

KODIAK CITY COUNCIL

WORK SESSION AGENDA

Tuesday, January 10, 2012

Kodiak Island Borough Conference Room

7:30 p.m.

Work sessions are informal meetings of the City Council where Councilmembers review the upcoming regular meeting agenda packet and seek or receive information from staff. Although additional items not listed on the work session agenda are sometimes discussed when introduced by the Mayor, Council, or staff, no formal action is taken at work sessions and items that require formal Council action are placed on a regular Council meeting agenda. Public comments at work sessions are NOT considered part of the official record. Public comments intended for the "official record" should be made at a regular City Council meeting.

Discussion Items

1. Public Comments (limited to 3 minutes)
2. FY2011 Audit Presentation.....(Attached Separately)
3. Presentation of Kodiak Mobility Management Plan.....(No Backup)
4. KPLA Capital Campaign Update.....(No Backup)
5. Trevor Brown Update on December NPFMC Meeting.....(No Backup)
6. FY2013 Revenue Forecast, Budget Calendar, and Draft Budget Goal Review1
7. Boatyard Business Plan Update23
8. Elected Official Attendance at the AML Winter Conference (February 7-9),
SWAMC (February 15-17), and NLC Congressional City Conference
(March 10-14)59
9. January 12, 2012, Agenda Packet Review

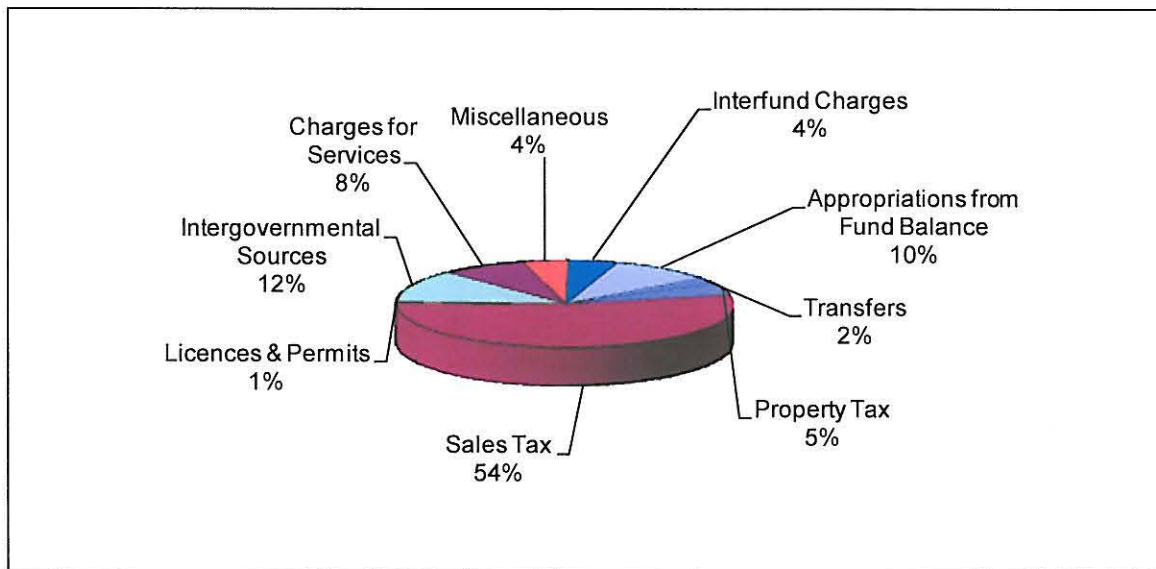
Fiscal Year 2013- 2016 Revenue & Expense Forecast

Governments find themselves in a difficult position when it comes to providing services and raising revenue; they seek to provide services while minimizing the apparent cost to the taxpayer. In order to develop the fiscal year 2013 budget, three major funds have been forecast to show the projected trends in revenues and expenses for fiscal years 2013 through 2016. The General Fund, Harbor Funds, and Water & Sewer Funds have been forecast based on a regression analysis forecasting method. This is a technique in which a straight line is fit to actual values from fiscal years 2007 through 2011, and the adopted budget for fiscal year 2012 to forecast the future. The forecasts seek to estimate the City's future positions if the status quo is maintained and to identify areas that may need to be addressed in order to protect the City's future ability to maintain adequate fund balance reserves.

GENERAL FUND

The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund. Principal sources of revenue are (Fig.1) sales tax, property tax, charges for services, and intergovernmental revenues. Primary expenditures (Fig.2) are for general government administration, public safety, public works, public recreation and transfers to other funds. The departments found within the General Fund include: Legislative/Legal, Executive, City Clerk, Finance, Police, Fire, Public Works, Engineering, Parks and Recreation, Library and Non-Departmental which is used for city wide expenses.

Figure 1: General Fund - FY 2012 Budgeted Revenues



The following applies to Fig.1 above:

Taxes - Includes property tax and sales tax. The real-property assessment role is final by June 1, causing tax revenue projections to be estimated prior to knowing the actual amounts of the assessment role. Sales tax revenues are collected on a quarterly basis, causing a lag time in annual projections.

Licenses and Permits – Includes permits for taxicabs, buildings, electrical, plumbing, animal licenses and other miscellaneous licenses.

Intergovernmental Sources –Includes State of Alaska Raw Fish Tax Sharing; Shared Fisheries Business Tax; Fuel, Alcohol and Utility Revenue Sharing; State grants and miscellaneous sources. The Alaska State legislative session coincides with the City’s budgetary calendar, causing estimates to be based on historical data for the State funding levels to local governments. As the State budget is fine-tuned, adjustments are also made to the City’s revenue estimates.

Charges for Services – Includes those services performed for the public associated with the following departments: police, fire, public works, parks and recreation, library, as well as miscellaneous administrative services.

Miscellaneous – Includes fines and forfeitures, interest, rents and royalties, judgments, restitutions, asset sales, and other revenues.

Interfund Charges – Includes the allocation of monies between funds to cover services rendered.

Transfers – Other Financing Sources (Uses). Includes the transfer of monies between funds to cover expenses without a requirement of repayment.

Use of Fund Balance – Relates to Net Change in Fund. This is the amount of fund balance used to balance the General Fund budget.

Figure 2: General Fund - FY 2012 Budgeted Expenditures by Function

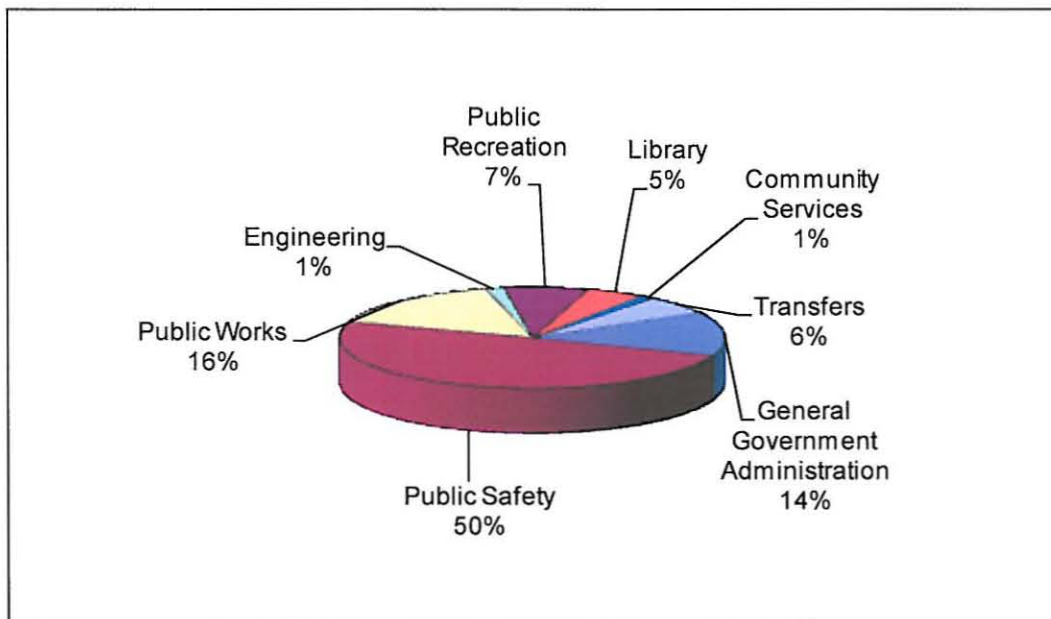
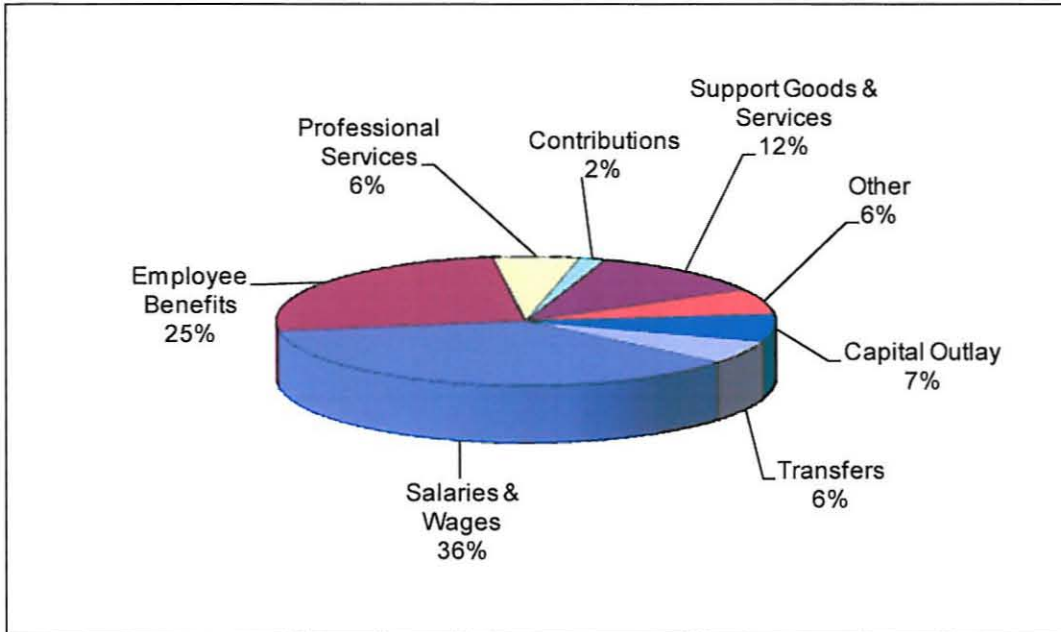


Figure 3: General Fund - FY 2012 Budgeted Expenditures by Account Classification



The following applies to Figure 3 above:

Salaries & Wages – Includes all wages paid to City employees for administrative and service delivery functions. Includes salaries and wages, temporary wages, overtime, holiday pay, sick and annual leave.

Employee Benefits – Includes group insurance, Social Security and Medicare payments, retirement contributions, unemployment compensation, and workman’s compensation.

Professional Services – Includes all services contracted out.

Contributions – Includes contributions made to various local non-profit agencies.

Support Goods & Services - Includes expenditures for communications, advertising, dues and subscriptions, training and travel, supplies, and equipment rental.

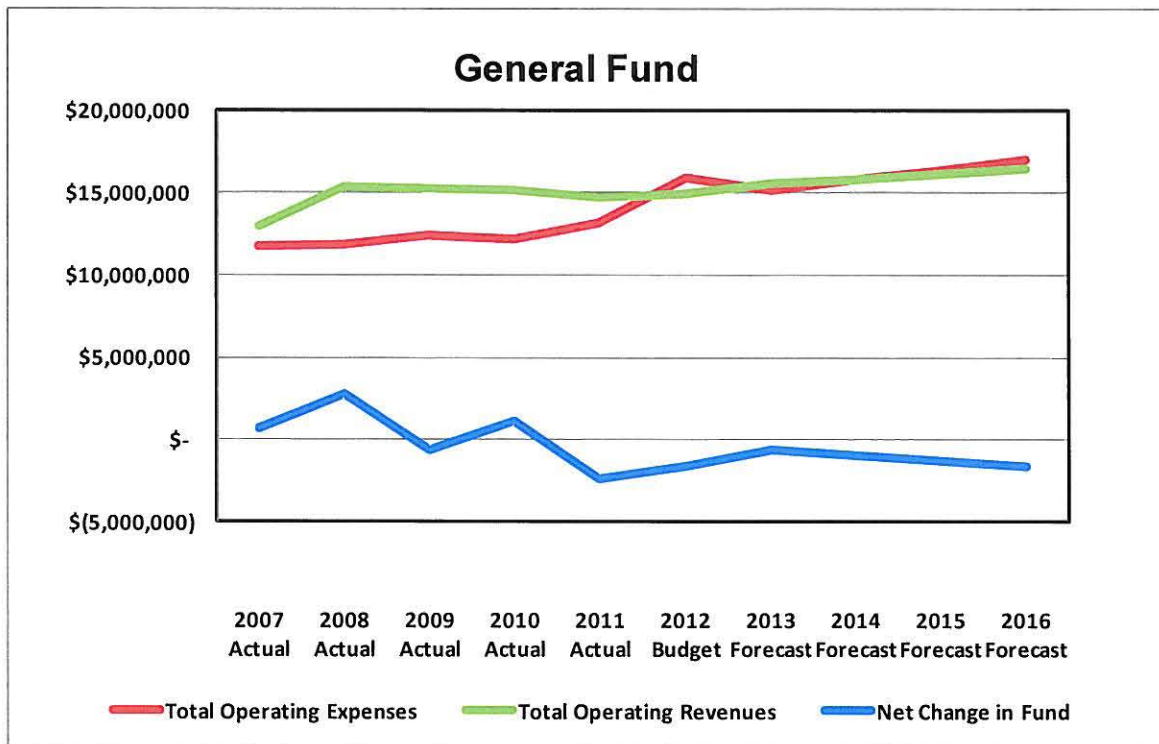
Public Utility Services – Includes electric, fuel oil, garbage, and any other utilities.

Other – Includes miscellaneous expenses.

Capital Outlay - Includes equipment purchases greater than \$5,000.

Transfers – Other Financing Sources (Uses). Includes transfers from the General Fund to other funds.

Figure 4: General Fund Forecast - Actual 2007-2011, Budgeted 2012, Forecast 2013-2016



Actual operating revenues have been greater than actual operating expenses from fiscal year 2007 through fiscal year 2011 (Fig.4). In fiscal year 2012, the adopted budget for operating revenues is less than the budget for operating expenses. This will result in a loss before any transfers are accounted for. Historically the City of Kodiak has used fund balance to balance the general fund budget. Over time the fund balance has been used without a plan to replenish it.

Under the City Sales Tax code 3.08.025, Allocation of Sales Tax, \$500,000 is allocated to harbor improvement capital projects, \$450,000 to street improvement capital projects, and \$50,000 to parks and recreation capital projects annually. This transfer contributes to the decline each year in fund balance forecasted from fiscal year 2013 through 2016.

The revenue sources for the general fund have been somewhat stable with sales tax (54%) (Fig.1) as the largest source of revenue. Sales tax can generate a great deal of revenue, it is relatively easy to collect, its costs to the taxpayer are opaque, and it is elastic (expands and contracts with the economy). In addition, because it is paid as a percentage of an item's cost, it automatically adjusts during inflationary periods. Unfortunately, it also is regressive, more volatile, and seasonal than property taxes, and relies on the cooperation of retailers.

Property tax makes up 5% of the total revenue for the general fund. The greatest advantage of property tax is its stability during economic downturns. It has been the most unpopular tax because unlike other taxes, it taxes an asset that may not generate any income for the taxpayer and is due in a lump sum.

The second largest revenue source is the intergovernmental revenues (12%) which are revenues received from the State. These revenues can be volatile and unpredictable. Unlike the sales and property tax that the City Council can control, the City has little control over the intergovernmental revenues received.

The trend for the general fund revenues is declining while the trend for expenses is increasing resulting in an increasing use of fund balance. The fund balance cannot sustain this decline and will decline to a point which will be below the recommended practice of two months of operating expense reserves.

Salaries and benefits are the largest expense in the General Fund, or 61% (Fig.3) of the total expense budget, with support goods and services at 12%. Continued increases in health insurance costs have caused significant increases in the benefit category. The City is faced with increased expenses due to inflation, increases in utilities, equipment replacement, and repairs and maintenance to an aging infrastructure. Overall expenses are estimated to increase at a greater rate than revenues beginning in fiscal year 2012 (Fig.4).

The trends and consequent projections indicate that the City will need to take action to increase revenues, decrease expenses, or some combination of both in order to maintain a viable financial position.

Table 1 on the next page shows the detail for the actual, budget and forecasted fiscal years. It is important to note that these forecasts do not include future planned capital projects, which would place further demands on the fund balances. .

TABLE 1: Forecast Analysis - Income Statement with forecast values along a linear trend using existing values 2007-2012

GENERAL FUND	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fund Revenues										
Property Tax	632,102	659,440	651,699	665,999	765,539	773,500	795,339	825,041	854,744	884,446
Sales Tax	8,489,795	8,875,306	9,308,960	9,404,691	9,654,542	9,125,000	9,703,996	9,864,266	10,024,537	10,184,807
Licenses & Permits	51,535	102,748	76,679	70,489	93,193	75,000	86,521	88,877	91,234	93,590
PERS Relief	203,176	353,911	640,340	269,592	407,269	427,540	474,753	500,785	526,818	552,851
State Revenue Sharing	240,365	778,085	389,286	400,759	428,304	430,000	435,497	432,934	430,371	427,808
Department of Revenue - Fish Tax	760,099	823,097	946,635	1,046,010	740,229	1,000,000	991,039	1,021,047	1,051,055	1,081,063
DCED Shared Fisheries Tax	68,674	62,581	70,855	70,933	87,810	70,000	80,048	82,402	84,757	87,111
Fuel Tax Sharing	6,728	6,955	6,634	5,993	6,215	6,500	6,104	5,990	5,875	5,761
Other Intergovernmental Revenues	121,124	106,154	109,190	95,647	79,664	109,100	88,167	83,791	79,416	75,041
Police General	785,835	752,476	774,075	707,836	997,627	1,045,840	1,040,872	1,097,136	1,153,400	1,209,664
KIB Revenues	308,797	292,806	269,811	272,873	178,930	140,000	125,615	91,827	58,040	24,253
Parks & Recreation	117,557	107,881	98,194	117,300	121,688	116,000	118,378	119,884	121,391	122,898
Library	19,413	18,623	18,941	18,580	15,467	19,000	17,148	16,808	16,469	16,129
Other Charges for Services	73,027	47,618	71,872	77,789	42,394	70,700	61,761	61,150	60,539	59,927
Fines & Forfeitures	29,452	55,229	20,122	23,514	6,156	20,500	6,970	1,582	1,000	1,000
Interest	217,721	283,602	234,671	31,162	24,500	60,000	30,000	30,000	30,000	30,000
Rents & Royalties	128,906	97,030	173,089	157,686	125,476	150,000	156,238	161,250	166,261	171,273
Miscellaneous	59,772	1,200,191	762,229	1,066,199	268,423	503,800	616,316	608,568	600,819	593,071
Interfund Charges	609,740	760,429	690,920	678,820	662,622	790,378	758,585	775,661	792,738	809,814
Total Operating Revenues	12,923,818	15,384,163	15,314,201	15,181,871	14,706,050	14,932,858	15,593,346	15,869,002	16,149,464	16,430,508
Fund Operating Expenses										
Salaries & Wages	4,870,631	5,035,785	5,168,357	5,213,895	5,480,849	6,173,610	6,113,417	6,339,006	6,564,595	6,790,185
Fringe Benefits	3,474,894	3,337,676	3,315,039	3,019,330	3,463,215	4,315,475	3,915,986	4,038,381	4,160,776	4,283,170
Professional Services	602,053	558,970	627,702	654,944	812,982	940,626	947,761	1,018,679	1,089,597	1,160,516
Contributions	212,180	232,564	226,853	232,636	226,218	279,800	267,526	276,808	286,089	295,370
Support Goods & Services	1,536,968	1,655,159	1,619,069	1,735,339	1,721,232	1,993,852	1,970,161	2,044,415	2,118,670	2,192,924
Utility Services	392,152	493,199	443,579	503,316	547,851	535,234	579,799	606,630	633,461	660,293
Administrative Services	21,939	27,447	23,687	33,275	34,559	36,000	39,607	42,499	45,392	48,284
Capital Outlays	603,918	316,215	492,152	322,994	333,557	1,161,041	805,161	881,404	957,646	1,033,889
Interest Expense	-	168,021	512,227	530,740	528,490	520,990	530,000	530,000	530,000	530,000
Total Operating Expenses	11,714,735	11,825,036	12,428,664	12,246,468	13,148,953	15,956,628	15,169,418	15,777,822	16,386,226	16,994,631
Operating Gain (Loss)	1,209,083	3,559,127	2,885,536	2,935,403	1,557,097	(1,023,770)	423,928	91,180	(236,763)	(564,123)
Other Financing Sources (Uses)										
GOB Issuance	-	8,000,000	-	-	-	-	-	-	-	-
Transfers In	924,796	1,528,024	1,626,843	531,870	96,288	400,000	-	-	-	-
Transfers Out	(1,433,470)	(10,350,205)	(5,118,473)	(2,318,826)	(3,999,224)	(1,015,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Net Other Financing Sources (Uses)	(508,674)	(822,181)	(3,491,630)	(1,786,956)	(3,902,936)	(615,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Net Change in Fund	700,408	2,736,946	(606,093)	1,148,447	(2,345,839)	(1,638,770)	(576,072)	(908,820)	(1,236,763)	(1,564,123)
Net Assets at Beginning of Year	4,872,862	5,573,270	8,310,217	7,704,123	8,852,570	6,506,731	4,867,961	4,291,889	3,383,069	2,146,306
Net Assets at End of Year	5,573,270	8,310,217	7,704,123	8,852,570	6,506,731	4,867,961	4,291,889	3,383,069	2,146,306	582,183

General Fund – Fund Balance

Figure 5 below shows the total fund balance each fiscal year and Figure 6 shows the change in fund balance each fiscal year or the use of fund balance per fiscal year. In fiscal year 2011 the use of fund balance was \$2,345,839. The City has budgeted using \$1,638,770 of fund balance in fiscal year 2012. The Fund Balance is made up of the assets of a fund less the liabilities, as determined at the end of each fiscal year. The year-end fund balance is recorded in the following categories: non-spendable, subsequent year's expenditures, and the unassigned balance that can be used. The City follows the recommended practice outlined in the Government Financial Officers Association (GFOA) to maintain a minimum General Fund balance of two months operating expense as a reserve. The budgeted fiscal year 2012 ending fund balance that is available for use in the fiscal year 2013 budget is estimated to be \$1,933,500. This is based on the ending fiscal year 2011 fund balance of \$6,506,731 less the budgeted use of fund balance in the fiscal year 2012 budget of \$1,638,770, two months of operating reserves of \$2,659,438, and the funds owed to the general fund from other funds in the amount of \$275,000.

Figure 5: General Fund – Total Fund Balance each Fiscal Year

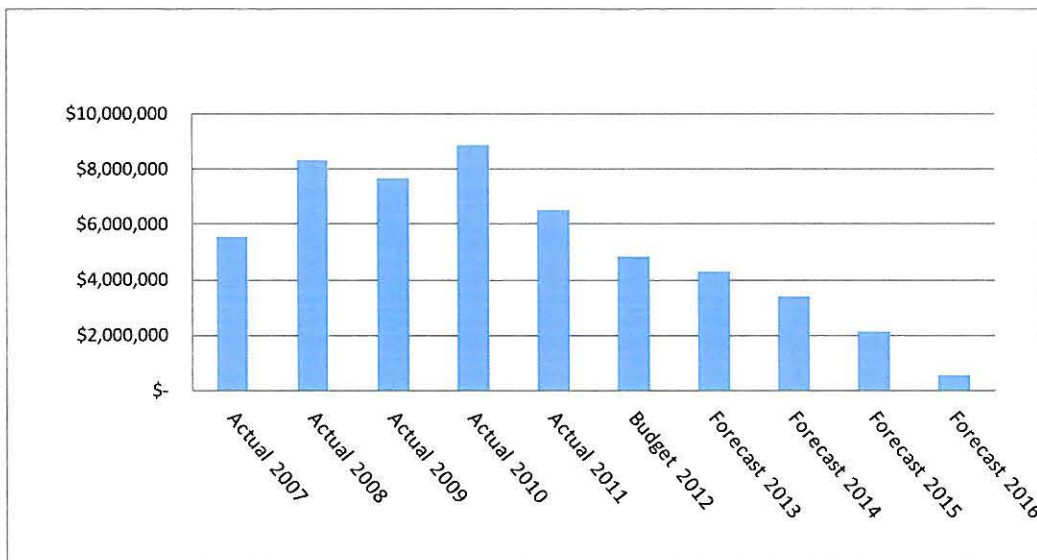
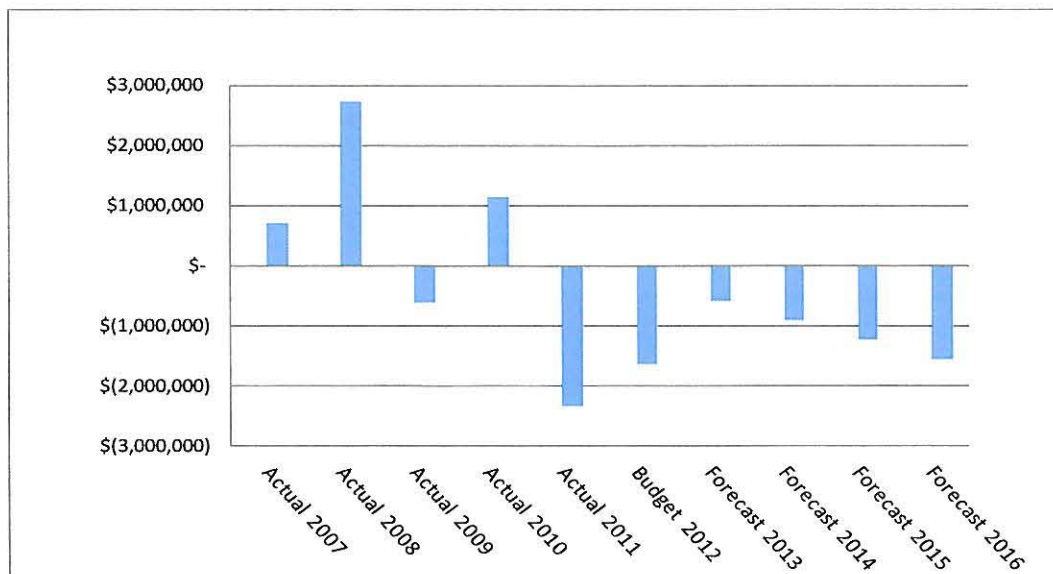


Figure 6: General Fund – Change in Fund Balance each Fiscal Year



WATER & SEWER FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the City Council is that the costs of providing goods and services to the public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has approved the use of the fund balance reserves to fund capital projects or operations. The following are water and sewer enterprise funds:

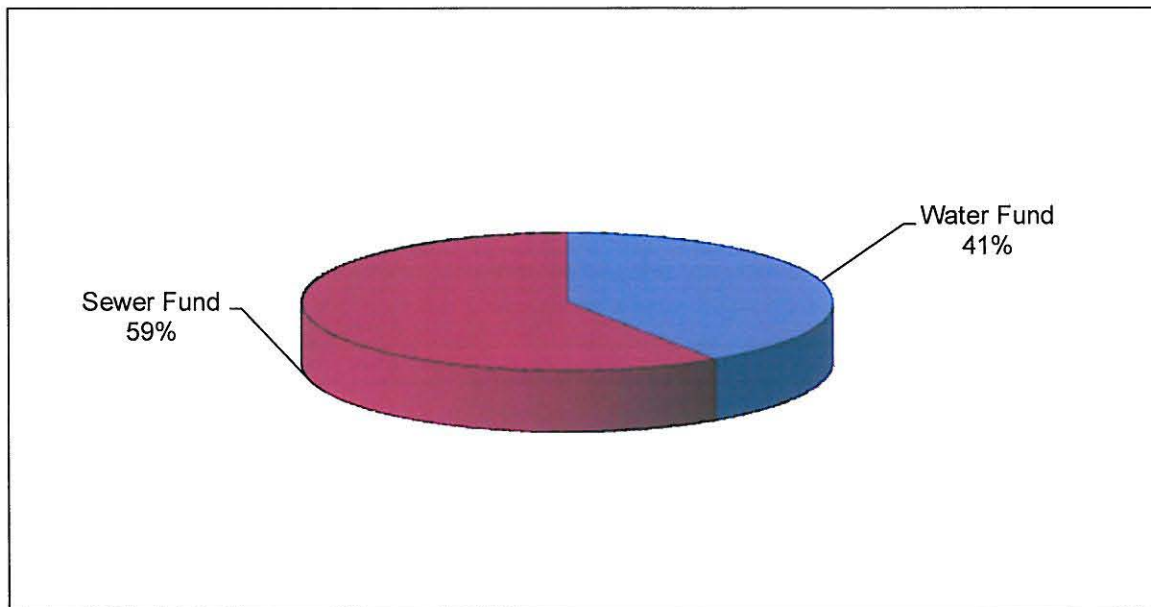
Water Utility Fund

This fund accounts for all activity of the city owned and operated water utility.

Sewer Utility Fund

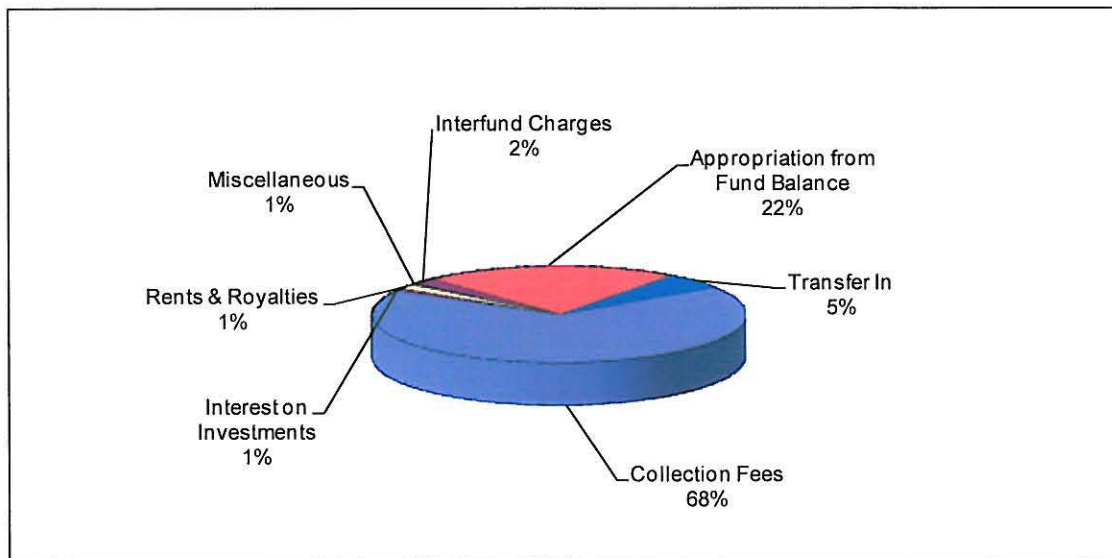
This fund accounts for all activity of the city owned and operated sewer utility.

Figure 7: Water & Sewer Funds - FY 2012 Budgeted Revenues by Function



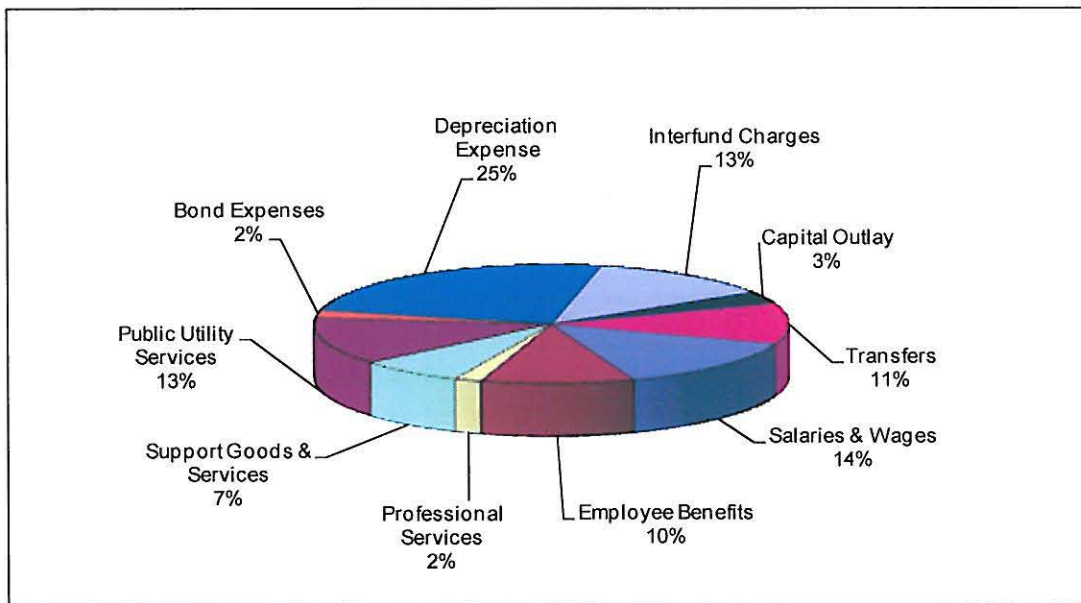
The Sewer Fund generates 59% of total revenues and the Water Fund generates 41% (Fig.7). The Water and Sewer Funds are responsible for maintaining the City's aging infrastructure while keeping rates to residents reasonable.

Figure 8: Water & Sewer Funds - FY 2012 Budgeted Revenues



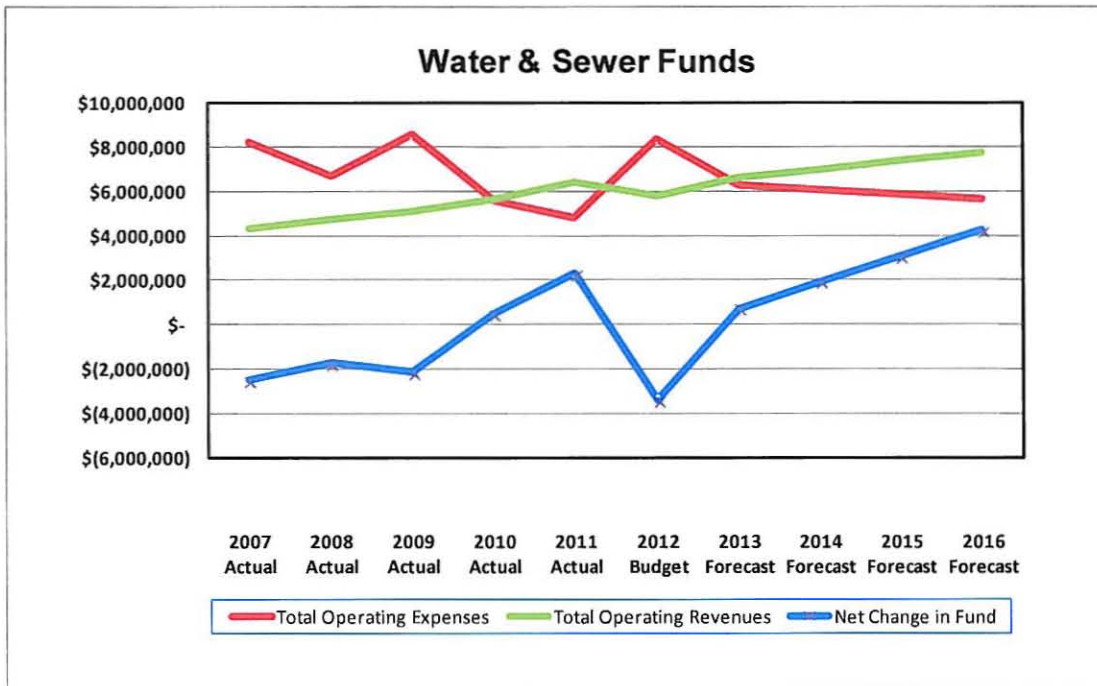
The main source of revenue is collection of fees for services at 68% (Fig.8) of total revenues. The Water and Sewer Funds use Fund Balance to make transfers to capital project funds and for operations.

Figure 9: Water & Sewer Funds - FY 2012 Budgeted Expenditures by Account Classification



The largest expense in the Water and Sewer Funds is for depreciation at 25% (Fig.9) of total expenses, salaries and benefits at 24%, and public utilities at 13%.

Figure 10: Water & Sewer Funds Forecast - Actual 2007-2011, Budgeted 2012, Forecast 2013-2016



With rate studies every five years, the water and sewer funds have been able to plan for future capital projects and operations by maintaining a reasonable fund balance.

Water Rates

Sewer Rates

Fiscal Year	Residential Rate	% Increase
2006	25.30	
2007	25.30	0%
2008	26.82	6%
2009	28.43	6%
2010	30.13	6%
2011	34.95	16%
2012	39.14	12%
2013	43.84	12%
2014	47.35	8%
2015	51.14	8%
2016	55.23	8%

Fiscal Year	Residential Rate	% Increase
2006	32.20	
2007	38.02	18%
2008	42.93	13%
2009	48.39	13%
2010	54.55	13%
2011	59.82	10%
2012	62.81	5%
2013	62.81	0%
2014	62.81	0%
2015	62.81	0%
2016	62.81	0%

Table 2 below shows the detail for the actual, budgeted, and forecast fiscal years. These forecasts do not include future capital projects.

TABLE 2: Forecast Analysis - Income Statement with forecast values along a linear trend using existing values 2007-2012										
Water & Sewer Fund	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fund Revenues										
Collection Fees	4,298,624	4,756,869	5,040,778	5,581,077	6,374,280	5,747,100	6,563,279	6,924,277	7,285,274	7,646,272
Other	34,646	21,443	35,365	58,284	53,477	48,820	60,995	66,420	71,846	77,271
Total Operating Revenues	4,333,270	4,778,312	5,076,143	5,639,361	6,427,757	5,795,920	6,624,274	6,990,697	7,357,120	7,723,543
Fund Operating Expenses										
Salaries & Benefits	1,340,344	1,391,518	1,490,838	1,487,245	1,549,698	1,750,720	1,754,010	1,826,091	1,898,171	1,970,252
Professional Services	289,295	340,081	730,825	664,733	151,698	132,000	243,000	202,494	161,988	121,482
Support Goods & Services	381,220	316,641	345,514	322,309	342,366	515,847	443,360	464,134	484,909	505,683
Utility Services	594,298	722,582	577,012	468,376	825,707	943,250	883,087	938,673	994,259	1,049,844
Capital Outlays	57,469	20,471	4,196	12,230	11,896	240,000	147,207	172,777	198,348	223,918
Interfund Charges	207,480	264,920	239,000	173,610	183,180	918,844	655,793	748,542	841,291	934,040
Repairs & Maintenance	3,645,307	1,842,262	3,447,635	711,956	6,286	2,110,000	368,560	(86,301)	(541,162)	(996,023)
Depreciation	1,702,103	1,768,848	1,772,086	1,766,325	1,765,018	1,767,800	1,788,153	1,797,046	1,805,938	1,814,831
Total Operating Expenses	8,217,516	6,667,323	8,607,106	5,606,784	4,835,849	8,378,461	6,283,171	6,063,456	5,843,742	5,624,027
Earnings (loss) from Operations	(3,884,246)	(1,889,011)	(3,530,963)	32,577	1,591,908	(2,582,541)	341,103	927,241	1,513,378	2,099,516
Nonoperating Revenue (Expenses)										
Investment Income	452,946	295,834	88,695	20,914	38,596	70,000	(114,258)	(192,950)	(271,643)	(350,335)
Interest Expense	(39,396)	(31,317)	(23,126)	(22,064)	(32,356)	(148,470)	(104,197)	(119,838)	(135,479)	(151,119)
State PERS Relief	35,603	108,112	104,049	42,515	66,234	44,030	52,254	48,110	43,966	39,822
Other	18,973	4,034	(383)	28,777	(490,519)	-	(228,123)	(272,390)	(316,658)	(360,925)
Net Nonoperating Revenue (Expenses)	468,126	376,663	169,235	70,142	(418,045)	(34,440)	393,357	975,351	1,557,345	2,139,339
Earning (loss) Before Transfers	(3,416,120)	(1,512,348)	(3,361,728)	102,719	1,173,863	(2,616,981)	734,460	1,902,591	3,070,723	4,238,855
Other Financing Sources (Uses)										
Capital Contributions	13,896	369,282	1,793,672	1,086,345	1,169,683	-	-	-	-	-
Transfers In	3,053,416	200,000	886,720	673,761	669,633	-	-	-	-	-
Transfers Out	(2,160,000)	(800,000)	(1,485,100)	(1,375,761)	(713,633)	(805,000)	-	-	-	-
Net Change in Fund	(2,508,808)	(1,743,066)	(2,166,436)	487,064	2,299,546	(3,421,981)	734,460	1,902,591	3,070,723	4,238,855
Net Assets at Beginning of Year	43,506,337	40,997,529	39,254,463	37,088,027	37,575,091	39,874,637	36,452,656	37,187,116	39,089,707	42,160,430
Net Assets at End of Year	40,997,529	39,254,463	37,088,027	37,575,091	39,874,637	36,452,656	37,187,116	39,089,707	42,160,430	46,399,285

Water & Sewer Funds - Fund Balance

Figure 11 below shows the total fund balance each fiscal year and Figure 12 shows the change in fund balance each fiscal year or the use of fund balance per fiscal year. The City has budgeted the use of \$3,421,981 from the fund balance in fiscal year 2012. In fiscal year 2011 the return of fund balance was \$2,299,546. The Fund Balance is made up of the assets of a fund less the liabilities, as determined at the end of each fiscal year. The year end fund balance is recorded in categories that describe the use of the funds. These categories are invested in capital assets, and the unrestricted balance that can be used. The fiscal year 2012 fund balance that is available for use in the fiscal year 2013 budget is estimated at \$3,921,110. This is based on an ending fund balance of \$39,874,637 for fiscal year 2011 less the budgeted use of fund balance in the fiscal year 2012 budget of \$3,421,981, depreciation added in the amount of \$1,776,000, less invested in capital in the amount of \$31,486,042, debt payments in the amount of \$256,097, and capital projects obligations in the amount of \$2,497,207.

Figure 11: Water & Sewer Funds – Total Fund Balance each Fiscal Year

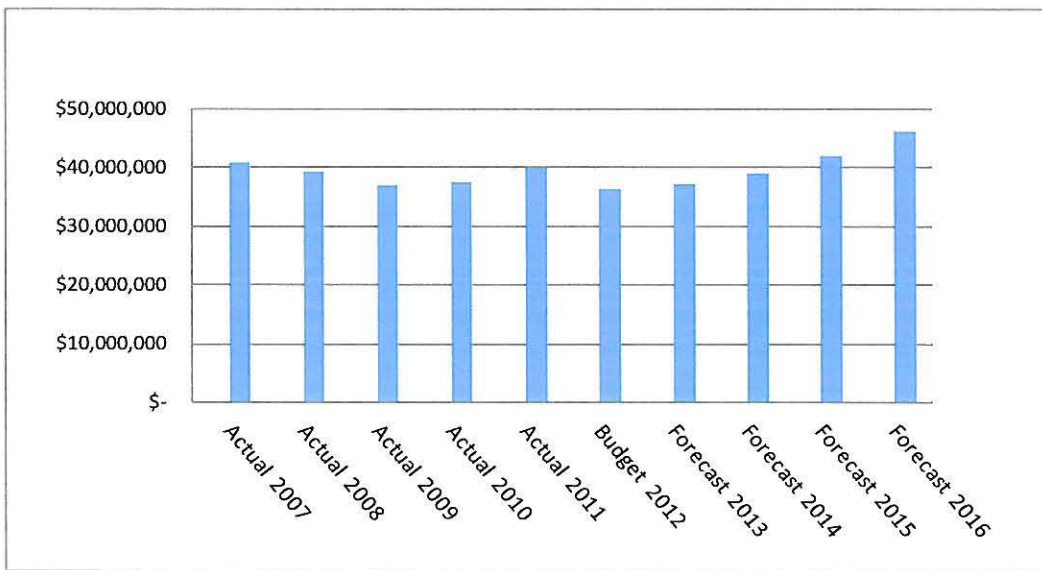
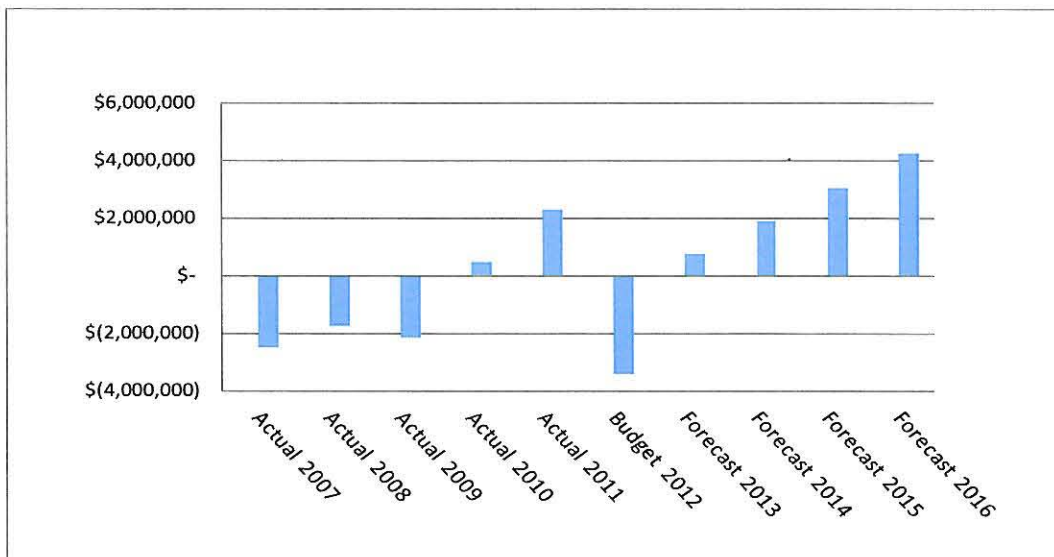


Figure 12: General Fund – Change in Fund Balance each Fiscal Year



HARBOR FUNDS

The Harbor Funds are also an Enterprise Funds, and as such, account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Council is that the costs of providing goods and services to the public on a continuing basis be financed or recovered primarily through user charges; or where the City Council has decided that periodic determination of net income is appropriate for accountability purposes. The General Fund transfers \$500,000 each fiscal year to the Harbor Capital Project fund based on the Sales Tax Code allocation. The following is a list of the harbor enterprise funds:

Cargo Terminal Fund

This fund accounts for all activity of the city owned and operated cargo terminal, which includes a warehouse and piers.

Boat Harbor Fund

This fund accounts for all activity for the Port of Kodiak, which is city owned and operated and includes two harbors.

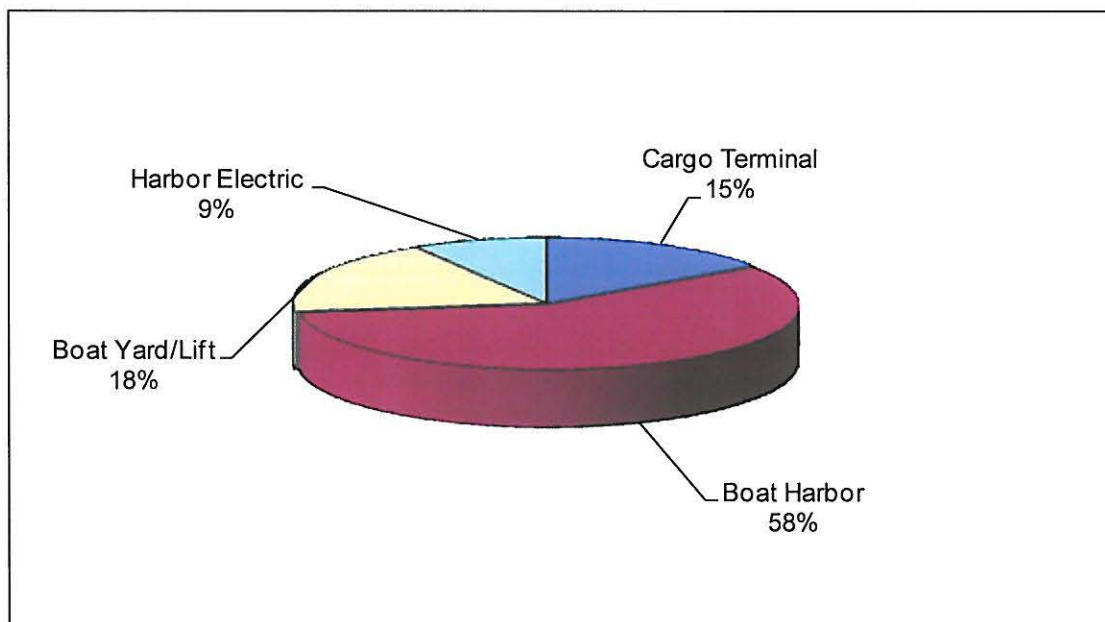
Boatyard/ Vessel Lift Fund

This fund accounts for all activity for the Boat Yard / Vessel Lift Facility which is city owned and operated.

Harbor Electric Fund

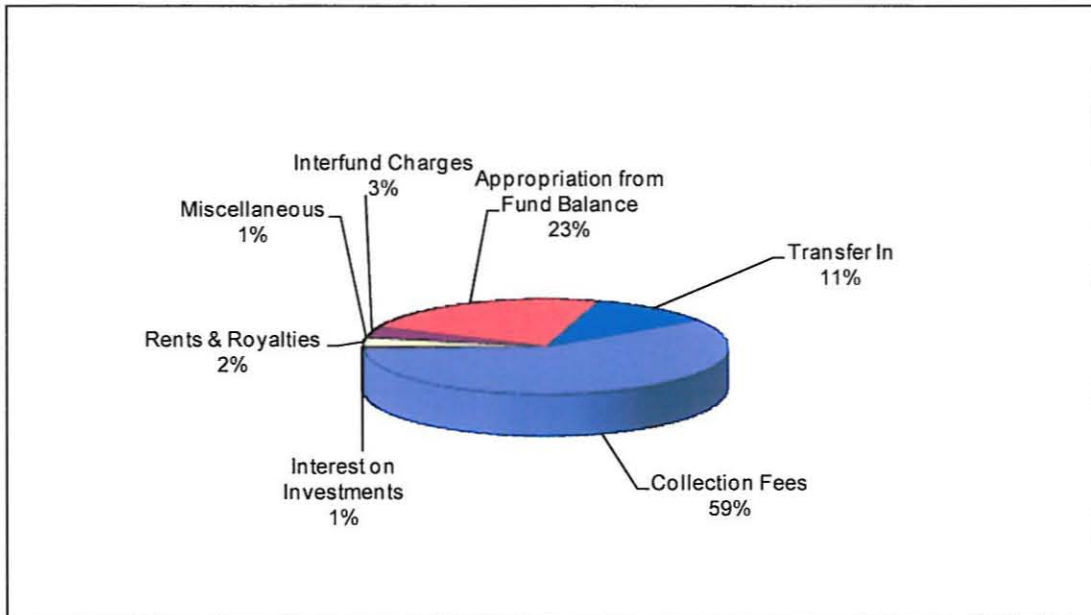
This fund accounts for the use of electrical power for the Boat Harbor, which is city owned and operated and includes two harbors.

Figure 13: Harbor Funds – FY 2012 Budgeted Revenues by Function



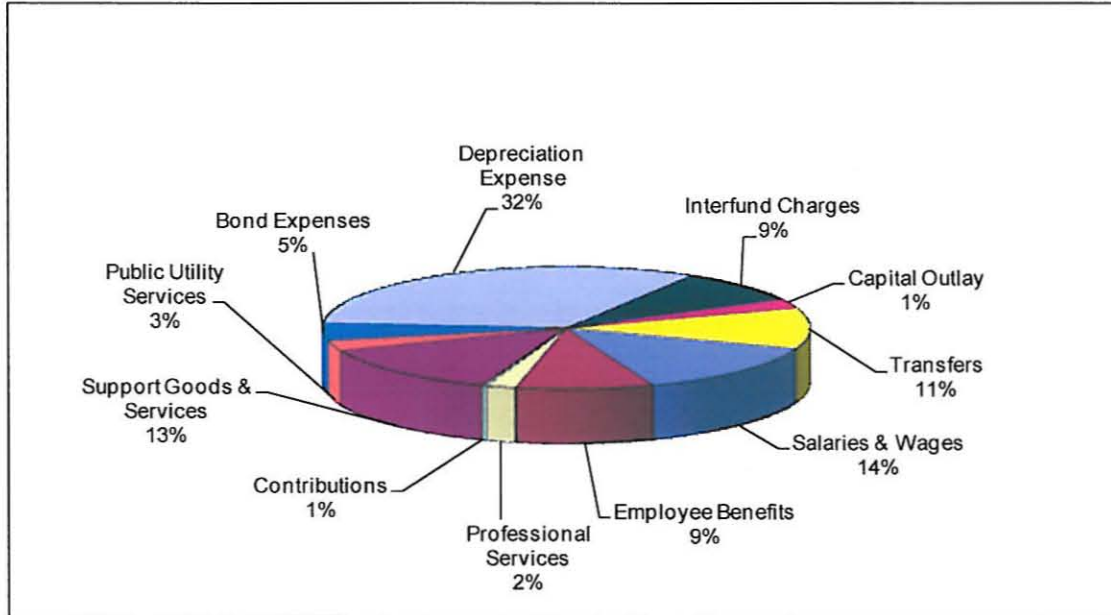
The Cargo Fund generates 15% of total revenues, the Harbor Fund 58% (Fig.13), the Boat Yard/Lift 18% and the Harbor Electric Fund 9%. The Harbor Funds are responsible for maintaining the City's Harbors while keeping rates to the fishing fleet reasonable.

Figure 14: Harbor Funds - FY 2012 Budgeted Revenues



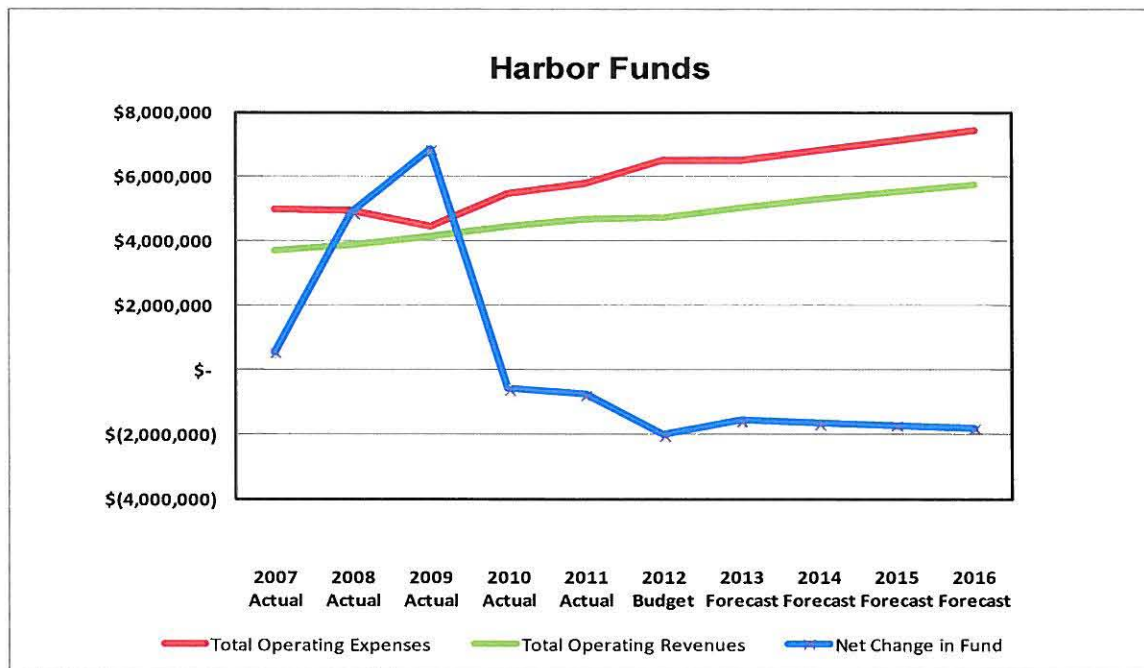
The main source of revenues is collection of fees for services or 59% (Fig.14), of total revenues. The Harbor Funds use Fund Balance to make transfers to capital project funds and for operations.

Figure 15: Harbor Funds – FY 2012 Budgeted Expenditures by Account Classification



The largest expenses in the Harbor Funds are depreciation at 32% (Fig.15), of total expenses, salaries and benefits at 23%, support goods and services at 13%.

Figure 16: Harbor Funds Forecast - Actual 2007-2011, Budgeted 2012, Forecast 2013-2016



As a result of a recommendation from the Harbor Advisory Board, a rate increase was implemented in fiscal year 2004 for four years and the rates were again adjusted in fiscal year 2011. The chart below shows the increase in moorage rates. Moorage rates are the largest category of fees in the Harbor Funds. In the future continued operating losses may necessitate additional transfers from the General Fund.

Annual Moorage Rates

Fiscal Year	Annual Moorage Per Foot		% Increase	
	Low	High	Low	High
2004	23.00	37.00		
2005	25.00	60.00	9%	62%
2006	27.00	73.00	8%	22%
2007	28.00	88.00	4%	21%
2008	29.00	98.00	4%	11%
2009	29.00	98.00	0%	0%
2010	29.00	98.00	0%	0%
2011	30.00	100.00	3%	2%

Low Range = 0 to 20 feet
 High Range = 151 feet and higher

Table 3 below shows the detail for the actual, budget and forecasted fiscal years. These forecasts do not include future capital projects.

TABLE 3: Forecast Analysis - Income Statement with forecast values along a linear trend using existing values 2007-2012										
Harbor	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fund Revenues										
Collection Fees	3,185,666	3,630,335	3,897,970	3,976,024	4,123,339	4,308,500	4,570,763	4,775,655	4,980,548	5,185,440
Other	528,121	245,038	259,501	484,122	553,936	442,218	491,003	511,626	532,248	552,871
Total Operating Revenues	3,713,787	3,875,373	4,157,471	4,460,146	4,677,275	4,750,718	5,061,765	5,287,281	5,512,796	5,738,311
Fund Operating Expenses		-	-	-	-	-				
Salaries & Benefits	1,253,196	1,235,064	1,265,554	1,343,916	1,451,235	1,671,680	1,652,037	1,732,588	1,813,140	1,893,691
Professional Services	56,284	69,724	74,827	105,112	228,564	144,500	207,957	235,039	262,122	289,204
Support Goods & Services	984,576	948,816	958,980	1,044,714	1,032,885	994,100	1,032,568	1,043,584	1,054,600	1,065,616
Utility Services	145,062	158,479	147,649	140,960	162,895	205,250	190,799	199,585	208,370	217,156
Capital Outlays	78,515	38,427	108,022	97,113	46,869	176,300	141,209	155,590	169,971	184,352
Interfund Charges	337,180	402,600	378,940	391,579	391,309	632,951	568,189	609,835	651,481	693,128
Repairs & Maintenance	729,990	563,344	-	568,055	167,021	332,000	132,315	57,719	(16,877)	(91,473)
Depreciation	1,391,452	1,547,454	1,538,885	1,787,423	2,302,339	2,368,990	2,562,845	2,774,299	2,985,753	3,197,207
Total Operating Expenses	4,976,255	4,963,908	4,472,857	5,478,872	5,783,117	6,525,771	6,487,919	6,808,239	7,128,560	7,448,881
Earnings (loss) from Operations	(1,262,468)	(1,088,535)	(315,386)	(1,018,726)	(1,105,842)	(1,775,053)	(1,426,154)	(1,520,959)	(1,615,764)	(1,710,570)
Nonoperating Revenue (Expenses)		-	-	-	-	-				
Investment Income	339,028	409,005	166,172	38,239	39,610	43,000	50,000	50,000	50,000	50,000
Interest Expense	-	-	(24,405)	(306,322)	(334,588)	(333,100)	(340,000)	(340,000)	(340,000)	(340,000)
State PERS Relief	38,400	111,606	94,559	43,076	67,880	63,160	63,894	62,212	60,531	58,849
Other	-	1,600	24,778	201,751	112,736	-	107,849	122,431	137,014	151,596
Net Nonoperating Revenue (Expenses)	377,428	522,211	261,104	(23,256)	(114,362)	(226,940)	(118,257)	(105,356)	(92,456)	(79,555)
Earning (loss) Before Transfers	(885,040)	(566,324)	(54,282)	(1,041,982)	(1,220,204)	(2,001,993)	(1,544,411)	(1,626,315)	(1,708,220)	(1,790,125)
Other Financing Sources (Uses)										
Capital Contributions	940,373	4,161,622	6,292,418	-	-	-	-	-	-	-
Transfers In	1,000,000	1,350,000	645,784	4,945,260	2,283,431	800,000	-	-	-	-
Transfers Out	(500,000)	(50,000)	-	(4,470,260)	(1,803,431)	(800,000)	-	-	-	-
Net Change in Fund	555,333	4,895,298	6,883,920	(566,982)	(740,204)	(2,001,993)	(1,544,411)	(1,626,315)	(1,708,220)	(1,790,125)
Net Assets at Beginning of Year	28,009,606	28,564,939	33,460,237	40,344,157	39,777,175	39,036,971	37,034,978	35,490,567	33,864,252	32,156,032
Net Assets at End of Year	28,564,939	33,460,237	40,344,157	39,777,175	39,036,971	37,034,978	35,490,567	33,864,252	32,156,032	30,365,907

Harbor Funds – Fund Balance

Figure 17 below shows the total fund balance each fiscal year and Figure 18 shows the change in fund balance each fiscal year or the use of fund balance per fiscal year. The City has budgeted the use of \$2,001,993 of fund balance in fiscal year 2012. In fiscal year 2011 the use of fund balance was \$740,204. The Fund Balance is made up of the assets of a fund less the liabilities, as determined at the end of each fiscal year. The year end fund balance is recorded in categories that describe the use of the funds. These categories are invested in capital assets, and the unrestricted balance that can be used. The fiscal year 2012 fund balance that is available for use in the fiscal year 2013 budget is estimated at \$4,674,536. This is based on an ending fiscal year 2011 fund balance of \$39,036,971, less the budgeted use of fund balance in the fiscal year 2012 budget of \$2,001,993, depreciation added in the amount of \$2,365,628 less invested in capital in the amount of \$33,383,596, debt payments in the amount of \$338,681, and capital projects obligations in the amount of \$1,007,155.

Figure 17: Harbor Funds – Total Fund Balances each Fiscal Year

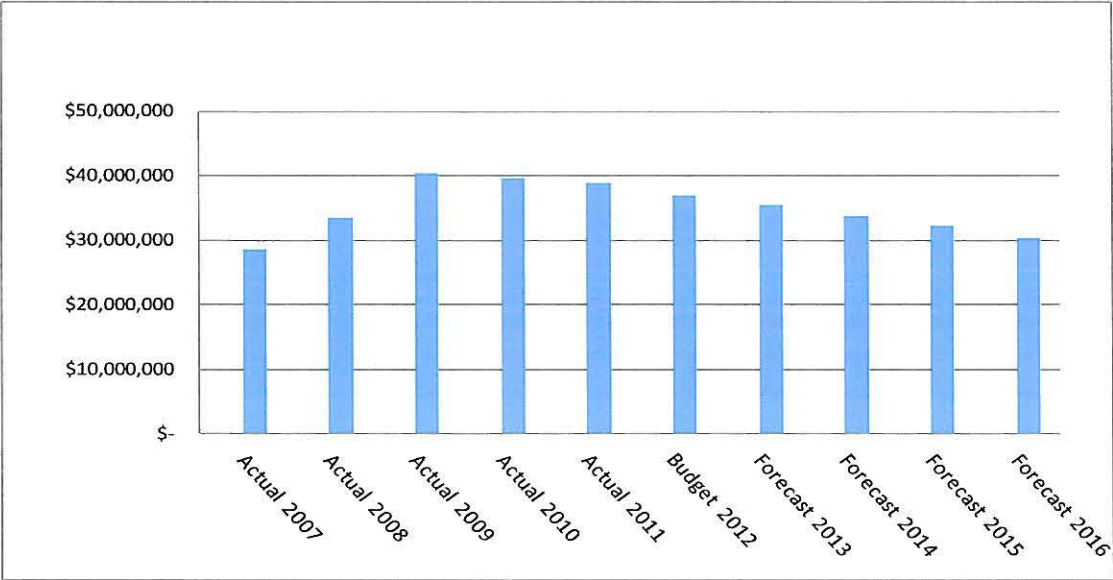
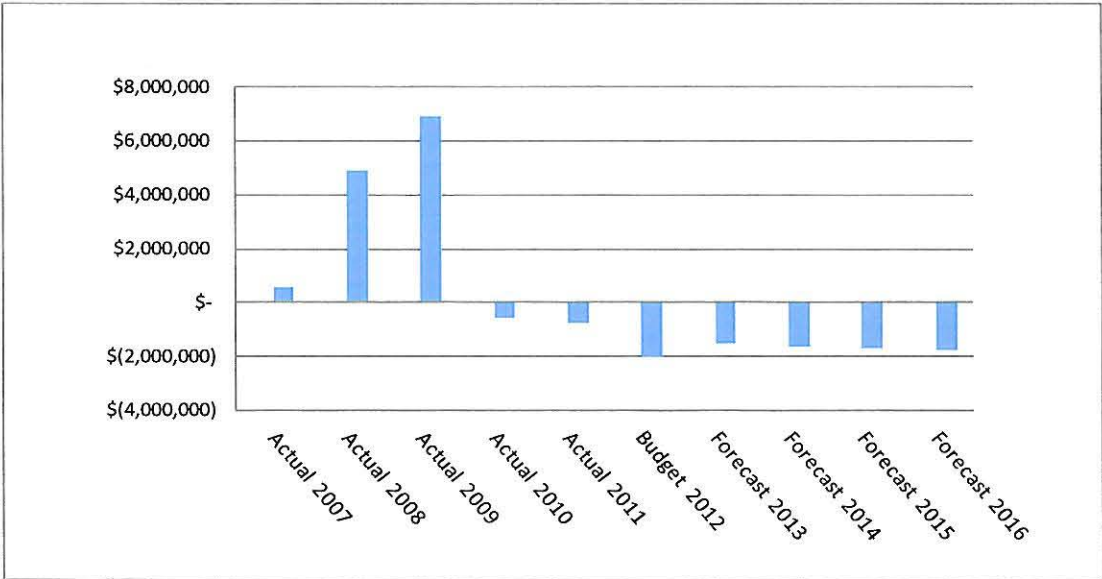


Figure 18: Harbor Funds – Change in Fund Balance each Fiscal Year



**CITY OF KODIAK
RESOLUTION NUMBER 2011-04**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK APPROVING
THE CITY COUNCIL'S BUDGET GOALS FOR FY2012**

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 February 26, 2011, planning work session; and

WHEREAS, management will use the listed budget goals as guidelines when developing the FY2012 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 FY2012 budget:

Personnel Goals

There will be no increase in the number of employee full-time equivalents (FTEs) of 125.65, providing that revenues remain consistent with FY2011, and there are no changes in operational needs.

An analysis of the need, use, costs, and hiring process of the City's use of temporary employees should be completed in FY2012.

Administrative steps will continue to be taken to centralize human resource functions to ensure uniform application of policies and to limit liability.

Selected sections of the PR&R will be reviewed and presented to Council for amendments or updates.

General Fund

The General Fund will be budgeted without a deficit through appropriations from the fund balance when/if necessary. Council may appropriate additional funds for capital projects.

Enterprise Funds

The Boat Yard/Boat Lift Fund will reach a breakeven point (not including depreciation) by the fourth full year of operation in FY2015, including adequate revenues to meet debt payments. The business plan and marketing campaign for services will continue to be developed and refined to capture maximum revenues.

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.

Maintenance and improvement of Harbor facilities will be continued to support and enhance fisheries and support sector services and activities.

Enterprise Fund rate studies will be completed every five years and presented to the City Council.

Operating Expenses

General Fund operating (non-personnel) expenses for FY2012 will be at a level consistent with FY2011. Required increases will be justified to the City Manager in writing and presented by department heads to the City Council during budget presentations.

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

City management will continue to examine ways to reduce or hold the line on expenditures without significant impact to level and quality of services provided to residents.

Community Support

The total amount available to fund non-profit requests will continue to follow the Council established level of funding, which is based on one percent of General Fund revenues.

Capital

The City Manager will work with Council to develop a formal multi-year capital improvement plan (CIP) that will identify, prioritize, and plan funding for capital and major maintenance projects. The capital budget will then link to, and flow from, the multi-year capital improvement plan.

Debt Service

The City will not incur new debt without appropriate analyses that will:

- Show impacts on rates or to taxpayers, or
- Ensure proposed capital assets are eligible for debt reimbursement programs, or
- Determine if the debt is the result of projects mandated by the state or federal government, or reflects critical life-safety issues.

Quality of Life

Provide adequate recreational facilities and programs to community residents through Parks and Recreation and the Library.

Economic Development

Utilize available local and State resources to maintain a healthy and sustainable economic environment for the City of Kodiak.



CITY OF KODIAK

DEPUTY MAYOR

ATTEST:

CITY CLERK

Adopted: March 3, 2011

City of Kodiak
Budget Calendar FY 2013

FY 2013	ITEM	BY
January 10, 2012	City Council Presentation FY 2012 Revenue Projections, Goals & Budget Calendar	City Manager & City Council
January 10, 2012	Review City Council Goals and prepare suggested changes	City Manager & Finance Director
February 23, 2012	City Council adopts Goals by Resolution	City Manager & City Council
March 5, 2012	Meeting of City Manager & Department Heads to distribute budget packets and provide overview of information in packets.	City Manager & Department Heads
March 30, 2012	Final day for departmental budget requests to be returned to Manager (via Finance Department)	Department Heads
April 2-13, 2012	City Manger & Finance Director reviews departmental budget with respective Department Heads.	City Manager/ Finance Director & Department Heads
April 24, 2012	Distribute Manger's Budget to City Council	City Manager
May 8 or 15, 2012	City Council and Manger budget work sessions. Departmental Budget Presentation to City Council	City Manager/ Department Heads & City Council
May 24 2012	First reading of budget ordinance	City Manager/ Finance Director & City Council
June 12, 2012	Advertisement for overall City Council Agenda including Budget	Clerk
June 21, 2012	Second reading and public hearing of budget ordinance; adoption of budget	City Manager/ Finance Director & City Council
July 1, 2012	Budget Implementation	Finance Director
September 19,2012	90 day Submittal to Distinguished Budget Presentation Awards Program - Government Finance Officers Association	Finance Director

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Kodiak Boatyard Business Plan



Photo by Hank Pennington

August 2010

**Executive Summary and Section VII
Revised January 2012**



Boatyard Business Plan Aug 2010 (Updated Jan 2012)

Kodiak Boatyard Business Plan

Prepared by: Marty Owen, Harbormaster

Table of Contents

Section		Page
I	Executive Summary (Revised Dec 2011)	2
II	General Description	13
III	Products and Services	15
IV	Marketing Plan	18
V	Economic Impact	23
VI	Operational and Management	25
VII	Financial Analysis and Plan (Revised Dec 2011)	27

Appendices: Not included in revision.

- A. Boatyard Vendor List
- B. Boatyard Advertising Plan and Budget
- C. Large Travelift Feasibility Study Prepared for the City of Kodiak, August 2004, by Northern Economics Inc., and PND Engineers, Inc.
- D. Kodiak's Boatyard: Progress, Challenges and Opportunities: PowerPoint, Harbormaster Marty Owen, for public presentations
- E. Management and Ownership Options, PowerPoint presentation to Kodiak City Council in 2006 by Harbormaster Marty Owen



Photo by Jan Pennington

Kodiak Boatyard's first lift, October 3, 2009, 560 tons!

I. EXECUTIVE SUMMARY

1. This revised executive summary discusses the Boatyard Enterprise Fund's FY2011 financial position. It also presents options for the City Council to discuss toward its goal to break even by FY2015. There are no significant changes to the body of the document. Changes will be made when and if the Council changes the way the City will do business in the boatyard. Section VII, the financial analysis contains an updated profit and loss statement for FY2011. The entire Plan may need to be rewritten once a professional economic/financial analysis is completed and the Council provides guidance as to how they want to proceed.
2. The boatyard has operated for two years with 99 vessels utilizing the yard as of Dec. 31, 2011. The two operating years are spread out over three fiscal years. Only FY2011 data shows a full fiscal cycle.
3. The machinery functions well and the yard operates smoothly. The facility is managed by Kodiak's Harbormaster and staff. Two full-time employees keep the yard open seven days per week. A contract employee operates the lift and one harbor employee cross-trains as the backup.



operator. A four-man team is necessary to lift a boat so harbor maintenance personnel and temps are called in to assist with lines, straps, buckles, and cribbing blocks.

4. The following topics are discussed in detail below:

- Analysis of FY2011 financial outcome
- Market Share
- Lay days
- Facilities
- Private vs. public operation of the yard
- Impact to the local economy
- Topics for City Council discussion
- Comments by Mike Terminel, Fleet Manager, Edison Chouest Offshore, Dec 2011

5. Analysis of FY2011 financial outcome

A. The income statement on page 27 presents actual data from the first full fiscal year that ended June 30, 2011. The unrevised proforma budgets in the 2010 version of this plan were based upon estimates and were remarkably close to reality. For comparison purposes, they have been included with revision.

B. The original proforma budget was based upon lifting 50 vessels the first year full year; the actual number of lifts was 44.

C. The proforma budget for FY2011 predicted an operating loss of \$266,000. The actual cash outflow was \$230,000. The deficit and depreciation (\$530,000) was absorbed by the Boat Harbor Enterprise Fund.

D. FY2011 statistics:	Longest / shortest vessels	171 / 58	feet
	Average length of vessel	93	feet
	Heaviest / lightest vessels	480/110	tons
	Average weight	270	tons
	Longest / shortest lay days	66 / 3	days
	Average number of lay days	15	days
	Highest / lowest revenue per vessel	\$24,881 / \$4,121	
	Average revenue per vessel	\$9,819	

E. The City Council's FY2011 budget guidance set a goal for the boatyard fund to break even (excluding depreciation) after five years. To break even in FY2011, an additional \$230,000 was necessary.

F. A reduction in expenses should also be explored. Unfortunately most of the boatyard expenses are in fixed overhead. While marketing and advertising might appear to be an obvious place to cut expenses, to do so is counterintuitive when the need is to generate more revenue by lifting more boats and selling more lay days.



Boatyard Business Plan Aug 2010 (Updated Jan 2012)

G. Interfund charges could be redistributed because \$156,000 is a lot of expense for the boatyard fund to absorb. It is currently treated as a fixed expense.

H. Financial projections in the original plan assumed growth of about seventy-five vessels per year to reach a breakeven point in FY2015. The growth assumption may have been optimistic because the second operating year showed no increase in the number of lifts.

I. Lift and lay day rates were increased by 10 percent on July 1, 2011 (See Section III, page 13), so everything else being equal, revenue is estimated to increase about \$45,000 in FY12. Another, much larger rate increase, perhaps as much as 50 percent, is necessary to eliminate the deficit in four years assuming no growth in vessel use. However, a large rate increase may induce market share loss.

J. Professional economic analysis makes sense at this point now that there is actual financial data to analyze. The previous feasibility studies by Northern Economics Inc. were purely estimates since no hard data was available. A refreshed look at the actual financial data might suggest that the City take a different approach. Should the Council be interested in contracting with a private operator, the study could suggest a fair annual lease value.

6. Market Share

A. Kodiak primarily attracts local vessels from the commercial fishing sector. Seventy-five percent of the vessels are local, the remaining twenty-five percent are Alaskan, but not home-ported in Kodiak. Two vessels were from other than the commercial fishing sector: one from the oil and gas sector, the 135' M/V Arctic Wolf; and a coastal freighter, the 151' M/V Helenka-B. Their home ports are in Valdez and Homer respectively.

B. The M/V Arctic Wolf, is owned by Edison Chouest Offshore. Edison's Alaska fleet manager, Mike Terminel recently had a conversation with the Harbormaster. He was very complimentary of Kodiak's boatyard but offered a long list of suggestions to improve it. His comments and suggestions are included in paragraph 12 below. Edison Chouest Offshore owns and operates nine commercial boat yards so Terminel's comments have considerable credibility. Terminel believes that there are significant numbers of non-commercial fishing vessels working Alaska waters and that the owners are not aware of "Kodiak great boatyard." He had several excellent suggestions to for to capture a larger market share. His biggest problem with using the yard was its lack of cover.

C. Mike Terminel (See complete list of suggestions in paragraph 7 below.) recently suggested that the Kodiak consider joining the Alaska Resource Development Council (ARDC). ARDC is a statewide business association comprised of individuals, companies, and communities from Alaska's oil and gas, mining, forest products, tourism and fisheries industries. ARDC's membership includes Native Corporations, local communities, organized labor, and industry support firms. It provides forums for policy debate and analysis to help guide Alaska in these



areas, as well as in land use, transportation, power development, international trade and economic development.

D. Terminel also suggested that Kodiak hold a “town-meeting” to facilitate the discussion of how Kodiak can it easier for out-of-town boat owner’s to use of the boatyard. ComFish might be an excellent venue for such a event. The City could make a presentation explaining what’s going on at the boatyard sharing information like number lifts, service rates, revenue/expense statistics, and so on. Then solicit ideas from the private sector. Invite all business interested in supporting the yard, boat owners, hotels, restaurants, B&B, retailers, marine supply, tradesmen, etc. What can the community offer to make outside vessel owners feel welcome? How can City government facilitate economic activity in the boatyard?

7. Lay days

A. Vessels are charged for the dry moorage space they occupy. Every day in the yard is billed as a lay day. The charge is currently set at \$2.20/ft. So a 100-foot vessel pays \$220 per lay day. In FY2011 lay days generated \$126,000 which is 30 percent of the boatyard’s total revenue. The average stay in the boatyard is 16 days. The maximum stay during FY2011 was 58 days.

B. Lay day revenue is an excellent foundation for financial stability because it generates revenue with no additional expense to the City.

C. The boatyard has an annual potential of 2,190 lay-days (365 days x 6 dry moorage sites). In FY2011, 689 lay days generated \$126,000. Only one-third of the boatyard’s full lay-day potential is actually producing income.

D. The initial lay day fee had progressively increasing cost per day. The longer a vessel stayed in the yard the higher the rate. Boat owners did not like it. This structure was created to encourage vessels to keep the number of days in the yard to a minimum because we (wrongfully) assumed that with only six dry moorage sites, the boatyard would be full most of the time.

E. At the recommendation of the Port and Harbor Advisory Board last spring, the layday rate was changed. It is now a fixed at \$2.20 per foot per day, regardless of the length of stay.

F. To encourage more lay day use, thus hopefully increase revenue, the Council might consider a discounted rate that encourages long-term projects. Boat owners might be willing to stay longer if the lay day cost declined with longer stays. For example the rate might be adjusted to decline by some percentage after 20 days and even more after 40 days. The rate needs to be high enough to discourage vessels from being “stored” in the boatyard.



8. Facilities

A. The lack of options for covering vessels, or at least blocking the wind, is the only serious complaint that owners always bring up. We hear it often and it is a serious drawback to boat repair and maintenance in Kodiak.

B. Sheltering vessels for painting and welding is difficult to accomplish. Boat owners and crews spend many lay days figuring out how to protect their vessel from the elements, especially during the fall, winter and spring when most of the work is done and the weather is the worst. Boatyard staff have observed many failed attempts to block the wind.

C. The harbor department has discussed options like portable walls or a series of 40-foot vans that could be positioned around a vessel, but these would have to meet engineering standards for liability purposes. A large building would be ideal, but may not be immediately affordable.

D. The PHAB is an advocate of procuring shelters, wind breaks, and/or buildings for the boatyard. There was a major discussion about it at their Dec 2011 meeting. The PHAB chairman created a sub-committee, to look into the feasibility of having a covered structure. They have asked for an informal feasibility proposal from a manufacturer of large metal buildings. More information is expected in early January 2012.

9. Private or public operation of the boatyard

A. The City should explore the original operating concept: Lease the boatyard to a private operator . . . much the same as it does with the cargo operation at Pier 3. A professional analysis to determine the value of a lease would be advisable.

B. A private operator would very likely want the exclusive rights to offer services -- like Horizon Lines at Pier 3. That would end the attractive "open yard" option that allows boat owners to work on their own boats and hire vendors of their own choosing.

C. Because the boatyard's depreciation expense is large at \$530,000 annually, it is unlikely that this amount could be recovered by leasing the facility. However it is likely that a private firm could operate the yard more economically than the City.

10. Impact to the local economy.

A. The impact to Kodiak's overall economy is significant, but not easy to quantify without getting a professional economist involved. Boat owners, vendors, and service providers do not disclose the amount spent servicing vessels.

B. Every dollar spent locally in the Kodiak boatyard would have been spent in another community if the boatyard had not been built. Each dollar typically turns about seven times locally. Considerable detail is contained in Section V of the business plan.



11. Topics for City Council discussion and consideration

- A. What strategy should Kodiak adopt to attract more vessels to the boatyard?
- B. Can membership in an organization like the Alaska Resource Development Council (ARDC) be explored?
- C. From what maritime sub-sectors can new business be solicited? Examples: oil & gas, tow boats, coast freighters, and so on.
- D. Should expenditures on marketing advertising be increased in an effort to reach maritime sub-sectors beyond commercial fishing?
- E. Should the City invest in a building at the boatyard ?
- F. Should the City invest in equipment to block the wind and create a situation to help boat owners cover their vessels?
- G. How pricing strategy should be developed to increase revenue from lays days?
- H. Should the City lease the boatyard to a private operator?
- I. Should the City sponsor a boatyard forum at ComFish this year?
- J. Should a professional economist be hired to:
 - a. Study the continued feasibility of the City running the boatyard?
 - b. If the boatyard is leased, what should the lease fee be?
 - c. Determine the boatyard's overall economic impact to the community.
 - d. Should the City accept operating the boatyard at a loss?
 - e. Determine how much addition sales tax revenue boatyard activity generates.
 - f. Should the sales tax cap be lifted in the boatyard?

12. Comments by Mike Terminel, Fleet Manager, Edison Chouest Offshore, Dec 2011

- "Kodiak's boatyard has a great thing going. It's a gem! The boatyard staff was very helpful. I've heard and experienced nothing negative about it. Here are my observations and suggestions:"
- One of our vessels, the Arctic Wolf, is a 140' landing craft and supports the oil and gas industry. It was the 10th and largest vessel lifted in Kodiak. She needed paint, zinc and hull welding.



Boatyard Business Plan Aug 2010 (Updated Jan 2012)

- The Arctic Wolf boatyard project went well, but not quite perfect. Kodiak weather can be bad, and it really was! We experienced wind, rain, ice, snow . . . all on the first morning. Unfortunate timing, but it is typical. The City needs to consider shelter and protection!
- Sheltering vessels for painting and welding was tough! I wasted too many days just figuring out how to cover the vessel. Harbor staff suggestions (Lon) were great but he could offer no materials or wind break. It was a big struggle but we did it.
- The City should facilitate the purchase of shelter materials -- movable walls, vans, or whatever. Rent them and make money. [HM note: A building would be ideal, but may not be immediately affordable. The PHAB is an advocate of procuring shelters, wind breaks, and/or buildings for the boatyard.]
- Boat owners need a place to store tools, equipment and supplies during the boatyard stay. Vans (20 or 40-footers) would work great. Spot one near each boat.
- Local welders are good, but too expensive. I brought in my own crew. More local competition would be healthy for Kodiak's economy and boatyard users.
- Local rental company is okay but not equipped to support a big boatyard. Need plenty of scaffold, moveable platforms, man lifts, welders, etc.
- Retail marine suppliers are adequate for in-water maintenance of fishing boats, but lack the depth and quantity to support a major boatyard operation. For example, not enough bottom paint, shafts, bearings, zincs, etc. on hand.
- **Hold a "town-meeting" to discuss the boatyard.**
 - Make a presentation. Explain what's going on at the boatyard from the City's perspective. [Consider sharing numbers: lift and service rates, revenue/expense statistics, or more)
 - Solicit ideas from the private sector.
 - Invite all business interested in supporting the yard, boat owners, hotels, restaurants, B&B, retailers, marine supply, tradesmen, etc.
 - What can the community offer to make outside vessel owners feel welcome?
 - How can City government facilitate economic activity in the boatyard
 - [HM's note: Consider holding a seminar at ComFish in April]
- Expand advertising beyond the commercial fishing to the oil and gas, tow boats, etc. Oil company executives and skippers don't read National Fishermen or Pacific fishing. Recommend that you consider other publications like: Professional Mariner, Workboat, Alaska Business Weekly, Petroleum News, and Alaska Journal of Commerce.
- Joint the Alaska Resource Development Council (ARDC). About \$1,000 to joint. ARDC is an advocacy for Alaska industry. Ketchikan boatyard is a member. Talk to Carl Portman, the Alaska Resource Development Council executive director.



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- US Coast Guard (USCG) was an issue. Response time between inspections slowed up progress unnecessarily. Suggest that you make them feel special and give them their own parking space in the boatyard. Please impress upon them how much they can hold up a project if they aren't on time your boatyard customers. Time is money and the USCG appeared to have no regard for the time wasted between inspections.
- If Seward gears up to home-port the off-shore Community Development Quota (CDQ) boats, the Kodiak Boatyard should boom. Keep your name out there.
- I used 15 rooms at the Best Western for three weeks. We ate in all the restaurants. It all worked fine but few people outside Kodiak know what Kodiak has to offer. Local business need to advertise more. Give [out of town boat owners] a warm-fuzzy about Kodiak. The new guy on the block needs to really advertise.
- **BOTTOM LINE:** I will use Kodiak's boatyard again for shipyard work on the Edison Chouest Offshore fleet.
- If Shell Oil gets a drill bit into the North Pacific, there will be another gold rush. Kodiak's boatyard needs to be ready to support the boom.



Background:

1. Kodiak's 660-ton Marine Travelift and boatyard became operational October 2, 2009.
2. The need was recognized years ago and took over a decade to plan and build. PND Engineers designed the facility and it was built by Pacific Pile and Marine. Major subcontractors included Brechan Enterprises, Tundra Plumbing and Local Electric. Total cost: \$17.3 M. In this age of environmental awareness, Kodiak can boast that it sets a new standard. It is the only fully environmentally compliant boatyard on the West Coast.
3. Funding came from a number of sources and included a \$5M revenue bond State and Federal grants total \$7.3M. The remainder came from harbor retained earnings and the City water/sewer fund. Annual interest payments are about \$245,000.
4. Long-trips to distant ports for boat maintenance are over. Crewmen are able to spend time in their home port while dry dock work is accomplished on their vessels. Owners are pleased with the lift, yard facilities and with the money they save when they "can do-it-themselves" or hire a contractor that they know and trust.
7. The fact that boat owners can do their own work, hire vendors of their own choosing and not travel to a distant yard for a haul out saves owners tens of thousands of dollars for fuel, lodging, labor, parts, etc. The "open yard" creates significant savings to an owner interested in managing his own boat project. However, some owners, mostly ones from out of town, find it difficult to manage a yard work and prefer a full service yard where all work is done by a team managed by the boatyard operator.
8. New jobs, new businesses and increased sales for the existing marine-related businesses are real. Quality Marine of Seward is relocating to Kodiak – others are making plans. Kodiak College revived its welder certification program and graduates are already working in the yard. Kodiak Marine Supply is selling hundreds of gallons of bottom paint. Just to name a few businesses profiting from increased work and sales. There are currently 25 vendors authorized to conduct business in the yard. They each pay \$300 annually for the privilege to offer services and supplies in the yard.
9. The City's original business plan did not include operating the boatyard. The concept was to lease the facility to a private company in a very similar manner to leasing the crane and uplands at the City-owned Pier 3 cargo terminal. The City manages the contract but the facility is managed and operated by Horizon Lines of Alaska.
10. Over a year before the boatyard was to open, the City solicited for an operator. There was one solid response from an experienced boatyard operator (Puglia) in Washington State. A contract had not been negotiated but was in the process. Puglia's owner had full intended to operate the yard and offer a full array of services but unforeseen events in his business made it impossible for him to open and operate another yard and he backed out prior to signing a contract. So at the last minute, the Harbormaster was assigned the responsibility. The Harbormaster wrote policies, recommend



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initial fees, personnel, and equipment were written, purchased and organized. The results have been excellent considering we started from scratch.

11. Kodiak is blessed with an experienced marine lift operator, Bill Feda, who is under contract to operate the machine and supervise blocking. Lon White, Kodiak's 30-year veteran deputy harbormaster, supervises the boatyard team and schedules lifts. He hired two new maintenance mechanics to assist with yard operations and maintenance. The Travelift is the largest crane in Alaska and requires substantial expertise to operate and maintain. The harbor office team has geared up to handle administrative details and, of course, billing.

12. Marketing and pricing strategy are under review.

13. The economic analysis done by Northern Economics, Inc in 2000 (2004 update) will be revisited in 2011.

13. A creative advertising plan was conceived by Robert Wilkes in 2009. It was recently revised and will continue through 2011.



II. GENERAL DESCRIPTION

1. Mission

To provide a boatyard facility that can accommodate large fishing vessels, thereby creating jobs and economic activity for the community of Kodiak consistent with the City Council's short- and long-term goals.

The City built a boatyard:

- to grow Kodiak's economic base
- to facilitate the fishing fleet's "below-the-waterline" maintenance needs
- to improve quality of life for Kodiak crewmen and their families
- to reduce the hemorrhage of Kodiak dollars out of the community
- to allow boat owners the flexibility to do their own work and/or hire their own vendors
- to encourage new business development in the marine trades

2. Facility

- 660-ton Marine Travelift
- lift piers
- environmentally compliant wash down pad
- support equipment (blocking, forklift, manlift, pressure washers, etc.)
- utilities



3. Form of ownership: Municipal, no partners.

4. History

A. The City of Kodiak's boatyard was envisioned in the early 90s when the Near Island quarry was opened to mine rock for the St. Herman Harbor (SHH) breakwater. As flat land was created and the breakwater became a reality in 1997 it became obvious that the protected deep waters would not only create excellent moorage for large fishing vessels, it could also serve as a haul-out site for a boatyard.

B. After a decade of planning, the boatyard became a reality in October 2009. Parties involved include the City Council, Port and Harbor Advisory Board, Harbormaster, City Engineer, City Manager and PND Engineers.

C. At least two feasibility studies were conducted by Northern Economics: One in 2001, and an update in 2004. They suggested a need and market that . . .

D. The yard currently occupies about five acres and will eventually encompass 13. Quarry operations in the NE section will be ongoing for many years. Three contractors, Brechan, Anderson, and DeHart, are currently mining.

E. Quarry expansion could eventually create sufficient land for vertical structures. For example, shops and bays for the marine trades and a structure large enough to work on large boats.

F. As originally conceived the boatyard would be operated by a private contractor. However, no contractor agreed to take on the operation. By default the Harbor Department set up the yard and currently operates and manages it. It adds a great deal of responsibility to the Harbormaster's job.

5. Most important strengths and core competencies.

- Kodiak is a fishing and fish processing community
- Kodiak's infrastructure includes massive harbor and port facilities
- Kodiak's location in the central Gulf of Alaska makes it a crossroads for logistic support to large numbers of transient vessels

6. Significant challenges faced now and in the near future.

- Breakeven by the 5th full year of operation
- Refine yard management team
- Lack of a building for welding painting and other maritime services
- Increase revenue to meet expenses and debt service (and depreciation expense?)



III. PRODUCTS AND SERVICES

1. Services:

- Lift and launch vessels ranging between 50 and 180 feet, 42' beam, up to 660-tons
- Power wash (equipment only)
- Block for dry moorage
- Dry moorage
- Electric
- Waste disposal
- Select equipment (with City operator)

2. Competitive advantage

A. Kodiak's central location in the Gulf of Alaska and its proximity to the fisheries, trained and competent crewmen, fish processing plants, reliable/renewable source of energy, cargo terminals, a state airport, marine supplies, and a wide variety of maritime support businesses including welding, hydraulics, electronics, divers, painters, electricians, hardware, nets, wire rope, and much more.

B. Because of Kodiak's remote location there is little competition from other business or communities. Kodiak's 550-ton Travelift is the only one of its kind in the State of Alaska. The Travelift creates a distinct advantage in that vessel can be easily lifted and returned to the water. Traditional marine ways and submersible boat-lifts have much less flexibility.



3. Competitive disadvantage

A. Kodiak long, damp, cold weather, exacerbated by high winds . . . almost year-round. These environmental conditions seriously hamper boatyard work, especially welding and painting. Welding and painting are the key services that every big fishing boat must have. Weather can be mitigated by building temp structures (expensive) over boats, but the ultimate solution is a large building.

B. Kodiak is currently disadvantaged by the absence of service providers for large vessel maintenance. For example, there are not enough welders and there is no facility for large shaft machining or propeller repairs. With time, these types of business will move into Kodiak. Quality Marine, already has moved into Kodiak bringing about six employees, renting shop space, etc.

4. Pricing

A. Pricing for lift/launch and dry moorage in an “open yard” is complicated by the fact that Kodiak’s business model, although typical of small private boatyards and low capacity municipal boatyards, has no precedence in publicly owned boatyards. The other eight boatyards with 660-ton Travelifts, are operated by “for-profit” full service boatyards. They earn their profit by providing boat services like welding, painting, mechanical, etc. Fees charged for boat haul-out is incidental. The case is completely opposite in Kodiak’s situation as an “open yard.”

B. The initial pricing was a starting point and management knew that rates would likely need adjustment after a year of operation. Introductory pricing (see next page) was established by the City Council on July 1, 2009.

C. The revenue generating capacity of the Kodiak boatyard was unknown because it was not know how many vessels would be lifted and only had estimates of the operating and depreciation expenses. With nine months of data however, a clearer picture is beginning to emerge. About 50 vessels will use the yard in its first full year of operation.

D. Three options for meeting the City Councils goal of breaking even by 2015 are presented in section VII.



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Kodiak Boatyard Fee Schedule

(Extracted from the City schedule of fees and charges)

	Original 2009	2011 Changes
Lift, Block and Launch		
Vessels up to 80'	\$40.00-per foot	44.00 per foot
81' to 100'	\$45.00 per foot	50.00 per foot
101' to 120'	\$55.00 per foot	60.00 per foot
121' to 150'	\$65.00 per foot	71.00 per foot
151' and up	\$70.00 per foot	77.00 per foot
After hours surcharge	+ 20% per foot	
Non-standard Lift (Operator and lift)	\$1,500.00/hour	
Inspection Lift , includes 1 hour hang time free	75% of lift/launch	
Hang Time	\$275/ea addl. hr	
Delay of Lift	\$250.00/ half hr	
Pressure Wash (and scrape if necessary)	T, M & E*	
Reposition	50% of lift/launch	
Scheduling Deposit (Credited to lift or forfeited if the vessel is late or "no show.")	\$ 750.00	
Dry Dockage Space (November 1-March 30	\$1.75-per ft/day	2.20/ft/day
Dry Dockage Space (April 1 – October 31)		
Days 1 – 14	\$1.75 per ft/day	
Days 15 – 28	\$2.25 per ft/day	
Day 29 and beyond	\$2.75 per ft/day	
On Site Storage		
Daily (First three days (or portion thereof) no charge)	\$0.05/sq ft/day	
Minimum charge	\$15.00	
Vendor (Vendors must be preapproved and have \$1M liability coverage)		
Registration (Paid by vendor)	\$300/year	
Daily vendor fee (Charged to vessel, two-hour grace for deliveries)	\$50/day/worker	
Utilities (Includes water)		
120v single-phase 30 amp or actual kWh cost, whichever is greater....	\$15.00/day	
208v single-phase 50 amp or actual kWh cost, whichever is greater....	\$35.00/day	
208v three-phase 100 amp or actual kWh cost, whichever is greater....	\$40.00/day	
480v three-phase 100 amp or actual kWh cost, whichever is greater....	\$50.00/day	
Equipment Rental		
Fork lift	\$75.00/half hour	
Man lift	\$75.00/half hour	
Pressure Washer, 3 hour minimum \$125.00 day maximum	\$25.00/hour	
Other	T, M & E*	
Environmental Tarp (Ground tarp required for all bottom work)	Cost + 15%	
Waste Disposal		
Used oil	\$1.00/gallon	
Dumpster	\$100.00/tip	
Non-Hazardous liquids, including oil bilge water	\$2.25/gallon	
Hazardous	Cost + 15%	
Other, i.e. metals and wood	Cost + 15%	
Labor		
City Employee, straight time	\$65.00 per hour	
City Employee, overtime	\$95.00 per hour	
Contract service provider (i.e. diver, lift operator, etc)	Cost + 15%	
Environmental Surcharge	2.5% of gross	
Other Fees and Services	Cost + 15%	

*T = Time (labor); M = Materials; E = Equipment Hours



IV. MARKETING

1. Market Research

A. The potential users for large travel lift in Kodiak encompasses a variety of vessel types, including those homeported in Kodiak, vessels operating in the western Gulf of Alaska, and vessels operating in, or transiting, to and from the Bering Sea and Aleutian Islands.

B. **Competing Facilities.** To avoid competing with existing, privately owned facilities in Kodiak, the new haulout facility caters to vessels exceeding 150 tons in weight. Vessels in the 150- to 660-ton weight class that might use this facility are serviced by a small number of facilities in Alaska, western Canada, Washington, and Oregon. These facilities include:

- **Dutch Harbor** offers services for vessels only in the water and a private submersible drydock.
- **King Cove** has a city-owned 150-ton Travelift and a 25 x 80-foot grid.
- **Seward's** city-owned facilities include 50- and 250-ton Travelifts, and a 5,000-ton Syncrolift. The Syncrolift is City-owned but privately operated as a "closed yard."



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- **Valdez** has a city-owned 60-ton Travelift and a tidal grid capable of handling vessels up to 120 feet or 250 gross tons.
- **Petersburg's** public facilities include two tidal grids handling vessels up to 200 tons. Private facilities include a marine railway capable of handling vessels of up to 300 tons or 100 feet and a tidal grid handling vessels up to 45 feet.
- **Ketchikan's** private facilities include a 10,000-ton submersible dry dock. A second, smaller drydock was recently built.
- **Cordova** completed a 150-ton Travelift in 2009. It is city-owned and operated.
- **Puget Sound** in Washington is home to several private and public shipyards and Travelifts catering to large vessels.

C. Catering to vessels exceeding 150 tons minimizes competition with existing facilities and ensures that vessels using the lift are of sufficient size to justify use. Rates charged for vessel haulouts at these other facilities vary depending on vessel weight, vessel length, and duration that the vessel is out of the water.

2. Factors affecting travel lift use¹

A. Number of facilities in Alaska, western Canada, Washington, and Oregon capable of handling vessels in the 150- to 600-ton weight class. Currently, only facilities in Seward, Ketchikan, the Puget Sound Region, Oregon, and British Columbia can lift vessels in this size range. Vessels exceeding 600 tons have to use the Syncrolift in Seward, the drydock in Ketchikan, or travel outside Alaska. Given that Seward operates a 250-ton lift, vessels in the 150-to 250-ton weight class that wish to be lifted in Southcentral Alaska could choose to be lifted in Seward or Kodiak. Vessels in the 250- to 660-ton weight class that wish to be lifted in Southcentral Alaska can choose Kodiak's travel lift or Seward's Syncrolift. Seward has environmental compliance issues and many abandoned vessels.

B. Location of Kodiak. The nearest facilities capable of handling vessels in the 150- ton 600-ton weight class are in Seward, 220 miles away. The only other facilities away are in Ketchikan, 1,000 miles away. West of Kodiak, there are no facilities capable of handling vessels of this size.

C. Number of facilities in Alaska, western Canada, Washington, and Oregon capable of handling vessels with beams of up to 42 feet. Vessels operating in and around Kodiak tend to have wide beams, and a travel lift sufficiently wide to handle a 42-foot beam would accommodate most of the fleet between 150 and 600 tons. Syncrolifts and drydocks at competing facilities would be capable of lifting vessels with these beams.



D. Cost to haul and service vessel in other areas of the state. There is a significant travel cost associated with bringing a vessel from the western Gulf of Alaska or Bering Sea to Southeast Alaska or the Pacific Northwest for maintenance and repair. For vessels from Western Alaska or operating in Western Alaska, it may be more cost-effective to travel to Kodiak to be serviced, rather than using facilities outside the region.

E. Vessels homeported in Kodiak. Vessels moored exclusively in Kodiak are likely to use Kodiak haulout facilities regardless of other available facilities so that vessel owners or operators can service their vessel without major travel costs to reach another port. The number of large vessels moored permanently in Kodiak may grow over time as the number of moorage spaces expands. Transient vessels are less likely to use Kodiak facilities; the market share is assumed to be 20 percent, but could likely range from 10 to 30 percent. These percentages may not be achieved in the first few years as the necessary services may not be available. These percentages are achievable with growth in the number of services and expertise in the local labor force.

F. Location of Kodiak with respect to major fishing grounds in Southcentral and Southwest Alaska. Proximity to fishing grounds may play a significant role in attracting vessels to Kodiak facilities. Vessels transiting between the Bering Sea or Alaska Peninsula to Seward or Kodiak may save a significant amount of time and money by being serviced in Kodiak rather than Seward or Puget Sound.

G. Non-market factors. Vessels in need of emergency repairs or needing attention for other unanticipated situations could utilize the haulout facilities in Kodiak. This study uses vessel data collected from several sources. The primary source of data is from the Kodiak Harbormaster's Office. Secondary sources, which are used to reinforce and verify the primary source, include Alaska Commercial Fisheries Entry Commission vessel license files, National Marine Fisheries Service license and permit files, and the U.S. Maritime Information System.

H. A survey of large vessel owners (Kodiak Chamber of Commerce 2000) provided information on the frequency that vessels are lifted for routine maintenance and repairs. Based on this information and an analysis of the fleet composition, Northern Economics, Inc. estimated that a 660-ton facility would lift approximately 88.6 vessels annually.

¹ Market research: Large Travelift Feasibility Study Update, September 2004, Northern Economics Inc, Anchorage, AK

3. Current Marketing and Advertising Plan

- A. User brochure and info snail-mailed, e-mailed and also available on line.
 - Enclosures:
 - User application and terms
 - Vendor application and terms
 - Best management practices yard operating regulations
 - Fee schedule and estimate worksheet



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Vessel work plan and user check list
Travelift specifications

B. Trade shows

Pacific Marine Expo, Seattle (November)
Boat Show, Seattle (January)
ComFish Kodiak (April)

C. Trade publications ads (Advertising plan and budget attached at appendix B)

National Fisherman
Workboat
Pacific Fishing
Fisherman's News
Western Mariner

D. Radio ads on public and commercial stations aired in coastal Alaska communities

E. Web based. The City/harbor web site has info about the boatyard including user and vendor applications, fees, policies, vendor lists, and more. It needs to be expanded and improved and is currently the weakest link in the marketing plan.

4. New marketing ideas. See Executive Summary.

5. Marketing Strategy

Make owners and operators of vessel between 150 and 660 tons operating in the coastal waters of Washington, Oregon, Western Canada, and Alaska aware of the fact the Kodiak has a 660-ton Travelift, state-of-the-art boatyard and vendors that offer a wide variety of maritime services.

6. Pricing Strategy

A. For any new business pricing is always a big concern. How much can be charged before boat owners find another boatyard. It is particularly problematic for a political subdivision like the City of Kodiak which needs to recover all operating expenses (at least) and depreciation expenses (desired), yet wants to encourage economic development across a broad spectrum of the local community.

B. Initial pricing was based upon a variety of factors and analysis and it is what it is. See section IV Marketing. The BIG question now is: What should prices be in the future.

C. As originally envisioned a private company would rent the facility, operate the lift and set the rates. Free enterprise principals would apply. Obviously, the yard operator would set rates sufficient to meet expenses and make a reasonable rate of return for the investors.

D. In Feb 2010, the Kodiak City Council adopted the following budget goals for the boatyard:



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“The Boatyard Fund will reach a breakeven point by the fifth full year of operation in FY2015, including adequate revenues to meet debt payments.

“The business plan and marketing campaign for services will continue to be developed and refined to capture maximum revenues.”

E. The City Council’s goal to capture “maximum revenue” suggests that rates should be increased to somewhere just short of “too expensive” which may prompt some owners to take the vessels to other boatyard. Or does the Council mean capture maximum “market share” for greater general economic impact to the community as a whole.

F. Capture “maximum revenue” suggests a pricing policy that is just below a threshold that will reduce the number of customers using the facility. For example, a private marina will set rates so the occupancy is about 90%. Mathematically this strategy will maximize revenue. If the marina is full, rates are too low, so raising rates until occupancy dips to 90% will maximize revenue and profit. The same logic could apply to the boatyard pricing policy.



V. ECONOMIC IMPACT

1. Analysis of Boatyard Lift Impacts on Kodiak Economy

A. Boatyards (private or municipal) never pay for themselves through lift fees alone. The way to make a yard facility financially feasible is to have the proper facilities, services, and tax structures in place to provide additional fiscal and economic benefits to the community. By taking a whole economy perspective, boatyard can provide an economic benefit to a community.

B. Now that ownership and operation of the Kodiak Boatyard is decided, this section focuses on the entire boatyard operation. Dividing the responsibility between the City and a private operator would split the impacts, but now that the City owns and operates the yard, the impact is easier to predict.

2. Annual Economic Impacts

A. Northern Economics, Inc. studied and reported on the feasibility of operating a boatyard in Kodiak in 2000 and again in 2004. The impact data below was last analyzed in 2004 and should be revisited. Now that the yard is operating and will soon have one year's actual data to study, the actual economic impact can be calculated.



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B. Per the current fee schedule, and assuming 50 lifts per year, the boatyard generates about \$450,000 annually, plus at least \$3.1 million and 38 jobs from direct and indirect repair, maintenance, and vessel haulout activities each year. It is likely that the number of lifts will rise over time to as many as 70, or more. One consultant suggested 90.

C. These estimates include use of the Travelift as well as any subsequent charges and other economic activity that takes place after a vessel is lifted. The construction phase resulted in \$12 million of local economic activity and 75 direct and indirect jobs while the upland development took place.

C. The financial impact is limited to the operation and maintenance of the boatyard facility itself. Fiscal impacts add in taxes that would be generated as a result of labor and supplies being purchased by vessels undergoing maintenance.

D. The economic impact accounts for all other economic activity associated with increasing business in the community, both directly and indirectly. While a travel lift facility may operate at a financial loss and the additional business and sales taxes may not make up the difference, the resulting economic activity would provide a net benefit to the community as a whole.

3. Direct Impacts

A. In addition to the operating revenues and expenses presented, vessels undergoing maintenance might spend an average of \$35,400 on labor and supplies according to an undated study conducted by the Kodiak Chamber of Commerce study. This study was done in the early 90s and costs have increased substantially. The number is probably closer to \$75,000 today.

B. Spending would bring roughly \$3.1¹ million (higher in today's dollars) into the community. While some of this repair activity may already be provided by local businesses, the ability to lift large fishing vessels enables a broader range of work to be done. Based on industry averages, maintenance and repair work generates as many as 32 direct jobs.

¹ Travelift Feasibility Study, September 2004, Northern Economics Inc, Anchorage, AK.

4. Indirect Impacts

A. The extent of indirect impacts from marine-related activities varies by the type of activity. Indirect impacts include additional sales (output), employments, labor income, and business taxes associated with additional economic activity from a travel lift facility and supporting services. For example, repair and maintenance activities tend to have indirect impacts of about 32 percent of the total direct spending (output). Businesses involved in construction activities tend to produce indirect impacts about 31 percent of the direct spending. Taking into account these indirect effects, it is possible to estimate the total impact marine-related lifting and repair activity may have on the community.



B. The indirect impacts of vessel repair and maintenance spending are \$533,000¹, bringing the total economic activity retained in the community to about \$2.9¹ million. These indirect impacts include about eight full-time or full-time-equivalent employees in addition to those who perform the maintenance work directly. However, the benefits are not limited to the businesses that work directly with vessels and vessel owners. Other types of businesses would also benefit from increased economic activity in the community.

C. Indirect impact can be recalculated by Northern Economics, Inc. in 2011

5. Additional Tax Revenues

In addition to increasing economic activity in the community, a boatyard will result in additional tax revenues collected by the City. However, because sales apply to only the first \$750 of each sale, the incremental tax revenue is almost negligible. For example, the sales generated by the boatyard in its first year of operation will be about \$420,000. Without a cap a 6% sales tax could net the City over \$25,000 in new tax revenue. Because of the cap, sales tax is actually \$2,250. Sales tax paid by boat owners at local business for work in the boatyard also has a minor impact for the same reason.

VI. Operational and Management Plan

1. The Kodiak Boatyard is operating as an “open yard.” That means boat owners are free to work on their own vessels and/or hire vendors of their own choice.
2. Having the City Harbormaster operate the boatyard was NOT planned. The original concept was to lease the facility to a boatyard operator who could offer services and operate the machine for the City. Requests for proposals to find an operator resulted in one responder: Puglia Engineering. Puglia withdrew its offer just two months before the yard opened. Too late to solicit for another operator.
3. The operational concept that evolved, after Puglia’s withdrawal, was for the Harbormaster and his department to operate and manage the boatyard. Two additional staff were hired and a local Travelift operator was contracted. This arrangement places a new burden on the Harbormaster and he now manages four enterprise funds.
4. Day-to-day operation of the yard falls to the deputy harbormaster. As the yard grows, the City should consider hiring a full-time yard manager/Travelift operator.
5. Every boatyards with 600-ton Marine Travelifts (except Kodiak) is privately owned. These “closed” yards create revenue by offering services to the boat owners once the vessel is lifted. Since Kodiak decided to operate an “open” yard and does not charge service providers a surcharge per/man-hour worked so there is no cash flow from the typical largest source. There is a small annual fee assessed to each vendor.



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VII. Financial Analysis and Plan. The income statement below shows the actual expenses and revenue for FY2011.

Kodiak Boatyard FY 2011 REVENUE AND EXPENSE STATEMENT			
		2011 Actual	
Number of boats lifted		44	
		Percentage	
Revenues			
	Lift-Haul-Block	210,048	46.6%
	Lay days	125,690	27.9%
	Yard Services	52,000	11.5%
	Electric	33,303	7.4%
	Environmental	10,778	2.4%
	Vendor Fees	5,400	1.2%
	Pressure Wash	9,800	2.2%
	Other	3,649	0.8%
	Total Revenue	\$450,668	100%
Expenses			
	Bond Interest	\$240,267	35.2%
	Interfund*	156,797	23.0%
	Labor	116,032	17.0%
	Insurance	47,120	6.9%
	Advertising	31,370	4.6%
	Professional/Legal	20,857	3.1%
	Electric Power	19,972	2.9%
	Capital Equipment	16,504	2.4%
	R&M, Equipment	11,621	1.7%
	Supplies	11,379	1.7%
	Garbage	2,483	0.4%
	Fuel (Travelift)	4,110	0.6%
	Fuel (Heating)	3,987	0.6%
	Operating Expenses	\$682,499	100%
Operating Margin (Loss)		(\$229,167)	
Depreciation (Non-cash)		\$530,000	
* Interfund: \$9K City Admin; \$15K Finance, \$25K Public Works; \$18K Engr; \$89K Harbor			



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1. Construction and acquisition funds came from a variety of sources:

Federal EDA grant	\$ 2.3
State DEC grant	4.0
Municipal revenue bond	5.0
Alaska Clean Water Fund	1.0
City Funds (Water/sewer/General)	1.7
Harbor Retained Earnings	<u>3.3</u>
Total	\$17.3 Million

2. The City sold a \$5M revenue bond to be repaid over 30 years. The annual interest expense for is \$240,000 and is reflected in the attached proforma budgets. Revenue for the first full year of operation will be approximately \$450,000. That amount is more than sufficient to meet the bond interest expense, but short of covering all expenses, especially depreciation (\$530,000) the largest annual expense.

3. Depreciation is a non-cash expense. Depreciation is of great tax advantage to a private business but has no tax advantage to a municipal government enterprise fund like the boat yard. While depreciation is in many ways irrelevant for a public entity since it is not subject to taxation, Government Accounting Standards Board Statement 34 (GASB 34) still requires public entities to recognize it in their financial statements, presumably from the perspective of encouraging municipalities to think about asset value and replacement over time.

4. The original financial planning and analysis (proforma budgets) were based upon “introductory boatyard rates” established by the City Council in 2009. The introductory rates were based upon professional cost and revenue estimates from a variety of sources. Now that the City has a full year of revenue data and a better understanding of the expenses, a revenue-expense statement for FY2011 is included above. Rate adjustments (+10 percent) were implemented July 1, 2011.

5. Most heavy lift boatyards charge for the services they provide, they have a significant source of revenue and lift fees are almost insignificant. Since the City of Kodiak does not offer boatyard services like welding, painting, etc. a consultant had suggested that a per head vendor fee apply to all workers. This fee would help offset the expenses of running the yard. Although it would be a source of substantial revenue, it would be an administrative nightmare to capture the data and collect the fee and it was deleted from the fee schedule. No revenue source was identified to replace it, so it will be included the lift rate revision.

6. Three proforma budgets are presented in Tables 1, 2 and 3. They all assume 1) that five more boats than the previous year for the first five years, 2) that expenses will increase 2% annually. 3) that fees will increase by 5, 10 or 15% respectively. These tables were not changed in this revision for the purposes of comparison.



Boatyard Business Plan Aug 2010 (Updated Jan 2012)

7. Option 1 (5% rate increase) demonstrates that revenue does not exceed operating expenses until FY15 and does not recover depreciation. Option 2 (10% rate increase) demonstrates that revenue exceeds operating expenses in FY14 but does not recover all of the depreciation expense. Option 3 (15% rate increase) demonstrates that revenue exceeds operating expenses in FY13 and recovers all of the non cash depreciation expense by FY15.

9. The boatyard is an economic development project. Municipal accounting rules require the City to depreciate all assets, even when a large portion of the investment is from grants (Fed plus state grants equal \$6.2M.) However, the City is not obligated to collect the depreciation expense. That's a policy decision. The City should consider at least collecting depreciation on its out-of-pocket investment of nearly \$10M.



Boatyard Business Plan Aug 2010 (Updated Jan 2012)

Proforma Budget – Option 1
 Assumptions: 5 additional boats per year
 5% rate increase annually
 2% annual expense increase

	FY10 35 boats	First year* 50 boats	FY 11	FY 12	FY13	FY14	FY15
Number of boats		50	55	60	65	70	75
Revenues							
Lift Haul Block	145,000	207,000	239,085	273,633	311,162	351,550	395,336
Yard Services	44,000	62,000	71,610	81,958	93,198	105,295	118,410
Lay days	91,000	130,000	150,150	171,847	195,415	220,780	248,279
Electric	21,000	30,000	34,650	39,657	45,096	50,949	57,295
Vendor Fees	5,400	5,670	5,954	6,251	6,564	6,892	7,237
Environmental Surcharge 2.5%	7,525	10,725	12,387	14,177	16,122	18,214	20,483
Revenue from operations	313,925	445,395	513,836	587,523	667,556	753,682	847,039
Expenses							
Labor		91,000	150,000	153,000	156,060	159,181	162,365
Professional Services		30,000	55,000	56,100	57,222	58,366	59,534
Goods and Services		90,000	150,000	153,000	156,060	159,181	162,365
Utilities		32,000	24,000	24,480	24,970	25,469	25,978
Bond interest expense		245,000	245,000	245,000	245,000	245,000	245,000
Inter-fund - harbor Dept		151,000	89,000	89,000	89,000	89,000	89,000
Interfund - other departments		0	67,000	67,000	67,000	67,000	67,000
Total Operating Expenses		639,000	780,000	787,580	795,312	803,198	811,242
Operating Margin		(193,605)	(266,164)	(200,057)	(127,755)	(49,516)	35,797
Machinery and Equipment	256,000		30,000	30,000	30,000	30,000	30,000
Depreciation Expenses	3,000	NA	350,000	350,000	350,000	350,000	350,000
Margin w/ depreciation expense			(646,164)	(580,057)	(507,755)	(429,516)	(344,203)
Sales tax with cap at \$750	1,575	2,250	2,475	2,700	2,925	3,150	3,375
Sales tax with no cap	18,060	25,740	29,730	34,026	38,692	43,715	49,159

* First year actual revenue is based upon the actual revenue from the first 35 boats Oct 2009 to Jun 10. Plus another 15 vessels scheduled to be lifted between Jul and Oct 2010 -- after one full year of operation.



Boatyard Business Plan Aug 2010 (Updated Jan 2012)

Proforma Budget -- Option 2							
Assumptions: 5 additional boats per year 10% rate increase annually 2% annual expense increase							
Number of boats	FY10	1st Year*	FY 11	FY 12	FY13	FY14	FY15
		50	55	60	65	70	75
Revenues							
Lift Haul Block	145,000	207,000	250,470	300,314	357,764	423,449	498,865
Yard Services	44,000	62,000	75,020	89,949	107,156	126,830	149,419
Lay days	91,000	130,000	157,300	188,603	224,682	265,934	313,297
Electric	21,000	30,000	34,650	41,545	49,493	58,580	69,013
Vendor Fees	5,400	5,670	6,237	6,861	7,547	8,301	9,132
Environmental Surcharge 2.5%	7,525	10,725	12,936	15,510	18,477	21,870	25,765
Revenue from operations	313,925	445,395	536,613	642,782	765,119	904,964	1,065,490
Expenses							
Labor		91,000	150,000	153,000	156,060	159,181	162,365
Professional Services		30,000	55,000	56,100	57,222	58,366	59,534
Goods and Services		90,000	150,000	153,000	156,060	159,181	162,365
Utilities		32,000	24,000	24,480	24,970	25,469	25,978
Interest expense		245,000	245,000	245,000	245,000	245,000	245,000
Inter-fund - Harbor Dept		151,000	89,000	89,000	89,000	89,000	89,000
Interfund - Other departments		0	67,000	67,000	67,000	67,000	67,000
Total Operating Expenses		639,000	780,000	787,580	795,312	803,198	811,242
Operating Margin		(193,605)	(243,387)	(144,798)	(30,192)	101,766	254,248
Machinery and Equipment	256,000		30,000	30,000	30,000	30,000	30,000
Depreciation Expenses	3,000	NA	350,000	350,000	350,000	350,000	350,000
Margin w/ depreciation expense			(623,387)	(524,798)	(410,192)	(278,234)	(125,752)
Sales tax with cap at \$750	1,575	2,250	2,475	2,700	2,925	3,150	3,375
Sales tax with no cap	18,060	25,740	31,046	37,225	44,346	52,488	61,836

* First year actual revenue is based upon the actual revenue from the first 35 boats Oct 2009 to Jun 10. Plus another 15 vessels scheduled to be lifted between Jul and Oct 2010 -- after one full year of operation.



Boatyard Business Plan Aug 2010 (Updated Jan 2012)

Proforma Budget – Option 3
 Assumptions: 5 additional boats per year
 15% rate increase annually
 2% annual expense increase

Number of boats	FY10	1st Year*	FY 11	FY 12	FY13	FY14	FY15
		50	55	60	65	70	75
Revenues							
Lift Haul Block	145,000	207,000	261,855	328,235	408,801	505,850	623,030
Yard Services	44,000	62,000	78,430	98,312	122,443	151,511	186,608
Lay days	91,000	130,000	164,450	206,138	256,735	317,683	391,275
Electric	21,000	30,000	37,950	47,570	59,246	73,312	90,294
Vendor Fees	5,400	6,210	7,142	8,213	9,445	10,861	12,491
Environmental Surcharge 2.5%	7,525	10,725	13,567	17,006	21,181	26,209	32,280
Revenue from operations	313,925	445,935	563,394	705,475	877,850	1,085,426	1,335,978
Expenses							
Labor		91,000	150,000	153,000	156,060	159,181	162,365
Professional Services		30,000	55,000	56,100	57,222	58,366	59,534
Goods and Services		90,000	150,000	153,000	156,060	159,181	162,365
Utilities		32,000	24,000	24,480	24,970	25,469	25,978
Bond interest expense		245,000	245,000	245,000	245,000	245,000	245,000
Inter-fund - Harbor Dept		151,000	89,000	89,000	89,000	89,000	89,000
Interfund - Other departments		0	67,000	67,000	67,000	67,000	67,000
Total Operating Expenses	NA	639,000	780,000	787,580	795,312	803,198	811,242
Operating Margin		(193,065)	(216,606)	(82,105)	82,538	282,228	524,736
Machinery and Equipment	256,000		30,000	30,000	30,000	30,000	30,000
Depreciation Expenses	3,000	NA	350,000	350,000	350,000	350,000	350,000
Margin w/ depreciation expense			(596,606)	(462,105)	(297,462)	(97,772)	144,736
Sales tax with cap at \$750	1,575	2,250	2,475	2,700	2,925	3,150	3,375
Sales tax with no cap	18,060	25,740	32,561	40,815	50,833	62,901	77,472

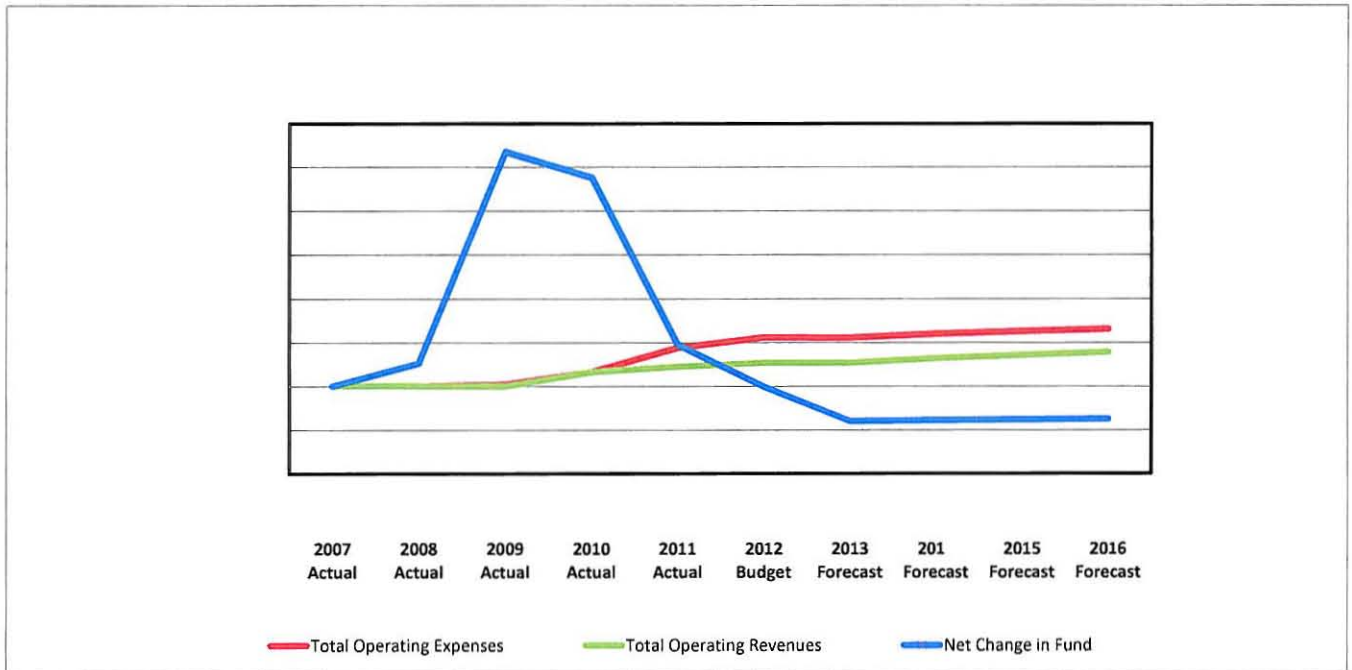
* First year actual revenue is based upon the actual revenue from the first 35 boats Oct 2009 to Jun 10. Plus another 15 vessels scheduled to be lifted between Jul and Oct 2010 -- after one full year of operation.

Forecast Analysis - Income Statement with forecast values along a linear trend using existing values 2007-2012

Boat Yard Lift	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fund Revenues										
Haul/Launch/Block	-	-	-	145,353	210,048	250,000	250,000	250,000	250,000	250,000
Yard Services				42,927	52,000	70,000	70,000	70,000	70,000	70,000
Lay Days				90,749	125,690	150,000	150,000	150,000	150,000	150,000
Electricity				20,664	33,303	30,000	30,000	30,000	30,000	30,000
Pressure Wash				3,425	9,800	12,500	12,500	12,500	12,500	12,500
Other	-	-	-	17,455	16,767	20,000	20,000	20,000	20,000	20,000
Total Operating Revenues	-	-	-	320,574	447,607	532,500	532,500	532,500	532,500	532,500
Fund Operating Expenses										
Salaries & Benefits	-	-	-	79,994	159,037	200,410	205,420	210,431	215,441	220,451
Professional Services	-	-	16,184	27,477	76,838	55,000	56,375	57,750	59,125	60,500
Support Goods & Services	-	-	1,518	120,080	97,895	96,500	98,913	101,325	103,738	106,150
Utility Services	-	-	-	-	-	44,250	45,000	45,750	46,500	47,250
Capital Outlays	-	-	17,302	74,397	16,504	10,000	3,496	3,000	3,000	3,000
Interfund Charges	-	-	-	-	-	176,582	180,000	180,000	180,000	180,000
Repairs & Maintenance	-	-	-	14,329	-	-	-	-	-	-
Depreciation	-	-	-	2,499	529,981	530,000	530,000	530,000	530,000	530,000
Total Operating Expenses	-	-	35,004	318,776	880,255	1,112,742	1,119,204	1,128,256	1,137,803	1,147,351
Earnings (loss) from Operations	-	-	(35,004)	1,798	(432,648)	(580,242)	(586,704)	(595,756)	(605,303)	(614,851)
Nonoperating Revenue (Expenses)										
Investment Income	-	-	7,671	21,211	(17,509)	5,000	5,000	5,000	5,000	5,000
Interest Expense	-	-	-	(210,201)	(240,267)	(240,000)	(240,000)	(240,000)	(240,000)	(240,000)
State PERS Relief	-	-	-	2,531	6,990	7,430	7,000	7,000	7,000	7,000
Other	-	-	-	-	-	-	-	-	-	-
Net Nonoperating Revenue (Expenses)	-	-	7,671	(186,459)	(250,786)	(227,570)	(228,000)	(228,000)	(228,000)	(228,000)
Earning (loss) Before Transfers	-	-	(27,333)	(184,661)	(683,434)	(807,812)	(814,704)	(823,756)	(833,303)	(842,851)
Other Financing Sources (Uses)										
Capital Contributions	-	474,822	5,370,718	-	-	-	-	-	-	-
Transfers In	-	50,000	-	4,945,260	1,629,670	800,000	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-	-	-
Net Change in Fund	-	524,822	5,343,385	4,760,599	946,236	(7,812)	(814,704)	(823,756)	(833,303)	(842,851)
Net Assets at Beginning of Year	-	-	524,822	5,868,207	10,628,806	11,575,041	11,567,229	10,752,526	9,928,770	9,095,467
Net Assets at End of Year	-	524,822	5,868,207	10,628,806	11,575,041	11,567,229	10,752,526	9,928,770	9,095,467	8,252,616

Add in Depreciation	-	-	-	2,499	529,981	530,000	530,000	530,000	530,000	530,000
Less Invested in Capital	-	-	7,918,027	12,246,602	11,833,121	11,593,121	11,353,121	11,113,121	10,873,121	10,633,121
Restricted for Debt	-	375,469	375,469	375,469	375,469	375,469	375,469	375,469	375,469	375,469
Available Balance	-	149,353	(2,425,289)	(1,990,766)	(103,568)	128,639	(446,064)	(1,029,820)	(1,623,123)	(2,225,974)

Boat Yard Lift	Actual	Actual	Actual	Actual	Actual	Budget	Forecast	Forecast	Forecast	Forecast
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Operating Expenses	-	-	35,004	318,776	880,255	1,112,742	1,119,204	1,128,256	1,137,803	1,147,351
Total Operating Revenues	-	-	-	320,574	447,607	532,500	532,500	532,500	532,500	532,500
Net Change in Fund	-	524,822	5,343,385	4,760,599	946,236	(7,812)	(814,704)	(823,756)	(833,303)	(842,851)



Budget	8514 Boat Yard	\$18,700,000	9%	\$ 1,700,000	Transfer from General Fund - 100
			21%	\$ 4,000,000	State EVOS Grant
			12%	\$ 2,300,000	Federal Grant
			2%	\$ 400,000	Transfer from Water Capital - 305
			2%	\$ 400,000	Transfer from Sewer Capital - 306
			5%	\$ 930,000	Alaska Clean Water Loan - 570
			27%	\$ 5,000,000	Transfer Bond Funds - 512
			6%	\$ 1,200,000	Transfer from Harbor Fund - 510
			15%	\$ 2,770,000	Use of Fund Balance
Total Cost		\$17,615,905			

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Office of the City Clerk

710 Mill Bay Road, Room 216, Kodiak, Alaska 99615

MEMORANDUM

To: Mayor Branson and Councilmembers

Date: January 5, 2012

From: Debra Marlar, MMC
City Clerk

DM

Subject: Training/Travel Budget

FY2012 funds are budgeted for three elected officials to attend SWAMC, the Mayor and two Councilmembers to attend the AML Winter Legislative meeting, and three elected officials to attend the March NLC conference.

The Council's travel policy limits Council attendance to three Councilmembers per event, plus the Mayor, if desired. If the Council desires to send more elected officials to AML, SWAMC, or NLC than presently budgeted, budget funds are available since some FY2012 budgeted events were either not attended or under attended.

A copy of your FY2012 training/travel budget is attached for your reference. I have included notations to indicate which events were under attended or not attended.

Draft agendas for upcoming events are also included for your reference.

Budget Worksheet Report

Account Number	Description	2009 Actual Amount	2010 Actual Amount	2011 Actual Amount	2011 Amended Budget	2012 City Council Approved	Variance
Fund	100	General Fund					
Department	100	Legislative					
Sub-Department	105	Legislative					
Budget Transactions:							
	Level	Transaction			Number of Units	Cost Per Unit	Total Amount
	City Council Approved	Alaska Conference of Mayors meetings, includes Winter Legislative Meeting			2.00	1500.0000	\$3,000.00
	City Council Approved	Alaska Municipal League Fall Conference, Fairbanks, AK 4 budgeted, 2 attended			4.00	2000.0000	\$8,000.00
	City Council Approved	AML Summer Legislative meeting, Sitka AK 3 budgeted, 2 attended			3.00	2200.0000	\$6,600.00
	City Council Approved	Lobbying Travel, D.C. Constituent Trip			1.00	2400.0000	\$2,400.00
	City Council Approved	Lobbying, unscheduled			2.00	2500.0000	\$5,000.00
	City Council Approved	National League of Cities Winter Conference, Phoenix AZ 4 budgeted, 2 attended			4.00	3900.0000	\$15,600.00
	City Council Approved	NLC Small Cities Steering Committee, Beulah ND/Davidson 0 attended			1.00	2500.0000	\$2,500.00
	City Council Approved	NLC Spring Conference, D.C. 3 budgeted			3.00	4100.0000	\$12,300.00
	City Council Approved	NLC Summer Advisory Board Meeting, unknown location/Mayor 0 attended			1.00	2500.0000	\$2,500.00
	City Council Approved	NLC, Unscheduled, w/Council Approval			1.00	3000.0000	\$3,000.00
	City Council Approved	SWAMC Winter Conference, Anchorage AK 3 budgeted			3.00	1000.0000	\$3,000.00
	City Council Approved	Winter Fly In, Juneau AK 2 budgeted			2.00	1500.0000	\$3,000.00
		Total City Council Approved					\$66,900.00
450.138	Ballot Initiative Expense	\$0.00	\$0.00	\$38,810.53	\$50,000.00	\$50,000.00	0%
450.310	Supplies	\$816.88	\$2,487.02	\$2,654.21	\$2,500.00	\$2,500.00	0%
450.320	Office Supplies	\$1,812.41	\$0.00	\$0.00	\$0.00	\$0.00	
450.510	Repair & Maintenance	\$0.00	\$0.00	\$0.00	\$250.00	\$250.00	0%
	Total: Support Goods & Services	\$67,460.32	\$64,454.43	\$93,016.12	\$130,010.00	\$136,150.00	5%
Capital Outlays							
470.125	Mach&Equip Less \$5000	\$22,494.75	\$0.00	\$0.00	\$500.00	\$1,280.00	156%
Budget Transactions:							
	Level	Transaction			Number of Units	Cost Per Unit	Total Amount
	City Council Approved	iPads if requested by City Council			2.00	640.0000	\$1,280.00
		Total City Council Approved					\$1,280.00
470.126	Mach&Equip Greater\$5000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
	Total: Capital Outlays	\$22,494.75	\$0.00	\$0.00	\$500.00	\$1,280.00	156%
Sub-Department Total: Legislative		\$197,295.70	\$171,635.22	\$193,614.96	\$252,720.00	\$235,640.00	-7%

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Alaska Municipal League 2012 Winter Legislative Meeting

February 7-9, 2012 • Westmark Baranof Hotel • Juneau, Alaska

Please join the Alaska Municipal League and the Alaska Conference of Mayors February 7-9, 2012 for the AML Winter Legislative Meeting. During this meeting, AML members will be able to discuss legislative priorities, hear from the Administration and key legislators about the 2012 Legislative Session, and learn about legislation that may affect Alaska's cities and boroughs.

Use this opportunity to meet with your legislators and staff while in Juneau. Please make your own appointments with legislators at your convenience.

DRAFT MEETING AGENDA

Tuesday, February 7, 2012

8:00 a.m. – 11:45 a.m.....AML Board of Directors Meeting Treadwell Room

1:00 p.m. – 5:00 p.m.Alaska Conference of Mayors Meeting..... Treadwell Room

Wednesday, February 8, 2012

8:00 a.m. - 9:00 a.m.Continental Breakfast Treadwell Room

8:30 a.m. – 11:45 a.m.....Legislative Meeting Treadwell Room

12:00 p.m.- 1:15 p.m.....Luncheon Treadwell Room

1:30 p.m. – 4:00 p.m.Legislative Meeting, continued Treadwell Room

5:30 p.m. – 7:00 p.m.AML Legislative Reception..... Treadwell Room

Thursday, February 9, 2012

8:30 a.m. - 10:30 a.m.Gourmet Breakfast with State Commissioners..... Treadwell Room

10:30 a.m.Visit with your Legislators

Hotel Room Block-RESERVE YOUR ROOM NOW!

A room block has been reserved at the Westmark Baranof Hotel, rates are \$122-\$162/night plus tax depending on room type and occupancy. Please call 1-800-544-0970 for reservations. All reservations must be made prior to 1/6/2012 or room block will be released.

When booking your room you must mention the AML booking code: **ALMU020612**



SOUTHWEST ALASKA

The Genuine Aquabounty

FEBRUARY 16 & 17, 2012

Hotel Captain Cook
Anchorage, AK



- 8:00 Registration & Continental Breakfast**
- 8:30 Opening and Welcome**
- 8:45 The SW Transportation Plan: What's Different in 2012?**
 - Alaska DOT&PF • DOWL Engineering • Northern Economics
- 9:45 Break**
- 10:00 Report from Washington with Alaska's Delegation**
 - Senator Mark Begich • Senator Lisa Murkowski • Congressman Don Young
- 11:00 Oil and Gas in Alaska's Future: Why Should Rural Alaska Care?**
 - Scott Goldsmith, ISER • Bill Walker, Alaska Gasline Advocate
- 12:00 Lunch Presentation: Norway Policy Tour- Lessons for Alaska**
 - Mead Treadwell, LT Governor • Gary Stevens, District R • Chris Rose, REAP
 - Bryce Edgmon, District 37
- 1:30 Resolution Breakout Session**
- 2:45 Break**
- 3:00 Energy and Innovation: What Could Work for Southwest Alaska?**
 - Seawater Pumps • HVDC Transmission Lines
 - Village Efficiency • Living Aleutian Home Design Competition
 - Wind in Kokhanok • Zero Net Energy Homes
- 5:30 President's Reception – Quarter Deck**

- 8:00 Registration & Continental Breakfast**
- 8:30 State Management Activity from Alaska's Fish & Game Department**
 - Cora Campbell, Commissioner ADF&G
- 9:45 Break**
- 10:00 Annual Business Meeting**
- 12:00 Lunch Presentation: Fish Economics – An Experiment in Design**
 - Dr. Jim Murphy, UAA
- Fisheries Schemes in Southwest Alaska**
- 1:30 The Importance of Community** • Robin Samuelsson, BBEDC
- 2:00 Council Process, Designing Regulations** • Duncan Fields, NPFMC
- 2:30 Working Waterfronts** • Alan Austerman, District 36
- 3:00 Processing Industry Perspective** • John Woodruff, Icicle Seafoods
- 3:30 CDQ role in Managing and Allocating Resources** • Larry Cotter, APICDA
- 4:30 Panel Question and Answer Opportunity with all Participants**
- 6:00 Banquet – An Evening with the SWAMC Legislative Delegation**
 - Senator Gary Stevens • Senator Lyman Hoffman
 - Representative Alan Austerman • Representative Bryce Edgmon

National League of Cities

Pre-conference Activities
Main Conference Events

Saturday, March 10

9:00 a.m. - 5:00
p.m.

Leadership Training Institute Seminars*
| Seminar Descriptions will be posted
when available.

Sunday, March 11	
8:30 a.m. – 1:00 p.m.	NLC Board of Directors Meeting
8:30 a.m. – 3:00 p.m.	NLC Advisory Council Meeting
9:00 a.m. – 5:00 p.m.	Leadership Training Institute Seminars*
9:00 a.m. - Noon	Special LTI Seminar for Policy & Advisory Committees
1:30 p.m. – 4:00 p.m.	Policy & Advisory Committee Meetings
4:30 p.m. - 5:30 p.m.	Policy & Advisory Steering Committee Meetings
5:15 p.m. – 7:00 p.m.	Constituency and Special Group Meetings
5:15 p.m. – 6:45 p.m.	Orientation to NLC for First Time Attendees

**additional fees required*

Monday, March 12	Tentative Agenda
7:30 a.m. – 9:00 a.m.	Celebrate Diversity Breakfast*
9:00 a.m. – 10:30 a.m.	Opening General Session
11:00 a.m. – 12:30 p.m.	Concurrent Workshops Workshop Descriptions will be posted at a later date.
12:30 p.m. – 1:45 p.m.	Lunch Break (lunch on own)
1:45 p.m. – 3:15 p.m.	Concurrent Workshops
3:30 p.m. – 4:45 p.m.	General Session
5:00 p.m. – 6:30 p.m.	State League Caucuses and Receptions
5:00 p.m. – 9:00 p.m.	Constituency and Special Group Meetings/Events

**additional fees required*

Tuesday, March 13		Tentative Agenda
8:45 a.m. – 10:15 a.m.	General Session	
10:45 a.m. – 12:15 p.m.	Concurrent Workshops Workshop Descriptions will be posted at a later date	
12:15 p.m. – 1:30 p.m.	Roundtable Networking Lunch	
1:45 p.m. – 3:15 p.m.	Concurrent Workshops Workshop Descriptions will be posted at a later date	
3:30 p.m. – 4:45 p.m.	Closing General Session	
5:00 p.m. – 7:30 p.m.	State League Caucuses and Receptions	
6:15 p.m. – 7:15 p.m.	The Capitol Steps	

Wednesday, March 14	
All-Day	Delegates' Pre-scheduled Capitol Hill Visits

**additional fees required*