



City & Borough of Wrangell

Borough Manager's Report

Mason F. Villarma

September 2026

Table of Contents

Letter to the Community.....	3
Economic Development & Public-Private Partnerships.....	4
Wrangell Shipyard & Homeporting Initiative + EDA Grant.....	4
Alaska Data Corp / Plural – Neocloud Opportunity	6
Structure Systems	6
Alder Top Lots for Sale (2 now; 4 upcoming)	7
Southeast Conference.....	7
Opportunity Zones	8
Tlingit & Haida Interest in Old Wrangell Medical Center	8
Visitor Industry Season Wrap-Up.....	8
WCA Work Plan	8
Waterfront and Marine Infrastructure.....	11
Downtown Waterfront.....	11
Municipal Harbor Matching Grant Program – Inner Harbor Ranking.....	11
Capital Projects and Maintenance	12
McKinnon Street	12
Public Safety Building & District-Wide Major Maintenance	12
New Public Safety Building Sign	13
Fleet Replacement	13
Projects Needing Urgent Attention	14
Public Safety.....	15
Structure Fire – Marine Bar.....	15
Code Revisions	16
Tsunami and Landslide Follow-Up.....	17
Port Safety & Security Committee (PSSC) Meeting – September 24, 2026, 9:00 AM.....	17
Community Addressing Project.....	18
Finance, Grants, and Administration.....	18
Audit Filed – FY26 Audit Kick-Off (9/23/26).....	18
Reinvestment of \$2.5M into Corporate Bonds (TVI).....	18
Public Works and Utilities	19



PW Upcoming Work..... 19

Wrangell Municipal Light & Power..... 19

Parks, Recreation, Facilities, and Community Initiatives 20

 Kyle Angerman Playground 20

 Nolan Center Performance 21

 Christmas Tree Location Change Proposal to Assembly 22

Regional Advocacy and Natural Resources..... 22

 Sea Otters..... 22

Personnel & Administration..... 23

 Work Session Schedules..... 23

Looking Ahead 23

Resources & Links..... 23



Letter to the Community

Wrangell Citizens,

September marked a month of substantial progress for the Borough on many fronts, but if one theme defined it, it was the extraordinary amount of time, coordination, and effort Administration has poured into advancing the Wrangell Shipyard & Homeporting Initiative. This remains, without question, Administration's top priority, and the pace of activity this month reflects that: pending EDA and CDS federal funding, a developing AIDEA financing request backed by a new economic impact analysis, direct conversations with Senator Sullivan and Senator Murkowski's staff on other legislative opportunities, and continued work identifying state and other funding avenues have all required sustained attention from staff across multiple departments, often on short timelines and alongside everything else on the Borough's plate. I want the community to understand the scale of this effort — the shipyard and homeporting initiative represents a generational opportunity for Wrangell's economy, and the hours being invested by Administration, our partners at JAG and Pearson, and the Assembly reflect just how seriously that opportunity is being pursued.

Beyond the shipyard, September has brought—and continues to bring—meaningful progress across the Borough. Economic development activity remained active, with continued conversations on the Alaska Data Corp opportunity with AIDEA and Plural Capital, marketing of premium Alder Top subdivision lots, my participation at Southeast Conference on partnering for private investment, progress on Structure moving into Wrangell, and preliminary interest from the Central Council of the Tlingit and Haida Indian Tribes of Alaska in the old Wrangell Medical Center building. On the waterfront, permitting work continued on Downtown Waterfront fill activities and the Municipal Harbor Matching Grant Program ranking for Inner Harbor improvements. Capital projects saw steady progress at McKinnon Street, with contracts signed and crews mobilizing for Public Safety Building and district-wide major maintenance work, and a new Public Safety Building sign secured through Secure Rural Schools Title III funding.

Public safety also had a significant month. Wrangell's volunteer fire department, together with mutual aid responders, provided an exceptional response to the Marine Bar structure fire, and I want to again thank every volunteer who responded. Staff also made progress on the community addressing project, zoning and code enforcement, and preparations following the community's tsunami and landslide awareness presentation. On the finance side, the FY 2025 audit was filed with no significant findings, and Administration completed a \$2.5 million reinvestment of bond proceeds with TVI amid shifting market conditions. In Parks and Recreation, planning continued on the Kyle Angerman Playground renovation, and the Nolan Center posted strong financial performance for the tour season — a credit to Director Arnold and the Nolan Center staff.

Regionally, the Borough continued to advance its sea otter predation strategy, with the Local Disaster Resolution now under review by the Governor's Office and outreach underway toward a



stakeholder fly-in this winter — an effort intended, in part, to bring relief to the more than 60 Southeast Dungeness crab permit holders and families in Wrangell affected by this issue.

Thank you for your continued engagement and support as these efforts move forward. As always, I welcome your questions and feedback.

Sincerely,

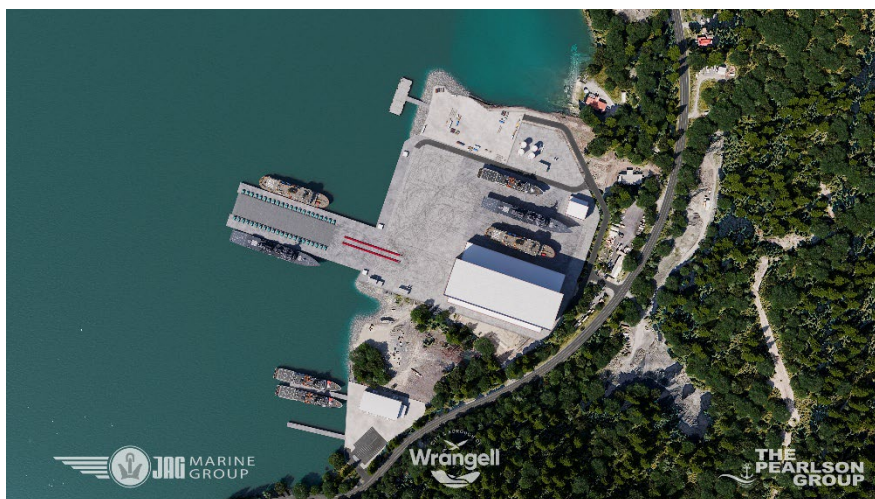
Mason F. Villarma

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Borough Manager

Economic Development & Public-Private Partnerships

Wrangell Shipyard & Homeporting Initiative + EDA Grant

The Wrangell Shipyard and Homeporting Initiative continues to be, without qualification, Administration's top priority. The proposed complex centers on a 25-acre deepwater port subdivision that would host a future-proof shiplift with 34,000-ton haul-out capacity, capable of serving vessels up to 567



feet; homeporting capability for up to three Coast Guard, NOAA, Department of Defense, or commercial vessels; and a land-level yard capable of simultaneous shipbuilding and repair work across numerous vessels at once. Over the past month, staff and our partners at JAG Marine Group have worked simultaneously across federal, state, and private financing channels to fully capitalize the project, which America's Maritime Action Plan identifies as critically needed West Coast shipyard capacity. The status of each active funding pathway is summarized below.

Economic Development Administration Grant – Wrangell's Economic Revival

The Borough's application under the FY2025 EDA Disaster Supplemental's Industry Transformation Path remains pending. Wrangell is the only Alaska municipality to apply under this pathway, submitting a \$53,933,408 total project (\$43,146,726 federal share requested) covering the Flume Replacement, Deep Water Port Development, and Downtown Waterfront Port Expansion



component applications. A decision from the U.S. Economic Development Administration remains outstanding.

Congressionally Directed Spending – Senator Murkowski

The Borough is also pursuing a \$12.55 million Congressionally Directed Spending (CDS) request, a transportation appropriation being advanced through Senator Murkowski's office to fund the industrial subdivision component of the EDA grant. This request remains pending, and staff will provide a fuller update as it moves forward through the Senate Appropriations process.

Alaska Industrial Development and Export Authority (AIDEA) – Design & Permitting Fund Request

Administration is developing a financing request to the Alaska Industrial Development and Export Authority, currently estimated at \$22.8 million, to support the project's capital stack for remaining design, permitting, and site-development costs. The Borough has engaged Rain Coast Data to work alongside CBW, JAG Marine Group, and Pearlson to prepare the Economic Impact Analysis required to support a future presentation to the AIDEA Board. Discussions with AIDEA regarding direct investment, loan financing, and other funding pathways remain ongoing.

State Legislature

Administration is monitoring the State Legislature's upcoming session as a potential funding avenue, given the surplus revenue currently being generated by elevated North Slope oil prices. North Slope crude topped \$100 per barrel in early September — the first time since June — and has averaged roughly \$84 per barrel through the first two months of FY2027, well above the state's \$75-per-barrel spring forecast. FY2026 closed with just under \$7 billion in unrestricted general revenue, more than \$500 million above forecast, funding a \$341 million deposit into the Statutory Budget Reserve along with additional allocations for Permanent Fund dividends, school districts, and the bulk fuel loan program. The Legislative Finance Division currently projects a \$106 million surplus for FY2027, a figure likely to grow if prices remain above forecast. Administration will continue tracking the state's fiscal position and will pursue a capital appropriation request as the opportunity develops.

Other Opportunities

If the Borough is successful in the current EDA Industry Transformation grant process, Administration's next focus will be securing the additional funding necessary to move the broader shipyard and homeporting complex through final design, permitting, and construction.

The full Phase 1 development is expected to require investment well beyond the current EDA grant opportunity. Administration and JAG Marine Group are therefore evaluating a combination of federal and private funding strategies that could be layered together to advance the project. Potential pathways include additional federal economic development funding, Defense Production Act authorities, direct federal appropriations, and other maritime, defense, and infrastructure programs that align with the project's shipbuilding, vessel maintenance, homeporting, workforce, and economic development objectives.



Administration will continue working with JAG Marine Group and Wrangell's federal delegation to refine the financing strategy as project design advances and the outcome of the current EDA application becomes known. The objective is to position the Borough to move immediately into the next phase of development if the EDA award is secured.

Alaska Data Corp / Plural – Neocloud Opportunity

The Borough has been in ongoing conversations with AIDEA regarding the Alaska Data Corporation (ADC), a subsidiary of AIDEA that houses AIDEA's tokenization initiative and potential data center investment activity. Broadly, AIDEA is developing a platform built around special purpose vehicles that allow for investment in public and private infrastructure, while ADC is focused more specifically on data center development and the investment side of that work. Through this relationship, the Borough has connected with Plural, the company behind AIDEA's and ADC's tokenization initiative, and its president and founder, Adam Silver. Plural has in turn introduced the Borough to Zode, a company exploring development of a neocloud GPU cluster in Alaska, pending confirmation that Wrangell can meet their technical site specifications. The Borough, AIDEA, and Plural are coordinating a preliminary site-specification review with Zode's technical team, and a fly-in is being arranged so all parties can perform appropriate due diligence on this opportunity.

Structure Systems



Structure Systems continues to advance its Wrangell operation at the former Ottesen's warehouse. In late August, Structure hosted a community open house at the facility that included technology demonstrations, an overview of the hardware that will be assembled and tested locally, and an opportunity for residents to meet the Structure team. The partnership is now moving into its formal assessment and discovery phase, during which Structure will review Wrangell's existing SCADA systems, communications infrastructure, and operational priorities. This initial work focuses on identifying near-term SCADA improvements that can be deployed directly into Wrangell's municipal systems, while also evaluating the longer-term process for local hardware assembly and workforce development at the Wrangell facility. Structure will also exhibit at the Alaska Rural Energy Conference in Fairbanks from October 27 through 29, where Matt Curfman will participate in a panel discussion on SCADA, remote monitoring, and cybersecurity. Administration will continue working

with Structure as the partnership advances toward confirmed deployment scope and timing.

Alder Top Lots for Sale (2 now; 4 upcoming)

The Borough is advertising premium residential land for sale at the new Alder Top Village Subdivision, located at 5 Mile Zimovia Highway near Shoemaker Harbor, Shoemaker Bay Recreational Area, and the Rainbow Falls Trail. Lots 1 and 10 are currently up for public auction — each approximately 0.4 acres, zoned Single-Family Residential – Medium Density, and served by municipal water,



sewer, and electricity. Starting bids are \$68,428 for Lot 1 and \$60,445 for Lot 10. Bidding opened August 26 and closes October 26 — 32 days remaining as of this report. Lot 1 has received one bid to date; Lot 10 has not yet received a bid. Administration encourages interested buyers and real estate professionals to share the listing before the auction closes.

The Borough holds four additional residential lots in the subdivision — Lots 23, 26, 33, and 34 — which Administration will work to bring to auction over the next six months, following completion of final platting for Phase II.

Southeast Conference

Administration will be well represented at this year's Southeast Conference. The Borough Manager will speak on a panel addressing Partnering for Private Investment, and Public Works Director Wetor will speak in his role as Chair of SEASWA. Wrangell has been highlighted as a major success story for the region heading into the conference — a credit to Borough staff, the Assembly, and the community as a whole.

Beyond the speaking engagements, Administration has scheduled a full slate of meetings to advance priority initiatives, including Alaska Marine Lines on the cargo transfer facility, JAG Marine Group on the shipyard and homeporting initiative, the U.S. Department of Commerce and Jay Johnson on Opportunity Zones, the Trust Land Office on potential MOU opportunities, and regional stakeholders on the sea otter issue, among others. Administration expects the conference to deliver a productive touchpoint across the many initiatives currently in play.



Opportunity Zones

The One Big Beautiful Bill Act made the federal Opportunity Zone program permanent and significantly reshaped it — a redesign widely referred to as “Opportunity Zones 2.0.” Where the original 2017 program offered a declining tax benefit that discouraged later-stage investment, the new structure offers investors a standard five-year deferral on capital gains, a uniform 10% step-up in basis, and tax-free growth on investments held ten years or longer. Rural communities like Wrangell stand to benefit even more: Qualified Rural Opportunity Funds receive a 30% basis step-up — triple the standard rate — and the “substantial improvement” threshold for rehabilitating existing property is cut in half, from 100% to 50% of a property’s basis, making reinvestment in older buildings and infrastructure significantly more attractive.

Wrangell has been designated as an Opportunity Zone for the next 10 years, creating an important new tool to attract private investment and support economic development across the community. The designation has particular relevance to Wrangell’s growing industrial sector, including the Wrangell Shipyard project, maritime services, energy, transportation, and other complementary development opportunities. At Southeast Conference, Administration will convene with Jay Johnson, CPA, and representatives from the Alaska Department of Commerce to better understand the mechanics of the designation, including Qualified Opportunity Funds and Qualified Opportunity Zone Businesses, and to discuss how Wrangell can effectively promote the investment advantages associated with the designation.

Tlingit & Haida Interest in Old Wrangell Medical Center

The Central Council of the Tlingit and Haida Indian Tribes of Alaska is evaluating the possible acquisition of the Old Wrangell Medical Center. Conversations remain very preliminary, and Administration is in the process of scheduling a site visit with Tribal representatives. Staff will provide further updates as discussions progress.

Visitor Industry Season Wrap-Up

The Borough is tentatively scheduling an end-of-season tourism stakeholder meeting for October 28 at 9:00 a.m. to debrief the 2026 visitor season with the local industry. Cruise visitation has grown substantially in recent years, from approximately 22,966 passengers in 2023 to approximately 78,000 passengers in 2026 at full capacity. The meeting will seek stakeholder engagement on infrastructure upgrades, Commercial Passenger Vessel (CPV) excise tax funding priorities, the 2027 and 2028 cruise and visitor schedules, and other topics critical to guiding the community toward a balanced and economically successful visitor industry.

WCA Work Plan

The Borough and the Wrangell Cooperative Association (WCA) continue to advance the FY 2027 Joint Work Plan and Partnership Priorities, a coordinated government-to-government work plan covering transportation, recreation, quality of life, tourism, culture, and heritage. Updated status on three active priorities — the Alder Top Memorial Park Conveyance, the City Park and



Community Garden redevelopment, and the Petroglyph Beach Trail connection — is summarized below.

Alder Top Conveyance



The Borough is working to convey approximately 2.7 acres at Alder Top to WCA for development of a culturally significant memorial park. The preliminary plat was approved by the Planning Commission at its September 10 meeting, and the Borough Assembly will consider approval of the preliminary plat at its September 22 meeting. The final plat is expected to go before the Planning Commission at its October

meeting, contingent on surveyors completing monument-setting at the site. If that timeline holds, the final plat will be presented to the Borough Assembly for conveyance approval at its October 27 meeting; if not, action will be deferred to the Assembly's November meeting. This status was



reported to the WCA Tribal Council at its meeting the week of September 7, and the project remains on track for an October 27 conveyance.

City Park and Community Garden

The Borough and WCA are working together to redevelop the existing Community Garden area within City Park into an attractive, functional multi-use park, including a defined and fenced community garden area and potentially a dedicated dog park. CBW staff met on site with WCA representatives Kim Wickman and Lexie Hayes on September 16 to discuss next steps; the group toured the site and agreed that CBW will mark the location of the wastewater outfall, and that the Borough Manager will walk the property



with WCA's Virginia Oliver to confirm appropriate boundaries between the refreshed site and the adjacent cemetery. Once those areas are marked, Community Garden Committee members will relocate items they wish to keep away from the backstop and dugout area so the Public Works crew can clear the site. Public Works is proceeding with demolition of the existing derelict structure and removal of brush and alders this week. Following clearing, stakeholders will reconvene on site to develop site plan concepts and gather community feedback through a survey. WCA-IGAP currently provides composting operations and support at the site, and an established Community Garden Committee of roughly 10 regular participants is in place.

Petroglyph Beach Trail

The Borough and WCA are working to develop a pedestrian trail connecting Petroglyph Beach State Historic Park to the Mount Dewey trail system, creating a recreational and visitor corridor linking cultural, natural, and downtown assets. FY 2027 priorities include jointly pursuing federal, state, tribal, and philanthropic funding; determining an appropriate trail alignment and the necessary property interests; and completing survey, conceptual design, preliminary engineering, and cost estimating to advance the project. The parties are also evaluating local funding, in-kind services, and match opportunities, and will develop a phased construction strategy if full project funding cannot be secured at one time. The goal for FY 2027 is to advance the trail to a defined, costed, and fundable concept, with construction to begin as funding permits.



Waterfront and Marine Infrastructure

Downtown Waterfront

PND Engineers has delivered 95% design drawings and a cost estimate for the Downtown Waterfront fill and utilities extension project; the electrical design component is still being finalized and will be routed for review once complete. Staff are reviewing the 95% package and compiling comments and questions for PND.

Design work has largely held at 95% while PND awaits a response from the U.S. Army Corps of Engineers on waterfront fill permitting, as well as a subcontractor's revised design for the added fill work. Administration has followed up with PND, which in turn has requested a response timeline from the Corps. PND anticipates hearing back from the Corps in the near term and will finalize the drawings affected by that response and develop the remaining specification sections once it does.

Municipal Harbor Matching Grant Program – Inner Harbor Ranking

The Alaska Department of Transportation and Public Facilities has released FY2028 Municipal Harbor Matching Grant Program scoring notifications. The Wrangell Inner Harbor Replacement project ranked #2 of 8 statewide (Tier I), scoring 151.6 — just 0.2 points behind the top-ranked project. Full scoring results are below.

Rank	Score	Tier	Location	Project Name	Grant Approved	Local Match	Other Funding	Total Cost
1	151.8	I	City and Borough of Haines	Letnikoff Cove	\$3,000,000	\$500,000	\$2,500,000	\$6,000,000
2	151.6	I	City and Borough of Wrangell	Wrangell Inner Harbor Replacement	\$5,000,000	—	\$9,891,698	\$14,891,698
3	131.4	II	City of Unalaska	Robert Storrs Small Boat Harbor Replacement	\$5,000,000	\$14,634,912	—	\$25,251,261
4	124.2	II	City of Kodiak	Saint Herman Harbor Moorage Expansion Project	\$5,000,000	\$5,000,000	\$23,000,000	\$33,000,000
5	120.2	II	City of Kake	Kake Portage Cove Harbor Electrical Upgrades	\$511,306	\$511,306	—	\$1,022,612
6	116.0	II	City and Borough of Juneau	Statter Harbor Improvements Project Ph IV	\$1,250,000	\$1,250,000	—	\$2,500,000
7	89.6	II	City of Ketchikan	Bar Harbor Pile Replacement	\$275,000	\$275,000	—	\$550,000
8	86.6	II	City and Borough of Juneau	Echo Cove Launch Ramp Float Installation Project	\$600,000	\$600,000	—	\$1,200,000
				Total	\$20,636,306	\$22,771,218	—	\$84,415,571



In additional positive news, the Denali Commission has invited the Borough to submit an application for \$1 million in gap funding to support U.S. Army Corps of Engineers-level dredging of the Wrangell Harbor Basin. Staff are beginning work on that application, and PND Engineers has offered to assist with any design or cost questions that arise, with any associated expense to be covered from the Capital Projects contingency budget.

Capital Projects and Maintenance

McKinnon Street



Water and sewer line installation on the McKinnon Street Rehabilitation Project is mostly complete, and service lines have been installed to Ace Hardware and the Senior Center. The construction crew is mobilizing in the coming days to set forms for curb and gutter on the south side of the street. The overall project timeline is running behind schedule, but Administration is optimistic that concrete can be poured in October as the contractor is bringing in additional resources to accelerate the schedule.

Public Safety Building & District-Wide Major Maintenance

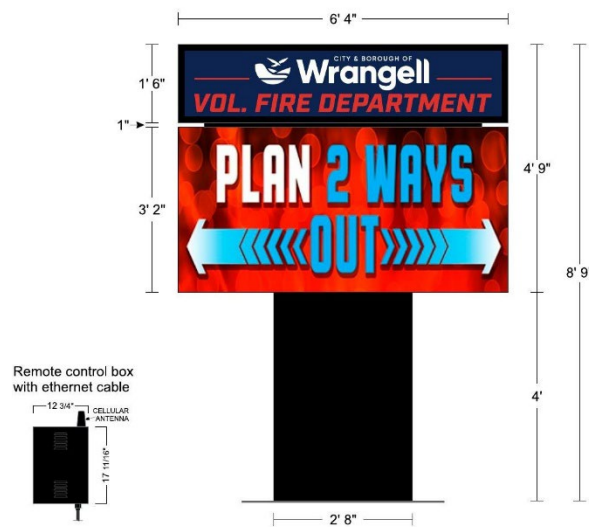
Contracts have been signed for both major maintenance projects, and crews are mobilizing for an October start. McGraw will perform the District-Wide School Major Maintenance project, and Dawson Construction will perform the Public Safety Building Rehabilitation project. Work on both projects is scheduled periodically throughout the winter; given that each contract represents more than 12 months of work, this phased winter schedule was anticipated from the outset rather than a delay.



New Public Safety Building Sign

The Borough is moving forward with a new double-sided, full-color LED sign for the Wrangell Volunteer Fire Department, made available through Secure Rural Schools Title III funds. The 8'9" freestanding sign features a 3'2" x 6'4" LED display on each side, cloud-based SignCommand software that allows staff to update messaging remotely from any device, and cellular connectivity that requires no on-site network setup. The total project cost is \$23,913.58. This sign will add a valuable new tool to the Borough's communication toolkit, allowing staff to

share safety messaging, community announcements, and emergency information more broadly and add diversity to how the Borough reaches the public.



Fleet Replacement

The Borough continues to implement a deliberate fleet replacement strategy focused on replacing aging vehicles, improving reliability, and maximizing the useful life of existing assets. As reflected in the table above, recent purchases for the Police, Fire, Harbor, and Wrangell Municipal Light & Power departments total approximately \$251,794, including shipping.

Where practical, vehicles being replaced are reassigned to other Borough departments where they can continue to meet less demanding operational needs. This has included repurposing former Police vehicles, such as Chevrolet Tahoes, for continued Borough use. Vehicles that have reached the end of their useful municipal life are retired and sold through public auction.

Funding for the current fleet replacement purchases is being provided through the following sources:

- Permanent Fund: \$170,284.00
- Harbor Fund: \$76,904.34
- General Fund: \$4,605.26

This approach allows the Borough to extend the useful life of existing assets where appropriate, recover value through auction when vehicles are retired, and strategically use available fund sources to support necessary fleet replacement.

Department	Year	Make / Model	Purchase Price	Shipping	Total Cost
Police	2021	Ford F-150 EcoBoost	\$39,685.00	\$1,836.58	\$41,521.58



Police	2020	Ford F-150 EcoBoost	\$30,485.00	\$1,836.58	\$32,321.58
Fire	2021	Ford F-150 EcoBoost	\$40,485.00	\$1,836.58	\$42,321.58
Harbor	2026	Ford Super Duty F-250 SRW	\$46,300.00	\$1,861.52	\$48,161.52
Harbor	2023	Ford E-350 Service Body	\$26,900.00	\$1,842.82	\$28,742.82
WML&P	2026	Ford F-350 Super Duty SRW	\$56,519.00	\$2,205.52	\$58,724.52
Total			\$240,374.00	\$11,419.60	\$251,793.60

Projects Needing Urgent Attention

Two projects require near-term Administration and Assembly attention to avoid further deterioration or missed scheduling windows.

Sunset Gardens Cemetery Expansion

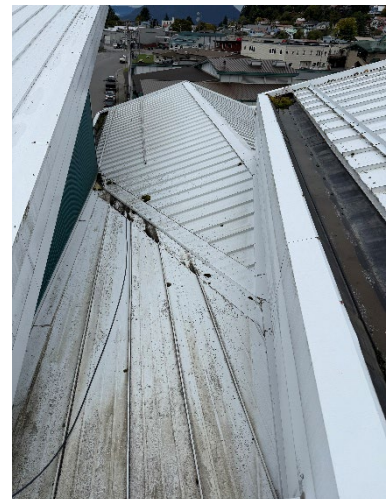
The Borough is out of available plots to sell at Sunset Gardens Cemetery, making expansion an urgent priority. Design work for the cemetery expansion is materially complete, and Administration is now focused on identifying a path to get the construction work completed as soon as possible. Assembly members should expect Administration to bring forward a near-term budget amendment or other capital funding strategy to support this work.

Nolan Center Roof Repair and Recoating – Inspection

Administration recently walked the Nolan Center roof with a visiting licensed roofing contractor to inspect a known leak at a roof transition on the back of the building. The condition appears to be related to winter ice damming, and preventing additional water intrusion before the next freeze-thaw cycle is the primary concern. The team also accessed the opposite side of the roof through the mechanical room to check for similar issues; no water damage was identified there, though several uncovered electrical junction boxes were noted and will need to be addressed.



The inspection confirmed that several existing tether/anchor points are available for future roof work. The contractor also provided good, better, and best repair options, along with drawings, warranty information, and maintenance recommendations. Given the risk of continued water intrusion and the limited availability of qualified local roofing contractors, Administration would like to move quickly to evaluate pricing, scope, and scheduling. Administration will follow up next meeting with the goal of identifying a practical and timely repair approach.



Public Safety

Structure Fire – Marine Bar

A large structure fire broke out at the Marine Bar, on Shakes Street along Wrangell's harbor, shortly after 3:00 a.m. on September 15. The building also housed the Hungry Beaver Pizza restaurant and apartments, and had operated as a community gathering place since the 1950s. Shakes Street was closed in the vicinity of the



fire to allow emergency personnel to work safely, and the Nolan Center was opened to shelter residents affected by smoke. No injuries were reported, and the cause of the fire remains under investigation. This was one of the largest structure fires Wrangell has experienced in decades, and the Wrangell Volunteer Fire Department's response was exceptional. The Borough is holding an after-action debrief on September 23 to formally discuss the response.

The Mayor and Borough Manager issued the following public statement recognizing the response:

A Message from the Borough Manager, Mason Villarma

The Mayor and I want to take a moment to recognize the incredible response of the Wrangell Volunteer Fire Department to the Marine Bar structure fire on September 15.

First and foremost, our hearts go out to the owners, employees, and everyone in our community who has a connection to the Marine Bar. It has been a longstanding part of Wrangell, and we know this loss is deeply felt by many.

At the same time, we could not be more proud of our volunteer firefighters. Their response to one of the largest structure fires Wrangell has experienced in decades was remarkable. They demonstrated professionalism, leadership, composure, and an unwavering commitment to protecting this community.

We also want to thank the many Borough employees who stepped up in support of the response, whether that meant shutting off power to the site, managing the water system, securing the area, protecting nearby residents, or providing the many other forms of support needed during an emergency of this scale.

Moments like this remind us what makes Wrangell so special. When our community is faced with difficult circumstances, people show up for one another. They step forward, work together, and do whatever is needed to protect their neighbors.



To the members of the Wrangell Volunteer Fire Department, and to every Borough employee who played a role in the response, the Mayor and I simply want to say thank you. We are incredibly proud of you and grateful for your service to Wrangell.

Those that actively participated in the response are:

- *Chief Jordan Bunes*
- *Asst Chief Zach Taylor*
- *Deputy Chief Tim Bunes*
- *Deputy Asst Chief Terry Bunes*
- *Captain John Taylor*
- *Captain Clay Hammer*
- *Captain Scott McAuliffe*
- *Lieutenant Aaron Powell*
- *Lieutenant Dustin Johnson*
- *Bella Crowley*
- *John Bunes*
- *Devyn Johnson*
- *Nigel Ouslan*
- *Brian Schwartz*
- *Loni Bunes*
- *Lorne Cook*
- *Seyon Williams*
- *Matt Nore*
- *Chris Bunes*
- *Jacob Allen*
- *Matt Gillen*
- *Leslie Friedlob*
- *DJ McConachie*
- *Jr FF Ellee Voltz*
- *Jr FF Brody Hommel*
- *Jr FF Carter Hammer*
- *Jr FF Stella Bunes*
- *"Reserve" Member, Tom Sims (retired Lieutenant)*

Code Revisions

Staff has been reviewing the Borough's property and land-use enforcement provisions, which are spread across several chapters of the Wrangell Municipal Code. Updates on two active areas of review are below.



Zoning and Code Enforcement

Staff has prepared a Code Enforcement Memorandum reviewing the Borough's most common property and land-use code violations — zoning violations, general nuisances and rubbish, junk vehicles, dangerous buildings, and right-of-way encroachments — and clarifying which office has enforcement authority and how each process generally proceeds. The recommended approach is compliance first: education, notice, and a reasonable opportunity to correct a violation before penalties or court action, except where a condition presents an immediate health or safety risk. Staff is recommending adoption of a separate Zoning Code Enforcement Standard Operating Procedure that gives staff a consistent process for receiving complaints, documenting violations, providing notice, setting reasonable compliance periods, conducting follow-up inspections, closing resolved cases, and escalating unresolved violations to the Planning and Zoning Commission and, where judicial enforcement is necessary, the Assembly and Borough Attorney. The SOP would not change the authority already established by the Wrangell Municipal Code; it would standardize how that authority is administered.

Tsunami and Landslide Follow-Up



Following the recent tsunami and landslide presentations — including the August 25 work session presentation to the Borough Assembly and the September 4 community presentation at City Hall featuring state geohazard experts — Administration is moving forward on two follow-up actions: ordering tsunami evacuation route signage for placement around the community, and adding an

administrative appendix addressing the Borough's tsunami response procedures. A recording of the August 25 Assembly presentation is linked below; Administration will share a recording of the September 4 community presentation if and when one becomes available.

August 25 Assembly Tsunami/Landslide Presentation (audio): <https://www.kstk.org/wp-content/uploads/2026/08/tsun-8-25-26.mp3>

Port Safety & Security Committee (PSSC) Meeting – September 24, 2026, 9:00 AM

Under the guidance of the Southeast Alaska Area Maritime Security Committee (AMSC), the next Port Safety & Security Committee (PSSC) meeting will be held September 24 at 9:00 a.m. in the Emergency Services Building Training Room. The meeting will cover Area Maritime Security, Marine Transportation System disruption, mass rescue operations, and environmental response, following a facilitation-based, discussion-focused format consistent with the All-Hazards (Whole Community) approach rather than a strict agenda. An update from the AMSTEP drone workshop and other current topics within each program area will also be shared. Wrangell leaders, partners,



and stakeholders with roles in port safety, security, mass rescue, or environmental response are encouraged to attend and come prepared to share their perspectives for the current season and their outlook for the future.

Community Addressing Project Update

Two GIS specialists from DATAMARK Technologies arrived in Wrangell on September 21 to begin field data collection for the Borough's community addressing project, following an informal kickoff meeting that morning. The specialists expect to be on the island for up to two weeks, depending on how quickly they can document the approximately 1,300 parcels with structures. They will primarily be working along Borough roads and expect to collect most information from their vehicle, with no anticipated need to access private property. The specialists will carry a Borough letter explaining their work, and the fieldwork has been announced on the radio and social media so residents are aware if they encounter the crew.

Finance, Grants, and Administration

Audit Filed – FY26 Audit Kick-Off (9/23/26)

The FY 2025 audit was filed on September 21, and the kick-off for the FY 2026 audit is scheduled for September 23. There were no critical concerns identified in the FY 2025 audit; the findings received were related to turnover within the Finance Department, and Administration expects all findings to be resolved by the time of the FY 2026 audit. As part of this cycle, staff will also complete the arbitrage yield calculation on the Borough's bond proceeds, an additional compliance measure that needs to be addressed.

Reinvestment of \$2.5M into Corporate Bonds (TVI)

Working with the Borough's investment adviser, Time Value Investments (TVI), Administration completed the purchase of six corporate bonds totaling \$2.5 million in par value: Netflix (5.875%, maturing 11/15/2028, \$250,000), Amazon (4.00%, maturing 3/13/2029, \$250,000), John Deere (4.80%, maturing 9/11/2029, \$500,000), Meta (4.55%, maturing 5/15/2031, \$500,000), Nvidia (4.50%, maturing 6/15/2031, \$500,000), and Alphabet (4.875%, maturing 8/15/2031, \$500,000). The trades settled September 17 at a total cost of \$2,492,396.11, funded from the existing investment account and leaving a liquid sweep balance of approximately \$339,467.42, with pricing within the basis-point tolerance previously authorized by the Borough Manager. The added positions extend the portfolio's weighted average maturity from 1.67 years to 2.39 years, with several of the longer-dated bonds carrying AA-category credit ratings, while roughly 10% of the portfolio still matures around March 2027, preserving a natural opportunity to revisit the ladder as those funds become available. TVI has confirmed the funds invested are not bond proceeds, municipal escrow investments, or otherwise reserved for debt service.

This reinvestment was made against a backdrop of shifting market conditions. The Federal Reserve raised the federal funds rate 25 basis points at its September meeting, to a target range of 3.75%–4%, its first rate increase since 2023; officials are projecting the rate to reach 4.1%–4.4% by year-



end, with additional, more measured increases continuing into 2027 as the Fed works to bring inflation back toward its 2% target amid a labor market that remains largely stable. Energy markets have also been volatile, with North Slope and global crude prices pushing back above \$100 per barrel amid the ongoing Iran conflict and related shipping disruptions. Taken together with the growing national debt, questions about Treasury demand, an affordability crisis affecting households, and rising consumer credit balances, Administration believes these conditions support the more conservative, extended-duration approach taken with this reinvestment, and will continue to monitor conditions ahead of the next scheduled portfolio review in March 2027.

Public Works and Utilities

PW Upcoming Work

Public Works is beginning winter preparations, mobilizing and prepping equipment for the season ahead, and crews will be prioritizing grading and rolling of Borough roadways as part of this effort. At Sunset Gardens Cemetery, Public Works recently poured the columbarium pad and plans to set the columbarium this fall. Public Works will also be demolishing the old ballfield fences and dugouts to help clear the way for planning the new City Park and Community Garden area, consistent with



the WCA Joint Work Plan priorities described above. Separately, the existing waste oil burner at the Public Works shop has been deemed a fire hazard and requires replacement; a new unit has been ordered, and installation will follow soon after delivery.

Wrangell Municipal Light & Power

Two key updates from WML&P:

Unit 1 Recloser

The Unit 1 recloser has been ordered and is expected to arrive in October. Once received, crews will pour the pad for the transformer and switch and dig the trench for conduit. Completion of this work will mark the completion of the 11 MW power plant upgrade project.

Commercial Inspections Course

WML&P's Superintendent will attend an in-person commercial inspections course in February to build competency in inspecting future commercial development.



Parks, Recreation, Facilities, and Community Initiatives

Kyle Angerman Playground

The Borough is evaluating equipment and material orders for the Kyle Angerman Playground Revitalization Project, leveraging Permanent Fund draw proceeds and APEI distributions that have been received and are restricted for playground use. Administration is proposing that equipment be ordered now, while significant fall sales are underway, and that installation and site upgrades be carried out through volunteer contractor relationships to help control costs.



Conceptual rendering — final design, equipment, colors, and layout subject to change.

The project scope includes new playground equipment, improved surfacing, court improvements, park furnishings, fencing, and related site upgrades. Preliminary planning estimates are summarized below and total approximately \$190,000–\$235,000, excluding shipping and installation:

Item	Planning Estimate
Three commercial playground structures: Challenger, Whirl-a-Round, and 4-Seat Swing Set	\$60,000 – \$70,000
Playground site surfacing (turf/pea gravel/rock)	\$60,000 – \$80,000
Basketball court resurfacing (60' x 90')	\$15,000 – \$20,000

New commercial basketball backboards	\$3,000 – \$5,000
Six 6-foot replacement benches	\$4,000 – \$5,000
Two bear-proof trash cans	\$3,000 – \$4,000
70" x 100' black-coated chain-link fencing	\$45,000 – \$50,000
Approximate total (excluding shipping/install)	\$190,000 – \$235,000

Additional costs to budget for include freight to Wrangell, site grading and drainage improvements, demolition and removal of existing equipment, landscaping and restoration, engineering and design, and a 10–15% contingency. Budgetary pricing is currently being requested from Poligon Pavilions, Playgrounds Northwest, LandScapes by ForeverLawn, Southeast Fence Supplies, and BW Enterprises. Parks and Recreation has narrowed the playground structure options to three or four concepts that fit the site, project budget, accessibility needs, and long-term maintenance goals; these will be presented to the community through a two-week public survey allowing residents to review the options, identify a preferred color scheme, and indicate interest in volunteering for community work events supporting demolition and installation. Once the survey closes, results will be compiled and presented to the Borough Assembly, with community feedback helping guide the final playground selection alongside budget, site requirements, and procurement considerations. These figures remain preliminary and will be refined as vendor quotations, freight estimates, site evaluations, and engineering requirements are received.

Nolan Center Performance

The Nolan Center has posted significant gains in financial performance this tour season, and credit for that improvement goes to Director Arnold and the Nolan Center staff. For the May 1 through September 16 tour window, core revenue (excluding concessions) grew from \$153,696.11 in 2025 to \$215,376.53 in 2026, an increase of 40.13%. Combined gift shop and book sales reached \$126,194.53, up 42.63% and now making up 58.6% of overall core revenue, with gift shop sales alone up 46.90%. Total museum admissions reached \$89,182.00, up 36.74%, with general museum admissions posting the strongest percentage growth at +55.00% and group/cruise tour admissions up 23.14%. A full breakdown is below.

Category	2025 Season	2026 Season	\$ Change	% Change
Gift Shop Sales	\$73,439.53	\$107,885.07	+\$34,445.54	+46.90%
Book Sales	\$15,036.58	\$18,309.46	+\$3,272.88	+21.77%
Gift Shop & Books Combined	\$88,476.11	\$126,194.53	+\$37,718.42	+42.63%
Museum Admissions – All	\$27,840.00	\$43,152.00	+\$15,312.00	+55.00%
Museum Admissions – Tours	\$37,380.00	\$46,030.00	+\$8,650.00	+23.14%
Total Revenue (excl. concessions)	\$153,696.11	\$215,376.53	+\$61,680.42	+40.13%

Source: Tour Season Revenue Comparison, James & Elsie Nolan Center, May 1–September 16, 2025 vs. 2026.



Christmas Tree Location Change Proposal to Assembly

Staff are evaluating the potential relocation of the community Christmas tree from the alley adjacent to the Elks Lodge to the City Hall lawn. The proposed location could provide a more visible and accessible setting for the annual tree lighting and holiday activities. Staff are currently determining whether the relocation is feasible and what site preparation, anchoring, or other improvements would be necessary to safely accommodate the tree at City Hall.



Regional Advocacy and Natural Resources

Sea Otters

The Borough Assembly's Local Disaster Resolution addressing sea otter predation on the Southeast Alaska Dungeness crab fishery has been confirmed "received" by the Governor's Office and is currently under review. The resolution is intended as a near-term opportunity to provide meaningful relief to the more than 60 Southeast Dungeness crab permit holders and their families in Wrangell whose livelihoods have been affected, while also raising the profile of the issue and building a public record to support longer-term advocacy efforts.

Administration, working with Davis Wright Tremaine (DWT) and outside counsel, has been developing a broader multi-year strategy to address the underlying regulatory challenge. Sea otters are protected under the Marine Mammal Protection Act (MMPA), and existing federal tools for managing otter populations in response to fishery impacts are limited; DWT has outlined several potential avenues, including petitions related to the species' "depleted" status, a possible waiver of the MMPA's take moratorium, and a legislative/congressional track, noting that a combined administrative-and-legislative approach is likely to be the most effective path forward. The Borough's role is intended to focus on legislative and policy advocacy, while a fishermen's or regional shellfish association — still to be formed — would lead direct petition efforts and engagement with NOAA Fisheries.

To build toward that structure, the Borough is assembling a regional stakeholder mailing list (email and hard-copy) to reach affected fishermen, permit holders, and other stakeholders throughout Southeast Alaska. Administration anticipates holding one or two remote engagement sessions this fall to introduce the issue and identify potential stakeholder leadership, building toward a



larger in-person stakeholder fly-in in Wrangell in January 2027 — timed to coincide with a lull in other regional fisheries so more fishermen are able to attend. The January session is intended to serve as the kickoff for formation of a Southeast shellfish association or similar economic advocacy organization, and Administration is considering bringing in additional scientific and regulatory experts, potentially including Paul Schuette, to strengthen the program. Administration is also working with DWT on a scope of work and cost estimate for this effort, which will be brought before the Assembly for authorization and funding.

Personnel & Administration

Work Session Schedules

The following work sessions have been scheduled with the Borough Assembly this fall:

- October 13 — Playground/Park Upgrades (60 minutes): Borough Manager Villarma, Parks, Recreation and Grounds Director Lucy Robinson, and Capital Projects Director Al-Haddad
- October 27 — Strategic Road Replacement Plan (60 minutes): Borough Manager Villarma, Public Works Director Wetor, Capital Projects Director Al-Haddad, and Public Works Assistant Director Wade Jack
- November 10 — Building Code/Zoning (90 minutes): Borough Manager Villarma, Capital Projects Director Al-Haddad, and Senior Project Manager Mike Howell

Looking Ahead

Administration's principal focus in the weeks ahead remains advancing the Wrangell Shipyard & Homeporting Initiative — the top priority for this administration — as EDA, CDS, and AIDEA funding decisions continue to develop and staff prepare for the engineering, permitting, and community engagement work that will follow. Alongside that effort, Administration will continue building toward a stakeholder fly-in on the sea otter predation issue, advancing Opportunity Zone outreach to eligible sectors, mobilizing winter capital and utility work, and holding the scheduled work session series on playground and park upgrades, the strategic road replacement plan, and building code and zoning updates. Budget preparation for FY2028 will also begin in the coming months. Administration appreciates the continued support and engagement of the Assembly and community as these efforts move forward.

Resources & Links

[Prior Manager's Reports](#)

Manager's Minutes: [Video 1](#) [Video 2](#)

[Economic Development Newsletter](#)

