

City of Kodiak Special Council Meeting Agenda for May 30, 2019
7:30 p.m., at 710 Mill Bay Road, Assembly Chambers (Room 232)

- I. Call to Order/Roll Call**
Invocation/Pledge of Allegiance

- II. Previous Minutes**
Approval of Minutes of the May 9, 2019, Regular Council Meeting.....1

- III. Persons to Be Heard**
 - a. Public Comments (limited to 3 minutes) (486-3231)

- IV. Unfinished Business**
 - a. None

- V. New Business**
 - a. First Reading, Ordinance No. 1386 Levying Taxes in the Amount of 2 Mils and Appropriating Funds for the Expenses and Liabilities of the City of Kodiak for the Fiscal Year Commencing on the First Day of July 2019 And Ending on the Thirtieth Day of June 2020.....7
 - b. Approval of a Letter Addressed to the U.S. Army Corps of Engineers Alaska District, Regarding the Draft Environmental Impact Statement (EIS) for the Pebble Mine Project.....21

- VI. Staff Reports**
 - a. City Manager
 - b. City Clerk

- VII. Mayor’s Comments**

- VIII. Council Comments**

- IX. Audience Comments** (limited to 3 minutes) (486-3231)

- X. Adjournment**

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**MINUTES OF THE REGULAR COUNCIL MEETING
OF THE CITY OF KODIAK
HELD THURSDAY, MAY 9, 2019
IN THE BOROUGH ASSEMBLY CHAMBERS**

I. MEETING CALLED TO ORDER/INVOCATION/PLEDGE OF ALLEGIANCE

Deputy Mayor Laura B. Arboleda called the meeting to order at 7:30 p.m. Councilmembers Randall C. Bishop, Charles E. Davidson, Terry J. Haines, and Richard H. Walker, were present and constituted a quorum. Mayor Pat Branson and Councilmember John B. Whiddon were absent. City Manager Mike Tvenge, City Clerk Nova Javier, and Deputy Clerk Michelle Shuravloff-Nelson were also present.

Salvation Army Major Dave Davis gave the invocation and the Pledge of Allegiance was recited.

II. PREVIOUS MINUTES

Councilmember Bishop MOVED to approve the minutes of the April 25, 2019, regular meeting, as presented.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Haines, and Walker in favor. Councilmember Whiddon was absent. The motion passed.

III. PERSONS TO BE HEARD

Councilmember Bishop read proclamations in the order of agenda item e. for a. and a. for e.

a. Proclamation: Municipal Clerks Week

Councilmember Bishop read this proclamation, which recognizes Municipal Clerks for the vital services they perform and their dedication to the Kodiak community.

City Clerk Javier and Deputy Clerk Shuravloff-Nelson accepted the proclamation and Clerk Javier thanked the Deputy Mayor Arboleda and Councilmembers for recognizing the Municipal Clerk's profession.

b. Proclamation: Police Week and Peace Officers Memorial Day

Councilmember Walker read this proclamation, which urges all citizens and patriotic, civic, and educational organizations to recognize police officers, past and present, who by their faithful and loyal devotion to their responsibilities, have rendered a dedicated service to their community and, in so doing, have established for themselves an enviable and enduring reputation for preserving the rights and security of all citizens. And encourages all citizens to honor those law enforcement officers who, through their courageous deeds, have made the ultimate sacrifice in service to their community or have become disabled in the performance of duty, and let recognizes and pays respect to the survivors of fallen heroes.

Police Chief Putney accepted the proclamation on behalf of the Kodiak Police Department. Police Chief Putney said in 1962 President John F. Kennedy signed a bill into law designating May 15 to honor law enforcement officers and the week to be proclaimed as national police week. He shared that 140-160 law enforcement officers die every year in the line of duty. He referred to the National Law Enforcement Officer's Memorial in Washington where he paid he recently visited and paid his respects to Gordon Bartel, a Kodiak Police Officer that died in the line of duty in 1983 at age 29.

c. Proclamation: Salvation Army Week

Councilmember Haines read this proclamation, which recognizes the Salvation Army for its service to Kodiak and throughout Alaska.

Major Dave Davis accepted the proclamation and said he believes being a part of the Kodiak community is a privilege.

d. Proclamation: Safe Boating Week

Councilmember Davidson read this proclamation, which urges residents who boat to wear Coast Guard-approved personal flotation devices and to practice safe boating habits.

Wes Hanna, member of the Kodiak Flotilla USCG Auxilary, accepted the proclamation and thanked the Deputy Mayor and Councilmembers. He said paddling crafts require special safety considerations and noted they are partnering with Walmart on an educational program for water safety on May 18 from 10 a.m. until 2 p.m. and he encouraged public attendance.

e. Proclamation: Emergency Medical Services Week

Councilmember Bishop read this proclamation, which urges residents to recognize the value and the accomplishments of emergency medical services providers.

Fire Chief Mullican with Deputy Chief Dorner, Captain Steel McNeil, Fire Fighter Mark Puliafico, and Fire Fighter Ryan Holton accepted the proclamation. Chief Mullican thanked the Deputy Mayor and Councilmembers for their appreciation. He shared that the Emergency Medical Services (EMS) responds to medical emergencies on the Kodiak road system. He acknowledged Dr. Everett, in the audience, which is the City's Medical Director that oversees the medical service program. He provided a Kodiak EMS response report, which demonstrated beyond the call and shared some of the services they have provided.

f. Proclamation: Declaring Mental Health Month

Deputy Mayor Arboleda read this proclamation, which recognizes the importance of mental health treatment and encourages the community to increase awareness and understanding of mental health, the steps one can take to protect their mental health, and the need for appropriate and accessible services for all people with mental illnesses.

Jenny DeSalle, Kodiak Providence Counseling Center, said that mental health can impact other areas of one's life. She said the goal is to educate and remove the stigma of mental illness and she reminded the public there are resources available.

g. Public Comments

Dave Blacketer gave a report for the Senior Citizens of Kodiak, Inc. He shared that they provide meals at the center and meal delivery seven days a week. He provided an update on the KATS services and stated they provided education and coordinated other local resources for seniors. He said they gave respite services and that membership is pleased with their services based on the annual survey. He thanked everyone for their support.

Jack Everich vessel owner, commented on opposition of a Borough ordinance pertaining to severance tax by stating all taxpayers should share the fiscal burden. He said as a young business owner the costs in Kodiak make it difficult to plan for the future and he said the water and sewer bill is very high, noting it is the highest in the nation.

Fire Chief Mullican said the newest ambulance is in the parking lot for viewing. He said a State of Alaska Code Blue grant helped pay for the ambulance. He said there are three ambulances less than five years old, which improves patient care. He said the Governor has cut the Code Blue funding and commented these funds have gone to EMS services and overall lowers cost to the taxpayers.

IV. UNFINISHED BUSINESS

a. Second Reading and Public Hearing, Ordinance No. 1385, Establishing Supplemental Appropriation No. 1 to the Budget for the Fiscal Year Commencing on the First Day of July 2018 and Ending on the Thirtieth Day of June 2019

Deputy Mayor Arboleda read Ordinance No. 1385 by title. The Supplemental Appropriation No. 1 to the budget for the fiscal year commencing on the first day of July 2018 and ending on the thirtieth day of June 2019 is in the amount of \$3,183,246. It is customary for the City Council to approve at least one supplemental budget annually to authorize the adjustments of current revenues and expenses as detailed in the attachments provided. These adjustments are for the operating funds as well as additions to project funds for grant revenues received and additional expenditures needed that were not known at the time the original budget was adopted.

Councilmember Haines MOVED to adopt Ordinance No. 1385.

Deputy Mayor Arboleda opened and closed the regular meeting when no one came forward to testify.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Haines, and Walker in favor. Councilmember Whiddon was absent. The motion passed.

V. NEW BUSINESS

a. Resolution No. 2019-09, Donating a Retired Ambulance to the City of Larsen Bay

Deputy Mayor Arboleda read Resolution No. 2019–09, by title. The City of Larsen Bay and Larsen Bay Tribal Council both adopted resolutions declaring the need for an ambulance in the City of Larsen Bay. Stated in both resolutions is the willingness of the local residents in Larsen Bay to be involved in their community by volunteering during times of disaster. The City of Larsen not only has approximately eighty year-round residents but they also have an increase in population in the summer which causes concern regarding general welfare and safety due to their lack of an ambulance to respond for emergencies. In addition to the resolutions, a formal letter of request for donation was received from the City of Larsen Bay.

Councilmember Walker MOVED to adopt Resolution No. 2019–09.

Councilmember Haines was pleased to donate this ambulance to Larsen Bay.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Haines, and Walker in favor. Councilmember Whiddon was absent. The motion passed.

b. Authorization of Memorandum of Agreement With Sun’aq Tribe of Kodiak for Their Tribal Transportation Program Route Inventory

The Sun’aq Tribe of Kodiak (Sun’aq) is a federally recognized Alaska Native Tribe within the City of Kodiak and serves 1,738 tribal members on the Kodiak Road System. As a federally recognized tribe, Sun’aq is eligible for the Bureau of Indian Affairs (BIA) Tribal Transportation Program (TTP), which allows tribal entities access to funding for the improvement of transportation infrastructure integral to the well-being of the tribe. The Sun’aq Tribe of Kodiak requested the addition of City roads and trails to their inventory of Tribal Transportation routes. The road and trail additions included in the inventory are listed in the attached proposed memorandum of agreement. By entering into this agreement, the Sun’aq Tribe would potentially bring Federal funding to Kodiak to make improvements to these routes.

Councilmember Davidson MOVED to authorize Memorandum of Agreement, City Record No. 242219, adding City of Kodiak routes to Sun’aq Tribe of Kodiak’s Tribal Transportation Program Route Inventory, and authorize the City Manager to sign the MOA on behalf of the City.

Councilmember Walker said he supports this agreement.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Haines, and Walker in favor. Councilmember Whiddon was absent. The motion passed.

c. Recommendation of Appointment of City Applicant to the Planning and Zoning Commission

Three of the seven seats on the Planning and Zoning Commission are designated as City seats. There is currently one City seat that is vacant for a term to expire December 2019. An application was received from Mr. Joseph Delgado and he was interviewed by Deputy Mayor Arboleda and Councilmembers on Tuesday, May 7.

Councilmember Bishop MOVED to recommend Mr. Joseph Delgado for appointment to the vacant City seat on the Planning and Zoning Commission for a term ending December 2019.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Haines, and Walker in favor. Councilmember Whiddon was absent. The motion passed.

VI. STAFF REPORTS

a. City Manager

Manager Tvenge profiled the Kodiak Public Library and started that they have been in the process of cleaning and shifting the collection. He said there is new artwork is in place and there is cleaned items from the old library, he said the library is very busy and they will be hosting many upcoming events, including the Apollo's 50th anniversary. He said the Garden Club has helped with the City's landscaping projects and thanked them for their support. He welcomed Josie Bahnke, the new Deputy City Manager; he said she was born and raised in Alaska. Ms. Bahnke comes to the City of Kodiak with 17 years of State, Local, and Tribal management experience. Josie served most recently as Director of the Division of Elections for the Walker Administration and prior to that was the City Manager of Nome for seven years. Throughout her career, she has been recognized for being a results-oriented and an effective team leader with a track record for building collaborative partnerships and establishing positive work relationships. She holds a Master of Public Administration degree from Portland State University and a Bachelor of Arts in Political Science from Fort Hays State University. Manager Tvenge said Josie brings a great deal of local government experience to Kodiak and we are thrilled to have her on our leadership team.

b. City Clerk

Clerk Javier gave an overview of the upcoming meeting schedule work session, Fisheries Work Group, and regular and special meeting schedule.

VII. MAYOR'S COMMENTS

Deputy Mayor Arboleda welcomed Josie to Kodiak and said it will be a busy month in May with festivities. She commented that it was heartwarming and humbling listening to contributions of individuals and agencies as demonstrated in the proclamations. She said cruise ships will be coming to Kodiak this year and looks forward to incoming funds to help the community. She thanked Discover Kodiak for their work.

VIII. COUNCIL COMMENTS

Councilmember Walker thanked Chief Mullican and the Fire department staff for the services they provide and he said he hopes to have a building for them in the near future. He said he was appreciative of the Senior Citizen services. He was pleased about the library. He welcomed the new Deputy City Manager Josie Bahnke and commented on the community activities including that Crab Festival will start on May 23. He welcomed Nova Javier and said she did a great job during the meeting. He reminded everyone to be bear aware within the community and encouraged people to be cautious of their trash.

Councilmember Haines thanked those in public service and the volunteers and stated it is important to acknowledge the individuals within the community. He encouraged boaters to have their safety checks. He welcomed Josie and stated he was pleased with the Sun’aq MOA and thanked Mr. Delgado for volunteering his time and service.

Councilmember Davidson welcomed Deputy City Manager Bahnke and thanked the police and fire departments and stated their service is very important. He said Crab Festival is near and it’s a great time to socialize.

Councilmember Bishop commended Deputy Mayor Arboleda for her outstanding way of presiding over the meeting. He welcomed Josie as the new Deputy City Manager. He thanked the Fire Department’s EMS crew for attending the meeting. He thanked the vendors for Crab Festival and he congratulated the high school and college graduates of 2019.

IX. AUDIENCE COMMENTS

Nick Szabo, Kodiak Resident Agent via telephone shared that 30 cruise ships will be visiting Kodiak this year. He said he was impressed with the EMS crew that responded to an incident from the cruise ships and he thanked them for their service.

X ADJOURNMENT

Councilmember Davidson MOVED to adjourn the meeting.

The meeting adjourned at 8:35 p.m.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Haines, and Walker in favor. Councilmember Whiddon was absent. The motion passed.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Minutes Approved:


PERSONS TO BE HEARD

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NEW BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Mike Tvenge, City Manager 

Thru: Kelly Mayes, Finance Director

Date: May 30, 2019

Agenda Item: V. a. **First Reading, Ordinance No. 1386, Levying Taxes and Appropriating Funds for the Expenses and Liabilities of the City of Kodiak for the Fiscal Year Commencing on the First Day of July 2019 and Ending on the Thirtieth Day of June 2020**

SUMMARY: Ordinance No. 1386 provides for the adoption of the City of Kodiak's FY2020 budget. The budget document, which supports the ordinance, estimates all sources of revenue the City anticipates receiving between July 1, 2019, and June 30, 2020. The budget document also establishes an operating and capital expenditure plan for FY2020 that is based on staff's assessment of operational and community needs and the Council's FY2020 budget goals. Staff made the FY2020 budget presentation to Council and the public during a special budget work session on April 27, 2019. Staff recommends Council adopt Ordinance No. 1386.

PREVIOUS COUNCIL ACTION:

- Prior to the start of each fiscal year, the City Council adopts the City's operating and capital budget by ordinance.
- Council discussed the FY2020 Draft Budget Goals on January 26, 2019.
- Council adopted Resolution No. 2019-05, approving the City Council's Budget goals for FY2020 on February 14, 2019.
- Staff presented the proposed FY2020 budget to the Mayor and Council at a special work session on April 27, 2019.
- On May 28, 2019, Council reviewed Ordinance No. 1386 at their work session.

DISCUSSION: The FY2020 budget funds the services provided by the City of Kodiak to residents and visitors: law enforcement (including animal control and contract jail services), fire and emergency medical services (including ambulance services), public works (public water system, wastewater system, street and property maintenance), engineering, port and harbor facilities, parks and recreation facilities and programs, public library, and general administrative functions (municipal recordkeeping and financial management).

The proposed FY2020 budget was developed as a maintenance level budget and will attempt to provide the same level of services as the current year's budget with a reduction in expenses. This is a prudent approach since revenues are expected to remain static as expenses continue to increase. The City Council adopted FY2020 budget goals by resolution in February of this year (Attachment B), and staff used the goals to develop and evaluate the proposed operating budget. The proposed budget is consistent with the Council's FY2020 budget goals.

Combined Revenues and Expenses for All Funds

The FY2020 budget projects combined revenues from all funds excluding capital projects to be \$38,659,350, which is an increase of 2.22 percent from FY2019's combined budgeted revenues of \$37,779,453. Revenues are forecasted based on the current fiscal year even though some sources may fluctuate slightly. Expenses for all City funds, excluding capital projects, are expected to also be \$38,659,350, an overall decrease of 2.22 percent from FY2019. Lower employee benefits and fewer capital equipment purchases account for the largest decreases in expenses.

Operating Budget

The FY2020 operating budget is primarily a maintenance budget as it has been for at least the past eight years. As directed, City staff developed a conservative budget. The City, like everyone in the community, continues to face rising costs, but the departments are careful to absorb cost increases whenever and wherever possible. As outlined in the City Council FY2020 goals, a review of all categories of General Fund expenditures was conducted to identify ways to decrease expenses.

General Fund

The General Fund provides funding for those City services that aren't required to be accounted for differently, like the enterprise funds. The General Fund uses revenues from sources such as sales and property taxes to fund the City's administrative functions such as tax collection and audits, billing, emergency preparedness, information technology, and management of all City functions. It also funds services such as municipal recordkeeping functions, law enforcement, fire and ambulance, library and recreational services and facilities, and public works and engineering services.

General Fund revenues for FY2020 are projected at \$20,484,766, a decrease of approximately 5.54 percent from FY 2019 projections with the largest changes due to an increase in the appropriation of the fund balance (-196.76%) which was required in FY2019 to fund the operating expenses. The General Fund is projected to recognize a surplus in the amount of \$321,450. These budget figures are consistent with Council's FY2020 goal that the General Fund would be budgeted without a deficit with appropriations from the fund balance when/if necessary, and that General Fund operating expenses (non-personnel) will be consistent with those of FY2019.

Fund Balance

The City's General Fund balance has been accumulated from various revenue sources, large and small. The FY2020 budget is projected to have \$9.4 million remaining in the fund balance. The FY 2019 budget is projected to have an estimated \$9.0 million remaining in the fund balance after the FY19 deficit of \$368,400 and transfers in the operating budget. The estimated FY2020 fund balance, if projections are correct, will be needed to offset expenses and provide the City with approximately 5.54 months of operating reserves. Of course there are many budget variables, so this is only a projection and cannot be guaranteed so early in the budgeting process. The proposed FY2020 budget anticipates a surplus and an increase to fund balance of approximately \$321,450.

Personnel

Salaries, wages and benefits are the single largest expense in the City's annual budget, totaling 47 percent. Salaries and wages for FY2020 are estimated to total \$10.0 million or 26 percent of the City's overall expenses. This is less than 1 percent change from FY2019 citywide salaries and wages and reflects the Personnel Rules and Regulations scheduled salary increases and a 3% COLA for all full-time and part-time employees. Employee benefit costs are projected at \$8.0 million, 21 percent of the City's overall expense budget, which is a 15.52 percent decrease from FY 2019.

The FY2020 budget reflects an increase of one full-time employee for the IT administrator, replacement of a full-time position with a part-time Parks & Recreation maintenance technician, and replacement of a part-time administrative position in Sewer to a full-time administration position across all public works departments. These changes adjust the number of City employees from 133.20 in FY2019 to 134.15 for FY2020. The City's work force for FY2020 remains at 129 regular full-time employees and 5.15 regular part-time positions working from 20-30 hours per week for a total of 134.15 FTEs. (.15 increase in Water, 1.0 increase in IT, .02 decrease in Fire, .10 increase in Public Works, .28 decrease in Parks).

These changes to the FY2020 budget meet Council's personnel goals. The tracking of part-time personnel is a necessary step in meeting Council's goal to complete an analysis of the need, costs, and hiring process for the City's use of temporary or seasonal employees.

Enterprise Funds

The City has eight separate enterprise funds; the Harbor Department's Cargo Terminal, Boat Harbor, Harbor Electric Utility, and the Boat Yard/Vessel Lift funds; the Water, Sewer, and Trident Basin funds managed by Public Works; and the E911 Fund. The FY2020 budgets for these funds reflect a balance of revenues to expenses.

The E911 Fund was established in FY2010 in preparation for the transfer of E911 extraterritorial authority from the Borough to the City. This transfer has not yet taken place, but the Borough staff has agreed to work toward the transfer of authority or find another way to fairly share in the expenses and responsibilities of providing the service to Kodiak.

Enhancement Fund

The FY2020 budget proposes no use of Enhancement Fund monies. Enhancement Fund monies have not been used since FY2013, so the fund balance can build up, per Council's budget goals. The projected fund balance for the Enhancement Fund in FY2020 is estimated to be \$4.4 million, which is an increase of \$90,000 from the FY2019 balance.

Capital Projects

The FY2020 budget recommends \$4.8 million in capital project expenditures. This includes fourteen new capital projects in FY2020 ranging in size from \$25,000 to \$1,300,000. It also includes additional funding for established or ongoing capital projects such as annual curb and sidewalk repairs, maintenance projects, and the vehicle replacement fund. Costs for the projects will be covered through use of capital project fund balances, transfers from the respective enterprise funds, and transfers from the General fund. Staff presented the capital projects in detail at the budget work session on April 27, 2019.

ALTERNATIVES:

- 1) Adopt Ordinance No. 1386 after the public hearing at the next regular or special Council meeting. This is staff's recommendation.
- 2) Council may also amend Ordinance No. 1386.

FINANCIAL IMPLICATIONS: The City Council must make appropriations and adopt an annual budget. As presented, this budget retains ongoing service levels while meeting maintenance level budgetary criteria established by Council. The budget meets operational needs and estimates an adequate retention of fund balance in the General Fund.

LEGAL: The Kodiak City Charter and Kodiak City Code grant Council the authority to make appropriations and adopt and amend budgets as required. Article V, Section 2 of the City Charter states the City Manager will prepare and present a proposed budget to the City Council in advance of the fiscal year which begins on July 1st and ends on June 30th. Article V, Section 4 of the City Charter gives the City Council the authority to make appropriations for the next fiscal year and may approve or amend the budget. Appropriations must be made and the budget approved by a majority vote of the City Council no later than the third day before the beginning of the new fiscal year, and if the Council fails to approve the budget by that date, the budget as submitted shall go into effect and be considered adopted by the Council.

STAFF RECOMMENDATION: Staff recommends Council adopt Ordinance No. 1386.

CITY MANAGER'S COMMENTS: We have managed to provide Council with another sustainable budget without affecting services provided, per Council's FY2020 budget goals. The task becomes more challenging as costs continue to rise and other sources of governmental funding become more limited. We do expect to have a modest amount of projected revenues for use on capital project needs, many of which are critical. The preparation of this document and the presentations at the April 27, 2019 budget work session reflect a great deal of work by the City staff, including an assessment of operational and community needs necessary to create this annual financial plan. I want to thank our management team for their serious commitment to meeting Council's goals and for their fiscal responsibility, not just in preparation of this draft budget, but throughout the year.

ATTACHMENTS:

Attachment A: Ordinance No. 1386

Attachment B: Resolution No. 2019-05, FY2020 Council Budget Goals

PROPOSED MOTION:

Move to pass Ordinance No. 1386 in the first reading and advance to second reading and public hearing at the next regular or special Council meeting.

**CITY OF KODIAK
ORDINANCE NUMBER 1386**

AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK LEVYING TAXES IN THE AMOUNT OF 2 MILS AND APPROPRIATING FUNDS FOR THE EXPENSES AND LIABILITIES OF THE CITY OF KODIAK FOR THE FISCAL YEAR COMMENCING ON THE FIRST DAY OF JULY 2019 AND ENDING ON THE THIRTIETH DAY OF JUNE 2020

BE IT ORDAINED by the Council of the City of Kodiak as follows:

- Section 1:** A tax in the amount of 2.0 mills is hereby levied against all taxable real property within the City of Kodiak for the fiscal year commencing on the first day of July 2019 and ending on the thirtieth day of June 2020.
- Section 2:** The following sums of money are hereby appropriated for corporate purposes and objects of the City of Kodiak for the fiscal year commencing on the first day of July 2019 and ending on the thirtieth day of June 2020 to defray expenses and liabilities of the City during the fiscal year.

FY2020 BUDGET SUMMARY

GENERAL FUND

| | Anticipated Revenues | |
|-----------------------------------|-------------------------|-------------------------|
| Taxes | \$ 15,627,500 | |
| Licenses & Permits | 80,300 | |
| Intergovernmental Revenues | 1,520,000 | |
| Charges for Services | 1,820,002 | |
| Fines & Forfeitures | 3,000 | |
| Interest | 50,000 | |
| Rents & Royalties | 120,000 | |
| Miscellaneous | 4,500 | |
| Interfund Charges | 1,615,914 | |
| Appropriation to Fund Balance | (321,450) | |
| Total Anticipated Revenues | 20,519,766 | |
| | | Planned Expenditures |
| Legislative | | \$ 222,069 |
| Legal | | 75,000 |
| Executive-Administration | | 816,042 |
| Executive-Emergency Preparedness | | 45,500 |
| City Clerk-Administration | | 366,359 |
| City Clerk-Records Management | | 184,738 |

GENERAL FUND EXPENDITURES CONTINUED

| | |
|-----------------------------------|-------------------|
| Finance | 1,867,903 |
| Police | 7,159,042 |
| Fire | 2,702,691 |
| Public Works | 2,135,960 |
| Engineering | 286,068 |
| Parks & Recreation | 1,549,984 |
| Library | 908,573 |
| Non-Departmental | 2,199,837 |
| Total Planned Expenditures | 20,519,766 |

SPECIAL REVENUE FUND

| | Anticipated Revenues | Planned Expenditures |
|-----------------------------------|-------------------------|-------------------------|
| Tourism Fund | \$ 205,000 | \$ 205,000 |
| City Enhancement Fund | - | - |
| Total Anticipated Revenues | 205,000 | 205,000 |

CAPITAL PROJECTS FUND

| | Anticipated Revenues |
|-----------------------------------|-------------------------|
| General Capital | \$ 65,000 |
| Building Improvement Fund | 720,374 |
| Streets Improvement Fund | 750,000 |
| Parks & Recreation Fund | 100,000 |
| Sewer Improvement Fund | 390,000 |
| Water Improvement Fund | 540,000 |
| Harbor Development Fund | 1,930,000 |
| Cargo Improvement Fund | - |
| Vehicle Replacement Fund | 330,536 |
| Total Anticipated Revenues | 4,825,910 |

CAPITAL PROJECTS FUND CONTINUED

| | Planned Expenditures |
|-----------------------------------|-------------------------|
| General Capital | \$ 65,000 |
| Building Improvement Fund | 720,374 |
| Streets Improvement Fund | 750,000 |
| Parks & Recreation Fund | 100,000 |
| Sewer Improvement Fund | 390,000 |
| Water Improvement Fund | 540,000 |
| Harbor Development Fund | 1,930,000 |
| Cargo Improvement Fund | - |
| Vehicle Replacement Fund | 330,536 |
| Total Planned Expenditures | 4,825,910 |

ENTERPRISE FUNDS

| | Anticipated Revenues |
|-----------------------------------|-------------------------|
| Cargo Fund | \$ 2,530,222 |
| Harbor Fund | 3,895,267 |
| Boat Yard Lift | 1,150,505 |
| Harbor Electric Fund | 957,606 |
| Water Utility Fund | 3,220,438 |
| Sewer Utility Fund | 4,616,999 |
| Trident Basin Fund | 303,500 |
| E-911 Services | 506,917 |
| Total Anticipated Revenues | 17,181,454 |

| | Planned Expenditures |
|-----------------------------------|-------------------------|
| Cargo Fund | \$ 2,530,222 |
| Harbor Fund | 3,895,267 |
| Boat Yard Lift | 1,150,505 |
| Harbor Electric Fund | 957,606 |
| Water Utility Fund | 3,220,438 |
| Sewer Utility Fund | 4,616,999 |
| Trident Basin Fund | 303,500 |
| E-911 Services | 506,917 |
| Total Planned Expenditures | 17,181,454 |

INTERNAL SERVICE FUNDS

| | | | |
|----------------|---|-------------------------|-------------------------|
| | | Anticipated Revenues | |
| Insurance Fund | | \$ 753,130 | |
| | Total Anticipated Revenues | 753,130 | |
| | | | Planned Expenditures |
| Insurance Fund | | | \$ 753,130 |
| | Total Planned Expenditures | | 753,130 |
| | Grand Total Anticipated Revenues | \$ 43,485,260 | |
| | Grand Total Planned Expenditures | | \$ 43,485,260 |
| | Non- Projects | | 38,659,350 |
| | Non- Projects | | 38,659,350 |
| | Project Additions | | 4,825,910 |
| | Project Additions | | 4,825,910 |
| | Total | | 43,485,260 |
| | Total | | 43,485,260 |

Section 3: All unexpended appropriation balances, with the exception of capital project fund appropriations, shall lapse to the appropriate fund as of June 30, 2020.

Section 4: A three percent cost of living adjustment will constitute an increase for all City full-time and part-time positions, including the City Manager and City Clerk, who are actively employed on the first day of the pay period following the effective date of this ordinance. This cost-of-living adjustment is calculated based on the most recent two-year average for Anchorage, Alaska CPI-U index.

Section 4: This ordinance shall go into effect July 1, 2019.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading: May 30, 2019

Second Reading:

Effective Date:

**CITY OF KODIAK
RESOLUTION NUMBER 2019-05**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK APPROVING
THE CITY COUNCIL'S BUDGET GOALS FOR FY2020**

WHEREAS, budget guidelines help ensure that the City's budget is prepared in a manner consistent with City Council desires; and

WHEREAS, the City Council discussed and selected the list of budget goals at their January 26, 2019, planning meeting; and

WHEREAS, management will use the listed budget goals as a framework when developing the FY2020 budget.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the following budget goals will be used in the development of the City of Kodiak's FY2020 budget:

Revenue

Revenues will continue to be estimated conservatively using an analytical and objective approach.

One-time revenues will be used only for one-time expenditures. The City will avoid using temporary revenues or grants to fund routine City services or positions.

Charges for Fees and Services will be reviewed and updated annually to ensure quality service delivery and adequate revenues.

Operating Expenses

General Fund operating (non-personnel) expenses for FY2020 will endeavor to match FY2020 projected revenues. Increases will be justified to the City Manager in writing and, if approved, presented by department heads to the City Council for final consideration during budget presentations.

Review existing programs and services to assess how well budgeted performance indicators met goals and objectives. The City Council will receive quarterly financial updates.

City management will continue to examine ways to maintain efficiencies of expenditures without significant impact to level and quality of services provided to residents.

Personnel Goals

The City will maintain adequate staffing in accordance with the approved FY2020 budget. FTEs will not increase unless new operational needs or mandates require additional employee positions.

Sections of the PR&R will continue to be reviewed and amended to improve practices that reflect recognized Human Resources standards.

General Fund

Council will review ways to increase revenues in the General Fund to help offset increases in operating expenses, meet infrastructure needs, and increase the fund balance, per the plan outlined in "Setting the Course for the Future," 1/14/12.

General Fund revenues will be forecast conservatively and take into consideration possible state funding policies that may affect City revenues such as community assistance program, shared fisheries and other shared business taxes, Medicaid, pension costs and liabilities, and the required allocation of sales tax.

The General Fund will be budgeted without a deficit and with a goal to maintain up to six months' operating reserves in fund balance. Council may appropriate additional funds for capital projects.

Enterprise Funds

The major enterprise funds will develop long-term plans to include maintenance and repairs, needed facility replacement or expansion, and a schedule for rate reviews.

Enterprise Funds will continue to conduct rate studies every five years and present them to the City Council for implementation.

The Shipyard will maintain positive cash flows through charges for services to meet debt service payments and maintain facilities operations and maintenance costs. The Shipyard will develop and implement a business plan and marketing campaign to maximize revenues. This plan will be reviewed annually for marketing effectiveness.

Ensure adequate revenues are established to continue to maintain and improve Harbor facilities that support fisheries and support sector services and activities.

Community Support

The total cash amount available to fund nonprofit organizations is a maximum of one percent of budgeted general fund revenues, not to exceed \$175,000 until such time as the fund balance of the General fund reaches an accumulation of six months of operating expenditures, exclusive of any fund balance appropriation and transfers to capital project funds. In-kind contributions shall be subject to Council approval.

Capital

Within resources available, the City will maintain capital assets and infrastructure at a level that is adequate to protect its investment, to minimize future replacement and maintenance costs, and to maintain existing service levels.

The City Manager and management staff developed the City’s first formal five-year capital improvement plan (CIP) that identifies and ranks projects for capital and major maintenance projects. The plan has additional information for ten-year expense projections for all departments and funds. The City will utilize the planning document and develop policies and procedures identifying criteria and steps for implementation. The capital budget will link to, and flow from, the multi-year capital improvement plan.

Debt Service

The City will not incur new debt without appropriate analysis to:

- Show impacts on rates or taxpayers, or
- Analyze financial capacity for proposed capital projects, or
- Determine if the debt is required for projects mandated by the state or federal government, needed for economic development, environmental, aesthetic or quality of life, or health and safety improvements.

Quality of Life

The City will provide adequate services that meet the community needs, priorities, challenges and opportunities with consideration given to the condition of the economy, the composition of the population, technology, legal or regulatory issues, intergovernmental issues, and physical or environmental issues.

Economic Development

The City will promote and support economic development to help ensure a diverse, sustainable, and healthy economy for Kodiak.



ATTEST:

Michelle Anwaroff Nelson
 DEPUTY CLERK


CITY OF KODIAK

Paul Mann
 MAYOR

Adopted: February 14, 2019

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Mike Tvenge, City Manager 

Date: May 30, 2019

Agenda Item: V. b. **Approval of a Letter Addressed to the U.S. Army Corps of Engineers Alaska District Regarding the Draft Environmental Impact Statement (EIS) for the Pebble Mine Project**

SUMMARY: The City Council met on April 27, 2019, during a special work session and discussed the Draft Pebble Mine Project Environmental Impact Statement (EIS). Given the connection of Kodiak's seafood industry to the Bristol Bay region, the Council expressed concern for the need of better study and understanding of the potential impact of the proposed alternatives on the Bristol Bay salmon fisheries.

There are over 70 commercial fishermen and fishing families from Kodiak who are Bristol Bay permit holders. An average of 30 of Kodiak's large capacity fishing boats work as salmon tenders to service the fleet and deliver to seafood processors in Bristol Bay. The combined fishing and tender fleet from Kodiak represents over 500 jobs that depend on a healthy Bristol Bay fishery. At various times during the season, deliveries of Bristol Bay sockeye are tendered back to Kodiak to be processed by our shore side fish processors, further supplementing local wages and income, including a "raw fish" tax at \$1.8M (City share \$859,000 FY 2019) that funds local government services. The multiplier impact of purchases of fishing gear, fuel, marine supplies, and boat repair and servicing further benefits the Kodiak Island economy.

The draft EIS in its current form poses more questions than it provides answers. It needs more information, analysis, and forecasting of what the project's fishery impacts will be from its construction, regular (and hopefully) safe operation, and worst case scenarios involving a major accident. The EIS should not be finalized until these impacts are better assessed and understood. For these reasons, the City is requesting that the U.S. Army Corps of Engineers delay issuing a final EIS and reopen study of the fishery-related aspects of the project.

PREVIOUS COUNCIL ACTION:

- On April 27, 2019, the Council discussed Pebble Mine during a special work session.
- 1) City Council could approve the letter to the U.S. Army Corp of Engineers.
 - 2) City Council could deny approval of the letter.

ATTACHMENTS:

Attachment A: Letter addressed to the U.S. Army Corps of Engineers

PROPOSED MOTION:

Move to approve the letter addressed to the U.S. Army Corps of Engineers Alaska District Regarding the Draft Environmental Impact Statement (EIS) for the Pebble Mine Project.

May XX, 2019

Program Manager
Regulatory Division
U.S. Army Corps of Engineers
645 G Street
Suite 100-921
Anchorage, AK 99501

Re: Pebble Project Environmental Impact Statement (EIS)

Dear Sir/Madam:

On behalf of the City of Kodiak, Alaska, I would like to submit the following comments regarding the draft Pebble Project EIS. They specifically concern the need for better study and understanding of the potential impact the proposed alternatives will have on the Bristol Bay salmon fisheries and, by extension, our City and residents given the connection our seafood industry has to the Bristol Bay region.

To explain more about our coastal island community, Kodiak's economy is highly dependent on seafood as confirmed by a study we contracted for in 2016 by the McDowell Group -- *Economic Impact of the Seafood Industry on the Kodiak Island Borough* (the full study can be found at the link -- <http://www.mcdowellgroup.net/wp-content/uploads/2017/10/kodiak-island-borough-fisheries-economic-analysis-final.pdf>). The seafood industry accounts for 30 to 40 percent of our economic output. Of our approximately 13,000 residents on Kodiak Island, nearly 10,000 receive at least some income from the seafood industry, with approximately 4,000 jobs, primarily on commercial fishing vessels and in shoreside fish processing plants, directly tied to the seafood industry.

One fact that Kodiak is particularly proud of is that we are second largest seafood port in the U.S., with 514 million pounds of seafood landed in 2015, an impressive accomplishment given our relative small population. That amount placed us third nationally in the ranking in terms of ex-vessel sale value, based on National Marine Fisheries Service statistics. At a wholesale level, that value is \$325 million per year. Valuable species landed in Kodiak include salmon, pollock, Pacific cod, groundfish, halibut and other species. Salmon provides the greatest wholesale dollar value to the community (about \$120 million/yr) and second after pollock in volume.

Bristol Bay's salmon fishery attracts commercial fisherman from not only all over Alaska, including Kodiak, but elsewhere in the country as well and provides economic benefits that spread well beyond the area. Bristol Bay salmon permit holders are multi-generational and are family-run small business operators. Many live in communities within the Bay; others come from elsewhere in Alaska; some live in the Pacific Northwest and West Coast; and a few travel as far as the Midwest and East Coast to participate in a fishery that exports its catch all over the world. It is the most prolific fishery in the world for sockeye salmon, the most economically valuable of the five Pacific salmon species. There are over 70 commercial fishermen and fishing families from Kodiak who are Bristol Bay permit holders. An average of 30 of Kodiak's large capacity fishing boats work as salmon tenders to service the fleet and deliver to the various seafood processors in Bristol Bay. The combined fishing and tender fleet from Kodiak represents over 500 jobs that depend on a healthy Bristol Bay fishery. At various times during the season, deliveries of Bristol Bay sockeye are tendered back to Kodiak to be processed by our

shoreside fish processors, further supplementing local wages and income, including a “raw fish” tax that funds local government services. The multiplier impact of purchases of fishing gear, fuel, marine supplies, and boat repair and servicing further benefits our island economy.

Section 3.6 of the draft EIS is dedicated to discussing and analyzing the impact of the Pebble Mine alternatives on Alaska’s commercial and recreational fisheries. It includes a significant trove of fisheries data and information derived largely from the Alaska Department of Fish & Game (ADF&G). We have no argument with the raw data presented. It is publicly available and well researched by ADF&G and utilized to manage our salmon fisheries and for our fishing industry to make business decisions. Nonetheless, we have several major criticisms of this section.

First, the focus of this section of the EIS is exclusively on the Bristol Bay and Cook Inlet area fisheries. As we have noted earlier in these comments, the Bristol Bay salmon fishery is an important fishery for Kodiak commercial fishermen and processors. The section makes just two references to Kodiak and only in passing. While it acknowledges the worldwide impact of the salmon fishery, the section falls short in presenting the importance that not only Kodiak places on the Bristol Bay fishery but other areas of the State as well as elsewhere in the Pacific Northwest, West Coast, and the U.S. The final EIS needs to expand its data collection effort to include other parts of the State and country with economic interests in this fishery.

Second, this section along with the corresponding Fish Values and Essential Fish Habitat sections may be heavy on data but they are light on analysis. For example, the sections note the presence of spawning chinook, sockeye, coho and chum salmon in the Upper Talarik Creek, and North/South Forks of the Kaktuli Rivers in the footprint of mine operations. The EIS points out that the rivers eventually run into the Nushagak and finally Bristol Bay itself and states out that the Nushagak is the one of the two major rivers in the Bay. There is, however, no estimate or projection on the decline of salmon due to lost or degraded river and tributary habitat from the construction and regular operation of the mine, either in the upper reaches of these rivers or downstream. The project will involve the disposal of over 4,000 acres of fill into area waters with permanent loss of salmon essential fish habitat (the EIS labels this impact as “moderate”); alter water flows and river/stream hydrodynamics (also permanent but of “low” impact); and increase water temperature (also permanent but of “low” impact but does note that dry, warm summers could “lead to water temperatures that exceed published optimum levels for Pacific salmon.”). These effects, while modeled individually, are not assessed cumulatively, nor do they factor the changes occurring to the region climactically. Regarding water quality, the draft EIS notes the possibility of acid mine drainage seepage and metals increase but labels this risk as “low” with a boilerplate claim of “wastewater would be treated and tested for compliance with federal and state clean water standards prior to discharge to streams.”

The draft EIS states that a more serious accident that results in the breach of tailings or treatment ponds, including the large Main Water Management Pond, could affect the ex-vessel value of the salmon fishery. It also references mining accidents in British Columbia, Mexico, China, and Australia that “demonstrate that modern, well-engineered tailings facilities are subject to failure.” The Pebble mine is in a seismologically active area and located 70 to 80 miles from the Bruin Bay Fault, so a significant earthquake at some point during its life span is not out of the question. Kodiak residents are all too familiar with the devastating impacts of earthquakes and the unpredictability of natural disasters. The 1964 earthquake caused significant loss of life and changed Kodiak immeasurably. There is little to no information on what a serious spill, be it caused by earthquake, flooding or other reason, would mean for the salmon fishery in either the short or long-term. Would there be a closure of the fishery? What is

the likelihood of killing adult fish, eggs, fry and smolts during the spill and how far down the Nushagak would it reach? How would the exposure to heavy metals and other toxins, including remaining presence of those substances in the watershed long after the spill has dissipated, affect the biology and health of the salmon fishery over the long-term? What are the probabilistic scenarios for salmon fishery impacts using models that assess outcomes depending on size and duration of a breach of one or more of the mine ponds or tailing collections? The type of estimating is woefully missing from the document.

Other questions come to mind concerning the impact of the project's two possible ports at Amekdedori and Diamond Point along with trans-Cook Inlet natural gas pipeline, plus access and spur road construction and operation. Will construction and operation of the ports, including vessel traffic, requires changes in the management of the Cook Inlet salmon fishery, including new area closures? How will the 100 plus stream, river and waterways road crossings from the ports all the way to the mine affect water flow, run-off and spawning habitat availability, even if the crossings are properly bridged or culverted?

Finally, the Alaska wild salmon brand has become recognizable nationally and in other countries for its identification with a fresh, nutritious, and clean fish that comes from one of the Earth's most pristine and beautiful places. That brand of excellence has taken many years to establish and has created markets and higher prices for Alaska wild salmon than would exist otherwise, yielding significant economic benefits to the our seafood industry and coastal communities. The Alaska Seafood Marketing Institute (ASMI) makes a compelling case that the potential to damage the Alaska Seafood brand extends well beyond salmon to every other commercially caught specie in Alaska. Alaska is known world-wide for being natural and wild caught from a pristine environment. The damage to that brand from a major accident at the mine would be significant and irreversible. The EIS even acknowledges this possibility when it points out that after the Fukushima nuclear disaster in Japan, a survey showed decreased consumer purchases of seafood labeled from having being caught in that area.

The EIS in its current form poses more questions than it provides answers. It needs more information, analysis and forecasting of what the project's fishery impacts will be from its construction, regular (and hopefully) safe operation, and worst case scenarios involving a major accident. The EIS should not be finalized until these impacts are better assessed and understood. For these reasons, we request that you delay issuing a final EIS and reopen study of the fishery-related aspects of the project.

On behalf of the residents of the City of Kodiak and as its lead elected official, I appreciate your consideration of these views.