



BOROUGH MANAGER'S REPORT

May 13, 2025 – Regular Assembly Meeting

Submitted by: Mason Villarma, Borough Manager

Madam Mayor and Assembly Members,

The following is a summary of key projects, administrative updates, and operational highlights from the past two weeks:

Capital Projects and Infrastructure

Landslide Hazard Mapping Project

The Borough secured FEMA funding for a comprehensive landslide hazard mapping initiative. The project is being coordinated with Alaska DNR's Division of Geological and Geophysical Surveys (DGGS). Jillian Nicolazzo, DNR Landslide Hazards Program Manager, is in Wrangell for the kickoff meeting on May 12 and is tentatively scheduled to speak during the Assembly meeting this evening. For an example of what the Wrangell funded project will look like, please find the Haines Project at the following link: <https://dggs.alaska.gov/pubs/id/31309>.

Water Treatment Plant Substantial Completion Imminent

Stormwater improvements, backwash line connections, and exterior concrete work are ongoing. We continue evaluating scope expansion opportunities using the remaining \$2.5M from our 2023 CDS allocation.

Reservoir Bypass Project

Amber has persuaded the EPA to allow for a \$2.5M scope amendment to reallocate unspent CDS funds from the Water Treatment Plant initially scoped project to the Reservoir Bypass Project. This brings the total project funding to approximately \$5.813M. This strategic realignment also creates an opportunity to redirect \$1.23M in LATCF funds to other Borough priorities ahead of the federal obligation deadline.

Unit 1 Generator Overhaul

Major component upgrades have been completed; however, post-installation diagnostics revealed shaft alignment issues. Administration authorized emergency corrective work to mitigate further risk. A retroactive change order for MSI will be presented to the Assembly tonight.

City Hall Remodel – Phase I

Paneling has been removed and replaced with drywall. Additional upgrades include an administration hallway door and insulation improvements. We will obtain Fire Marshal review before advancing to future phases.

St. Michael Street Improvements

The project has reached 95% design. Bid release is expected in the next couple weeks (further details provided in the Capital Projects report).

City Dock Facility Repairs

Port and Harbor crews responded effectively to damage at the North gangway landing caused by extreme tides and wind. Reinforcement work is underway and is scheduled to be finished by the next port call.

Development and Land Management

Waterfront Development & American Cruise Lines

Work continues on a phased financing and execution strategy for the amended Waterfront Master Plan. Tonight's work session will allow the Assembly to align near-term actions ahead of a joint session with American Cruise Lines, tentatively planned for late May or early June.

Mill Property Negotiations

We have completed negotiations with Tideline Construction regarding a 10-acre sale at the former mill site. A Purchase and Sale Agreement (P&SA) will be considered this evening with consideration for the property being the performance of construction activities (i.e., service performance obligations). The P&SA also requires Tideline to take all Municipal scrap metal from the Wrangell Transfer Station in perpetuity allowing considerable cost savings for the Sanitation Fund in the long-term.

Hospital-Adjacent Lot Conveyance

Cheyenne Lu and Levi Miller have agreed to terms for purchase and development of six lots adjacent to Wrangell Medical Center, with a three-year development window and coordinated access planning. If approved by the Assembly tonight, a resolution for conveyance will come later after the appraisal, survey and access plan review.

Alder Top Subdivision

Following the recent sales milestone, a bid opening for Phase I infrastructure was held on May 7. A resolution to amend the sale and a contract award recommendation are on tonight's agenda.

SEARHC Housing and Childcare Projects

Staff are actively working with SEARHC on workforce housing projects and with Wrangell Public Schools and Tlingit & Haida on future childcare facility planning and staffing. We will continue to update the Assembly on our progress.

Public Works & Municipal Services

Public Works Staffing

Public Works is now fully staffed and executing several seasonal and deferred maintenance projects. Foreman Cook's report provides further detail (this was sent in the last FYI Friday).

Beautification and Maintenance

- Zimovia Ave has been cleared of overgrowth and regraded with 6" clean rock.
- Marine parking lot resurfaced and crowned to improve drainage.
- Barge yard consolidation continues in collaboration with Samson.
- Pavilion construction at City Park will commence once McGraw Construction is available.

Finance and Legislative Updates

Bond Issuance Planning

Ongoing coordination with AMBBA and Bond Counsel continues. We are planning to pursue the following issuances:

- **2023 Series I GO Bonds (School Major Maintenance):** Arbitrage compliance and spend-down review underway.
- **Public Safety Building Bonds:** Fall/Winter issuance in development.
- **Port & Harbor Revenue Bonds:** Structure under evaluation; standalone vs. combined issuance options being explored.

Ballot Ordinance Planning – *Assembly Direction Requested*

In advance of the August election deadline, Administration is seeking Assembly guidance on the range of ordinances to be placed on the ballot. In addition to potential bond ordinances and ongoing work on the Public Safety Building and Harbor financing packages, other items under discussion include:

- A potential “**sin tax**” on alcohol or tobacco
- A Permanent Fund draw request to fund the Pool Roof Project
- A Charter amendment to address governance or fiscal matters

A work session is scheduled for May 27 to address debt structure, bonding strategy, and ordinance language. In the meantime, Assembly input on other ballot items you wish to explore is requested.

Sales Tax Enforcement and Code Updates

Notices have been mailed to numerous delinquent businesses; further notices will be sent out over the coming days, and we will enforce the code as stringently as possible. Delinquency notification will follow the following process: 1) letter of delinquency 2) Post on delinquent list on website 3) Put QR code of delinquent list in Wrangell Sentinel 3) Sales Tax Estimate Letter 4) Appeal Proces/Proceed with Estimate Due 5) Payment of Balance or Lien. Ordinance 1076 and subsequent amendments under consideration tonight aim to modernize our sales tax enforcement framework.

Loan Forgiveness Opportunities

We received \$175K forgiveness for our wastewater SRF loan for wastewater alternative analysis and have the opportunity for \$75K for a water/wastewater rate study. Assembly direction is requested on whether to pursue additional study.

State Revenue Legislation

The Alaska Legislature is advancing two significant revenue measures:

- **SB 113:** This bill updates the corporate income tax to include digital businesses operating in Alaska, even without a physical presence. It's projected to generate \$25–\$65 million annually, earmarked for education funding.
- **SB 92:** Targets oil and gas entities with over \$5 million in taxable income, potentially affecting companies like Hilcorp. It's expected to raise up to \$175 million annually.

Essential Air Service (EAS) Funding Cuts

The Trump administration's proposed FY 2026 budget includes a \$308 million reduction to the Essential Air Service program, a 52% cut. This could significantly impact rural Alaska communities like Wrangell, which rely on EAS subsidies to maintain regular air service. We will continue to stay engaged with our Federal Lobbyist and the Delegation on this critical funding that preserves our air transportation service in rural Alaska. Administration will continue to report on the status of EAS.

SB 161 – Bottom Trawling Ban

Senate Bill 161 proposes banning bottom-contact trawl and dredge gear in Alaska's state waters by 2028. The bill mandates a comprehensive study on the ecological impacts of such fishing methods, with a report due by January 1, 2027. This legislation could have substantial effects on Wrangell's local trawl fleet. Julie Decker, Wrangell resident and PSPA President, has drafted a letter of opposition that is placed under tonight's Assembly business for consideration by the body.

Federal Highway Reauthorization and CPF Opportunities

The U.S. House is initiating work on the next five-year surface transportation reauthorization, set to replace the Infrastructure Investment and Jobs Act upon its expiration in 2026. Community Project Funding (CPF) requests will be part of this process. Borough staff will convene to prioritize CPF submissions aligned with Wrangell's infrastructure needs.

Public Safety and Emergency Response

Drug Enforcement Success

Wrangell PD and SEACAD led a successful operation resulting in three arrests. Our thanks to Chief Meek for his continued leadership. Chief Meek and the Police Department have been exceptionally busy with many other cases and joint-agency operations. For more information, please visit the Wrangell Police Department Facebook page.

Triannual Multi-Agency Emergency Drill

WVFD led a highly effective simulation of a commercial aircraft incident on Runway 28. Borough staff from multiple departments participated. Photos were sent to the Assembly the last FYI Friday.

Intergovernmental and Strategic Partnerships

Petroglyph Beach MOU

State Parks has agreed in principle to an MOU that would allow the Borough to retain 100% of fees collected at Petroglyph Beach. We will be discussing the possibility of WCA being transferred management rights to the site as it is a culturally significant site to the tribe and creates opportunity to bolster their tourism operations. Finalization is pending.

USFS Collaboration

Several ongoing initiatives have recently been discussed with the Wrangell Ranger District, including:

- Middle Ridge geotechnical work (construction expected summer 2026)
- Trail expansion planning (Mt. Dewey and Petroglyph Beach extension)
- Timber export designation support for the 6-Mile site
- Review of City Park tree removal related to new Pavilion construction
- \$250K investment in M/V Chugach shelter upgrades

State Legislative Update

The legislature approved a \$700 increase to the Base Student Allocation. The Governor has said he will veto, and that further policy reform must be incorporated into another iteration of the bill before he supports it. There will be either a veto override or another bill proposed. We continue to monitor revenue-related bills (SB 113 & 92).

Federal Advocacy

Coordination with Senator Murkowski and Senator Sullivan's team and DOT continues as we advocate for expedited release of our \$25M RAISE grant. We are ensuring alignment with federal policy priorities. Once we hear a decision on the funding, we will inform the Assembly.

Alaska Airlines Cargo Partnership

Last week, we met with representatives from Alaska Airlines Cargo to express appreciation for their service and to discuss future partnership opportunities. Alaska currently operates two 737-800s (48,000 lbs. capacity) and three 737-700s (32,000 lbs. capacity) that serve Wrangell. We are working together to improve competitive freight pricing, analyze inbound and outbound cargo data, and increase access to air freight services. Planning is underway for a "Known Shipper Day" to help businesses and residents learn how to ship directly. A community-wide freight survey will also be launched to better understand local needs and inform future advocacy efforts.

Personnel and Employee Benefits

FY26 Health Insurance Renewal

The Borough has received a rate pass on its health insurance renewal for FY26. We will be hosting a Webex meeting with our insurance broker, USI, to present different plan options to staff. In accordance with the Collective Bargaining Agreement (CBA), the Borough will propose these options to the Union for adoption effective July 1, 2025. This year, we are exploring a transition from the existing HRA model to an HSA-compatible model, as well as offering multiple deductible levels at more favorable premium rates. The goal is to provide employees

and their families with more flexibility and choice when selecting the plan that works best for their needs.

Departmental Performance Evaluations

Department heads are currently preparing performance evaluations for their respective departments. All evaluations are due to the Manager's Office by June. This process ensures consistency in performance standards, provides structured feedback, and supports ongoing improvement across departments.

WML&P Superintendent Position Filled

David McHolland has been selected by Borough Administration to serve as the permanent Light & Power Superintendent. David has served as the Power Generation Mechanic for the past year and has shown tremendous leadership and competence in his role. He will continue to carry forward his Power Generation Mechanic duties until a replacement is hired as agreed to by the IBEW. I'd like to thank Dwight Yancey for serving as Acting Director over the last year. He will continue to retain his role as WML&P Foreman.

Events/Dates to Note

- **Planning & Zoning Commission Meeting:** May 8 – PUD code, WCA land sale, timber rezoning
- **Playground Planning Work Session:** May 9, 12:00 PM (Nolan Center Classroom)
- **Assembly Work Session - Waterfront Master Plan:** May 13th, 6:00 PM (Nolan Center)
- **Assembly Meeting – May 13th, 6:00 PM (Nolan Center)**
- **Assembly Work Session – Debt, Ballot Ordinances, and Permanent Fund:** May 27, 6:00 PM (Assembly Chambers)
- **Assembly Meeting – May 27th, 7:00 PM (Assembly Chambers)**
- **Assembly Work Session – FY 2026 Borough Budget:** May 28, 5:30 PM (Assembly Chambers)
- **American Cruise Lines Work Session:** May 29, 6 PM (City Hall Chambers)

Please don't hesitate to reach out if you have any questions ahead of this evening's discussions. As always, thank you for your support and collaboration.

Respectfully submitted,

Mason F. Villarma

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Borough Manager

City and Borough of Wrangell