

THRIVING COMMERCE



THRIVING COMMUNITY





Mayor's Message

Whether the sun is setting behind snow-covered mountains, shining on the rich green of our summertime valleys or trying to break through the chaos of a hurricane force storm, Unalaska is breathtaking in all of its natural beauty and inherent charm.

Located just 50 miles from the Great Circle route, Unalaska, the 12th largest incorporated city in Alaska, is 800 miles southwest of Anchorage in the heart of the healthy and robust North Pacific/Bering Sea fisheries. Our community is a vibrant mix of industry and history connected by 27 miles of roads linking our port, harbors and private docks with local businesses and our thriving residential community of 4,400. We work hard to provide steady support to one of the busiest and most prosperous stretches of coastline in Alaska. The fisheries in the Bering Sea have created a regional economic powerhouse that benefits the entire state, and we continue to advocate for sustainable and responsible fisheries management.

For the last 30 years, Unalaska's economy has been based primarily on commercial fishing, seafood processing, fleet services and marine transportation. The Port of Dutch Harbor is the only deep draft, ice-free port from Unimak Pass west to Adak and north to the headwaters of the Bering Straits. Our port has been designated a "Port of Refuge" and provides year-round protection for disabled or distressed vessels as well as ground/warehouse storage and transshipment opportunities for the thousands of vessels that fish or transit the waters surrounding the Aleutian Islands. Annually, almost one million tons of frozen seafood is shipped to domestic and export markets in North America, Europe and Asia, making the Port of Dutch Harbor first in the nation in the quantity of catch landed and first or second in the nation in value of the catch for 22 consecutive years. At times, this steady growth strains the City's infrastructure to its limits, making clear and definable long-term planning a critical piece in the setting of goals and projects for our City and in our requests for financial assistance to the State of Alaska.

Many are the challenges that accompany the necessary growth and maintenance of the infrastructure essential to the efficient support of such a robust fishing industry. Because of the many services provided by our port and our strategic location, we are the logical place to stage equipment and provide logistics in support of oil drilling in the Chukchi Sea. This will be a major shift for our fishing community. The City has made it a priority to meet these challenges by setting solid policies and requiring accountability in all projects and services. We are committed to planning for future opportunities as well as can be expected in a short timeframe.

Life is good on our island. We are the home of a creative, friendly, industrious and positive community, and a Blue Ribbon of Excellence Award school system. No wonder many who first come here to work choose to make Undiscovered-Unforgettable-Unalaska their home.

We sincerely thank the Governor and the Legislature for your past support in reaching our goals and look forward to another year of a successful partnership meeting these challenges as a team.

Shirley Marquardt, Mayor



City Projects

Unalaska is the anchor for commercial fishing activity in the Bering Sea and the Aleutian Islands. According to NOAA's report *Fisheries of the United States 2010*, for the 22nd consecutive year, Unalaska's Port of Dutch Harbor led the nation with the greatest quantity of fish landed, and in those same years, our port was first or second in value of the catch. During 2010, commercial fisherman unloaded 515.2 million pounds of fish and shellfish in Unalaska's Port of Dutch Harbor, which is an increase of nearly 10 million pounds over 2009 and an increase in the dockside value of \$3.4 million over the prior year to \$163.1 million.

It's not surprising that Unalaska's economy is based on commercial fishing, fish processing and fleet services such as fuel, repairs and maintenance, trade and transportation. From catchers, processors and shippers to those who provide support services for fisheries, nearly all of the people who work in Unalaska derive their income and their quality of life from commercial fishing. The outlook for the economy of Unalaska is strong, yet big changes and opportunities are on the horizon with marine oil exploration in the Chukchi Sea.

The City is responding to the demands of growth through various projects that will strengthen and expand our infrastructure. Changes in federal fishing regulations over the last few years have resulted in expanded fishing seasons and have added to the demand for vessel moorage space. To address the need, the City completed a new **Commercial Boat Harbor** adjacent to the southeastern shoreline of Amaknak Island, locally referred to as "Little South America." The new harbor provides adequate depth for vessels, shelter from storms and deep water swells, and moorage for vessels up to 150 feet in length. The Unalaska City Council named the harbor in honor of Representative Carl E. Moses who assisted in obtaining initial project funding.

In the past 10 years, the population of the community has increased by less than 1%, but because of economic development, the base power load continues to grow at an annual rate of 1.2%. In order to meet the demand, the City has constructed a new **Powerhouse** with space to add more power generation. The commercial load continues to grow, and we have plans to meet the demand.

The City is undertaking three major infrastructure projects, all of which are mandated by EPA regulations. The City will construct a new **Waste Water Treatment Plant** by the end of 2015 at a preliminary cost estimate of \$18 million. The Chemically Enhanced Primary Treatment Facility will replace the current Primary Treatment Plant that went on line in 1999. The next project, the new **Water Treatment Plant**, will be constructed by 2014 to meet the new LT-2 rule that addresses a nationwide mandate concerning the possible presence of cryptosporidium. This project will cost more than \$10 million. With the advent of the new LT-2 rule, the City of Unalaska, which has a surface water source, must install a UV system as a secondary treatment regime.



Carl E. Moses

Boat Harbor

City Projects Continued

The third project is **Expansion of Landfill Cells** for solid waste. Summer Bay Road must be moved and two new cells constructed. Additionally, a new **Leachate Flow Leveling Tank** must be installed to control the amount of leachate that is collected in our lined landfill cells. The preliminary costs for these projects is well over \$10 million, and the landfill projects must be completed before the Waste Water Treatment Plant goes on line in 2015.

The City is also looking at major **Paving Projects**. Airport Beach Road needs to be repaved as the wear and tear of commercial activity has worn ruts in the existing roadway. Another paving project includes upgrades and paving of Ballyhoo Road, Henry Swanson Drive and the Carl E. Moses Harbor parking lot and access road. The combined cost of these projects is \$23.95 million.



The City's **Port Department** will undertake long-range planning in the coming year. With the possible increase in marine traffic due to exploratory oil drilling, City staff will need to look at marine-related land use issues, as well as span of control, manpower needs and services provided. We are planning an upgrade to the City's Unalaska Marine Center by filling in a pile supported dock and creating much needed uplands. This \$28 million project will provide better service to the users of the Unalaska Marine Center.



In addition, a major planning effort will be made to extend water, waste water and electric **Utilities down Captain's Bay Road** and possibly pave the road. It is expected that commercial growth at the end of Captain's Bay will drive the demand for these utilities and paving. The total cost of the project will be approximately \$23 million based on current estimates.

Funding of these projects is essential for continuation of the City's services to the community and the #1 Fishing Port in the Nation.

Chris Hladick, City Manager



Economy

The Heart of Unalaska's Economy



In 2010, Unalaska's commercial fishing fleet landed 515.2 million pounds of fish and shellfish at a value of \$163 million, which represents a 10 million pound increase over 2009 landings and a \$3.4 million increase in value over 2009 figures.

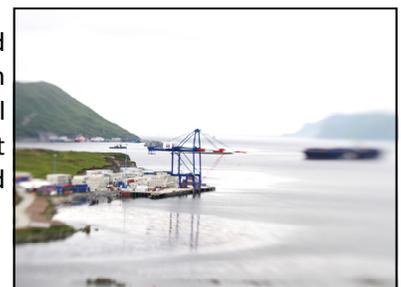
In 2010, the total domestic commercial seafood landings for the nation were 8.2 billion pounds, valued at \$4.5 billion. Unalaska alone contributed 6.2% of the volume landed nationwide. Also in 2010, the State of Alaska contributed 52%, or 4.3 billion pounds, at a value of \$1.5 billion, of the nation's total volume of seafood landed. Unalaska was responsible for 12%, or 515.2 million pounds, of the State's total of 4.3 billion pounds of seafood landings.

Supporting the Fleet and Serving the World

Unalaska's processors and local businesses provide services for approximately 400 vessels that fish the Aleutian Islands and the Bering Sea for various ground fish, halibut, salmon, herring and several species of crab. The fleet utilizes approximately 12,500 feet of City dock space with additional commercial dock space available within the community.

Unalaska is unique among Alaska's coastal communities in the support services it provides for the Bering Sea fleet. Support services encompass a wide range of businesses such as accounting and bookkeeping, banking, construction and engineering, diesel sales and service, electrical service and marine electronics, freight forwarding, hydraulic services, logistical support, marine pilots/tugs, maritime agencies, gear replacement and repair, vessel repair, stevedoring, vehicle rentals, warehousing and welding. No other community in the region has Unalaska's capacity to support commercial fishing in the Bering Sea.

Unalaska is the home of the western-most container terminals in the United States and is one of the most productive ports for transshipment of cargo in Alaska. In addition to product shipped domestically to and from this regional hub, product is shipped to ports around the world. According to the export shipping figures for 2011, more than 1.06 billion pounds of seafood was shipped from Unalaska to ports in Europe, Asia and around the world.





State Revenue Contribution

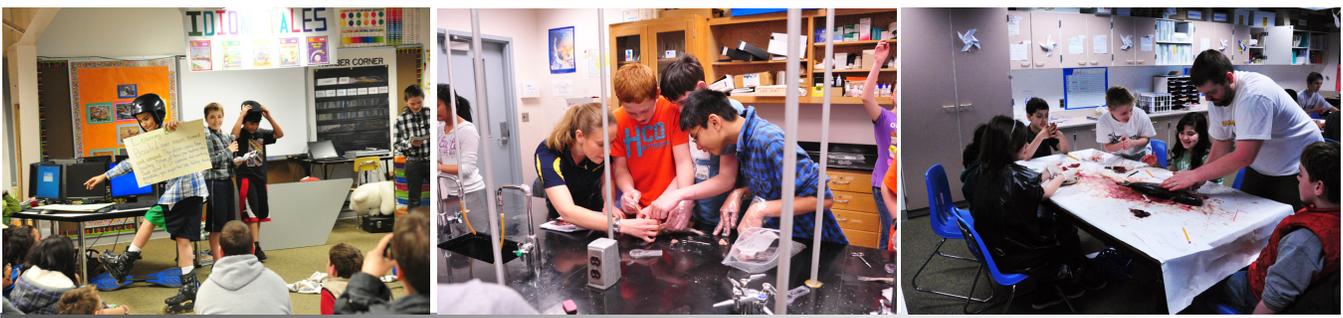
Unalaska's Role in the State of Alaska's Revenue

The fishing industry and support services of Unalaska pay a 3% Fisheries Business Tax, a 3% Fisheries Resource landing Tax, \$.05 per gallon in Marine Fuel Tax, Corporate Income Tax, and miscellaneous other taxes. These taxes contributed over \$25.9 million in revenue to the State of Alaska in Fiscal year 2010. Unalaska's contribution in revenues for fisheries-related taxes was \$6.1 million.

While the population of Unalaska makes up less than 1% of Alaska's total population, in Fiscal Year 2010, the community provided 14.6% of Alaska's total commercial fisheries landings and 6% of landings in the United States.

Fiscal Year 2010

- Unalaska contributed \$25,920,091 or .6% of the State's Total Revenue
- Unalaska contributed an estimated \$18,953,476, or 14.6% of the State's \$129,491,431, in Corporate income Tax other than petroleum
- Unalaska contributed \$3,234,224 or 94% of the State's \$3,441,441 in Fisheries Resource Landing Tax
- Unalaska contributed \$2,882,391 or 17.7% of the State's \$16,255,158 in Fisheries Business Tax
- Unalaska contributed an estimated \$850,000 or 40.6% of the State's \$2,092,010 in Marine Fuel Tax
- Unalaska's population was 4,376 which was .62% of the State's 710,231 total population



Unalaska City School Funding

The Unalaska City School District is considered one of the premier public school systems in Alaska and receives nearly half of its funding from the City of Unalaska and other local resources:

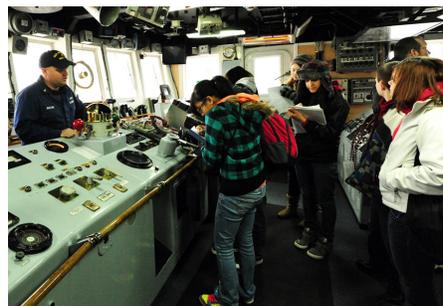
SCHOOL DISTRICT FUNDING

	FY09	FY10	FY11
CITY/LOCAL	\$ 2,843,565 46.3%	\$ 2,882,098 45.5%	\$ 3,006,371 45.6%
STATE	\$ 3,254,653 52.9%	\$ 3,402,380 53.7%	\$ 3,529,366 53.6%
FEDERAL	\$ 49,500 .8%	\$ 55,000 .9%	\$ 55,000 .8%
TOTAL	\$ 6,147,718	\$ 6,339,478	\$ 6,590,737

Recently, Unalaska City School (grades 7-12) added the prestigious **2011 National Blue Ribbon School Award** to a growing list of accolades that include the *U.S. News and World Report Magazine 2010 Bronze Medal for America's Best High Schools* and *Offspring Magazine's List of Top 100 School Districts for the Year 2000*.

Eagle's View Elementary Achigaalux faculty received the **Performance Incentive Program Award** in 2007 for maintaining high levels of academic performance. Eagle's View Elementary also houses an innovative preschool program that prepares 3 and 4-year olds for kindergarten.

Unalaska City School District has excellent facilities, modern instructional technology and a wide variety of academic and co-curricular programs. Unalaska City School District's current enrollment is 470 students in preschool through grade 12. Students represent a diverse community of young people. The faculty is focused on academic excellence for all students.





CITY COUNCIL

Shirley Marquardt, Mayor
Richard Peck
Roger Rowland
David Gregory
Dennis Robinson
Zachery Schasteen
Zoya Johnson

CITY MANAGER & DIRECTORS

Chris Hladick - City Manager
John Fulton - Assistant City Manager
Elizabeth Masoni - City Clerk
Tonya Miller - Finance
Jeff Hawley - Parks, Culture, Recreation
Erin Reinders - Planning
Jamie Sunderland - Public Safety
Dan Winters - Public Utilities
Nancy Peterson - Public Works

CITY OF UNALASKA

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