**

- Restores REAA and small municipal school district fund deposit to 100% amount required by law. **VETOED BUT I ASSUME HE WILL REPLACE WITH COVID-19 AS WELL. NEED TO RESEARCH FURTHER.**
- Includes 100% of the funds for state's port/harbor debt reimbursement under AS 29.60.700. **VETOED ALL BUT UNIVERSITY MONEY. NO COMMENT ABOUT REPLACING THE MONEY WITH COVID-19 FUNDS.**
- Provides an increase of \$28 million for operations of the Alaska Marine Highway System (AMHS) compared to this year, restoring over 60% of the FY 2020 budget cut. The intent is to eliminate or reduce the most severe disruptions in service (particularly during winter months for PWS and Kodiak). **VETOED \$15.5 MILLION OF INCREASE. NEED TO EXAMINE FURTHER TO DETERMINE IMPACT.**
- Adds \$19 million into the AMHS System Fund, increasing likelihood AMHS can provide service during FY 2021 at or near budgeted level. **VETOED \$3 MILLION.**
- Appropriates \$19 million from the AMHS Vessel Replacement Fund to add crew quarters to the M/V Hubbard and refurbish the M/V Aurora. Both actions increase operational flexibility and should assist the System's ability to respond to vessel breakdowns in the future. **VETOED ALL BUT \$2.8 MILLION. NOT SURE IF THIS MEANS USING FEDERAL-AID FUNDS INSTEAD.**
- Provides full funding for the PCE program. **FUNDED.**
- Includes full funding for annual PERS and TRS contribution to fund the state's share of the unfunded liability obligation. **FUNDED.**
- Reduced the proposed \$25 million reduction for the University of Alaska by \$12.5 million. **VETOED ANOTHER \$12.5 MILLION MAKING A TOTAL REDUCTION OF \$25 MILLION.**
- Restores full funding for radio and TV public broadcasting support at the FY 2019 level of \$2.7 million. **VETOED ADDITIONAL MONEY REVERTING TO THE CURRENT FUNDING AMOUNT OF \$900K.**
- Restores \$3 million for VPSO grants, returning to the FY 2019 amount. **VETOED THE \$3 MILLION.**
- Appropriates another \$75 million to DHSS for response to COVID-19 virus disaster. **FUNDED, BUT VETOED \$5 MILLION FOR PREVENTING HOMELESSNESS DUE TO COVID-19.**
- The governor is talking about providing up to \$300 million of the federal COVID-19 assistance funds to assist communities.

APUN Fuel Spill

On or about March 23, 2020, two separate discharges occurred at or near the breakwater south of the Trident Seafoods plant for which APUN is financially responsible. The discharges occurred during Jet A fuel transfer operations from ISO tanks to APUN company fuel tank truck and tank trailers while on City of Saint Paul property. The spilled fuel was neither cleaned up nor contained effectively, and overnight, with heavy rains, the fuel migrated down grade contaminating City of Saint Paul and TDX property further. The contamination traveled a

distance of 575 feet in length and 175 feet at the widest point. The contamination also washed into the city harbor creating a sheen 100 feet long. Neither of the spills were reported to the Alaska Department of Environmental Conservation by APUN, as required in SEC 46.03.755 and 18 AAC 75.300 (a).

On March 24, 2020, I instructed City crews to begin containment of the spill on our property and in the water and to report the spill to ADEC and the US Coast Guard. City crews proceed with cleaning up APUN's spill for the rest of the week and transported approximately 60 cubic yards of contaminated soil to a staging area at the landfill.

Both the City's general legal counsel and insurance company have been notified of the spill and the actions we have taken to date.

The City is currently working with ADEC and has contracted Integrity Environmental to develop a plan to submit to ADEC to sample and remediate the contaminated soil if necessary. Additionally, we are working with ADEC to recover the City's cost associated with this spill.

Planning and Zoning

AML Mooring Project

No word on when AML is going to move forward with this project.

Awards/Grants/Donations/Opportunities/Agreements

State of Alaska Hazard Mitigation Grant Program (HMGP)

The grant for the community emergency sirens was recommended for funding by the State Division of Homeland Security and Emergency Management and forwarded to the Federal Emergency Management Agency. In March, Mayor Merculief signed the federal award paperwork.

State of Alaska State Homeland Security Program (SHSP)

We are still waiting to hear from the state on funding for the proposal submitted to prepare an Emergency Operations Plan for the community

Economic Development Administration (EDA)

The EDA office in Seattle is closed due to COVID-19. The paperwork for approving this grant funding is sitting on a desk in the EDA office.

State of Alaska Community Transportation Program (CTP)

The Department of Transportation/Public Facilities has been preparing the letters of intent to award are being prepared but due the COVID-19 that are unsure when they will be distributed.

USDA High Energy Cost Grant

I am working with Gray Stasel Engineering to apply for a USDA High Energy Cost Grant. The project scope includes upgrades to the existing City power plant and limited electrical distribution upgrades. The HECG power plant upgrades will be coordinated with the currently planned City upgrades, and include:

Power Plant: up to four each John Deere marine gensets, new exhaust and fuel systems, 480V auto-start/stop and paralleling switchgear, fire alarm and suppression system upgrades, and upgrades to the existing heat recovery system. The work will occur within the existing power plant building, power plant site, and adjacent heat recovery end-user buildings.

Distribution: limited upgrades to existing electrical distribution, may include replacement of existing direct buried conductor, and/or commercial metering upgrades. This scope will be determined with St. Paul input, based on information to be provided by St. Paul.

Alaska Community Foundation Grant

I submitted a grant to the Alaska Community Foundation for supplies such as N95 masks, gloves, Tyvek suits and cleaning supplies.

Fire Department

No fires occurred in March 2020.

I have appointed Assistant Fire Chief Richard Warner as Acting Fire Chief, so that I can focus on preparations for and response to the COVID-19 pandemic.

FOR IMMEDIATE RELEASE
04/05/20

RavnAir Group today announced that due to the global COVID-19 pandemic and the unprecedented loss of 90% of passenger revenue at all three of its airlines (*RavnAir Alaska, PenAir, and RavnAir Connect*) it must, for the time being:

- Park all seventy-two (72) of its aircraft;
- Stop all operations; and
- Temporarily lay off all remaining staff until the company is in a position to cover the costs of rehiring, resuming flights, and operating to the many communities it serves throughout our State.

These actions will allow the company to “hit pause” and await word on its Federal CARES Act grant applications and other sources of financial assistance that will allow it to get through the Coronavirus crisis and successfully restart operations.

Ravn has been in contact with the CEOs of other air carriers around the State since last Thursday, April 2nd to help them establish new or replacement air service wherever possible, and it will continue those efforts during this uncertain period of time before the company can resume its own operations.



U.S. Department
of Transportation

Office of the Secretary
of Transportation

Assistant Secretary

1200 New Jersey Avenue, S.E.
Washington, D.C. 20590

April 7, 2020

Dave Pflieger, CEO
Ravn Air Group
4700 Old International Airport Rd.
Anchorage, AK 99502

Dear Mr. Pflieger:

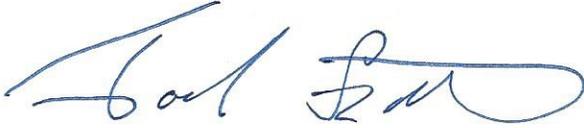
The Department of Transportation (the Department) is aware of public statements made by Ravn Air Group, Inc. (Ravn)¹ on April 5, 2020, concerning a full suspension of Ravn services, an application for grants and loans under the CARES Act by Ravn, and a Chapter 11 Bankruptcy filing by Ravn. The Department is well aware of the difficult challenges facing Ravn and other air carriers as a result of the COVID-19 public health emergency.

Nevertheless, the Department wishes to remind Ravn of its service obligations at its two Essential Air Service (EAS) communities, McGrath, AK and St. Paul Island, AK, where Ravn is receiving subsidy to provide air service to these communities. Under Order 2018-8-22 (McGrath) and Order 2019-10-2 (St. Paul Island), Ravn is obligated to provide air service from both communities to Ted Stevens Anchorage International Airport (ANC). Moreover, air carriers receiving federal support under the EAS program are required to provide "air transportation . . . in a reliable way." 49 U.S.C. § 41737(b). The Department places a very high priority on helping to provide air service to small and rural communities, and expects EAS carriers to fulfill their contractual and other legal obligations.

¹ Ravn owns the following certificated air carriers: Corvus Airlines, Inc. d/b/a RavnAir Alaska; Hageland Aviation Services, Inc. d/b/a RavnAir Connect; and Peninsula Aviation Services, Inc. d/b/a PenAir.

Please respond to this letter with concrete and meaningful courses of actions to address the issue outlined above, within five (5) days of the date of this letter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Joel Szabat". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Joel Szabat
Assistant Secretary
Aviation and International Affairs

cc: State of Alaska Department of Transportation & Public Facilities
City of McGrath, Alaska
City of Saint Paul, Alaska
Office of Governmental Affairs, OST, Department of Transportation