



## **BOROUGH MANAGER'S REPORT**

*May 27, 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:

### **Legislative Update – House Bill 57 Veto Override**

On May 20, the 34th Alaska State Legislature voted to override Governor Dunleavy's veto of House Bill 57, which provides a \$680 million increase to the Base Student Allocation (BSA) — the largest single-year increase in decades. This translates to an increase of \$700 per student. For the Wrangell Public School District, this is estimated to result in approximately \$425,000 in additional funding for FY26. This increase will help offset growing operational costs and support a more sustainable funding structure for the district.

### **Forest Service Response – Timber Production Expansion**

The Borough received a formal response from the USDA Forest Service regarding our April 15 correspondence on timber industry revitalization. In the letter, the agency affirmed support for increased timber production on Wrangell Island. Notably, Forest Service Chief Schultz has initiated a nationwide directive to increase timber volume production by 25% over the next four to five years. The Tongass National Forest has committed to identifying 25 million board feet in new and existing volume for sale by FY26, supported by coordinated efforts across the All-Landowners Group and guided by the 2016 Forest Plan.

### **Water Treatment Plant Construction**

The Borough has reached substantial completion of the new water treatment plant. Work now shifts to repurposing portions of the old plant as a contact chamber and water storage facility. Major remaining tasks include installation of a new insulated roof, stormwater infrastructure, and paving between the new and old buildings, along with replacement of the transmission line from the lower reservoir.

### **Presbyterian Church Property Acquisition**

The Borough is actively working to acquire a portion of a parcel owned by the Presbyterian Church to construct additional parking for Wrangell Public Schools. This has long been a community need, and the acquisition supports safer and more accessible facilities for students and staff. A Purchase and Sale Agreement has been finalized and is on the agenda for approval by the Assembly tonight.

### **Vertical Bridge Cell Tower Lease**

The Borough is in negotiations with Vertical Bridge to establish a lease for a cell tower on Lot 14,

Block 5, near the Wrangell Transfer Station. Key issues being negotiated include revenue sharing and access to adjacent lots. A draft agreement is expected to be brought forward for Assembly consideration in June.

### **Barge Service Yard Planning**

The Borough continues discussions with Samson Tug & Barge and Alaska Marine Lines regarding long-term options for a barge service yard. While the Marine Service Center will remain a mid-term solution, all parties are committed to identifying a permanent site that best serves Wrangell's economy and transportation needs.

### **Mill Property PSA Finalized**

On May 13, the Assembly approved a Purchase and Sale Agreement with Tideline Construction, LLC, for the Borough's 42-acre mill property. Services are scheduled to begin in early June. The Borough is in active discussions with ADEC regarding the 2022 PPA and ensuring continued access to adjacent lands if environmental investigation is necessary. Up to \$50,000 in remediation and completion of an Environmental Assessment 1 and 2 are required to ensure no ongoing liability.

### **Federal Funding Requests**

The Borough's Congressionally Directed Spending (CDS) and Community Project Funding (CPF) requests are under staff review. Projects under review include the Wastewater Treatment Upgrades, Public Safety Building Rehabilitation, Mill Property Subdivision, and the East Channel Emergency Access Road. We remain in contact with Senator Murkowski and Representative Begich's offices, and are confident that some if not all of these requests will move forward.

### **Tlingit & Haida License Agreement – Early Childhood Education**

Tonight's Assembly agenda includes the final license agreement between Tlingit & Haida and the Borough. Upon approval, renovations and staffing can begin. This initiative will provide 36 early childhood education spaces (Head Start and childcare), meeting a critical need for working families in Wrangell.

### **Health Insurance Renewals – FY 2026**

The Borough will renew the current HRA plan with Premiera with only a 0.9% increase and will offer an HSA-compatible plan with a lower deductible and approximately 4% lower premiums. The Borough will match up to 25% of an employee's contributions to a qualified HSA (up to \$4,300).

### **FY 2026 Budget Draft**

The initial FY 2026 Budget Draft was released to the Assembly last week and can be accessed [here](#). A Budget Work Session is scheduled for May 28 at 5:30 p.m., after which a final draft will be prepared for Assembly adoption.

### **SEAPA Special Meeting – Tyee Third Turbine Project**

Mayor Gilbert and I will attend the Southeast Alaska Power Agency's Special Meeting on Thursday to discuss and vote on moving forward with the Third Turbine Project at Tyee. Details are available in the board packet: [Southeast Alaska Power Agency | SEAPA](#).

### **Joint Work Session – American Cruise Lines**

A reminder that the Borough will host a Joint Work Session with American Cruise Lines on May 29 at 5:30 p.m. ACL will present their proposal and potential for expanded investment in Wrangell's port infrastructure and economy. This will be a key opportunity for public input and Assembly dialogue.

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