

Borough Manager's Report to the Assembly & Community

OCTOBER 20, 2025



Community Health & Safety

Promote a Clean & Safe Community

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Organizational Excellence

Provide High Quality, Responsive, Transparent
& Innovative Services in an Efficient & Cost-
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Meeting of October 20, 2025

Community Health and Safety

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➤ Point Higgins Spill Remediation Winding Down

Emergency operations are beginning to slow down at the site of the circa-August 18 diesel spill at Point Higgins Elementary. As previously reported, two uncapped fuel lines in the generator room discharged approximately 2,700-gallons onto the concrete floor of the room, which were then absorbed by supporting fill through cracks and seams in the concrete. Fuel surcharged a forested area between the school and North Point Higgins Road, discharging through a single watershed across the public road into private properties downstream.



Site Cleanup:

As of the last report to the Assembly in mid-September, environmental engineering firm Nortech's subcontractors from Republic Services had removed contaminated soils from private properties, and work was underway to remove contaminated soils from the primary discharge zone on Borough property. Burnette's Construction completed their subcontracted services circa-September 22, having removed and disposed of contaminated soils throughout the drainage area on Borough property via lined containers for disposal at Republic Service's landfill out of state.

Following that work, Nortech produced the above map of the site. Excavation began on the lawn area north of the gymnasium in proximity to site EP5. Fill materials were found to be oversized, ranging from 4" to 24" in diameter. The excavator limited out having found no diesel presence, save for odors in one pit immediately west of the driveway. Additional excavation revealed nothing additional.

The crew then excavated in proximity to the sewer main southwest of the seep location. Despite excavating to the bottom of the manhole in close proximity to the daylighting location, no diesel was present.

On September 25, Republic excavated in the hillside immediately above the seep location, releasing a gush of water mixed with fuel. Republic continued applying absorbent pads and installing absorbent booms down in the discharge area.

From September 27 to October 5, the discharges of product had slowed to the point that Nortech felt comfortable removing the final check dam at the seep.

The high rainfall event of October 6 resulted in the resumption of discharged fuels from the leak area. Public Works assisted the North Tongass Volunteer Fire Department to assemble sandbags and construct a bulwark with underdrain. Absorbent pads examined on October 15 showed no collected product.

To the extent that oil sheening has been observed in marine waters, the 7.5-inch rainfall event of September 15 was the last date in which it was widespread. This sheening was captured by the boom system. Given the upstream controls currently in place, Alaska Department of Environmental Conservation (ADEC) authorized the removal of marine booms on October 14.

Staff is currently working with Nortech to develop engineering and monitoring controls upon their demobilization.

Indoor Air Quality:

Throughout this process, Nortech has been conducting air sampling throughout the elementary school to ensure safe occupation for children and staff.

To the extent that indoor air quality has been impacted by the diesel fuel releases, this has predominantly been contained to the generator room from which the diesel discharge was generated, and adjoining spaces in the electrical room and the unfinished water storage room. Diesel odors in the generator room have been declining throughout the progress of the project; and the electrical room was resolved through application of epoxy floor coating (inadvertently causing a spike in indoor readings within the school) and sealing conduit penetrations. The water storage room has been continuously vented throughout the project but continues to have elevated odor levels.

Otherwise, the Environmental Public Health Program of the State of Alaska Department of Health completed a preliminary review of the indoor air contaminant data on October 13, finding that “the main part of the building (i.e. the floor where classrooms are located) [contained] no contaminants of concern for acute, intermediate, or chronic exposure for children or adults” and “no elevated hazard quotients or cancer risk factors were identified in this area.”

The basement, however, exhibited naphthalene measured above the acute exposure hazard quotient and several VOCs exceeded the chronic exposure hazard quotient, though this was also acknowledged as a worst-case scenario. Moreover, the report found that “short-term, intermittent occupancy is not expected to pose health risks.”

Nortech noted that ADEC will ultimately decide on any mitigation strategy to address the continued off-gassing of diesel fumes into the water storage room, as vented air can have follow-on complications from being drawn through air intakes elsewhere. Nortech’s preliminary recommendation consists of installing reinforced vapor barrier throughout the unfinished storage areas immediately adjacent to the generator room, starting with the water storage room; and installing of a permanent venting system to draw from beneath the vapor barrier and be hard plumbed to the exterior.

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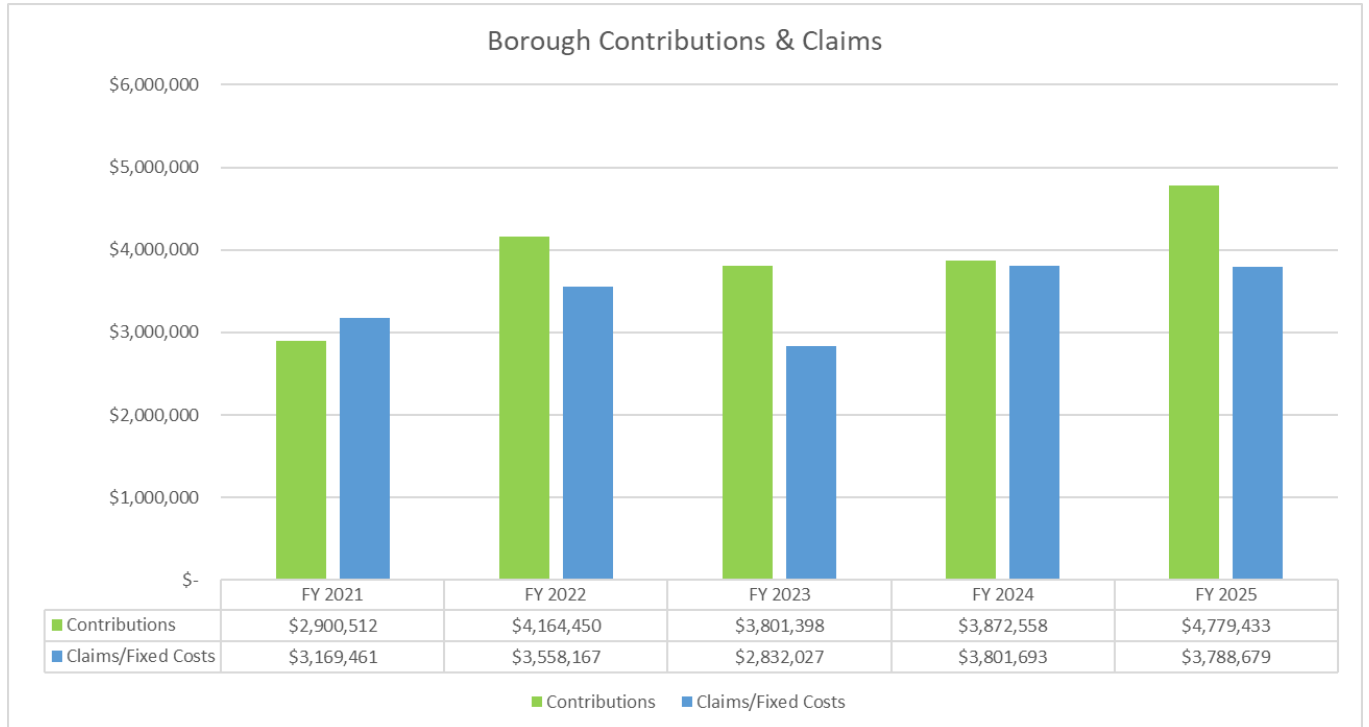
➤ Lien Summary and Payment Confirmation

Two liens were filed by the Ketchikan Gateway Borough and the City of Ketchikan against Edgewater Hotel Group LLC, doing business as The Ketch LLC, pertaining to delinquent tax obligations associated with the property located at 4871 North Tongass Highway, Ketchikan, Alaska. The first lien, Recording No. 2025-002074-0, was filed on September 17, 2025, for delinquent transient occupancy taxes in the amount of \$31,549.03, representing unpaid transient occupancy taxes, accrued penalties, interest, and recording fees. The second lien, Recording No. 2025-002075-0, filed the same day, addressed delinquent sales taxes totaling \$38,936.02, inclusive of penalties, interest, and related administrative costs.

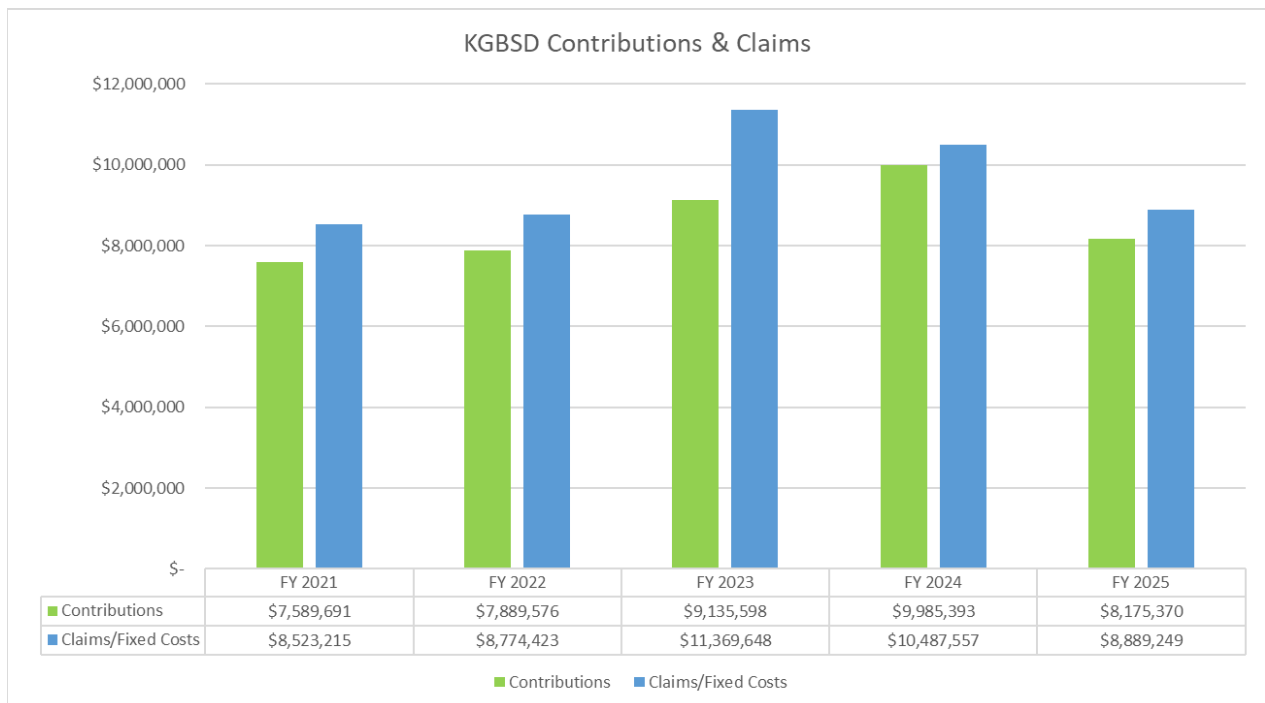
On October 6, 2025, full payment was received, satisfying both liens in their entirety. The business remains in arrears in both sales and transient occupancy taxes collected between July through September 2025, and staff is following up with them regularly to secure remittance.

➤ Health Insurance Fund FY 2025

The Borough had a great year in FY 2025, ending with a surplus of almost \$1 million. Contributions were more than claims, which helped grow the fund balance and build a strong cushion for future costs. This shows good cost control, steady participation, and careful management. Overall, the Borough plan remains financially stable and well-prepared for the future.



shortfall, it performed much better than in past years. Total claims went down by more than \$1 million compared to FY 2024, showing better control over costs and fewer large medical claims. While expenses were still a bit higher than contributions, the plan is becoming more stable and is moving toward a balanced position for the future.



➤ **Wellness Plan Impact**

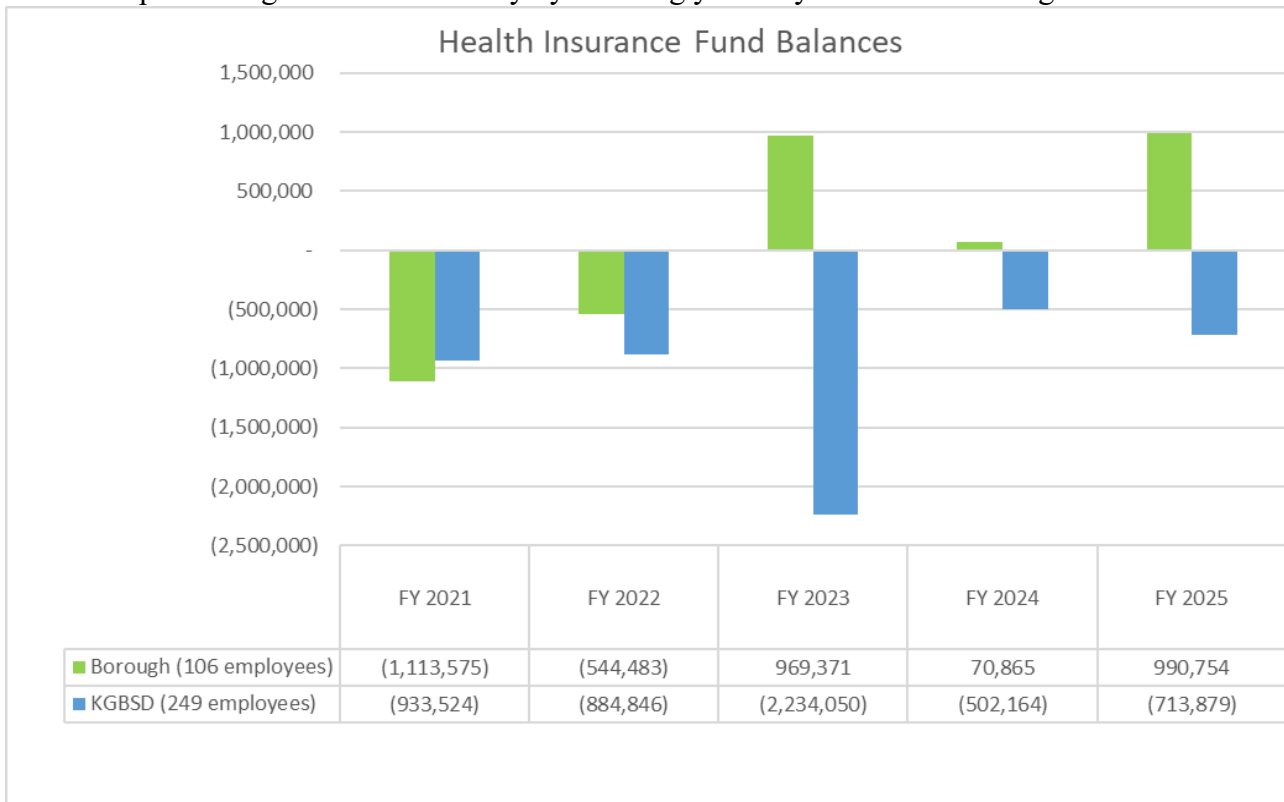
A strong wellness program can have a direct positive impact on both the Borough and School District health insurance fund balances. Wellness efforts such as health screenings, fitness incentives, and preventive care can reduce the number and size of medical claims, helping keep overall costs down.

The Borough’s steady recovery from negative balances in FY 2021–2022 to strong surpluses in FY 2023 and FY 2025 suggests that effective cost management, possibly supported by wellness initiatives, helped control claims and strengthen reserves.

For the School District (KGBSD), the large deficit in FY 2023 followed by improvement in FY 2024 and FY 2025 indicates that claims pressure eased — a result that can align with employees adopting healthier behaviors or using preventive services more often.

Overall, a well-designed wellness plan helps:

- Lower claims costs by keeping employees healthier.
- Stabilize fund balances over time.
- Reduce stop-loss reimbursements by preventing major claims.
- Improve long-term sustainability by reducing year-to-year financial swings.



➤ **Reappraisal Cycle Update**

The primary focus area for the 2025 reappraisal cycle is the north end of the City of Ketchikan spanning from the tunnel to the south end of the borough which is comprised of 2,455 parcels. Cyclical reappraisal involves the physical inspection of at least one fourth of the real property in the Ketchikan Gateway Borough. As of the date of this report, we have completed the physical inspections and are moving forward with new construction reviews.

➤ New Construction Reviews 2025

The process of reviewing the new and ongoing construction projects throughout the road system has begun. Other changes such as plat alterations, remodels, fire damages, and site developments will also be reviewed. The CAMA system generates a list of properties that contain specific tags for review.

<u>Construction Reviews</u>	<u>Count of Properties</u>
Additions to Properties	52
Demo	4
Fire	3
New Buildings	130
New Parcels	28
Plat Reviews	17
Remodels	23
Review of Dwelling	70
Total:	327

Inspections provide accuracy of the Assessment Department records through the discovery of new information and updating previously listed data. This may result in an assessed value change for a property. In performing improvement analysis, the assessment staff must make a thorough, detailed, and objective inspection of each property, noting relevant characteristics as they relate to physical condition, effective age, and functional utility of each dwelling.

➤ Planning Commission Special Meeting

The Planning Commission held a special meeting on September 29 to review and discuss the 390 public, staff, and agency comments received on the Public Comment Draft and the recommended changes of the 2035 Comprehensive Plan. Members of the public attended to provide input on the draft as well as observe the discussion.

During the meeting, the Commission considered recommended revisions across several chapters, primarily focused on clarifying goals and improving readability. A notable structural change includes dividing the Culture, Wellness, and Education chapter into two distinct chapters: Health and Wellness and Culture and Education.

A second special meeting is scheduled for October 28 to review the revised Public Hearing Draft. The updated draft will be made available for community review prior to that meeting, providing another opportunity for public feedback before the Plan is forwarded to the Assembly for consideration.

➤ Elections Update

The October 7, 2025, Borough Election was successfully completed and ran smoothly throughout the process. This year's election saw a 21% voter turnout.

We'd like to extend our sincere appreciation to all of the Election Workers, Canvass Board members, and Borough employees who played a role in making the election a success. From staffing polling places and assisting voters to tabulating ballots and canvassing results, their collective efforts ensured an efficient, transparent, and accurate election process.

The dedication and teamwork demonstrated by everyone involved continue to strengthen public confidence in our local elections and highlight the strong sense of service within our community and Borough organization.



➤ **Ketchikan Public Library Quarterly Statistical Usage, July – September 2025**

For the period July through September, active patron accounts totaled 9,314 at the Ketchikan Public Library, with the number of circulated items being 15,632. The quarterly report in its entirety is attached for review.