

City of Kodiak Regular Council Meeting Agenda for May 28, 2020, 7:30 p.m.

Elected Officials will be participating via Audio/Video Conferencing and/or some in person. Public members are encouraged to tune in to KMXT 100.1 FM. For everyone’s protection, there will be no in-person attendance for this regular meeting in compliance with the Centers for Disease Control and Prevention’s guidance on social distancing. Regular meeting agendas and packets are available online at <https://www.city.kodiak.ak.us/meetings>

I. Call to Order/Roll Call	
Invocation/Pledge of Allegiance	
II. Previous Minutes	
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III. Persons to Be Heard	
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b. Public Comments (limited to 3 minutes; call-in number 486-8610)	
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V. New Business	
a. First Reading, Ordinance No. 1400, Levying Taxes and Appropriating Funds for the Expenses and Liabilities of the City of Kodiak for the Fiscal Year Commencing on the First Day of July 2020 and Ending on the Thirtieth Day of June 2021	22
b. Authorization of a Contract With the Humane Society to Operate the Animal Shelter Services through June 30, 2022	34
c. Authorization to Purchase a Rectifier for the Water Treatment Plant in the Amount of \$69,956 With De Nora Water Technologies LLC	47
VI. Staff Reports	
a. City Manager	
b. City Clerk	
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IX. Audience Comments (limited to 3 minutes) (486-8610)	
X. Adjournment	

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<p>DRAFT</p>

**MINUTES OF THE REGULAR COUNCIL MEETING
OF THE CITY OF KODIAK
HELD THURSDAY, MAY 14, 2020**

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

Mayor Pat Branson called the meeting to order at 7:30 p. m. and stated for the record that some Elected Officials are participating via Audio/Video Conferencing and Councilmember Whiddon is attending in person. She announced the meeting is broadcasted over KMXT 100. 1 FM and that for everyone's protection, there will be no public in-person attendance for the regular meeting in compliance with the Centers for Disease Control and Prevention's guidance on social distancing. She stated that meeting agendas and packets are available online on the City of Kodiak website.

Councilmembers Laura B. Arboleda, Charles E. Davidson, Terry J. Haines, Richard H. Walker, and John B. Whiddon were present and constituted a quorum. Councilmember Randall C. Bishop was absent. City Manager Mike Tvenge, City Clerk Nova Javier, and Deputy Clerk Michelle Shuravloff-Nelson were also present.

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

At 7:32 p. m. Clerk Javier noted the audio/video conference disconnection with Councilmember Davidson.

II. PREVIOUS MINUTES

Councilmember Whiddon MOVED to approve the minutes of the April 23, 2020, regular meeting as presented.

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

III. PERSONS TO BE HEARD

a. Proclamation: Municipal Clerks Week

Councilmember Haines read this proclamation which recognized Municipal Clerks for the vital services they perform and their dedication to our community.

Clerk Javier and Deputy Clerk Shuravloff-Nelson accepted the proclamation.

b. Proclamation: Police Week and Peace Officers Memorial Day

Councilmember Walker read this proclamation which urged all citizens including patriotic, civic, and educational organizations to recognize police officers, past and present, who by their faithful and loyal devotion to their responsibilities, have rendered a dedicated service to their community

and, in doing so, have established for themselves an enviable and enduring reputation for preserving the rights and security of all citizens. This proclamation also encouraged all citizens to honor those law enforcement officers who, through their courageous deeds, have made the ultimate sacrifice in service to their community or have become disabled in the performance of duty.

Police Chief Putney accepted the proclamation and thanked the Council for the recognition.

c. Proclamation: Emergency Medical Services Week

Councilmember Davidson read this proclamation which urged residents to recognize the value and the accomplishments of emergency medical services providers. He noted that their day to day response saves lives especially during these times of a worldwide pandemic.

There was audio/video conference disconnection with Councilmember Davidson at 7:37 p. m.

Mayor Branson finished reading the Emergency Services Week proclamation.

Fire Chief Mullican accepted the proclamation and stated his staff has suited up and responded to emergency patients during COVID-19. He said the focus is to keep patients and staff safe.

d. Public Comments

None.

IV. UNFINISHED BUSINESS

V. NEW BUSINESS

a. Ordinance No. 1397 Extending Ordinance No. 1395, An Emergency Ordinance of the Council of the City of Kodiak Temporarily Authorizing the Suspension and/or Modification of Various Sections of the Kodiak City Code or Ordinances Regarding Public Meetings and Participation in Order to Ensure the Health, Safety, and Welfare of our Community During a State-Declared Public Health Emergency and Declaring an Emergency

Mayor Branson read Ordinance No. 1397 by title. The Council adopted Ordinance No. 1395 on March 18, 2020, and the effective date of the ordinance expires on May 17, 2020. Kodiak had its first positive test results for COVID-19 on April 15, 2020, and the risks of COVID-19 will continue to exist. This proposed ordinance will allow an extension of suspension and/or modification of code and ordinances regarding public meeting and participation until suspended by August 15, 2020, or by the Kodiak City Council, whichever is sooner.

Councilmember Davidson reconnected with the audio/videoconference at 7:50 p. m.

Councilmember Walker MOVED to adopt Ordinance No. 1397.

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

b. First Reading, Ordinance No. 1398 Establishing Supplemental Appropriation No. 1 to the Budget for the Fiscal Year Commencing on the First Day of July 2019 and Ending on the Thirtieth Day of June 2020

Mayor Branson read Ordinance No. 1398 by title. The Supplemental Appropriation No. 1 to the budget for the fiscal year commencing on the first day of July 2019 and ending on the thirtieth day of June 2020 is in the amount of \$8,040,649. It is customary for the City Council to approve at least one supplemental budget annually to authorize the adjustments of current revenues and expenses as detailed in the attachments provided. These adjustments are for the operating funds as well as additions to project funds for grant revenues received and additional expenditures needed that were not known at the time the original budget was adopted.

Councilmember Haines MOVED to pass Ordinance No. 1398 in first reading to advance to second reading and public hearing at the next regular or special Council meeting.

Councilmember Haines extended his appreciation to staff for the supplemental budget.

Councilmember Davidson lost audio connection.

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

Councilmember Davidson arrived at the regular meeting in person at 7:57 p. m.

c. Emergency Ordinance No. 1399, Declaring an Emergency and Authorizing the Finance Director to Waive Certain Penalties and Interest on Delinquent Sales Tax Returns

Mayor Branson read Ordinance No. 1399 by title. Kodiak City Code Chapter 3.08 authorizes the Finance Director to waive certain fees for goodcause. This non-code ordinance is presented to give the Finance Director the administrative discretion to waive late filing penalties and interest. This ordinance is a short term change to the sales tax penalties and interest section of code, which will allow for filings to be waived that are due on April 30. The waived fees will be for three quarters reporting period January 1 through September 30. Customers who will be requesting assistance under payment plans will be handled on a case by case basis upon approval from the finance director.

Councilmember Davidson MOVED to adopt Ordinance 1399.

Councilmember Whiddon MOVED to amend by substitution Ordinance 1399(SUB).

Councilmember Whiddon explained the substitution was to allow the waiver of penalty and interest until September 30.

Councilmember Davidson said this does not waive the responsibilities of their bills but allows the Finance Director to work with individuals.

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

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

d. Resolution No. 2020–12, Accepting a NOAA Tsunami Hazard Mitigation Program Award for Tsunami Sirens

Mayor Branson read Resolution No. 2020–12 by title. The City has been awarded \$108,000 through the 2019 U. S Department of Commerce National Oceanic and Atmospheric Administration (NOAA) Tsunami Hazard Mitigation Program for the purchase and installation of outdoor warning sirens. The award performance period is from September 1, 2019, to August 31, 2020. Staff recommends Council adopt Resolution No. 2020–12, which will assist with the funding of the tsunami siren project.

Councilmember Arboleda MOVED to adopt Resolution No. 2020–12.

Councilmember Davidson thanked the Chief of Police and Fire Chief for their work on the tsunami siren funding.

Councilmember Whiddon thanked the Chief of Police, Fire Chief, and the City Manager’s office for their work on this funding and their forward thinking.

Councilmember Haines said the City said the staff made rapid efforts to obtain the funding and sirens once it was identified the alarms were not adequate.

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

e. Resolution No. 2020–13, Authorizing the Suspension and/or Modification of Section 14 (Utilities) of the Schedule of Fees, Charges, and Tariffs During a State-Declared Public Health Disaster

Mayor Branson read Resolution No. 2020–13 by title. On April 9, 2020, SB241 was signed into law. The Council discussed the additional local changes to utility billing, the process for residents and commercial establishments to access the declaration of financial hardship, and how restricting late fees and disconnects during COVID-19 and public health emergency would administratively occur. This resolution outlines the temporary billing modifications for a clear and concise process.

Councilmember Walker MOVED to adopt Resolution No. 2020–13.

Councilmember Whiddon MOVED to amend by substitution Resolution No. 2020–13(SUB).

Councilmember Whiddon clarified the business closure relief for partial closure reduction will be extended until November 15, 2020, or until the businesses return to 100% operational whichever comes first.

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

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

d. Authorization of Professional Services Agreement with Jacobs/CH2M for Construction Phase Services for the Waste Water Treatment Plant UV Effluent Disinfection Facility, Project No. 20-04/7526.

Jacobs/CH2M, the project “Engineer of Record”, will provide construction phase services for the City of Kodiak’s (City’s) WWTP UV Disinfection facility construction project. Jacobs will provide the project’s non-resident construction services.

Councilmember Walker MOVED to authorize the Professional Services Agreement with Jacobs Engineering for Construction Phase Services for the Waste Water Treatment Plant UV Effluent Disinfection Facility Project in the amount of \$340,000 with funds from Project No. 20-04/7526 and authorize the City Manager to execute documents on behalf of the City.

Councilmember Davidson stated this project is unfunded federal mandate.

Councilmember Whiddon commended staff for working to reduce the professional services agreement amount after they were asked to reduce costs.

Councilmember Walker said that Jacobs Engineering is a reputable firm and he is pleased with this contract.

Councilmember Haines said that Jacobs Engineering was previously CH2M Hill.

Councilmember Davidson appreciated that staff were able find a loan with low interest rate.

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

VI. STAFF REPORTS

a. City Manager

Manager Tvenge said the Borough is requesting dumpsters be placed between hillside drive and Pillar Mountain. He said this will be placed on a future Council work session for discussion. He thanked the membership of the Emergency Operations Center, which consists of City, Borough, and School District staff, which have worked with business communities during COVID-19 for 59 days. He said the City of Kodiak will celebrate its 80th Birthday on September 11, 2020.

b. City Clerk

City Clerk Javier said that City offices will be closed on May 25 in observance of Memorial Day. She summarized the upcoming May meetings.

VII. MAYOR'S COMMENTS

Mayor Branson said she is very proud of the community and especially the work of the Emergency Services Council (ESC) and the Emergency Operation Center (EOC). She stated they are on their 59th day of work. She referred to the potential funding for communities through the legislature. She thanked the Council and said the support to the business community by the Kodiak Economic Task Force is appreciated. Mayor Branson shared information regarding the State and Federal Health officials visit to Kodiak. She complimented the Alaska Chief Medical Officer, Dr. Zink and shared that Alaska Director of Public Health, Heidi Hedberg, Senior Medical Officer of the U. S Department of Homeland Security, Dr. Alexander Eastman, Chief of Staff from the Governors' office Ben Stevens, and Alaska Native Tribal Health Medical Director of Community and Health Systems Improvement, Dr. Robert Onders began their visit began on the USCG base and meeting with USCG Commander Good and then went to went to the Trident and Ocean Beauty facilities. She said they then toured the alternate care site at North Star and the EOC. She commended the School District and the role they have played in the community during the pandemic. She said they had a great meeting with the delegation and they were impressed with the collaboration within the community. She stressed the importance in connecting with the representatives. She appreciated the information, the new established relationships, and the opening of future communications.

She said she received a call from Senator Sullivan stating they were very supportive of Kodiak and they encouraged Kodiak to seek assistance as needed. She said there is more information regarding funding that will be forthcoming.

VIII. COUNCIL COMMENTS

Councilmember Arboleda expressed her appreciation for the Emergency Services Council and Organization, the Kodiak Economic Task Force, and the Chamber of Commerce. She commended all the mitigation plans within the business community. She thanked the Council and staff.

Councilmember Davidson thanked Emergency Services Council and staff. He said he feels secure knowing that they are working on the public's safety. He commented on the ADEC loan interest rate which is at 1.5 %.

Councilmember Haines stated he agreed with the Council comments. He commended the Borough and the local stores for their service along with the Manager, Clerk, Mayor and Councilmember Whiddon for their efforts.

Councilmember Walker thanked the City staff. He congratulated and highlighted the Kodiak High School class of 2020. He encouraged their future endeavors and acknowledged many of the signs and banners within the community. He commended the State Defense Force for the services they are providing.

Councilmember Whiddon complimented the City Manager for his work and leadership during this declared public health emergency. He said Manager Tvenge has worked through unchartered waters, shown his dedication, and has done a great job. He said the Economic Task Force was enthusiastic about the CARES Act funding and he looks forward to the dissemination of those funds.

IX. AUDIENCE COMMENTS

None.

X. ADJOURNMENT

Councilmember Davidson MOVED to adjourn the meeting.

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

The meeting adjourned at 8:28 p. m.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Minutes Approved:

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PERSONS TO BE HEARD

MEMORANDUM TO COUNCIL

Date: May 28, 2020

Agenda Item: **III. a. Proclamation: Recognizing and Thanking KMXT Public Radio for Exceptional Public Service to the City of Kodiak**

SUMMARY: This proclamation recognizes our local radio station, KMXT, for the essential public services they provide and their dedication to our community.

ATTACHMENTS:

Attachment A: Proclamation: Recognizing and Thanking KMXT Public Radio for Exceptional Public Service to the City of Kodiak

Proclamation

Recognizing and Thanking KMXT Public Radio for Exceptional Public Service to the City of Kodiak

WHEREAS, KMXT Public Radio provides essential public services to a significant portion of Southcentral Alaska, including the City of Kodiak; and

WHEREAS, KMXT is an invaluable component of the City of Kodiak's priority missions in public safety, emergency services, information dissemination, community education, cultural vitality, and entertainment; and

WHEREAS, KMXT contributes to the local economy by actively engaging in economic development, supporting local businesses, and directly providing employment and volunteer opportunities; and

WHEREAS, KMXT delivers its support for non-profit, charitable, public service projects and events in the community throughout the year; and

WHEREAS, KMXT prioritizes its capability to provide emergency, crisis, and disaster communication services which are crucial to public safety officials and the Kodiak community in times of crisis; and

WHEREAS, KMXT has provided regular updates regarding COVID-19 to the community and has worked diligently with the City Council and staff to broadcast Council meetings live, which has been essential in ensuring transparency to the public during a time of crisis and social distancing; and

WHEREAS, KMXT is deeply rooted in the local community and continuously strives to be an effective, positive, and productive organization that citizens can count on at all times; and

WHEREAS, it is most appropriate that we recognize the efforts of KMXT throughout the year and for going above and beyond during a time of crisis.

NOW, THEREFORE, I, Pat Branson, Mayor of the City of Kodiak, do hereby extend appreciation to our local public radio station KMXT for providing vital services and extend appreciation to KMXT staff for their outstanding dedication to Kodiak community.

Dated this 28th day of May 2020.

City of Kodiak

Pat Branson, Mayor

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UNFINISHED BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Mike Tvenge, City Manager *MT*

Thru: Julie Liew, Finance Director

Date: May 28, 2020

Agenda Item: **IV. a. Second Reading and Public Hearing, Ordinance No. 1398 Establishing Supplemental Appropriation No. 1 to the Budget for the Fiscal Year Commencing on the First Day of July 2019 and Ending on the Thirtieth Day of June 2020**

SUMMARY: The Supplemental Appropriation No. 1 to the budget for the fiscal year commencing on the first day of July 2019 and ending on the thirtieth day of June 2020 is in the amount of \$8,040,649. It is customary for the City Council to approve at least one supplemental budget annually to authorize the adjustments of current revenues and expenses as detailed in the attachments provided. These adjustments are for the operating funds as well as additions to project funds for grant revenues received and additional expenditures needed that were not known at the time the original budget was adopted.

PREVIOUS COUNCIL ACTION:

- On June 13, 2019, Council adopted Ordinance No. 1386 for the FY 2020 budget in the amount of \$43,485,260 commencing on the first day of July 2019 and ending on the thirtieth day of June 2020.
- Council action thus far in FY 2020 includes the following:
 - Adopted Resolution No. 2019-15 appropriating \$5,000 from the Sewer Utility Operating Fund unassigned fund balance and authorizing the purchase of the Sewer International HV607 6X4 Flusher Truck
 - Adopted Resolution No. 2019-16 appropriating \$22,000 from the General Fund unassigned fund balance, \$10,000 from the Trident Basin unassigned fund balance, and \$12,000 from the Shipyard unassigned fund balance for appraisal services of City owned property
 - Adopted Resolution 2019-20 authorizing the borrowing from the Alaska Clean Water Fund of an amount not to exceed \$5,435,000 for the WWTP UV Disinfection System. Supplemental No. 1 creates project number 7526 and amends the budget for this loan amount.
 - Adopted Resolution 2019-21 accepting the 2019 State of Alaska Homeland Security Program Grant to purchase Outdoor Warning Sirens, replacing Subscriber Radios, and purchasing Emergency Shelter Bedding for \$586,063.12. These projects and budgets were created and amended at the acceptance of the grants by Council. The line-item detail shows

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the detail of these project budgets. The following projects were created at the acceptance of this grant: Project Number 4059 – Outdoor Warning Siren Replacements; Project Number 4060, Subscriber Radio Replacements; and Project Number 4061, Emergency Shelter Bedding.

- Adopted Resolution 2019-22 accepting the Edward Byrne Memorial Justice Assistance Grant for Kodiak Police Department equipment for \$39,349. The line-item detail shows the detail of this project budget. Project number 4062 was created and the budget amended upon acceptance of this grant.
- Adopted Resolution 2020-01 appropriating \$56,300 of unassigned fund balance of the Streets Improvement Fund for the purchase of above ground fuel dispensing tanks
- Adopted Resolution 2020-02 accepting the National Health Emergency Dislocated Worker Grant (NHE DWG) for the Hazelden Betty Ford Foundation training for the Kodiak Police Department for \$54,320. Supplemental Number 1 amends the budget and creates Project Number 4063, NHE DWG Training grant.
- Adopted Resolution 2020-11 accepting the Code Blue Grant for purchase of decontamination system equipment for the Kodiak Fire Department for \$17,342 of which \$15,608 is state grant funds and \$1,734 is City required match of 10%. Supplemental Number 1 amends the budget and creates Project Number 4065, Code Blue Decontamination Grant.

DISCUSSION: The adoption of the budget by the City Council puts the budget into effect for the budget year July 1 through June 30. Amendments to the budget can occur anytime during the fiscal year by resolution, ordinance, or through a supplemental budget ordinance, which is introduced at one Council meeting and typically adopted at the next Council meeting.

All new appropriations are authorized by resolution or ordinance that amends the annual budget ordinance. The Supplemental No. 1 is requesting the addition of \$8,040,649 to the adopted budget bringing the total amended budget to \$52,364,621 for FY 2020.

The Supplemental No. 1 Appropriation is requesting an increase in revenues due to increase in the State of Alaska Jail Contract, an increased amount received from the State of Alaska Fisheries Business tax, an increase in amount received in property taxes, discounts received due to a health insurance premium holiday for January and February 2020, and Federal and State grants received. Other budget adjustments include the following:

- (1) a net increase in Citywide legal fees due to increased citywide legal services related to updated contracts and agreements, past due sales tax, pending litigation, and other general legal consultations.
- (2) a net decrease in Emergency Preparedness of \$10,000 due to a transfer to KPD Administration for repairs to the Pillar Mountain antennas;

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- (3) a net decrease of \$612,680 in KPD due to the transfer of budgeted salaries and wages and related benefits for dispatch personnel to the E911 emergency fund; other increases and decreases within individual line items within the Police department budgets include transfers of unused funds due to vacant positions to cover unanticipated expenses that occurred throughout fiscal year 2020.
- (4) a net decrease of \$223,980 to the Fire department due to the transfer of the light rescue vehicle that was budgeted for FY 2020. This vehicle was delayed in build and shipping to Kodiak due to COVID-19.
- (5) a net increase of \$48,912 for increased repairs and maintenance in Streets due to heavy use of equipment during the winter snow season
- (6) a net decrease of \$659 in Parks and Recreation due to the true-up of the vehicle replacement fund costs for FY 2020
- (7) a net increase of \$25,000 in non-departmental for additional appraisal services for the Kodiak Barn
- (8) transfers to capital projects of \$776,734, transfers to the vehicle replacement fund for FY 2020 budget true-ups for vehicle replacement fund costs for \$20,307; and \$771,718 in transfers to the Enhancement Fund by Code for 50 percent of the General Fund surplus determined at the completion of the FY2019 audit.
- (9) Enterprise fund budget adjustments include: (a) a net increase to the Shipyard fund for \$155,000 for increased professional services for the marine travel lift operator and the purchase of straps for the marine travel lift; and (b) a net increase of \$603,108 in the E911 Emergency Services fund for the transfer of a percentage of salaries and wages and related benefits for Dispatch personnel.

Other budget adjustments include an increase in capital project revenues and expenses for Federal grants received; a transfer of the Sewer Flusher Truck purchase from the Sewer Operating fund to the Sewer Capital Improvement fund; and setup of Project Number 7526, WWTP UV Disinfection Facility DEC loan for \$5,435,000. All other adjustments are reclassification of budget expenses within the same department and fund.

FINANCIAL IMPLICATIONS: All expense appropriations requested in Supplemental Appropriation No. 1 are funded by increased revenue sources, additional state and federal grant sources, and use of fund balances and transfers. The ordinance makes a number of changes in the FY2020 budget reflecting increased revenues and expenditures, new project and grant funding, and movement of funds to more accurately reflect current City operations. Details of funding sources and expenses have been submitted in the attachments.

LEGAL: The Kodiak City Charter and Kodiak City Code grant Council the authority to make appropriations and adopt and amend budgets as required.

CITY MANAGER'S COMMENTS: The City traditionally adopts one major budget amendment each fiscal year to make necessary adjustments to cover changes or additions to projects, to account for the

receipt of additional revenues, and balanced operating expenses. This year is no different in this regard. What is different from previous years is the amount of appropriation to the FY budget. There are numerous grants received including the loan amount for the UV Disinfection Facility. All adjustments accounted for leave a current budget surplus of approximately \$226,000 for FY2020.

ATTACHMENTS:

Attachment A: Ordinance No. 1398

Attachment B: Backup descriptions containing details and summaries by each fund

PROPOSED MOTION:

Move to adopt Ordinance No. 1398.

**CITY OF KODIAK
ORDINANCE NUMBER 1398**

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK ESTABLISHING
SUPPLEMENTAL APPROPRIATION NO. 1 TO THE BUDGET FOR THE FISCAL YEAR
COMMENCING ON THE FIRST DAY OF JULY 2019 AND ENDING ON THE THIRTIETH
DAY OF JUNE 2020**

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

Section 1: The following estimated revenues and expenditures are hereby appropriated for the corporate purposes and object of the City of Kodiak for the fiscal year 2020.

GENERAL FUND

	Adopted Budget	FY 2020 Council Action	Supplemental #1	Amended Budget
Budgeted Revenues				
Property Tax	\$ 1,100,000	\$ -	72,062	\$ 1,172,062
Sales Tax	14,527,500	-	-	14,527,500
Licenses and Permits	80,300	-	-	80,300
Intergovernmental	1,520,000	-	211,495	1,731,495
Charges for Services	1,820,002	-	100,780	1,920,782
Fines and Forfeitures	3,000	-	-	3,000
Net Investment Income	50,000	-	-	50,000
Rents & Royalties	120,000	-	-	120,000
Miscellaneous	4,500	-	379,694	384,194
Interfund Charges	1,615,914	-	(20,307)	1,595,607
Appropriation (to) from Fund Balance	(321,450)	22,000	34,280	(265,170)
Transfers In	-	-	-	-
Total Budgeted Revenues	\$ 20,519,766	\$ 22,000	\$ 778,004	\$ 21,319,770
Budgeted Expenditures				
Legislative	\$ 222,069	\$ -	\$ -	\$ 222,069
Legal	75,000	-	25,000	100,000
Executive	816,042	10,000	-	826,042
Emergency Preparedness	45,500	-	(10,000)	35,500
City Clerk - Administration	366,359	-	-	366,359
City Clerk - Records Management	184,738	-	-	184,738
Finance	1,867,903	-	-	1,867,903

General Fund Expenditures continued

Police	7,159,042	-	(612,680)	6,546,362
Fire	2,702,691	-	(223,980)	2,478,711
Public Works	2,135,960	12,000	48,912	2,196,872
Engineering	286,068	-	-	286,068
Parks & Recreation	1,549,984	-	(659)	1,549,325
Library	908,573	-	-	908,573
Non-Departmental	654,301	-	25,000	679,301
Transfers	1,545,536	-	1,528,145	3,073,681

Total Budgeted Expenditures	<u>\$ 20,519,766</u>	<u>\$ 22,000</u>	<u>\$ 779,738</u>	<u>\$ 21,321,504</u>
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SPECIAL REVENUE FUNDS

	<u>Adopted Budget</u>	<u>FY 2020 Council Action</u>	<u>Supplemental #1</u>	<u>Amended Budget</u>
Budgeted Revenues				
Tourism Development	\$ 205,000	\$ -	\$ -	\$ 205,000
City Enhancement	-	-	-	-
Total Budgeted Revenues	<u>\$ 205,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,000</u>
Budgeted Expenditures				
Tourism Development	\$ 205,000	\$ -	\$ -	\$ 205,000
City Enhancement	-	-	-	-
Total Budgeted Expenditures	<u>\$ 205,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 205,000</u>

CAPITAL PROJECTS

	<u>Adopted Budget</u>	<u>FY 2020 Council Action</u>	<u>Supplemental #1</u>	<u>Amended Budget</u>
Budgeted Revenues				
General Capital Projects	65,000	733,412	612,803	1,411,215
Building Improvement Fund	720,374	-	-	720,374
Streets Improvement Fund	750,000	56,300	-	806,300
Parks & Recreation Fund	100,000	-	250,000	350,000
Sewer Improvement Fund	390,000	-	5,640,000	6,030,000
Water Improvement Fund	540,000	-	-	540,000
Harbor Development Fund	1,930,000	-	-	1,930,000
Cargo Improvement Fund	-	-	-	-
Vehicle Replacement Fund	330,536	-	-	330,536
Total Budgeted Revenues	<u>4,825,910</u>	<u>789,712</u>	<u>6,502,803</u>	<u>12,118,425</u>

Capital Projects continued

Budgeted Expenditures

General Capital Projects	65,000	733,412	612,803	1,411,215
Building Improvement Fund	720,374	-	-	720,374
Streets Improvement Fund	750,000	56,300	-	806,300
Parks & Recreation Fund	100,000	-	250,000	350,000
Sewer Improvement Fund	390,000	-	5,640,000	6,030,000
Water Improvement Fund	540,000	-	-	540,000
Harbor Development Fund	1,930,000	-	-	1,930,000
Cargo Improvement Fund	-	-	-	-
Vehicle Replacement Fund	330,536	-	-	330,536
Total Budgeted Expenditures	4,825,910	789,712	6,502,803	12,118,425

ENTERPRISE FUNDS

	Adopted Budget	FY 2020 Council Action	Supplemental #1	Amended Budget
Budgeted Revenues				
Cargo Fund	\$ 2,530,222	\$ -	\$ -	\$ 2,530,222
Harbor fund	3,895,267	-	-	3,895,267
Shipyards (Boat Yard Lift) Fund	1,150,505	12,000	155,000	1,317,505
Harbor Electric Fund	957,606	-	-	957,606
Water Utility Fund	3,220,438	-	-	3,220,438
Sewer Utility Fund	4,616,999	5,000	-	4,621,999
Trident Basin Fund	303,500	10,000	-	313,500
E-911 Services	506,917	-	603,108	1,110,025
Total Budgeted Revenues	\$ 17,181,454	\$ 27,000	\$ 758,108	\$ 17,966,562
Budgeted Expenditures				
Cargo Fund	\$ 2,530,222	\$ -	\$ -	\$ 2,530,222
Harbor fund	3,895,267	-	-	3,895,267
Shipyards (Boat Yard Lift) Fund	1,150,505	12,000	155,000	1,317,505
Harbor Electric Fund	957,606	-	-	957,606
Water Utility Fund	3,220,438	-	-	3,220,438
Sewer Utility Fund	4,616,999	5,000	-	4,621,999
Trident Basin Fund	303,500	10,000	-	313,500
E-911 Services	506,917	-	603,108	1,110,025
Total Budgeted Expenditures	\$ 17,181,454	\$ 27,000	\$ 758,108	\$ 17,966,562

	INTERNAL SERVICE FUND			
	Adopted Budget	FY 2020 Council Action	Supplemental #1	Amended Budget
Budgeted Revenues				
Insurance Internal Service Fund	\$ 753,130	\$ -	\$ -	\$ 753,130
Total Budgeted Revenues	<u>\$ 753,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 753,130</u>
Budgeted Expenditures				
Insurance Internal Service Fund	\$ 753,130		\$ -	\$ 753,130
Total Budgeted Expenditures	<u>\$ 753,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 753,130</u>
Total Revenues	\$ 43,485,260	\$ 838,712	\$ 8,040,649	\$ 52,364,621
Total Expenditures	\$ 43,485,260	\$ 838,712	\$ 8,040,649	\$ 52,364,621

Section 2: This ordinance shall be in full force and effect from and after its passage as required by law.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading:
Second Reading:
Effective Date:

Supplemental Budget FY 2020
Line Item Detail

(a) - Post budget amendment entry (b) - Do NOT post budget amendment entry, already posted with authorization of grant award but needs formal approval

GL Acct	Project Number	Description	Increase	Decrease	Notes
(a) 300.001.375.600	4039.80	Revenue - Donations	5,500.00		To increase budget to reflect donations received through B Schactler for interpretative panels
(a) 300.300.439.430.110	4039.51	Professional Services	5,500.00		
(a) 300.001.330.310	4051.5	Revenues - Other Grants	10,640.55		In FY 2018 the City received a grant from WalMart for the Shop with a Cop program. Thought to be a one-time grant, this project was closed. This has been recurring each year and therefore the project is being adjusted to reflect the life-to-date project budget for financial reporting purposes.
(a) 300.300.451.450.310	4051.56	Supplies	10,640.55		
(a) 300.001.330.300	4065.2	State Grants	15,608.00		To amend budget for Code Blue Decontamination System Grant authorized under Resolution 2020-11
(a) 300.001.390.100	4065.6	Transfer to Gen Cap Projects	1,734.00		
(a) 300.300.465.470.126	4065.53	Machinery & Equipment	17,342.00		
(a) 100.001.385.100		GF Appropriations	1,734.00		
(a) 100.190.198.490.300		Transfer to Gen Cap Projects	1,734.00		
(a) 300.001.390.100	4059.6	Revenues - Xfer from General	300,000.00		To transfer funds needed for Outdoor Warning Siren Replacement Projects
(a) 300.300.459.470.126	4059.538	Machinery & Equipment	300,000.00		
(a) 100.001.385.100		GF Appropriations	300,000.00		
(a) 100.190.198.490.300		Transfer to Gen Cap Projects	300,000.00		
(b) 300.001.390.100	4059.4	Revenues - 2019 SHSP Grants	272,873.12		To reflect Outdoor Warning Siren Project for grant funds received under 2019 SHSP and 2019 NOAA grants awarded. The 2019 SHSP grant was accepted by Resolution Number 2019-21.
(b) 300.001.390.100	4059.4A	Revenues - 2019 NOAA Grants	108,000.00		
(b) 300.300.459.430.110	4059.51	SHSP - Professional Services	10,000.00		
(b) 300.300.459.430.110	4059.51A	NOAA - Professional Services	10,000.00		
(b) 300.300.459.470.126	4059.53	SHSP - M&E > \$5,000	262,873.12		
(b) 300.300.459.470.126	4059.53A	NOAA - M&E > \$5,000	98,000.00		
(b) 300.001.390.100	4060.4	Revenues - 2019 SHSP Grant	250,690.00		To reflect grant funds received for Subscriber Radio Replacements under the 2019 SHSP grant. The 2019 SHSP grant was accepted by Resolution Number 2019-21.
(b) 300.300.460.430.110	4060.51	Professional Services	10,000.00		
(b) 300.300.460.470.126	4060.53	Machinery & Equipment > \$5,000	240,690.00		
(b) 300.001.390.100	4061.4	Revenues - 2019 SHSP Grant	62,500.00		To reflect grant funds received for Emergency Shelter Bedding under the 2019 SHSP grant. The 2019 SHSP grant was accepted by Resolution Number 2019-21.
(b) 300.300.461.470.126	4061.53	Machinery & Equipment > \$5,000	62,500.00		
(b) 300.001.390.100	4062.4	Revenues - Edward Byrne Grant	39,349.00		To reflect grant funds received under the Edward Byrne DOJ Safety Equipment grant. The grant was accepted by Resolution Number 2019-22.
(b) 300.300.462.470.126	4062.53	Machinery & Equipment > \$5,000	39,349.00		
(a) 300.001.390.100	4063.2	Revenues - NHE DWG Grant	54,320.00		To reflect training grant funds received under the State of Alaska NHE DWG Training grant. This grant was accepted under Resolution 2020-02
(a) 300.300.463.450.135	4063.513	Training	54,320.00		
(a) 306.001.390.571	7526.131	Revenues - ACWF Loan	5,435,000.00		To reflect Alaska Clean Water Loan funds received for the WWTP UV Disinfection Facility construction. The ADEC loan agreement was accepted by Resolution 2019-20.
(a) 306.350.777.410.100	7526.50	Salaries & Benefits	25,000.00		
(a) 306.350.777.430.110	7526.51	Professional Services	25,000.00		
(a) 306.350.777.470.710	7526.54	Engineering & Design	250,000.00		
(a) 306.350.777.470.725	7526.55	Construction	5,135,000.00		
(a) 309.001.390.100	9018.6	Revenues - Xfer from General	250,000.00		To transfer funds to Baranof Park improvement project for the ice rink enclosures and indoor walking track
(a) 309.380.918.470.725	9018.55	Construction	250,000.00		
(a) 100.001.385.100		GF Appropriations	250,000.00		
(a) 100.190.198.490.300		Transfer to Gen Cap Projects	250,000.00		
(a) 100.140.141.470.130		Vehicle Repl - Uni Patrol	(8,331.00)		To true-up vehicle replacement fund budgets per department based on vehicles purchased during FY 2019 and placed in service after FY 2020 vehicle replacement budget preparations.
(a) 100.140.142.470.130		Vehicle Repl - Corrections	(5,464.00)		
(a) 100.140.146.470.130		Vehicle Repl - Drug Enforcement	(2,862.00)		

(a)	100.140.147.470.130	Vehicle Repl - Comm Services			(2,915.00)		
(a)	100.150.100.470.130	Vehicl Repl - Fire	1,020.00				
(a)	100.160.162.470.130	Vehicle Repl - Streets			(1,088.00)		
(a)	100.170.100.470.130	Vehicle Repl - Parks & Rec			(659.00)		
(a)	100.001.380.400	Rev - Veh Repl General Fund			(20,307.00)		
(a)	100.190.198.490.315	Transfers to Veh Repl Fund			(20,299.00)		
(a)	100.001.385.100	Rev - Appropriations Gen Fund			(19,572.00)		
(a)	315.315.490.470.130	Veh Repl Fund			(20,307.00)		
(a)	315.001.390.100	Proj Rev - KPD Veh Repl Fund	1,020.00				
(a)	315.001.390.100	Proj Rev - Fire Veh Repl Fund					
(a)	315.001.390.100	Proj Rev - PW Veh Repl Fund					
(a)	315.001.390.100	Proj Rev - Parks Veh Repl Fund					
(a)	100.001.310.100	Property Taxes	72,062.00				To adjust the budget for property taxes based on actual received through April 2020.
(a)	100.001.385.100	GF Appropriations			72,062.00		
(a)	100.001.340.100	Boarding of Prisoners	100,780.00				To adjust the budget for the updated contract with the State of Alaska Boarding of Prisoners contract
(a)	100.001.385.100	GF Appropriations			100,780.00		
(a)	100.001.330.130	St of AK - Fisheries Business Tax	211,495.00				To adjust the budget for the amount of Fisheries Business Tax actually received from the State of AK
(a)	100.001.385.100	GF Appropriations			211,495.00		
(a)	100.001.375.605	Health Insurance Discounts Rec'd	379,694.00				To adjust the budget for health insurance premium holiday for 2 months that was received for January and February 2020
(a)	100.001.385.100	GF Appropriations			379,694.00		
(a)	100.100.105.450.120	Legislative - Advertising	4,900.00				To increase advertising budget for Council notifications, board notifications, etc. No increase / decrease to appropriations
(a)	100.100.105.450.132	Legislative - Mayor Travel			4,900.00		due to travel restrictions related to COVID-19.
(a)	100.100.105.470.125	Legislative - M&E < \$5,000	8,500.00				To purchase updated ipads for Council due to increase teleconferencing. No increase / decrease to appropriations due to
(a)	100.100.105.450.134	Legislative - Council Travel			8,500.00		travel restrictions related to COVID-19.
(a)	100.100.106.430.110	Legislative - Legal Prof Services	25,000.00				To increase legal budget based on current and pending City litigation, claims, and legal correspondence.
(a)	100.001.385.100	GF Appropriations			25,000.00		
(a)	100.110.110.450.510	Em Preparedness R&M	10,000.00				To adjust budget for Pillar Mountain emergency repairs required for KPD & KFD radio antennas. No increase / decrease to
(a)	100.140.100.450.510	KPD Admin R&M			10,000.00		appropriations as this was originally budgeted under Emergency Preparedness.
(a)	100.120.100.450.134	Clerks Admin Travel	4,400.00				To adjust budget for an increase in election supplies. No increase / decrease to appropriations as Clerks has unused travel
(a)	100.120.100.450.400	Clerks Election Supplies			4,400.00		due to COVID-19.
(a)	100.140.100.470.126	KPD Admin M&E > \$5,000	8,800.00				To purchase snow plow due to heavy snow during winter season. No increase / decrease to appropriations as KPD Admin has
(a)	100.140.100.420.110	KPD Admin Health Insurance			8,800.00		a vacant position.
(a)	100.140.141.410.140	KPD Uni Patrol Overtime	40,000.00				To increase KPD Uni Patrol overtime due to vacant positions. No increase / decrease to appropriations as KPD Uni Patrol has
(a)	100.140.141.420.110	KPD Uni Patrol Health Insurance			40,000.00		vacant positions.
(a)	100.140.141.430.111	KPD Uni Patrol Recruitment	7,500.00				To increase KPD Uni Patrol Recruitment budget due to vacant positions. No increase / decrease to appropriations as KPD Uni
(a)	100.140.141.420.110	KPD Uni Patrol Health Insurance			7,500.00		Patrol as vacant positions.
(a)	100.140.141.470.126	KPD Uni Patrol M&E > \$5k	5,000.00				To increase KPD Uni Patrol M&E > \$5k for additional radio and upfitting costs of new vehicle. No increase / decrease to
(a)	100.140.141.420.110	KPD Uni Patrol Health Insurance			5,000.00		appropriations as KPD Uni Patrol has vacant positions.
(a)	100.140.142.470.125	KPD Corrections M&E < \$5k	15,000.00				To adjust KPD Corrections Budget for inmate stackable bunks from machinery & equipment greater than \$5,000 to machinery
(a)	100.140.142.470.126	KPD Corrections M&E > \$5k			15,000.00		and equipment less than \$5,000. No increase / decrease to appropriations.
(a)	100.140.144.410.100	KPD Dispatch - Salaries & Wages	279,964.00				To adjust budget to show 70% of Dispatch salaries and wages and related benefits to E911 Emergency Services enterprise
(a)	100.140.144.410.140	KPD Dispatch - Overtime	43,000.00				fund based on information provided by City Attorney to KPD Police Chief and City Manager. This was originally budgeted at
(a)	100.140.144.410.170	KPD Dispatch - Annual Leave	26,085.00				20% and this adjustment reflects the budget at 30% Dispatch and 70% E911 Emergency Services.

(a)	100.140.144.420.110	KPD Dispatch - Health Insurance				140,571.00			
(a)	100.140.144.420.120	KPD Dispatch - Social Security				24,706.00			
(a)	100.140.144.420.130	KPD Dispatch - Retirement				71,052.00			
(a)	100.140.144.420.131	KPD Dispatch - PERS Obligation				16,148.00			
(a)	100.140.144.420.200	KPD Dispatch - Workmans Comp				1,582.00			
(a)	100.001.385.100	GF Appropriations				603,108.00			
(a)	585.595.100.410.100	E911 Dispatch - Salaries & Wages			279,964.00				
(a)	585.595.100.410.140	E911 Dispatch - Overtime			43,000.00				
(a)	585.595.100.410.170	E911 Dispatch - Annual Leave			26,085.00				
(a)	585.595.100.420.110	E911 Dispatch - Health Insurance			140,571.00				
(a)	585.595.100.420.120	E911 Dispatch - Social Security			24,706.00				
(a)	585.595.100.420.130	E911 Dispatch - Retirement			71,052.00				
(a)	585.595.100.420.132	E911 Dispatch - PERS Obligation			16,148.00				
(a)	585.595.100.420.200	E911 Dispatch - Workmans Comp			1,582.00				
(a)	585.001.385.100	E911 Appropriations			603,108.00				
(a)	100.140.146.430.110	KPD Drug Enforcement - Prof Svcs			1,000.00				Increase due to increase annual software license renewal for Cellebrite software. No increase / decrease in appropriations due to change in personnel within this subdepartment.
(a)	100.140.146.420.110	KPD Drug Enforcement - Health Ins				1,000.00			
(a)	100.140.147.470.126	KPD Comm Svcs - M&E > \$5,000			5,000.00				Increase due to additional costs for radio in CS vehicle. No increase / decrease in appropriations due to vacant positions in KPD Admin.
(a)	100.140.100.420.110	KPD Admin - Health Insurance				5,000.00			
(a)	100.140.147.450.550	KPD Comm Svcs - R&M Vehicles			7,500.00				Increase due to additional repairs & maintenance of entire KPD fleet. No increase / decrease in appropriations due to vacant positions in KPD Admin.
(a)	100.140.100.420.110	KPD Admin - Health Insurance				7,500.00			
(a)	100.150.100.460.115	Fire - Ambulance Supplies			10,000.00				To increase ambulance supplies based on need of increased supplies. No increases / decrease in appropriations due to budgeted increases in health insurance and rates remained flat for this budget year.
(a)	100.150.100.420.110	Fire - Health Insurance				10,000.00			
(a)	100.150.100.450.510	Fire - Repairs & Maintenance			5,000.00				To increase based on need of repairs to KFD Equipment. No increases / decrease in appropriations due to budgeted increases in health insurance and rates remained flat for this budget year.
(a)	100.150.100.420.110	Fire - Health Insurance				5,000.00			
(a)	100.150.100.450.550	Fire - R&M Vehicles			5,000.00				To increase based on need of repairs to KFD Vehicles. No increases / decrease in appropriations due to budgeted increases in health insurance and rates remained flat for this budget year.
(a)	100.150.100.420.110	Fire - Health Insurance				5,000.00			
(a)	100.150.100.450.550	Fire - Public Utilities			5,000.00				To increase based on increased actual public utilities. No increases / decrease in appropriations due to budgeted increases in health insurance and rates remained flat for this budget year.
(a)	100.150.100.420.110	Fire - Health Insurance				5,000.00			
(a)	300.001.390.100	Revenues - Xfer from General	4064.6		225,000.00				Due to timing of build and shipment of new Fire Department Light Rescue, this will not be in Kodiak before the end of the fiscal year. Therefore, this will be transferred to a new project, PN 4064, Capital Equipment Purchases, for purchase of the vehicle. No increase / decrease to appropriations as this was budgeted for FY 2020.
(a)	300.300.464.470.126	Machinery & Equipment	4064.53		225,000.00				
(a)	100.150.100.470.126	Fire - Machinery & Equip > \$5,000				225,000.00			
(a)	100.190.198.490.300	Transfer to Gen Cap Projects			225,000.00				
(a)	100.160.162.450.510	PW Streets - R&M			50,000.00				To increase Streets budget for repairs & maintenance equipment due to heavy use during winter snow season.
(a)	100.001.385.100	GF Appropriations			50,000.00				
(a)	100.160.164.430.110	PW Bldg Insp - Prof Services			1,000.00				To reallocate budget for additional one-time license fee for additional building inspector software. No increase / decrease in appropriations due to travel restrictions related to COVID-19.
(a)	100.160.164.450.134	PW Bldg Insp - Travel				1,000.00			
(a)	100.170.173.430.110	Parks & Rec Pool - Prof Svcs			500.00				To reallocate budget for Aquatics for water testing labs off island. No increase / decrease in appropriations due to less temporary staffing related to COVID-19.
(a)	100.170.173.410.101	Parks & Rec Pool - Temp Staffing				500.00			
(a)	100.170.174.430.110	P&R Ice Rink - Prof Services			500.00				To reallocate for Ice Rink due to DJ services that were previously provided by internal staffing and for repairs and maintenance due to required overhaul and maintenance of both ice rink compressors which required replacement of microprocessors within both compressors. No increase / decrease in appropriations due to less temporary staffing and less public utilities related to COVID-19.
(a)	100.170.174.450.530	P&R Ice Rink - R&M			15,000.00				
(a)	100.170.174.455.100	P&R Ice Rink - Public Utilities			10,000.00				
(a)	100.170.174.410.101	P&R Ice Rink - Temp Salaries			5,500.00				
(a)	100.190.100.430.110	NonDept - Professional Services			25,000.00				To increase NonDepartmental Professional Services for Barn Site Survey to determine repairs for Barn Stabilization
(a)	100.001.385.100	GF Appropriations			25,000.00				

(a)	510.520.100.470.125	Harbor Admin - M&E < \$5k	9,500.00			To reallocate unspent funds on new Harbor vehicle for small tools, chairs, and snow plow. No increase / decrease to appropriations as these were reallocated from another line item.
(a)	510.520.100.470.126	Harbor Admin - M&E > \$5k	9,500.00			
(a)	512.530.100.430.110	Ship Yard Admin - Prof Services	48,000.00			To increase Ship Yard Administration Professional Services for outsourced boat lift operator. These services were previously performed by internal Ship Yard staff.
(a)	512.001.385.100	Ship Yard Appropriations	48,000.00			
(a)	512.530.100.470.125	Ship Yard Admin - M&E < \$5000	107,000.00			To increase Ship Yard Administration M&E < \$5,000 for Boat Lift Straps purchase authorized by the City Council at the April 9, 2020 Regular Council Meeting.
(a)	512.001.385.100	Ship Yard Appropriations	107,000.00			
(a)	500.001.375.605	Cargo Revenue - Discounts Rec'd	17,343.00			To adjust the budget for health insurance premium holiday for 2 months that was received for January and February 2020.
(a)	500.001.385.100	Cargo Appropriations	17,343.00			
(a)	510.001.375.605	Harbor Revenue - Discounts Rec'd	42,576.00			To adjust the budget for health insurance premium holiday for 2 months that was received for January and February 2020.
(a)	510.001.385.100	Harbor Appropriations	42,576.00			
(a)	512.001.375.605	Ship Yard Revenue - Discounts Rec'd	11,943.00			To adjust the budget for health insurance premium holiday for 2 months that was received for January and February 2020.
(a)	512.001.385.100	Ship Yard Appropriations	11,943.00			
(a)	550.001.375.605	Water Revenue - Discounts Rec'd	40,542.00			To adjust the budget for health insurance premium holiday for 2 months that was received for January and February 2020.
(a)	550.001.385.100	Water Appropriations	40,542.00			
(a)	570.001.375.605	Sewer Revenue - Discounts Rec'd	64,710.00			To adjust the budget for health insurance premium holiday for 2 months that was received for January and February 2020.
(a)	570.001.385.100	Sewer Appropriations	64,710.00			
(a)	570.580.198.490.306	Sewer Transfers to Sewer Cap	205,000.00			To transfer the purchase of the Sewer Flusher Truck budgeted for FY 2020 into a capital project. Due to COVID-19 the build and shipment times have been delayed until after the end of the fiscal year.
(a)	570.580.380.470.126	Sewer M&E > \$5,000	205,000.00			
(a)	306.350.778.470.126	Sewer Equipment Pchs M&E > \$5k	205,000.00			
(a)	306.001.390.570	Transfers from Sewer Op Fund	205,000.00			
(a)						
(a)	570.580.380.450.510	Sewer Repairs and Maintenance	10,000.00			To reallocate repairs and maintenance vehicles to repairs and maintenance for Sewer equipment. No increases / decrease to appropriations as this is a reallocation between line items.
(a)	570.580.380.450.550	Sewer Rep & Maint - Vehicles	10,000.00			
(a)	570.580.385.450.310	Sewer WWTP Supplies	20,000.00			To increase Supplies for the WWTP due to lab temporary closure in Fall 2019 and increased purchases in testing supplies in Spring 2020 due to COVID-19.
(a)	570.001.385.100	Sewer Appropriations	20,000.00			
(a)	585.001.375.605	E911 Discounts Rec'd	26,008.00			To adjust the budget for health insurance premium holiday for 2 months that was received for January and February 2020.
(a)	585.001.385.100	E911 Appropriations	26,008.00			
(a)	100.190.198.490.299	Transfers to Enhancement Fund	771,718.00			To Transfer 1/2 General Fund surplus from the FY 2019 audited CAFR to the Enhancement fund based on City Code.
(a)	100.001.385.100	GF Appropriations	771,718.00			
(a)	299.001.390.100	Transfers from General Fund	771,718.00			
(a)	299.001.385.100	Enhancement Appropriations	771,718.00			

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NEW BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Mike Tvenge, City Manager *MT*

Thru: Julie Liew, Finance Director

Date: May 28, 2020

Agenda Item: V. a. First Reading, Ordinance No. 1400, Levying Taxes and Appropriating Funds for the Expenses and Liabilities of the City of Kodiak for the Fiscal Year Commencing on the First Day of July 2020 and Ending on the Thirtieth Day of June 2021

SUMMARY: Ordinance No. 1400 provides for the adoption of the City of Kodiak's FY 2021 budget. The budget document, which supports the ordinance, estimates all sources of revenue the City anticipates receiving between July 1, 2020, and June 30, 2021. The budget document also establishes an operating and capital expenditure plan for FY2021 that is based on staff's assessment of operational and community needs and the Council's FY2021 budget goals. Staff made the FY2021 budget presentation to Council and the public during a special budget work session on April 14, 2020. The Council further discussed the budget at the work session of April 22, 2020. Staff recommends Council pass Ordinance No. 1400 in the first reading and advance to second reading and public hearing at the next regular or special meeting.

PREVIOUS COUNCIL ACTION:

- Prior to the start of each fiscal year, the City Council adopts the City's operating and capital budget by ordinance.
- Council discussed the FY2021 Draft Budget Goals on January 25, 2020.
- Council adopted Resolution No. 2020-10, approving the City Council's Budget goals for FY2021 on February 27, 2020.
- Staff presented the proposed FY2021 budget to the Mayor and Council at a special work session on April 14, 2019.

DISCUSSION: The FY2021 budget funds the services provided by the City of Kodiak to residents and visitors: law enforcement (including animal control and contract jail services), fire and emergency medical services (including ambulance services), public works (public water system, wastewater system, street and property maintenance), engineering, port and harbor facilities, parks and recreation facilities and programs, public library, and general administrative functions (municipal recordkeeping and financial management).

The proposed FY2021 budget was developed as a maintenance level budget and will attempt to provide the same level of services as the current year's budget with a reduction in expenses. This is a prudent

approach since revenues are expected to remain static as expenses continue to increase. The City Council adopted FY2021 budget goals by resolution in February of this year (Attachment B), and staff used the goals to develop and evaluate the proposed operating budget. The proposed budget is consistent with the Council's FY2021 budget goals.

Combined Revenues and Expenses for All Funds

The FY2021 budget projects combined revenues from all funds excluding capital projects to be \$40,674,457, which is an increase of 5.08 percent from FY2020's combined budgeted revenues of \$38,708,350. Revenues are forecasted based on the current fiscal year even though some sources may fluctuate slightly. Expenses for all City funds, excluding capital projects, are expected to also be \$40,674,457, an overall increase of 5.08 percent from FY2020.

Operating Budget

The FY2021 operating budget is primarily a maintenance budget as it has been for at least the past nine years. As directed, City staff developed a conservative budget. The City, like everyone in the community, continues to face rising costs, but the departments are careful to absorb cost increases whenever and wherever possible. As outlined in the City Council FY2021 goals, a review of all categories of General Fund expenditures was conducted to identify ways to decrease expenses.

General Fund

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

General Fund revenues for FY2021 are projected at \$21,208,992, an increase of approximately 3.25 percent from FY 2020 projections. The General Fund is projected to recognize a deficit in the amount of \$90,470. These budget figures are consistent with Council's FY2021 goal that the General Fund would be budgeted without a deficit with appropriations from the fund balance when/if necessary, and that General Fund operating expenses (non-personnel) will be consistent with those of FY2020.

Fund Balance

The City's General Fund balance has been accumulated from various revenue sources, large and small. The FY2021 budget is projected to have \$9.8 million remaining in the fund balance. The estimated FY2021 fund balance, if projections are correct, will be needed to offset expenses and provide the City with approximately 5.68 months of operating reserves. Of course there are many budget variables, so this is only a projection and cannot be guaranteed so early in the budgeting process. The proposed FY2021 budget anticipates a deficit and a decrease to fund balance of approximately \$90,470.

Personnel

Salaries, wages and benefits are the single largest expense in the City's annual budget, totaling 48 percent. Salaries and wages for FY2021 are estimated to total \$11.0 million or 27 percent of the City's overall expenses. This reflects the Personnel Rules and Regulations scheduled salary increases and a 1.4 percent COLA for all full-time and part-time employees. Employee benefit costs are projected at \$8.8 million, 21 percent of the City's overall expense budget.

The FY2021 budget reflects an increase of 7.55 FTEs. These changes adjust the number of City employees from 134.15 in FY2020 to 141.70 for FY2021. The City's work force for FY2021 includes 137 regular full-time employees and 4.70 regular part-time positions working from 20-30 hours per week for a total of 141.70 FTEs.

These changes to the FY2021 budget meet Council's personnel goals. The tracking of part-time personnel is a necessary step in meeting Council's goal to complete an analysis of the need, costs, and hiring process for the City's use of temporary or seasonal employees.

Enterprise Funds

The City has eight separate enterprise funds; the Harbor Department's Cargo Terminal, Boat Harbor, Harbor Electric Utility, and the Boat Yard/Vessel Lift funds; the Water, Sewer, and Trident Basin funds managed by Public Works; and the E911 Fund. The FY2021 budgets for these funds reflect a balance of revenues to expenses.

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

Enhancement Fund

The FY2021 budget proposes no use of Enhancement Fund monies. Enhancement Fund monies have not been used since FY2013, so the fund balance can build up, per Council's budget goals. The projected fund balance for the Enhancement Fund in FY2021 is estimated to be \$5.6 million, which is an increase of \$90,000 from the FY2020 amended balance.

Capital Projects

The FY2021 budget recommends \$3.8 million in additions to capital projects. This includes one new capital project and additions to nine existing capital projects in FY2021 ranging in size from \$25,000 to \$1,300,000. It also includes additional funding for established or ongoing capital projects such as annual curb and sidewalk repairs, maintenance projects, and the vehicle replacement fund. Costs for the projects will be covered through use of capital project fund balances, transfers from the respective

enterprise funds, and transfers from the General fund. Staff presented the capital projects in detail at the budget work session on April 14, 2019.

ALTERNATIVES:

- 1) Adopt Ordinance No. 1400 after the public hearing at the next regular or special Council meeting. This is staff's recommendation.
- 2) Council may also amend Ordinance No. 1400.

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

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

STAFF RECOMMENDATION: Staff recommends Council pass Ordinance No. 1400 in the first reading and advance to second reading and public hearing.

CITY MANAGER'S COMMENTS: The FY 2021 citywide budget anticipates revenues to remain rather consistent with the past five years, pre COVID-19 pandemic. These calculations may vary with the most recent State Mandates requiring the closure of many local businesses. As we know sales tax accounts for one third of our citywide budget. The CARES ACT Funding, if accepted by City Council is likely going to bolster this budget because Public Safety expenses can be directed towards this grant. Overall, the city's finances are healthy and well managed.

ATTACHMENTS:

- Attachment A: Ordinance No. 1400
- Attachment B: Resolution No. 2020--10 FY2021 Council Budget Goals

PROPOSED MOTION:

Move to pass Ordinance No. 1400 in the first reading and advance to second reading and public hearing at the next regular or special meeting.

**CITY OF KODIAK
ORDINANCE NUMBER 1400**

AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK LEVYING TAXES IN THE AMOUNT OF 2 MILS AND APPROPRIATING FUNDS FOR THE EXPENSES AND LIABILITIES OF THE CITY OF KODIAK FOR THE FISCAL YEAR COMMENCING ON THE FIRST DAY OF JULY 2020 AND ENDING ON THE THIRTIETH DAY OF JUNE 2021

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

- Section 1:** A tax in the amount of 2.0 mills is hereby levied against all taxable real property within the City of Kodiak for the fiscal year commencing on the first day of July 2020 and ending on the thirtieth day of June 2021.
- Section 2:** The following sums of money are hereby appropriated for corporate purposes and objects of the City of Kodiak for the fiscal year commencing on the first day of July 2020 and ending on the thirtieth day of June 2021 to defray expenses and liabilities of the City during the fiscal year.

FY2021 BUDGET SUMMARY

GENERAL FUND

	Anticipated Revenues	
Taxes	\$ 15,627,500	
Licenses & Permits	80,300	
Intergovernmental Revenues	1,571,179	
Charges for Services	1,920,782	
Fines & Forfeitures	3,000	
Interest	50,000	
Rents & Royalties	120,000	
Miscellaneous	4,500	
Interfund Charges	1,741,261	
Appropriation from Fund Balance	90,470	
Total Anticipated Revenues	21,208,992	
		Planned Expenditures
Legislative		\$ 227,589
Legal		75,000
Executive-Administration		913,422
Executive-Emergency Preparedness		35,700
City Clerk-Administration		379,844
City Clerk-Records Management		189,346

GENERAL FUND EXPENDITURES CONTINUED

Finance	1,946,362
Police	6,579,626
Fire	3,145,890
Public Works	2,424,674
Engineering	304,315
Parks & Recreation	1,601,000
Library	912,786
Non-Departmental	2,473,438
Total Planned Expenditures	21,208,992

SPECIAL REVENUE FUND

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

CAPITAL PROJECTS FUND

	Anticipated Revenues
General Capital	\$ -
Building Improvement Fund	175,000
Streets Improvement Fund	450,000
Parks & Recreation Fund	300,000
Sewer Improvement Fund	330,000
Water Improvement Fund	1,715,000
Harbor Development Fund	500,000
Cargo Improvement Fund	-
Vehicle Replacement Fund	354,571
Total Anticipated Revenues	3,824,571

CAPITAL PROJECTS FUND CONTINUED

	Planned Expenditures
General Capital	\$ -
Building Improvement Fund	175,000
Streets Improvement Fund	450,000
Parks & Recreation Fund	300,000
Sewer Improvement Fund	330,000
Water Improvement Fund	1,715,000
Harbor Development Fund	500,000
Cargo Improvement Fund	-
Vehicle Replacement Fund	354,571
Total Planned Expenditures	3,824,571

ENTERPRISE FUNDS

	Anticipated Revenues
Cargo Fund	\$ 2,588,739
Harbor Fund	4,246,059
Boat Yard Lift	1,266,075
Harbor Electric Fund	633,499
Water Utility Fund	3,421,184
Sewer Utility Fund	4,839,990
Trident Basin Fund	317,500
E-911 Services	1,044,420
Total Anticipated Revenues	18,357,466

	Planned Expenditures
Cargo Fund	\$ 2,588,739
Harbor Fund	4,246,059
Boat Yard Lift	1,266,075
Harbor Electric Fund	633,499
Water Utility Fund	3,421,184
Sewer Utility Fund	4,839,990
Trident Basin Fund	317,500
E-911 Services	1,044,420
Total Planned Expenditures	18,357,466

INTERNAL SERVICE FUNDS

		Anticipated Revenues	
Insurance Fund		\$ 902,999	
	Total Anticipated Revenues	902,999	
			Planned Expenditures
Insurance Fund			\$ 902,999
	Total Planned Expenditures		902,999
	Grand Total Anticipated Revenues	\$ 44,499,028	
	Grand Total Planned Expenditures		\$ 44,499,028
	Non- Projects		40,674,457
	Non- Projects		40,674,457
	Project Additions		3,824,571
	Project Additions		3,824,571
	Total		44,499,028
	Total		44,499,028

Section 3: All unexpended appropriation balances, with the exception of capital project fund appropriations, shall lapse to the appropriate fund as of June 30, 2021.

Section 4: This ordinance shall go into effect July 1, 2020.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading:
Second Reading:
Effective Date:

**CITY OF KODIAK
RESOLUTION NUMBER 2020-10**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK APPROVING
THE CITY COUNCIL'S BUDGET GOALS FOR FY2021**

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

WHEREAS, the City Council discussed and selected the list of budget goals at their January 25, 2020, planning work session; and

WHEREAS, management will use the listed budget goals as a framework when developing the FY2021 budget.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the following budget goals will be used in the development of the City of Kodiak's FY2021 budget:

Revenue

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

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

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

Operating Expenses

General Fund operating (non-personnel) expenses for FY2021 will endeavor to match FY2021 projected revenues. Increases will be justified to the City Manager in writing and, if approved, presented by department heads to the City Council for final consideration during budget presentations.

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

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

Personnel Goals

The City will maintain adequate staffing in accordance with the approved FY2021 budget. FTEs will not increase unless new operational needs or mandates require additional employee positions.

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

General Fund

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

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

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

Enterprise Funds

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

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

To maximize revenues, the Shipyard operations will be contracted out through a competitive proposal process that includes a business plan and marketing campaign to meet debt service payments. This plan will be reviewed annually for marketing effectiveness.

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

Community Support

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

Capital

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

The City Manager and management staff developed the City’s first formal five-year capital improvement plan (CIP) that identifies and ranks projects for capital and major maintenance projects. The plan has additional information for ten-year expense projec-

tions for all departments and funds. The City will utilize the planning document and develop policies and procedures identifying criteria and steps for implementation. The capital budget will link to, and flow from, the multi-year capital improvement plan.

Debt Service

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

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

Quality of Life

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

Economic Development

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

CITY OF KODIAK



MAYOR

ATTEST:



CLERK

Adopted: February 27, 2020

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers
From: Mike Tvenge, City Manager *mt*
Thru: Timothy Putney, Chief of Police
Date: May 28, 2020

Agenda Item: V. b. Authorization of Animal Shelter Operation Contract With the Humane Society of Kodiak

SUMMARY: The City of Kodiak has contracted with the Humane Society of Kodiak (HSK) for the operation of the City animal shelter since 1995. Staff supports the work the Humane Society does for the City and community and recommends Council authorize another two-year contract with the HSK. The FY2018, FY2019, and FY2020 agreements were funded at \$125,000 per year. The HSK is requesting a slight funding increase in the amount of \$5,800 for FY 2021 and an additional \$1,200 in FY2022. The HSK reportedly spends approximately \$210,000 a year on shelter operations and services.

PREVIOUS COUNCIL ACTION:

- Council has reviewed and approved multiple agreements with the Humane Society since 1995.
- Council authorized the contract for FY2013-FY2014 on June 14, 2012.
- Humane Society representatives made a presentation on the services provided and the FY2015-FY2016 funding request to the Council at the March 25 and May 10, 2014, work sessions.
- Council approved the FY2015 and 2016 contract in June 2014.
- Council reviewed the proposed FY2017 and FY2018 contract at the June 7, 2016, work session.
- Council authorized the FY2017-FY2018 contract at the June 9, 2016, regular meeting.
- Council authorized the FY 2019-FY2020 contract at the July 12, 2018, regular meeting.

DISCUSSION: The City and the Humane Society have been partners in providing a successful animal shelter for the past twenty-five years. In addition to this contract, the City contributes approximately \$25,000 each year through in-kind contributions towards the operation of the shelter by offering a rent free facility and waiving water and sewer fees. The Council authorizes two-year agreements for the operation of the shelter. The current contract expires on June 30, 2020, and the term of the proposed contract is once more a two-year term.

On April 21, 2020, a formal request was received by the City to amend the current HSK contract to \$130,800 for FY2021 and \$132,000 for FY2022. The City's FY2021 budget anticipated a new agreement at the old rate of \$125,000 a year.

May 28, 2020
Agenda Item V. b. Memo Page 1 of 2

ALTERNATIVES:

- 1) Council may authorize the new two-year agreement with the Humane Society of Kodiak.
- 2) Council may amend, reduce, or not authorize the two-year contract.

FINANCIAL IMPLICATIONS: The current version of the FY2021 budget reflects an expenditure of \$125,000 for this contracted service in the General Fund, Police, Animal Control section of the budget.

LEGAL: Kodiak City Code 3.12.010 provides for contracted services with the City.

STAFF RECOMMENDATION: Staff recommends Council approve the attached two-year contract, ending June 30, 2022, with the Humane Society of Kodiak for the operation of the Kodiak Animal Shelter with funds coming from the General Fund, Police Department, Animal Control account.

CITY MANAGER'S COMMENTS: The City is fortunate to have a viable and active nonprofit organization run the animal shelter. The shelter enjoys wide community support. Costs would be much higher if City employees staffed and operated the shelter. Council may approve the contract at an amount determined by the majority of Council.

ATTACHMENTS:

- Attachment A: FY 2021-2022 contract between the Humane Society of Kodiak and the City
- Attachment B: FY 2021-2022 HSK Budget Narrative
- Attachment C: Letter Requesting Increased Funding

PROPOSED MOTION:

Move to authorize Contract No. 249549, ending June 30, 2022, with the Humane Society of Kodiak in the amount of \$130,800 for FY2021 and \$132,000 for FY2022 with funds coming from the General Fund, Police Department, Animal Control account and authorize the City Manager to sign the documents on behalf of the City.

**CITY OF KODIAK
CONTRACT NO. 249549
ANIMAL SHELTER SERVICES**

THIS CONTRACT is made and executed on the date and year hereinafter last specified by and between the City of Kodiak, 710 Mill Bay Road, Kodiak Alaska (“the City”), and the Humane Society of Kodiak, P.O. Box 8783 Kodiak Alaska (“the Contractor”).

WHEREAS, City owns real property located at 2409 Mill Bay Road, Kodiak, Alaska and the building located thereon known as the Kodiak Animal Shelter (“Shelter”); and

WHEREAS, Contractor currently operates an animal shelter and provides services consisting of the care, adoption, redemption, and disposition of domestic animals; and

WHEREAS, because of the Contractor’s experience operating the Shelter, Contractor is the only source for the services that it is to provide under this contact, and it is in the best interest of the City and its residents that City contract with Contractor for such services on a sole source basis under Kodiak City Code 3.12.070(d).

NOW, THEREFORE, for and in consideration of the premises, and the terms, covenants, conditions, and provisions contained herein, the parties agree as follows:

ARTICLE I

For and in consideration of the terms, covenants, conditions, and provisions contained herein, it is mutually agreed between the parties hereto as follows:

1. Agreement to Perform. The Contractor agrees to perform, complete, provide, and furnish in a timely manner all of the work, services, labor, and materials required to accomplish the work described in Article II hereof at the times, and in the manner, and for the consideration hereinafter set forth.

2. Term of Contract. This contract will be effective from July 1, 2020, and continue in force until June 30, 2022, except that, in addition to the termination provisions in Section 6 (Insurance), it may be terminated by either party upon thirty (30) days written notification to the other. This Contract may also be amended by written agreement of the parties.

3. Independent Contractor. The parties expressly agree that the Contractor shall be and is an independent contractor and is not an employee or agent of the City for any purpose, and the employees of the Contractor are not entitled to any of the benefits the City provides for the City's employees, including but not limited to, health insurance, life insurance, disability insurance, sick or annual leave, or workers' compensation. The City is interested only in the results to be achieved, and the contract and control of the work will lie solely with the Contractor. It is understood that the City agrees to use the Contractor exclusively for management and operation of the animal shelter.

4. Contractor Authority. The Contractor is hereby authorized to receive all domestic animals coming into its custody (i.e., impounded or owner surrendered), to place or humanely dispose of such animals that come into the animal shelter, and to manage and enforce the animal regulations for all impounded animals pursuant to all ordinances now in effect, or which may hereinafter be adopted. The Contractor shall accept all animals that can be safely maintained and cared for within the shelter facility provided by the City of Kodiak.

5. Contractor Qualified and Responsible for Personnel. (a) The Contractor represents it has, or will secure at its own expense, all personnel required to perform this Contract in a timely and proper manner. Such personnel shall not be employees or have any contractual relationship with the City, and the City shall have no responsibility or liability whatsoever to any of said persons, or for the acts or omissions of any said persons.

(b) All of the services required under this Contract shall be performed by the Contractor or under its supervision.

(c) None of the work or services covered by this Contract shall be subcontracted without prior written approval of the City.

6. Insurance/Indemnification. (a) Public Liability Insurance. The Contractor shall maintain Public Liability Insurance with a minimum of \$1,000,000 per occurrence and/or aggregate combined single limit, personal injury, bodily injury, and property damage.

(b) Additional Insured. The following shall be listed as Additional Insureds: “The City of Kodiak, including all elected and appointed officials, all employees and City volunteers, all boards, commissions and/or authorities and their board members, employees, and volunteers. This coverage shall be primary to the City of Kodiak and not contributing with any other insurance or similar protection available to the City of Kodiak, whether other available coverage be primary, contributing, or excess.”

(c) Indemnification. To the fullest extent permitted by law, Contractor agrees to defend, indemnify, and hold harmless the City of Kodiak, its elected and appointed officials, employees, and volunteers against any and all liabilities, claims, demands, lawsuits, or losses, including costs and attorney fees incurred in defense thereof, arising out of or in any way connected or associated with this contract.

(d) Notice of Cancellation Required. Ten (10) days Notice of Cancellation or Change, Non-Renewal, Reduction and/or Materials Change shall be sent to: City Clerk, 710 Mill Bay Road, Room 216, Kodiak AK 99615.

(e) Evidence of Coverage Required. Contractor shall provide to the City of Kodiak at the time that the Contract is presented to the City for execution, certificates of insurance and/or policies acceptable to the City of Kodiak as listed below:

One (1) copy of Certificate of Public Liability Insurance Workers’ Compensation Insurance

One (1) copy of Certificate of Public Liability Insurance

(f) Continuation of Coverage. If the above coverage expires during the term of this Contract, Contractor shall deliver renewal certificates and/or policies to the City of Kodiak at least ten (10) days prior to the expiration date. Contractor shall not commence with operations under this Contract until they have obtained the coverage required under the terms of this Contract. 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 the City of Kodiak. If Contractor fails to comply with the insurance requirements of this Contract, the City of Kodiak may terminate the

Contract on ten (10) days written notice. Contractor covenants to maintain all insurance policies required in this Contract for the period of time in which a person may commence a civil action as prescribed by the applicable statute of limitations. The coverage required by this Contract shall cover all claims arising in connection with Contractor's use under this Contract, whether or not asserted during the term of this Contract and even though judicial proceedings may not be commenced until after this Contract expires.

(g) Workers' Compensation Insurance. The Contractor shall provide and maintain, for all employees of the Contractor engaged in work under this Contract, Workers' Compensation Insurance as required by AS 23.30.045 or any other applicable statutes or regulations. The Contractor shall be responsible for Workers' Compensation Insurance for any subcontractor who directly or indirectly provides services under this Contract.

7. Assignment or Delegation. The Contractor may not assign its rights or delegate its duties under this Contract, or any part of it, except with the prior written consent of the City.

8. Governing Law. This Contract shall be governed by the laws of the State of Alaska and any suit or legal action hereon shall be brought only in the courts of said State, in the Third Judicial District at Kodiak, Alaska.

9. Miscellaneous. (a) Relationship of Parties. Nothing herein contained shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto. It being understood and agreed that neither method of computation of payment or any other provision contained herein, nor any act of the parties hereto, shall be deemed to create any relationship between the parties hereto other than the relationship of the City and an independent contractor.

(b) Nonwaiver. The failure of the City to insist in any one or more instances upon the strict performance by the Contractor of any provision or covenant in this Contract may not be considered as a waiver or relinquishment for the future, but the provision or covenant will continue in full force. The waiver by the City of any provision or covenant in this Contract cannot be enforced or relied upon unless the waiver is in writing signed on behalf of the City by the City Manager or the City Manager's designee.

(c) Improvements. The Contractor shall make no alterations or additions to the Animal Shelter, or any City property associated with it, without first obtaining the written consent of the City Manager and, unless otherwise provided in such written consent, any improvements or additions constructed by the Contractor shall become the City's property upon their substantial completion.

(d) Liens. The Contractor shall keep the Animal Shelter free of all liens, pay all costs for labor and materials arising out of any construction or improvements by the Contractor on the Animal Shelter, and hold the City harmless from liability for any such liens, including costs and attorney fees.

(e) Severability. If any provision or covenant of this Contract is declared to be invalid by a court of competent jurisdiction, the remaining covenants and provisions will continue in full force.

(f) Corporate Authority. If the Contractor is a corporation, the Contractor shall deliver to the City at the time of execution of this Contract a copy of a resolution of its board of directors authorizing the execution of this Contract and naming the officers that are authorized to execute this agreement on behalf of the corporation.

(g) Entire Agreement. This Contract sets forth all the terms, conditions, and agreements of the parties and supersedes any previous understandings or agreements regarding the Animal Shelter

whether oral or written. No modification or amendment of this Contract is effective unless in writing and signed by both the parties.

(h) Notice. Any notice required by this Contract must be hand delivered or sent by first class mail to the appropriate party at the address set forth on the last page of this Contract or to any other address, which the parties subsequently designate in writing.

ARTICLE II

In furtherance of these obligations, the Contractor shall perform, supply, and provide all the work, services, and materials as follows:

1. Management and Operation of Animal Shelter. (a) The Contractor shall furnish animal shelter services and humane disposal of animals, including but not limited to euthanasia at the Contractor's expense. Animal remains shall be incinerated at the Contractor's expense.

(b) The Contractor shall maintain proper housing for all animals, which come into its custody.

(c) The animal shelter shall be open a minimum of four hours per day, five days a week, including one weekend day, for the convenience of the public and to transact business in connection with the duties under this Contract and to receive animals or for the redemption of impounded animals. The shelter may be closed to the public two days a week and on national and state holidays.

(d) The Contractor shall consult directly with the City in developing programs and policies regarding operation of the animal shelter, implementing new program components, and recommending ordinance revisions.

2. Care of Impounded Animals. (a) Proper care includes, but is not limited to, adequate and sanitary food and water, regular cleaning of kennels and cages, and humane handling.

(b) The animal food used by the Contractor shall be of a satisfactory quality. Food and water shall be provided animals in adequate amounts and frequencies with water being supplied each animal at least once every twelve hours.

(c) The Contractor shall clean, disinfect and otherwise maintain the cages and pens where animals are kept frequently enough to assure animal health, prevent the spread of disease, and present a good appearance to visitors. Cleaning and disinfecting shall be no less than once per day.

(d) Consultations with a licensed veterinarian shall be made when veterinary care of impounded animals is necessary at the Contractor's expense, excluding animals impounded as a result of pending or potential civil or criminal prosecution.

(e) Transportation of sick or injured animals from the Animal Shelter to a veterinary is the responsibility of the Contractor.

3. Redemption, Adoption, and Disposition of Animals. (a) The Contractor shall, in accordance with Kodiak City Code Chapter 7.04, release animals impounded by the City Animal Control Officer to their owners upon presentation of a receipt from the Kodiak Police Department showing that all impound charges or other fees owed to the City have been paid in full.

(b) The Contractor shall promote and administer the adoption of unclaimed animals to responsible owners. The Contractor shall develop and have on file a program for adoption. The Contractor shall adhere to the City's policy of, wherever feasible, spaying or neutering and vaccinating all animals prior to adoption.

(c) Animals which are not reclaimed by owners within seventy-two hours after compliance

with the provisions of KCC 7.04.118(a) or any other applicable provisions of law governing notification to the owner or custodian and are deemed suitable for adoption will become available for adoption to responsible persons.

(d) Animals not suitable for adoption will be humanely euthanized. The Contractor shall develop and have on file procedures regarding selection of animals to be euthanized.

4. Education on Animal Care and Treatment. The Contractor shall promote the proper and humane care and treatment of animals and to stimulate public support for such treatment and for the enforcement of City ordinances relating to animal control. The Contractor shall conduct tours of the animal shelter upon reasonable request. The Contractor shall educate the community through classroom visitations, radio interviews, newspaper articles, and public service announcements.

5. Training. The Contractor shall designate an employee as shelter manager and this employee is required to annually attend and complete a course in professional services relating to management and operation of an animal shelter or animal behavior. The Contractor shall provide the Kodiak Police Department with an outline of the course of instruction.

6. Enforcement of Animal Control Ordinances. (a) The Contractor shall, through qualified agents, observe and assist in the enforcement of all animal control ordinances relating to impounded animals.

(b) The Contractor shall cooperate with the City by following procedures required by Kodiak City Code Chapter 7.04 and Kodiak Island Borough Code Chapter 6.04 concerning persons or animals bitten by an animal in the City of Kodiak and the Kodiak Island Borough.

7. Collection of Fees and Keeping of Records. (a) The Contractor shall follow established City and/or Borough procedures regarding collection of dog license fees and impound fines, as applicable. Fees for animal licensing and impoundment are established by the Kodiak City Council and the Kodiak Island Borough Assembly and retained by them respectively. The Contractor has no authority to waive or reduce these fees. Other fees for services (e.g., adoption) will be established by the Contractor and retained by the contractor. Donations made to the animal shelter by members of the public will also be retained by the Contractor. The Contractor shall permit the City, at all reasonable times, to inspect and audit any records and shall make such reports of monies received and operational statistics as shall be required. The records shall be open to City inspection during regular office hours.

(b) The Contractor shall daily maintain, at the animal shelter, records of all animals impounded. Records shall include dates of intake and notation of history, behavior, health status, and any veterinary procedures of each animal while retained; detailed information on redemptions and adoptions (e.g., dates, fees, owner data, spay/neuter deadline, etc.); date and reason euthanized; licenses issued; correspondence with State and federal agencies; and complaints made by the public with response indicated.

(c) The Contractor shall submit a monthly activity report to the Kodiak Police Department by the twentieth day of the following month detailing the category of animals impounded at the shelter, disposition of animals, licenses issued, number of hours shelter was open to the public, fees collected by category, and veterinary services by category.

(d) The Contractor shall on July 31 of each year submit to the City a program report of the previous fiscal year's activities.

8. Liaison. The Contractor shall report to the City Animal Control Officer (ACO), who shall act a liaison between the Contractor and the City, for all matters relating to the Contractor's performance of its obligations pursuant to this Contract.

ARTICLE III

In accordance with the terms and conditions of this Contract, the parties hereto further agree as follows:

- 1. In General.** Contractor shall bear all costs and pay all expenses incurred in providing the services required under this contract.
- 2. Assistance to Contractor's Agents.** The ACO will provide assistance to the Contractor's agents upon the agent's request. Upon receiving a request for assistance, the ACO will evaluate the priority of the agent's request and respond in accordance with the terms of this contract, the policies and procedures of the City of Kodiak and the Kodiak Police Department, as time and other duties permit. **Amount of Contract, Method and Computation of Payment.**
 - (a) The City shall pay the Contractor \$130,800 for FY2021 and \$132,000 for FY2022.
 - (b) The City shall pay the Contractor in equal quarterly installments, in advance.
 - (c) The Contractor shall be required to provide and pay for all consumable supplies and equipment, including but not limited to, food, cat litter, body bags, leashes, cleaning materials, paper, and medicines. The Contractor shall pay for veterinary care, and all utilities, with the exception of sewer and water services.
 - (d) The City shall provide the facility, license forms, dog license tags, and one telephone line.

IN WITNESS WHEREOF, the parties hereto have hereunder set their hands this _____ day of _____ 2020.

CITY OF KODIAK
710 Mill Bay Road
Kodiak, AK 99615

HUMANE SOCIETY OF KODIAK
P. O. Box 8783
Kodiak, AK 99615

Mike Tvenge, City Manager

Linda Lance, President

Attest:

Witness:

Nova Javier, City Clerk

Mailing Address:
P.O. Box 8783
Kodiak, AK 99615



Physical Location:
2409 Mill Bay Road
Kodiak, AK 99615

KODIAK ANIMAL SHELTER

Phone: (907) 486-8077

Fax: (907) 486-5056

Website: kodiakanimalshelter.org

April 21, 2020

Re: FY21/FY22 Kodiak Animal Shelter Contract

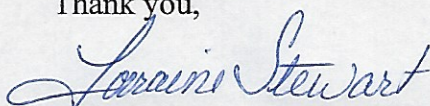
Mr. Tvenge,

The Humane Society of Kodiak, Board of Directors would like to thank you for the opportunity to operate the Kodiak Animal Shelter. As you may have noted from the submitted budget proposal for our FY21/FY22 contract with the City of Kodiak, the HSK is requesting a funding increase of \$5,800 in FY 2021 and an additional \$1,200 in FY2022. We believe this funding increase is necessary for maintaining the current level of services.

The additional funding is being requested as a result of increased costs associated with shelter operations. Though we are as efficient as possible in all operations of the shelter, some expense increases are beyond our control. For example, over the past five years, the HSK experienced increases in minimum wage, utility costs, contractual services, and other expenses related to shelter management. In total, it costs over \$160,000 per year to operate the shelter in a manner that consistently meets contractual requirements. Additionally, the HSK spends approximately \$50,000 per year for veterinary services to perform sterilization procedures in addition to maintaining the health and wellness of shelter pets in our custody. The additional veterinary expenses are omitted from our annual shelter operational budget submitted to the City of Kodiak because it has, in the past, not been considered allowable expenses for contractual funding.

While we understand that we are experiencing difficult budgetary times, we hope the City of Kodiak will be able to honor this increase request. If you have any questions or would like additional information, please contact me at your earliest convenience by cell phone at (907) 539-5727 or by email at humanesocietyofkodiak@gmail.com.

Thank you,



Lorraine Stewart, HSK President

HUMANE SOCIETY OF KODIAK/KODIAK ANIMAL SHELTER
FY21 and FY22 BUDGET NARRATIVE
Kodiak Animal Shelter Operations

Payroll –Current Staffing and Pay Rate

We currently employ one full-time “Shelter Manager”, who is responsible for maintaining all records for the effective operation of the Shelter, as well as scheduling of employees, arrangement of veterinary care for shelter residents, transporting of animals and/or materials to the vet, the airport, etc. Additionally, the Shelter Manager may perform any of the general operating duties such as facility/kennel cleaning and animal care when necessary. It is critical that the HSK pay a competitive wage for the Shelter Manager position to ensure a high level of quality, competency, and efficiency in overall shelter operations management.

The shelter currently maintains one full-time shelter assistant who also acts as “Assistant Manager” when current manager is out of the shelter or off-island. The primary responsibility of the full-time shelter assistant is to maintain the health and welfare of the animals in residence at the Shelter in addition to assisting the current manager with a variety of administrative duties when necessary. The primary role of the Kennel Technician is to assist shelter manager with general operating duties, in addition to cleaning and maintaining kennel areas and provide direct care for the animals residing in the shelter. The Kennel Cleaner provides immediate assistance with the kennel area cleaning and maintenance. This level of staffing is necessary in to ensure that the shelter operations run efficiently and the shelter itself is a safe and healthy environment for both the animals and the public. Required minimum wage increase to \$10.19 per hour beginning January 2020 has significantly impacted the personnel budget, which is reflected in the fiscal year operating budget. Employee raises are minimal and granted upon satisfactory employment evaluation on the anniversary hire date.

Positions, average hours, and pay rate is as follows:

1. Shelter Manager – 40hrs per week/\$21.00 per hour with \$1.00 per raise in October 2021.
2. Shelter Assistant – 34hrs per week/\$15.00 per hour with .25 per hour annual raise in October.
3. Kennel Technician – 34hrs per week/\$12.50 per hour with .25 per hour annual raise in October.
4. Kennel Assistant – 31hrs per week/\$12.00 per hour with .25 per hour annual raise in October.
5. Kennel Cleaner – 16hrs per week/\$10.50 per hour with .25 per hour annual raise in October.

Payroll Taxes – The current rate of payroll taxes is 11% of personnel expenses. The taxes include, but are not limited to, all required federal payroll taxes and state unemployment. The budget reflects the 11% payroll tax based on budgeted personnel expenses.

Public Education – This includes, but is not limited to, expenses incurred for materials (handouts) and travel expenses to visit local schools, programs, etc, to teach children (primarily) about responsible pet ownership.

Staff Training - In hiring new staff as noted above, we propose to bring in trainers from off-island for all staff, rather than send individuals for training.

Euthanasia – Disposal and related veterinary expenses – With the closure of the KIB incinerator, the HSK is required to dispose of euthanized and other deceased animals off island. This budget line item is a variable expenditure based on specific weight and size of animals.

Cleaning Supplies - We anticipate maximum capacity, which will require a great deal of time and cleaning materials, to maintain a healthy environment, for animals, staff and the public in general.

Building Maintenance – This category includes any emergency situation, i.e. water line break on the washing machine, broken windows, vandalism which would have to be repaired immediately, etc. This line item also included an annual cost of \$450 for facility alarm services.

Electricity - The cost of electricity to run the facility is kept as low as possible. In addition to minimized usage, energy efficient appliances are being purchased through grants and donations to replace older, inefficient units, which will further reduce costs over time.

Garbage Service – The shelter staff make every attempt to minimize the usage of the on-site dumpster in order to avoid excessive costs. The FY21-22 budget reflects scheduled increase for waste removal services as announced by Alaska Waste Services.

Heating Fuel - We have, historically, kept the thermostat at the lowest temperature necessary to maintain a marginally warm environment for staff and shelter residents, while preserving the overall health of the building. This budget line item has been decreased to reflect the reduction in per/gallon costs for heating fuel.

Telephone/Internet - Phone service and internet costs have increased slightly. This category includes \$325 per year for shelter management software necessary for required recordkeeping and reporting services. An additional \$200 annual website host fee is also included in this line item.

Insurance - This category includes Workers Compensation Insurance and General Liability Insurance. Workers Compensation is based on overall payroll expenses, and General Liability insurance is approximately \$1400 per year.

Kodiak Animal Shelter Yearly Operational Budget FY21

EXPENSES	July	August	September	October	November	December	January	February	March	April	May	June	Total
Personnel:													
Shelter Manager	\$ 3,640.00	\$ 3,640.00	\$ 3,640.00	\$ 3,640.00	\$ 3,640.00	\$ 3,640.00	\$ 3,640.00	\$ 3,640.00	\$ 3,640.00	\$ 3,640.00	\$ 3,640.00	\$ 3,640.00	\$ 43,680.00
Shelter Assistant I	\$ 2,210.00	\$ 2,210.00	\$ 2,210.00	\$ 2,246.83	\$ 2,246.83	\$ 2,246.83	\$ 2,246.83	\$ 2,246.83	\$ 2,246.83	\$ 2,246.83	\$ 2,246.83	\$ 2,246.83	\$ 26,851.47
Kennel Technician	\$ 1,841.67	\$ 1,841.67	\$ 1,841.67	\$ 1,878.50	\$ 1,878.50	\$ 1,878.50	\$ 1,878.50	\$ 1,878.50	\$ 1,878.50	\$ 1,878.50	\$ 1,878.50	\$ 1,878.50	\$ 22,431.51
Kennel Assistant	\$ 1,612.00	\$ 1,612.00	\$ 1,612.00	\$ 1,645.58	\$ 1,645.58	\$ 1,645.58	\$ 1,645.58	\$ 1,645.58	\$ 1,645.58	\$ 1,645.58	\$ 1,645.58	\$ 1,645.58	\$ 19,646.22
Kennel Cleaner	\$ 728.00	\$ 728.00	\$ 728.00	\$ 745.33	\$ 745.33	\$ 745.33	\$ 745.33	\$ 745.33	\$ 745.33	\$ 745.33	\$ 745.33	\$ 745.33	\$ 8,891.97
Payroll Total	\$ 10,031.67	\$ 10,031.67	\$ 10,031.67	\$ 10,156.24	\$ 10,156.24	\$ 10,156.24	\$ 10,156.24	\$ 10,156.24	\$ 10,156.24	\$ 10,156.24	\$ 10,156.24	\$ 10,156.24	\$ 121,501.17
Payroll Taxes 11%	\$ 1,103.48	\$ 1,103.48	\$ 1,103.48	\$ 1,117.19	\$ 1,117.19	\$ 1,117.19	\$ 1,117.19	\$ 1,117.19	\$ 1,117.19	\$ 1,117.19	\$ 1,117.19	\$ 1,117.19	\$ 13,365.15
Personnel Total	\$ 11,135.15	\$ 11,135.15	\$ 11,135.15	\$ 11,273.43	\$ 11,273.43	\$ 11,273.43	\$ 11,273.43	\$ 11,273.43	\$ 11,273.43	\$ 11,273.43	\$ 11,273.43	\$ 11,273.43	\$ 134,866.32
Facilities													
Electricity	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 3,480.00
Heating Fuel	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 3,720.00
Garbage Services	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 4,200.00
Telephone/Internet	\$ 118.00	\$ 118.00	\$ 118.00	\$ 118.00	\$ 118.00	\$ 118.00	\$ 118.00	\$ 118.00	\$ 118.00	\$ 118.00	\$ 118.00	\$ 118.00	\$ 1,416.00
Cleaning Supplies	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 3,000.00
Maintenance	\$ 500.00	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ 2,000.00
Total Facilities	\$ 1,818.00	\$ 1,318.00	\$ 1,318.00	\$ 1,818.00	\$ 1,318.00	\$ 1,318.00	\$ 1,818.00	\$ 1,318.00	\$ 1,318.00	\$ 1,818.00	\$ 1,318.00	\$ 1,318.00	\$ 17,816.00
Euthanasia													
Disposal	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 3,000.00
Vel Services	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 1,400.00
Total Euthanasia	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 4,400.00
Edu. & Training													
Employee Training	\$ 250.00								\$ 250.00				\$ 500.00
Community Education	\$ 250.00								\$ 250.00				\$ 500.00
Total Training									\$ 500.00				\$ 1,000.00
Insurance													
General Liability	\$ 1,400.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,400.00
Workers Comp	\$ 4,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000.00
Total Insurance	\$ 5,400.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,400.00
Total Expenses	\$ 18,719.82	\$ 12,819.82	\$ 13,319.82	\$ 13,458.10	\$ 12,958.10	\$ 12,958.10	\$ 13,458.10	\$ 12,958.10	\$ 13,458.10	\$ 13,458.10	\$ 12,958.10	\$ 12,958.06	\$ 163,482.32
INCOME													
City of Kodiak	\$ 10,900.00	\$ 10,900.00	\$ 10,900.00	\$ 10,900.00	\$ 10,900.00	\$ 10,900.00	\$ 10,900.00	\$ 10,900.00	\$ 10,900.00	\$ 10,900.00	\$ 10,900.00	\$ 10,900.00	\$ 130,800.00
Adoption Fees	\$ 1,325.00	\$ 1,325.00	\$ 1,325.00	\$ 1,325.00	\$ 1,325.00	\$ 1,325.00	\$ 1,325.00	\$ 1,325.00	\$ 1,325.00	\$ 1,325.00	\$ 1,325.00	\$ 1,307.32	\$ 15,882.32
Shelter Fundraisers	\$ -	\$ 450.00	\$ -	\$ -	\$ -	\$ 450.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 900.00
Kennel Fees	\$ 325.00	\$ 325.00	\$ 325.00	\$ 325.00	\$ 325.00	\$ 325.00	\$ 325.00	\$ 325.00	\$ 325.00	\$ 325.00	\$ 325.00	\$ 325.00	\$ 3,900.00
HSK Donation	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 12,000.00
Total Income	\$ 13,550.00	\$ 14,000.00	\$ 13,550.00	\$ 13,550.00	\$ 13,550.00	\$ 14,000.00	\$ 13,550.00	\$ 13,550.00	\$ 13,550.00	\$ 13,550.00	\$ 13,550.00	\$ 1,010.00	\$ 163,482.32

Kodiak Animal Shelter Yearly Operational Budget FY22

EXPENSES	July	August	September	October	November	December	January	February	March	April	May	June	Total
Personnel:													
Shelter Manager	\$ 3,640.00	\$ 3,640.00	\$ 3,640.00	\$ 3,813.33	\$ 3,813.33	\$ 3,813.33	\$ 3,813.33	\$ 3,813.33	\$ 3,813.33	\$ 3,813.33	\$ 3,813.33	\$ 3,813.33	\$ 45,239.97
Shelter Assistant I	\$ 2,246.83	\$ 2,246.83	\$ 2,246.83	\$ 2,283.67	\$ 2,283.67	\$ 2,283.67	\$ 2,283.67	\$ 2,283.67	\$ 2,283.67	\$ 2,283.67	\$ 2,283.67	\$ 2,283.67	\$ 27,293.52
Kennel Technician	\$ 1,841.67	\$ 1,841.67	\$ 1,841.67	\$ 1,915.33	\$ 1,915.33	\$ 1,915.33	\$ 1,915.33	\$ 1,915.33	\$ 1,915.33	\$ 1,915.33	\$ 1,915.33	\$ 1,915.33	\$ 22,762.98
Kennel Assistant	\$ 1,612.00	\$ 1,612.00	\$ 1,612.00	\$ 1,679.17	\$ 1,679.17	\$ 1,679.17	\$ 1,679.17	\$ 1,679.17	\$ 1,679.17	\$ 1,679.17	\$ 1,679.17	\$ 1,679.17	\$ 19,946.53
Kennel Cleaner	\$ 728.00	\$ 728.00	\$ 728.00	\$ 762.67	\$ 762.67	\$ 762.67	\$ 762.67	\$ 762.67	\$ 762.67	\$ 762.67	\$ 762.67	\$ 762.67	\$ 9,048.03
Payroll Total	\$ 10,068.50	\$ 10,068.50	\$ 10,068.50	\$ 10,454.17	\$ 10,454.17	\$ 10,454.17	\$ 10,454.17	\$ 10,454.17	\$ 10,454.17	\$ 10,454.17	\$ 10,454.17	\$ 10,454.17	\$ 124,293.03
Payroll Taxes 11%	\$ 1,107.54	\$ 1,107.54	\$ 1,107.54	\$ 1,126.13	\$ 1,126.13	\$ 1,126.13	\$ 1,126.13	\$ 1,126.13	\$ 1,126.13	\$ 1,126.13	\$ 1,126.13	\$ 1,126.13	\$ 13,457.79
Personnel Total	\$ 11,176.04	\$ 11,176.04	\$ 11,176.04	\$ 11,580.30	\$ 11,580.30	\$ 11,580.30	\$ 11,580.30	\$ 11,580.30	\$ 11,580.30	\$ 11,580.30	\$ 11,580.30	\$ 11,580.30	\$ 137,750.82
Facilities													
Electricity	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 3,480.00
Heating Fuel	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 310.00	\$ 3,720.00
Garbage Services	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 4,200.00
Telephone/Internet	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 1,440.00
Cleaning Supplies	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 3,000.00
Maintenance	\$ 500.00	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ 2,000.00
Total Facilities	\$ 1,820.00	\$ 1,320.00	\$ 1,320.00	\$ 1,820.00	\$ 1,320.00	\$ 1,320.00	\$ 1,820.00	\$ 1,320.00	\$ 1,320.00	\$ 1,820.00	\$ 1,320.00	\$ 1,320.00	\$ 17,840.00
Euthanasia													
Disposal	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 3,000.00
Vet Services	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 116.67	\$ 1,400.00
Total Euthanasia	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 366.67	\$ 4,400.00
Edu. & Training													
Employee Training	\$ 250.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500.00
Community Education	\$ 250.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500.00
Total Training	\$ 500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000.00
Insurance													
General Liability	\$ 1,400.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,400.00
Workers Comp	\$ 4,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000.00
Total Insurance	\$ 5,400.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,400.00
Total Expenses	\$ 18,762.71	\$ 12,862.71	\$ 13,362.71	\$ 13,766.97	\$ 13,266.97	\$ 13,266.97	\$ 13,766.97	\$ 13,266.97	\$ 13,766.97	\$ 13,766.97	\$ 13,266.97	\$ 13,266.97	\$ 166,390.82
INCOME													
City of Kodiak	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ 132,000.00
Adoption Fees	\$ 1,325.00	\$ 1,325.00	\$ 1,325.00	\$ 1,325.00	\$ 1,325.00	\$ 1,325.00	\$ 1,325.00	\$ 1,325.00	\$ 1,325.00	\$ 1,325.00	\$ 1,294.94	\$ 1,245.88	\$ 15,790.82
Shelter Fundraisers	\$ -	\$ 450.00	\$ -	\$ -	\$ -	\$ 450.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 900.00
Kennel Fees	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 350.00	\$ 4,200.00
HSK Donation	\$ 1,125.00	\$ 1,125.00	\$ 1,125.00	\$ 1,125.00	\$ 1,125.00	\$ 1,125.00	\$ 1,125.00	\$ 1,125.00	\$ 1,125.00	\$ 1,125.00	\$ 1,125.00	\$ 1,125.00	\$ 13,500.00
Total Income	\$ 13,800.00	\$ 14,250.00	\$ 13,800.00	\$ 13,800.00	\$ 13,800.00	\$ 14,250.00	\$ 13,800.00	\$ 13,800.00	\$ 13,800.00	\$ 13,800.00	\$ 13,769.94	\$ 1,010.00	\$ 166,390.82

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MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Mike Tvenge, City Manager *MT*

Thru: Craig Walton, Public Works Director

Date: May 28, 2020

Agenda Item: V. c. Authorization to Purchase a Rectifier for the Water Treatment Plant in the Amount of \$69,956 With De Nora Water Technologies LLC

SUMMARY: The Water Treatment Plant (WTP) uses a Surface Water System that is unfiltered and we are required by the Environmental Protection Agency (EPA) and Alaska Department of Environmental Conservation (ADEC) regulations to use two disinfectants. The WTP use sodium hypochlorite (chlorine) and UV as our two disinfectants. The sodium hypochlorite is generated on site by two independent ClorTec systems, operating independently, that create a 0.08% chlorine solution. The ClorTec units consist of three main components; the rectifier, control panel, and cells and this purchase will replace one entire unit. De Nora Water Technologies is the current manufacture of the ClorTec systems. Staff recommends Council approve the purchase agreement with De Nora Water Technologies for a complete ClorTec CT 150 system in the amount of \$69,956 with funds coming from the Water Deferred Maintenance, Machinery and Equipment Fund.

PREVIOUS COUNCIL ACTION: In the FY 2016 budget Council previously approved the purchase of one entire unit.

BACKGROUND: This purchase would replace the second unit in need of replacement.

DISCUSSION: The City switched from chlorine gas to onsite chlorine generation in April 2000 and the ClorTec system was selected and installed for onsite generation. Several other communities in Alaska such as Juneau, Anchorage, and USCG Base Kodiak are all using the ClorTec systems.

The ClorTec system uses a combination of water, water treatment salt, and electricity to create a very weak disinfectant solution of 0.08% chlorine. Because of water treatment regulations, we are required to have redundant capability and capacity for all critical functions within the treatment system. When the City switched to onsite chlorine generation, two completely separate systems were installed that operate independently of each other. This replacement will comply with the ADEC requirement of redundant capability.

ALTERNATIVES:

- 1) Replace the existing unit with a completely new system will increase the production capacity to meet peak demands for disinfectant. This new model will allow for increased capacity.
- 2) Continue to operate as is. This is not a good option since during peak water flow it takes both units to keep up with the consumption of disinfectant. The long lead time for a replacement unit creates critical operational issues in the event of a failure during high flow periods. Staff does not recommend delaying the replacement.

FINANCIAL IMPLICATIONS: The slightly larger ClorTec unit may have a slight power consumption increase; however, it will also require less run time to keep up with chlorine production. Staff does not expect any noticeable difference to operational cost to the budget. The funds for the replacement of one ClorTec unit will come from the Water Deferred Maintenance budget, machinery and equipment account, Account No. 305 340 740 470 126, PN 7040.53.

LEGAL: This complies with KCC 3.12.070 (2) (d) Contracts for supplies, materials, equipment, or services for which the city manager determines in writing that there is only one source.

STAFF RECOMMENDATION: Staff recommends Council approve the sole source purchase per City Code Section 3.12.070 2 (d) of a ClorTec CT 150 system unit from De Nora Water Technologies LLC in the amount of \$69,956.00 with funds coming from the Water Deferred Maintenance, Machinery and Equipment Fund.

CITY MANAGER’S COMMENTS: This ClorTec unit is meant to replace an aging unit and is an eligible sole source purchase to replace a like system with a like system. The benefits are familiarity and parts replacement. This system and other components provide safe drinking water for the community.

ATTACHMENTS:

Attachment A: De Nora Water Technologies quote for CT 150 ClorTec System.

PROPOSED MOTION:

Move to authorize the purchase of a rectifier in the amount of \$69,956 from De Nora Water Technologies LLC with funds coming from the Water Deferred Maintenance, Machinery and Equipment Fund Project No. 7040.53 and authorize the City Manager to execute documents on behalf of the City.



DE NORA QUOTATION

Attachment A 4/27/2020

Quote #: QS00595

Att: Tino Bormuel

Company: Kodiak, City Of
 Address_1: 2853 Spruce Cape Road
 Address_2:
 Address_3:

City: Kodiak
 State: Ak
 ZIP Code: 99615-
 Country:

Phone: (907) 486-8076
 Fax:
 Email: cbormuel@city.kodiak.ak.us

Project #:
 Project Desc.: System Upgrade

System Size: CT 150
 Site:

Line #	Part #	Description	QTY	Price Each	Price Extended
5	RCT150	Rectifier_SCR Type, Air cooled 208vac (RCT150-56-208-3-60-300-06-E)	1	\$28,703.00	\$28,703.00
6	CT6-0075B2	Cell Assembly, CT75, Drinking/NSF	2	\$12,988.00	\$25,976.00
7	8000-010A	Flowmeter, adjustable Panel Mount, 1/2"	1	\$235.00	\$235.00
8		Freight and crating	1	\$4,542.00	\$4,542.00
9		Service- Set up new rectifier, install cells and flow meter, start system verify all operating parameters and proper operation. Includes travel time to/from site and travel expenses	1	\$10,500.00	\$10,500.00

Terms: Net 30 Days
 Quote is valid for 30 days
 This Quote does not include Shipping
 Tax, Mileage and Mileage surcharge, it
 will be billed separately
 Price in US Dollars

Prepared By: Dave McWalters

Remit to:

Accepted By: _____

PO #: _____

Date: _____

De Nora Water Technologies. LLC
 1110 Industrial Blvd Sugarland Texas 77478 United States
 T: +1 281 274-8495 F: +1 281 240-6762
 www.denora.com



DE NORA QUOTATION

4/27/2020

Quote #: QS00595

Att: Tino Bormuel

Company: Kodiak, City Of
Address_1: 2853 Spruce Cape Road
Address_2:
Address_3:

City: Kodiak
State: Ak
ZIP Code: 99615-
Country:

Phone: (907) 486-8076
Fax:
Email: cbormuel@city.kodiak.ak.us

Project #:

Project Desc.: System Upgrade

System Size: CT 150

Site:

Total: \$69,956.00

Notes De Nora terms and conditions apply
Exclusions: Connection of 208vac power to rectifier must be performed by electrician.

Terms: Net 30 Days
Quote is valid for 30 days
This Quote does not include Shipping Tax, Mileage and Mileage surcharge, it will be billed separately
Price in US Dollars

Prepared By: Dave McWalters

Remit to:

Accepted By: _____

PO #: _____

Date: _____

De Nora Water Technologies. LLC
1110 Industrial Blvd Sugarland Texas 77478 United States
T: +1 281 274-8495 F: +1 281 240-6762
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GENERAL TERMS AND CONDITIONS OF AGREEMENT

Definitions. As used herein, the following terms shall have the following meanings:

-- "Contract" means the Service Proposal / Contract, these terms and conditions, any additional terms and conditions attached hereto and/or expressly incorporated herein directly or by reference including, without limitation, the Rate Schedule attached hereafter as Attachment A and the Parts Return Policy attached hereafter as Attachment B; and any Change Orders issued for additional work, or scope increase including parts, materials or supplies attached hereafter as Attachment C.

-- "Contract Price" means the compensation to be paid by the Client to the Contractor in accordance with the terms of this Contract;

-- "Contractor" means De Nora Water Technologies and its permissible successors and/or assigns. Any reference to actions taken or not taken by the Contractor shall include those actions taken or not taken on Contractor's behalf.

-- "Services" means the services to be provided by the Contractor to the Client as identified in Service Proposal / Contract.

-- "Work Site" means each site at which the Contractor is undertaking Services

Other terms not expressly defined above have the meaning so given to them in this Contract.

Construction of Agreement. Whenever the context requires, the gender of all words used in this Contract includes the masculine, feminine, and neuter. All references to Articles and Sections refer to articles and sections of this Contract, and all references to Attachments are to Attachments attached to this for all purposes. Captions, headings, cover pages, tables of contents and footnote instructions contained in this Contract are inserted only to facilitate reference and for convenience and in no way define, limit or describe the scope, intent or meaning of any provisions of this Contract. Words and abbreviations that have well known technical or trade meanings are used in this Contract in accordance with such recognized meanings.

Offer to Contract. Contractor's proposal and the accompanying documents referred to under the definition of the term "Contract" herein (including the terms and conditions set forth herein) constitute an offer to contract which may be accepted by the client within thirty (30) days from the date hereof (or within such shorter or longer period of time, if any is specified in the Contractor's proposal) and only on the exact terms hereof. If additional or different terms are proposed by Client, such proposal or request shall constitute a counter offer which Contractor may, at its option, accept by written notice to the Client signed by the Contractor. This Contract shall not be binding on the Contractor unless it is executed by the Client and a duly executed copy is delivered to the Contractor within the period of time specified above.

Entire Agreement. The terms and conditions set out herein are the entire terms and conditions of this Contract and any prior or contemporaneous understandings or agreements, oral or written, are merged herein. There are no representations or warranties, agreements, or covenants other than those expressly set forth in this Contract. This Contract may be amended or modified and/or any right or obligation arising under this Contract may be waived from time to time only by a written instrument executed by the Client and the Contractor. The failure of either party at any time to enforce any of the provisions of this Contract shall not constitute a waiver of such provision.

Quality of Work and Materials. The Services to be provided hereunder shall be performed by qualified personnel in accordance with standards generally acceptable in Contractor's industry. Contractor shall use the effort, skill, diligence and quality control/quality assurance measures expected of a qualified firm performing services of a similar nature to the Services to be performed by the Contractor pursuant to this Contract. Materials furnished by the Contractor, if any, shall be current, of merchantable quality and in compliance with any technical standards or specifications incorporated into this Contract. When certain materials are specified by a reference standard, Contractor may select any suitable commercially acceptable material meeting the standard.

The Services are of such nature that no certainty of results can be assured by the Contractor and the Contractor makes no warranty concerning the accuracy or completeness of any data, the effectiveness of any material used, recommendations given, or the results of the services rendered.

There are no warranties or conditions, express or implied, statutory or otherwise as to the merchantability or fitness for a particular purpose of any equipment, material and supplies incorporated into or utilized in the

performance of the Services, other than the equipment, materials and supplies shall be free from defects in materials and workmanship for a period of ninety (90) days from the earlier of the date the equipment, materials or supplies are delivered to the Work Site or were incorporated or utilized in the performance of the Services.

The Client's sole and exclusive remedy at law or equity, whether in contract, tort or other theory of law is limited to the repair, or the replacement, or credit for the equipment, material or supplies proven to the satisfaction of the Contractor, acting reasonably, to have been defective.

Access. Client shall secure and maintain rights of access for Contractor to the Work Site. Client shall advise Contractor of any limitations or restrictions affecting access and Contractor shall abide by such limitations or restrictions. Should Contractor be denied free access to a Work Site for any reason not within the control of the Contractor, Client shall pay Contractor during the time of such denial at the rates set forth in Attachment A.

Compliance with Law. The parties shall comply with relevant laws, regulations and/or official government orders in performing their respective obligations hereunder.

Contract Schedule. The Contractor's completion of the Services within a reasonable time shall constitute the Contractor's full compliance with any specific schedule requirement, if any, contained in this Contract. The date of completion provided in this Contract, if any, is approximate and is based upon prompt receipt by Contractor of all necessary information and data required to be supplied by the Client, and is subject to weather, unforeseen site conditions and all Force Majeure events.

Additional Work. The Client may add, delete, modify, alter, or accelerate the Services to be performed hereunder, including without limitation, order changes to the Services, or require the Contractor to perform additional services but only through a duly executed change order. All change orders shall be in writing and require the signature and acceptance by the Contractor prior to becoming effective. Unless agreed to otherwise by the Contractor, all such change orders shall reflect the parties' agreement regarding price and proposed completion date. The General Terms and Conditions shall apply to such change order.

Employee Safety. Contractor shall be responsible for the safety, efficiency and adequacy of its employees and any vehicles and/or machinery, equipment or materials furnished or utilized by the Contractor during the performance of Services. Contractor, however, shall not assume any obligation or incur any liability for personal injury or property damage caused by (i) unsafe site conditions not created by the Contractor or by any of its agents, employees and subcontractors, (ii) work being performed by other parties not related to the Contractor, (iii) the negligence of the Client, and/or (iv) the negligence of any third party not related to the Contractor.

Risk of Loss. Any losses or other liabilities resulting from theft, damage or unauthorized use of Client's property, by any party other than Contractor, shall be borne by the Client.

Force Majeure. Any event of Force Majeure that directly or indirectly causes a party to be unable to perform its obligations under this Contract shall not be deemed a breach of this Contract. Force Majeure means any event beyond the reasonable control and is not a result of the willful or negligent act, error or omission or failure to exercise reasonable diligence on the part of the party claiming to be affected thereby, including but not limited to acts of God, explosion, flood, fire, hurricane, tornado, sabotage, or similar acts of a public enemy, nation or industry-side strikes, acts of terrorism, blockade or insurrection, riots, acts of civil disturbance, or rules or regulations of any governmental authority asserting jurisdiction or control, the compliance with which makes performance of the Services impossible. The occurrence of such event shall suspend the obligations of the affected party for only so long as the impact of such event continues. The obligation to pay amounts due and owing shall not be suspended by such event. The party affected will use commercially reasonable efforts to mitigate the effect of the event.

Ownership of Documents and Inventions. (a) All tracing, specifications, computations, notes and other original documents as instruments of service are and shall remain the property of Contractor unless otherwise provided by law; (b) All inventions, discoveries and copyright in work of authorship, including those in formative stages, made by the Contractor (either alone or jointly with the Client) shall from the time of conception or, in the case of works of authorship, from the time of creation be the property of Contractor.

Approval of Work. Services performed by Contractor shall be deemed approved and accepted by Client within a reasonable period of time (but in no event longer than thirty (30) days) after the Client has had the opportunity to review and/or inspect such services unless Client objects within such period of time by written notice specifically stating the details in which Client believes such services are incomplete or defective. Under all circumstances, final payment of the Contract Price shall be deemed as conclusive evidence that the Client has accepted all Services provided.

Payment Terms. Unless specifically stated otherwise, all payments are due Net 30 days from the date of invoice. Any payment delayed beyond thirty (30) days from the specified due date, unless occasioned by fault of the Contractor, shall be subject to one and one-half (1.5) percent per month penalty on the unpaid balance.

Taxes. The prices hereunder do not include any sales, use, excise, ad valorem, property or other taxes. Client shall pay all such excise, sales, use and other taxes associated with the Services imposed directly or indirectly, by any governmental authority or agency with respect to this Contract and the Services provided and materials furnished hereunder, other than taxes imposed on Contractor's net income or Contractor's payroll. Client shall pay directly or reimburse Contractor for any such taxes that Contractor may be required to pay, including without limitation, sales and/or use taxes that Contractor may be required to pay in connection with Contractor's purchase or use, in performing the Services hereunder, of equipment, supplies, material and/or subcontracted services.

Default and Termination. The persistent or repeated failure or refusal of either party to comply with the terms of this Contract shall constitute a default. Upon default by one party, the other party shall send written notice. Such notice shall clearly specify the nature of the default and provide the defaulting party thirty (30) days to cure the default. If the default is capable of being cured within thirty (30) days but is not cured within thirty (30) days, the Contract shall terminate at midnight of the thirtieth day following receipt of the default notice. In the case of default that cannot be cured within thirty (30) days, this Contract shall not terminate so long as the defaulting party has given written notice to the other party that the defaulting party has commenced and is diligently pursuing a cure. Evidence of such cure shall be provided from the defaulting party to the reasonable satisfaction of the other party. In the event of any termination, Contractor shall be paid for all services rendered and materials supplied (including materials specifically manufactured/made for the Client or special materials ordered for the project that have yet to be supplied), if any, through the date of termination, including any mobilization costs incurred by the Contractor to transport equipment or personnel to the job site. For purposes of this section, the failure of the Client to pay Contractor in accordance with the payment terms of this Contract shall be considered such a substantial failure for which no notice or opportunity to cure is required. In the event of a substantial failure on the part of the Client, Contractor, in addition to the right to terminate set forth in this paragraph, may also elect to suspend work until the default in question has been cured. No delay or omission on the part of either party in exercising any right or remedy hereunder shall constitute a waiver of any such right or remedy on any future occasion.

Indemnification. Each party (the "Indemnifying Party") shall defend, indemnify and hold harmless the other party, its shareholders, officers, directors, agents and employees, and their respective successors and assigns (each is referred to herein as an "Indemnified Party") against any and all liability for damages, costs, losses, penalties and expenses, including reasonable attorney's fees, resulting from any claim asserted by a third party for wrongful death, bodily injury and/or property damage which are caused solely by the willful or negligent acts of the Indemnifying Party. However, to the extent that both Client and Contractor are determined to be negligent and the negligence of both is the proximate cause of a claim against either party for any of the damages subject to indemnity as set forth above, then in such event, Client and Contractor shall each be responsible for the portion of the liability equal to its proportionate share of the total negligence.

Contractor's Liability. In the event that claims(s) raised against the Contractor on account of this Contract, or on account of the Services performed hereunder, is/are covered under the insurance policies required of the Contractor hereunder, the Contractor shall not be responsible for any loss, damage or liability beyond the policy amounts contractually required hereunder and the limits and conditions of such insurance policies. With respect to any other cause of action and/or claim arising under this Contract or otherwise arising as a result of, or on account of, the Services provided hereunder, Contractor's liability shall not exceed the Contract Price.

Consequential Damages. In no event shall either party be liable, either directly or as an indemnitor of the other party, for any special, punitive, indirect and/or consequential damages, including damages attributable to loss of use, loss of income or loss of profit even if the party has been advised of the possibility of such damages.

Insurance. Contractor shall procure and maintain through the period of this Contract, at Contractor's own cost and expense (a) general liability insurance in the amount of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate; and (b) worker's compensation insurance in accordance with all statutory requirements.

Disclosure of Information and Cooperation of the Parties. (a) Each party agrees that it has disclosed, and it will continue to disclose, any and all information it now has, or may have in the future, to the extent that such information is relevant to the other party in performing its duties and obligations hereunder; (b) Each party hereto agrees that it will cooperate in good faith with the other and its agents, employees, representatives, officers, contractors and subcontractors to facilitate the performance of the mutual obligations set forth in this Contract.

No Third Party Beneficiaries. This Contract is entered into solely between, and may be enforced only by the Contractor and Client; and this Contract shall not be deemed to create any rights in third parties, including clients, suppliers, or customers of a party, or to create any obligations of a party to any such third parties.

Notices. Wherever under this Contract one party is required or permitted to give notice to the other party, such notice shall be in writing and shall be delivered personally, sent by facsimile transmission, sent by nationally recognized express courier or sent by certified, registered, first class mail, postage prepaid, but not by electronic mail. Any such notice shall be deemed given when actually received when delivered either personally, by facsimile transmission or by express courier, or if mailed, on the fifth day after its mailing, postage prepaid to the recipient party.

Governing Law and Venue. This Contract and performance under it shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

Severability. If this Contract contains any unlawful provision, the same shall be deemed of no effect and shall, upon the application of either party, be deemed stricken from this Contract without affecting the binding force of the remainder.

Successors and Assigns. Neither Client or Contractor shall assign or transfer any rights under or interest in this Contract including, but without limitation, moneys that may become due or moneys that are due without the written consent of the other, except to the extent that any assignment or transfer is mandated by law or the effect of this limitation may be restricted by law. Notwithstanding the foregoing, Contractor may subcontract any or all of its obligations hereunder to a third party and/or assign its rights and obligations under this Contract to an affiliate upon the written notice to Client.

ATTACHMENT A
RATE SCHEDULE

DNWT Services Price Sheet Attachment 1

Price of service call per hour up to 8-hours/per day – Monday through Friday	\$150.00
Minimum service hours per call <ul style="list-style-type: none"> ▪ Unless air travel required or extended road trip is required. For any time in excess of 4-hours, the customer shall be charged a minimum of the full daily rate. Minimum service hours per call off-shore - including stand-by time	Four Eight
Daily rate up to 8-hours/per day – Monday through Friday	\$1200.00
Overtime rate for any service call over 8-hours in a single day – Monday through Friday	\$225.00
Saturday rate	\$225.00/per hour
Sunday rate	\$300/per hour
De Nora Water Technologies Holiday rate	\$375/per hour
Parts needed for service call	DNWT prices

Domestic Reimbursed Actual Service Call Expenses are as follows:

- Air fare (Coach Class)
- Hotel (Non-resort only)
- Rental car (Mid-size)
- Mileage for personal or company vehicle at \$0.50/mile with supervisor's authorization.
- Fuel surcharge of 5% of total miles driven.
- Parking
- Meals: \$50/per day maximum
- Laundry if trip exceeds one week
- Exclusions: Movie rentals, cell phone related expenses, air plane head sets, traffic fines, court costs and personal services/items.

Travel time in route from home base to job site area and return are charged at the hourly or daily rate as applicable. The rate applied depends on whether the travel is on Monday through Friday, Saturday, Sunday or an DNWT Holiday.

Total travel time in excess of 8-hours per day – Monday through Friday - is charged at overtime rates. Saturday, Sunday and Holiday travel time is charged at the stated hourly rate, including any time in excess of 8- hours.

For fatigue and safety reasons, DNWT employees shall not work in excess of 12-hours per day or 60-hours per week – with travel time excluded or emergencies. In the case of an emergency, management approval is required in advance. For emergencies that occur on Saturday or Sunday

ATTACHMENT B **PARTS RETURN POLICY**

DNWT PURCHASED PARTS RETURN POLICY AND PROCEDURE

INTRODUCTION

Parts are generally returned for one of two reasons:

1. The customer ordered the incorrect part or does not need a part. This is a return for credit.
2. The part is damaged or defective and needs replacement.

In both cases, a Returns Material Authorization (RMA - Attachment 1) is required. This policy explains the terms and process for

returned parts for each of the above two cases.

RETURNS FOR CREDIT

De Nora Water Technologies (DNWT) will accept returns for credit if a Return Material Authorization (RMA) is issued, and the returned product is received in our warehouse within 30 days of the original shipping date. Products must be returned with complete original shipping and product packaging material and contents, and the product and packaging must be in the original, "as shipped" condition. All returns for credit will be charged a 35% restock fee, however if the customer exchanges it for a part of equal or greater value the restocking fee will be 10%. The restocking fees are a percentage of the part price or the part purchase order. Customers are responsible for any shipping charges and insurance associated with products returned for credit.

IMPORTANT: If it is determined that the wrong product was received by the customer due to (DNWT) error, DNWT will waive our restocking fee and provide a FedEx or UPS account number to ship the items back to (DNWT). Our restocking fee will not be waived if the wrong part was ordered due to customer error.

ELECTRICAL RETURNS

DNWT will not accept any electrical parts back for credit unless they were installed and uninstalled by a trained DNWT employee or authorized service technician and found to be in good working condition for return; or the item is still in the original sealed shipping container.

CUSTOM PARTS RETURNS

DNWT will not accept any custom order part(s) that is returned for credit unless it was deemed defective at the time it was shipped. A report that the part is defective including a digital photo of the defective area must be received by DNWT, Inc., within 24-hours of the customer receiving the part.

INITIATING A PARTS RETURN

Returns must be received in our warehouse, based on return shipping postmark date, within the specified time frame of original shipment and be in acceptable condition based on the type of return. It is important to pay close attention to return dates and to return the customer's products immediately after receiving a return authorization number. Returned products must meet our criteria of acceptance before DNWT will issue a credit or ship a replacement.

If the returned product does not meet our acceptance criteria, DNWT will make a reasonable attempt to contact the customer, using the contact phone number and contact e-mail address provided on the original order or return request to arrange for return or disposal of the item. Please make sure to check the customer's e-mail, and make sure that our correspondence is not being blocked as spam. If DNWT does not receive a response to rejected items within two weeks of our attempted contacts, including instructions for return shipping pickup, rejected items will be discarded. No exchanges or refunds will be granted after 30 days.

PARTS RETURN SHIPPING INSTRUCTIONS

All returns must have the return authorization number clearly written, preferably in black marker, on the outside of the shipping box. This is critical for us to clearly identify the item when it is received into our return warehouse. Please also include a copy of the original sales order, packing list or invoice.

Ship all returns to the following address:

De Nora Water Technologies
1110 Industrial Blvd
Sugar Land, TX 77478 USA

SHIPPING DAMAGE RETURNS

If the customer receives a product that is damaged during shipment, the customer is responsible to initiate a claim with the Freight Company executing the delivery. All claims for freight damage must be notated on the delivery receipt. The only exception to this rule is when the contract calls for freight to be shipped FOB Destination. FOB Destination, freight allowed is defined as:

Title passes to the buyer when freight reaches its destination. In the event of loss or damage in transit, the seller must file claim (as the beneficial owner of the property). Freight will be paid by the seller and the cost of freight is figured into the cost of goods.

Seller pays freight charges

Seller owns goods in transit

Seller files freight claims

DNWT Traffic Department must be notified within 24 hours

Do not throw away or alter any of the product and packaging. It must be in the same condition as it was received in order for the Freight Company to properly establish that damage incurred was the fault of the Freight Company and not due to other causes.

1. For some claims, DNWT will issue a return authorization number to return the package to the DNWT returns warehouse, following the normal return procedure.

After customer, in conjunction with responsible freight company, is able to properly establish that the product was damaged during shipping, DNWT will work with customer to determine course of action to replace or repair damaged parts based on our Warranty Replacement Policy. It is always the customers' responsibility to seek monetary compensation from the Freight Company in the event the components are not salvageable. If the customer chooses to return the product for credit, our Return for Credit policy will apply, including restocking fee as described in the Returns for Credit paragraph above.

REPAIR RETURN FOR PARTS NOT COVERED BY WARRANTY

The customer will be advised of the price of any repairs and DNWT will require a credit card number or purchase order prior to any work being started. Incoming and outgoing freight for all returned goods will be charged to the customer. The warranty of a repaired item is 30-days. If the customer decides not to repair the item, a service charge of USD \$200.00 applies and the item will be charged to the customer or, at the customers instructions, disposed. The service charge includes disposition of the non-repaired item per customer instructions, return or disposal of the item. De Nora is not responsible for the condition of a non-repaired returned item.