

City of Kodiak Regular Council Meeting Agenda for May 24, 2012
7:30 p.m., at 710 Mill Bay Road, Assembly Chambers (Room 232)

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

- II. Previous Minutes**
Approval of Minutes of the May 10, 2012, Regular Council Meeting.....1

- III. Persons to Be Heard**
 - a. Proclamation: Safe Boating Week8
 - b. Public Comments (limited to 3 minutes) (486-3231)

- IV. Unfinished Business**
 - a. None

- V. New Business**
 - a. First Reading, Ordinance No. 1298, Levying Taxes And Appropriating Funds for the Expenses and Liabilities of the City of Kodiak for the Fiscal Year Commencing on the First Day of July 2012 and Ending on the Thirtieth Day of June 201312
 - b. Resolution No. 2012-14, Authorizing the Issuance of a Permit to the Kodiak Humane Society for Use of Public Property for its Annual Planted Basket Sale28
 - c. Authorization of Amendment to Professional Services Contract with Cornerstone General Contractors, Inc. for Initial Construction Site Work for New Library, Project No. 6012.....32

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

- VII. Mayor’s Comments**

- VIII. Council Comments**

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

- X. Adjournment**

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DRAFT

**MINUTES OF THE REGULAR COUNCIL MEETING
OF THE CITY OF KODIAK
HELD THURSDAY, MAY 10, 2012
IN THE BOROUGH ASSEMBLY CHAMBERS**

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

Mayor Pat Branson called the meeting to order at 7:31 p.m. Councilmembers Randall C. Bishop, Charles E. Davidson, Terry J. Haines, Gabriel T. Saravia, Mark Anthony G. Vizcocho, and John B. Whiddon were present and constituted a quorum. City Manager Aimée Kniazowski, City Clerk Debra L. Marlar, and Deputy Clerk Matthew Gandel were also present.

After the Pledge of Allegiance, Salvation Army Sergeant Major Dave Blackater gave the invocation.

II. PREVIOUS MINUTES

Councilmember Whiddon MOVED to approve the minutes of the April 26, 2012, regular meeting as presented.

The roll call vote was Councilmembers Bishop, Davidson, Haines, Saravia, Vizcocho, and Whiddon in favor. The motion passed.

III. PERSONS TO BE HEARD

a. Proclamation: Emergency Medical Services Week

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

Mayor Branson presented the proclamation to Firefighter Dan Farmer who thanked the Mayor and Council for recognizing the efforts of emergency medical service providers.

b. Proclamation: Police Week and Peace Officers' Memorial Day

Councilmember Bishop read the proclamation, which encourages all citizens to honor those law enforcement officers who have made the ultimate sacrifice in service to their community and to recognize all police officers, past and present, who have rendered a dedicated service to their community and, in so doing, have established for themselves an enviable and enduring reputation for preserving the rights and security of all citizens.

Mayor Branson presented the proclamation to Chief of Police T.C. Kamai who thanked the Mayor and Council on behalf of the men and women of the Kodiak Police Department and other law enforcement agencies in Kodiak.

c. Older Americans Month

Mayor Branson read the proclamation, which urges all citizens to celebrate this year's theme "Never Too Old to Play!" and take time this month to engage with our older citizens through enjoyable social interactions such as sports, games, contests, and other forms of play.

Mayor Branson presented the proclamation to Dave Blackater who thanked the Mayor and Council on behalf of all seniors in Kodiak and gave a short report on the recent activities of the Senior Center.

d. Public Comments

Craig Niles asked the Council for assistance rectifying a problem of standing water at the back of his property on Hemlock Street.

Danielle Ringer, via telephone, spoke in opposition to Ordinance No. 1297, saying raising the sales tax cap would cause already high rents to increase and make it difficult for young people to afford to live in Kodiak.

IV. UNFINISHED BUSINESS

- a. Second Reading and Public Hearing, Ordinance No. 1297, Amending Kodiak City Code 3.08.010(b), Levy of Sales Tax, to Increase the Rate of Sales Tax From Six Percent to Seven Percent on All Sales, Rentals, and Services Made Within the City Other Than Rentals of Transient Rooms; Amending Kodiak City Code 3.08.110(b), Tax Schedule, to Reflect the Increase in the Sales Tax Rate; and Amending Kodiak City Code 3.08.120(a), Maximum Taxable Sale, to Increase the Maximum Amount of a Single Transaction Subject to Taxation From \$750.00 To \$3,500.00**

Mayor Branson read Ordinance No. 1297 by title. Council and staff have discussed how to bridge the substantial annual revenue shortfalls of \$3 to \$4 million since early 2011. The City has been using fund balance to cover the gap between revenues and increased expenses since about 2007. The fund balance continues to diminish, which will limit the City's ability to maintain its fiscal obligations. After many months of work, Council and staff held a special planning meeting in January 2012 to discuss how the City could meet current operational obligations, maintain existing services and infrastructure, manage investments and debt capacity, and cover unexpected or emergency expenses. They also discussed how to plan for and afford the replacement of aging infrastructure. Council recognized that the City could not continue to defer action and had to either increase revenues or cut services to balance the budget and meet required General Fund reserves. Council decided to increase revenues by raising the sales tax and the sales tax cap in order to fund current needs without dipping into the fund balance each year. Ordinance No. 1297 amends Kodiak City Code 3.08 and reflects the direction of Council discussion in January 2012.

Councilmember Haines MOVED to adopt Ordinance No. 1297.

Councilmember Davidson MOVED to postpone the vote on the motion to adopt Ordinance No. 1297 until the June 14, 2012, regular meeting.

Mayor Branson closed the regular meeting and opened the public hearing.

Dan Rohrer encouraged the Council to postpone the vote on Ordinance No. 1297 and spend time looking at other alternatives to raising the tax. He said even though the sales tax rate had been the same since 1993, prices had gone up and stated this meant the City received more sales tax revenue. He encouraged eliminating the exemption for senior citizens.

Marya Nault said she opposed an increase in the sales tax and cap and said it would be a hardship for small businesses, rental tenants and landlords, and the fishing fleet. She encouraged the Council to concentrate on essential services and use a balanced approach of budget cuts and revenue increases to make up the current budget shortfall. She said she opposed eliminating the exemption for senior citizens.

Marnie Leist, via telephone, suggested the Council raise the sales tax on non-essential items, but not everything. She said no one was in favor of having services reduced, but she asked the Council to look at a solution that combined increased taxes with cuts in services.

Sarah Thayer, via telephone, said that Kodiak couldn't afford two governments, and stated that only City residents could vote on City ordinances, which was undemocratic, and that it was time to consolidate the City and Borough governments.

Jack Mann said the biggest factor contributing to the current budget shortfall was uncontrolled spending. He said cuts in services and City personnel were necessary and that health insurance benefits to City personnel should be reduced.

Janet Wente said she opposed raising the sales tax cap because it would have an unfair affect on fishing vessel crewmembers. She spoke in favor of eliminating the exemption for senior citizens.

George Rieth suggested that the Council direct the City Manager and Finance Director to prepare a budget that met the basic needs of the community but eliminated enough expenses to balance, and then the Council could decide if those cuts were acceptable. He said the Council should consider requiring City employees to pay a portion of health insurance premiums.

There being no further public testimony, the Mayor closed the public hearing and reopened the regular meeting.

Councilmember Haines thanked the public for coming forward and offering ideas. He said he was concerned about the effect raising the sales tax and cap would have on rental prices, and on the increasing costs of City employee healthcare. He suggested there should be a minimum balance required in the General Fund, which would force the Council to deal with budget shortfalls in the future without using fund transfers.

Councilmember Whiddon said the Council would continue to deliberate carefully to meet the needs of the community to the best of their ability with the resources available. He said the Council had asked the City Manager to find meaningful costs that could be reduced. He said the current level of services could not be sustained, and that people would need to be ready for

changes to the services they had come to expect. He said Kodiak was facing a challenge that most of America had been facing for a while.

Councilmember Davidson said he hoped the public realized the City had already cut seven percent from the previous year's budget. He said there would be further reductions in expenses, but that revenues will still need to be increased. He said he appreciated the contributions from the community and said the Council would accommodate everyone the best they could.

Councilmember Whiddon said he was concerned with what would happen if the exemption for senior citizens was eliminated and said maybe there was a way to create a two-tiered system to ensure that those who were living on a fixed income could receive the exemption.

The roll call vote on the postponement was Councilmembers Bishop, Davidson, Haines, Saravia, Vizcocho, and Whiddon in favor. The motion passed.

V. NEW BUSINESS

a. Resolution No. 2012–13, Authorizing the Issuance of a Permit to the Kodiak Garden Club for Use of Public Property for its Annual Plant Sale

Mayor Branson read Resolution No. 2012–13 by title. Resolution No. 2012–13 authorizes the issuance of a permit to the Kodiak Garden Club to use the covered area of the Baranof Park ice rink to hold its annual plant sale on June 9, 2012.

Councilmember Saravia MOVED to adopt Resolution No. 2012–13.

The roll call vote was Councilmembers Bishop, Davidson, Haines, Saravia, Vizcocho, and Whiddon in favor. The motion passed.

b. Authorization of Extension of the Professional Services Contract With Birch, Horton, Bittner and Cherot for Legal Services

The firm of Birch, Horton, Bittner, and Cherot was selected to provide legal services to the City in July 2000. The original contract was for a three-year period, with an option for three additional one-year extensions. The contract and eight extensions have been approved and renewed by Council since that time. The current contract extension is set to expire on June 30, 2012. The firm, and Tom Klinkner, the City's primary municipal attorney, wish to continue to serve the City of Kodiak and recommends a three-year contract extension with the option to extend for three additional one-year terms.

Councilmember Whiddon MOVED to authorize the ninth amendment to the contract dated August 22, 2000, with Birch, Horton, Bittner, and Cherot for professional legal services.

The roll call vote was Councilmembers Bishop, Davidson, Haines, Saravia, Vizcocho, and Whiddon in favor. The motion passed.

VI. STAFF REPORTS**a. City Manager**

City Manager Kniazowski said staff had been working hard on the budget. She said the first draft of the budget had a seven percent reduction from last year, and that all departments were looking for further cuts. She said she was monitoring the status of the state capital projects budget, which included funding for several local projects. She congratulated Kodiak Police Department (KPD) employee Debra Buckey on her retirement after 20 years of service to the City. She said KPD had recently intercepted a shipment of heroin coming into Kodiak and thanked the department for their continued hard work on behalf of the community.

b. City Clerk

City Clerk Marlar informed the public of the next scheduled Council work session, regular meeting, and special sales tax work session.

VII. MAYOR'S COMMENTS

Mayor Branson assured the public that she and the Council were looking at all angles of the budget and trying to look to the future and keep the City's finances sustainable and reasonable. She said she appreciated people offering their opinion, and local media keeping people informed. She said many local senior citizens were living on annual fixed incomes of between \$12,000 and \$18,000, and needed the sales tax exemption. She said it was important to look at alternatives to eliminating the sales tax exemption for senior citizens. She said she recently sent a letter to Governor Sean Parnell asking for his support of Kodiak's requests in the state capital projects budget. She congratulated Debra Buckey on her retirement.

VIII. COUNCIL COMMENTS

Councilmember Vizcocho thanked the Department Heads for their presentations at the recent budget work session. He said the Council was trying to do what was best for the community.

Councilmember Haines said he felt that City departments were very well run, which made it difficult to find unnecessary costs to cut.

Councilmember Davidson said that City staff had put in many hours working on the budget and that nobody wanted to raise taxes. He said Senator Gary Stevens and Representative Alan Austerman had done an excellent job securing state money for local projects.

Councilmember Whiddon said the City was lucky to have an incredibly talented and dedicated work force and said he was proud of what they did for Kodiak. He said the Council was committed to being respectful of everyone during the public budget process.

Councilmember Saravia said it was difficult to cut services and that the Council would try to come up with a solution that was good for most citizens, but that it was impossible to make everyone happy. He thanked the public and staff for offering ideas. He thanked Senator Stevens and Representative Austerman for helping to secure state money for the replacement of Pier III.

Councilmember Bishop congratulated the 2012 graduates of Kodiak High School and Kodiak College. He thanked City staff for their efforts with the budget. He said the Council was considering the sales tax increase very carefully and trying to respond to public concerns.

IX. AUDIENCE COMMENTS

Dan Rohrer spoke about the idea of eliminating the sales tax exemption for seniors and said he didn't want to hurt seniors but wanted to find a way to increase revenues without raising taxes. He said the Council shouldn't strive to make everyone happy, and that the best budget is one that makes everyone equally unhappy.

Caroline Thomas, via telephone, said the country was bankrupt and overtaxed and that the City was continuing with that trend. She said services should be cut and that people shouldn't rely on the government to take care of them.

X. ADJOURNMENT

Councilmember Davidson MOVED to adjourn the meeting.

The roll call vote was Councilmembers Bishop, Davidson, Haines, Saravia, Vizcocho, and Whiddon in favor. The motion passed.

The meeting adjourned at 9:08 p.m.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Minutes Approved:

PERSONS TO BE HEARD

MEMORANDUM TO COUNCIL

Date: May 24, 2012

Agenda Item: III.a. **Proclamation: Safe Boating Week**

SUMMARY: This proclamation urges residents who boat to wear Coast Guard-approved personal flotation devices and to practice safe boating habits.

ATTACHMENTS:

Attachment A: Proclamation

PROCLAMATION
Declaring Safe Boating Week
May 19 – 25, 2012

WHEREAS, recreational boating is fun and enjoyable, and we are fortunate Kodiak Island has extraordinary resources to accommodate a variety of commercial and recreational boating demands; and

WHEREAS, weather and sea conditions in Alaska waters present dangers year-round making boating activity risky for the unprepared; and not knowing or obeying the Navigation Rules, drinking alcohol or taking drugs while operating a boat, or choosing not to wear a life jacket are clearly unwise decisions; and

WHEREAS, on average, 700 people die each year in boating-related accidents in the U.S.; nearly 70 percent of these are fatalities caused by drowning; and

WHEREAS, the vast majority of these accidents are caused by human error or poor judgment, and a significant number of boaters lives could have been saved had they worn their Coast Guard-approved personal flotation device; and

WHEREAS, boating knowledge and skills may be learned in classes offered by the United States Coast Guard Auxiliary, and are important in reducing human error and improving judgment; and

WHEREAS, modern life jackets and survival suits are more comfortable, more attractive, and more wearable than styles of years past and deserve a fresh look by today's boating public.

NOW, THEREFORE, I, Pat Branson, Mayor of the City of Kodiak, do hereby support the goals of the North American Safe Boating Campaign and the United States Coast Guard Auxiliary and proclaim May 19 through May 25, 2012, as

SAFE BOATING WEEK

in Kodiak and urge all those who boat to "Wear It" and to practice safe boating habits.

Dated this 24th day of May 2012.

City of Kodiak

Pat Branson, Mayor

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NEW BUSINESS

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniaziowski, City Manager
Mary Munk, Finance Director

AK Bynum

Date: May 24, 2012

Agenda Item: V.a. **First Reading, Ordinance No. 1298, Levying Taxes and Appropriating Funds for the Expenses and Liabilities of the City of Kodiak for the Fiscal Year Commencing on the First Day of July 2012 and Ending on the Thirtieth Day of June 2013**

SUMMARY: Ordinance No. 1298 provides for the adoption of the City of Kodiak's FY2013 budget. The budget document, which supports the ordinance, estimates all sources of revenue the City anticipates receiving between July 1, 2012, and June 30, 2013. The budget document also establishes an operating and capital expenditure plan for FY2013 that is based on staff's assessment of operational and community needs and the Council's FY2013 budget goals. Staff made the FY2013 budget presentation to Council at a special budget work session on May 5, 2012. Staff recommends Council pass Ordinance No. 1298 in the first reading and advance to second reading and public hearing at June 21, 2012, special meeting.

PREVIOUS COUNCIL ACTION:

- Prior to the start of each fiscal year, the City Council adopts the City's operating and capital budget by ordinance.
- Council adopted Resolution No. 2012-04, establishing budget goals for FY2013, on February 23, 2012.
- Draft FY2013 budget presentation at work session on May 5, 2012.
- Directed staff to make further reductions to draft FY2013 budget at May 8, 2012, work session.

DISCUSSION: The FY2013 budget funds the services provided by the City of Kodiak to residents and visitors: law enforcement (including animal control and contract jail services), fire and emergency medical services (including ambulance services), public works (public water system, wastewater system, street and property maintenance), engineering, port and harbor facilities, parks and recreation facilities and programs, public library, and general administrative functions (municipal recordkeeping and financial management).

The proposed FY2013 budget was developed as a maintenance level budget and provides the same level of services as the current year's budget with a reduction in expenses. This is a prudent approach since revenues are expected to remain static as expenses continue to increase. The City Council adopted FY2013 budget goals by resolution in February of this year (Attachment B), and staff used the goals to

develop and evaluate the proposed operating budget. The proposed budget is consistent with the Council's FY2013 budget goals.

Council requested further FY2013 budget reductions at the May 8 work session. Staff identified further reductions to operating expenses (Attachment C).

Combined Revenues and Expenses for All Funds

The FY2013 budget projects combined revenues from all funds excluding capital projects to be \$34,602,154, which is a decrease of 7% from FY2012's combined revenues of \$37,604,299. Revenues are forecasted based on the current fiscal years even though some sources may fluctuate slightly. Expenses for all City funds, excluding capital projects, is expected to also be \$34,602,154, an overall decrease of 7% from FY2012. The largest increases were in benefit expense with health insurance increasing 3.1% from FY2012 and the PERS unfunded liability increasing. The unfunded liability increase is offset by an equal increase in revenue. Fewer transfers and capital equipment account for the largest decreases in expenses.

Operating Budget

The FY2013 operating budget is primarily a maintenance budget as it has been for several years. As directed, City staff developed a conservative budget. The City, like everyone in the community, continues to face rising costs, but the departments continue to be conscientious in absorbing cost increases whenever and wherever possible. As outlined in the City Council FY2013 budget goals, a detailed review of all categories of General Fund expenditures were conducted to identify ways to decrease expenses. This resulted in a 3% decrease in General Fund expenses.

General Fund

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

General Fund revenues for FY2013 are projected at \$17,066,745, down by approximately 3% from FY2012 projections with the largest changes due to reductions in licenses and permits due to a change in taxi permit requirement, intergovernmental revenues, interest earnings, transfers in, and miscellaneous revenues (primarily no land sales). The reduction in revenues is offset by the expected reduction in expenses, also projected to be \$17,066,745. These budget figures are consistent with Council's FY2013 goal that the General Fund would be budgeted without a deficit, and that General Fund operating expenses (non-personnel) will be consistent with those of FY2012.

Fund Balance

The City's General Fund balance is comprised of various revenue sources, large and small. Even with conservative budgeting, this fund no longer takes in more in revenues than it pays out for expenses to operate the General Fund departments and services. The FY2012 budget is projected to have \$4.0 million remaining in the fund balance. The FY2013 budget is projected to have an estimated \$2.5 million remaining in the fund balance after using the \$1.5 million for expenses in the operating budget. The estimated \$2.5 million in the fund balance for FY2013 falls below the recommended financial practices and Council's ongoing goal to retain at least two months of operating expenses or \$2.8 million for use in the event of a large unforeseen change in the economy.

The proposed FY2013 budget anticipates a smaller use of fund balance than the FY2012 budget due to several factors. Fewer transfers are being made to fund capital projects, and expenses were reduced in all departments.

Personnel

Salaries, wages and benefits are the single largest expense in the City's annual budget, totaling 41%. Salaries and wages for FY2013 are estimated to total \$8.4 million or 25% of the City's overall expenses. This is a 2% increase from FY2012 citywide salaries and wages and reflects scheduled salary increases. Employee benefit costs are projected at \$6.3 million, 16% of the City's overall expense budget, which is a 8% increase from FY2012 due to a 3.1% increase in health insurance premiums and increases in the PERS unfunded liability.

The FY2013 budget reflects an increase in the number of City employees from 124.15 FTEs in FY2012 to 125.15 FTEs. This increase reflects the addition of a human resource position. Management has begun to account for part-time positions to track the actual size of the City's workforce and more accurately reflect personnel related expenses in the budget. The City's work force for FY2013 will total 120 regular full-time employees and 5.15 regular part-time positions working from 20-30 hours per week for a total of 125.15 FTEs.

These changes to the FY2013 budget meet Council's personnel goals. The tracking of part-time personnel is a necessary step in meeting Council's goal to complete an analysis of the need, costs, and hiring process for the City's use of temporary or seasonal employees.

Enterprise Funds

The City has eight separate enterprise funds; the Harbor Department's Cargo Terminal, Boat Harbor, Harbor Electric Utility, and the Boat Yard/Boat Lift funds; the Water, Sewer, and Trident Basin funds managed by Public Works; and the E911 Fund. The FY2013 budgets for these funds reflect a balance of revenues to expenses.

The Boat Yard/Boat Lift enterprise fund reflects a 1% reduction in revenues for FY2013. The revenues are based on actual operations and projected vessel lifts scheduled for the coming year. Per Council's FY2013 budget goal, the Boat Yard/Boat Lift Fund will reach a breakeven point by the third 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 refined to capture maximum revenues.

The E911 Fund was established in FY2010 in preparation for the transfer of E911 authority from the Borough to the City. This transfer has not yet taken place, but the Borough staff has agreed to work toward the transfer of authority which we expect to occur in FY2013.

Enhancement Fund

The FY2013 budget proposes no use of Enhancement Fund monies. In FY2012 the fund was used for the New Library project in the amount of \$2,000,000 and the Baranof Field Improvement project in the amount of \$500,000. The projected fund balance for the Enhancement Fund in FY2012 is estimated to be \$2.0 million.

Capital Projects

The FY2013 budget recommends \$10.6 million in capital project expenditures. This includes 11 new capital projects in FY2013 ranging in size from \$15,000 to \$4,200,000. It also includes additional funding for ongoing capital projects such as the new library project, annual curb and sidewalk repairs, Aleutian homes water and sewer replacement, Monashka pump house feasibility study and upgrade, and the Baranof Park improvements. Costs for the projects will be covered through interfund transfers, use of fund balances, interest earnings, as well as some state and federal grants. Staff presented the capital projects in detail at the budget work session on May 5, 2012.

ALTERNATIVES:

1. Pass Ordinance No. 1298 in the first reading and advance to second reading and public hearing at the June 21, 2012, special meeting. This is staff's recommendation.
2. Council may also amend Ordinance No. 1298.

FINANCIAL IMPLICATIONS: The City Council must make appropriations and adopt an annual budget. As presented, this budget retains ongoing service levels while meeting maintenance level budgetary criteria established by Council per Council's FY2013 budget goals. The budget meets operational needs and estimates an adequate retention of fund balance in the General Fund.

LEGAL: The Kodiak City Charter and Kodiak City Code grant Council the authority to make appropriations and adopt and amend budgets as required. Article V, Section 2 of the City Charter states the City Manager will prepare and present a proposed budget to the City Council in advance of the fiscal year which begins on July 1st and ends on June 30th. Article V, Section 4 of the City Charter gives the City Council the authority to make appropriations for the next fiscal year and may approve or amend the

budget. Appropriations must be made and the budget approved by a majority vote of the City Council no later than the third day before the beginning of the new fiscal year, and if the Council fails to approve the budget by that date, the budget as submitted shall go into effect and be considered adopted by the Council.

STAFF RECOMMENDATION: Staff recommends Council pass Ordinance No. 1298 in the first reading and advance to second reading and public hearing at the June 21, 2012, special meeting.

CITY MANAGER'S COMMENTS: This has been a difficult budget year. We worked to meet budget goals and make budget reductions that do not impact service levels but still meet Council's intent. We have identified a limited number of capital projects which can be funded by the modest amount of projected revenues for FY2013.

With that said, the preparation of this document and the presentations at the May 5, 2012, work session reflect a great deal of work by the City staff, including a thorough assessment of operational and community needs necessary to create this annual financial plan. I want to thank the management staff for their serious commitment to meeting Council's goals and for their fiscal responsibility, not just in preparation of this draft budget, but on an ongoing basis. I would like to especially thank Finance Director Mary Munk for her assistance throughout the process. She is a competent and willing partner in bringing these improvements and changes to the City's budget process.

ATTACHMENTS:

Attachment A: Ordinance No. 1298

Attachment B: Resolution No. 2012-04, Council's FY2013 Budget Goals

Attachment C: Annual Operating Budget Adjustments

PROPOSED MOTION:

Move to pass Ordinance No. 1298 in the first reading and advance to second reading and public hearing at the June 21, 2012, special meeting.

**CITY OF KODIAK
ORDINANCE NUMBER 1298**

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK LEVYING
TAXES AND APPROPRIATING FUNDS FOR THE EXPENSES AND LIABILITIES OF
THE CITY OF KODIAK FOR THE FISCAL YEAR COMMENCING ON THE FIRST
DAY OF JULY 2012 AND ENDING ON THE THIRTIETH DAY OF JUNE 2013**

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

- Section 1:** A tax in the amount of 2.0 mills is hereby levied against all taxable real property within the City of Kodiak for the fiscal year commencing on the first day of July 2012 and ending on the thirtieth day of June 2013.
- Section 2:** The following sums of money are hereby appropriated for corporate purposes and objects of the City of Kodiak for the fiscal year commencing on the first day of July 2012 and ending on the thirtieth day of June 2013 to defray expenses and liabilities of the City during the fiscal year.

FY2013 BUDGET SUMMARY

GENERAL FUND

	Anticipated Revenues
Taxes	\$ 10,303,500
Licenses & Permits	68,000
Intergovernmental Revenues	2,449,346
Charges for Services	1,612,193
Fines & Forfeitures	20,500
Interest	45,000
Rents & Royalties	155,236
Miscellaneous	26,800
Interfund Charges	854,316
Appropriation from Fund Balance	1,531,854
Operating Transfers In	-
Total Anticipated Revenues	17,066,745

General Fund Continued

	Planned Expenditures
Legislative	\$ 273,210
Legal	50,000
Executive-Administration	501,080
Executive-Emergency Preparedness	56,500
City Clerk-Administration	251,062
City Clerk-Records Management	127,290
Finance	1,276,034
Police	6,050,142
Fire	1,834,910
Public Works	2,224,511
Engineering	243,400
Parks & Recreation	1,298,210
Library	858,950
Non-Departmental	2,021,446
Total Planned Expenditures	17,066,745

SPECIAL REVENUE FUND

	Anticipated Revenues
Tourism Fund	\$ 142,860
Kodiak Fisheries Development Association	60,050
City Enhancement Fund	-
Total Anticipated Revenues	202,910

	Planned Expenditures
Tourism Fund	\$ 142,860
Kodiak Fisheries Development Association	60,050
City Enhancement Fund	-
Total Planned Expenditures	202,910

CAPITAL PROJECTS FUND

	Anticipated Revenues
General Capital	\$ 269,000
Street Improvements	885,000
Building Improvement Fund	2,031,948
Water Capital Fund	3,207,000
Sewer Capital Fund	4,200,000
Cargo Development Fund	-
Harbor Development Fund	-
Parks & Recreation Fund	15,000
Vehicle Replacement Fund	-
Total Anticipated Revenues	10,607,948

	Planned Expenditures
General Capital	\$ 269,000
Street Improvements	885,000
Building Improvement Fund	2,031,948
Water Capital Fund	3,207,000
Sewer Capital Fund	4,200,000
Cargo Development Fund	-
Harbor Development Fund	-
Parks & Recreation Fund	15,000
Vehicle Replacement Fund	-
Total Planned Expenditures	10,607,948

ENTERPRISE FUNDS

	Anticipated Revenues
Cargo Fund	\$ 1,087,747
Harbor Fund	4,205,392
Boat Yard Lift	1,295,438
Harbor Electric Fund	657,480
Water Utility Fund	4,590,932
Sewer Utility Fund	4,511,020
Trident Basin Fund	355,490
E-911 Services	74,800
Total Anticipated Revenues	16,778,299

Enterprise Funds Continued

	Planned Expenditures
Cargo Fund	\$ 1,087,747
Harbor Fund	4,205,392
Boat Yard Lift	1,295,438
Harbor Electric Fund	657,480
Water Utility Fund	4,590,932
Sewer Utility Fund	4,511,020
Trident Basin Fund	355,490
E-911 Services	74,800
Total Planned Expenditures	16,778,299

INTERNAL SERVICE FUNDS

	Anticipated Revenues
Self Insurance Fund	\$ 554,200
Total Anticipated Revenues	554,200

	Planned Expenditures
Self Insurance Fund	\$ 554,200
Total Planned Expenditures	554,200

Grand Total Anticipated Revenues	\$ 45,210,102	
Grand Total Planned Expenditures		\$ 45,210,102

Section 3: All unexpended appropriation balances, with the exception of capital project fund appropriations, shall lapse to the appropriate fund as of June 30, 2013.

Section 4: This ordinance shall go into effect July 1, 2012.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading:
Second Reading:
Effective Date:

**CITY OF KODIAK
RESOLUTION NUMBER 2012-04**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK APPROVING
THE CITY COUNCIL'S BUDGET GOALS FOR FY2013**

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

WHEREAS, the City Council discussed and selected the list of budget goals at their January 28, 2012, planning meeting; and

WHEREAS, management will use the listed budget goals as guidelines when developing the FY2013 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 FY2013 budget:

Personnel Goals

There will be no increase in the number of employee full-time equivalents (FTEs) of 125.15, providing that revenues remain consistent with FY2012, 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.

Administration will continue to centralize human resource functions to ensure uniform application of policies and to limit potential liability.

Selected sections of the PR&R will be reviewed and presented to Council for amendments, especially those necessary to implement the recommendations in the Classification and Compensation study.

General Fund

Council will increase revenues in the General Fund to help offset increases in operating expenses, meet infrastructure needs, and increase the fund balance.

A detailed review of all categories of General Fund expenditures will be conducted in FY2013 to identify ways to decrease expenses.

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.

Debt Service

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

- show impacts on rates or 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 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, state, and federal resources to maintain a healthy and sustainable economic environment for the City of Kodiak.



CITY OF KODIAK

Pat Mansur

MAYOR

ATTEST:

Diane Mank

CITY CLERK

Adopted: February 23, 2012

City of Kodiak

Annual Budget by Organization Report

July 1, 2012 - June 30, 2013

	2013 City Manager Approved	2013 City Manager Approved Revised	Adustments
Fund: 100 General Fund			
Revenue			
100-001 - General Fund,Revenues	\$17,183,745.00	\$17,066,745.00	(\$117,000.00)
Revenue Totals	\$17,183,745.00	\$17,066,745.00	(\$117,000.00)
Expenditures			
100-100-105 - General Fund,Legislative,Legislative	\$279,610.00	\$273,210.00	(\$6,400.00)
100-100-106 - General Fund,Legislative,Legal	\$80,000.00	\$50,000.00	(\$30,000.00)
100-110-100 - General Fund,Executive,Administration	\$501,080.00	\$501,080.00	\$0.00
100-110-110 - General Fund,Executive,Emergency Prepared	\$56,500.00	\$56,500.00	\$0.00
100-120-100 - General Fund,City Clerk,Administration	\$257,382.00	\$251,062.00	(\$6,320.00)
100-120-120 - General Fund,City Clerk,Records Management	\$132,540.00	\$127,290.00	(\$5,250.00)
100-130-100 - General Fund,Finance,Administration	\$747,873.00	\$743,873.00	(\$4,000.00)
100-130-130 - General Fund,Finance,Utility	\$71,941.00	\$71,941.00	\$0.00
100-130-135 - General Fund,Finance,Information Servies	\$473,720.00	\$460,220.00	(\$13,500.00)
100-140-100 - General Fund,Police,Administration	\$1,318,958.00	\$1,316,478.00	(\$2,480.00)
100-140-141 - General Fund,Police,Uniformed Patrol	\$1,391,860.00	\$1,384,975.00	(\$6,885.00)
100-140-142 - General Fund,Police,Corrections	\$1,162,733.00	\$1,160,333.00	(\$2,400.00)
100-140-143 - General Fund,Police,Investigations	\$310,985.00	\$310,985.00	\$0.00
100-140-144 - General Fund,Police,Support Serv-Dispatch	\$1,029,841.00	\$1,028,316.00	(\$1,525.00)
100-140-145 - General Fund,Police,Animal Control	\$200,970.00	\$199,470.00	(\$1,500.00)
100-140-146 - General Fund,Police,Drug Enforcement	\$174,782.00	\$174,782.00	\$0.00
100-140-147 - General Fund,Police,Community Services	\$203,028.00	\$200,608.00	(\$2,420.00)
100-140-148 - General Fund,Police,Police Canine	\$158,055.00	\$158,055.00	\$0.00
100-140-149 - General Fund,Police,Police School Resources	\$116,140.00	\$116,140.00	\$0.00
100-150-100 - General Fund,Fire,Administration	\$1,841,910.00	\$1,834,910.00	(\$7,000.00)
100-160-100 - General Fund,Public Works,Administration	\$187,440.00	\$184,440.00	(\$3,000.00)
100-160-162 - General Fund,Public Works,Streets	\$1,442,598.00	\$1,420,098.00	(\$22,500.00)
100-160-163 - General Fund,Public Works,Garage	\$285,400.00	\$285,400.00	\$0.00
100-160-164 - General Fund,Public Works,Building Inspectors	\$301,473.00	\$301,473.00	\$0.00
100-160-165 - General Fund,Public Works,Muni Airport/Lily Lake	\$33,100.00	\$33,100.00	\$0.00
100-165-100 - General Fund,Engineering,Administration	\$249,400.00	\$243,400.00	(\$6,000.00)
100-170-100 - General Fund,Parks & Recreation,Administration	\$605,170.00	\$605,170.00	\$0.00
100-170-171 - General Fund,Parks & Recreation,Museum	\$85,000.00	\$85,000.00	\$0.00
100-170-172 - General Fund,Parks & Recreation,Teen Center	\$250,060.00	\$249,560.00	(\$500.00)
100-170-173 - General Fund,Parks & Recreation,Aquatics	\$214,570.00	\$214,570.00	\$0.00
100-170-174 - General Fund,Parks & Recreation,Ice Rink	\$127,910.00	\$127,910.00	\$0.00
100-170-175 - General Fund,Parks & Recreation,Beautification Program	\$16,000.00	\$16,000.00	\$0.00
100-170-176 - General Fund,Parks & Recreation,Cemeteries	\$0.00	\$0.00	\$0.00
100-180-100 - General Fund,Library,Administration	\$860,170.00	\$858,950.00	(\$1,220.00)
100-190-100 - General Fund,Non-Departmental,Administration	\$506,100.00	\$496,100.00	(\$10,000.00)
100-190-180 - General Fund,Non-Departmental,Contributions	\$139,400.00	\$155,300.00	\$15,900.00
100-190-185 - General Fund,Non-Departmental,Down Town Maintenance	\$45,000.00	\$45,000.00	\$0.00
100-190-198 - General Fund,Non-Departmental,Transfers	\$1,325,046.00	\$1,325,046.00	\$0.00
100-999-999 - General Fund,Other Gain (Loss),Other Gain (Loss)	\$0.00	\$0.00	\$0.00
Revenue Totals:	\$17,183,745.00	\$17,066,745.00	(\$117,000.00)
Expenditure Totals	\$17,183,745.00	\$17,066,745.00	(\$117,000.00)
Fund Total: General Fund	\$0.00	\$0.00	\$0.00
Fund: 251 Tourism Development			
Revenue			
251-001 - Tourism Development,Revenues	\$142,860.00	\$142,860.00	\$0.00
Revenue Totals	\$142,860.00	\$142,860.00	\$0.00
Expenditures			
251-260-100 - Tourism Development,Tourism,Administration	\$142,860.00	\$142,860.00	\$0.00

Annual Budget by Organization Report

July 1, 2012 - June 30, 2013

	2013 City Manager Approved	2013 City Manager Approved Revised	Adustments
251-999-999 - Tourism Development,Other Gain (Loss),Other Gain (Loss)	\$0.00	\$0.00	\$0.00
Revenue Totals:	\$142,860.00	\$142,860.00	\$0.00
Expenditure Totals	\$142,860.00	\$142,860.00	\$0.00
Fund Total: Tourism Development	\$0.00	\$0.00	\$0.00
Fund: 254 KFDA			
Revenue			
254-001 - KFDA,Revenues	\$60,050.00	\$60,050.00	\$0.00
Revenue Totals	\$60,050.00	\$60,050.00	\$0.00
Expenditures			
254-264-100 - KFDA,KFDA,Administration	\$60,050.00	\$60,050.00	\$0.00
Revenue Totals:	\$60,050.00	\$60,050.00	\$0.00
Expenditure Totals	\$60,050.00	\$60,050.00	\$0.00
Fund Total: KFDA	\$0.00	\$0.00	\$0.00
Fund: 299 Enhancement Fund			
Revenue			
299-001 - Enhancement Fund,Revenues	\$0.00	\$0.00	\$0.00
Revenue Totals	\$0.00	\$0.00	\$0.00
Expenditures			
299-290-100 - Enhancement Fund,Enhancement,Administration	\$0.00	\$0.00	\$0.00
299-999-999 - Enhancement Fund,Other Gain (Loss),Other Gain (Loss)	\$0.00	\$0.00	\$0.00
Revenue Totals:	\$0.00	\$0.00	\$0.00
Expenditure Totals	\$0.00	\$0.00	\$0.00
Fund Total: Enhancement Fund	\$0.00	\$0.00	\$0.00
Fund: 500 Cargo Fund			
Revenue			
500-001 - Cargo Fund,Revenues	\$1,087,747.00	\$1,087,747.00	\$0.00
Revenue Totals	\$1,087,747.00	\$1,087,747.00	\$0.00
Expenditures			
500-510-100 - Cargo Fund,Cargo Terminal,Administration	\$377,750.00	\$377,750.00	\$0.00
500-510-195 - Cargo Fund,Cargo Terminal,Interfund Charge	\$173,270.00	\$173,270.00	\$0.00
500-510-198 - Cargo Fund,Cargo Terminal,Transfers	\$0.00	\$0.00	\$0.00
500-510-301 - Cargo Fund,Cargo Terminal,Warehouse	\$10,500.00	\$10,500.00	\$0.00
500-510-302 - Cargo Fund,Cargo Terminal,Pier II	\$507,227.00	\$507,227.00	\$0.00
500-510-303 - Cargo Fund,Cargo Terminal,Pier III	\$19,000.00	\$19,000.00	\$0.00
500-999-999 - Cargo Fund,Other Gain (Loss),Other Gain (Loss)	\$0.00	\$0.00	\$0.00
Revenue Totals:	\$1,087,747.00	\$1,087,747.00	\$0.00
Expenditure Totals	\$1,087,747.00	\$1,087,747.00	\$0.00
Fund Total: Cargo Fund	\$0.00	\$0.00	\$0.00
Fund: 510 Boat Harbor Fund			
Revenue			
510-001 - Boat Harbor Fund,Revenues	\$4,395,392.00	\$4,205,392.00	(\$190,000.00)
Revenue Totals	\$4,395,392.00	\$4,205,392.00	(\$190,000.00)
Expenditures			
510-520-100 - Boat Harbor Fund,Boat Harbor,Administration	\$3,345,014.00	\$3,210,014.00	(\$135,000.00)
510-520-195 - Boat Harbor Fund,Boat Harbor,Interfund Charge	\$175,610.00	\$175,610.00	\$0.00
510-520-198 - Boat Harbor Fund,Boat Harbor,Transfers	\$874,768.00	\$819,768.00	(\$55,000.00)
510-999-999 - Boat Harbor Fund,Other Gain (Loss),Other Gain (Loss)	\$0.00	\$0.00	\$0.00
Revenue Totals:	\$4,395,392.00	\$4,205,392.00	(\$190,000.00)
Expenditure Totals	\$4,395,392.00	\$4,205,392.00	(\$190,000.00)
Fund Total: Boat Harbor Fund	\$0.00	\$0.00	\$0.00
Fund: 512 Boat Yard/Lift			
Revenue			
512-001 - Boat Yard/Lift,Revenues	\$1,350,438.00	\$1,295,438.00	(\$55,000.00)
Revenue Totals	\$1,350,438.00	\$1,295,438.00	(\$55,000.00)
Expenditures			

Annual Budget by Organization Report

July 1, 2012 - June 30, 2013

	2013 City Manager Approved	2013 City Manager Approved Revised	Adustments
512-530-100 - Boat Yard/Lift,Boat Yard/Lift,Administration	\$1,191,088.00	\$1,136,088.00	(\$55,000.00)
512-530-195 - Boat Yard/Lift,Boat Yard/Lift,Interfund Charge	\$159,350.00	\$159,350.00	\$0.00
512-530-198 - Boat Yard/Lift,Boat Yard/Lift,Transfers	\$0.00	\$0.00	\$0.00
Revenue Totals:	\$1,350,438.00	\$1,295,438.00	(\$55,000.00)
Expenditure Totals	\$1,350,438.00	\$1,295,438.00	(\$55,000.00)
Fund Total: Boat Yard/Lift	\$0.00	\$0.00	\$0.00
Fund: 515 Electric Utility Fund			
Revenue			
515-001 - Electric Utility Fund,Revenues	\$657,480.00	\$657,480.00	\$0.00
Revenue Totals	\$657,480.00	\$657,480.00	\$0.00
Expenditures			
515-540-100 - Electric Utility Fund,Electric Utility,Administration	\$565,260.00	\$565,260.00	\$0.00
515-540-195 - Electric Utility Fund,Electric Utility,Interfund Charge	\$92,220.00	\$92,220.00	\$0.00
515-999-999 - Electric Utility Fund,Other Gain (Loss),Other Gain (Loss)	\$0.00	\$0.00	\$0.00
Revenue Totals:	\$657,480.00	\$657,480.00	\$0.00
Expenditure Totals	\$657,480.00	\$657,480.00	\$0.00
Fund Total: Electric Utility Fund	\$0.00	\$0.00	\$0.00
Fund: 550 Water Utility Fund			
Revenue			
550-001 - Water Utility Fund,Revenues	\$4,590,932.00	\$4,590,932.00	\$0.00
Revenue Totals	\$4,590,932.00	\$4,590,932.00	\$0.00
Expenditures			
550-560-198 - Water Utility Fund,Water Utility,Transfers	\$1,863,500.00	\$1,863,500.00	\$0.00
550-560-360 - Water Utility Fund,Water Utility,Water/Distribution	\$2,347,843.00	\$2,347,843.00	\$0.00
550-560-365 - Water Utility Fund,Water Utility,Water Treatment	\$379,589.00	\$379,589.00	\$0.00
550-999-999 - Water Utility Fund,Other Gain (Loss),Other Gain (Loss)	\$0.00	\$0.00	\$0.00
Revenue Totals:	\$4,590,932.00	\$4,590,932.00	\$0.00
Expenditure Totals	\$4,590,932.00	\$4,590,932.00	\$0.00
Fund Total: Water Utility Fund	\$0.00	\$0.00	\$0.00
Fund: 570 Sewer Utility Fund			
Revenue			
570-001 - Sewer Utility Fund,Revenues	\$4,511,020.00	\$4,511,020.00	\$0.00
Revenue Totals	\$4,511,020.00	\$4,511,020.00	\$0.00
Expenditures			
570-580-198 - Sewer Utility Fund,Sewer Utility,Transfers	\$678,500.00	\$678,500.00	\$0.00
570-580-380 - Sewer Utility Fund,Sewer Utility,Sewer/Collection	\$662,371.00	\$662,371.00	\$0.00
570-580-385 - Sewer Utility Fund,Sewer Utility,Wastewater Treatment	\$3,170,149.00	\$3,170,149.00	\$0.00
570-999-999 - Sewer Utility Fund,Other Gain (Loss),Other Gain (Loss)	\$0.00	\$0.00	\$0.00
Revenue Totals:	\$4,511,020.00	\$4,511,020.00	\$0.00
Expenditure Totals	\$4,511,020.00	\$4,511,020.00	\$0.00
Fund Total: Sewer Utility Fund	\$0.00	\$0.00	\$0.00
Fund: 580 Trident Basin Airport			
Revenue			
580-001 - Trident Basin Airport,Revenues	\$355,490.00	\$355,490.00	\$0.00
Revenue Totals	\$355,490.00	\$355,490.00	\$0.00
Expenditures			
580-590-100 - Trident Basin Airport,Trident Basin Airport,Administration	\$355,490.00	\$355,490.00	\$0.00
Revenue Totals:	\$355,490.00	\$355,490.00	\$0.00
Expenditure Totals	\$355,490.00	\$355,490.00	\$0.00
Fund Total: Trident Basin Airport	\$0.00	\$0.00	\$0.00
Fund: 585 E-911 Services			
Revenue			
585-001 - E-911 Services,Revenues	\$74,800.00	\$74,800.00	\$0.00
Revenue Totals	\$74,800.00	\$74,800.00	\$0.00
Expenditures			
585-595-100 - E-911 Services,E-911 Services,Administration	\$74,800.00	\$74,800.00	\$0.00

Annual Budget by Organization Report

July 1, 2012 - June 30, 2013

	2013 City Manager Approved	2013 City Manager Approved Revised	Adustments
Revenue Totals:	\$74,800.00	\$74,800.00	\$0.00
Expenditure Totals	\$74,800.00	\$74,800.00	\$0.00
Fund Total: E-911 Services	\$0.00	\$0.00	\$0.00
Fund: 780 Insurance Fund			
Revenue			
780-001 - Insurance Fund,Revenues	\$554,200.00	\$554,200.00	\$0.00
Revenue Totals	\$554,200.00	\$554,200.00	\$0.00
Expenditures			
780-790-100 - Insurance Fund,Insurance Fund,Administration	\$554,200.00	\$554,200.00	\$0.00
780-999-999 - Insurance Fund,Other Gain (Loss),Other Gain (Loss)	\$0.00	\$0.00	\$0.00
Revenue Totals:	\$554,200.00	\$554,200.00	\$0.00
Expenditure Totals	\$554,200.00	\$554,200.00	\$0.00
Fund Total: Insurance Fund	\$0.00	\$0.00	\$0.00
Fund: 785 Vehicle Replacement Fund			
Revenue			
785-001 - Vehicle Replacement Fund,Revenues	\$0.00	\$0.00	\$0.00
Revenue Totals	\$0.00	\$0.00	\$0.00
Expenditures			
785-794-100 - Vehicle Replacement Fund,Vehilce Replacement Fund,Administration	\$0.00	\$0.00	\$0.00
Revenue Totals:	\$0.00	\$0.00	\$0.00
Expenditure Totals	\$0.00	\$0.00	\$0.00
Fund Total: Vehicle Replacement Fund	\$0.00	\$0.00	\$0.00
Revenue Grand Totals:	\$34,964,154.00	\$34,602,154.00	(\$362,000.00)
Expenditure Grand Totals:	\$34,964,154.00	\$34,602,154.00	(\$362,000.00)
Net Grand Totals:	\$0.00	\$0.00	\$0.00

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniazowski, City Manager

AK Bynum

Date: May 24, 2012

Agenda Item: V.b. **Resolution No. 2012-14, Authorizing the Issuance of a Permit to the Humane Society of Kodiak for Use of Public Property for its Annual Planted Basket Sale**

SUMMARY: Resolution No. 2012-14 authorizes the issuance of a permit to the Humane Society of Kodiak to use the covered area of the Baranof Park ice rink to hold its annual planted basket sale on June 2, 2012. Staff recommends Council adopt Resolution No. 2012-14.

PREVIOUS COUNCIL ACTION: Each year Council issues permits to non-profit organizations to allow them to conduct fundraising activities that benefit the community on City property.

DISCUSSION: The Humane Society of Kodiak will be holding its Third Annual Planted Basket Sale this June. The baskets are provided by the Humane Society from local sources and the plants donated by local growers or purchased from outside growers. The proceeds from the sale help the Humane Society provide spay/neuter surgeries and veterinary care through the Animal Shelter.

This year, the Humane Society has requested to use the covered area at the ice rink at Baranof Park to stage their sale. This spot works well as an indoor/outdoor space which accommodates unpredictable weather. The sale is planned for Saturday, June 2, 2012. The Humane Society is requesting permission to use the facility from 8:00 a.m. to 2:00 p.m. The Humane Society will coordinate their activities with the Parks and Recreation Director and will provide cleanup after the event. The resolution authorizes the use of the ice rink facility at Baranof Park for the planted basket sale on June 2, 2012.

ALTERNATIVES:

1. Adopt Resolution No. 2012-14, which is staff's recommendation.
2. Do not adopt Resolution No. 2012-14, which would require the Humane Society to find another suitable location for this fundraiser.

STAFF RECOMMENDATION: Staff recommends Council adopt Resolution No. 2012-14.

CITY MANAGER'S COMMENTS: The City and its residents both benefit from this annual planted basket sale. The Humane Society is an active and responsible non-profit that works to educate and beautify our community. The way the Humane Society uses the proceeds from the sale benefits the community. I support the request and recommend that Council adopts Resolution No. 2012-14.

ATTACHMENTS:

Attachment A: Resolution No. 2012-14

Attachment B: Letter of request from the Humane Society of Kodiak, dated May 8, 2012

PROPOSED MOTION:

Move to adopt Resolution No. 2012-14.

**CITY OF KODIAK
RESOLUTION NUMBER 2012-14**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK AUTHORIZ-
ING THE ISSUANCE OF A PERMIT TO THE HUMANE SOCIETY OF KODIAK FOR
USE OF PUBLIC PROPERTY FOR ITS ANNUAL PLANTED BASKET SALE**

WHEREAS, for the last two years, the Kodiak Humane Society has held a fundraiser in June selling planted baskets; and

WHEREAS, funds from the sale are used to pay for spay/neuter surgeries and other veterinary care; and

WHEREAS, the Humane Society of Kodiak has requested use of the covered area at Baranof Park on Saturday, June 2, 2012, to stage the sale.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that a permit be issued, with the permit fee waived, to the Kodiak Humane Society as provided in section 5.04.050(b) and (d) of the City Code for use of public property for its 2012 plant sale on the condition that the Humane Society agrees to comply with the stipulations set forth in this section and section 5.04.060 of the City Code.

BE IT FURTHER RESOLVED that event sponsors shall coordinate the event with the Kodiak Parks and Recreation Director.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

Adopted:

Date: May 08, 2012

To: City of Kodiak
722 Mill Bay Road
Kodiak, AK 99615

From: Humane Society of Kodiak College
P.O. Box 8783
Kodiak, AK 99615

Re: Use of Baranof Park, Covered Space

Dear Mayor Branson,

The Humane Society of Kodiak, a 501 (c) 3 non-profit group, is requesting permission to have the HSK 3rd Annual Planted Basket Sale at the covered area around the arena in Baranof Park on Saturday, June 2nd, 2012 from 8:00am – 2:00pm. This fundraiser is very important to the work we do in our community and particularly at the Animal Shelter, which is our highest priority; as the funds raised pay for spay/neuter surgeries and other veterinary care.

We appreciate your consideration of this request and will be happy to answer any questions you may have about this fundraiser.

Respectfully,

Karen E. Yashin
Humane Society of Kodiak, President

MEMORANDUM TO COUNCIL

To: Mayor Branson and City Councilmembers

From: Aimée Kniaziowski, City Manager

AK Bynum

Date: May 24, 2012

Agenda Item: V.c. **Authorization of Amendment to Professional Services Contract with Cornerstone General Contractors, Inc. for Initial Construction Site Work for New Library, Project No. 6012**

SUMMARY: City staff and project manager, Roe Sturgulewski, issued a Request for Proposals (RFP) for Construction Manager/General Contractor (CMc) services for the New Library project on February 21, 2012. Nine proposals were received and the Council awarded Cornerstone General Contractors, Inc. the contract for CMc services. On April 12, 2012, Council authorized Cornerstone to proceed with pre-construction services. The Cornerstone contract and previous communication with the Council contemplated the potential for phased construction bid packages prior to authorization of a Guaranteed Maximum Price (GMP) for the entire library project. Cornerstone has prepared a cost estimate for the entire project and has submitted a GMP proposal for the civil site work construction and job setup. Staff supports the Kodiak Public Library Building Committee recommendation that the Council authorize the initial civil site work for a Guaranteed Maximum Price of \$1,085,105.

PREVIOUS COUNCIL ACTION:

- January 24, 2012, Council received a comprehensive project update including a review of construction delivery methods, including the CMc method which Council supported.
- January 26, 2012, Council authorized support for the CMc construction delivery method as recommended by staff and the building committee upon adoption of Supplemental Appropriation No. 1 which appropriated the additional \$2 million of the City's share for the project.
- April 12, 2012, Council authorized a contract with Cornerstone General Contractors, Inc. for CMc pre-construction services for the New Library project.

DISCUSSION: As identified above, in January 2012 the City Council supported the use of the CMc construction delivery method for use on the New Library project. Council agreed that, while the City has relied on the standard design-bid-build method, CMc would be beneficial because it brings the contractor into the project in the design phase to help develop the design, perform value engineering, and provide ongoing cost estimates.

Following Council approval in January 2012, project manager Roe Sturgulewski developed a two-part RFP which the City issued on February 21, 2012. Nine proposals were received by the March 21, 2012, deadline. The building committee organized a selection committee who met on March 26, 2012, to review proposals and scores and to select the firms to interview.

MAY 24, 2012
Agenda Item V.c Memo Page 1 of 3

The selection committee recommended to the City Manager that Cornerstone General Contractors, Inc. be engaged to provide CMc services for the library project. The contract provides for construction work to be added through separate approval processes in the future in phases such as site work, utility work, foundation and structure.

As part of their pre-construction services, Cornerstone submitted a construction cost estimate for the entire project based on the April 19, 2012, Design Development documents. The estimate was in the amount of \$8,623,177, which is about 7.8% above the construction budget. This total included a \$333,539 owner change contingency which is available to accommodate scope changes during design and construction. The Owner's estimate prepared by HMS, Inc., was within the construction budget.

Our project team is in the process of reconciling the two estimates to develop a consensus cost estimate that will serve as the benchmark to refine the design scope and to ensure the construction costs are within budget. If the consensus estimate is over the \$8 million construction budget, modifications will be made to the building and landscaping components to bring the project within budget.

Amendment 1, for the initial construction efforts including the civil site work and utilities is being presented for approval in the GMP amount of \$1,085,105. The scope also includes initial jobsite setup. While it is anticipated modifications may need to be made to the building and landscaping components to balance the Construction budget, no significant changes are anticipated for the civil work. The utilities, excavation and site fill efforts will all be required in the basic current configuration even if modifications are made to other parts of the project.

Our project manager, RISE Alaska, has reconciled the civil work portion of Cornerstone's estimate to within 1% of the third party estimate by HMS, Inc. Our project manager and building committee support Council award of the initial civil site work construction to Cornerstone.

Cornerstone had also submitted a GMP proposal to provide foundation construction. This is not being submitted to the Council for approval at this time. While this would provide some nominal schedule benefits the building committee recommended we not proceed with foundation award at this time to provide increased flexibility to balance the construction budget by not locking in the building footprint.

It is anticipated there will be at least one more phased bid package prior to receipt of a full GMP for the entire project. The next package will include the foundation and possibly other structural and exterior closure elements required for building dry in.

ALTERNATIVES:

1. Authorize Amendment 1 to Cornerstone General Contractors, Inc. for construction of the civil site work for the new library which is staff's recommendation. This action supports Council's

approval of the methodology, supports the project manager and selection committee's efforts and keeps the project on track for early winter building dry in.

2. Do not authorize the initial civil site work construction amendment at this time which is not recommended because it would delay construction, increase construction costs due to weather and escalation and require the development and issuance of a traditional bid package. This option is inconsistent with recent Council direction to proceed with this form of contract.

FINANCIAL IMPLICATIONS: The library project has over \$10 million dollars budgeted which is more than adequate to fund this amendment in the Guaranteed Maximum Price of \$1,085,105.

STAFF RECOMMENDATION: Staff recommends Council authorize Amendment 1 to the CMc contract to Cornerstone General Contractors, Inc. for civil site work for the Guaranteed Maximum Price of \$1,085,105 with funds coming from the Building Improvement Fund, New Library Project, Project No. 6012.

CITY MANAGER'S COMMENTS: The approval of Amendment 1 to the Cornerstone contract is another important step that moves the library project toward completion on the original timeline. Once Council authorizes this Amendment, the contractor will start initial construction efforts. They will continue to work closely with staff, our architectural and engineering firms and the project manager to reconcile the cost estimates, modify the design to fit within the construction budget and provide input on key aspects of design, construction, and materials selection and use.

A great deal of effort and public participation has helped bring the project to where it is today. I recognize and appreciate the efforts of our project team in advancing the project design and developing the initial construction package. I support the recommendation of our project manager and the building committee and ask Council to authorize this Amendment 1 with Cornerstone General Contractors, Inc.

ATTACHMENTS:

Attachment A: RISE Alaska recommendation memo, dated May 15, 2012

Attachment B: Building Committee recommendation memo, dated May 14, 2012

PROPOSED MOTION:

Move to authorize Amendment 1 to the professional services contract with Cornerstone General Contractors, Inc. for CMc civil site work construction for the new library for the guaranteed maximum price of \$1,085,105, with funds coming from the Building Improvement Fund, New Library Project, Project No. 6012.



Memorandum

an  ARCADIS company

TO: Aimee Kniaziowski
FROM: Roe Sturgulewski
DATE: May 15, 2012
RE: Kodiak Public Library – Cornerstone CMc Contract
 Amendment #1 Site Civil Construction
 Recommendation for Award

This memo is to recommend award of Amendment #1 for site civil construction for the Kodiak Public Library CMc Contract with Cornerstone General Contractors in the Guaranteed Maximum Price (GMP) amount of \$1,085,105. The Council awarded the initial CMc pre-construction services portion of the contract to Cornerstone General Contractors on April 12, 2012.

As noted in the April 2, 2012 RISE Recommendation of Award, the CMc contract provides for construction work to be added through separate approvals and the initial site work construction package was anticipated to be developed soon to take advantage of the upcoming summer season.

Subsequent to Council award of the CMc contract, MRV Architects completed the Design Development (DD) documents. As part of their pre-construction services, Cornerstone performed a detailed cost estimate. Their DD cost estimate was \$8,623,177, or about 7.8% above the \$8M construction budget. Cornerstone performed a thorough cost estimate getting bid quotes from numerous sub-contractors and suppliers. The estimate included a \$140,086 contractor contingency and a \$333,539 Owner change contingency. The latter contingency is available to accommodate scope changes during design and construction. The Owner's third party cost estimate performed by HMS, Inc. was within the \$8M construction budget. A comparison of the civil works portion of the two estimates revealed less than a 1% variance after reconciliation.

A process is underway to reconcile the full Cornerstone and HMS estimates. A number of price variances have been identified for further review and discussion. The outcome of the review will be a consensus cost estimate used as the basis to refine the design scope and bring the construction costs within budget. If the consensus estimate exceeds the construction budget the team will implement design modifications to bring the estimated cost to within the \$8M construction budget.

Upon Council approval, Cornerstone General Contractors will complete contracting pre-requisites and begin the earth work and utilities construction. They will also set up the jobsite office and fence the project site. At least one more interim construction package is anticipated to be presented for Council approval prior to submittal of a full GMP for construction of the entire New Library project. It's anticipated the next interim GMP will be presented at the June 14, 2012 Council meeting. It will include the foundation at the minimum and possibly the superstructure and other work required for

building enclosure. MRV anticipates completion of the final construction documents in August 2012 and it's anticipated the 100% GMP will be based on those documents.

The project remains on schedule and budget. Construction is anticipated to be Substantially Complete in the summer of 2013. The actual milestone completion date will be established as part of the 100% GMP negotiations. Find attached a budget update reflecting current status of donations, encumbrances and expenditures.

Please contact me at (907) 343-3013 if you have any questions.



New Kodiak Public Library Project Budget Update 5/8/12



Site Acquisition	Pre-Development Budget	1/17/12 Budget	Obligations	5/8/12 Spent
<i>lots 6B-1A+1B "Barn Site" *</i>	\$650,000	\$650,000	\$650,000	\$650,000
<i>Potential Additional Parcel</i>	\$230,000	\$230,000		
Subtotal	\$880,000	\$880,000	\$650,000	\$650,000
Soft Costs				
<i>Pre-Development Costs *</i>	\$85,185	\$85,000	\$85,000	\$85,000
<i>Miscellaneous Professional Services</i>	\$30,000	\$80,000	\$80,000	\$45,132
<i>Miscellaneous Administrative</i>	\$35,000	\$35,000	\$9,038	\$9,038
<i>1% for Art</i>	\$86,000	\$80,000		
Subtotal	\$236,185	\$280,000	\$174,038	\$139,170
Management and Design				
<i>Architecture/Engineering</i>	\$1,125,000	\$1,050,000	\$760,661	\$162,474
<i>Project Management</i>	\$350,000	\$350,000	\$117,299	\$57,360
<i>Special Inspections</i>	\$25,000	\$25,000		
Subtotal	\$1,500,000	\$1,425,000	\$877,960	\$219,834
Construction				
<i>General Contractor</i>	\$8,570,034	\$8,000,000	\$52,710	\$14,950
<i>Furniture, Fixtures and Equipment</i>	\$728,000	\$400,000		
Subtotal	\$9,298,034	\$8,400,000	\$52,710	\$14,950
Enhancements		\$263,372		
Project Contingency	\$1,700,000	\$1,200,000	\$6,257	\$4,076
Total Project Costs:	\$13,614,219	\$12,448,372	\$1,760,965	\$1,028,030

* Pre-funded Items Totalling \$735,185



NEW KODIAK PUBLIC LIBRARY
Revenue Budget
5/8/2012



FY 12 State Grant	\$6,900,000
Land & Pre-Development Prefunded Items	\$735,185
Existing Appropriations	\$1,563,187
FY 12 Supplemental (Enhancement Fund)	\$2,000,000
Existing Pledges	\$485,355
Subtotal	<u>\$11,683,727</u>
Future Pledges	\$264,645
Future Grant	\$500,000
Total Anticipated Project Revenue	<u>\$12,448,372</u>

May 14th, 2012

Aimée Kniaziowski
City Manager
City of Kodiak
710 Mill Bay Road
Kodiak, Alaska, 99615

Aimée:

The Building Committee met today to discuss cost estimates and construction packages.

Two Design Development (65%) cost estimates have been produced. The HMS estimate is within budget. Cornerstone's base bid estimate, including a \$333,000 owner change contingency, is about \$620,000 over the construction budget. Variances between the two estimates are being evaluated.

Several routes forward were considered:

- Holding all construction until cost estimates could be reconciled and the design brought back within our \$8 million target.
- Proceeding with civil (earthwork) and foundation construction.
- Proceeding with civil construction only.

Holding back from any construction until the design is within budget presents a drawback, as doing so would push structural work into winter (or beyond), likely increasing construction costs.

Proceeding with civil and foundation work would be most expeditious, and maximize the advantages of the summer construction season. However, given the risk that costs may dictate modification of the building design, BC members were uncomfortable moving forward with foundation construction at this time.

Proceeding with civil work only allows us to take advantage of the summer season while minimizing risk. (The basic earthwork is anticipated to remain the same even if the library design has to be modified.) This approach allows the project to move forward while estimates are being reconciled and the design is reviewed to control cost.

After discussion, Building Committee members unanimously supported proceeding with civil work only.

We anticipate meeting again at the end of May to review reconciled cost estimates, and hope at that time to be able to recommend proceeding with foundation construction.

Paul Converse

Present at today's meeting were the following Building Committee members:

Mark Anderson
Will Anderson
Melissa Borton
Paul Converse
Joe D'Elia
Doug Hogen
Tom Quass
Magdalena Sannito

Also participating, via telephone, were:

Glenn Melvin, City Engineer
Roe Sturgulewski, RISE
Corey Wall and Paul Voelckers, MRV
Mike Quirk and Mike Selhay, Cornerstone