

Mayor's Report

March 13, 2023, General Meeting
(Drafted for 3-8-23 deadline)

Our City departments have been successfully delivering the services expected, while staff plans for the next fiscal year and developing the budget.

Budget preparation. Treasurer Ben Sadler has worked with department heads, City Administrator Kathy Leary, and me to draft the Fiscal Year (FY) 2024 budget. The budget must be adopted before the start of FY 24 on July 1, 2023. I asked for a conservatively balanced budget that positions us complete FY 24 safely with some unexpected events or exposures. As is prudent standard municipal fiscal practice, we will carry forward some surplus funds from this unfinished fiscal year, but we don't yet know how much carryover will be eventually be available. Therefore, the Treasurer has prepared a budget carrying over on the specific funded FY23 expenditures from FY23 that we know won't be spent. Examples are the disaster readiness funding, which we now budget every year and if unused carry over to the next year, and funds set aside for an audit in FY 23 that is now scheduled for FY24. We also anticipate not needing a large portion of the budget for the contracted City Attorney. Those carry over funds total \$100,000. Currently we are running a \$400,000 surplus this fiscal year, so I feel confident we are budgeting conservatively for next year. After we close out accounting for FY23 in July we will plan to distribute some of the additional unexpended carry over to budget lines such as building repair and maintenance that have been tightly budgeted in the original budget. The great majority of the carryover I expect to add to savings for future capital projects.

The February 27 budget work session introduced the budget draft to the Council. Treasurer Ben Sadler has since rebalanced the budget to include funding for IT services, which we had mistakenly omitted from the first draft. The draft is ready for the scheduled budget town hall public meeting on March 15. We expect to introduce the budget as a Non-Code Ordinance (NCO) at the April 10 meeting and schedule public hearing for the May 8 general meeting. If necessary, we can adopt it in June.

Beach Park Signs Vandalism. The Council, staff and I were disappointed in February to have another vandalism event at the Beach Park in which a person chain-sawed one of the posts for the Beach Park name sign and another post that supported the "No Motor Vehicles" symbol sign. The vandal also cut up a plastic post for the dog waste collection bin on the Park's west side. This vandalism followed an earlier event in which someone sprayed red paint on signs. The City Administrator reported the crime to the State Troopers, who confirmed that malicious damage exceeding \$750 is a Class C felony. Such destructive behavior is disappointing and disrespectful of our community, but we are repairing the damage and will have the signs back in place as soon as ground conditions allow. We will remount the dog waste bins on treated wooden posts for a better appearance. I am deeply grateful to Kathy Hocker for carefully cleaning and reconditioning the vandalized Beach Park sign for reinstallation at the trail entrance on the east side of the park. Thank you, Kathy!

I know some folks still express grievance that the beach park tracts are closed to motor vehicle use. Some claim incorrectly that the establishment of the beach park and the motor vehicle closure were not supported by the majority of the Gustavus public. The Beach Park was established because a large group of Gustavus citizens approached the City Council several years ago with a request to establish a park and manage it to protect the spectacular natural resource it is unimpaired for everyone's enjoyment. An *ad hoc* citizen's beach committee held over 20 public meetings to plan the park and draft a cooperative resource management agreement with the State Department of Natural Resources, which owns the two 15+ acre tracts on the east and west sides of Dock Road. The State insisted that the management plan respect the covenants and use limitations stated in the Quieting Title court judgment that transferred the land to the State of Alaska, and that the DeBoer family approve park plans. The Quieting Title allows traditional uses listed as "walking, camping, bird watching, jogging, horseback riding, picnicking, camping, sunbathing, hunting, fishing, recreational boating, beach-combing, berry picking, cross country skiing, and other similar recreational uses. It is intended that the recreational use be consistent with the natural state of the land and be of a low intensity nature." Note that off road motor-vehicle use is not included and is not a use that is "of a low intensity nature." We can drive to the beach park but *we don't need to drive on the beach park*.

The Gustavus City Council adopted ordinance taking responsibility for managing the beach park cooperatively with DNR through the established public process, involving multiple public hearings at which the public overwhelmingly spoke in favor of protecting the beach as a park and of closing it to motor vehicle use. The most recent such hearing on April 11, 2022, was attended by (then) DNR Regional Manager, Ben White, and a staff member. At it, public members spoke for and against approval of an updated CRMA Development Plan for the park. Public members also submitted written testimony to DNR on the CRMA and Development Plan. The Development Plan set forth management rules for the park including closure of the park to off-road motorized use beyond the established parking area. On July 19, 2022, in consideration of the public oral and written input, Regional Manager Ben White, issued DNR's official approval of the Development Plan with its management provisions. The plan was also approved by Ben and Donna DeBoer, the owners of the adjacent tracts and of the covenant provisions in the Quieting Title. The DeBoer family generously allows public low-intensity recreational use of their beach lands and shares the intent of the City to protect the natural character of the adjacent tracts for the enjoyment of present and future generations.

I can only hope that all Gustavus residents will appreciate that the efforts of the City of Gustavus, the Alaska Department of Natural Resources, and the DeBoer family to establish and protect the beach park were taken through the legal democratic public process and represent the wishes of the majority of our fellow citizens of Gustavus. Few of us got exactly what we wanted in the final plan and rules, but they represent the general will of our community and warrant everyone's respect and support.

APC Electric Rates Filing. On February 27, 2023, I issued a letter on the behalf of our City and Community to the Regulatory Commission of Alaska supporting adoption

of Alaska Power Company's (APC) filing TA905-2. I'll not detail that 2.5 page letter here but am attaching it to the report below for those who may not have seen our earlier release of it. In short, the filing, if approved by the RCA will alter the quarterly calculation of our electric rates to apply a credit for the power sales to the NPS through the newly-inaugurated intertie to Bartlett Cove, such that power cost equalization (PCE) credits are retained in full and the net electric rates for both businesses and PCE-qualified customers realize the full benefit possible. If the RCA concurs, we will see a major reduction in our electric rates.

Road Maintenance. Thanks to Ponch and Justin Marchbanks of Glacier Bay Construction, our road maintenance contractor, for diligent work to keep City gravel roads and parking areas open and drive-able after several high snowfall events. Thanks also to Jeff Jarvis and Ian Schroth at DOT for keeping the State maintained (paved) roads and the airport open. And the NPS crews have also done a fine job clearing snow quickly from the National Park entrance road, which many residents use to get to work or other activities in the Park. For the City facilities, we generally wait for snow to taper off and then plow roads as smooth as possible to minimize hardpack that will make a mess during break up. Despite the recent heavy snows Glacier Bay Construction has managed to maintain road width quite well. We can all help by keeping road easements free of parked vehicles, stored items and structures that inhibit plowing. Let's make it as easy as possible for the plowing team to keep our roads serviceable through the winter!

The Library bike shelter project received a successful bid from Terra Construction (Matt Davis) that is well within our budget. The project is scheduled for Council award at the March 13 General Meeting. John Barry, PE, our project manager, expects the project to be underway by late spring.

The Good River Bridge Repair Project is the subject of a major federal infrastructure grant application by City Administrator Kathy Leary. Kathy has worked diligently with our grant-writing agency Solstice and with representative of Alaska DOT&PF. If funded, the repair work will be engineered and constructed by Alaska DOT&PF bridge section, taking it off the City plate. Kathy has gathered supporting letters from key stakeholders, including state and federal agencies, served by the bridge to maximize the review score. If we fall short this time, the application can be edited quickly for other grant opportunities. Such is the grant application game.

The Salmon River Park Playground Equipment Project is moving forward. I issued requests for proposal to five firms that provide playground equipment asking for proposals with an equipment and freight budget around \$20,000. Proposals are due March 16. One firm has already submitted a proposal with several options. I'm finding playground equipment is surprisingly expensive now, but I hope we can build a nice addition more suitable for older children than is the existing equipment.

The Septage Holding Facility Project is also progressing. The City will purchase two used 10,000 gal tanks from a supplier in Juneau to be installed at the DRC to store septage pumped from local tanks until the material can be shipped to Juneau for processing. The tanks are undergoing minor repairs and modifications in Juneau

before shipping to Gustavus. John Barry, PE, the City's project manager, developed the DEC permit application and DEC issued us permits for the tank installation and storage operation. We will issue soon a request for quotation for contractors interested in installing the tanks and we hope they will be in place by late spring. We expect Juneau Septic soon thereafter to be offering regular septic pumping service here.

John Barry also completed an **Alaska Village Safe Water Program** planning grant application for possible partial septage processing at the DRC site to reduce shipping to Juneau. Local processing would cut the cost of septic tank pumping.

The Beach Park Hardened Trail Project will improve the trail to the west side viewing bench and campfire circle for walkers and wheel chair users. Glacier Bay Construction is the successful bidder on the RFQ for construction, which closed March 7. Project award is on the March 13 general meeting agenda. We look forward to seeing this long-anticipated project completed this summer. John Barry, PE, is managing this project for the City.

The Firehall Repeater Tower Project is also managed by John Barry. He developed the RFQ for installation which closes March 21. We plan to award the project to the lowest-price qualified bidder at the April 10 general meeting.

The Gustavus Bike Side Path Project will build a bike and pedestrian side path parallel to, but separated from, Gustavus Road between the Gustavus School and Good River Corner. The side path will enhance safety for bike riders and pedestrians along this busy route. Better safety for students commuting to and from school by bike is the primary goal. City Administrator Kathy Leary and our grant writers are preparing a grant application for submittal this month. If we are successful DOT&PF will construct it with the state paying the required 9.03% match. The Council has a resolution on the agenda March 13 supporting the grant and offering an additional 1% match from the City of Gustavus plus a commitment by the City to maintain the finished side path. With "skin in the game" the City enhances the chance of funding.

The Gustavus Dock Wave Barrier Project is in early stages seeking funding. On March 8, I participated in a federal government infrastructure webinar regarding grants for port and harbor improvements for small communities. We will work with DOT&PF to develop the project for construction by that State agency.

The Cul-De-Sac Turnarounds Improvement Project will improve turnarounds at Porcupine St., Extratuff Rd, Mary's Rd, Meadow Ln, and Glen's Ditch Rd to improve them for more turning space, particularly for snow plowing equipment. Glen's Ditch Rd will be improved from Same Old Road to the Nagoonberry Trail parking area. Road and neighborhood appearances will benefit from having more finished and usable cul-de-sac turnarounds. I will manage this project, through provisions in our existing Annual Road Maintenance Contract.

The City Hall Heat Pump Installation Project should be underway this spring. The manufacturer, Mr. Cool, is donating a demonstration system for City Hall and has already shipped the equipment our way. When we receive the package, Dean Weikle and I intend to install it as a trial of the "do-it-yourself" technology. If successful, I

hope to equip more City facilities with heat pump systems but will leave the existing oil-fueled heating units in place for exceptionally cold weather.

The Old Post Office Building Renovation work will resume when Kenn Magowan returns from seasonal work in Antarctic in April. He has agreed to renovate the facility and lease it for a bike repair and rental shop to open this summer. We are excited to see the historic World War II building renovated and back in productive service.

Other drainage projects along Wilson Road and Same Old Road are planned for later this summer as schedule allows, continuing our effort to control flooding from heavy rain events that occur more frequently now due to climate change. The flood control improvements are essential to a more resilient community.

A new Policy and Procedure for capital project management John Barry and I are developing will standardize our processes and forms for construction project management. Streamlined and better-defined processes will improve consistency and efficiency and may reduce project costs.

Initial bridge inspections of Grandpa's Farm Rd and Dickey Drive bridges were completed by the DOT bridge inspectors in February. The reports show the bridges to be in excellent condition with no corrective actions required.

ByteNet Internet for City buildings is being installed under an agreement for ByteNet to provide free internet service to City Hall, the Fire Hall, and the DRC for two years. Steven Nemeth was installing the equipment at City Hall this week. Thanks to Janusz and Ela Kunat for the offer and to Steven for installation work.

The Gustavus Health Fair will be held on Saturday, April 29 at the Gustavus Community Center. Fire Chief Sol Martinez is organizing the Fair this year on behalf of the City, with help from Council Member Tania Lewis, Colleen Stansbury PA(C), Rod Vaught, MD, and Kelly Warren from the SEARHC Clinic. Sol is recruiting outside practitioners and agencies such as AWARE to provide informational tables at the fair. We welcome those participants along with the professional team of the Alaska Health Fair and hope Gustavus residents will make the most of the services offered at the Fair. SEARHC plans to offer a tour of their new Gustavus Clinic that afternoon. Watch for more information from Sol as the date nears.

Thanks to Council Member Tania Lewis and Public Health Nurse Claire Geldhof for organizing and leading a community meeting Friday, Feb 10, at the Gustavus Community Center to understand approaches to preventing sexual abuse and exploitation of young women in Gustavus, particularly during the busy summer season. It was a thoughtful discussion among about 25 community members. Tania is following up with the AWARE agency in Juneau to offer additional protective programs here. **Thank you, Britney Cannamore, for hosting the meeting** at the Gustavus Community Center.

Mike Taylor
Mayor, City of Gustavus



City of Gustavus

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February 27, 2023

Regulatory Commission of Alaska
701 West 8th Avenue, Suite 300
Anchorage, AK 99501

Dear Regulatory Commission of Alaska:

Subject: Alaska Power Company Filing TA905-2, for Gustavus, Alaska
Reference: RCA Public Notice of 2-21-23

I write as Mayor of the City of Gustavus for the benefit of the ratepayers of Gustavus, (population 658) supporting adoption of Alaska Power Company's (APC) filing TA905-2. APC proposes to create a Credit Balancing Account related to energy sold to the National Park Service (NPS) and to add new provisions to its tariff to pass all revenues from the NPS on to APC's non-NPS Rate Group 3 customers. Both the City of Gustavus and I are APC Rate Group 3 customers.

The construction of the Falls Creek Hydroelectric Facility over a decade ago ended the community's total dependance on expensive, polluting diesel generation. Nearly all our electricity is now generated by non-polluting hydropower. The Falls Creek project was designed and constructed to a size that would meet both the community and the NPS' energy needs. However, the community distribution system did not originally include the NPS facilities at Bartlett Cove, which remained on remote diesel generation. While the NPS planned to develop an intertie, funding and completing the project took far longer than anticipated. In the interim, Falls Creek was underutilized for years, and fixed costs were shouldered by the community without support from the NPS. High electricity costs to businesses and residents have been a drag on the Gustavus economy, while a substantial excess of hydroelectric generating capacity went unused. High electric rates discourage customers from switching

from fossil fuel energy to hydroelectric power for local transportation, heating, and appliances.

Environmental responsibility, plus the need to use our hydroelectric resource more fully and reduce electricity costs, led the community and the City of Gustavus to support construction of an intertie from the Gustavus distribution system to the NPS facilities at Bartlett Cove. The benefits were clear. Eliminating the need for diesel generation at Bartlett Cove would eliminate about 600 tons of carbon dioxide emission per year, while allowing the fixed costs of the power system in Gustavus to be spread over more kilowatt hours; a major efficiency improvement. Based on energy use data provided by the NPS, Gustavus anticipated the NPS provisions of the 2017 Stipulation accepted by the RCA should have resulted in cost-savings of approximately 11 to 12 cents per kilowatt-hour, a substantial improvement for residences and businesses. Expecting these benefits, the Gustavus City Council unanimously supported and promoted the intertie construction.

The intertie was completed in fall of 2021 and went into operation in December 2022 to the celebration of all. The diesel engines at Bartlett Cove shut down and hydropower flowed to the NPS facilities. However, when new electric bills arrived in January, we found the net reduction in electric rates would not be as expected. Nearly all the benefits expected by residential ratepayers were transferred to the Power Cost Equalization fund. You can imagine the resulting disappointment and even cynicism. This result is particularly unfortunate for our community's lower income families, who struggle the most to afford energy. But fortunately, APC stepped in with the TA 905-2 filing, proposing to solve the problem and meet the intent of the original Stipulation.

The City of Gustavus urges the RCA to approve APC's proposed tariff revisions, which will correct the formula for rate calculation, restore the full PCE credit to qualified ratepayers, and restore to Gustavus residents and businesses the full economic benefit of the increased electricity sales through the intertie to the NPS at Bartlett Cove. Citizens in Gustavus will feel that their State government is working in their favor. Ratepayers will be better able to afford clean energy and have increased incentive to switch to hydroelectric energy for transportation, heating, and appliances. The City of Gustavus will encourage them to do so. The City is planning to install its first heat pump system for City Hall and hopes to apply the technology to other City buildings. More residents are considering electric vehicles, appliances, and heat pumps. The NPS intends to electrify vehicles, heating, and eventually even boats.

Revising the rate calculation structure as proposed by the APC TA 905-2 filing will help us reduce carbon emissions, make wise energy use decisions, and boost our economy. Importantly, it will meet the intent of the original Stipulation. We are grateful to the Alaska Power Company for identifying the rate calculation problem and developing the filing to enable Gustavus ratepayers to capture the full value of public investments in clean power generation and the intertie. We are glad to be part of a system that encourages communities to reduce their carbon footprint by making the most of alternative generation means. On behalf of our community, I urge the Regulatory Commission of Alaska to approve APC's filing as presented. Thank you for giving the APC filing your most thoughtful consideration.

Sincerely,

Mike Taylor

Mike Taylor, MS
Mayor, City of Gustavus, Alaska

Copy: Mr. Jason Custer, VP, Alaska Power Company