

## **Discussion / Direction**

on possible transfer of balance of Southeast Alaska  
Economic Development Fund to Sitka Permanent  
Fund

## **MEMORANDUM**

**To:** Gary Paxton and Assembly Members  
Dave Miller, Interim Municipal Administrator  
Jay Sweeney, Chief Financial Officer

**From:** Mike Reif, Chairman, Sitka Investment Committee

**Date:** July 16, 2019

**Subject:** Discussion and Direction on Possible Transfer of Balance of Southeast Alaska Economic Development Fund to Sitka Permanent Fund

---

At its meeting held on May 23, 2019, the Sitka Investment Committee voted to recommend to the Assembly that the balance remaining in the Southeast Alaska Economic Development Fund (SEAEDF) be transferred into the Sitka Permanent Fund. The genesis for the recommendation was the Assembly liaison to the Committee, Dr. Wein.

The essential rationale for the idea is to grow the Permanent Fund by several million dollars by the transfer, increase the yearly transfer from the Permanent Fund to the General Fund by over a \$100,000.00/year on average, and, to also ensure that the remaining balance in the SEAEDF was not used to make any additional risky economic development loans or otherwise spent frivolously.

Since May 23, however, three new developments have arisen which could potentially affect any decision. I spoke with Jay Sweeney on July 16 about these developments, and, we agreed to still send the matter forward to the Assembly for discussion and direction, but with the caveat that the Assembly consider the matter in light of the new developments.

The three new developments all involve either major initiatives of the Assembly, or, the need for government to possibly continue certain essential services within the community. The three developments are as follows:

1. Decision by Halibut Point Marine to no longer provide haul-out services and facilities. This decision could leave Sitka without any private-sector service for boat haul-outs, which could have a negative impact on Sitka's commercial fishing industry. Conversations have commenced as to the possible use of the Gary Paxton Industrial park as a location for such a service. If, however, the Municipality must invest public funds in infrastructure or equipment to make this happen, then the SEAEDF would be the logical source of such funding.
2. Seawall at the Marine Service Center. Mayor Paxton recently suggested that funds from the SEAEDF be used to shore up and repair the seawall so that the Marine Service Center can be sold to the private sector.
3. Determination by Federal Aviation Administration that Seaplane Facility cannot be 100% grant funded. This development means that the Municipality may need to identify several hundred thousand dollars as a match for a potential grant. In particular, if land must be purchased at fair market value from the State of Alaska, the SEAEDF would be considered as a potential source for such funding.