

City of Kodiak Regular Council Meeting Agenda for February 13, 2020
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 January 23, 2020, Regular Council Meeting.....1

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

- IV. Unfinished Business**
 - a. Second Reading and Public Hearing, Ordinance No. 1392, Authorizing a 25-Year lease of Certain Real Property in Trident Basin to Redemption Inc. D/B/A Island Air Service..7

- V. New Business**
 - a. Resolution No. 2020–06, Adopting an Alternative Method for the FY2020 Shared Fisheries Business Tax Program and Certifying That This Allocation Method Fairly Represents the Distribution of Significant Effects of Fisheries Business Activity in Fisheries Management Area 13: Kodiak Area.....23
 - b. Resolution No. 2020–07, Appointing a Member to the Kodiak Fisheries Development Association.....34
 - c. Resolution No. 2020–08, Rescinding Resolution No. 2012-05 and Reestablishing Standing and Special Rules of the Council.....39
 - d. Approval of Vertical Bridge Sublease to Cellco Partnership, D/B/A Verizon Wireless...44
 - e. Acceptance of the FY2019 Comprehensive Annual Financial Report and Audit.....65
 - f. Authorization of Payment to Golden Alaska Excavating, LLC for Equipment/Operator Cost Contracted Work at the Snow Dump.....67

- 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. Executive Session**
 - a. Discussion With the City Attorney About the City of Kodiak - Ocean Beauty Lease Agreement Post Termination Issues.....70

- XI. Adjournment**

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**MINUTES OF THE REGULAR COUNCIL MEETING
OF THE CITY OF KODIAK
HELD THURSDAY, JANUARY 23, 2020
IN THE BOROUGH ASSEMBLY CHAMBERS**

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

Mayor Pat Branson called the meeting to order at 7:30 p.m. Randall C. Bishop, Charles E. Davidson, Richard H. Walker, and John B. Whiddon were present and constituted a quorum. Councilmember Haines was excused and not considered absent due to his attendance to the Alaska Marine Highway System Advocacy Meeting in Juneau on behalf of the City. Councilmember Laura B. Arboleda was 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 Whiddon MOVED to approve the minutes of the January 9, 2020, regular meeting as presented.

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

III. PERSONS TO BE HEARD

a. Proclamation: Applauding the USCG and Proclaiming USCG Appreciation Day

Councilmember Whiddon read the proclamation, which urges all citizens to recognize our Coast Guard community for their individual and collective efforts in making Kodiak and all the navigable waters of Alaska a safer and better place to live, work, and play. The City applauds and proclaims February 7, 2020, as Coast Guard Appreciation Day.

Commander Daniel Rogers accepted the proclamation on behalf of the USCG.

b. Public Comments

Jason Bunch a twenty-two year resident of Kodiak and father of two boys, said he supports the youth activities. He referred to the aquatics, gymnasium, teen center, and the ice rink which all offer a variety of activities. He said the services have positively impacted his family and he thanked the City for the services. He expressed his support for Parks and Recreation Facility Upgrade, especially for the enhanced ice rink.

Brian Himelbloom stated he shared his concerns to the Alaska Marine Transportation Advisory Board regarding the reduced ferry services. He thanked the Mayor for her work on this board. He encouraged local involvement by committee development. He commented on the Space Board Complex and stated the public access and comment period was minimal and shared his disappointment with the Council.

Mayor Branson said there are three public seats for the new Governor's Marine Highway System Re-Shaping Committee and referred him to the State of Alaska's website.

Dan Ogg applauded the Mayor and Council for including the parks and recreation facility upgrade on the state and federal capital list. He said the volunteer group will meet next week to further progress the plan for the new facility. He said the indoor walking track was very important and should be included in the facility upgrade plan. He highlighted that John Glover is very involved in the planning process.

IV. UNFINISHED BUSINESS

None.

V. NEW BUSINESS

a. First Reading, Ordinance No. 1392, Authorization of a 25-Year Lease of Certain Real Property in Trident Basin to Redemption, Incorporated d/b/a Island Air Service

Mayor Branson read Ordinance No. 1392 by title. Island Air has leased two parcels of land at the Trident Basin Float Plane facility since the summer of 2011. In November 2019, the City received a request to expand the lease agreement in connection with its merger of operations with Andrew Airways, Inc. The proposed lease agreement includes two smaller parcels used for the placement of company aircraft fueling tanks. The larger parcels are used for the company's flight crew and customers. This ordinance will authorize the twenty-five year lease with Redemption Inc. d/b/a Island Air Service

Councilmember Davidson **MOVED** to pass Ordinance No. 1392 in first reading and advance to second reading and public hearing at the next regular or special Council meeting.

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

b. Resolution No. 2020-03, Rescinding Resolution No. 2014-36 And Reestablishing a Records Retention Schedule

Mayor Branson read Resolution No. 2020-03 by title. Records Retention Schedules (RRS) are a key element in effective records management programs. This Resolution No. 2020-03 will rescind and replace all prior Records Retention Schedule. The last RRS was adopted by Resolution No. 2014-36. The City-wide RRS determines the length of time a record is kept due to its operational, legal, fiscal, and historical purposes. The City-wide records management program provides a filing system for all departmental records throughout the life cycle of each record, including the transfer to offsite storage, and the destruction of records. There is a permanent retention for some records within the City departments. During the fall of 2019 the City Clerk, Records Manager, Department Heads, and Records Coordinators reviewed and recommended changes to the Records Retention Schedule.

Councilmember Bishop MOVED to adopt Resolution No. 2020–03.

Councilmember Whiddon thanked the Deputy Clerk for her work on the RRS.

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

b. Resolution No. 2020–04, Adopting a FY2021 State Capital Improvement Program List

Mayor Branson read Resolution No. 2020–04 by title. Each year the City identifies capital improvement projects important to the maintenance and/or improvement of the City’s infrastructure as well as issues that are important to the City or greater community. Council reviewed the draft outlining the proposed state requests and issues at the December 10, 2019, work session.

Resolution No. 2020–04 reflects the prioritized list of funding requests for the City’s main infrastructure related projects as outlined for FY2021 and will be submitted to our Alaska Legislature, via the Capital Project Submission & Information System (CAPSIS) upon adoption by Council. The five projects included in the resolution will provide formality to the City’s concerns and allow the Mayor, Council, and staff to promote the City’s interests. Resolution No. 2020–04 reflects the list, which Council and staff recommend for approval.

Councilmember Davidson MOVED to adopt Resolution No. 2020–04.

Councilmember Bishop MOVED to amend Resolution No. 2020–04 by substitution.

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

The roll call vote on the main motion as amended was Councilmembers Bishop, Davidson, Walker, and Whiddon in favor. Councilmember Arboleda was absent and Councilmember Haines was excused. The motion passed.

d. Resolution No. 2020–05, Adopting the Federal Fiscal Year 2020 Supported Federal Issues List and Fiscal Year 2021 Federal Projects Capital List

Mayor Branson read Resolution No. 2020–05 by title. Resolution No. 2020–05 reflects the prioritized list of funding for the City’s main infrastructure related projects and other federal issues as outlined above for FFY2021 and will be submitted to our Alaska delegation upon adoption by Council. These are not the only funding and policy issues the City will pursue in the coming year, but they are important because they benefit the entire community and region. The five projects and two issues included in the resolution will provide formality to the City’s concerns and allow Mayor Branson and staff to promote the City’s interests. Resolution No. 2020–05 reflects the list which Council, staff, and the City’s federal lobbyist recommend for approval.

Councilmember Walker MOVED to adopt Resolution No. 2020–05.

Councilmember Whiddon MOVED to amend Resolution No. 2020–05 by amending the amount for the Parks and Recreation Facility Upgrade on page 3 of 5 of the Resolution by striking out \$3,500,000 and inserting \$3,100,000.

Councilmember Whiddon made a comment about the importance of public input.

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

The roll call vote on the main motion as amended was Councilmembers Bishop, Davidson, Walker, and Whiddon in favor. Councilmember Arboleda was absent and Councilmember Haines was excused. The motion passed.

e. Authorization to Award a Supply Agreement for Community Jail Meals to MEA Enterprises (dba KFC Taco Bell of Kodiak) and Sealko, Inc (dba Subway of Kodiak)

The City of Kodiak Police Department issued a request for proposal (RFP) for jail meals for the Kodiak Community Jail on November 29, 2019. Proposals were due on January 10, 2020. The RFP was advertised in the Kodiak Daily Mirror and on the Department’s Facebook page. The Department only received one (1) proposal from the current vendor, Subway and KFC/Taco Bell of Kodiak, to provide all meals. The price per person for 3 meals a day has been quoted at \$19.99 for the first year (subsequent years would increase with the Anchorage CPI). Similar to Alaska DOC practices, the jail only serves two meals a day on weekends and holidays. The meals from Subway and KFC/Taco Bell are supplemented with apple sauce, milk, juice, and coffee which are purchased through other grocery stores.

Councilmember Davidson MOVED to authorize the award of a Supply Agreement for Community Jail Meals to MEA Enterprises (dba KFC Taco Bell of Kodiak) and Sealko, Inc (dba Subway of Kodiak) for five years with funds coming from the Corrections meals for prisoners line item and authorize the City Manager to execute the documents on behalf of the City.

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

VI. STAFF REPORTS

a. City Manager

Manager Tvenge commended Public Works for the plowing and removal of snow. He said the snow dumping station located above Hillside Drive was full; therefore, snow will be hauled to the Gibson Cove site. He stated that Public Works intends to remove additional accumulated snow piles and berms. He asked the public to allow equipment to get into those tight areas and remove vehicles that are stranded or left on city streets. He said he will be meeting with the Municipal Airport lease holders, which will be held Thursday, January 30, 2020, at 6 p.m. in the Library’s multi-purpose room. He shared that the purpose of the meeting will be to discuss the new lease agreements and any concerns or improvement ideas for the airport.

Manager Tvenge provided an update that the City and Borough staff have worked on a joint Tsunami Siren Request for Proposal (RFP) advertisement and expect to publish the (RFP) the first week of February. He stated that the proposal lists the city and borough as separate projects, but the intent is to achieve best pricing with the total siren count. He said the proposals are due back on March 20.

b. City Clerk

City Clerk Javier informed the public of the next scheduled Council planning work session, the Council work session, and regular meeting.

VII. MAYOR'S COMMENTS

Mayor Branson thanked Mr. Himelbloom for his comments regarding the Alaska Marine Highway. She referred to the State's new committee for the Marine Highway System reshaping and encouraged citizens that are interested to apply by going to the State's website for boards and commissions. She expressed her appreciation for Councilmember Haines and Representative Stutes for testifying during the Transportation Committee meeting. She said AML is working on advocating for the coastal communities transportation needs too. She said the Legislature has started and they are receiving updates from the City's lobbyist. She thanked the Public Works staff for all their work on the snow removal. She said the USCG appreciation dinner will be upcoming. She stated she will be traveling and unable to attend; however, Councilmember Whiddon will be in attendance. She confirmed the importance of healthy activities and would like to see the Parks and Recreation Facility upgrade to include the indoor track, which may also help with healthcare grants. She shared these activities contribute to the quality of life in Kodiak.

VIII. COUNCIL COMMENTS

Councilmember Whiddon acknowledged the Public Works for the superb job and hard work. He stated that department heads and staff do a lot of works behind the scenes to keep the City's activities evolving. He shared that Kodiak was the fifth USCG city in the nation and commented on the importance of the designation.

Councilmember Davidson stated he was traveling. He wished everyone a healthy and happy 2020. He said he looks forward to an indoor track. He said he is appreciative of the active volunteer group within the community.

Councilmember Walker thanked the Kodiak Police Department for helping with the bear problem. He thanked Public Works for their hard work and he stated he really appreciates the work of the Baranof group. He thanked Mike and his staff for their hard work.

Councilmember Bishop thanked the community members that provided feedback during the meeting. He said there is a planning meeting this Saturday and he referred to the topics for discussion.

IX. AUDIENCE COMMENTS

Major Dave Davis, Salvation Army Representative, reported on the nonprofit grant they received from the City. He said they have used \$4000 of the \$15,000 of the funds received. He provided a report of the services that were provided and he expressed appreciation for the community's effort to help with food donations and clarified that the Salvation Army has been a steward for the food services.

Brian Himelbloom expressed his concern regarding sidewalks that were not shoveled and the public not removing their vehicles for snow plowing.

Clerk Javier stated the Councilmember Haines was on business travel and his absence from the regular meeting was excused.

X. ADJOURNMENT

Councilmember Davidson MOVED to adjourn the meeting.

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

The meeting adjourned at 8:20 p.m.

CITY OF ODIAK

MAYOR


ATTEST:

CITY CLERK

Minutes Approved:

UNFINISHED BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Mike Tvenge, City Manager 
Thru: Josie Bahnke, Deputy City Manager
Date: February 13, 2020

Agenda Item: **IV.a. Second Reading and Public Hearing, Ordinance No. 1392, Authorization of a 25-Year Lease of Certain Real Property in Trident Basin to Redemption, Inc. D/B/A Island Air Service**

SUMMARY: Island Air has leased two parcels of land at the Trident Basin Float Plane facility since the summer of 2011. In November 2019, the City received a request to expand the lease agreement in connection with its merger of operations with Andrew Airways, Inc. The proposed lease agreement includes two smaller parcels used for the placement of company aircraft fueling tanks. The larger parcels are used for the company's flight crew and customers. Staff recommends Council adopt Ordinance No. 1392 after the public hearing. This ordinance will authorize the twenty-five year lease with Redemption Inc. d/b/a Island Air Service (Attachment B).

PREVIOUS COUNCIL ACTION: In previous years Council has approved leases to other air taxi services for both office buildings and fuel facilities at Trident Basin. On January 23, 2020, the Council passed this ordinance in first reading and advanced it to a second reading and public hearing to February 13, 2020.

DISCUSSION: Island Air Service initiated a request to lease additional property at Trident Basin Float Plane Facility in November 2019. Negotiations were held with the business owners of Redemption Inc. d/b/a Island Air Service including a survey and legal descriptions to prepare the lease documents.

Because of building code and fire code requirements, any building needs to be separated from the fuel tanks by a minimum of 25 feet. The building lease sites are approximately 2,539 and 2,700 square feet respectively.

Based on a recent appraisal completed by MacSwain Associates, annual market rent is estimated to be \$23,700 and the lease was constructed with that value in addition to a 2% annual rent increase beginning July 1, 2020 and each subsequent July 1. City Council may adjust the annual rent every five years in accordance with Kodiak City Code 18.20.220.

ALTERNATIVES:

- 1) Adopt Ordinance No. 1392, which will authorize the lease with Redemption Inc. d/b/a Island Air Service as identified in the attached lease and drawing (Attachment B), which is staff's recommendation, because ongoing leases at the City's airports are supported by Council and enhance revenues for the airports.
- 2) Do not authorize Ordinance No. 1392. This is not recommended, because the goal of the Trident Basin Float Plane Facility is to support stability and future growth of the facility.

FINANCIAL IMPLICATIONS: The revenues from the lease will improve revenues in the Trident Basin Airport Enterprise Fund.

LEGAL: The lease proposal was discussed and drafted by the City Attorney. The lease must be approved by ordinance because the term is for more than five years and the revenue is more than \$30,000.

STAFF RECOMMENDATION: Staff recommends approval of the renewal of the attached upland lease at Trident Basin to Redemption Inc. d/b/a Island Air Service as described in the attached drawing and lease documents for twenty-five years.

CITY MANAGER'S COMMENTS: Island Air Service wishes to expand their lease of uplands and a fuel easement with the City at Trident Basin where they have been doing business since 2011. They have worked with staff and want to renew their lease agreement for twenty-five years. I support staff's recommendation. Island Air Service has been a good tenant, and I believe the terms of this agreement continue to benefit both the City and Island Air Service.

ATTACHMENTS:

- Attachment A: Ordinance No. 1392
- Attachment B: Lease Agreement and location of current leased area site map
- Attachment C: Application for lease and letter of request

PROPOSED MOTION:

Move to adopt Ordinance No. 1392.

**CITY OF KODIAK
ORDINANCE NUMBER 1392**

AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK AUTHORIZING A 25-YEAR LEASE OF CERTAIN REAL PROPERTY IN TRIDENT BASIN TO REDEMPTION, INC. D/B/A ISLAND AIR SERVICE

WHEREAS, Redemption, Inc. d/b/a Island Air has applied for a 25-year lease of certain real property in Trident Basin; and

WHEREAS, Redemption desires the lease in connection with its merger of operations with Andrew Airways, Inc., and

WHEREAS, Redemption, Inc. is the current occupant of part of the desired premises; and

WHEREAS, Andrew Airways, Inc. is the current occupant of the remainder of the desired premises; and

WHEREAS, the Council finds that issuing the lease will facilitate economic development through improved air service;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Kodiak, Alaska, as follows:

Section 1: Approval of Lease. Pursuant to Kodiak City Code 18.20.110(b), lease of the property at market value in accordance with the terms of Lease Agreement No. 247776 is approved.

Section 2: Approval of Term Extension and Assignment. Pursuant to Kodiak City Code 18.20.240 and 18.20.340, assignment from Andrew Airways, Inc. to Redemption, Inc. of that certain Lease Agreement between the City of Kodiak and Andrew Airways Inc. dated December 1, 2007 (authorized by Ord. No. 1229) is hereby authorized and upon such assignment, extension of the term of that lease through June 30, 2045 is also authorized.

Section 3: Authorization. The form and content of the lease agreement between the City and Redemption Inc. d/b/a Island Air Service, hereby are in all respects authorized, approved, and confirmed; and the City Manager hereby is authorized, empowered, and directed to execute and deliver the lease agreement to Redemption, Inc., d/b/a Island Air Services, on behalf of the City, in substantially the form and content now before this meeting but with such changes, modifications, additions, and deletions therein as he shall deem necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of approval of any and all changes, modifications, additions, or deletions therein from the form and content of said document now before this meeting, and from and after the execution and delivery of said document, the City Manager hereby is authorized, empowered, and directed to do all acts and things and to execute all documents as may be necessary to carry out and comply with the provisions of the lease agreement as executed.

Section 4: Effective Date. As provided in Section V-17 of the Charter of the City of Kodiak, if one or more referendum petitions with signatures are properly filed within one month after the passage and publication of this ordinance, this ordinance shall not go into effect until the petition or petitions are finally found to be illegal and/or insufficient, or, if any such petition is found legal and sufficient, until the ordi-

nance is approved at an election by a majority of the qualified voters voting on the question. If no referendum petition with signatures is filed, this ordinance shall go into effect one month after its passage and publication

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading: January 23, 2020

Second Reading:

Effective Date:

LEASE AGREEMENT NO. 247776
REDEMPTION, INC

THIS LEASE AGREEMENT by and between the CITY OF KODIAK, an Alaska municipal corporation (“Lessor”), whose address is 710 Mill Bay Road, Kodiak, Alaska 99615, and REDEMPTION, INC. d/b/a Island Air Service (“Lessee”), whose address is 1420 Airport Way, Kodiak, Alaska 99615, provides as follows:

1. Premises. Upon the terms and conditions herein set forth and subject to the prompt payment and performance by Lessee of each and every sum and other obligation hereinafter referred to, the Lessor does hereby lease, let, and demise to the Lessee, and the Lessee does hereby lease from the Lessor that certain property located within the Kodiak Recording District, State of Alaska:

A. Located within Tract F, U.S. Survey 2261 & U.S. Survey 4947, per plat 2008-17, Kodiak Recording District, Kodiak, Alaska.

Commencing at Corps of Engineers Monument “TDB-121 Reset,” a 2” aluminum cap monument found, from which Corps of Engineers Monument “TDB-119” Bears S 24°02’ 19” W 1,046.71 feet. This being the Basis of Bearing for this description.

Thence S 24° 59’ 08” W, 543.05 feet to the True Point of Beginning;

Thence S 32° 35’ 42” W, 34.00 feet;

Thence S 57° 24’ 18” E, 13.33 feet;

Thence N 32° 35’ 42” E, 26.82 feet;

Thence N 52° 57’ 50” E, 15.55 feet;

Thence S 61° 25’ 43” E, 60.25 feet;

Thence N 28° 34’ 17” E, 2.00 feet;

Thence N 61° 25’ 43” W, 62.54 feet;

Thence N 28° 34’ 17” E, 5.05 feet;

Thence S 52° 57’ 50” W, 15.22 feet

Thence N 57° 24’ 18” W, 10.66 feet to the true point of beginning.

Containing approximately 638 sq. feet.

B. Located within Tract F, U.S. Survey 2261 & U.S. Survey 4947, per plat 2008-17, Kodiak Recording District, Kodiak, Alaska.

Commencing at Corps of Engineers Monument “TDB-121 Reset,” a 2” aluminum cap monument found, from which Corps of Engineers Monument “TDB-119” Bears S 24° 02’ 19” W 1,046.71 feet. This being the Basis of Bearing for this description.

Thence S 25° 27’ 40” W, 426 feet to the true point of beginning;

Thence S 26° 48’ 21” W, 78.00 feet;

Thence S 63° 11’ 39” E, 35.00 feet;

Thence N 26° 48’ 21” E, 78.00 feet:

Thence N 63° 11’ 39” W, 35.00 feet to the true point of beginning.

Containing approximately 2,730 sq. feet.

C. Located within Tract F, U.S. Survey 2261 & U.S. Survey 4947, per plat 2008-17, Kodiak Recording District, Kodiak, Alaska.

Commencing at Corps of Engineers Monument "TDB-121 Reset," a 2" aluminum cap monument found, from which Corps of Engineers Monument "TDB-119" Bears S 24° 02' 19" W 1,046.71 feet. This being the Basis of Bearing for this description.

Thence S 26° 48' 22" W, 353.33 feet to the true point of beginning;

Thence S 26° 48' 21" W, 72.55 feet;

Thence S 63° 11' 39" E, 35.00 feet;

Thence N 26° 48' 21" E, 72.55 feet;

Thence N 63° 11' 39" W, 35.00 feet to the true point of beginning.

Containing approximately 2,539 sq. feet.

D. Located within Tract F, U.S. Survey 2261 & U.S. Survey 4947, per plat 2008-17, Kodiak Recording District, Kodiak, Alaska.

Commencing at Corps of Engineers Monument "TDB-121 Reset," a 2" aluminum cap monument found, from which Corps of Engineers Monument "TDB-119" Bears S 24° 02' 19" W 1,046.71 feet. This being the Basis of Bearing for this description.

Thence S 23° 38' 03" W, 319.28 feet to the true point of beginning;

Thence S 25° 27' 08" W, 10.00 feet;

Thence S 64° 32' 52" E, 10.00 feet;

Thence N 25° 27' 08" E, 10.00 feet;

Thence N 64° 32' 52" W, 10.00 feet to the true point of beginning.

Containing approximately 100 sq. feet.

E. Collectively, these leased premises are hereinafter referred to as the "Site" and are subject to easements, covenants, and restrictions of record.

2. Term. This Lease shall continue in effect for a period of 25 years, from February 1, 2020, through June 30, 2045, unless earlier terminated in accordance with the terms of this Lease.

3. Rent.

A. *Monthly Rent.* On the first day of each month, Lessee shall pay, as rent, an amount equal to 1/12 of the Annual Rent amount then in effect.

B. *Initial Annual Rent and Adjustment.* The Site was appraised to have an Annual Rent of \$23,700. This amount shall be the Annual Rent from February 1, 2020 through June 30, 2020. The Annual Rent shall increase by 2% on July 1, 2020 and by an additional 2% over the previous year's Annual Rent on each subsequent July 1; provided, however, that the City Council may adjust the Annual Rent every five years in accordance with Kodiak City Code 18.20.220.

C. *Late Payment.* If a monthly installment is not paid by the fifth of the month in which it becomes due, a penalty of \$30 will be added to the rental amount, and, in

addition, simple interest shall accrue and be added to the rental amount at the rate of 12% per annum from the due date until paid.

D. *Holdover Rent.* Should Lessee not vacate the Site at the end of the term, the monthly rent during any holdover tenancy shall be equal to 150% of monthly rent amount for the last month of the original term of the lease.

4. Use of Site. The Site shall be used solely as an aviation facility in accordance with Lessee's application for this Lease and Kodiak City Code 18.20.210. Lessee's occupancy and use shall further be subject to any tariff adopted by the City of Kodiak City Council regulating the use of the Trident Basin Seaplane Base.

5. Availability of Service. Lessee shall operate its aviation facility at the Site as a first-class business of high quality and public service.

6. Parties Interested Herein. Nothing in this Lease, express or implied, is intended or shall be construed to give to any person, other than Lessor, any right, remedy or claim under or by reason of this Lease.

7. Improvements. Lessor shall have the right to make additions, alterations, or improvements to the Site which will not impede Lessee's access to or use of the Site. Lessee shall have the right to erect or construct a suitable building and/or associated structure(s) necessary for its aviation facility. Any improvements constructed by Lessee shall be consistent with the limited use of the Site authorized by this Lease and shall be constructed at Lessee's expense. Upon termination of this Lease, such improvements shall become the property of Lessor or, at Lessee's option, removed by Lessee at its sole expense.

8. Maintenance. Except as otherwise specifically provided herein, the Lessee shall, at all times and at its sole expense, keep and maintain the Site in good repair, and in neat, orderly, and sightly condition. Lessee shall not cause or permit any litter, debris, or refuse to be accumulated or stored upon the Site and shall promptly remove all such materials without cost to Lessor.

9. Insurance/Indemnification. The Lessee shall not commence with use of the Site until the Lessee has obtained the insurance required under this Lease. All coverage shall be with insurance carriers licensed and admitted to do business in the State of Alaska. All coverage shall be with carriers acceptable to Lessor. The required lines and limits of insurance are as follows:

A. *General Liability Insurance.* The Lessee shall procure and maintain during the life of this agreement, general liability insurance on an "occurrence basis" with limits of liability not less than \$1,000,000 per occurrence, personal injury, bodily injury and property damage. The minimum aggregate limit shall be \$2,000,000.

B. *Motor Vehicle Liability Insurance.* The Lessee shall procure and maintain during the life of this agreement, motor vehicle liability insurance, including all applicable no fault coverages, with limits of liability of not less than \$1,000,000 per occurrence combined single limit.

C. *Workers Compensation Insurance.* The Lessee shall procure and maintain during the life of this agreement, workers compensation insurance, including employer's liability coverage, in accordance with all applicable statutes of the State of Alaska.

D. *Pollution Liability Insurance.* The Lessee shall procure and maintain during the life of this agreement, pollution liability insurance, on an "occurrence basis" with limits of liability not less than \$1,000,000 per occurrence.

E. *Umbrella Liability Insurance.* The Lessee shall procure and maintain during the life of this agreement umbrella liability insurance, not less than \$5,000,000 combined single limit per occurrence and aggregate for bodily injury and property damage claims arising from all operations related to this contract.

F. *Additional Insured & Waiver of Subrogation.* Except for Worker's Compensation Insurance, all insurance policies shall include an endorsement stating the following shall be Additional Insured and waiving any claim for subrogation: The City of Kodiak, its elected and appointed officials, all employees and volunteers, all boards, commissions and/or authorities and board members, including employees and volunteers thereof. This coverage shall be primary to the Additional Insured, and not contributing with any other insurance or similar protection available to the Additional Insured, whether the other available coverage be primary, contributing or excess.

G. *Cancellation Notice.* All insurance policies, as described above, shall include an endorsement stating the following: "Sixty (60) days advance written notice of cancellation, non-renewal, reduction and/or material change shall be sent to: City of Kodiak.

10. Environmental.

A. For purposes of this section:

(i) "Environmental Requirement" shall mean any law, regulation, or legal requirement relating to health, safety or the environment, now in effect or hereinafter enacted, including without limitation the Comprehensive Environmental Response Compensation and Liability Act (CERCLA), the Toxic Substances Control Act (TSCA), the Federal Insecticide Fungicide and Rodenticide Act (FIFRA), the Resource Conservation and Recovery Act (RCRA), the Clean Air Act (CAA) and the Clean Water Act (CWA), the Occupational Safety and Health Act (OSHA) and all similar state and local laws, rules, regulations, and guidance, now in existence or hereinafter enacted, as each such law, rule, or regulation may be amended from time to time.

(ii) "Environmental Hazard" shall mean Hazardous Materials (as defined hereinafter), or the storage, handling, production, disposal, treatment, or release thereof.

(iii) "Hazardous Material" shall mean

(a) any hazardous waste, any extremely hazardous waste, or any restricted hazardous waste, or words of similar import, as defined in the Resource Conservation and Recovery Act (42 USC §6901 *et seq.*),

(b) any hazardous substances as defined in the Comprehensive Environmental Response, Compensation and Liability Act (42 USC §9601 *et seq.*),

(c) any toxic substances as defined in the Toxic Substances Control Act (15 USC §2601 *et seq.*),

(d) any pollutant as defined in the Clean Water Act (33 USC §1251 *et seq.*),

(e) gasoline, petroleum, or other hydrocarbon products or by-products,

(f) asbestos, and

(g) any other materials, substances, or wastes subject to environmental regulation under any applicable federal, state, or local law, regulation, or ordinance now or hereafter in effect.

(iv) “Environmental Liabilities” shall mean any liability, penalties, fines, forfeitures, demands, damages, losses, claims, causes of action, suits, judgments, and costs and expenses incidental thereto (including cost of defense, settlement, reasonable attorneys fees, reasonable consultant fees, and reasonable expert fees), arising from or based on (I) environmental contamination or the threat of environmental contamination or (II) noncompliance, or violation of, any Environmental Requirement and shall include without limitation liability arising from

(a) any governmental action, order, directive, administrative proceeding, or ruling

(b) personal or bodily injuries (including death) or damages to any property (including loss of use) or natural resources

(c) clean-up, remediation, investigation, monitoring, or other response action.

(v) “Environmental Release” shall mean any release, spill, leak, discharge, injection, disposal, or emission of any Hazardous materials into the environment.

B. At all times during the term of the Lease, Lessee shall conduct its activities at the Site, and shall ensure that any invitee of Lessee conducts its activities at the Site in strict compliance with all applicable Environmental Requirements.

C. Notwithstanding any other provision of this Lease, Lessee agrees to indemnify and hold harmless Lessor, Lessor’s successors and assigns, and Lessor’s present and future officers, directors, employees, and agents, (collectively “Lessor Indemnitees”) from and against any and all Environmental Liabilities which Lessor or any or all of the Lessor Indemnitees may hereafter suffer, incur, be responsible for, or disburse as a result of any Environmental Hazard at the Site to the extent caused by or attributable to Lessee or Lessee’s activities, including any Environmental Hazard at the Site to the extent caused by or attributable to any invitee of Lessee or by the activities of any invitee of Lessee.

D. The provisions of this section shall survive termination of this Lease.

11. Utility Charges and Taxes. All utility charges shall be borne and paid for by Lessee, together with all personal or real property taxes or assessments that may be levied against the Lessee by reasons of its occupancy of the Site or its rights hereunder.

12. Operation of Equipment. In installing, operating, or maintaining any equipment on the Site and in its general management of the Site, the Lessee will act in accordance with applicable laws and regulations and will not do, attempt, or permit any acts in connection with this Lease which could be construed as a violation of law.

13. Condition of Site. The Lessee takes the Site in its present condition and the Lessor shall have no responsibility for its condition, or for any damage suffered by the Lessee or any other person due to such conditions.

14. Assignment and Subleasing. Lessee may not sublease the Site, either in whole or in any portion, without first obtaining the approval of the City Council in writing. Lessee may not assign, mortgage, pledge, or otherwise encumber all or any portion of this Lease or the Site without first obtaining the approval of the City Council. Any assignment, pledge, or encumbrance approved by the Council shall be subject to all terms and provisions of this Lease. Any assignment, pledge, or encumbrance executed without the proper approval of the Council shall be void and of no force and effect. The City Council shall have no obligation to provide its written approval and may withhold it for any reason or none at all. Any request for any City Council written approval required by this section shall be accompanied by a \$500 fee, which shall be used to offset the administrative costs of processing the request.

15. Default and Re-Entry. If Lessee fails to cure any default of the conditions of this Lease within 30 days after written notice thereof by Lessor, or in the event insolvency proceedings should be instituted by or against Lessee, then Lessor may terminate this Lease as of such date and re-enter the Site and remove all property therefrom and Lessee shall remain liable for the payment of rental to the extent provided by law.

16. Applicable Law. Lessee shall, at all times, in its use and occupancy of the Site and in the conduct of its operations thereon, comply with all applicable federal, state, and local laws, ordinances, and regulations. This Lease Agreement shall be subject to all provisions of Kodiak City Code Chapter 18.20.

17. Effective Date. This Lease Agreement shall be effective only following the occurrence of:

- A. The effective date of the ordinance authorizing this Lease;
- B. Execution by both parties, which may occur in counterparts;

C. Termination of that certain Lease Agreement between the City of Kodiak and Andrew Airways, Inc. dated December 1, 2007 and for that real property described in Section 1. A. of this Lease;

D. Termination of Andrew Airways, Inc. month-to month holdover tenancy for that real property described in Sections 1.D. of this Lease; and

E. Termination of Andrew Airways, Inc. easement over that real property described in Sections 1.E. of this Lease.

18. Limitation on Right to Possession. Part of the Site is currently occupied by Andrew Airways, Inc., as a holdover tenant. Lessee has represented that it is merging with or acquiring Andrew Airways, Inc. Lessee shall have sole responsibility of obtaining possession of that portion of the Site from Andrew Airways, Inc.

IN WITNESS WHEREOF, the parties executed this instrument the day and month written below.

LESSOR:
CITY OF KODIAK

LESSEE:
REDEMPTION, INC.
d/b/a Island Air Service

Mike Tvenge
City Manager

Adam Lutz
President

ATTEST:

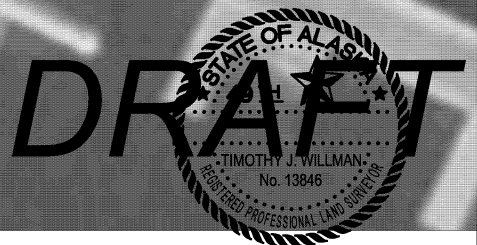
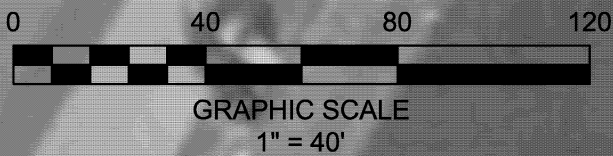
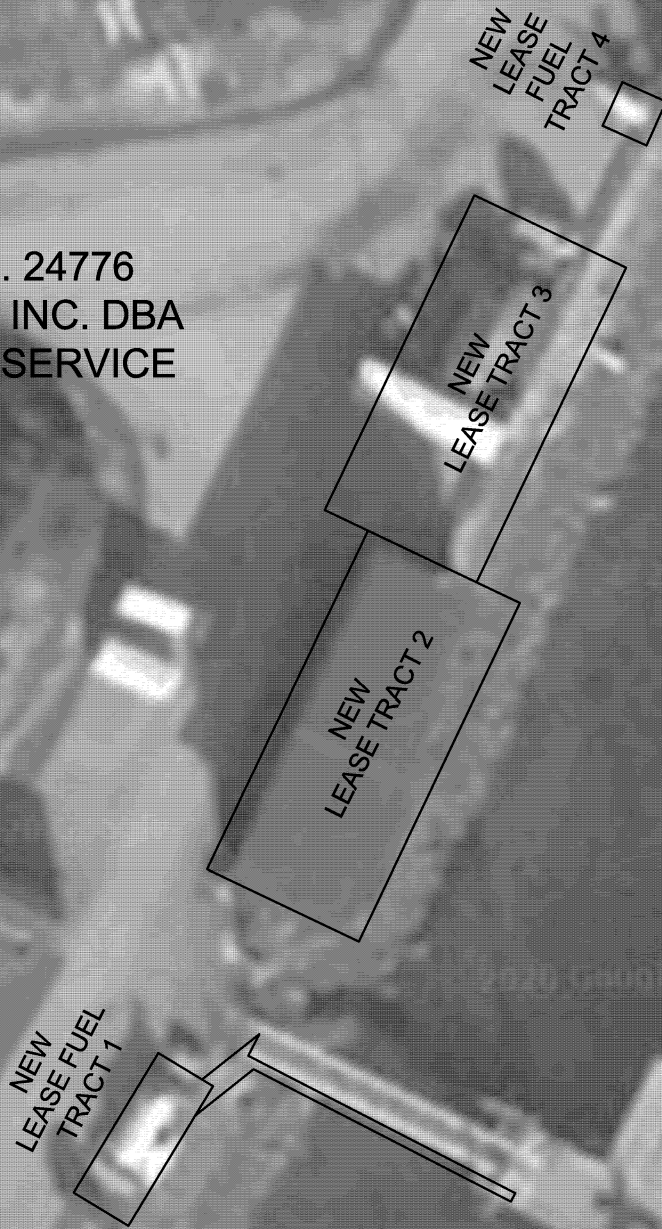
Date

Nova Javier, MMC
City Clerk

Date



LEASE No. 24776
 REDEMPTION INC. DBA
 ISLAND AIR SERVICE



SURVEY NOTES:

1. THIS SURVEY DOES NOT CONSTITUTE A SUBDIVISION AS DEFINED BY A.S. 40.15.900(5)
2. THIS MAP WAS PREPARED TO PROVIDE A VISUAL ACCESSORY TO THE LEGAL DESCRIPTIONS PER LEASE No. 24776.
3. THIS MAP IS INTENDED TO BE PRINTED ON LEGAL SIZE PAPER (8.5" X 14")

TRIDENT BASIN LEASE TRACT LOCATION EXHIBIT
 LOCATED WITHIN TRACT F U.S. SURVEY 2261 & 4947, PLAT
 2008-17, KODIAK RECORDING DISTRICT
 KODIAK ALASKA

PREPARED FOR:		ISLAND AIR SERVICE P.O. Box 947, KODIAK, AK 99615	
DRAWN BY:	TW	DATE:	01/16/2020
SCALE:	1"=40'	REF NO.:	200020106
WILLMAN LAND SURVEYING P.O. BOX 8545 KODIAK, AK 99615 907.942.4866			



City Clerk's Office
 710 Mill Bay Road, Rm 110
 Kodiak, AK 99615
 Phone: (907) 486-8636
 Fax: (907) 486-8600 (fax)
 Email: clerks@city.kodiak.ak.us

APPLICATION FOR PURCHASE, LEASE, OR RENEWAL OF LEASE OF REAL PROPERTY

PURCHASE

LEASE

*RENEWAL

TERM REQUESTED: 25 YEARS

TERM REQUESTED: _____ YEARS

*KCC 18.20.340, the lessee shall, not sooner than 60 calendar days prior to expiration, and not later than 30 calendar days prior to the expiration, make application for a renewal lease in writing on forms provided entitled "application for renewal of lease."

1. DATE OF APPLICATION 12/18/2019	
2. APPLICANT NAME (IF CORPORATION OR PARTNERSHIP, SEE #10 BELOW) Redemption, Inc. DBA Island Air Service	
3. MAILING ADDRESS 1420 Airport Way	
4. PHYSICAL ADDRESS 1420 Airport Way	
5. CITY Kodiak 7. ZIP 99615	6. STATE AK
8. WORK PHONE: <u>(907) 487-4596</u> CELL PHONE: <u>(706) 466-6973 OR (907) 942-4074</u>	9. EMAIL: <u>Adam@flyadq.com</u> FAX: <u>(907) 487-4693</u>
10. IF CORPORATION OR PARTNERSHIP, ATTACH ADDITIONAL INFORMATION CORPORATION: Attach Schedule C, Showing Principal Agent and Contact Information PARTNERSHIP: Attach Schedule P, Listing Partners Names and Contact Information	
11. LEGAL DESCRIPTION OF THE REQUESTED PROPERTY U.S. SURVEY (USS) _____ LOT _____ BLOCK _____ SUBDIVISION _____ OR STREET ADDRESS OR OTHER IDENTIFYING DESCRIPTION: 500 Trident Way, including Lot 2 and Fuel Tank Area as Illustrated in Attachment A, of Lease No. 217715, Lot 3 and Fuel Tank Area as illustrated in Attachment A, of Lease No. 216595. _____	
12. AREA, IN SQUARE FEET OF REQUESTED PROPERTY: 5,822.2 square feet	

City of Kodiak
Application for Purchase, Lease, or Renewal of Lease of Real Property, Page 2

13. DESCRIPTION OF PURPOSE OF THE PROPOSED LEASE IN DETAIL (KCC 18.20.050 (b.1)). INCLUDE EXISTING IMPROVEMENTS, IF ANY, ON THE PROPERTY
Aviation Services and Fuel Distribution Facility

14. PROPOSED USAGE OF LAND (KCC 18.20.050 (b.2))
 RESIDENTIAL **COMMERCIAL** INDUSTRIAL

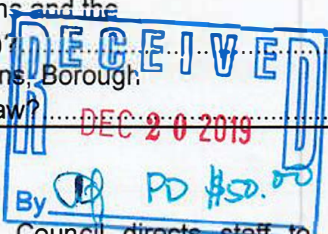
15. TYPE OF CONSTRUCTION PLANNED (KCC 18.20.050 (b.3))
 (e.g.: FILL, FRAME, POST & BEAM, etc) N/A

16. DATE DEVELOPMENT IS PLANNED TO BEGIN, AFTER SALE (KCC 18.20.050 (b.3)): N/A

17. DATE DEVELOPMENT IS EXPECTED TO BE COMPLETED, AFTER SALE (KCC 18.20.050 (b.4)): N/A

18. INVESTMENT, INCLUDING EQUIPMENT, PLANNED DURING DEVELOPMENT PERIOD (Optional)	\$	20. DESCRIBE ANY EXPANSION PLANS BEYOND THE INITIAL DEVELOPMENT (Optional)
19. ANTICIPATED TAXABLE VALUATION OF THE PROPERTY, AFTER DEVELOPMENT (Optional)	\$	

22. Is the applicant at least 18 years old (KCC 18.20.040 a)? YES NO
23. Are four copies of an accurate plan and elevations of the proposed improvements attached to this application? YES NO
24. Is the preliminary survey plat submitted with this application? YES NO
25. If required, can you post a performance bond amounting to 10% of the estimated taxable valuation? YES NO
26. Does your intended use of the property comply with the zoning regulations and the comprehensive plan of the Kodiak Island Borough (KCC 18.20.020 (b.5))? YES NO
27. Do you agree to comply with all applicable City ordinances and regulations, Borough ordinances and zoning regulations, and all applicable state and federal law? YES NO



Notice to Applicant(s)

A. This application will not be considered unless it is accompanied by a filing fee, as established by the City Council in the Schedule of Fees and Charges. The filing fee is not refundable and should be made payable to the City of Kodiak (KCC 18.20.050b and 18.20.340).

B. Unless specifically exempted by KCC 18.20.030, 18.20.195, 18.20.196 or other provisions of City Code, any sale or lease of City property shall be made by sealed bid or at public auction. The City Council may require specific development or use of property to be sold or leased.

C. If the Council directs staff to proceed with the proposed sale or lease of this property, staff will review the application and set the amount of deposit required from the applicant in accordance with KCC 18.20.060 for costs of survey, appraisals, advertising, etc.

If the property is sold or leased to someone other than the depositor, the deposit will be refunded, unless the depositor fails to enter a bid equal to at least the minimum sale or rental price as established in accordance with KCC 18.20.100 and the property is not sold, in which case the deposit shall be forfeited.

D. Certificates of Insurance will be required to be produced within 10 business days of a lease agreement award.

I testify that I am a qualified applicant or bidder per KCC 18.20.040 and I am the authorized agent to execute the sale or lease documents.

ADAM LUTZ [Signature] 12/18/2019
 Name of Applicant Signature Date

SCHEDULE C

**CORPORATION
PRINCIPAL AGENT AND CONTACT INFORMATION**

This schedule is attached to the Application for Purchase or Lease of Real Property submitted to the City of Kodiak as follows:

CORPORATION NAME Redemption, Inc. DBA Island Air Service	DATE SUBMITTED 12/18/2019

C1. NAME OF PRINCIPAL AGENT AUTHORIZED TO EXECUTE THE SALE OR LEASE DOCUMENTS Adam Lutz	
C2. TITLE President	
C3. MAILING ADDRESS 1420 Airport Way	
C4. CITY Kodiak	C6. ZIP 99615
C5. STATE AK	
C7. TELEPHONE (706) 466-6973	C8. FAX (907) 487-4693

C9. NAME OF ALTERNATE CONTACT Erik Howard	
C10. TITLE Secretary	
C11. CITY Kodiak	C13. ZIP 99615
C12. STATE AK	
C14. TELEPHONE (907) 942-4074	C15. FAX (907) 487-4693



Redemption, Inc.

www.flyadq.com

Island Air Service
1420 Airport Way
Kodiak, AK 99615

November 26, 2019

Mike Tvenge
City Manager
710 Mill Bay Road, Room 114
Kodiak, AK 99615

Dear Mike Tvenge,

This letter is a formal request from Redemption Inc. dba Island Air Service to lease two lots located at Trident Basin from the City of Kodiak for a period of twenty-five years. Island Air Service is in the final stages of completing an SBA 504 Loan to purchase the building at 500 Trident Way. Island Air Service would like to lease the parcel located at 500 Trident Way along with the associated fuel facility parcel. Andrew Airways is currently leasing both lots from the City of Kodiak and agrees to allow Island Air Service to lease these two parcels. Island Air Service will begin merging operations with Andrew Airways on December 1, 2019, with an expected loan closing date in January 2020. We respectfully request to have a written lease ready for approval at the next city council meeting on December 12, 2019. If unable to complete a lease in that time, we would request a letter of intent to sign a 25-year lease, so we can continue moving forward with the SBA loan process.

Island Air Service has been proudly serving the community of Kodiak for more than 40 years. Since new ownership in 2016, we have infused millions of dollars into assets and infrastructure to ensure sustainability in providing high quality, safe, and reliable air service to the community. Our marketing strategy includes a plan to increase our charter business by developing more ecotourism opportunities that bring clients to Kodiak. By working with other local businesses and increasing our marketing, we have already seen a 40% increase in bookings for next season. These clients bring money to the city by eating at local restaurants, staying in hotels, renting cars/taxis, and local shopping.

Island Air Service looks forward to working with the City of Kodiak to promote aviation and enhance growth of the tourism market here in Kodiak.

Sincerely,

Island Air Service

Signature


11/26/19

Date

NEW BUSINESS

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Mike Tvenge, City Manager 
Thru: Kelly Mayes, Finance Director
Date: February 13, 2020

Agenda Item: V. a. Resolution No. 2020-06, Adopting an Alternative Method for the FY2020 Shared Fisheries Business Tax Program and Certifying That This Allocation Method Fairly Represents the Distribution of Significant Effects of Fisheries Business Activity in Fisheries Management Area 13: Kodiak Area

SUMMARY: Resolution No. 2020-06 adopts an alternative allocation method and certifies the allocation method fairly represents the distribution of significant effects of Fisheries Business activity in Fishing Management Area (FMA) 13. This resolution adopts an alternative allocation from the long form, which was used in the past. The decision to use the short or alternative form is agreed upon by the Kodiak Island Borough, other Kodiak local governments, and the City each year by resolution. Staff recommends Council adopt Resolution No. 2020-06.

PREVIOUS COUNCIL ACTION: Each year, the City Council adopts a resolution to identify a method of payment of the shared fisheries taxes available to communities in the Kodiak Island area. Last year the Council adopted Resolution No. 2019-04 on January 24, 2019, identifying the alternative allocation as the preferred method for the shared fisheries business tax program.

BACKGROUND: The State of Alaska Shared Fisheries Business Tax Program was created in 1990 to help municipalities impacted by the effects of the rapidly expanding offshore fish processing industry. A previously existing fish tax sharing program (commonly referred to as the Raw Fish Tax Program), administered by the Department of Revenue, shares back to municipalities half of the state fisheries business tax collected from fish processors operating inside municipal boundaries. The Department's program extends tax sharing to include a sharing of fish taxes collected outside of municipal boundaries, primarily from floating processors.

There are two application methods available to the municipalities in each Fisheries Management Area:

1. Under the **Standard Method**, each municipality in the FMA must determine and document the cost of fisheries business impacts experienced by the community in the previous calendar year. These impacts are submitted by each municipality in their applications. The department reviews the applications and determines if the impacts submitted are valid.

Once the impacts have been established for each of the municipalities in the FMA, the department calculates the allocation for each municipality using the following formula:

One half of the funding available within a FMA is divided up among participating municipalities on the basis of the relative dollar amount of impact in each municipality. The other half of the funding available to that area is divided equally among all eligible municipalities.

2. Under the **Alternative Method**, municipalities within the FMA agree on a distribution formula. The department only approves the use of a proposed alternative method if all the municipalities in the area agree to use the method, and if the method includes some measure of the relative effects of the fishing industry on the respective municipalities in the area.

The proposed alternative method divides half of the funding available equally among all eligible municipalities. The other half would be divided within the area and is based on population.

Due to the time and expense involved in determining and documenting the standard method, all of the FMAs have used the Alternative Method to determine the allocation of the Shared Fisheries Business Tax for the past several years. The Kodiak Management Area, FMA13, was the only FMA in Alaska that used the long form to distribute the Shared Fisheries Taxes to the communities up until FY2014.

DISCUSSION: The municipalities located in this region's FMA include Akhiok, Kodiak, Kodiak Island Borough, Larsen Bay, Old Harbor, Ouzinkie, and Port Lions. The total FY2020 program allocation to be shared within FMA13 is estimated to be \$426,267.13 compared to the \$254,478.73 in FY2019. Kodiak's share for FY2020 is estimated to be \$126,857.49. (Attachment B). The program requires that funding be first allocated to fisheries management areas around the state based on the level of fish processing in each area compared to the total fish processing for the whole state. Then the funding is further allocated among the municipalities located within each fisheries management area based on the relative level of impacts experienced by each municipality.

Based on capital expenditures made by the other municipalities in FMA13, it appears unlikely that the City of Kodiak would receive a larger allocation for FY2020 by using the standard method. The alternative allocation method allocates 50 percent shared equally among the municipalities located within the FMA 13 region. The remaining 50 percent is shared among the municipalities on a per capita basis. The City has opted, along with the other communities on Kodiak and the Borough, to use the alternative method (short form) since FY2015. Using the

alternative method this year does not preclude the City from using the standard method in future years.

Based on the cost and time needed to prepare the standard form, staff believes the alternative method will provide the available funds more easily to offset some of the impacts from fisheries-related activities in the community.

ALTERNATIVES:

- 1) Adopt Resolution No. 2020-06, which is the staff recommendation, because it provides the City with funding to offset impacts to fisheries business conducted in Kodiak.
- 2) Council could require the City to complete the standard method application. This is not recommended because it is inconsistent with the agreed upon method currently used by local governments in the Kodiak Island Borough.

FINANCIAL IMPLICATIONS: By adopting the resolution and completing the application, the City will receive funding from the Department of Commerce, Community and Economic Development. In FY2019, the City received \$75,174.77 and expects to receive \$126,857.49 for the FY2020. This funding is recorded in the general fund.

STAFF RECOMMENDATION: Staff recommends Council adopt Resolution No. 2020-06 in order for the City to receive funding using the alternative method.

CITY MANAGER'S COMMENTS: The City has received funds through the State of Alaska Shared Fisheries Business Tax Program since its inception, and Council approves the application process for the funds by resolution each year. Receipt of the shared fisheries tax helps to offset expenses that result from impacts to the City's facilities, operations, and services created by fisheries activities. The department only approves the use of a proposed alternative method if all the municipalities/ communities in the area agree to use the method, and if the method includes some measure of the relative effects of the fishing industry on the respective municipalities in the area. Kodiak communities are using the alternative allocation method. I support staff's recommendation to adopt Resolution No. 2020-06.

ATTACHMENTS:

Attachment A: Resolution No. 2020-06

Attachment B: DCCED FY2020 Shared Fisheries application letter

PROPOSED MOTION:

Move to adopt Resolution No. 2020-06.

**CITY OF KODIAK
RESOLUTION NUMBER 2020-06**

A RESOLUTION ADOPTING AN ALTERNATIVE ALLOCATION METHOD FOR THE FY2020 SHARED FISHERIES BUSINESS TAX PROGRAM AND CERTIFYING THAT THIS ALLOCATION METHOD FAIRLY REPRESENTS THE DISTRIBUTION OF SIGNIFICANT EFFECTS OF FISHERIES BUSINESS ACTIVITY IN FMA 13: KODIAK AREA

WHEREAS, AS 29.60.450 requires that for a municipality to participate in the FY2020 Shared Fisheries Business Tax Program, the municipality must demonstrate to the Department of Commerce, Community, and Economic Development that the municipality suffered significant effects during calendar year 2018 from fisheries business activities; and,

WHEREAS, 3 AAC 134.060 provides for the allocation of available program funding to eligible municipalities located within fisheries management areas specified by the Department of Commerce, Community, and Economic Development; and,

WHEREAS, 3 AAC 134.070 provides for the use, at the discretion of the Department of Commerce, Community, and Economic Development, of alternative allocation methods which may be used within fisheries management areas if all eligible municipalities within the area agree to use the method, and the method incorporates some measure of the relative significant effect of fisheries business activity on the respective municipalities in the area; and,

WHEREAS, The Council of the City of Kodiak proposes to use an alternative allocation method for allocation of FY2020 funding available within the FMA 13: Kodiak Area in agreement with all other municipalities in this area participating in the FY 2020 Shared Fisheries Business Tax Program;

NOW THEREFORE BE IT RESOLVED THAT: The Council of the City of Kodiak by this resolution certifies that the following alternative allocation method fairly represents the distribution of significant effects during 2018 of fisheries business activity in FMA 13: Kodiak Area:

- All municipalities share equally 50% of allocation; all municipalities share remaining 50% on a per capita basis.
- Kodiak Borough population is reduced by the population of the Cities of Akhiok, Kodiak, Larsen Bay, Old Harbor, Ouzinkie & Port Lions.

CITY OF KODIAK

MAYOR

ATTEST:

CLERK

Adopted:

Department of Commerce, Community,
and Economic Development

DIVISION OF COMMUNITY AND REGIONAL AFFAIRS

455 Third Avenue, Suite 140
Fairbanks, AK 99701-3110
Main: 907.451.2718
Programs fax: 907.451.2742



THE STATE
of ALASKA

GOVERNOR MICHAEL J. DUNLEAVY



November 15, 2019

City of Kodiak
710 Mill Bay Road
Kodiak AK, 99615

Dear Municipal Official:

The Department of Commerce, Community, and Economic Development is pleased to announce availability of the **FY 2020 Shared Fisheries Business Tax Program**. The purpose of the program is to allocate a share of state fish tax collected outside municipal boundaries with municipalities affected by fishing industry activities. Municipalities around the state will share approximately \$1.6 million based on 2018 fisheries activity as reported by fish processors on their fish tax returns. Details of how the program works are included in the application under *Program Description*.

Historically, your municipality along with the other communities in your fisheries management area (FMA 13: Kodiak Island) has filed using the Alternative Method found on the last four pages of this application. A breakdown is included that details the communities in your FMA, in addition to the anticipated payment based on the agreed upon allocation method for your FMA. If this agreement is still in place with your FMA, you will only need to have your Council/Assembly pass the enclosed alternative method sample resolution in order to participate in the program.

If your FMA intends to change the alternative method of allocation, the new proposal must be submitted to our office no later than **January 15, 2020**. If an agreement cannot be made with all communities in your FMA, you will need to file using the standard method and claim your significant effects. Instructions on both of these methods are detailed in the application packet.

**DEADLINE FOR SUBMISSION OF COMPLETED APPLICATION IS
FEBRUARY 18, 2020.**

Applications can be scanned and emailed to caa@alaska.gov with the subject line **“Municipality Name, FY20, SFBT”** If you have any questions about the program or require assistance in completing the application, please contact me at kimberly.phillips@alaska.gov or call (907) 451-2718.

Sincerely,

Kimberly Phillips
Grants Administrator II

Enclosures

FIMA 13: Kodiak Area

Community	Population	Total allocation: 50% Divided Equally		50% per Capita	LONG	Calculated Allocation	Calculated Allocation	Reference Number	Total Distribution
		50% Divided Equally	50% Divided Equally						
City of Akhiok	81	\$5,587.65	\$5,587.65	\$241.18		\$5,828.83	\$25,933.06	20-SF13-01	\$ 31,761.89
City of Kodiak	5,942	\$5,587.65	\$5,587.65	\$17,692.80		\$23,280.44	\$103,577.05	20-SF13-02	\$ 126,857.49
Kodiak Island Borough	6,513	\$5,587.65	\$5,587.65	\$19,393.00		\$24,980.64	\$111,141.41	20-SF13-03	\$ 136,122.05
City of Larsen Bay	80	\$5,587.65	\$5,587.65	\$238.21		\$5,825.85	\$25,919.81	20-SF13-04	\$ 31,745.66
City of Old Harbor	224	\$5,587.65	\$5,587.65	\$666.98		\$6,254.62	\$27,827.46	20-SF13-05	\$ 34,082.09
City of Ouzinkie	154	\$5,587.65	\$5,587.65	\$458.55		\$6,046.19	\$26,900.13	20-SF13-06	\$ 32,946.33
City of Port Lions	142	\$5,587.65	\$5,587.65	\$422.82		\$6,010.46	\$26,741.16	20-SF13-07	\$ 32,751.62
Totals	13,136	\$39,113.52	\$39,113.52	\$39,113.52		\$78,227.05	\$348,040.08		\$ 426,267.13
Community Count	7								

* 50% Divided Equally and 50% on a Per Capita Basis.

** Kodiak Island Borough population = population (13,136) less pop. of cities

FY 20 Shared Fisheries Business Tax Program Application Instructions

ALTERNATIVE METHOD

- In the alternative method application process all municipalities in a fisheries management area may work together to develop an alternative allocation formula for distributing the available program funding among municipalities in the area. It is advised that the Department of Commerce be consulted during this process if the municipalities have questions or concerns about what constitutes an acceptable alternative to the standard allocation method.
- All the municipalities in an area must reach an agreement in writing on an alternative allocation formula.
- By January 15, the department must receive the proposed alternative method. If the alternative method is not acceptable, the department will work with the municipalities to resolve the problems.
- If the municipalities in an area fail to satisfy the department regarding the acceptability of the alternative allocation method proposed, then each municipality in the region must return to the standard application process and submit separate applications as required by that process.
- If the department finds the alternative allocation method satisfactory, each municipality must then complete an alternative method application consisting of a cover page and resolution. The resolution must be adopted by the governing body and it must clearly describe the approved alternative allocation method within that area. After all alternative method applications within an area have been received and approved; the department will perform the allocations and distribute program funds.

Instructions for Alternative Method Application

In the alternative method application, an approved resolution constitutes the application. No other forms need to be submitted. A sample resolution has been attached for your use.

General Guidelines for Developing an Alternative Allocation Method

All municipalities in a fisheries management area must agree on the alternative method: There must be unanimous agreement among all eligible municipalities in a fisheries management area with regard to alternative allocation methods. It is the responsibility of community leaders in the area to work together to negotiate an alternative which is acceptable to all municipalities. The department may be consulted at any time regarding what kinds of formula approaches are considered acceptable by the department.

Alternative methods must incorporate some measure of the relative significant effects experienced by the respective municipalities in the area. The measure of significant effects may take many forms. One area might agree to use the number of commercial fishing boat visits-per-year per community as a measure of significant effects. Another area might use the linear foot-length of public docks as a measure. Another area might use community population figures as an indication of the significant effects of fisheries business activity. Another area might share one half of the funding equally between the respective municipalities and share the other half based upon community population figures. Areas may decide to use one measure, or may use a combination of measures.

**Submit your completed application
no later than
February 18, 2020 to:**

E-mail
caa@alaska.gov

Subject Line
“Municipality Name, FY20, SFBT”

Or

Mail
State of Alaska DCCED
Shared Fisheries Business Tax Program
455 3rd Avenue, Suite 140
Fairbanks, Alaska 99701-4737

**If you require assistance in completing this application, contact
Kimberly Phillips at 451-2718.**

FY 20 SHARED FISHERIES BUSINESS TAX PROGRAM

ALTERNATE METHOD APPLICATION For

FMA 13: KODIAK AREA

Name of Municipality: _____

Address: _____

Contact Person: _____

Phone Number: _____

Return cover page, and resolution

E-mail

caa@alaska.gov

Subject Line

“Municipality Name, FY20, SFBT”

Or

Mail

State of Alaska DCCED

Shared Fisheries Business Tax Program

455 3rd Avenue, Suite 140

Fairbanks, Alaska 99701-4737

FY 20 Shared Fisheries Business Tax Program
Alternative Method Resolution

(City or Borough)

RESOLUTION NO. _____

A RESOLUTION ADOPTING AN ALTERNATIVE ALLOCATION METHOD FOR THE FY20
SHARED FISHERIES BUSINESS TAX PROGRAM AND CERTIFYING THAT THIS
ALLOCATION METHOD FAIRLY REPRESENTS THE DISTRIBUTION OF SIGNIFICANT
EFFECTS OF FISHERIES BUSINESS ACTIVITY IN FMA 13: KODIAK AREA

WHEREAS, AS 29.60.450 requires that for a municipality to participate in the FY 20 Shared Fisheries Business Tax Program, the municipality must demonstrate to the Department of Commerce, Community, and Economic Development that the municipality suffered significant effects during calendar year 2018 from fisheries business activities; and,

WHEREAS, 3 AAC 134.060 provides for the allocation of available program funding to eligible municipalities located within fisheries management areas specified by the Department of Commerce, Community, and Economic Development; and,

WHEREAS, 3 AAC 134.070 provides for the use, at the discretion of the Department of Commerce, Community, and Economic Development, of alternative allocation methods which may be used within fisheries management areas if all eligible municipalities within the area agree to use the method, and the method incorporates some measure of the relative significant effect of fisheries business activity on the respective municipalities in the area; and,

WHEREAS, The _____
(Governing Body) proposes to use an alternative allocation method for allocation of FY20 funding available within the FMA 13: Kodiak Area in agreement with all other municipalities in this area participating in the FY20 Shared Fisheries Business Tax Program;

NOW THEREFORE BE IT RESOLVED THAT: The _____
(Governing Body) by this resolution certifies that the following alternative allocation method fairly represents the distribution of significant effects during 2018 of fisheries business activity in FMA 13: Kodiak Area:

- **All municipalities share equally 50% of allocation; all municipalities share remaining 50% on a per capita basis.**
- **Kodiak Borough population is reduced by the population of the Cities of Akhiok, Kodiak, Larsen Bay, Old Harbor, Ouzinkie & Port Lions**

PASSED and APPROVED by a duly constituted quorum of the _____ this _____ day
of _____ 20_____.
(Governing Body)


SIGNED _____
Mayor

ATTEST _____
Clerk

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Mike Tvenge, City Manager and Nova M. Javier, City Clerk 

Date: February 13, 2020

Agenda Item: V. b. Resolution No. 2020-07, Appointing a Member to the Kodiak Fisheries Development Association

SUMMARY: The City designated board seats on the Kodiak Fisheries Development Association (KFDA) are both vacant and the City Crab Processor Representative seat with a term to expire July 2022 has been vacant for a while. Mr. John Whiddon submitted his application and staff recommends the Council approve his appointment to the board by adopting this resolution.

PREVIOUS COUNCIL ACTION: The City Council makes appointments to the KFDA board by resolution.

- August 22, 2009, adopted Resolution No. 2009-22, appointing Linda Freed to a vacant joint City-Borough seat
- September 24, 2009, adopted Resolution No. 2009-26, appointing Albert Tyler Schmeil to a vacant joint City-Borough seat
- August 26, 2010, adopted Resolution No. 2010-25, reappointing Mike Woodruff to the City's crab processor seat
- October 28, 2010, adopted Resolution No. 2010-28, reappointing Stosh Anderson to the joint City-Borough seat
- August 25, 2011, adopted Resolution No. 2011-29, reappointing Jeff Stephan to a City seat and Albert Tyler Schmeil to a joint City-Borough seat
- August 9, 2012, adopted Resolution No. 2012-23, reappointing Linda Freed to the joint City-Borough seat
- September 12, 2013, adopted Resolution No. 2013-26, reappointing Stosh Anderson and Mike Woodruff to the KFDA board
- August 28, 2014, adopted Resolution No. 2014-31, reappointing Linda Freed, Albert Tyler Schmeil and Jeff Stephan to the KFDA board
- September 8, 2016, adopted Resolution No. 2016-33, reappointing Stosh Anderson to the KFDA board
- August 10, 2017, adopted Resolution No. 2017-22, reappointing Linda Freed, Albert Tyler Schmeil, and Jeff Stephan to the KFDA board
- September 12, 2019, adopted Resolution No. 2019-18, reappointed Mr. Stosh Anderson to the KFDA board

DISCUSSION: The Kodiak Fisheries Development Association was created jointly by the City of Kodiak and the Kodiak Island Borough in 2007 as the region’s eligible crab community entity (ECCE). The KFDA is made up of seven directors who serve staggered three-year terms: two appointed by the City, two appointed by the Borough, and three appointed jointly. The bylaws of the Kodiak Fisheries Development Association provide for appointment of Directors to the Board of the KFDA by the Kodiak City Council and the Kodiak Island Borough Assembly. The bylaws state in part, the Directors shall serve until their successors are appointed and qualified.

Mr. John Whiddon submitted an application on January 21, 2020, for the City Crab Processor Representative Seat.

ALTERNATIVES:

- 1) Adopt Resolution No. 2020–07, which is recommended by staff.
- 2) Delay or do not adopt Resolution No. 2020–07, which is not recommended as the seat should be officially reappointed so the group has a quorum as they begin their annual ECCE work.

FINANCIAL IMPLICATIONS: N/A

LEGAL: N/A

CITY MANAGER’S COMMENTS: I support this resolution to appoint Mr. John Whiddon to a three year term on the Kodiak Fisheries Development Association.

ATTACHMENTS:

Attachment A: Resolution No. 2020–07

Attachment B: KFDA Roster and Mr. John Whiddon’s application

PROPOSED MOTION:

Move to adopt Resolution No. 2020–07.

**CITY OF KODIAK
RESOLUTION NUMBER 2020-07**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK APPOINTING
A MEMBER TO THE KODIAK FISHERIES DEVELOPMENT ASSOCIATION**

WHEREAS, the North Pacific Fishery Management Council adopted the Bering Sea/Aleutian Islands Crab Rationalization Program as Amendments 18 and 19 to the Fishery Management Plan for Bering Sea/Aleutian Islands King and Tanner Crabs; and

WHEREAS, under the Program, Kodiak was designated as an eligible crab community (ECC) and in connection with such designation, the City of Kodiak and the Kodiak Island Borough have the authority to jointly exercise certain rights of first refusal (ROFR) with respect to processor quota shares (PQS) allocated under the Program; and

WHEREAS, to exercise the ECC ROFR, the City of Kodiak and the Kodiak Island Borough have jointly designated the Kodiak Fisheries Development Association (KFDA) as the region’s eligible crab community entity (ECCE) having the authority to do so on their behalf; and

WHEREAS, the bylaws of the Kodiak Fisheries Development Association provide for appointment of Directors to the Board of the KFDA by the Kodiak City Council and the Kodiak Island Borough Assembly; and

WHEREAS, the bylaws of the KFDA state, in part, that Directors shall serve until their successors are appointed and qualified; and

WHEREAS, Mr. John Whiddon has submitted an application for the Crab processor Representative for a City designated Crab Processor Representative seat; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the following individual is appointed as a Director of the Kodiak Fisheries Development Association, with the noted term:

City Appointees: Crab Processor Rep. – John Whiddon (07/22)

CITY OF KODIAK

MAYOR

ATTEST:

CLERK

Adopted:



KODIAK ISLAND BOROUGH / CITY OF KODIAK

**KODIAK FISHERIES DEVELOPMENT ASSOCIATION
BOARD OF DIRECTORS 2019**


NAME	TERM	PHONE	EMAIL
CITY APPOINTEES			
Crab Processor Representative VACANT	7/2022		
Crab Harvester Representative VACANT	7/2020	486-4568	
JOINT APPOINTEES			
Stosh Anderson	7/2022	486-3673	stosh_a@hotmail.com
Linda Freed	7/2020	486-5314	freed@gci.net
Albert Tyler Schmeil	7/2020	486-8587	tmschmeil@gci.net
BOROUGH APPOINTEES			
Crab Processors Representative Tuck Bonney	7/2021	486-3234	
Crab Harvester Representative Jerry Bongen	7/2021	486-6245	jbongen@mac.com

Resolution No. FY2008-04 states: "Directors shall be appointed by joint resolution of the Borough Assembly and City Council. Appointments shall take place annually, at July meetings of the Borough Assembly and City Council. Directors shall have staggered three (3) year terms of office, assigned by a random selection method at the first Board meeting, such that as close as possible to one third (1/3) of the Board is up for appointment each year. Directors shall serve until their successors are appointed and qualified."

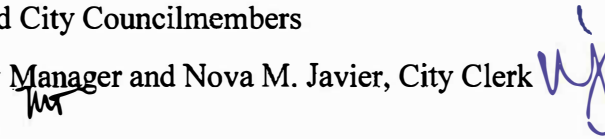
STAFF:

CITY MANAGER, Mike Tvenge 486-8640 mtvenge@city.kodiak.ak.us

OFFICE OF THE CITY MANAGER
710 MILL BAY ROAD, ROOM 114
KODIAK, AK 99615

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Mike Tvenge, City Manager and Nova M. Javier, City Clerk 
Date: February 13, 2020

Agenda Item: V. c. **Resolution No. 2020-08, Rescinding Resolution No. 2012-05 and Re-Establishing Standing and Special Rules of the Council**

SUMMARY: In accordance with City Code, the most current edition of *Robert's Rules of Order Newly Revised* (RRNR) is the Council's parliamentary authority. RRNR permits special and standing rules be adopted via resolution. Special rules supersede rules in the parliamentary authority (RRNR), and standing rules relate to the details of administration of the Council. The Council reviewed its special and standing rules at the January 25, 2020 planning work session and voiced a consensus to amend Section 8, City of Kodiak Membership Organization by taking advantage of an affiliate membership to the National League of Cities (NLC) through the Alaska Municipal League (AML). Resolution No. 2020-08 includes the changes discussed at the January 25 planning work session, and staff recommends the Council adopt Resolution No. 2020-08.

PREVIOUS COUNCIL ACTION:

- January 24, 2002, the Council adopted Resolution No. 02-01, Adopting Standing Rules of the Council
- March 24, 2005, the Council adopted Resolution No. 05-6, Rescinding Resolution Number 02-01 and Re-Establishing Standing and Special Rules of the Council
- February 28, 2008, the Council adopted Resolution No. 08-02, Rescinding Resolution Number 05-5 and Re-Establishing Standing and Special Rules of the Council
- January 28, 2012, the Council voiced a consensus at the planning work session to revise Section 3 pertaining to setting work session agenda items for discussion
- February 23, 2012, the Council adopted Resolution No. 2012-05 which rescinded Resolution No. 2008-02 and re-established the standing rules of the council which included revision of Section 3 regarding setting work session agenda items for discussion
- January 25, 2020, the Council voiced a consensus at the planning work session to revise Section 8 to clarify that the National League of Cities membership will be maintained with an affiliate membership through the Alaska Municipal League

DISCUSSION: The Council reviews its standing and special rules annually. At the January 25, 2020, planning work session, the Council voiced a consensus to revise Section 8, City of Kodiak Membership Organization by specifying that membership to the National League of Cities will be maintained with an

affiliate membership through the Alaska Municipal League (AML). The affiliate membership allows the City to take advantage of the discounted rate offered through AML.

ALTERNATIVES:

1. Adopt Resolution No. 2020-08, which is recommended because it reflects Council's expressed desire and actual practice.
2. Fail to adopt Resolution No. 2020-08, which is not recommended.

CITY CLERK COMMENTS: In 2019, Alaska Municipal League was able to negotiate affiliate memberships to the National League of Cities for municipalities with less than 20,000 in population at a discounted rate or bundled rate. Utilizing the affiliate membership through AML would save the City of Kodiak approximately \$800. Instead of paying the membership fee directly to NLC, the annual AML membership invoice will include the NLC affiliate dues of approximately \$375. The Clerk recommends adoption of this change.

CITY MANAGER'S COMMENTS: I support the changes to Section 8 of the Council's Standing and Special Rules as discussed during the annual planning meeting and mentioned above.

ATTACHMENTS:

Attachment A: Resolution No. 2020-08

PROPOSED MOTION:

Move to adopt Resolution No. 2020-08.

**CITY OF KODIAK
RESOLUTION NUMBER 2020-08**

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK RESCINDING RESOLUTION NO. 2012-05 AND RE-ESTABLISHING STANDING AND SPECIAL RULES OF THE COUNCIL

WHEREAS, the City Council initially established its Standing and Special Rules with Resolution No. 02-01 and subsequently amended its Rules with Resolution Nos. 05-6; 08-02, and 12-05; and

WHEREAS, the City Council reviewed its Special and Standing Rules at the January 25, 2020, planning meeting; and

WHEREAS, the City Council desires to amend Section 8, City of Kodiak Membership Organization by taking advantage of the discounted affiliate membership rate to the National League of Cities through the Alaska Municipal League.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that Resolution No. 12-05 is hereby rescinded.

BE IT FURTHER RESOLVED by the Council of the City of Kodiak, Alaska, that the following Rules are hereby adopted and shall remain in effect until rescinded or amended:

Section 1: Items for Regular Meeting Agendas. Regular meeting agenda items shall be established by the Mayor, any two Councilmembers, and/or the City Manager. The Clerk may also place routine items on the agenda.

Section 2: Agenda Amendments. Except in the event of an emergency, or to consider an extremely time-sensitive issue, motions to amend the agenda shall not be made. (Any amendment to an agenda that results in an official Council action for which sufficient public notice has not been given is a violation of the Alaska Open Meetings Act and is grounds for recall.)

Section 3: Work Session Agenda Discussion Items. Work session agendas are set at the weekly agenda setting meetings by the Mayor, Council Representative(s), Manager, and Clerk. Any two Councilmembers may also add an item to the work session agenda. At the request of a citizen, the Mayor, a Councilmember, the City Manager, or the City Clerk, an item may be listed on the work session agenda under "To Be Scheduled."

Section 4: Time Limits for Public Comments. Unless the Mayor announces a different time limit for public comments, the Clerk shall set a timer for three minutes for public comments during regular and special meetings and work sessions.

- Section 5: Presiding Officer in the Absence of the Mayor and Deputy Mayor.** The most recent Deputy Mayor shall preside at meetings when both the Mayor and Deputy Mayor are absent.
- Section 6: Cell Phones.** Cell phones must be turned off or muted during regular and special meetings. A member cannot leave the chambers to answer a cell phone unless a recess has been called.
- Section 7: Certificates of Appreciation, Proclamations, Letters of Support, etc.** The Mayor is authorized to proclaim events, issue certificates of appreciation, and sign letters of support for various nonprofit agencies, etc.
- Section 8: City of Kodiak Membership in Organizations.** As a matter of policy, the City of Kodiak shall decline membership in organizations whose mission does not promote or support municipal government. Unless otherwise directed by the Council, the City shall maintain membership with the following: Alaska Municipal League, Southwest Alaska Municipal Conference, and National League of Cities (NLC). [NLC membership will be maintained with an affiliate membership through the Alaska Municipal League.](#)
- Section 9: Public Hearings/Amendments to Motions.** The following process shall be followed with respect to public hearings:
- The agenda item shall be read by the Mayor.
 - A staff report shall be given.
 - A main motion shall be made and seconded.
 - The public hearing shall be opened.
 - The public hearing shall be closed after public comments are made.
 - Amendments to the main motion may be made, if desired.
 - The public hearing shall be reopened **ONLY** if an amendment alters the substantive content of the ordinance.
 - The roll call vote shall be taken on any amendment(s).
 - The roll call vote shall be taken on the main motion.
- Section 10: Restatement of Motion.** Once made and seconded, a motion is considered to be before the Council and does not need to be restated by the Mayor.
- Section 11: Right of Motion Maker to Modify or Withdraw Motion.** The maker of a motion may modify or withdraw the motion before debate/discussion has begun. After debate/discussion has begun, the motion “belongs” to the entire Council and can only be withdrawn by Council consent or amended through the usual process of amendment.
- Section 12: Voting Order.** Unless a conflict has been determined in accordance with KCC 2.10.060(d), a Councilmember shall vote when his or her name is called and may not pass.

Section 13: Change of Vote. The Clerk shall inquire if anyone desires to change a vote before the result is announced.

Section 14: Reintroduction of a Defeated Motion/Proposal. A defeated motion/proposal may not be reintroduced for one year. However, a motion may be reintroduced following an election or appointment of new Councilmembers.

Section 15: Postponed Motions. A motion may be postponed until a specific future meeting. The Councilmember who moves to postpone a motion shall state in the motion when it will be reintroduced.

Section 16: Vote on a Motion To Reconsider. When a motion has been made to reconsider an action of the Council, the vote on the motion to reconsider shall be taken at the next regular meeting, unless otherwise stated in the motion.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Adopted:

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Mike Tvenge, City Manager *MT*
Thru: Josie Bahnke, Deputy City Manager *JB*
Date: February 13, 2020

Agenda Item: V. d. Approval of Vertical Bridge Sublease to Celco Partnership, D/B/A Verizon Wireless

SUMMARY: Vertical Bridge S3 Assets, LLC (Vertical Bridge) is the City's current tenant at Pillar Mountain Communication Site #3 under a land lease agreement dated November 1, 2009. Vertical Bridge has requested consent to sublease approximately 80 square feet of ground space and a ten foot contiguous vertical envelope of space on Vertical Bridge's tower to Celco Partnership d/b/a Verizon Wireless.

PREVIOUS COUNCIL ACTION:

- September 24, 2009, Council adopted Ordinance No. 1265, which authorized a five-year lease of a communications site with GCI
- January 24, 2013, Council authorized the assignment of Pillar Mt. Communication Site 3 lease to AWN
- August 11, 2016, Council authorized Lease Assignment and Sublease of a Portion of Pillar Mountain Antenna Site Lease 3 From Alaska Wireless Network, LLC (AWN) to AWN Tower Company, LLC and the Purchase of AWN Tower Company, LLC by Vertical Bridge Tower II, LLC, and the Sublease From AWN Tower Company, LLC to Alaska Wireless Network, LLC

DISCUSSION: The City has had a lease with GCI and Vertical Bridge for a communications site located on the City's Pillar Mountain Site No. 3 since 2009. Since then, the City Council has authorized the assignment of that lease on two separate occasions and also approved requests for subleasing at other communication sites.

Staff consulted with the City's attorney who determined the requested sublease required Council authorization in accordance with Kodiak City Code 18.20.230 which specifies that "no lessee may sublease lands or any part thereof leased from the city without prior written permission approved by the council and signed by the city manager. Subleases shall be in writing and be subject to the terms and conditions of the original lease." The attorney recommended the assignment be approved by a motion of the Council.

ALTERNATIVES: Council may approve the lease assignment by motion, which is staff's recommendation, or may deny approval of the assignment which is not recommended.

FINANCIAL IMPLICATIONS: N/A

LEGAL: The City Attorney reviewed all pertinent documents to get complete information for the request and advised staff that the lease assignment requires Council approval and the approval can be done by motion.

CITY MANAGER'S COMMENTS: Staff is comfortable with the approval of the sublease assignment since our attorney reviewed the documents and had no concerns. Vertical Bridge will be required to comply with all provisions of their existing lease.

ATTACHMENTS:

Attachment A: Vertical Bridge Request to Sublease to Verizon

Attachment B: Sublease with Exhibit and Site Plan

PROPOSED MOTION:

Move to approve the Vertical Bridge sublease to Cellco Partnership, d/b/a/ Verizon Wireless and authorize the City Manager to execute the documents on behalf of the City.



Vertical Bridge S3 Assets, LLC
c/o Vertical Bridge REIT, LLC
750 Park of Commerce Dr., Suite 200
Boca Raton, FL 33487
Phone: 561-406-4097
Email: KVoelker@verticalbridge.com

VIA Certified Mail: 9314 8699 0430 0060 4034 01

June 18, 2019

City of Kodiak
PO Box 1397
Kodiak, AK 99615
Phone: (907) 486-8640

With Copy to:
Kodiak City Clerk
710 Mill Bay Road #220
Kodiak, AK 99615

Re: Notice requesting consent to sublease
VB Site ID: US-AK-5170
VB Site Name: Pillar Mountain
Site Address: Pillar Mountain Rd. Kodiak, AK 99615

Dear Landlord:

Vertical Bridge S3 Assets, LLC ("Vertical Bridge") is the current tenant under that certain Land Lease Agreement, dated November 1, 2009 (the "Lease"), with City of Kodiak ("Landlord"). At this time, Vertical Bridge requests Landlord's consent to sublease to Cellco Partnership, d/b/a Verizon Wireless, or one of its affiliates ("Verizon Wireless"), to the extent such consent is required by the Lease. Any consents required by the Lease shall not be "unreasonably withheld, conditioned or delayed". If the Landlord consents to the sublease to Verizon Wireless, please countersign this letter and return in the self-addressed envelope enclosed, or send a scanned copy via email to, KVoelker@verticalbridge.com.

If you have any questions, feel free to give me a call at 561-406-4097 or email me at KVoelker@verticalbridge.com.

Very Truly Yours,

Kendahl Voelker

Asset Manager

Agreed and acknowledged

by Landlord:

By: _____

Name: _____

Title: _____

Date: _____

(Intentionally left blank.)

LEASE SUPPLEMENT

This Lease Supplement (“**Supplement**”), made this ____ day of _____, 2019, between Vertical Bridge S3 Assets, LLC, with its principal offices located at [REDACTED] hereinafter designated **LESSOR**, and **Cellco Partnership d/b/a Verizon Wireless**, a Delaware partnership, with its principal offices at [REDACTED], hereinafter designated **LESSEE**.

1. This Supplement is a Supplement as referenced in that certain Master Lease Agreement between Vertical Bridge REIT, LLC and Cellco Partnership d/b/a Verizon Wireless dated October 16, 2015 (“**Agreement**”). All of the terms and conditions of the Agreement are incorporated hereby by reference and made a part hereof without the necessity of repeating or attaching the Agreement. In the event of a contradiction, modification or inconsistency between the terms of the Agreement and this Supplement, the terms of this Supplement shall govern. Capitalized terms used in this Supplement shall have the same meaning described for them in the Agreement unless otherwise indicated herein.

2. The Premises leased by the LESSOR to the LESSEE hereunder is described as follows:

(i) Approximately eighty (80) square feet of Ground Space for the installation of an equipment platform and (ii) a ten foot (10’) contiguous vertical envelope of space on the Tower with a centerline at the seventy five foot (75’) level (the “**Tower Space**”) for the placement of LESSEE’s Equipment (including, without limitation, a microwave dish so long as LESSEE’s Tower Space has sufficient space available for the installation of a microwave dish), as depicted on Exhibit 1 attached hereto and incorporated herein. LESSOR also grants LESSEE, in the location set forth on Exhibit 1, a non-exclusive easement for access and utilities (the rights related thereto more particularly set forth in the Agreement).

In no event shall the Tower Space exceed a ten (10) foot vertical envelope on the Tower.

3. In the event an Exhibit 1 is attached hereto describing the Premises, the LESSEE shall have the right to survey the Premises and said survey shall then become Exhibit 2 which shall be attached hereto and made a part hereof and shall control in the event of any discrepancies between it and Exhibit 1. The cost for such work shall be borne by the LESSEE.

4. Notwithstanding anything to the contrary in this Agreement, LESSOR and LESSEE hereby agree that at LESSEE’s option, LESSEE shall have the right to lease additional space from LESSOR for the continued installation, operation and maintenance of its Communications Facility on the Property (the “**Additional Leased Area**”). Upon LESSOR’s approval of the Additional Leased Area, which approval shall not be unreasonably withheld, conditioned or delayed, the Parties agree to negotiate in good faith an amendment to the Supplement to memorialize the location of the Additional Leased Area. LESSEE shall be

permitted to use the Additional Leased Area for the same purposes LESSEE is permitted to use the Property. Once the Supplement is amended to include the Additional Lease Space, such space shall be deemed to be included within the Premises.

5. If the Property is subject to a Prime Lease, license or other such agreement, a copy of such agreement is attached hereto as Exhibit 3 (the “**Prime Lease**”). This Supplement shall not be effective until LESSEE has approved the Prime Lease, and Lessee shall be under no obligation to proceed under this Supplement unless and until the form and substance of the Prime Lease is acceptable to LESSEE. By its signature below, LESSEE acknowledges that it has reviewed and approved of the Prime Lease.

6. The term of this Supplement shall be as set forth in Paragraph 5 of the Agreement, and specifically as follows (check and initial one):

The Site covered by this Supplement is a “BTS Site” with an initial Term of ten (10) years.

LESSOR initials

LESSEE initials

The Site covered by this Supplement is a “Collocation Site” with an initial Term of five (5) years.

LESSOR initials

LESSEE initials

7. The rent due for the Term of this Supplement shall be an annual rental of [REDACTED] ([REDACTED]) to be paid in equal monthly installments on the first day of the month, in advance, to LESSOR at VB-S1 Issuer, LLC, P.O. Box 743906, Atlanta, GA 30374-3906 or to such other person, firm or place as the LESSOR may, from time to time, designate in writing at least thirty (30) calendar days in advance of any rental payment date. The Supplement shall commence on the earlier of (a) the first day of the month following the date LESSOR issues LESSEE a Notice to Proceed authorizing LESSEE to commence the installation of Lessee’s Equipment or (b) January 1, 2020 (either the “**Commencement Date**”). LESSOR and LESSEE agree that they shall acknowledge in writing the Commencement Date by using the form attached hereto as Exhibit 4 to this Supplement. LESSOR and LESSEE acknowledge and agree that initial rental payment(s) shall not actually be sent by LESSEE until thirty (30) days after a written acknowledgement confirming the Commencement Date. By way of illustration of the preceding sentence, if the Commencement Date is January 1 and the written acknowledgement confirming the Commencement Date is dated January 14, LESSEE shall send to the LESSOR the rental payments for January 1 and February 1 by February 13.

8. Special Provisions.

(a) Maximum Configuration. LESSEE shall be permitted to utilize thirteen thousand (13,000) square inches of Wind Load Surface Area (as hereinafter defined) within the Tower Space (“**Maximum Configuration**”). “**Wind Load Surface Area**” means, with respect to each

|

antenna, remote radio unit, microwave dish or other equipment mounted or installed on the Tower, the area in square inches determined by multiplying the two largest dimensions of the length, width and depth of such equipment, including without limitation all mounts, cables and related hardware. There shall be no rent increase associated with modifications made by LESSEE to LESSEE's tower based equipment so long as such modifications do not exceed the Maximum Configuration.

IN WITNESS WHEREOF, the parties hereto have set their hands and affixed their respective seals the day and year first above written.

LESSOR:

Vertical Bridge S3 Assets, LLC

By: _____

Its: _____

Title: _____

Date: _____

LESSEE:

Cellco Partnership d/b/a Verizon Wireless

By: _____

Its: _____

Title: _____

Date: _____

EXHIBIT 1 TO SUPPLEMENT
PREMISES

(Intentionally left blank.)



<input type="checkbox"/> NEW LEASE <input type="checkbox"/> AMENDMENT TO EXISTING LEASE <input type="checkbox"/> RECONTRACT <input type="checkbox"/> BTS ANCHOR TENANT	INTERNAL USE ONLY
	APP VERSION #
	LEASE #
	AMENDMENT #

PLEASE RETURN THIS APPLICATION VIA EMAIL TO: Vertical Bridge 750 Park of Commerce Drive Suite 200 Boca Raton, FL 33487 Attn: Regional Leasing Manager	E-Mail: Phone: VB Site Number: VB Site Name: Application Date: Revision Dates: RSM Approval:
--	--

APPLICANT / CARRIER INFORMATION

Carrier Name:		Contact Name:	
Carrier Site Number:		Contact Number:	
Carrier Site Name:		Contact Fax:	
Carrier Legal Entity Name:		Contact Address:	
State of registration:			
Type of entity (LP, LLC, Corp) d/b/a (if applicable)			
Notice Address for Lease:		Contact E-mail:	
With copies to:		Additional E-mail:	
Carrier Invoice Address:		Other:	
Carrier Invoice Contact - Name, Title, Phone No.		Carrier NOC#	

ADDITIONAL CONTACT INFORMATION

Leasing Contact Name/Number:	
RF Contact Name/Number:	
Construction Contact Name/Number:	
Emergency Contact Name/Number:	

SITE INFORMATION – This information can be found and should match the information on www.verticalbridge.com

Latitude:		N	Existing Structure Type:	
Longitude:		W	Existing Structure Height:	
Site Address:				

FREQUENCY/TECHNOLOGY INFORMATION

Type of Technology for all equipment (i.e., 3G, LTE, CMDA, MW, WiFi, TV, etc.)	
TX Frequency (MHz)	
RX Frequency (MHz)	
Tenants using an unlicensed band must provide exact Frequency Channels and Call Sign(s) to be utilized. (Providing the band range only will not be accepted.)	

PLEASE PROVIDE BRIEF DESCRIPTION OF GENERAL SCOPE OF WORK



PROPOSED FINAL CONFIGURATION TOTALS	
EQUIPMENT TYPE	TOTAL
Panel Antennas	
Omni/Whip Antennas	
RRU	
TMA	
Diplexer / Triplexer	
Bias T	
Surge Suppressor	
MW Dish	
Ice Shield	
ODU	
Filter	
Combiner	
Junction Box	
RET	
Equipment Cabinets	
Other (Please specify)	
Other (Please specify)	
Other (Please specify)	
Other (Please specify)	
Other (Please specify)	

PROPOSED FINAL CONFIGURATION TOTALS	
LINE TYPE	TOTAL
Coax	
Hybrid	
CAT5	
DC/Power	
RET	
Fiber	

ADDITIONAL EQUIPMENT INFORMATION
<ul style="list-style-type: none"> • RRUs, TMAs and ODUs are required to be installed directly behind the antennas / MW dish. Otherwise there will be an additional charge. • All equipment lines are required to be installed inside the tower when space is available. Carriers will be charged an additional \$25.00 per line per month if equipment lines are installed on the outside of the tower even though there is available space inside the tower. Vertical Bridge must approve any installation of lines on the outside of the tower. • All tenant equipment must be installed within one continuous 10 ft vertical envelope. Exceeding this vertical space will be subject to additional rent.



GROUND / INTERIOR SPACE REQUIREMENTS					
Total Ground / Interior Area Dimensions: L' x W' = Total Square Feet Required	X	(Including all Equipment (i.e., Shelter, Equipment Platform or Pad, Generator Pad, Generator Fuel Tank Pad, Antenna Sleds, etc. – provide details below)			
Cabinet Area Dimensions (Pad/Platform)	X	Cabinet Installation Type			
Shelter Pad Dimensions	X	Shelter Manufacturer			
Rooftop Antenna Total Area Required	X	Antenna Sled Dimensions (per sector)	X	Antenna Wall Mount Dimensions (per sector)	X

EQUIPMENT CABINET REQUIREMENTS (Required for rooftops or Vertical Bridge interior space)					
Number of Cabinets Required		Cabinet Dimensions (L' x W' x H')		Manufacturer:	
Number of Cabinets Required		Cabinet Dimensions (L' x W' x H')		Manufacturer:	
Number of Cabinets Required		Cabinet Dimensions (L' x W' x H')		Manufacturer:	
Equipment Cabinet Comments					

GENERATOR REQUIREMENTS					
Generator Required?:		Generator Fuel Type		Generator Size	
Generator Pad Dimensions			Generator Manufacturer		
Generator Fuel Tank Pad Dimensions			Fuel Tank Manufacturer		

AC POWER REQUIREMENTS			
Meter Type		Estimated Monthly Utility Usage Amount	
Voltage		Total Amperage	

FIBER / BACKHAUL					
Fiber Installation Status		Fiber Provider			
Cable Type		Number of Points of Entry		Conduit/Riser Size (in inches)	

STRUCTURAL ANALYSIS DETAILS			
Structural Hardcopies Required?		If wet seals required, please provide address:	

ADDITIONAL COMMENTS

EXHIBIT 2 TO SUPPLEMENT
SURVEY

(Intentionally left blank.)

EXHIBIT 3 TO SUPPLEMENT
PRIME LEASE

(Intentionally left blank.)

EXHIBIT 4 TO SUPPLEMENT
WRITTEN ACKNOWLEDGMENT OF LEASE COMMENCEMENT



VERIZON WIRELESS HQ NETWORK REAL ESTATE
WRITTEN ACKNOWLEDGEMENT OF
LEASE COMMENCEMENT

The Verizon Wireless representative is responsible for completing Section 1, then providing to the Landlord for completion of Section 2.

SECTION 1 – This section to be completed by Verizon Wireless

Site Name: _____
Site Address: _____
Contract Number: _____ GL Location Number: _____
Commencement Date: _____

SECTION 2 – This section to be completed by Lessor / Landlord and then returned to the Verizon Wireless representative.

Company Name: (if applicable) _____
Acknowledged by Lessor / Landlord: _____ Date: _____
Printed Name of Lessor / Landlord: _____ Title: (if applicable) _____

SECTION 3 – This section is to be completed by the Verizon Wireless Regional Manager AFTER the Landlord has Acknowledged the Commencement Date.

Signature: _____
Printed Name: _____ Date: _____

Special Instructions:
--

The Verizon Wireless representative is responsible for sending this completed form, along with a fully completed Commence a Lease / Exercise an Option Form to HQ Network Real Estate using the appropriate Area mailbox.

Revised 4.2015



VERIZON WIRELESS PILLAR MT

CONTACT INFORMATION

NEW HORIZONS TELECOM, INC.

901 COPE INDUSTRIAL WAY

PALMER, ALASKA 99645

PHONE - (907) 761-6000

LICENSE # AECC610

CIVIL ENGINEER

DALE R. BROWNING, PE

PHONE - (907) 761-6069

PROJECT INFORMATION

PROJECT LOCATION: PILLAR MT RD - KODIAK, AK

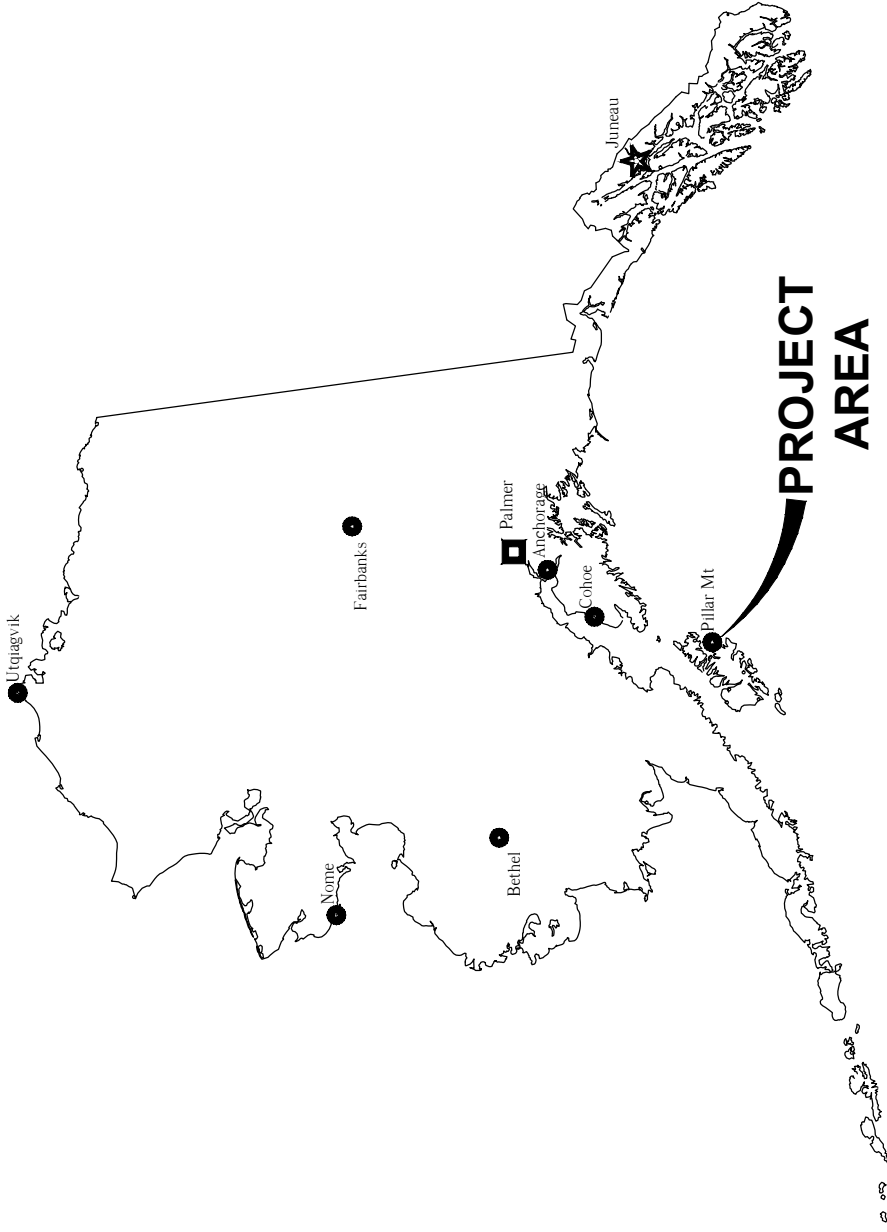
NHTI PROJECT NUMBER: 19-0142-20-24

DRAWING INDEX

SHEET #	TITLE	REV #
T1.0	COVER SHEET	A
C1.0	SITE PLAN	A
C2.0	TOWER ELEVATION	A

REFERENCE DRAWING

SITE #	TITLE
US-AK-5170	AS-BUILT SURVEY, BY ACUTEK - SHEET 2 OF 3



LEASE EXHIBIT

REV	DESCRIPTION	DATE
A	ISSUE FOR REVIEW	191206

COVER
SHEET

T1.0

(907) 278-3121



**Know what's below.
Call before you dig.**



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NOT FOR CONSTRUCTION

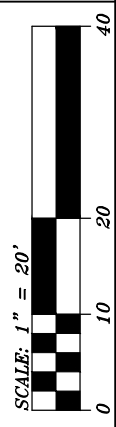
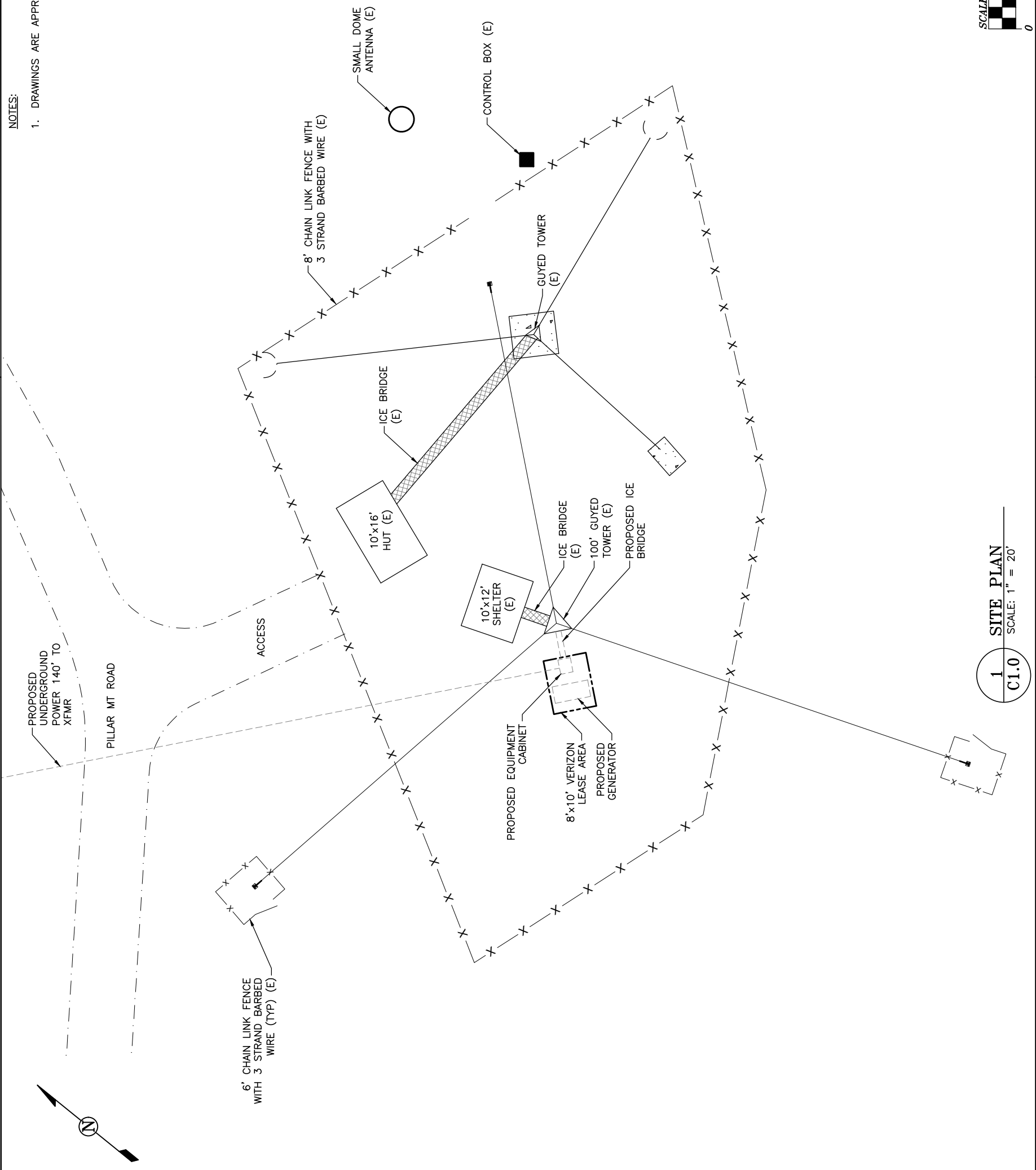
LEASE EXHIBIT

VERIZON WIRELESS PILLAR MT

REV	DESCRIPTION	DATE
A	ISSUE FOR REVIEW	191206

SITE PLAN
C1.0

NOTES:
 1. DRAWINGS ARE APPROXIMATE BASED ON SITE VISIT.



1 SITE PLAN
 SCALE: 1" = 20'



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LEASE EXHIBIT

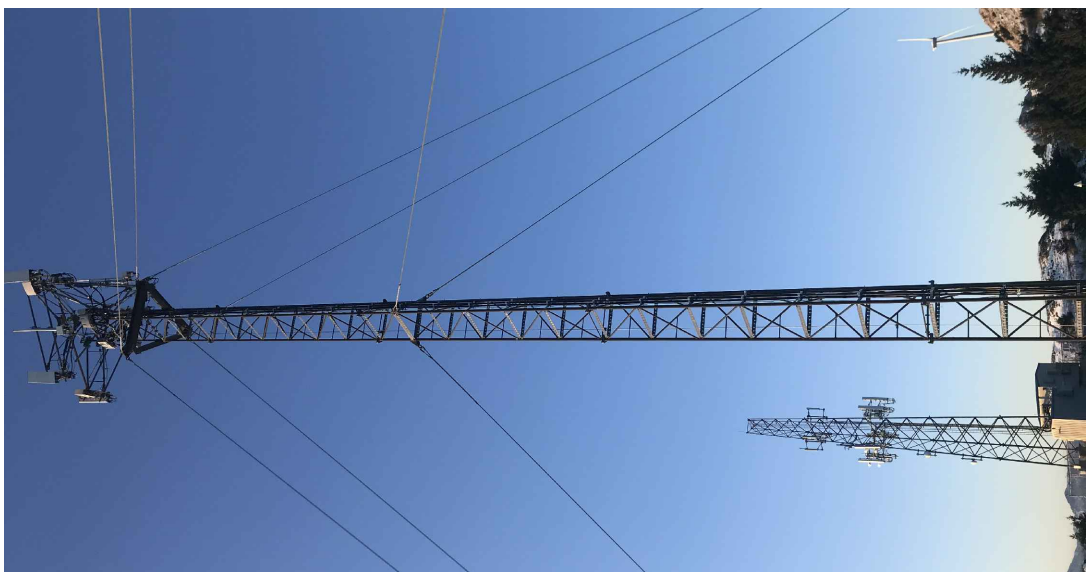
REV	DESCRIPTION	DATE
A	ISSUE FOR REVIEW	191206

VERIZON
 WIRELESS
 PILLAR MT

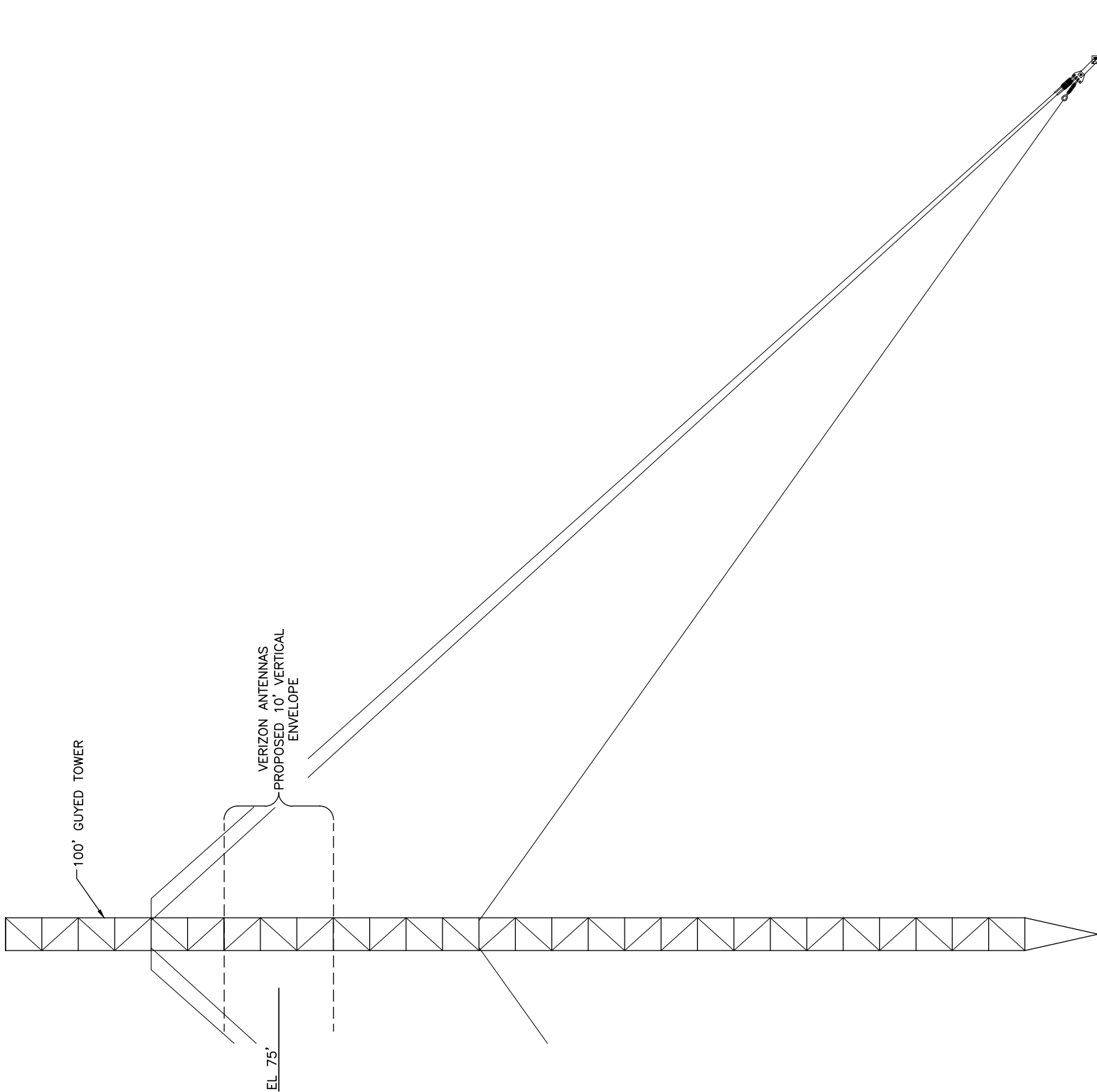
DWN:	JAA	DSN:	DRB	APP:	DRB	REV
JOB #:	19-0142-20-24	DATE:	191206	A		

**TOWER
 ELEVATION**

C2.0



2 EXISTING TOWER PHOTO
 SCALE: NONE



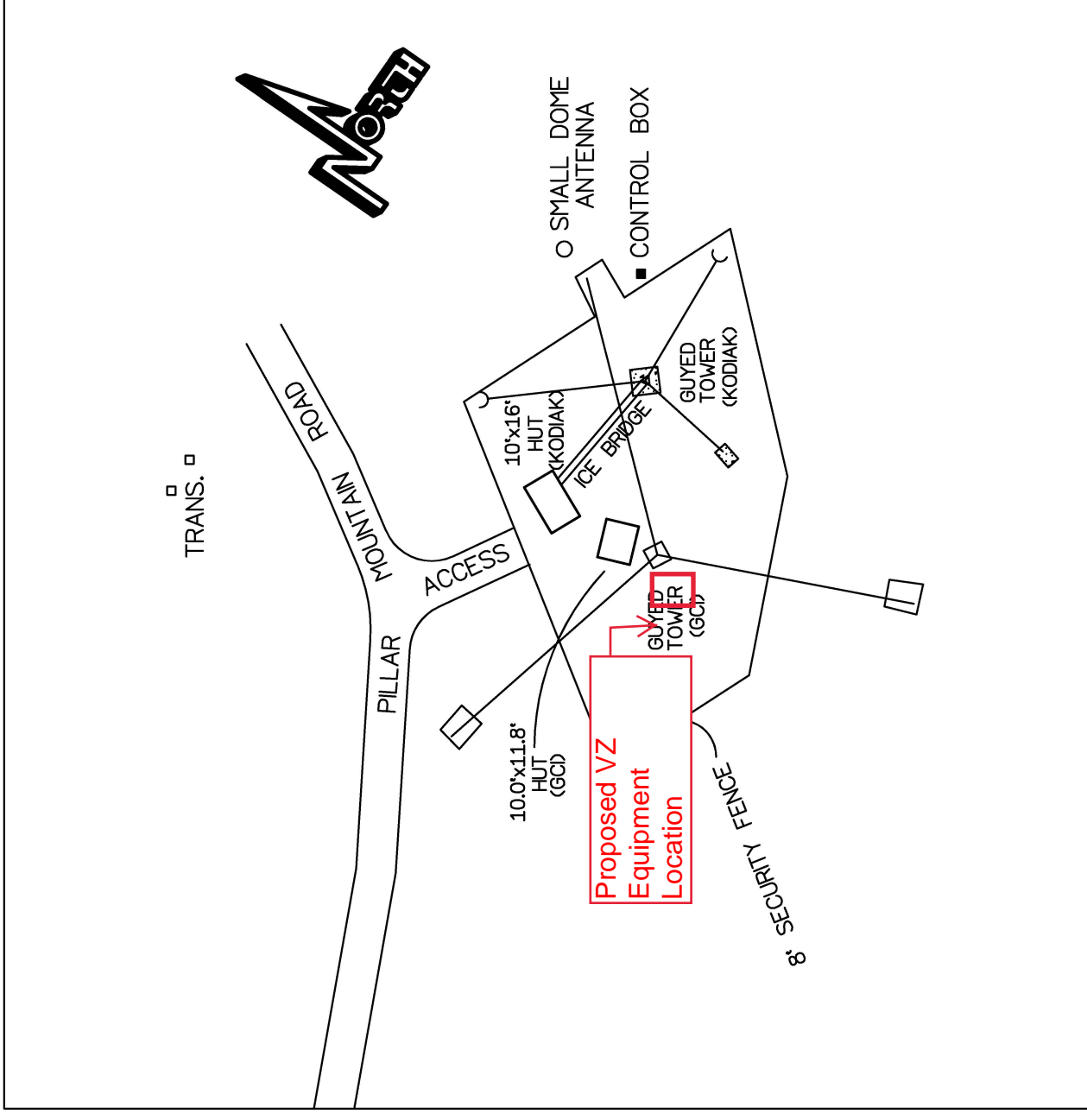
1 TOWER ELEVATION
 SCALE: NONE

AS-BUILT SURVEY

U.S. SURVEY NO. 3945, KODIAK, ALASKA, KRD.
TOWNSHIP 28 SOUTH, RANGE 19 WEST

SITE DETAIL:
(1"=20')

- LEGEND:**
- MEASURED DATA N 90°00'00" W
 - RECORD DATA (N 90°00'00" W)
 - PROPERTY BOUNDARY LINES
 - ADJACENT PROPERTY LINES
 - CENTERLINE
 - FENCE AS NOTED
 - RECOVERED 5/8" REBAR ○
 - SET 5/8" REBAR (LS 9106) ●
 - RECOVERED MONUMENT ⊕
 - UTILITY PEDESTAL □
 - POWER POLE P/P ∅
 - SEPTIC PIPES SP ○
 - RIGHT-OF-WAY — ROW



SURVEYOR'S NOTES

1. BASIS OF BEARING IS PER RECORD PLAT OF US SURVEY NO. 3945, KODIAK RECORDING DISTRICT.
2. NO SUBSURFACE INVESTIGATION WAS PERFORMED TO LOCATE UNDERGROUND UTILITIES. UTILITIES SHOWN HEREON ARE LIMITED TO AND ARE PER OBSERVED EVIDENCE ONLY.
3. ALL VISIBLE TOWER EQUIPMENT AND IMPROVEMENTS ARE CONTAINED WITHIN THE DESCRIBED AREA.
4. SURVEY COMPLETED IN AUGUST 2016.
5. THIS SURVEY DOES NOT REPRESENT A SURVEY OF THE PARENT PARCEL. REAL PROPERTY SHOWN HEREON ARE APPLICABLE TO THE TELECOMMUNICATIONS SITE, THERE MAY BE OTHER IMPROVEMENTS NOT SHOWN.

verticalbridge

FOR: VERTICAL BRIDGE TOWERS, LLC

SITE NAME: PILLAR MOUNTAIN

SITE NUMBER: US-AK-5170

ADDRESS: PILLAR MOUNTAIN ROAD

KODIAK, ALASKA 99615

KODIAK ISLAND BOROUGH

SURVEY WORK PERFORMED BY:

ACUREK
GEOMATICS LLC

5099 E. BLUE LUPINE DR. #104, WASILLA AK 99654
(907) 376-8800 FAX (907) 376-9629 ACUTEKSURVEY.COM

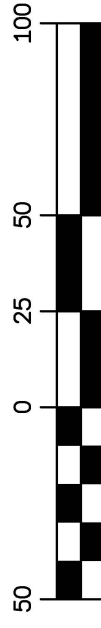
DRAWN BY: TENDRA CHECKED BY: TERRY JOB #: 16-10159

NATIONAL SURVEY SERVICES COORDINATION BY:

13430 NW 104th Terrace, Suite A
Alachua, FL 32615
Office: (386) 418-0500
Fax: (386) 462-9986
WWW.GEOLINEINC.COM

SHEET 2 OF 3

GRAPHIC SCALE




1 INCH = 50 FEET

AREA TABLE	SQUARE FEET	ACREAGE
(A) PARENT PARCEL	46,661,036 +/-	1071.2+/-
(B) EXCLUSIVE EASEMENT	TBD	TBD
(C) NON-EXCLUSIVE ACCESS & UTILITY ESMT.	N/A	N/A

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Mike Tvenge, City Manager 

Thru: Kelly Mayes, Finance Director

Date: February 13, 2020

Agenda Item: V. e. Acceptance of the FY 2019 Comprehensive Annual Financial Report and Audit

SUMMARY: Each year, the City Council retains an independent accounting firm to perform an annual audit of the City's financial records and accounting practices. The City Charter and City Code require the Council to accept the comprehensive annual financial report. Council typically accepts the report and results of the audit by motion. Staff recommends Council approve the results of the financial statement audit for Fiscal Year 2019 in accordance with KCC 3.24.020 and accept the Fiscal Year 2019 Comprehensive Annual Financial Report.

PREVIOUS COUNCIL ACTION: On May 25, 2017, the City Council authorized the professional services contract for Altman, Rogers & Co to perform independent audit services for fiscal years 2017, 2018, 2019 with an option to extend for two consecutive years. The audited comprehensive annual financial report was presented by Altman, Rogers & Co at the February 11, 2020 work session.

DISCUSSION: Article V, Section 21 of the City Charter requires an annual audit of the accounting and the financial records of the City by independent certified public accountants. This charter section requires the auditor to examine all funds of the City in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Alaska Audit Guide and Compliance Supplement for state single audits. Government Auditing Standards require the independent auditor to report on internal control over financial reporting and on compliance and other matters and to report on compliance for each major federal program and on internal control over compliance as required by Uniform Guidance.

The auditors from Altman, Rogers & Co worked with City staff during the summer and into the fall of 2019 to plan and perform their audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. As in past years, staff recommends Council review and then approve the final FY2019 audited comprehensive annual financial report by motion at this meeting.

FEBRUARY 13, 2020
Agenda Item V.e. Memo Page 1 of 2

ALTERNATIVES: N/A

FINANCIAL IMPLICATIONS: Compliance with Kodiak City Code Section 3.24.020 is required. It states that “upon Council’s acceptance of the annual financial report, necessary budgetary/accounting entries shall be recorded in the succeeding fiscal year for all outstanding encumbrances and incurred obligations, as disclosed in the prior fiscal year’s annual financial report.”

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends that the City Council accept the Fiscal Year 2019 audited comprehensive annual financial report by motion.

CITY MANAGER’S COMMENTS: Once again the city’s audit firm has disclosed no significant findings or misstatements. The finance department maintains clear and consistent financial records resulting in a highly performing audit. I would like to acknowledge the work of the finance department and the director in producing the Comprehensive Annual Financial Report for FY2019.

PROPOSED MOTION:

Move to accept the City’s Fiscal Year 2019 audited Comprehensive Annual Financial Report.

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Mike Tvenge, City Manager *MT*
Date: February 13, 2020
Agenda Item: V. f. Authorization of Payment to Golden Alaska Excavating, LLC for Equipment/Operator Cost Contracted Work at the Snow Dump

SUMMARY: The City of Kodiak hired Golden Alaska Excavating LLC to mobilize and operate a loader and a dozer at the city's snow dump off Pillar Mountain road. Golden Alaska Excavating provided a loader, a dozer and an operator. They were instructed to stack snow as high as their equipment could reach as all of our equipment and personnel were very busy. The city does not own a dozer. The invoice received from Golden Alaska Excavating exceeded the manager's authority of \$35,000 and it is due and payable within thirty (30) calendar days of the effective date of January 16. I recommend Council approve this authorization of payment and direct the City Manager to issue payment.

PREVIOUS COUNCIL ACTION: The City Council routinely authorized equipment rental for the Public Works Department.

BACKGROUND: During each budget cycle, Public Works has included funding to hire a contractor to stack snow at the designated site. Recent winters have not required use of this account.

DISCUSSION: This winter the snowfall has exceeded the capacity at the designed and designated snow dump site and alternative sites have been needed. Just last week ADEC Division of Water, Wastewater Discharge Authorization Program has granted the city a temporary disposal site off the harbor spit.

ALTERNATIVES:

- 1) I recommend Council authorize the payment reflected in the invoice.
- 2) Do not authorize this payment, which is not recommended.

FINANCIAL IMPLICATIONS: Funding will be provided from the General Fund-Streets-Equipment Rental Fund

LEGAL: KCC 3.12.020 Limitation on city manager's authority

The city manager may make an acquisition, sale, transfer, or contract authorized by KCC 3.12.010 without council approval, open market, or bidding procedures, if the value of the property, service, or contract does not exceed \$35,000.

STAFF RECOMMENDATION: Staff recommends Council authorize payment to Golden Alaska Excavating LLC.

ATTACHMENTS:

Attachment A: Golden Alaska Excavating LLC Invoice


PROPOSED MOTION:

Move to authorize the payment of the Equipment/Operator Cost Contracted Work at the snow dump to Golden Alaska Excavating, LLC in the amount of \$36,050 with funds coming from General Fund-Streets-Equipment Rental.

EXECUTIVE SESSION

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Mike Tvenge, City Manager 

Date: February 13, 2020

Agenda Item: **X. a. Discussion With the City Attorney About the City of Kodiak—Ocean Beauty Lease Agreement Post Termination Issues**

SUMMARY: The City Council will enter into executive session to discuss post termination issues regarding the Ocean Beauty lease agreement with the City Attorney.

PROPOSED MOTION:

Move to enter into executive session pursuant to KCC 2.04.100(b)(1) and (c) to discuss legal matters, the immediate knowledge of which would clearly have an adverse effect upon the finances of the City.